

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

for the fiscal year ended: December 31, 2017

Commission file number: 001-36671

Atento S.A.

(Exact name of Registrant as specified in its charter)

Atento S.A.

(Exact name of Registrant's name into English)

Grand Duchy of Luxembourg

(Jurisdiction of incorporation or organization)

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Grand Duchy of Luxembourg

(Address of principal executive offices)

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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

Ordinary Shares, no par value

New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital stock or common stock as of the close of the period covered by the annual report.

73,909,056 ordinary shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

US GAAP

International Financial Reporting Standards as issued by the

Other

International Accounting Standards Board

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Atento S.A.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Basis of Presentation and Other Information

Except where the context otherwise requires or where otherwise indicated, the terms “Atento”, “we”, “us”, “our”, “the Company”, and “our business” refer to Atento S.A., a public limited liability company (société anonyme) incorporated under the laws of Luxembourg on March 5, 2014, together with its consolidated subsidiaries.

Atento S.A. was formed as a direct subsidiary of Atalaya Luxco Topco S.C.A. (“Topco”). In April 2014, Topco also incorporated Atalaya Luxco PIKCo S.C.A. (“PikCo”) and on May 15, 2014 Topco contributed to PikCo: (i) all of its equity interests in its then direct subsidiary, Atalaya Luxco Midco S.à.r.l. (“Midco”), the consideration for which was an allocation to PikCo’s account “capital contributions not remunerated by shares” (the “Reserve Account”) equal to €2 million, resulting in Midco becoming a direct subsidiary of PikCo; and (ii) all of its debt interests in Midco (comprising three series of preferred equity certificates (the “Original Luxco PECs”)), the consideration for which was the issuance by PikCo to Topco of preferred equity certificates having an equivalent value. On May 30, 2014, Midco authorized the issuance of, and PikCo subscribed for, a fourth series of preferred equity certificates (together with the Original Luxco PECs, the “Luxco PECs”).

On October 7, 2014, we completed our IPO and issued 4,819,511 ordinary shares at a price of \$15.00 per share. As a result of the IPO, the Share Split and the Reorganization Transaction, we had 73,619,511 ordinary shares outstanding and owned 100% of the issued and outstanding share capital of Midco, as of November 9, 2015.

On August 4, 2015, our Board of Directors (“The Board”) approved a share capital increase and issued 131,620 shares, increasing the number of outstanding shares to 73,751,131.

On July 28, 2016, the Board approved a share capital increase and issued 157,925 shares, increasing the number of outstanding shares to 73,909,056.

Acquisition and Divestment Transactions

On August 4, 2016, the Company through its direct subsidiary Atento Teleservicios España entered into an agreement (the “Share Sale and Purchase Agreement”) with Intelcia Group, S.A. for the sale of 100% of Atento Morocco S.A., encompassing Atento’s operations in Morocco providing services to the Moroccan and French markets (the “Morocco Transaction”). The Morocco Transaction was consummated on September 30, 2016, upon receipt of regulatory approval. Atento’s operations in Morocco, which provide services to the Spanish market, are excluded from the Morocco Transaction and will continue operating as part of Atento Spain.

On September 2, 2016, the Company through its direct subsidiary Atento Brasil acquired 81.49%, the controlling interest of RBrasil Soluções S.A. (RBrasil).

On May 9, 2017, we announced an extended partnership with Itaú, a leading financial institution in Brazil, through which we will leverage the industry-leading capabilities of RBrasil and Atento Brasil S.A. (“Atento Brasil”) to serve Itaú’s increasing demand for end-to-end collections solutions, customer service and back office services.

On June 9, 2017, the Company, through its subsidiary, Atento Brasil, acquired 50.00002% of Interfile Serviços de BPO Ltda. and 50.00002% of Interservicer – Serviços em Crédito Imobiliário Ltda. (jointly, “Interfile”), a leading provider of BPO services and solutions, including credit origination, for the banking and financial services sector in Brazil. Through this acquisition, we expect to be able to expand our capabilities in the financial services segment, especially in credit origination, accelerate our penetration into higher value-added solutions, strengthen our leadership position in the Brazilian market and facilitate the expansion of our credit origination segment into other Latin American markets.

On June 30, 2017, we announced the signing of a strategic partnership and the acquisition of a minority stake in Keepcon, a leading provider of semantic technology-based automated customer experience management, through our subsidiary Contact US Teleservices Inc. The acquisition of a minority stake in Keepcon follows our overall strategy to develop and expand our digital capabilities. Our goal is to integrate all of our digital assets to generate additional value for clients and drive growth across verticals and geographies. We aim to turn the business disruption generated by the digital revolution into differentiated customer experience solutions generating competitive advantages for customers. We expect that the investment in Keepcon by Atento will expand the artificial intelligence and automatization capabilities of our omnichannel platform.

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Other Transactions

On August 10, 2017, Atento completed a refinancing transaction of its financing structure throughout its subsidiary Atento Luxco 1. The new financing structure included an offering of US\$400.0 million aggregate principal amount of 6.125% Senior Secured Notes due 2022 (the “Offering”). Atento used the net proceeds from the Offering, together with cash on hand, to redeem all of the Issuer’s outstanding 7.375% Senior Secured Notes due 2020 and all of the existing debentures due 2019 of its subsidiary Atento Brasil. The Senior Secured Notes are guaranteed on a senior secured basis by certain of Atento’s wholly-owned subsidiaries on a joint and several basis.

On August 18, 2017, Atento filed a Form F-3 with the SEC, for the sake of up to \$200,000,000 Ordinary Shares by Atento and 62,660,015 Ordinary Shares Offered by the selling shareholder. In consequence, the selling shareholder may offer and sell from time to time up to 62,660,015 of Ordinary Shares, covered by the Form F-3. These Ordinary Shares were offered in amounts, at prices and on terms to be determined at the time of their offering, if any.

On September 21, 2017, the Board of Directors approved a dividend policy for the Company with a goal of paying annual cash dividends pay-out in line with industry peers and practices. The declaration and payment of any interim dividends will be subject to approval of Atento’s corporate bodies and will be determined based upon, amongst other things, Atento’s performance, growth opportunities, cash flow, contractual covenants, applicable legal requirements and liquidity factors. The Board of Directors intends to review the dividend policy regularly and so accordingly is subject to change at any time.

On October 31, 2017, our Board of Directors declared a cash interim dividend with respect to the ordinary shares of \$0.3384 per share paid on November 28, 2017 to shareholders of record as of the close on November 10, 2017.

On November 13, 2017, Atento filed a Supplemental Prospectus with the SEC, for the sale of Pikco of 12,295,082 ordinary shares. After the offering Pikco owns 50,364,933 ordinary shares in Atento, representing 68.14% of the outstanding shares.

Exchange Rate Information

In this Annual Report, all references to “U.S. dollar” and “\$” are to the lawful currency of the United States and all references to “euro” or “€” are to the single currency of the participating member states of the European and Monetary Union of the Treaty Establishing the European Community, as amended from time to time. In addition, all references to Brazilian Reais (BRL), Mexican Peso (MXN), Chilean Peso (CLP), Argentinean Peso (ARS), Colombian Peso (COP) and Peruvian Nuevos Soles (PEN) are to the lawful currencies of Brazil, Mexico, Chile, Argentina, Colombia and Peru, respectively.

The following table shows the exchange rates of the U.S. dollar to these currencies for the years and dates indicated as reported by the relevant central banks of the European Union and each country, as applicable.

	2013		2014		2015		2016		2017	
	Average	December 31	Average	December 31	Average	December 31	Average	December 31	Average	December 31
Euro (€)	0.75	0.73	0.75	0.82	0.93	0.92	0.90	0.95	0.89	0.83
Brazil (BRL)	2.16	2.34	2.35	2.66	3.34	3.90	3.48	3.26	3.19	3.31
Mexico (MXN)	12.77	13.08	13.33	14.74	15.88	17.25	18.69	20.62	18.92	19.66
Colombia (COP)	1,869.31	1,926.83	2,000.23	2,390.44	2,745.55	3,153.54	3,054.33	3,000.71	2,951.28	2,984.00
Chile (CLP)	495.40	524.61	570.51	606.75	654.76	710.16	676.73	667.29	648.86	615.22
Peru (PEN)	2.70	2.80	2.84	2.98	3.19	3.41	3.38	3.36	3.26	3.25
Argentina (ARS)	5.48	6.52	8.12	8.55	9.26	13.04	14.78	15.89	16.56	18.65

PRESENTATION OF FINANCIAL INFORMATION

We present our historical financial information under International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (the “IASB”).

Atento's Financial Information

The consolidated financial information of Atento are the consolidated results of operations of Atento, which includes the years ended December 31, 2013, 2014, 2015, 2016 and 2017.

Rounding

Certain numerical figures set out in this Annual Report, including financial data presented in millions or thousands and percentages, have been subject to rounding adjustments, and, as a result, the totals of the data in this Annual Report may vary slightly from the actual arithmetic totals of such data. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in "Item 3. Key Information—A. Selected Financial Data" and "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Management's Discussion and Analysis of Financial Condition and Results of Operations" are calculated using the numerical data in the financial statements or the tabular presentation of other data (subject to rounding) contained in this Annual Report, as applicable, and not using the numerical data in the narrative description thereof.

TRADEMARKS AND TRADE NAMES

This Annual Report includes our trademarks as "Atento," which are protected under applicable intellectual property laws and are the property of the Company or our subsidiaries. This Annual Report also contains trademarks, service marks, trade names and copyrights of other companies, which are the property of their respective owners. Solely for convenience, trademarks and trade names referred to in this Annual Report may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks and trade names.

In 2017, Atento launched its digital business unit under the brand "Atento Digital". Atento Digital's mainstream offering encompasses a wide range of digital capabilities that enhance customer experience and increase efficiency across the customer lifecycle, from acquiring to managing and retaining customers. Atento Digital's offer also includes consultancy services and solutions for advancing digital transformation processes while fully leveraging existing systems. Atento Digital is a trademark registered by Atento.

CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS

This Annual Report contains estimates and forward-looking statements, principally in "Item 3. Key Information—D. Risk Factors", "Item 4. Information on the Company—B. Business Overview" and "Item 5. Operating and Financial Review and Prospects". Some of the matters discussed concerning our business operations and financial performance include estimates and forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995.

Our estimates and forward-looking statements are based mainly on our current expectations and estimates on projections of future events and trends, which affect or may affect our businesses and results of operations. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to certain risks and uncertainties and are made in light of information currently available to us. Our estimates and forward-looking statements may be influenced by the following factors, among others:

- the competitiveness of the customer relationship management and business process ("CRM BPO") market;
- the loss of one or more of our major clients, a small number of which account for a significant portion of our revenue, in particular Telefónica;
- risks associated with operating in Latin America, where a significant proportion of our revenue is derived and where a large number of our employees are based;
- our clients deciding to enter or further expand their own CRM BPO businesses in the future;
- any deterioration in global markets and general economic conditions, in particular in Latin America and in the telecommunications and the financial services industries from which we derive most of our revenue;
- increases in employee benefit expenses, changes to labor laws and labor relations;

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- failure to attract and retain enough sufficiently trained employees at our service delivery centers to support our operations;
- inability to maintain our pricing and level of activity and control our costs;
- consolidation of potential users of CRM BPO services;
- the reversal of current trends towards CRM BPO solutions;
- fluctuations of our operating results from one quarter to the next due to various factors including seasonality;
- the significant leverage our clients have over our business relationships;
- the departure of key personnel or challenges with respect to labor relations;
- the long selling and implementation cycle for CRM BPO services;
- difficulty controlling our growth and updating our internal operational and financial systems as a result of our increased size;
- inability to fund our working capital requirements and new investments;
- fluctuations in, or devaluation of, the local currencies in the countries in which we operate against our reporting currency, the U.S. dollar;
- current political and economic volatility, particularly in Brazil, Mexico, Argentina and Europe;
- our ability to acquire and integrate companies that complement our business;
- the quality and reliability of the technology provided by our technology and telecommunications providers, our reliance on a limited number of suppliers of such technology and the services and products of our clients;
- our ability to invest in and implement new technologies;
- disruptions or interruptions in our client relationships;
- actions of the Brazilian, EU, Spanish, Argentinian, Mexican and other governments and their respective regulatory agencies, including adverse competition law rulings and the introduction of new regulations that could require us to make additional expenditures;
- damage or disruptions to our key technology systems or the quality and reliability of the technology provided by technology telecommunications providers;
- an increase in the cost of telecommunications services and other services on which we and our industry rely;
- an actual or perceived failure to comply with data protection regulations, in particular any actual or perceived failure to ensure secure transmission of sensitive or confidential customer data through our networks;
- the effect of labor disputes on our business; and
- other risk factors listed in the section of this Annual Report entitled “Item 3. Key Information—D. Risk Factors”.

The words “believe”, “may”, “will”, “estimate”, “continue”, “anticipate”, “intend”, “expect” and similar words are intended to identify estimates and forward-looking statements. Estimates and forward-looking statements are intended to be accurate only as of the date they were made, and we undertake no obligation to update or to review any estimate and/or forward-looking statement because of new information, future events or other factors. Estimates and forward-looking statements involve risks and uncertainties and are not guarantees of future performance. Our future results may differ materially from those expressed in these estimates and forward-looking statements. You should therefore not make any investment decision based on these estimates and forward-looking statements.

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The forward-looking statements contained in this Annual Report speak only as of the date of this Annual Report. We do not undertake to update any forward-looking statement to reflect events or circumstances after that date or to reflect the occurrence of unanticipated events.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

A. Directors and Senior Management

Not applicable.

B. Advisers

Not applicable.

C. Auditors

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

A. Offer Statistics

Not applicable.

B. Method and Expected Timetable

Not applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

The following selected financial information should be read in conjunction with the section “Item 5. Operating and Financial Review and Prospects” and our consolidated financial statements, included elsewhere in this Annual Report.

Following the Reorganization Transaction and the IPO, our financial statements present the results of operations of Atento. The consolidated financial statements of Atento are substantially the same as the consolidated financial statements of Midco prior to the IPO, as adjusted for the Reorganization Transaction. Upon consummation, the Reorganization Transaction was reflected retroactively in the Company’s earnings per share calculations.

The following table sets forth selected historical financial data of Atento. We prepare our financial statements in accordance with IFRS as issued by the IASB. Our financial reporting periods presented in the table below reflects the consolidated results of operations of Atento, as of and for the years ended December 31, 2013, 2014, 2015, 2016 and 2017.

Selected Consolidated Other Financial Information

(\$ in millions other than share and per share data)	As of and for the year ended December 31,				
	2013 ^(*)	2014 ^(*)	2015 ^(*)	2016 ^(*)	2017
Revenue	2,317.9	2,278.2	1,949.9	1,757.5	1,921.3
Operating profit/(loss)	105.6	87.6	121.8	116.4	92.4
Profit/(loss) from continuing operations	(3.3)	(41.6)	52.2	3.4	(13.6)
Loss from discontinued operations	(0.7)	(0.5)	(3.1)	(3.2)	-
Profit/(loss) for the year	(4.0)	(42.1)	49.1	0.2	(13.6)
Earnings/(loss) per share-basic from continuing operations	(0.05)	(0.60)	0.71	0.05	(0.18)
Loss per share-basic from discontinued operations	(0.01)	(0.01)	(0.04)	(0.04)	-
Earnings/(loss) per share-diluted from continuing operations	(0.05)	(0.60)	0.70	0.05	(0.18)
Loss per share-diluted from discontinued operations	(0.01)	(0.01)	(0.04)	(0.04)	-
Dividends declared per share	-	-	-	-	0.33
Number of shares	2,000,000	73,619,511	73,751,131	73,909,056	73,909,056
Weighted average number of shares outstanding-basic	68,800,000	69,603,252	73,648,760	73,816,933	73,909,056
Weighted average number of shares outstanding-diluted	68,800,000	69,603,252	74,674,967	74,089,724	73,909,056
Balance sheet data:					
Total assets	1,842.2	1,657.9	1,378.4	1,377.6	1,330.3
Equity	(134.0)	464.9	397.8	430.2	377.8
Capital stock	2.6	0.048	0.048	0.048	0.048

(*) Exclude discontinued operations - Morocco.

Summary Consolidated Historical Financial Information

(\$ in millions)	As of and for the year ended December 31,				Change (%)	Change excluding FX (%)	As of and for the year ended December 31,	Change (%)	Change excluding FX (%)
	2013 (*)	2014 (*)	2015 (*)	2016 (*)			2017		
Revenue	2,317.9	2,278.2	1,949.9	1,757.5	(9.9)	(1.4)	1,921.3	9.3	5.1
Profit/(loss) from continuing operations	(3.3)	(41.6)	52.2	3.4	(93.5)	(92.8)	(13.6)	N.M.	N.M.
Loss from discontinued operations	(0.7)	(0.5)	(3.1)	(3.2)	3.2	6.7	-	(100.0)	(100.0)
Profit/(loss) for the year	(4.0)	(42.1)	49.1	0.2	(99.6)	(99.6)	(13.6)	N.M.	N.M.
EBITDA ⁽¹⁾	232.7	205.9	223.3	213.7	(4.3)	5.4	196.9	(7.9)	(13.0)
Adjusted EBITDA ⁽¹⁾	293.8	305.3	249.7	221.9	(11.1)	(3.6)	221.0	(0.4)	(4.7)
Adjusted Earnings ⁽²⁾	79.7	89.2	77.9	48.2	(38.1)	(29.8)	58.4	21.2	21.4
Adjusted Earnings per share (in U.S. dollars) ⁽³⁾	1.08	1.21	1.06	0.65	(38.7)	(30.1)	0.79	21.6	21.3
Adjusted Earnings attributable to Owners of the parent ⁽²⁾	79.7	89.2	77.9	48.1	(38.3)	(30.0)	55.2	14.8	14.9
Adjusted Earnings per share attributable to Owners of the parent (in U.S. dollars) ⁽³⁾	1.08	1.21	1.06	0.65	(38.7)	(30.1)	0.75	14.9	14.8
Capital Expenditure ⁽⁴⁾	(103.0)	(120.1)	(121.2)	(48.2)	(60.2)	(2.2)	(67.5)	40.1	31.9
Total Debt	851.2	653.3	575.6	534.9	(7.1)	(14.1)	486.3	(9.1)	(9.1)
Cash and cash equivalents and short-term financial investments	213.5	238.3	184.0	194.0	5.4	2.2	141.8	(26.9)	(30.1)
Net debt with third parties ⁽⁵⁾	637.7	415.0	391.6	340.9	(12.9)	(21.3)	344.5	1.1	3.8

(*) Exclude discontinued operations - Morocco.

N.M. means not meaningful

- (1) In considering the financial performance of the business, our management analyzes the financial performance measures of EBITDA and Adjusted EBITDA at a company and operating segment level, to facilitate decision-making. EBITDA is defined as profit/(loss) for the period from continuing operations before net finance expense, income taxes and depreciation and amortization. Adjusted EBITDA is defined as EBITDA adjusted to exclude restructuring costs, site relocation costs and other items not related to our core results of operations. EBITDA and Adjusted EBITDA are not measures defined by IFRS. The most directly comparable IFRS measure to EBITDA and Adjusted EBITDA is profit/(loss) for the year/period from continuing operations.

We believe EBITDA and Adjusted EBITDA are useful metrics for investors to understand our results of continuing operations and profitability because they permit investors to evaluate our recurring profitability from underlying operating activities. We also use these measures internally to establish forecasts, budgets and operational goals to manage and monitor our business, as well as to evaluate our underlying historical performance. We believe EBITDA facilitates comparisons of operating performance between periods and among other companies in industries similar to ours because it removes the effect of variances in capital structures, taxation, and non-cash depreciation and amortization charges, which may differ between companies for reasons unrelated to operating performance. We believe Adjusted EBITDA better reflects our underlying operating performance because it excludes the impact of items which are not related to our core results of continuing operations.

EBITDA and Adjusted EBITDA measures are frequently used by securities analysts, investors and other interested parties in their evaluation of companies comparable to us, many of which present EBITDA-related performance measures when reporting their results.

EBITDA and Adjusted EBITDA have limitations as analytical tools. These measures are not presentations made in accordance with IFRS, are not measures of financial condition or liquidity and should not be considered in isolation or as alternatives to profit or loss for the period from continuing operations or other measures determined in accordance with IFRS. EBITDA and Adjusted EBITDA are not necessarily comparable to similarly titled measures used by other companies. These non-GAAP measures should be considered supplemental in nature and should not be construed as being more important than comparable GAAP measures.

See below under the heading “Reconciliation of EBITDA and Adjusted EBITDA to profit/(loss)” for a reconciliation of profit/(loss) for the period from continuing operations to EBITDA and Adjusted EBITDA.

- (2) In considering the Company’s financial performance, our management analyzes the performance measure of Adjusted Earnings. Adjusted Earnings is defined as profit/(loss) for the periods from continuing operations adjusted for certain amortization of acquisition related intangible assets, restructuring costs, site relocation costs and other items not related to our core results of operations, net foreign exchange impacts and their tax effects. Adjusted Earnings is not a measure defined by IFRS. The most directly comparable IFRS measure to Adjusted Earnings is profit/(loss) for the periods from continuing operations.

We believe Adjusted Earnings is a useful metric for investors and is used by our management for measuring profitability because it represents a group measure of performance which excludes the impact of certain non-cash charges and other charges not associated with the underlying operating performance of the business, while including the effect of items that we believe affect shareholder value and in-year returns, such as income tax expense and net finance costs.

Our management uses Adjusted Earnings to (i) provide senior management with monthly reports of our operating results; (ii) prepare strategic plans and annual budgets; and (iii) review senior management’s annual compensation, in part, using adjusted performance measures.

Adjusted Earnings is defined to exclude items that are not related to our core results of operations. Adjusted Earnings measures are frequently used by securities analysts, investors and other interested parties in their evaluation of companies comparable to us, many of which present an Adjusted Earnings related performance measure when reporting their results.

Adjusted Earnings has limitations as an analytical tool. Adjusted Earnings is neither a presentation made in accordance with IFRS nor a measure of financial condition or liquidity, and should not be considered in isolation or as an alternative to profit or loss for the period from continuing operations or other measures determined in accordance with IFRS. Adjusted Earnings is not necessarily comparable to similarly titled measures used by other companies. These non-GAAP measures should be considered supplemental in nature and should not be construed as being more important than comparable GAAP measures.

See below under the heading “Reconciliation of Adjusted Earnings to profit/(loss)” for a reconciliation of Adjusted Earnings to our profit/(loss) for the period from continuing operations.

- (3) Adjusted Earnings per share is calculated based on weighted average number of ordinary shares outstanding of 73,909,056, 73,816,933 and 73,648,760 as of December 31, 2017, 2016 and 2015, respectively.
- (4) We define capital expenditure as the sum of the additions to property, plant and equipment and the additions to intangible assets during the period.
- (5) In considering our financial condition, our management analyzes net debt with third parties, which is defined as total debt less cash, cash equivalents (net of any outstanding bank overdrafts) and short-term financial investments.

Net debt with third parties has limitations as an analytical tool. Net debt with third parties is neither a measure defined by or presented in accordance with IFRS nor a measure of financial performance, and should not be considered in isolation or as an alternative financial measure determined in accordance with IFRS. Net debt with third parties is not necessarily comparable to similarly titled measures used by other companies. These non-GAAP measures should be considered supplemental in nature and should not be construed as being more important than comparable GAAP measures.

See below under the heading “Financing Arrangements” for a reconciliation of total debt to net debt with third parties utilizing IFRS reported balances obtained from the financial information included elsewhere in this Annual Report. The most directly comparable IFRS measure to net debt with third parties is total debt.

Cash Flow Selected Data:

(\$ in millions)	For the year ended December 31,				
	2013	2014	2015	2016	2017
Cash flows from operating activities	99.6	135.3	37.0	141.9	114.5
Cash flows used in investing activities	(123.4)	(149.8)	(67.2)	(75.1)	(90.9)
Cash flows from/(used in) financing activities	31.2	38.8	36.6	(62.7)	(84.3)
Net increase/(decrease) in cash and cash equivalents	7.4	24.3	6.4	4.2	(60.8)
Effect of changes in exchange rates	5.8	(26.4)	(33.8)	5.8	8.6
Cash and cash equivalents at beginning of period	200.3	213.5	211.4	184.0	194.0
Cash and cash equivalents at end of period	213.5	211.4	184.0	194.0	141.8

Reconciliation of EBITDA and Adjusted EBITDA to profit/(loss):

(\$ in millions)	For the year ended December 31,				
	2013 (*)	2014 (*)	2015 (*)	2016 (*)	2017
Profit/(loss) from continuing operations	(3.3)	(41.6)	52.2	3.4	(13.6)
Net finance expense (**)	100.3	110.8	46.4	107.8	93.5
Income tax expense	8.2	18.4	23.2	5.2	12.5
Depreciation and amortization	127.5	118.3	101.5	97.3	104.4
EBITDA (non-GAAP) (unaudited)	232.7	205.9	223.3	213.7	196.9
Acquisition and integration related costs (a)	29.3	9.9	0.1	-	-
Restructuring costs (b)	12.8	26.7	15.8	33.7	16.8
Sponsor management fees (c)	9.1	7.3	-	-	-
Site relocation costs (d)	1.8	1.7	3.4	9.3	-
Financing and IPO fees (e)	6.1	51.9	0.3	-	-
Contingent Value Instrument (f)	-	-	-	(41.7)	-
Asset impairments and Other (g)	2.0	1.9	6.8	6.9	7.3
Total non-recurring items (***)	61.1	99.4	26.4	8.2	24.1
Adjusted EBITDA (non-GAAP) (unaudited)	293.8	305.3	249.7	221.9	221.0

(*) Exclude discontinued operations – Morocco.

(**) Net finance expense includes interest income, interest expense, changes in fair value of financial instruments and net foreign exchange losses.

(***) We define non-recurring items as items that are limited in number, clearly identifiable, unusual, are unlikely to be repeated in the near future in the ordinary course of business and that have a material impact on the consolidated results of operations. Non-recurring items can be summarized as demonstrated below:

(a) Acquisition and integration related costs incurred in 2013 and 2014, are costs associated with the acquisition and post-acquisition process in connection with the full strategy review. These projects were substantially completed by the end of 2014. For the year ended December 31, 2013, of the \$29.3 million in acquisition and integration related costs, \$27.9 million relate to professional fees incurred to establish Atento as a standalone company not affiliated to Telefónica. These projects are mainly related to full strategy review including growth plans and operational setup with a leading consulting firm (\$14.7 million), improvement of financial and cash flow reporting (\$5.9 million), improving procurement efficiency (\$4.8 million) and executive recruiting fees related primarily to strengthening the senior management team post acquisition (\$1.4 million). For the year ended December 31, 2014 acquisition and integration related costs primarily resulted from consulting fees incurred in connection with the full strategy review including our growth plan and operational setup with a leading consulting firm (\$4.0 million), improving procurement efficiency (\$2.3 million), and IT transformation projects (\$2.5 million). Acquisition and integration related costs incurred in 2015 are costs associated with the post-acquisition process in connection with a full strategy review and our SAP IT transformation project. These projects were substantially completed by the end of 2015.

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- (b) Restructuring costs incurred in 2013, 2014, 2015 and 2016 primarily included several restructuring activities and other personnel costs that were not related to our core result of operations. For the year ended December 31, 2013, \$8.6 million of our restructuring costs were related to the relocation of our corporate headquarters and severance payments directly related to the acquisition. In addition, in 2013 we incurred \$1.5 million in restructuring costs in Spain (relating to restructuring expenses incurred as a consequence of significant reduction in activity levels as a result of adverse market conditions in Spain), and \$1.4 million in Chile (related to restructuring expenses incurred in connection with the implementation of a new service delivery model with Telefónica). Restructuring costs incurred for the year ended December 31, 2014, are primarily related to headcount restructuring activities in Spain. In addition, we incurred restructuring costs not related to our core results of operations in Argentina and Peru of \$4.8 million, \$2.5 million in Chile of restructuring expenses incurred in connection with the implementation of a new service delivery model with Telefónica, and certain changes to the executive team, and an additional \$0.7 million related to the relocation of corporate headquarters. Restructuring costs incurred in the year ended December 31, 2015, primarily relates to optimization of labor force to current or expected adjustments in activity levels, mainly in EMEA and Brazil. Restructuring costs for the year ended December 31, 2016 and 2017 are compounded of two main concepts: i) investments to lower our variable cost structure, which is mostly labor and ii) investments to drive a more sustainable lower-cost and competitive operating model. Both were direct response to the exceptional and severe adverse macroeconomic conditions in key markets such as Spain, Argentina, Brazil, Mexico and Puerto Rico, which drove significant declines in volume. The restructuring program carried out in 2017 to adjust the indirect costs structure has been finalized in the fourth quarter of 2017.
- (c) Sponsor management fees represent the annual advisory fee paid to Bain Capital Partners, LLC that were b expensed during 2013 and 2014. The advisory agreement was terminated in connection with the initial public offering.
- (d) Site relocation costs incurred for the years ended December 31, 2013, 2014, 2015 and 2016 include costs associated with our strategic initiative to relocate call centers from tier 1 cities to tier 2 cities in Brazil to achieve efficiencies through lower rental costs, attrition and absenteeism. Site relocation costs incurred for the year ended December 31, 2015 related to the anticipation for site closures in Brazil in connection of the site relocation program to tier 2 and tier 3 cities. Site relocation costs incurred for the year ended December 31, 2016, a re related to the investments in Brazil, to relocate and consolidate our sites from higher to lower costs locations. This program started in 2014 when 53 percent of our sites were in Tier 2 cities.
- (e) Financing and IPO fees for the year ended December 31, 2014 primarily relate to non-core professional fees incurred during the IPO process including advisory, auditing and legal expenses. Financing and IPO fees for the year ended December 31, 2015 primarily relate to non-core professional fees incurred during the IPO process, including advisory, auditing and legal expenses.
- (f) On November 8, 2016 the CVI nominal value of ARS666.8 million, or \$135.6 million, was terminated. As a result, in 2016 we recognized a gain of \$41.7 million in “Other gains” representing the principle amount of the CVI.
- (g) Asset impairments and other costs incurred for the year ended December 31, 2013 relate to projects for inventory control in Brazil which are not related to our core results of operations. Asset impairments and other costs incurred for the year ended December 31, 2014, mainly relate to the goodwill and other intangible asset impairment relating to our operation in Czech Republic (divested in December 2014) of \$3.7 million and Spain of \$28.8 million, offset by the amendment of the MSA with Telefónica, by which the minimum revenue commitment for Spain was reduced against a \$34.5 million penalty fee paid by Telefónica. Asset impairments and other costs incurred for the year ended December 31, 2015, mainly relate to the impairment of goodwill and other intangible assets in the Czech Republic (divested in December 2014) of \$3.7 million and Spain of \$28.8 million, offset by the amendment of the MSA with Telefónica, by which the minimum revenue commitment for Spain was reduced against a \$34.5 million penalty fee paid by Telefónica. Other non-recurring items for the year ended December 31, 2016 refer mainly to other costs with the sale of Morocco operation related to the accrual of the reserve in amount of \$3.1 million as guarantee to the buyer for potential indemnity related to eventual liability assessed from the period before the sale. For 2017, non-recurring items relates mostly to the recognition of the costs incurred or expected to be incurred to recover the operations in Mexico and Puerto Rico affected by recent natural disasters. These estimated costs of \$3.2 million are related to third quarter of 2017 and includes costs that were incurred but could not be charged to customers (mainly salaries and benefits) and other extraordinary costs related to the natural disasters. In addition, there were costs incurred on the secondary offer process occurred in November 2017.

Reconciliation of Adjusted Earnings to profit/(loss):

(\$ in millions)	For the year ended December 31,				
	2013 ^(*)	2014 ^(*)	2015 ^(*)	2016	2017
Profit/(loss) from continuing operations	(3.3)	(41.6)	52.2	3.4	(13.6)
Acquisition and integration related costs ^{(a) (**)}	29.3	9.9	0.1	-	-
Amortization of acquisition related intangible assets ^(b)	40.7	36.6	27.5	24.2	22.4
Restructuring costs ^{(c) (**)}	12.8	26.7	15.8	33.6	16.8
Sponsor management fees ^{(d) (**)}	9.1	7.3	-	-	-
Site relocation costs ^{(e) (**)}	1.8	1.7	3.4	9.3	-
Financing and IPO fees ^{(f) (**)}	6.1	51.9	0.3	-	-
PECs interest expense ^(g)	25.7	25.4	-	-	-
Asset impairments and Other ^{(h) (**)}	2.0	1.9	6.8	6.9	7.3
DTA adjustment in Spain ⁽ⁱ⁾	-	9.8	1.5	-	-
Net foreign exchange gain on financial instruments ⁽ⁱ⁾	11.6	(27.3)	(17.5)	(0.7)	(0.2)
Net foreign exchange impacts ^(k)	(17.8)	33.3	4.0	21.1	23.4
Contingent Value Instrument ^(l)	-	-	-	(26.2)	-
Financial non-recurring ^(m)	-	-	-	-	17.7
Depreciation non-recurring ⁽ⁿ⁾	-	-	-	-	2.8
Tax effect ^(o)	(38.3)	(46.4)	(16.2)	(23.5)	(18.2)
Total of add-backs	83.0	130.8	25.7	44.8	72.0
Adjusted Earnings (non-GAAP) (unaudited)	79.7	89.2	77.9	48.2	58.4
Adjusted basic Earnings per share (in U.S. dollars) ^(***) (unaudited)	1.08	1.21	1.06	0.65	0.79

(*) Exclude discontinued operations – Morocco.

(**) We define non-recurring items as items that are limited in number, clearly identifiable, unusual, are unlikely to be repeated in the near future in the ordinary course of business and that have a material impact on the consolidated results of operations. Non-recurring items can be summarized as demonstrated below:

- (a) Acquisition and integration related costs incurred in 2013 and 2014, are costs associated with the acquisition and post-acquisition process in connection with the full strategy review. These projects were substantially completed by the end of 2014. For the year ended December 31, 2013, of the \$29.3 million in acquisition and integration related costs, \$27.9 million relate to professional fees incurred to establish Atento as a standalone company not affiliated to Telefónica. These projects are mainly related to full strategy review including growth plans and operational setup with a leading consulting firm (\$14.7 million), improvement of financial and cash flow reporting (\$5.9 million), improving procurement efficiency (\$4.8 million) and executive recruiting fees related primarily to strengthening the senior management team post acquisition (\$1.4 million). For the year ended December 31, 2014 acquisition and integration related costs primarily resulted from consulting fees incurred in connection with the full strategy review including our growth plan and operational setup with a leading consulting firm (\$4.0 million), improving procurement efficiency (\$2.3 million), and IT transformation projects (\$2.5 million). Acquisition and integration related costs incurred in 2015 are costs associated with the post-acquisition process in connection with a full strategy review and our SAP IT transformation project. These projects were substantially completed by the end of 2015.
- (b) Amortization of acquisition related intangible assets represents the amortization expense of customer base, recorded as intangible assets. This customer base represents the fair value (within the business combination involving the acquisition of control of Atento Group) of the intangible assets arising from service agreements (tacit or explicitly formulated in contracts) with Telefónica Group and with other customers.

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- (c) Restructuring costs incurred in 2013, 2014, 2015 and 2016 primarily included several restructuring activities and other personnel costs that were not related to our core result of operations. For the year ended December 31, 2013, \$8.6 million of our restructuring costs were related to the relocation of our corporate headquarters and severance payments directly related to the acquisition. In addition, in 2013 we incurred \$1.5 million in restructuring costs in Spain (relating to restructuring expenses incurred as a consequence of significant reduction in activity levels as a result of adverse market conditions in Spain), and \$1.4 million in Chile (related to restructuring expenses incurred in connection with the implementation of a new service delivery model with Telefónica). Restructuring costs incurred for the year ended December 31, 2014, are primarily related to headcount restructuring activities in Spain. In addition, we incurred restructuring costs not related to our core results of operations in Argentina and Peru of \$4.8 million, \$2.5 million in Chile of restructuring expenses incurred in connection with the implementation of a new service delivery model with Telefónica, and certain changes to the executive team, and an additional \$0.7 million related to the relocation of corporate headquarters. Restructuring costs incurred in the year ended December 31, 2015, primarily relates to optimization of labor force to current or expected adjustments in activity levels, mainly in EMEA and Brazil. Restructuring costs for the year ended December 31, 2016 and 2017 are compounded of two main concepts: i) investments to lower our variable cost structure, which is mostly labor and ii) investments to drive a more sustainable lower-cost and competitive operating model. Both were direct response to the exceptional and severe adverse macroeconomic conditions in key markets such as Spain, Argentina, Brazil, Mexico and Puerto Rico, which drove significant declines in volume. The restructuring program carried out in 2017 to adjust the indirect costs structure has been finalized in the fourth quarter of 2017.
- (d) Sponsor management fees represent the annual advisory fee paid to Bain Capital Partners, LLC that were expensed during 2013 and 2014. The advisory agreement was terminated in connection with the initial public offering.
- (e) Site relocation costs incurred for the years ended December 31, 2013, 2014, 2015 and 2016 include costs associated with our strategic initiative to relocate call centers from tier 1 cities to tier 2 cities in Brazil to achieve efficiencies through lower rental costs, attrition and absenteeism. Site relocation costs incurred for the year ended December 31, 2015 related to the anticipation for site closures in Brazil in connection of the site relocation program to tier 2 and tier 3 cities. Site relocation costs incurred for the year ended December 31, 2016, are related to the investments in Brazil, to relocate and consolidate our sites from higher to lower costs locations. This program started in 2014 when 53 percent of our sites were in Tier 2 cities.
- (f) Financing and IPO fees for the year ended December 31, 2014 primarily relate to non-core professional fees incurred during the IPO process including advisory, auditing and legal expenses. Financing and IPO fees for the year ended December 31, 2015 primarily relate to non-core professional fees incurred during the IPO process, including advisory, auditing and legal expenses.
- (g) PECs Interest expense represents accrued interest on the preferred equity certificates that were capitalized in connection with the IPO.
- (h) Asset impairments and other costs incurred for the year ended December 31, 2013 relate to projects for inventory control in Brazil which are not related to our core results of operations. Asset impairments and other costs incurred for the year ended December 31, 2014, mainly relate to the goodwill and other intangible asset impairment relating to our operation in Czech Republic (divested in December 2014) of \$3.7 million and Spain of \$28.8 million, offset by the amendment of the MSA with Telefónica, by which the minimum revenue commitment for Spain was reduced against a \$34.5 million penalty fee paid by Telefónica. Asset impairments and other costs incurred for the year ended December 31, 2015, mainly relate to the impairment of goodwill and other intangible assets in the Czech Republic (divested in December 2014) of \$3.7 million and Spain of \$28.8 million, offset by the amendment of the MSA with Telefónica, by which the minimum revenue commitment for Spain was reduced against a \$34.5 million penalty fee paid by Telefónica. Other non-recurring items for the year ended December 31, 2016 refer mainly to other costs with the sale of Morocco operation related to the accrual of the reserve in amount of \$3.1 million as guarantee to the buyer for potential indemnity related to eventual liability assessed from the period before the sale. For 2017, non-recurring items relates mostly to the recognition of the costs incurred or expected to be incurred to recover the operations in Mexico and Puerto Rico affected by recent natural disasters. These estimated costs of \$3.2 million are related to third quarter of 2017 and includes costs that were incurred but could not be charged to customers (mainly salaries and benefits) and other extraordinary costs related to the natural disasters. In addition, there were costs incurred on the secondary offer process occurred in November 2017.

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- (i) Deferred tax asset adjustment as a consequence of the tax rate reduction in Spain from 30% to 28% in 2015 and to 25% in 2016.
- (j) Since April 1, 2015, the Company designated the foreign currency risk on certain of its subsidiaries as net investment hedges using financial instruments as the hedging items. As a consequence, any gain or loss on the hedging instrument, related to the effective portion of the hedge is recognized in other comprehensive income (equity) as from that date. The gains or losses related to the ineffective portion are recognized in the statements of operations. For comparability, these adjustments are added back to calculate Adjusted Earnings.
- (k) Since 2015, our management analyzes the Company financial condition performance excluding non-cash net foreign exchange impacts related to intercompany loans which eliminates the volatility of foreign exchange variances from our operational results with third parties. The net impact to equity is zero since the current translation adjustments of the balance sheet to the subsidiaries with local denominated currencies other than the USD is registered at Equity.
- (l) On November 8, 2016 the CVI nominal value of ARS666.8 million, or \$135.6 million was terminated. As a result, in 2016 we recognized a gain of \$41.7 million in “Other gains” representing the principle amount of the CVI.
- (m) Financial non-recurring relates to the costs incurred in the debt refinance process occurred in August 2017, which includes: (i) 2020 Senior Secured Notes call premium of \$11.1 million and amortization of issuance costs of \$4.9 million; (ii) Brazilian debentures due 2019 penalty fee of \$0.7 million and remaining balance of the issuance cost of \$1.0 million.
- (n) Non-recurring depreciation relates to the provision for accelerated depreciation of fixed assets in Puerto Rico and Mexico, due to the recent natural disasters (See “Cautionary note regarding forward looking statements”).
- (o) The tax effect represents the impact of the taxable adjustments based on tax nominal rate by country. For 2017, the effective tax rate after removing non-recurring items is 34.5%.
- (***) Adjusted Earnings per share is calculated based on the weighted average number of ordinary shares outstanding of 73,909,056, 73,816,933 and 73,648,760 as of December 31, 2017, 2016 and 2015, respectively.

Financing Arrangements

(\$ in millions, except Net Debt/Adj. EBITDA LTM)	As of December 31,				
	2013	2014	2015	2016	2017
Debt:					
Senior Secured Notes	297.7	300.3	301.7	303.3	398.3
Brazilian Debentures	345.9	245.9	168.1	156.6	21.1
Vendor Loan Note ⁽¹⁾	151.7	-	-	-	-
Contingent Value Instrument ⁽²⁾	43.4	36.4	26.3	-	-
Preferred Equity Certificates	519.6	-	-	-	-
Finance Lease Payables	11.9	9.0	4.7	3.6	10.5
Other Borrowings	0.6	61.7	74.8	71.4	56.4
Total Debt	1,370.8	653.3	575.6	534.9	486.3
Preferred Equity Certificates	(519.6)	-	-	-	-
Total Debt excluding PECs	851.2	653.3	575.6	534.9	486.3
Cash and cash equivalents	(213.5)	(211.4)	(184.0)	(194.0)	(141.8)
Short-term financial investments	-	(26.9)	-	-	-
Net debt with third parties ⁽³⁾ (unaudited)	637.7	415.0	391.6	340.9	344.5
Adjusted EBITDA LTM ⁽⁴⁾ (non-GAAP) (unaudited)	293.8	305.3	249.7	221.9	221.0
Net Debt/Adjusted EBITDA LTM (non-GAAP) (unaudited)	2.2x	1.4x	1.6x	1.5x	1.6x

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- (1 Reflects the prepayment to Telefónica of the entire indebtedness under the Vendor Loan Note. The loan was liquidated in connection with the IPO.
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- (2) The CVI was terminated on November 8, 2016 as part of the Telefónica MSA renegotiation, as described in “Basis of Presentation and Other Information” section.
- (3) In considering our financial condition, our management analyzes Net debt with third parties, which is defined as total debt less cash and cash equivalents. Net debt with third parties is not a measure defined by IFRS and it has limitations as an analytical tool. Net debt with third parties is neither a measure defined by or presented in accordance with IFRS nor a measure of financial performance, and should not be considered in isolation or as an alternative financial measure determined in accordance with IFRS. Net debt is not necessarily comparable to similarly titled measures used by other companies.
- (4) Adjusted EBITDA LTM (Last Twelve Months) is defined as EBITDA adjusted to exclude certain acquisition and integration related costs, restructuring costs, sponsor management fees, site relocation costs, financing fees, IPO costs, asset impairments and other items not related to our core results of operations.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

External Risks

The CRM BPO market is very competitive.

Our industry is very competitive, and we expect competition to remain intense from a number of sources in the future. We believe the principal competitive factors in the markets in which we operate are industry expertise, service quality, price, and the ability to add value to a client’s business. We face competition primarily from other CRM BPO companies and IT services companies. In addition, the trend toward offshore outsourcing, international expansion by foreign and domestic competitors and continued technological changes may result in new and different competitors entering our markets. These competitors may include entrants from the communications, software and data networking industries or entrants in geographical locations with lower costs than those in which we operate.

Some of these existing and future competitors may have greater financial, human and other resources, longer operating histories, greater technological expertise and more established relationships in the industries that we currently serve or may serve in the future. In addition, some of our competitors may enter into strategic or commercial relationships among themselves or with larger, more established companies in order to increase their ability to address customer needs and reduce operating costs, or enter into similar arrangements with potential clients. Further, trends of consolidation in our industry and among CRM BPO competitors may result in new competitors with greater scale, a broader geographic footprint, better technologies and price efficiencies attractive to our clients. Increased competition, our inability to compete successfully, and pricing pressures or loss of market share could result in reduced operating profit margins which could have a material adverse effect on our business, financial condition, results of operations and prospects.

A substantial portion of our revenue, operations and investments are in Latin America and we are therefore exposed to risks inherent in operating and investing in the region.

For the year ended December 31, 2017, we derived 39.5% of our revenue from the Americas and 49.2% from Brazil. We intend to continue to develop and expand our facilities in the Americas and Brazil. Our operations and investments in the Americas and Brazil are subject to various risks related to the economic, political and social conditions of the countries in which we operate, including risks related to the following:

- inconsistent regulations, licensing and legal requirements may increase our cost of operations as we endeavor to comply with myriad of laws that differ from one country to another in an unpredictable and adverse manner;
- currencies may be devalued or may depreciate or currency restrictions or other restraints on transfer of funds may be imposed;
- the effects of inflation and currency depreciation and fluctuation may require certain of our subsidiaries to undertake a mandatory recapitalization;
- governments may expropriate or nationalize assets or increase their participation in companies;
- governments may impose burdensome regulations, taxes or tariffs;
- political changes may lead to changes in the business environments in which we operate; and
- economic downturns, political instability and civil disturbances may negatively affect our operations.

Any deterioration in global market and economic conditions, especially in Latin America, and, particularly in the telecommunications and financial services industries from which we generate most of our revenue, may adversely affect our business, financial condition, results of operations and prospects.

Global market and economic conditions, including in Latin America, in the past several years have presented volatility and increasing risk perception, with tighter credit conditions and recession or slower growth in most major economies continuing into 2017. Our results of operations are affected directly by the level of business activity of our clients, which in turn is affected by the level of economic activity in the industries and markets that they serve. Many of our clients' industries are especially vulnerable to any crisis in the financial and credit markets or economic downturn. A substantial portion of our clients are concentrated in the telecommunications and financial services industries, which were especially vulnerable to the global financial crisis and economic downturn that began in 2008. For the year ended December 31, 2017, 46.7% of our revenue was derived from clients in the telecommunications industry and 31.7% of our revenue was derived from clients in the financial services industry including insurance. Our business and future growth largely depend on continued demand for our services from clients in these industries.

As our business has grown, we have become increasingly exposed to adverse changes in general global economic conditions, which may result in reductions in spending by our clients and their customers. Global economic concerns such as the varying pace of global economic recovery continue to create uncertainty and unpredictability and may have an adverse effect on the cost and availability of credit, leading to decreased spending by businesses. Any deterioration of general economic conditions, or weak economic performance in the economies of the countries in which we operate, particularly in Brazil and the Americas may have a material adverse effect on our business, financial condition, results of operations and prospects. Brazil and the Americas, for example, comprised 87.5%, 87.4% and 88.7% of our revenue respectively, for the years ended December 31, 2015, 2016 and 2017. In addition, key markets such as the telecommunications and financial services industries comprised 78.4% of our revenue for the year ended December 31, 2017.

Increases in employee benefit expenses as well as changes to labor laws could reduce our profit margin.

Employee benefit expenses is our largest expense and accounted for \$1,410.5 million in 2015, \$1,309.9 million in 2016 and \$1,429.1 million in 2017, or 72.3%, 74.5% and 74.4%, respectively, of our revenue in those periods.

Employee salaries and benefits expenses in many of the countries in which we operate, principally in Latin America, have increased during the periods presented in this Annual Report as a result of economic growth, increased demand for CRM BPO services and increased competition for trained employees such as employees at our service delivery centers in Latin America. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Total operating expenses."

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We will attempt to control costs associated with salaries and benefits as we continue to add capacity, but we may not be successful in doing so. We may need to increase salaries more significantly and rapidly than in previous periods to remain competitive, which may have a material adverse effect on our business, financial condition, results of operations and prospects. Wage increases or other expenses related to the termination of our employees may reduce our profit margins and have a material adverse effect on our business, financial condition, results of operations and prospects. If we expand our operations into new jurisdictions, we may be subject to increased operating costs, including higher employee benefit expenses in these new jurisdictions relative to our current operating costs, which could have a negative effect on our results of operations.

Furthermore, most of the countries in which we operate have labor protection laws, including statutorily mandated minimum annual wage increases, legislation that imposes financial obligations on employers and laws governing the employment of workers. These labor laws in one or more of the key jurisdictions in which we operate, particularly Brazil, may be modified in the future in a way that is detrimental to our business. If these labor laws become more stringent, or if there are continued increases in statutory minimum wages or higher labor costs in these jurisdictions, it may become more difficult for us to discharge employees, or cost effectively downsize our operations as our level of activity fluctuates, both of which would likely have a material adverse effect on our business, financial condition, results of operations and prospects.

The payroll tax exemption still maintained in March 2018, however, the Bill 8456 was presented on September 1st by the Finance Minister, Henrique Meirelles, to substitute the Provisional Measure 774 (MP) that was revoked a few days before its approval. The Bill text is very similar to the original MP which maintains 4 sectors (communications, transportation, infrastructure and civil construction) in the tax break and excludes 50 other sectors, including Call Center, from the payroll tax exemption.

On March 21, 2017, the Lower House voted the request for urgency of Bill 8456 and on the same evening, the sponsor's report was presented to the party leaders for analysis and to the surprise of all sectors, a clause was included putting an expiration date until December 31, 2019 and some requirements for the use of the benefit, like the maintenance or increase of jobs, reduction of employment turnover and decrease of work accidents. A new report was released on March 24, 2017 extinguishing the expiration date and the requirements previously presented in the report. In this current draft, Call Centers remain in the tax benefit at 3% of revenue.

The last draft presented by the sponsor, this week, is to be voted and except for an unexpected change, it would be sustained.

Our operating results may fluctuate from one quarter to the next due to various factors including seasonality.

Our operating results may differ significantly from quarter to quarter and our business may be affected by factors such as: client losses, the timing of new contracts and of new product or service offerings, termination of existing contracts, variations in the volume of business from clients resulting from changes in our clients' operations or the onset of certain parts of the year, such as the summer vacation period in our geographically diverse markets and the year-end holiday season in Latin America, the business decisions of our clients regarding the use of our services, startup costs, delays or difficulties in expanding our operational facilities and infrastructure, changes to our revenue mix or to our pricing structure or that of our competitors, inaccurate estimates of resources and time required to complete ongoing projects, currency fluctuation and seasonal changes in the operations of our clients.

We typically generate less revenue in the first quarter of the year and is related of the fact that our clients generally spend less after the year-end holiday season. We have also found that our revenue increases in the last quarter of the year, particularly in November and December when our business benefits from the increased activity of our clients and their customers, who generally spend more money and are otherwise more active during the year-end holiday season. These seasonal effects also cause differences in revenue and income among the various quarters of any financial year, which means that the individual quarters of a year should not be directly compared with each other or used to predict annual financial results.

In addition, the sales cycle for our services, typically from six to 12 months (from the date the contract is entered into until the beginning of the provision of services), and the internal budget and approval processes of our prospective clients, make it difficult to predict the timing of new client engagements. Also, we recognize revenue only upon actual provision of the contracted services and when the criteria for recognition are achieved. The financial benefit of gaining a new client may not be realized at the intended time due to delays in the implementation of our services or due to an increase in the startup costs required in building our infrastructure. These factors may make it difficult for us to prepare accurate internal financial forecasts or replace anticipated revenue that is not received as a result of these delays.

Natural events, wars, cyberattacks, terrorist attacks and other acts of violence involving any of the countries in which we or our clients have operations could adversely affect our operations and client confidence.

Natural events (such as floods and earthquakes), terrorist attacks and other acts of violence or war may adversely disrupt our operations, lead to economic weakness in the countries in which they occur and affect worldwide financial markets, and could potentially lead to economic recession, which could have a material adverse effect on our business, financial condition, results of operations and prospects. These events could adversely affect our clients' levels of business activity and precipitate sudden significant changes in regional and global economic conditions and cycles. These events also pose significant risks to our people and to our business operations around the world.

If we experience a temporary or permanent interruption in our operations at one or more of our data or contact centers, through natural disaster, casualty, operating malfunction, cyberattack, terrorist attack, sabotage or other causes, we may be unable to provide the services we are contractually obligated to deliver. Failure to provide contracted services could result in contractual damages or clients' termination or renegotiation of their contracts. The results of these incidents could include, but are not limited to, business interruption, disclosure of nonpublic information, decreased customer revenues, misstated financial data, liability for stolen assets or information, increased cybersecurity protection costs, litigation and reputational damage adversely affecting customer confidence. Although we maintain internal controls to protect our company and our clients from events that could interrupt our delivery of services, there is no guarantee that such controls will be effective or that any interruption will not be prolonged. Any prolonged interruption in our ability to provide services to our clients for which our plans and precautions fail to adequately protect us could have a material adverse effect on our business, results of operation and financial condition.

Fluctuations in, or devaluation of, the local currencies in the countries in which we operate against the U.S. dollar could have a material adverse effect on our business, financial condition, results of operations and prospects.

As of December 31, 2017, 95.3% of our revenue was generated in countries that use currencies other than the U.S. dollar, mostly the local currencies of the Latin American countries in which we operate (particularly, currencies such as the Brazilian Reais, the Mexican Peso, the Chilean Peso and the Argentinean Peso). Both Brazil and Mexico have experienced inflation and volatility in the past and some Latin American countries have recently been classified as hyperinflationary economies. While inflation may not have a significant effect on the profit and loss of a local subsidiary itself, depreciation of the local currency against the U.S. dollar would reduce the value of the dividends payable to us from our operating companies. We report our financial results in U.S. dollars and our results of operations would be adversely affected if these local currencies depreciate significantly against the U.S. dollar, which may also affect the comparability of our financial results from period to period, as we convert our subsidiaries' statements of financial position into U.S. dollars from local currencies at the period end exchange rate, and statements of operations and cash flows at average exchange rates for the year. Conversely, where we provide offshore services to U.S. clients and our revenue is earned in U.S. dollars, an appreciation in the currency of the country in which the services are provided could result in an increase in our costs in proportion to the revenue we earn for those services. The exchange rates between these local currencies and the U.S. dollar have changed substantially in recent years and may fluctuate substantially in the future. For the years ended December 31, 2015, 2016 and 2017, these fluctuations had a significant effect on our results of operations.

In addition, future government action, including changes in interest rates and monetary policy or intervention in the exchange markets and other government action to adjust the value of the local currency may trigger inflationary increases. For example, governmental measures to control inflation may include maintaining a tight monetary policy with high interest rates, thereby restricting the availability of credit and reducing economic growth. As a result, interest rates may fluctuate significantly. Furthermore, losses incurred based on the exchange rate used may be exacerbated if regulatory restrictions are imposed when these currencies are converted into U.S. dollars.

The occurrence of such fluctuations, devaluations or other currency risks could have a material adverse effect on our business, financial condition, results of operations and prospects.

The Brazilian government exercises significant influence over the Brazilian economy. This influence, as well as Brazilian political and economic conditions, could adversely impact our business, financial condition, results of operations and prospects.

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For the years ended December 31, 2017, 2016 and 2015, revenue from our operations in Brazil accounted for 49.2%, 46.5% and 47.7% of our total revenue, respectively and Adjusted EBITDA from our operations in Brazil accounted for 56.4%, 54.5% and 51.8% of our total Adjusted EBITDA, respectively. In each case, before holding company level revenue, expenses and consolidation adjustments.

Historically, the Brazilian government has frequently intervened in the Brazilian economy and occasionally made drastic changes in policy and regulations. The Brazilian government's actions to control inflation and implement macroeconomic policies have in the past often involved wage and price controls, currency devaluations, capital controls and limits on imports, among other things. Our business, financial condition, results of operations and prospects may be adversely affected by changes in policies or regulations, or by other factors such as:

- devaluations and other currency fluctuations;
- inflation rates;
- interest rates;
- liquidity of domestic capital and lending markets;
- energy shortages;
- exchange controls and restrictions on remittances abroad (such as those that were briefly imposed in 1989 and early 1990);
- monetary policy;
- minimum wage policy;
- tax policy; and
- other political, diplomatic, social and economic developments in or affecting Brazil.

Currently, Brazilian markets are experiencing heightened volatility due to the uncertainties derived from the ongoing "Lava Jato" investigation, being conducted by the Office of the Brazilian Federal Prosecutor, which has impacted the Brazilian economy and political environment. Members of the Brazilian federal government and of the legislative branch, as well as senior officers of large state-owned companies and privately held companies, have faced allegations of political corruption, including allegedly accepting bribes by means of kickbacks on contracts granted by the government. The profits of these kickbacks allegedly financed the political campaigns of political parties of the current federal government coalition that were unaccounted for or not publicly disclosed, and personally enriched the recipients of bribes under this bribery scheme. The potential outcome of these investigations is uncertain, but they have already had an adverse impact on the image and reputation of the implicated companies, and on the general market perception of the Brazilian economy.

We cannot predict whether such allegations will lead to further political and economic instability or whether new allegations against government officials will arise in the future. In addition, we cannot predict the outcome of any such allegations nor their effect on the Brazilian economy. In addition, the President of Brazil has considerable power to determine governmental policies and actions that relate to the Brazilian economy that could consequently affect our business, financial condition and results of operations. Furthermore, future developments in policies of the Brazilian government and/or the uncertainty of whether and when such policies and regulations may be implemented, all of which are beyond our control, could have a material adverse effect on us.

The Brazilian government regularly implements changes to tax policies that may increase our and our clients' tax burdens. These changes can include modifications in the rate of assessments, nonrenewal of existing tax relief, such as the "Plano Brasil Maior" and, on occasion, enactment of temporary taxes the proceeds of which are earmarked for designated governmental purposes. Because we derive a significant portion of our revenue, EBITDA and Adjusted EBITDA from our operations in Brazil, if the "Plano Brasil Maior" is not extended or not made permanent, it would have a significant negative impact on our total costs. Our inability to pass through such increase in costs to our customers will materially and adversely affect our results of operations. Furthermore, increases in our overall tax burden could negatively affect our overall financial performance and profitability.

The Brazilian currency has been devalued over the past four decades. Throughout this period, the Brazilian government has implemented various economic plans and used various exchange rate policies, including sudden devaluations, periodic mini devaluations (such as daily adjustments), exchange controls, dual exchange rate markets and a floating exchange rate system. From time to time, there have been significant fluctuations in the exchange rate between the Brazilian currency and the U.S. dollar and other currencies.

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In the past, Brazil's economy has experienced balance of payment deficits and shortages in foreign exchange reserves, and the government has responded by restricting the ability of persons or entities, Brazilian or foreign, to convert Brazilian currency into any foreign currency. The government may institute a restrictive exchange control policy in the future. Any restrictive exchange control policy could prevent or restrict our access to other currencies to meet our financial obligations and our ability to pay dividends out of our Brazilian activities.

In recent years, there has been considerable changes in the tax policy in Brazil, including tax increases that has impacted our business and further changes have been proposed.

Uncertainty over whether possible changes in policies or rules affecting these or other factors may contribute to economic uncertainties in Brazil, which could adversely affect our business, financial condition, results of operation and prospects.

Argentina has undergone significant political, social and economic instability in the past several years, and if such instability continues or worsens, our Argentine operations could be materially adversely affected.

In 2017, our operations in Argentina accounted for 7.4% of our revenue and 3.8% of our Adjusted EBITDA (in each case, before holding company level revenue and expenses and consolidation adjustments).

Political and Currency Risk. In 2015, the Argentine economy has experienced a recession, as well as a political and social crisis, and the significant depreciation of the Argentine peso against major international currencies. Depending on the relative impact of other variables affecting our operations, including technological changes, inflation, gross domestic product ("GDP") growth, and regulatory changes, the continued depreciation of the Argentine peso may have a negative impact on our business in Argentina. For example, in 2017, the Argentine peso depreciated approximately 14.8% against the U.S. dollar.

The country has been experiencing high inflation in recent years and there can be no assurance that Argentina will not experience another recession, higher inflation, devaluation, unemployment and social unrest in the future. In addition, the country's sovereign debt crisis continues to unfold and the outcome thereof, including related litigation between Argentina and certain of its debt holders, remains uncertain. In case Argentina continues to be technically in default in its international debt it will not be possible for the new administration to get much needed international financing and its ability to perform infrastructure work will be adversely affected.

Restrictions on Transfer of Funds. Argentina was under a severe exchange control system that required government approval for any transfer of funds. Although the current administration elected on December 10, 2015 had taken measures to lift foreign exchange controls there can be no assurance that the Argentine government will not impose new restrictions on the transfer of funds from Argentina to preserve and protect foreign exchange reserves. In such scenario, it is possible, for example, that the government restricts, either directly or indirectly, the transfer of dividends from local companies to their foreign shareholders. If we are unable to repatriate funds from Argentina for whatever reason, we will not be able to use the cash flow from our Argentine operations to finance our operating requirements elsewhere or to satisfy our debt obligations.

In case of a new financial crisis, there can be no assurance that we will be able to finance our operations in Argentina.

Our business depends in part on our capacity to invest in technology and these costs of technology and telecommunications services, which we rely on from third parties, could have a material adverse effect on our business, financial condition, results of operations and prospects.

The CRM BPO industry in which we operate is subject to the periodic introduction of new technologies which often can enable us to service our clients more efficiently and cost effectively. Our business success is partly linked to our ability to recognize these new technological innovations from industry leading providers of such technology and to apply these technological innovations to our business. If we do not recognize the importance of new technology to our business in a timely manner or are not committed to investing in and developing such new technology and applying these technologies to our business, our current products and services may be less attractive to existing and new clients, and we may lose market share to competitors who have recognized these trends and invested in such technology. There can be no assurance that we will have sufficient capacity or capital to meet these challenges. Any such failure to recognize the importance of such technology or a decision not to invest and develop such technology that keeps pace with evolving industry standards and changing client demands could have a material adverse effect on our business, financial condition, results of operations and prospects.

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In addition, any increases in the cost of telecommunications services and products provided by third parties, including telecommunications equipment, software, IT products and related IT services and call center workstations have a direct effect on our operating costs. The cost of telecommunications services is subject to several factors, including changes in regulations and the telecommunications market as well as competitive factors, for example, the concentration and bargaining power of technology and telecommunications suppliers, most of which are beyond our control or which we cannot predict. The increase in the costs of these essential services and products could have a material adverse effect on our business, financial condition, results of operations and prospects.

