



**SMU**



# EARNINGS PRESENTATION: FIRST 9 MONTHS AND 3<sup>RD</sup> QUARTER 2017

NOVEMBER 2017

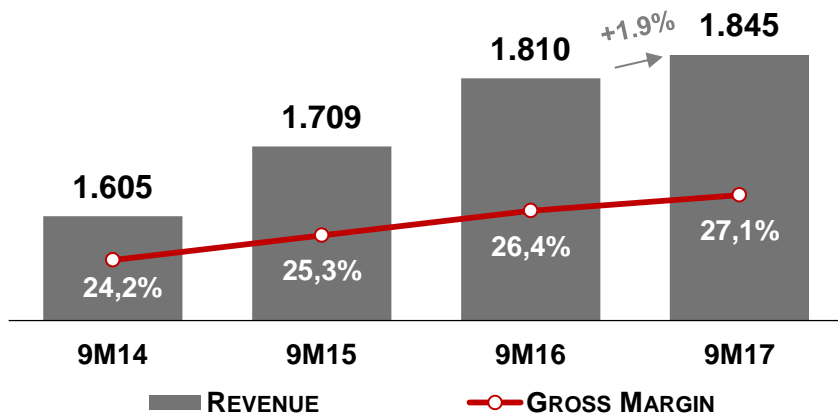
# CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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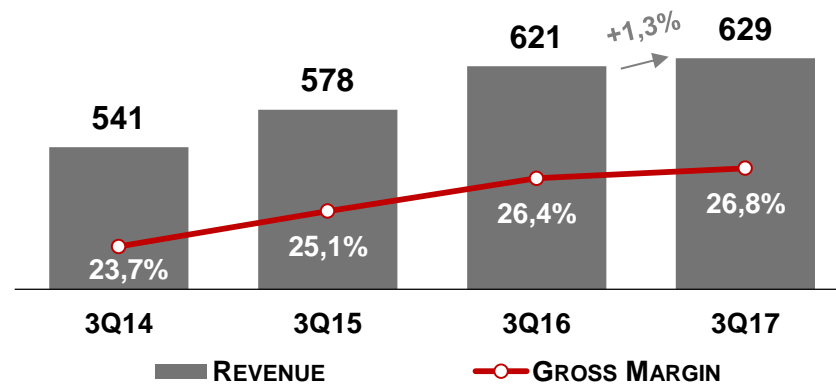
THIS PRESENTATION MAY CONTAIN FORWARD-LOOKING STATEMENTS. WE HAVE BASED ANY SUCH FORWARD-LOOKING STATEMENTS LARGELY ON OUR CURRENT BELIEFS, EXPECTATIONS AND PROJECTIONS ABOUT FUTURE EVENTS AND FINANCIAL TRENDS AFFECTING OUR BUSINESS. ALTHOUGH MANAGEMENT CONSIDERS THESE PROJECTIONS TO BE REASONABLE BASED 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 AND GROSS PROFIT

## REVENUE – FIRST NINE MONTHS (CLP BN)<sup>(1)</sup>



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



### CONSOLIDATED REVENUE

- REVENUE GROWTH +1.9% IN 9M17 AND +1.3% IN 3Q17
- 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

- GROSS MARGIN GROWTH +70 BPS IN 9M17 AND +40 BPS IN 3Q17
- REFLECTS LOGISTICS FEE ASSOCIATED WITH HIGHER LEVELS OF CENTRALIZED DISTRIBUTION AND INTERNAL RE-STOCKING FEE

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.

