



**SMU**



# EARNINGS PRESENTATION: FIRST QUARTER 2017

MAY 2017

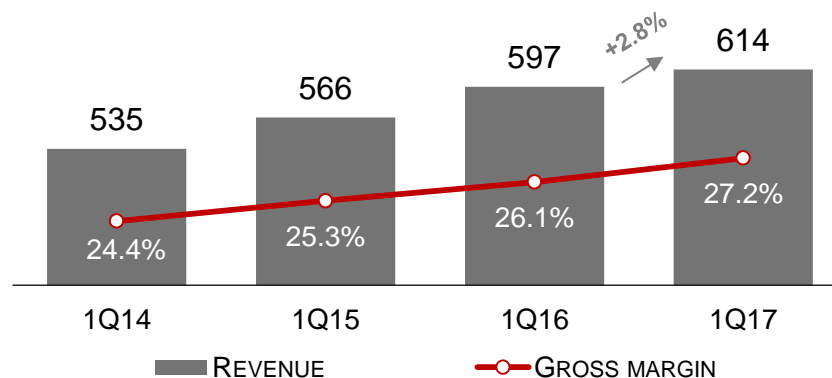
# CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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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.

# CONSOLIDATED REVENUE

## FIRST QUARTER REVENUE (CLP BN) <sup>(1)</sup>



### CONSOLIDATED REVENUE 1Q17 vs 1Q16

- REVENUE GROWTH +2.8% (DRIVEN BY UNIMARC +5.6%)
- ONE FEWER DAY OF SALES IN 1Q17 DUE TO LEAP YEAR IN 2016
- LOWER REVENUE GROWTH FOR FOOD RETAIL BUSINESS<sup>(2)</sup> IN LINE WITH INDUSTRY PERFORMANCE
- CONSTRUCTION MATERIALS BUSINESS AFFECTED BY DECELERATION IN REAL ESTATE SECTOR

### CONSOLIDATED GROSS PROFIT 1Q17 vs 1Q16

- GROSS PROFIT GROWTH +7.0%
- GROSS MARGIN GROWTH +110 BPS
- REFLECTS LOGISTICS FEE ASSOCIATED WITH HIGHER LEVELS OF CENTRALIZED DISTRIBUTION

SOURCE: COMPANY INFORMATION

(1) HISTORIC FIGURES FOR 2014 ARE NOT COMPARABLE WITH THE OTHER PERIODS BECAUSE THE SUBSIDIARY CONSTRUMART WAS NOT PRESENTED ON A LINE-BY-LINE BASIS. THE FIGURES FOR 2014 PRESENTED HEREIN HAVE BEEN RE-EXPRESSED TO MAKE THEM COMPARABLE WITH THE OTHER PERIODS.

