SMU REPORTS EARNINGS FOR THE FIRST QUARTER OF 2018

HIGHLIGHTS

- EBITDA 1Q18: CLP 36,587 million (+8.3%)
- EBITDA margin 1Q18: 6.5% (+40 bps)
- Operating income 1Q18: CLP 24,795 million (+16.8%)
- Same-store sales 1Q18: +3.2%

Santiago, Chile. May 28, 2018.- SMU S.A. ("**SMU**" or the "Company"; Santiago Stock Exchange: SMU) announced earnings[1] for the first quarter of 2018, reporting **EBITDA[2]** of CLP 36,587 million, an increase of 8.3% with respect to the CLP 33,785 million obtained in the same period of 2017. The Company's EBITDA margin for the period reached 6.5%, an increase of 40 bps over the 6.1% reported for the first quarter of 2017. **Revenue** for the first three months of 2018 totaled CLP 566,071 million, an increase of 2.7% with respect to the same period of 2017.

SMU's chief executive officer, Marcelo Gálvez, stated, "During this first quarter of 2018, we have once again achieved an expansion in both our EBITDA and EBITDA margin, reflecting the positive results of our efforts to improve our customers' experience in our stores and our operating efficiency. Revenue grew 2.7%, and same-store sales grew 3.2%, driven by the solid performance of Unimarc, with 3.4% growth, and Mayorista 10, with 4.7% growth. Another highlight of the quarter was operating expenses, which decreased as a percentage of revenue when compared to the same period of 2017."

Mr. Gálvez went on to say, "We continue to make progress on our strategic plan, including the Unimarc store upgrades. We are currently working on 10 upgrades, and we expect to have the first re-inaugurations beginning in June. We have also opened two new OK Market stores in the year to date. With respect to operating efficiency, our rate of centralized distribution increased in the first quarter, reaching 46.5%, and we continue rolling out our training program aimed at standardizing in-store processes."

"With respect to our financial position, on May 15 we completed the prepayment of 100% of our international bond. We made three prepayments between February and May, financed using proceeds from the capital increases in November of last year and January of this year, as well as the local bond we placed in April of this year. The prepayment of the international bond has resulted in a significant improvement in our financial situation, as it allows us to reduce our level of indebtedness and our cost of debt, and it has a profound impact on our debt maturity profile, which is now distributed more evenly and in line with the cash flows we expect to generate going forward."

[1] On November 9, 2017, SMU signed a binding agreement for the sale of its subsidiary Construmart S.A. and its subsidiaries, and on April 27, 2018, the sale was completed. Such companies comprised the "Construction Materials" operating segment. In accordance with the provisions of IFRS 5, in SMU's Consolidated Financial Statements as of March 31, 2018, this segment is presented as available for sale. Consequently, the accounts in the Company's statements of comprehensive income for the first quarter of 2017 have been re-expressed in order to provide the same presentation as the first quarter 2018 figures. As such, in both periods presented, Construmart's results are consolidated in a single line of SMU's statements of comprehensive income, under "Profit (loss) from discontinued operations". For a complete explanation, please see "Note Regarding Presentation and Comparison of Information" in SMU's Analysis of Financial Statements as of March 31, 2018.

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

"Another recent highlight was the completion of the sale of Construmart, on April 27, which will allow us to focus on our core business, food retail. In addition, the proceeds of the sale will allow us to continue strengthening our financial position."

Mr. Gálvez concluded by saying, "Finally, our net income for the quarter decreased with respect to the first quarter of last year, but it's important to understand that this is due to non-recurring effects from two initiatives that will generate significant savings going forward: the prepayment of our international bond and an organizational restructuring program. Excluding the non-recurring effects, our pre-tax income would have increased in line with the improvement in EBITDA."

Financial Results

SMU reported **revenue for the first quarter of 2018** (1Q18) of CLP 566,071 million, an increase of 2.7% with respect to the CLP 551,190 million reported for the first quarter of 2017 (1Q17). The increase was driven by sales growth of 3.0% in both the Unimarc supermarkets and the cash & carry segment.

Gross profit amounted to CLP 161,260 million for 1Q18, an increase of 3.6% with respect to CLP 155,719 million for 1Q17. Measured as a percentage of revenue, gross margin increased by 20 basis points ("bps"), reaching 28.5% for the first quarter of 2018, compared to 28.3% for the first quarter of 2017.

Operating expenses, defined as distribution costs plus administrative expenses (excluding depreciation), as a percentage of revenue decreased from 22.1% in 1Q17 to 22.0% in 1Q18.