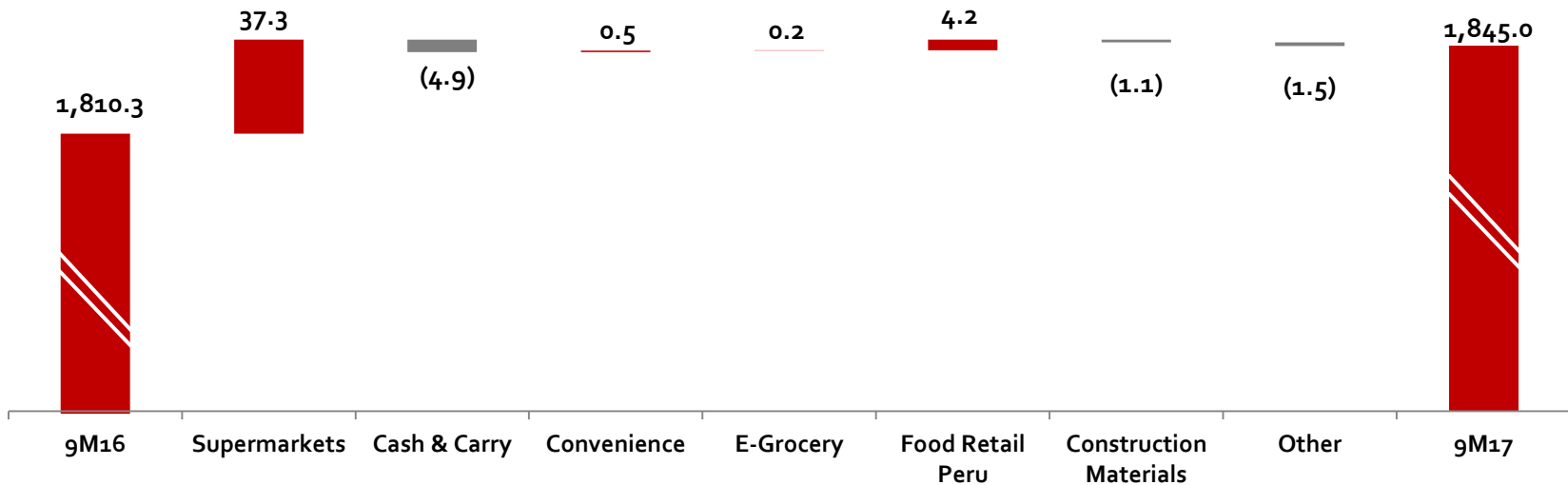
(2) THE FOOD RETAIL SEGMENT, ALSO REFERRED TO AS THE SUPERMARKETS SEGMENT, INCLUDES REVENUE AND EXPENSES OF THE HEADQUARTERS AND SUPPORT AREAS, AS WELL AS CONSOLIDATION ADJUSTMENTS. THIS SEGMENT IS CALCULATED AS THE SUM OF SUPERMARKETS PLUS SUPPORT SERVICES, FINANCING, ADJUSTMENTS AND OTHERS, AS PRESENTED IN NOTE 36 OF THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017.

# REVENUE BY FORMAT

## 9M17 vs 9M16 REVENUE BY FORMAT (CLP BN)

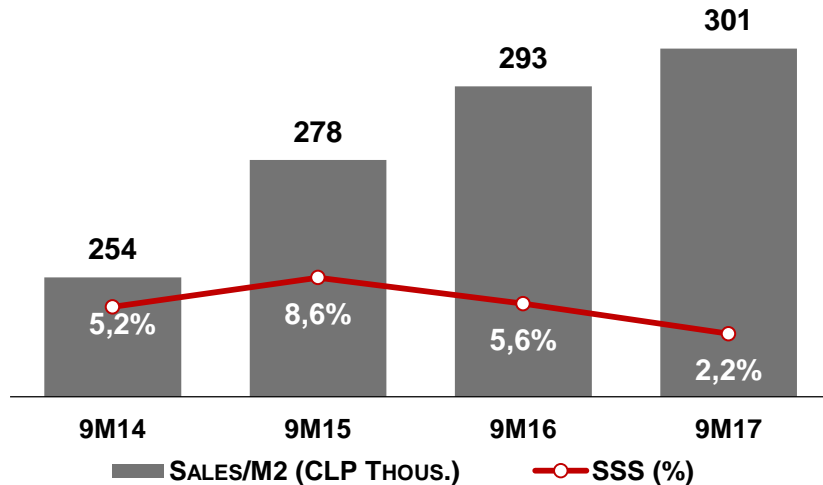
### HIGHLIGHTS

- STRONG PERFORMANCE IN UNIMARC SUPERMARKETS: +3.3%
- LOWER CASH & CARRY REVENUES DUE TO CHANGE IN MAYORISTA 10 VALUE PROPOSITION, BUT WITH POSITIVE GROWTH IN 3Q17
- STRONG PERFORMANCE IN PERU: +15.8%
- LOWER CONSTRUCTION MATERIALS REVENUES IN LINE WITH WEAKER INDUSTRY PERFORMANCE: -0.6%, BUT POSITIVE GROWTH IN 3Q17