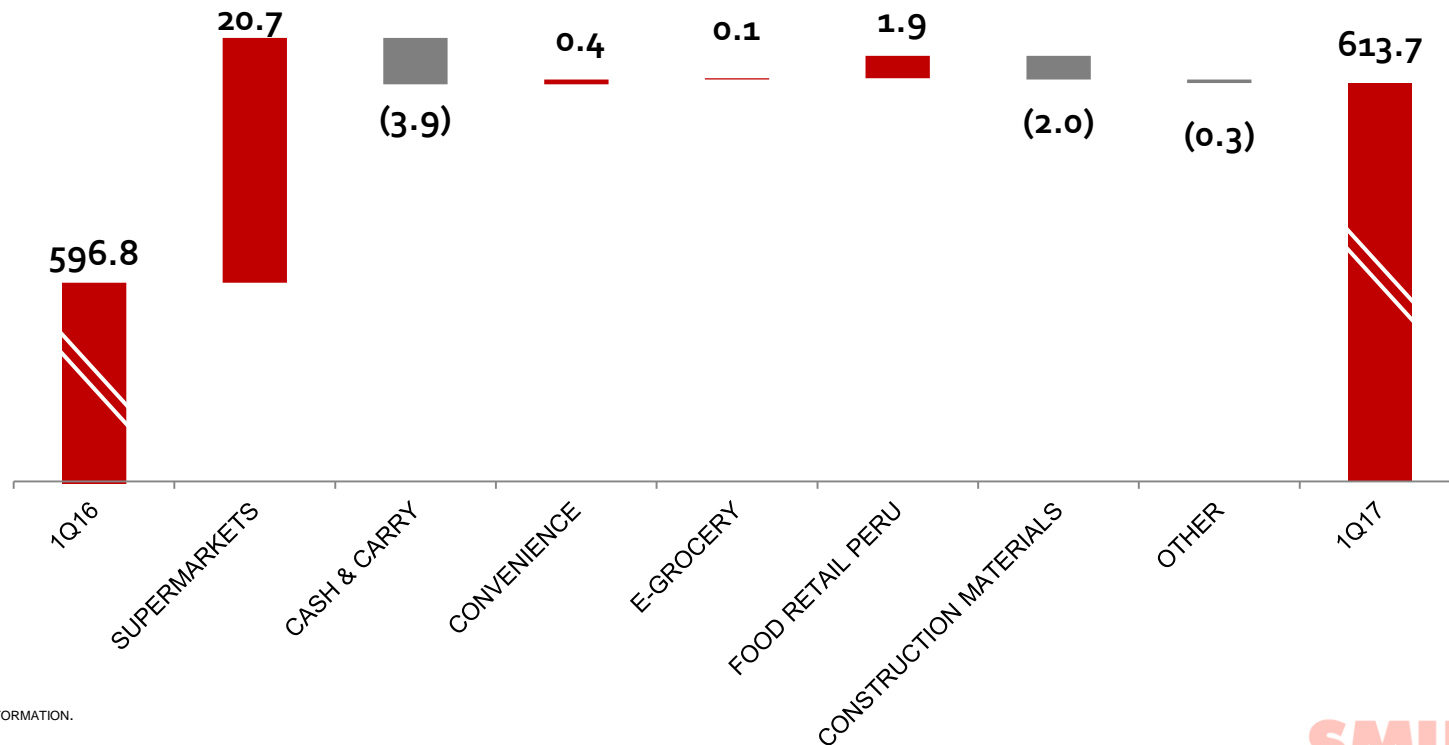
(2) THE FOOD RETAIL SEGMENT, ALSO REFERRED TO AS THE SUPERMARKETS SEGMENT, INCLUDES REVENUE AND EXPENSES OF THE HEADQUARTERS AND SUPPORT AREAS, AS WELL AS CONSOLIDATION ADJUSTMENTS. THIS SEGMENT IS CALCULATED AS THE SUM OF SUPERMARKETS PLUS SUPPORT SERVICES, FINANCING, ADJUSTMENTS AND OTHERS, AS PRESENTED IN NOTE 36 OF THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2017.

# REVENUE BY FORMAT

## 1Q17 vs 1Q16 REVENUE BY FORMAT (CLP BN)

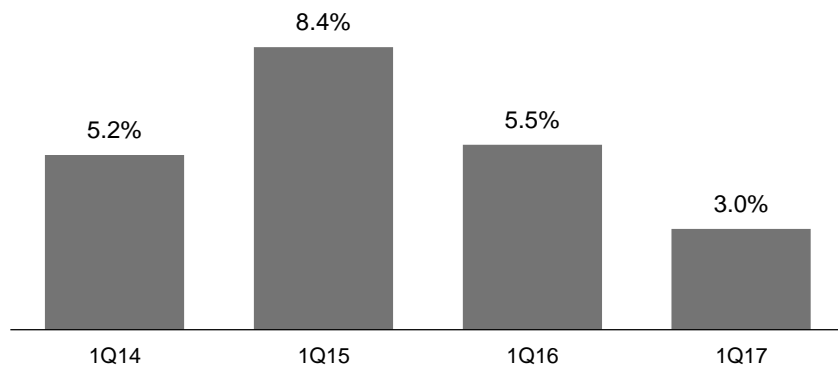
### HIGHLIGHTS

- STRONG PERFORMANCE IN UNIMARC SUPERMARKETS: +5.6%
- LOWER CASH & CARRY REVENUES DUE TO CHANGE IN MAYORISTA 10 VALUE PROPOSITION, PARTLY OFFSET BY SOLID PERFORMANCE IN ALVI: -2.8%
- STRONG PERFORMANCE IN PERU: +22.7%
- LOWER CONSTRUCTION MATERIALS REVENUES IN LINE WITH WEAKER INDUSTRY PERFORMANCE: -3.1%

