

Atento Reports Fiscal 2016 First-Quarter Results Improved Balance of Growth, Profitability and Liquidity

- Consolidated revenue grew 2.5%; Company strengthens leadership position in Latin America CRM BPO market
- Revenue in Americas up 16% supported by broad-based country and sector gains
- Adjusted EBITDA rose 5.6% with margin of 11.6%
- Focus on liquidity drives improvement in working capital
- Reaffirmed key financial targets for Fiscal 2016

NEW YORK, May 10, 2016 – Atento S.A. (NYSE: ATTO), the largest provider of customer-relationship management and business-process outsourcing services in Latin America, and among the top three providers globally, today announced its first-quarter 2016 operating results. All comparisons in this announcement are year-over-year and in constant-currency (CCY), unless noted otherwise.

Summary

(\$ in millions)	Q1 2016	Q1 2015	CCY Growth
Revenue	419.4	515.9	2.5%
Adjusted EBITDA	48.8	58.3	5.6%
Margin	11.6%	11.3%	
Adjusted EPS⁽¹⁾	\$0.13	\$0.21	-18.8%
Leverage (x) ⁽²⁾	1.9	1.4	

- (1) Adjusted earnings per share, for the period ended March 31, 2016, were calculated considering the number of ordinary shares of 73,751,131. For the period ended March 31, 2015 the number of ordinary shares was 73,619,511.
- (2) Considered the pro-forma Net Debt adjusted to give effect to the Reorganization Transaction, regarding Preferred Equity Certificates.

Alejandro Reynal, Atento’s Chief Executive Officer, commented, “We delivered top-line growth in the first quarter, as we made progress on our priorities for Fiscal 2016, which include: driving the optimal balance of growth, profitability and liquidity; making targeted investments to deliver even greater value to our clients; and further strengthening our balance sheet. We extended our CRM BPO leadership position in Latin America supported by new client wins and an increase in revenue mix from higher-value services, especially in the financial services sector. We remain the reference partner for the CRM BPO needs of our clients, as they increasingly look to partners with robust capabilities and financial strength.”

Mauricio Montilha, Atento’s Chief Financial Officer, said, “We continue to navigate the challenging growth environment in Brazil, highlighted by strong inflationary headwinds and a significant contraction in GDP. Against this backdrop, we expect our top-line to remain under pressure as we selectively pursue profitable revenue opportunities. In addition, while our cost and efficiency initiatives are delivering expected operational leverage, inflationary headwinds will continue to impact our profitability. Our solid first quarter results and vigilance to drive profitable growth, control costs and improve liquidity, provide us with the confidence to reaffirm our full-year outlook for revenue growth between 1% and 5% and adjusted EBITDA margin between 11% and 12%.”

First Quarter Consolidated Operating Results

All comparisons in this announcement are year-over-year and in constant-currency (CCY), unless noted otherwise.

Revenue increased 2.5%, driven by a 16.0% increase in the Americas, which more than offset a 5.6% decline in Brazil and a 5.4% decline in EMEA. Our strategy to diversify our revenue and generate more balanced growth remained on-track as revenue from clients other than Telefónica increased 6.1%, accounting for 56.2% of revenue in the quarter. This growth was supported by new client wins and gains in share of wallet in Brazil in several sectors, and in the Americas led by new client wins in financial services. From a regional perspective, non-Brazil revenue grew 9.7% reaching 56.5% of total revenue, up 380 basis points. On a consolidated basis, revenue from Telefónica declined 1.8% due to macro-driven declines in volume in Brazil and EMEA. However in Americas, where macroeconomic conditions are more favorable, revenue from Telefónica increased 14%. On a reported basis total Atento revenue declined 18.7%.

Adjusted EBITDA increased 5.6%, while adjusted EBITDA margin increased 30 basis points to 11.6%. In Fiscal 2016, Brazil implemented a more phased approach to the timing of wage increases versus Fiscal 2015. Without this timing difference, adjusted EBITDA margin was 10.6%. The benefit of this timing difference is expected to be offset in the second and third quarters.

As expected, first quarter reported financial results included \$11.5 million in non-recurring items mostly related to proactive actions to align cost structure with market condition realities, including current and expected macro-driven volume declines in Brazil and Spain and the acceleration of site relocation program in Brazil.

Adjusted EPS declined 18.8% to \$0.13, driven by an increase in net interest expense, depreciation and a higher share count.

Free cash flow in the quarter before interest was \$(26.3), \$2.4 million better year-over-year supported by an improvement in working capital. Excluding non-recurring items, free cash flow was better by \$9.9 million.