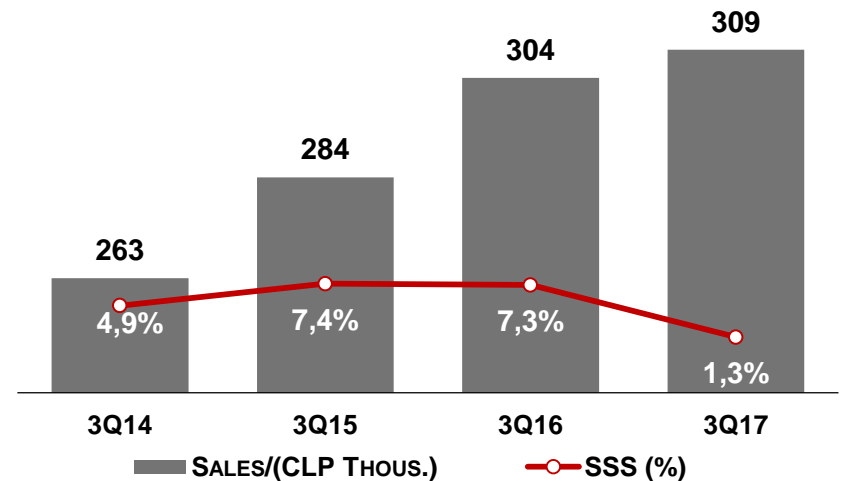


# FOOD RETAIL SEGMENT: SAME-STORE SALES AND SALES/M<sup>2</sup>

## SSS AND SALES/SQUARE METER – FIRST NINE MONTHS<sup>(1)(2)</sup>



## SSS AND SALES/SQUARE METER – THIRD QUARTER



- SAME-STORE SALES TRENDS IN LINE WITH REVENUE PERFORMANCE :
  - 9M17 SUPERMARKETS +3.1%, CASH & CARRY-1.1%, CONVENIENCE +4.5%, PERU +14.8%
  - 3Q17 SUPERMARKETS +1.5%, CASH & CARRY +0.3%, CONVENIENCE +2.5%, PERU +11.1%
- CONTINUING UPWARD TREND IN SALES PER SQUARE METER

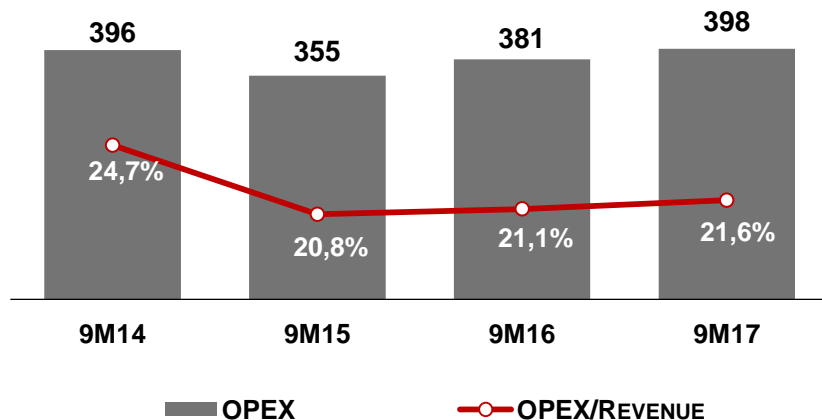
SOURCE: COMPANY INFORMATION

(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.

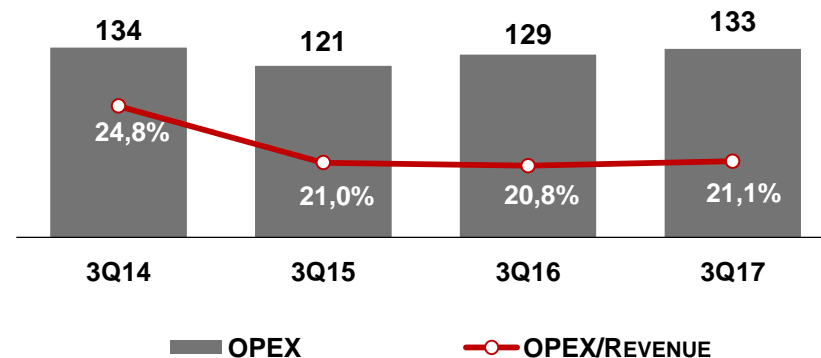
(2) SALES PER SQUARE METER IS CALCULATED AS SALES FOR THE PERIOD DIVIDED BY THE SQUARE METERS OF SELLING SPACE AT THE END OF EACH MONTH DURING THE PERIOD, FOR THE FOOD RETAIL SEGMENT..