Damage or disruptions to our key technology systems and facilities either through events beyond or within our control that adversely affect our clients' businesses, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our key technology systems and facilities may be damaged in natural disasters such as earthquakes or fires or subject to damage or compromise from human error, technical disruptions, power failure, computer glitches and viruses, telecommunications failures, adverse weather conditions and other unforeseen events, all of which are beyond our control or through bad service or poor performance which are within our control. Such events may cause disruptions to information systems, electrical power and telephone service for sustained periods. Any significant failure, damage or destruction of our equipment or systems, or any major disruptions to basic infrastructure such as power and telecommunications systems in the locations in which we operate, could impede our ability to provide services to our clients and thus adversely affect their businesses, have a negative impact on our reputation and may cause us to incur substantial additional expenses to repair or replace damaged equipment or facilities.

While we currently have property damage insurance in force, our insurance coverage may not be sufficient to guarantee costs of repairing the damage caused from such disruptive events and such events may not be covered under our policies. Prolonged disruption of our services, even if due to events beyond our control could also entitle our clients to terminate their contracts with us, which would have a material adverse effect on our business, financial condition, results of operations and prospects.

Tax matters, new legislation and actions by taxing authorities may have an adverse effect on our operations, effective tax rate and financial condition.

We may not be able to predict our future tax liabilities due to the international nature of our operations, as we are subject to the complex and varying tax laws and rules of several foreign jurisdictions. Our results of operations and financial condition could be adversely affected if tax contingencies are resolved adversely or if we become subject to increased levels of taxation.

We are subject to income taxes in numerous foreign jurisdictions. Our tax expense and cash tax liability in the future could be adversely affected by numerous factors, including, but not limited to, changes in tax laws, regulations, accounting principles or interpretations and the potential adverse outcome of tax examinations and pending tax related litigation. Changes in the valuation of deferred tax assets and liabilities, which may result from a decline in our profitability or changes in tax rates or legislation, could have a material adverse effect on our tax expense. The governments of foreign jurisdictions from which we deliver services may assert that certain of our clients have a "permanent establishment" in such foreign jurisdictions because of the activities we perform on their behalf, particularly those clients that exercise control over or have substantial dependency on our services. Such an assertion could affect the size and scope of the services requested by such clients in the future.

Transfer pricing regulations to which we are subject require that any transaction among us and our subsidiaries be on arm's length terms. If the applicable tax authorities were to determine that the transactions among us and our subsidiaries do not meet arm's length criteria, we may incur increased tax liability, including accrued interest and penalties. Such changes in tax laws or regulations could increase our tax expenses, reducing our profitability and cash flows.

If we are unable to accurately predict our future tax liabilities or become subject to increased levels of taxation or our tax contingencies are unfavorably resolved, our results of operations and financial condition could be adversely affected.

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Due to the global nature of our operations, we are subject to the complex and varying tax laws and rules of several jurisdictions and have material tax-related contingent liabilities that are difficult to predict or quantify. In preparing our financial statements, we calculate our effective income tax rate based on current tax laws and regulations and our estimated taxable income within each of these jurisdictions. The United States recently adopted tax reform legislation commonly known as the Tax Cuts and Jobs Act, which will increase our effective income tax rate by imposing a new tax regime impacting our non-U.S. operations. The U.S. tax changes also provide flexibility related to repatriating non-U.S. earnings to the United States without additional U.S. taxation, and as a result, we have changed classification of certain earnings that were previously deemed to be permanently reinvested offshore and recorded deferred tax liabilities for the associated withholding taxes. Other changes in tax laws or regulations in the jurisdictions in which we do business, including the United States, or changes in how the Tax Cuts and Jobs Act or other tax laws are implemented or interpreted, could further increase our effective tax rate, further restrict our ability to repatriate undistributed offshore earnings, or impose new restrictions, costs or prohibitions on our current practices and reduce our net income and adversely affect our cash flows.

We are also subject to tax inspections, including with respect to transfer pricing, our tax positions may be challenged by tax authorities. Although we believe that our current tax provisions are reasonable and appropriate, there can be no assurance that these items will be settled for the amounts accrued, that additional tax exposures will not be identified in the future or that additional tax reserves will not be necessary for any such exposures. Any increase in the amount of taxation incurred as a result of challenges to our tax filing positions could result in a material adverse effect on our business, results of operations and financial condition.

Prompted by Brazil current economic and political turmoil, the tax authorities have intensified the number of tax inspections. The judicial and administrative courts, for their part, have been extremely careful in ruling out tax liabilities. As a result, several tax issues are now on the radar: goodwill amortization expenses; corporate restructuring and tax planning; to name a few. On this scenario there are risks and uncertainties regarding the decisions taken by the Conselho Administrativo de Recursos Fiscais (the Brazilian Tax Appeal Administrative Council, “CARF”) which could negatively impact the Brazil tax environment and consequently us.

If securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our ordinary shares or if our operating results do not meet their expectations, the price of our ordinary shares could decline.

The market price of our ordinary shares is influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of our Company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause the market price of our ordinary shares or its trading volume to decline. Moreover, if one or more of the analysts who cover our Company downgrade our ordinary shares or if our operating results or prospects do not meet their expectations, the market price of our ordinary shares could decline.

Internal Risks

Telefónica, certain of its affiliates and a few other major clients account for a significant portion of our revenue and any loss of a large portion of business from these clients could have a material adverse effect on our business, financial condition, results of operations and prospects.

We have derived and believe that we will continue to derive a significant portion of our revenue from companies within the Telefónica Group and a few other major client groups. For the year ended December 31, 2015, 2016 and 2017, we generated, 45.2%, 42.2% and 39.2%, respectively, of our revenue from the services provided to the Telefónica Group. Our contracts with Telefónica Group companies in Brazil and Spain comprised approximately 57.7%, 56.4% and 57.8%, respectively, of our revenue from the Telefónica Group for the years ended December 31, 2015, 2016 and 2017. Our 15 largest client groups (including the Telefónica Group) on a consolidated basis accounted for a total of 76.4% of our revenue for the year ended December 31, 2017.

We are party to a master services agreement (the “MSA”) with Telefónica for the provision of certain CRM BPO services to Telefónica Group companies which governs the services agreements entered with the Telefónica Group companies. As of December 31, 2017, 34 companies within the Telefónica Group were a party to 131 arm’s length contracts with us. While our service contracts with the Telefónica Group companies have traditionally been renewed, there can be no assurance that such contracts will be renewed upon their expiration. Although the MSA is an umbrella agreement which governs our services agreements with the Telefónica Group companies, the termination of the MSA on December 31, 2021 (except in Brazil and Spain, where the MSA terminates on December 31, 2023) does not automatically result in a termination of any of the local services agreements in force after those dates. In addition, there can be no assurance that the MSA will be renewed upon its expiration. Furthermore, the MSA or any other agreement with any of the Telefónica Group companies may be amended in a manner adverse to us or terminated early.

In addition, there can be no assurance that the volume of work to be performed by us for the various Telefónica Group companies will not vary significantly from year to year in the aggregate, particularly since we are not the exclusive outsourcing provider for the Telefónica Group. Consequently, our revenue or margins from the Telefónica Group may decrease in the future. A number of factors other than the price and quality of our work and the services we provide could result in the loss or reduction of business from Telefónica Group companies including the impacts of adverse macro-economic conditions on Telefónica Group's business, and we cannot predict the timing or occurrence of any such event. For example, a Telefónica Group company may demand price reductions, increased quality standards, change its CRM BPO strategy, or under certain circumstances transfer some or all the work and services we currently provide to Telefónica in-house.

The loss of a significant part of our revenue derived from these clients, particularly the Telefónica Group, as a result of the occurrence of one or more of the above events would have a material adverse effect on our business, financial condition, results of operations and prospects.

Our profitability will suffer if we are not able to maintain our pricing and/or control costs.

Our profit margins, and therefore our profitability, is largely a function of our level of activity and the rates we are able to charge for our services. If we are unable to maintain the pricing for our services and/or an appropriate seat utilization rate, without corresponding cost reductions, our profitability will decline. The pricing and levels of activity we are able to achieve are affected by a number of factors, including our clients' perceptions of our ability to add value through our services, the length of time it takes for volume of new clients to ramp up, competition, the introduction of new services or products by us or our competitors, our ability to accurately estimate, attain and sustain revenue from client contracts, margins and cash flows over increasingly longer contract periods and general economic and political conditions.

Our profitability is also a function of our ability to control our costs and improve our efficiency. As we increase the number of our employees and execute our strategies for growth, we may not be able to manage the significantly larger and more geographically diverse workforce, which could adversely affect our ability to control our costs or improve our efficiency. Further, because there is no certainty that our business will grow at the rate that we anticipate, we may incur expenses for the increased capacity for a significant period without a corresponding growth in our revenue.

Our success depends on our key employees.

Our success depends on the continued service and performance of our executive officers and other key personnel in each of our business units, including our structure personnel. There is competition for experienced senior management and personnel with expertise in the CRM BPO industry, and we may not be able to retain our key personnel or recruit skilled personnel with appropriate qualifications and experience. Although we have entered into employment contracts with our executive officers, it may not be possible to require specific performance under a contract for personal services and in any event these agreements do not ensure the continued service of these executive officers. The loss of key members of our personnel, particularly to competitors, could have a material adverse effect on our business, financial condition, results of operations and prospects.

If we experience challenges with respect to labor relations, our overall operating costs and profitability could be adversely affected and our reputation could be harmed.

While we believe we have good relations with our employees, any work disruptions or collective labor actions may have an adverse impact on our services. Approximately 72.8% of our workforce is under collective bargaining agreements. Collective bargaining agreements are generally renegotiated in every one to three years with the principal labor unions in seven of the countries in which we operate. If these labor negotiations are not successful or we otherwise fail to maintain good relations with employees, we could suffer a strike or other significant work stoppage or other form of industrial action, which could have a material adverse effect on our business, financial condition, results of operations and prospects and harm our reputation.

Rapid growth may make it difficult for us to maintain our internal operational and financial systems.

Since our foundation in 1999, and particularly from 2004 onwards, we have experienced rapid growth and significantly expanded our operations in key regions and client industries. Our number of workstations decreased from 91,567 as of December 31, 2015 to 89,082 as of December 31, 2016 and increased to 92,264 as of December 31, 2017. The average number of employees (excluding internships) decreased from 163,974 for the year ended December 31, 2015 to 151,601 for the year ended December 31, 2016 and increased to 151,817 for the year ended December 31, 2017.

To manage growth effectively, we must recruit new employees and implement improved operational systems, procedures and internal controls on a timely basis. In addition, we need to update our existing internal accounting, financial and cost control systems to ensure we can access all necessary financial information. If we fail to implement these systems, procedures and controls or update these systems on a timely basis, we may not be able to service our clients' needs, hire and retain new employees, pursue new business, complete future acquisitions or operate our business effectively. Failure to effectively transfer new client business to our delivery centers, properly budget transfer costs, accurately estimate operational costs associated with new contracts or access financial, accounting or cost control information in a timely fashion could result in delays in executing client contracts, trigger service level penalties or cause our profit margins not to meet our expectations. Any inability to control such growth or update our systems could materially adversely affect our business, financial condition, results of operations and prospects.

If we are unable to fund our working capital requirements and new investments, our business, financial condition, results of operations and prospects could be adversely affected.

The CRM BPO industry is characterized by high working capital requirements and the need to make new investments in operating sites and employee resources to meet the requirements of our clients. Similar to our competitors in this industry, we incur significant startup costs related to investments in infrastructure to provide our services and the hiring and training of employees, such expenses being historically incurred before revenue is generated.

In addition, we are exposed to adverse changes in our main clients' payment policies, which could have a material adverse impact on our ability to fund our working capital needs. During the year ended December 31, 2017, our average days sales outstanding ("DSO") was approximately 66 days. If our key clients implement policies which extend the payment terms of our invoices, our working capital levels could be adversely affected and our finance costs may increase. As a result, under the service contracts we entered into since that time, the provisions relating to the time by which Telefónica must satisfy its payment obligations to us was extended. If we are unable to fund our working capital requirements, access financing at competitive prices or make investments to meet the expanding business of our existing and potential new clients, our business, financial condition, results of operations and prospects could be adversely affected.

Our ability to provide our services depends in part upon the quality and reliability of the facilities, machinery and equipment provided by our technology and telecommunications providers, our reliance on a limited number of suppliers of such technology and the services and products of our clients.

The success of our business depends in part on our ability to provide high quality and reliable services, which in part depends on the proper functioning of facilities, machinery and equipment (including appropriate hardware and software and technological applications) provided by third parties and our reliance on a limited number of suppliers of such technology, and is, therefore, beyond our control.

We also depend on the communication services provided by local communication companies in the countries in which we operate, and any significant disruptions in these services would adversely affect our business. If these or other third-party providers fail to maintain their equipment properly or fail to provide proper services in a timely or reliable manner our clients may experience service interruptions. If interruptions adversely affect our services or the perceived quality and reliability of our services, we may lose client relationships or be forced to make significant unplanned investments in the purchase of additional equipment from other providers to ensure that we can continue to provide high quality and reliable services to our clients. In addition, if one or more of the limited number of suppliers of our technology could not deliver or provide us with the requisite technology on a timely basis, our clients could suffer further interruptions. Any such interruptions may have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, in some areas of our business, we depend upon the quality and reliability of the services and products of our clients which we help to sell to their end customers. If the services and products we provide to our clients experience technical difficulties, we may have a harder time selling these services and products to other clients, which may have an adverse effect on our business, financial condition, results of operations and prospects.

Our results of operations could be adversely affected if we are unable to maintain effective internal controls.

Any internal and disclosure controls and procedures, no matter how well conceived and operated, can only provide only reasonable, not absolute, assurance that the objectives of the control system are met. The design of a control system must consider the benefits of controls relative to their costs. Inherent limitations within a control system include the realities that judgments in decision—making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by individuals acting alone or in collusion with others to override controls. Accordingly, because of the inherent limitations in the design of a cost-effective control system, misstatements due to error or fraud may occur and may not always be prevented or timely detected. If we are unable to assert that our internal controls over financial reporting are effective now or in the future, or if our auditors are unable to express an opinion on the effectiveness of our internal controls, we could lose investor confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on our stock price.

We are a party to a number of labor disputes resulting from our operations in Brazil mainly to the reiterated jurisprudence in the labor courts in the absence of a law for outsourced activity. Nevertheless, a Labor Reform was approved in the country in July, 2017 (effective as from November, 2017 after 120 day after its sanction) originating a new legal environment as we expect to reduce the figures of new labor claims.

Despite the prospective effects of the new mentioned legal environment, Atento has been named in numerous labor-related disputes commenced by Atento's employees or ex-employees, for various reasons, including dismissals or claims over employment conditions in general, and our internal structuring and reorganizations and dismantlings. In addition, we are regularly party to ongoing disputes with local tax authorities and social security authorities in the jurisdictions in which we operate. In the normal course of our business we are also party to various other lawsuits and regulatory proceedings, including, among other things, daily and general working routine, overtime rules, health and safety matters in the workplace, commercial claims and other matters. The estimated amount involved in these claims total \$316.8 million of which \$24.3 million have been classified as probable, \$162.7 million classified as possible and \$129.8 million classified as remote, based on inputs from external and internal counsels as well as historical statistics. In connection with such disputes, Atento Brasil and its affiliates have, in accordance with local laws, deposited \$46.6 million with the Brazilian courts as security for claims made by employees or former employees. In addition, considering the levels of litigation in Brazil and our historical experience with these types of claims, as of December 31, 2017, we have recognized \$24.3 million of provisions. If our provisions for any of our labor claims are insufficient or the claims against us rise significantly in the future, this could have a material adverse effect on our business, financial condition, results of operations and prospects. See "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings".

Our existing debt may affect our flexibility in operating and developing our business and our ability to satisfy our obligations.

As of December 31, 2017, we had total indebtedness of \$486.3 million. Our level of indebtedness may have significant negative effects on our future operations, including:

- impairing our ability to obtain additional financing in the future (or to obtain such financing on acceptable terms) for working capital, capital expenditure, acquisitions or other important needs;
- requiring us to dedicate a substantial portion of our cash flow to the payment of principal and interest on our indebtedness, which could impair our liquidity and reduce the availability of our cash flow to fund working capital, capital expenditure, acquisitions and other important needs;
- increasing the possibility of an event of default under the financial and operating covenants contained in our debt instruments; and
- limiting our ability to adjust to rapidly changing conditions in the industry, reducing our ability to withstand competitive pressures and making us more vulnerable to a downturn in general economic conditions or business than our competitors with less debt.

If we are unable to generate sufficient cash flow from operations to service our debt, we may be required to refinance all or a portion of our existing debt or obtain additional financing. We cannot assure you that any such refinancing would be possible or that any additional financing could be obtained. Our inability to obtain such refinancing or financing may have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, several of our financing arrangements contain a number of covenants and restrictions including limits on our ability and our subsidiaries' ability to incur additional debt, pay dividends and make certain investments. Complying with these covenants may cause us to take actions that make it more difficult to successfully execute our business strategy and we may face competition from companies not subject to such restrictions. Moreover, our failure to comply with these covenants could result in an event of default or refusal by our creditors to renew certain of our loans.

Control by Bain Capital could adversely affect our other shareholders.

Bain Capital controls Topco and PikCo, and owns, directly or indirectly, approximately 68.14% of our ordinary shares, Bain Capital have a continuing ability to control our board of directors and to exercise significant influence over our affairs for the foreseeable future, including controlling the election of directors and significant corporate transactions, such as a merger or other sale of our Company or our assets.

This concentrated control by Bain Capital limits the ability of other shareholders to influence corporate matters and, as a result, we may take actions that our other shareholders do not view as beneficial. For example, this concentration of ownership could have the effect of delaying or preventing a change in control or otherwise discouraging a potential acquirer from attempting to obtain control of us, which in turn could cause the market price of our ordinary shares to decline or prevent our shareholders from realizing a premium over the market price for their ordinary shares.

The market price of our ordinary shares may be volatile.

The stock market has been highly volatile. As a result, the market price of our ordinary shares may be volatile, and investors in our ordinary shares may experience a decrease, which could be substantial, in the value of their ordinary shares, including decreases unrelated to our operating performance or prospects, or a complete loss of their investment. The price of our ordinary shares could be subject to wide fluctuations in response to a number of factors, including those listed elsewhere in this "Risk Factors" section and others such as:

- variations in our operating performance and the performance of our competitors;
- actual or anticipated fluctuations in our quarterly or annual operating results;
- changes in our revenue or earnings estimates or recommendations by securities analysts;
- publication of research reports by securities analysts about us or our competitors or our industry;
- our failure or the failure of our competitors to meet analysts' projections or guidance that we or our competitors may give to the market;
- additions or departures of key personnel;
- strategic decisions by us or our competitors, such as acquisitions, divestitures, spinoffs, joint ventures, strategic investments or changes in business strategy;
- announcement of technological innovations by us or our competitors;
- the passage of legislation, changes in interpretations of laws or other regulatory events or developments affecting us;
- speculation in the press or investment community;
- changes in accounting principles;
- terrorist acts, acts of war or periods of widespread civil unrest;
- changes in general market and economic conditions;
- changes or trends in our industry;
- investors' perception of our prospects; and
- adverse resolution of any new or pending litigation against us.

In the past, securities class action litigation has often been initiated against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert our management's attention and resources, and could also require us to make substantial payments to satisfy judgments or to settle or defend litigation.

Any determination to pay dividends is at the discretion of our board of directors, and we may not pay any dividends. Accordingly, investors may only realize future gains on their investments if the price of their ordinary shares increases, which may never occur.

On September 21, 2017, the Board of Directors approved a dividend policy for the Company with a goal of paying annual cash dividends pay-out in line with industry peers and practices. The declaration and payment of any interim dividends is subject to approval of Atento's corporate bodies and will be determined based upon, amongst other things, Atento's performance, growth opportunities, cash flow, contractual covenants, applicable legal requirements and liquidity factors. The Board of Directors intends to review the dividend policy regularly and so accordingly is subject to change at any time.

Future equity issuances may dilute the holdings of ordinary shareholders and could materially affect the market price of our ordinary shares.

We may in the future decide to offer additional equity to raise capital or for other purposes. Any such additional offering could reduce the proportionate ownership and voting interests of holders of our ordinary shares, as well as our earnings per ordinary share and net asset value per ordinary share. Future sales of substantial amounts of our ordinary shares in the public market, whether by us or by our existing shareholders, or the perception that sales could occur, may adversely affect the market price of our shares, which could decline significantly.

Cyberattacks and operational frauds including unauthorized disclosure of sensitive or confidential client and customer data, whether through breach of our computer systems or otherwise, could expose us to protracted and costly litigation and cause us to lose clients.

Risk relating to losing clients, reputation and increase of global insurance policy premium due operational frauds. Atento delivers its services to its clients through a complex technological platform that integrates many aspects of information technology: powerful telephonic, hardware and software. The Group ensures that requisite security and insurance cover are applied in the context of its activities. The Group requests that each subsidiary to adhere to internal data security and protection standards, as well as to international security and quality standards, however in our regular course of business Atento operates client systems that might not comply with our Group IT Security rules.

While we take actions to improve our controls, it is possible that our technology controls over our client's operations and other practices we follow may not prevent the fraud in our platforms. If any person, including any of our employees, negligently disregards or intentionally breaches our established controls with respect to such data or otherwise mismanages or misappropriates that data, we could be subject to monetary damages, fines and/or criminal prosecution. Operations frauds by using client or customer data, whether through system failure, employee negligence, fraud or misappropriation, could damage our reputation and cause us to lose clients.

We are typically required to collect and store sensitive data in connection with our services, including names, addresses, social security numbers, credit card account numbers, checking and savings account numbers and payment history records, such as account closures and returned checks. As the complexity of information infrastructure continues to grow, the potential risk of security breaches and cyberattacks increases. Such breaches can lead to shutdowns or system interruptions, and potential unauthorized disclosure of sensitive or confidential information. We are also subject to numerous laws and regulations designed to protect this information. Laws and regulations that impact our business are increasing in complexity, change frequently, and at times conflict among the various jurisdictions where we do business. In addition, many of our service agreements with our clients do not include any limitation on our liability to clients with respect to breaches of our obligation to keep the information we receive confidential. We take precautions to protect confidential client and customer data. However, if any person, including any of our employees, gains unauthorized access or penetrates our network security or otherwise mismanages or misappropriates sensitive data or violates our established data and information security controls, we could be subject to significant liability to our clients or their customers for breaching contractual confidentiality provisions or privacy laws, including legal proceedings, monetary damages, significant remediation costs and regulatory enforcement actions. Penetration of the network security of our data centers could have a negative impact on our reputation, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Continuity and Reputation Risks

We may fail to attract and retain sufficiently trained employees at our service delivery centers to support our operations, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

The CRM BPO industry relies on large numbers of trained employees at service centers, and our success depends to a significant extent on our ability to attract, hire, train and retain employees. The CRM BPO industry, including us, experiences high employee turnover. On average in the year ended December 31, 2017, we experienced monthly turnover rates of 5.9% of our overall operations personnel (we include both permanent and temporary employees, counting each from his or her first day of employment with us) requiring us to continuously hire and train new employees, particularly in Latin America, where there is significant competition for trained employees with the skills necessary to perform the services we offer to our clients. In addition, we compete for employees, within our industry as well as with companies in other industries and in many locations where we operate there are a limited number of properly trained employees. Increased competition for these employees, in the CRM BPO industry or otherwise, could have an adverse effect on our business. Additionally, a significant increase in the turnover rate among trained employees could increase our costs and decrease our profit margins.

In addition, our ability to maintain and renew existing engagements, obtain new business and increase our margins will depend, in large part, on our ability to attract, train and retain employees with skills that enable us to keep pace with growing demands for outsourcing, evolving industry standards, new technology applications and changing client preferences. Our failure to attract, train and retain personnel with the experience and skills necessary to fulfill the needs of our existing and future clients or to assimilate new employees successfully into our operations could have a material adverse effect on our business, financial condition, results of operations and prospects.

If our clients decide to enter or further expand their own CRM BPO businesses in the future or current trends towards providing CRM BPO services and/or outsourcing activities slow or are reversed, it may materially adversely affect our business, results of operations, financial condition and prospects.

None of our current agreements with our clients prevents them from competing with us in our CRM BPO business and none of our clients have entered into any non-compete agreements with us. Our current clients may seek to provide CRM BPO services similar to those we provide. Some clients conduct CRM BPO services for other parts of their own businesses and for third parties. Any decision by our key clients to enter into or further expand their CRM BPO business activities in the future could cause us to lose valuable clients and suppliers and may materially adversely affect our business, financial condition, results of operations and prospects.

Moreover, we have based our strategy of future growth on certain assumptions regarding our industry, legal framework, services and future demand in the market for such services. However, the trend to outsource business processes may not continue and could be reversed by factors beyond our control, including negative perceptions attached to outsourcing activities or government regulations against outsourcing activities.

In addition, our business may be adversely affected by potential new laws and regulations prohibiting or limiting outsourcing of certain core business activities of our clients in key jurisdictions in which we conduct our business, such as in Brazil. The introduction of such laws and regulations or the change in interpretation of existing laws and regulations could adversely affect our business, financial condition, results of operations and prospects.

We have a long selling cycle for our CRM BPO services that requires significant investments and management resources, and a long implementation cycle that requires significant resource commitments.

We have a long selling cycle for our CRM BPO services, which requires significant investment of capital, resources and time by both our clients and us. Before committing to use our services, potential clients require us to expend substantial time and resources educating them as to the value of our services and assessing the feasibility of integrating our systems and processes with theirs. Our clients then evaluate our services before deciding whether to use them. Therefore, our selling cycle, which generally ranges from six to 12 months, is subject to many risks and delays over which we have little or no control, including our clients' decision to choose alternatives to our services (such as other providers or in-house offshore resources) and the timing of our clients' budget cycles and approval processes.

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Implementing our services involves a significant commitment of resources over an extended period of time from both our clients and us. Our clients may also experience delays in obtaining internal approvals or delays associated with technology or system implementations, thereby delaying further the implementation process. Our current and future clients may not be willing or able to invest the time and resources necessary to implement our services, and we may fail to close sales with potential clients to which we have devoted significant time and resources, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

If our services do not comply with the quality standards required by our clients or we are in breach of our obligations under our agreements with our clients, our clients may assert claims for reduced payments to us or substantial damages against us, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Most of our contracts with clients contain service level and performance requirements, including requirements relating to the quality of our services and the timing and quality of responses to the client's inquiries. In some cases, the quality of services that we provide is measured by quality assurance indicators and surveys which are based in part on the results of direct monitoring by our clients of interactions between our employees and their customers. Failure to consistently meet service requirements of a customer or errors made by our employees in the course of delivering services to customers could disrupt our client's business and result in a reduction in revenue or a claim for substantial damages against us. For example, some of our agreements stipulate standards of service that, if not met by us, would result in lower payments to us. We also enter into variable pricing arrangements with certain clients and the quality of services provided may be a component of the calculation of the total amounts received from such clients under these arrangements.

In addition, in connection with our service contracts, certain representations may be made, including representations relating to the quality of our services, the ability of our associates and our project management techniques. A failure or inability to meet these requirements or a breach of such representations could seriously damage our reputation and affect our ability to attract new business or result in a claim for damages against us, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our business operations are subject to various regulations and changes to these regulations or enactment of new regulations could require us to make additional expenditures, restrict our business operations or expose us to significant fines or penalties in the case of noncompliance with such regulations.

Our business operations must be conducted in accordance with a number of sometimes conflicting government regulations, including but not limited to, data protection laws and consumer laws, and labor conditions laws, as well as trade restrictions and sanctions, tariffs, taxation, data privacy and labor relations.

Under data protection laws, we are typically required to manage, protect, utilize and store sensitive or confidential customer data in connection with the services we provide. Under the terms of our client contracts, we represent that we will keep such information confidential in compliance with regulations. Furthermore, we are subject to local data protection laws, consumer laws and/or "do not call list" regulations in most of the countries in which we operate, all of which may require us to make additional expenditures to ensure compliance with these regulations. We also believe that we will be subject to additional laws and regulations in the future that may be stricter than those currently in force to protect consumers and end users. We seek to implement measures to protect sensitive and confidential customer data in accordance with client contracts and data protection laws and consumer laws. If any person, including any of our employees, penetrates our network security or otherwise mismanages or misappropriates sensitive or confidential customer data, we could be subject to significant fines for breaching privacy or data protection and consumer laws or lawsuits from our clients or their customers for breaching contractual confidentiality provisions which could result in negative publicity, legal liability, loss of clients and damage to our reputation, each of which could have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, our business operations may be impacted if current regulations are made stricter or more broadly applied or if new regulations are adopted. Violations of these regulations could impact our reputation and result in financial liability, criminal prosecution, unfavorable publicity, restrictions on our ability to process information and breach of our contractual commitments. Any broadening of current regulations or the introduction of new regulations may require us to make additional expenditures, restrict our business operations or expose us to significant fines or penalties, even the temporary shut down our facilities. Any such violations or changes in regulations could, as a result, have a material adverse effect on our business, financial condition, results of operations and prospects.

Specific Risks

The consolidation of the potential users of CRM BPO services may adversely affect our business, financial condition, results of operations and prospects.

Consolidation of the potential users of CRM BPO services may decrease the number of clients who contract our services. Any significant reduction in or elimination of the use of the services we provide as a result of consolidation would result in reduced net revenue to us and could harm our business. Such consolidation may encourage clients to apply increasing pressure on us to lower the prices we charge for our services, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our key clients have significant leverage over our business relationships, upon which we are dependent.

We are dependent upon the business relationships we have developed with our clients. Our service contracts generally allow our clients to modify such relationships and our commensurate level of work. Typically, the initial term of our service contracts is one to two years. Generally, our specific service contracts provide for early termination, in some cases without cause, by either party, provided 30 to 90 days prior written notice is given. Clients may also unilaterally reduce the use and number of services under our contracts without penalty. The termination or reduction in services by a substantial percentage or a significant reduction in the price of these contracts could adversely affect our business and reduce our margins. The revenue generated from our 15 largest client groups (including Telefónica Group companies) for the year ended December 31, 2017 represented 76.4% of our revenue. Excluding revenue generated from the Telefónica Group, our next 15 largest client groups for the year ended December 31, 2017 represented in aggregate 38.2% of our revenue. In addition, a contract termination or significant reduction in the services contracted to us by a major client could result in a higher-than-expected number of unassigned employees, which would increase our employee benefit expenses associated with terminating employees. We may not be able to replace any major client that elects to terminate or not to renew its contract with us, which would have a material adverse effect on our business, financial condition, results of operations and prospects.

We may face difficulties as we expand our operations into countries in which we have no prior operating experience.

We may expand our global footprint to maintain an appropriate cost structure and meet our clients' delivery needs. This may involve expanding into countries other than those in which we currently operate and where we have less familiarity with local procedures. It may involve expanding into less developed countries, which may have less political, social or economic stability and less developed infrastructure and legal systems. As we expand our business into new countries we may encounter economic, regulatory, personnel, technological and other difficulties that increase our expenses or delay our ability to start up our operations or become profitable in such countries. This may affect our relationships with our clients and could have an adverse effect on our business, financial condition, results of operations and prospects.

Adverse decisions of the Superior Labor Court or other labor authorities in Brazil or legislative changes in applicable law with respect to the legality of outsourcing of certain activities that we provide could have a material adverse impact on our business, financial condition, results of operations and prospects.

As in the past there was no specific legislation in Brazil concerning outsourcing activities, the issue in the country was regulated by an understanding of Labor Justice, enshrined in Supreme Labor Court's Summary 331 (Tribunal Superior do Trabalho – TST), which established that the outsourcing of intermediate activities of the company that took the services was legal, meanwhile the outsourcing of essential activities was illegal. In Brazilian law, a summary is an entry that registers the standardized interpretation adopted by a Court on a specific topic, based on the judgment of several similar cases, with the dual purpose of making public the jurisprudence for the society as well as to promote uniformity between decisions.

Summary 331, however, did not define how this differentiation between both intermediate and/or essential activities should be carried out. It is up to the Labor Court, in the analysis of each case, to carry it out, which brought enormous legal uncertainty. However, by means of actions directly offered by the representative entities of the employer's sector to the constitutional court, conducted by Brazilian Supreme Court ("Supremo Tribunal Federal"), or "STF," it was granted that outsourcing issue would in theory have a constitutional legal basis and so the STF has jurisdiction to consider arguments regarding the legality of outsourcing services in Brazil and, therefore, that it will judge the merit of the claims. The two main actions are about outsourcing in general and outsourcing in the telecommunications sector.

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If confirmed by a decision on the merit, such interpretation of the STF will be a binding precedent that must be adhered to by all lower courts in the country. We cannot predict when any such decisions would be issued nor what the final outcome of such cases will be.

Additionally, on March 31, 2017, the National Congress in Brazil approved a law, sanctioned by the president, regulating all outsourced labor relations, considering legal any kind of outsourcing activities being them intermediate and/or essential for the outsourcing company. Despite some disputes provoked by the trade union centrals and the Public Labor Ministry, so far no measure suspending the new law was obtained before Brazilian higher courts and so, presently, this new law decreased the risk of labor conviction until then faced by the subsidiary Atento Brasil S.A.

We may seek to acquire suitable companies in the future and if we cannot find suitable targets or cannot integrate these companies properly into our business after acquiring them, it could have a material adverse effect on our business, results of operations, financial condition and prospects.

While we have grown almost exclusively organically, we may in the future pursue transactions, including acquisitions of complementary businesses, to expand our product offerings and geographic presence as part of our business strategy. These transactions could be material to our financial condition and results of operations. We may not complete future transactions in a timely manner, on a cost-effective basis, or at all, and we may not realize the expected benefits of any acquisition or investments. Other companies may compete with us for these strategic opportunities. We also could experience negative effects on our results of operations and financial condition from acquisition related charges, amortization of intangible assets and asset impairment charges, and other issues that could arise in connection with, or as a result, of the Reorganization Transaction. This includes regulatory or compliance issues that could exist for an acquired company or business and potential adverse short-term effects on results of operations through increased costs or otherwise. These effects, individually or in the aggregate, could cause a deterioration of our credit profile and result in reduced availability of credit to us or increased borrowing costs and interest expense in the future. Additionally, the inability to identify suitable acquisition targets or investments or the inability to complete such transactions may affect our competitiveness. Furthermore, we may not be able to integrate effectively such future acquisitions into our operations and may not obtain the profitability we expect from such acquisitions. Any such risks related to future acquisitions could have a material adverse effect on our business, results of operations, financial condition and prospects.

We are a Luxembourg public limited liability company (société anonyme) and it may be difficult for you to obtain or enforce judgments against us or our executive officers and directors in the United States.

We are organized under the laws of the Grand Duchy of Luxembourg. Most of our assets are located outside the United States. Furthermore, some of our directors and officers named in this Annual Report reside outside the United States and most of their assets are located outside the United States. As a result, investors may find it difficult to effect service of process within the United States upon us or these persons or to enforce outside the United States judgments obtained against us or these persons in U.S. courts, including judgments in actions predicated upon the civil liability provisions of the U.S. federal securities laws. Likewise, it may also be difficult for an investor to enforce in U.S. courts judgments obtained against us or these persons in courts located in jurisdictions outside the United States, including actions predicated upon the civil liability provisions of the U.S. federal securities laws. It may also be difficult for an investor to bring an original action in a Luxembourg court predicated upon the civil liability provisions of the U.S. federal securities laws against us or these persons.

Luxembourg law, furthermore, does not recognize a shareholder's right to bring a derivative action on behalf of the Company except where such shareholder or a group of shareholders holds shares representing at least ten percent (10%) of the Company's share capital at the annual general meeting of shareholders of the Company resolving upon the discharge to be granted to the directors.

As there is no treaty in force on the reciprocal recognition and enforcement of judgments in civil and commercial matters between the United States and the Grand Duchy of Luxembourg, courts in Luxembourg will not automatically recognize and enforce a final judgment rendered by a U.S. court. The enforceability in Luxembourg courts of judgments entered by U.S. courts will depend upon the conditions set forth in the Luxembourg procedural code, which may include the following:

- the judgment of the U.S. court is enforceable (*exécutoire*) in the United States;
- the U.S. court had jurisdiction over the subject matter leading to the judgment (that is, its jurisdiction was in compliance both with Luxembourg private international law rules and with the applicable domestic U.S. federal or state jurisdictional rules);

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- the U.S. court has applied to the dispute the substantive law designated by the Luxembourg conflict of law rules (although one first instance decision rendered in Luxembourg—which had not been appealed—no longer applies this condition);
- the judgment was granted following proceedings where the counterparty had the opportunity to appear, and if appeared, there was no violation of the rights of the defendant;
- the U.S. court has acted in accordance with its own procedural rules; and
- the judgment of the U.S. court does not contravene Luxembourg international public policy.

Our directors and officers, past and present, are entitled to indemnification from us to the fullest extent permitted by Luxembourg law against liability and all expenses reasonably incurred or paid by him/her in connection with any losses or liabilities, claim, action, suit or proceeding in which he/she is involved by virtue of his/her being or having been a director or officer and against amounts paid or incurred by him in the settlement thereof, subject to limited exceptions. To the extent allowed by law, the rights and obligations among us and any of our current or former directors and officers will be governed exclusively by the laws of Luxembourg and subject to the jurisdiction of the Luxembourg courts, unless such rights or obligations do not relate to or arise out of their capacities as directors or officers. Although there is doubt as to whether U.S. courts would enforce such a provision in an action brought in the United States under U.S. securities laws, such provision could make enforcing judgments obtained outside Luxembourg more difficult to enforce against our assets in Luxembourg or in jurisdictions that would apply Luxembourg law.

Our shareholders may have more difficulty protecting their interests than they would as shareholders of a U.S. corporation.

Our corporate affairs are governed by our articles of association and by the laws governing public limited liability companies organized under the laws of the Grand Duchy of Luxembourg. The rights of our shareholders and the responsibilities of our directors and officers under Luxembourg law are different from those applicable to a corporation incorporated in the United States. Luxembourg law and regulations in respect of corporate governance matters might not be as protective of minority shareholders as state corporation laws in the United States. Therefore, our shareholders may have more difficulty in protecting their interests in connection with actions taken by our directors and officers or our principal shareholders than they would as shareholders of a corporation incorporated in the United States.

You may not be able to participate in equity offerings, and you may not receive any value for rights that we may grant.

Pursuant to Luxembourg law on commercial companies, dated August 10, 1915, as amended (the “Luxembourg Corporate Law”), existing shareholders are generally entitled to preemptive subscription rights in the event of capital increases and issues of shares against cash contributions. However, our articles of association provide that preemptive subscription rights can be limited, waived or cancelled by our board of directors for a period ending on the fifth anniversary of the date of publication of the notarial deed recording the minutes of the extraordinary general shareholders’ meeting which adopted the authorized capital of the Company in the *Recueil électronique des sociétés et associations* approving an increase of the share capital by the board of directors within the limits of the authorized share capital, which publication has occurred on December 3, 2014. The general meeting of our shareholders may renew, expand or amend such authorization. See Item IOB “Articles of association” for additional detail.

Luxembourg insolvency laws may offer our shareholders less protection than they would have under U.S. insolvency laws.

As a company organized under the laws of the Grand Duchy of Luxembourg and with our registered office in Luxembourg, we are subject to Luxembourg insolvency laws in the event any insolvency proceedings are initiated against us including, amount other things, Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings. Should courts in another European country determine that the insolvency laws of that country apply to us in accordance with and subject to such EU regulations, the courts in that country could have jurisdiction over the insolvency proceedings initiated against us. Insolvency laws in Luxembourg or the relevant other European country, if any, may offer our shareholders less protection than they would have under U.S. insolvency laws and make it more difficult for them to recover the amount they could expect to recover in a liquidation under U.S. insolvency laws.

As a foreign private issuer, we are permitted to, and rely on exemptions from certain corporate governance standards applicable to U.S. issuers, including the requirement that a majority of an issuer’s directors consist of independent directors. This may afford less protection to holders of our ordinary shares.

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The New York Stock Exchange listing rules requires listed companies to have, among other things, a majority of their board members be independent, and to have independent director oversight of executive compensation, nomination of directors and corporate governance matters. As a foreign private issuer, however, while we intend to comply with these requirements within the permitted phase-in periods, we are permitted to follow home country practice in lieu of the above requirements. Luxembourg law, the law of our home country, does not require that a majority of our board consist of independent directors or the implementation of a nominating and corporate governance committee, and our board may thus in the future not include, or include fewer, independent directors than would be required if we were subject to the New York Stock Exchange listing rules, or they may decide that it is in our interest not to have a Compensation Committee or nominating and corporate governance committee, or have such committees governed by practices that would not comply with New York Stock Exchange listing rules. Since a majority of our board of directors may not consist of independent directors if we decide to rely on the foreign private issuer exemption to the New York Stock Exchange listing rules, our board's approach may, therefore, be different from that of a board with a majority of independent directors, and as a result, the management oversight of our Company could, in the future, be more limited than if we were subject to the New York Stock Exchange listing rules.

Moreover, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as companies that are not foreign private issuers whose securities are registered under the Exchange Act. In addition, we are not required to comply with Regulation FD, which restricts the selective disclosure of material information. As a result, our shareholders may not have access to information they deem important, which may result in our shares being less attractive to investors.

We may be classified as a passive foreign investment company, which could result in adverse U.S. federal income tax consequences to U.S. Holders of our ordinary shares.

Based on the composition of our income, assets and operations, we do not expect to be treated as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes for the current taxable year or in the foreseeable future. However, the application of the PFIC rules is subject to uncertainty in several respects, and we cannot assure you the U.S. Internal Revenue Service will not take a contrary position. Furthermore, this is a factual determination that must be made annually after the close of each taxable year. If we are a PFIC for any taxable year during which a "U.S. Holder" (a beneficial owner of ordinary shares that is for U.S. federal income tax purposes: (a) an individual who is a citizen or resident of the U.S.; (b) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the U.S., any state thereof or the District of Columbia; (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (d) a trust (i) if a court within the U.S. can exercise primary supervision over its administration, and one or more U.S. persons have the authority to control all of the substantial decisions of that trust, or (ii) that was in existence on August 20, 1996 and validly elected under applicable Treasury Regulations to continue to be treated as a domestic trust) holds our ordinary shares, certain adverse U.S. federal income tax consequences could apply to such U.S. Holder.

Future sales of our ordinary shares, or the perception in the public markets that these sales may or may not occur, could impact our share price.

The market price of our ordinary shares could decline as a result of sales of a large number of our ordinary shares in the market, and the perception that these sales could occur may also depress the market price of our ordinary shares. We have 73.9 million ordinary shares outstanding as of March 31, 2018.

All of our outstanding ordinary shares may be sold in the public market by existing stockholders subject to applicable volume and other limitations imposed under federal securities laws. PikCo is entitled, under contracts providing for registration rights, to require us to register our ordinary shares owned by them with the SEC. Upon effectiveness of any registration statement, subject to lockup agreements with the representatives of the underwriters, those ordinary shares will be available for immediate resale in the United States in the open market.

Sales of our ordinary shares or pursuant to registration rights may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. These sales, or the perception that such sales could occur, also could cause the market price for our ordinary shares to fall and make it more difficult for you to sell our ordinary shares.

We may incur non-cash goodwill and deferred tax asset impairment charges in the future.

We carry a significant goodwill balance on our balance sheet. We test goodwill for impairment annually as of December 31 and at other times if events have occurred or circumstances exist that indicate the carrying value of goodwill may no longer be recoverable.

Also, the Company regularly reviews its deferred tax assets for recoverability and determines if a portion or all of a deferred tax asset will not be realized. The determination as to whether a deferred tax asset will be realized is made on a jurisdictional basis and is based on the evaluation of positive and negative evidence. This evidence includes historical pretax and taxable income, projected future taxable income, the expected timing of the reversal of existing temporary differences and the implementation of tax planning strategies. Projected future taxable income is based on expected results and assumptions as to the jurisdiction in which the income will be earned. The expected timing of the reversals of existing temporary differences is based on current tax law and the Company's tax methods of accounting.

Although no indications of goodwill and deferred tax asset impairments have been identified, there can be no assurance that we will not incur impairment charges in the future, particularly in the event of a prolonged economic slowdown. A significant impairment could have a material adverse effect on our results of operations.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

History and Structure

Our legal name is Atento S.A. We are a public limited liability company (“société anonyme”) organized and existing under the laws of the Grand Duchy of Luxembourg on March 5, 2014 and have our registered office at 4, rue Lou Hemmer, L - 1748 Luxembourg Findel, Grand Duchy of Luxembourg. American Stock Transfer & Trust Company, LLC is the U.S. agent.

Our principal executive offices are located at Rua Professor Manoelito de Ornellas, 303, 1º andar, Condomínio Nova São Paulo, 04719 - 040, São Paulo, Brazil, telephone number +55 (11) 3779 - 0881, Av. Yucatán 15, Col. Hipódromo Condesa. México D.F 06700, and C/ Santiago de Compostela 94, 28035 Madrid, Spain. Our agent for service of process in the United States is American Stock Transfer & Trust Company, LLC.

We were founded in 1999 to consolidate the Telefónica Group’s CRM services into a single company to take advantage of the expected demand in CRM services and to capture efficiencies of scale, with the start - up of our operations in Brazil, Chile, El Salvador, Guatemala, Peru, Puerto Rico and Spain. By 2000, we had launched our operations in other countries including Argentina, Colombia, and Morocco, while further growing our Brazilian operations and in 2001 our operations in Mexico. We then began to increase our focus on consolidation and business profitability.

We continued our geographic expansion by launching our Uruguay operations and our commercial offices in France in 2006 and Panama in 2007. From 2003 to 2007, we focused on implementing our differentiation strategy by offering higher quality services and the development and maintenance of long - term relationships with our clients. This strategy was very successful, driving a significant increase in revenue and operating profit from 2003 to 2007.

In 2008, we broadened our strategic targets to include the pursuit and provision of new business opportunities, while continuing to implement our strategy of differentiation by offering higher quality solutions, superior value - added services and building and maintaining long - term relationships. We also expanded our geographical presence in 2008 in the Czech Republic and in 2009 we began operations in the United States.

In connection with Bain Capital’s acquisition, Atento further reinforced its partnership with Telefónica. In 2012 we signed a MSA agreement with Telefónica with a nine-year term through 2021, which includes annual minimum revenue commitments in all jurisdictions (except for Argentina).

On November 8, 2016, Atento entered into Amendment Agreement to the Master Services Agreement with Telefónica S.A., reinforced and strengthening the Company’s strategic relationship with Telefónica, its largest client. The Amendment provides for the following: a reset of volume targets in Brazil and Spain, as well as a two-year extension of the MSA for those countries until December 31, 2023.

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In October 2014, Atento became a publicly listed company on the New York Stock Exchange (NYSE), under the ticker “ATTO”.

Capital Expenditure

Our business has significant capital expenditure requirements, including for the construction and initial fit-out of our service delivery centers; improvements and refurbishment of leased facilities for our service delivery centers; acquisition of various items of property, plant and equipment, mainly comprised of furniture, computer equipment and technology equipment; and acquisition and upgrades of our software or specific customer’s software.

The funding of the majority of our capital expenditure is covered by existing cash and cash from operating activities. The table below shows our capital expenditure by segment for the years ended December 31, 2015, 2016 and 2017:

(\$ in millions)	For the year ended December 31,		
	2015	2016	2017
Brazil (*)	74.2	23.0	38.8
Americas	39.2	23.0	24.8
EMEA	7.3	2.1	3.9
Other and eliminations	0.5	0.1	-
Total capital expenditure	121.2	48.2	67.5

(*) For December 31, 2017 the amount invested by the Company’s principal capital expenditures, does not include Interfile acquisition and the amount paid to extend the partnership with Itaú.

B. Business Overview

Our Company

Atento is the largest provider of CRM BPO services and solutions in Latin America and among the top five providers globally based on revenues. Our business was founded in 1999 as the CRM BPO provider to the Telefónica Group. Since then, we have significantly diversified our client base, and we became an independent company in December 2012 when we were acquired by funds affiliated with Bain Capital. In October 2014, Atento became a publicly listed company on the New York Stock Exchange (NYSE), under the ticker “ATTO”.

Latin America is one of the most attractive CRM BPO markets globally and we believe Atento is uniquely positioned to capture this growth potential as one of the few scale players in the region. According to Frost & Sullivan, Latin America is one of the fastest growing CRM BPO market in the world, with a market size of approximately \$10 billion in 2016.

The potential for growth in the markets where we operate is strong and is driven by a number of demographic and business trends, including (i) sustained demand and growth driven by an improving macroeconomic environment, a rapidly growing population and an emerging middle class, (ii) further outsourcing of CRM BPO operations, (iii) potential for further penetration in existing markets, (iv) development of new industry vertical expertise, such as with multisector companies, and (v) North America’s continued offshoring trend as U.S.-based businesses continue to offshore call center services to other geographies. For example, in 2015, 53% of the population in Latin America utilized banking services, compared to 93% of the population in the United States, and broadband user penetration was 52% in Latin America, compared to 87% in the United States.

We are the largest provider of CRM BPO services in Latin America, where we had a market share of 17% for the year ended December 31, 2016, according to Frost & Sullivan. We hold the number one market share position in most of the countries in Latin America where we operate, including Brazil, the largest market in Latin America, Mexico, Peru, Argentina and Chile, based on revenues for the year ended December 31, 2016. We have achieved our leadership position over our 17-year history through our dedicated focus on superior client service, scaled and reliable technology and operational platform, a deep understanding of our clients’ diverse local needs, and our highly engaged employee base. Given its growth outlook, Latin America continues to be one of the most attractive CRM BPO markets globally and we believe we are distinctly positioned as one of the few scale operators in the region, where we have approximately twice the market share of the second-largest operator.

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We offer a comprehensive portfolio of CRM BPO services, including sales, customer care, technical support, collections and back office. We continue to evolve from offering individual CRM BPO services to combining multiple service offerings covering both the front- and back-end of the customer experience into customized CRM BPO solutions adapted to client needs. We believe our customized end-to-end solutions provide an improved experience for our clients' customers, create stronger customer relationships that reinforce our clients' brand recognition, and enhance our clients' customer loyalty. Our individual services and solutions are delivered across multiple channels, including digital (SMS, email, chats, social media and apps, among others) and voice, and are enabled by process design, technology and intelligence functions. In 2017, CRM BPO solutions and individual services comprised 26.5% and 73.5% of our revenue, respectively. Brazil has the highest penetration of CRM BPO solutions of our segments, and we change solutions from 41.5% of revenue in 2016 to 37.5% of revenue in Brazil in 2017.

We also enjoy longstanding client relationships across a variety of industries and we work with market leaders in telecommunications, banking and financial services, and multisector, which for us is comprised of the consumer goods, services, public administration, healthcare, transportation, technology and media industries. In 2017, our revenue from clients in telecommunications, financial services and multisector represented 46.7%, 31.7% and 21.6% of our total revenue, respectively. Since our founding in 1999, we have significantly diversified the sectors we serve and our client base has grown to over 400 separate clients. Revenue from non-Telefónica clients accounted for 61.0% of our total revenue in 2017, compared to 10.0% of our total revenue when we were founded in 1999.

Atento benefits from a highly engaged employee base. Our over 150,000 employees worldwide are critical to our ability to deliver best-in-class customer service. In 2016, for the fourth consecutive year, we were recognized as one of the top 25 companies to work for in the world, according to the list of the World's Best Multinational Workplaces by Great Place to Work® ("GPTW"), a group in which Atento is the only CRM BPO and Latin America-based company. In 2017 we were also recognized for the seventh year in a row as one of the 25 Best Multinational Workplaces in Latin America by Great Place to Work®.

We have a strong relationship with Telefónica underpinned by a long-term master services agreement (the "MSA"). On November 8, 2016, we entered into an Amendment Agreement to the MSA (the "Amendment") with Telefónica, our largest client, reinforcing and strengthening the Company's strategic relationship with Telefónica. The Amendment provides for the following: a reset of volume targets in Brazil and Spain, as well as a two-year extension of the MSA for those countries until December 31, 2023; revised invoicing and collection processes in all key markets; providing that the Company will maintain at least our current share of Telefónica's spending in all key contracts; and certain other amendments. We are currently serving 34 companies of the Telefónica Group under 131 arm's-length contracts. Although the MSA is an umbrella agreement which governs our services agreements with the Telefónica Group companies, the termination of the MSA on December 31, 2021 (except in Brazil and Spain, where the MSA terminates on December 31, 2023) does not automatically result in a termination of any of the local services agreements in force after those dates.

On August 4, 2016, we, through our direct subsidiary Atento Teleservicios España, S.A.U., entered into a Share Sale and Purchase Agreement with Intelcia Group, S.A. for the sale of 100% of Atento Morocco S.A., which encompassed Atento's operations in Morocco and provided services to the Moroccan and French markets (the "Morocco Transaction"). The Morocco Transaction was consummated on September 30, 2016, upon receipt of regulatory approval. Atento's operations in Morocco which provide services to the Spanish market were excluded from the Morocco Transaction and continue to operate as part of the Atento Teleservicios España, S.A.U. branch in Morocco. The Morocco Transaction allowed the Company to continue strengthening its focus on its core markets of Spain and Latin America.

On September 2, 2016, the Company, through its subsidiary Atento Brasil S.A. ("Atento Brasil"), acquired 81.49% of the shares of RBrasil Soluções S.A. ("RBrasil"), a leading provider of late-stage collection services in Brazil. The total amount paid for this acquisition was R\$27.1 million (equivalent to approximately \$8.6 million). We believe the combination of Atento Brasil and RBrasil:

- creates the largest provider of collection services in Brazil, with more than 6,600 professionals with a strong collection of know-how and expertise, optimally positioning Atento to expand its share of the \$2.7 billion collections market in Latin America;

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- provides new and existing clients with a fully integrated platform and delivers customized collections solutions;
- enhances the effectiveness of collections solutions through the extensive use of technology, business intelligence and analytics capabilities; and
- drives consolidation in this highly fragmented and compelling market in Latin America.

Following the acquisition of RBrasil, we have pursued several opportunities to grow in the late-stage collection services segment, including long-term contracts with relevant clients in key sectors.

On May 9, 2017, we announced an arrangement with Itaú Unibanco, a leading financial institution in Brazil, through which we will leverage the industry-leading capabilities of RBrasil and Atento Brasil to serve Itaú Unibanco's increasing demand for end-to-end collections solutions, customer service and back office services.

On June 9, 2017, the Company, through its subsidiary Atento Brasil, acquired 50.00002% of Interfile Serviços de BPO Ltda. and 50.00002% of Interservicer-Serviços em Crédito Imobiliário Ltda. (jointly, "Interfile"), a leading provider of BPO services and solutions, including credit origination, for the banking and financial services sector in Brazil. The total amount paid for this acquisition was \$14.7 million, net of cash acquired. Through this acquisition, we expect to be able to expand our capabilities in the financial services segment, especially in credit origination, accelerate our penetration into higher value-added solutions, strengthen our leadership position in the Brazilian market and facilitate the expansion of our credit origination segment into other Latin America markets.

On June 29, 2017, we launched a new business unit, Atento Digital, to drive customer experience in the age of digitalization. Atento Digital's mainstream offering encompasses a wide range of digital capabilities that enhance customer experience and increase efficiency across the customer lifecycle, from acquiring to managing and retaining customers. Atento Digital's proposal incorporates the use of digital marketing tools, automation, artificial intelligence, cognitive technology based on Keepcon's semantic engine and analytics to deliver a new level of customer experience and process efficiency for Atento's core service such as sales, customer care, technical support, collections or back office. All these services are offered via Atento's omni-channel platform that combines both traditional and digital channels. Atento's digital proposal also includes consultancy services and solutions for advancing digital transformation processes while fully leveraging existing systems.

On June 30, 2017, we announced the signing of a strategic partnership and the acquisition of a minority stake in Keepcon, a leading provider of semantic technology-based automated customer experience management through our subsidiary Contact US Teleservices Inc. The acquisition of a minority stake in Keepcon follows our overall strategy to develop and expand our digital capabilities, grouped under a newly created global digital business unit. Our goal is to integrate all of our digital assets to generate additional value for clients and drive growth across verticals and geographies. We aim to turn the business disruption generated by the digital revolution into differentiated customer experience solutions generating competitive advantages for customers. We expect that the investment in Keepcon by Atento will expand the artificial intelligence and automatization capabilities of our omnichannel platform.

Our revenue for the year ended December 31, 2017, was \$1,921.3 million, our Adjusted EBITDA was \$221.9 million and our loss for the year was \$13.6 million. For the years ended December 31, 2016 and 2017, our revenue decreased by 9.9%, and increased by 9.3%, respectively, and our Adjusted EBITDA decreased by 11.1% and 0.4%, respectively. For the years ended December 31, 2016 and 2017, respectively, excluding the impact of foreign exchange, our revenue decreased by 1.4%, and increased by 5.1% and our Adjusted EBITDA decreased by 3.6% and 4.7%, respectively. The following table sets forth a breakdown of revenue based on geographical region for the years ended December 31, 2015, 2016 and 2017:

	For the year ended December 31,		
	2015	2016	2017
(\$ in millions, except percentage changes)			
Brazil	930.2	816.4	944.8
Americas	789.8	718.9	758.0
EMEA	231.7	223.9	223.4
Other and eliminations ⁽¹⁾	(1.8)	(1.7)	(5.0)
Total	1,949.9	1,757.5	1,921.3

(1) Includes holding company level revenues and consolidation adjustments.

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We operate in 13 countries worldwide, and organize our business into the following three geographic markets: (i) Brazil, (ii) Americas, excluding Brazil (“Americas”) and (iii) EMEA. For the year ended December 31, 2017, Brazil accounted for 49.2% of our revenue and 56.4% of our Adjusted EBITDA; Americas accounted for 39.5% of our revenue and 37.8% of our Adjusted EBITDA; EMEA accounted for 11.6% of our revenue and 6.7% of our Adjusted EBITDA (in each case, before holding company level revenue and consolidation adjustments). The following table sets forth a breakdown of revenue by country for the years ended December 31, 2015, 2016 and 2017:

Revenue by country

(\$ in millions)	For the years ended December 31,			
	2015	2016	2017	(%)
Country				
Spain	233.0	224.0	223.4	11.6
Other and eliminations (*)	(1.3)	(0.1)	-	-
EMEA	231.7	223.9	223.4	11.6
Argentina	162.1	119.6	142.5	7.4
Chile	79.6	80.1	97.2	5.1
Colombia	59.5	61.0	75.4	3.9
El Salvador	19.2	16.7	12.5	0.7
United States	28.9	37.0	48.3	2.5
Guatemala	17.1	15.8	16.7	0.9
Mexico	242.4	199.6	178.5	9.3
Peru	145.4	151.8	151.7	7.9
Puerto Rico	14.0	14.6	10.2	0.5
Uruguay	3.7	3.5	3.2	0.2
Panama	4.6	5.0	4.5	0.2
Other and eliminations (*)	13.3	14.2	17.4	0.9
Americas	789.8	718.9	758.0	39.5
Brazil	930.2	816.4	944.8	49.2
Other and eliminations (*)	(1.8)	(1.7)	(5.0)	(0.3)
Total revenue	1,949.9	1,757.5	1,921.3	100.0

(*) Includes holding company level revenues and consolidation adjustments.

The amounts of revenue by country reported above are impacted by foreign exchange effects, which can be significant between the years in some countries. For additional information, see Item 5. Operating and Financial Review and Prospects–A. Operating Results–Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Seasonality

Our performance is subject to seasonal fluctuations. For each of the years presented herein, our performance was lower in the first quarter of the year than in the remaining three quarters of the year. This is primarily due to (i) our clients generally spending less in the first quarter of the year after the year end holiday season, (ii) the initial costs to train and hire new employees at new service delivery centers to provide additional services to our clients which are usually incurred in the first quarter of the year, and (iii) statutorily mandated minimum wage and salary increases of operators, supervisors and coordinators in many of the countries in which we operate which are generally implemented at the beginning of the first quarter of each year, whereas revenue increases related to inflationary adjustments and contracts negotiations generally take effect after the first quarter. We have also found that growth in our revenue increases in the last quarter of the year, especially in November and December, as the year end holiday season begins and we have an increase in business activity resulting from the handling of holiday season promotions offered by our clients. These seasonal effects also cause differences in revenue and expenses among the various quarters of any year, which means that the individual quarters of a year should not be directly compared with each other or used to predict annual operating results.

Our Strategy

Our mission is to be the number one customer experience solutions provider in the markets we serve by being a truly multi-client business. Atento’s tailored CRM BPO solutions are designed to enable our clients to create a best-in-class experience for their customers, enabling our clients to focus on operating their core businesses. Atento utilizes its industry expertise, commitment to customer care and consultative approach to offer superior and scalable solutions across the entire value chain and customer life cycle, customizing each solution to the individual client’s needs. Our goal is to significantly outperform expected market growth by being our clients’ service provider of choice for customer experience while driving margin efficiencies.

In the third quarter of 2016, we announced a “Strategy Refresh” to drive long-term profitable growth and create shareholder value. Recent market trends, including the macroeconomic context in Brazil, the largest CRM BPO market in Latin America, and the accelerating adoption of omnichannel and digital capabilities, prompted us to re-examine the priorities that support our long-term strategy. The ultimate goal of this exercise was to ensure we have the right focus and capabilities to capitalize on industry trends in Latin America and to leverage our scale and financial strength to selectively broaden and diversify in key verticals, countries and solutions taking advantage of the expected economic recovery in the Latin America region, and Brazil in particular.

Above - Market Growth

We are focused on our clients’ needs and, therefore, developing and delivering value-added, multi-channel services and solutions is an absolute priority for us. We believe our offer is a strong component of our growth equation as well as our ability to generate value for our clients in an environment impacted by digital technologies. We will continue evolving our offer to best serve our clients along three axes:

- Double down on higher value-added solutions with a strong industry focus. This means that we want to go deeper into our client's customer value chain with customized end to end solutions
- Accelerate digital solutions across the customer lifecycle, becoming the strategic service provider for digital CRM processes
- Strengthen our process consulting capabilities to provide unique business transformation solutions

We offer a comprehensive portfolio of customizable and scalable solutions encompassing the full customer life cycle from leads generation to sales, customer care, technical support, back office and collections. We believe we bring a differentiated combination of scale, capacity for processing client transactions, and industry expertise to our client customer care operations, which allows us to provide higher-quality and lower-cost customer care services than our clients could deliver on their own. We have strong client relationships, which allows us to capture a greater share of client spend, gain relevance as a business service provider, and consequently achieve higher levels of profitability. We believe we have significant whitespace remaining in our core business across all verticals, with initiatives implemented to continue increasing both share of wallet with existing customers, as well as attract new customers, either from competitors or from new clients, as these clients choose to outsource their in-house operations with us because of our strong sector credentials.

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Our value proposition has continued to evolve towards end-to-end CRM BPO solutions, incorporating processes, technology and analytics as enablers for our services, all aimed at improving efficiency and reducing costs for our clients. Our revenue from these solutions in particular has grown faster than our overall revenue over the past several years. For the year ended December 31, 2017, our share of CRM BPO solutions represented 26.5% of revenue, up 120 basis points year on year.

