SMU REPORTS EARNINGS FOR THE FIRST QUARTER OF 2017

HIGHLIGHTS

- EBITDA 1Q17: CLP 35,232 million (vs. CLP 32,183 million in 1Q16, +9.5%)
- EBITDA margin 1Q17: 5.7% (+30 bps vs. 1Q16)
- Gross margin 1Q17: 27.2% (+110 bps vs. 1Q16)

Santiago, Chile. May 16, 2017.- SMU S.A. ("**SMU**" or the "Company"; Santiago Stock Exchange: SMU) announced earnings for the first quarter of 2017 today, reporting **EBITDA[1] of CLP 35,232 million** (+9.5% with respect to the first quarter of 2016) and **net income of CLP 5,001 million** (-56.4% with respect to the first quarter of 2016). The Company's **EBITDA margin continued its upward trend, increasing 30 basis points**, to 5.7% for the first three months of 2017.

SMU's chief executive officer, Marcelo Gálvez, stated, "During the first quarter of 2017, we continued to achieve growth in EBITDA, which increased by 9.5%. We obtained this solid result despite the low growth observed in the Chilean economy and food retail industry, and despite the fact that 1Q17 had one fewer day of sales, given that 2016 was a leap year. Likewise, our consolidated EBITDA margin reached 5.7%, compared to 5.4% for the same period in 2016, and we reported gross profit of 27.2%, compared to 26.1%. We achieved this expansion in margins despite the fact that revenue growth in the quarter (2.8% on a consolidated basis) was lower than we have seen in recent periods. However, I would like to highlight the performance of our Unimarc supermarkets, which had revenue growth of 5.6% in the first quarter."

Mr. Gálvez went on to say, "From an operating standpoint, we have made progress with the implementation of our strategic plan for 2017-2019, Plan CIMA, which is focused on growth and profitability. During the first quarter we launched a loyalty program for Unimarc, "*Club Ahorro Unimarc*", which allowed us to identify over 6 million Unimarc customers. We believe that this program will help us to further optimize our promotional strategy by allowing us to better understand our customers' needs and preferences. We have also identified the ten stores that we plan to upgrade during 2017 and are preparing to start work on the first four stores by the end of the second quarter."

With respect to operating efficiency, he added that, "During the first few months of the year, we have rolled out a training program relating to in-store product management at around 40 of our stores, and we have also implemented the use of the task manager tool at 100% of our Unimarc and Mayorista 10 stores. Through these initiatives we aim to standardize processes, in order to provide a better level of service to our customers. In addition, this quarter we increased our centralized distribution, incorporating new agreements with suppliers and achieving a rate of 44.5%, higher than the rate of 42.5% that we reported for the full year 2016."

[1] EBITDA = Gross profit – distribution costs – administrative expenses + depreciation + amortization

Mr. Gálvez concluded by saying, "Following the IPO in January, we have continued our efforts to optimize our capital structure. At the end of April we placed a bond in the local market for approximately USD 120 million in order to refinance existing debt, and this should allow us to reduce our interest expenses going forward. We were also pleased by the news, following our fourth quarter earnings release in March of this year, that Standard & Poor's upgraded our international credit rating to B-, with a positive outlook."

First Quarter 2017 Financial Results

SMU reported **EBITDA of CLP 35,232 million for the first quarter of 2017**, an **increase of 9.5%** with respect to CLP 32,183 million for the first quarter of 2016. This solid result was achieved despite the low growth observed in the Chilean economy and food retail industry, and despite the fact that 1Q17 had one fewer day of sales, given that 2016 was a leap year. **Consolidated EBITDA margin increased to 5.7%** for the first quarter of 2017, from 5.4% for the first quarter of 2016. The expansion of 30 basis points (bps) in the EBITDA margin is explained by the **increase in gross profit**, from CLP 155,771 million (26.1% of revenue) for the first quarter of 2016 to CLP 166,747 million (27.2% of revenue) for the first quarter of 2017. The higher gross profit was partially offset by an increase in **distribution costs plus administrative expenses (excluding depreciation)**, as a percentage of revenue, from 20.7% in the first quarter of 2016 to 21.4% in the first quarter of 2017.

SMU's **revenue for the first three months of 2017 totaled CLP 613,749 million**, an increase of 2.8% with respect to CLP 596,772 million reported for the same period of 2016. However, it should be noted that revenue from the Company's traditional supermarket format, Unimarc—which accounted for 63% of SMU's consolidated revenue—grew 5.6% in the first quarter of 2017.

Revenue growth at the consolidated level was affected by the fact that the first quarter of 2017 had one less day of sales than the first quarter of 2016, as 2016 was a leap year. The Food Retail segment[2] experienced lower growth, in line with overall industry performance, and was also affected by the transition in the value proposition of the Company's Mayorista 10 stores. Within the Construction Materials segment, lower revenue in the first quarter of 2017 reflects deceleration in the real estate sector compared to the first quarter of 2016.

Net income for the first quarter of 2017 totaled CLP 5,001 million, CLP 6,478 million lower with respect to CLP 11,479 million reported for the first quarter of 2016. Similarly, net income before taxes decreased by CLP 6,080 million, despite the improved operating results. This difference is primarily explained by the impact of gains on foreign currency translation differences, which were CLP 13,297 million higher in 1Q16 than in 1Q17, due to the greater appreciation of the Chilean peso during 1Q16 (5.7%) than in 1Q17 (0.8%). However, if the impact of foreign currency translation differences were eliminated in both periods, net income before taxes would have increased by CLP 7,217 million in the first quarter of 2017 with respect to 1Q16. As of March 13, 2017, SMU entered into a cross-currency swap in order to hedge 100% of its international bond, which will allow the Company to significantly reduce its exposure to fluctuations in the exchange rate in the future.

[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.

Local Bond Placement

On April 24, 2017, SMU announced the successful placement of bonds in the local Chilean market for a total of UF 3 million (approximately CLP 80 billion or USD 120 million). The Company placed two series of bonds: Series G (ticker BCSMU-G), for UF 1.5 million, and Series K (ticker BCSMU-K), for UF 1.5 million, both charged to the bond line registered with the Chilean Superintendency of Securities and Insurance under No. 667. Both series were placed at an interest rate of 5.3%, with an annual coupon rate of 4.5%, and a maturity date of March 25, 2021.

Consistent with SMU's strategy to optimize its capital structure, the net proceeds of approximately CLP 77,000 million were used to refinance the Company's existing debt, which should allow it to reduce its interest expenses in the future. The payments made with these proceeds included: (i) the Series C Bonds, which matured on May 2, 2017, in the amount of CLP 54,500 million; (ii) related-party debt, in the amount of CLP 14,500 million; and (iii) non-related party debt, in the amount of CLP 8,000 million.