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

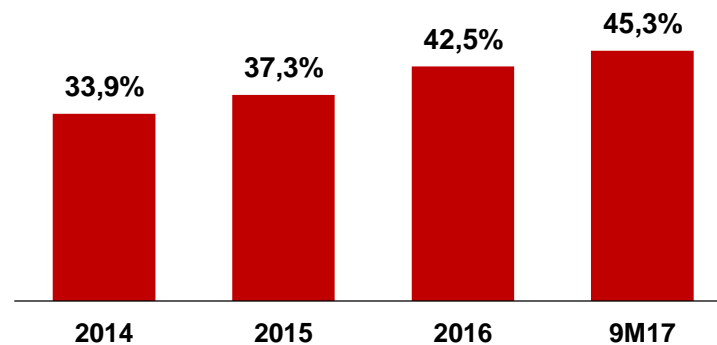
## OPERATING EXPENSES – FIRST NINE MONTHS (CLP BN)<sup>(2)</sup>



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



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



### 9M17 ADMINISTRATIVE EXPENSES: +4.0%

- PERSONNEL EXPENSES +4.9%
- LEASE EXPENSES +4.8%

### 9M17 DISTRIBUTION EXPENSES: +9.3%

- INCREASE IN CENTRALIZED DISTRIBUTION

SOURCE: COMPANY INFORMATION

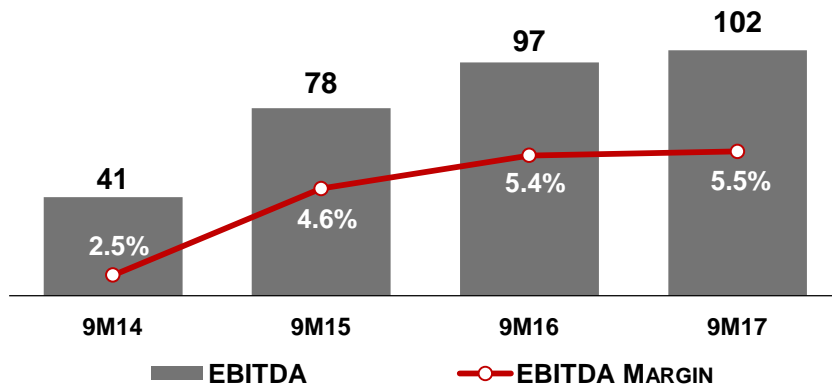
(1) SUM OF DISTRIBUTION AND ADMINISTRATIVE EXPENSES, EXCLUDING DEPRECIATION AND AMORTIZATION.

(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.

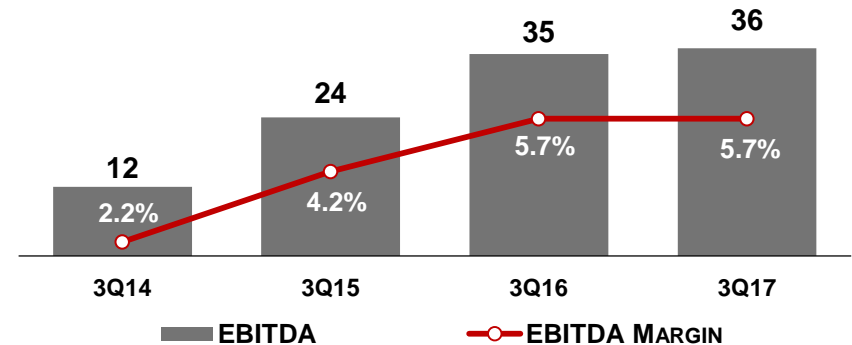
(3) PERCENTAGE OF REVENUES FROM PRODUCTS DISTRIBUTED BY THE COMPANY (AT ANY STAGE) OVER TOTAL REVENUES FROM FOOD RETAIL OPERATIONS IN CHILE.

