

# SMU S.A.

# EARNINGS 2Q18

AUGUST 2018



# CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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THIS PRESENTATION MAY CONTAIN FORWARD-LOOKING STATEMENTS. WE HAVE BASED ANY SUCH FORWARD-LOOKING STATEMENTS LARGELY ON OUR CURRENT BELIEFS, EXPECTATIONS AND PROJECTIONS ABOUT FUTURE EVENTS AND FINANCIAL TRENDS AFFECTING OUR BUSINESS. ALTHOUGH MANAGEMENT CONSIDERS THESE PROJECTIONS TO BE REASONABLE BASED ON INFORMATION CURRENTLY AVAILABLE TO IT, MANY IMPORTANT FACTORS COULD CAUSE OUR ACTUAL RESULTS TO DIFFER SUBSTANTIALLY FROM THOSE ANTICIPATED IN OUR FORWARD-LOOKING STATEMENTS. THE WORDS “BELIEVE,” “MAY,” “WILL,” “AIM,” “ESTIMATE,” “CONTINUE,” “ANTICIPATE,” “INTEND,” “EXPECT,” “FORECAST” AND SIMILAR WORDS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. FORWARD-LOOKING STATEMENTS INCLUDE INFORMATION CONCERNING OUR POSSIBLE OR ASSUMED FUTURE RESULTS OF OPERATIONS, BUSINESS STRATEGIES, FINANCING PLANS, COMPETITIVE POSITION, INDUSTRY ENVIRONMENT, POTENTIAL GROWTH OPPORTUNITIES AND THE EFFECTS OF FUTURE REGULATION AND COMPETITION. BY THEIR VERY NATURE, FORWARD-LOOKING STATEMENTS INVOLVE INHERENT RISKS AND UNCERTAINTIES, BOTH GENERAL AND SPECIFIC, AND RISKS THAT PREDICTIONS, FORECASTS, PROJECTIONS AND OTHER FORWARD-LOOKING STATEMENTS WILL NOT BE ACHIEVED. IN LIGHT OF THE RISKS AND UNCERTAINTIES DESCRIBED ABOVE, THE FORWARD-LOOKING EVENTS AND CIRCUMSTANCES DISCUSSED IN THIS PRESENTATION MIGHT NOT OCCUR AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. THEREFORE, WE CAUTION READERS NOT TO PLACE UNDUE RELIANCE ON THESE STATEMENTS. FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE THEY WERE MADE, AND WE UNDERTAKE NO OBLIGATION TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS INCLUDED IN THIS PRESENTATION BECAUSE OF NEW INFORMATION, FUTURE EVENTS OR OTHER FACTORS.

# NOTE REGARDING PRESENTATION AND COMPARISON OF INFORMATION

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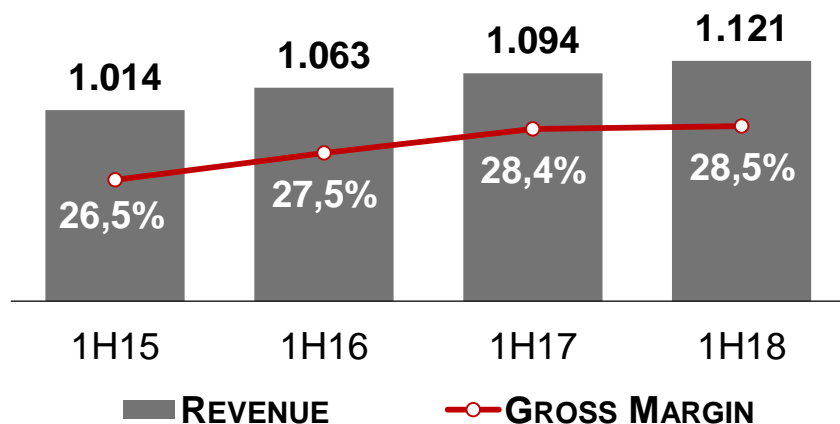
ON APRIL 27, 2018, SMU COMPLETED THE SALE OF ITS SUBSIDIARY CONSTRUMART S.A. AND ITS SUBSIDIARIES. SUCH COMPANIES COMPRISED THE “CONSTRUCTION MATERIALS” OPERATING SEGMENT. IN ACCORDANCE WITH THE PROVISIONS OF IFRS 5, IN SMU’S CONSOLIDATED FINANCIAL STATEMENTS, THIS SEGMENT IS PRESENTED AS AVAILABLE FOR SALE.