Credit Rating Upgrades

At the end of March 2017, Standard & Poor's upgraded SMU's credit rating from CCC+ (positive outlook) to B- (positive outlook). This was the Company's most recent upgrade, following upgrades by several rating agencies over the course of the final months of 2016 and beginning of 2017, as a result of SMU's positive operating results and improved financial position:

- Feller-Rate: Upgrade from B+ (positive outlook) to BB- (stable outlook) in September 2016
- Humphreys: Upgrade from B (favorable outlook) to B+ (stable outlook) in October 2016, and subsequently to BB- (favorable outlook) in February 2017
- ICR: Upgrade from BB- (positive outlook) to BB (positive outlook) in December 2016, and subsequently to BB+ (stable outlook) in January 2017
- Moody's: Upgrade from Caa1 (stable outlook) to B3 (stable outlook) in December 2016

Conference Call

SMU will host a conference call and webcast for investors on Friday, May 19, 2017 at 11:00 am ET/11:00 am Chile to discuss its first quarter 2017 results.

Dial in:
Toll-Free US Dial in #: +1 (800) 319 4610
International Dial in #: +1 (416) 915 3239
Please dial in 5-10 minutes prior to the scheduled start time and ask for the SMU Earnings Call

Webcast:
http://services.choruscall.ca/links/smu20170519.html

Further Information

For further information about SMU's first quarter 2017 results, please see the complete analysis of financial statements, provided below.

About SMU

SMU is the largest Chilean food retailer, based on number of stores, and the third largest Chilean food retailer, based on revenue for the year ended December 31, 2016. We operate our food retail business in Chile through four different formats: supermarkets (*Unimarc*), cash and carry stores (*Mayorista 10* and *Alvi*), convenience stores (*OK Market*) and an online grocer (*Telemercados*). We also operate in Peru, through two food cash and carry brands, *Mayorsa* and *MaxiAhorro*. In addition to our food retail business, we operate the *Construmart* chain of home improvement stores throughout Chile, which serve a diversified customer base including construction companies, hardware stores and retail.

Caution Regarding Forward-Looking Statements

This press release 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 press release 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 press release because of new information, future events or other factors.

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Analysis of Financial Statements
March 2017

ANALYSIS OF CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE THREE MONTHS ENDED MARCH 31, 2017

Executive Summary: Consolidated Results

SMU reported **EBITDA[3] of CLP 35,232 million for the first quarter of 2017**, an **increase of 9.5%** with respect to CLP 32,183 million for the first quarter of 2016. This solid result was achieved despite the low growth observed in the Chilean economy and food retail industry, and despite the fact that 1Q17 had one fewer day of sales, given that 2016 was a leap year. **Consolidated EBITDA margin increased to 5.7%** for the first quarter of 2017, from 5.4% for the first quarter of 2016. The expansion of 30 basis points (bps) in the EBITDA margin is explained by the **increase in gross profit**, from CLP 155,771 million (26.1% of revenue) for the first quarter of 2016 to CLP 166,747 million (27.2% of revenue) for the first quarter of 2017. The higher gross profit was partially offset by an increase in **distribution costs plus administrative expenses (excluding depreciation)**, as a percentage of revenue, from 20.7% in the first quarter of 2016 to 21.4% in the first quarter of 2017. The higher operating expenses and higher gross profit are partly explained by the increase in centralized distribution, which results in higher distribution costs and an increase in headcount, reflected in higher operating expenses, and higher gross profit, due to the fees received from suppliers in exchange for logistics services.

SMU's **revenue for the first three months of 2017 totaled CLP 613,749 million**, an increase of 2.8% with respect to CLP 596,772 million reported for the same period of 2016. However, it should be noted that revenue from the Company's traditional supermarket format, Unimarc—which accounted for 63% of SMU's consolidated revenue—grew 5.6% in the first quarter of 2017.

Revenue growth at the consolidated level was affected by the fact that the first quarter of 2017 had one less day of sales than the first quarter of 2016, as 2016 was a leap year. The Food Retail segment[4] experienced lower growth, in line with overall industry performance, and was also affected by the transition in the value proposition of the Company's Mayorista 10 stores. Within the Construction Materials segment, lower revenue in the first quarter of 2017 reflects deceleration in the real estate sector compared to the first quarter of 2016.

Net income for the first quarter of 2017 totaled CLP 5,001 million, CLP 6,478 million lower with respect to CLP 11,479 million reported for the first quarter of 2016. Similarly, net income before taxes decreased by CLP 6,080 million, despite the improved operating results. This difference is primarily explained by the impact of gains on foreign currency translation differences, which were CLP 13,297 million higher in 1Q16 than in 1Q17, due to the greater appreciation of the Chilean peso during 1Q16 (5.7%) than in 1Q17 (0.8%). However, if the impact of foreign currency translation differences were eliminated in both periods, net income before taxes would have increased by CLP 7,217 million in the first quarter of 2017 with respect to 1Q16. As of March 13, 2017, SMU entered into a cross-currency swap in order to hedge 100% of its international bond, which will allow the Company to significantly reduce its exposure to fluctuations in the exchange rate in the future.

With respect to **operating indicators**, in the **Food Retail segment**, **sales per square meter[5]** for the first quarter of 2017 amounted to CLP 298,168, an increase of 3.3% with respect to CLP 288,767 for the same period of 2016. In this segment the Company had an increase in **same-store sales ("SSS")** of 3.0% for

[3] EBITDA = Gross profit – distribution costs – administrative expenses + depreciation + amortization

[4] 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.

[5] Sales per square meter are calculated on the basis of average monthly sales for the period.

the first quarter of 2017. With respect to **operating efficiency**, within the Food Retail Chile operations during the first quarter of 2017, the Company achieved a rate of **centralized distribution** of 44.5%, higher than the 42.5% recorded for the year 2016. The increase in centralization is one of the initiatives the Company has implemented, taking advantage of its distribution centers located throughout Chile, in order to improve its operating efficiency, inventory management, and in-store product availability.

SMU's consolidated results for the three months ended March 31, 2017 and 2016 are presented in the table below. All figures are expressed in Chilean pesos (CLP) and have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Table 1: Consolidated Income Statement

(CLP Million)	1Q17	1Q16	△%
Revenues	613,749	596,772	2.8%
Cost of Sales	(447,002)	(441,001)	1.4%
Gross Profit	**166,747**	**155,771**	**7.0%**
Gross Margin (%)	*27.2%*	*26.1%*	
Distribution Costs	(5,991)	(5,708)	4.9%
Contribution Margin	**160,756**	**150,063**	**7.1%**
Contribution Margin (%)	*26.2%*	*25.1%*	
Administrative Expenses (Excluding Depreciation)	(125,524)	(117,880)	6.5%
EBITDA	**35,232**	**32,183**	**9.5%**
EBITDA Margin (%)	*5.7%*	*5.4%*	
Depreciation and Amortization	(13,240)	(13,890)	(4.7%)
Profit (Loss) from Non Operating Activities	454	(558)	(181.4%)
Financial Income	307	393	(21.8%)
Financial Expenses	(16,855)	(17,487)	(3.6%)
Share of Profit (Loss) of Associates	(334)	(366)	(8.7%)
Foreign Exchange Differences	2,069	15,366	n.a.
Income (Loss) for Indexed Assets and Liabilities	(2,805)	(4,732)	(40.7%)
Financial Results	**(17,618)**	**(6,826)**	**158.1%**
Net Income (Loss) Before Taxes	**4,828**	**10,908**	**(55.7%)**
Income Tax Expense	172	571	(69.8%)
Net Income (Loss) from Continued Operations	**5,001**	**11,479**	**(56.4%)**
Net Income (Loss) of the Period	**5,001**	**11,479**	**(56.4%)**