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

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



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



### 9M17 CONSOLIDATED EBITDA: CLP 102.2 BN

- +5.4% (+CLP 5.2 BN) vs. 9M16
- EBITDA MARGIN: 5.5% (+10 BPS vs. 9M16)

### 3Q17 CONSOLIDATED EBITDA: CLP 35.7 BN

- +1.6% (+CLP 0.6 BN) vs. 3Q16
- EBITDA MARGIN: 5.7% (STABLE vs. 3Q16)

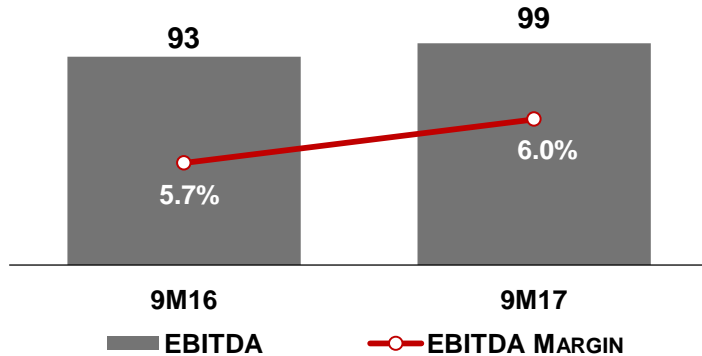
SOURCE: COMPANY INFORMATION

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

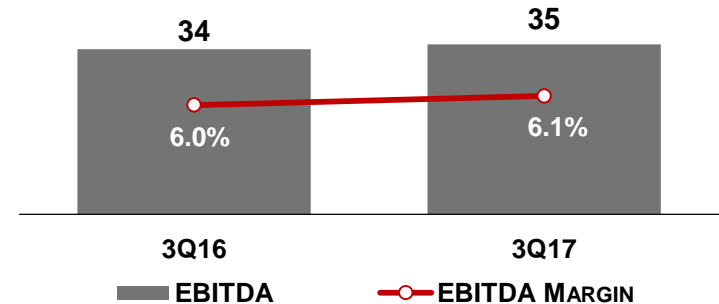
(2) HISTORIC FIGURES FOR 2014 ARE NOT COMPARABLE WITH THE OTHER PERIODS BECAUSE THE SUBSIDIARY CONSTRUMART WAS NOT PRESENTED ON A LINE-BY-LINE BASIS. THE FIGURES FOR 2014 PRESENTED HEREIN HAVE BEEN RE-EXPRESSED TO MAKE THEM COMPARABLE WITH THE OTHER PERIODS.

# EBITDA BY SEGMENT

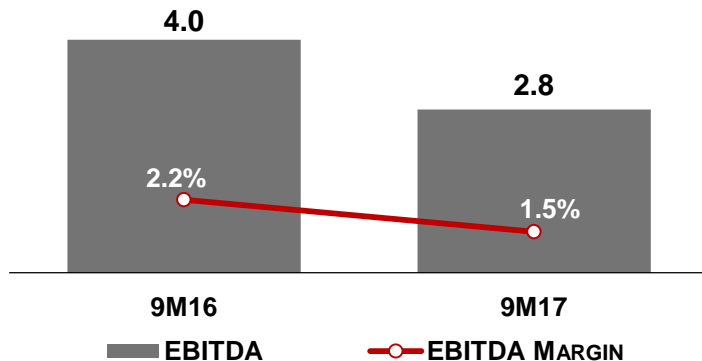
## FOOD RETAIL – FIRST NINE MONTHS (CLP BN)



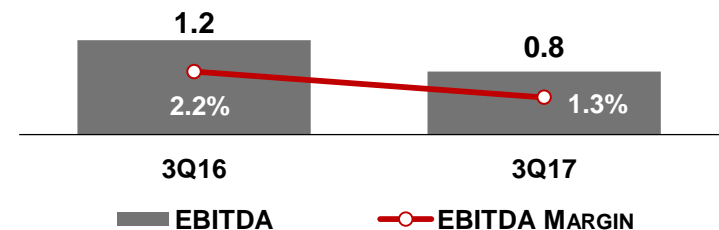
## FOOD RETAIL – THIRD QUARTER (CLP BN)