EBITDA for the first quarter of 2018 totaled CLP 36,587 million, an **increase of 8.3%** with respect to CLP 33,785 million for 1Q17. **EBITDA margin for 1Q18 reached 6.5%**, compared to 6.1% for 1Q17. The expansion in EBITDA margin is due to improvements in both gross margin (which increased by approximately 20 bps) and in operating expenses as a percentage of revenue (which decreased by approximately 10 bps).

Operating income for the first quarter of 2018 amounted to CLP 24,795 million, 16.8% higher than the first quarter 2017 figure.

Despite the improvements in operating results, **net income** for the first quarter of 2018 decreased with respect to the same period of the previous year, from CLP 5,001 million to CLP 465 million, primarily due to **two non-recurring non-operating effects**: (i) an expense of CLP 7,877 million, related to the organizational restructuring program carried out by the Company in January 2018 as part of its operating efficiency initiatives. This restructuring program will generate savings in personnel expenses that will allow the Company to more than make up for this non-recurring expense over the course of the full year 2018; and (ii) extraordinary financial expenses of CLP 5,020 million, related to the partial redemption of the international bond in February 2018. Together, these two effects generated a decrease of CLP 12,897 million in net income before taxes. Excluding these non-recurring effects, pre-tax income would have amounted to CLP 7,779 million, an increase of CLP 3,383 million with respect to pre-tax income for 1Q17, in line with the improvement in EBITDA.

Placement of Series T Local Bond

On April 5, 2018, SMU successfully placed bonds in the local Chilean market for a total of UF 2.5 million (approximately CLP 67.5 billion or USD 110 million). The new series of bonds, series T (ticker BCSMU-T), was placed at an interest rate of 3.04% with an annual coupon rate of 3.00%, maturing in seven years, with a four year grace period on principal. The proceeds from this bond placement were used primarily to prepay the total outstanding amount of SMU's international bond, for a principal amount of USD 100 million.

Prepayment of International Bond

On May 15, 2018, SMU completed the prepayment of 100% of its international bond. The bond was originally placed in 2013, for USD 300 million, at an annual interest rate of 7.75% and with a maturity date of February 2020. The prepayment was carried out through three partial redemptions: (1) on February 9, 2018, for USD 120 million, financed with proceeds from the capital increase carried out in November 2017; (2) on April 2, 2018, for USD 80 million, financed with proceeds from the capital increase carried out in January 2018; and (2) on May 15, 2018, for USD 100 million, financed with proceeds from the placement of series T local bonds in April 2018. On each date, the Company also paid the corresponding prepayment cost (1.938%) and accrued interest.

The prepayment of this bond allows SMU to reduce its level of indebtedness and cost of debt, generating significant savings in interest expense going forward. Another positive effect of this prepayment is the Company's debt maturity profile, which is now distributed more evenly and in line with the cash flows the Company expects to generate in coming years.

Sale of Construmart

On April 27, 2018, SMU completed the sale of its subsidiary Construmart S.A. The price agreed upon for the assets was CLP 50,625 million, and considering the discount of Construmart's debt, the equity value amounted to CLP 38,743 million. In addition, in accordance with the sale agreement, SMU received the payment of CLP 7,238 million for related party debt. As a result, the total amount received by SMU for this transaction was CLP 45,981 million.

The sale of Construmart, which is has been available for sale since 2013, is in line with SMU's strategy to focus on its core business, food retail. The proceeds from the sale will be used primarily to reduce debt—including the payment of Tranche III of the Company's syndicated loan, for CLP 16,756 million, which was made on the same day as the closing of the transaction—and towards the implementation of the Company's business plan.

Credit Rating Upgrades

In January 2018, SMU attained investment grade ratings with all three of its local credit rating agencies, and the Company's ratings have continued to improve since that date. In February 2018, Humphreys upgraded the Company's credit rating from BBB- , maintaining a stable outlook; in March, ICR upgraded the Company's credit rating from BBB- to BBB, with a stable outlook; and in April, Feller Rate upgraded the rating from BBB- to BBB, with a positive outlook.

Shareholders' Meetings

On April 26, 2018, SMU held its Annual Ordinary Shareholders' Meeting, at which—among other matters—shareholders elected the Board of Directors, including two new independent Board members. On the same date, the Company held an Extraordinary Shareholders' Meeting, at which shareholders agreed to capitalize the Company's accumulated losses and share issuance expenses. The capitalization does not change total shareholders' equity; rather, it is merely a redistribution among the accounts within shareholders' equity. The main effect of the capitalization is that the Company will be required to pay dividends beginning with the net income generated in 2018, if any.

