1st Quarter 2020
EARNINGS RELEASE
SMU S.A.

MAY 18, 2020

Executive Summary: SMU S.A.'s Consolidated Results

SMU reported **EBITDA**[1] of CLP 53,914 million for the first quarter of 2020 (1Q20), an **increase of 14.4%** with respect to CLP 47,135 million in the first quarter of 2019 (1Q19). The EBITDA margin increased 60 bps, from 8.3% in 1Q19 to 8.9% in 1Q20, reflecting the operating leverage from the increase in sales over the high proportion of fixed costs. Similarly, **operating income** amounted to CLP 32,059 million in the first quarter of 2020, **an increase of 22.8%** with respect to CLP 26,097 million for the same period of the previous year.

Revenue for the first quarter of 2020 totaled CLP 605,276 million, **an increase of 6.4%** with respect to CLP 568,717 million reported for 1Q19. The higher revenue was driven by the Unimarc and cash & carry formats. SMU reported strong sales growth in the months of January and February and during the first half of March, and in the second half of March, there was further growth related to the COVID-19 outbreak and the resulting exceptionally high levels of demand. If it weren't for the 26 stores that remained closed during the period, as a result of damages sustained in the context of the social unrest that began in Chile in October 2019, sales growth would have been even more significant. The Company has been implementing a plan to reopen stores in order to restore operations to their normal conditions. To date 95% of its stores are operating.

SMU's insurance policies include coverage for physical damage, loss of merchandise, and business interruption, and in the first quarter of 2020—as in the fourth quarter of 2019—the Company SMU has recognized the preliminary estimates of the indemnities to be received for business interruption losses.

Revenue for the first quarter of 2020 include the recognition of CLP 2,605 million associated with business interruption insurance. Although this amount is treated as revenue, it is important to note that the insurance claim is calculated on the basis of fixed expenses and the margin of each store, and therefore this amount is not equivalent to the loss of revenue. Instead, it is a closer approximation of the loss of EBITDA, plus fixed expenses.

Gross profit amounted to CLP 179,544 million for the first quarter of 2020, an increase of 8.0% with respect to CLP 166,216 million for 1Q19. Measured as a percentage of revenue, gross margin increased by 50 basis points ("bps"), reaching 29.7% for 1Q20, compared to 29.2% for 1Q19. However, gross margin for 1Q20 is distorted by the provision of CLP 2,605 million recognized under revenue for business interruption insurance indemnities, as this amount does not have an offsetting amount in cost of goods sold. Excluding the effect of insurance, gross margin remained stable with respect to 1Q19.

Operating expenses[2] as a percentage of revenue amounted to 20.8% in 1Q20, a decrease of 10 bps with respect to 1Q19 (20.9%). However, this would have been a 60 bps decrease if it weren't for the fact that, as described above, the 1Q20 figure is affected by the business interruption indemnity recognized in the top line, which only reflects the EBITDA and fixed expenses recovered through insurance, and not the total loss in revenue.

The Company reported a **non-operating loss** of CLP -24,311 million for 1Q20, compared to CLP -12,749 million for 1Q19. The difference is primarily explained by **non-recurring effects** recorded in the line-item "other gains (losses)": In the first quarter of 2020, the Company reported losses of CLP 4,999 million from acts of vandalism, due to the social unrest in the period. As SMU is still working

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

with the insurance company to file the corresponding claim, it was not possible to recognize the insurance indemnity in the same period as the damages, and the indemnity will be recognized in subsequent periods.

In addition, in 1Q20 the Company recorded a fine of CLP 2,064 million following the ruling handed down by the Chilean Supreme Court with respect to the to a complaint filed by the Chilean antitrust authority (*Fiscalía Nacional Económica* or "FNE") in 2016. The year-over-year comparison is also negatively affected by the loss on inflation-indexed assets and liabilities, where the variation (CLP -3,973 million) is abnormally high due to the fact that in the first quarter of 2019, there was essentially no inflation, making the comparison base exceptionally low.

Despite the **increase of 22.8% in operating income**, SMU's **net income** for the first quarter of 2020 decreased 10.8%, totaling CLP 6,901 million compared to CLP 7.740 million in 1Q19. As explained above, this decrease is due to non-operating results, including non-recurring effects totaling CLP 7,063 million. Excluding these effects, **pre-tax income** would have increased CLP 1,463 million (+11.0%), instead of decreasing CLP 5,600 million (-42.0%).

With respect to **operating indicators**, in the first quarter of 2020, SMU's **same-store sales ("SSS")** increased 9.5%. **Sales per square meter**[3] amounted to CLP 403,713, an increase of 9.6% with respect to 1Q19. With respect to operating efficiency, the Company's rate of **centralized distribution** amounted to 50.9% in 1Q20, an increase with respect to the 46.3% reported for 1Q19. The Company plans to continue increasing its rate of centralization in the coming years, as part of its strategy to improve its operating efficiency, inventory management, and in-store product availability.

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

Management Commentary

With respect to the release of earnings for the first quarter of 2020, SMU's CEO, Marcelo Gálvez, stated, "In the first few months of this year we have faced a series of challenges that have affected our operations but have also presented us with an opportunity to fulfill our social responsibility as a food retailer. In relation to the social unrest that began in Chile last year, there were events in the first quarter in which some of our stores were looted or damaged. This was followed by the COVID-19 pandemic, during which we have prioritized the health and safety of our employees while also striving to meet the needs of our customers in the face of highly erratic levels of demand. I am proud of the way our team has risen to the challenge during this difficult time."