## CONSTRUCTION MATERIALS – FIRST NINE MONTHS (CLP BN)



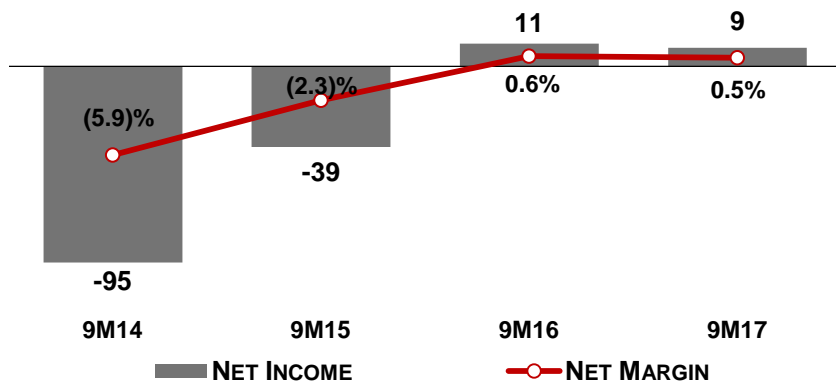
## CONSTRUCTION MATERIALS – THIRD QUARTER (CLP BN)



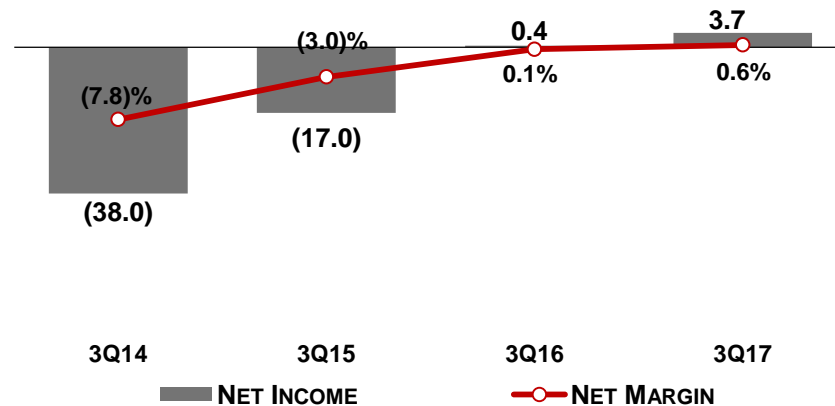


# CONSOLIDATED NET INCOME

## NET INCOME – FIRST NINE MONTHS (CLP BN)



## NET INCOME – THIRD QUARTER (CLP BN)



### CONSOLIDATED NET INCOME:

- 9M17: CLP 9.3 BN (-1.5 BN vs. 9M16)
- 3Q17: CLP 3.7 BN (+3.2 BN vs. 3Q16)

### LOWER NET INCOME IN 9M17 DESPITE HIGHER OPERATING INCOME DUE TO :

- LOWER GAIN ON FOREIGN CURRENCY TRANSLATION DIFFERENCES (-CLP 19.7 BN vs 9M16)
- LOWER INCOME TAX BENEFIT (-CLP 5.4 BN vs 9M16)

# RECENT HIGHLIGHTS

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## PLAN CIMA UPDATE

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- **CUSTOMER EXPERIENCE:**
  - STORE UPGRADES: 3 RE-INAUGURATIONS IN OCTOBER-NOVEMBER
- **OPERATING EFFICIENCY:**
  - CENTRALIZED DISTRIBUTION REACHED 45.3% FOR 9M17
  - STANDARDIZATION OF PROCESSES: TRAINING PROGRAM FOR FIRST GROUP OF 60 STORES TO BE COMPLETED BY YEAR-END 2017

## LOCAL BOND PLACEMENT IN SEPTEMBER

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- **UF 1 MILLION** (APPROX. USD 42 MILLION)
- MATURITY IN **2 YEARS**
- INTEREST RATE: **UF + 3.0%**
- USE OF PROCEEDS: REFINANCE EXISTING DEBT

## AGREEMENT FOR SALE OF CONSTRUMART

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- **BINDING AGREEMENT SIGNED NOV. 9, 2017**
- **PRICE OF ASSETS: CLP 54 BILLION**
  - LESS NET FINANCIAL DEBT AND OTHER HABITUAL ADJUSTMENTS
- TRANSACTION SUBJECT TO CONDITIONS INCLUDING COMPLETION OF DUE DILIGENCE, CURRENTLY IN PROGRESS
- SALE WOULD ALLOW **SMU** TO FOCUS EXCLUSIVELY ON CORE BUSINESS, FOOD RETAIL