CONSEQUENTLY, THE ACCOUNTS IN THE COMPANY’S STATEMENTS OF COMPREHENSIVE INCOME FOR THE FIRST HALF AND SECOND QUARTER OF 2017 HAVE BEEN RESTATED IN ORDER TO PROVIDE THE SAME PRESENTATION AS THE FIRST HALF AND SECOND QUARTER 2018 FIGURES. AS SUCH, IN BOTH PERIODS PRESENTED, CONSTRUMART’S RESULTS ARE CONSOLIDATED IN A SINGLE LINE OF SMU’S STATEMENTS OF COMPREHENSIVE INCOME, UNDER “PROFIT (LOSS) FROM DISCONTINUED OPERATIONS”. THE STATEMENTS OF CASH FLOWS FOR THE FIRST HALF OF 2017 HAVE ALSO BEEN RESTATED IN ORDER TO BE COMPARABLE TO THE FIGURES FOR THE FIRST HALF OF 2018.

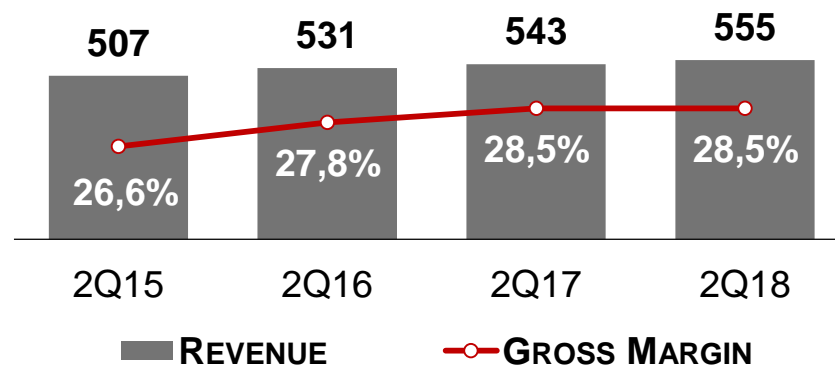
THE STATEMENTS OF FINANCIAL POSITION ARE COMPARABLE BETWEEN PERIODS, BECAUSE THE COMPARISON IS BETWEEN JUNE 30, 2018 AND DECEMBER 31, 2017, AND AS OF BOTH DATES, CONSTRUMART IS PRESENTED AS AVAILABLE FOR SALE. THEREFORE, IN BOTH PERIODS, CONSTRUMART’S ASSETS ARE CONSOLIDATED IN A SINGLE LINE OF SMU’S STATEMENTS OF FINANCIAL POSITION, UNDER “NON-CURRENT ASSETS OR ASSET GROUPS CLASSIFIED AS HELD-FOR-SALE”, AND CONSTRUMART’S LIABILITIES ARE CONSOLIDATED IN A SINGLE LINE UNDER “NON-CURRENT LIABILITIES OR LIABILITY GROUPS CLASSIFIED AS HELD-FOR-SALE”.

