



2020-2022
Strategic Plan
and
3Q19 Earnings
SMU S.A.



CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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.



AGENDA

1. SMU Today
2. 2020-2022 Strategic Plan
3. 3Q19 Earnings



SMU Today



Leader in food retail in Chile

#1 by number of stores **(510)** ⁽¹⁾
#3 by market share **(20.4%)** ⁽²⁾
Annual revenue **USD 3.2 Bn** ⁽³⁾



Multiple Formats



10.4 Million Customers ⁽⁴⁾



Focus on Food

98% of revenue ⁽⁵⁾



National Coverage

Stores in all 16 regions of Chile

Operations in Peru
(24 tiendas)

(1) Considering SMU's stores in Chile as of September 30, 2019 and publicly available information about number of competitors' reported stores.

(2) Revenue for SMU's Food Retail in Chile segment divided by total Chilean supermarket sector revenue, according to Chile's National Institute of Statistics ("INE"), for the year 2018.

(3) Twelve months ended September 30, 2019. Includes Peruvian operations (MaxiAhorro and Mayorsa). Illustrative FX CLP 728.21/USD as of September 30, 2019.

(4) As of September 30, 2019.

(5) Considering revenue from Chilean food retail stores for the year 2018.

2017-2019
Strategy
Plan CIMA



Customer Experience



Operating Efficiency



Organizational Excellence



Sustainability



Technological Development



Financial Strengthening

Unimarc Upgrades



Unimarc Store Upgrades



Before



Unimarc Upgrades



After





Before



Unimarc Upgrades



After



Unimarc Upgrades



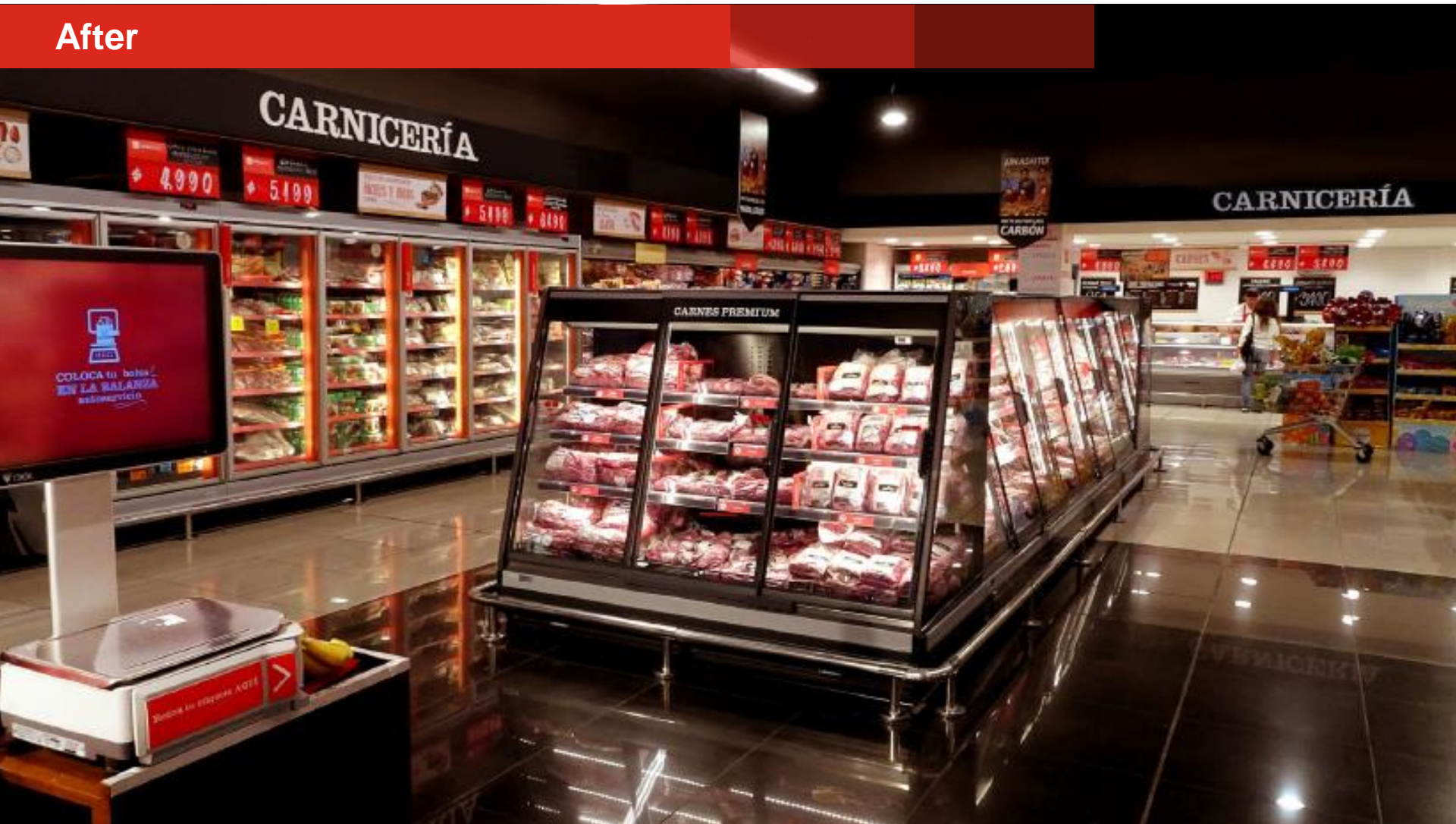
Before



Unimarc Upgrades



After



Alvi Upgrades



Alvi Store Upgrades



Before





After





Before





After





Before





After



New Openings 2017 - 2019

CIMA
SMU. A LO MÁS ALTO



UNIMARC

4 STORES
3,500 M²

OK MARKET

12 STORES
900 M²

Customer
Insight

Loyalty
Programs



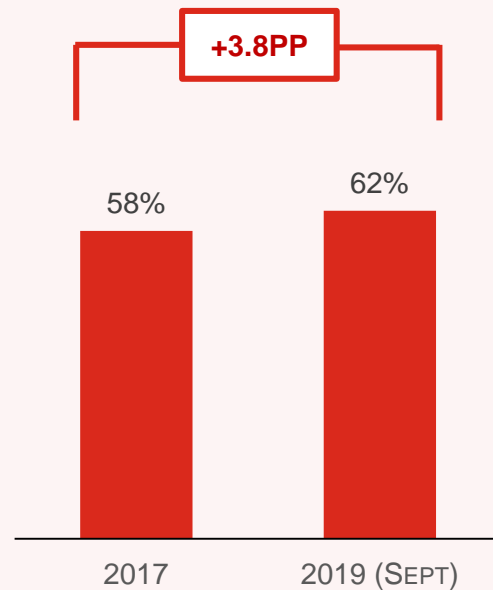
¡Tu mejor socio!





NPS
(Net Promoter
Score):
Measuring
customer
experience

NPS SMU



Customer
Insight

Personalized
Discounts

CIMA
SMU. A LO MÁS ALTO



club
ahorro
UNIMARC
-PRESENTA-

EL GRAN
CUPON
AZO



¡CON OFERTAS PERSONALIZADAS
PARA CADA CHILENO!



Entra
a ClubAhorro.cl



Obtén
tus cupones



Canjea
en cualquier Unimarc

Customer
Insight

New App for
Club Ahorro

CIMA
SMU. A LO MÁS ALTO



BAJA LA APP
BAJA MÁS
TUS PRECIOS



Descuentos en lo que
TÚ siempre compras



GRATIS
en Unimarc

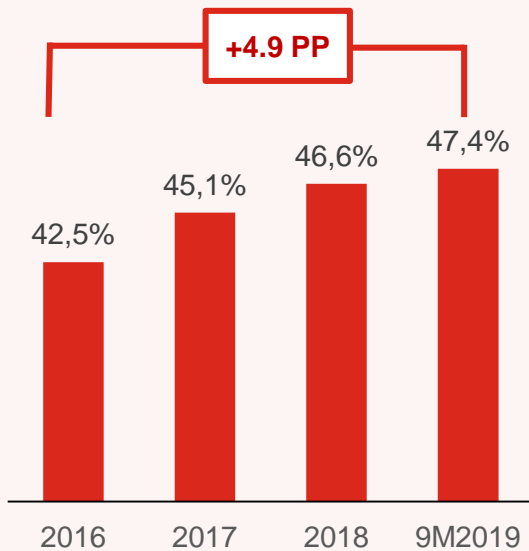
DESCARGA GRATIS LA APLICACIÓN

ESCANEA



Optimization and Expansion of Logistics Network

Centralization (1)



Network in 2016

Network in 2019



(1) Percentage of revenue from products distributed by the Company (at any stage) over total revenues from food retail operations in Chile

Automatization and Standardization of Processes



Self Check-out

Implemented at 12 Unimarc stores



Automatization and Standardization of Processes



Self-Service Scales

Implemented at over 200 Unimarc and Mayorista 10 locations



Automatization and Standardization of Processes



Product Availability:

- Restocking model
- Planograms
- Stock-out alarm



seamos **cercanos**,
trabajemos con **excelencia**,
actuemos con **respeto** y
honestidad, **colaboremos**
hacia adentro y compitamos
hacia afuera, movámonos
con **agilidad**



Sustainability Policy

Sustainability Policy for SMU S.A. and Subsidiaries defined in 2019

This document defines and formalizes the Company's vision regarding sustainability and its connection to the business

SMUSMU

POLÍTICA DE SOSTENIBILIDAD CORPORATIVA SMU S.A. Y FILIALES

I. ANTECEDENTES

En SMU S.A. y filiales gestionamos la sostenibilidad sobre la base de un modelo amplio que cruza las distintas áreas y que además busca crear valor compartido en las comunidades en las que participamos, relevando el rol social, que a nuestro entender cumple el supermercado en cada rincón donde estamos presentes.

La Política de Sostenibilidad de SMU S.A. y Filiales, se inspira en los 10 principios rectores del Pacto Global de Naciones Unidas, y busca contribuir a través de su aplicación, al cumplimiento de los Objetivos de Desarrollo Sostenible, con miras a contar con un mundo más próspero el año 2030.