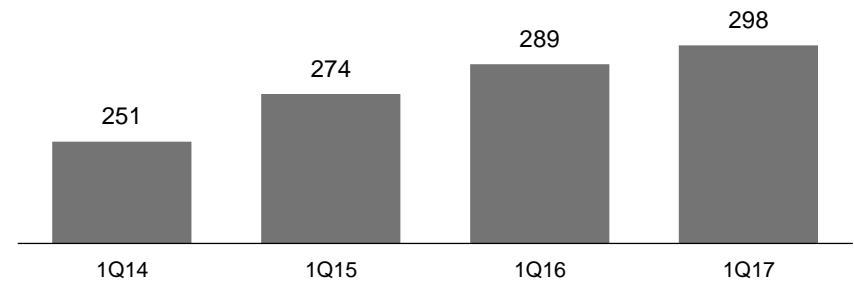


# REVENUE: FOOD RETAIL INDICATORS

## SAME-STORE SALES GROWTH<sup>(1)</sup>



## SALES PER SQUARE METER (CLP THOUS.)<sup>(2)</sup>



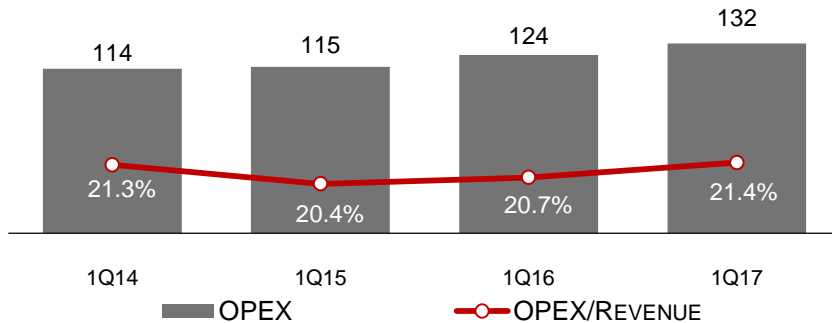
- SAME-STORE SALES TRENDS IN LINE WITH REVENUE PERFORMANCE: SUPERMARKETS (4.6%), CASH & CARRY (-2.6%), CONVENIENCE (6.3%), PERU (22.2%)
- CONTINUING UPWARD TREND IN SALES PER SQUARE METER

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..

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

## FIRST QUARTER OPERATING EXPENSES (CLP BN)<sup>(2)</sup>



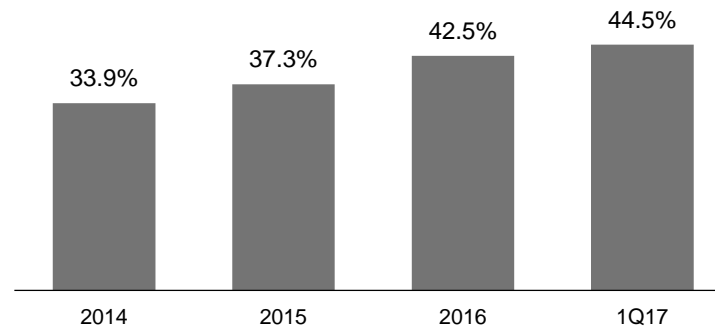
### 1Q17 ADMINISTRATIVE EXPENSES: +6.5%

- PERSONNEL EXPENSES +8.3%
- SERVICES +3.3%

### 1Q17 DISTRIBUTION EXPENSES: +4.9%

- INCREASE IN CENTRALIZED DISTRIBUTION

## CENTRALIZATION – FOOD RETAIL CHILE<sup>(3)</sup>



SOURCE: COMPANY INFORMATION

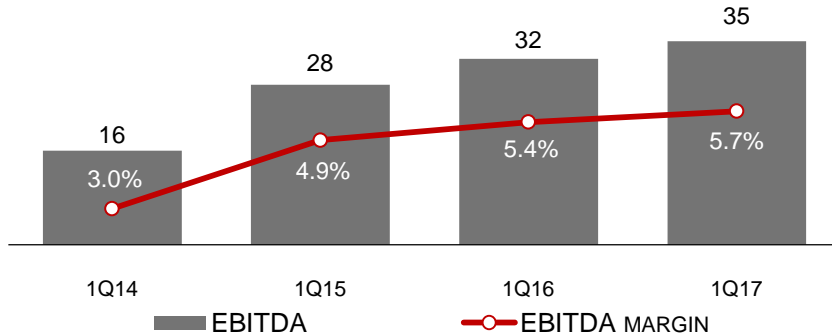
(1) SUM OF DISTRIBUTION AND ADMINISTRATIVE EXPENSES, EXCLUDING DEPRECIATION AND AMORTIZATION.