# REVENUE

## REVENUE – FIRST HALF (CLP BN)



## REVENUE – SECOND QUARTER (CLP BN)



### REVENUE

- +2.5% IN 1H18 VS 1H17
- +2.3% IN 2Q18 VS 2Q17

### GROSS MARGIN

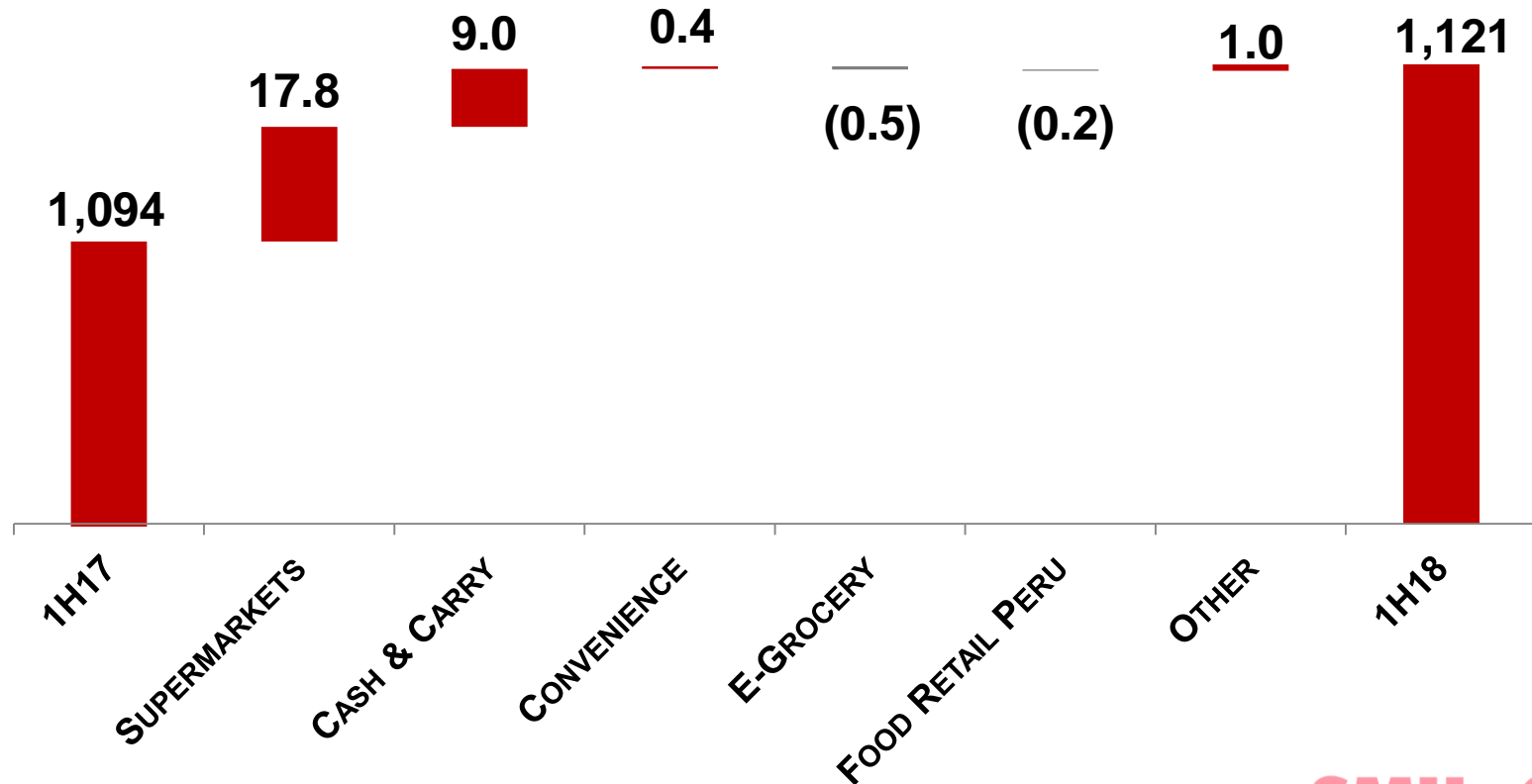
- +10 BPS IN 1H18 VS 1H17
- STABLE IN 2Q18 VS 2Q17

# REVENUE BY FORMAT

## 1H18 vs 1H17 REVENUE BY FORMAT (CLP BN)

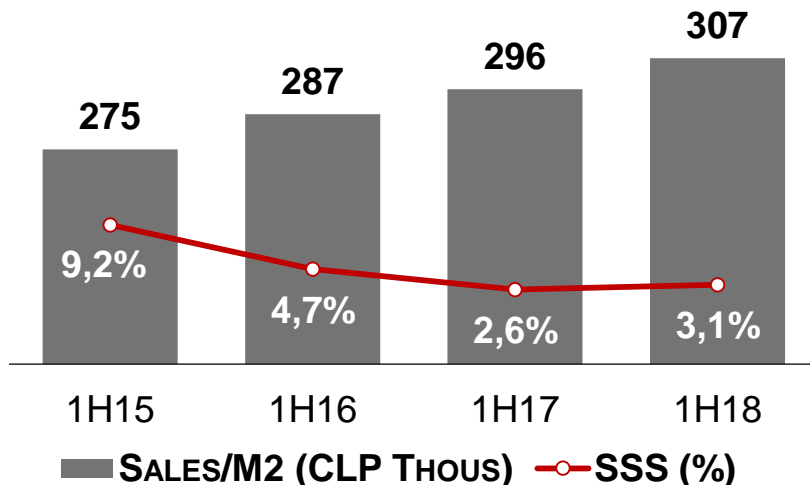
### HIGHLIGHTS

- MAYORISTA 10 REVENUE GROWTH: +5.7%
- LOWER REVENUE IN PERU DUE TO EXCHANGE RATE (IN PERUVIAN SOLES, REVENUE GROWTH +5.8%)