Conference Call

SMU will host a conference call and webcast for investors on Wednesday, May 30, 2018 at 11:00 am Chile/11:00 am ET to discuss its first quarter 2018 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/smu20180530.html

Further Information

For further information about SMU's first quarter 2018 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, 2017. 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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SMU

Analysis of Financial Statements
March 2018

ANALYSIS OF CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE THREE MONTHS ENDED MARCH 31, 2018

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Note Regarding Presentation and Comparison of Information

On November 9, 2017, SMU signed a binding agreement for the sale of its subsidiary Construmart S.A. and its subsidiaries, and on April 27, 2018, the sale was completed. Such companies comprised the "Construction Materials" operating segment. In accordance with the provisions of IFRS 5, in SMU's Consolidated Financial Statements as of March 31, 2018, this segment is presented as available for sale.

Consequently, the accounts in the Company's statements of comprehensive income for the first quarter of 2017 have been re-expressed in order to provide the same presentation as the first quarter 2018 figures. As such, in both periods presented, Construmart's results are consolidated in a single line of SMU's statements of comprehensive income, under "Profit (loss) from discontinued operations".

The statements of cash flows for the first quarter of 2017 have not been re-expressed, and as a result, such figures are not comparable to the figures for the first quarter of 2018. The statements of cash flows for the first quarter of 2017 include cash flows corresponding to Construmart, whereas in the first quarter of 2018, such cash flows are not included.

The statements of financial position are comparable between periods, because the comparison is between March 31, 2018 and December 31, 2017, and as of both dates, Construmart is presented as available for sale. Therefore, in both periods, Construmart's assets are consolidated in a single line of SMU's statements of financial position, under "Non-current assets or asset groups classified as held-for-sale", and Construmart's liabilities are consolidated in a single line under "Non-current liabilities or liability groups classified as held-for-sale".

Executive Summary: Consolidated Results

SMU reported **revenue for the first quarter of 2018** (1Q18) of CLP 566,071 million, an increase of 2.7% with respect to the CLP 551,190 million reported for the first quarter of 2017 (1Q17). The increase was driven by sales growth of 3.0% in both the Unimarc supermarkets and the cash & carry segment.

Gross profit amounted to CLP 161,260 million for 1Q18, an increase of 3.6% with respect to CLP 155,719 million for 1Q17. Measured as a percentage of revenue, gross margin increased by 20 basis points ("bps"), reaching 28.5% for the first quarter of 2018, compared to 28.3% for the first quarter of 2017.

Operating expenses, defined as distribution costs plus administrative expenses (excluding depreciation), as a percentage of revenue decreased from 22.1% in 1Q17 to 22.0% in 1Q18.

EBITDA[3] for the first quarter of 2018 totaled CLP 36,587 million, an **increase of 8.3%** with respect to CLP 33,785 million for 1Q17. **EBITDA margin for 1Q18 reached 6.5%**, compared to 6.1% for 1Q17. The expansion in EBITDA margin is due to improvements in both gross margin (which increased by approximately 20 bps) and in operating expenses as a percentage of revenue (which decreased by approximately 10 bps).

Operating income for the first quarter of 2018 amounted to CLP 24,795 million, 16.8% higher than the first quarter 2017 figure.

Despite the improvements in operating results, **net income** for the first quarter of 2018 decreased with respect to the same period of the previous year, from CLP 5,001 million to CLP 465 million, primarily due to **two non-recurring non-operating effects**: (i) an expense of CLP 7,877 million, related to the organizational restructuring program carried out by the Company in January 2018 as part of its operating efficiency initiatives. This restructuring program will generate savings in personnel expenses that will allow the Company to more than make up for this non-recurring expense over the course of the full year 2018; and (ii) extraordinary financial expenses of CLP 5,020 million, related to the partial redemption of the international bond in February 2018. Together, these two effects generated a decrease of CLP 12,897 million in net income before taxes. Excluding these non-recurring effects, pre-tax income would have amounted to CLP 7,779 million, an increase of CLP 3,383 million with respect to pre-tax income for 1Q17, in line with the improvement in EBITDA.