1. Analysis of Income Statement

1.1. Results of Operations: Food Retail Segment

1.1.1. Executive Summary

EBITDA for the Food Retail segment totaled CLP 33,785 million for the first quarter of 2017, **an increase of 9.7%** with respect to the CLP 30,807 million reported for the first quarter of 2016. The **EBITDA margin reached 6.1%** for the first quarter of 2017, an increase of 30 basis points with respect to 5.8% for the first quarter of 2016. This growth in the EBITDA margin reflects greater operating leverage, as the increase in gross margin, from 27.3% in the first quarter of 2016 to 28.3% in the first quarter of 2017 (+100 bps), was greater than the increase in operating expenses (distribution costs plus administration expenses (excluding depreciation)) as a percentage of revenue: from 21.5% in the first quarter of 2016 to 22.1% in the first quarter of 2017 (+70 bps).

Table 2: Income Statement for the Food Retail Segment

(CLP Million)	1Q17	1Q16	△%
Revenues	551,190	532,241	3.6%
Cost of Sales	(395,470)	(387,165)	2.1%
Gross Profit	**155,719**	**145,076**	**7.3%**
Gross Margin (%)	*28.3%*	*27.3%*	
Distribution Costs	(5,991)	(5,708)	4.9%
Contribution Margin	**149,729**	**139,368**	**7.4%**
Contribution Margin (%)	*27.2%*	*26.2%*	
Administration Expenses (Excluding Depreciation)	(115,944)	(108,561)	6.8%
EBITDA	**33,785**	**30,807**	**9.7%**
EBITDA Margin (%)	*6.1%*	*5.8%*	
Depreciation and Amortization	(12,560)	(13,195)	(4.8%)
Profit (Loss) from Non Operating Activities	444	(553)	(180.3%)
Financial Income	307	390	(21.2%)
Financial Expenses	(16,257)	(16,845)	(3.5%)
Share of Profit (Loss) of Associates	(334)	(366)	(8.7%)
Foreign Exchange Differences	2,107	15,234	(86.2%)
Income (Loss) for Indexed Assets and Liabilities	(2,633)	(4,423)	(40.5%)
Financial Results	**(16,810)**	**(6,011)**	**179.7%**
Net Income (Loss) Before Taxes	**4,858**	**11,048**	**(56.0%)**
Income Tax Expense	102	386	(73.6%)
Net Income (Loss) from Continued Operations	**4,960**	**11,434**	**(56.6%)**
Net Income (Loss) of the Period	**4,960**	**11,434**	**(56.6%)**

1.1.2. Revenue

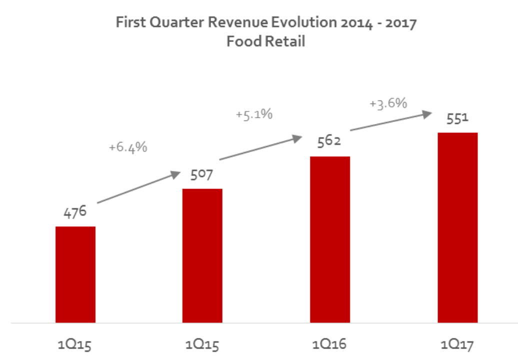
Revenue for the Food Retail segment increased 3.6% in the first quarter of 2017 with respect to the first quarter of 2016, from CLP 532,241 million to CLP 551,190 million.

Table 3: Food Retail Segment Revenue (CLP MMM)

REVENUE (CLP MMM)	1Q17	1Q16	△%
UNIMARC	390	369	*5.6%*
CASH & CARRY	135	139	*-2.8%*
OK MARKET	13	12	*3.3%*
TELEMERCADOS	3	3	*4.8%*
OTHERS(*)	1	1	*-29.8%*
FOOD RETAIL CHILE	541	524	*3.2%*
FOOD RETAIL PERU	11	9	*22.7%*
CONSOLIDATED	551	532	*3.6%*

(*)"Others" includes all income other than that generated by the Company's operating formats presented in the table.

Graph 1: Quarterly and Annual Food Retail Revenue (CLP MMM) / 2014 – 2017



Food Retail Chile revenue grew 3.2% in the first quarter of 2017, with respect to the same period of 2016. Within the Food Retail Chile operations, the format that showed the highest growth in sales is Unimarc, the traditional supermarket, which increased 5.6%. Unimarc accounts for 70.7% of revenue for the Food Retail segment, and the positive results achieved in this format reflect the further development and implementation of the high-low business strategy, as well as the greater in-store product availability, which has resulted from the optimization of the supply chain.

Revenue for the cash & carry format decreased 2.8% in the first quarter of 2017 with respect to the first quarter of 2016, which reflects the fact that the value proposition of the Mayorista 10 stores is transitioning from a focus on mom and pop stores (resellers) to a focus on final customers. As the new value proposition matures, the Company expects to see an improvement in both sales and gross margin for this format. SMU's traditional cash & carry brand, Alvi, has shown solid growth in sales and has achieved positive results from its loyalty club, which targets mom and pops. With respect to the convenience store (OK Market) and e-grocery (Telemercados) formats, revenue grew 3.3% and 4.8%,

respectively in the first quarter of 2017 with respect to the first quarter of 2016.

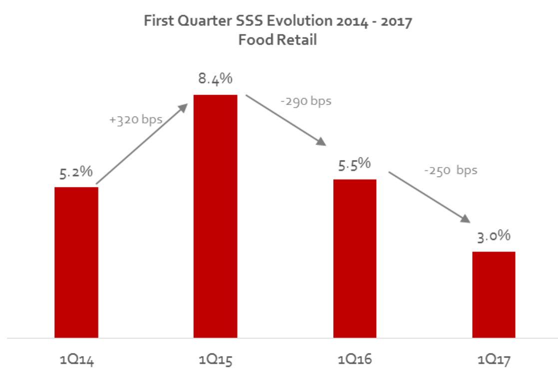
In Food Retail Peru, revenue grew 22.7% (measured in Chilean pesos) in the first quarter of 2017 with respect to the first quarter of 2016 (25.4% measured in Peruvian Soles), reflecting the positive results of SMU's strategy in Peru, which focuses on replicating some of the initiatives that it has successfully implemented in Chile. In addition, in the month of March, the Company obtained higher sales volumes, as a result of the flooding that affected the country.