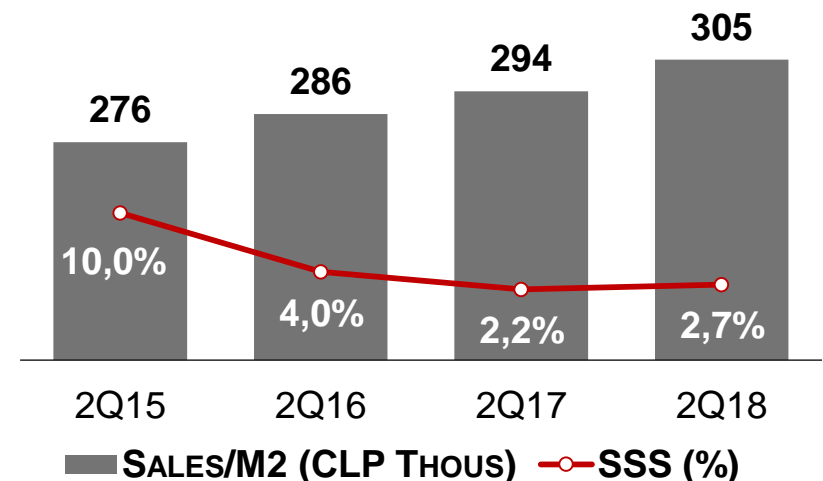


# SAME-STORE SALES AND SALES PER SQUARE METER

## SSS AND SALES/M<sup>2</sup> – FIRST HALF (1)(2)



## SSS AND SALES/M<sup>2</sup> – SECOND QUARTER (1)(2)



### SAME-STORE SALES

- TRENDS IN LINE WITH REVENUE PERFORMANCE
- 1H18: SUPERMARKETS +2.8%, CASH & CARRY +4.9%, CONVENIENCE +0.9%, PERU +5.5%
- 2Q18: SUPERMARKETS +1.7%, CASH & CARRY +5.5%, CONVENIENCE +3.1%, PERU +10.9%

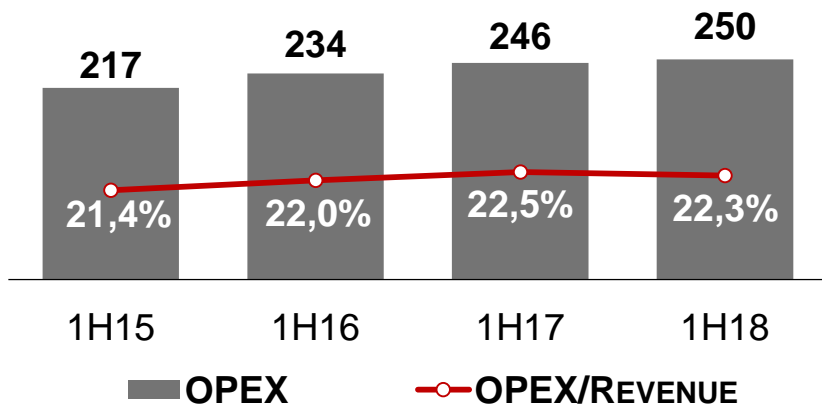
SOURCE: COMPANY INFORMATION

(1) SAME-STORE SALES REFLECTS THE PERCENTAGE CHANGE IN SALES OF OUR STORES OPERATING THROUGHOUT THE SAME MONTHS OF BOTH FINANCIAL PERIODS BEING COMPARED, FOR THE FOOD RETAIL SEGMENT. IN ORDER TO BE INCLUDED IN THE CALCULATION, A STORE MUST HAVE BEEN OPERATING FOR AT LEAST 13 CONSECUTIVE MONTHS, BEGINNING ON THE DATE ON WHICH THE STORE WAS OPENED OR RE-OPENED.