Mr. Gálvez went on to say, "In the first quarter of this year, revenue grew 6.4%, and same-store sales increased 9.5%. In the early stages of the pandemic, customers stocked up on groceries, which lead to higher levels of demand during the second half of March and contributed to revenue growth. However, in January, February, and the first half of March, we also saw an upward trend in revenue: in our stores in Chile, between January and March 15, same-store sales had increased more than 8%."

He added, "EBITDA for the period increased 14.4%, and operating income grew 22.8%, reflecting the higher sales and also our discipline regarding operating expenses. Despite the improvement in operating results, the bottom line declined year over year, due to non-recurring effects in our non-operating results."

"With respect to our operations, we continue moving forward with our plan to reopen stores that were closed due to the social crisis. This month we reopened a Mayorista 10 store, and we have plans to reopen an Alvi and an Unimarc in the coming weeks. The other 23 stores that remain closed are in different stages of evaluation, supplier bidding processes, and executing the construction work."

"In addition to our efforts to return our operations and damaged stores to normal, and to resolve the additional challenges imposed by the pandemic, we continue to work on our strategic plan for the 2020-2022 period. Undoubtedly some projects will be delayed, but in the first quarter we already had opened five OK Market stores, and we hope to open an additional five in the remainder of the year, as well as three Unimarc stores. With respect to customer experience, our Club Ahorro app continues to gain traction, with more than 1.2 million downloads to date, providing Unimarc customers with easy access to their personalized discounts. In addition, in April we launched an app for the mom-and-pops that belong to Club Alvi. This initiative is one-of-a-kind in the cash & carry market and has been very well received by customers."

Mr. Gálvez concluded by saying, "There can be little doubt that the pandemic will continue to present challenges for our operations in the coming months, but I am confident in our team, and I am certain that we will make our best effort to ensure that our customers can purchase the groceries that they and their families need."

Highlights

Payment of Final Dividend

On April 28, 2020, SMU paid a final dividend of CLP 4.49327 per share, charged to net income for 2019. The payment of such dividend was approved by shareholders at the Annual General Meeting held on April 9, 2020.

Conference Call

SMU will host a conference call and webcast for investors on Tuesday, May 19, 2020 at 12:00 pm ET/ Santiago to discuss its first quarter 2020 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 (live):
http://services.choruscall.ca/links/smu20200519.html

After the call, a recording will be made available at:

https://www.smu.cl/en/inversionistas/informacion-financiera/

Analysis of Financial Statements

SMU's consolidated results for the periods of three months ended March 31, 2020 and 2019 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)	1Q20 (IFRS 16)	1Q19 (IFRS 16)	△%
Revenue	605,276	568,717	6.4%
Cost of Sales	(425,732)	(402,501)	5.8%
Gross Profit	**179,544**	**166,216**	**8.0%**
Gross Margin (%)	***29.7%***	***29.2%***	
Distribution Costs	(8,604)	(7,638)	12.7%
Contribution Margin	**170,940**	**158,579**	**7.8%**
Contribution Margin (%)	***28.2%***	***27.9%***	
Administrative Expenses (Excluding Depreciation)	(117,026)	(111,443)	5.0%
EBITDA	**53,914**	**47,135**	**14.4%**
EBITDA Margin (%)	***8.9%***	***8.3%***	
Depreciation and Amortization	(21,855)	(21,038)	3.9%
Operating Income	**32,059**	**26,097**	**22.8%**
Other Gains (Losses)	(7,303)	(222)	3,194.4%
Financial Income	265	300	(11.5%)
Financial Expenses	(12,170)	(12,010)	1.3%
Share of Profit (Loss) of Associates	(469)	(955)	(51.0%)
Foreign Exchange Differences	(663)	137	n.a.
Income (Loss) for Indexed Assets and Liabilities	(3,972)	1	n.a.
Non-operating Income	**(24,311)**	**(12,749)**	**90.7%**
Net Income (Loss) Before Taxes	**7,748**	**13,348**	**(42.0%)**
Income Tax Expense	(846)	(5,608)	(84.9%)
Net Income (Loss) from Continued Operations	**6,901**	**7,740**	**(10.8%)**
Net Income (Loss) of the Period	**6,901**	**7,740**	**(10.8%)**

*n.a. = not applicable. Indicates a comparison in percentage terms between a positive number in one period and a negative number in another period.

1. Analysis of Income Statement

1.1. Results of Operations: Food Retail Segment

1.1.1. Revenue

Revenue for the first quarter of 2020 amounted to CLP 605,276 million, an increase of 6.4% with respect to CLP 568,717 million for 1Q19.

Revenue for 1Q20 includes the recognition of the preliminary estimate of the indemnity for business interruption insurance, CLP 2,605 million, for stores that were closed due to the social crisis. Although this amount is treated as revenue, it is important to note that the insurance claim is calculated on the basis of fixed expenses and the margin of each store, and therefore this amount is not equivalent to the loss of revenue. Instead, it is a closer approximation of the loss of EBITDA, plus fixed expenses. In this sense, 1Q20 revenue is not fully comparable to 1Q19 revenue.