With respect to **capital structure**, SMU's financial debt has undergone a significant change, due to the fact that as of May 15, 2018, the Company has prepaid 100% of its international bond, which originally matured in February 2020. The Company carried out three redemptions: on February 9, for USD 120 million; on April 2, for USD 80 million; and on May 15, for USD 100 million. These prepayments were financed using proceeds from the capital increases carried out in November 2017 and January 2018, as well as the proceeds from the series T local bond placed in April 2018. Consequently, there is a decrease in the Company's indebtedness and cost of debt, allowing for significant savings in interest expense going forward. In addition, there has also been a substantial improvement to SMU's debt maturity profile, which is now more evenly distributed and aligned with the cash flows the Company expects to

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

generate in coming years. The statement of financial position as of March 31 reflects the decrease in financial liabilities associated with the first partial redemption, for USD 120 million, on February 9, 2018, as well as the transfer from non-current to current of the remaining balance of the international bond (USD 180 million).

With respect to **operating indicators**, in the **Food Retail segment**, **sales per square meter**[4] for the first quarter of 2018 amounted to CLP 308,805, an increase of 3.6% with respect to the same period of 2017. In this segment the Company had an increase in **same-store sales ("SSS")** of 3.2% for 1Q18, and Unimarc had an increase of 3.4%. With respect to **operating efficiency**, within the Food Retail Chile operations during the first quarter of 2018, the Company achieved a rate of **centralized distribution** of 46.5%, higher than the 45.1% recorded for the year 2017. 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.

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

SMU's consolidated results for the periods of three months ended March 31, 2018 and 2017 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)	1Q18	1Q17 Restated	△%
Revenues	566,071	551,190	2.7%
Cost of Sales	(404,812)	(395,470)	2.4%
Gross Profit	**161,260**	**155,719**	**3.6%**
Gross Margin (%)	*28.5%*	*28.3%*	
Distribution Costs	(6,886)	(5,991)	14.9%
Contribution Margin	**154,374**	**149,729**	**3.1%**
Contribution Margin (%)	*27.3%*	*27.2%*	
Administrative Expenses (Excluding Depreciation)	(117,786)	(115,944)	1.6%
EBITDA	**36,587**	**33,785**	**8.3%**
EBITDA Margin (%)	*6.5%*	*6.1%*	
Depreciation and Amortization	(11,792)	(12,560)	(6.1%)
Operating Income	**24,795**	**21,224**	**16.8%**
Other Gains (Losses)	(8,038)	444	n.a.
Financial Income	449	307	46.0%
Financial Expenses	(17,596)	(16,608)	5.9%
Share of Profit (Loss) of Associates	(715)	(334)	113.8%
Foreign Exchange Differences	(367)	2,107	n.a.
Income (Loss) for Indexed Assets and Liabilities	(3,647)	(2,744)	32.9%
Non-operating Income	**(29,914)**	**(16,828)**	**77.8%**
Net Income (Loss) Before Taxes	**(5,118)**	**4,396**	**n.a.**
Income Tax Expense	5,194	102	5,006.1%
Net Income (Loss) from Continued Operations	**75**	**4,498**	**(98.3%)**
Net Income (Loss) from Discontinued Operations	**390**	**503**	**(22.5%)**
Net Income (Loss) of the Period	**465**	**5,001**	**(90.7%)**

*Re-expressed: The figures for the first quarter of 2017 have been re-expressed to make them comparable with the figures for the first quarter of 2018, when the construction materials segment is presented as available for sale. See "Note Regarding Presentation and Comparison of Information" (Page 2).
**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 Food Retail segment increased 2.7% in the first quarter of 2018 with respect to the first quarter of 2017, from CLP 551,190 million to CLP 566,071 million.

Table 2: Food Retail Segment Revenue (CLP MMM)

REVENUE (CLP MMM)	1Q18	1Q17	△%
UNIMARC	401	390	*3.0%*
CASH & CARRY	139	135	*3.0%*
OK MARKET	12	13	*-1.1%*
TELEMERCADOS	2	3	*-9.0%*
OTHERS(*)	1	1	*18.6%*
FOOD RETAIL CHILE	556	541	*2.9%*
FOOD RETAIL PERU	9.9	10.5	*-5.7%*
CONSOLIDATED	566	551	*2.7%*

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

Food Retail Chile revenue grew 2.9% in 1Q18 with respect to 1Q17. Within the Food Retail Chile operations, Unimarc, the traditional supermarket, increased 3.0%. Unimarc accounts for approximately 70% of revenue for the Food Retail segment. Revenue for the cash & carry format increased 3.0% in 1Q18, driven by growth of 4.7% in Mayorista 10, where the new value proposition has been showing positive results in recent quarters. Revenue for the convenience store format (OK Market) decreased 1.1% in 1Q18, and revenue for the e-grocery format (Telemercados) decreased 9.0% in the period.