(2) HISTORIC FIGURES FOR 2014 ARE NOT COMPARABLE WITH THE OTHER PERIODS BECAUSE THE SUBSIDIARY CONSTRUMART WAS NOT PRESENTED ON A LINE-BY-LINE BASIS. THE FIGURES FOR 2014 PRESENTED HEREIN HAVE BEEN RE-EXPRESSED TO MAKE THEM COMPARABLE WITH THE OTHER PERIODS.

(3) 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>

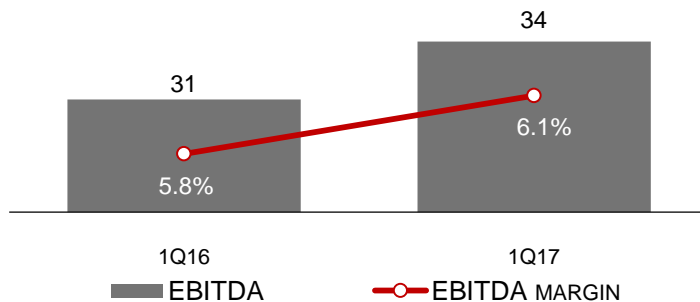
## FIRST QUARTER EBITDA – CONSOLIDATED (CLP BN)<sup>(2)</sup>



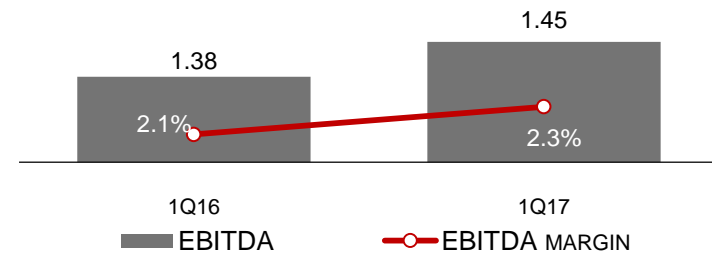
### 1Q17 CONSOLIDATED EBITDA: CLP 35.2 BN

- +9.5% (+CLP 3.0 BN) vs. 1Q16
- EBITDA MARGIN: 5.7% (+30 BPS vs. 1Q16)

## FIRST QUARTER EBITDA – FOOD RETAIL (CLP BN)



## FIRST QUARTER EBITDA – CONSTRUCTION MATERIALS (CLP BN)



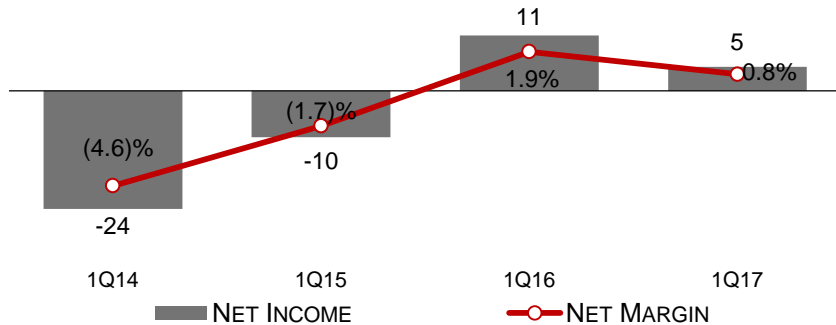
SOURCE: COMPANY INFORMATION

(1) EBITDA = GROSS PROFIT – ADMINISTRATIVE EXPENSES – DISTRIBUTION COSTS + DEPRECIATION + AMORTIZATION

(2) HISTORIC FIGURES FOR 2014 ARE NOT COMPARABLE WITH THE OTHER PERIODS BECAUSE THE SUBSIDIARY CONSTRUMART WAS NOT PRESENTED ON A LINE-BY-LINE BASIS. THE FIGURES FOR 2014 PRESENTED HEREIN HAVE BEEN RE-EXPRESSED TO MAKE THEM COMPARABLE WITH THE OTHER PERIODS.