We also recognized the importance of focusing on our digital solutions. As our clients' customers further adopt social networks and increase use of their smartphones, it is our job to accompany them in their journey. We recently launched a new business unit, Atento Digital, to drive customer experience in the digital age. Atento Digital integrates digital marketing tools, automatization of front- and back-office customer processes and a robust omnichannel platform to generate efficiency and results for customer acquisition, management and retention. It also provides solutions to advanced digital transformation processes while making the most of existing systems. Atento Digital's mainstream offerings encompass a range of services, including online sales, digital customer care, digital technical support, digital HR and digital collections, all of which are delivered through Atento's omnichannel platform integrating traditional and digital channels. Atento Digital's offerings also include consulting capabilities and the use of analytics and automatization tools to enhance the effectiveness and efficiency of customer-related processes. One of Atento Digital's first initiatives has been the expansion of the artificial intelligence and automatization capabilities of its omnichannel platform using Keepcon semantic technology. The integration of this technology with Atento's existing solutions allows the Company to monitor, analyze and manage customer sentiments and needs through social media in real-time. This information can be delivered through a blended automated and agent-based solution, or through a fully automated solution. We plan on continuing to focus on digital initiatives into the coming years as we work to improve hybrid multichannel support, automation, customer analytics and the overall customer experience across clients, geographies and industries.

From a geographic perspective, our above market growth strategy contemplates strengthen our leadership position in Latin America, one of the fastest growing CRM BPO markets in the world. A market which presents significant room for outsourcing penetration and that starts to see a general recovery of consumer indexes and growth of its middle class, fueling consumer expenditure and demand for customer intensive industries. Our geographic strategy implies also achieving a meaningful presence in the US Nearshore business, aligned with Atento leadership position in the Latin America market.

The continued diversification of the client base is one more key element of our profitable growth strategy. We believe we have come a long way since 2014 in this aspect moving from a 53.5% of our revenues being generated by Multisector clients to 57.5% in 2017. We are aggressively growing outside of Telefónica and continue to win new client relationships, either from competitors or from new clients as they outsource their in house operations because of our strong sector credentials. Today, we provide solutions to most of the telcos (telecommunications companies) in Brazil and have been awarded contracts with leading Latin America regional telecommunication companies, other than Telefónica, in five countries. Going forward, we are focused on growing these new relationships to scale. Specifically, the 2017 acceleration with non-Telefónica telcos (telecommunications companies) is a result of the significant whitespaces we still have in this segment.

Outside of telcos (telecommunications companies), we expect our expanded capabilities to continue helping us to gain share with financial services, while increasing presence in other fast-growing segments. Although telcos (telecommunications companies) and financial services remain key drivers for growth, we focusing our commercial efforts in other fast growing sectors such as healthcare, retail, travel & hospitality or consumer electronics where outsourcing is just starting.

We also recognize that the market for providing outsourcing services to U.S. clients from Latin America is a sizable and fast-growing opportunity for us. We firmly believe our strong relationships with multinational clients throughout Latin America positions us well to also serve their off - shoring needs in the United States, as exemplified by our near - shoring relationships, and have continued investing in U.S. infrastructure.

Finally, we are committed to continue expanding capabilities and addressable markets via strategic operations.

World - Class Operating Model

Building on advancements in 2017, we are continuing to see benefits in our operational excellence and transformation initiatives, which continue to support future profitable growth. We have added specific initiatives to drive a “low cost to serve” operating model (the “Low Cost Operating Model”) for all aspects of our business. This initiative seeks to drive down the major cost drivers in our business via automation and robotics, alternative channel mix and advanced service delivery methods.

We continue to make investments in infrastructure, proprietary technologies, and management and development processes that capitalize on our extensive experience managing large and globalized operations. Our operational excellence strategy is supported by six key global initiatives:

Low Cost Operating Model. As we continue to drive best-in-class operations, we have been focused on developing a “lower cost to serve” operating model for Atento. We have analyzed the major cost components of our business in the human resources, technology, facilities and infrastructure areas, and we have developed specific solutions to lower the cost to serve in each category. For example, in the human resources area, we have implemented initiatives to drive down average handling time and after call work, and to reduce the time we spend on recruiting and selection. Additionally, we implemented solutions to decrease the number of training days while preserving the quality of training. In the technology area, we have successfully trialed automation solutions and virtual automatic call distributor (“ACD”) technologies, and consolidated operations among multiple global shared services. In the facilities area, we have directed more capacity to lower cost Tier 2 cities and are focused on seat utilization as an indicator of efficiencies. In the infrastructure area, we have focused on reducing telecom and network costs through restructuring and diligent capacity planning. All of these initiatives come together to enable a “lower cost to serve” operating model for Atento. Furthermore, we manage our foreign currency risk by using derivatives to hedge any exposure incurred in currencies other than those of the functional currency of each country in which we operate. We benefit, to a certain degree, from the fact that, in each country in which we have operations, we generally collect revenue in the same currency as the currency in which we incur a majority of our expenses in that country.

Deliver a Consistent and Efficient IT Platform. Our technology strategy has remained focused on (i) delivering a cost-efficient and reliable IT infrastructure to meet the needs of existing clients and to support expansion into the higher margin solutions business, (ii) enhancing our ability to add capacity rapidly with a highly variable cost structure for new business, (iii) developing new products and solutions that can be rapidly scaled and rolled out across geographies, (iv) providing standard operational tools and processes to enable the best experience to our clients’ customers and (v) establishing common platforms that facilitate centralization of core information technology (“IT”) services. We have piloted and are now rolling out new technologies to enable a more agile IT platform in support of new solutions, carve-out business, and a low-cost operating model. Specifically, we have consolidated our network operations center and security operations center globally in Brazil, globalized our IT service desk under one management structure, completed successful pilots of a virtual ACD routing solution, and implemented several automated transaction handling solutions.

Disciplined Commercial Execution. We are highly focused on the relationships we have with our client base and consider it to be a key competitive advantage. As part of doing so, we approach the commercial aspect of our client relationships in a highly disciplined manner in which we strive to ensure wage inflation pass-throughs are contractually captured. As we continue to engage with our clients, we actively ensure these inflation pass-throughs are applied, as contractually obligated. The nature of our services and solutions yield significant efficiency gains for our clients which, combined with the long-term nature of a significant portion of our client relationships, often provides a constructive environment for which to contractually ensure wage inflation pass-throughs.

Best-In-Class Operational Excellence. We are focused on a variety of initiatives to enhance agent productivity. In 2016, we established a new operational command center in Peru, finalizing our global strategy for establishing command centers in each of our regions (command centers were established in 2014 in São Paulo, Brazil, and in 2015 in Mexico City, Mexico, and Madrid, Spain). These centers are pivotal to our strategy of streamlining the efficiency of our operations across our delivery centers and optimizing corporate functionality and management effectiveness through a standardized set of industry-certified processes and capabilities. The centers are continuously upgraded with leading-edge technology to enhance our ability to shift resources across programs and channels as needed, in real-time, based on client requirements. In 2016, we established Azure as our data repository in order to provide our management with immediate analytics and continuous data, enabling it to streamline processes that we expect will offer the optimal customer experience for our clients.

Leading HR Effectiveness . Human resources is one of our largest costs at Atento, and we have focused on recruiting, selecting and training talent because we believe this is key to the successful delivery of our CRM BPO services and solutions. Given our dependency on human resources in all of our operations, we continue to focus on creating efficiencies in our recruiting, selection and training areas. We have established new recruiting channels and techniques to reduce the number of required resources to fill demands, implemented an automated selection tool which reduces our dependence on a big recruiting team and improves the accuracy of our process, and implemented new simulation- and web-based training solutions in 2016 which have reduced our dependence on instructor-led training and the number of training days required, as well as improved our learning curve post-training and the consistency of our training delivery. The roll out of these initiatives has helped us reduce our monthly turnover in Brazil from 6.4% in 2016 to 5.2% in 2017 .

Site Footprint Optimization. As we have continually focused on moving from Tier 1 cities to Tier 2 cities in order to optimize our cost to serve, we have also focused on improving our facilities utilization rate (the number of billable hours per day we are billing per seat) as an indicator of the health of our business. Additionally, we seek to optimize lease expenses and reduce employee benefit expenses by focusing on reduced turnover and absenteeism. In Brazil, we have increased the percentage of total workstations located in Tier 2 cities from 62.4% for the year ended December 31, 2016 to 62.9% for the year ended December 31, 2017, due to the new sites opened outside São Paulo and Rio de Janeiro. As demand for new services and solutions grows and complexity continues to increase, we are focusing on a new operating model which will be focused on defined centers of excellence around credit factoring, collections, telecom and finance. As always, we continue to evaluate and adjust our site footprint to create the most competitive combination of quality of service and cost effectiveness.

High Performing Organization

We believe that our people are a key enabler to the success of our business model and a strategic pillar to our competitive advantage. We have created, and constantly reinforced, a culture that we believe is unique in the industry. We have developed processes to identify talent (both internally and externally), created individualized development plans and designed incentive programs that, together with permanent motivation initiatives, foster a work environment that aligns our professional development with client objectives and business goals (including efficiency objectives, financial targets and client and employee satisfaction metrics). We have implemented an operating model that integrates the corporate organization, allowing us to benefit from global scale and fostering “best practices” sharing. We have developed shared service centers, driving efficiency and pursuing a process-oriented organization. The corporate organization is integrated globally, but strategically segmented into different operating regions to leverage and gain efficiency by working together with the regional teams. We believe that this new organizational structure will foster agility and simplicity while ensuring that corporate leaders are focused on coordinating, communicating and pursuing new solutions and innovation. We also continue to receive industry recognition for the strong culture and workplace environment we promote across our organization. We have been recognized as one of the top 25 companies to work for across the globe, during four years, according to the list of the World’s Best Multinational Workplaces by GPTW, being the only CRM BPO and Latin America-based company.

Client Value Propositions through Integrated Solutions Across Multiple Channels

We are close to our clients and understand how their customers choose to interact. Our services and solutions span across various combinations of channels and are very flexible, utilizing various degrees of automation and intelligent analytics. We work closely with our clients to optimize the front- and back-end customer experience by offering solutions through a multichannel delivery platform tailored to each client’s needs. Furthermore, we offer a comprehensive portfolio of scalable solutions, including sales, customer care, collections, back office and technical support. These solutions incorporate multiple services, all deliverable across a full spectrum of communication channels, including digital, voice and in-person. In summary, our focus is not only in developing integrated solutions, but also delivering them across the most appropriate (analog or digital) channels and platforms.

Our vertical industry expertise in telecommunications, banking and financial services, and multisector allows us to tailor our services and solutions for our clients, further embedding us into their value chain while delivering impactful business results. As we continue to evolve towards customized client solutions and performance-based pricing structures, we seek to create a mutually beneficial partnership and increase the portion of our clients’ CRM BPO services that we provide.

Our value proposition has continued to evolve toward end-to-end CRM BPO solutions, incorporating processes, technology and analytics as enablers for our services, all aimed at improving our clients' efficiency and reducing their costs. In 2017, CRM BPO solutions and individual services comprised 26.5% and 73.5% of our revenue, respectively. For our clients in Brazil, our largest market, CRM BPO solutions and individual services comprised 37.5% and 62.5% of our revenue, respectively, for the year ended December 31, 2017.

Our Clients

Over the years, we have steadily grown our client base, resulting in what we believe is a world-class roster of clients. Our longstanding, blue-chip client base spans a variety of industries and includes the Telefónica Group, Banco Bradesco, Banco Santander, HSBC, Samsung and Whirlpool, among others. Our clients are leaders in their respective industries and require best-in-class service from their outsourcing partners. We serve clients primarily in telecommunications, financial services and multisector, which for us includes consumer goods, retail, public administration, healthcare, travel, transportation and logistics, and technology and media. For the year ended December 31, 2017, our revenue from clients in telecommunications, financial services and multisector represented 46.7%, 31.7% and 21.6% of total revenue, respectively.

For December 31, 2017, our top 15 clients accounted for 76.4% of our revenue, and, excluding the Telefónica Group companies, our next 15 clients accounted for 38.2% of our revenue. With each of these clients we have worked closely over many years across multiple countries, building strong partnerships and commercial relationships.

Longstanding Client Relationships

We seek to create long-term relationships with our clients in order to be viewed as an integral part of their respective businesses, and not just as a service provider. We strive to offer products and solutions that cover the client's entire value chain, which we believe offers greater benefits to our clients and generally leads to a mutually beneficial, longer-term relationship. In 2017, 61.0% of our revenue from clients other than the Telefónica Group came from clients that had relationships with us for ten or more years.

Development of Client Base

As of December 31, 2017, our client base consisted of over 400 separate clients. Since 1999, when our former parent company, Telefónica, and its subsidiaries contributed approximately 90.0% of our revenue, we have driven the diversification of our client base by sources of revenue. For the years ended December 31, 2015, 2016 and 2017, we generated 45.2%, 42.5% and 39.0%, respectively, of our revenue from Telefónica Group companies.

As of December 31, 2017, 34 companies within the Telefónica Group were party to 131 arm's - length contracts with Atento. Our service agreements with Telefónica Group companies remained in effect following the consummation of the Acquisition. Additionally, we entered into the MSA, a new framework agreement that replaced our prior framework agreement with Telefónica and which is intended to govern our relationship with Telefónica through 2021, with the exception of Brazil and Spain ending in 2023.

Telefónica Group Master Service Agreement

Our service agreements with Telefónica remained in effect following the consummation of the Acquisition, and we entered into the MSA, a new framework agreement that replaced the framework agreement with Telefónica that was in place prior to the Acquisition. The term of the MSA expires on December 31, 2021, with the exception of Brazil and Spain ending in 2023 according to the agreement.

The MSA requires the Telefónica Group companies to meet the minimum annual revenue commitments to us in each jurisdiction where we currently conduct business (other than Argentina). The MSA commitment is meant to be a minimum commitment, or floor, rather than a target or budget. If the Telefónica Group companies fail to meet country specific revenue commitments, which are measured on an annual basis, Telefónica S.A. will be required to compensate us in cash for any shortfalls. If the Telefónica Group companies fail to meet the annual aggregate minimum revenue commitments for all jurisdictions covered by the MSA, Telefónica, S.A. will be required to compensate us. Any such compensation payments will be in amounts calculated as a percentage of the revenue shortfalls, ranging from 8% to 20% of the shortfall depending on the scope of such shortfall and the relevant calendar year. In May 2014, we and Telefónica amended the MSA to adjust the minimum revenue commitments in Spain and Morocco by an average of €46.0 million (\$62.6 million, based on the May 31, 2014 month end close foreign exchange rates) per year to reflect the lower level of activities in these geographies and a corresponding €25.4 million (\$34.6 million, based on the May 31, 2014 month end close foreign exchange rates) payment was made by Telefónica representing the discounted value of the reduction in minimum revenue commitments which was subsequently applied to repay the Vendor Loan Note. See "Item 5. Operating and Financial Review and Prospects — Liquidity and Capital Resources—Financing Arrangements—Vendor Loan Note".

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In November 2016, we entered into an amendment decreasing the annual targets (MRT) for the remaining years of the MSA agreement, with a one-off reset/reduction starting in 2017, of €100.0 million for Brazil and €20.0 million for Spain. In return Atento obtained an extension of the Brazil and Spain MSA targets for an additional 2 years (2022 and 2023); an adjustment of Payment Terms: Change to 30-day payment terms apply in Brazil, Spain, Peru, Mexico, Chile, Colombia and Argentina and the elimination of the Argentinean CVI contract.

Although the MSA is an umbrella agreement which governs our services agreements with the Telefónica Group companies, the termination of the MSA does not automatically result in a termination of any of the local services agreements in force after those dates. The MSA contemplates a right of termination before the end of the MSA in the different countries in event of a change of control of the Company occurring as a result of a sale to a Telefónica competitor.

In November 2016, we entered into another three-year contract in Brazil with Vivo, maintaining volume levels through the expansion of our business and improved profitability supported by changes in our operating model.

The Company also amended the MSA with Telefónica to include:

- Brazil and Spain extended to 2023 (previously 2021), aligning revenue targets to current operating conditions and retaining total level of commitment.
- Atento guaranteed to maintain at least current share of wallet, remaining largest service provider to Telefónica.
- Payment terms and invoicing process improved in all key markets.
- Argentinian \$24.0 million Contingent Value Obligation, or CVI, eliminated further strengthening our balance sheet.

CRM/BPO industry recognitions

Over the years, the quality and innovation of Atento's solutions to enhance the customer experience of Atento's clients have been consistently recognized with the most prestigious awards within the CRM/BPO industry.

Our Company takes great pride in these recognitions. They are a direct result of our eagerness to meet Atento's clients' expectations and to create customer experience solutions that become a source of competitive advantage.

Listed below some of the most relevant awards achieved in 2017:

- **Latam Awards, Best Customer Relations Companies in Latin America.**

Prestigious annual award with a regional scope that appraises and identifies the best customer relations companies in Latin America across different categories.

- **Great Place to Work Awards.**

For the fourth year running, Atento is one of the 25 Best Multinationals to Work in the World. The Company is also one of the 25 Best Multinationals to Work for in Latin America for the sixth consecutive year, according to Great Place to Work. In 2016, seven of the Company's national operations were included in the Great Place to Work®.

- **ECHO Latam Awards (Formerly known as Amauta), Best Direct and Interactive Marketing Practices in Latin America.**

The Amauta Awards are the most important awards in the direct and interactive marketing industry in Latin America. Atento received 8 Amauta awards in the 2017 edition. Atento in the CRM/BPO sector company to receive most AMAUTA awards over the years.

- **ABEMD Awards, Best Direct Marketing Practices in Brazil.**

The ABEMD awards recognize the best solutions in the direct marketing industry in Brazil. They analyze the strategy, planning, creativity and results of each solution. In 2016, Atento was selected Agency of the Year in the Contact Center Category. Also won six awards granted by ABEMD for the solutions developed for customers Santander, Mapfre, GPA, Ford and Sony.

- **Consumidor Moderno Awards for Excellence in Customer Service**

Consumidor Moderno awards are a reference in the CRM BPO sector in Brazil and they are based on one of the most comprehensive studies to assess the quality of customer service in the country. In 2017, Atento was recognized as “Contact Center of the Year – Major Operations”. The award is granted with the participation of Centro de Inteligência Padrão (CIP), in partnership with SAX – Customer Experience Specialists, one of the most renowned customer experience research companies in Brazil.

- **IMT Awards, Best CRM Practices in Mexico.**

Most prestigious awards for the CRM industry in Mexico, granted by the Instituto Mexicano de Teleservicios. Atento was recognized with 2 IMT awards in the 2017 edition.

- **Socially Responsible Company Awards in Peru.**

This certificate is awarded to companies for their high standards in working conditions, business ethics, engagement with the community and environmental protection. This is the fourth time Atento has been awarded this certificate in Peru and it is the only company in its sector to hold it.

- **Platinum Contact Center Awards.**

The Platinum Contact Center Awards recognize the highest quality in customer service and technological innovation in Spain. Atento Spain received two awards in the 2016 edition Best Customer Service Experience in Energy for its work with Repsol and Best Customer Service Experience in Citizen Services for the 060 service.

- **CRC Gold Awards.**

The CRC Gold Award for Best Outsourcer recognizes excellence in customer services and business process outsourcing and are the leading CRM/BPO industry awards in Spain. Atento was recognized with the 2017 CRC Gold Award for Best Outsourcer in Spain. Also received the award for Best Customer Service Operation and was again given the Award for Best Business Process Outsourcing Operation.

- **Top Employer.**

Atento received the Top Employer certificate awarded by the CRF institute (Corporate Research Foundation) in Spain in 2017.

- **National Quality Award.**

Atento received the National Quality Award in Argentina in 2017. The highest recognition for Quality in the country.

- **Verint Customer Awards.**

Atento received the Global Customer Award in the Commercial category at Verint Global Conference in 2016.

- **AMDIA Awards.**

Highest recognition for Direct and Interactive Marketing in Argentina. In 2017, Atento received two Silver and one Gold awards for their social media solutions. Atento also received the Grand Prix recognition, highest recognition in the AMDIA awards, for the solutions implemented for General Motors.

Competitive Landscape

Global Competitive Landscape

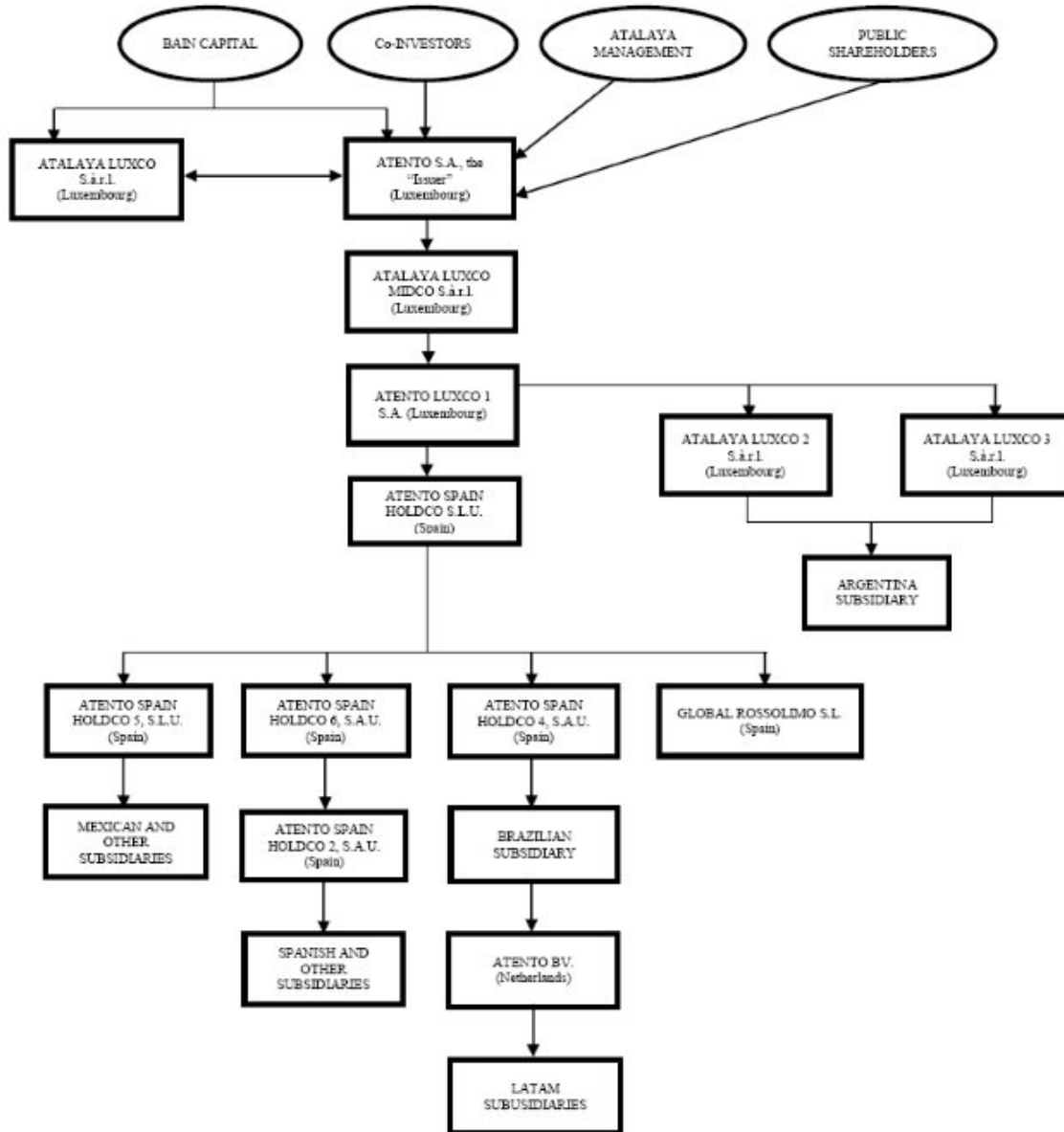
Atento is the largest provider of CRM BPO services and solutions in Latin America and among the top five providers globally based on revenues. Relative to CRM BPO market share in Latin America, we hold the number one position in most countries in which we operate including Brazil, the largest market, Perú, México, Chile and Argentina.

In Gartner’s Magic Quadrant for Customer Management Contact Center BPO (March 2017), in 4 years we have positioned ourselves among the top 5 leading global players, showing significant improvement in ability to execute and completeness of vision. The 2017 report highlights: Atento’s digital efforts, coupled with its offerings such as digital marketing, customer analytics, robotic process automation (RPA) and IA services, long-term relations with its clients, and the adoption a consultative sales methodology when positioning value-added multichannel and analytics services, process and industry knowledge, senior management experience, time to market, responsiveness, focus on service quality, process methodologies, and the ability to scale.

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C. Organizational Structure



At December 31, 2015, 2016 and 2017, none of the Group's subsidiaries is listed on a stock exchange, except for Atento Luxco 1 S.A., which has debt securities listed in the International Stock Exchange (TISE) in Guernsey. All subsidiaries use year-end December 31 as their reporting date.

D. Property, Plants and Equipment

Property

We perform our business in service delivery centers leased from third parties, and we did not own any real estate as of December 31, 2017, except for one plot of land in Morocco and part of a building in Peru. Additionally, in April 2006, we obtained a grant of use by the Consorcio para el Desarrollo (development consortium) of the province of Jaen in Spain, on a 2,400 square meter field for 30 years, extendable for 15 year periods up to a maximum of 75 years. In 2006, we built a service delivery center at the site. As of December 31, 2017, the rest of our service delivery centers around the world were under lease agreements. Our lease agreements are generally long-term, between one to ten years, some of which provide for extensions.

Lease expenses on a consolidated basis totaled \$75.6 million, \$63.0 million and \$66.9 million in the years ended December 31, 2015, 2016 and 2017.

Our infrastructure is designed according to our clients' needs. Our technology systems possess the flexibility to integrate with our clients' existing infrastructure. This approach enables us to deliver the optimal infrastructure mix through on-shoring, off-shoring or near-shoring, as required. Our deployment team is trained to achieve timely implementation to minimize our clients' time-to-market. We address client capacity needs by providing solutions such as software based platforms, high level infrastructure mobility, process centralization and high concentration of delivery centers.

Our infrastructure has grown in response to a substantial increase in demand for our services. As of December 31, 2017, we had 92,264 workstations globally, with 48,933 in Brazil, 37,773 in the Americas (excluding Brazil) and 5,558 in EMEA. As of December 31, 2017, we had 100 delivery centers globally, 35 in Brazil, 51 in the Americas (excluding Brazil) and 14 in EMEA.

The following table shows the number of workstations and delivery centers in each of the jurisdictions in which we operated as of December 31, 2015, 2016, 2017.

	Number of Workstations			Number of Service Delivery Centers ⁽¹⁾		
	2015	2016	2017	2015	2016	2017
Brazil	47,694	45,913	48,933	33	31	35
Americas	36,229	37,574	37,773	51	50	51
Argentina ⁽²⁾	3,705	3,673	4,220	11	11	12
Central America ⁽³⁾	2,629	2,644	2,433	5	5	4
Chile	2,495	2,673	2,571	3	3	3
Colombia	7,292	7,723	8,643	9	9	10
Mexico	9,905	10,298	9,849	16	15	15
Peru	8,893	9,253	9,004	4	4	4
United States ⁽⁴⁾	1,310	1,310	1,053	3	3	3
EMEA	7,644	5,595	5,558	18	14	14
Morocco ⁽⁵⁾	2,039	-	-	4	-	-
Spain	5,605	5,595	5,558	14	14	14
Total	91,567	89,082	92,264	102	95	100

(1) Includes service delivery centers at facilities operated by us and those owned by our clients where we provide operations personnel and workstations.

(2) Includes Uruguay.

(3) Includes Guatemala and El Salvador.

(4) Includes Puerto Rico.

(5) Operations in Morocco were divested on September 30, 2016.

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The following is a list of our principal workstations as of December 31, 2015, 2016, 2017:

	Number of Workstations		
	2015	2016	2017
Brazil			
São Bernardo do Campo	2,929	3,043	3,139
São Paulo (Belem)	2,514	2,520	2,470
São Paulo (São Bento I)	3,072	2,552	2,335
São Paulo (Nova São Paulo)	2,374	2,385	2,155
Rio de Janeiro (Madureira)	2,044	1,916	2,119
São Paulo (Santana)	2,678	2,375	2,103
São Paulo (Santo Antonio)	1,981	2,059	2,059
Salvador (Uruguay)	1,985	1,974	2,059
São José dos Campos	1,967	2,018	1,983
Santos	1,759	1,745	1,794
Americas			
Peru (LaMolina)	5,712	5,713	5,581
Peru (Maquinarias)	2,184	2,312	2,312
Colombia (Telares)	1,035	1,455	1,905
Colombia (Bucaramanga)	1,331	1,321	1,472
Mexico (Aeropuerto)	1,347	1,484	1,449
Chile (Vicuña Mackenna)	1,521	1,459	1,411
EMEA			
Spain (Ilustración)	1,260	1,240	1,005
Spain (Glorias)	862	870	877
Spain (Getafe)	506	507	507
Spain (Benicalap)	329	329	472

Telecommunications Infrastructure. We work with the main telephone carriers at the local and international levels. We have recently implemented a network to interconnect the main countries in which we operate, allowing us to offer new options of connectivity and to run new applications for videoconferencing. Since almost all our voice platform is based on IP technology, we have implemented a solid and flexible telecommunications infrastructure, which provides business continuity through redundant architectures and interconnection schemes in most of our facilities.

ITEM 4A. UNRESOLVED STAFF COMMENTS

The Company has no unresolved comments from the staff of the U.S. Securities and Exchange Commission with respect to its periodic reports under the Securities Exchange Act.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Critical accounting estimates and assumptions

The preparation of consolidated financial statements under IFRS as issued by the IASB requires the use of certain assumptions and estimates that affect the carrying amount of assets and liabilities within the next financial year.

Some of the accounting policies applied in preparing the accompanying consolidated financial statements required Management to apply significant judgments in order to select the most appropriate assumptions for determining these estimates. These assumptions and estimates are based on Management experience, the advice of consultants and experts, forecasts and other circumstances and expectations prevailing at year end. Management's evaluation takes into account the global economic situation in the sector in which the Atento Group operates, as well as the future outlook for the business. By virtue of their nature, these judgments are inherently subject to uncertainty. Consequently, actual results could differ substantially from the estimates and assumptions used. Should this occur, the values of the related assets and liabilities would be adjusted accordingly.

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Although these estimates were made on the basis of the best information available at each reporting date on the events analyzed, events that take place in the future might make it necessary to change these estimates in coming years. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8, “Accounting Policies, Changes in Accounting Estimates and Errors”, recognizing the effects of the changes in estimates in the related consolidated income statements.

An explanation of the estimates and judgments that entail a significant risk of leading to a material adjustment in the carrying amounts of assets and liabilities is as follows:

Useful lives of property, plant and equipment and intangible assets

The accounting treatment of items of property, plant and equipment and intangible assets entails the use of estimates to determine their useful lives for depreciation and amortization purposes. In determining the useful life, it is necessary to estimate the level of use of assets as well as forecast technological trends in the assets. Assumptions regarding the level of use, the technological framework and the future development require a significant degree of judgment, bearing in mind that these aspects are rather difficult to foresee. Changes in the level of use of assets or in their technological development could result in a modification of their useful lives and, consequently, in the associated depreciation or amortization.

Estimated impairment of goodwill

The Atento Group tests goodwill for impairment annually, in accordance with the accounting principle described in Note 3h. Goodwill is subject to impairment testing as part of the cash-generating unit to which it has been allocated. The recoverable amounts of cash-generating units defined in order to identify potential impairment in goodwill are determined on the basis of value in use, applying five-year financial forecasts based on the Atento Group’s strategic plans, approved and reviewed by Management. These calculations entail the use of assumptions and estimates, and require a significant degree of judgment. The main variables considered in the sensitivity analyses are growth rates, discount rates using the Weighted Average Cost of Capital (“WACC”) and the key business variables.

Deferred taxes

The Atento Group assesses the recoverability of deferred tax assets based on estimates of future earnings. The ability to recover these deferred amounts depends ultimately on the Atento Group’s ability to generate taxable earnings over the period in which the deferred tax assets remain deductible. This analysis is based on the estimated timing of the reversal of deferred tax liabilities, as well as estimates of taxable earnings, which are sourced from internal projections.

The appropriate classification of tax assets and liabilities depends on a series of factors, including estimates as to the timing and realization of deferred tax assets and the projected tax payment schedule. Actual income tax receipts and payments could differ from the estimates made by the Atento Group as a result of changes in tax legislation or unforeseen transactions that could affect the tax balances.

The Atento Group has recognized deferred tax assets corresponding to losses carried forward since, based on internal projections, it is probable that it will generate future taxable profits against which they may be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date, and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of that deferred tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Provisions and contingencies

Provisions are recognized when the Atento Group has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. This obligation may be legal or constructive, deriving from, inter alia, regulations, contracts, customary practice or public commitments that would lead third parties to reasonably expect that the Atento Group will assume certain responsibilities. The amount of the provision is determined based on the best estimate of the outflow of resources embodying economic benefit that will be required to settle the obligation, taking into account all available information as of the reporting date, including the opinions of independent experts such as legal counsel or consultants.

No provision is recognized if the amount of liability cannot be estimated reliably. In such cases, the relevant information is disclosed in the notes to the consolidated financial statements.

Given the uncertainties inherent in the estimates used to determine the amount of provisions, actual outflows of resources may differ from the amounts recognized originally on the basis of these estimates.

Fair value of derivatives

The Atento Group uses derivative financial instruments to mitigate risks, primarily derived from possible fluctuations in interest rates. Derivatives are recognized at the inception of the contract at fair value.

The fair values of derivative financial instruments are calculated on the basis of observable market data available, either in terms of market prices or through the application of valuation techniques. The valuation techniques used to calculate the fair value of derivative financial instruments include the discounting of future cash flow associated with the instruments, applying assumptions based on market conditions at the valuation date or using prices established for similar instruments, among others. These estimates are based on available market information and appropriate valuation techniques. The fair values calculated could differ significantly if other market assumptions and/or estimation techniques were applied.

Refer to Notes 3t and 3u of our consolidated financial statements, included elsewhere in this document for details regarding new amendments standards and interpretations

A. Operating Results

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of our financial condition and results of operations should be read for the years ended December 31, 2015, 2016 and 2017 and the related notes there to, and with the financial information presented under the section entitled "Item 3. Key Information—A. Selected Financial Data" included elsewhere in this Annual Report. The preparation of the consolidated financial statements referred to in this section required the adoption of assumptions and estimates that affect the amounts recorded as assets, liabilities, revenue and expenses in the years presented and are subject to certain risks and uncertainties. Our future results may vary substantially from those indicated as a result of various factors that affect our business, including, among others, those mentioned in the sections "Cautionary Statement with respect to Forward Looking Statements" and "Item 3. Key Information—D. Risk Factors", and other factors discussed elsewhere in this Annual Report. The consolidated financial statements for the years ended December 31, 2015, 2016 and 2017, prepared in accordance with IFRS as issued by the IASB are included in "Item 18. Financial Statements".

The following discussion includes forward looking statements. Our actual results could differ materially from those that are discussed in these forward-looking statements.

Overview

Atento is the largest provider of customer-relationship management and business-process outsourcing ("CRM BPO") services and solutions in Latin America, and among the top five providers globally based on revenue. Atento's tailored CRM BPO solutions are designed to enable our client's ability to deliver a high-quality product by creating a best-in-class experience for their customers, enabling our clients to focus on operating their core businesses. Atento utilizes its industry expertise commitment to customer care, and consultative approach, to offer superior and scalable solutions across the entire value chain for customer care, customizing each solution to the individual client's needs.

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In the third quarter of 2016 we announced a refreshed strategy to drive long-term profitable growth and create shareholder value. Recent market trends, including the macroeconomic pull-back in Brazil (the largest CRM BPO market in Latin America), and the accelerating adoption of omni-channel and digital capabilities, prompted us to reexamine the priorities that support our long-term strategy. The ultimate goal of this exercise, or Strategy Refresh, was to ensure we had the right focus and capabilities to capitalize on industry trends in Latin America and leverage our scale and financial strength to selectively broaden and diversify in key verticals, countries, and solutions.

We offer a comprehensive portfolio of customizable, and scalable, solutions including front and back-end services ranging from sales, applications-processing, customer care and credit-management. We leverage our deep industry knowledge and capabilities to provide industry-leading solutions to our clients. We provide our solutions to over 400 clients via over 151,000 highly engaged customer care specialists facilitated by our best-in-class technology infrastructure and multi-channel delivery platform. We believe we bring a differentiated combination of scale, capacity for processing client's transactions, and industry expertise to our client's customer care operations, which allow us to provide higher-quality and lower cost customer care services than our clients could deliver on their own.

We operate in 13 countries worldwide and organize our business into three geographic markets: (i) Brazil, (ii) Americas, excluding Brazil ("Americas") and (iii) EMEA. For the year ended December 31, 2017, Brazil accounted for 49.2% of our revenue, Americas accounted for 39.5% of our revenue and EMEA accounted for 11.6% of our revenue (in each case, before holding company level revenue and consolidation adjustments).

Our number of workstations increased from 89,082 as of December 31, 2016 to 92,264 as of December 31, 2017. Generally, our competitors have higher EBITDA and depreciation expense than us because we lease rather than own all of our call center facilities (e.g., buildings and related equipment), except for IT infrastructure that is supported by Atento and depreciated.

As a part of our strategy to improve cost and increase efficiency we continued to migrate a portion of our call centers from Tier 1 to Tier 2 cities. These cities, which tend to be lower cost locations, allow us to optimize our lease expenses and reduce labor costs. By being a preferred employer, we can then draw new and larger pools of talent and reduce turnover and absenteeism. We have completed many successful site transfers in Brazil, Colombia and Argentina. In Brazil, for example, the percentage of total workstations located in Tier 2 cities increased 0.5%, from 62.4% for the year ended December 31, 2016 to 62.9% for the year ended December 31, 2017, due to the new sites opened outside Sao Paulo and Rio de Janeiro. As demand for our services and solutions grows, and their complexity continues to increase, we have opportunities to evaluate and adjust our site footprint even further to create the most competitive combination of quality and cost effectiveness for our customers.

For a table showing the number of delivery centers and workstations in each of the jurisdictions in which we operated as of December 31, 2015, 2016 and 2017, see "Item 4. Information on the Company—D. Property, Plant and Equipment".

For the years ended December 31, 2015, 2016 and 2017, revenue generated from our 15 largest client groups represented 83.3%, 80.3% and 76.4% of our revenue, respectively. Excluding revenue generated from the Telefónica Group, for the years ended December 31, 2015, 2016 and 2017, our next 15 largest client groups represented 38.8%, 38.7% and 38.2% of our revenue, respectively.

Our vertical industry expertise in telecommunications, financial services and multi-sector companies allows us to adapt our services and solutions for our clients, further embedding us into their value chain while delivering effective business results and increasing the portion of our client's services related to CRM BPO. For the years ended December 31, 2015, 2016 and 2017, CRM BPO solutions comprised 23.9%, 25.3% and 26.5% of our revenue, respectively, and individual services comprised 76.1%, 74.7% and 73.5% of our revenue, respectively.

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During the years ended December 31, 2015, 2016 and 2017, telecommunications represented 49.2%, 48.5% and 46.7% of our revenue, respectively, and financial services represented 35.6%, 35.0% and 31.7% of our revenue, respectively. Additionally, during the years ended December 31, 2015, 2016 and 2017 the sales by service were:

	For the years ended December 31,		
	2015	2016	2017
Customer Service	47.9%	49.0%	48.4%
Sales	18.0%	16.6%	16.8%
Collection	10.6%	10.1%	8.8%
Back Office	9.7%	10.8%	12.9%
Technical Support	10.5%	9.4%	9.1%
Others	3.3%	4.1%	4.0%
Total	100.0%	100.0%	100.0%

Average headcount

The average headcount in the Atento Group in 2015, 2016 and 2017 and the breakdown by country is presented as follow:

	December 31,		
	2015	2016	2017
Brazil	90,418	78,088	78,015
Central America	4,687	5,734	4,940
Chile	4,615	4,720	5,438
Colombia	7,770	8,288	9,809
Spain	10,497	10,213	10,534
Morocco (*)	1,348	-	-
Mexico	19,934	19,439	18,409
Peru	15,279	15,907	15,515
Puerto Rico	832	857	739
United States	629	679	732
Argentina and Uruguay	7,829	7,529	7,609
Corporate	136	147	77
Total	163,974	151,601	151,817

(*) Operations in Morocco were divested on September 30, 2016.

Consolidated Statements of Operations for the Years Ended December 31, 2015, 2016 and 2017

(\$ in millions, except percentage changes)	For the year ended December 31,		Change (%)	Change excluding FX (%)	For the year	Change	Change excluding FX (%)
	2015 (*)	2016 (*)			ended December 31, 2017		
Revenue	1,949.9	1,757.5	(9.9)	(1.4)	1,921.3	9.3	5.1
Other operating income	4.3	5.8	34.9	45.0	16.4	N.M.	N.M.
Other gains and own work capitalized ⁽¹⁾	-	41.8	N.M.	N.M.	0.4	(99.1)	(99.2)
Operating expenses:							
Supplies	(77.6)	(65.6)	(15.5)	(7.0)	(74.9)	14.2	10.1
Employee benefit expenses	(1,410.5)	(1,309.9)	(7.1)	1.7	(1,429.1)	9.1	5.0
Depreciation	(50.1)	(46.4)	(7.4)	(0.4)	(49.2)	6.1	0.8
Amortization	(51.4)	(50.9)	(1.0)	6.3	(55.2)	8.4	3.3
Changes in trade provisions	(1.3)	(1.9)	46.2	46.2	(0.6)	(67.0)	(68.5)
Other operating expenses	(241.5)	(214.0)	(11.4)	(4.8)	(236.6)	10.6	5.3
Total operating expenses	(1,832.4)	(1,688.7)	(7.8)	0.6	(1,845.7)	9.3	5.0
Operating profit	121.8	116.4	(4.4)	7.5	92.4	(20.6)	(25.4)
Finance income	15.5	7.2	(53.5)	(49.7)	7.9	9.1	2.5
Finance costs ⁽¹⁾	(75.5)	(59.2)	(21.6)	(17.3)	(78.1)	32.0	28.1
Change in fair value of financial instruments ^(**)	17.5	0.7	(96.0)	(96.0)	0.2	(67.2)	(66.0)
Net foreign exchange loss ⁽¹⁾	(3.9)	(56.5)	N.M.	N.M.	(23.4)	(58.5)	(61.6)
Net finance expense	(46.4)	(107.8)	132.3	N.M.	(93.5)	(13.3)	(17.8)
Profit/(loss) before income tax	75.4	8.6	(88.6)	(87.3)	(1.0)	(112.0)	(110.1)
Income tax expense	(23.2)	(5.2)	(77.6)	(74.5)	(12.5)	141.0	144.1
Profit/(loss) from continuing operations	52.2	3.4	(93.5)	(92.8)	(13.6)	N.M.	N.M.
Discontinued operations:							
Loss from discontinued operations	(3.1)	(3.2)	3.2	6.7	-	(100.0)	(100.0)
Profit/(loss) for the year	49.1	0.2	(99.6)	(99.5)	(13.6)	N.M.	N.M.
Profit/(loss) attributable to:							
Owners of the parent	49.1	0.1	(99.8)	(99.7)	(16.8)	N.M.	N.M.
Non-controlling interest	-	0.1	N.M.	N.M.	3.2	N.M.	N.M.
Other financial data:							
EBITDA ⁽²⁾ (unaudited)	223.3	213.7	(4.3)	5.4	196.9	(7.9)	(13.0)
Adjusted EBITDA ⁽²⁾ (unaudited)	249.7	221.9	(11.1)	(3.6)	221.0	(0.4)	(4.7)

(1) The year ended December 31, 2016 contains the impacts of the CVI termination. The reversal of the principal amount of \$41.7 million was recognized in "Other gains and own work capitalized", the interest reversal of \$19.9 million was recognized in "Finance costs" and the loss of \$35.4 million on the conversion of Argentine pesos to U.S. dollars was recognized in "Net foreign exchange loss".

(2) For reconciliation with IFRS as issued by the IASB, see section "Summary Consolidated Historical Financial Information - Reconciliation of EBITDA and Adjusted EBITDA to profit/(loss)" as above.

(*) Exclude discontinued operations - Morocco.

N.M. means not meaningful

Consolidated Statements of Operations by Segment for the Years Ended December 31, 2015, 2016 and 2017

(\$ in millions, except percentage changes)	For the year ended December 31,		Change (%)	Change excluding FX (%)	For the year ended December 31,		Change (%)	Change excluding FX (%)
	2015 ^(*)	2016 ^(*)			2017			
Revenue:								
Brazil	930.2	816.4	(12.2)	(7.0)	944.8	15.7	6.3	
Americas	789.8	718.9	(9.0)	6.5	758.0	5.4	6.1	
EMEA	231.7	223.9	(3.4)	(3.1)	223.4	(0.2)	(1.9)	
Other and eliminations ⁽¹⁾	(1.8)	(1.7)	(5.6)	6.3	(5.0)	N.M.	N.M.	
Total revenue	1,949.9	1,757.5	(9.9)	(1.4)	1,921.3	9.3	5.1	
Operating expenses:								
Brazil	(863.9)	(771.1)	(10.7)	(5.4)	(899.2)	16.6	7.0	
Americas	(726.0)	(676.0)	(6.9)	8.7	(734.6)	8.7	9.5	
EMEA	(233.0)	(232.5)	(0.2)	-	(226.8)	(2.5)	(4.1)	
Other and eliminations ⁽¹⁾	(9.5)	(9.1)	(4.2)	(4.2)	15.0	N.M.	N.M.	
Total operating expenses	(1,832.4)	(1,688.7)	(7.8)	0.6	(1,845.7)	9.3	5.0	
Operating profit/(loss) :								
Brazil	66.5	46.3	(30.4)	(27.3)	55.5	19.9	13.4	
Americas ⁽²⁾	65.8	88.2	34.0	59.5	31.5	(64.3)	(66.3)	
EMEA	(0.3)	(7.4)	N.M.	N.M.	(1.8)	(76.6)	(76.3)	
Other and eliminations ⁽¹⁾	(10.2)	(10.7)	4.9	4.9	7.2	N.M.	N.M.	
Total operating profit	121.8	116.4	(4.4)	7.5	92.4	(20.6)	(25.4)	
Net finance expense :								
Brazil	(25.3)	(40.1)	58.5	68.5	(33.0)	(17.6)	(24.1)	
Americas ⁽²⁾	(8.7)	(31.1)	N.M.	N.M.	(13.2)	(57.5)	(60.0)	
EMEA	(12.3)	(12.3)	-	-	(16.8)	36.9	33.5	
Other and eliminations ⁽¹⁾	(0.1)	(24.3)	N.M.	N.M.	(30.4)	25.1	23.7	
Total net finance expense	(46.4)	(107.8)	132.3	N.M.	(93.5)	(13.3)	(17.8)	
Income tax benefit/(expense):								
Brazil	(14.0)	(3.1)	(77.9)	(77.0)	(8.8)	N.M.	N.M.	
Americas	(20.2)	(15.8)	(21.8)	(11.7)	(9.7)	(38.8)	(39.9)	
EMEA	3.2	4.9	53.1	53.1	5.0	2.7	(0.3)	
Other and eliminations ⁽¹⁾	7.8	8.8	12.8	12.8	0.9	(89.5)	(89.7)	
Total income tax expense	(23.2)	(5.2)	(77.6)	(74.5)	(12.5)	141.0	144.1	
Profit/(loss) from continuing operations:								
Brazil	27.2	3.1	(88.6)	(88.3)	13.7	N.M.	N.M.	
Americas ⁽²⁾	36.9	41.3	11.9	24.8	8.6	(79.2)	(80.7)	
EMEA	(9.4)	(14.9)	58.5	55.2	(13.6)	(9.0)	(9.4)	
Other and eliminations ⁽¹⁾	(2.5)	(26.1)	N.M.	N.M.	(22.2)	(14.8)	(16.6)	
Profit/(loss) from continuing operations	52.2	3.4	(93.5)	(92.8)	(13.6)	N.M.	N.M.	
Loss from discontinued operations	(3.1)	(3.2)	3.2	6.7	-	(100.0)	(100.0)	
Profit/(loss) for the year:								
Brazil	27.2	3.1	(88.6)	(88.3)	13.7	N.M.	N.M.	
Americas ⁽²⁾	36.9	41.3	11.9	24.8	8.6	(79.2)	(80.7)	

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EMEA	(12.5)	(18.1)	44.8	43.7	(13.6)	(24.9)	(26.2)
Other and eliminations ⁽¹⁾	(2.5)	(26.1)	N.M.	N.M.	(22.2)	(14.8)	(16.6)
Profit/(loss) for the year:	49.1	0.2	(99.6)	(99.5)	(13.6)	N.M.	N.M.
Profit/(loss) attributable to:							
Owners of the parent	49.1	0.1	(99.8)	(99.8)	(16.8)	N.M.	N.M.
Non-controlling interest	-	0.1	N.M.	N.M.	3.2	N.M.	N.M.
Other financial data:							
EBITDA ⁽³⁾:							
Brazil	116.5	98.7	(15.3)	(11.4)	112.4	13.9	6.3
Americas ⁽²⁾	104.2	122.0	17.1	37.1	69.1	(43.4)	(45.8)
EMEA	12.1	3.2	(73.6)	(72.9)	7.6	137.0	115.5
Other and eliminations ⁽¹⁾	(9.5)	(10.2)	7.4	8.5	7.8	N.M.	N.M.
Total EBITDA (unaudited)	223.3	213.7	(4.3)	5.4	196.9	(7.9)	(13.0)
Adjusted EBITDA ⁽³⁾:							
Brazil	129.4	121.0	(6.5)	(3.9)	124.7	3.1	(4.1)
Americas	109.1	92.0	(15.7)	(1.5)	83.5	(9.2)	(9.1)
EMEA	18.6	16.3	(12.4)	(10.4)	14.8	(9.3)	(13.4)
Other and eliminations ⁽¹⁾	(7.4)	(7.4)	-	1.4	(2.0)	(72.4)	(71.8)
Total Adjusted EBITDA (unaudited)	249.7	221.9	(11.1)	(3.6)	221.0	(0.4)	(4.7)

(1) Includes activities of the intermediate holding in Spain (Atento Spain Holdco, S.L.U.), Luxembourg holdings, as well as inter-group transactions between segments.

(2) The year ended December 31, 2016 contains the impacts of the CVI termination. The reversal of the principal amount of \$41.7 million was recognized in "Other gains and own work capitalized", the interest reversal of \$19.9 million was recognized in "Finance costs" and the loss of \$35.4 million on the conversion of Argentine pesos to U.S. dollars was recognized in "Net foreign exchange loss".

(3) For reconciliation with IFRS as issued by the IASB, see section "Summary Consolidated Historical Financial Information - Reconciliation of EBITDA and Adjusted EBITDA to profit/(loss)" as above.

(*) Exclude discontinued operations - Morocco.

N.M. means not meaningful

Year Ended December 31, 2016 Compared to Year Ended December 31, 2017

Revenue

Revenue increased by \$163.8 million, or 9.3%, from \$1,757.5 million for the year ended December 31, 2016 to \$1,921.3 million for the year ended December 31, 2017. Excluding the impact of foreign exchange, revenue increased 5.1%.

Revenue was negatively impacted by the recent natural disasters occurred in Mexico and Puerto Rico in September 2017. The impacts related to these events totaled \$11.3 million in the year.

Multisector continued to deliver a sustainable growth, with a revenue increase of \$161.2 million, or 15.9%, from \$1,010.7 million for the year ended December 31, 2016 to \$1,171.9 million for the year ended December 31, 2017. Excluding the impact of foreign exchange, revenue from multisector clients increased 10.9%, supported by gains in all regions.

Revenue from Telefónica increased by \$2.7 million, or 0.4%, from \$746.8 million for the year ended December 31, 2016 to \$749.5 million for the year ended December 31, 2017. Excluding the impact of foreign exchange, revenue from Telefónica clients decreased 3.0%, mainly by the volume reduction in Mexico, Spain, Brazil and Peru.

For the year ended December 31, 2017, revenue from multisector clients was 61.0% of total revenue compared to 57.5% for the year ended December 31, 2016, an increase of 3.5 percentage points.

The following chart sets forth a breakdown of revenue by geographical region for the year ended December 31, 2016 and 2017 and as a percentage of revenue and the percentage change between those periods with and net of foreign exchange effects.

(\$ in millions, except percentage changes)	For the year ended December 31,						Change excluding FX (%)
	2016	(%)	2017	(%)	Change (%)		
Brazil	816.4	46.5	944.8	49.2	15.7	6.3	
Americas	718.9	40.9	758.0	39.5	5.4	6.1	
EMEA (*)	223.9	12.7	223.4	11.6	(0.2)	(1.9)	
Other and eliminations (1)	(1.7)	(0.1)	(5.0)	(0.3)	N.M.	N.M.	
Total	1,757.5	100.0	1,921.3	100.0	9.3	5.1	

(1) Includes holding company level revenues and consolidation adjustments.

Brazil

Revenue in Brazil for the years ended December 31, 2016 and 2017 totaled \$816.4 million and \$944.8 million, respectively, an increase of \$128.4 million, or 15.7%. Excluding the impact of foreign exchange, revenue increased by 6.3%. Excluding the impact of foreign exchange, revenue from Telefónica decreased by 1.9%, due to lower volumes while revenue from multisector clients increased by 10.5%, supported primarily by new client wins.

Americas

Revenue in Americas for the years ended December 31, 2016 and 2017 totaled \$718.9 million and \$758.0 million, respectively, an increase of \$39.1 million, or 5.4%. Excluding the impact of foreign exchange, revenue increased 6.1%. Excluding the impact of foreign exchange, revenue from Telefónica decreased by 1.0%, driven by lower volumes in Mexico and Peru while revenue from multisector clients increased by 12.0%, supported by new client wins in Argentina, Colombia, Chile and U.S. Nearshore business.

EMEA

Revenue in EMEA for the years ended December 31, 2016 and 2017 was \$223.9 million and \$223.4 million, respectively, a decrease of \$0.5 million, or 0.2%. Excluding the impact of foreign exchange, revenue decreased by 1.9%. Excluding the impacts of foreign exchange, revenue from Telefónica decreased by 5.9%, due to lower volumes in Spain, while revenue from multisector clients increased by 5.4%, supported by new service wins.

Other operating income

Other operating income increased from \$5.8 million for the year ended December 31, 2016 to \$16.4 million for the year ended December 31, 2017, or by \$10.6 million, mainly due to an extraordinary revenue related to a sale and leaseback operation of IT equipment's in Brazil. This amount off-set the amounts of the write-off from the assets, registered in other operating expenses, and it represents no impact to the EBITDA.

Other gains and own work capitalized

Other gains and own work capitalized decreased \$41.4 million, from \$41.8 million for the year ended December 31, 2016 to \$0.4 million for the year ended December 31, 2017, related to the principal amount of the CVI that was terminated on November 8, 2016.

Total operating expenses

Total operating expenses increased by \$157.0 million, or 9.3%, from \$1,688.7 million for the year ended December 31, 2016 to \$1,845.7 million for the year ended December 31, 2017. Excluding the impact of foreign exchange, operating expenses increased by 5.0%, mainly in Brazil (set up costs incurred to implement operations for recently acquired new clients and costs from recent acquisitions), Argentina (higher inflation), Colombia and U.S. Nearshore business (higher volumes). As a percentage of revenue, operating expenses represented 96.1% for the years ended December 31, 2016 and 2017, respectively.

Supplies : Supplies expenses increased by \$9.3 million, or 14.2%, from \$65.6 million for the year ended December 31, 2016 to \$74.9 million for the year ended December 31, 2017. Excluding the impact of foreign exchange, supplies expenses increased by 10.1%, mainly due to higher set up costs to implement operations from recent acquired clients in Brazil. As a percentage of revenue, supplies represented 3.7% and 3.9% for the years ended December 31, 2016 and 2017, respectively.

Employee benefit expenses: Employee benefit expenses increased by \$119.2 million, or 9.1%, from \$1,309.9 million for the year ended December 31, 2016 to \$1,429.1 million for the year ended December 31, 2017. Excluding the impact of foreign exchange, employee benefit expenses increased by 5.0%, mainly in Brazil (higher labor contingencies, set up costs for new clients and higher labor expenses as per new collective agreement recently signed) and Americas (higher inflation in Argentina). As a percentage of revenue, employee benefit expenses represented 74.5% and 74.4% for the years ended December 31, 2016 and 2017, respectively.

Depreciation and amortization: Depreciation and amortization expenses increased by \$7.1 million, or 7.3%, from \$97.3 million for the year ended December 31, 2016 to \$104.4 million for the year ended December 31, 2017. Excluding the impact of foreign exchange, depreciation and amortization expense increased by 2.1%, impacted by the write-off of fixed assets in Mexico and Puerto Rico as a consequence of recent natural disasters in third quarter of 2017. Excluding this effect, depreciation and amortization was slightly lower than last year (-0.3%).

Changes in trade provisions: Changes in trade provisions changed by \$1.3 million, from an expense of \$1.9 million for the year ended December 31, 2016 to an expense of \$0.6 million for the year ended December 31, 2017.

Other operating expenses: Other operating expenses increased by \$22.6 million, or 10.6%, from \$214.0 million for the year ended December 31, 2016 to \$236.6 million for the year ended December 31, 2017. Excluding the impact of foreign exchange, other operating expenses increased by 5.3%, mainly in Brazil (set up costs for new clients and costs from recent acquisitions) and Americas (higher inflation in Argentina). As a percentage of revenue, other operating expenses were 12.2% and 12.3% for the years ended December 31, 2016 and 2017, respectively.

Brazil

Total operating expenses in Brazil increased by \$128.1 million, or 16.6%, from \$771.1 million for the year ended December 31, 2016 to \$899.2 million for the year ended December 31, 2017. Excluding the impact of foreign exchange, operating expenses in Brazil increased by 7.0%, impacted by set up costs for new clients, costs from recent acquisitions and higher labor contingencies. Operating expenses as a percentage of revenue increased from 94.5% to 95.2% for the years ended December 31, 2016 and 2017, respectively.

Americas

Total operating expenses in Americas increased by \$58.6 million, or 8.7%, from \$676.0 million for the year ended December 31, 2016 to \$734.6 million for the year ended December 31, 2017. Excluding the impact of foreign exchange, operating expenses in Americas increased by 9.5%. Operating expenses as a percentage of revenue increased from 94.0% to 96.9% for the years ended December 31, 2016 and 2017, respectively. This increase was mainly caused by the impact of higher inflation in Argentina, increase in variable costs due to volume increase in Argentina, Colombia, Chile and U.S. Nearshore business and provisions made in September 2017 related to the costs expected to recover part of operations in Mexico and Puerto Rico affected by the recent natural disasters.

EMEA

Total operating expenses in EMEA decreased by \$5.8 million, or 2.5%, from \$232.6 million for the year ended December 31, 2016 to \$226.8 million for the year ended December 31, 2017. Excluding the impact of foreign exchange, operating expenses in EMEA decreased by 4.1%. Operating expenses as a percentage of revenue decreased from 103.9% to 101.5% for the years ended December 31, 2016 and 2017, respectively, mainly as an impact of the cost initiatives in fixed costs recently implemented.

Operating profit

Operating profit decreased by \$24.0 million, from \$116.4 million for the year ended December 31, 2016 to \$92.4 million for the year ended December 31, 2017. Excluding the impact of foreign exchange, operating profit decreased 25.4%. Operating profit margin decreased from 6.6% for the year ended December 31, 2016 to 4.8% for the year ended December 31, 2017.

Brazil

Operating profit in Brazil increased by \$9.2 million, from \$46.3 million for the year ended December 31, 2016 to \$55.5 million for the year ended December 31, 2017. Excluding the impact of foreign exchange, operating profit increased by 13.4%. Operating profit margin in Brazil increased from 5.7% for year ended December 31, 2016 to 5.9% for the year ended December 31, 2017.

Americas

Operating profit in Americas decreased by \$56.7 million, from \$88.2 million for the year ended December 31, 2016 to \$31.5 million for the year ended December 31, 2017. Excluding the impact of foreign exchange, operating profit decreased by 66.3%. Operating profit margin in Americas decreased from 12.3% for the year ended December 31, 2016 to 3.9% for the year ended December 31, 2017. Decline in operating profit was mainly explained by the CVI termination positive impact of \$41.7 million which was recognized in "Other gains" in 2016 and negative impacts of lower results in Mexico in 2017.

EMEA

Operating profit in EMEA changed by \$5.7 million, from a loss of \$7.5 million for the year ended December 31, 2016 to a loss of \$1.8 million for the year ended December 31, 2017. Operating profit margin improved from negative margin of 3.3% in 2016 to a negative margin of 0.8% in 2017. This increase is mainly related to lower fixed costs as a result of the implementation of cost saving initiatives.

Finance income

Finance income was \$7.9 million for the year ended December 31, 2017 compared to \$7.2 million for the year ended December 31, 2016. Excluding the impact of foreign exchange, finance income increased by 2.5% during the year ended December 31, 2017.

Finance costs

Finance costs increased by \$18.9 million, or 32.0%, from \$59.2 million for the year ended December 31, 2016 to \$78.1 million for the year ended December 31, 2017. Excluding the impact of foreign exchange, finance costs increased by 28.1% during the year ended December 31, 2017. The increase in finance costs was mainly due to one-off expenses related to the refinance process during August 2017, \$4.2 million of refinance costs and also due to an one-off gain occurred during 2016 related to CVI elimination. Excluding these effects, finance costs decreased \$18.8 million in the year ended December 31, 2017.

Changes in fair value of financial instruments

Changes in fair value of financial instruments changed by \$0.5 million, from a gain of \$0.7 million for the year ended December 31, 2016 to a gain of \$0.2 million for the year ended December 31, 2017.

Net foreign exchange gain/(loss)

Net foreign exchange gain/(loss) changed by \$33.1 million, from a loss of \$56.5 million for the year ended December 31, 2016 to a loss of \$23.4 million for the year ended December 31, 2017. This change is mainly related to an one-off negative impact during 2016 due to CVI elimination.

Income tax expense

Income tax expense for the years ended December 31, 2016 and 2017 totaled \$5.2 million and \$12.5 million, respectively. The increase in tax expenses was mainly attributed to: (i) the recognition of non-deductible expenses mainly in Mexico, Peru and Colombia, (ii) the contribution of losses in the holdings companies.

Profit/(loss) for the period

Profit/(loss) for the years ended December 31, 2016 and 2017 was a profit of \$0.2 million and a loss of \$13.6 million, respectively, as a result of the items disclosed above.