The preliminary amount recognized for business interruption insurance is included in the revenue by format in table 2, below, but it is not included for purposes of same-store sales or sales per square meter.

Table 2: Revenue (CLP MMM)

REVENUE (CLP MMM)	1Q20	1Q19	△%
UNIMARC	415	399	*4.2%*
CASH & CARRY	159	142	*11.9%*
OK MARKET	13.0	13.2	*-1.4%*
TELEMERCADOS	1.5	1.8	*-17.7%*
OTHERS(*)	2.5	1.4	*76.7%*
FOOD RETAIL CHILE	591	557	*6.2%*
FOOD RETAIL PERU	14.1	11.9	*19.0%*
CONSOLIDATED	605	569	*6.4%*

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

Food Retail Chile revenue increased 6.2% in the first quarter of 2020 with respect to the same period of the previous year. It should be noted that between January 1 and March 15, 2020, revenue growth was 5.4%, and during the final two weeks of the quarter, there was further growth, related to COVID-19 and the tendency for customers to stock up on groceries, leading to the total increase of 6.2% mentioned above. It is also important to highlight that the significant revenue growth was achieved despite the fact that 26 stores remained closed during the period; the increase in same-store sales for the period is higher than the increase in revenue growth, reflecting this situation. At the same time, revenue was positively affected by the extra day in 2020, due to the leap year.

By format, Unimarc—the traditional supermarket that accounts for approximately 70% of SMU's revenue—increased 4.2% in 1Q20 with respect to 1Q19 (3.7% through March 15). Revenue for the cash & carry format increased 11.9% (9.0% through March 15). With respect to the OK Market convenience stores, revenue decreased 1.4% (-0.3% through March 15), reflecting—in addition to the closed stores—the effect of the reduction in operating hours that began during the social crisis in order to ensure safety conditions for employees and customers and continued during the pandemic. The reduced opening hours have a more significant impact on OK Market than other formats, due to the peaks in demand first thing in the morning (associated with breakfast) and at the end of the day. Revenue for the e-grocery format (Telemercados) decreased 17.7%, although sales increased significantly during the second half of March, due to public health recommendations for people to stay home (the decrease had been -26.4% through March 15).

In Food Retail Peru, revenue (measured in Chilean pesos) increased 19.0% in 1Q20 with respect to 1Q19. Measured in Peruvian Soles, revenue increased 1.0%, as the increase in demand related to COVID-19 was partly offset by a decline in sales to mom-and-pops.

Table 3: Same-Store Sales Growth (%)

SSS (△%)	1T19	2T19	3T19	4T19	2019	1T20
UNIMARC	-0.5%	-0.4%	-0.1%	-1.2%	-0.5%	6.3%
MAYORISTAS	2.4%	2.6%	3.0%	-0.2%	2.0%	19.3%
OK MARKET	6.1%	4.7%	5.5%	-8.6%	1.7%	-0.7%
SUPERMERCADOS CHILE	0.2%	0.3%	0.7%	-1.2%	0.0%	9.3%
SUPERMERCADOS PERÚ	11.8%	11.7%	0.8%	-8.8%	3.0%	0.9%
TOTAL SUPERMERCADOS	0.6%	0.7%	0.7%	-1.1%	0.2%	9.5%

Same-store sales (SSS) increased 9.5% in the first quarter of 2020 compared to the same period of 2019. It should be noted that same-stores sales only include stores that were operating as of March 31, 2020, which is why these figures are significantly higher than the increase in revenue, where the comparison includes the 26 stores that were closed during the period. Higher demand related to COVID-19 in the second half of March contributed to SSS growth, as did the effect of the additional day in the quarter from the leap year.

SSS for Unimarc increased 6.3% in 1Q20 (5.8% through March 15), whereas cash & carry increased 19.3% (18.8% through March 15). OK Market convenience stores decreased 0.7% (increase of 1.2% through March 15). Overall, SSS for the Food Retail Chile segment grew 9.3% in the first quarter of 2020 (8.8% through March 15).

Food Retail Peru—which accounts for around 2% of total revenue for the Food Retail segment—recorded an increase in SSS (measured in Soles) of 0.9% in 1Q20.

Table 4: Sales per Square Meter (Thous. CLP/M2)

SALES PER SQM (CLP Thousands/sqm)	1Q20	1Q19(*)	△%
FOOD RETAIL CHILE	409.7	374.4	9.4%
FOOD RETAIL PERU	252.7	212.5	18.9%
CONSOLIDATED	403.7	368.5	9.6%

(*) The Company has carried out a process of remeasuring the selling space of all of its stores, updating the information when applicable. The 1Q20 figures reflect the updated information, and 2019 figures have also been restated in order to be comparable.

Sales per square meter reached CLP 403,713 for the first quarter of 2020, 9.6% higher than 1Q19.

Food Retail Chile sales per square meter grew 9.4% in 1Q20 compared to 1Q18. For its part, Food Retail Peru (measured in Chilean pesos) recorded an increase of 18.9% in 1Q20.

By format, sales per square meter for Unimarc increased 6.3% in 1Q20; the cash & carry segment increased 19.8%; and OK Market decreased 2.0%.