Same-store sales (SSS) growth for the Food Retail segment for the first quarter of 2017 amounted to 3.0%, lower than the levels reported during 2016.

Table 4: Same-Store Sales Growth in the Food Retail Segment (%)

SSS (△%)	2015	1Q16	2Q16	3Q16	4Q16	2016	1Q17
UNIMARC	7.9%	6.7%	5.4%	10.8%	6.4%	7.3%	4.6%
CASH & CARRY	7.3%	2.8%	0.8%	-0.4%	0.7%	0.9%	-2.6%
OK MARKET	10.0%	9.2%	2.5%	5.1%	3.5%	5.0%	6.3%
FOOD RETAIL CHILE	7.8%	5.6%	4.0%	7.5%	4.8%	5.5%	2.7%
FOOD RETAIL PERU	6.7%	-2.2%	-2.0%	2.4%	11.5%	2.9%	22.2%
CONSOLIDATED	7.8%	5.5%	4.0%	7.3%	4.8%	5.4%	3.0%

Graph 2: Quarterly and Annual Same-Store Sales Growth in the Food Retail Segment (%) / 2014 – 2017



SSS for Unimarc grew 4.6% in the first quarter of 2017, lower than the 6.7% reported for the first quarter of 2016. Cash & carry decreased 2.6%, consistent with revenue performance for the quarter and reflecting the effect of the changing value proposition for the Mayorista 10 stores described above. Same-store sales for the OK Market convenience stores grew 6.3% in the first quarter of 2017, lower than the 9.2% reported for the first quarter of 2016 but higher than the 5.0% average reported for the year 2016. The SSS growth for OK Market is higher than revenue growth, due to the closure of four underperforming OK Market stores during the first quarter of 2017. The revenue of these stores in not included in the calculation of SSS. Overall, Food Retail Chile recorded SSS growth of 2.7% for the first quarter of 2017.

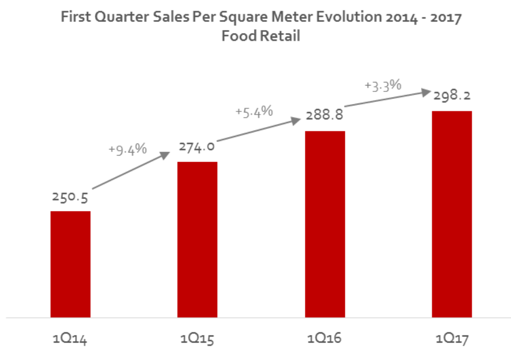
Food Retail Peru – which accounted for 2.0% of total revenue for the Food Retail segment in the first quarter of 2017 – recorded an increase in SSS of 22.2% for the first quarter of 2017, following the positive trend that began in the last quarter of 2016 and reflecting the implementation of the business plan for the next three years, which aims to grow sales through the implementation of new value propositions, as well as promotional and advertising activity. The same-store sales growth for Peru in the first quarter of 2017 also reflects the higher sales volumes obtained in the month of March, as a result of the flooding that affected the country.

Sales per square meter for the Food Retail segment reached CLP 298,168 for the first quarter of 2017, 3.3% higher than the first quarter of 2016.

Table 5: Sales per Square Meter in the Food Retail Segment (Thous. CLP/M²)

SALES PER SQM (CLP Thousands/sqm)	1Q17	1Q16	△%
FOOD RETAIL CHILE	301.6	292.6	*3.1%*
FOOD RETAIL PERU	188.0	161.9	*16.1%*
CONSOLIDATED	298.2	288.8	*3.3%*

Graph 3: Quarterly and Annual Sales per Square Meter in the Food Retail Segment (Thous. CLP/M²) / 2014 – 2017



Food Retail Chile sales per square meter grew 3.1% in the first quarter of 2017 compared to the first quarter of 2016, in line with revenue growth for this segment. Food Retail Peru (measured in Chilean pesos) recorded growth in sales per square meter of 16.1% in the first quarter of 2017, consistent with the strong growth in revenue for this business in the period.

By format, the same trends observed in revenue are reflected in sales per square meter performance: Unimarc increased 5.0%; cash & carry decreased 2.6%; and OK Market grew 8.6%.

As of the end of the first quarter of 2017, SMU's food retail operations included **504 stores in Chile**, with a total of **588,983 square meters**, distributed from Arica to Punta Arenas, slightly below the 508 stores in operation as of the end of the first quarter of 2016 and below the peak of 559 stores reached in the third quarter of 2013.

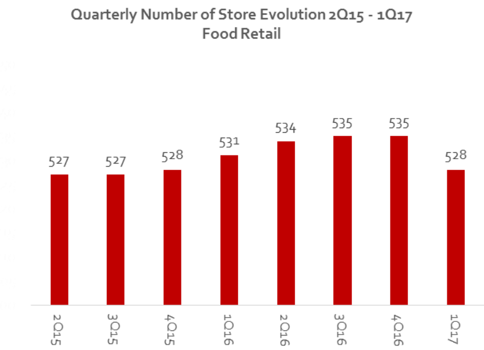
As part of its strategy to increase the efficiency and profitability of its operations, SMU has worked to optimize its portfolio of stores and therefore monitors the performance of each of its stores on an ongoing basis. In this context, during the first quarter of 2017, SMU closed four OK Market stores and two Unimarc stores. In addition, during the period one Unimarc store was closed due to force majeure, as the robbery of an ATM resulted in a fire, damaging the store.

In Peru, as of March 31, 2017, the Company had 24 stores, with 20,398 square meters, for a total selling space for the Food Retail segment of 609,380 square meters at period-end.

Table 6: Number of Stores and Sales Area (Thous. Square Meters) in the Food Retail Segment

NUMBER OF STORES	1Q17	1Q16	SALES AREA (THOUSANDS OF SQM)	1Q17	1Q16
UNIMARC	292	292	UNIMARC	405	404
CASH & CARRY	100	100	CASH & CARRY	169	169
OK MARKET	112	116	OK MARKET	14	15
FOOD RETAIL CHILE	504	508	FOOD RETAIL CHILE	589	588
FOOD RETAIL PERU	24	23	FOOD RETAIL PERU	20	19
CONSOLIDATED	528	531	CONSOLIDATED	609	608

Graph 4: Quarterly Number of Stores and Sales Area (Thous. Square Meters) in the Food Retail Segment / 2014 – 2017



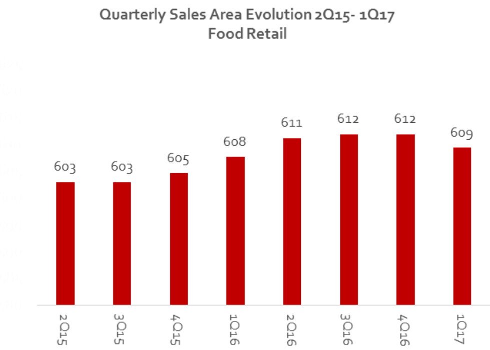


Table 7: Store Openings and Closures in the Food Retail Segment

OPENINGS AND CLOSURES	2015		1Q16		2Q16		3Q16		4Q16		2016		1Q17	
	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.
UNIMARC	2	4	2	0	2	0	1	0	0	0	5	0	0	3
CASH & CARRY	0	1	0	0	1*	1*	0	0	0	0	1*	1*	0	0
OK MARKET	1	11	0	0	0	0	0	0	0	0	0	0	0	4
FOOD RETAIL CHILE	3	16	2	0	2	0	1	0	0	0	5	0	0	7
FOOD RETAIL PERU	1	0	1	0	1	0	0	0	0	0	2	0	0	0

(*) Rebranding of a Mayorista 10 store that was converted to an Alvi store.