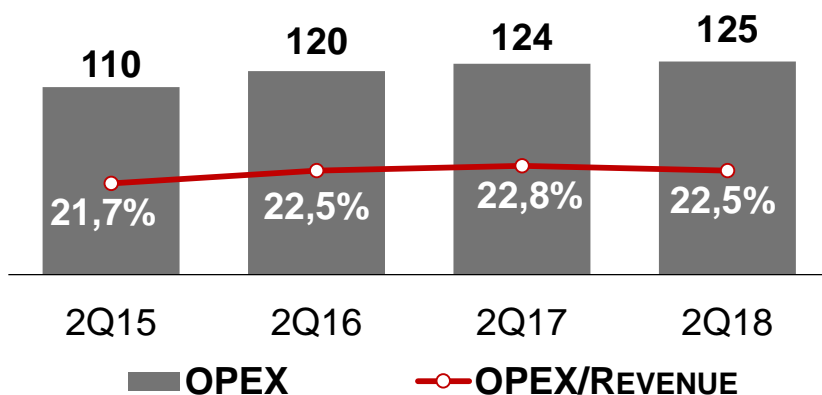
(2) SALES PER SQUARE METER IS CALCULATED AS SALES FOR THE PERIOD DIVIDED BY THE SQUARE METERS OF SELLING SPACE AT THE END OF EACH MONTH DURING THE PERIOD, FOR THE FOOD RETAIL SEGMENT..

# OPERATING EXPENSES<sup>(1)</sup>

## OPERATING EXPENSES – FIRST HALF (CLP BN)



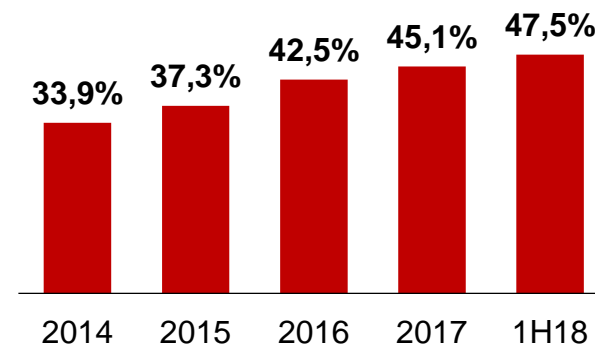
## OPERATING EXPENSES – SECOND QUARTER (CLP BN)



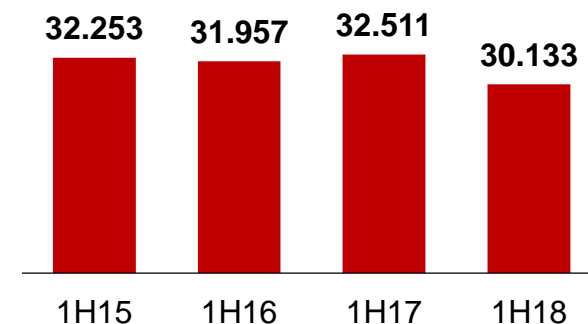
## HIGHLIGHTS

- LOW GROWTH IN SELLING AND ADMINISTRATIVE EXPENSES (+1.0% IN 1H18 / +0.4% IN 2Q18)
- DECREASE IN PERSONNEL EXPENSES (-2.9% IN 1H18 AND -3.1% IN 2Q18)

## CENTRALIZATION (CHILE<sup>(2)</sup>)



## AVERAGE HEADCOUNT



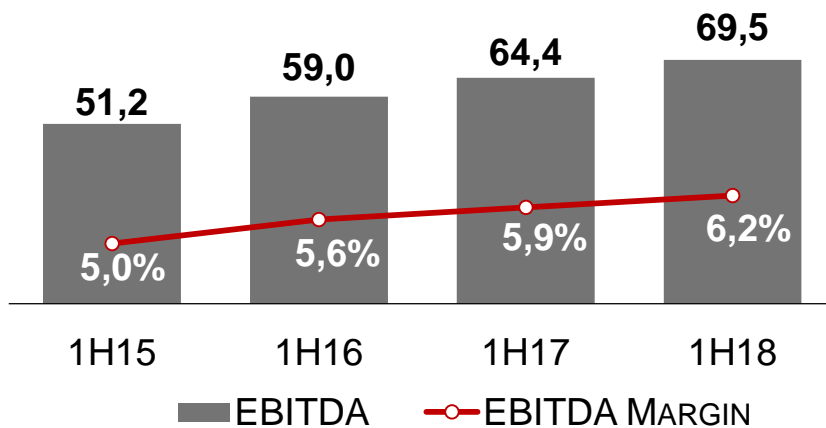
SOURCE: COMPANY INFORMATION

(1) SUM OF DISTRIBUTION AND ADMINISTRATIVE EXPENSES, EXCLUDING DEPRECIATION AND AMORTIZATION.