# CONSOLIDATED NET INCOME

## FIRST QUARTER NET INCOME (CLP BN)



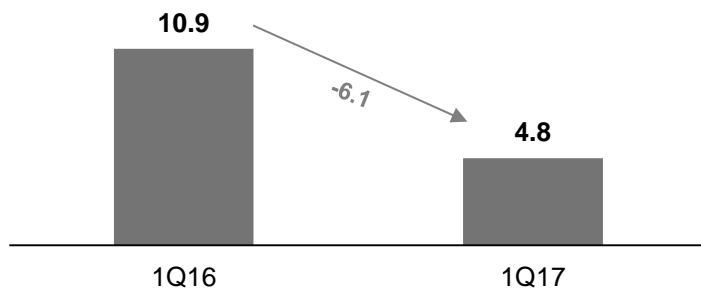
### 1Q17 CONSOLIDATED NET INCOME: CLP 5.0 BN

- 56.4%% (-CLP 6.5 BN) vs. 1Q16
- LOWER NET INCOME EXPLAINED BY LOWER GAIN ON FOREIGN CURRENCY TRANSLATION IN 1Q17 (-13.3 BN vs. 1Q16)

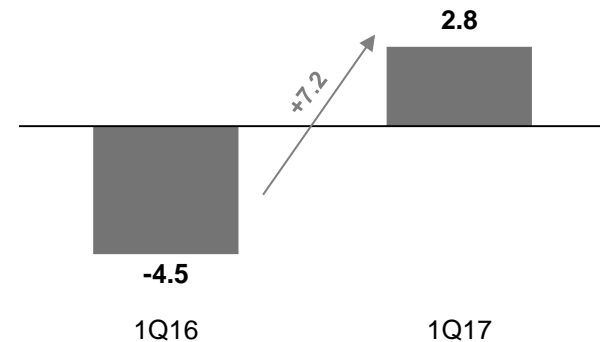
### SIGNIFICANT REDUCTION IN FX EXPOSURE GOING FORWARD

- AS OF MARCH 13, 2017, 100% OF INTERNATIONAL BOND IS HEDGED WITH A CROSS-CURRENCY SWAP

## PRE-TAX NET INCOME 1Q17 VS 1Q16 (CLP BN)



Excl. FX Translation





# RECENT HIGHLIGHTS

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## PLAN CIMA UPDATE

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- **CUSTOMER EXPERIENCE:**
  - CUSTOMER LOYALTY PROGRAM LAUNCHED IN JANUARY 2017: OVER 6 MILLION CUSTOMERS TO DATE
  - STORE UPGRADES: IDENTIFICATION OF 10 STORES FOR 2017
- **OPERATING EFFICIENCY:**
  - INCREASE IN CENTRALIZED DISTRIBUTION TO 44.5%
  - ROLL-OUT OF TRAINING PROGRAM RELATED TO STANDARDIZATION OF IN-STORE PROCESSES BEGAN IN JANUARY 2017
  - TASK MANAGER IMPLEMENTED AT ALL UNIMARC AND MAYORISTA 10 STORES
- **STRENGTHENING OF FINANCIAL POSITION**
  - IPO IN JANUARY 2017: USD 200 MILLION TO REPAY AND REPAY DEBT
  - HEDGE OF 100% OF INTERNATIONAL BOND TO MATURITY IN MARCH 2017
  - LOCAL BOND PLACEMENT IN APRIL 2017: UF 3 MILLION (APPROX USD 120 MILLION) TO REFINANCE EXISTING DEBT
    - PLACED AT INTEREST RATE OF UF + 5.3%, ANNUAL COUPON RATE 4.5%, MATURITY DATE MARCH 25, 2021

## CREDIT RATING UPGRADES IN 1Q17

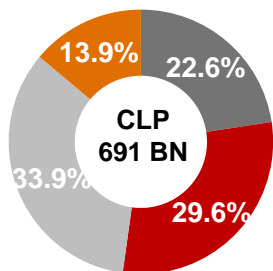
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- **HUMPHREYS:** UPGRADE FROM B+ (STABLE OUTLOOK) TO BB- (FAVORABLE OUTLOOK) IN FEBRUARY 2017
- **ICR:** UPGRADE FROM BB (POSITIVE OUTLOOK) TO BB+ (STABLE OUTLOOK) IN JANUARY 2017
- **STANDARD & POOR'S:** UPGRADE FROM CCC+ (POSITIVE OUTLOOK) TO B- (POSITIVE OUTLOOK) IN MARCH 2017