II. PRINCIPIOS RECTORES DEL PACTO GLOBAL DE NACIONES UNIDAS

- **Derechos humanos:**
 1. Apoyar y respetar la protección de los derechos humanos fundamentales reconocidos universalmente, dentro de su ámbito de influencia.
 2. Asegurarse de que sus empresas no son cómplices de la vulneración de los derechos humanos.
- **Estándares laborales:**
 3. Apoyar la libertad de asociación y el reconocimiento efectivo del derecho a la negociación colectiva.
 4. Apoyar la eliminación de toda forma de trabajo forzoso o realizado bajo coacción.
 5. Apoyar la erradicación del trabajo infantil.
 6. Apoyar la abolición de las prácticas de discriminación en el empleo y ocupación.
- **Medio ambiente**
 7. Mantener un enfoque preventivo que favorezca el medio ambiente.
 8. Fomentar las iniciativas que promuevan una mayor responsabilidad ambiental.
 9. Favorecer el desarrollo y la difusión de las tecnologías respetuosas con el medio ambiente.
- **Anticorrupción**
 10. Trabajar en contra de la corrupción en todas sus formas, incluidas la extorsión y el soborno.

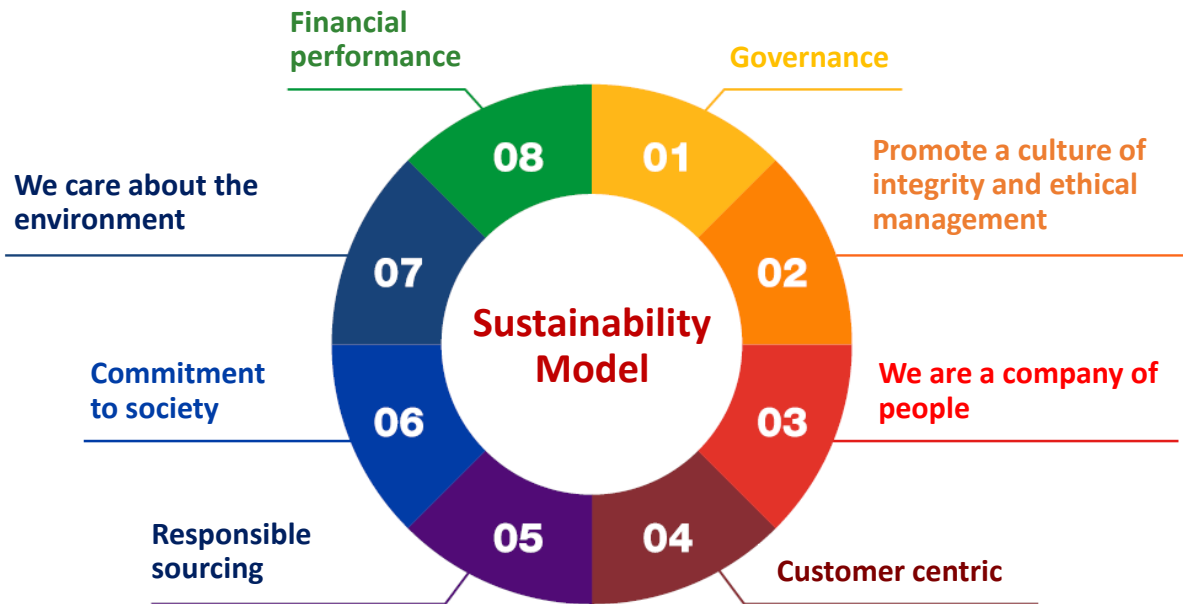
III. EJES DE GESTIÓN DE LA SOSTENIBILIDAD

La compañía ha definido 8 ejes de gestión de la sostenibilidad, los que se cruzan con el plan estratégico de la Compañía.

1. **Gobernanza:** en SMU S.A. y filiales contamos con el liderazgo de un sólido gobierno corporativo que guía las acciones de quienes forman parte de la Compañía.
2. **Fomentar una cultura de la integridad y la gestión ética:** en SMU S.A. y filiales nos comprometemos a generar una cultura ética y de cumplimiento dentro de la empresa, fomentando que cada una de las personas que integra la organización viva en su actividad diaria los valores de la compañía, y exigiendo el cumplimiento de la regulación y normas existentes en toda acción realizada.
3. **Somos una empresa de personas:** en SMU S.A. y filiales buscamos aportar a una sociedad más inclusiva. Por ello, promovemos un ambiente laboral diverso e inclusivo que sea reflejo de la sociedad actual, y en el que todos los colaboradores puedan desarrollarse profesional y personalmente sin discriminaciones de ningún tipo.
4. **El cliente al centro:** somos la cadena de supermercados con mayor presencia en regiones. Este atributo nos exige establecer una relación cercana con cada uno de los clientes y procurar brindarles una atención de excelencia que haga más grata su experiencia de compra respetando las particularidades de cada zona del país.
5. **Abastecimiento responsable:** buscamos ser socios estratégicos de nuestros proveedores con relaciones de largo plazo, considerando la incorporación y puesta en valor de productos locales de la mano de pequeñas y medianas empresas.
6. **Compromiso con la sociedad:** estamos conscientes del rol social que tenemos como supermercado en cada una de las 16 regiones en las que nos encontramos, y desde ahí buscamos estrechar lazos con la comunidad contribuyendo al desarrollo local a través de iniciativas de valor compartido.
7. **Nos preocupamos por el medio ambiente:** en SMU S.A. y filiales buscamos identificar y avanzar en la mitigación de los impactos que tenemos sobre el medio ambiente.
8. **Desempeño Financiero:** tenemos una visión de largo plazo en la que los resultados financieros son parte esencial, por lo que aplicamos estrategias de crecimiento y rentabilidad, así como políticas de gestión de riesgo financiero y reinversión.



Sustainability Model



Corporate Sustainability Model

Based on the Sustainability Policy, SMU defined **8 core sustainability principles**, which are aligned with the Company's strategic plan

Sustainability Reports



Accountability and Reporting

Definition of indicators that enable SMU to identify progress and gaps in sustainability management

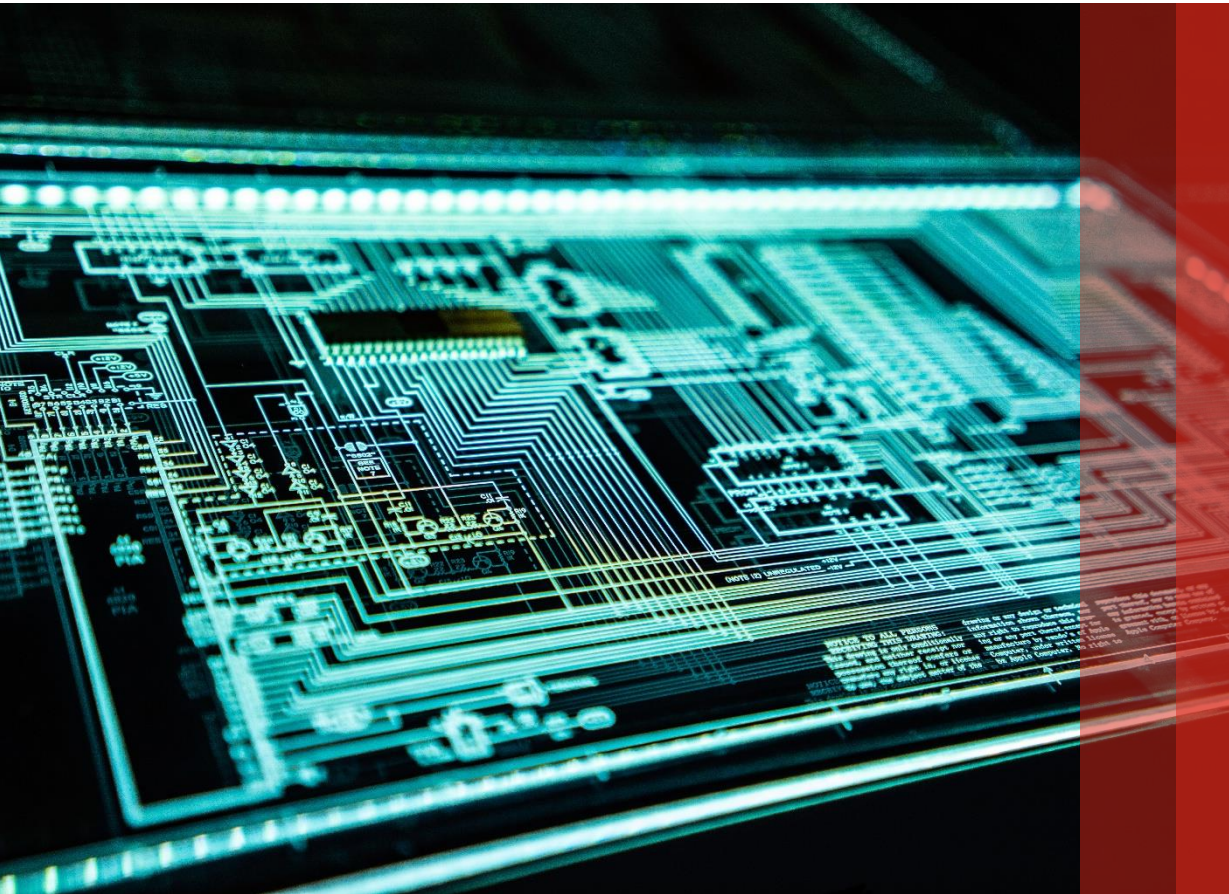
Third sustainability report prepared under **Global Reporting Initiative (GRI)** guidelines, providing greater transparency in ESG information





Supporting the Business

- Renewing technology
- Information security
- Digitalization of Processes
- Data Warehouse



Financial Strengthening

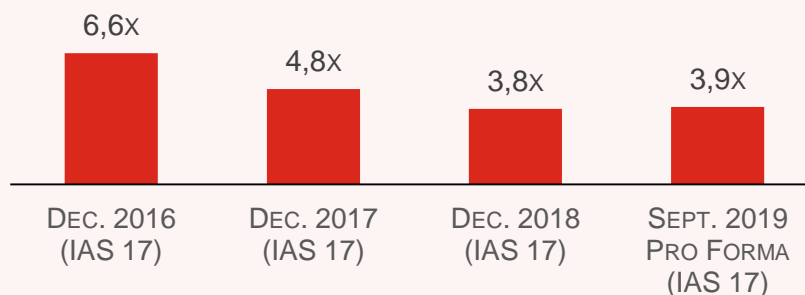


Total capital increases of US\$472 million

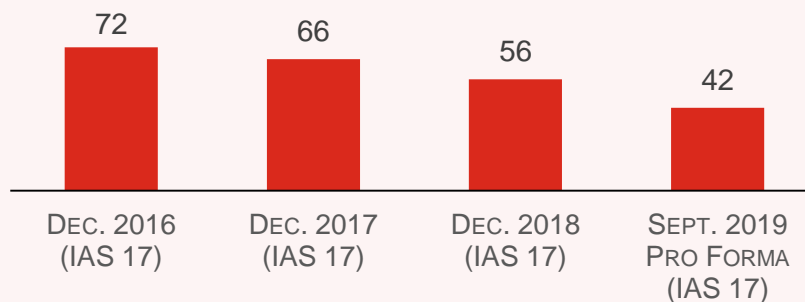
Refinancing of liabilities: CLP 293 billion

Credit rating upgrades: BB- (Feller Rate) and BB (ICR) in Dec. 2016 to current A- (Feller Rate and ICR).