1.1.3. Distribution Costs and Administrative Expenses

In the first quarter of 2017, **distribution costs plus administrative expenses (excluding depreciation)** for the Food Retail segment, as a percentage of revenue, increased by approximately 70 bps, from 21.5% in 1Q16 to 22.1% in 1Q17.

Distribution costs for the first three months of 2017 totaled CLP 5,991 million, an increase of 4.9% with respect to the same period of 2016. The increase was due to both the increase in sales and the increase of centralized distribution across formats. However, higher levels of centralization have a positive impact on gross profit, as suppliers pay the Company in exchange for the logistics services it provides. Distribution costs as a percentage of revenue remained stable, at approximately 1.1% for both periods.

Administrative expenses (excluding depreciation) for the Food Retail segment increased 6.8% in the first quarter of 2017, totaling CLP 115,944 million (21.0% of revenue), versus CLP 108,561 million (20.4% of revenue) for the first quarter of 2016.

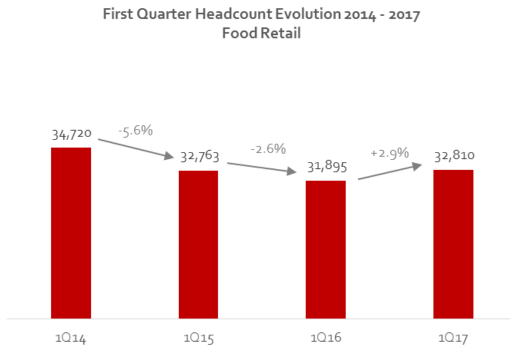
The main increases in administrative expenses in the first quarter of 2017 were:

a. CLP 4,691 million (+9.0 YoY) in personnel expenses – which accounted for 49.0% of total administrative expenses (excluding depreciation) during the period – due to inflation adjustments for salaries, the increase in the minimum wage, the provision for the long-term performance incentive bonus and, to a lesser extent, to an increase in average headcount during the period, related to the increase in centralized distribution;
b. CLP 564 million (+2.9% YoY) in services, mainly due to the increase in security services, related to the increase in the minimum wage and to an improvement in the level of service, and also to an increase in inflation, partially offset by lower electricity expenses, due to retroactive charges related to rate adjustments that were made in 2016 but not in 2017;
c. CLP 543 million (+15.6% YoY) in lease expenses, related to inflation adjustments and the variable component of these expenses, which increased as a result of higher sales;
d. CLP 343 million (+14.7% YoY) in credit card commissions, due to the increase in the use of this form of payment; and
e. CLP 317 million (+16.3% YoY) in external services, mainly related to IT expenses.

Table 8: Average Headcount in the Food Retail Segment

HEADCOUNT	1Q17	1Q16	△%
STORES CHILE	30,437	29,620	2.8%
HEADQUARTERS CHILE	1,640	1,599	2.5%
FOOD RETAIL CHILE	32,077	31,219	2.7%
STORES PERU	606	557	8.8%
HEADQUARTERS PERU	127	119	7.0%
FOOD RETAIL PERU	733	676	8.5%
CONSOLIDATED	32,810	31,895	2.9%

Graph 5: Quarterly and Annual Average Headcount in the Food Retail Segment / 2014 – 2017



1.1.4. Gross Margin, Contribution Margin, and EBITDA

Gross profit for the Food Retail segment totaled CLP 155,719 million for the first quarter of 2017, an increase of 7.3% with respect to the first quarter of 2016, which is equivalent to 28.3% of revenue, 100 bps higher in 1Q17, as revenue growth exceeded growth in the cost of sales (3.6% versus 2.1%). The higher gross margin resulted from the Company's strong promotional activity, maintaining competitive prices and improving commercial efficiency. The gross margin expansion also reflects the fee paid by suppliers to the Company in exchange for logistics services, associated with the increase in levels of centralized distribution, which is offset by higher distribution costs.

Contribution margin for the segment grew 7.4% in the first quarter of 2017, totaling CLP 149,729 million, compared to CLP 139,368 million for the first quarter of 2016, amounting to 27.2% of revenue, 100 bps above the 26.2% for 1Q16. The expansion in contribution margin was driven by the higher gross profit (+7.3%), despite the increase of 4.9% in distribution costs, due to higher sales and centralized distribution.

EBITDA for the Food Retail segment increased 9.7% in the first quarter of 2017, amounting to CLP 33,785 million, compared to CLP 30,807 million for the first quarter of 2016, continuing the upward trend that the Company's results have followed in recent periods. **EBITDA margin** increased from 5.8% in the first quarter of 2016 to 6.1% in the first quarter of 2017, equivalent to 30 bps YoY.

EBITDAR (EBITDA less lease expenses) for the Food Retail segment amounted to CLP 47,883 million (EBITDAR margin 8.7%) for the first quarter of 2017, 7.7% higher than the CLP 44,465 million (EBITDAR margin 8.4%) obtained in the first quarter of 2016.

1.2. Operating Results: Construction Materials Segment

In the first quarter of 2017, **revenue** for the Construction Materials segment decreased 3.1%, totaling CLP 62,559 million versus CLP 64,531 million for 1Q16. This decrease was the result of deceleration in the B2B segment, following a downturn in the construction business, partly offset by growth in the retail segment.

By business, retail sales increased 7.0% in the first quarter of 2017 with respect to the first quarter of 2016. Retail sales accounted for 40.3% of total revenue in 1Q17, compared to 36.5% in 1Q16. This improvement is due to the implementation of initiatives designed to improve the shopping experience, price positioning and in-store product offering, according to the strategy for this segment.

The B2B business accounted for 59.7% of sales in the first quarter of 2017 and recorded a decrease in revenue of 8.9% compared to the first quarter of 2016, mainly due to the performance of the real estate sector during the first quarter of 2017, which negatively affected the performance of the corporate customer segment.

Despite lower revenue, **gross margin** for this segment reached 17.6% for the first quarter of 2017, an increase of 100 bps with respect to the first quarter of 2016, as a result of higher margins in both the retail and B2B businesses. Better negotiations with suppliers have facilitated this improvement, despite the intense competition in this industry.