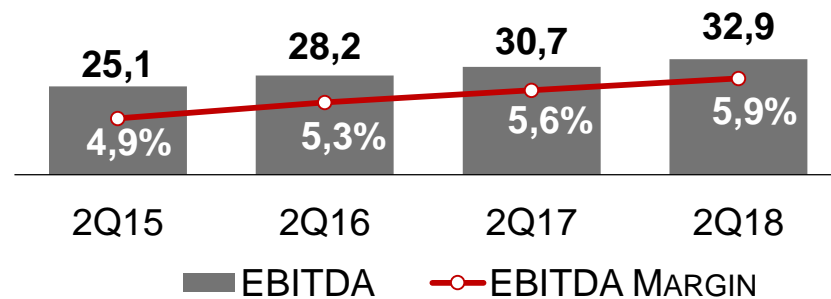
(2) PERCENTAGE OF REVENUES FROM PRODUCTS DISTRIBUTED BY THE COMPANY (AT ANY STAGE) OVER TOTAL REVENUES FROM FOOD RETAIL OPERATIONS IN CHILE.

# EBITDA<sup>(1)</sup>

## EBITDA – FIRST HALF (CLP BN)



## EBITDA – SECOND QUARTER (CLP BN)



### EBITDA

- +7.8% IN 1H18 VS 1H17
- +7.2% IN 2Q18 VS 2Q17

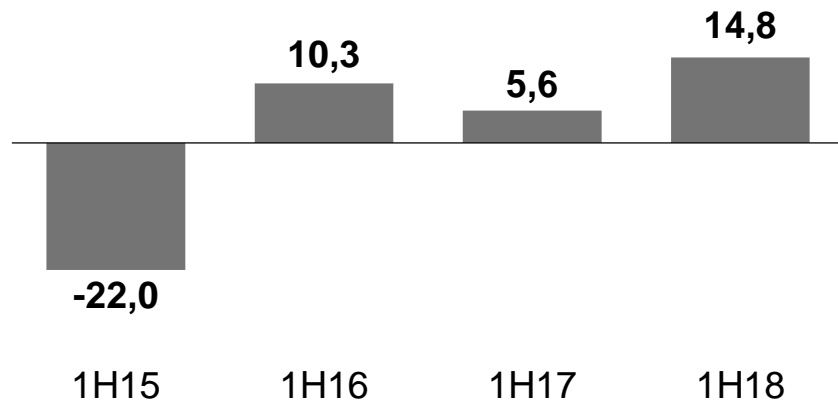
### EBITDA MARGIN

- +30 BPS IN 1H18 AND 2Q18



# NET INCOME

## NET INCOME – FIRST HALF (CLP BN)



### NET INCOME 1H18: CLP 14.8 BN

- +164% (CLP 9.2 BN) vs. 1H17
- **NON-RECURRING EFFECTS DURING 1H18:**
  - STRUCTURAL REORGANIZATION
  - PREPAYMENT OF INTERNATIONAL BOND
  - SALE OF CONSTRUMART
- **POSITIVE IMPACTS:**
  - SAVINGS IN FUTURE PERIODS
  - FOCUS EXCLUSIVELY ON FOOD RETAIL BUSINESS

## PRE-TAX NET INCOME 1H18 vs 1H17 (CLP BN)



# RECENT OPERATING HIGHLIGHTS

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## PLAN CIMA UPDATE

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- **CUSTOMER EXPERIENCE: STORE UPGRADES**
  - 130 STORE UPGRADES PLANNED FOR 2017-2021
  - 20 UPGRADES COMPLETE
  - 20 UPGRADES IN PROGRESS
  - 30 UPGRADES PLANNED FOR 2018
- **CUSTOMER EXPERIENCE: NEW OPENINGS IN 2018 TO DATE**
  - 3 OK MARKETS
  - 1 UNIMARC
- **OPERATING EFFICIENCY: CENTRALIZED DISTRIBUTION**
  - INCREASED TO 47.5% FOR 1H18
- **OPERATING EFFICIENCY: STANDARDIZATION OF PROCESSES**
  - TRAINING PROGRAM BEING IMPLEMENTED AT 60 STORES