Atento ended the first quarter with total liquidity of \$206 million and net debt to adjusted EBITDA of 1.9x.

Adjusted earnings and adjusted EBITDA are non-GAAP financial measures and are reconciled to their most directly comparable GAAP measures in the accompanying financial tables.

Segment Reporting

	Q1 2016	Q1 2015	CCY growth
Brazil Region			
Revenue	182.5	264.1	-5.6%
Adjusted EBITDA	24.9	31.7	4.6%
Margin	13.6%	12.0%	
Americas Region			
Revenue	177.3	187.4	16.0%
Adjusted EBITDA	23.4	23.4	23.2%
Margin	13.2%	12.5%	
EMEA Region			
Revenue	60.0	64.8	-5.4%
Adjusted EBITDA	2.7	4.0	-32.5%
Margin	4.5%	6.2%	

Brazil Region

Revenue for Brazil declined 5.6%, driven by a 16.5% decrease in revenue from Telefónica, which was mostly due to the macro-driven decline in certain commercial activity. Revenue from other clients increased 1.3%, supported by growth from new clients and an increase in the penetration of higher-value added solutions with existing clients, mainly in the financial services sector. On a reported basis, revenue declined 30.9%.

Adjusted EBITDA increased 4.6%, while margin increased 160 basis points to 13.6%. These actions included rationalization of headcount and an acceleration in the relocation of sites to lower-cost Tier 2 locations. At the end of the quarter, 62% of sites were located in Tier 2 locations, up from 58% at the end of Fiscal 2015. Excluding the timing impact of wage increases, adjusted EBITDA margin was 11.2%.

Americas Region

Revenue for Americas increased 16.0%, driven by a 17.9% increase in revenue from clients other than Telefónica. Growth from non-Telefónica clients was supported by new clients and an increase in share of wallet with existing clients in all markets, particularly in Mexico, Colombia, Peru, Chile and our nearshore business in the United States. Revenue from Telefónica increased 14.0%, driven by double-digit growth in Peru and Argentina and single-digit growth in Mexico. Revenue from the Americas Region comprised 42% of total company revenue in the quarter, up 500 basis points. On a reported basis, revenue declined 5.4%.

Adjusted EBITDA increased 23.2%, while margin increased by 70 basis points to 13.2%. The improvement in profitability was driven by the strong growth in revenue and improved operating leverage.

EMEA Region

Revenue for EMEA declined 5.4%, driven by a 3.1% decrease in revenue from Telefónica in Spain. Revenue from other clients decreased 8.9% due to lower volumes from Public Administration contracts in Spain and our stated strategy to focus on profitable growth, which more than offset private sector growth from new and existing clients. On a reported basis, revenue declined 7.4%.

Adjusted EBITDA declined 32.5%, while adjusted EBITDA margin declined 170 basis points to 4.5%. The decline in profitability was driven by the decline in revenue and ramp of new clients.

Strong Balance Sheet and Ample Liquidity Enhance Financial Flexibility

At March 31, 2016, the Company had cash, cash equivalents and short-term financial investments totaling \$148.6 million and undrawn revolving credit facilities of €50 million for total liquidity of \$206 million. Total net debt with third parties equaled \$448.4 million, an increase of \$28.6 million. The Company's last twelve month (LTM) adjusted EBITDA to net debt with third parties was 1.9x.

During the first quarter of 2016, the Company invested \$5.5 million, or 1.3% of revenue, in capital expenditures.

Fiscal 2016 Guidance

The Company expects to operate in a challenging growth environment in many of its markets during the balance of 2016. In this environment, the Company remains focused on driving the optimal balance of profitable growth and liquidity, strengthening its balance sheet and maintaining financial flexibility. By continuing to execute on its priorities for Fiscal 2016, including tight cost controls and disciplined capital allocation, the Company is well-positioned to outperform the market, increase its leadership position in Latin America, and remain the reference partner for the CRM BPO needs of its clients.

For the full year Fiscal 2016, the Company expects:

- Consolidated revenue growth in the range of 1% to 5%, in constant currency.
- Adjusted EBITDA margin in the range of 11% to 12%, in constant-currency.
- Non-recurring items, which are included as add-backs in adjusted EBITDA, of approximately \$15 million with roughly two-thirds expected in the first-half of the year as the Company continues to align its cost structure with prevailing market conditions.
- Net interest expense in the range of \$60 million to \$65 million.
- Debt pay down of \$27 million.
- Cash capital expenditures of approximately 5% of revenue, reflecting investments in both growth and maintenance.
- Effective tax rate of approximately 32%.
- Fully diluted share count of approximately 73.8 million shares.