In the first quarter of 2017, **administrative expenses (excluding depreciation)** for this segment increased 2.8% with respect to the first quarter of 2016. The increase is mainly explained by the increase in personnel expenses, related to inflation adjustments, as well as higher marketing expenses and an increase in the allowance for doubtful accounts.

EBITDA for this segment totaled CLP 1,448 million for the first quarter of 2017, **an increase of 5.2%** with respect to the CLP 1,376 million recorded for the first quarter of 2016. **EBITDA margin reached 2.3%** for the first quarter of 2017, an increase of 20 bps with respect to the first quarter of 2016.

The Construction Materials segment recorded **net income of CLP 41 million** for the first quarter of 2017, 9.1% lower with respect to the CLP 45 million reported for 1Q16. Although the operating results and net income before taxes were higher in 1Q17 than in 1Q16, net income decreased due to a lower income tax benefit (CLP 71 million in 1Q17 versus CLP 185 million in 1Q16).

Table 9: Income Statement for the Construction Materials Segment

(CLP Million)	1Q17	1Q16	△%
Revenues	62,559	64,531	(3.1%)
Cost of Sales	(51,532)	(53,836)	(4.3%)
Gross Profit	**11,027**	**10,695**	**3.1%**
Gross Margin (%)	*17.6%*	*16.6%*	
Administration Expenses (Excluding Depreciation)	(9,580)	(9,319)	2.8%
EBITDA	**1,448**	**1,376**	**5.2%**
EBITDA Margin (%)	*2.3%*	*2.1%*	
Depreciation and Amortization	(680)	(694)	(2.0%)
Profit (Loss) from Non Operating Activities	11	(5)	(293.0%)
Financial Income	0	3	(100.0%)
Financial Expenses	(598)	(642)	(6.9%)
Foreign Exchange Differences	(38)	133	(128.9%)
Income (Loss) for Indexed Assets and Liabilities	(172)	(310)	(44.6%)
Financial Results	**(808)**	**(816)**	**(1.0%)**
Net Income (Loss) Before Taxes	**(30)**	**(140)**	**(78.7%)**
Income Tax Expense	71	185	(61.7%)
Net Income (Loss) from Continued Operations	**41**	**45**	**(9.1%)**
Net Income (Loss) of the Period	**41**	**45**	**(9.1%)**

1.3. Non-operating Income[6] and Income Tax Expense

The **consolidated non-operating loss** for SMU for the first quarter of 2017 totaled CLP -17,163 million, worse by CLP 9,778 million compared to the non-operating loss of CLP -7,385 million for the first quarter of 2016. The difference is primarily explained by the **lower gain on foreign currency translation differences** (CLP 2,069 million in 1Q17 vs. CLP 15,366 million in 1Q16, a decrease of CLP 13,297 million YoY), due to the lower appreciation of the Chilean peso during the first quarter of 2017 than in the first quarter of 2016. As of March 13, 2017, SMU entered into a cross-currency swap in order to hedge 100% of its international bond, which will allow the Company to significantly reduce its exposure to fluctuations in the exchange rate in the future.

The lower gain on foreign currency translation differences was partially offset by the following positive effects in the first quarter of 2017, compared to the first quarter of 2016:

a. The **loss from inflation-adjusted units** improved by CLP 1,927 million, due to lower inflation and less UF-denominated debt in 1Q17 than in 1Q16;
b. **Other gains (losses)** improved by CLP 1,013 million, mainly due to reimbursements by insurance companies; and
c. **Financial expenses** improved by CLP 632 million, mainly due to the lower financial debt resulting from payments made with proceeds from the capital increase carried out in January 2017.

The **income tax benefit** for the first quarter of 2017 amounted to CLP 172 million, a decrease of 69.8% with respect to CLP 571 million for the first quarter of 2016. Although net income before taxes was higher in the first quarter of 2016, the income tax benefit was lower in the first quarter of 2017, due to changes in the projections for reversals of temporary differences.

1.4. EBITDA and Net Income

SMU's **EBITDA** for the first quarter of 2017 increased by 9.5%, totaling CLP 35,232 million (5.7% of revenue), compared to CLP 32,183 million (5.4% of revenue) reported for the first quarter of 2016.

EBITDAR (EBITDA less lease expenses) for 1Q17 amounted to CLP 50,489 million (8.2% of revenue), an increase of 7.2% with respect to the CLP 47,114 million (7.9% of revenue) obtained in 1Q16.

SMU reported **net income** of CLP 5,001 million for the first quarter of 2017, a decrease of 56.4% with respect to the first quarter of 2016, despite the improvement in operating results. The difference is primarily explained by a lower gain on foreign currency translation differences, as described above.

[6] Non-operating income = Financial income and financial expenses + Share in profit (loss) of associates + foreign currency translation differences + income (expense) from inflation adjusted units + other gains (losses)

2. Analysis of Statement of Financial Position

Table 10: Statement of Financial Position as of March 31, 2017 and December 31, 2016

(CLP Million)	March 2017	December 2016	△$	△%
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	64,868	48,497	16,372	33.8%
Other Current Financial Assets	79	79	0	0.0%
Other Current Non-Financial Assets	19,867	12,121	7,746	63.9%
Trade Accounts Receivable and Other Receivables, Net	66,080	82,560	(16,480)	(20.0%)
Accounts Receivable from Related Companies	10,214	7,205	3,009	41.8%
Inventories	216,531	214,026	2,505	1.2%
Current Tax Assets	6,995	6,905	91	1.3%
Non-Current Assets Classified as Held for Sale	0	0	0	-
Total Current Assets	**384,635**	**371,393**	**13,242**	**3.6%**
NON-CURRENT ASSETS				
Other Non-Current Financial Assets	191	191	0	0.0%
Other Non-Current Non-Financial Assets	21,629	21,576	53	0.2%
Non-Current Accounts Receivable	1,578	1,835	(258)	(14.0%)
Intangible Assets Other Than Goodwill	76,769	77,198	(429)	(0.6%)
Goodwill	474,665	474,522	143	0.0%
Property, Plant, and equipment, net	437,170	441,848	(4,679)	(1.1%)
Deferred tax assets	420,420	418,167	2,253	0.5%
Total Non-Current Assets	**1,432,422**	**1,435,339**	**(2,917)**	**(0.2%)**
TOTAL ASSETS	**1,817,057**	**1,806,731**	**10,325**	**0.6%**
LIABILITIES				
CURRENT LIABILITIES				
Other Current Financial Libialities	109,014	126,174	(17,160)	(13.6%)
Trade and Other Current Payables	440,384	456,081	(15,697)	(3.4%)
Accounts Payable to Related Companies	16,352	17,439	(1,087)	(6.2%)
Other Current Provisions	1,289	1,360	(72)	(5.3%)
Current Tax Liabilities	20	12	8	62.1%
Current Provisions for Employee Benefits	13,612	23,960	(10,349)	(43.2%)
Other Current Non-Financial Liabilities	3,946	5,181	(1,235)	(23.8%)
Total Current Liabilities	**584,617**	**630,207**	**(45,591)**	**(7.2%)**
NON-CURRENT LIABILITIES				
Other Non-Current Financial Liabilities	740,659	735,875	4,784	0.7%
Non-Current Payables	141	148	(7)	(4.7%)
Trade Payables due to Related Entities, Non-Current	0	79,054	(79,054)	(100.0%)
Deferred Tax Liabilities	58	69	(11)	(16.3%)
Non-Current Provisions for Employee Benefits	693	108	584	540.3%
Other Non-Current Non-Financial Liabilities	11,530	11,262	268	2.4%
Total Non-Current Liabilities	**753,081**	**826,516**	**(73,435)**	**(8.9%)**
TOTAL LIABILITIES	**1,337,697**	**1,456,723**	**(119,026)**	**(8.2%)**
EQUITY				
Issued Capital	1,100,290	970,340	129,950	13.4%
Accumulated Losses	(762,704)	(767,705)	5,001	(0.7%)
Other Reserves	141,773	147,373	(5,600)	(3.8%)
Equity Attributable to the Owners of the Parent Company	479,359	350,008	129,351	37.0%
Non-Controlling Interest	(0)	(0)	0	0.0%
Total Equity	**479,359**	**350,008**	**129,351**	**37.0%**
TOTAL LIABILITIES AND EQUITY	**1,817,057**	**1,806,731**	**10,325**	**0.6%**