## CAPITAL INCREASE IN NOVEMBER

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- **PLACEMENT OF 575 MILLION SHARES AT PRICE OF CLP 165/SHARE**
- **APPROX. USD 150 MILLION**
- PROCEEDS WILL ALLOW **SMU** TO FURTHER STRENGTHEN ITS FINANCIAL POSITION, CONTINUING DELEVERAGING PROCESS

# CREDIT RATING UPGRADES

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## CREDIT RATING UPGRADES DURING 2H17

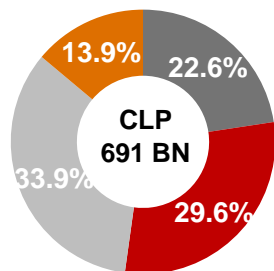
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- **FELLER RATE:** CHANGE IN OUTLOOK FROM BB- (STABLE OUTLOOK) TO **BB- (POSITIVE OUTLOOK)** IN AUGUST FOLLOWING ANNUAL REVIEW
- **HUMPHREYS:** UPGRADE FROM BB- (FAVORABLE OUTLOOK) TO **BB (STABLE OUTLOOK)** IN NOVEMBER FOLLOWING ANNUAL REVIEW
- **STANDARD & POOR'S:** UPGRADE FROM B- (POSITIVE OUTLOOK) TO **B (STABLE OUTLOOK)** ON NOVEMBER 17
- **FELLER RATE:** UPGRADE FROM BB- (POSITIVE OUTLOOK) TO **BB+ (STABLE OUTLOOK)** ON NOVEMBER 20
- **ICR:** CHANGE IN OUTLOOK FROM BB+ (STABLE OUTLOOK) TO **BB+ (POSITIVE OUTLOOK)** ON NOVEMBER 21
- **HUMPHREYS:** UPGRADE FROM BB (STABLE OUTLOOK) TO **BBB- (STABLE OUTLOOK)** ON NOVEMBER 23

# FINANCIAL DEBT

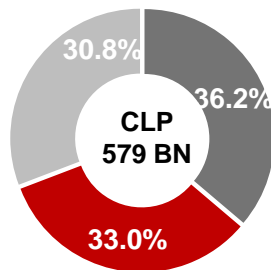
## FINANCIAL DEBT (EXCL. FINANCIAL LEASES<sup>(1)</sup>)

AS OF DEC. 31, 2016

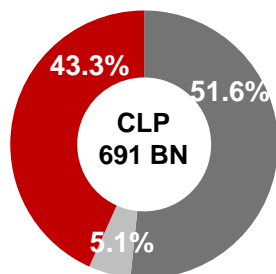


■ LOCAL BONDS ■ INTERNATIONAL BOND ■ BANK DEBT ■ RELATED-PARTY DEBT

AS OF SEPT. 30, 2017

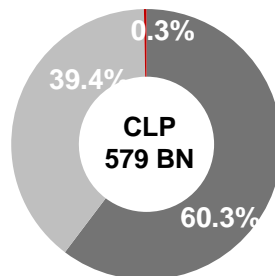


AS OF DEC. 31, 2016



■ UF ■ CLP ■ USD

AS OF SEPT. 30, 2017



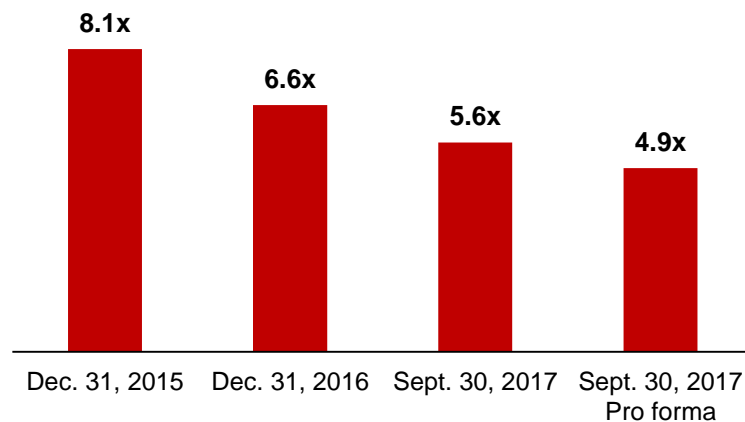
### PROCEEDS FROM IPO AND LOCAL BONDS PRIMARILY USED TO PREPAY/REPAY DEBT:

- RELATED-PARTY DEBT: APPROX. CLP 95 BN
- DEBT WITH FINANCIAL ENTITIES: APPROX. CLP 80 BN
- SERIES C LOCAL BOND: APPROX. CLP 55 BN