This guidance assumes no acquisitions or changes in the current operating environment, capital structure or exchange rates movements on the translation of our financial statements in USD.

Conference Call

Atento will host a conference call and webcast for analysts on Tuesday, May 10, 2016 at 5:00 am ET to discuss the financial results. The conference call can be accessed by dialing: +1 (877) 407-3982 toll free domestic, UK: (+44) 0 800 756 3429 toll free, Brazil: (+55) 0 800 891 6221 toll free, or Spain: (+34) 900 834 236 toll free. All other international callers can access the conference call by dialing: +1 (201) 493-6780 toll free. No passcode is required. Individuals who dial in will be asked to identify themselves and their affiliations. The conference call will also be webcasted through a link on Atento's Investor Relations website at investors.atento.com. A web-based archive of the conference call will also be available at the above website.

About Atento

Atento is the largest provider of customer relationship management and business process outsourcing (CRM BPO) services in Latin America, and among the top three providers globally, based on revenues. Atento is also a leading provider for U.S.-based companies nearshoring CRM/BPO services to Latin America. Since 1999, the company has developed its business model in 14 countries where it employs more than 160,000 people. Atento has over 400 clients to whom it offers a wide range of CRM BPO services across multiple channels. Atento's clients are mostly leading multinational corporations in sectors such as telecommunications, banking and financial services, media and technology, health, retail and public administrations, among others. Atento's shares trade under the symbol ATTO on the New York Stock Exchange (NYSE). In 2015, Atento was named one of the World's 25 Best Multinational Workplaces by Great Place to Work® for third consecutive year. For more information visit www.atento.com

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Forward-Looking Statements

This press release contains forward-looking statements. Forward-looking statements can be identified by the use of words such as "may," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "intends," "continue" or similar terminology. These statements reflect only Atento's current expectations and are not guarantees of future performance or results. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements. These risks and uncertainties include, but are not limited to, competition in Atento's highly competitive industries; increases in the cost of voice and data services or significant interruptions in these services; Atento's ability to keep pace with its clients' needs for rapid technological change and systems availability; the continued deployment and adoption of emerging technologies; the loss, financial difficulties or bankruptcy of any key clients; the effects of global economic trends on the businesses of Atento's clients; the non-exclusive nature of Atento's client contracts and the absence of revenue commitments; security and privacy breaches of the systems Atento uses to protect personal data; the cost of pending and future litigation; the cost of defending Atento against intellectual property infringement claims; extensive regulation affecting many of Atento's businesses; Atento's ability to protect its proprietary information or technology; service interruptions to Atento's data and operation centers; Atento's ability to retain key personnel and attract a sufficient number of qualified employees; increases in labor costs and turnover rates; the political, economic and other conditions in the countries where Atento operates; changes in foreign exchange rates; Atento's ability to complete future acquisitions and integrate or achieve the objectives of its recent and future acquisitions; future impairments of our substantial goodwill, intangible assets, or other long-lived assets; and Atento's ability to recover consumer receivables on behalf of its clients. In addition, Atento is subject to risks related to its level of indebtedness. Such risks include Atento's ability to generate sufficient cash to service its indebtedness and fund its other liquidity needs; Atento's ability to comply with covenants contained in its debt instruments; the ability to obtain additional financing; the incurrence of significant additional indebtedness by Atento and its subsidiaries; and the ability of Atento's lenders to fulfill their lending commitments. Atento is also subject to other risk factors described in documents filed by the company with the United States Securities and Exchange Commission.

These forward-looking statements speak only as of the date on which the statements were made. Atento undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

SELECTED FINANCIAL DATA

The following selected financial information should be read in conjunction with the interim consolidated financial statements and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" presented elsewhere in the Form 6-K.