2.1. Assets

As of March 31, 2017, SMU's **total assets** remained relatively stable with respect to December 31, 2016, totaling CLP 1,817,057 million (+0.6%).

Current assets as of March 31, 2017 increased CLP 13,242 million (3.6%) with respect to December 31, 2016, totaling CLP 384,635 million, primarily due to:

a. An increase in cash and cash equivalents (↑CLP 16,372 million), primarily due to proceeds from the capital increase that have not yet been used.
b. An increase in other current non-financial assets (↑CLP 7,746 million), primarily due to the new prepaid insurance contract and the higher VAT tax credit, partially offset by the decrease in prepaid leases.
c. An increase in accounts receivable from related parties (↑CLP 3,009 million), primarily due to a change in presentation: in the past accounts receivable from and payable to the affiliate Unired were presented net, and beginning in 2017, these assets and liabilities are presented separately.
d. An increase in inventories (↑CLP 2,505 million), due to the increase in promotional activity and in sales.
e. These increases were partially offset by a decrease in trade and other receivables (↓CLP 16,480 million), primarily due to lower accounts receivable from credit cards, lower credit sales in the Food Retail segment and lower receivables from insurance companies.

Non-current assets as of March 31, 2017 totaled CLP 1,432,422 million, lower by CLP 2,917 million (-0.2%) with respect to year-end 2016, primarily due to:

a. A decrease in property, plant and equipment (↓CLP 4,679 million) due to depreciation (↓CLP 10,687 million) and disposals and sales for the period (↓CLP 1,169 million), partially offset by additions during the period (↑CLP 7,177 million).
b. The decrease in property, plant and equipment was partially offset by an increase in deferred tax assets (↑CLP 2,253 million), primarily due to inflation adjustments to tax losses, partly offset by a decrease in temporary differences related to provisions and a decrease in the intangible tax asset.

2.2. Liabilities

As of March 31, 2017, the Company's **total liabilities** amounted to CLP 1,337,697 million, a decrease of -8.2% with respect to December 31, 2016.

Current liabilities decreased by CLP 45,591 million (-7.2%), primarily due to:

a. A decrease in other current financial liabilities (↓CLP 17,160 million), primarily due to the decrease in bank loans and other obligations with the public.
b. A decrease in current trade and other payables (↓CLP 15,697 million), primarily due to an increase in payments made to suppliers following the greater purchases of merchandise to supply the higher sales volumes in the fourth quarter.
c. A decrease in current provisions for employee benefits (↓CLP 10,349 million), primarily due to a reduction in the provision for the annual and long-term incentive bonuses, which were

paid during the first quarter of 2017, as well as a decrease in the provision for vacations, following the summer vacation period in January and February.

d. A decrease in other current non-financial liabilities (↓CLP 1,235 million), primarily due to a lower VAT balance, as purchases of goods exceeded sales of goods in March 2017.

e. A decrease in current payables to related parties (↓CLP 1,087 million), due to payments of related-party debt using proceeds from the capital increase, partially offset by an increase in accounts payable related to a change in presentation: in the past accounts receivable from and payable to the affiliate Unired were presented net, and beginning in 2017, these assets and liabilities are presented separately.

Non-current liabilities decreased by CLP 73,435 million (-8.9%), primarily due to:

(i) A decrease in non-current payables to related parties (↓CLP 79,054 million), due to payments of related-party debt using proceeds from the capital increase.

(ii) The decrease in non-current payables to related parties was partially offset by an increase in other non-current financial liabilities (↑CLP 4,784 million), primarily due to derivative instruments (cross-currency swap) entered into in March 2017 to hedge the international bond.

2.3. Shareholders' Equity

Shareholders' equity increased by CLP 129,351 million (+37.0%), primarily due to:

a. An increase in share capital (↑CLP 129,950 million), due to the capital increase carried out in January 2017.

b. A positive impact on accumulated losses (↑CLP 5.001 million) for the net income for the first quarter of 2017.

c. These positive effects were partially offset by a decrease in other reserves (↓CLP 5,600 million), primarily due to expenses related to the capital increase and also due to the effect of hedging instruments (cross-currency swap).

3. Analysis of Statement of Cash Flows

Table 11: Statement of Cash Flows for the three months ended March 31, 2017 and 2016

(CLP Million)	March 2017	March 2016	△$
Net Cash Flows From (Used in) Operating Activities	9,067	17,194	(8,127)
Net Cash Flows From (Used in) Investing Activities	(5,541)	(7,369)	1,828
Net Cash Flows From (Used in) Financing Activities	12,846	(16,099)	28,945
Net Increase (Decrease) in Cash and Cash Equivalents Before Effect of Exchange Rates	**16,372**	**(6,274)**	**22,645**
Net Increase (Decrease) in Cash and Cash Equivalents	**16,372**	**(6,274)**	**22,645**
Cash and Cash Equivalents at Beginning of Period	48,497	50,924	(2,427)
Cash and Cash Equivalents at End of Period	**64,868**	**44,650**	**20,219**

Cash provided by **operating activities** for the first quarter of 2017 totaled CLP 9,067 million, lower than the CLP 17,194 million for the first quarter of 2016. This decrease is partly explained by the cut-off date for payments to suppliers, as payments were made during the first few days of 2017, whereas for the prior year these payments had been made in the final days of December 2015. In addition, payments to employees were higher in the first quarter of 2017, mainly due to the payment of the long-term incentive bonus during the period.