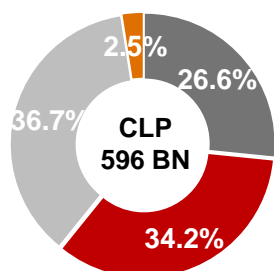
# FINANCIAL DEBT

## FINANCIAL DEBT (EXCL. FINANCIAL LEASES)<sup>(1,2)</sup>

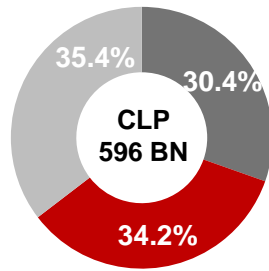
AS OF DEC. 31, 2016



AS OF MAR. 31, 2017

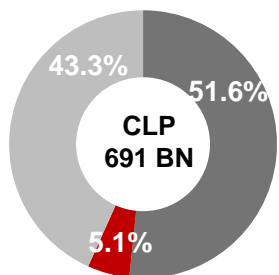


PRO FORMA POST BOND PLACEMENT

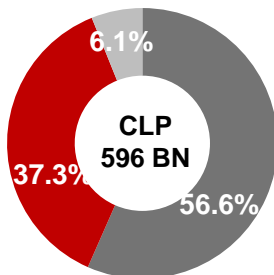


■ LOCAL BONDS ■ INTERNATIONAL BOND ■ BANK DEBT ■ RELATED-PARTY DEBT

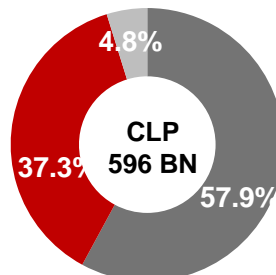
AS OF DEC. 31, 2016



AS OF MAR. 31, 2017



PRO FORMA POST BOND PLACEMENT



■ UF ■ CLP ■ USD

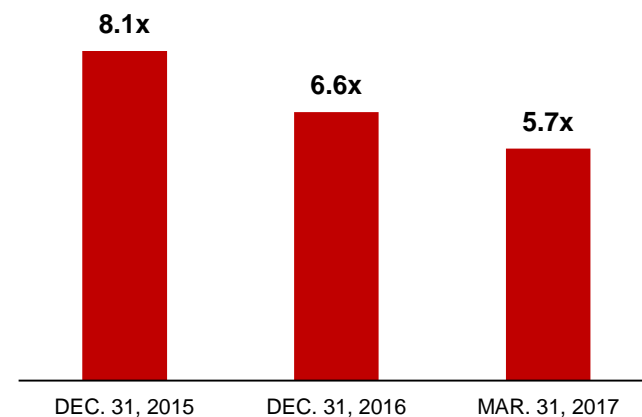
**PROCEEDS FROM IPO AND LOCAL BOND PRIMARILY USED TO PREPAY/REPAY DEBT:**

- RELATED-PARTY DEBT: APPROX. CLP 100 BN
- DEBT WITH FINANCIAL ENTITIES: APPROX. CLP 20 BN
- SERIES C LOCAL BOND: APPROX. CLP 55 BN