Net Debt / EBITDA ^{(1) (2)}



Interest Expense (CLP Bn) ⁽²⁾



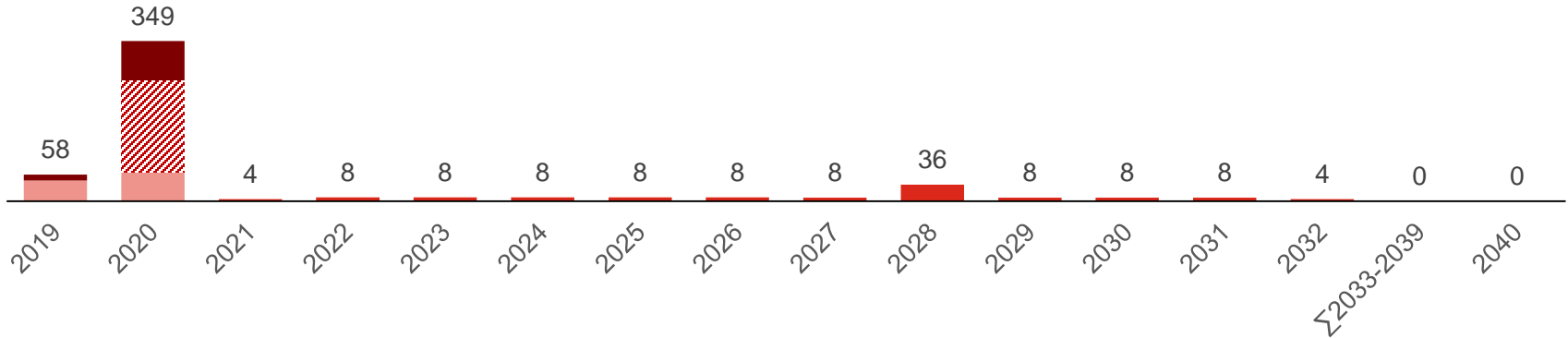
(1) EBITDA = Gross profit – administrative expenses – distribution costs + depreciation + amortization.

(2) Pro forma excludes the effects of IFRS 16 in 2019 to maintain comparability with previous periods.

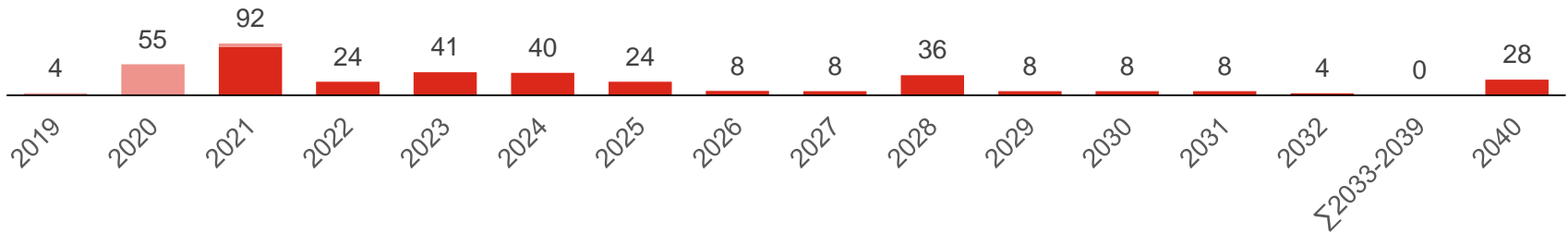
Debt Maturity Profile Optimization



Maturity Profile as of 12.31.2016 (Bank debt, bonds, and related-party debt - CLP Bn)



Maturity Profile as of 09.30.2019 (Bank debt, bonds, and related-party debt - CLP Bn)



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

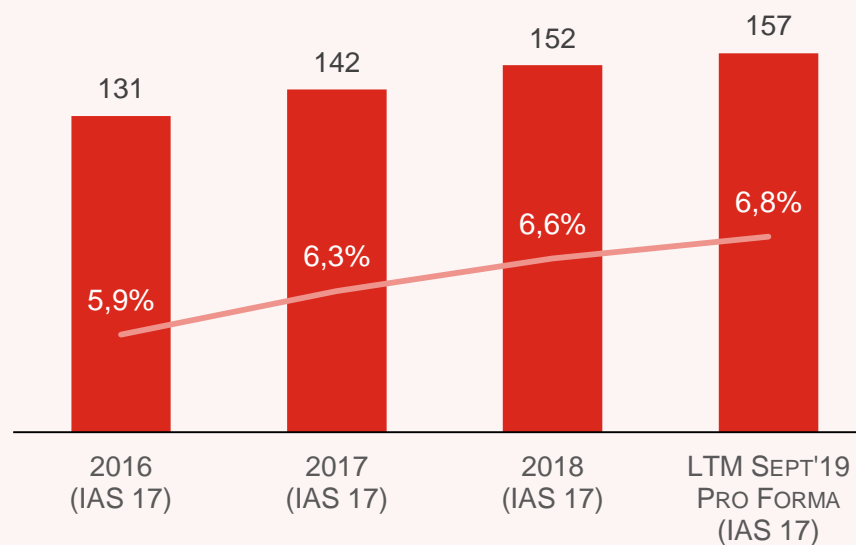
Profitable Growth



CAGR EBITDA
2017-LTM Sept 2019:
+6.2%

EBITDA Margin
2017-LTM Sept 2019:
+90 bps

EBITDA (CLP Bn) and EBITDA Margin (%) ⁽¹⁾



(1) EBITDA = Gross profit – administrative expenses – distribution costs + depreciation + amortization. Pro forma excludes the effects of IFRS 16 in 2019 to maintain comparability with previous periods