As of the end of the first quarter of 2020, SMU's food retail operations included **514 stores** in Chile, distributed from Arica to Punta Arenas—an increase with respect to the 506 stores in operation at the end of March 2019—and a total of **493,116** square meters. It should be noted that the Company has carried out a process of remeasuring the selling space of all of its stores, updating the information when applicable. The 1Q20 figures reflect the updated information, and 2019 figures have also been restated in order to be comparable.

The number of stores as of March 31, 2020 includes 24 stores that were not operating due to fires or other damage caused by acts of vandalism during the social unrest in Chile beginning on October 18, 2019. By format, these 26 stores include 11 Unimarc stores, five Mayorista 10 stores, five Alvi stores, and three OK Market stores.

During the first quarter of 2020, the Company opened five OK Market stores and closed four OK Market stores, two of which had sustained significant damage in the context of the social unrest in Chile.

In Peru, as of March 31, 2020, the Company had 24 stores, with 18,494 square meters, for a total selling space of 511,710 square meters at period end.

Table 5: Number of Stores and Sales Area (Thous. Square Meters)

NUMBER OF STORES	1Q20	1Q19	SALES AREA (THOUSANDS OF SQM)	1Q20	1Q19(*)
UNIMARC	292	289	UNIMARC	352	350
CASH & CARRY	99	99	CASH & CARRY	127	127
OK MARKET	123	118	OK MARKET	14	14
FOOD RETAIL CHILE	514	506	FOOD RETAIL CHILE	493	491
FOOD RETAIL PERU	24	24	FOOD RETAIL PERU	19	19
CONSOLIDATED	538	530	CONSOLIDATED	512	509

Table 6: Store Openings and Closures in the Food Retail Segment

OPENINGS AND CLOSURES	1Q19		2Q19		3Q19		4Q19		1Q20	
	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.
UNIMARC	0	0	0	0	1	0	2	0	0	0
CASH & CARRY	0	0	0	0	0	0	0	0	0	0
OK MARKET	2	1	2	0	1	0	1	0	5	4
FOOD RETAIL CHILE	2	1	2	0	2	0	3	0	5	4
FOOD RETAIL PERU	0	0	0	0	0	0	0	0	0	0

1.1.2. Distribution Costs and Administrative Expenses

Distribution costs plus administrative expenses (excluding depreciation and amortization), as a percentage of revenue, amounted to 20.8% in 1Q20 and 20.9% in 2019. However, as mentioned above, this ratio is distorted in 1Q20 by the recognition of the business interruption insurance.

Distribution costs for 1Q20 totaled CLP 8,604 million, an increase of 12.7% with respect to 1Q19. Distribution costs as a percentage of revenue increased from 1.3% in 1Q19 to 1.4% in 1Q20. The increase is the result of the increase in centralized distribution across formats, as well as higher fuel costs and the increase in the exchange rate and inflation. 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.

Administrative expenses (excluding depreciation and amortization) totaled CLP 117,026 million (19.3% of revenue) in 1Q20, an increase of 5.0% with respect to CLP 111.443 million (19.6% of revenue) in 1Q19. The increase was primarily due to the following:

a. Increase of CLP 3,330 million (+5.8% YoY) in personnel expenses, primarily due to increases in the minimum wage and inflation adjustments, partly offset by a lower average headcount with respect to the same period of 2019.

b. Increase of CLP 1,385 million (+99.0% YoY) in insurance expenses, reflecting the higher costs of coverage, resulting from the higher claims ratio following the social unrest in Chile that began in October of last year, after the policy renewal.

c. Increase of CLP 1,055 million (+5.0% YoY) in services, related to security guards, in the context of the social unrest in Chile, and to sanitization expenses, associated with the pandemic.

d. Increase of 987 million (45.8% YoY) in external services, primarily due to expenses associated with strategic projects.
e. Increase of 667 million (19.6% YoY) in IT services, primarily due to maintenance of investments in technology during prior periods.

These increases were partly offset by a decrease of CLP 1,907 million (-36.1% YoY) in advertising expenses.

Table 7: Average Headcount

AVERAGE HEADCOUNT	1Q20	1Q19	△%
STORES CHILE	27,399	28,130	-2.6%
HEADQUARTERS CHILE	1,938	1,642	18.1%
FOOD RETAIL CHILE	29,337	29,772	-1.5%
STORES PERU	475	546	-13.0%
HEADQUARTERS PERU	151	139	8.9%
FOOD RETAIL PERU	627	685	-8.6%
CONSOLIDATED	29,963	30,457	-1.6%

1.1.3. Gross Margin, Contribution Margin, and EBITDA

Gross profit for the first quarter of 2020 totaled CLP 179,544 million, an increase of 8.0% with respect to 1Q19. Gross margin for 1Q20 amounted to 29.7%, an increase of 50 bps with respect to 29.2% in 1Q19. However, the variation in gross margin is primarily due to the impact of the CLP 2,605 million provision recognized under revenue for business interruption insurance indemnities. Excluding that amount, gross margin would have remained stable with respect to 1Q19.

Contribution margin grew 7.8% in 1Q20, totaling CLP 170,940 million, compared to CLP 158,579 million for 1Q19, amounting to 28.2% of revenue in 1Q20 vs. 27.9% in 1Q19.

EBITDA, which includes the estimated recovery of business interruption insurance mentioned above, totaled CLP 53,914 million in 1Q20, an increase of 14.4% with respect to CLP 47,135 million in 1Q19. EBITDA margin increased 60 bps, from 8.3% in 1Q19 to 8.9% in 1Q20.