### SIGNIFICANT REDUCTION IN FX EXPOSURE :

- 100% OF INTERNATIONAL BOND IS HEDGED WITH A CROSS-CURRENCY SWAP
- REMAINING USD-DENOMINATED DEBT HAS BEEN PAID DOWN

## NET DEBT (INCL. FINAN. LEASES<sup>(1)</sup>)/EBITDA<sup>(2)</sup>



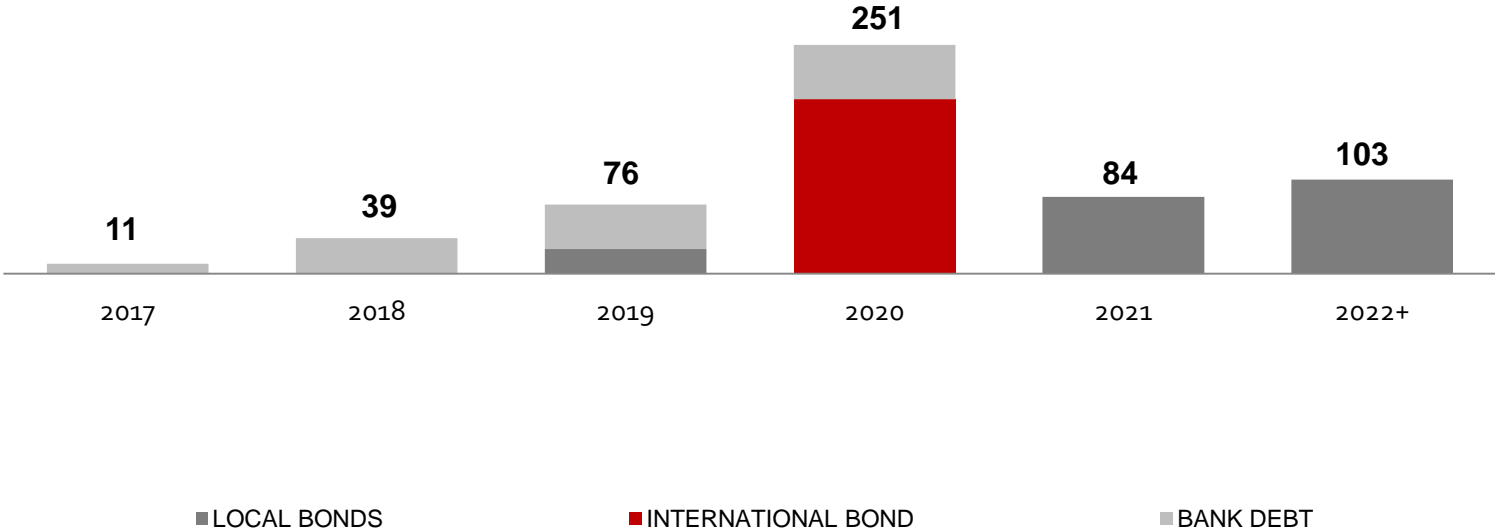
SOURCE: COMPANY INFORMATION.

(1) AS OF SEPT. 30, 2017, SMU'S FINANCIAL LIABILITIES INCLUDED FINANCIAL LEASES OF CLP 262 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". AS OF DEC. 31, 2016, FINANCIAL DEBT INCLUDES FINANCIAL DEBT WITH RELATED PARTIES. AS OF SEPT. 30, 2017, SMU HAD NO FINANCIAL DEBT WITH RELATED PARTIES.

(2) SEPT. 30, 2017 PRO FORMA HAS BEEN ADJUSTED TO REFLECT THE EFFECTS OF THE CAPITAL INCREASE COMPLETED ON NOV. 16, 2017, WHERE CASH IS INCREASED BY THE TOTAL GROSS PROCEEDS OF CLP 94,875 MILLION.

# DEBT MATURITY PROFILE

## DEBT MATURITY PROFILE AS OF SEPTEMBER 30, 2017 <sup>(1)</sup> (CLP BN)



SOURCE: COMPANY INFORMATION

(1) EXCLUDES FINANCIAL LEASES. AS OF SEPTEMBER 30, 2017, SMU'S FINANCIAL LIABILITIES INCLUDED FINANCIAL LEASES OF CLP 262 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.



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NOVEMBER 2017