Cash used in **investing activities** for the first quarter of 2017 totaled CLP -5,541 million, compared to CLP -7,369 million for the first quarter of 2016. The main use of cash for investing activities during the period was for **CAPEX**, which includes purchases of property, plant and equipment and purchases of intangible assets and amounted to CLP 5,438 million for 1Q17, a decrease with respect to the CLP 7,085 million in 1Q16.

Cash from **financing activities** for the first quarter of 2017 amounted to a net inflow of CLP 16,372 million, mainly explained by: (i) the capital increase for a total of CLP 129,950 million, (ii) loans from related and non-related parties for a total of CLP 10,713 million, (iii) payments of loans from related and non-related parties for a total of CLP 106,040 million, and (iv) interest payments for a total of CLP 18,519 million. In the first quarter of 2016, cash from financing activities amounted to a net outflow of CLP -16,099 million, mainly explained by: (i) loans from related and non-related parties for a total of CLP 19,687 million, (ii) payments of loans from related and non-related parties for a total of CLP 16,414 million, and (iii) interest payments for a total of 16,981 million.

4. Financial Indicators[7]

Table 12: Financial Indicators

		2013	2014	2015	2016	1Q17
LIQUIDITY						
Liquidity Ratio	times	0.81	0.62	0.59	0.59	0.66
Acid Ratio	times	0.58	0.42	0.27	0.25	0.29
LEVERAGE						
Total Liabilities / Total Assets	times	0.77	0.80	0.81	0.81	0.74
Total Liabilities / Equity	times	3.39	3.97	4.32	4.16	2.79
Net Financial Liabilities / Equity	times	1.93	2.24	2.46	2.32	1.64
Currents Liabilities / Total Liabilities	%	42.13	45.86	40.35	43.26	43.70
INDEBTEDNESS						
Inventories Roll Over	days	39.51	33.23	38.69	40.04	43.34
Accounts Receivable Roll Over	days	10.93	7.85	11.63	10.07	9.16
Accounts Payable Roll Over	days	96.43	81.98	78.43	75.32	75.84
EFFICIENCY (12 months)						
Interest Coverage (Annual Base)	times	(0.24)	1.08	1.63	1.91	1.97
Gross Margin (Annual Base)	%	24.41	25.63	25.55	26.49	26.75
EBITDA (Annual Base)	CLP MM	(18,233)	70,920	113,947	137,318	140,368
EBITDA Margin (Annual Base)	%	(0.95)	3.59	4.89	5.57	5.65

[7] The financial indicators presented are not all comparable, due to changes in the Company's accounting policies over time. In September 2013, Construmart was presented as discontinued operations available for sale; and beginning in December 2015, Construmart was once again consolidated on a line-by-line basis in the financial statements of SMU. Given the above, it is only possible to compare years that have the same accounting policy, so 2017 is only comparable with 2016 and 2015, and 2014 is only comparable with 2013.

Definitions:

Liquidity Ratio: Current Assets divided by Current Liabilities.
Acid Ratio: Current Assets less Inventories divided by Current Liabilities.
Total Liabilities / Total Assets: Total Liabilities divided by Total Assets.
Total Liabilities / Equity: Total Liabilities divided by Equity.
Net Financial Liabilities / Equity: Other current financial liabilities plus "Other non-current financial liabilities" less Cash and cash equivalent divided by Equity.
Current liabilities / Total Liabilities: Total Current Liabilities divided by Total Liabilities.
Inventories Roll Over: Average Inventories in the period divided by Daily Costs of Sales in the period.
Accounts Receivable Roll Over: Trade accounts receivable and the average of other current accounts receivable in the period divided by Revenues from daily ordinary activities in the period multiplied by 1 point 19 (1.19).
Accounts Payable Roll Over: Trade accounts payable and the average of other accounts payable in the period divided by the daily cost of sales in the period multiplied by 1 point 19 (1.19).
Interest Coverage: EBITDA for the last twelve months divided by Financial Expenses for the last twelve months.
Gross Margin: Gross Profit for the last twelve months divided by Revenue for the last twelve months.
EBITDA: Revenue for the last twelve months less Cost of Sales for the last twelve months less Distribution Costs for the last twelve months less Administrative Expenses excluding Accumulated Depreciation and Amortization for the last twelve months.
EBITDA Margin: EBITDA for the last twelve months divided by Revenue for the last twelve months.

5. Risk Management

The main risks faced by SMU, as well as certain measures taken by the Company to mitigate such risks, are described in note 4 to SMU's consolidated financial statements as of March 31, 2017.

6. Main Events During the Period

1. On January 24, 2017, the Company filed an Essential Fact, informing of the placement, through a special auction on the Santiago Stock Exchange, of a total of 1,150,000,000 ordinary shares at a price of CLP 113 per share. The placement agents were BTG Pactual Chile S.A. Corredora de Bolsa and Larraín Vial Corredora de Bolsa.

   The total amount of the share placement was CLP 129,950 million, of which approximately CLP 18,193 million (160,999,990 shares) was allocated to foreign investors (Reg-S/Rule 144 A).

   The use of proceeds from the share placement was primarily to pay the Company's financial debt. Beginning on January 26, 2017, the Company paid related-party debt in the amount of CLP 81,670 million and debt with financial entities in the amount of CLP 12,780 million, considering the cost and maturity dates of such debt.

   The completion of this capital increase nullifies the increase in the interest rates of the series B and D bonds agreed at the bondholders' meetings held on November 7, 2016 (see note 18b to the consolidated financial statements as of December 31, 2016).

2. On March 13, 2017, the Company hedged 100% of its exposure to fluctuations in the exchange rate between the U.S. dollar and the Chilean peso related to its international bond (US$300 million; interest rate 7.75%) through cross-currency swap contracts at an average rate of CLP + 9.78%.

7. Subsequent Events

1. On April 24, 2107, the Company filed an Essential Fact, informing of the placement of dematerialized bearer bonds in the local Chilean market under Series G (ticker BCSMU-G) and Series K (ticker BCSMU-K), both charged to the bond line that is registered with the Securities Registry of the Superintendency of Securities and Insurance under number 667 ("Series G Bonds" and "Series K Bonds", respectively). Both series were placed at an interest rate of 5.3%, with an annual coupon rate of 4.5%, and a maturity date of March 25, 2021.

   The bond placements were for 1,500,000 *Unidades de Fomento* ("UF") each, for a total between the Series G Bonds and the Series K Bonds of UF 3,000,000. The net proceeds of approximately CLP 77,000 million were used to refinance the Company's existing debt, including (i) the payment of the Series C Bonds, which matured on May 2, 2017, in the amount of CLP 54,500 million; (ii) the payment of related-party debt, in the amount of CLP 14,500 million; and (iii) the payment of non-related party debt, in the amount of CLP 8,000 million.