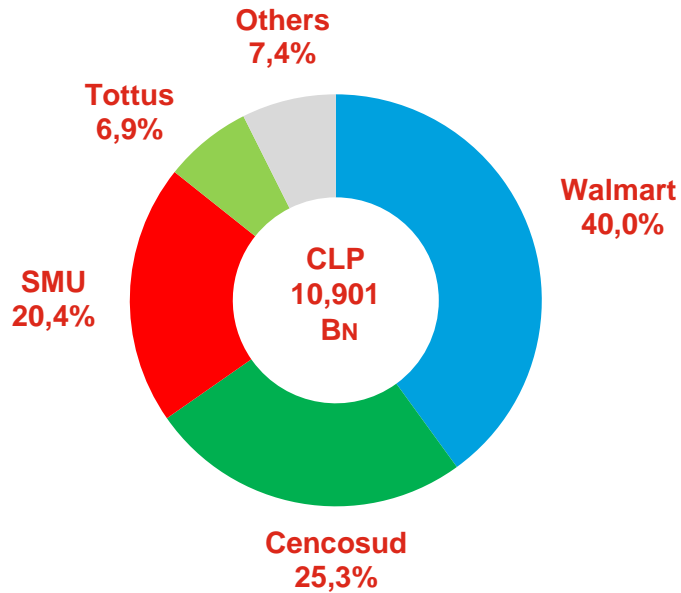
AGENDA

1. SMU Today
2. 2020-2022 Strategic Plan
3. 3Q19 Earnings

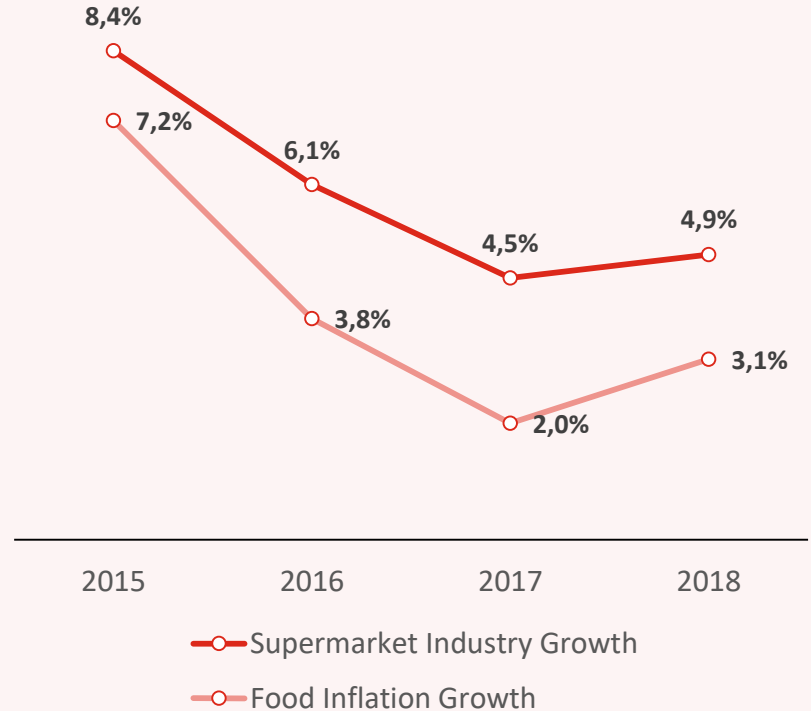


Food Retail Industry in Chile

Chilean Supermarket Industry – 2018 ⁽¹⁾



Supermarket Industry vs. Food Inflation ⁽²⁾



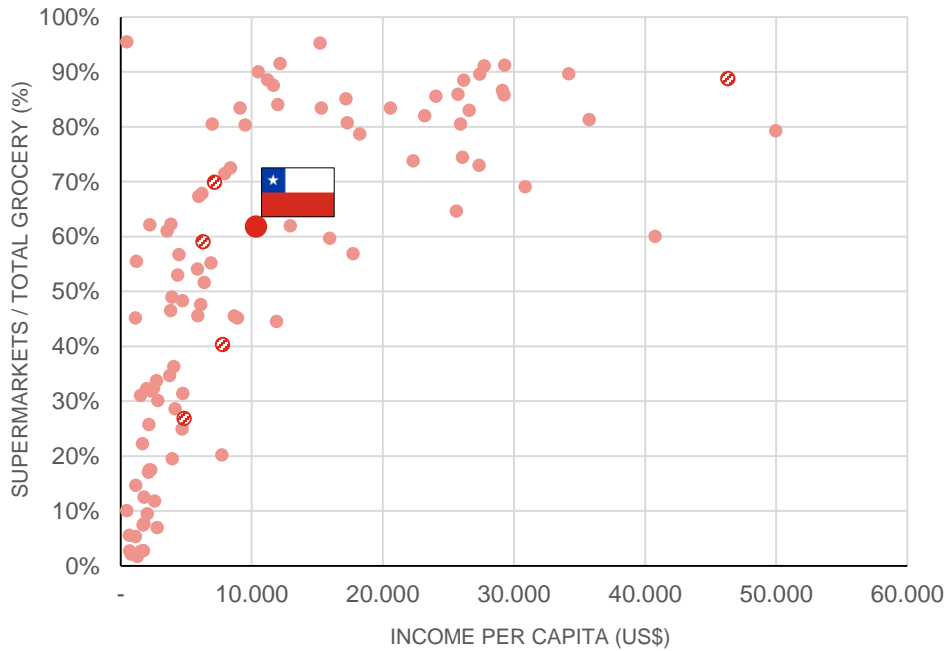
(1) Market shares are calculated as each company's revenue (using publicly available information or Euromonitor estimates) / total supermarket revenue according to Chilean National Statistics Institute ("INE").

(2) Source: INE

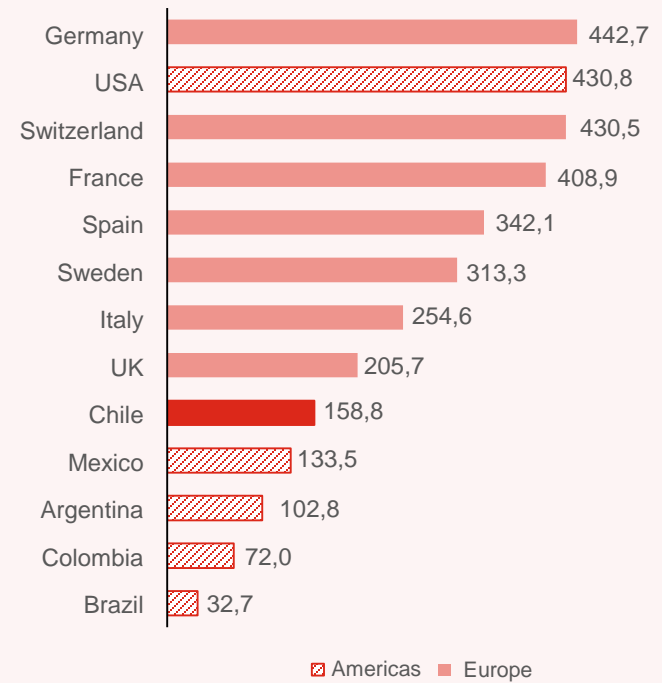
Supermarkets in Chile vs. Other Countries



Supermarket Penetration vs. Income Per Capita



Supermarket Selling Space (M²)/ 1,000 People



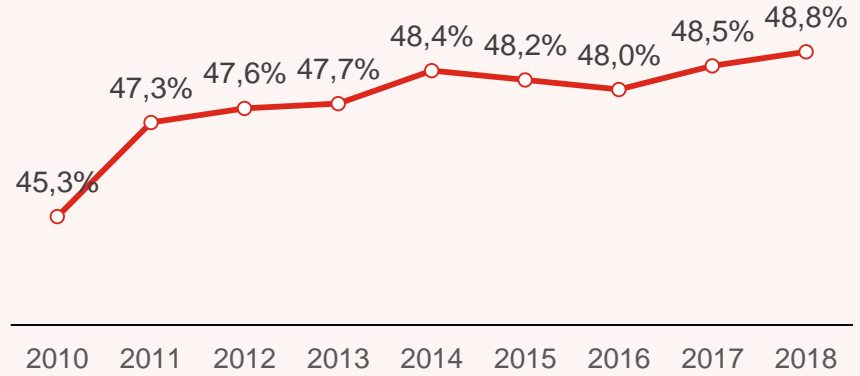
Customer Trends

The growing value of time:

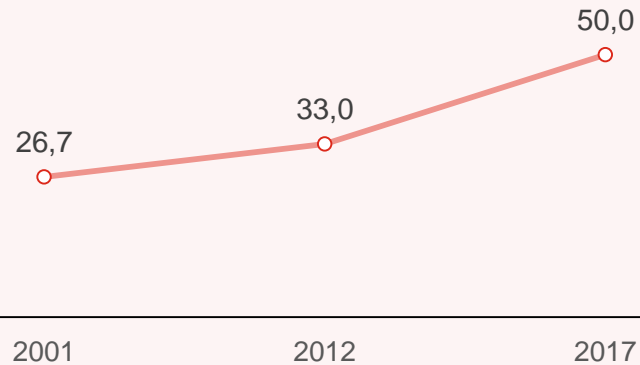
More women in the workforce

Increase in commute times

% Women in Workforce ⁽¹⁾



Commute Times – Greater Santiago Metro Area (Average Minutes) ⁽²⁾



Fuente:
(1) INE, National Employment Survey, 2010 – 2018.
(2) Ministry of Housing, Urban Development Indicators and Standards (MINVU-Consejo Nacional de Desarrollo Urbano CEP)

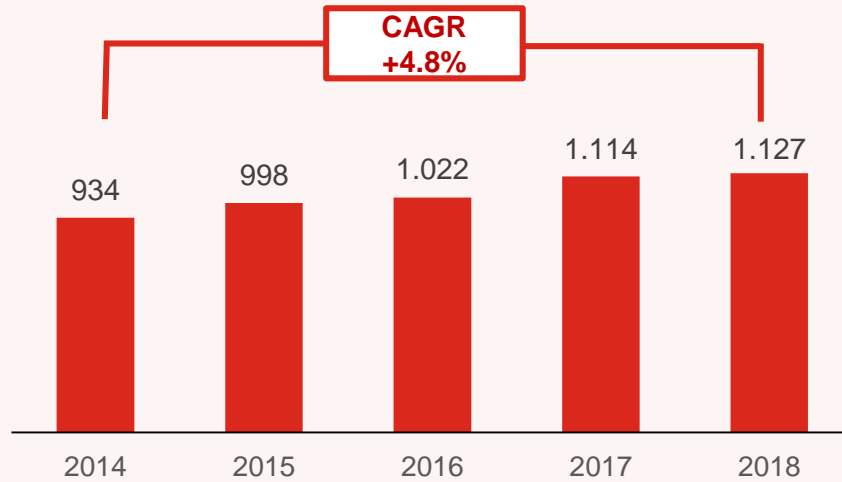
Customer Trends



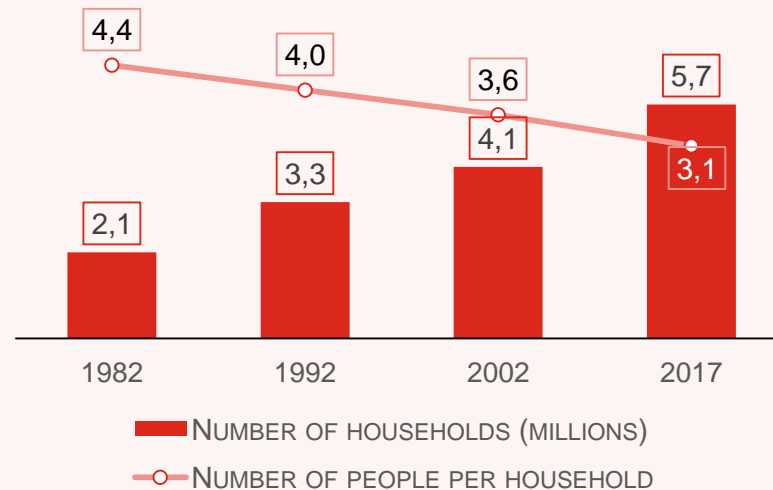
Growing incomes

Smaller families

Average Income per Household (Thous. CLP/Month) ⁽¹⁾



Number of People per Household vs. Number of Households ⁽²⁾



Source:
(1) INE 2018 – Supplementary Income Survey.
(2) INE, Census 1982-1992-2002-2017.

Customer Trends

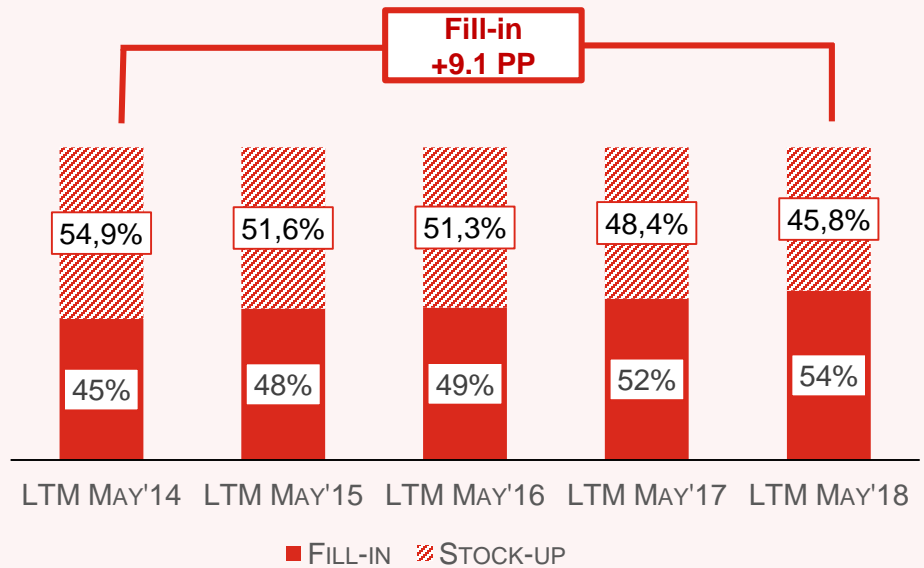


Change in shopping habits: increase in fill-in purchases

Less than 10 product categories per purchase

Greater frequency of purchases

Shopping Missions – Supermarkets in Chile ⁽¹⁾



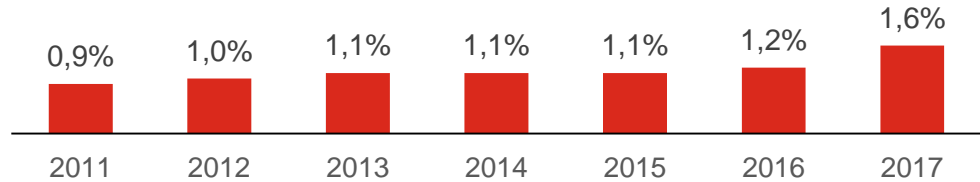
(1) Source: Kantar 2018

Trends in e-Commerce



In 2017, online sales account for 1.6% of supermarket sales

Share of e-Grocery Sales out of Total Supermarket Sales in Chile ⁽¹⁾



Last milers drive changes in shopping habits

New Players Join the Market:



(1) Source: SMU analysis using Euromonitor data. e-Grocery sales / supermarket sales

Our Vision



To be the **food retailer** that best understands our **customers** and meets their needs



Strategic Plan 2020 - 2022



**Organic
Growth**



**Customer
Experience**



**Efficiency and
Productivity**



**Organizational
Excellence**



Sustainability

FINANCIAL
CAPACITY

TECHNOLOGY AND
DIGITALIZATION

LOGISTICS
DEVELOPMENT

Strategic Plan
2020 - 2022

Key Initiatives

New Openings and Upgrades 2020 - 2022



Organic
Growth



UNIMARC

15 NEW OPENINGS
90 UPGRADES



ALVI

6 NEW OPENINGS
20 UPGRADES



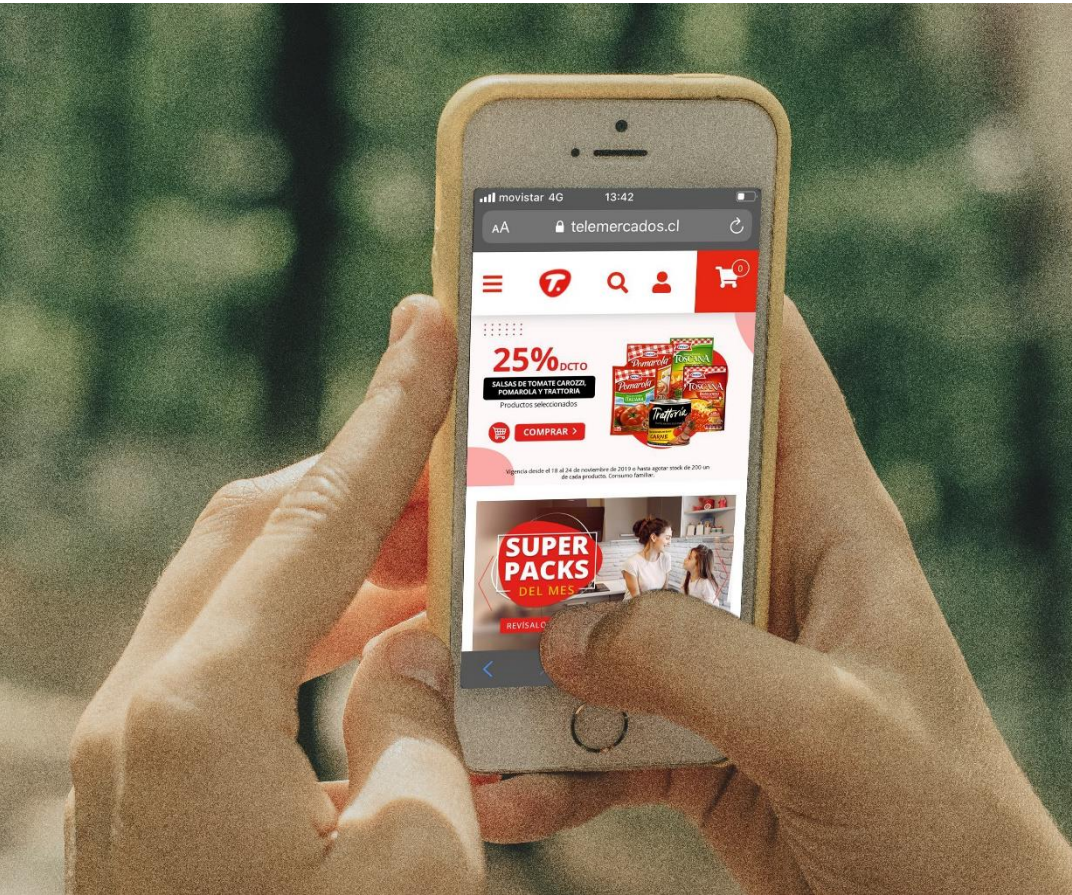
OK MARKET

30 NEW OPENINGS

e-Commerce Initiatives



Organic
Growth



Consolidating Position as a Pure Player

Operations based out of
customer fulfillment centers
Partnerships with last milers

SMU Peru



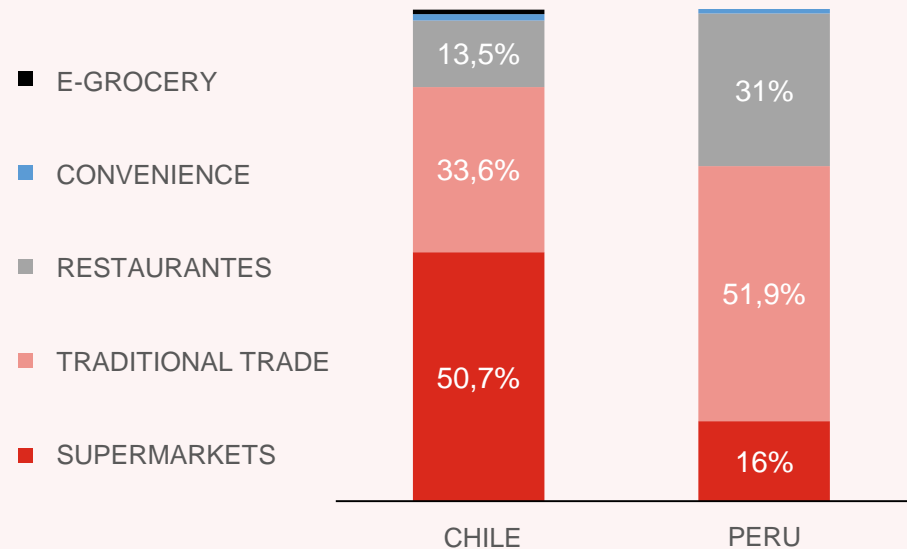
Organic
Growth

Supermarket penetration in Peru is much lower than in Chile

SMU's operations in Peru are cash & carry stores

Between 2016 and LTM Sept. 2019, SMU Peru's revenue have had a **CAGR of 9%**

Food Retail, Chile vs. Peru ⁽¹⁾



(1) Fuente: Euromonitor



Opportunity for organic growth

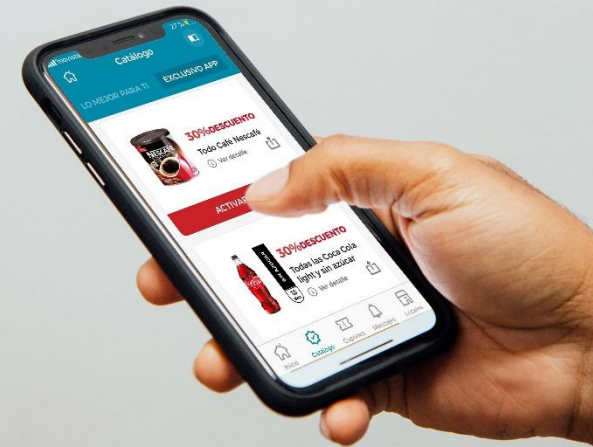
Pilot program including **5
new store openings
and 2 store upgrades**





Growing and leveraging CRM

Consolidating and optimizing personalized promotional activity



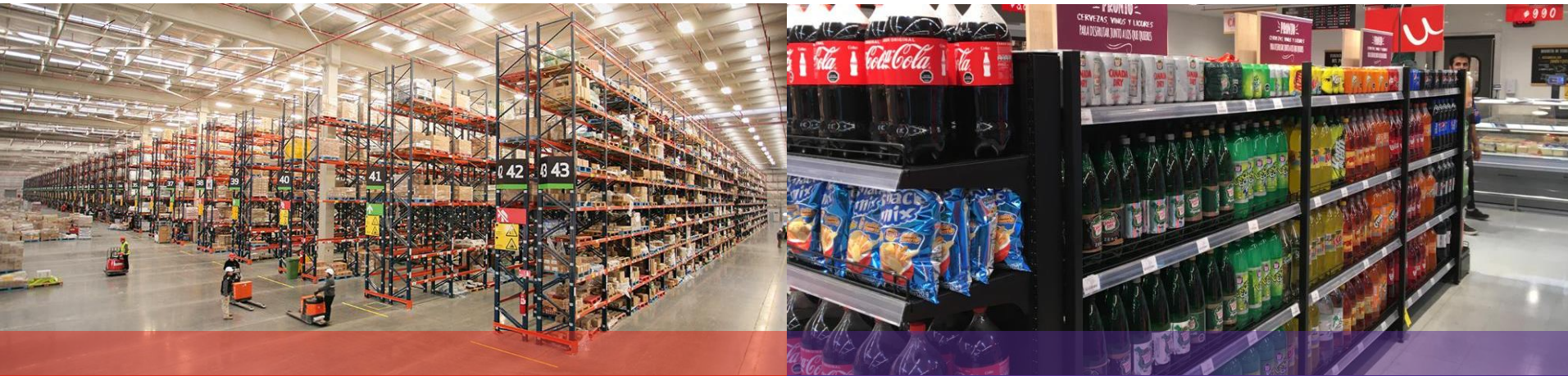
Product Availability



Customer Experience



Efficiency and Productivity



**OPTIMIZATION OF DISTRIBUTION NETWORK
INCREASE CENTRALIZATION TO 65%**

**IN-STORE TOOLS AND PROCESSES:
IMPLEMENT PLANOGRAMS IN 100% OF STORES
AUTOMATED REPLENISHMENT FOR 100% OF
FRESH PRODUCTS**



Consolidation of CERCA Culture

Development of leaders
who represent CERCA
values at all levels of
the organization

Creating Shared Value



Creating Shared Value

Further develop **100% Nuestro** program to support small- and medium-sized suppliers, focusing on fresh products