EBITDA and Adjusted EBITDA

EBITDA decreased by \$16.8 million, or 7.9%, from \$213.7 million for the year ended December 31, 2016 to \$196.9 million for the year ended December 31, 2017. For the same period, Adjusted EBITDA decreased by \$0.9 million, or 0.4% from \$221.9 million for the year ended December 31, 2016 to \$221.0 million for the year ended December 31, 2017. The difference between EBITDA and Adjusted EBITDA is due to the exclusion of items that were not related to our core results of operations. Our Adjusted EBITDA is defined as EBITDA adjusted to exclude the, restructuring costs, site relocation costs, asset impairments and other items which are not related to our core results of operations. See “Summary Consolidated Historical Financial Information” for a reconciliation of EBITDA and Adjusted EBITDA to profit/(loss).

Excluding the impact of foreign exchange, EBITDA decreased by 13.0% and Adjusted EBITDA decreased by 4.7%, mainly driven by pressure in costs/margins across the regions

Adjusted EBITDA was impacted by the recent natural disasters occurred in Mexico and Puerto Rico and by the CVI termination. The impacts related to these events in the fourth quarter of 2017 totalized a loss of \$0.9 million and a gain of \$41.7 million in 2016, respectively.

Brazil

EBITDA in Brazil increased by \$13.7 million, or 13.9%, from \$98.7 million for the year ended December 31, 2016 to \$112.4 million for the year ended December 31, 2017. For the same period, Adjusted EBITDA increased by \$3.7 million, or 3.1%, from \$121.0 million to \$124.7 million. Excluding the impact of foreign exchange, EBITDA increased by \$6.7 million, or 6.3%, and Adjusted EBITDA decreased by \$5.3 million, or 4.1%.

Americas

EBITDA in Americas decreased by \$52.9 million, or 43.4%, from \$122.0 million for the year ended December 31, 2016 to \$69.1 million for the year ended December 31, 2017. For the same period, Adjusted EBITDA decreased by \$8.5 million, or 9.2%, from \$92.0 million to \$83.5 million.

Excluding the impact of foreign exchange, EBITDA decreased during this period by \$58.4 million, or 45.8%, and Adjusted EBITDA decreased \$8.4 million, or 9.1%, respectively.

The decrease in EBITDA and Adjusted EBITDA is mainly driven by declines in volume from Mexico.

EMEA

EBITDA in EMEA improved by \$4.4 million, from \$3.2 million for the year ended December 31, 2016 to \$7.6 million for the year ended December 31, 2017. For the same period, Adjusted EBITDA decreased by \$1.5 million, or 9.3%, from \$16.3 million to \$14.8 million.

Excluding the impact of foreign exchange, EBITDA increased during this period by \$4.1 million, while Adjusted EBITDA decreased by \$2.3 million, or 13.4%, respectively.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2016

Revenue

Revenue decreased by \$192.4 million, or 9.9%, from \$1,949.9 million for the year ended December 31, 2015 to \$1,757.5 million for the year ended December 31, 2016. Excluding the impact of foreign exchange, revenue decreased 1.4% driven primarily by the reduction in volume from Telefónica, particularly in Brazil and Spain. This impact was partially offset by the positive performance from multisector clients, mainly in the Americas region.

Revenue from Telefónica, excluding the impact of foreign exchange, decreased 7.8% driven by volume declines in Brazil and Spain. Revenue from multisector clients increased 3.8%, led by 10.9% growth in the Americas which was partially offset by declines in Brazil and in Mexico.

Consistent with our strategy to diversify our revenue base, for the year ended December 31, 2016, revenue from multisector clients totaled 57.8% of total revenue, an increase of 3.2 percentage points over the prior year.

The following chart sets forth a breakdown of revenue based on geographical region for the years ended December 31, 2015 and 2016 and as a percentage of revenue the percentage change between those periods and the change net of foreign exchange effects.

(\$ in millions, except percentage changes)	For the year ended December 31,						Change excluding FX (%)
	2015	(%)	2016	(%)	Change (%)		
Brazil	930.2	47.7	816.4	46.5	(12.2)	(7.0)	
Americas	789.8	40.5	718.9	40.9	(9.0)	6.5	
EMEA (*)	231.7	11.9	223.9	12.7	(3.4)	(3.1)	
Other and eliminations (1)	(1.8)	(0.1)	(1.7)	(0.1)	(5.6)	6.3	
Total	1,949.9	100.0	1,757.5	100.0	(9.9)	(1.4)	

(*) Exclude discontinued operations - Morocco.

(1) Includes holding company level revenues and consolidation adjustments.

Brazil

Revenue in Brazil for the years ended December 31, 2015 and 2016 was \$930.2 million and \$816.4 million, respectively. Revenue decreased \$113.8 million, or 12.2%. Excluding the impact of foreign exchange, revenue decreased 7.0%, with Telefónica decreasing 17.4%, while multisector clients declined 0.8%. Growth from our acquisition of RBrasil in the third quarter of 2016 and gains with new clients were more than offset by macro driven declines in Telefónica and our financial services clients.

Americas

Revenue in the Americas for the years ended December 31, 2015 and 2016 was \$789.8 million and \$718.9 million, respectively. Revenue decreased by \$70.9 million, or 9.0%. Excluding the impact of foreign exchange, revenue increased by 6.5%. Excluding the impact of foreign exchange, revenue from Telefónica increased 1.5% led by new services in Argentina and Peru, while revenue from multisector clients increased 10.9%, supported by broad-based growth in most markets with new and existing clients, particularly in Argentina, Chile, Peru, Colombia, Central America and our U.S. Nearshore business.

EMEA

Revenue in EMEA for the years ended December 31, 2015 and 2016 was \$231.7 million and \$223.9 million, respectively. Revenue decreased by \$7.8 million, or 3.4%. Excluding the impact foreign exchange, revenue decreased by 3.1%. Revenue from Telefónica declined 6.5% driven by macro related pressure in Spain. Revenue from multisector clients increased 3.7%. Despite the significant volume reduction in some contracts with Public Administration, new business wins from private sectors in 2015 and 2016, compensated that negative impact.

Other operating income

Other operating income increased by \$1.5 million, from \$4.3 million for the year ended December 31, 2015 to \$5.8 million for the December 31, 2016.

Other gains

Other gains increased \$41.7 million related to the principal amount of the CVI that was terminated on November 8, 2016.

Total operating expenses

Total operating expenses decreased by \$143.7 million, or 7.8%, from \$1,832.4 million for the year ended December 31, 2015 to \$1,688.7 million for the year ended December 31, 2016. This decrease was mainly due to foreign exchange. Excluding the impact of foreign exchange, operating expenses increased by 0.6%. As a percentage of revenue, operating expenses constituted 94.0% and 96.1% for the years ended December 31, 2015 and 2016, respectively. These changes were due to the following items:

Supplies : Supplies decreased by \$12.0 million, or 15.5%, from \$77.6 million for the year ended December 31, 2015 to \$65.6 million for the year ended December 31, 2016. Excluding the impact of foreign exchange, supplies expense decreased by 7.0%, mainly due to reductions in Brazil. As a percentage of revenue, supplies constituted 4.0% and 3.7% for the years ended December 31, 2015 and 2016, respectively.

Employee benefit expenses: Employee benefit expenses decreased by \$100.6 million, or 7.1%, from \$1,410.5 million for the year ended December 31, 2015 to \$1,309.9 million for the year ended December 31, 2016. Excluding the impact of foreign exchange, employee benefit expenses increased by 1.7%. As a percentage of revenue, employee benefits expenses constituted 72.3% and 74.5% for the years ended December 31, 2015 and 2016, respectively. This increase in the percentage of revenue is due to the negative impact of high inflation in countries like Brazil, Mexico and Colombia, and non-recurring restructuring costs primarily in Brazil, Spain and Argentina to align the labor force with new volumes levels.

Depreciation and amortization: Depreciation and amortization expense decreased by \$4.2 million, or 4.1%, from \$101.5 million for the year ended December 31, 2015 to \$97.3 million for the year ended December 31, 2016. Excluding the impact of foreign exchange, depreciation and amortization expenses increased by 3.0%, mainly due to the enhanced technology platform supporting higher value added services.

Changes in trade provisions: Changes in trade provisions changed from an expense of \$1.3 million for the year ended December 31, 2015 to an expense of \$1.9 million for the year ended December 31, 2016. As a percentage of revenue, changes in trade provisions constituted 0.1% for the years ended December 31, 2015 and 2016.

Other operating expenses: Other operating expenses decreased by \$27.5 million, or 11.4%, from \$241.5 million for the year ended December 31, 2015 to \$214.0 million for the year ended December 31, 2016. Excluding the impact of foreign exchange, other operating expenses decreased by 4.8%, mainly driven by Brazil. As a percentage of revenue, other operating expenses decreased from 12.4% in 2015 to 12.2% in 2016.

Brazil

Total operating expenses in Brazil decreased by \$92.8 million, or 10.7%, from \$863.9 million for the year ended December 31, 2015 to \$771.1 million for the year ended December 31, 2016. Excluding the impact of foreign exchange, operating expenses in Brazil decreased by 5.4%, as a result of cost reduction initiatives through the year. As a percentage of revenue, operating expenses increased from 92.9% in 2015 to 94.5% in 2016.

Americas

Total operating expenses in the Americas decreased by \$50.0 million, or 6.9%, from \$726.0 million for the year ended December 31, 2015 to \$676.0 million for the year ended December 31, 2016. Excluding the impact of foreign exchange, operating expenses in the Americas increased by 8.7%. This increase was primarily due to the impact of high inflation in countries like Argentina and Colombia and to non-recurring restructuring costs to adapt to lower volumes. As a percentage of revenue operating expenses increased from 91.9% in 2015 to 94.0% in 2016.

EMEA

Total operating expenses in EMEA decreased by \$0.4 million, or 0.2%, from \$233.0 million for the year ended December 31, 2015 to \$232.5 million for the year ended December 31, 2016. Excluding the impact of foreign exchange, operating expenses in EMEA remained at the same level as last year. As a percentage of revenue, operating expenses increased from 100.6% in 2015 to 103.8% in 2016. This increase as percentage of revenue was mainly due to non-recurring costs related to the divestment of Morocco that took place in September 2016 and to restructuring costs to adapt the structure to lower volumes, mainly from Telefónica.

Operating profit

Operating profit decreased by \$5.4 million, or 4.4%, from \$121.8 million for the year ended December 31, 2015 to \$116.4 million for the year ended December 31, 2016. Excluding the impact of foreign exchange, operating profit increased by 7.5%. Operating profit margin increased from 6.2% for the year ended December 31, 2015 to 6.6% for the year ended December 31, 2016. This increase in profit and margin was driven by the positive impact of the CVI termination that happened in 2016 in Argentina. Excluding the positive impact of CVI termination in amount of \$41.7 million, operating profit decreased \$47.1 million, or 38.7%, from \$121.8 million for the year ended December 31, 2015 to \$74.7 million in 2016 and for the same time, operating profit margin decreased from 6.2% to 4.3%. This negative results in operating profit and operating profit margin is caused by the reduction in volume from some significant costumers, mainly Telefónica, and the difference in timing between the revenue reduction and the effects of the cost initiatives that have been implemented.

Brazil

Operating profit in Brazil decreased by \$20.2 million, or 30.4%, from \$66.5 million for the year ended December 31, 2015 to \$46.3 million for the year ended December 31, 2016. Excluding the impact of foreign exchange, operating profit decreased by 27.3%. Operating profit margin decreased from 7.1% for the year ended December 31, 2015 to 5.7% for the year ended December 31, 2016, affected by the reduction in volume from Telefónica.

Americas

Operating profit in the Americas increased by \$22.4 million, or 34.0%, from \$65.8 million for the year ended December 31, 2015 to \$88.2 million for the year ended December 31, 2016. Excluding the impact of foreign exchange, operating profit in the Americas increased by 59.5% in 2016. Operating profit margin increased from 8.3% to 12.3% for the years ended December 31, 2015 and 2016, respectively. The growth in operating profit and margin was driven by the positive \$41.7 million impact of the CVI termination. Excluding this impact, operating profit decreased \$19.3 million, or 29.3%, from \$65.8 million for the year ended December 31, 2015 to \$46.5 million in 2016 and operating profit margin decreased from 8.3% to 6.5%, as a result of lower volume, mainly from Telefónica, and the difference in timing between the revenue reduction and the effects of the cost initiatives that have been implemented.

EMEA

Operating profit in EMEA decreased by \$7.2 million, from a loss of \$0.3 million for the year ended December 31, 2015 to a loss of \$7.5 million for the year ended December 31, 2016. Excluding the impact of foreign exchange, operating profit in EMEA decreased by \$7.0 million in 2016, driven by lower volumes in Telefónica and some Public Sector clients.

Finance income

Finance income decreased by \$8.3 million, from \$15.5 million for the year ended December 31, 2015 to \$7.2 million for the year ended December 31, 2016. Excluding the impact of foreign exchange, finance income decreased by 49.7%. The decrease in finance income was mainly due to a one-off payroll tax credit in Brazil in 2016.

Finance costs

Finance costs decreased by \$16.3 million, or 21.6%, from \$75.5 million for the year ended December 31, 2015 to \$59.2 million for the year ended December 31, 2016. Excluding the impact of foreign exchange, finance costs decreased by 17.3%. The decrease in finance costs was driven by a \$19.9 million reversal of finance costs in 2016 related to the CVI termination.

Changes in fair value of financial instruments

Changes in fair value of financial instruments decreased by \$16.8 million, or 96.0%, from an income of \$17.5 million for the year ended December 31, 2015 to an income of \$0.7 million for the year ended December 31, 2016. This decrease is mainly related to the overlap in 2016 of the implementation of hedge accounting in April 1, 2015 which drove the recognition of cumulative fair value gains of financial instruments in first quarter of 2015.

Net foreign exchange loss

Net foreign exchange loss changed by \$52.6 million, from \$3.9 million for the year ended December 31, 2015 to \$56.5 million for the year ended December 31, 2016. This loss was mainly due to the impact of foreign exchange variation on the CVI from Argentine pesos to U.S. dollars in amount of \$35.4 million.

Income tax expense

Income tax expense for the years ended December 31, 2015 and 2016 was \$23.2 million and \$5.2 million, respectively, a decline of \$18.0 million. This decline was due to lower profit before income tax in 2016 and due to the non-deductible costs/expenses recognized mainly in Mexico, Colombia and Brazil. The aggregated effective tax rate for the year ended 2016 is 60.8%. The aggregated effective tax rate for the year ended December 31, 2016 is distorted because of the contribution of losses in the holding companies to our profit before income tax. The tax expense for the year ended December 31, 2016 is derived from the profitable subsidiaries which paid income taxes at the individual level. Excluding the holding companies, the aggregated effective tax rate for the year ended December 31, 2016 is 51.3%. Higher tax expenses are primarily attributed to non-deductible expenses mainly in Colombia, Mexico and Brazil and due to the reversion of the deferred tax asset in Brazil.

Profit for the year

Profit for the years ended December 31, 2015 and 2016 was \$49.1 million and \$0.2 million, respectively, as result of the factors discussed above.

EBITDA and Adjusted EBITDA

EBITDA decreased by \$9.6 million, or 4.3%, from \$223.3 million for the year ended December 31, 2015 to \$213.7 million for the year ended December 31, 2016. Adjusted EBITDA decreased by \$27.8 million, or 11.1%, from \$249.7 million for the year ended December 31, 2015 to \$221.9 million for the year ended December 31, 2016. The difference between EBITDA and Adjusted EBITDA was due to the exclusion of items that were not related to our core results of operations. Our Adjusted EBITDA is defined as EBITDA adjusted to exclude the acquisition and integration related costs, restructuring costs, sponsor management fees, asset impairments, site relocation costs, financing fees and other items which are not related to our core results of operations. See “Summary Consolidated Historical Financial Information” for a reconciliation of EBITDA and Adjusted EBITDA to profit/(loss).

Excluding the impact of foreign exchange, EBITDA increased by 5.4% and Adjusted EBITDA decreased by 3.6% impacted by the decrease in Telefónica revenues in Argentina, Brazil, Mexico and Spain, partially compensated by the good performance from multisector clients and lower fixed and variable costs. In addition to that, EBITDA was positively impacted by the CVI termination of \$41.7 million, which was partially offset by non-recurring costs of \$42.5 million, mostly related to restructuring and site relocation costs.

Excluding the positive impact of the CVI termination, EBITDA decreased \$51.3 million, or 23.0%, from \$223.3 million for the year ended December 31, 2015 to \$172.0 million in 2016.

Brazil

EBITDA in Brazil decreased by \$17.8 million, or 15.3%, from \$116.5 million for the year ended December 31, 2015 to \$98.7 million for the year ended December 31, 2016. Adjusted EBITDA decreased by \$8.4 million, or 6.5%, from \$129.4 million for the year ended December 31, 2015 to \$121.0 million for the year ended December 31, 2016. Excluding the impact of foreign exchange, EBITDA and Adjusted EBITDA decreased by 11.4% and 3.9%, respectively. The difference between EBITDA and Adjusted EBITDA relates to the exclusion of non-recurring costs. During the year ended December 31, 2016 non-recurring costs were impacted by labor force optimization and our site relocation program. EBITDA and Adjusted EBITDA were impacted by lower activity in the Brazilian market in all client segments, mainly Telefónica. The decline was partially offset by operating efficiencies achieved from our margin transformational programs.

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EBITDA in the Americas increased by \$17.8 million, or 17.1%, from \$104.2 million for the year ended December 31, 2015 to \$122.0 million for the year ended December 31, 2016. Adjusted EBITDA decreased by \$17.1 million, or 15.7%, from \$109.1 million for the year ended December 31, 2015 to \$92.0 million for the year ended December 31, 2016. Excluding the impact of foreign exchange, EBITDA increased by 37.1%, while Adjusted EBITDA decreased by 1.5%.

Excluding the positive impact of the CVI termination in amount of \$41.7 million, EBITDA decreased \$23.9 million, or 22.9%, from \$104.2 million for the year ended December 31, 2015 to \$80.3 million in 2016.

EMEA

EBITDA in EMEA decreased by \$8.9 million, or 73.6%, from \$12.1 million for year ended December 31, 2015 to \$3.2 million for the year ended December 31, 2016. Adjusted EBITDA decreased by \$2.3 million, or 12.4%, from \$18.6 million for the year ended December 31, 2015 to \$16.3 million for the year ended December 31, 2016. Excluding the impact of foreign exchange, EBITDA decreased \$8.6 million and Adjusted EBITDA decreased \$1.9 million, mainly due to lower revenues from Telefónica.

B. Liquidity and Capital Resources

We fund our ongoing capital and working capital requirements through a combination of cash flow from operations and financing activities. Based on our current and anticipated levels of operations and conditions in our markets and industry, we believe that our cash on hand and cash flow from our operating, investing and financing activities, including funds available under the Revolving Credit Facility, will enable us to meet our working capital, capital expenditure, debt service and other funding requirements for the foreseeable future. We have ample liquidity: as of December 31, 2017, the total amount of credit available to us was \$104.2 million under our Revolving Credit Facility, of which remains \$99.2 million undrawn as of December 31, 2017. In addition, we had cash and cash equivalents of \$141.8 million.

Our ability to fund our working capital needs, debt payments and other obligations, and to comply with the financial covenants under our debt agreements, depends on our future operating performance and cash flow, which are subject to prevailing economic conditions, and other factors, many of which are beyond our control. Any future acquisitions, joint ventures or other similar transactions will likely require additional capital and such capital may not be available to us on acceptable terms, if at all.

As of December 31, 2017, our outstanding debt was \$486.3 million, which includes \$398.3 million of our 6.125% Senior Secured Notes due 2022, \$21.1 million of Brazilian Debentures, \$50.4 million of financing provided by BNDES, \$10.5 million of finance lease payables and \$6.0 million of other bank borrowings.

For the year ended December 31, 2017, our cash flow from operating activities was \$114.5 million, which includes interest paid of \$76.5 million. Our cash flow from operating activities, before giving effect to the payment of interest, was \$191.0 million.

Cash Flows

As of December 31, 2017, we had cash and cash equivalents of \$141.8 million. We believe that our current cash flow used in operating activities and financing arrangements will provide us with sufficient liquidity to meet our working capital needs.

(\$ in millions)	For the year ended December 31,		
	2014	2016	2017
Cash flows from operating activities	37.0	141.9	114.5
Cash flows used in investing activities	(67.2)	(75.1)	(90.9)
Cash flows from/(used in) financing activities	36.6	(62.7)	(84.3)
Net increase/(decrease) in cash and cash equivalents	6.4	4.2	(60.8)
Effect of changes in exchange rates	(33.8)	5.8	8.6

Cash Flows from Operating Activities

Year Ended December 31, 2016 Compared to Year Ended December 31, 2017

Cash flows from operating activities was \$114.5 million for the year ended December 31, 2017 compared to \$141.9 million for the year ended December 31, 2016. The decrease in cash from operating activities is mainly due to one-off impacts during 2016 in connection with MSA renegotiation, including a decrease on Telefónica DSO.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Cash flows from operating activities was \$141.9 million for the year ended December 31, 2016 compared to \$37.0 million for the year ended December 31, 2015. The increase in cash from operating activities resulted from favorable changes in working capital as a result of lower DSO (Day Sales Outstanding).

Cash Flows used in Investing Activities

Year Ended December 31, 2016 Compared to Year Ended December 31, 2017

Cash flows used in investing activities was \$90.9 million for the year ended December 31, 2017 compared to cash used in investment activities of \$75.1 million for the year ended December 31, 2016. The increase is mainly driven by the acquisition of Interfile in June 2017.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Cash flows used in investing activities was \$75.1 million for the year ended December 31, 2016 compared to \$67.2 million for the year ended December 31, 2015. Cash flows used in investing activities for the year ended December 31, 2016 mainly include payments for capital expenditure of \$69.9 million.

Cash Flows from/(used in) Financing Activities

Year Ended December 31, 2016 Compared to Year Ended December 31, 2017

For the year ended December 31, 2017 cash used in financing activities was \$84.3 million compared to cash used in financing activities of \$62.7 million for the same period in the prior year. In August 2017, with the debt refinance process, we issued \$400.0 million of new Senior Secured Notes and prepaid \$300.0 million of 2020 Senior Secured Notes and \$129.5 million of Brazilian Debentures. Additionally, during 2017, there were also \$22.2 million of BNDES contractual amortization and \$33.1 million of Brazilian Debentures prepayment. Also, in November 2017, occurred dividend payment of \$25.0 million.

Year ended December 31, 2016 Compared to Year ended December 31, 2015

Cash used in financing activities was \$62.7 million for the year ended December 31, 2016 compared to cash from financing activities of \$36.6 million for the year ended December 31, 2015. Cash used in financing activities during 2016 was mainly attributable to BNDES contractual amortization and Debentures amortization, including an accelerated payment of BRL100.0 million (equivalent to \$30.7 million).

Financing Arrangements

Certain of our debt agreements contain financial ratios as instruments to monitor the Company's financial condition and as preconditions to certain transactions (e.g. the incurrence of new debt, permitted payments). The following is a brief description of the financial ratios.

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1. Gross Leverage Ratio (applies to Atento S.A.) – measures the level of gross debt to EBITDA, as defined in the debt agreements. The contractual ratio indicates that the gross debt should not surpass 2.8 times the EBITDA for the last twelve months. As of December 31, 2017, the current ratio was 2.2 times.
2. Fixed Charge Coverage Ratio (applies to Atento S.A.) – measures the Company’s ability to pay interest expenses and dividends (fixed charges) in relation to EBITDA, as described in the debt agreements. The contractual ratio indicates that the EBITDA for the last twelve months should represent at least 2 times the fixed charge of the same period. As of December 31, 2017, the current ratio was 3.0 times.
3. Net Debt Brazilian Leverage Ratio (applies only to Brazil) – measures the level of net debt (gross debt, less cash and cash equivalents) to EBITDA – each as defined in debt agreements. The contractual ratio indicates that Brazil net debt should not surpass 2.0 times the Brazilian EBITDA. As of December 31, 2017, the current ratio was 0.4 times. This is the only ratio considered as a financial covenant.

The Company regularly monitors all financial ratios under the debt agreements. As of December 31, 2017, we were in compliance with the terms of our covenants.

Description	Currency	Maturity	Interest rate	As of December 31, 2017	
					(\$ in millions)
Senior Secured Notes	USD	2022	6.125%		398.3
Brazilian Debentures	BRL	2023	CDI+3.75%		21.1
BNDES	BRL	2020	Tranche A: TJLP + 2.5%		50.4
			Tranche B: SELIC + 2.5%		
			Tranche C: 4%		
			Tranche D: 6%		
			Tranche E: TJLP		
Finance Lease Payables	BRL, COP, USD	2019	8.0%-12.6%		10.5
Other Borrowings	MXN	2018	11.1%		6.0
Total Debt					486.3

Senior Secured Notes

On January 29, 2013, Atento Luxco 1 S.A. issued \$300.0 million U.S. dollars aggregate principal amount of Senior Secured Notes that would mature on January 29, 2020. The 2020 Senior Secured Notes were senior secured obligations of Atento Luxco 1 and were guaranteed on a senior secured first-priority basis by Atento Luxco 1 and certain of its subsidiaries excluding Argentina and Brazil subsidiaries. The Senior Secured Notes were also guaranteed on an unsecured basis by Atento S.A. and Midco.

On August 19, 2017, in connection with the offering described below, Atento Luxco 1 redeemed all of the outstanding amount of the 2020 Senior Secured Notes. The notes were called at a premium over face value of 103.688% per note, resulting in a total call cost of \$11.1 million recorded in finance costs in August 2017, along with the remaining balance of the 2020 Senior Secured Notes issuance amortized cost of \$4.9 million U.S. dollars.

On August 10, 2017, Atento Luxco 1 S.A., issued \$400.0 million U.S. dollars aggregate principal amount of 6.125% Senior Secured Notes due 2022 in a private placement transaction. The notes are due on August 2022. The 2022 Senior Secured Notes are guaranteed on a senior secured basis by certain of Atento’s wholly-owned subsidiaries. The issuance costs of \$12.0 million U.S. dollars related to this new issuance are recorded at amortized cost using effective interest method.

The terms of the Indenture, among other things, limit, in certain circumstances, the ability of Atento Luxco 1 and its restricted subsidiaries to: incur certain additional indebtedness; make certain dividends, distributions, investments and other restricted payments; sell the property or assets to another person; incur additional liens; guarantee additional debt; and enter into transaction with affiliates. As of December 31, 2017, we were in compliance with these covenants. The outstanding amount on December 31, 2017 is \$398.3 million.

Revolving Credit Facility

On January 28, 2013, Atento Luxco 1 entered into a Super Senior Revolving Credit Facility (the “Revolving Credit Facility”), which provides borrowings capacity of up to 50.0 million Euro (equivalent to \$60.0 million as of December 31, 2017). The Revolving Credit Facility allowed borrowings in Euros, Mexican Pesos and U.S. dollars and includes borrowings capacity for letters of credit and ancillary facilities (including an overdraft, guarantee, stand-by letter of credit, short-term loan facility). This facility would mature on July 2019. In connection with the Refinancing process, this Revolving Credit Facility was ended on August 10, 2017.

On April 25, 2017, Atento Brasil S.A. entered into a bank credit certificate (cédula de crédito bancário) with Banco Santander (Brasil) S.A. in an aggregate principal amount of up to BRL80.0 million (the “2017 Santander Bank Credit Certificate”), equivalent to approximately \$24.2 million as of December 31, 2017. The interest rate of the 2017 Santander Bank Credit Certificate equals to the average daily rate of the one day “over extra-group” – DI – Interfinancial Deposits (as such rate is disclosed by CETIP in the daily release available on its web page), plus a spread of 2.70% per annum. The 2017 Santander Bank Credit Certificate matured on July 25, 2017 and was extended until March 1, 2018 and the aggregate principal amount was modified to 75.0 million Brazilian Reais. As of December 31, 2017, there was no outstanding balance under the 2017 Santander Bank Credit Certificate.

On May 26, 2017, Atento Brasil S.A. entered into an agreement with Banco ABC Brasil for an amount of \$12.2 million maturing on November 26, 2017 with an annual interest rate of 3.52%. In connection with the loan, Atento Brasil S.A. entered into a SWAP agreement through which it receives fixed interest rates in U.S. dollars, in the same amount of the loan agreement, and pays variable interest rate at a rate per annum equal to the average daily rate of the one day “over extragroup” – DI – Interfinancial Deposits (as such rate is disclosed by CETIP in the daily release available on its web page), plus a spread of 3.45% over 40.0 million Brazilian Reais. As of December 31, 2017, there was no outstanding balance with Banco ABC Brasil.

On June 7, 2017, Atento Brasil S.A. entered into a bank credit certificate (cédula de crédito bancário) with Banco Bradesco S.A. in an aggregate principal amount of up to 25.0 million Brazilian Reais (the “2017 Bradesco Bank Credit Certificate”), equivalent to approximately \$7.6 million as of December 31, 2017. The interest rate of the 2017 Bradesco Bank Credit Certificate equals to the average daily rate of the one day “over extra-group” – DI – Interfinancial Deposits (as such rate is disclosed by CETIP in the daily release available on its web page), plus a spread of 3.29% per annum. The 2017 Bradesco Bank Credit Certificate matured on October 5, 2017. As of December 31, 2017, no amounts were released under the 2017 Bradesco Bank Credit Certificate.

On August 10, 2017, Atento Luxco 1 S.A. entered into a new Super Senior Revolving Credit Facility (the “Super Senior Revolving Credit Facility”) which provides borrowings capacity of up to \$50.0 million and will mature on February 10, 2022. Banco Bilbao Vizcaya Argentaria, S.A., as the agent, the Collateral Agent and BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer, Morgan Stanley Bank N.A. and Goldman Sachs Bank USA are acting as arrangers and lenders under the Super Senior Revolving Credit Facility.

The Super Senior Revolving Credit Facility may be utilized in the form of multi-currency advances for terms of one, two, three or six months. The Super Senior Revolving Credit Facility bears interest at a rate per annum equal to LIBOR or, for borrowings in euro, EURIBOR or, for borrowings in Mexican Pesos, TIIE plus an opening margin of 4.25% per annum. The margin may be reduced under a margin ratchet to 3.75% per annum by reference to the consolidated senior secured net leverage ratio and the satisfaction of certain other conditions.

The terms of the Super Senior Revolving Credit Facility Agreement limit, among other things, the ability of the Issuer and its restricted subsidiaries to (i) incur additional indebtedness or guarantee indebtedness; (ii) create liens or use assets as security in other transactions; (iii) declare or pay dividends, redeem stock or make other distributions to stockholders; (iv) make investments; (v) merge, amalgamate or consolidate, or sell, transfer, lease or dispose of substantially all of the assets of the Issuer and its restricted subsidiaries; (vi) enter into transactions with affiliates; (vii) sell or transfer certain assets; and (viii) agree to certain restrictions on the ability of restricted subsidiaries to make payments to the Issuer and its restricted subsidiaries. These covenants are subject to a number of important conditions, qualifications, exceptions and limitations that are described in the Super Senior Revolving Credit Facility Agreement.

The Super Senior Revolving Credit Facility Agreement includes a financial covenant requiring the drawn super senior leverage ratio not to exceed 0.35:1.00 (the “SSRCF Financial Covenant”). The SSRCF Financial Covenant is calculated as the ratio of consolidated drawn super senior facilities debt to consolidated pro forma EBITDA for the twelve-month period preceding the relevant quarterly testing date and is tested quarterly on a rolling basis, subject to the Super Senior Revolving Credit Facility being at least 35% drawn (excluding letters of credit (or bank guarantees), ancillary facilities and any related fees or expenses) on the relevant test date. The SSRCF Financial Covenant only acts as a draw stop to new drawings under the Revolving Credit Facility and, if breached, will not trigger a default or an event of default under the Super Senior Revolving Credit Facility Agreement. The Issuer has four equity cure rights in respect of the SSRCF Financial Covenant prior to the termination date of the Super Senior Revolving Credit Facility Agreement, and no more than two cure rights may be exercised in any four consecutive financial quarters. As of December 31, 2017, we were in compliance with this covenant and no amounts were released under the Super Senior Revolving Credit Facility.

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On September 14, 2017, Atento Luxco 1 S.A. and Atento Brasil S.A. entered into an Agreement for a Common Revolving Credit Facility Line with Santander Brasil, Estabelecimento Financeiro de Crédito S.A. in respect of a bi-lateral, multi-currency revolving credit facilities. Up to \$30.0 million of commitments are available for the drawing of cash loans in Euro, Mexican Pesos (MXN) and Colombian Pesos (COP). The original borrowers under this facility are Atento Colombia S.A, Atento Teleservicios España, S.A.U and Atento Servicios, S.A. de C.V. This facility is guaranteed by Atento Luxco 1 S.A. and Atento Brasil S.A. on a joint and several basis. This facility matures one year after the date of the Agreement. As of December 31, 2017, the outstanding amount under this facility was 99.9 million Mexican Pesos (equivalent to \$5.1 million).

Brazilian Debentures

On November 22, 2012, BC Brazilco Participações, S.A. (now merged into Atento Brasil S.A.) (the “Brazilian Issuer”) entered into an indenture for the issuance of BRL915 million (equivalent to approximately \$365 million) of Brazilian Debentures due December 12, 2019. The Brazilian Debentures bear interest at a rate per annum equal to the average daily rate of the One Day “over extra-group”—DI—Interfinancial Deposits (as such rate is disclosed by *CETIP S.A. – Mercados Organizados* (“CETIP”), plus a spread of 3.70%.

On March 25, 2013 and June 11, 2013, Atento Brasil, S.A. repaid, in advance of the schedule date BRL71.6 million (equivalent to \$35.5 million) and BRL26.4 million (equivalent to \$12.3 million), respectively.

On May 12, 2014, June 26, 2014 and August 28, 2014, Atento Brasil, S.A. repaid, in advance of the schedule date, BRL34.4 million (equivalent to \$15.5 million), BRL45.0 million (equivalent to \$20.4 million) and BRL80.0 million (equivalent to \$33.1 million), respectively of the Brazilian Debentures.

On December 12, 2016, Atento Brasil, S.A. repaid on the schedule date, BRL44.6 million (equivalent to \$13.7 million) and on December 26, 2016, repaid in advance of the schedule date, BRL100.0 million (equivalent to \$30.7 million).

On April 27, 2017, Atento Brasil S.A. repaid in advance of the maturity date, BRL84.7 million (equivalent to \$27.0 million) of the 1st Brazilian Debentures due 2019. On August 21, 2017, Atento Brasil S.A. repaid in advance of the maturity date all the outstanding amount. The amount repaid was BRL428.4 million (equivalent to \$135.9 million) plus interest accrued of BRL10.9 million (equivalent to \$3.5 million) and BRL2.1 million (equivalent to \$0.7 million) of penalty fee due to early repayment. In addition to the penalty fee, the remaining balance of the first Debentures issuance costs of BRL3.1 million (equivalent to \$1.0 million) were recorded in finance costs during August 2017. As of December 31, 2017, there was no outstanding amount related to the Debentures due 2019.

On May 2, 2017, Atento Brasil S.A. entered into an indenture (“Second Brazilian Debenture”) for the issuance of BRL70.0 million (equivalent to approximately \$22.1 million) of Brazilian Debentures due April 25, 2023. The Second Brazilian Debenture bear interest at a rate per annum equal to the average daily rate of the one day “over extragroup” – DI – Interfinancial Deposits (as such rate is disclosed by *CETIP S.A. – Mercados Organizados* (“CETIP”), plus a spread of 3.75%. The amortization schedule is: April 25, 2018: 9.1%; October 25, 2018: 9.1%; April 25, 2019: 9.1%; October 25, 2019: 9.1%; April 25, 2020: 9.1%; October 25, 2020: 9.1%; April 25, 2021: 9.1%; October 25, 2021: 9.1%; April 25, 2022: 9.1%; October 25, 2022: 9.1%; April 25, 2023: 9.0%. The outstanding amount on December 31, 2017 is \$21.1 million.

Under the term of the indenture, the Brazilian subsidiary must comply with the quarterly net financial debt / EBITDA ratio set out in the contract terms. As of December 31, 2017, Atento Brasil S.A. was in compliance with this covenant.

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Brazil BNDES Credit Facility

On February 3, 2014, Atento Brasil S.A. entered into a credit agreement with *Banco Nacional de Desenvolvimento Econômico e Social - BNDES* (“BNDES”) in an aggregate principal amount of BRL300.0 million (the “BNDES Credit Facility”), equivalent to \$90.7 million as of December 31, 2017.

The total amount of the BNDES Credit Facility is divided into five tranches subject to the following interest rates:

Tranche	Interest Rate
Tranche A	Long-Term Interest Rate (<i>Taxa de Juros de Longo Prazo -TJLP</i>) plus 2.5% per annum
Tranche B	SELIC Rate plus 2.5% per annum
Tranche C	4.0% per year
Tranche D	6.0% per year
Tranche E	Long-Term Interest Rate (<i>Taxa de Juros de Longo Prazo -TJLP</i>)

Each tranche intends to finance different purposes, as described below:

- Tranche A and B: investments in workstations, infrastructure, technology, services and software development, marketing and commercialization, within the scope of BNDES program – BNDES Prosoft.
- Tranche C: IT equipment acquisition, covered by law 8.248/91, with national technology, necessary to execute the project described on tranches “A” and “B”.
- Tranche D: acquisitions of domestic machinery and equipment, within the criteria of FINAME, necessary to execute the project described on tranches “A” and “B”.
- Tranche E: investments in social projects to be executed by Atento Brasil S.A.

BNDES releases amounts under the credit facility once the debtor met certain requirements in the contract including delivering the guarantee (stand-by letter) and demonstrating the expenditure related to the project. Since the beginning of the credit facility, the following amounts were released:

(Thousands of U.S. dollars)

Date	Tranche A	Tranche B	Tranche C	Tranche D	Tranche E	Total
March 27, 2014	7,661	3,782	5,295	378	-	17,116
April 16, 2014	3,184	1,592	2,229	159	-	7,164
July 16, 2014	-	-	-	-	181	181
August 13, 2014	18,922	2,067	3,039	327	-	24,355
Subtotal 2014	29,767	7,441	10,563	864	181	48,816
March 26, 2015	5,550	1,388	1,970	161	-	9,069
April 17, 2015	11,101	2,775	3,939	323	-	18,138
December 21, 2015	8,729	2,176	-	-	212	11,117
Subtotal 2015	25,380	6,339	5,909	484	212	38,324
October 27, 2016	-	-	-	-	230	230
Subtotal 2016	-	-	-	-	230	230
Total	55,147	13,780	16,472	1,348	623	87,370

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This facility should be repaid in 48 monthly installments. The first payment was made on March 15, 2016 and the last payment will be due on February 15, 2020.

The BNDES Credit Facility contains covenants that restrict Atento Brasil S.A.'s ability to transfer, assign, change or sell the intellectual property rights related to technology and products developed by Atento Brasil S.A. with the proceeds from the BNDES Credit Facility. As of December 31, 2017, Atento Brasil S.A. was in compliance with these covenants. The BNDES Credit Facility does not contain any other financial maintenance covenant.

The BNDES Credit Facility contains customary events of default including the following: (i) reduction of the number of employees without providing program support for outplacement, as training, job seeking assistance and obtaining pre-approval of BNDES; (ii) existence of unfavorable court decision against the Company for the use of children as workforce, slavery or any environmental crimes and (iii) inclusion in the by-laws of Atento Brasil S.A. of any provision that restricts Atento Brasil S.A.'s ability to comply with its financial obligations under the BNDES Credit Facility.

On September 26, 2016, Atento Brasil S.A. entered into a new credit agreement with BNDES in an aggregate principal amount of 22.0 million Brazilian Reals, equivalent to \$6.7 million as of December 31, 2017. The interest rate of this facility is Long-Term Interest Rate (*Taxa de Juros de Longo Prazo - TJLP*) plus 2.0% per annum. The facility should be repaid in 48 monthly installments. The first payment will be due on November 15, 2018 and the last payment will be due on October 15, 2022. This facility is intended to finance an energy efficiency project to reduce power consumption by implementing new lightening, air conditioning and automation technology. On November 24, 2017, BRL6.5 million (equivalent to \$2.0 million) were released under this facility.

Finance leases

The Company holds the following assets under finance leases:

	As of December 31,
	2017
(\$ in millions)	Net carrying amount of asset
	(unaudited)
Finance leases	
Plant and machinery	1.8
Furniture, tools and other tangible assets	6.6
Software	6.8
Total	15.3

On April 25, 2017, Atento Brasil S.A. entered in a sale leaseback with HP Financial Services Arrendamento Mercantil S.A. in an amount of BRL23.6 million, equivalent to approximately \$7.1 million as of December 31, 2017, which will be repaid in 36 monthly installments.

On August 25, 2017, Atento Brasil S.A. entered in a new sale leaseback with HP Financial Services Arrendamento Mercantil S.A. in an amount of BRL4.2 million, equivalent to approximately \$1.3 million as of December 31, 2017, which will be repaid in 60 monthly installments.

On October 25, 2017, Atento Brasil, S.A. entered in a new sale leaseback with HP Financial Services Arrendamento Mercantil S.A. in an amount of BRL4.6 million, equivalent to approximately \$1.4 million as of December 31, 2017, which will be repaid in 60 monthly installments.

The present value of future finance lease payments is as follow:

	2017
(\$ in millions)	Net carrying amount of asset
	(unaudited)
Up to 1 year	4.3
Between 1 and 5 years	6.2
Total	10.5

C. Research and Development, Patents and Licenses, etc.

We believe the “Atento” trademark is a recognized and trusted brand in the CRM BPO services industry in each of the markets where we operate. We believe we have a strong corporate brand that gives credibility to our products and may offer and facilitate our entrance and growth into future market. This also allows us to attract and retain the best talent, to generate a sense of pride in our staff and to develop a relationship of commitment, confidence and trust with our clients. In December 2012 Atento Spain Holdco S.L.U. purchased all trademarks and domain names relevant for its business. In relation to copyrights, under the Berne Convention for the Protection of Literary and Artistic Works, copyrights are recognized in all countries that are signatories to the convention and no other registration or license is required for its use. As of December 2016, all the countries in which we operate have signed the Berne Convention. We do not have any other material intellectual property such as patents or licenses.

D. Trend Information

We believe that the following significant market trends are the most important trends affecting our results of operations, and we believe these will continue to have a material impact on our results of operations in the future.

Trend for Further Outsourcing for CRM BPO Services

In recent years, companies have increasingly sought to outsource certain non-core business activities, such as customer care services and sales functions, especially in the regions in which we have significant business operations, including Latin America. This trend towards outsourcing non-core business activities has, in our view, principally been driven by rising costs, competitive pressures and increased operational complexity, resulting in the need for our clients to outsource these non-core business activities so they can focus on their core competencies. The penetration within individual clients in the market for CRM BPO services has increased significantly in recent years. We believe there are two main drivers of this increase: first, existing users of CRM BPO are outsourcing more of their CRM operations to specialist third party BPO providers; secondly, new clients are adopting third party solutions for these services versus using in-house solutions, largely to take advantage of lower labor costs, specialist knowledge and cost efficiencies.

Growth in Our Business Directly Linked to Growth in the Businesses of Key Clients

We structure our contracts with our clients such that, while the price of our services is agreed, the volume of CRM BPO services we deliver during a particular period is dependent on the performance of our clients’ business. We have significant exposure to the telecommunications and banking and financial services sectors and our business is dependent upon the continued growth of our clients’ business in these sectors. If the business of one of our key clients increases and generates more customer activity, our business with that client also increases. Conversely, if the business of one of our key clients decreases and there is a reduction of customer activity, our business with that client also decreases.

Development of CRM BPO Solutions

This industry is in transition as more complex multi-channel end-to-end solutions are being outsourced, thus creating an opportunity for CRM BPO providers, including us, to up-sell and cross-sell our services. Our vertical industry expertise in telecommunications, banking and financial services and multi-sector, allows us to develop tailored solutions for our clients, embedding us further into their value chain while we deliver impactful business results and increase the portion of our client’s CRM BPO services that we provide. We have proactively diversified and expanded our solutions offering, increasing their sophistication and developing customized solutions such as means of payment, credit management, trade marketing, insurance services management and other CRM BPO processes. We expect the share of revenue from CRM BPO solutions to increase going forward.

New Pricing Models for Our CRM BPO Services

We operate in a competitive industry which from time to time, exhibits pressure on pricing for CRM BPO services. We believe we have a strong track record in successful pricing negotiations with our clients by offering flexible pricing models with fixed pricing, variable pricing, and outcome-based pricing if certain performance indicators are achieved, depending on the type of CRM BPO services our clients purchase from us and their business objectives. We also believe that new contracts will increasingly be based on more outcome-based pricing and hybrid pricing models as means of making services more transparent further driving demand for our CRM BPO services. In addition, our service contracts with most of our key clients include inflation based adjustments to offset adverse inflationary effects which (depending on the movements in the applicable consumer price indices (“CPIs”) of the countries in which our clients operate) will have the effect of increasing, if the CPI of an applicable jurisdiction increases, or decreasing, if the CPI decreases, the employee benefit expenses which we can pass onto our clients. We believe that our flexible pricing models allow us to maximize our revenue in a price competitive environment while maintaining the high quality of our CRM BPO services.

Potential Customers May be Reluctant to Change Their CRM BPO Service Provider

As companies begin to use the services of CRM BPO services providers more extensively as their businesses grow, they become more reliant on the CRM BPO services provider because the companies often expand the range and scope of the CRM BPO services which they use. For example, for the year ended December 31, 2017, 42.3% of our revenue from client groups other than the Telefónica Group came from clients that had relationships with us for ten or more years. Furthermore, for the years ended December 31, 2015, 2016 and 2017, our retention rates (calculated based on prior year revenue of clients retained in current year, as a percentage of total prior year revenues) were 99.0%, 98.1% and 98.3%, respectively. We believe it is difficult for clients to switch a large number of workstations to competitors principally because of the following factors: (i) the extensive training required for the service provider's employees; (ii) the level of process integration with the provider which can be time consuming and costly; and (iii) the potential disruption caused to the client's customers by introducing a new end-service provider. As a result, absent a compelling reason to change CRM BPO service provider, such as significant differences in quality or price, companies generally tend to stay with their CRM BPO services provider, making it difficult for another CRM BPO services provider to acquire the client's work.

E. Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements other than operating leases and guarantees.

The following table shows the increase in the number of the customer performance guarantees we have provided to third parties for the indicated periods, in connection with agreements under which we provide our services and as part of our ordinary course of business. Of these guarantees, as of December 2016 the majority relate to commercial purposes, financial and rental activities, the bulk of the remaining guarantees relates to tax and labor-related procedures.

The Company's directors consider that no contingencies will arise from these guarantees in addition to those already recognized.

There has not been any material instance of a guarantee, outside of the ordinary course of the business, being drawn upon for the periods indicated, nor does management anticipate any liability as a result of a draw upon a guarantee in the future.

(\$ in millions)	As of December 31,		
	2015	2016	2017
Guarantees			
Financial, labor-related, tax and rental transactions	141.1	166.0	156.6
Contractual obligations	100.9	154.3	165.6
Total	242.0	320.3	322.2

F. Tabular Disclosure of Contractual Obligations

The following table presents our expected future cash outflows resulting from debt obligations, finance lease obligations, operating lease obligations and other long-term liabilities as of December 31, 2017.

(\$ in millions)	As of December 31, 2017				
	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Debt obligations	475.8	42.2	34.5	397.2	1.9
Finance lease obligations	10.5	4.3	5.2	1.0	-
Derivative financial instrument	6.4	1.2	-	5.2	-
Operating lease obligations	240.1	63.2	108.6	16.3	52.1
Purchase obligations	216.6	208.5	8.1	-	-
Total Obligations	949.4	319.4	156.4	419.7	54.0

Debt obligations are comprised of debentures, bonds and interest-bearing debt (as of December 31, 2017; see Note 16 to the Atento's consolidated financial statements). The debentures and bonds balance consist of the Senior Secured Notes and the Brazilian debentures, and interest-bearing debt mainly comprised of Brazil *Banco Nacional de Desenvolvimento Economico e Social* (BNDES) Credit Facility.

We enter into finance lease arrangements related to furniture, tools and other tangible assets. Our assets acquired under finance leases are located in Colombia and Peru.

The operating lease where we act as lease are mainly facilities used as call centers. These leases have various termination dates, with the latest in 2028. There were no contingent payments on operating leases recognized in the consolidated statements of operations for the year ended December 31, 2017. Further, at December 31, 2017, the payment commitment for the early cancellation of these leases amounts to \$137.7 million.

Purchase obligations include trade and other payables mainly related to suppliers and advances provided to personnel.

G. Safe Harbor

See the disclaimer with respect to Forward-Looking Statements.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

Below is a list of the names and ages (as of March 31, 2018) of Atento's directors and executive officers and a brief account of the business experience of each of them.

Name	Age	Position
Alejandro Reynal	44	Chief Executive Officer and Director
Mauricio Teles Montilha	54	Chief Financial Officer
José Ignacio Cebollero Bueno	47	Chief People Officer
Mariano Castaños Zemborain	46	Commercial Director
Virginia Beltramini Trapero	45	Legal Director
Michael Flodin	54	US Nearshore Regional Director
Mario Mota Camara (*)	56	Brazil Regional Director
Rodrigo Fernando Llaguno Carranco	43	México Director
Juan Enrique Gamé	57	South America Regional Director
José María Pérez Melber	46	Spain Director

Name	Age	Position
Francisco Tosta Valim Filho	54	Director
Melissa Bethell	43	Director
Thomas Iannotti	60	Director
Stuart Gent	46	Director
Devin O'Reilly	43	Director
David Garner	60	Director
Vishal Jugdeb	41	Director

* Mr. Camara will be departing from the Company, and the Company expects to announce a new Brazil Regional Director once an appointment is made

Our Executive Officers

Alejandro Reynal, Chief Executive Officer and Director. Mr. Reynal has served as our Chief Executive Officer since October 2011. Mr. Reynal has served also as a member of our board of directors since September 2014. Mr. Reynal boasts a long-standing international professional career in the BPO CRM, telecommunications and consumer goods sectors. Since his appointment as Chief Executive Officer in 2011, Mr. Reynal has led Atento's transition from a subsidiary status to an up-and-coming business in Bain Capital's private equity portfolio, eventually emerging as a public company on the NYSE following Atento's IPO in 2014. His successful professional career at Atento spans over fifteen years, during which time he has held leadership positions including, Atento Regional Director for EMEA and Atento Corporate Strategy Director. Most recently, Mr. Reynal has spearheaded a strategic plan to consolidate and strengthen the company's position as one of the global leaders of the BPO CRM sector while making Atento a great place to work Prior to his appointment as Chief Executive Officer in 2011, he worked at Telefónica's Headquarters as Corporate Strategy Director for the Telefónica Group. Before his time at Telefónica, he was a Director at The Coca-Cola Company and Business Development Manager for the International Division of The Gap, Inc. He holds an MBA from Harvard Business School and a Bachelor and Master of Engineering degrees from the Georgia Institute of Technology. We believe Mr. Reynal is qualified to serve on our board of directors due to his extensive experience in the CRM BPO and telecommunications industries, corporate strategic development, financial reporting and his knowledge gained from his service on the boards of various other companies.

Mauricio Teles Montilha, Chief Financial Officer. Mauricio has an extensive career heading the finance function at companies in different industries. Before joining Atento's team in 2013, Mauricio held the positions of CFO for SKY Brazil, CFO for Astra Zeneca Brazil, VP Financial Planning in Wal-Mart International and CFO of Philips Oral Healthcare, among others. In his long career in the field of finance, Mauricio has also held senior roles for Pillsbury, Elma Chips (Pepsico Brazil), Unilever Brazil and Arthur Andersen. Mauricio holds a Bachelor's degree in Accounting from the Faculdade Paranaense-FACCAR and an MBA from the Armando Alvares Penteado Foundation (FAAP).

José Ignacio Cebollero Bueno, Chief People Officer. José Ignacio has extensive experience in HR, having worked in companies in the CRM/BPO, food and drinks and construction industries. After joining Atento in 2008 he held the position of HR Director for Spain and the EMEA Region until 2011, when he was appointed Atento's Director of Human Resources, responsible for HR processes and policies, Internal Communications and Corporate Social Responsibility at the global level. During his time as Human Resources Director, Atento was named Best Place to Work in 11 countries in 2014 by the Great Place to Work Institute and was ranked in the 25 World's Best Multinational Workplaces by the same institution. Prior to joining Atento he held HR leadership positions at Ahold Iberia, Leroy Merlin España and CMS Construcciones. Iñaki holds a Bachelor's degree in Political Science from Universidad Complutense of Madrid, a Master in RH Management by University of California LA and a PDD (Management Development Program) from IESE in Spain.

Mariano Castaños Zemborain, Commercial Director. Mariano has an extensive and successful professional career in the CRM/BPO sector with focus on sales and marketing. His career at Atento spans over ten years and different leadership positions including Director of Sales, Marketing, New Products and Strategy for Atento Argentina, Telefonica Account Director for Atento Spain, Country Director for Atento Spain and Director of the EMEA. He is Commercial Director with global scope since 2014. Before joining our company, Mariano held managerial positions in sales and strategic alliances within the Clarin Group (DataMarkets and PRIMA). Prior to this, he developed his career within the legal services sector in Argentina. Mariano holds a degree in Law from the Universidad Católica Argentina, a Master's degree in Company Law from Austral University, and a PDD (Management Development Program) from IESE in Spain.

Virginia Beltramini Trapero, Legal Director. Virginia has more than thirteen years of experience in management positions in the legal field, in large companies from different sectors. Prior to joining Atento, she held the position of Director of Legal Advice, at Oesia, a multinational consultancy specialized in technology, present in Spain and Latin America, where she was responsible for the legal and corporate governance of the group. Previously, she held management positions at Grupo Lar and Metrovacesa, and worked as a lawyer for 5 years at the firm EY, at its offices in Madrid and New York. She joined Atento in July 2011 and from that date until March 2017 she held the position of Corporate Legal Director. As of March 2017, she was named General Counsel and Secretary of the Board. Virginia has a degree in Law and Legal Practice and a holds a Master's Degree in Legal Business Consulting from the IE Business School.

Michael Flodin, US Nearshore Regional Director. Michael is a renowned expert in customer experience transformation and contact centers strategy at the international level. His professional career extends over twenty-five years helping companies by developing and implementing a customer-centric vision, driving operations performance, designing consolidation strategies for contact centers with business and technology components, and helping organizations to work more efficiently. Michael joined Atento in 2014 as Chief Operating Officer and as member of the company's Executive Committee; a position that he has held until he was appointed Atento US & Nearshore Regional Director in 2017. Before joining Atento, Michael spent over seventeen years with Accenture, where he held the position of Managing Partner in the Customer Relationship Management Practice and led the Global Service Operations team. Michael holds Bachelor's degrees in both Philosophy and Psychology from Flagler College in the US.

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Mario Mota Camara, Brazil Regional Director. Mario Camara encompasses an extensive and successful career in the CRM/BPO industry. Mario Camara joined Atento Brazil in 2000 and has served as Telecommunications Business Director and Multi-Sector Business Director. Prior to his appointment as Atento Managing Director, he led the Banking and Financial Services business unit of Atento in Brazil. During his tenure, Atento Brazil has significantly expanded its customer base and range of services, including providing services and solutions to blue-chip banking and financial services companies in the country.

Rodrigo Fernando Llaguno Carranco, México Director. Rodrigo combines more than 15 years' experience in leadership roles within large and medium-sized companies in Latin America with a strong focus on growth, customer services and contact centers. Before joining Atento, he held the position of Corporate Vice-President, Customer Experience at Aeromexico, where he was responsible for the customer experience strategy, service culture efforts, customer processes and analytics as well as customer care for the whole organization. From 2010 to 2016 he held the position of Vice-President, Customer Experience, at Avianca Holdings. Previously, he held leadership positions within the areas of customer services, marketing and sales in other aviation sector companies such as TACA Airlines and consumer products companies in Latin America. Rodrigo is a Chemical Engineer from the Monterrey Institute of Technology and Higher Education in Mexico, and has an MBA from Harvard Business School.

Juan Enrique Gamé, South America Regional Director. Juan boasts a successful career at companies in different business fields such as the industrial manufacturing, textile and food and drinks industries. His career at Atento began in 2002 with his appointment as Multisector Market Business Director in Atento Chile. In 2011 he was appointed Americas South Region Director, leading all the company's activities in this region, later adding the role of Atento's Chile Director to this position. Prior to joining Atento, Juan held senior roles at companies such as Aldeasa Chile, Calzados Gino, Caimi S.A. and Costa S.A. Juan holds a degree in Engineering from the Pontifical Catholic University of Valparaíso and a Master in Business Administration from the Adolfo Ibáñez University. He also holds a diploma in Distribution and Logistics Management from Adolfo Ibáñez University.

José María Pérez Melber, Spain Director. José María is a renowned professional with over twelve years' general management experience in the services industry and the CRM/BPO sector in particular. He joined Atento in 2014 as Director of EMEA to lead all company activities in the region. Prior to joining Atento, Jose María Pérez worked as General Director of Operations and was a member of the Management Committee of Orange Spain, leading customer service, customer loyalty and retention, as well as billing and credit management at the company. José María was previously General Manager for Southern Europe, Latin America and North Africa for Transcom, a BPO/CRM sector company at which he worked for most of his career. Before joining Transcom, José María led marketing and customer relationships departments in the insurance sector for Mapfre and Hannover International. José María holds a degree in Business Administration from the Pontifical University of Salamanca.

Our Directors

We believe that our board of directors is, and we intend that it continue to be, composed of individuals with sophistication and experience in many substantive areas that impact our business. We believe that all of our current board members possess the professional and personal qualifications necessary for board service, and have highlighted the specific experience, qualifications, attributes, and skills that led to the conclusion that each board member should serve as a director in the individual biographies below (information with respect to Mr. Reynal, our Chief Executive Officer and a member of our board of directors, is set forth above).

Francisco Tosta Valim Filho, Director. Mr. Valim has served as a member of our board of directors since April 2014. Mr. Valim served as Chief Executive Officer of Via Varejo from August 2013 until April 2014 and of Oi S.A. from August 2011 until January 2013. From January 2008 to July 2011, Mr. Valim was the Chief Executive Officer of Experian for Latin America, Europe and the Middle East. Prior to working at Experian, he served as Chief Executive Officer of NET Serviços de Comunicação S.A. from February 2003 to January 2008, Chief Financial Officer of Oi from January 2002 to February 2003; and Vice-President and Chief Financial Officer of RBS Participações S.A. from September 1989 to December 2001. Mr. Valim holds an MBA from the Marshall School of Business—University of Southern California and a bachelor of arts degree in Business Administration from Universidade Federal do Rio Grande do Sul (UFRGS) with advanced studies degrees in Finance from Fundação Getulio Vargas and Planning and Organization from UFRGS.

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Melissa Bethell, Director. Ms. Bethell is a Managing Director of Bain Capital, which she joined in 1999 and relocated from Boston to London in 2000 as a member of Bain Capital's European investment team. Prior to joining Bain Capital, Mrs. Bethell worked in the Capital Markets group at Goldman, Sachs & Co., with a focus on media and technology fundraising. Mrs. Bethell received her masters in business administration with distinction from Harvard Business School and a bachelor of arts degree with honors in Economics and Political Science from Stanford University.

Thomas Iannotti, Director. Mr. Iannotti has served as a member of our board of directors since November 2014. Mr. Iannotti has extensive international experience, including direct leadership of HP's services business in Latin America. Prior to his retirement in 2011, Mr. Iannotti served as Senior Vice President and General Manager of HP Enterprise Services which provides applications, business process and infrastructure technology outsourcing services, consulting and support to business and government clients around the world. During his last two roles at HP, he was directly responsible for, and had significant exposure to, Latin America, focused on Brazil, Argentina, Chile, Columbia and Costa Rica. Earlier in his career, Mr. Iannotti served as the Vice President and General Manager of Customer Service for the EMEA region at Compaq Computers. Mr. Iannotti holds a BA from Rhode Island College. He also pursued a management development program from Harvard Business School in 1993.

Stuart Gent, Director. Mr. Gent has served as a member of our board of directors since September 2014. Mr. Gent joined Bain Capital in 2007 and is a Managing Director in the London office. Prior to joining Bain Capital, Mr. Gent was a Managing Director of Avis UK and a member of the Avis Europe Executive Board. Previously, Mr. Gent was a Partner at Bain & Company where he worked in a variety of industries. Mr. Gent is currently on the Board of Directors of WorldPay, Brakes Bros and EWOS. Mr. Gent received a BSc from Bristol University in England.

Devin O'Reilly, Director. Mr. O'Reilly has served as a member of our board of directors since September 2014. Mr. O'Reilly joined Bain Capital in 2005 and is a Managing Director in the London office. Prior to joining Bain Capital, Mr. O'Reilly was a consultant at Bain & Company where he consulted for private equity and healthcare industry clients. Previously, he spent several years in the software industry in corporate development and general management roles. Mr. O'Reilly is currently on the Board of Directors of Bio Products Laboratory, Intermedica and Brakes Bros. Mr. O'Reilly received an MBA from The Wharton School at the University of Pennsylvania, and graduated with a BA from Princeton University.

David Garner, Director. From 2013 through March 2016, Mr. Garner served as executive Chairman and a member of the board of directors of BellSystem24. From 2010 through 2013, he served as Chairman and Chief Executive Officer of Sitel Worldwide. From 1998 through 2003, Mr. Garner was President and Chief Executive Officer of SHPS, Inc. Mr. Garner currently serves as a member of the board of directors of National Directory Assistance, LLC. He holds a B.A. in Technical Communications from Louisiana Tech University.

Vishal Jugdeb, Director. Mr. Jugdeb has served as a member of our board of directors since October 2015. Mr. Jugdeb is a Corporate Manager of Bain Capital, LLC, Luxembourg, which he joined in 2014. Prior to that, he served as Senior Manager at Alter Domus Luxembourg S.à r.l., a provider of corporate and management services. Mr. Jugdeb comes with over 15 years of experience in the financial services industry and currently acts as a board member on the holding companies of various Bain Capital investments such as Apple Leisure, Bravida, Edcon, Ideal Standard, and Ibstock. Mr. Jugdeb is a Chartered Certified Accountant and Fellow of the Association of Chartered Certified Accountants. He is also an Associate Member of the Society of Trust and Estate Practitioners.

B. Compensation

Long-Term Incentive Plan

Effective as of October 2014, Atento adopted the 2014 Omnibus Incentive Plan (the "2014 Incentive Plan" or "the Plan"). The plan provides for grants of stock options, stock appreciation rights, restricted stock, other stockbased awards and other cash-based awards. Directors, officers and other employees of Atento and its subsidiaries, are eligible for grants under the Plan.

On December 3, 2014, Atento granted the following:

- A Time Restricted Stock Unit Award ("TRSU"); and
- A Performance Restricted Stock Unit Award ("PRSU").

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Atento's TRSU is a one-time award with a two-year vesting period intended to recognize the executive's contribution in the value creation since the separation from Telefónica.