EBITDAR (EBITDA less lease expenses) amounted to CLP 60,456 million (EBITDAR margin 10.0%) for 1Q20, 12.5% higher than the CLP 53,733 million (EBITDAR margin 9.4%) obtained in 1Q19.

Operating income amounted to CLP 32,059 million in 1Q20, an increase of 22.8% with respect to CLP 26,097 million in 1Q19.

1.2 Non-operating Income[4] and Income Tax Expense

The consolidated **non-operating loss** for SMU totaled CLP -24,311 million in 1Q20 and CLP -12,749 million in 1Q19, a difference of de CLP -11,562 million. This variation is primarily explained by two non-recurring effects, both of which were recognized in the line-item “other gains (losses)”:

a. **Losses from acts of vandalism:** During the first quarter of 2020, the Company recorded losses of CLP 4,999 million, due to social unrest and acts of vandalism that took place in the period, where some stores were looted or damaged. As SMU is still working with the insurance company to file the corresponding claim, it was not possible to recognize the insurance indemnity in the same period as the damages, and the indemnity will be recognized in subsequent periods.

b. **Free competition proceeding:** On April 8, 2020, SMU was notified of the ruling by the Chilean Supreme Court in relation to a complaint filed by the Chilean antitrust authority (*Fiscalía Nacional Económica* or “FNE”) before the Antitrust Court in 2016. The ruling increased the fine imposed on the Company to a total of 6,876 Annual Tax Units. At the date of the ruling, the Company had already recorded a provision equal to 3,483 Annual Tax Units, and therefore the effect for 2020 is only 50% of the fine, or CLP 2,064 million.

In addition, there is a variation of CLP -3,973 million in losses on inflation-indexed assets and liabilities. The difference year-over-year is higher than usual, because there was essentially no inflation in the first quarter of 2019, so the comparison base is exceptionally low.

The **income tax expense** for 1Q20 amounted to CLP -846 million, a difference of CLP 4,762 million with respect to CLP -5,608 million for 1Q19, mainly explained by inflation adjustments the tax loss carryforward and by the lower pre-tax income which, in turn, is due to the lower non-operating income.

1.3 Net Income

SMU reported **net income** for the first quarter of 2020 of CLP 6,901 million, a decrease of CLP 839 million (10.8%) with respect to CLP 7,740 million for 1Q19. As explained above, this decrease is primarily related to non-recurring non-operating effects, which have a negative impact of CLP 7,063 million on pre-tax income. Excluding these effects, pre-tax income would have increased CLP 1,463 million, instead of the CLP 5,600 million decrease actually reported.

[4] 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 8: Statement of Financial Position as of March 31, 2020 and December 31, 2019

(CLP Million)	March 2020 (IFRS 16)	December 2019 (IFRS 16)	△$	△%
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	37,051	50,810	(13,759)	(27.1%)
Other Current Financial Assets	19	21	(2)	(8.2%)
Other Current Non-Financial Assets	23,169	17,955	5,214	29.0%
Trade Accounts Receivable and Other Receivables, Net	67,403	91,813	(24,411)	(26.6%)
Accounts Receivable from Related Companies	1,396	1,525	(130)	(8.5%)
Inventories	204,415	195,744	8,670	4.4%
Current Tax Assets	3,220	4,263	(1,043)	(24.5%)
Total Current Assets	**336,672**	**362,132**	**(25,460)**	**(7.0%)**
NON-CURRENT ASSETS				
Other Non-Current Financial Assets	252	250	2	0.9%
Other Non-Current Non-Financial Assets	2,321	2,178	143	6.5%
Non-Current Accounts Receivable	1,116	1,525	(409)	(26.8%)
Non-Current Accounts Receivable from Related Parties	10,000	7,000.0	3,000	42.9%
Investments Accounted for Using the Equity Method	13,807	14,275.9	(469)	(3.3%)
Intangible Assets Other Than Goodwill	63,665	65,745.2	(2,080)	(3.2%)
Goodwill	476,326	475,717.2	609	0.1%
Property, Plant, and equipment, net	720,982	723,285.9	(2,304)	(0.3%)
Deferred tax assets	426,383	425,721.9	661	0.2%
Total Non-Current Assets	**1,714,853**	**1,715,700**	**(847)**	**(0.0%)**
TOTAL ASSETS	**2,051,526**	**2,077,832**	**(26,306)**	**(1.3%)**
LIABILITIES				
CURRENT LIABILITIES				
Other Current Financial Libialities	215,010	139,327	75,683	54.3%
Trade and Other Current Payables	367,710	382,858	(15,149)	(4.0%)
Accounts Payable to Related Companies	751	1,879	(1,128)	(60.0%)
Other Current Provisions	5,754	3,796	1,958	51.6%
Current Tax Liabilities	1,650.9	797.9	853	106.9%
Current Provisions for Employee Benefits	13,256	21,533	(8,277)	(38.4%)
Other Current Non-Financial Liabilities	4,890	10,617	(5,726)	(53.9%)
Total Current Liabilities	**609,022**	**560,808**	**48,214**	**8.6%**
NON-CURRENT LIABILITIES				
Other Non-Current Financial Liabilities	707,464	790,225	(82,761)	(10.5%)
Non-Current Payables	44	56	(12)	(21.5%)
Deferred Tax Liabilities	79	76	3	3.3%
Non-Current Provisions for Employee Benefits	2,744	1,927	817	42.4%
Other Non-Current Non-Financial Liabilities	2,062	3,323	(1,261)	(38.0%)
Total Non-Current Liabilities	**712,392**	**795,608**	**(83,216)**	**(10.5%)**
TOTAL LIABILITIES	**1,321,414**	**1,356,416**	**(35,002)**	**(2.6%)**
EQUITY				
Issued Capital	523,742	523,742	0	0.0%
Retained Earnings	54,201	47,300	6,901	14.6%
Other Reserves	152,168	150,373	1,794	1.2%
Equity Attributable to the Owners of the Parent Company	730,111	721,416	8,696	1.2%
Non-Controlling Interest	-	-	-	-
Total Equity	**730,111**	**721,416**	**8,696**	**1.2%**
TOTAL LIABILITIES AND EQUITY	**2,051,526**	**2,077,832**	**(26,306)**	**(1.3%)**