# RECENT FINANCIAL HIGHLIGHTS

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## PLACEMENT OF SERIES T LOCAL BOND

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**APRIL 5, 2018**

- **UF 2.5 MILLION (APPROX USD 110 MILLION)**
- **PLACEMENT RATE: UF + 3.04% (COUPON RATE UF + 3.00%)**
- **MATURITY: 7 YEARS, WITH 4 YEAR GRACE PERIOD ON PRINCIPAL**

**JUNE 14, 2018**

- **UF 1 MILLION (APPROX USD 43 MILLION)**
- **PLACEMENT RATE: UF + 2.67% (COUPON RATE UF + 3.00%)**
- **MATURITY: 7 YEARS, WITH 4 YEAR GRACE PERIOD ON PRINCIPAL**

## SALE OF CONSTRUMART

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- **SALE COMPLETED APRIL 27, 2018:**
- **USE OF PROCEEDS: CONTINUE OPTIMIZING FINANCIAL POSITION**
- **SALE ALLOWS SMU TO FOCUS EXCLUSIVELY ON CORE BUSINESS, FOOD RETAIL**

## PREPAYMENT OF 100% OF INTERNATIONAL BOND

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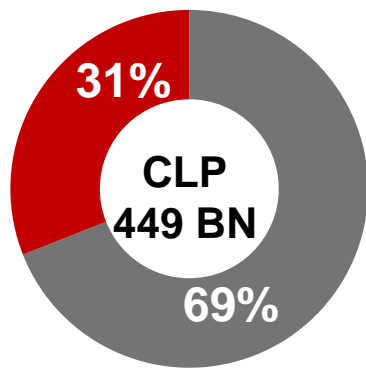
- **THREE PARTIAL REDEMPTIONS:**
  - **FEB 9: USD 120 MILLION**
  - **APR. 2 USD 80 MILLION**
  - **MAY 15: USD 100 MILLION**
- **FINANCED USING PROCEEDS OF CAPITAL INCREASES AND LOCAL BOND PLACEMENT**
- **PREPAYMENT COST: 1.938%**
- **SIGNIFICANT IMPROVEMENT IN FINANCIAL SITUATION**