In addition, Atento has a PRSU with a three year vesting period. This vesting is subject to the Company's performance based on Adjusted EBITDA growth and Total Shareholder Return. Atento's PRSU seeks to retain, attract and engage key executives by aligning them with shareholders through the provision of equity and setting of strategically aligned performance measures.

In 2014, Atento distributed 1,187,323 Restricted Share Units ("RSU") among their Board Directors, Chief Executive and other Executive Officers considering both awards.

As of October 1, 2015, a total of 125,509 TRSUs vested and were exercised. No grant was made in 2015.

On July 1st, 2016, Atento granted the following:

- A Time Restricted Stock Unit Award ("TRSU"); and
- An Extraordinary Time Restricted Stock Unit Award ("TRSU").

In 2016, Atento distributed 1,384,982 Time Restricted Share Units among their Board Directors, Chief Executive and other Executive Officers in a one-time award with a three-year vesting period. In addition, an Extraordinary Grant of 81,257 Time Restricted Share Units to an Executive Officer in a one-time award with a two-year vesting period.

As of October 3rd, 2016, a total of 157,925 TRSUs vested.

On July 3, 2017, Atento granted a new share-based payment arrangement to directors, officers and other employees, for the Company and its subsidiaries (a total of 886,187 RSUs).

Compensation of Atento's Board Directors, Chief Executive and Other Executive Officers

Atento has established a Compensation Committee that is responsible for the administration of the compensation policies, plans and programs in alignment with the Company's compensation strategy.

This committee is also responsible for reviewing and approving: the compensation package for Atento's Board Directors, Chief Executive and Other Executive Officers; any employment agreements and other similar arrangements between Atento and the executive officers; and the administration of stock option plans and other incentive compensation plans.

Atento's Compensation Committee consists of Melissa Bethell, Stuart Gent and Thomas Iannotti. Our board of directors adopted a written charter for the Compensation Committee, which is available on our corporate website at www.atento.com.

The approximate aggregated annual total cash received by all non-executive Board Director and Executive Officers for the year ended December 31, 2017, was \$5.2 million.

C. Board Practices

Board of Directors Composition

Our board of directors is divided into three classes of directors, with the classes as nearly equal in number as possible. As a result, approximately one third of our board of directors will be elected each year. The classification of directors will have the effect of making it more difficult for stockholders to change the composition of our board.

Our board of directors consists of eight members and it is composed by Thomas Iannotti and David Garner, as class I directors; Stuart Gent, Alejandro Reynal and Vishal Judgeb as class II directors and Francisco Tosta Valim Filho, Devin O'Reilly and Melissa Bethell as class III directors.

Unless revoked in accordance with the Articles of Association, the term of office of the class I directors shall expire at the first annual meeting of shareholders occurring after the date of publication of the general meeting of shareholders taken on September 29, 2014 (the "Filing Date"); the term of office of the class II directors shall expire at the second annual meeting of shareholders occurring after the Filing Date; and the term of office of the class III directors shall expire at the third annual meeting of shareholders occurring after the Filing Date. At each annual meeting after the first annual meeting of shareholders occurring after the Filing Date, each director appointed to the class of directors expiring at such annual meeting shall be appointed to hold office until the third succeeding annual meeting and until his or her successor shall have been duly elected and qualified, or until his or her earlier death, resignation, removal or retirement.

Controlled Company and Foreign Private Issuer

Bain Capital controls a majority of the voting power of our outstanding ordinary shares. As a result, we are a “controlled company” under the New York Stock Exchange corporate governance standards. As a controlled company we are exempt from certain corporate governance requirements, including the requirements:

- that a majority of our board of directors consists of “independent directors,” as defined under the rules of the New York Stock Exchange;
- that we have a corporate governance and nominating committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities;
- that we have a Compensation Committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities; and
- for an annual performance evaluation of the nominating and governance committees and Compensation Committee.

These exemptions do not modify the independence requirements for our Audit Committee requiring it to be comprised exclusively of independent directors, and we comply with the applicable requirements of the Sarbanes-Oxley Act and rules with respect to our Audit Committee within the applicable time frames. These rules require that our Audit Committee be composed of at least three members.

In addition to the controlled company exemptions, as a foreign private issuer, under the corporate governance standards of the New York Stock Exchange, foreign private issuers are permitted to follow home country corporate governance practices instead of the corporate governance practices of the New York Stock Exchange. Accordingly, we follow certain corporate governance practices of our home country, Luxembourg in lieu of certain of the corporate governance requirements of the New York Stock Exchange. Specifically, we do not have a board of directors composed of a majority of independent directors or a Compensation Committee or Nominating and Corporate Governance Committee composed entirely of independent directors.

As a foreign private issuer, we are exempt from the rules and regulations under the Exchange Act, related to the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and short swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file annual, quarterly and current reports and financial statements with the SEC as frequently or as promptly as domestic companies whose securities are registered under the Exchange Act.

Board Committees

Our board of directors established an Audit Committee and a Compensation Committee. The composition, duties and responsibilities of these committees is as set forth below. In the future, our board may establish other committees, as it deems appropriate, to assist it with its responsibilities.

Audit Committee. The Audit Committee is responsible for, among other matters: (1) appointing, compensating, retaining, evaluating, terminating and overseeing our independent registered public accounting firm; (2) discussing with our independent registered public accounting firm their independence from management; (3) reviewing with our independent registered public accounting firm the scope and results of their audit; (4) approving all audit and permissible non-audit services to be performed by our independent registered public accounting firm; (5) overseeing the financial reporting process and discussing with management and our independent registered public accounting firm the interim and annual financial statements that we file with the SEC; (6) reviewing and monitoring our accounting principles, accounting policies, financial and accounting controls and compliance with legal and regulatory requirements; (7) overseeing our legal compliance process; (8) establishing procedures for the confidential anonymous submission of concerns regarding questionable accounting, internal controls or auditing matters; and (9) reviewing and approving related party transactions.

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Our Audit Committee consists of Francisco Tosta Valim Filho, David Garner and Thomas Iannotti. Our board of directors has determined that Francisco Tosta Valim Filho qualifies as an “audit committee financial expert,” as such term is defined in Item 407(d)(5)(ii) of Regulation S-K. Our board of directors adopted a written charter for the Audit Committee, which is available on our corporate website at www.atento.com.

Compensation Committee. The Compensation Committee is responsible for, among other matters: (1) reviewing key associate compensation goals, policies, plans and programs; (2) reviewing and approving the compensation of our directors, chief executive officer and other executive officers; (3) reviewing and approving employment agreements and other similar arrangements between us and our executive officers; and (4) the administration of stock plans and other incentive compensation plans.

Our Compensation Committee consists of Melissa Bethell, Stuart Gent and Thomas Iannotti. Our board of directors adopts a charter for the Compensation Committee, which is available on our corporate website at www.atento.com.

Compensation Committee Interlocks and Insider Participation

No interlocking relationships exist between the members of our board of directors and the board of directors or Compensation Committee of any other company.

Code of Ethics

We have adopted a Code of Ethic (the “Code”) applicable to all of our directors, officers and employees, including our principal executive officer, principal financial officer and accounting officers, and all persons performing similar functions. A copy of the Code is available on our corporate website at www.atento.com. We will provide any person, without charge, upon request, a copy of our Code. Such requests should be made in writing to the attention of our Legal Global Director at the following address: C/Santiago de Compostela, 94, 9th Floor, 28035, Madrid, Spain.

D. Employees

For the year ended December 31, 2017, our average and period end numbers of employees, excluding internships, were 151,817 and 153,522, respectively. The following table sets forth the average number of employees, excluding internships, we had on a geographical basis for 2015, 2016 and 2017.

	Yearly Average		
	2015	2016	2017
Brazil	90,418	78,088	78,015
Americas	61,575	63,153	63,191
EMEA	11,845	10,213	10,534
Corporate	136	147	77
Total	163,974	151,601	151,817

For the year ended December 31, 2015, an average of 85.7% of our staff had permanent employment contracts as compared to an average of 76.0% as of December 31, 2016 and 89.0% as of December 31, 2017.

We believe that our people are key enablers to our business model and a strategic pillar to our competitive advantage. We focus on reinforcing a culture that emphasizes teamwork, improvement of our processes and, most importantly, total dedication to the client. We believe that our distinctive culture is incorporated within all relationships and processes of our organization and fits within our values and goals.

Our culture is sustained by four core values: (i) commitment, (ii) trust, (iii) passion and (iv) integrity. We aim to deliver growth by inspiring our people and believe that our values help us deliver on our mission to “make companies successful by guaranteeing the best customer experience for their clients”. The critical success factor is to ensure that our entire leadership is aligned with the drivers of our culture that best fit into our business strategy and vision. To that end, we have developed key guiding principles that reinforce and exemplify our core values:

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- we work as a team, understanding our clients' needs locally but leveraging our global capabilities and scale;
- we encourage the spirit of entrepreneurship and innovation;
- we strive to be efficient, agile and streamlined to create value for our clients;
- we put passion into everything we do, motivated by the desire to be better, with the ambition to achieve our goals;
- we are disciplined financially and operationally; and
- we are proud to build a great place to work.

As a result of that, we were named in 2015 one of the top 25 multinational companies globally to work for by Great Place to Work Institute. Furthermore, we have received the most country level Great Place to Work prizes in the CRM BPO industry. Because our solutions are delivered through over 150,000 of our employees, we believe that our high levels of demonstrated employee satisfaction enable us to deliver a differentiated customer experience compared to our competitors and clients in-house.

Incentive Model

Atento has established an incentive model in alignment with the Company's strategy using as the key drivers (i) the creation of shareholder value, (ii) increased growth in our business (especially with new clients), (iii) business profitability.

To pursue the delivery of our strategic goals, we periodically evaluate the contribution and development of our employees. The evaluation of our employees is performed in our annual management review, which impacts many performance management processes, including compensation reviews, training and development initiatives and mobility moves. The management review process is based on reviewing an employee's performance, competencies and potential assessment (i.e., director, managers and leaders).

Our compensation model is principally driven by our vision and mission, organizational culture, external and internal environment, business strategy and our organizational model. These considerations are translated into a "Total Compensation Model," under which we consider compensation, benefits, work/life balance, performance and recognition, development and career opportunities to attract, retain, engage and motivate our current and future employees. The main pillars of the model, particularly in relation to structure personnel, are job grading methodology, base salary, bonus scheme, long-term incentives, international mobility and other benefits.

Employee Training and Motivation

We focus on attracting and retaining talents. Our methodology consists in a global selection process with common phases for each profile and a consistent methodology, as well as integrated selection tools and systems with well-defined criteria in identifying desired employee profiles. This integrated approach allows us to create a consistent selection process across geographies, promoting adherence of new employees to our core values, with the ultimate goal of improving business performance.

We also developed over time motivational initiatives (Rally program) designed for the operational staff to improve results and strengthen the sense of belonging. This initiative was originally set up as an instrument for generating points of contact and relations between staff and our brand and values. The program includes a series of quarterly events involving cultural, recreational, sports and social activities that are open to all employees.

Employee Satisfaction

The level of employee satisfaction within the work environment is important to us. We participate in the "Great Place to Work" survey, held locally by the Great Place to Work Institute. The survey measures perceptions of employees about the work environment and allows for comparison against other participating companies at certain local and regional levels. In 2015, we were recognized as one of the top 25 companies to work for according to Great Place to Work Institute's ranking of the World's Best Multinational Workplaces, putting it alongside companies. Additionally, we have won numerous Great Place to Work recognitions regionally, in both South and Central America, and in the countries where we operate. In 2015, we were listed among the "Great Place to Work" companies in ten of the fourteen countries where we operate (Brazil, Argentina, Colombia, Chile, El Salvador, Guatemala, Mexico, Peru, Puerto Rico and Uruguay). Notably, we also received the #1 Great Place to Work in Colombia for two consecutive years.

Labor/Collective Negotiation

We closely monitor the management of labor relations and it is an important element for the success of our business and results of operations.

As of December 31, 2017, we had in place collective bargaining agreements in seven countries, including Argentina, Brazil, Chile, El Salvador, Mexico, Peru and Spain, which govern our relationships with most of the employees in those countries. As of December 31, 2017, 72.8% of our employees were under collective bargaining agreements. See “Item 3. Key Information—D. Risk Factors—Internal Risks—If we experience challenges with respect to labor relations, our overall operating costs and profitability could be adversely affected and our reputation could be harmed”. Our collective bargaining agreements are generally renegotiated on every one-to-three years with the principal labor unions in the countries where we have such agreements. In general, the collective bargaining agreements include terms that regulate remuneration, minimum salary, salary complements, overtime, benefits, bonuses and partial disability.

In Brazil, our most important collective bargaining agreement is in São Paulo, and it is re-negotiated every year. In 2017, we agreed to raise salaries 4.0% for all employees based in São Paulo and Rio de Janeiro.

In Mexico, our most significant collective bargaining agreement, in terms of number of employees, is in Mexico City and it is re-negotiated every year. In 2017, a 3.3% salary increase was agreed for all employees under the collective bargaining agreement, compared to a 2.13% increase in 2016.

In Spain, there is a collective bargaining agreement for all contact center companies in the country, which is negotiated through the “Asociación de Contact Center Española,” a committee comprised of representatives from five of the six largest contact center companies in Spain, of which we are one. The current collective bargaining agreement is automatically renewed unless a union opposes it, requesting a change in any of the current terms.

Termination benefits

Termination benefits are paid to employees when the Atento Group decides to terminate their employment contracts prior to the usual retirement age or when the employee agrees to voluntarily resign in exchange for these benefits. The Atento Group recognizes these benefits as an expense for the year, at the earliest of the following dates: (a) when the Atento Group is no longer able to withdraw the offer for these benefits; or (b) when the Atento Group company recognizes the costs of a restructuring effort as per IAS 37, “Provisions, Contingent Liabilities and Contingent Assets”, and when this restructuring entails the payment of termination benefits. When benefits are offered in order to encourage the voluntary resignation of employees, termination benefits are measured on the basis of the number of employees expected to accept the offer. Benefits to be paid in more than twelve months from the reporting date are discounted to their present value.

E. Share Ownership

In July 2013, the Shareholders of Atento Group implemented a Management Incentive Plan (the “MIP”) pursuant to which certain of the Group’s senior management are granted the opportunity to invest in the Group. The eligibility of managers to participate is determined by the Compensation Committee of the Company.

Managers who participate in the MIP are required to subscribe for various classes of shares in a Luxembourg special purpose vehicle that is indirectly invested in Atalaya Luxco Topco S.C.A (“Topco”), the ultimate parent company of the Group. The shares held by each MIP participant fall into two categories: “co-investment shares” and “performance shares”. The co-investment shares effectively allow managers to participate in dividends and other distributions on a pro rata and pari passu basis with Topco’s other shareholders. The performance shares only participate in dividends and other distributions if Topco’s majority shareholder achieves certain specified returns on its investment in Topco, with the performance shares being entitled to receive a progressively larger share of all dividends and other distributions (up to a pre-determined maximum percentage) as the total proceeds received by Topco’s majority shareholder reach certain pre-agreed hurdles.

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In the event that a MIP participant's employment is terminated, his/her shares can be bought back at a pre-specified price that is linked to the circumstances surrounding the termination of the relevant manager's employment and the length of time that such manager has held his/her shares.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

Beneficial ownership for the purposes of the following tables is determined in accordance with the rules and regulations of the SEC. These rules generally provide that a person is the beneficial owner of securities if such person has or shares the power to vote or direct the voting thereof, or to dispose or direct the disposition thereof or has the right to acquire such powers within 60 days. Shares subject to options that are currently exercisable or exercisable within 60 days of March 31, 2018 are deemed to be outstanding and beneficially owned by the person holding the options. These shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person. Percentage of beneficial ownership of our ordinary shares is based on ordinary shares outstanding as of March 31, 2018. Except as disclosed in the footnotes to this table and subject to applicable community property laws, we believe that each shareholder identified in the table possesses sole voting and investment power over all ordinary shares shown as beneficially owned by the shareholder. Unless otherwise indicated in the table or footnotes below, the address for each beneficial owner is C/Santiago de Compostela, 94, 9th floor, 28035, Madrid, Spain.

As of March 31, 2018, Atento had 73,909,056 ordinary shares. The table below presents certain information of March 31, 2018, regarding (i) any person known to us as the owner of more than 5% of our outstanding ordinary shares, and (ii) the total amount of ordinary shares owned by the members of our Board of Directors and Executive Officers:

Name	Shares Beneficially Owned	
	Number of Shares	Percentage
Principal Shareholder:		
Atalaya PikCo S.C.A. ⁽¹⁾	50,364,933	68.14%
Entities affiliated with Wellington Management Group LLP ⁽²⁾	6,077,495	8.22%
Executive Officers and Directors:		
Alejandro Reynal ⁽¹⁰⁾	21,000	0.03%
Mauricio Montilha ⁽¹⁰⁾	-	-
José Ignacio Cebollero	-	-
Michael Flodin ⁽¹⁰⁾	-	-
Mario Mota Camara	-	-
Rodrigo Llaguno	-	-
Juan Enrique Gamé ⁽¹⁰⁾	-	-
José María Pérez Melber	-	-
Virginia Beltramini	-	-
Mariano Castaños	-	-
Francisco Tosta Valim Filho ⁽³⁾⁽¹⁰⁾	-	-
Melissa Bethell ⁽⁴⁾	-	-
Vishal Jugdeb ⁽⁵⁾	-	-
Thomas Iannotti ⁽⁶⁾	23,456	0.00003%
David Garner ⁽⁷⁾	150,542	0.20%
Stuart Gent ⁽⁸⁾	-	-
Devin O'Reilly ⁽⁹⁾	-	-
All executive officers and directors as a group (17 persons) ⁽¹⁰⁾	-	-

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- (1) The address for Atalaya PikCo S.C.A. is Da Vinci building, 4 rue Lou Hemmer, L-1748 Luxemburg Findel, Grand Duchy of Luxembourg. Atalaya PikCo S.C.A. is controlled by Topco. Bain Capital holds 17,706,930 A shares (representing approximately 88.5%) of Topco as follows: 8,742,886 A shares held by Bain Capital Fund X, L.P., a Cayman Islands exempted limited partnership (“Bain Capital Fund X”), 136,780 A shares held by BCIP Associates IV, L.P., a Cayman Islands exempted limited partnership (“BCIP IV”), 37,540 A shares held by BCIP Trust Associates IV, L.P., a Cayman Islands exempted limited partnership (“BCIP Trust IV”), 18,240 A shares held by BCIP Associates IV–B, L.P., a Cayman Islands exempted limited partnership (“BCIP IV–B”), 4,580 A shares held by BCIP Trust Associates IV–B, L.P., a Cayman Islands exempted limited partnership (“BCIP Trust IV–B”) and 8,766,904 A shares held by Bain Capital Europe Fund III, L.P., a Cayman Islands exempted limited partnership (“Bain Europe Fund” and, collectively with Bain Capital Fund X, BCIP IV, BCIP Trust IV, BCIP IV–B and Bain Capital Fund X. Bain Capital Partners Europe III, L.P., a Cayman Islands exempted limited partnership (“Bain Capital Partners Europe”) is the general partner of Bain Europe Fund. Bain Capital Investors, LLC, a Delaware limited liability company (“BCI”) is the general partner of each of Bain Capital Partners X, Bain Capital Partners Europe, BCIP IV, BCIP Trust IV, BCIP IV–B and BCIP. As a result, BCI may be deemed to share beneficial ownership of the shares held by each of the Bain Capital Entities. The governance, investment strategy and decision-making process with respect to investments held by the Bain Capital Entities is directed by BCI’s Global Private Equity Board (“GPEB”), which is comprised of the following individuals: Steven Barnes, Joshua Bekenstein, John Connaughton, Paul Edgerley, Stephen Pagliuca, Michel Plantevin, Dwight Poler, Jonathan Zhu and Stephen Zide. By virtue of the relationships described in this footnote, GPEB may be deemed to exercise voting and dispositive power with respect to the shares held by the Bain Capital Entities. Each of the members of GPEB disclaims beneficial ownership of such shares to the extent attributed to such member solely by virtue of serving on GPEB. Each of the Bain Capital Entities has an address c/o Bain Capital Partners, LLC, John Hancock Tower, 200 Clarendon Street, Boston, Massachusetts 02116.
- (2) Consists of ordinary shares held by affiliates of Wellington Management Group LLP, based solely on information reported by such persons on a Schedule 13G filed with the SEC on February 8, 2018. Wellington Management Group LLP, Wellington Group Holdings LLP, and Wellington Investment Advisors Holdings LLP each reported shared voting power over 6,077,495 ordinary shares and shared dispositive power over 6,077,495 ordinary shares. Wellington Management Company LLP reported shared voting power over 5,366,072 ordinary shares and shared dispositive power over 5,366,072 ordinary shares. Such Schedule 13G indicates that these shares are owned of record by clients of one or more investment advisors directly or indirectly owned by Wellington Management Group LLP. The business address of these persons is 280 Congress Street, Boston, MA 02110.
- (3) The address for Mr. Valim is avenue Giovanni Gronchi 4864, São Paulo SP, 05724-002.
- (4) The address for Ms. Bethell is Devonshire House, Mayfair Place, London, W1J8AJ, United Kingdom.
- (5) The address for Mr. Jugdeb is Da Vinci building, 4 rue Lou Hemmer, L-1748 Luxemburg Findel, Grand Duchy of Luxembourg.
- (6) Represents the vesting of restricted stock units on January 10, 2015 and on October 1, 2016. The address for Mr. Iannotti is 75 Prospect Farm Road, Portsmouth, Rhode Island, 02871.
- (7) The address for Mr. Garner is 716 Fields Lane Simpsonville, Kentucky 40067.
- (8) The address for Mr. Gent is Devonshire House, Mayfair Place, London, W1J 8AJ, United Kingdom.
- (9) The address for Mr. O’Reilly is Devonshire House, Mayfair Place, London, W1J 8AJ, United Kingdom.
- (10) Separately, Atalaya Management Gibco holds 375,518 shares, or approximately 0.508% of our total shares outstanding. Certain members of our management have an indirect equity interest in these shares, including (percentages are of the outstanding shares of the Company held by Atalaya Management Gibco): Alejandro Reynal (64.5%), Mauricio Montilha (8.8%) Michael Flodin (0.1%), and Juan Enrique Gamé (10.9%).

Unless otherwise indicated in the table or footnotes below, the address for each beneficial owner is C/Santiago de Compostela, 94, 9th floor, 28035, Madrid, Spain.

B. Related Party Transactions

Registration Rights Agreement

Prior to the consummation of our IPO, we entered into a registration rights agreement whereby we granted certain registration rights to PikCo, and its affiliates and certain of their transferees, including the right, under certain circumstances and subject to certain restrictions, to require us to register under the Securities Act our ordinary shares held by them. In addition, we committed to file as promptly as possible after receiving a request from PikCo, a shelf registration statement registering secondary sales of our ordinary shares held by PikCo. PikCo also will have the ability to exercise certain piggyback registration rights in respect of ordinary shares held by them in connection with registered offerings requested by other registration rights holders or initiated by us.

2014 Incentive Plan

We adopted the 2014 Omnibus Incentive Plan (the “2014 Incentive Plan”). The 2014 Incentive Plan provided for grants of stock options, stock appreciation rights, restricted stock, other stock-based awards and other cash-based awards. Directors, officers and other employees of us and our subsidiaries, as well as others performing consulting or advisory services for us, are eligible for grants under the 2014 Incentive Plan. The purpose of the 2014 Incentive Plan is to provide incentives that will attract, retain and motivate high performing officers, directors, employees and consultants by providing them with appropriate incentives and rewards either through a proprietary interest in our long-term success or compensation based on their performance in fulfilling their personal responsibilities.

Limitations of Liability and Indemnification Matters

We have entered into indemnification agreements with each of our current directors and executive officers. These agreements will require us to indemnify these individuals to the fullest extent permitted under Luxembourg law against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. We also intend to enter into indemnification agreements with our future directors and executive officers.

Policies and Procedures with Respect to Related Party Transactions

We have adopted policies and procedures whereby our Audit Committee and Compliance Committee is responsible for reviewing and approving related party transactions. In addition, our Code of Ethics requires that all of our employees and directors inform the Company of any material transaction or relationship that comes to their attention that could reasonably be expected to create a conflict of interest. Further, at least annually, each director and executive officer is required to report any business relationship that may give rise to a conflict of interest and all transactions in which we are involved and in which the executive officer, a director or a related person has a direct or indirect material interest.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

Consolidated Financial Statements

See “Item 18. Financial Statements”, which contains our audited consolidated financial statements prepared in accordance with IFRS as issued by IASB.

Legal Proceedings

In March 2018, Atento Brasil S.A. a indirect subsidiary of Atento S.A. received a tax notice from the Brazilian Federal Revenue Service, related to Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) for the period from 2012 to 2015, due to the disallowance of the expenses on tax amortization of goodwill and deductibility of certain financing costs originated of the acquisition of Atento Brasil S.A. by Bain Capital in 2012, and the withholding taxes on payments made to certain of our former shareholders.

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The amount of the tax assessment from the Brazilian Federal Revenue Service, not including interest and penalties, was approximately \$105.3 million, and was assessed by the Company's outside legal counsel as possible loss.

We disagree with the proposed tax assessment and we intend to defend our position, which we believe is meritorious, through applicable administrative and, if necessary, judicial remedies. Based on our interpretation of the relevant law, and based on the advice of our legal and tax advisors, we believe the position we have taken is sustainable. Consequently, no provisions are recognized regarding these proceedings.

We are subject to claims and lawsuits arising in the ordinary course of our business. We make provision for such claims and lawsuits in our annual financial statements to the extent that losses are deemed both probable and quantifiable.

Tax Litigation

As of December 31, 2017, Atento Brasil, S.A. has 42 proceedings ongoing with the tax authorities and social security authorities, for various reasons relating to infraction proceedings filed (46 in 2016). The total amount of these claims is approximately \$59.4 million. According to the Company's external attorneys, materialization of the risk event is possible.

Labor Litigation

As of December 31, 2017, Atento Brasil was party to approximately 14,750 labor disputes initiated by our employees or former employees for various reasons, such as dismissals or disputes over employment conditions in general. Atento Brasil estimates that the amount involved in these claims classified as probable is \$24.3 million and as possible is \$162.7 million, based on inputs from external and internal counsels as well as historical statistics.

In Argentina, as a consequence of an unfavorable sentence on the case "ATUSA S.A. contra Administración Federal de Ingresos Públicos", notified on February 2017, the risk qualified so far as "remote" becomes now "probable" being this contingency estimated amount of approximately \$2.5 million. A formal appeal has been filed at the National Supreme Court of Justice".

In addition, we are party to other various disputes with current and former employees in different jurisdictions.

Civil Litigation

Atento Brasil, S.A. has 8 civil lawsuits ongoing for various reasons (14 in 2016). The total amount of these claims is approximately \$6.0 million (\$4.9 million at December 31, 2016). According to the Company's external attorneys, materialization of the risk event is possible.

Dividend Distributions

Although we are well capitalized and have sufficient liquidity, our ability to pay dividends on our ordinary shares is limited in the near-term by the indenture governing our Senior Secured Notes (6% of the Company's market value) and the Brazilian Debentures, and may be further restricted by the terms of any of our future debt or preferred securities. In addition, under Luxembourg law, at least 5% of our net profits per year must be allocated to the creation of a legal reserve until such reserve has reached an amount equal to 10% of our issued share capital. If the legal reserve subsequently falls below the 10% threshold, 5% of net profits again must be allocated toward the reserve until such reserve returns to the 10% threshold. If the legal reserve exceeds 10% of our issued share capital, the legal reserve may be reduced. The legal reserve is not available for distribution. Additionally, because we are a holding company, our ability to pay dividends on our ordinary shares is limited by restrictions on the ability of our subsidiaries to pay dividends or make distributions to us, including restrictions under the terms of the agreements governing our indebtedness.

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Pursuant to our articles of incorporation, our board of directors has the power to distribute interim dividends in accordance with applicable Luxembourg law. The amount to be distributed by the board of directors may not exceed the total profits made since the end of the last financial year for which the accounts have been approved, plus any profits carried forward and sums drawn from reserves available for this purpose, less losses carried forward and any sums to be placed to reserve pursuant to the requirements of Luxembourg law or of our articles of incorporation. Notwithstanding the foregoing, dividends may also be declared by a simple majority vote of our shareholders at an annual general shareholders meeting, typically but not necessarily, based on the recommendation of our board of directors. All shares of our capital stock grant pari passu rights with respect to the payment of dividends. Any future determination to pay dividends will be subject to compliance with covenants in current and future agreements governing our indebtedness, and will depend upon our results of operations, financial condition, capital requirements and other factors that our board of directors deems relevant.

On September 21, 2017, the Board of Directors approved a dividend policy for the Company with a goal of paying annual cash dividends pay-out in line with industry peers and practices. The declaration and payment of any interim dividends will be subject to approval of Atento's corporate bodies and will be determined based upon, amongst other things, Atento's performance, growth opportunities, cash flow, contractual covenants, applicable legal requirements and liquidity factors. The Board of Directors intends to review the dividend policy regularly and so accordingly is subject to change at any time.

On October 31, 2017, our Board of Directors declared a cash interim dividend with respect to the ordinary shares of \$0.3384 per share paid on November 28, 2017 to shareholders of record as of the close on November 10, 2017.

B. Significant Changes

Except as otherwise disclosed in our consolidated financial statements and in this Annual Report, there have been no significant changes in our business, financial conditions or results since December 31, 2017.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

Price Information

Ordinary Stock

The following table presents high and low market prices in U.S. dollars for Atento S.A. ordinary stock (ATTO) listed on the New York Security Exchange for the periods shown below.

Closing Price ATTO - Annual Basis

Year	U.S. dollars per Share		
	High	Low	Closing
2017	12.60	7.75	10.15
2016	10.10	6.90	7.65
2015	14.38	8.82	9.74
2014	12.96	9.43	10.45

Closing Price ATTO - Quarterly Basis

2017	U.S. dollars per Share		
	High	Low	Closing
Fourth Quarter	12.60	8.90	10.15
Third Quarter	12.00	11.00	11.60
Second Quarter	11.15	8.65	11.15
First Quarter	9.60	7.75	9.15

2016	U.S. dollars per Share		
	High	Low	Closing
Fourth Quarter	9.10	6.90	7.65
Third Quarter	10.10	8.42	8.48
Second Quarter	9.20	7.42	8.91
First Quarter	9.49	7.08	8.19

Closing Price ATTO - Monthly Basis

Month	U.S. dollars per Share		
	High	Low	Closing
April 2018 (Until April 20, 2018)	8.05	7.60	7.75
March 2018	9.60	7.80	7.80
February 2018	10.00	9.25	9.55
January 2018	10.35	9.45	9.75
December 2017	10.15	9.65	10.15
November 2017	12.60	8.90	9.70
October 2017	12.25	11.15	12.20

B. Plan of Distribution

Not applicable.

C. Markets

The Company's ordinary shares trade on the NYSE under the symbol "ATTO".

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

The following is a summary of some of the terms of our ordinary shares, based on our articles of association and the Luxembourg Corporate Law. In this section and the section entitled “Comparison of Shareholder Rights” we refer to our articles of association as amended and in effect as our “articles of association”.

The following summary is subject to, and is qualified in its entirety by reference to, the provisions of our articles of association, the form of which has been filed as an exhibit to the registration statement of which this Annual Report is a part. You may obtain copies of our articles of association as described under “Where You Can Find More Information” in this Annual Report.

General

Atento is a Luxembourg public limited liability company (*société anonyme*). The Company’s legal name is “Atento S.A.” and was incorporated on March 5, 2014 as a Luxembourg public limited liability company (*société anonyme*).

Atento is registered with the Luxembourg Registry of Trade and Companies under number B.185.761. Atento has its registered office at 4, rue Lou Hemmer, L-1748 Luxembourg Findel, Grand Duchy of Luxembourg.

The corporate purpose of Atento, as stated in Article 2 of our articles of association (Purpose), may be summarized as follow:

The object of Atento, is the holding of participations, in any form whatsoever, in Luxembourg and foreign companies and in any other form of investment, the acquisition by purchase, subscription, or in any other manner as well as the transfer by sale, exchange or otherwise of securities of any kind and the administration, management, control and development of its portfolio.

Atento may further guarantee, grant security, grant loans or otherwise assist the companies in which it holds a direct or indirect participation or right of any kind or which form part of the same group of companies as Atento.

Atento may raise funds especially through borrowing in any form or by issuing any kind of notes, securities or debt instruments, bonds and debentures and generally issue any debt, equity and/or hybrid or other securities of any type in accordance with Luxembourg law.

Finally, Atento may carry out any commercial, industrial, financial, real estate or intellectual property or other activities which it considers useful for the accomplishment of these purposes.

Share Capital

As of December 31, 2017, our issued share capital amounts to €33,304.18, represented by 73,909,056 shares. All issued shares were fully paid. A shareholder in a Luxembourg *société anonyme* holding fully paid shares is not liable, solely because of his or her or its shareholder status, for additional payments to the Company or the Company’s creditors.

Our articles of association authorize our board of directors to issue ordinary shares within the limits of the authorized share capital at such times and on such terms as our board or its delegates may decide for a period ending five years after the date on which the minutes of the shareholders’ meeting approving such authorization are published in the then in force Luxembourg official gazette *Mémorial C, Recueil des Sociétés et Associations* (unless such period is extended, amended or renewed). Accordingly, our board is authorized to issue ordinary shares up to the authorized share capital until such date. We currently intend to seek renewals and/or extensions as required from time to time.

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Our authorized share capital is determined by our articles of association and is set at € 999,997,697.82, as amended from time to time, and may be increased, reduced or extended by amending the articles of association by approval of the extraordinary general shareholders' meeting subject to the necessary quorum and majority requirements (see “—General Meeting of Shareholders” and “—Amendment to the Articles of Association”).

Under Luxembourg law, existing shareholders benefit from a pre-emptive subscription right on the issuance of shares for cash consideration. However, our shareholders have, in accordance with Luxembourg law, authorized the board of directors to suppress, waive or limit any pre-emptive subscription rights of shareholders provided by law to the extent the board deems such suppression, waiver or limitation advisable for any issuance or issuances of shares within the scope of our authorized share capital. Such shares may be issued above, at or below market value but in any event not below the accounting par value per ordinary share as well as by way of incorporation of available reserves (including premium), except in limited cases provided for by Luxembourg law.

Form and Transfer of Shares

Our ordinary shares are issued in registered form only and are freely transferable under Luxembourg law and our articles of association. Our board of directors may however impose transfer restrictions for shares that are registered, listed, quoted, dealt in, or that have been placed in certain jurisdictions in compliance with the requirements applicable therein. Luxembourg law does not impose any limitations on the rights of Luxembourg or non-Luxembourg residents to hold or vote our ordinary shares.

Under Luxembourg law, the ownership of registered shares is prima facie established by the inscription of the name of the shareholder and the number of shares held by him or her in the shareholders register. Without prejudice to the conditions for transfer by book entry where shares are recorded in the shareholder register on behalf of one or more persons in the name of a depository, each transfer of shares shall be affected by written declaration of transfer to be recorded in the shareholder register, such declaration to be dated and signed by the transferor and the transferee or by their duly appointed agents. We may accept and enter into the shareholder register any transfer affected pursuant to an agreement or agreements between the transferor and the transferee, true and complete copies of which have been delivered to us.

Our articles of association provide that we may appoint registrars in different jurisdictions, each of whom may maintain a separate register for the shares entered in such register and the holders of shares shall be entered into one of the registers. Shareholders may elect to be entered into one of these registers and to transfer their shares to another register so maintained. Entries in these registers are reflected in the shareholders' register maintained at our registered office.

In addition, our articles of association also provide that our ordinary shares may be held through a securities settlement system or a professional depository of securities. Ordinary shares held in such manner have the same rights and obligations as ordinary shares recorded in our shareholders' register. Furthermore, ordinary shares held through a securities settlement system or a professional depository of securities may be transferred in accordance with customary procedures for the transfer of securities in book-entry form.

Issuance of Shares

Pursuant to the Luxembourg Corporate Law, the issuance of ordinary shares requires the approval by the general meeting of shareholders at the quorum and majority provided for the amendment of articles (see “—General Meeting of Shareholders” and “—Amendment to the Articles of Association”). The general meeting may approve an authorized share capital and authorize the board of directors to issue ordinary shares up to the maximum amount of such authorized share capital for a maximum period of five years as from the date of publication in the then in force Luxembourg official gazette (*Mémorial, Recueil des Sociétés et Associations*) of the minutes of the relevant general meeting. The general meeting may amend, renew or extend such authorized share capital and such authorization to the board of directors to issue shares.

Our articles of association provide that no fractional shares shall be issued.

Our ordinary shares have no conversion rights and there are no redemption or sinking fund provisions applicable to our ordinary shares.

Pre-Emptive Rights

Unless limited, waived or cancelled by our board of directors (see “—Share Capital”), holders of our ordinary shares have a pro rata pre-emptive right to subscribe for any new shares issued for cash consideration. Our articles of association provide that pre-emptive rights can be limited, waived or cancelled by our board of directors for a period ending on the fifth anniversary of the date of publication of the notarial deed recording the minutes of the extraordinary general shareholders’ meeting which adopted the authorized capital of the Company in the *Recueil électronique des sociétés et associations* in the event of an increase of the share capital by the board of directors within the limits of the authorized share capital. The general meeting of shareholders duly convened to consider an amendment to the articles of association may by majority vote also limit, waive or cancel such pre-emptive rights or to renew, amend or extend them, each time for a period not to exceed five years.

Repurchase of Shares

We cannot subscribe for our own ordinary shares.

We may, however, repurchase issued ordinary shares or have another person repurchase issued ordinary shares for our account, subject to the following conditions:

- prior authorization by a simple majority vote at an ordinary general meeting of shareholders, which authorization sets forth the terms and conditions of the proposed repurchase and in particular the maximum number of ordinary shares to be repurchased, the duration of the period for which the authorization is given (which may not exceed five years) and, in the case of repurchase for consideration, the minimum and maximum consideration per share;
- the repurchase may not reduce our net assets on a non-consolidated basis to a level below the aggregate of the issued and subscribed share capital and the reserves that we must maintain pursuant to Luxembourg law or our articles of association; and
- only fully paid up shares may be repurchased.

The general meeting of shareholders authorized on September 29, 2014 the board of directors to repurchase shares representing up to 20% of the issued share capital immediately after the closing of this IPO. The authorization is valid for a period ending on the earlier of five years from the date of such shareholder authorization and the date of its renewal by a subsequent general meeting of shareholders. Pursuant to such authorization, the board of directors is authorized to acquire and sell ordinary shares in the Company under the conditions set forth in Article 430-15 of the Luxembourg Corporate Law. Such purchases and sales may be carried out for any authorized purpose or any purpose that is authorized by the laws and regulations in force. The purchase price per ordinary share to be paid shall represent (i) not less than 50% of the lowest closing price per share and (ii) not more than 50% above the highest closing price per share, in each case as reported by the New York City edition of the Wall Street Journal, or, if not reported therein, any other authoritative sources to be selected by the board of directors, over the ten trading days preceding the date of the purchase (or the date of the commitment to the transaction).

In addition, pursuant to Luxembourg law, Atento, may directly or indirectly repurchase ordinary shares by decision of our board of directors without the prior approval of the general meeting of shareholders if such repurchase is deemed by the board of directors to be necessary to prevent serious and imminent harm to us or if the acquisition of shares has been made in view of the distribution thereof to employees.

Capital Reduction

Our articles of association provide that our issued share capital may be reduced, subject to the approval by the general meeting of shareholders at the quorum and majority provided for the amendment of the articles of association (See “—Voting Rights—Extraordinary General Meeting”).

General Meeting of Shareholders

Any regularly constituted general meeting of shareholders of Atento represents the entire body of shareholders of the Company.

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Each of our ordinary shares entitles the holder thereof to attend our general meeting of shareholders, either in person or by proxy, to address the general meeting of shareholders and to exercise voting rights, subject to the provisions of our articles of association. Each ordinary share entitles the holder to one vote at a general meeting of shareholders. Our articles of association provide that our board of directors shall adopt all other regulations and rules concerning the attendance to the general meeting, availability of access cards and proxy forms in order to enable shareholders to exercise their right to vote as it deems fit.

When convening a general meeting of shareholders, we will publish two notices (which must be published at least eight days apart and, in the case of the second notice, at least eight days before the meeting) in the current Luxembourg official gazette, (*Recueil électronique des sociétés et associations*, the central electronic platform of the Grand Duchy of Luxembourg), and in a Luxembourg newspaper. One or several shareholders holding together at least ten percent (10%) of the share capital or the voting rights may submit questions in writing to the board of directors relating to transactions in connection with the management of the Company as well as companies controlled by the Company; with respect to the latter, such questions shall be assessed in consideration of the relevant entities' corporate interest. In the absence of a response within one (1) month, the relevant shareholders may request the president of the chamber of the district court of Luxembourg dealing with commercial matters and sitting as in summary proceedings to appoint one or several experts in charge of drawing up a report on such related transactions. Our articles of association provide that if our shares are listed on a regulated market, the general meeting will also be convened in accordance with the publicity requirements of such regulated market applicable to us.

A shareholder may participate in general meetings of shareholders by appointing another person as his proxy, the appointment of which shall be in writing. Our articles of association also provide that, in the case of shares held through the operator of a securities settlement system or depository, a holder of such shares wishing to attend a general meeting of shareholders should receive from such operator or depository a certificate certifying the number of shares recorded in the relevant account on the record date. Such certificates as well as any proxy forms should be submitted to us no later than three (3) business days before the date of the general meeting unless our board of directors fixes a different period.

The annual ordinary general meeting of shareholders of Atento, is held at 10:00 a.m. (Central European Time) on May 31 of each year at the registered office of the Company or in any other place in Luxembourg as notified to the shareholders. If that day is a legal or banking holiday in Luxembourg, the meeting will be held on the next following business day.

Luxembourg law provides that the board of directors is obliged to convene a general meeting of shareholders if shareholders representing, in the aggregate, 10% of the issued share capital so request in writing with an indication of the meeting agenda. In such case, the general meeting of shareholders must be held within one-month of the request. If the requested general meeting of shareholders is not held within one-month, shareholders representing, in the aggregate, 10% of the issued share capital may petition the competent president of the district court in Luxembourg to have a court appointee convene the meeting. Luxembourg law provides that shareholders representing, in the aggregate, 10% of the issued share capital may request that additional items be added to the agenda of a general meeting of shareholders. That request must be made by registered mail sent to the registered office of the Company at least five days before the general meeting of shareholders.

Voting Rights

Each share entitles the holder thereof to one vote at a general meeting of shareholders. Luxembourg law distinguishes general meetings of shareholders and extraordinary general meetings of shareholders. Extraordinary general meetings of shareholders relate to proposed amendments to the articles of association and certain other limited matters.

Ordinary General Meeting

At an ordinary general meeting there is no quorum requirement and resolutions are adopted by a simple majority of votes validly cast on such resolution is sufficient. Abstentions are not considered votes.

Extraordinary General Meeting

Extraordinary resolutions are required for any of the following matters, among others: (a) an increase or decrease of the authorized or issued capital, (b) a limitation or exclusion of preemptive rights, (c) approval of a statutory merger or de-merger (scission), (d) dissolution and liquidation of Atento, and (e) any and all amendments to our articles of association. Pursuant to our articles of association, for any resolutions to be considered at an extraordinary general meeting of shareholders the quorum shall be at least one half (50%) of the issued share capital of the Company unless otherwise mandatorily required by law. If the said quorum is not present, a second meeting may be convened at which Luxembourg Corporate Law does not prescribe a quorum. Any extraordinary resolution shall be adopted at a quorate general meeting (save as otherwise provided by mandatory law) by at least two thirds (2/3) majority of the votes validly cast on such resolution. Abstentions are not considered votes.

Appointment and Removal of Directors

Members of our board of directors may be elected by simple majority of the votes cast at a general meeting of shareholders. Our articles of association provide that the directors shall be elected on a staggered basis, with one third (1/3) of the directors being elected each year, and each director elected for a period of three years. Any director may be removed with or without cause by resolution at a general meeting of shareholders adopted by a simple majority of votes validly cast at the meeting.

Our articles of association provide that in case of a vacancy the board of directors may fill such vacancy.

Neither Luxembourg law nor our articles of association contain any restrictions as to the voting of our shares by non-Luxembourg residents.

Amendment to the Articles of Association

Shareholder Approval Requirements

Luxembourg law requires an extraordinary general meeting of shareholders to resolve upon an amendment of the articles of association to be made by extraordinary resolution. The agenda of the extraordinary general meeting of shareholders must indicate the proposed amendments to the articles of association. An extraordinary general meeting of shareholders convened for the purposes of amending the articles of association must have a quorum of at least 50% of our issued share capital. If the said quorum is not present, a second meeting may be convened at which Luxembourg Corporate Law does not prescribe a quorum. Irrespective of whether the proposed amendments will be subject to a vote at any duly convened extraordinary general shareholders' meeting, the amendment is subject to the approval of at least two thirds (2/3) of the votes cast at such extraordinary general meeting of shareholders.

Formalities

Any resolutions to amend our articles of association must be taken before a Luxembourg notary and such amendments must be published in accordance with Luxembourg law.

Merger and Demerger

A merger by absorption whereby one Luxembourg company after its dissolution without liquidation transfers to another company all of its assets and liabilities in exchange for the issuance of shares in the acquiring company to the shareholders of the company being acquired, or a merger effected by transfer of assets to a newly incorporated company, must, in principle, be approved at a general meeting by an extraordinary resolution of the Luxembourg company, and the general meeting must be held before a notary. Similarly, a demerger of a Luxembourg company is generally subject to the approval by an extraordinary general meeting of shareholders.

Dissolution and Liquidation

In the event of our dissolution and liquidation of the Company the assets remaining after allowing for the payment of all liabilities of the Company will be paid out to the shareholders pro rata according to their respective shareholdings. The decisions to dissolve and liquidate require the approval by an extraordinary general meeting of shareholders of the Company to be held before a notary.

No Appraisal Rights

Neither Luxembourg law nor our articles of association provide for any appraisal rights of dissenting shareholders.

Dividend Distributions

Subject to Luxembourg law, if and when a dividend distribution is declared by the general meeting of shareholders or the board of directors in the case of interim dividend distributions, each ordinary share is entitled to participate equally in such distribution of funds legally available for such purposes. Pursuant to our articles of association, the general meeting of shareholders may approve a dividend distribution and the board of directors may declare an interim dividend distribution, to the extent permitted by Luxembourg law.

Declared and unpaid dividend distributions held by us for the account of the shareholders shall not bear interest. Under Luxembourg law, claims for unpaid dividend distributions will lapse in our favor five years after the date such dividend distribution were declared.

Annual Accounts

Under Luxembourg law, the board of directors must prepare each year annual accounts, i.e., an inventory of the assets and liabilities of Atento together with a balance sheet and a profit and loss account each year. Our board of directors must also annually prepare consolidated accounts and management reports on the annual accounts and consolidated accounts. The annual accounts, the consolidated accounts, the management report and the auditor's reports must be available for inspection by shareholders at our registered office at least 15 calendar days prior to the date of the annual ordinary general meeting of shareholders.

The annual accounts and the consolidated accounts, after approval by the annual ordinary general meeting of shareholders, will need to be filed with the Luxembourg Registry of Trade and Companies within seven months of the close of the financial year.

Information Rights

Luxembourg law gives shareholders limited rights to inspect certain corporate records 15 calendar days prior to the date of the annual ordinary general meeting of shareholders, including the annual accounts with the list of directors and auditors, the consolidated accounts, the notes to the annual accounts and the consolidated accounts, a list of shareholders whose shares are not fully paid up, the management reports and the auditor's report.

The annual accounts, the consolidated accounts, the auditor's report and the management report are sent to registered shareholders at the same time as the convening notice for the annual general meeting. In addition, any registered shareholder is entitled to receive a copy of such documents free of charge prior to the date of the annual ordinary general meeting of shareholders.

Under Luxembourg law, it is generally accepted that a shareholder has the right to receive responses at the shareholders' general meeting to questions concerning items on the agenda of that general meeting of shareholders, if such responses are necessary or useful for a shareholder to make an informed decision concerning such agenda item, unless a response to such questions could be detrimental to our interests.

Board of Directors

The management of Atento is vested in a board of directors. Our articles of association will provide that the board must comprise at least three members. The board meets as often as Company interests require.

A majority of the members of the board present or represented at a board meeting constitutes a quorum, and resolutions are adopted by the simple majority vote of the board members present or represented. The board may also take decisions by means of resolutions in writing signed by all directors. Each director has one vote.

The general shareholders' meeting elects directors and decides their respective terms. Under Luxembourg law, directors may be re-elected but the term of their office may not exceed 6 years. Our articles of association will provide that the directors shall be elected on a staggered basis, with one third (1/3) of the directors being elected each year. The general shareholders' meeting may dismiss one or more directors at any time, with or without cause by a simple majority of votes cast at a general meeting of shareholders. If the board has a vacancy, the remaining directors have the right to fill such vacancy on a temporary basis pursuant to the affirmative vote of a majority of the remaining directors. The term of a temporary director elected to fill a vacancy expires at the end of the term of office of the replaced director, provided, however, that the next general shareholders' meeting shall be requested definitively to elect any temporary director.

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Within the limits provided for by law, our board may delegate to one or more persons the daily management of the Company and the authority to represent the Company.

No director shall, solely as a result of being a director, be prevented from contracting with us, either with regard to his tenure in any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any contract in which any director is in any way interested be liable to be voided merely on account of his position as director, nor shall any director who is so interested be liable to account to us or the shareholders for any remuneration, profit or other benefit realized by the contract by reason of the director holding that office or of the fiduciary relationship thereby established.

Any director having an interest in a transaction submitted for approval to the board may not participate in the deliberations and vote thereon, unless the transaction is not in the ordinary course of the Company's business and that conflicts with the Company's interest, in which case the director shall be obliged to advise the board thereof and to cause a record of his statement to be included in the minutes of the meeting. He may not take part in these deliberations nor vote on such a transaction. At the next general meeting, before any other resolution is put to a vote, a special report shall be made on any transactions in which any of the directors may have had an interest that conflicts with our interest.

No shareholding qualification for directors is required.

Our articles of association provide that directors and officers, past and present, are entitled to indemnification from us to the fullest extent permitted by Luxembourg law against liability and all expenses reasonably incurred or paid by him in connection with any claim, action, suit or proceeding in which he is involved by virtue of his being or having been a director or officer and against amounts paid or incurred by him in the settlement thereof. We may purchase and maintain insurance for any director or other officer against any such liability.

No indemnification is provided against any liability to us or our shareholders (i) by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties of a director or officer; (ii) with respect to any matter as to which any director or officer shall have been finally adjudicated to have acted in bad faith and not in the interest of the Company; or (iii) in the event of a settlement, unless approved by a court or the board of directors.

Transfer Agent and Registrar

The transfer agent and registrar for our ordinary shares is American Stock Transfer & Trust Company, LLC. with an address of 6201 15th Avenue, Brooklyn, New York 11219.

C. Material Contracts

We are party to a Master Service Agreement with Telefónica. On November 7, 2016, Atento Luxco 1, S.A. ("Luxco"), a subsidiary of Atento S.A. (the "Company"), entered into Amendment Agreement No.2 (the "Amendment") to the Master Services Agreement by and between Luxco (f/k/a BC Luxco 1, S.A.) and Telefónica, S.A. ("Telefónica"), dated December 11, 2012 (as amended, the "MSA"). The Amendment strengthens and extends the Company's strategic relationship with Telefónica, its largest client.

The Amendment provides for the following: a guaranty the Company will maintain at least our current share of Telefónica's spending in all key contracts, revised invoicing and collection processes in all key markets, a two-year extension of the MSA for Brazil and Spain until December 31, 2023 as well as a reset of volume targets for these countries; and certain other amendments.

For a description of the MSA see "Item 4. Information on the Company—B. Business Overview—Our Clients—Telefónica Group Master Service Agreement" as well as the full text of the agreement and its amendment executed in November 2016, a copy of which is filed as Exhibit 4.5.

D. Exchange Controls

There are no legislative or other legal provisions currently in force in Luxembourg or arising under ours articles of association that restrict the payment of dividends to holders of Atento shares by reason of such holders not being resident in Luxembourg, except for regulations restricting the remittance of dividends and other payments in compliance with United Nations and EU sanctions. There are no limitations, either under the laws of Luxembourg or in the articles of association, on the right of non-Luxembourg nationals to hold or vote Atento shares.

E. Taxation

Luxembourg Tax Considerations

The following is a summary discussion of the material Luxembourg tax considerations of the acquisition, ownership and disposition of your ordinary shares that may be applicable to you if you acquire our ordinary shares.

It is not intended to be, nor should it be construed to be, legal or tax advice. This discussion is based on Luxembourg laws and regulations as they stand on the date of this Annual Report and is subject to any change in law or regulations or changes in interpretation or application thereof (and which may possibly have a retroactive effect). Prospective investors should therefore consult their own professional advisers as to the effects of state, local or foreign laws and regulations, including Luxembourg tax law and regulations, to which they may be subject.

As used herein, a “Luxembourg individual” means an individual resident in Luxembourg who is subject to personal income tax (*impôt sur le revenu*) and a solidarity surcharge (*contribution au fonds pour l'emploi*) on his or her worldwide income from Luxembourg or foreign sources, and a “Luxembourg corporate holder” means a company (that is, a fully taxable collectivity within the meaning of Article 159 of the Luxembourg Income Tax Law) resident in Luxembourg subject to corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*) and a solidarity surcharge (*contribution au fonds pour l'emploi*) on its worldwide income from Luxembourg or foreign sources. Luxembourg corporate holders may also be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies and taxes. For purposes of this summary, Luxembourg individuals and Luxembourg corporate holders are collectively referred to as “Luxembourg Holders”. A “non-Luxembourg Holder” means any investor in shares of the Company other than a Luxembourg Holder.

Tax Regime Applicable to Capital Gains Realized Upon Disposal of Shares

Luxembourg Holders

Luxembourg individual holders. For Luxembourg individuals holding (together, directly or indirectly, with his or her spouse or civil partner or underage children) 10% or less of the share capital of the Company, capital gains will only be taxable if they are realized on a sale of shares, which takes place before their acquisition or within the first six months following their acquisition. The capital gain or liquidation proceeds will be taxed at progressive income tax rates (ranging from 0 to 45.78% in 2017 and 2018).

For Luxembourg individuals holding (together with his/her spouse or civil partner and underage children) directly or indirectly more than 10% of the capital of the Company, capital gains will be taxable as follow:

- within six months from the acquisition, the capital gain or liquidation proceeds will be taxed at progressive income tax rates (currently ranging from 0 to 45.78%);
- after six months the capital gain or the liquidation proceeds will be taxed at a reduced tax rate (i.e. half of the investor’s global tax rate). An allowance of €50,000 (doubled for taxpayers filing jointly), available during a ten-year period, is applicable.

Luxembourg corporate holders. Capital gains realized upon the disposal of shares by a Luxembourg corporate holder will in principle be subject to corporate income tax and municipal business tax. The combined applicable rate (including an unemployment fund contribution) is 27.08% for the fiscal year ending 2017 and 26.01% for the fiscal year ending 2018 for a Luxembourg corporate holder established in Luxembourg-City. An exemption from such taxes may be available to the Luxembourg corporate holder pursuant to article 166 of the Luxembourg Income Tax law and by the Grand Ducal Decree of December 21, 2001 subject to anti-abuse rules and to the fulfillment of the conditions set forth therein.

Non-Luxembourg Holders

Subject to any applicable tax treaty, an individual non-Luxembourg Holder of shares (who has no permanent establishment or permanent representative in Luxembourg to which the shares would be attributable) will only be subject to Luxembourg taxation on capital gains arising upon disposal of such shares if such holder has (together with his or her spouse or civil partner or underage children) directly or indirectly held more than 10% of the capital of the Company, at any time during the five years preceding the disposal, and either (i) such holder has been a resident of Luxembourg for tax purposes for at least 15 years and has become a non-resident within the five years preceding the realization of the gain, subject to any applicable tax treaty, or (ii) the disposal of shares occurs within six months from their acquisition (or prior to their actual acquisition). If we and a U.S. relevant holder are eligible for the benefits of the Convention between the Government of the Grand Duchy of Luxembourg and the Government of the United States for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital (the “Luxembourg-U.S. Treaty”), such U.S. relevant holder generally should not be subject to Luxembourg tax on the gain from the disposal of such shares unless such gain is attributable to a permanent establishment or permanent representative of such U.S. relevant holder in Luxembourg. Subject to any restrictions imposed by the substantially and regularly traded clause in the limitation on benefits article of the Luxembourg--U.S. treaty, we expect to be eligible for the benefits of the Luxembourg-U.S. Treaty.

A corporate non-Luxembourg Holder (that is, a *collectivité* within the meaning of Article 159 of the Luxembourg Income Tax Law), which has a permanent establishment or a permanent representative in Luxembourg to which or whom the shares would be attributable, will bear corporate income tax and municipal business tax on a gain realized on a disposal of such shares as set forth above for a Luxembourg corporate holder. In the same way, gains realized on the sale of the shares through a permanent establishment or a permanent representative may benefit from the full exemption provided for by Article 166 of the Luxembourg Income Tax Law and by the Grand Ducal Decree of December 21, 2001 subject in each case to anti-abuse rules and to the fulfillment of the conditions set out therein.

A corporate non-Luxembourg Holder, which has no permanent establishment or permanent representative in Luxembourg to which or whom the shares would be attributable will not be subject to any Luxembourg tax on a gain realized on a disposal of such shares unless such holder holds, directly or through tax transparent entities, more than 10% of the share capital of the Company, and the disposal of shares occurs within six months from their acquisition (or prior to their actual acquisition), subject to any applicable tax treaty. If we and a U.S. corporate holder without a permanent establishment in Luxembourg to which or whom the shares would be attributable are eligible for the benefits of the Luxembourg-U.S. Treaty, such U.S. corporate holder generally should not be subject to Luxembourg tax on the gain from the disposal of such shares.

Tax Regime Applicable to Distributions

Withholding Tax. Dividend distributions by the Company are subject to a withholding tax of 15%. Distributions by the Company sourced from a reduction of capital as defined in Article 97 (3) of the Luxembourg Income Tax Law including, among others, share premium should not be subject to withholding tax provided no newly accumulated fiscal profits, or profit reserves carried forward are recognized by the Company on a standalone basis. We or the applicable paying agent will withhold on a distribution if required by applicable law.

Where a withholding needs to be applied, the rate of the withholding tax may be reduced pursuant to the double tax treaty existing between Luxembourg and the country of residence of the relevant holder, subject to the fulfillment of the conditions set forth therein. If we and a U.S. relevant holder are eligible for the benefits of the Luxembourg-U.S. Treaty, the rate of withholding on distributions generally is 15%, or 5% if the U.S. relevant holder is a beneficial owner that owns at least 10% of our voting stock.

No withholding tax applies if the distribution is made to (i) a Luxembourg resident corporate holder (that is, a fully taxable *collectivité* within the meaning of Article 159 of the Luxembourg Income Tax Law), (ii) a corporation which is resident of a Member State of the European Union and is referred to by article 2 of the Council Directive 2011/96/EU of November 30, 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different member states, (iii) a corporation or a cooperative resident in Norway, Iceland or Liechtenstein and subject to a tax comparable to corporate income tax as provided by Luxembourg Income Tax Law, (iv) a corporation resident in Switzerland which is subject to corporate income tax in Switzerland without benefiting from an exemption, (v) a corporation subject to a tax comparable to corporate income tax as provided by Luxembourg Income Tax Law which is resident in a country that has concluded a tax treaty with Luxembourg and (vi) a Luxembourg permanent establishment of one of the above-mentioned categories, provided each time that at the date of payment, the holder has held or commits itself to continue to hold directly or through a tax transparent vehicle, during an uninterrupted period of at least twelve months, shares representing at least 10% of the share capital of the Company or which had an acquisition price of at least €1,200,000.

Non-Luxembourg Holders

Non-Luxembourg holders of the shares who have neither a permanent establishment nor a permanent representative in Luxembourg to which or whom the shares would be attributable are not liable for any Luxembourg tax on dividends paid on the shares, other than a potential withholding tax as described above.

Net Wealth Tax

Luxembourg Holders. Luxembourg net wealth tax will not be levied on a Luxembourg Holder with respect to the shares held unless the Luxembourg Holder is an entity subject to net wealth tax in Luxembourg.

Net wealth tax is levied annually at the rate of 0.5% and 0.05% for the tranche exceeding EUR 500 million on the net wealth of enterprises resident in Luxembourg, as determined for net wealth tax purposes. The shares may be exempt from net wealth tax subject to the conditions set forth by Article 60 of the Law of October 16, 1934 on the valuation of assets (*Bewertungsgesetz*), as amended.

A minimum net wealth tax is levied on Luxembourg corporate holders. For entities for which the sum of fixed financial assets, transferable securities and cash at bank exceeds 90% of their total gross assets and EUR 350,000, the minimum net wealth tax is set at EUR 4,815. For all other Luxembourg corporate holders which do not fall within the scope of the EUR 4,815 minimum net wealth tax, the minimum net wealth tax ranges from EUR 535 to EUR 32,100, depending on the Luxembourg corporate holders' total gross assets.

Non-Luxembourg Holders

Luxembourg net wealth tax will not be levied on a non-Luxembourg Holder with respect to the shares held unless the shares are attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg.

Stamp and Registration Taxes

No registration tax or stamp duty will be payable by a holder of shares in Luxembourg solely upon the disposal of shares or by sale or exchange unless registered in a notarial deed or otherwise registered in Luxembourg.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

The Company makes its filings in electronic form under the EDGAR filing system of the U.S. Securities and Exchange Commission. Its filings are available through the EDGAR system at www.sec.gov. The Company's filings are also available to the public through the Internet at Atento's website at www.atento.com. Such filings and other information on its website are not incorporated by reference in this Annual Report. Interested parties may request a copy of this filing, and any other report, at no cost, by writing to the Company at the following address: C/ Santiago de Compostela 94, 28035 Madrid—Spain or calling +34 917 407 440 or by e-mail at investor.relations@atento.com. In compliance with New York Stock Exchange Corporate Governance Rule 303A.11, the Company provides on its website a summary of the differences between its corporate governance practices and those of U.S. domestic companies under the New York Stock Exchange listing standards.

I. Subsidiary Information

Refer to Note 3 to the consolidated financial statements.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our board of directors is currently responsible for overseeing our risk management process. The board of directors focuses on our general risk management strategy and the most significant risks facing us, and ensures that appropriate risk mitigation strategies are implemented by management. The board of directors is also apprised of particular risk management matters in connection with its general oversight and approval of corporate matters and significant transactions.

Following the completion of the IPO, our board of directors delegated to the Audit Committee oversight of our risk management process. Our other board committees also consider and address the risks as they perform their respective committee responsibilities. All committees report to the full board of directors as appropriate, including when a matter rises to the level of a material or enterprise level risk.

Our management is responsible for day-to-day risk management. This oversight includes identifying, evaluating and addressing potential risks that may exist at the enterprise, strategic, financial, operational, compliance and reporting levels.