In Food Retail Peru, revenue decreased 5.7% (measured in Chilean pesos) in the first quarter of 2018 with respect to the same period of 2017. However, the decrease is explained by the appreciation of the Chilean peso with respect to the Peruvian Sol. Measured in Peruvian Soles, revenue increased 1.1%, despite the high comparison base in the first quarter of 2017, when the Company had an increase in sales volumes due to flooding that affected the country.

Same-store sales (SSS) growth for the Food Retail segment amounted to 3.2% for the first quarter of 2018.

Table 3: Same-Store Sales Growth in the Food Retail Segment (%)

SSS (△%)	1Q17	2Q17	3Q17	4Q17	2017	1Q18
UNIMARC	*4.6%*	*3.3%*	*1.5%*	*0.3%*	*2.3%*	*3.4%*
CASH & CARRY	*-2.6%*	*-1.2%*	*0.3%*	*0.5%*	*-0.7%*	*4.1%*
OK MARKET	*6.3%*	*4.8%*	*2.5%*	*1.4%*	*3.7%*	*-1.2%*
FOOD RETAIL CHILE	*2.7%*	*2.1%*	*1.2%*	*0.4%*	*1.5%*	*3.4%*
FOOD RETAIL PERU	*22.2%*	*11.5%*	*11.1%*	*4.7%*	*11.6%*	*0.3%*
CONSOLIDATED	*3.0%*	*2.2%*	*1.3%*	*0.4%*	*1.7%*	*3.2%*

SSS for Unimarc grew 3.4% in the first quarter of 2018. Cash & carry increased 4.1%, driven by 4.7% growth in Mayorista 10, reflecting the effect of the changing value proposition for this format. Same-store sales for the OK Market convenience stores decreased 1.2% in 1Q18, in line with revenue performance. Overall, Food Retail Chile recorded SSS growth of 3.4% for the first quarter of 2018.

Food Retail Peru—which accounts for around 2% of total revenue for the Food Retail segment—recorded an increase in SSS of 0.3%, which reflects the high comparison base in 1Q17, when Peru's SSS increased by 22.2%.

Sales per square meter for the Food Retail segment reached CLP 308,805 for the first quarter of 2018, 3.6% higher than the first quarter of 2017.

Table 4: Sales per Square Meter in the Food Retail Segment (Thous. CLP/M²)

SALES PER SQM (CLP Thousands/sqm)	1Q18	1Q17	△%
FOOD RETAIL CHILE	313.0	301.6	*3.8%*
FOOD RETAIL PERU	175.9	188.0	*-6.4%*
CONSOLIDATED	308.8	298.2	*3.6%*

Food Retail Chile sales per square meter grew 3.8% in 1Q18 compared to 1Q17, and Food Retail Peru (measured in Chilean pesos) recorded a decrease of 6.4% in sales per square meter in the period. However, as explained above, the decrease is due to the exchange rate. Sales per square meter measured in Peruvian Soles increased 0.3%, in line with SSS growth.

By format, sales per square meter for Unimarc increased 3.9% in 1Q18 and for the cash & carry segment they increased 3.8%, whereas OK Market had a decrease of 1.6%.

As of the end of the first quarter of 2018, SMU's food retail operations included **502 stores in Chile**, with a total of **584,676 square meters**, distributed from Arica to Punta Arenas, slightly below the 504 stores

in operation as of the end of the first quarter of 2017.

During the first quarter of 2018, the Company opened one OK Market and temporarily closed one Alvi, in order to carry out maintenance work.

In Peru, as of March 31, 2018, the Company had 24 stores, with 20,398 square meters, for a total selling space for the Food Retail segment of 605,073 square meters at period-end.