Community relations and design and implementation of **Good Neighbor Policy**

Caring for the Environment



Caring for the Environment

New program to reduce food waste

Design and implementation of an environmental management policy



Strategic Plan
2020 - 2022

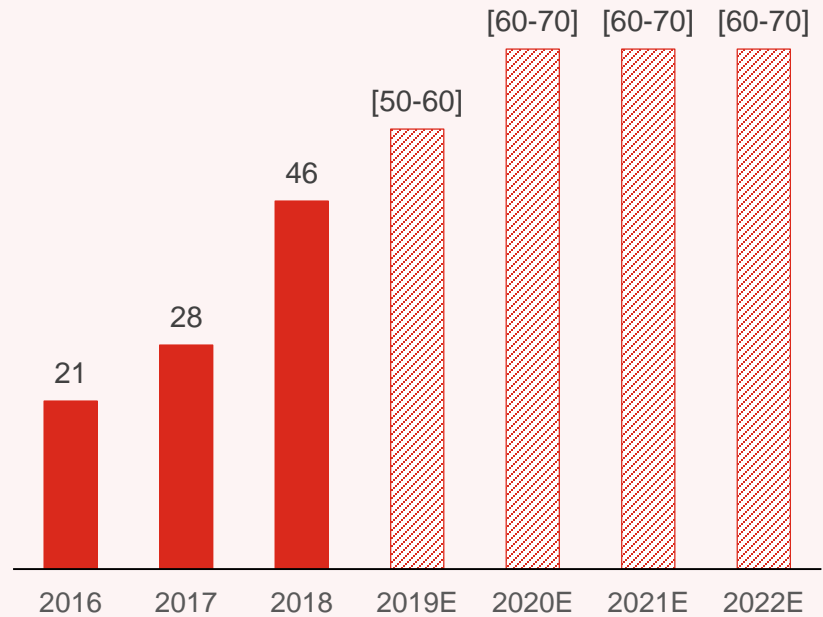
CAPEX

Investment Plan



Total estimated capex for the 2020-2022 period should be close to **CLP 200 billion**

CAPEX
(CLP Bn)



AGENDA

1. SMU Today
2. 2020-2022 Strategic Plan
3. 3Q19 Earnings



3Q19 Earnings Revenue

Revenue growth:

+0.6% 9M19

+0.8% 3Q19

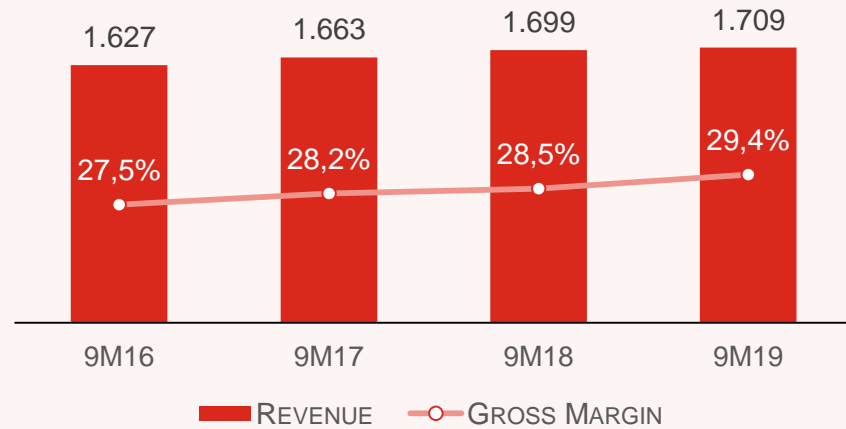
Driven by cash &
carry and OK Market

Gross margin growth:

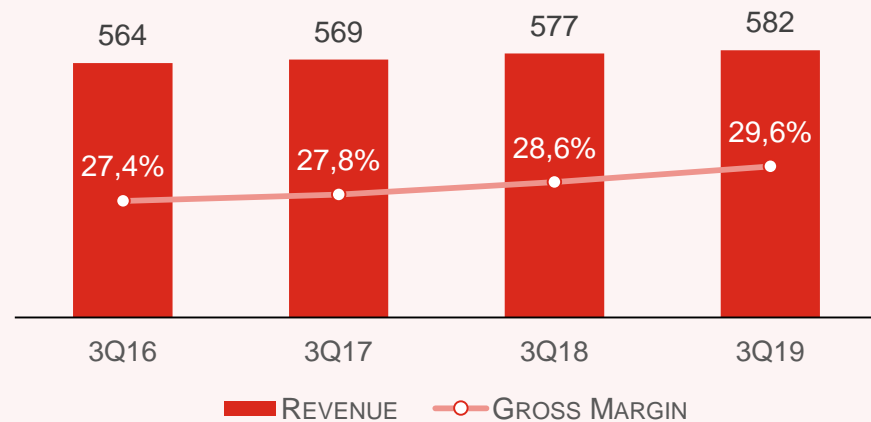
+90 bps 9M19

+100 bps 3Q19

Revenue – First Nine Months (CLP Bn) ⁽¹⁾



Revenue – Third Quarter (CLP Bn) ⁽¹⁾



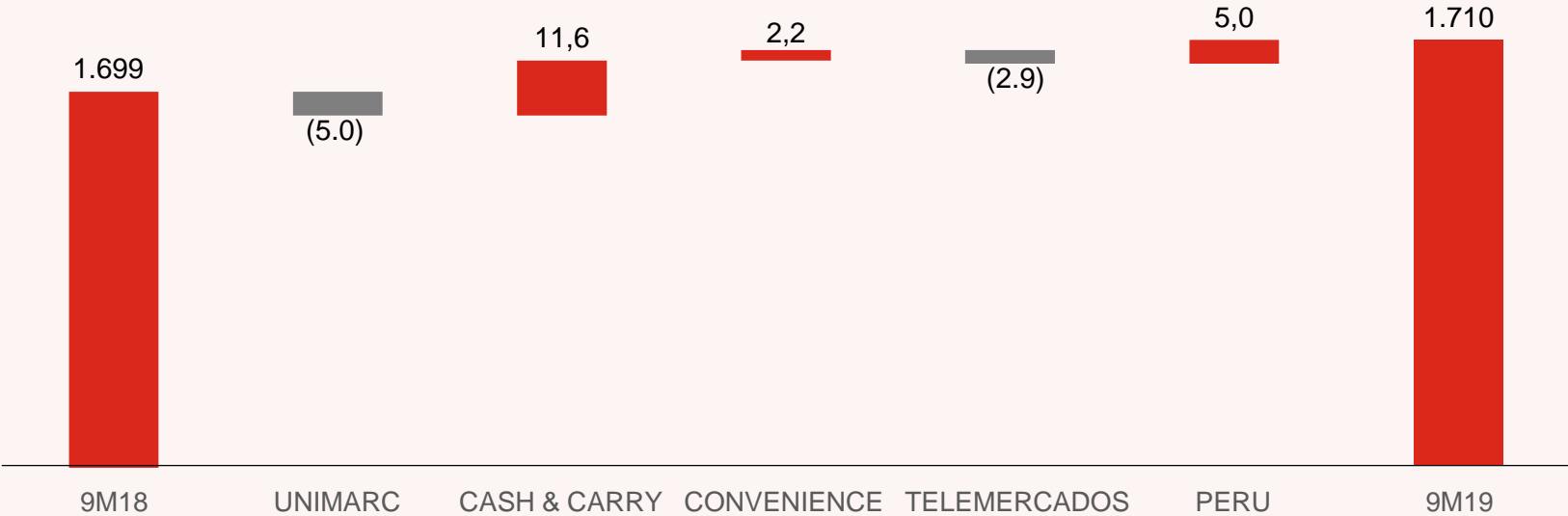
(1) Revenue for 9M16 and 3Q16 excludes revenue from Construmart, the subsidiary that was sold in April 2018 and is presented as available for sale in 2017, 2018 and 2019.

3Q19 Earnings Revenue by Format

Highlights 9M19:

- Peru +15.6% (CLP) / +7.5% (PEN)
- OK Market +6.0%
- Cash & carry +2.7%

9M19 vs 9M18 Revenue by Format (CLP Bn)



3Q19 Earnings SSS and Sales/M²

Same-Store Sales:

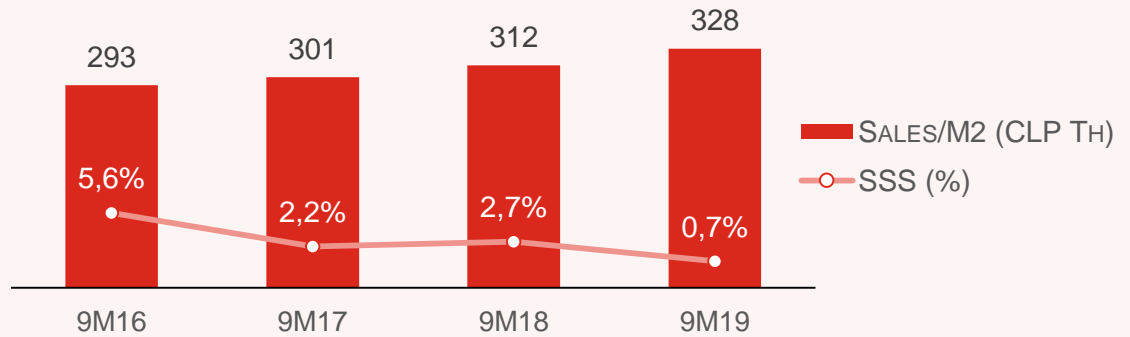
Trends by format in line with revenue performance

Sales/M²:

Continuing upward trend

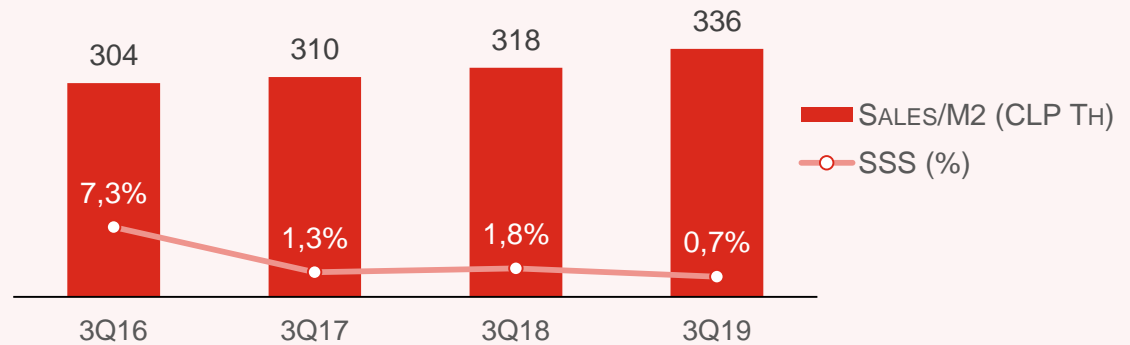
M² affected in part by space optimizations and store remodels

Same-Store Sales and Sales/M² – First Nine Months ⁽¹⁾⁽²⁾



SSS 9M19: Unimarc -0.3%; Cash & Carry +2.7%; OK Market +5.4%; Peru +8.0%

Same-Store Sales and Sales/M² – Third Quarter



SSS 3Q19: Unimarc -0.1%; Cash & Carry +3.0%; OK Market +5.5%; Peru +0.8%

(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.