The Atento Group's activities are exposed to market risks: (foreign currency risk and interest rate risk). The Atento Group's global risk management policy aims to minimize the potential adverse effects of these risks on the Atento Group's financial returns. The Atento Group also uses derivative financial instruments to hedge certain risk exposures.

Interest rate risk in respect of cash flow and fair value

Interest rate risk arises mainly as a result of changes in interest rates which affect: finance costs of debt bearing interest at variable rates (or short-term maturity debt expected to be renewed), as a result of fluctuations in interest rates, and the value of non-current liabilities that bear interest at fixed rates. Atento Group's finance costs are exposed to fluctuations in interest rates.

Atento Group's finance costs are exposed to fluctuations in interest rates. At December 31, 2017, 12.8% of financial debt with third parties (excluding the effect of financial derivative instruments) bore interests at variable rates, while at December 31, 2016 this amount was 40.6%. In 2016 and 2017 the greatest exposure was to the Brazilian CDI rate.

As of December 31, 2017, the estimated fair value of the interest rate hedging instruments related to the Brazilian Debentures totaled a derivative liability of \$1.2 million (\$1.3 million derivative asset as of December 31, 2016), which was recorded as a financial liability. Based on our total indebtedness of \$486.3 million as of December 31, 2017 and not taking into account the impact of our interest rate hedging instruments referred to above, a 1% change in interest rates would impact our net interest expense by \$1.6 million.

The Atento Group's policy is to monitor exposure to this risk. In that regard, as described in Note 14 of the consolidated financial statements, the Atento Group has arranged interest rate swaps that have the economic effect of converting floating rate borrowing into loans at fixed interest rates. The table below shows the impact of a +/-10 basis points variation in the CDI interest rate curves on fair value of these derivatives.

INTEREST RATE	Thousands of U.S. dollars
	2017
FAIR VALUE	(1,212)
0.10%	(1,174)
-0.10%	(1,248)

Foreign currency risk

Our foreign currency risk arises from our local currency revenues, receivables and payables, while the U.S. dollar is our functional and reporting currency. We benefit to a certain degree from the fact that the revenue we collect in each country, in which we have operations, is generally denominated in the same currency as the majority of the expenses we incur.

In accordance with our risk management policy, whenever we deem it appropriate, we manage foreign currency risk by using derivatives to hedge any exposure incurred in currencies other than those of the functional currency of the countries.

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As of December 31, 2017, the estimated fair value of the cross-currency swaps designated as hedging instruments totaled an asset of \$3.0 million (asset of \$76.0 million as of December 31, 2016).

Upon issuance of the Senior Secured Notes due 2022 issued in U.S. dollars, we entered into new cross-currency swaps pursuant to which we exchanged an amount of U.S. dollars for an amount of Euro, Mexican Pesos, Peruvian Soles and Brazilian Reais.

The table below shows the impact of a +/-10 basis points variation in the interest rate curve on the value of the cross-currency swaps.

CROSS-CURRENCY	Thousands of U.S. dollars
	2017
FAIR VALUE	3,037
0.10%	2,718
-0.10%	3,838

For additional information on the interest rate risk and foreign currency risk, see Notes 4 and 14 to our consolidated financial statements .

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depository Shares

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

A. Disclosure Controls and Procedures

As of December 31, 2017, under management's supervision and with its participation, including our Chief Executive Officer and Chief Financial Officer, we performed an evaluation of our disclosure controls and procedures for the period relating to the information contained in this Annual Report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2017 to enable the Company to record, process, summarize, and report information required to be included in the reports that it files or submits under the Securities Exchange Act of 1934, within the time periods required.

B. Management's Annual Report on Internal Control over Financial Reporting

The Management of Atento S.A. is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934.

The Company's internal control over financial reporting is a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, and effected by our Board of Directors, Management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.

The Company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements. Because of inherent limitations of internal control over financial reporting, including the possibility of collusion or improper Management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statements preparation and presentation.

Management has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2017 based on the criteria established in the Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Based on such assessment and criteria, Management has concluded that the Company's internal controls over financial reporting are effective as of December 31, 2017.

C. Attestation Report of the Registered Public Accounting Firm

Ernst & Young Auditores Independientes S.S., the independent registered public accounting firm that has audited our consolidated financial statements, has issued an attestation report on the effectiveness of our internal control over financial reporting as of December 31, 2017 dated April 26, 2018 and included herein, expressed an unqualified opinion. This attestation report appears on page F-2.

D. Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting for the year ended December 31, 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 15T. CONTROLS AND PROCEDURES

Not applicable.

ITEM 16. [RESERVED]**ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT**

Our Audit Committee consists of Francisco Tosta Valim Filho, Thomas Iannotti and David Garner. Our board of directors has determined that Francisco Tosta Valim Filho qualifies as an “audit committee financial expert,” as such term is defined in Item 407(d)(5)(ii) of Regulation S-K. Our board of directors has adopted a written charter for the Audit Committee, which is available on our corporate website at www.atento.com. Our website is not part of this Annual Report.

ITEM 16B. CODE OF ETHICS

We have adopted a Code of Ethics applicable to all of our directors, officers and employees, including our principal executive officer, principal financial officer and accounting officers, and all persons performing similar functions. A copy of the Code is available on our corporate website at www.atento.com. The Code of Ethics as of December 31, 2017 is set forth in Exhibit 11.1 to this Annual Report.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth by category of service the total fees for services performed in 2016 and 2017 by our principal accountants, Ernst & Young Auditores Independentes S.S., including fees from member firms Ernst & Young.

	Thousands of U.S. dollars	
	2016	2017
Audit-fees (*)	1,818	1,812
Audit-related fees (**)	-	654
Total	1,818	2,466

(*) Audit fees: includes audit of the annual financial statements, the review of the Form 20-F Report filed with the Securities and Exchange Commission (SEC), local statutory audits of subsidiaries of the Atento Group.

(**) Audit-related fees: includes fees related to issue comfort letters in connection with the notes and secondary offerings in 2017.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

Our ordinary shares are listed on the NYSE. For purposes of NYSE rules, so long as we are a foreign private issuer, we are eligible to take advantage of certain exemptions from NYSE corporate governance requirements provided in the NYSE rules. We are required to disclose the significant ways in which our corporate governance practices differ from those that apply to U.S. companies under NYSE listing standards. Set forth below is a summary of these differences:

Director Independence —The NYSE rules require domestic companies to have a majority of independent directors, but as a foreign private issuer we are exempt from this requirement. Our board of directors consists of eight members and we believe that three of our board members satisfy the “independence” requirements of the NYSE rules.

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Board Committees —The NYSE rules require domestic companies to have a Compensation Committee and a nominating and corporate governance committee composed entirely of independent directors, but as a foreign private issuer we are exempt from these requirements. We have a Compensation Committee comprised of three members, one of which we believe satisfies the “independence” requirements of the NYSE rules. We do not have a nominating and corporate governance committee. However, we have an audit committee that we believe consists entirely of “independent” directors, as required by the NYSE listing standards.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

The Company has responded to Item 18 in lieu of this item.

ITEM 18. FINANCIAL STATEMENTS

Consolidated financial statements of Atento S.A. are filed as part of this Annual Report.

ITEM 19. EXHIBITS

(a) Index to Consolidated Financial Statements

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(b) List of Exhibits

Exhibit Number	Description
1.1	Amended and Restated Articles of Association of Atento S.A., incorporated by reference to Exhibit 1.1 to Atento S.A.'s Amendment No. 1 to Annual Report on Form 20-F (File No. 001-36671), initially filed on April 20, 2016.
2.1	Indenture, dated as of August 10, 2017, among Atento Luxco 1 S.A., the guarantors from time to time party thereto, Wilmington Trust, National Association, as trustee, and Wilmington Trust (London) Limited, in its capacity as security agent under the intercreditor agreement, as collateral agent, incorporated by reference to Exhibit 4.1 to Atento S.A.'s Report on Form 6-K (File No. 001-36671), filed on August 15, 2017.
4.1	Transaction Services Agreement between Spain Holdco and Bain Capital Partners, LLC, dated December 12, 2012, incorporated by reference to Exhibit 10.1 to Atento S.A.'s Registration Statement on Form F-1 (File No. 333-195611), initially filed on May 1, 2014.
4.2	Management Services Agreement between Spain Holdco, Mexico Holdco, Spain Holdco 2, Spain Holdco 5 and Spain Holdco 6, dated December 12, 2012, incorporated by reference to Exhibit 10.3 to Atento S.A.'s Registration Statement on Form F-1 (File No. 333-195611), initially filed on May 1, 2014.
4.3	Subscription and Securityholder's Agreement, dated as of December 4, 2012, by and among BC Luxco Topco, BC Luxco and each of the investors party thereto, incorporated by reference to Exhibit 10.4 to Atento S.A.'s Registration Statement on Form F-1 (File No. 333-195611), initially filed on May 1, 2014.
4.4	Subscription and Securityholder's Agreement, dated as of December 4, 2012, by and among BC Luxco Topco, BC Luxco and each of the investors party thereto, incorporated by reference to Exhibit 10.5 to Atento S.A.'s Registration Statement on Form F-1 (File No. 333-195611), initially filed on May 1, 2014.
4.5	Master Services Agreement between BC Luxco 1 and Telefónica S.A., dated as of December 11, 2012, as amended by Amendment Agreement No. 1 thereto dated as of May 16, 2014, and as amended by Amendment Agreement No.2 dated November 10, 2016, incorporated by reference to Exhibit 10.6 to Atento S.A.'s Registration Statement on Form F-1 (File No. 333-195611), initially filed on May 1, 2014.**

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4.6	Super Senior Revolving Credit Facilities Agreement, dated as of August 8, 2017, among Atento Luxco 1 S.A., the guarantors party thereto, BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer, Goldman Sachs Bank USA and Morgan Stanley Senior Funding, Inc., as arrangers, Banco Bilbao Vizcaya Argentaria, S.A., as agent, and Wilmington Trust (London) Limited, as security agent, incorporated by reference to Exhibit 4.2 to Atento S.A.'s Report on Form 6-K (File No. 001-36671), filed on August 15, 2017.
4.8	Instrumento Particular de Escritura (Brazilian debentures), incorporated by reference to Exhibit 10.9 to Atento S.A.'s Registration Statement on Form F-1 (File No. 333-195611), initially filed on May 1, 2014.
4.9	2014 Omnibus Incentive Plan, incorporated by reference to Exhibit 4.2 to Atento S.A.'s Registration Statement on Form S-8 (File No. 333-203101), filed on March 30, 2015.
4.10	Form of Performance Restricted Stock Unit Agreement, incorporated by reference to Exhibit 10.11 to Atento S.A.'s Registration Statement on Form F-1 (File No. 333-195611), initially filed on May 1, 2014.
4.11	Form of Time Restricted Stock Unit Agreement, incorporated by reference to Exhibit 10.12 to Atento S.A.'s Registration Statement on Form F-1 (File No. 333-195611), initially filed on May 1, 2014.

Exhibit Number	Description
4.12	Registration Rights Agreement, incorporated by reference to Exhibit 4.12 to Atento S.A.'s Annual Report on Form 20-F (File No. 001-36671), filed on March 31, 2015.
4.13	Consulting Services and Information Rights Agreement, incorporated by reference to Exhibit 4.13 to Atento S.A.'s Annual Report on Form 20-F (File No. 001-36671), filed on March 31, 2015.
4.14	Form of Directors and Officers Indemnification Agreement, incorporated by reference to Exhibit 10.15 to Atento S.A.'s Registration Statement on Form F-1 (File No. 333-195611), initially filed on May 1, 2014.
4.15	Amendment Agreement No. 2, dated as of November 8, 2016, to the Master Services Agreement, by and between Luxco (f/k/a BC Luxco 1, S.A.) and Telefónica, S.A., dated as of December 11, 2012, incorporated by reference to Exhibit 99.1 to Atento S.A.'s Report on Form 6-K (File No. 001-36671), filed on November 10, 2016.**
8.1	List of subsidiaries of Atento S.A., incorporated by reference to Exhibit 8.1 to Atento S.A.'s Annual Report on Form 20-F (File No. 001-36671), filed on March 31, 2015.*
11.1	Code of ethics, incorporated by reference to Exhibit 11.1 to Atento S.A.'s Annual Report on Form 20-F (File No. 001-36671), filed on March 31, 2015.
12.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.*
12.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.*
13.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
13.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

** Application has been granted by the Securities and Exchange Commission for confidential treatment of certain provisions of these exhibits. Omitted material for which confidential treatment has been requested has been filed separately with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: April 26, 2018

ATENTO S.A.

By: /s/ Alejandro Reynal

Name: Alejandro Reynal

Title: Chief Executive Officer

By: /s/ Mauricio Montilha

Name: Mauricio Montilha

Title: Chief Financial Officer

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of
Atento S.A.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Atento S.A. and subsidiaries (the “Company”) as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive income (loss), changes in equity, and cash flows, for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board - IASB.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated April 26, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ ERNST & YOUNG
Auditores Independentes S.S.

We have served as the Company’s auditor since 2005.

São Paulo, Brazil,
April 26, 2018

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of
Atento S.A.

Opinion on Internal Control over Financial Reporting

We have audited Atento S.A. and subsidiaries' internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Atento S.A. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of operations, comprehensive income (loss), changes in equity, and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and our report dated April 26, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ ERNST & YOUNG
Auditores Independentes S.S.
São Paulo, Brazil,
April 26, 2018

ATENTO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of December 31, 2016 and 2017
(In thousands of U.S. dollars, unless otherwise indicated)

ASSETS	Notes	December 31,	
		2016	2017
NON-CURRENT ASSETS		802,944	764,127
Intangible assets	6	226,553	230,104
Goodwill	7	146,015	153,144
Property, plant and equipment	9	165,270	152,195
Non-current financial assets		138,950	90,076
Trade and other receivables	13	20,911	21,677
Other non-current financial assets	12	40,565	60,222
Derivative financial instruments	14	77,474	8,177
Other taxes receivable	20c)	7,815	7,282
Deferred tax assets	20b)	118,341	131,326
CURRENT ASSETS		574,674	566,178
Trade and other receivables		373,047	410,534
Trade and other receivables	13	350,902	388,565
Current income tax receivable	20c)	22,145	21,969
Other taxes receivable	20c)	6,452	12,072
Other current financial assets	12	1,140	1,810
Cash and cash equivalents	15	194,035	141,762
TOTAL ASSETS		1,377,618	1,330,305

The accompanying notes are an integral part of the consolidated financial statements.

ATENTO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of December 31, 2016 and 2017
(In thousands of U.S. dollars, unless otherwise indicated)

	Notes	December 31,	
		2016	2017
EQUITY AND LIABILITIES			
TOTAL EQUITY		430,203	377,839
EQUITY ATTRIBUTABLE TO:			
NON-CONTROLLING INTEREST		(718)	9,476
OWNERS OF THE PARENT COMPANY		430,921	368,363
Share capital	19	48	48
Reserve for acquisition of non-controlling interest	19	(1,057)	(23,531)
Share premium		639,435	639,435
Retained losses		(53,598)	(94,535)
Translation differences		(193,529)	(170,063)
Hedge accounting effects		35,521	9,594
Stock-based compensation		4,101	7,415
NON-CURRENT LIABILITIES		598,808	582,870
Deferred tax liabilities	20b)	45,597	43,942
Debt with third parties	17	480,359	439,731
Derivative financial instruments	14	184	5,140
Provisions and contingencies	21	69,895	61,186
Non-trade payables	18	618	8,094
Option for the acquisition of non-controlling interest		1,057	23,752
Other taxes payable	20c)	1,098	1,025
CURRENT LIABILITIES		348,607	369,596
Debt with third parties	17	54,576	46,560
Derivative financial instruments	14	-	1,212
Trade and other payables		279,313	302,756
Trade payables	18	75,268	94,078
Income tax payables	20c)	4,030	8,058
Other taxes payables	20c)	68,800	86,166
Other non-trade payables	18	131,215	114,454
Provisions and contingencies	21	14,718	19,068
TOTAL EQUITY AND LIABILITIES		1,377,618	1,330,305

The accompanying notes are an integral part of the consolidated financial statements.

ATENTO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
For the years ended December 31, 2015, 2016 and 2017
(In thousands of U.S. dollars, unless otherwise indicated)

	Notes	For the years ended December 31,		
		2015 (*)	2016 (*)	2017
Revenue	22a)	1,949,883	1,757,498	1,921,311
Other operating income	22b)	4,325	5,880	16,437
Other gains and own work capitalized ⁽¹⁾		-	41,748	372
Operating expenses:				
Supplies	22c)	(77,604)	(65,598)	(74,899)
Employee benefit expenses	22d)	(1,410,526)	(1,309,901)	(1,429,076)
Depreciation	22e)	(50,077)	(46,448)	(49,226)
Amortization	22e)	(51,430)	(50,916)	(55,195)
Changes in trade provisions		(1,319)	(1,902)	(627)
Other operating expenses	22f)	(241,478)	(214,015)	(236,648)
OPERATING PROFIT		121,774	116,346	92,449
Finance income	22g)	15,459	7,188	7,858
Finance costs ⁽¹⁾	22g)	(75,469)	(59,151)	(78,145)
Change in fair value of financial instruments	22g)	17,535	675	230
Net foreign exchange loss ⁽¹⁾	22g)	(3,919)	(56,494)	(23,427)
NET FINANCE EXPENSE		(46,394)	(107,782)	(93,484)
PROFIT/(LOSS) BEFORE INCOME TAX		75,380	8,564	(1,035)
Income tax expense	20a)	(23,150)	(5,207)	(12,533)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		52,230	3,357	(13,568)
LOSS FROM DISCONTINUED OPERATIONS ^(**)		(3,082)	(3,206)	-
PROFIT/(LOSS) FOR THE YEAR		49,148	151	(13,568)
PROFIT/(LOSS) ATTRIBUTABLE TO:				
OWNERS OF THE PARENT		49,148	65	(16,790)
NON-CONTROLLING INTEREST		-	86	3,222
PROFIT/(LOSS) FOR THE YEAR		49,148	151	(13,568)
EARNINGS/(LOSS) PER SHARE:				
Basic earnings/(loss) per share from continuing operations (in U.S. dollars)	24	0.71	0.05	(0.18)
Basic loss per share from discontinued operations (in U.S. dollars)	24	(0.04)	(0.04)	-
Diluted earnings/(loss) per share from continuing operations (in U.S. dollars)	24	0.70	0.05	(0.18)
Diluted loss per share from discontinued operations (in U.S. dollars)	24	(0.04)	(0.04)	-

(1) The year ended December 31, 2016 contains the impacts of the CVI termination. The reversal of the principal amount of 41,749 thousand U.S. dollars was recognized in "Other gains and own work capitalized", the interest reversal of 19,936 thousand U.S. dollars was recognized in "Finance costs" and the loss of 35,373 thousand U.S. dollars on the conversion of Argentine pesos to U.S. dollars was recognized in "Net foreign exchange loss".

(*) Exclude discontinued operations - Morocco.

(**) Discontinued operations did not generate any income tax expense.

The accompanying notes are an integral part of the consolidated financial statements.

ATENTO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
For the years ended December 31, 2015, 2016 and 2017
(In thousands of U.S. dollars, unless otherwise indicated)

	For the years ended December 31,		
	2015	2016	2017
Profit/(loss) from continuing operations	52,230	3,357	(13,568)
Loss from discontinued operations (*)	(3,082)	(3,206)	-
Profit/(loss) for the year	49,148	151	(13,568)
Other comprehensive income/(loss)			
Other comprehensive income/(loss) to be reclassified to profit and loss in subsequent periods:			
Cash flow/net investment hedge	18,955	13,971	(26,329)
Tax effect on hedge	314	2,921	402
Translation differences	(137,474)	15,701	22,934
Other comprehensive (loss)/income	(118,205)	32,593	(2,993)
Total comprehensive (loss)/income	(69,057)	32,744	(16,561)
Total comprehensive (loss)/income attributable to:			
Owners of the parent	(69,057)	32,652	(19,251)
Non-controlling interest	-	92	2,690
Total comprehensive (loss)/income	(69,057)	32,744	(16,561)

(*) Exclude discontinued operations - Morocco.

The accompanying notes are an integral part of the consolidated financial statements.

ATENTO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2015, 2016 and 2017
(In thousands of U.S. dollars, unless otherwise indicated)

	Share capital	Share premium	Reserve for acquisition of non-controlling interest	Retained earnings/(losses)	Translation differences	Hedge accounting effects	Stock-based compensation	Total owners of the parent company	Non-controlling interest	Total equity
Balance at January 1, 2015	48	639,435	-	(102,811)	(71,750)	(640)	584	464,866	-	464,866
Comprehensive income/(loss) for the period	-	-	-	49,148	(137,474)	19,269	-	(69,057)	-	(69,057)
Profit for the year	-	-	-	49,148	-	-	-	49,148	-	49,148
Other comprehensive income/(loss), net of taxes	-	-	-	-	(137,474)	19,269	-	(118,205)	-	(118,205)
Stock-based compensation	-	-	-	-	-	-	1,982	1,982	-	1,982
Balance at December 31, 2015	48	639,435	-	(53,663)	(209,224)	18,629	2,566	397,791	-	397,791
	Share capital	Share premium	Reserve for acquisition of non-controlling interest	Retained earnings/(losses)	Translation differences	Hedge accounting effects	Stock-based compensation	Total owners of the parent company	Non-controlling interest	Total equity
Balance at January 1, 2016	48	639,435	-	(53,663)	(209,224)	18,629	2,566	397,791	-	397,791
Comprehensive income/(loss) for the year	-	-	-	65	15,695	16,892	-	32,652	92	32,744
Profit for the year	-	-	-	65	-	-	-	65	86	151
Other comprehensive income/(loss), net of taxes	-	-	-	-	15,695	16,892	-	32,587	6	32,593
Reserve for acquisition of non - controlling interest	-	-	(1,057)	-	-	-	-	(1,057)	-	(1,057)
Stock-based compensation	-	-	-	-	-	-	1,535	1,535	-	1,535
Non-controlling interest	-	-	-	-	-	-	-	-	(810)	(810)
Balance at December 31, 2016	48	639,435	(1,057)	(53,598)	(193,529)	35,521	4,101	430,921	(718)	430,203
	Share capital	Share premium	Reserve for acquisition of non-controlling interest	Retained earnings/(losses)	Translation differences	Hedge accounting effects	Stock-based compensation	Total owners of the parent company	Non-controlling interest	Total equity
Balance at January 1, 2017	48	639,435	(1,057)	(53,598)	(193,529)	35,521	4,101	430,921	(718)	430,203
Comprehensive income/(loss) for the year	-	-	-	(16,790)	23,466	(25,927)	-	(19,251)	2,690	(16,561)
Loss for the year	-	-	-	(16,790)	-	-	-	(16,790)	3,222	(13,568)
Other comprehensive income/(loss), net of taxes	-	-	-	-	23,466	(25,927)	-	(2,461)	(532)	(2,993)
Dividends	-	-	-	(24,147)	-	-	-	(24,147)	(332)	(24,479)
Reserve for acquisition of non - controlling interest	-	-	(22,474)	-	-	-	-	(22,474)	-	(22,474)
Stock-based compensation	-	-	-	-	-	-	3,314	3,314	-	3,314
Non-controlling interest	-	-	-	-	-	-	-	-	7,836	7,836
Balance at December 31, 2017	48	639,435	(23,531)	(94,535)	(170,063)	9,594	7,415	368,363	9,476	377,839

The accompanying notes are an integral part of the consolidated financial statements.

ATENTO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2015, 2016 and 2017
(In thousands of U.S. dollars, unless otherwise indicated)

	Notes	For the years ended December 31,		
		2015	2016	2017
Operating activities				
Profit/(loss) before income tax		72,933	8,564	(1,035)
Adjustments to reconcile profit/(loss) before tax to net cash flows:				
Amortization and depreciation	22e)	102,858	97,364	104,421
Impairment losses		1,230	1,902	627
Changes in provisions		344	20,312	4,364
Grants released to income	22b)	(626)	(673)	(860)
Net losses on disposal of fixed assets		703	1,063	4,106
Finance income	22g)	(15,459)	(7,188)	(7,858)
Finance costs	22g)	75,682	59,151	78,145
Net foreign exchange differences	22g)	3,979	56,494	23,427
Change in fair value of financial instruments	22g)	(17,535)	(675)	(230)
Changes in other gains/(losses) and own work capitalized		1,080	(49,540)	2,422
		152,256	178,210	208,562
Changes in working capital:				
Changes in trade and other receivables		(74,366)	62,409	(31,486)
Changes in trade and other payables		(14,321)	22,004	11,507
Other payables		(19,614)	(16,264)	(7,947)
		(108,301)	68,149	(27,926)
Interest paid		(66,178)	(73,168)	(76,496)
Interest received		17,760	3,683	49,014
Income tax paid		(16,212)	(24,294)	(20,587)
Other payments		(15,280)	(19,198)	(17,080)
		(79,910)	(112,977)	(65,149)
Net cash flows from operating activities		36,978	141,946	114,452
Investing activities				
Payments for acquisition of intangible assets		(15,137)	(30,000)	(28,439)
Payments for acquisition of property, plant and equipment		(81,310)	(39,851)	(48,423)
Acquisition of subsidiaries, net of cash acquired	5	-	(8,638)	(14,512)
Proceeds from sale of PP&E and intangible assets		2,386	978	431
Disposals of financial instruments		26,866	-	-
Proceeds from sale of subsidiaries		-	2,435	-
Net cash flows used in investing activities		(67,195)	(75,076)	(90,943)
Financing activities				
Proceeds from borrowings from third parties		38,739	235	474,465
Repayment of borrowings from third parties		(2,101)	(62,930)	(534,460)
Dividends paid		-	-	(24,353)

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Net cash flows from/(used in) financing activities	36,638	(62,695)	(84,348)
Net increase/(decrease) in cash and cash equivalents	6,421	4,175	(60,839)
Foreign exchange differences	(33,841)	5,840	8,566
Cash and cash equivalents at beginning of period	211,440	184,020	194,035
Cash and cash equivalents at end of period	184,020	194,035	141,762

The accompanying notes are an integral part of the consolidated financial statements.

ATENTO S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**For the years ended December 31, 2015, 2016 and 2017
(In thousands of U.S. dollars, unless otherwise indicated)**

1) COMPANY ACTIVITY AND CORPORATE INFORMATION

(a) Description of business

Atento S.A. (the “Company”) and its subsidiaries (“Atento Group”) offer customer relationship management services to their clients through contact centers or multichannel platforms.

The Company was incorporated on March 5, 2014 under the laws of the Grand - Duchy of Luxembourg, with its registered office in Luxembourg at 4, Rue Lou Hemmer.

The Atento Group was acquired in 2012 by Bain Capital Partners, LLC (“Bain Capital”). Bain Capital is a private investment fund that invests in companies with a high growth potential. Notable among its investments in the Customer Relationship Management (“CRM”) sector is in Bellsystem 24, a leader in customer service in Japan, and Genpact, the largest business management services company in the world.

In December 2012, Bain Capital entered into a final agreement with Telefónica, S.A. for the transfer of nearly 100% of the CRM business carried out by the Atento Group (the “Acquisition”), the parent company of which was Atento Inversiones y Teleservicios, S.A. (“AIT”). The Venezuelan based subsidiaries of the group headed by AIT, and AIT, except for some specific assets and liabilities, were not included in the Acquisition. Control was transferred for the purposes of creating the consolidated Atento Group on December 1, 2012.

The majority direct shareholder of the Company, ATALAYA Luxco PIKCo, S.C.A. (Luxembourg), is a holding company incorporated under the laws of the Grand-Duchy of Luxembourg.

The Company may also act as the guarantor of loans and securities, as well as assisting companies in which it holds direct or indirect interests or that form part of its group. The Company may secure funds, with the exception of public offerings, through any kind of lending, or through the issuance of bonds, securities or debt instruments in general.

The Company may also carry on any commercial, industrial, financial, real estate business or intellectual property related activity that it deems necessary to meet the aforementioned corporate purposes.

The corporate purpose of its subsidiaries, with the exception of the intermediate holding companies, is to establish, manage and operate CRM centers through multichannel platforms; provide telemarketing, marketing and “call center” services through service agencies or in any other format currently existing or which may be developed in the future by the Atento Group; provide telecommunications, logistics, telecommunications system management, data transmission, processing and internet services and to promote new technologies in these areas; offer consultancy and advisory services to clients in all areas in connection with telecommunications, processing, integration systems and new technologies, and other services related to the above. The Company’s ordinary shares are traded on NYSE under the symbol “ATTO”.

2) BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

a) Statement of compliance with IFRS and basis of preparation

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standard Board (“IASB”) prevailing at December 31, 2017. The consolidated financial statements have been prepared on a historical costs basis, with the exception of derivative financial instruments and financial liability related to the option for acquisition of non-controlling interest, which have been measured at fair value.

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The consolidated financial statements have been approved by the Board of Directors (the “Board”) and Audit Committee of the Company, Atento S.A. in Luxembourg on April 19, 2018. These consolidated financial statements have not been yet approved by the General Shareholders Meeting of the Parent Company. However, the Board of Directors expects them to be approved without amendments.

The preparation of financial statements under IFRS as issued by the IASB requires the use of certain key accounting estimates. IFRS also requires Management to exercise judgment throughout the process of applying the Atento Group’s accounting policies. Note 3r discloses the areas requiring a more significant degree of judgment or complexity and the areas where assumptions and estimates are more relevant to the consolidated financial statements. Also, Note 3 contains a detailed description of the most significant accounting policies used to prepare these consolidated financial statements.

The amounts in these consolidated financial statements, comprising the consolidated statements of financial position, the consolidated statements of operations, the consolidated statements of comprehensive income/(loss), the consolidated statements of changes in equity, the consolidated statements of cash flows, and the notes thereto are expressed in thousands of U.S. dollars, unless otherwise indicated.

b) Comparative information

The main changes are:

On September 2, 2016, the Company through its direct subsidiary Atento Brasil acquired 81,49%, the controlling interest of RBrasil Soluções S.A. (RBrasil) and on September 30, 2016 the Company through its direct subsidiary Atento Teleservicios España sold 100% of Atento Morocco. In accordance with IFRS 5 the results of the operations in Morocco are presented in consolidated statements of operations as discontinued operations for the years ended December 31, 2016 and 2015.

On June 9, 2017, the Company, through its subsidiary Atento Brasil, acquired control of Interfile Serviços de BPO Ltda. and of Interservicer – Serviços em Crédito Imobiliário Ltda. (jointly, “Interfile”), a leading provider of BPO services and solutions, including credit origination, for the banking and financial services sector in Brazil. Through this acquisition, the Company expects to be able to expand the capabilities in the financial services sector, especially in credit origination, accelerate the penetration into higher value-added solutions, strengthen the leadership position in the Brazilian market and facilitate the expansion of the credit origination sector into other Latin American markets. See more details of this acquisition in Note 5.

c) Consolidated statements of cash flows

The consolidated statements of cash flows has been prepared using the indirect method pursuant to IAS 7, “Statement of Cash Flow”. Foreign currency transactions are translated at the average exchange rate for the period, in those cases where the currency differs from the presentation currency of Atento Group (U.S. dollar), as indicated in Note 3c. The effect of exchange rate fluctuations on cash and cash equivalents, maintained or owed, in foreign currency, is presented in the statements of cash flows to reconcile cash and cash equivalents at the beginning of the year and at year-end.

3) ACCOUNTING POLICIES

The main accounting policies used to prepare the accompanying consolidated financial statements are set out below.

a) Principles of consolidation, business combinations and goodwill

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Atento Group has control. The Atento Group controls an entity when the Atento Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Group, until the Group loses control of the entity.

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Intercompany transactions, balances and unrealized gains on transactions between the Atento Group companies are eliminated on consolidation, except those arisen from exchange variations. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Atento Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of operations, statement of comprehensive income/(loss), statement of changes in equity and financial position, respectively.

(ii) Business combinations and goodwill

The Atento Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets acquired, the liabilities assumed vis - à-vis the former owners of the acquire, and any equity instruments therein issued by the Atento Group. The consideration transferred includes the fair value of any asset or liability resulting from any contingent consideration.

Any contingent consideration to be transferred by the Atento Group is recognized at its fair value as of the acquisition date. Subsequent changes in the fair value of any contingent consideration deemed an asset or a liability are recognized in the statements of operations or as a change in other comprehensive income/(loss), in accordance with IAS 39, "Financial Instruments: Recognition and Measurement". Contingent consideration classified as equity is not remeasured, and any subsequent settlement thereof is also recognized in equity. Costs related to the acquisition are recognized as expenses in the year in which they are incurred.

Identifiable assets acquired and identifiable liabilities and contingent liabilities assumed in a business combination are initially measured at fair value as of the acquisition date.

Goodwill is initially measured as any excess of the total consideration paid over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is greater than the aggregate consideration transferred, the difference is recognized in the statements of operations as a gain or bargain purchase. Goodwill acquired in a business combination is allocated to each cash-generating unit, or group of cash-generating units, that are expected to benefit from the synergies arising in the business combination. Goodwill is tested for impairment annually or whenever if there are certain events or changes in circumstances indicating potential impairment. The carrying amount of the assets allocated to each cash-generating unit is then compared with its recoverable amount, which is the greater of its value in use or fair value less costs to sell. Any impairment loss is immediately taken to the statements of operations, and may not be reversed (see Note 3h).

b) Functional and presentation currency

Items included in the financial statements of each of the Atento Group's entities are measured using the currency of the primary economic environment in which the entities operate ('the functional currency'). The consolidated financial statements are presented in thousands of U.S. dollars, which is the presentation currency of the Atento Group.

c) Foreign currency translation

The results and financial position of all Atento Group entities whose functional currency is different from the presentation currency are translated into the presentation currency as follow:

- Statements of financial position assets and liabilities are translated at the exchange rate prevailing at the reporting date.
- Statements of operations items are translated at average exchange rates for the year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).

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- Proceeds and payments shown on the statements of cash flows are translated at the average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).

- Retained earnings are translated at historical exchange rates.
- All resulting exchange differences are recognized in other comprehensive income/(loss).

Goodwill and fair value adjustments to net assets arising from the acquisition of a foreign company are considered to be assets and liabilities of the foreign company and are translated at year - end exchange rates. Exchange differences arising are recognized in other comprehensive income/(loss).

d) Foreign currency transactions

Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the date of the transactions or valuation date, in the case of items being remeasured. Foreign exchange gains and losses resulting from the settlement of these transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of operations, except when deferred in other comprehensive income/(loss).

All differences arising on non-trading activities are taken to other operating income/expense in the statements of operations, with the exception of the effective portion of the differences on cash flows and net investment hedge that are accounted for as an effective hedge against a net investment in a foreign entity. These differences are recognised in other comprehensive income/(loss) (OCI) until the hedge settlement and disposal of the net investment, at which time, they are recognised in the statements of operations. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the date of recognition.

e) Segment information

Segment information is presented in accordance with management information reviewed by the Chief Operating Decision Maker (“CODM”). The CODM, responsible for allocating resources and assessing performance of operational segments, has been identified as the Chief Executive Officer (“CEO”) responsible for strategic decisions.

The CODM considers the business from a geographical perspective and analyzes it across three operational segments—EMEA, Americas and Brazil.

f) Intangible assets

Intangible assets are stated at acquisition cost, less any accumulated amortization and any accumulated impairment losses.

The intangible assets acquired in a business combination are initially measured at their fair value as of the acquisition date.

The useful lives of intangible assets are assessed on a case - by-case basis to be either finite or indefinite. Intangible assets with finite lives are amortized on a straight line basis over their estimated useful life and assessed for impairment whenever events or changes indicate that their carrying amount may not be recoverable. Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. The amortization charge on intangible assets is recognized in the consolidated statements of operations under “Amortization”.

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Amortization methods and useful lives are revised annually at the end of each reporting period and, where appropriate, adjusted prospectively.

Customer bases

Customer bases acquired in a business combination are recognised at fair value at the acquisition date and have finite useful lives and are subsequently carried at cost less accumulated amortization, which has been estimated to be between seven and twelve years. The customer bases relate to all agreements, tacit or explicit, entered into between the Atento Group and the former owner of the Atento Group and between the Atento Group and other customers, in relation to the provision of services, and that were acquired as part of the business combinations indicated in Note 5.

Software

Software is measured at cost (at acquisition or development costs) and amortized on a straight line basis over its useful life, generally estimated to be between three and five years. Maintenance cost of software is expensed as incurred.

Development costs directly attributable to the design and creation of software that are identifiable and unique, and that may be controlled by the Group, are recognized as an intangible asset providing the following conditions are met:

- It is technically feasible for the intangible asset to be completed so that it will be available for use or sale.
- Management intends to complete the asset for use or sale.
- The Group has the capacity to use or sell the asset.
- It is possible to show evidence of how the intangible asset will generate probable future economic benefits.
- Adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset.
- The outlay attributable to the intangible asset during its development can be reliably determined.

Directly attributable costs capitalized in the value of the software include the cost of personnel developing the programs and an appropriate percentage of overheads.

Costs that do not meet the criteria listed above are recognized as an expense as incurred. Expenditure for an intangible asset that is initially recognized within expenses for the period may not be subsequently recognized as intangible assets.

Other intangible assets

Other intangible assets mainly include payment of loyalty incentives which are amortized on a straight line basis over the term of the agreements which range from four to ten years.

g) *Property, plant and equipment*

Property, plant and equipment are measured at cost, less accumulated depreciation and any impairment losses. Land is not depreciated.

Acquisition costs include, when appropriate, the initial estimates of decommissioning, withdrawal and site reconditioning costs when the Atento Group is obliged to bear this expenditure as a condition of using the assets. Repairs that do not prolong the useful life of the assets and maintenance costs are recognized directly in the statements of operations. Costs that prolong or improve the life of the asset are capitalized as an increase in the cost of the asset.

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Property, plant and equipment acquired in a business combination are initially measured at fair value as of the acquisition date.

The Atento Group assesses the need to write down, if appropriate, the carrying amount of each item of property, plant and equipment to its period - end recoverable amount whenever there are indications that the assets' carrying amount may not be fully recoverable through the generation of sufficient future revenue. The impairment allowance is reversed if the factors giving rise to the impairment cease to exist.

The depreciation charge for items of property, plant and equipment is recognized in the consolidated statements of operations under "Depreciation".

Depreciation is calculated on a straight line basis over the useful life of the asset applying individual rates to each type of asset, which are reviewed at the end of each reporting period.

The useful lives generally used by the Atento Group are as follow:

	Years of useful life
Buildings	5 - 40
Plant and machinery	3 - 6
Furniture, tools	1 - 10
Other tangible assets	5 - 8

h) Impairment of non - current assets

The Atento Group assesses as of each reporting date whether there is an indicator that a non - current asset may be impaired. If any such indicator exists, or when annual impairment testing for an asset is required (e.g. goodwill), the Atento Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell or its value in use. In assessing the value in use, the estimated future cash flow is discounted to its 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired. In this case, the carrying amount is written down to its recoverable amount, and the resulting loss is recognized in the statements of operations. Future depreciation/amortization charges are adjusted to reflect the asset's new carrying amount over its remaining useful life. Management analyzes the impairment of each asset individually, except in the case of assets that generate cash flow which are interdependent on those generated by other assets (cash generating units – "CGU").

The Atento Group bases the calculation of impairment on the business plans of the various cash generating units to which the assets are allocated. These business plans cover five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

When there are new events or changes in circumstances that indicate that a previously recognized impairment loss no longer exists or has been decreased, a new estimate of the asset's recoverable amount is made. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited to the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. This reversal is recognized in the statements of operations and the depreciation charge is adjusted in future periods to reflect the asset's revised carrying amount. Impairment losses relating to goodwill cannot be reversed in future periods.

j) Financial assets and liabilities

Financial assets

Upon initial recognition, the Atento Group classifies its financial assets into one of four categories: financial assets at fair value through profit or loss, loans and receivables, held - to-maturity investments and available-for - sale financial assets. These classifications are reviewed at the end of each reporting period and modified if appropriate.

The Atento Group has classified all of its financial assets as loans and receivables, except for derivative financial instruments.

All purchases and sales of financial assets are recognized on the statement of financial position on the transaction date, i.e. when the commitment is made to purchase or sell the asset.

A financial asset is fully or partially derecognized from the statement of financial position only when:

1. The rights to receive cash flow from the asset have expired.
2. The Atento Group has assumed an obligation to pay the cash flow received from the asset to a third party or
3. The Atento Group has transferred its rights to receive cash flow from the asset to a third party, thereby substantially transferring all of the risks and rewards of the asset.

Financial assets and financial liabilities are offset and presented on a net basis in the statement of financial position when a legally enforceable right exists to offset the amounts recognized and the Atento Group intends to settle the assets and liabilities net or to simultaneously realize the asset and cancel the liability.

Loans and receivables include fixed - maturity financial assets not listed in active markets and which are not derivatives. They are classified as current assets, except for those maturing more than twelve months after the reporting date, which are classified as non - current assets. Loans and receivables are initially recognized at fair value plus any transaction costs, and are subsequently measured at amortized cost, using the effective interest method. Interest calculated using the effective interest method is recognized under finance income in the statements of operations.

The Atento Group assesses at each reporting date whether a financial asset is impaired. Where there is objective evidence of impairment of a financial asset valued at amortized cost, the amount of the loss to be taken to the statements of operations is measured as the difference between the carrying amount and the present value of estimated future cash flow (without taking into account future losses), discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the impairment loss is expensed in the consolidated statements of operations.

Trade receivables

Trade receivables are amounts due from customers for the sale of services in the normal course of business. Receivables slated for collection in twelve months or less are classified as current assets; otherwise, the balances are considered non - current assets.

Trade receivables are recognized at the original invoice amount. An impairment provision is recorded when there is objective evidence of collection risk. The amount of the impairment provision is calculated as the difference between the carrying amount of the doubtful trade receivables and their recoverable amount. In general, cash flow relating to short-term receivables is not discounted.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and in banks, demand deposits and other highly liquid investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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Financial liabilities

Debt with third parties (Borrowing)

Debt with third parties is initially recorded at the fair value of the consideration received, less any directly attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Any difference between the cash received (net of transaction costs) and the repayment value is recognized in the statements of operations over the life of the debt. Debt with third parties is considered to be non - current when the maturity date is longer than twelve months from the reporting date, or when the Atento Group has full discretion to defer settlement for at least another twelve months from that date.

Financial liabilities are derecognized in the statement of financial position when the respective obligation is settled, cancelled or matures.

Trade payables

Trade payables are payment obligations in respect of goods or services received from suppliers in the ordinary course of business. Trade payables falling due in twelve months or less are classified as current liabilities; otherwise, the balances are considered as non - current liabilities.

j) Derivative financial instruments and hedging

Derivative financial instruments are initially recognized at their fair values on the date on which the derivative contract is entered into and are subsequently re-measured at their fair value.

Any gains or losses resulting from changes in the fair value of a derivative instrument are recorded in the statements of operations, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income/(loss) and later reclassified to profit or loss when the hedge item affects the statements of operations.

At the inception of the derivative instrument contract, the Atento Group documents the relationship between the hedging instruments and the hedged items, as well as the risk management objectives and the strategy for groups of hedges. The Atento Group also documents its assessment, both at the inception of the hedge and throughout the term thereof, of whether the derivatives used are highly effective at offsetting changes in the fair value or cash flow of the hedged items.

The fair value of a hedging derivative is classified as a non-current asset or liability, as applicable, if the remaining maturity of the hedged item exceeds twelve months, otherwise it is classified as a current asset or liability.

For purpose of hedge accounting the Atento Group designates certain derivatives as either:

Cash flow hedges

Cash flow hedge is defined as a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction that could affect profit or loss.

The effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income in the cash flow hedge reserve in equity. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, any gain or loss on the hedging instrument that was previously recognized directly in equity is recycled from reserves into the statements of operations in the same period(s) in which the financial asset or liability affects profit or loss.

Net investment hedges

Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in other comprehensive income. Gains or losses relating to the ineffective portion are recognized in the statements of operations. Gains and losses accumulated in equity are included in the statements of operations when the foreign operation is partially disposed of or sold.

k) Share capital

The ordinary shares of the Company are classified in equity (see Note 19).

Issuance costs directly attributable to the issuance of new shares or options are deducted from the proceeds raised in equity, net of the tax effect.

l) Provisions

Provisions are recognized when the Atento Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions for restructuring include penalties for the cancellation of leases and other contracts, as well as employee termination payments. Provisions are not recognized for future operating losses.

When the Atento Group is virtually certain that some or all of a provision is to be reimbursed, for example under an insurance contract, a separate asset is recognized in the statement of financial position, and the expense relating to the provision is recorded in the statements of operations, net of the expected reimbursement.

Provisions are measured at the present value of expenditure expected to be required to settle the obligation, using a pre - tax rate that reflects current market assessments of the time value of money and the specific risks inherent to the obligation. Any increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities represent possible obligations to third parties, and existing obligations that are not recognized, given that it is not likely that an outflow of economic resources will be required in order to settle the obligation or because the amount cannot be reliably estimated. Contingent liabilities are not recognized on the consolidated statement of financial position unless they are recorded as part of a business combination.

m) Employee benefit

Share - based payments

Atento S.A. has a share - based compensation plan, under which the subsidiaries of Atento S.A. receive services from employees as consideration for the equity instruments of Atento S.A. The subsidiaries themselves are not party to any of the contracts; Atento S.A. settles these agreements. The plan offers various instruments (award agreements, stock options, restricted stock units, etc.), but so far only five types of restricted stock units (“RSUs”) have been granted to selected employees, being two on December 3, 2014, two on July 1, 2016 and one on July 3, 2017.

The fair value of the employee services received in exchange for the grant of the RSUs is recognized as an expense in the consolidated financial statements of Atento S.A. The total amount to be expensed is determined with reference to the fair value of the RSUs granted:

- Including any market performance conditions (for example, an entity’s share price);
- Excluding the impact of any service and non - market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- Including the impact of any non - vesting conditions (for example, the requirement for employees to save or hold shares for a specific period of time).

At the end of each reporting period, the group revises its estimates of the number of RSUs that are expected to vest based on the non - market vesting conditions and service conditions. It recognizes the impact of the revisions to original estimates, if any, in the statements of operations, with a corresponding adjustment to equity.

When the RSUs vest, Atento S.A. issues new shares or buys them back in the market. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

The social security contributions payable in connection with the granting of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

Termination benefits

Termination benefits are paid to employees when the Atento Group decides to terminate their employment contracts prior to the usual retirement age or when the employee agrees to resign voluntarily in exchange for these benefits. The Atento Group recognizes these benefits as an expense for the year, at the earliest of the following dates: (a) when the Atento Group is no longer able to withdraw the offer for these benefits; or (b) when the Atento Group company recognizes the costs of a restructuring effort as per IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", and when this restructuring entails the payment of termination benefits. When benefits are offered in order to encourage the voluntary resignation of employees, termination benefits are measured on the basis of the number of employees expected to accept the offer. Benefits to be paid in more than twelve months from the reporting date are discounted to their present value.

n) Income tax

The income tax expense includes all the expenses and credits arising from the corporate income tax levied on all the Atento Group companies.

Income tax expenses for each period represent the aggregate amounts of current and deferred taxes, if applicable.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amounts are those that are enacted at the reporting date in each country in which the Atento Group operates. The Atento Group determines deferred tax assets and liabilities by applying the tax rates that will be effective when the corresponding asset is received or the liability settled, based on tax rates and tax laws that are enacted (or substantively enacted) at the reporting date.

Deferred taxes are calculated on temporary differences arising from differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets also arise from unused tax credits and tax loss carryforwards.

The carrying amounts of deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of that deferred tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax liabilities associated with investments in subsidiaries and branches are not recognized when the timing of the reversal can be controlled by the parent company, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax relating to items directly recognized in equity is also recognized in equity. Deferred tax assets and liabilities resulting from business combinations are added to or deducted from goodwill.

Deferred tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

o) Revenue and expenses

Revenue and expenses are recognized on the statements of operations on an accruals basis, i.e. when the services are rendered, regardless of when actual payment or collection occurs.

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Revenue is measured at the fair value of the consideration received or to be received, and represents the amounts expected to be collected for services sold, net of discounts, returns and value added tax. Revenue is recognized when it can be reliably measured, when it is probable that the Group will receive a future economic benefit, and when certain conditions are met for each Group activity carried out.

Services revenues are recognized when services are rendered, when the revenue and costs of the services contract, can be reliably estimated, and it is probable that the related receivables will be recovered.

The Atento Group obtains revenue mainly from services provided to customer, recognizing the revenue when the call center services are performed or when certain contact center consulting work is carried out.

Expenses are recognized in the statements of operations an accrual basis, regardless of when actual payment or collection occurs.

The Atento Group's incorporation, start - up and research expenses, as well as expenses that do not qualify for capitalization under IFRS, are recognized in the consolidated statements of operations when incurred and classified in accordance with their nature.

p) Interest income and expenses

Interest expenses incurred in the construction of any qualified asset are capitalized during the time necessary to complete the asset and prepare it for the intended use. All other interest expenses are expensed as incurred.

Interest income is recognized using the effective interest method. When a loan or a receivable has been impaired, the carrying amount is reduced to the recoverable amount, discounting the estimated future cash flow at the instrument's original effective interest rate and recognizing the discount as a decrease in interest income. Interest income on impaired loans is recognized when the cash is collected or on the basis of the recovery of the costs when the loan is secured.

q) Leases (as lessee)

The Atento Group rents certain properties. Leases where the lessor does not transfer substantially all of the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statements of operations on a straight line basis over the lease term.

Those lease arrangements under which the Atento Group holds the significant risks and benefits inherent in owning the leased item are treated as finance leases. Finance leases are capitalized as an asset at the inception of the lease period and classified according to their nature. Finance leases are capitalized at the lower of the present value of the minimum lease payments agreed, and the fair value of the leased asset. Lease payments are proportionally allocated to the principal of the lease liability and to finance charges. Finance charges are reflected in the statements of operations over the lease term so as to achieve a constant rate of interest on the balance pending repayment in each period.

r) Critical accounting estimates and assumptions

The preparation of consolidated financial statements under IFRS as issued by the IASB requires the use of certain assumptions and estimates that affect the carrying amount of assets and liabilities within the next financial year.

Some of the accounting policies applied in preparing the accompanying consolidated financial statements required Management to apply significant judgments in order to select the most appropriate assumptions for determining these estimates. These assumptions and estimates are based on Management experience, the advice of consultants and experts, forecasts and other circumstances and expectations prevailing at year end. Management's evaluation takes into account the global economic situation in the sector in which the Atento Group operates, as well as the future outlook for the business. By virtue of their nature, these judgments are inherently subject to uncertainty. Consequently, actual results could differ substantially from the estimates and assumptions used. Should this occur, the values of the related assets and liabilities would be adjusted accordingly.

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Although these estimates were made on the basis of the best information available at each reporting date on the events analyzed, events that take place in the future might make it necessary to change these estimates in coming years. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8, “Accounting Policies, Changes in Accounting Estimates and Errors”, recognizing the effects of the changes in estimates in the related consolidated statements of operations.

An explanation of the estimates and judgments that entail a significant risk of leading to a material adjustment in the carrying amounts of assets and liabilities is as follows:

Useful lives of property, plant and equipment and intangible assets

The accounting treatment of items of property, plant and equipment and intangible assets entails the use of estimates to determine their useful lives for depreciation and amortization purposes. In determining the useful life, it is necessary to estimate the level of use of assets as well as forecast technological trends in the assets. Assumptions regarding the level of use, the technological framework and the future development require a significant degree of judgment, bearing in mind that these aspects are rather difficult to foresee. Changes in the level of use of assets or in their technological development could result in a modification of their useful lives and, consequently, in the associated depreciation or amortization.

Impairment of goodwill

The Atento Group tests goodwill for impairment annually, in accordance with the accounting principle described in Note 3h. Goodwill is subject to impairment testing as part of the cash - generating unit to which it has been allocated. The recoverable amounts of cash - generating units defined in order to identify potential impairment in goodwill are determined on the basis of value in use, applying five - year financial forecasts based on the Atento Group’s strategic plans, approved and reviewed by Management. These calculations entail the use of assumptions and estimates, and require a significant degree of judgment. The main variables considered in the sensitivity analyses are growth rates, discount rates using the Weighted Average Cost of Capital (“WACC”) and the key business variables.

Deferred taxes

The Atento Group assesses the recoverability of deferred tax assets based on estimates of future earnings. The ability to recover these deferred amounts depends ultimately on the Atento Group’s ability to generate taxable earnings over the period in which the deferred tax assets remain deductible. This analysis is based on the estimated timing of the reversal of deferred tax liabilities, as well as estimates of taxable earnings, which are sourced from internal projections.

The appropriate classification of tax assets and liabilities depends on a series of factors, including estimates as to the timing and realization of deferred tax assets and the projected tax payment schedule. Actual income tax receipts and payments could differ from the estimates made by the Atento Group as a result of changes in tax legislation or unforeseen transactions that could affect the tax balances (see Note 20).

The Atento Group has recognized deferred tax assets corresponding to losses carried forward since, based on internal projections, it is probable that it will generate future taxable profits against which they may be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date, and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of that deferred tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Provisions and contingencies

Provisions are recognized when the Atento Group has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. This obligation may be legal or constructive, deriving from, inter alia, regulations, contracts, customary practice or public commitments that would lead third parties to reasonably expect that the Atento Group will assume certain responsibilities. The amount of the provision is determined based on the best estimate of the outflow of resources embodying economic benefit that will be required to settle the obligation, taking into account all available information as of the reporting date, including the opinions of independent experts such as legal counsel or consultants.

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No provision is recognized if the amount of liability cannot be estimated reliably. In such cases, the relevant information is disclosed in the notes to the consolidated financial statements.

Given the uncertainties inherent in the estimates used to determine the amount of provisions, actual outflows of resources may differ from the amounts recognized originally on the basis of these estimates (see Note 21).

Fair value of derivatives

The Atento Group uses derivative financial instruments to mitigate risks, primarily derived from possible fluctuations in interest rates. Derivatives are recognized at the inception of the contract at fair value.

The fair values of derivative financial instruments are calculated on the basis of observable market data available, either in terms of market prices or through the application of valuation techniques. The valuation techniques used to calculate the fair value of derivative financial instruments include the discounting of future cash flow associated with the instruments, applying assumptions based on market conditions at the valuation date or using prices established for similar instruments, among others. These estimates are based on available market information and appropriate valuation techniques. The fair values calculated could differ significantly if other market assumptions and/or estimation techniques were applied.

s) Interest in subsidiaries

All subsidiaries are fully consolidated. Where necessary, the accounting policies of subsidiaries have been aligned to those adopted in the Atento Group.

The details of Atento Group subsidiaries at December 31, 2017 are as follow:

Name	Registered address	Line of business	% interest	Holding company
Atento Luxco Midco, S.à.r.l.	Luxembourg	Holding company	100	Atento S.A.
Atento Luxco 1 S.A.	Luxembourg	Holding company	100	Atento Luxco Midco, S.à.r.l
Atalaya Luxco 2. S.à.r.l.	Luxembourg	Holding company	100	Atento Luxco 1. S.A.
Atalaya Luxco 3. S.à.r.l.	Luxembourg	Holding company	100	Atento Luxco 1. S.A.
Atento Argentina. S.A	Buenos Aires (Argentina)	Operation of call centers	90 10	Atalaya Luxco 2. S.à.r.l. Atalaya Luxco 3. S.à.r.l.
Global Rossolimo. S.L.U	Madrid (Spain)	Holding company	100	Atento Spain Holdco. S.L.U.
Atento Spain Holdco. S.L.U	Madrid (Spain)	Holding company	100	Atento Luxco 1. S.A.
Atento Spain Holdco 6. S.L.U	Madrid (Spain)	Holding company	100	Atento Spain Holdco. S.L.U.
Atento Spain Holdco 2. S.A.U	Madrid (Spain)	Holding company	100	Atento Spain Holdco 6. S.L.U.
Atento Teleservicios España. S.A.U	Madrid (Spain)	Operation of call centers	100	Atento Spain Holdco 2. S.A.U.
Atento Servicios Técnicos y Consultoría S.A.U	Madrid (Spain)	Execution of technological projects and services, and consultancy services	100	Atento Teleservicios España S.A.U.

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Atento Impulsa. S.A.U	Barcelona (Spain)	Management of specialized employment centers for disabled workers	100	Atento Teleservicios España S.A.U.
Atento Servicios Auxiliares de Contact Center. S.A.U	Madrid (Spain)	Execution of technological projects and services, and consultancy services	100	Atento Teleservicios España. S.A.U.
Atento B V	Amsterdam (Netherlands)	Holding company	100	Atento Spain Holdco 2. S.A.U.
Teleatento del Perú. S.A.C	Lima (Peru)	Operation of call centers	83,3333 (Class A) 16,6667 (Class B)	Atento B.V. Atento Holding Chile. S.A.
Woknal. S.A.	Montevideo (Uruguay)	Operation of call centers	100	Atento B.V.
Atento Colombia. S.A.	Bogotá DC (Colombia)	Operation of call centers	94.97871 0.00424 0.00854 5.00427 0.00424	Atento B.V. Atento Servicios Auxiliares de Contact Center. S.L.U. Atento Servicios Técnicos y Consultoría. S.L.U. Atento Teleservicios España. S.A.U. Teleatento del Perú SAC.
Atento Holding Chile. S.A.	Santiago de Chile (Chile)	Holding company	99.9999 0.0001	Atento B.V. Atento Spain Holdco 2
Atento Chile. S.A.	Santiago de Chile (Chile)	Operation of call centers	99.99 0.01	Atento Holding Chile. S.A. Atento B.V.
Atento Educación Limitada	Santiago de Chile (Chile)	Operation of call centers	99	Atento Chile. S.A.
Atento Centro de Formación Técnica Limitada	Santiago de Chile (Chile)	Operation of call centers	1	Atento Holding Chile. S.A.
Atento Spain Holdco 4. S.A.U	Madrid (Spain)	Operation of call centers	99	Atento Chile. S.A.
Atento Brasil. S.A	São Paulo (Brazil)	Operation of call centers	1	Atento Holding Chile. S.A.
R Brasil Soluções S.A.	São Paulo (Brazil)	Holding company	100	Atento Spain Holdco. S.L.U.
Atento Spain Holdco 5. S.L.U	Madrid (Spain)	Operation of call centers	99.999 0.001	Atento Spain Holdco 4. S.A.U. Atento Spain Holdco. S.L.U.
Atento Mexico Holdco S. de R.L. de C.V.	São Paulo (Brazil)	Operation of call centers	81.4885 9.25 9.25	Atento Brasil. S.A. Flávio Luiz Rossetto Jorge Luiz Rossetto
Atento Puerto Rico. Inc.	Madrid (Spain)	Holding company	100	Atento Spain Holdco. S.L.U.
Contact US Teleservices Inc.	Mexico	Holding company	99.966 0.004	Atento Spain Holdco 5. S.L.U. Atento Spain Holdco. S.L.U.
Atento Panamá. S.A.	Guaynabo (Puerto Rico)	Operation of call centers	100	Atento Mexico Holdco S. de R.L. de C.V.
Atento Atención y Servicios. S.A. de C.V.	Houston, Texas (USA)	Operation of call centers	100	Atento Mexico Holdco S. de R.L. de C.V.
Atento Servicios. S.A. de C.V.	Panama City	Operation of call centers	100	Atento Mexico Holdco S. de R.L. de C.V.
Atento Servicios. S.A. de C.V.	Mexico City (Mexico)	Administrative, professional and consultancy services	99.998 0.002	Atento Mexico Holdco S. de R.L. de C.V. Atento Servicios. S.A. de C.V.
Atento Centromérica. S.A.	Mexico City (Mexico)	Sale of goods and services	99.998 0.002	Atento Mexico Holdco S. de R.L. de C.V. Atento Atención y Servicios. S.A. de C.V.
	Guatemala (Guatemala)	Holding company	99.9999 0.0001	Atento Mexico Holdco S. de R.L. de C.V. Atento El Salvador S.A. de C.V.

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Atento de Guatemala. S.A.	Guatemala (Guatemala)	Operation of call centers	99.99999 0.00001	Atento Centroamérica. S.A. Atento El Salvador S.A. de C.V.
Atento El Salvador. S.A. de C.V.	City of San Salvador (El Salvador)	Operation of call centers	7.4054 92.5946	Atento Centroamerica. S.A. Atento de Guatemala. S.A.
Atento Nicaragua S.A.	Nicaragua	Operation of call centers	4.35 95.65	Atento Centroamerica. S.A. Atento Mexico Holdco S. de R.L. de C.V.
Atento Costa Rica S.A.	Costa Rica	Operation of call centers	99.999 0.0001	Atento Mexico Holdco S. de R.L. de C.V. Atento Centroamerica. S.A.
Interservicer - Serviços de BPO Ltda.	São Paulo (Brasil)	Operation of call centers	50.00002	Nova Interfile e Holding Ltda.
Interfile Serviços de BPO Ltda.	São Paulo (Brasil)	Operation of call centers	50.00002	Nova Interfile e Holding Ltda.
Nova Interfile Holding Ltda.	São Paulo (Brasil)	Holding company	100	Atento Brasil. S.A.

At December 31, 2015, 2016 and 2017, none of the Group's subsidiaries is listed on a stock exchange, except for Atento Luxco 1 S.A., which has debt securities listed in the International Stock Exchange (TISE) in Guernsey. All subsidiaries use year-end December 31 as their reporting date.

t) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing on or after January 1, 2017:

- Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12; and
- Disclosure Initiative – Amendments to IAS 7.