# FINANCIAL DEBT<sup>(1)</sup>

## FINANCIAL DEBT AS OF JUNE 30, 2018

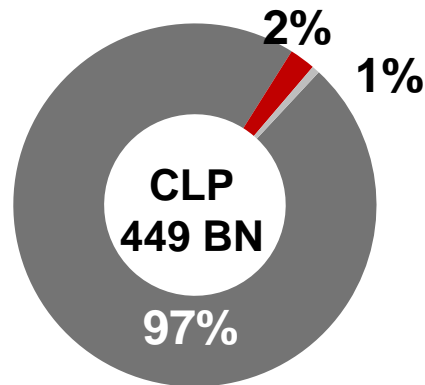
(EXCL. FINANCIAL LEASES)<sup>(2)</sup>

### TYPE OF DEBT



■ LOCAL BONDS  
■ BANK DEBT

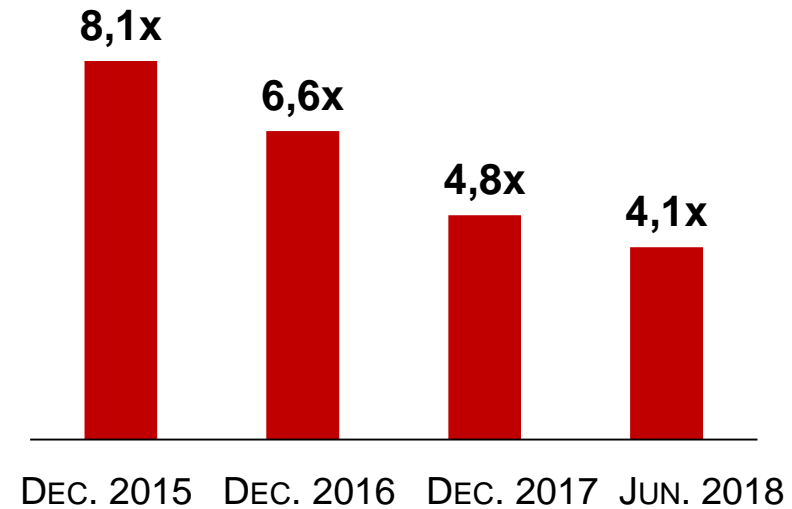
### CURRENCY



■ UF ■ CLP ■ USD

## NET DEBT/EBITDA

(INCL. FINANCIAL LEASES)<sup>(2)</sup>



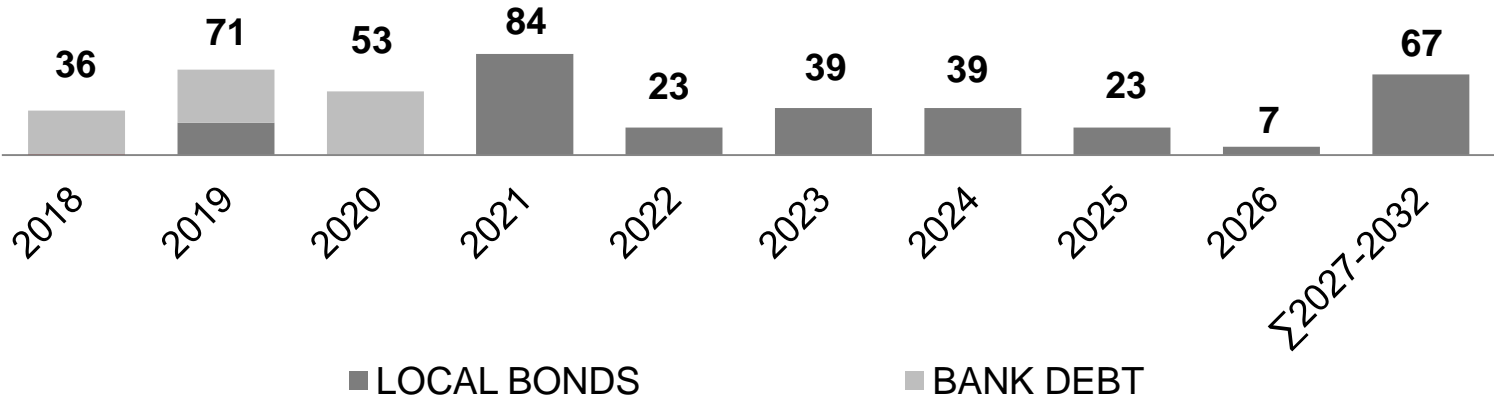
SOURCE: COMPANY INFORMATION.

(1) FIGURES AS OF DEC. 31, 2017 AND JUN. 30, 2018 ARE NOT COMPARABLE TO FIGURES FROM OTHER PERIODS, BECAUSE THESE TWO PERIODS DO NOT INCLUDE DEBT, CASH OR EBITDA CORRESPONDING TO CONSTRUMART. OTHER PERIODS DO INCLUDE SUCH AMOUNTS.

(2) AS OF JUNE 30, 2018, SMU'S FINANCIAL LIABILITIES INCLUDED FINANCIAL LEASES OF CLP 256 BN. A LEASE IS CLASSIFIED AS A FINANCE LEASE IF IT TRANSFERS SUBSTANTIALLY ALL THE RISKS AND REWARDS INCIDENTAL TO OWNERSHIP OF AN ASSET IN ACCORDANCE WITH IAS 17 "LEASES".

# DEBT MATURITY PROFILE

## DEBT MATURITY PROFILE AS OF JUNE 30, 2018<sup>(1)</sup> (CLP BN)



SOURCE: COMPANY INFORMATION

(1) EXCLUDES FINANCIAL LEASES. AS OF JUNE 30, 2018, SMU'S FINANCIAL LIABILITIES INCLUDED FINANCIAL LEASES OF CLP 256 BN. A LEASE IS CLASSIFIED AS A FINANCIAL LEASE IF IT TRANSFERS SUBSTANTIALLY ALL THE RISKS AND REWARDS INCIDENTAL TO OWNERSHIP OF AN ASSET IN ACCORDANCE WITH IAS 17 "LEASES".

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