3Q19 Earnings Operating Expenses⁽¹⁾



Operating Expenses (Ex IFRS 16):

Most significant impact is increase in personnel expenses (+6.3% 9M19 / +6.1% 3Q19)

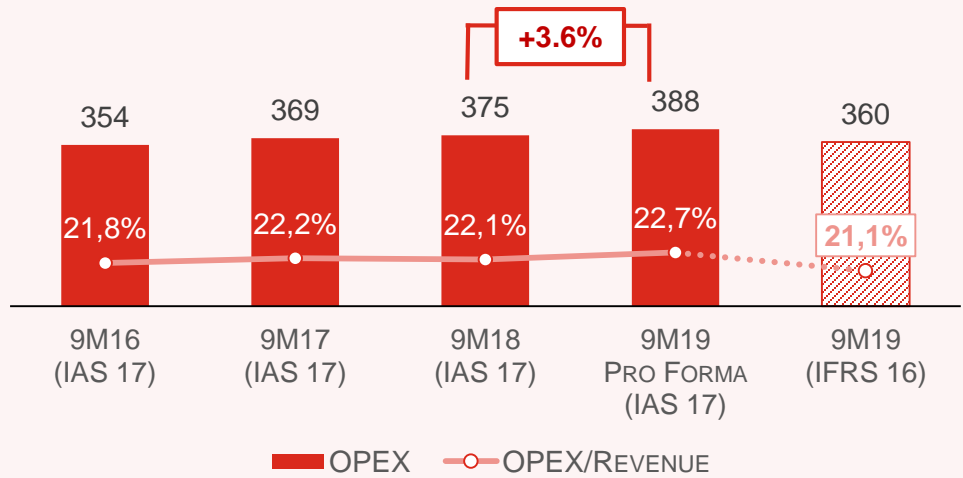
Salary increases 9M19:

- Inflation adjustment: +2.8%
- Minimum wage (average): +7.5%

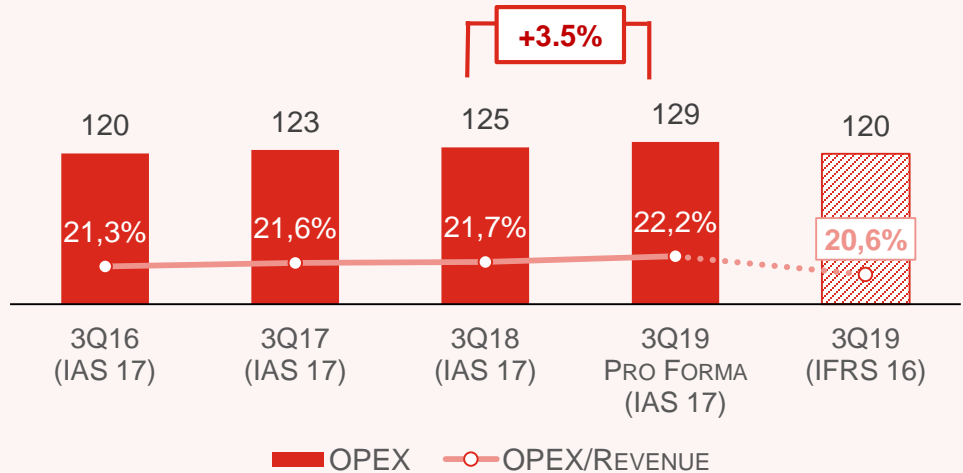
IFRS 16 Impact:

Lease expenses (9M19) are lower by CLP 28 billion vs IAS 17

Operating Expenses – First Nine Months (CLP Bn) ⁽²⁾



Operating Expenses – Third Quarter (CLP Bn) ⁽²⁾



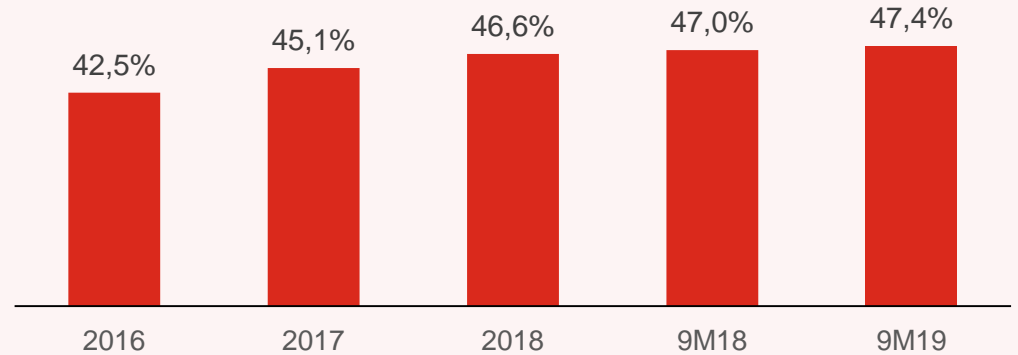
(1) Sum of distribution and administrative expenses, excluding depreciation and amortization.

(2) Operating expenses for 9M16 and 3Q16 exclude Construmart, the subsidiary that was sold in April 2018 and is presented as available for sale in 2017, 2018 and 2019.

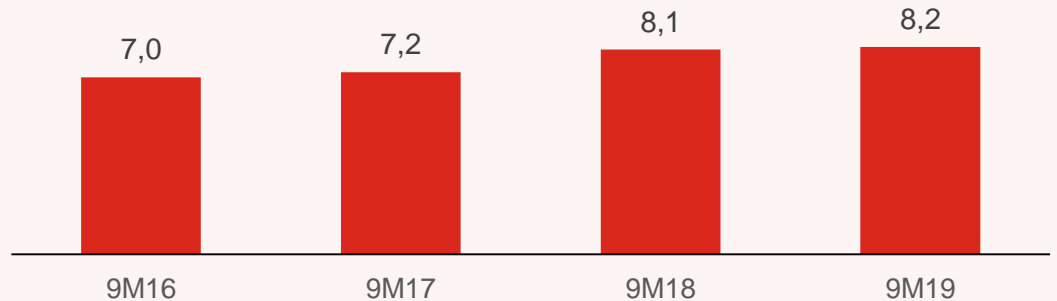
3Q19 Earnings Operating Indicators

Improving
efficiency and
productivity,
both in the
supply chain
and in stores

Centralization ⁽¹⁾ (Chile)



Sales / Full-Time Equivalent (Chile - CLP Million / Month)



(1) Percentage of revenues from products distributed by the Company (at any stage) over total revenues from food retail operations in Chile

3Q19 Earnings EBITDA ⁽¹⁾



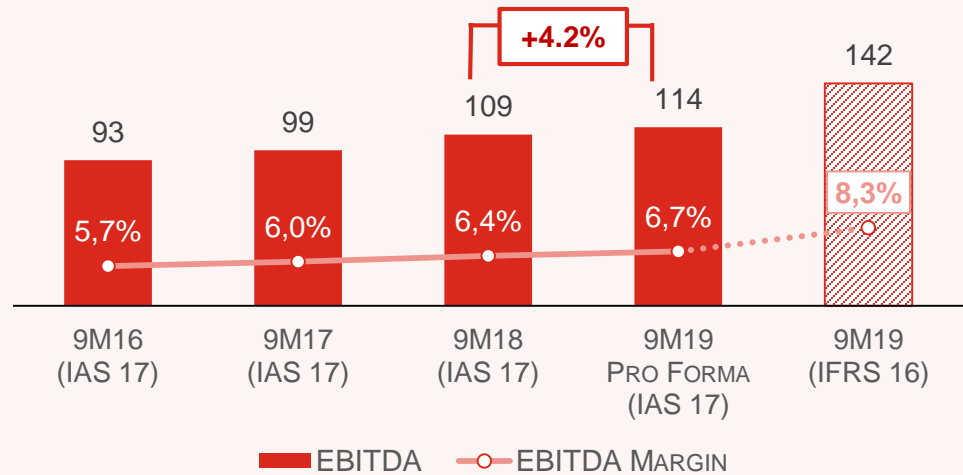
EBITDA (Ex IFRS16):

EBITDA margin increased 30 bps in 9M19 and 50 bps in 3Q19

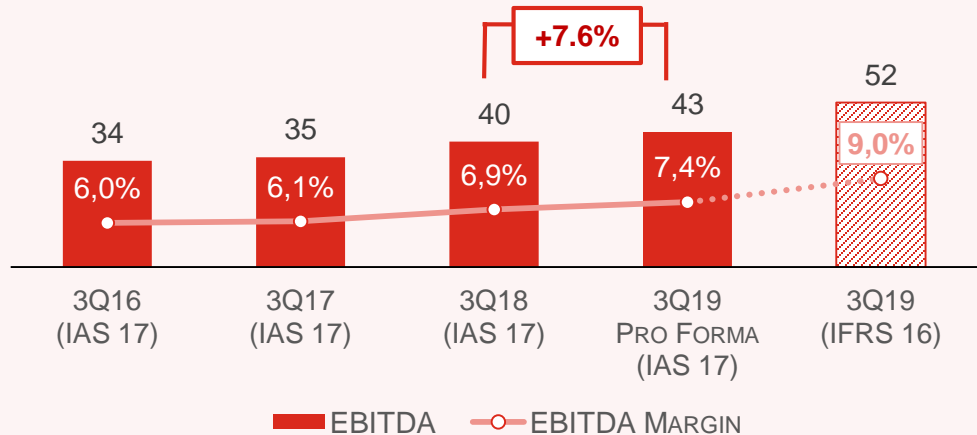
IFRS 16 Impact:

EBITDA improves CLP 28 billion vs IAS 17 (9M19) due to lower lease expenses

EBITDA – First Nine Months (CLP Bn) ⁽²⁾



EBITDA – Third Quarter (CLP Bn) ⁽²⁾

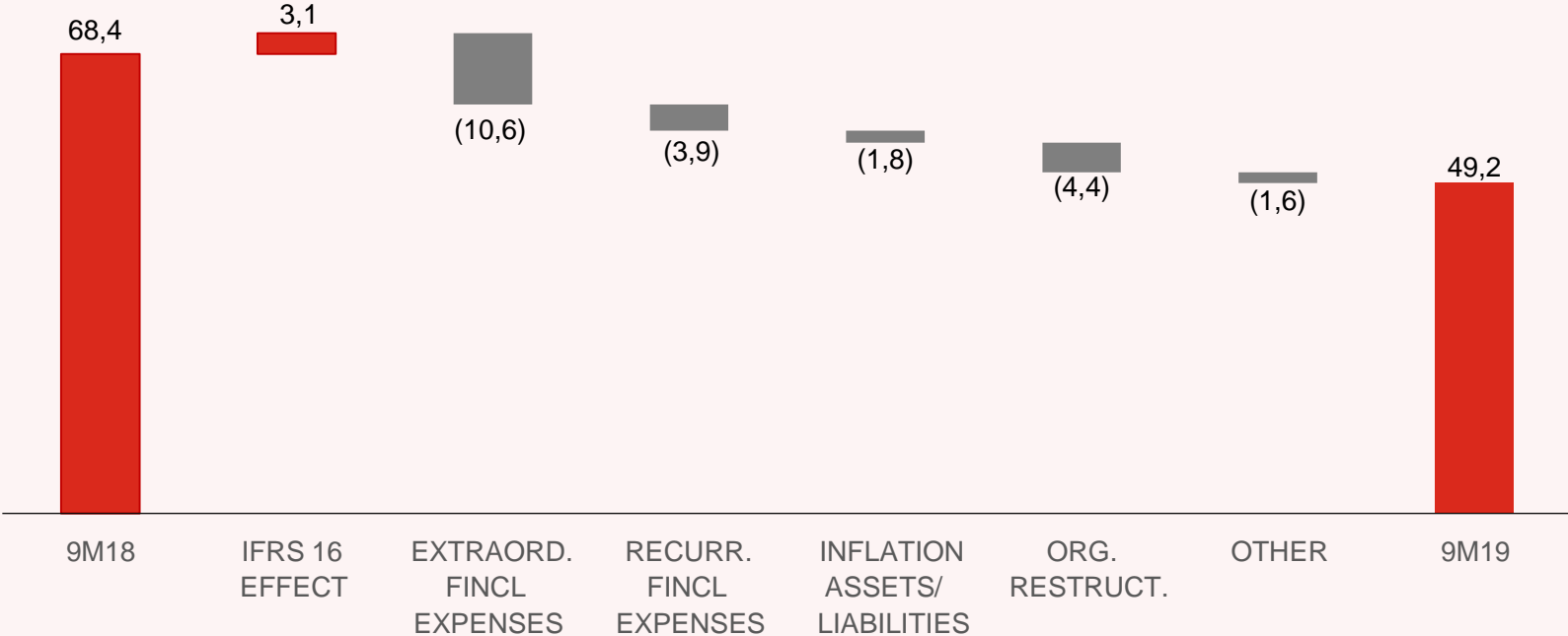


(1) EBITDA = Gross profit – administrative expenses – distribution costs + depreciation + amortization.

(2) EBITDA for 9M16 and 3Q16 excludes EBITDA from Construmart, the subsidiary that was sold in April 2018 and is presented as available for sale in 2017, 2018 and 2019.

3Q19 Earnings Non-operating Results

9M19 vs 9M18 Non-operating Loss
(CLP Bn)



3Q19 Earnings Net Income



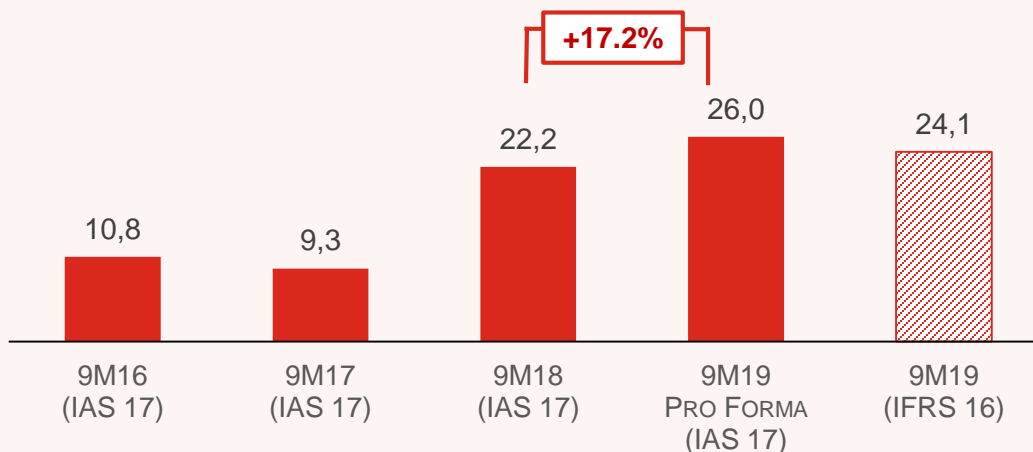
Net Income (Ex IFRS 16):

Increase driven by operating and non-operating improvements

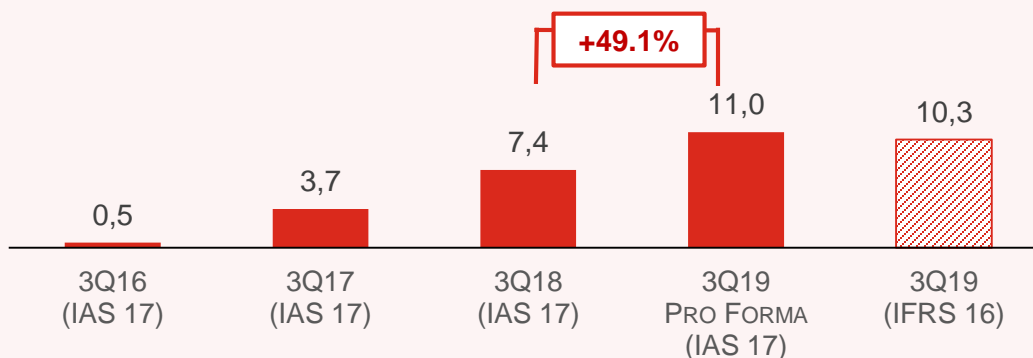
IFRS 16 Impact:

Net income is CLP 1.9 billion lower (9M19) due to lower lease expenses, higher depreciation expenses, higher financial expenses, and lower losses on inflation of assets/liabilities

Net Income – First Nine Months (CLP Bn)



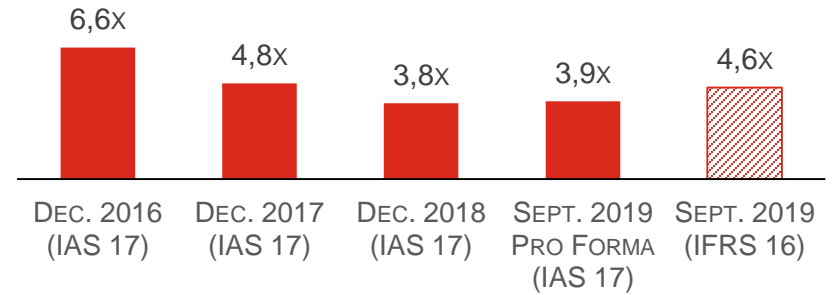
Net Income – Third Quarter (CLP Bn)



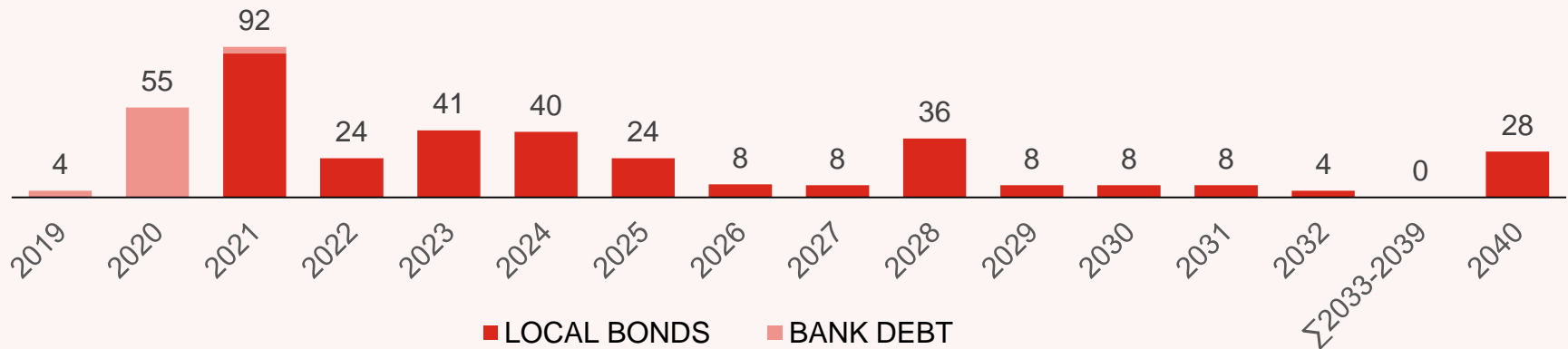
3Q19 Earnings Financial Debt



Net Debt / EBITDA



Debt Maturity Profile as of September 30, 2019 (Bonds and Bank Debt - CLP Bn)



3Q19 Earnings Subsequent Events

Operations in Chile affected by social unrest beginning on October 18:

- 166 stores affected by looting and other damage, including some with significant fire-related damage
- As of November 25, stores accounting for 90% of sales are operating
- Plan to reopen stores accounting for 98% of sales in the coming weeks
- The 13 stores with significant fire-related damage require more time to reopen
- Insurance: loss of merchandise, physical damage to assets and facilities, business interruption, and other related damages caused by acts of vandalism

SMU Operations Status as of Nov. 25, 2019

	OPEN	CLOSED	TOTAL
	271	21	292
	54	12	66
	21	12	33
	114	7	121
TOTAL	460	52	512



THANK YOU