Consolidated Income Statements

(\$ in millions, except percentage changes)	For three months ended March 31,		Change excluding
	2016	2015	FX (%)
	(unaudited)		
Revenue	419.4	515.9	2.5
Other operating income	0.8	0.5	100.0
Supplies	(15.2)	(19.7)	(0.7)
Employee benefit expenses	(315.5)	(380.4)	4.1
Depreciation	(10.9)	(14.0)	(1.8)
Amortization	(10.8)	(14.0)	(5.3)
Changes in trade provisions	(0.3)	(0.2)	N.M.
Other operating expenses	(51.9)	(60.4)	9.0
Total Operating Expenses	(404.6)	(488.7)	4.1
OPERATING PROFIT/(LOSS)	15.6	27.7	(26.1)
Finance income	1.5	6.3	(67.4)
Finance costs	(17.9)	(20.5)	10.5
Change in fair value of financial instruments	0.5	13.0	(96.2)
Net foreign exchange gains/(loss)	(3.5)	(0.4)	N.M.
NET FINANCE EXPENSE	(19.4)	(1.6)	N.M.
PROFIT/(LOSS) BEFORE TAX	(3.8)	26.1	(116.9)
Income tax expenses	(1.0)	(5.6)	(75.0)
PROFIT/(LOSS) FOR THE PERIOD	(4.8)	20.5	(125.9)
Basic result per share (in U.S. dollars) (*)	0.06	0.28	(125.9)

(*) The adjusted basic and diluted result per share, for the period presented in the table above, were calculated based on the number of ordinary shares of 73,751,131 as of March 31, 2016. For the period ended March 31, 2015 the number of ordinary shares was 73,619,511.

(\$ in millions)	For the three months ended	
	March 31,	
	2016	2015
	(unaudited)	
Profit/(loss) for the period	(4.8)	20.5
Net finance expense	19.4	1.6
Income tax expense	1.0	5.6
Depreciation and amortization	21.7	28.0
EBITDA (non-GAAP) (unaudited)	37.3	55.7
Acquisition and integration related costs ^(a)	-	0.1
Restructuring costs ^(b)	6.2	1.0
Site relocation costs ^(c)	5.7	0.4
Financing and IPO fees ^(d)	-	0.3
Asset impairments and Others ^(e)	(0.4)	0.8
Total non-recurring items	11.5	2.6
Adjusted EBITDA (non-GAAP) (unaudited)	48.8	58.3

(a) Acquisition and integration related costs incurred for the three months ended March 31, 2015 are costs associated primarily with financial and operational improvements related to SAP IT transformation project cost.

(b) Restructuring costs incurred during the three months ended March 31, 2015 and 2016 primarily included a number of restructuring activities and other personnel costs that are not related to our core result of operations. Of the \$1.0 million costs incurred for the three months ended March 31, 2015, \$0.5 million are related to restructuring in Spain to adapt the organization to lower levels of activity and minor restructurings in Chile and Mexico, totaling \$0.5 million. Restructuring costs for the three months ended March 31, 2016, primarily relates to costs to adapt the organization in EMEA to lower levels of activity, and severance costs in Brazil.

(c) Site relocation costs incurred for the three months ended March 31, 2015 include costs associated with our current strategic initiative of relocating call centers from tier 1 cities to tier 2 cities in Brazil in order to achieve efficiencies through rental cost reduction and attrition and absenteeism improvement. Site relocation costs incurred for the three months ended March 31, 2016 are related to the anticipation for site closures in Brazil in connection of the site relocation program to tier 2 and tier 3 cities.

(d) Financing and IPO fees for the three months ended March 31, 2015 relate to remaining costs in connection with the IPO process.

(e) Asset impairments and other costs for the three months ended March 31, 2015 refers mainly to the consultancy costs related to the sale of Czech Republic operation and some processes related to our headquarters relocation. Asset impairments and other costs incurred for the three months ended March 31, 2016 primarily relates to the collection in EMEA of receivables that has previously been impaired.

Reconciliation of Adjusted Earnings to profit/(loss):

(\$ in millions, except percentage changes)	For the three months ended	
	2016	2015
	March 31,	
	(unaudited)	
Profit/(Loss) attributable to equity holders of the parent	(4.8)	20.5
Acquisition and integration related Costs ^(a)	-	0.1
Amortization of Acquisition related Intangible assets ^(b)	5.4	7.7
Restructuring Costs ^(c)	6.2	1.0
Site relocation costs ^(d)	5.7	0.4
Financing and IPO fees ^(e)	-	0.3
Asset impairments and Others ^(f)	(0.4)	0.8
Net foreign exchange gain on financial instruments ^(g)	(0.5)	(13.0)
Net foreign exchange impacts ^(h)	3.5	0.4
Tax effect ⁽ⁱ⁾	(5.3)	(2.9)
Total of Add backs	14.6	(5.2)
Adjusted Earnings (non-GAAP) (unaudited)	9.8	15.3
Adjusted Basic Earnings per share(in U.S. dollars) ^(*) (unaudited)	0.13	0.21

(a) Acquisition and integration related costs incurred for the three months ended March 31, 2015 are costs associated primarily with financial and operational improvements related to SAP IT transformation project cost.