2.1. Assets

As of March 31, 2020, SMU's **total assets** decreased by CLP 26,306 million (1.3%) with respect to December 31, 2019, totaling CLP 2,051,526 million.

Current assets as of March 31, 2020 decreased CLP 25,460 million (7.0%) with respect to December 31, 2019, totaling CLP 336,672 million. The primary variations during the period were:

a. A decrease in current trade and other accounts receivable (↓CLP 24,411 million), primarily explained by a decrease in the account receivable from Transbank, due to the business cycle.
b. A decrease in cash and cash equivalents (↓CLP 13,749 million), explained by the variations that are described in section 3. Analysis of Statement of Cash Flows.
c. A decrease in current tax assets (↓CLP 1,043 million), primarily explained by the decreases in recoverable taxes from previous years, due to the recovery of taxes during the period.

These decreases were partly offset by:

a. An increase in inventory (↑CLP 8,670 million), due to higher stocks of basic products relating to higher demand associated with the pandemic.
b. An increase in other current non-financial assets (↑CLP 5,214 million), primarily explained by an increase of CLP 11,056 million in prepaid insurance, reflecting the renewal of the Company's insurance policies during the quarter, partly offset by a decrease of CLP 7,184 million in the VAT credit.

Non-current assets as of March 31, 2020 totaled CLP 1,714,853 million, similar to the year-end 2019 figure. The primary variations during the period were:

a. A decrease in property, plant and equipment (↓CLP 2,304 million), primarily due to depreciation of CLP 18,603 million, partly offset by additions of CLP 15,512 million.
b. A decrease in intangible assets other than goodwill (↓CLP 2,080 million), primarily due to amortization of CLP 3,252 million, partly offset by additions of CLP 1,175 million.

These decreases were partially offset by an increase of CLP 3,000 million in non-current accounts receivable from related parties, from the loan to the associate Unicard.

2.2. Liabilities

As of March 31, 2020, the Company's **total liabilities** increased by CLP 35,002 million (2.6%) with respect to December 31, 2019, totaling CLP 1,321,414 million.

Current liabilities as of March 31, 2020 increased by CLP 48,214 million (8.6%) with respect to December 2019, totaling CLP 609,022 million. The primary variations during the period were:

a. An increase in current other financial liabilities (↑CLP 75,683 million), primarily due to an increase of CLP 84,413 million in obligations with the public, for the transfer of the series G and K bonds, which mature in March 2021, from non-current to current. This increase was partially offset by a decrease of CLP 9,154 million in bank loans, reflecting the payment of the monthly installments of the loan with Banco BICE, as well as other payments of short-term bank debt during the period.
b. An increase in current provisions (↑CLP 1,958 million), primarily due to the provision of the fine imposed by the Supreme Court ruling described above.

These increases were partially offset by

a. A decrease in current trade and other accounts payable (↓CLP 15,149 million), associated with the cut-off date for payments.
b. A decrease in current provisions for employee benefits (↓CLP 8,277 million), mainly due to the payment of short- and long-term incentives and the decrease in the provision for vacations following the peak summer season.
c. A decrease in other current non-financial liabilities (↓CLP 5,726 million), primarily due to a decrease in the VAT fiscal debit.

Non-current liabilities as of March 31, 2020 decreased by CLP 83,216 million (10.5%) with respect to December 2019, amounting to CLP 712,392 million. The main variation in the period was the decrease in other non-current financial liabilities, due to the transfer of the series G and K bonds, which mature in March 2021, from non-current to current.

2.3. Shareholders' Equity

Shareholders' equity increased by CLP 8,696 million (+1.2%), primarily due to earnings for the period (↑CLP 6,901 million) and an increase of CLP 1,794 million in other reserves.