The adoption of these amendments did not have any material impact on the current period or any prior period and is not likely to affect future periods.

u) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2017 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below:

Title of standard	IFRS 9 <i>Financial Instruments</i>
Nature of change	IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
Impact	<p>The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on January 1, 2018:</p> <p><u>Financial assets</u></p> <p>The Company's loans and receivables as per IAS 39 that are held to collect contractual cash flows that solely represent payments and interest satisfy the conditions for classification as at amortized cost for IFRS 9 and hence there will be no change to the accounting for these assets.</p>

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Impact	<p>We also expect no changes for derivatives, that as per IAS 39 are classified at fair value through profit or loss (unless they are designated as hedges) and would appear to be classified as FVPL as per IFRS 9.</p> <p>Accordingly, the Atento Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.</p> <p><u>Financial liabilities</u></p> <p>There will be no impact on the Atento Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Atento Group does not have such liabilities other than derivatives, that as per IAS 39 are classified at fair value through profit or loss (unless they are designated as hedges) and will be classified as FVPL (fair value through profit or loss) as per IFRS 9. The derecognition rules have been transferred from IAS 39 <i>Financial Instruments: Recognition and Measurement</i> and have not been changed.</p> <p>The new hedge accounting rules will align the accounting for hedging instruments more closely with the Atento Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Atento Group's current hedge relationships will qualify as continuing hedges upon the adoption of IFRS 9. Accordingly, the Atento Group does not expect a significant impact on the accounting for its hedging relationships.</p> <p>The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortized cost, debt instruments measured at FVOCI (fair value through other comprehensive income), contract assets under IFRS 15 <i>Revenue from Contracts with Customers</i>, lease receivables, loan commitments and certain financial guarantee contracts. Management does not expect a significant increase in the credit losses, as well as losses on investments held at amortized cost.</p> <p>The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Atento Group's disclosures about its financial instruments particularly in 2018.</p>
Mandatory application date/ Date of adoption by the Group	<p>Must be applied for financial years commencing on or after January 1, 2018.</p> <p>The Group will apply the new rules retrospectively from January 1, 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.</p>

Title of standard	IFRS 15 <i>Revenue from Contracts with Customers</i>
Nature of change	<p>The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.</p> <p>The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.</p>
Impact	<p>Management has assessed the effects of applying the new standard on the Atento Group's financial statements and has identified the following services that are likely to be affected:</p> <ul style="list-style-type: none"> ü Accounting for certain costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under IFRS 15. ü Variable consideration – IFRS 15 establishes that the Atento Group includes in the transaction price of services the amount of variable consideration estimated only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Some contracts with customer may be impacted for this requirement due to the existence of clauses containing service level requirements, trade discounts, penalties or volume rebates. This could result in different amounts being recognized and/or delay the recognition of a portion of the revenue. ü Presentation disclosure - IFRS 15 provides presentation and disclosure requirements, which are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in Atento Group's financial statements. Many of the disclosure requirements in IFRS 15 are completely new. The Atento Group is reassessing its systems, internal controls, policies and procedures necessary to collect and disclose the required information. <p>The Atento's Group continue to evaluate customer contracts to determine the estimated variable consideration as disclosed above. Based on the assessment conducted in 2017, the Company and its subsidiaries do not foresee a significant impact through the adoption of IFRS 15.</p>
Mandatory application date/ Date of adoption by the Group	The Group intends to adopt the standard using the modified retrospective approach as of January 1, 2018 and the comparatives will not be restated.

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Title of standard	IFRS 16 <i>Leases</i>
Nature of change	IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.
Impact	The standard will affect primarily the accounting for the Atento Group's operating leases. As at the reporting date, the Atento Group has operating lease commitments of 240,113 thousand U.S. dollars. However, the Atento Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Atento Group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.
Mandatory application date/ Date of adoption by group	Mandatory for financial years commencing on or after January 1, 2019. At this stage, the Atento Group does not intend to adopt the standard before its effective date.

Title of standard	IFRS 2 <i>Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2</i>
Key requirements	The IASB issued amendments to IFRS 2 <i>Share-based Payment</i> that address three main areas: <ul style="list-style-type: none"> ü the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; ü the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and ü accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.
Mandatory application date/ Date of adoption by group	On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after January 1, 2018, with early application permitted. Expected date of adoption by the Atento Group is January 1, 2018.

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Title of standard	IFRIC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>
Key requirements	The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis.
Mandatory application date/ Date of adoption by group	<p>Alternatively, an entity may apply the Interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:</p> <p>(i) The beginning of the reporting period in which the entity first applies the interpretation; or</p> <p>(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.</p> <p>The Interpretation is effective for annual periods beginning on or after January 1, 2018. Early application of interpretation is permitted and must be disclosed.</p> <p>Expected date of adoption by the Atento Group is January 1, 2018.</p>

Title of standard	IFRIC Interpretation 23 <i>Uncertainty over Income Tax Treatment</i>
Key requirements	<p>The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.</p> <p>The Interpretation specifically addresses the following:</p> <ul style="list-style-type: none"> · Whether an entity considers uncertain tax treatments separately; · The assumptions an entity makes about the examination of tax treatments by taxation authorities; · How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; · How an entity considers changes in facts and circumstances.
Mandatory application date/ Date of adoption by group	<p>An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.</p> <p>The interpretation is effective for annual reporting periods beginning on or after January 1, 2019, but certain transition reliefs are available. The Group will apply interpretation from its effective date.</p>

There are no other standards that are not yet effective and that would be expected to have a material impact on the Atento Group in the current or future reporting periods and on foreseeable future transactions.

4) MANAGEMENT OF FINANCIAL RISK

4.1 Financial risk factors

The Atento Group's activities are exposed to various types of financial risk: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Atento Group's global risk management policy aims to minimize the potential adverse effects of these risks on the Atento Group's financial returns. The Atento Group also uses derivative financial instruments to hedge certain risk exposures.

a) Market risk

Interest rate risk in respect of cash flow and fair value

Interest rate risk arises mainly as a result of changes in interest rates which affect: finance costs of debt bearing interest at variable rates (or short-term maturity debt expected to be renewed), as a result of fluctuations in interest rates, and the value of non-current liabilities that bear interest at fixed rates. Atento Group's finance costs are exposed to fluctuations in interest rates. As of December 31, 2017, 12.8% of Atento Group's finance costs are exposed to fluctuations in interest rates (excluding the effect of financial derivative instruments), compared to 40.6% as of December 31, 2016.

The Atento Group's policy is to monitor the exposure to interest at risk. As described in Note 14, the Atento Group has entered to interest rate swaps that have the economic effect of converting floating-rate borrowings into fixed interest rate borrowings.

As of December 31, 2017, the estimated fair value of the interest rate hedging instruments related to the Brazilian Debentures totaled 1,212 thousand U.S. dollars (1,330 thousand U.S. dollars financial asset as of December 31, 2016), which was recorded as a financial liability. Based on the total indebtedness of 486,291 thousand U.S. dollars as of December 31, 2017 and not taking into account the impact of the interest rate hedging instruments referred to above, a 1% change in interest rates would impact our net interest expense by 1,648 thousand U.S. dollars (2,353 thousand U.S. dollars as of December 31, 2016).

The table below shows the impact of a +/- 10 basis points variation in the CDI interest rate curves on these derivatives.

INTEREST RATE	Thousands of U.S. dollars
	2017
FAIR VALUE	(1,212)
0.10%	(1,174)
-0.10%	(1,248)

Foreign currency risk

Our foreign currency risk arises from local currency revenues, receivables and payables, while the U.S. dollar is our functional and reporting currency. We benefit to a certain degree from the fact that the revenue we collect in each country, in which we have operations, is generally denominated in the same currency as the majority of the expenses we incur.

In accordance with our risk management policy, whenever we deem it appropriate, we manage foreign currency risk by using derivatives to hedge any exposure incurred in currencies other than those of the functional currency of the subsidiary.

Upon issuance of the Senior Secured Notes due 2022 denominated in U.S. dollars, we entered into new cross-currency swaps pursuant to which we exchanged an amount of U.S. dollars for an amount of Euro, Mexican Pesos, Peruvian Soles and Brazilian Reais.

The table below shows the impact of a +/-10 basis points variation in the interest rate curve on the value of the cross-currency swaps.

	Thousands of U.S. dollars
CROSS-CURRENCY	2017
FAIR VALUE	3,037
0.10%	2,718
-0.10%	3,838

As of December 31, 2017, the estimated fair value of the cross-currency swaps designated as hedging instruments totaled an asset of 3,037 thousand U.S. dollars (asset of 75,960 thousand U.S. dollars as of December 31, 2016).

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2016	Financial assets (*)			Financial liabilities (*)			Sensitivity analysis				
	Functional currency - financial asset/liability currency	Functional currency (thousands)	Asset currency (thousands) U.S. Dollar (thousands)	Functional currency (thousands)	Liability currency (thousands) U.S. Dollar (thousands)	U.S. Dollar (thousands)	Appreciation of asset/liability currency vs functional currency	Appreciation of financial assets in functional currency	Statements of operations (thousands of U.S. dollar)	Appreciation of financial liabilities in functional currency	Statements of operations (thousands of U.S. dollar)
Euro - Colombian Pesos	244	817,344	272	-	-	-	10% 2,846.7435699	287	45	-	-
Euro - Dirham Moroccan	252	2,848	281	-	-	-	10% 9.6064349	297	47	-	-
Euro - Peruvian Nuevos Soles	64	241	72	-	-	-	10% 3.1838036	76	12	-	-
Euro - USD	3,515	3,705	3,705	-	-	-	10% 0.9486900	3,905	412	-	-
Chilean Pesos – USD	212	-	-	-	-	-	10% 0.0013487	235	-	-	-
Mexican Pesos – USD	6	-	-	-	-	-	10% 0.0436482	-	-	-	-
Brazilian Reais – USD	6	2	2	-	-	-	10% 0.2761499	7	-	-	-
Guatemalan Quetzal – USD	2,442	325	325	-	-	-	10% 0.1196470	2,713	36	-	-
Colombian Pesos – USD	590,271	197	197	-	-	-	10% 0.0002999	655,857	22	-	-
Peruvian Nuevos Soles - USD	23,484	6,998	6,998	5,138	1,531	1,531	10% 0.2681764	26,094	778	5,709	(170)
United States Dolar - Euro	11,068	10,500	11,068	-	-	-	10% 0.8538089	12,298	1,230	-	-
United States Dolar - MXN	79	1,627	79	-	-	-	10% 18.5574600	88	9	-	-
Chilean Pesos – Euro	292	-	-	-	-	-	10% 0.0012795	324	-	-	-

(*) Financial liabilities correspond to borrowing in currencies other than functional currencies. Financial assets correspond to cash and cash equivalents in currencies other than functional currencies.

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2017

Functional currency - financial asset/liability currency	Financial assets (*)			Financial liabilities (*)			Sensitivity analysis				
	Functional currency (thousands)	Asset currency (thousands)	U.S. Dollar (thousands)	Functional currency (thousands)	Liability currency (thousands)	U.S. Dollar (thousands)	Appreciation of asset/liability currency vs functional currency	Appreciation of financial assets in functional currency	Statements of operations (thousands of U.S. dollar)	Appreciation of financial liabilities in functional currency	Statements of operations (thousands of U.S. dollar)
Euro - Colombian Pesos	253	904,880	303	-	-	-	10% 3,220.8400800	281	34	-	-
Euro - Dirham Moroccan	527	5,915	632	-	-	-	10% 10.1000968	586	70	-	-
Euro - Peruvian Nuevos Soles	37	144	44	-	-	-	10% 3.5025557	41	5	-	-
Euro - USD	2,999	3,597	3,597	-	-	-	10% 1.0793700	3,332	400	-	-
Chilean Pesos – USD	7,982	13	13	-	-	-	10% 0.0014629	8,875	1	-	-
Mexican Pesos – USD	970	-	49	-	-	-	10% 0.0457715	-	(49)	-	-
Brazilian Reais – USD	27	8	8	-	-	-	10% 0.2720677	30	1	-	-
Guatemalan Quetzal – USD	82	11	11	-	-	-	10% 0.1225362	91	1	-	-
Colombian Pesos – USD	610,695	205	205	-	-	-	10% 0.0003016	678,550	23	-	-
Peruvian Nuevos Soles - USD	26,358	8,123	8,123	5,822	1,794	1,794	10% 0.2773498	29,287	903	6,469	(199)
United States Dolar - Euro	8	6	8	-	-	-	10% 0.7504378	9	1	-	-
United States Dolar - MXN	10	202	10	-	-	-	10% 17.6966100	11	1	-	-
Chilean Pesos – Euro	132,016	179	215	-	-	-	10% 0.0012198	146,423	20	-	-

(*) Financial liabilities correspond to borrowing in currencies other than functional currencies. Financial assets correspond to cash and cash equivalents in currencies other than functional currencies.

b) Credit risk

The Atento Group seeks to conduct all of its business with reputable national and international companies and institutions established in their countries of origin, to minimize credit risk. As a result of this policy, the Atento Group has no material adjustments to make to its credit accounts (see Note 13).

Accordingly, the Atento Group's commercial credit risk management approach is based on continuous monitoring of the risks assumed and the financial resources necessary to manage the Group's various units, in order to optimize the risk - reward relationship in the development and implementation of business plans in the course of their regular business.

Credit risk arising from cash and cash equivalents is managed by placing cash surpluses in high quality and highly liquid money-market assets. These placements are regulated by a master agreement revised annually on the basis of the conditions prevailing in the markets and the countries where Atento operates. The master agreement establishes: (i) the maximum amounts to be invested per counterparty, based on their ratings (long- and short-term debt ratings); (ii) the maximum period of the investment; and (iii) the instruments in which the surpluses may be invested.

The Atento Group's maximum exposure to credit risk is primarily limited to the carrying amounts of its financial assets (see Notes 11 to 15). The Atento Group holds no guarantees as collection insurance. As disclosed in Note 23, the Atento Group carries out significant transactions with the Telefónica Group, which represents 39.2% in 2017 and 33.7% in 2016.

c) Liquidity risk

The Atento Group seeks to match its debt maturity schedule to its capacity to generate cash flows to meet the payments falling due, factoring in a degree of cushion. In practice, this has meant that the Atento Group's average debt maturity must be longer enough to support business operation normal conditions (assuming that internal projections are met). A maturity schedule for the Atento Group's financial liabilities is provided in Note 16.

4.2 Capital Management

The Atento Group's Finance Department, which is in charge of the capital management, takes various factors into consideration when determining the Group's capital structure.

The Atento Group's capital management goal is to determine the financial resources necessary both to continue its recurring activities and to maintain a capital structure that optimizes own and borrowed funds.

The Atento Group sets an optimal debt level in order to maintain a flexible and comfortable medium-term borrowing structure, in order to be able to carry out its routine activities under normal conditions and to address new opportunities for growth. Debt levels are kept in line with forecasted future cash flows and with quantitative restrictions imposed under financing contracts.

As indicated in Note 17, among the restrictions imposed under financing arrangements, the debenture contract lays out certain general obligations and disclosures in respect of the lending institutions, specifically, Atento Brasil S.A. must comply with the quarterly net financial debt/EBITDA ratio set out in the contract terms.

In addition to these general guidelines, we take into account other considerations and specifics when determining our financial structure, such as country risk, tax efficiency and volatility in cash flow generation.

The contract also sets out additional restrictions, including limitations on dividends, payments and distributions to shareholders and capacity to incur additional debt.

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The Super Senior Revolving Credit Facility, described in Note 17, carries no financial covenant obligations regarding debt levels. However, the notes do impose limitations on the distributions on dividends, payments or distributions to the shareholders, the incurring of additional debt, and on investments and disposal of assets.

As of the date of these consolidated financial statements, the Atento Group was in compliance with all restrictions established in the aforementioned financing contracts, and does not foresee any future non-compliance. To that end, the Atento Group regularly monitors figures for net financial debt with third parties and EBITDA.

Net financial debt with third parties at December 31, 2016 and 2017 is as follow:

	Thousands of U.S. dollars	
	2016	2017
Senior Secured Notes (Note 17)	303,350	398,346
Brazilian bonds - Debentures (Note 17)	156,596	21,055
Bank borrowings (Note 17)	71,353	56,392
Finance lease payables (Note 17)	3,636	10,498
Less: Cash and cash equivalents (Note 15)	(194,035)	(141,762)
Net financial debt with third parties	340,900	344,529

4.3 Fair value estimation

- a) **Level 1:** The fair value of financial instruments traded on active markets is based on the quoted market price at the reporting date.
- b) **Level 2:** The fair value of financial instruments not traded in active market (i.e. OTC derivatives) is determined using valuation techniques. Valuation techniques maximize the use of available observable market data, and place as little reliance as possible on specific company estimates. If all of the significant inputs required to calculate the fair value of a financial instrument are observable, the instrument is classified in Level 2. The Atento Group's Level 2 financial instruments comprise interest rate swaps used to hedge floating rate loans and cross-currency swaps.
- c) **Level 3:** If one or more significant inputs are not based on observable market data, the instrument is classified in Level 3.

The Atento Group's assets and liabilities measured at fair value as of December 31, 2016 and 2017 are classified in Level 2. No transfers were carried out between the different levels during the period.

The assets measured at fair value are the derivative financial instruments. The liabilities measured at fair value are the derivative financial instruments and the options for acquisitions of NCI.

5) BUSINESS COMBINATIONS

a) RBrasil Soluções S.A.

On September 2, 2016, the Company through its indirect subsidiary Atento Brasil S.A. acquired the control and 81.49%, of the shares of RBrasil Soluções S.A. ("RBrasil"), a leading provider of late-stage collection services in Brazil.

The total amount paid for this acquisition was 27,095 thousand Brazilian Reais (8,638 thousand U.S. dollars), net of cash acquired. The Purchase and Sale Agreement also included a contingent consideration that can vary from zero to 8,150 thousand Brazilian Reais (2,501 thousand U.S. dollars), according to the result of the operation, which will be measured through RBrasil's EBITDA. Therefore, based on projections the Company also recorded a contingent consideration of 8,150 thousand Brazilian Reais (2,501 thousand U.S. dollars), representing its fair value as of the acquisition date. As a result, the total consideration transferred to 36,273 thousand Brazilian Reais (11,130 thousand U.S. dollars).

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Valuations were carried out to measure the fair value of intangible assets and liabilities and allocation of the acquisition price, in accordance with the requirements specified in IFRS 3. The goodwill recognized in the transaction represent future benefits of the expected synergies in the business combinations and will be income tax deductible when RBrasil is merged into the Company. These benefits are not recognized separately from the goodwill because they do not meet the criteria for recognition of identifiable intangible assets.

The fair value in U.S.dollars of identifiable assets acquired and liabilities assumed of RBrasil on the date of acquisition is as follows:

	<u>Thousands of U.S. dollars</u>
Assets	
Cash and cash equivalents	315
Accounts receivable	2,273
Escrow account	2,884
Deferred taxes assets	2,079
Other credits	679
Property, plant and equipment	491
Intangibles (b)	2,628
Liabilities	
Other obligations	(2,932)
Provisions for legal proceedings and contingent liabilities	(13,105)
Total net liabilities assumed at fair value	(4,688)
Non-controlling interest measured at fair value	928
Goodwill on acquisition	15,214
Total of the consideration	11,454
Purchase price consideration	
Consideration paid	8,953
Contingent consideration	2,501
Total consideration	11,454
Analysis of the cash flow of the acquisition	
Consideration paid	8,953
Net cash acquired	(315)
Outflow cash, net (a)	8,638

(a) Included in the cash flow from investing activities

(b) Refer to customer base, non-compete agreement, backlog and database identified as part of the purchase price allocation.

The acquisition transaction costs totaling 890 thousand Brazilian Reais (273 thousand U.S. dollars) were recognized in the statements of operations.

Since the acquisition date, RBrasil contributed to the Company with revenues of 5,951 thousand U.S. dollars and pre-tax profit of 858 thousand U.S. dollars. If the acquisition had occurred on January 1, 2016, the contribution of net revenues and pre-tax result in the Company's consolidated financial statements for the year ended December 31, 2016, would amount 18,392 and (2,254) thousand U.S. dollars, respectively.

Guarantees

The amount equivalent to 9,400 Brazilian Reais (2,884 thousand U.S. dollars) of the consideration transferred to the sellers that no longer are shareholders of RBrasil was transferred to an escrow account in order to guarantee payment for any loss that is indemnifiable by them.

The guarantee of the payment of any potential loss identifiable by the sellers who continue being minority shareholders of RBrasil to the Company pledged their rights to all dividends, interest in own capital, incomes, distributions, salaries, bonuses, remuneration, capital reimbursement and any other amounts that may come to be credited, paid, distributed or otherwise delivered, for any reason, by RBrasil to these shareholders.

Put/Call options

As per the Shareholders' Agreement, the Company has a purchase option, where non-controlling shareholders irrevocably and irreversibly grant to the Company, through that instrument, the right, but not the obligation, at the sole discretion of the Company, to acquire all of their shares, and the non-controlling shareholders, through the exercise of that right, shall be obliged to sell their shares to the Company ("call option"). The call option may be exercised by any controlling shareholder between January 1, 2019 and December 31, 2020. The Shareholders' Agreement also provides for a put option, where the non-controlling shareholders have the right, irrevocable and irreversible, but not the obligation, to sell all of their shares to the Company ("put option"). The put option may be exercised by non-controlling shareholders between January 1, 2019 and December 31, 2020.

The exercise price of the call option will be determined by multiples, already defined in the Shareholders' Agreement, of the EBITDA of the year immediately prior to the exercise of the option, multiplied by the percentage of participation to be acquired.

IFRS 3 does not provide specific guidance on how such contracts should be accounted for in a business combination. To determine the appropriate accounting treatment, IAS 39 - financial Instruments: recognition and measurement and IAS 32- financial instruments: presentation, were considered.

On the basis of the above, the Company recognized a financial liability related to the potential for acquisition of non-controlling interest for an amount of 3,444 Brazilian Reais (1,057 thousand U.S. dollars). The financial liability was recognized against specific reserve in shareholders' equity, considering that these are transactions between shareholders.

b) Nova Interfile Holding Ltda

On June 9, 2017, the Company through its indirect subsidiary Atento Brasil S.A. acquired the control and 50,00002% of Interfile Serviços de BPO Ltda. and 50,00002% of Interservicer – Serviços em Crédito Imobiliário Ltda, ("Interfile") leading providers of BPO services and solutions, including credit origination, for the banking and financial services sector in Brazil.

The total amount paid for this acquisition was 14,664 thousand U.S. dollars, net of cash acquired.

Valuations were carried out to measure the preliminary fair value of assets acquired and liabilities assumed for the allocation of the acquisition price, in accordance with the requirements of IFRS 3 in this interim consolidated financial statements. The preliminary goodwill recognized in the transaction represents expected future synergies of the business combinations and will be deductible for income tax when the acquired entities are merged into the Atento Brasil S.A. These benefits are not recognized separately from goodwill because they do not meet the criteria for recognition of identifiable intangible assets.

Details of the preliminary purchase price allocation of the fair values of Interfile and Intersevice, the net assets acquired and liabilities assumed are as follows:

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	Thousands of U.S. dollars
Assets	
Cash and cash equivalents	1,572
Accounts receivable	5,463
Deferred taxes assets	2,366
Other credits	2,486
Property, plant and equipment	2,628
Intangibles (b)	16,456
Liabilities	
Other obligations	(6,203)
Contingent liabilities	(1,527)
Provisions for legal proceedings	(4,881)
Deferred taxes liabilities	(2,688)
Net identifiable assets acquired	15,672
Non-controlling interest measured at fair value	(7,836)
Goodwill on acquisition	8,400
Total of the consideration	16,236
Analysis of the cash flow of the acquisition	
Consideration paid	16,236
Net cash acquired	(1,572)
Consideration net of cash acquired (a)	14,664

(a) Presented as investing activities in the statement of cash flows.

(b) Intangible assets acquired which meet the criteria for recognition comprise customer relationships, software database and a non-compete agreement (classified as other intangible assets in Note 6) identified as part of the purchase price allocation.

The fair value amount for accounts receivables is 5,463 thousand U.S. dollars. The gross contractual amount for trade receivables due 5,643 thousand U.S. dollars.

Transaction costs totaling 192 thousand U.S. dollars are recorded in the statements of operations.

From the date of acquisition, Nova Interfile contributed to the Company with net revenues of 22,472 thousand U.S. dollars and pre-tax result of 3,682 thousand U.S. dollars. If the acquisition had occurred on January 1, 2017 the contribution of net revenues and pre-tax result in the Company's consolidated financial statements for the year ended December 31, 2017, would amount 38,558 and (332) thousand U.S. dollars, respectively.

Put/Call options

As per the Shareholders' Agreement, the Company has a purchase option, where non-controlling shareholders granted to Atento Brasil S.A., through that instrument, the right, to acquire all of their shares, and the non-controlling shareholders, through the exercise of that right, shall be obliged to sell their shares to Atento Brasil S.A. ("call option"). The call option may be exercised by Atento Brasil S.A. between January 1, 2020 and April 15, 2020. The Shareholders' Agreement also provides for put options, where the non-controlling shareholders have the right, to sell partial or all of their shares to the Atento Brasil S.A. ("put options"). Many put options were understood by Management as protective clauses with remote possibility of being exercised. The assessment of the put options were made taking into account the following; (i) probability of occurrence; (ii) degree of importance (primary or secondary, in this case as term extension or acceleration of other options) and (iii) function: effective options or clauses protecting the parties.

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Considering the valuation of the acquired entity and Management's best estimates, the put option that will likely to be exercised by the non-controlling shareholders is between January 1, 2020 and April 15, 2020 – which is symmetrical with the call option. According to IAS 32, a parent must recognize a financial liability when it has an obligation to pay cash in the future to purchase the minority's shares, even if the payment is conditional on the option being exercised by the holder.

The exercise price of the put option will be determined by multiples, already defined in the Shareholders' Agreement, of the EBITDA of the year immediately prior to the exercise of the option, multiplied by the percentage of participation to be acquired.

IFRS 3 does not provide specific guidance on how such contracts should be accounted for in a business combination. To determine the appropriate accounting treatment, IAS 39 – Financial Instruments: Recognition and Measurement, IAS 32 – Financial Instruments: Presentation and IFRS 10 – Consolidated Financial Statements were considered.

On the basis of the above, the Company recognized a financial liability related to the potential acquisition of non-controlling interest of 23,777 thousand U.S. dollars. The financial liability was recognized against specific reserve in equity, considering that these are transactions between shareholders.

6) INTANGIBLE ASSETS

The following table presents the breakdown of intangible assets at December 31, 2016 and 2017 and respective changes in the year:

	Thousands of U.S. dollars						
	Balance at December 31, 2015	Additions	Acquisitions from business combination	Disposals	Transfers	Translation differences	Balance at December 31, 2016
Cost							
Development	2,422	1,231	-	(52)	-	306	3,907
Customer base	254,110	-	2,522	-	-	7,525	264,157
Software	90,278	8,140	105	(7,546)	-	47,073	138,050
Other intangible assets	39,492	980	1	(2,422)	-	6,788	44,839
Work in progress	1,198	2,693	-	(6)	-	(1,062)	2,823
Total cost	387,500	13,044	2,628	(10,026)	-	60,630	453,776
Accumulated amortization							
Development	(282)	(241)	-	33	-	15	(475)
Customer base	(77,443)	(24,175)	-	-	(872)	(2,806)	(105,296)
Software	(36,637)	(21,953)	-	6,716	-	(16,264)	(68,138)
Other intangible assets	(24,665)	(4,547)	-	287	872	(3,754)	(31,807)
Total accumulated amortization	(139,027)	(50,916)	-	7,036	-	(22,809)	(205,716)
Impairment	(22,213)	-	-	-	-	706	(21,507)
Net intangible assets	226,260	(37,872)	2,628	(2,990)	-	38,527	226,553

Thousands of U.S. dollars

	Balance at December 31, 2016	Additions	Acquisitions from business combination (Note 5)	Disposals	Transfers	Translation differences	Balance at December 31, 2017
Cost							
Development	3,907	1,513	-	(7)	(627)	(90)	4,696
Customer base	264,157	2,552	14,931	(9)	-	10,267	291,898
Software	138,050	12,463	1,468	(3,085)	2,115	7,024	158,035
Other intangible assets	44,839	18,960	57	(533)	1,155	775	65,253
Work in progress	2,823	-	-	(259)	(2,073)	(29)	462
Total cost	453,776	35,488	16,456	(3,893)	570	17,947	520,344
Accumulated amortization							
Development	(475)	(235)	-	7	(1)	13	(691)
Customer base	(105,296)	(25,222)	-	-	-	(3,140)	(133,658)
Software	(68,138)	(24,669)	-	147	(179)	(1,066)	(93,905)
Other intangible assets	(31,807)	(5,069)	-	373	(390)	(624)	(37,517)
Total accumulated amortization	(205,716)	(55,195)	-	527	(570)	(4,817)	(265,771)
Impairment	(21,507)	-	-	-	-	(2,962)	(24,469)
Net intangible assets	226,553	(19,706)	16,456	(3,366)	-	10,168	230,104

“Customer base” represents the fair value, of the intangible assets arising from customer relationships (tacit or explicitly formulated in contracts) with Telefónica Group and with other customers identified in business combination transactions. The addition in 2017 of new entity in the customer base is related of the acquisition of Interfile, as mentioned in Note 5.

Of the total customer base in 2017, the fair value assigned to commercial relationships with Telefónica at the acquisition date amounts to 183,658 thousand U.S. dollars, while the remaining amount relates to other customers. In terms of geographic distribution, the total amount of customer base net of impairment corresponds to businesses in Brazil (131,321 thousand U.S. dollars), Spain (52,939 thousand U.S. dollars) net of impairment, Mexico (48,173 thousand U.S. dollars), Peru (16,295 thousand U.S. dollars), Colombia (3,383 thousand U.S. dollars), Chile (10,110 thousand U.S. dollars) and Argentina and Uruguay (5,208 thousand U.S. dollars).

“Other intangible assets” mainly include payment of loyalty incentives established with customers of the Atento Brasil S.A. and the intangible asset arising from the directory services business in Atento Teleservicios España.

“Work in progress” mainly include the ERP implementation costs which are currently in progress.

In 2016 and 2017, no impairment was recognized in respect of intangible assets.

7) GOODWILL

Goodwill was mainly generated on December 1, 2012 from the acquisition of the Customer Relationship Management (“CRM”) business from Telefónica, S.A and on December 30, 2014 from the acquisition of CBCC. On September 2, 2016, additional goodwill was generated from the acquisition of RBrasil.

The main change in goodwill in the year ended December 31, 2017 is related to the acquisition of Interfile in the amount of 8,400 thousand U.S. dollars on June 9, 2017, as described in Note 5.

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The breakdown and changes in goodwill in 2016 and 2017 are as follow:

	Thousands of U.S. dollars						
	12/31/2015	Acquisitions	Translation differences	12/31/2016	Acquisitions	Translation differences	12/31/2017
Peru	28,783	-	485	29,268	-	1,001	30,269
Chile	16,269	-	1,045	17,314	-	1,466	18,780
Colombia	5,946	-	303	6,249	-	35	6,284
Mexico	2,101	-	(343)	1,758	-	84	1,842
Brazil (*)	47,770	15,214	9,455	72,439	8,400	(1,048)	79,790
Argentina	23,138	-	(4,150)	18,988	-	(2,809)	16,179
Total	124,007	15,214	6,795	146,015	8,400	(1,271)	153,144

(*) As of December 31, 2017 the total amount of goodwill is composed by 14,989 thousand U.S. dollars from the acquisition of RBrasil, 8,313 thousand U.S. dollars from the acquisition of Interfile and 56,488 thousand from Atento Brasil.

8) IMPAIRMENT OF ASSETS

As of December 31, 2017, the impairment assessment on goodwill performed by the Atento Group's management indicated that the carrying amount of goodwill is recoverable. Such assessment was based on the calculation of the recoverable amount of goodwill through the calculation of the expected future cash flow from the cash-generating units to which goodwill is allocated.

Atento has no other assets with indefinite useful lives, and therefore carries out no impairment tests of this type.

The Atento Group carries out its goodwill impairment tests using the various cash -generating units' five- year strategic plans and budgets, approved by Management.

Recoverable amount is based on value in use calculated using cash flow from projected results adjusted for amortization/depreciation, finance costs, and taxes, based on the last period, and using the expected growth rates obtained from studies published in the sector and assuming said growth to be constant from the fifth year. Estimated cash flow determined in this manner is discounted using the WACC applicable to that CGU. The discount rates used reflect the current assessment of specific market risks in each of the cash -generating units, considering the time value of money and individual country risks not included in the cash flow estimates. WACC takes both the cost of debt and capital into account. The latter is obtained based on the return expected by the shareholders of the Atento Group, while the former is obtained based on the Atento Group's finance costs. In addition, the risks specific to each country were included in the WACC using corrective factors.

These tests are performed annually and whenever it is considered that the recoverable amount of goodwill may be impaired.

At December 31, 2016 and 2017, the tests conducted did not reveal any impairment in the value of goodwill, since the related recoverable amounts calculated using value in use were in all cases higher than the carrying amount of the related cash-generating units, even after sensitivities were applied to the variables used.

The pre-tax discount rates, which factor in country and business risks, and the projected growth rates were as follow:

	Discount rate						
	Brazil	Mexico	Spain	Colombia	Peru	Chile	Argentina
December 2016	13.99%	10.18%	8.43%	12.25%	11.02%	10.91%	27.79%
December 2017	12.74%	12.09%	10.62%	12.48%	11.54%	11.35%	30.25%

	Growth rate						
	Brazil	Mexico	Spain	Colombia	Peru	Chile	Argentina
December 2016	4.70%	3.50%	2.10%	3.70%	4.20%	3.00%	16.60%
December 2017	3.85%	4.00%	1.60%	3.40%	2.50%	2.40%	19.30%

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The recoverable amounts per country were as follow:

Thousand U.S. dollars	Recoverable Amounts					
	Brazil (*)	Mexico	Colombia	Peru	Chile	Argentina
December 2017	879,303	25,400	59,643	226,881	60,607	90,143

(*) The total recoverable amount of is composed by 33,618 thousand U.S. dollars from the acquisition of RBrasil, 140,373 thousand U.S. dollars from the acquisition of Interfile and 705,312 thousand from Atento Brasil.

In the event of a 10% increase or decrease in the discount rate used to calculate the recoverable amount of the CGUs in each country, with the other variables remaining unchanged, the recoverable amount would still be higher than the corresponding carrying amount. Management also considers that the appearance of potential competitors in the market in which the Atento Group operates could negatively affect the growth of its CGUs. In addition, if as a result of a fall in demand or an increase in costs, results before amortization/depreciation, finance cost and taxes margin (EBITDA margin) used for estimating cash flow were to keep constant for the five years in each country, with all other variables remaining unchanged, the recoverable amount from each cash generating unit would continue to be higher than its corresponding carrying amount.

In addition to the above, specifically for certain countries, the following assumptions were used:

Cash flow for the Brazil, Mexico, Spain, Colombia, Peru, Chile and Argentina CGUs were estimated based on growth projections considering past business performance, using predicted inflation levels taken from external sources. For calculations regarding the Spanish CGU, negative and positive business forecasts were used which contemplate macroeconomic trends and changes in the environment.

9) PROPERTY, PLANT AND EQUIPMENT (PP&E)

Details of property, plant and equipment at December 31, 2016 and 2017 are as follow:

	Thousands of U.S. dollars						Balance at December 31, 2016
	Balance at December 31, 2015	Additions	Acquisitions from business combination	Disposals	Transfers	Translation differences	
Cost							
Land and natural resources	37	-	-	(38)	-	1	-
Buildings	9,733	-	-	-	285	(226)	9,792
Plant and machinery	9,330	144	-	(86)	536	(3,081)	6,843
Furniture, tools and other tangible assets	243,166	20,984	477	(26,155)	12,310	66,446	317,228
PP&E under construction	36,267	11,496	14	(113)	(13,131)	(25,269)	9,264
Total cost	298,533	32,624	491	(26,392)	-	37,871	343,127
Accumulated depreciation							
Buildings	(3,626)	(108)	-	402	-	100	(3,232)
Plant and machinery	(4,171)	(1,130)	-	370	-	863	(4,068)
Furniture, tools and other tangible assets	(99,058)	(45,210)	-	19,744	-	(46,033)	(170,557)
Total accumulated depreciation	(106,855)	(46,448)	-	20,516	-	(45,070)	(177,857)
Property, plant and equipment	191,678	(13,824)	491	(5,876)	-	(7,199)	165,270

Thousands of U.S. dollars

	Balance at December 31, 2016	Additions	Acquisitions from business combination	Disposals	Transfers	Translation differences	Balance at December 31, 2017
Cost							
Land and natural resources	-	-	1,381	-	-	-	1,381
Buildings	9,792	272	-	-	-	1,379	11,443
Plant and machinery	6,843	211	575	-	437	593	8,659
Furniture, tools and other tangible assets	317,228	27,800	672	(32,300)	3,117	11,160	327,677
PP&E under construction	9,264	21,893	-	(10,637)	(3,554)	2,042	19,008
Total cost	343,127	50,176	2,628	(42,937)	-	15,174	368,168
Accumulated depreciation							
Buildings	(3,232)	(839)	-	653	-	(460)	(3,878)
Plant and machinery	(4,068)	(1,049)	-	13	-	(583)	(5,687)
Furniture, tools and other tangible assets	(170,557)	(47,338)	-	17,827	-	(6,340)	(206,408)
Total accumulated depreciation	(177,857)	(49,226)	-	18,493	-	(7,383)	(215,973)
Property, plant and equipment	165,270	950	2,628	(24,444)	-	(7,791)	152,195

Additions for the year mainly represent investments made in Brazil in response to our business and the upgrading of existing infrastructure (20,127 thousand U.S. dollars), construction of a new call center and upgrading of the infrastructure in place in Mexico (7,065 thousand U.S. dollars); and to new equipment under finance leases and upgrading of the current infrastructure in Peru (5,008 thousand U.S. dollars).

“Furniture, tools and other tangible assets” primarily comprises net items of that description in Brazil and Mexico amounting to 76,020 thousand U.S. dollars and 13,137 thousand U.S. dollars, respectively, (94,040 thousand U.S. dollars and 14,472 thousand U.S. dollars, respectively in 2016) in connection with furnishings and fixtures in customer service centers in those countries.

The acquisition from business combinations recorded in “Furniture, tools and other tangible assets” and “PP&E under construction” are related to the RBrasil and Interfile acquisitions, as described in Note 5.

No impairment was recognized on items of property, plant and equipment in 2016 and 2017.

All Atento Group companies have contracted insurance policies to cover potential risks to their items of PP&E. Management considers that coverage of these risks was sufficient at December 31, 2016 and 2017.

10) LEASES AND SIMILAR ARRANGEMENTS

a) Finance leases

The Atento Group holds the following assets under finance leases:

	Thousands of U.S. dollars	
	Net carrying amount of asset	
	2016	2017
Finance leases		
Plant and machinery	2,386	1,847
Furniture, tools and other tangible assets	1,422	6,619
Software	-	6,796
Total	3,808	15,262

On April 25, 2017, Atento Brasil S.A. entered in a sale leaseback with HP Financial Services Arrendamento Mercantil S.A. in an amount of 23,615 thousand Brazilian Reais, equivalent to 7,139 thousand U.S. dollars as of December 31, 2017, which will be repaid in 36 monthly installments.

On July 24, 2017, Atento Brasil S.A. entered in a new sale leaseback with HP Financial Services Arrendamento Mercantil S.A. in an amount of 4,220 thousand Brazilian Reais, equivalent to 1,276 thousand U.S. dollars as of December 31, 2017, which will be repaid in 60 monthly installments.

On August 24, 2017, Atento Brasil S.A. entered in a new sale leaseback with HP Financial Services Arrendamento Mercantil S.A. in an amount of 4,570 thousand Brazilian Reais, equivalent to 1,381 thousand U.S. dollars as of December 31, 2017, which will be repaid in 60 monthly installments.

The assets acquired under finance leases are located in Brazil, Colombia and Peru. The present value of future finance lease payments is as follow:

	Thousands of U.S. dollars	
	2016	2017
Up to 1 year (Note 17)	2,205	4,260
Between 1 and 5 years (Note 17)	1,431	6,238
Total	3,636	10,498

11) FINANCIAL ASSETS

As of December 31, 2016 and 2017 all the financial assets of the Company are classified as loans and receivables, except for the derivative financial instruments that are categorized as fair value through profit or loss.

Credit risk arises from the possibility that the Atento Group might not recover its financial assets at the amounts recognized and in the established terms. Atento Group Management considers that the carrying amount of financial assets is similar to the fair value.

As of December 31, 2017, Atento Teleservicios España S.A., Atento Chile S.A., Atento Colombia S.A., Teletento del Perú S.A.C and Atento Brasil S.A. have entered into factoring agreements without recourse, anticipating an amount of 280,449 thousand U.S. dollars, receiving cash net of discount, the related trade receivables were realized and interest expenses was recognized in the statement of operations.

12) OTHER FINANCIAL ASSETS

Details of other financial assets at December 31, 2016 and 2017 are as follow:

	Thousands of U.S. dollars	
	2016	2017
Other non-current receivables (*)	-	11,125
Non-current guarantees and deposits	40,565	49,097
Total non-current	40,565	60,222
Other current receivables	-	805
Current guarantees and deposits	1,140	1,005
Total current	1,140	1,810
Total	41,705	62,032

(*) "Other non-current receivables" as of December 31, 2017 primarily comprise a loan granted by the subsidiary RBrasil to third parties. The effective annual interest rate is CDI + 3.75% p.a., maturing up to five years beginning in May 4, 2017, when the value of the loan will be amortized in a single installment.

13) TRADE AND OTHER RECEIVABLES

The breakdown of "Trade and other receivables" at December 31, 2016 and 2017 is as follow:

	Thousands of U.S. dollars	
	2016	2017
Non-current trade receivables	7,824	6,923
Other non-financial assets (*)	13,087	14,754
Total non-current	20,911	21,677
Current trade receivables	321,608	358,311
Other receivables	15,302	13,225
Prepayments	4,693	7,849
Personnel	9,299	9,180
Total current	350,902	388,565
Total	371,813	410,242

(*) "Other non-financial assets" as of December 31, 2017 primarily comprise the litigation underway with the Brazilian social security authority (*Instituto Nacional do Seguro Social*), recorded in Atento Brasil S.A.

	Thousands of U.S. dollars	
	2016	2017
Trade receivables	333,711	371,333
Allowances of trade receivables	(4,279)	(6,099)
Trade receivables, net	329,432	365,234

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As of December 31, 2017, trade receivables not yet due for which no provision has been made amounted to 338,350 thousand U.S. dollars (299,327 thousand U.S. dollars as of December 31, 2016).

As of December 31, 2017, trade receivables due for which no provision has been made amounted to 26,884 thousand U.S. dollars (30,105 thousand U.S. dollars as of December 31, 2016). These balances relate to certain customers with no recent history of default. The aging analysis of these accounts is as follow:

	Thousands of U.S. dollars				
	Less than 90 days	Between 90 and 180 days	Between 180 and 360 days	Over 360 days	Total
12/31/2016	22,047	2,146	1,398	4,514	30,105
12/31/2017	20,268	1,476	1,734	3,406	26,884

Changes in allowances of trade receivables in 2016 and 2017 were as follow:

	Thousands of U.S. dollars	
	2016	2017
Opening balance	(4,437)	(4,279)
Allowance of trade receivables	(3,097)	(3,061)
Reversal	2,712	553
Translation differences	543	688
Total	(4,279)	(6,099)

The Atento Group's maximum exposure to credit risk at the reporting date is equivalent to the carrying amount of each of the aforementioned trade receivables categories. The Atento Group holds no guarantees as collection insurance.

14) DERIVATIVE FINANCIAL INSTRUMENTS

Details of derivative financial instruments at December 31, 2016 and 2017 are as follow:

	Thousands of U.S. dollars			
	2016		2017	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	1,330	-	-	(1,212)
Cross-currency swaps - net investment hedges	76,144	(184)	7,429	(5,140)
Cross-currency swaps - that do not qualify for hedge accounting	-	-	748	-
Total	77,474	(184)	8,177	(6,352)
Non-current portion	77,474	(184)	8,177	(5,140)
Current portion	-	-	-	(1,212)

Derivatives held for trading are classified as current assets or current liabilities. The fair value of a hedging derivative is classified as a non-current asset or a non-current liability, as applicable, if the remaining maturity of the hedged item exceeds twelve months. Otherwise, it is classified as a current asset or liability.

In connection with the Refinancing process and the repayment of the first Brazilian Debentures, the hedge accounting for the interest rate swap was discontinued and the OCI balance was transferred to finance cost. Thereafter, any changes in fair value will be directly recognized in statement of operations.

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On May 26, 2017, Atento Brasil S.A. entered into a cross-currency swap to hedge a USD loan of 12,232 thousand U.S. dollars at a fixed rate of 3.25% exchanged to a 40,000 thousand Brazilian Reais with interest rate of the average daily rate of the one day “over extra-group” – DI – Interfinancial Deposits - plus a spread of 3.45% per annum. As of December 31, 2017, the cross-currency swap was settled.

On April 1, 2015, the Company started a hedge accounting for net investment hedge related to exchange risk between the U.S. dollar and foreign operations in Euro (EUR), Mexican Peso (MXN), Colombian Peso (COP) and Peruvian Nuevo Sol (PEN). In connection with the Refinancing process, 8 of the 10 derivatives contracts designated as Net Investment Hedges were terminated between August 1, 2017 and August 4, 2017, generating positive cash of 46,080 thousand U.S. dollars, net of charges. During August 2017, Atento Luxco 1 also entered into new Cross-Currency Swaps related to exchange risk between U.S. dollars and Euro (EUR), Mexican Peso (MXN), Brazilian Reais (BRL) and Peruvian Nuevo Sol (PEN). Except for the Cross-Currency Swap between U.S. dollars and Brazilian Reais, all other Cross-Currency Swaps were designated for hedge accounting as net investment hedge.

At December 31, 2016 and 2017, details of interest rate swap, cross-currency swaps that do not qualify for hedge accounting and net investment hedges were as follows:

2016

Interest Rate Swap								
Bank	Maturity	Notional currency	Index	Notional in contract currency (thousands)	Fair value assets	Other comprehensive income, net of taxes	Change in OCI	Income statements
					D/(C)	D/(C)	D/(C)	D/(C)
Itau	18-Dez	BRL	BRL CDI	245,000	1,330	(780)	8,591	(96)
					1,330	(780)	8,591	(96)
Net Investment Hedges								
Bank	Maturity	Purchase currency	Selling currency	Notional (thousands)	Fair value assets	Other comprehensive income	Change in OCI	Income statements
					D/(C)	D/(C)	D/(C)	D/(C)
Santander	20-Jan	USD	EUR	20,000	4,786	(780)	(865)	(25)
Santander	20-Jan	USD	MXN	11,111	7,609	(4,524)	(2,889)	48
Goldman Sachs	20-Jan	USD	EUR	48,000	11,483	(1,864)	(2,071)	(52)
Goldman Sachs	20-Jan	USD	MXN	40,000	27,430	(16,272)	(10,392)	175
Nomura International	20-Jan	USD	MXN	23,889	16,388	(9,715)	(6,205)	105
Nomura International	20-Jan	USD	EUR	22,000	5,223	(856)	(951)	(21)
Goldman Sachs	18-Jan	USD	PEN	13,800	324	(40)	103	(78)
BBVA	18-Jan	USD	PEN	55,200	1,301	(159)	413	(312)
Goldman Sachs	18-Jan	USD	COP	7,200	283	(106)	59	(69)
BBVA	18-Jan	USD	COP	28,800	1,133	(425)	236	(275)
					75,960	(34,741)	(22,562)	(504)
Total					77,290	(35,521)	(13,971)	(600)
Derivative financial instrument - asset					77,474			
Derivative financial instrument - liability					(184)			

2017

Interest Rate Swap

Bank	Maturity	Notional currency	Index	Notional in contract currency (thousands)	Fair value liability	Other comprehensive income, net of taxes	Change in OCI, net of taxes	Statements of operations - Finance cost	Statements of operations - Change in fair value
					D/(C)	D/(C)	D/(C)	D/(C)	D/(C)
Itau	Dec-18	BRL	BRL CDI	135,000	(1,212)	-	(781)	954	-
					(1,212)	-	(781)	954	-

Cross-Currency Swaps - that do not qualify for hedge accounting

Bank	Maturity	Purchase currency	Selling currency	Notional (thousands)	Fair value asset	Other comprehensive income	Change in OCI, net of taxes	Statements of operations - Finance cost	Statements of operations - Change in fair value
					D/(C)	D/(C)	D/(C)	D/(C)	D/(C)
ABC Brasil S.A.	Nov-17	USD	BRL	12,232	-	-	-	(1,863)	-
Goldman Sachs	Aug-22	BRL	USD	754,440	748	-	-	-	(748)
					748	-	-	(1,863)	(748)

Net Investment Hedges

Bank	Maturity	Purchase currency	Selling currency	Notional (thousands)	Fair value asset/(liability)	Other comprehensive income	Change in OCI	Income statement - Finance Cost	Income statement - Change in fair value
					D/(C)	D/(C)	D/(C)	D/(C)	D/(C)
Nomura International	Aug-22	EUR	USD	34,109	(382)	382	(382)	-	-
Goldman Sachs	Aug-22	MXN	USD	1,065,060	7,256	(7,256)	7,256	-	-
Goldman Sachs	Aug-22	PEN	USD	194,460	(4,758)	4,758	(4,758)	-	-
Santander	Jan-20	USD	EUR	20,000	-	1,742	(2,522)	-	88
Santander	Jan-20	USD	MXN	11,111	-	(2,113)	(2,411)	-	21
Goldman Sachs	Jan-20	USD	EUR	48,000	-	3,587	(5,452)	-	217
Goldman Sachs	Jan-20	USD	MXN	40,000	-	(7,600)	(8,671)	-	(47)
Nomura International	Jan-20	USD	MXN	23,889	-	(4,357)	(5,358)	-	105
Nomura International	Jan-20	USD	EUR	22,000	-	1,620	(2,476)	-	99
Goldman Sachs	Jan-18	USD	PEN	13,800	84	19	(59)	-	6
BBVA	Jan-18	USD	PEN	55,200	-	71	(229)	-	23
Goldman Sachs	Jan-18	USD	COP	7,200	89	(88)	(19)	-	(1)
BBVA	Jan-18	USD	COP	28,800	-	(359)	(65)	-	7
					2,289	(9,594)	(25,146)	-	518
Total					1,825	(9,594)	(25,927)	(909)	(230)
Derivative financial instrument - asset					8,177				
Derivative financial instrument - liability					(6,352)				

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Gains and losses on net investment hedges accumulated in equity will be taken to the statement of operations when the foreign operation is partially disposed of or sold.

15) CASH AND CASH EQUIVALENTS

	Thousands of U.S. dollars	
	2016	2017
Deposits held at call	124,777	111,495
Short-term financial investments	69,258	30,267
Total	194,035	141,762

“Short-term financial investments” comprises short-term fixed - income securities in Brazil, which mature in less than 90 days and accrue interest pegged to the CDI.

16) FINANCIAL LIABILITIES

As of December 31, 2016 and 2017 all the financial liabilities of the Company are classified as other financial liabilities at amortized cost, except for the derivative financial instruments and options for acquisitions of NCI that are classified as financial liability at fair value through profit or loss.

The payments schedule for other financial liabilities, trade and other payables and liabilities at December 31, 2016 and 2017, including estimated future interest payments, calculated based on interest rates and foreign exchange rates applicable as at December 31, 2016 and 2017 are as follow:

	Thousands of U.S. dollars						
	Maturity (years)						
	2017	2018	2019	2020	2021	More than 5 years	Total
2016							
Senior Secured Notes	22,128	22,128	22,128	333,192	-	-	399,576
Brazilian bonds—Debentures	42,188	78,593	90,081	-	-	-	210,862
Finance leases	2,010	1,079	491	56	-	-	3,636
Bank borrowings	27,537	25,785	24,215	1,948	-	-	79,485
Trade and other payables	206,483	618	-	-	-	-	207,101
Total financial liabilities	300,346	128,203	136,915	335,196	-	-	900,660

	Thousands of U.S. dollars						
	Maturity (years)						
	2018	2019	2020	2021	2022	More than 5 years	Total
2017							
Senior Secured Notes	24,500	24,500	24,500	24,500	424,500	-	522,500
Brazilian bonds—Debentures	5,943	5,566	5,276	4,901	4,458	2,026	28,170
Finance leases	5,128	4,261	1,907	887	442	-	12,625
Bank borrowings	30,994	24,225	4,373	558	438	-	60,588
Trade and other payables	208,532	8,094	-	-	-	-	216,626
Total financial liabilities	275,097	66,646	36,056	30,846	429,838	2,026	840,509

17) FINANCIAL DEBT WITH THIRD PARTIES

Details of debt with third parties at December 31, 2016 and 2017 are as follow:

	Thousands of U.S. dollars	
	2016	2017
Senior Secured Notes	294,068	388,818
Brazilian bonds—Debentures	136,231	16,797
Bank borrowing	48,629	27,878
Finance lease payables (Note 10)	1,431	6,238
Total non-current	480,359	439,731
Senior Secured Notes	9,282	9,528
Brazilian bonds—Debentures	20,365	4,258
Bank borrowing	22,724	28,514
Finance lease payables (Note 10)	2,205	4,260
Total current	54,576	46,560
TOTAL DEBT WITH THIRD PARTIES	534,935	486,291

Senior Secured Notes

On January 29, 2013, Atento Luxco 1 S.A. issued 300,000 thousand U.S. dollars aggregate principal amount of Senior Secured Notes that would mature on January 29, 2020. The 2020 Senior Secured Notes were senior secured obligations of Atento Luxco 1 and were guaranteed on a senior secured first-priority basis by Atento Luxco 1 and certain of its subsidiaries excluding Argentina and Brazil subsidiaries. The Senior Secured Notes were also guaranteed on an unsecured basis by Atento S.A. and Midco.

The indenture governing the 2020 Senior Secured Notes contained covenants that, among other things, restricted the ability of Atento Luxco 1 and certain of its subsidiaries to: incur or guarantee additional indebtedness; pay dividends or make distributions or redeem or repurchase capital stock; issue, redeem or repurchase certain debt; issue certain preferred stock or similar equity securities; make loans and investments; sell assets; incur liens; enter into transaction with affiliates; enter into agreements restricting certain subsidiaries' ability to pay dividends; and consolidate, merge or sell all or substantially all of our assets. These covenants were subject to a number of important exceptions and qualifications. In addition, in certain circumstances, if Atento Luxco 1 sell assets or experiences certain changes of control, it must offer to purchase the 2020 Senior Secured Notes.

On August 19, 2017, in connection with the offering described below, Atento Luxco 1 redeemed all of the outstanding amount of the 2020 Senior Secured Notes. The notes were called at a premium over face value of 103.688% per note, resulting in a total call cost of 11,064 thousand U.S. dollars recorded in finance costs during August 2017, along with the remaining balance of the 2020 Senior Secured Notes issuance amortized cost of 4,920 thousand U.S. dollars.

On August 10, 2017, Atento Luxco 1 S.A., closed an offering of 400,000 thousand U.S. dollars aggregate principal amount of 6.125% Senior Secured Notes due 2022 in a private placement transaction. The notes are due on August 2022. The 2022 Senior Secured Notes are guaranteed on a senior secured basis by certain of Atento's wholly-owned subsidiaries. The issuance costs of 11,979 thousand U.S. dollars related to this new issuance are recorded at amortized cost using the effective interest method.

The terms of the Indenture, among other things, limit, in certain circumstances, the ability of Atento Luxco 1 and its restricted subsidiaries to: incur certain additional indebtedness; make certain dividends, distributions, investments and other restricted payments; sell the property or assets to another person; incur additional liens; guarantee additional debt; and enter into transaction with affiliates. As of December 31, 2017, we were in compliance with these covenants. The outstanding amount on December 31, 2017 is 398,346 thousand U.S. dollars.

All interest payments are made on a half yearly basis.

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The fair value of the Senior Secured Notes, calculated on the basis of their quoted price at December 31, 2017, is 414,927 thousand U.S. dollars.

The fair value hierarchy of the Senior Secured Notes is Level 1 as the fair value is based on the quoted market price at the reporting date.

Details of the corresponding debt at each reporting date are as follow:

Maturity	Currency	Thousands of U.S. dollars					
		2016			2017		
		Principal	Accrued interests	Total debt	Principal	Accrued interests	Total debt
2020	U.S. dollar	294,068	9,282	303,350	-	-	-
2022	U.S. dollar	-	-	-	388,818	9,528	398,346

Debentures

On November 22, 2012, BC Brazilco Participações, S.A. (merged into Atento Brasil S.A.) (the “Brazilian Issuer”) entered into an indenture for the issuance of 915 million Brazilian Reais (equivalent to approximately \$365 million) of Brazilian Debentures due December 12, 2019. The Brazilian Debentures bear interest at a rate per annum equal to the average daily rate of the One Day “over extragroup”—DI—Interfinancial Deposits (as such rate is disclosed by CETIP S.A. — Mercados Organizados (“CETIP”) in the daily release available on its web page), plus a spread of 3.70%.

On December 12, 2016, Atento Brasil S.A. repaid on the schedule date, 44,562 thousand Brazilian Reais (equivalent to 13,673 thousand U.S. dollars) and on December 26, 2016, repaid in advance of the schedule date, 100,000 thousand Brazilian Reais (equivalent to 30,683 thousand U.S. dollars).

On April 27, 2017, Atento Brasil S.A. repaid in advance of the maturity date, 84,700 thousand Brazilian Reais (equivalent to 27,007 thousand U.S. dollars) of the 1st Brazilian Debentures due 2019. On August 21, 2017, Atento Brasil S.A. repaid in advance of the maturity date all the outstanding amount. The amount repaid was 428,350 thousand Brazilian Reais (equivalent to 135,945 thousand U.S. dollars) plus interest accrued of 10,944 thousand Brazilian Reais (equivalent to 3,473 thousand U.S. dollars) and 2,142 thousand Brazilian Reais (equivalent to 680 thousand U.S. dollars) of penalty fee due to early repayment. In addition to the penalty fee, the remaining balance of the first Debentures issuance of 3,050 thousand Brazilian Reais (equivalent to 968 thousand U.S. dollars) were recorded in finance costs in August 2017. As of December 31, 2017, there was no outstanding amount related to the Debentures due 2019.

On May 2, 2017, Atento Brasil S.A. entered into an indenture (“Second Brazilian Debenture”) for the issuance costs of 70,000 thousand Brazilian Reais (equivalent to approximately 22,096 thousand U.S. dollars) of Brazilian Debentures due April 25, 2023. The Second Brazilian Debenture bear interest at a rate per annum equal to the average daily rate of the one day “over extragroup” – DI – Interfinancial Deposits (as such rate is disclosed by CETIP S.A – Mercados Organizados (“CETIP”) in the daily release available on its web page, plus a spread of 3.75%. The amortization schedule is: April 25, 2018: 9.1%; October 25, 2018: 9.1%; April 25, 2019: 9.1%; October 25, 2019: 9.1%; April 25, 2020: 9.1%; October 25, 2020: 9.1%; April 25, 2021: 9.1%; October 25, 2021: 9.1%; April 25, 2022: 9.1%; October 25, 2022: 9.1%; April 25, 2023: 9.0%. The outstanding amount on December 31, 2017 is 21,055 thousand U.S. dollars.

Under the term of the indenture, the Brazilian subsidiary must comply with the quarterly net financial debt / EBITDA ratio set out in the contract terms. As of December 31, 2017, Atento Brasil S.A. was in compliance with this covenant.

Details of the corresponding debt at each reporting date are as follow:

		Thousands of U.S. dollars					
		2016			2017		
<u>Maturity</u>	<u>Currency</u>	<u>Principal</u>	<u>Accrued interests</u>	<u>Total debt</u>	<u>Principal</u>	<u>Accrued interests</u>	<u>Total debt</u>
2019	Brazilian Reais	156,083	513	156,596	-	-	-
2023	Brazilian Reais	-	-	-	16,797	4,258	21,055

The fair value as of December 31, 2017 calculated based on discounted cash flow is 22,975 thousand U.S. dollars.

Bank borrowings

On February 3, 2014, Atento Brasil S.A. entered into a credit agreement with *Banco Nacional de Desenvolvimento Econômico e Social - BNDES* (“BNDES”) in an aggregate principal amount of 300,000 thousand Brazilian Reais (the “BNDES Credit Facility”), equivalent to 90,698 thousand U.S. dollars as of December 31, 2017.

The total amount of the BNDES Credit Facility is divided into five tranches subject to the following interest rates:

<u>Tranche</u>	<u>Interest Rate</u>
Tranche A	Long-Term Interest Rate (<i>Taxa de Juros de Longo Prazo — TJLP</i>) plus 2.5% per annum
Tranche B	SELIC Rate plus 2.5% per annum
Tranche C	4.0% per year
Tranche D	6.0% per year
Tranche E	Long-Term Interest Rate (<i>Taxa de Juros de Longo Prazo — TJLP</i>)

Each tranche intends to finance different purposes, as described below:

- Tranche A and B: investments in workstations, infrastructure, technology, services and software development, marketing and commercialization, within the scope of BNDES program – BNDES Prosoft.
- Tranche C: IT equipment acquisition, covered by law 8.248/91, with national technology, necessary to execute the project described on tranches “A” and “B”.
- Tranche D: acquisitions of domestic machinery and equipment, within the criteria of FINAME, necessary to execute the project described on tranches “A” and “B”.
- Tranche E: investments in social projects to be executed by Atento Brasil S.A.

BNDES releases amounts under the credit facility once the debtor met certain requirements in the contract including delivering the guarantee (stand-by letter) and demonstrating the expenditure related to the project. Since the beginning of the credit facility, the following amounts were released:

Date	(Thousands of U.S. dollars)					
	Tranche A	Tranche B	Tranche C	Tranche D	Tranche E	Total
March 27, 2014	7,661	3,782	5,295	378	-	17,116
April 16, 2014	3,184	1,592	2,229	159	-	7,164
July 16, 2014	-	-	-	-	181	181
August 13, 2014	18,922	2,067	3,039	327	-	24,355
Subtotal 2014	29,767	7,441	10,563	864	181	48,816
March 26, 2015	5,550	1,388	1,970	161	-	9,069
April 17, 2015	11,101	2,775	3,939	323	-	18,138
December 21, 2015	8,729	2,176	-	-	212	11,117
Subtotal 2015	25,380	6,339	5,909	484	212	38,324
October 27, 2016	-	-	-	-	230	230
Subtotal 2016	-	-	-	-	230	230
Total	55,147	13,780	16,472	1,348	623	87,370

This facility should be repaid in 48 monthly installments. The first payment was made on March 15, 2016 and the last payment will be due on February 15, 2020.

The BNDES Credit Facility contains covenants that restrict Atento Brasil S.A.'s ability to transfer, assign, change or sell the intellectual property rights related to technology and products developed by Atento Brasil S.A. with the proceeds from the BNDES Credit Facility. As of December 31, 2017, Atento Brasil S.A. was in compliance with these covenants. The BNDES Credit Facility does not contain any other financial maintenance covenant.

The BNDES Credit Facility contains customary events of default including the following: (i) reduction of the number of employees without providing program support for outplacement, as training, job seeking assistance and obtaining pre-approval of BNDES; (ii) existence of unfavorable court decision against the Company for the use of children as workforce, slavery or any environmental crimes and (iii) inclusion in the by-laws of Atento Brasil S.A. of any provision that restricts Atento Brasil S.A.'s ability to comply with its financial obligations under the BNDES Credit Facility.

On September 26, 2016, Atento Brasil S.A. entered into a new credit agreement with BNDES in an aggregate principal amount of 22,000 thousand Brazilian Reais, equivalent to 6,651 thousand U.S. dollars as of December 31, 2017. The interest rate of this facility is Long-Term Interest Rate (Taxa de Juros de Longo Prazo - TJLP) plus 2.0% per annum. The facility should be repaid in 48 monthly installments. The first payment will be due on November 15, 2018 and the last payment will be due on October 15, 2022. This facility is intended to finance an energy efficiency project to reduce power consumption by implementing new lightening, air conditioning and automation technology. On November 24, 2017, 6,500 thousand Brazilian Reais (equivalent to 1,993 thousand U.S. dollars) were released under this facility.