**SIGNIFICANT REDUCTION IN FX EXPOSURE GOING FORWARD:**

- AS OF MARCH 13, 2017, 100% OF INTERNATIONAL BOND IS HEDGED WITH A CROSS-CURRENCY SWAP

## NET DEBT (INCL. FINAN. LEASES)/EBITDA<sup>(1)</sup>



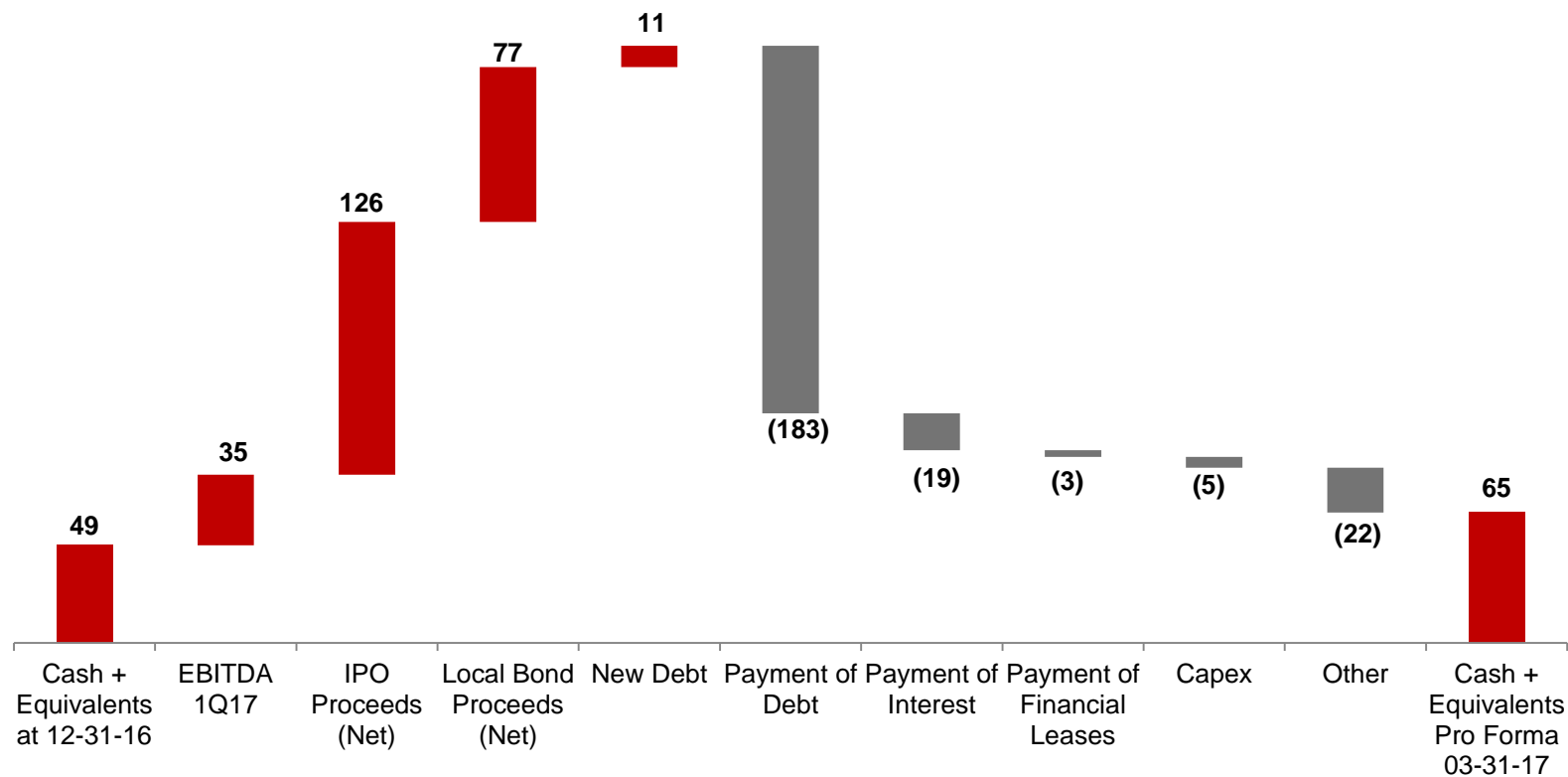
SOURCE: COMPANY INFORMATION.

(1) AS OF MAR. 31, 2017, SMU'S FINANCIAL LIABILITIES INCLUDED FINANCIAL LEASES OF CLP 268 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". FINANCIAL DEBT INCLUDES FINANCIAL DEBT WITH RELATED PARTIES.

(2) PRO FORMA DEBT REFLECTS NET BOND PROCEEDS OF CLP 77 BN AND PAYMENTS AND PAYMENTS OF CLP 77 BN, AS INFORMED IN NOTE 39 OF SMU'S FINANCIAL STATEMENTS AS OF MAR. 31, 2017.

# CASH FLOW

## CASH + CASH EQUIVALENTS DEC. 2016 VS MAR. 2017 PRO FORMA<sup>(1)</sup> (CLP BN)



SOURCE: COMPANY INFORMATION

(1) PRO FORMA: INCLUDES CASH AND CASH EQUIVALENTS AS OF MARCH 31, 2017, PLUS NET PROCEEDS FROM LOCAL BOND PLACEMENT (CLP 77 BN), LESS PAYMENT OF DEBT USING PROCEEDS FROM LOCAL BOND (CLP 77 BN)



**SMU**



# EARNINGS PRESENTATION: FIRST QUARTER 2017

MAY 2017