3. Analysis of Statement of Cash Flows

Table 9: Statement of Cash Flows for the Three Months Ended March 31, 2020 and 2019

(CLP Million)	March 2020 (IFRS 16)	March 2019 (IFRS 16)	△$
Net Cash Flows From (Used in) Operating Activities	31,182	37,356	(6,174)
Net Cash Flows From (Used in) Investing Activities	(12,426)	(13,829)	1,403
Net Cash Flows From (Used in) Financing Activities	(32,515)	(25,439)	(7,076)
Net Increase (Decrease) in Cash and Cash Equivalents Before Effect of Exchange Rates	**(13,759)**	**(1,913)**	**(11,846)**
Net Increase (Decrease) in Cash and Cash Equivalents	**(13,759)**	**(1,913)**	**(11,846)**
Cash and Cash Equivalents at Beginning of Period	50,810	82,644	(31,834)
Cash and Cash Equivalents at End of Period	**37,051**	**80,731**	**(43,680)**

During the first three months of 2020, cash provided by **operating activities** totaled CLP 31,182 million, whereas in the same period of 2019, cash provided by operating activities amounted to CLP 37,356 million. Cash provided by sales of goods and services increased by CLP 66,075 million with respect to 2019, but this effect was offset by increases of CLP 63,909 million in payments to suppliers, CLP 4,881 million in payments to employees, and CLP 3,425 million in other payments for operating activities.

Cash used in **investing activities** for 1Q20 totaled a net outflow of CLP -12,426 million, compared to a net outflow of CLP -13,829 million for 1Q19, a difference of CLP 1,402 million. The variation year over year is due to a decrease of CLP 4,531 million in **CAPEX**, which includes purchases of property, plant and equipment and purchases of intangible assets and amounted to CLP 9,446 million in 1Q20 and CLP 13,977 million in 1Q19. This decrease reflects the fact that in the first few months of the year, the Company's investment plan was affected by the social crisis, as the general safety conditions necessary to move forward with certain projects, such as remodels and new store openings, were lacking. In addition, towards the end of the quarter, the plan was affected by restrictions related to the COVID-19 pandemic. The decrease in capex was partly offset by a loan of CLP 3,000 million to the associate Unired.

Cash used in **financing activities** for 1Q20 totaled a net outflow of CLP -32,515 million, mainly explained by: (i) payment of bank loans for approximately CLP 10,639 million; (ii) interest payments of CLP 12,548 million; and (iii) payments of financial leases for CLP 12,548 million, partially offset by other short-term loans contracted during the period (approximately CLP 3,000 million). In 1Q19, cash outflows from financing activities amounted to CLP -25,439 million, primarily explained by: (i) interest payments of CLP 12,808 million; and (ii) payments of financial leases for CLP 11,306 million.

4. Financial Indicators

Table 10: Financial Indicators

			Mar. 2020	Dec. 2019
LIQUIDITY				
Liquidity Ratio	times	*Current assets/current liabilities*	0.55	0.65
Acid Ratio	times	*(Current assets - inventories)/current liabilities*	0.22	0.30
LEVERAGE				
Total Liabilities / Total Assets	times	*Total liabilities / Total assets*	0.64	0.65
Total Liabilities / Equity	times	*Total liabilities / Equity*	1.81	1.88
Net Financial Liabilities / Equity	times	*(Other current financial liabilities + other non-current financial liabilities - cash and cash equivalents)/Shareholders' equity*	1.21	1.22
Current Liabilities / Total Liabilities	%	*Total current liabilities/Total liabilities*	46.09	41.34
Net Financial Debt / EBITDA	times	*(Other current financial liabilities - current obligations for rights of use + other non-current financial liabilities - non-current obligations for rights of use - cash and cash equivalents)/EBITDA for the last 12 months*	2.13	2.15
Net Financial Liabilities / EBITDA	times	*(Other current financial liabilities + other non-current financial liabilities - cash and cash equivalents)/EBITDA for the last 12 months*	4.32	4.44
WORKING CAPITAL				
Days of Inventory	days	*Average inventory for the period / Daily cost of goods sold for the period*	42.30	43.54
Accounts Receivable Days	days	*Average current trade and other accounts receivable for the period / (Daily revenue for the period * 1.19)*	9.95	9.84
Accounts Payable Days	days	*Average current trade and other accounts payable for the period / (Daily cost of goods sold for the period * 1.19)*	66.67	75.03
EFFICIENCY (12 months)				
Interest Coverage (Last 12 months)	times	*EBITDA for the last 12 months / (financial expenses for the last 12 months - financial income for the last 12 months)*	4.14	4.02
Gross Margin (Last 12 months)	%		29.79	29.68
EBITDA (Last 12 months)	CLP MM		204,794	198,015
EBITDA Margin (Last 12 months)	%		8.78	8.62
PROFITABILITY (12 months)				
Return on Assets	%	*Net income last 12 months / Total assets*	1.64	1.66
Return on Assets (excluding goodwill)	%	*Net income last 12 months / (Total assets - goodwill)*	2.14	2.16
Return on Equity	%	*Net income last 12 months / Shareholders' Equity*	4.62	4.79
Return on Invested Capital (including goodwill)	%	*Operating income last 12 months / (Accounts receivable + inventories + intangible assets + goodwill + property, plant and equipment)*	7.68	7.20
Return on Invested Capital (excluding goodwill)	%	*Operating income last 12 months / (Accounts receivable + inventories + intangible assets + property, plant and equipment)*	11.15	10.38

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, 2020.

6. Relevant Events During the Period

1. On January 17, 2020, SMU restructured its outstanding loan with Banco BICE, originally signed on September 30, 2019 for a total of CLP 55,000 million and maturing on January 17, 2020.