(b) Amortization of acquisition related intangible assets represents the amortization expense of intangible assets resulting from the acquisition and has been adjusted to eliminate the impact of the amortization arising from the acquisition which is not in the ordinary course of our daily operations, and also distorts comparison with peers and our results for prior periods. Such intangible assets primarily include contractual relationships with customers, for which the useful life has been estimated at primarily nine years.

(c) Restructuring costs incurred during the three months ended March 31, 2015 and 2016 primarily included a number of restructuring activities and other personnel costs that are not related to our core result of operations. Of the \$1.0 million costs incurred for the three months ended March 31, 2015, \$0.5 million are related to restructuring in Spain to adapt the organization to lower levels of activity and minor restructurings in Chile and Mexico, totaling \$0.5 million. Restructuring costs for the three months ended March 31, 2016, primarily relates to costs to adapt the organization in EMEA to lower levels of activity, and severance costs in Brazil.

(d) Site relocation costs incurred for the three months ended March 31, 2015 include costs associated with our current strategic initiative of relocating call centers from tier 1 cities to tier 2 cities in Brazil in order to achieve efficiencies through rental cost reduction and attrition and absenteeism improvement. Site relocation costs incurred for the three months ended March 31, 2016 are related to the anticipation for site closures in Brazil in connection of the site relocation program to tier 2 and tier 3 cities.

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(g) As of 2015, management analyzes the Company financial condition performance excluding net foreign exchange financial instruments which eliminates the volatility related to the gain or loss of the ineffective portion of the hedge instruments. For the three months ended March 31, 2015 an amount of \$13.0 million was reversed from equity to profit/(loss) in the consequence of the company designated the foreign currency risk on certain of its subsidiaries as net investment hedges using financial instruments as hedging items.



(h) As of 2015, management analyzes the Company financial condition performance excluding net foreign exchange impacts, which eliminates the volatility to foreign exchange variances from our operational results.

(i) The tax effect represents the tax impact of the total adjustments based on tax rate of 31.4% for the period from January 1, 2016 to March 31, 2016 and 28.2% for the period from January 1, 2015 to March 31, 2015.

(*) The Adjusted Earnings per share, for the period presented in the table above, was calculated considering the number of ordinary shares of 73,751,131 (weighted average number of ordinary shares) as of March 31, 2016. For the period ended March 31, 2015 the number of ordinary shares was 73,619,511.

Reconciliation of Total Debt to Net Debt with Third Parties

(\$ in millions, except Net Debt/Adj. EBITDA LTM)	As of March 31, (unaudited)	
	2016	2015
Cash and cash equivalents	148.6	177.0
Short term financial investments	-	15.0
Debt:		
7.375% Sr. Sec. Notes due 2020	296.6	295.1
Brazilian Debentures	192.3	211.5
Contingent Value Instrument	23.9	36.1
Finance Lease Payables	4.2	8.7
Other Borrowings	80.0	60.4
Total Debt	597.0	611.8
Net Debt with third parties ⁽¹⁾ (unaudited)	448.4	419.8
Adjusted EBITDA LTM ⁽²⁾ (non - GAAP) (unaudited)	240.6	301.8
Net Debt/Adjusted EBITDA LTM (non-GAAP) (unaudited)	1.9x	1.4x

(1) In considering our financial condition, our management analyzes net debt with third parties, which is defined as total debt less cash, cash equivalents, and short-term financial investments. Net debt with third parties is not a measure defined by IFRS and it has limitations as an analytical tool. Net debt 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.

(2) Adjusted EBITDA LTM (Last Twelve Months) is defined as EBITDA adjusted to exclude acquisition and integration related costs, restructuring costs, sponsor management fees, asset impairments, site-relocation costs, financing fees, IPO costs and other items, which are not related to our core results of operations for the last twelve months.

Free Cash Flow

(\$ in millions)	For the three months ended March 31, 2016 2015 (unaudited)	
	2016	2015
EBITDA (non-GAAP) (unaudited)	37.3	55.7
Changes in Working Capital	(38.0)	(71.2)
Payments for acquisition of property, plant, equipment and intangible assets	(19.1)	(9.1)
Disposals of property plant, equipment, and intangible assets	-	0.4
Income tax paid	(6.5)	(4.5)
Free cash flow before interest	(26.3)	(28.7)
Net interest	(14.4)	(6.3)
Free cash flow (non-GAAP) (unaudited)	(40.7)	(35.0)