On January 28, 2013, Atento Luxco 1 entered into a Super Senior Revolving Credit Facility (the "Revolving Credit Facility"), which provides borrowings capacity of up to 50,000 thousand Euro (equivalent to 59,966 thousand U.S. dollars as of December 31, 2017). The Revolving Credit Facility allows borrowings in Euros, Mexican Pesos and U.S. dollars and includes borrowings capacity for letters of credit and ancillary facilities (including an overdraft, guarantee, stand-by letter of credit, short-term loan facility). This facility matures on July 2019. In connection with the Refinancing process, this Revolving Credit Facility was ended on August 10, 2017.

On April 25, 2017, Atento Brasil S.A. entered into a bank credit certificate (cédula de crédito bancário) with Banco Santander (Brasil) S.A. in an aggregate principal amount of up to 80,000 thousand Brazilian Reais (the "2017 Santander Bank Credit Certificate"), equivalent to approximately 22,672 thousand U.S. dollars as of December 31, 2017. The interest rate of the 2017 Santander Bank Credit Certificate equals to the average daily rate of the one day "over extra-group" – DI – Interfinancial Deposits (as such rate is disclosed by CETIP in the daily release available on its web page), plus a spread of 2.70% per annum. The 2017 Santander Bank Credit Certificate matured on July 25, 2017 and was extended until March 1, 2018 and the aggregate principal amount was modified to 75,000 thousand Brazilian Reais, equivalent to approximately 22,672 thousand Brazilian Reais. As of December 31, 2017, there was no outstanding balance under the 2017 Santander Bank Credit Certificate.

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On May 26, 2017, Atento Brasil S.A. entered into an agreement with Banco ABC Brasil for an amount of 12,232 thousand U.S. dollars maturing on November 26, 2017 with an annual interest rate of 3.52%. In connection with the loan, Atento Brasil S.A. entered into a SWAP agreement through which it receives fixed interest rates in U.S. dollars, in the same amount of the loan agreement, and pays variable interest rate at a rate per annum equal to the average daily rate of the one day “over extragroup” – DI – Interfinancial Deposits (as such rate is disclosed by CETIP in the daily release available on its web page), plus a spread of 3.45% over 40 thousand Brazilian Reais. As of December 31, 2017, there was no outstanding balance with Banco ABC Brasil.

On June 7, 2017, Atento Brasil S.A. entered into a bank credit certificate (cédula de crédito bancário) with Banco Bradesco S.A. in an aggregate principal amount of up to 25,000 thousand Brazilian Reais (the “2017 Bradesco Bank Credit Certificate”), equivalent to approximately 7,557 thousand U.S. dollars as of December 31, 2017. The interest rate of the 2017 Bradesco Bank Credit Certificate equals to the average daily rate of the one day “over extra-group” – DI – Interfinancial Deposits (as such rate is disclosed by CETIP in the daily release available on its web page), plus a spread of 3.29% per annum. The 2017 Bradesco Bank Credit Certificate will be due on October 5, 2017. As of December 31, 2017, no amounts were released under the 2017 Bradesco Bank Credit Certificate.

On August 10, 2017, Atento Luxco 1 S.A. entered into a new Super Senior Revolving Credit Facility (the “Super Senior Revolving Credit Facility”) which provides borrowings capacity of up to 50,000 thousand U.S. dollars and will mature on February 10, 2022. Banco Bilbao Vizcaya Argentaria, S.A., as the agent, the Collateral Agent and BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer, Morgan Stanley Bank N.A. and Goldman Sachs Bank USA are acting as arrangers and lenders under the Super Senior Revolving Credit Facility.

The Super Senior Revolving Credit Facility may be utilized in the form of multi-currency advances for terms of one, two, three or six months. The Super Senior Revolving Credit Facility bears interest at a rate per annum equal to LIBOR or, for borrowings in euro, EURIBOR or, for borrowings in Mexican Pesos, THIE plus an opening margin of 4.25% per annum. The margin may be reduced under a margin ratchet to 3.75% per annum by reference to the consolidated senior secured net leverage ratio and the satisfaction of certain other conditions.

The terms of the Super Senior Revolving Credit Facility Agreement limit, among other things, the ability of the Issuer and its restricted subsidiaries to (i) incur additional indebtedness or guarantee indebtedness; (ii) create liens or use assets as security in other transactions; (iii) declare or pay dividends, redeem stock or make other distributions to stockholders; (iv) make investments; (v) merge, amalgamate or consolidate, or sell, transfer, lease or dispose of substantially all of the assets of the Issuer and its restricted subsidiaries; (vi) enter into transactions with affiliates; (vii) sell or transfer certain assets; and (viii) agree to certain restrictions on the ability of restricted subsidiaries to make payments to the Issuer and its restricted subsidiaries. These covenants are subject to a number of important conditions, qualifications, exceptions and limitations that are described in the Super Senior Revolving Credit Facility Agreement.

The Super Senior Revolving Credit Facility Agreement includes a financial covenant requiring the drawn super senior leverage ratio not to exceed 0.35:1.00 (the “SSRCF Financial Covenant”). The SSRCF Financial Covenant is calculated as the ratio of consolidated drawn super senior facilities debt to consolidated pro forma EBITDA for the twelve-month period preceding the relevant quarterly testing date and is tested quarterly on a rolling basis, subject to the Super Senior Revolving Credit Facility being at least 35% drawn (excluding letters of credit (or bank guarantees), ancillary facilities and any related fees or expenses) on the relevant test date. The SSRCF Financial Covenant only acts as a draw stop to new drawings under the Revolving Credit Facility and, if breached, will not trigger a default or an event of default under the Super Senior Revolving Credit Facility Agreement. The Issuer has four equity cure rights in respect of the SSRCF Financial Covenant prior to the termination date of the Super Senior Revolving Credit Facility Agreement, and no more than two cure rights may be exercised in any four consecutive financial quarters. As of December 31, 2017, we were in compliance with this covenant.

a) Financing activities

See below the changes in debt with third parties arising from financing activities:

Thousands of U.S. dollars												
2015	December 31, 2014	Cash flows from/(used in financing activities)		New leases	Interest accrued	Interest paid (*)	Fair value adjustment	Foreign exchange losses	Amortization (addition) fees	Translation differences	Other	December 31, 2015
		New borrowing	Amortization									
Senior Secured Notes	300,269	-	-	-	22,062	(22,128)	-	-	1,510	-	-	301,713
Brazilian bonds - Debentures	245,932	-	-	-	33,196	(31,242)	-	-	712	(80,507)	-	168,091
CVI	36,379	-	-	-	-	-	5,694	(11,923)	-	(3,910)	-	26,240
Finance lease payables	9,010	-	(1,887)	2,184	700	(700)	-	(400)	-	(4,170)	-	4,737
Other borrowings	61,720	38,739	(214)	-	5,910	(5,393)	-	-	-	(25,977)	-	74,785
Total	653,310	38,739	(2,101)	2,184	61,868	(59,463)	5,694	(12,323)	2,222	(114,564)	-	575,566

Thousands of U.S. dollars												
2016	December 31, 2015	Cash flows from/(used in financing activities)		New leases	Interest accrued	Interest paid (*)	Fair value adjustment	Foreign exchange losses	Amortization (addition) fees	Translation differences	Other	December 31, 2016
		New borrowing	Amortization									
Senior Secured Notes	301,713	-	-	-	22,128	(22,128)	-	-	1,637	-	-	303,350
Brazilian bonds - Debentures	168,091	-	(44,356)	-	33,013	(36,598)	-	-	764	35,682	-	156,596
CVI	26,240	-	-	-	-	-	2,314	(27,762)	-	(792)	-	-
Finance lease payables	4,737	-	(542)	-	303	(303)	-	(805)	-	246	-	3,636
Other borrowings	74,785	235	(18,032)	-	7,265	(7,058)	-	-	-	14,158	-	71,353
Total	575,566	235	(62,930)	-	62,709	(66,087)	2,314	(28,567)	2,401	49,294	-	534,935

Thousands of U.S. dollars												
2017	December 31, 2016	Cash flows from/(used in financing activities)		New leases	Interest accrued	Interest paid (*)	Fair value adjustment	Foreign exchange losses	Amortization (addition) fees	Translation differences	Other	December 31, 2017
		New borrowing	Amortization									
Senior Secured Notes	303,350	400,000	(300,000)	-	23,609	(23,361)	-	-	(5,252)	-	-	398,346
Brazilian bonds - Debentures	156,596	22,320	(162,591)	-	15,373	(15,331)	-	-	837	3,851	-	21,055
Finance lease payables	3,636	-	(2,816)	10,302	425	(425)	-	-	-	(624)	-	10,498
Other borrowings	71,353	52,145	(69,053)	-	5,485	(5,051)	-	-	-	1,513	-	56,392
Total	534,935	474,465	(534,460)	10,302	44,892	(44,168)	-	-	(4,415)	4,740	-	486,291

(*) For the purposes of the statements of cash flows, it is classified as "interest paid" in operating activities.

18) TRADE AND OTHER NON-TRADE PAYABLES

Details of trade and other payables at December 31, 2016 and 2017 are as follow:

	Thousands of U.S. dollars	
	2016	2017
Other payables	283	7,750
Suppliers	335	344
Total non-current non-trade payables	618	8,094
Suppliers	74,721	92,216
Advances	547	1,862
Total current trade payables	75,268	94,078
Suppliers of fixed assets	31,104	15,598
Personnel	88,585	80,631
Other payables	11,097	17,787
Advances from customers	429	438
Total current other non-trade payables	131,215	114,454
Total current	206,483	208,532
Total	207,101	216,626

The carrying amount of trade and other non-trade payables is similar to the fair value.

19) EQUITY***Share capital***

As of December 31, 2017, share capital stood at 48 thousand U.S. dollars (€33,304), divided into 73,909,056 shares. PikCo owns 68.14% of ordinary shares of Atento S.A.

Share premium

The share premium refers to the difference between the subscription price that the shareholders paid for the shares and their nominal value. Since this is a capital reserve, it can only be used to increase capital, offset losses, redeem, reimburse or repurchase shares.

Reserve for acquisition of non-controlling interest

Refers to options attributable to the parent company in the acquisition of RBrasil and Interfile in the total amount of 23,531 thousand U.S. dollars as of December 31, 2017 and 1,057 thousand of U.S. dollars for acquisition of RBrasil as of December 31, 2016.

Dividends

On October 31, 2017, our Board of Directors declared a cash interim dividend of 24,147 thousand U.S. dollars with dividends declared per share of \$0.33, paid on November 28, 2017.

Legal reserve

According to commercial legislation in Luxembourg, Atento S.A. must transfer 5% of its year profits to legal reserve until the amount reaches 10% of share capital. The legal reserve cannot be distributed.

At December 31, 2016 and 2017, no legal reserve had been established, mainly due to the losses incurred by Atento S.A.

Translation differences

Translation differences reflect the differences arising on account of exchange rate fluctuations when converting the net assets of fully consolidated foreign companies from local currency into Atento Group's presentation currency (U.S. dollars).

Stock-based compensation

a) Description of sharebased payment arrangements

In 2014, Atento granted the following two share-based payment arrangements to directors, officers and other employees, for the Company and its subsidiaries:

1. Time Restricted Stock Units ("RSU") (equity settled)

- Grant date: December 3, 2014
- Amount: 256,134 RSUs
- Vesting period: 50% vests on October 1, 2015 and the remaining 50% vests on October 1, 2016.
- There are no other vesting conditions.

2. Performance RSU (equity settled)

- Grant date: December 3, 2014
- Amount: 931,189 RSUs
- Vesting period: 100% of the RSUs vest on October 1, 2017.
- Performancebased vesting conditions:
 - TSR Tranche: 50% of the RSUs shall satisfy the performancevesting condition, if at all, based on the Total Shareholder Return ("TSR") thresholds set forth, and measured from October 1, 2014 through the end of the financial quarter immediately preceding October 1, 2017; provided, that the baseline price for purposes of measuring the TSR compound annual growth will be \$15.00. The thresholds are as follow:

- Below 10% compound annual growth: nil RSUs vest;
- 10% compound annual growth: 25% of the RSUs vest;
- 22% compound annual growth: 100% of the RSUs vest; and
- Compound annual growth between 10% and 22%: RSUs vest based on a linear relationship

• Adjusted EBITDA Tranche: The remaining 50% of the RSUs shall satisfy the performance vesting condition, if at all, based on the Adjusted EBITDA thresholds set forth; provided, that for purposes of measuring the Adjusted EBITDA Tranche, the Performance Period shall include the time period between end of the financial quarter immediately preceding October 1, 2014 through the end of the financial quarter immediately preceding October 1, 2017. The thresholds are as follow:

- Below 8% compound annual growth: nil RSUs vest;

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- 8% compound annual growth: 25% of the RSUs vest;
- 13.5% compound annual growth: 100% of the RSUs vest; and
- Compound annual growth between 8% and 13.5%: RSUs vest based on a linear relationship.

The TSR Tranche and the Adjusted EBITDA Tranche are treated separately. Thus, for example, even if the TSR threshold is not met, provided the Adjusted EBITDA threshold is met, PRSUs will vest.

On July 1, 2016, Atento granted the following share-based payment arrangement to directors, officers and other employees, for the Company and its subsidiaries:

1. Time Restricted Stock Units (“RSU”) (equity settled)
 - Grant date: July 1, 2016
 - Amount: 1,384,982 RSUs
 - Vesting period: 100% of the RSUs vest on January 4, 2019
 - There are no other vesting conditions

On July 3, 2017, Atento granted a new share-based payment arrangement to directors, officers and other employees, for the Company and its subsidiaries:

1. Time Restricted Stock Units (“RSU”) (equity settled)
 - Grant date: July 3, 2017
 - Amount: 886,187 RSUs
 - Vesting period: 100% of the RSUs vest on January 2, 2020
 - There are no other vesting conditions

b) Measurement of fair value

The fair value of the RSUs, for all arrangements, has been measured using the Black-Scholes model. For all arrangements are equity settled and the fair value of RSUs is measured at grant date and not remeasured subsequently. The inputs used in the measurement of the fair values at the grant date are presented here below.

The 2014 Plan:

Variable	Time RSU		Performance RSU			Comments
	Time RSU	Time RSU	Adj. EBITDA	TSR 1	TSR 2	
Stock price (USD)	11.06	11.06	11.06	11.06	11.06	Stock price of Atento S.A. in USD at grant date December 3, 2014
Strike price (USD)	0.01	0.01	0.01	19.97	27.74	Value close to nil will be paid
Time (years)	1	2	3	3	3	Time to vest as per the contract
Risk free rate	18.00%	0.57%	1.04%	1.04%	1.04%	USD risk free rate obtained from Bloomberg
Expected volatility	4.11%	4.11%	4.11%	4.11%	4.11%	Assumption is made to base volatility on the average volatility of main competitors because Atento S.A. itself is listed in October 2014
Dividend yield	2.00%	2.00%	2.00%	2.00%	2.00%	Assumption is made to set dividend yield at 2% because 1) there will be a limited ability to pay dividends in the near term and 2) it is in line with the dividend yield of the main competitors
Value RSU in USD	10.83	10.62	10.41	0	0	

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The Time RSU has been split into two options for valuation purposes to reflect correctly the fact that 50% of the Time RSUs vests on October 1, 2016 and the remaining 50% will vest on October 1, 2017.

The Performance RSU has one market condition which needs to be taken into account when determining the grant date fair value. Two scenarios have been used to determine this fair value. For scenario “TSR 1” a compound annual growth of 10% was used; and for scenario “TSR 2” a compound annual growth rate of 22%. Given the base line price of USD15.00 (which was the opening price when Atento went to the stock exchange), a current stock price of USD 11.06 and a low expected volatility, it is unlikely that the PRSUs of the TSR Tranche will vest. This results in a low valuation.

The Adjusted EBITDA Tranche is not included in the fair value condition as this tranche has a nonmarket performance condition.

The 2016 Plan:

Variable	Time RSU	Comments
Stock price (USD)	9.07	Stock price of Atento S.A. in USD at grant date July 1, 2016
Strike price (USD)	0.01	For valuation purposes set to 0.01
Time (years)	2.5	Time to vest as per the contract
Risk free rate	0.86%	USD risk free rate obtained from Bloomberg
Expected volatility	24.40%	Assumption is made to base volatility on the average volatility of main competitors because Atento S.A. itself is listed in October 2014
Dividend yield	0.01%	Assumption is made here that no dividends will be paid out as this is not in the line of expectations
Value RSU in USD	9.06	

The Time RSU reflects the fact that 100% of the Time RSUs will vest on January 4, 2019.

The 2016 Extraordinary Plan:

Variable	Time RSU	Time RSU	Comments
Stock price (USD)	9.07	9.07	Stock price of Atento S.A. in USD at grant date July 1, 2016
Strike price (USD)	0.01	0.01	For valuation purposes set to 0.01
Time (years)	0.25	1.5	Time to vest as per the contract
Risk free rate	18.00%	85.00%	USD risk free rate obtained from Bloomberg
Expected volatility	36.29%	36.87%	Volatility based on shares prices from Atento S.A.
Dividend yield	0.01%	0.01%	Assumption is made here that no dividends will be paid out as this is not in the line of expectations
Value RSU in USD	9.06	9.06	

The Time RSU has been split into two options for valuation purposes to reflect correctly the fact that 66.67% of the Time RSUs vests on October 1, 2016 and the remaining 33.33% were forfeited in the first quarter of 2017.

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The 2017 Plan:

Variable	Time RSU	Comments
Stock price (USD)	11	Stock price of Atento S.A. in USD at grant date July 3, 2017
Strike price (USD)	0.01	For valuation purposes set to 0.01
Time (years)	2.5	Time to vest as per the contract
Risk free rate	1.51%	USD risk free rate obtained from Bloomberg
Expected volatility	24.83%	Assumption is made to base volatility on the average volatility of main competitors because Atento S.A. itself is listed in October 2014
Dividend yield	0.01%	Assumption is made here that no dividends will be paid out as this is not in the line of expectations
Value RSU in USD	10.99	

The Time RSU reflects the fact that 100% of the Time RSUs will vest on January 2, 2020.

c) Outstanding RSUs

As of December 31, 2017, there are 1,148,625 Time RSUs outstanding related to 2016 Grant and 861,863 Time RSUs outstanding related to 2017 Grant. Holders of RSUs will receive the equivalent in shares of Atento S.A. without cash settlement of stock values when the RSUs vest.

For the Time RSU, the Management has made the following assumptions regarding the service conditions:

The 2016 Grant:

- For the first, second and third year, it is expected that 80% of the holders of the Time RSUs will meet the service condition for three years.

The 2017 Grant:

- For the first, second and third year, it is expected that 80% of the holders of the Time RSUs will meet the service condition for three years.

The 2014 Plan

	Time RSU	Time RSU
Outstanding December 31, 2015	119,634	871,649
Forfeited (*)	(15,880)	(871,649)
Vested (*)	(103,754)	-
Outstanding December 31, 2016	-	-

(*) RSUs are forfeited during the year due to employees failing to satisfy the service or non-market performance conditions.

(**) As of October 1, 2016, a total of 103,754 Time RSUs of the Time Restricted Stock Unit Award Agreement became vested and were exercised.

The 2016 Plan

	Time RSU
Outstanding December 31, 2016	1,367,896
Forfeited (*)	(219,271)
Outstanding December 31, 2017	1,148,625

(*) RSUs are forfeited during the year due to employees failing to satisfy the service conditions.

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<i>The 2016 Plan Extraordinary Plan</i>	Time RSU
Granted July 1, 2016	82,157
Vested (*)	(54,171)
Outstanding December 31, 2016	27,986
Forfeited (**)	(27,986)

Outstanding December 31, 2017 -

(*) As of October 1, 2016, a total of 54,171 Time RSUs of the Time Restricted Stock Unit Award Agreement became vested and were exercised.

(**) RSUs are forfeited in first quarter of 2017 due to employees failing to satisfy the service conditions.

<i>The 2017 Plan</i>	Time RSU
Granted July 3, 2017	886,187
Forfeited (*)	(24,324)
Outstanding December 31, 2017	861,863

(*) RSUs are forfeited during the year due to employees failing to satisfy the service conditions

<i>The 2014 Plan</i>	Time RSU			Performance RSU			
	Balance as of December 31, 2015	Forfeited	Vested	Balance December 31, 2016	Balance as of December 31, 2015	Forfeited	Balance December 31, 2016
Argentina	6,095	(1,099)	(4,996)	-	18,229	(18,229)	-
Brazil	49,564	(13,510)	(36,054)	-	306,743	(306,743)	-
Chile	4,925	(1)	(4,924)	-	48,345	(48,345)	-
Spain	15,183	49	(15,232)	-	94,371	(94,371)	-
France	2,060	(2,060)	-	-	3,845	(3,845)	-
Guatemala	1,024	(1)	(1,023)	-	1,911	(1,911)	-
Mexico	22,933	(13,192)	(9,741)	-	102,938	(102,938)	-
Morocco	1,468	-	(1,468)	-	2,742	(2,742)	-
Peru	2,602	1,097	(3,699)	-	8,096	(8,096)	-
United States	13,780	12,837	(26,617)	-	284,429	(284,429)	-
Total	119,634	(15,880)	(103,754)	-	871,649	(871,649)	-

<i>The 2016 Plan</i>	Time RSU		
Country	Balance as of December 31, 2016	Forfeited	Balance December 31, 2017
Argentina	21,981	(5,458)	16,523
Brazil	214,764	(13,715)	201,049
Chile	67,395	(5,870)	61,525
Colombia	10,940	-	10,940
Spain	124,761	(23,271)	101,490
Guatemala	-	798	798
Mexico	143,052	(35,557)	107,495
Peru	16,462	(11,176)	5,286
United States	768,541	(125,022)	643,519
Total	1,367,896	(219,271)	1,148,625

The 2016 Extraordinary Plan

Country	Time RSU			
	Balance as of December 31, 2015	Granted	Vested	Forfeited
United States	-	81,257	(54,171)	(27,086)
Total	-	81,257	(54,171)	(27,086)

The 2017 Plan

Country	Time RSU			
	Balance as of December 31, 2016	Granted	Forfeited	Balance December 31, 2017
Brazil	-	141,991	(24,324)	117,667
Chile	-	66,028	-	66,028
Spain	-	69,398	-	69,398
United States	-	608,770	-	608,770
Total	-	886,187	(24,324)	861,863

d) Impacts in Profit or Loss

In 2017, 4,923 thousand U.S. dollars (1,535 thousand U.S. dollars as at December 31, 2016 and 1,982 thousand U.S. dollars as at December 31, 2015) related to stock-based compensation were recorded as Employee benefit expenses.

20) TAX MATTERS

a) Income tax

The reconciliation between the income tax expense that would result in applying the statutory tax rate and the income tax expense recorded is as follow:

	Thousands of U.S. dollars		
	For the years ended December 31,		
	2015 (*)	2016	2017
Profit/(loss) before income tax	75,380	8,564	(1,035)
Income tax applying the statutory tax rate	21,296	2,484	(310)
Permanent differences	12,845	13,655	12,635
Adjustments due to international tax rates	(12,541)	(11,526)	445
Tax credits	(497)	(791)	(1,112)
Branches income tax	688	1,385	875
Change in federal statutory rate in Spain ^(a)	1,359	-	-
Total income tax expense	23,150	5,207	12,533

(*) Exclude discontinued operations – Morocco.

(a) This item is related to the amendment of the tax legislation in Spain that reduced the income tax rate from 28% for the calendar year of 2015 to 25% for the calendar year of 2016 and for subsequent years.

Permanent differences in 2017 are mainly related to non-deductible expenses mainly in Brazil, Spain and Mexico, which are not deductible for tax purposes.

The breakdown of the Atento Group's income tax expense is as follow:

	Thousands of U.S. dollars		
	For the years ended December 31,		
	2015 (*)	2016	2017
Current tax expense	(26,968)	(22,852)	(20,175)
Deferred tax	3,818	17,645	7,642
Total income tax expense	(23,150)	(5,207)	(12,533)

(*) Exclude discontinued operations – Morocco.

b) Deferred tax assets and liabilities

The breakdown and balances of deferred tax assets and deferred tax liabilities at December 31, 2016 and 2017 are as follow:

	Thousands of U.S. dollars						Balance at 12/31/2016
	Balance at 12/31/2015	Income Statement		Equity		Translation differences	
		Increases	Decreases	Increases	Decreases		
DEFERRED TAX ASSETS	107,836	35,334	(18,955)	1,984	(4,747)	(3,111)	118,341
Unused tax losses (*)	13,199	11,376	(2,859)	-	(4,747)	(15)	16,954
Unused tax credits	2,483	875	(56)	-	-	391	3,693
Deferred tax assets (temporary differences)	92,154	23,084	(16,041)	1,984	-	(3,487)	97,694
DEFERRED TAX LIABILITIES	(56,062)	-	1,266	-	3,224	5,974	(45,597)
Deferred tax liabilities (temporary differences)	(56,062)	-	1,266	-	3,224	5,974	(45,597)

(*) Tax credits for loss carryforwards.

	Thousands of U.S. dollars								
	Balance at 12/31/2016	Income Statement		Equity		Acquisition of Business Combinations	Others (**)	Translation differences	Balance at 12/31/2017
		Increases	Decreases	Increases	Decreases				
DEFERRED TAX ASSETS	118,342	37,723	(35,215)	-	-	2,366	(570)	8,680	131,326
Unused tax losses (*)	16,954	17,671	(7,560)	-	-	714	(570)	2,454	29,663
Unused tax credits	3,694	2,171	(815)	-	-	-	-	331	5,381
Deferred tax assets (temporary differences)	97,694	17,881	(26,840)	-	-	1,652	-	5,895	96,282
DEFERRED TAX LIABILITIES	(45,597)	(1,888)	7,022	-	403	(2,688)	-	(1,194)	(43,942)
Deferred tax liabilities (temporary differences)	(45,597)	(1,888)	7,022	-	403	(2,688)	-	(1,194)	(43,942)

(*) Tax credits for loss carryforwards.

(**) Refer to the use of tax losses for the purpose discharge debts of Withholding Tax (*Imposto de Renda Retido na Fonte - "IRRF"*), Social Integration Program (*Programa de Integração Social - "PIS"*), Social Security Contribution (*Contribuição para Financiamento da Seguridade Social - "COFINS"*), and Social Contribution Tax on Profits (*Contribuição Social sobre o Lucro Líquido - "CSLL"*), according to the Special Tax Regularization Program (*Programa Especial de Regularização Tributária - "PERT"*). This compensation was made with liability balances and therefore did not affect the income tax expense for the period.

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As a result of the business combination of RBrasil described in Note 5a, the Company recognized deferred tax assets amounting to 2,079 thousand U.S. dollars due to the difference between the tax value of the customer base and the fair value allocated in the business combination. Also, as a result of the business combination of Nova Interfile Holding Ltda described in Note 5b, the Company recognized deferred tax assets amounting to 2,366 thousand U.S. dollars and deferred tax liabilities of 2,688 thousand U.S. dollars due to the difference between the tax value of the customer base and the fair value allocated in the business combination.

There is not estimation of distribute future dividends until this report date. Dividends distribution must be subject to Board approval, and will depend on the Company's future earnings, cash flow, financial condition, financial covenants and other relevant factors. There are no income tax consequences attached to the payment of dividends in either 2017 or 2016 by the Company to its shareholders.

The following table presents the schedule for the reversal of recognized and unrecognized deferred tax assets and liabilities in the statement of financial position based on the best estimates available at the respective estimation dates:

2016	Thousands of U.S. dollars							Subsequent years	Total
	2017	2018	2019	2020	2021	2022			
Tax losses	828	1,800	2,124	2,505	2,991	3,505	3,201	16,954	
Deductible temporary differences	995	9,539	18,086	24,221	33,667	995	10,191	97,694	
Tax credits for deductions	3,017	676	-	-	-	-	-	3,693	
Total deferred tax assets	4,840	12,016	20,210	26,726	36,658	4,500	13,391	118,341	
Total deferred tax liabilities	4,603	4,603	4,603	4,603	4,603	4,603	17,979	45,597	

2017	Thousands of U.S. dollars							Subsequent years	Total
	2018	2019	2020	2021	2022	2023			
Tax losses	2,431	4,849	5,368	1,800	749	2,713	11,753	29,663	
Deductible temporary differences	12,578	14,018	14,401	15,065	15,066	8,075	17,079	96,282	
Tax credits for deductions	1,266	1,266	1,266	1,266	317	-	-	5,381	
Total deferred tax assets	16,275	20,133	21,035	18,131	16,133	10,788	28,831	131,326	
Total deferred tax liabilities	4,436	4,436	4,436	4,436	4,436	4,436	17,326	43,942	

c) Taxes receivables/payables

Details of taxes receivables and payables at December 31, 2016 and 2017 are as follow:

	Thousands of U.S. dollars	
	As of December 31,	
	2016	2017
Receivables		
Non-current		
Indirect taxes	7,815	7,282
Current		
Indirect taxes	1,400	4,764
Other taxes	5,052	7,308
Income tax	22,145	21,969
Total	36,412	41,323

Payables	Thousands of U.S. dollars	
	As of December 31,	
	2016	2017
Non-current		
Social security	1,098	1,025
Current		
Indirect taxes	23,033	28,024
Other taxes	45,767	58,142
Income tax	4,030	8,058
Total	73,928	95,249

21) PROVISIONS AND CONTINGENCIES

Movements in provisions in 2016 and 2017 are as follow:

	Thousands of U.S. dollars							
	12/31/2015	Additions	Additions from business combination (Note 5)	Payments	Reversal	Transfers	Translation differences	12/31/2016
Non-current								
Provisions for liabilities	29,532	10,331	4,212	(18,569)	(2,174)	-	7,062	30,394
Provisions for taxes	13,283	3,690	5,654	-	(3,923)	-	2,743	21,447
Provisions for dismantling	12,065	1,452	-	(13)	(259)	(207)	2,300	15,338
Other provisions	140	2,890	-	(61)	(54)	-	(199)	2,716
Total non-current	55,020	18,363	9,866	(18,643)	(6,410)	(207)	11,906	69,895
Current								
Provisions for liabilities	6,205	1,079	3,239	(540)	(1,015)	-	(808)	8,160
Provisions for taxes	876	115	-	-	-	-	15	1,006
Provisions for dismantling	1,271	55	-	-	(1,512)	207	192	213
Other provisions	3,090	3,851	-	(15)	(1,230)	-	(357)	5,339
Total current	11,442	5,100	3,239	(555)	(3,757)	207	(958)	14,718

Thousands of U.S. dollars

	12/31/2016	Additions	Additions from business combination (Note 5)	Payments	Reversal	Transfers	Translation differences	12/31/2017
Non-current								
Provisions for liabilities	30,394	18,474	4,134	(6,520)	(10,687)	(73)	(4,912)	30,810
Provisions for taxes	21,447	1,286	2,274	-	(6,607)	2,108	(675)	19,833
Provisions for dismantling	15,338	1,416	-	(48)	(7,382)	-	(75)	9,249
Other provisions	2,716	944	-	(2,382)	(2,733)	(2,035)	4,784	1,294
Total non-current	69,895	22,120	6,408	(8,950)	(27,409)	-	(878)	61,186
Current								
Provisions for liabilities	8,160	8,197	-	(2,479)	(104)	-	(3,231)	10,543
Provisions for taxes	1,006	4,580	-	-	-	-	55	5,641
Provisions for dismantling	213	1	-	6	(219)	-	(1)	-
Other provisions	5,339	9,88	-	(5,181)	(15)	-	1,754	2,884
Total current	14,718	13,766	-	(7,654)	(338)	-	(1,423)	19,068

“Provisions for liabilities” primarily relate to provisions for legal claims underway in Brazil. Atento Brasil S.A. has made payments in escrow related to legal claims from ex-employees, amounting to 33,678 thousand U.S. dollars and 42,217 thousand U.S. dollars as of December 31, 2016 and 2017, respectively.

“Provisions for taxes” mainly relate to probable contingencies in Brazil with respect to social security payments and other taxes, which are subject to interpretations by tax authorities. Atento Brasil S.A. has made payments in escrow related to taxes claims 4,619 thousand U.S. dollars and 4,407 thousand U.S. dollars as of December 31, 2016 and 2017, respectively.

The amount recognized under “Provision for dismantling” corresponds to the necessary cost of dismantling of the installations held under operating leases to bring them to its original condition.

As of December 31, 2017, lawsuits still before the courts as follow:

Brazil

At December 31, 2017, Atento Brasil was involved in approximately 14,750 labor-related disputes (12,364 labor disputes as of December 31, 2016), filed by Atento’s employees or ex-employees for various reasons, such as dismissals or claims over employment conditions in general. The total amount of the main claims classified as possible was 162,701 thousand U.S. dollars (134,244 thousand U.S. dollars on December 31, 2016).

In addition, at December 31, 2017, there are labor-related disputes belonging to the company Atento Brasil 1 (formerly Casa Bahia Contact Center Ltda – “CBCC”) totaling 749 thousand U.S. dollars. According to the Company’s external attorneys, materialization of the risk event is probable.

Moreover, as of December 31, 2017, Atento Brasil was party to 14 civil public actions filed by the Labor Prosecutor’s Office due to alleged irregularities mainly concerning daily and general working routine, lack of overtime control and improper health and safety conditions in the workplace. The total amount involved in these claims was approximately 27,870 thousand Brazilian Reais (28,132 thousand U.S. dollars), of which 856 thousand Brazilian Reais relate to claims that have been classified as probable by our internal and external lawyers, for which amount Atento Brasil has recorded a provision, as indicated in the paragraph above. We expect that our ultimate liability for these claims, if any, will be substantially less than the full amount claimed. These claims are generally brought with respect to specific jurisdictions in Brazil, and it is possible that in the future similar claims could be brought against us in additional jurisdictions. We cannot assure that these current claims or future claims brought against us will not result in liability to the Company, and that such liability would not have a material adverse effect on our business, financial condition and results of operations.

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As of December 31, 2017, Atento Brasil S.A. has 8 civil lawsuits ongoing for various reasons (14 on December 31, 2016) which, according to the Company's external attorneys, materialization of the risk event is possible. The total amount of the claims is approximately 5,953 thousand U.S. dollars (4,948 thousand U.S. dollars on December 31, 2016).

In addition, at December 31, 2017, Atento Brasil S.A. has 42 disputes ongoing with the tax authorities and social security authorities, for various reasons relating to infraction proceedings filed (46 on December 31, 2016). The total amount of these claims is approximately 59,445 thousand U.S. dollars (30,885 thousand U.S. dollars on December 31, 2016). According to the Company's external attorneys, risk of material loss is possible.

In addition, as of December 31, 2017, there are tax authorities disputes belonging to the company CBCC totaling 2,640 thousand U.S. dollars. According to the Company's external attorneys, materialization of the risk event is probable.

Furthermore, it is important to highlight out that the Superior Labor Court of Appeals (Tribunal Superior do Trabalho) during the month of August 2015 decided to amend the indexation rate related to labor contingencies. The decision alters the Reference Rate Index (TR) usually used to adjust the amount of the contingencies to the Special Broad Consumer Price Index (*Índice de Preços ao Consumidor Amplo Especial – IPCA-E*). There are several questions about this matter, especially the period to which change should be applied as well as if the new index is appropriate. In addition, during October 2015, the Supreme Court (STF) issued a "writ of Mandamus" to the Federation of Brazilian Banks (FEBRABAN) suspending the application of the new index (IPCA-E). On September 31, 2017, a new decision of the Superior Labor Court of Appeals on the application of the index IPCA-E was amended, changing the initial date of the application of the index from June 30, 2009 to March 25, 2015. As early as December 2017 came the judgment of the Brazilian Bank Federation (FEBRABAN), declaring unfounded the suit proposed by FEBRABAN. With this unfounded, the effects of the injunction that had been granted by the STF were ceased. However, considering that this recent Supreme Court decision was rendered after the entry into force of Law 13,467 / 17 (Labor Reform), the conclusion that can be sustain it is that its effects would be limited to 25 March 2015 to 10 November 2017 because the new law gave a new text to the Article 879 of the Consolidated Labor Laws (CLT), to expressly determine that it will be apply the TR to upgrading of workers' claims arising from criminal conviction.

Thus, the Company considered this quarter the new modulation projection of the IPCA-E in labor, and this, the external opinion of our lawyers also considering as "possible" the probability of loss in an eventual dispute. The amount involved in the period from March 25, 2015 to November 10, 2017 is approximately 755 thousand U.S. dollars. We will monitor this issue during 2018.

On December 31, 2017, the subsidiary RBrasil Soluções S.A. holds contingent liabilities of labor nature classified as possible in the approximate amount of 377 thousand U.S. dollars.

On December 31, 2017, the subsidiary Interfile holds contingent liabilities of labor nature and social charges classified as possible in the approximate amount of 2,297 thousand U.S. dollars.

Additionally, there are other contingencies which are classified as possible by the Company amounting to 5,849 thousand U.S. dollars.

Spain

At December 31, 2017, Atento Teleservicios España S.A.U. including its branches and our other Spanish companies were party to labor-related disputes filed by Atento employees or former employees for different reasons, such as dismissals and disagreements

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regarding employment conditions, totaling 3,538 thousand U.S. dollars. According to the Company's external lawyers, materialization of the risk event is possible.

Mexico

At December 31, 2017, Atento Mexico through its two entities (Atento Servicios, S.A. de C.V. and Atento Atencion y Servicios, S.A. de C.V.) is a party of labor related disputes filed by Atento employees that abandoned their employment or former employees that base their claim on justified termination reasons, totaling 7,187 thousand U.S. dollars (Atento Servicios, S.A. de C.V. 4,318 thousand U.S. dollars and Atento Atencion y Servicios, S.A. de C.V. 2,869 thousand U.S. dollars), according to the external labor law firm for possible risk labor disputes.

Argentina

In Argentina, as a consequence of an unfavourable sentence on the case "ATUSA S.A." issued by Argentinian Internal Revenue Services ("Administración Federal de Ingresos Públicos"), notified on February 2017, the risk qualified so far as "remote" becomes now "possible" being this contingency estimated amount of approximately 2,454 thousand U.S. dollars at December 31, 2017 (3,147 thousand U.S. dollars on December 31, 2016). A formal appeal has been filed at the National Supreme Court of Justice.

Given the nature of the risks covered by these provisions, it is not possible to determine a reliable schedule of potential payments, if any.

22) REVENUE AND EXPENSES

a) Revenue

The breakdown of revenue for the years ended December 31, 2015, 2016 and 2017 is as follow:

	Thousands of U.S. dollars		
	2015 (*)	2016 (*)	2017
Revenue			
Services rendered	1,949,883	1,757,498	1,921,311
Total	1,949,883	1,757,498	1,921,311

(*) Exclude discontinued operations - Morocco.

b) Other operating income

Details of other operating income for the years ended December 31, 2015, 2016 and 2017 are as follow:

	Thousands of U.S. dollars		
	2015 (*)	2016	2017
Other operating income			
Other operating income	2,282	3,991	5,755
Grants	626	673	860
Income from indemnities and other non-recurring income	1,407	872	939
Gains on disposal of non-current assets	10	344	8,883
Total	4,325	5,880	16,437

(*) Exclude discontinued operations - Morocco.

c) Supplies

Details of amounts recognized under “Supplies” during the years ended December 31, 2015, 2016 and 2017 are as follow:

	Thousands of U.S. dollars		
	2015 (*)	2016 (*)	2017
Supplies			
Subcontracted services	34,088	29,940	26,885
Infrastructure leases (Note 25b)	4,236	3,376	11,889
Purchases of materials	1,434	986	628
Communications	31,714	24,929	25,003
Expenses with labor unions	-	1,204	1,156
Other	6,132	5,163	9,338
Total	77,604	65,598	74,899

(*) Exclude discontinued operations - Morocco.

d) Employee benefit expenses

Details of amounts recognized under “Employee benefit expenses” during the years ended December 31, 2015, 2016 and 2017 are as follow:

	Thousands of U.S. dollars		
	2015 (*)	2016	2017
Employee benefit expenses			
Salaries and wages	1,087,390	1,014,830	1,076,810
Social security	131,268	120,923	131,524
Supplementary pension contributions	3,240	2,848	2,861
Termination benefits	35,654	34,654	33,744
Other welfare costs	152,974	136,646	184,137
Total	1,410,526	1,309,901	1,429,076

(*) Exclude discontinued operations - Morocco.

e) Depreciation and amortization

The depreciation and amortization expenses for the years ended December 31, 2015, 2016 and 2017 are as follow:

	Thousands of U.S. dollars		
	2015 (*)	2016 (*)	2017
Depreciation and amortization			
Intangible assets (Note 6)	51,430	50,916	55,195
Property, plant and equipment (Note 9)	50,077	46,448	49,226
Total	101,507	97,364	104,421

(*) Exclude discontinued operations - Morocco.

f) Other operating expenses

The breakdown of “Other operating expenses” for the years ended December 31, 2015, 2016 and 2017 is as follow:

	Thousands of U.S. dollars		
	2015 (*)	2016 (*)	2017
Other operating expenses			
Services provided by third parties	222,891	193,213	202,146
Losses on disposal of fixed assets	800	1,432	12,989
Taxes other than income tax	9,087	7,491	13,580
Other management expenses	8,700	11,879	7,933
Total	241,478	214,015	236,648

(*) Exclude discontinued operations - Morocco.

Details of “Services provided by third parties” under “Other operating expenses” are as follow:

	Thousands of U.S. dollars		
	2015 (*)	2016 (*)	2017
Services provided by third parties			
Leases (Note 25b)	75,573	63,014	66,923
Installation and maintenance	25,159	24,237	22,799
Lawyers and law firms	6,055	5,198	6,887
Tax advisory services	504	302	467
Consultants	12,117	8,056	8,578
Audits and other related services	3,347	2,493	2,677
Studies and work performed	372	76	7
Other external professional services	40,863	40,669	45,955
Publicity, advertising and public relations	7,643	6,089	5,458
Insurance premiums	231	207	636
Travel expenses	8,502	6,047	6,288
Utilities	33,700	28,743	27,392
Banking and similar services	2,191	1,006	1,391
Other	6,634	7,076	6,688
TOTAL	222,891	193,213	202,146

(*) Exclude discontinued operations - Morocco.

The amounts recognized under “Consultants” and “Other external professional services” for the years ended December 31, 2015, 2016 and 2017 mainly refers to consulting and other costs in connection with efficiencies and costs reduction projects implemented in Brazil and EMEA.

g) Net finance expense

The breakdown of “Finance income” and “Finance costs” for the years ended December 31, 2015, 2016 and 2017 are as follow:

	Thousands of U.S. dollars		
	2015 (*)	2016 (*)	2017
Finance income			
Interest received from third parties	15,459	7,188	7,858
Total finance income	15,459	7,188	7,858
Finance costs			
Interest accrued to Group companies	496	-	-
Interest accrued to third parties	(74,418)	(75,090)	(71,404)
Discounts to the present value of provisions and other liabilities (**)	(1,547)	15,939	(6,741)
Total finance costs	(75,469)	(59,151)	(78,145)

(*) Exclude discontinued operations - Morocco.

(**) The year ended December 31, 2016 contains the impacts of the CVI termination. The interest reversal of 19,936 thousand U.S. dollars was recognized in "Finance costs".

The breakdown of “Change in fair value of financial instruments” and “Net foreign exchange gain/(loss)” is shown in the table below:

Thousands of U.S. dollars	2015 (*)		
	Gains	Losses	Net
Fair value of financial instruments	29,915	(12,380)	17,535
Fair value of financial instruments	29,915	(12,380)	17,535
Foreign exchange gains/(losses)			
Loans and receivables	86,936	(77,520)	9,416
Other financial transactions	3,101	(8,789)	(5,688)
Current transactions	16,711	(24,362)	(7,651)
Disposal of Financial assets	34	(30)	4
Total	106,782	(110,701)	(3,919)

(*) Exclude discontinued operations - Morocco.

Thousands of U.S. dollars	2016 (*)		
	Gains	Losses	Net
Fair value of financial instruments	675	-	675
Fair value of financial instruments	675	-	675
Foreign exchange gains/(losses)			
Loans and receivables	868	(12,200)	(11,332)
Other financial transactions	12,381	(45,784)	(33,403)
Current transactions	18,996	(30,755)	(11,759)
Total	32,245	(88,739)	(56,494)

Thousands of U.S. dollars

	2017		
	Gains	Losses	Net
Fair value of financial instruments	230	-	230
Fair value of financial instruments	230	-	230
Foreign exchange gains/(losses)			
Loans and receivables	38,220	(57,187)	(18,967)
Other financial transactions	16,407	(14,405)	2,002
Current transactions	8,969	(15,431)	(6,462)
Total	63,596	(87,023)	(23,427)

23) SEGMENT INFORMATION

The CEO is the Chief Operating Decision Maker (“CODM”). Management has determined the operating segments on the basis of the information reviewed by the CEO for the purposes of allocating resources and assessing performance. The results measurement used by the CEO to assess the performance of the Atento Group’s segments is the EBITDA and Adjusted EBITDA (as defined below).

The CEO considers the business from the geographical perspective in the following areas:

- EMEA, which combines the activities carried out regionally in Spain and Morocco ¹.
- The Americas, which includes the activities carried out by the various Spanish-speaking companies in Mexico, Central and South America. It also includes transactions in the United States.
- Brazil, which is managed separately in view of its different language and major importance.

Inter-segment transactions are carried out at market prices.

The Atento Group uses EBITDA and Adjusted EBITDA to track the performance of its segments and to establish operating and strategic targets. Management believes that EBITDA and Adjusted EBITDA provides an important measure of the segment’s operating performance because it allows management to evaluate and compare the segments’ operating results, including their return on capital and operating efficiencies, from period to period by removing the impact of their capital structure (interest expenses), asset bases (depreciation and amortization), and tax consequences. EBITDA is defined as profit/(loss) for the period from continuing operations before net finance expense (which includes finance income, finance costs, change in fair value of financial instruments and net foreign exchange losses), income taxes and depreciation and amortization. Adjusted EBITDA is defined as EBITDA adjusted to exclude acquisition and integration related costs, restructuring costs, site relocation costs, financing fees, asset impairments and other items which are not related to our core operating results.

EBITDA and Adjusted EBITDA are a commonly reported measure and are widely used among analysts, investors and other interested parties in the Atento Group’s industry, although not a measure explicitly defined in IFRS, and therefore, may not be comparable to similar indicators used by other companies. EBITDA and Adjusted EBITDA should not be considered as an alternative to the profit for the year as a measurement of our consolidated earnings or as an alternative to consolidated cash flow from operating activities as a measurement of our liquidity.

¹ Until September 2016.

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The following tables present financial information for the Atento Group's operating segments for the years ended December 31, 2015, 2016 and 2017 (in thousand U.S. dollars):

For the year ended December 31, 2015

	Thousands of U.S. dollars				
	EMEA (*)	Americas	Brazil	Other and eliminations	Total Group
Sales to other companies	71,524	411,651	577,519	-	1,060,694
Sales to Telefónica Group	160,148	376,347	352,675	-	889,170
Sales to other group companies	32	1,775	-	(1,788)	19
Other operating income and expense	(219,713)	(685,565)	(813,701)	(7,623)	(1,726,602)
EBITDA	11,991	104,208	116,493	(9,411)	223,281
Depreciation and amortization	(12,360)	(38,371)	(49,979)	(797)	(101,507)
Operating profit/(loss)	(369)	65,837	66,514	(10,208)	121,774
Net finance expense	(12,343)	(8,678)	(25,257)	(116)	(46,394)
Income tax	3,233	(20,157)	(14,010)	7,784	(23,150)
Profit/(loss) from continuing operations	(9,479)	37,002	27,247	(2,540)	52,230
Profit/(loss) from discontinued operations	(3,082)	-	-	-	(3,082)
Profit/(loss) for the year	(12,561)	37,002	27,247	(2,540)	49,148
EBITDA	11,991	104,208	116,493	(9,411)	223,281
Acquisition and integration related costs	-	108	-	-	108
Restructuring costs	6,299	3,107	5,613	780	15,799
Site relocation costs	-	27	3,383	-	3,410
Financing and IPO fees	-	-	-	313	313
Asset impairments and Other	175	1,610	3,892	1,098	6,775
Adjusted EBITDA (unaudited)	18,465	109,060	129,381	(7,220)	249,686
Capital expenditure	7,332	39,207	74,248	427	121,214
Intangible, Goodwill and PP&E	62,014	211,105	266,454	2,372	541,945
Allocated assets	417,828	590,884	618,925	(249,221)	1,378,416
Allocated liabilities	278,871	327,042	456,823	(82,111)	980,625

(*) Exclude discontinued operations - Morocco.

For the year ended December 31, 2016

	Thousands of U.S. dollars				
	EMEA	Americas	Brazil	Other and eliminations	Total Group
Sales to other companies	72,750	394,961	542,953	1	1,010,665
Sales to Telefónica Group	151,176	322,237	273,420	-	746,833
Sales to other group companies	4	1,718	-	(1,722)	-
Other operating income and expense	(220,645)	(596,963)	(717,683)	(8,497)	(1,543,788)
EBITDA	3,285	121,953	98,690	(10,218)	213,710
Depreciation and amortization	(10,712)	(33,757)	(52,356)	(539)	(97,364)
Operating profit/(loss)	(7,427)	88,196	46,334	(10,757)	116,346
Net finance expense	(12,319)	(31,092)	(40,074)	(24,297)	(107,782)
Income tax	4,933	(15,823)	(3,070)	8,753	(5,207)
Profit/(loss) from continuing operations	(14,813)	41,281	3,190	(26,301)	3,357
Profit/(loss) from discontinued operations	(3,206)	-	-	-	(3,206)
Profit/(loss) for the year	(18,019)	41,281	3,190	(26,301)	151
EBITDA	3,285	121,953	98,690	(10,218)	213,710
Restructuring costs	10,390	10,562	10,994	1,700	33,646
Site relocation costs	18	168	9,137	-	9,323
Asset impairments and Other	2,709	(40,668)	2,131	1,011	(34,817)
Adjusted EBITDA (unaudited)	16,402	92,015	120,952	(7,507)	221,862
Capital expenditure	2,124	23,042	23,000	-	48,166
Intangible, Goodwill and PP&E	48,342	189,036	298,920	1,540	537,838
Allocated assets	396,298	558,657	677,794	(255,131)	1,377,618
Allocated liabilities	272,082	259,352	490,172	(74,191)	947,415

For the year ended December 31, 2017

	Thousands of U.S. dollars				
	EMEA	Americas	Brazil	Other and eliminations	Total Group
Sales to other companies	80,020	435,195	652,696	-	1,167,911
Sales to Telefónica Group	143,424	317,849	292,110	(1)	753,382
Sales to other group companies	1	4,997	-	(4,980)	18
Other operating income and expense	(215,860)	(688,949)	(832,377)	12,745	(1,724,441)
EBITDA	7,585	69,092	112,429	7,764	196,870
Depreciation and amortization	(9,340)	(37,640)	(56,908)	(533)	(104,421)
Operating profit/(loss)	(1,755)	31,452	55,521	7,231	92,449
Net finance expense	(16,834)	(13,206)	(33,038)	(30,406)	(93,484)
Income tax	5,031	(9,667)	(8,822)	925	(12,533)
Profit/(loss) for the year	(13,558)	8,579	13,661	(22,250)	(13,568)
EBITDA	7,585	69,092	112,429	7,764	196,870
Restructuring costs	3,831	8,473	4,011	464	16,779
Other	115	4,208	119	2,875	7,317
Shared services expenses	3,259	1,734	8,155	(13,148)	-
Adjusted EBITDA (unaudited)	14,790	83,507	124,714	(2,045)	220,966
Capital expenditure	3,948	24,503	38,825	259	67,535
Intangible, Goodwill and PP&E	49,101	178,485	306,672	1,185	535,443
Allocated assets	401,332	603,770	677,149	(351,946)	1,330,305
Allocated liabilities	126,575	280,575	499,670	45,646	952,466

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"Other and eliminations" includes activities of the intermediate holdings in Spain (Atento Spain Holdco, S.L.U.), Luxembourg holdings, as well as inter-group transactions between segments.

The breakdown of sales to customers by the main countries where the Atento Group operates is as follow:

Country	For the years ended December 31,		
	2015 (*)	2016	2017
Spain	233,041	223,956	223,445
Other and eliminations (*)	(1,336)	(25)	(1)
EMEA	231,705	223,931	223,444
Argentina	162,143	119,589	142,473
Chile	79,626	80,106	97,196
Colombia	59,546	61,042	75,373
El Salvador	19,238	16,741	12,527
United States	28,865	36,968	48,341
Guatemala	17,091	15,771	16,732
Mexico	242,426	199,634	178,537
Peru	145,413	151,755	151,681
Puerto Rico	13,982	14,629	10,156
Uruguay	3,652	3,475	3,184
Panama	4,617	4,990	4,466
Other and eliminations (*)	13,174	14,217	17,375
Americas	789,773	718,917	758,041
Brazil	930,194	816,373	944,806
Other and eliminations (*)	(1,789)	(1,723)	(4,980)
Total revenue	1,949,883	1,757,498	1,921,311

(*) Includes holding company level revenues and consolidation adjustments.

The Atento Group signed a framework contract with Telefónica that expires on December 31, 2021. In 2017, 39.2% of service revenue were generated from business with Telefónica Group companies (42,5% in 2016 and 45,2% in 2015).

24) EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the profits/(losses) attributable to equity owners of the Company by the weighted average number of ordinary shares outstanding during the periods as demonstrated below:

	Thousands of U.S. dollars		
	2015 (*)	2016 (*)	2017
Result attributable to equity owners of the Company			
Atento's profit/(loss) attributable to equity owners of the parent from continuing operations (in thousands of U.S. dollars)	52,230	3,357	(13,568)
Atento's loss attributable to equity owners of the parent from discontinued operations (in thousands of U.S. dollars)	(3,082)	(3,206)	-
Weighted average number of ordinary shares	73,648,760	73,816,933	73,909,056
Basic earnings/(loss) per share from continuing operations	0.71	0.05	(0.18)
Basic loss per share from discontinued operations	(0.04)	(0.04)	-

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Diluted results per share are calculated by adjusting the weighted average number of ordinary shares outstanding to reflect the conversion of all dilutive ordinary shares. The weighted average number of ordinary shares outstanding used to calculate both basic and diluted earnings per share attributable to common stockholders is the same.

	Thousands of U.S. dollars		
	2015 (*)	2016 (*)	2017
Result attributable to equity owners of the Company			
Atento's profit/(loss) attributable to equity owners of the parent from continuing operations (in thousands of U.S. dollars) (1)	52,230	3,357	(13,568)
Atento's loss attributable to equity owners of the parent from discontinued operations (in thousands of U.S. dollars) (1)	(3,082)	(3,206)	-
Potential increase in number of ordinary shares outstanding in respect of share-based plan	1,026,207	272,791	-
Adjusted weighted average number of ordinary shares	74,674,967	74,089,724	73,909,056
Diluted earnings/(loss) per share from continuing operations	0.70	0.05	(0.18)
Diluted loss per share from discontinued operations	(0.04)	(0.04)	-

(*) Exclude discontinued operations – Morocco.

(1) As of December 31, 2017, potential ordinary shares of 1,090,060, relating to the stock option plan were excluded from the calculation of diluted loss per share as the loss in 2017 is anti-dilutive.

25) COMMITMENTS

a) Guarantees and commitments

As of December 31, 2016 and 2017, the Atento Group has guarantees and commitments to third parties of 320,300 thousand U.S. dollars and 322,233 thousand U.S. dollars, respectively.

The transactions guaranteed and their respective amounts at December 31, 2016 and 2017 are as follow:

	Thousands of U.S. dollars	
	2016	2017
Guarantees		
Financial, labor-related, tax and rental transactions	166,036	156,579
Contractual obligations	154,239	165,624
Other	25	30
Total	320,300	322,233

The Company's directors do not believe that any contingencies will arise from these guarantees other than those already recognized.

The breakdown shown in the table above relates to guarantees extended by Atento Group companies, classified by purpose. Of these guarantees, the majority relate to commercial purposes and rental activities, the remaining guarantees relates to tax and labor proceedings.

b) Operating leases

The breakdown of total minimum future lease payments under non-cancellable operating leases is as follow:

	Thousands of U.S. dollars	
	2016	2017
Up to 1 year	54,965	63,178
Between 1 and 5 years	116,182	124,913
More than 5 years	36,462	52,021
Total	207,609	240,112

Total operating lease expenses recognized in the consolidated statements of operations for the year ended December 31, 2017 amount to 11,889 thousand U.S. dollars (3,376 thousand U.S. dollars in 2016 and 4,236 thousand U.S. dollars in 2015) under “Infrastructure leases” (see Note 22c) and 66,923 thousand U.S. dollars (63,014 thousand U.S. dollars in 2016 and 75,573 thousand U.S. dollars in 2015) under “Services provided by third parties” (see Note 22f).

No contingent payments on operating leases were recognized in the consolidated statements of operations for the years ended December 31, 2015, 2016 and 2017.

The operating leases where the Company acts as lessee are mainly on premises intended for use as call centers. These leases have various termination dates, with the latest in 2028.

At December 31, 2017, the payment commitment for the early cancellation of these leases is 137,684 thousand U.S. dollars (122,480 thousand U.S. dollars in 2016 and 127,531 thousand U.S. dollars in 2015).

26) RELATED PARTIES

The following table shows the breakdown of the total remuneration paid to the Atento Group’s key management personnel in 2015, 2016 and 2017:

	Thousands of U.S. dollars		
	2015	2016	2017
Salaries and variable remuneration	6,999	3,826	4,374
Salaries	3,897	3,826	3,303
Variable remuneration	3,102	0	1,071
Payment in kind	1,156	980	858
Medical insurance	135	117	138
Life insurance premiums	10	27	28
Other	1,011	836	692
Total	8,155	4,806	5,232

27. SUBSEQUENT EVENT

In March 2018, Atento Brasil S.A. a indirect subsidiary of Atento S.A. received a tax notice from the Brazilian Federal Revenue Service, related to Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) for the period from 2012 to 2015, due to the disallowance of the expenses on tax amortization of goodwill and deductibility of certain financing costs originated of the acquisition of Atento Brasil S.A. by Bain Capital in 2012, and the withholding taxes on payments made to certain of our former shareholders.

The amount of the tax assessment from the Brazilian Federal Revenue Service, not including interest and penalties, was approximately 105,268 thousand U.S. dollars, and was assessed by the Company's outside legal counsel as possible loss.

We disagree with the proposed tax assessment and we intend to defend our position, which we believe is meritorious, through applicable administrative and, if necessary, judicial remedies. Based on our interpretation of the relevant law, and based on the advice of our legal and tax advisors, we believe the position we have taken is sustainable. Consequently, no provisions are recognized regarding these proceedings.

LIST OF SUBSIDIARIES OF ATENTO S.A.

Name	Registered address
Atento Luxco Mídco, S.à.r.l.	Luxembourg
Atento Luxco 1 S.A.	Luxembourg
Atalaya Luxco 2. S.à.r.l.	Luxembourg
Atalaya Luxco 3. S.à.r.l.	Luxembourg
Atento Argentina. S.A	Buenos Aires (Argentina)
Global Rossolimo. S.L.U	Madrid (Spain)
Atento Spain Holdco. S.L.U	Madrid (Spain)
Atento Spain Holdco 6. S.L.U	Madrid (Spain)
Atento Spain Holdco 2. S.A.U	Madrid (Spain)
Atento Teleservicios España. S.A.U	Madrid (Spain)
Atento Servicios Técnicos y Consultoría S.A.U	Madrid (Spain)
Atento Impulsa. S.A.U	Barcelona (Spain)
Atento Servicios Auxiliares de Contact Center. S.A.U	Madrid (Spain)
Atento B V	Amsterdam (Netherlands)
Teleatento del Perú. S.A.C	Lima (Peru)
Woknal. S.A.	Montevideo (Uruguay)
Atento Colombia. S.A.	Bogotá DC (Colombia)
Atento Holding Chile. S.A.	Santiago de Chile (Chile)
Atento Chile. S.A.	Santiago de Chile (Chile)
Atento Educación Limitada	Santiago de Chile (Chile)
Atento Centro de Formación Técnica Limitada	Santiago de Chile (Chile)
Atento Spain Holdco 4. S.A.U	Madrid (Spain)
Atento Brasil. S.A	São Paulo (Brazil)
R Brasil Soluções S.A.	São Paulo (Brazil)
Atento Spain Holdco 5. S.L.U	Madrid (Spain)
Atento Mexico Holdco S. de R.L. de C.V.	Mexico
Atento Puerto Rico. Inc.	Guaynabo (Puerto Rico)
Contact US Teleservices Inc.	Houston, Texas (USA)
Atento Panamá. S.A.	Panama City
Atento Atención y Servicios. S.A. de C.V.	Mexico City (Mexico)
Atento Servicios. S.A. de C.V.	Mexico City (Mexico)
Atento Centroamérica. S.A.	Guatemala (Guatemala)
Atento de Guatemala. S.A.	Guatemala (Guatemala)
Atento El Salvador. S.A. de C.V.	City of San Salvador (El Salvador)
Atento Nicaragua S.A.	Nicaragua
Atento Costa Rica S.A.	Costa Rica
Interservicer - Serviços de BPO Ltda.	São Paulo (Brasil)
Interfile Serviços de BPO Ltda.	São Paulo (Brasil)
Nova Interfile e Holding Ltda.	São Paulo (Brasil)

CERTIFICATIONS

I, Alejandro Reynal, certify that:

1. I have reviewed this annual report on Form 20-F of Atento S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 26, 2018

/s/ Alejandro Reynal

Alejandro Reynal
Chief Executive Officer

CERTIFICATIONS

I, Mauricio Montilha, certify that:

1. I have reviewed this annual report on Form 20-F of Atento S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 26, 2018

/s/ Mauricio Montilha

Mauricio Montilha
Chief Financial Officer

CERTIFICATION BY CHIEF EXECUTIVE OFFICER

**PURSUANT TO 18 U.S.C. § 1350,
AS ADOPTED PURSUANT TO § 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the filing of the Annual Report on Form 20-F of Atento S.A., a public limited liability company (société anonyme) organized and existing under the laws of the Grand Duchy of Luxembourg (the “Company”), for the year ended December 31, 2017, as originally filed with the Securities and Exchange Commission on April 26, 2018 and as amended on the date hereof (the “Report”), the undersigned officer of the Company certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to such officer’s knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Date: April 26, 2018

/s/ Alejandro Reynal

Alejandro Reynal
Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

CERTIFICATION BY CHIEF FINANCIAL OFFICER

**PURSUANT TO 18 U.S.C. § 1350,
AS ADOPTED PURSUANT TO § 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the filing of the Annual Report on Form 20-F of Atento S.A., a public limited liability company (société anonyme) organized and existing under the laws of the Grand Duchy of Luxembourg (the “Company”), for the year ended December 31, 2017, as originally filed with the Securities and Exchange Commission on April 26, 2018 and as amended on the date hereof (the “Report”), the undersigned officer of the Company certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to such officer’s knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Date: April 26, 2018

/s/ Mauricio Montilha

Mauricio Montilha
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.