   The new conditions include the following payment structure; (i) six equal monthly installments of CLP 850 million in principal, beginning on January 21, 2020; (ii) 17 equal monthly installments of CLP 2,800 million in principal, beginning on July 21, 2020; and (iii) a final payment of CLP 2,300 million on December 21, 2021. Interest payments are made on a monthly basis at a variable rate (TAB 30 days in CLP plus a spread of 120 bps).

2. On March 20, 2020, the Company filed an Essential Fact, informing that the Board of Directors agreed the following:

   (1) To call an Annual Ordinary Shareholders' Meeting to be held on April 9, 2020, at 10:00 am, at Cerro El Plomo 5680 11th floor, Las Condes, Santiago, in order to be inform the Company's shareholders of and/or to submit for the approval of the Company's shareholders the following matters:

      a. Approve annual report and financial statements for the 2019 period.
      b. Approve the report of independent auditors.
      c. Approve remunerations of Board of Directors and other corporate committees for the 2020 period. Inform Board of Directors expenses incurred during 2019 period.
      d. Inform activities and expenses of Directors' Committee during the 2019 period and determine remunerations and budget for the 2020 period.
      e. Inform operations referred to under Title XVI of Law No. 18,046 (related-party operations).
      f. Designate independent audit firm for the 2020 period.
      g. Designate credit rating agencies for the 2020 period.
      h. Dividend payment and distribution of net income for the 2019 period.
      i. Designate newspaper in which legally required notifications will be published.
      j. Review any other matter that is of interest to shareholders and pertains to the Annual Ordinary Shareholders' Meeting.

   (2) To submit for shareholder approval at such Annual Shareholders' Meeting a proposal for the payment of a final dividend in the amount of CLP 4.49327 per share, for a total amount of CLP 25.937,746,410, to be charged to net income for the year 2019. Such dividend would be paid on April 28, 2020 to shareholders of record as of the fifth business day prior to such date.

3. On March 24, 2020, the Company filed an essential fact, informing that the Board of Directors had agreed to implement technology to facilitate remote participation in the upcoming Annual Shareholders' Meeting. This decision was based on the current measures and recommendations issued by the Chilean government in relation to Coronavirus or Covid-19 and is in accordance with General Standard No. 435 (Norma de Carácter General N°30) and Circular Letter No. 1141 (Oficio Circular N°1141) issued by the Financial Market Commission.

   The notifications regarding the Shareholders' Meeting that will be published in the newspaper and sent to shareholders will include information regarding this option. Details about how to participate remotely in the Shareholders' Meeting will be made available in the coming days at the following link: https://www.smu.cl/JOASMU2020.

   Depending on how the Covid-19 situation continues to develop in Chile, the Board of Directors may decide that all participation in the Shareholders' Meeting must be remote, not in person, in which case shareholders will be notified in a timely fashion through the above link.

7. Subsequent Events

1. On April 8, 2020, SMU signed the restructured loan with Banco BICE, originally signed on September 30, 2019 for a total of CLP 52,450 million, originally maturing on April 16, 2020.

   The new conditions include the following payment structure; (i) three equal monthly installments of CLP 850 million in principal, beginning on April 16, 2020; (ii) 17 equal monthly installments of CLP 2,800 million in principal, beginning on July 21, 2020; and (iii) a final payment of CLP 2,300 million on December 21, 2021. Interest payments are made on a monthly basis at a variable rate (TAB 30 days in CLP plus a spread of: 120 bps through June 16, 2020; 140 bps between June 17 and September 16, 2020; 160 bps between September 17 and December 16, 2020; 180 bps between December 17, 2020 and March 16, 2021; and 200 bps between March 17 and December 16, 2021).

2. On April 8, 2020, the Company filed an essential fact, informing that it had been notified of the ruling by the Chilean Supreme Court in case number 9361-2019, in relation to a complaint filed by the Chilean antitrust authority (*Fiscalía Nacional Económica* or "FNE") before the Antitrust Court in 2016. The ruling increased the fine imposed on the Company to a total of 6,876 Annual Tax Units and confirmed the obligation to adopt a compliance program with respect to free competition, complementary to the Company's existing program. This sentence cannot be appealed. The Company remains absolutely convinced that it did not participate in any pricing coordination with its competitors. The events in question took place between 2008 and 2011, at which time SMU had just entered the food retail industry as a small player.

3. On April 9, 2020, the Company filed an essential fact, informing that at the Annual Ordinary Shareholders' Meeting held on that date, shareholders approved the payment of a final dividend in the amount of CLP 4.49327 per share, for a total amount of CLP 25.937,746,410, to be charged to net income for the year 2019. Such dividend was paid on April 28, 2020 to shareholders of record as of the fifth business day prior to such date.

4. On May 2, 2020, the Company filed an essential fact, informing that on the same date, Mr. Álvaro Saieh Bendeck had presented his resignation as director and Vice Chairman of SMU S.A. On the same date, the Board of Directors designated Ms. María Francisca Saieh Guzmán as director and Vice Chairwoman of the Board.

5. As of May 18, 2020, the status of the Company's stores in Chile is as follows:

   - Unimarc: of the 292 total stores, 281 are operating.
   - Mayorista 10: of the 66 total stores, 62 are operating.
   - Alvi: of the 33 total stores, 28 are operating.
   - OK Market: of the 123 total stores, 120 are operating. In addition, eight OK Market stores are located in universities or malls that are temporarily closed due to the COVID-19 pandemic.

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, 2019. 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*.

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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