Table 5: Number of Stores and Sales Area (Thous. Square Meters) in the Food Retail Segment

NUMBER OF STORES	1Q18	1Q17
UNIMARC	289	292
CASH & CARRY	99	100
OK MARKET	114	112
FOOD RETAIL CHILE	502	504
FOOD RETAIL PERU	24	24
CONSOLIDATED	526	528

SALES AREA (THOUSANDS OF SQM)	1Q18	1Q17
UNIMARC	402	405
CASH & CARRY	168	169
OK MARKET	15	14
FOOD RETAIL CHILE	585	589
FOOD RETAIL PERU	20	20
CONSOLIDATED	605	609

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

OPENINGS AND CLOSURES	1Q17		2017		1Q18	
	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.
UNIMARC	0	3	0	6	0	0
CASH & CARRY	0	0	0	0	0	1
OK MARKET	0	4	2	5	1	0
FOOD RETAIL CHILE	0	7	2	11	1	1
FOOD RETAIL PERU	0	0	0	0	0	0

1.1.2. Distribution Costs and Administrative Expenses

In the first quarter of 2018, **distribution costs plus administrative expenses (excluding depreciation)** for the Food Retail segment, as a percentage of revenue, decreased by approximately 10 bps, from 22.1% in 1Q17 to 22.0% in 1Q18.

Distribution costs for the first quarter of 2018 totaled CLP 6,886 million, an increase of 14.9% with respect to the same period of 2017. The increase was primarily due to the increase in sales and the increase in 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. By increasing the rate of centralized distribution, SMU seeks to improve its in-store product availability and optimize its inventory management. Distribution costs as a percentage of revenue remained relatively stable, at approximately 1.2% for the first quarter of 2018 compared to 1.1% for 1Q17.

Administrative expenses (excluding depreciation) for the Food Retail segment increased 1.6% in the

first quarter of 2018, totaling CLP 117,786 million (20.8% of revenue), versus CLP 115,944 million (21.0% of revenue) for 1Q17.

The main increases in administrative expenses in the first quarter of 2018 were:

a. CLP 1,775 million (+8.9% YoY) in services, primarily due to retroactive increases in electricity charges due to a tariff increase;
b. CLP 1,263 million (+9.0% YoY) in lease expenses, related to inflation adjustments and the variable component of these expenses, which increased as a result of higher sales; and
c. CLP 658 million (+21.5%) in IT services, related to the implementation of projects associated with Plan CIMA[5].

These increases were partially offset by a decrease of CLP 1,529 million (-2.7% YoY) in personnel expenses, primarily due to the lower headcount (-7.3% in 1Q18 with respect to 1Q17), which outweighs the increases due to the higher minimum wage and inflation adjustments to salaries.

Table 7: Average Headcount in the Food Retail Segment

AVERAGE HEADCOUNT	1Q18	1Q17	△%
STORES CHILE	28,153	30,437	-7.5%
HEADQUARTERS CHILE	1,580	1,640	-3.6%
FOOD RETAIL CHILE	29,733	32,077	-7.3%
STORES PERU	529	606	-12.7%
HEADQUARTERS PERU	139	127	8.9%
FOOD RETAIL PERU	668	733	-8.9%
CONSOLIDATED	30,401	32,810	-7.3%

[5] Plan CIMA is SMU's strategic plan for 2017-2019, focused on six pillars: customer experience, operating efficiency, organizational excellence, sustainability, technological development, and financial strengthening.

1.1.3. Gross Margin, Contribution Margin, and EBITDA

Gross profit for the Food Retail segment totaled CLP 161,260 million for the first quarter of 2018, an increase of 3.6% with respect to the first quarter of 2017, which is equivalent to 28.5% of revenue, 20 bps higher with respect to 28.3% in 1Q17, as revenue growth exceeded growth in the cost of sales. The higher gross margin resulted from the Company's strong promotional activity, maintaining competitive prices and improving commercial efficiency.

Contribution margin for the segment grew 3.1% in 1Q18, totaling CLP 154,374 million, compared to CLP 149,729 million for 1Q17, amounting to 27.3% of revenue, 10 bps above the 27.2% for 1Q17. The increase of 20 bps in gross margin was partially offset by the increase of 10 bps in distribution costs as a percentage of revenue. Distribution costs increased 14.9% in the first quarter of 2018 with respect to the same period of 2017, as a result of higher sales and the increase in centralized distribution.

EBITDA for the Food Retail segment increased 8.3% in the first quarter of 2018, amounting to CLP 36.587 million, compared to CLP 33.785 million for 1Q17. **EBITDA margin** increased from 6.1% in 1Q17 to 6.5% in 1Q18.

EBITDAR (EBITDA less lease expenses) for the Food Retail segment amounted to CLP 51,854 million (EBITDAR margin 9.2%) for the first quarter of 2018, 7.7% higher than the CLP 48,151 million (EBITDAR margin 8.7%) obtained in 1Q17.

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

The **consolidated non-operating loss** for SMU for the first quarter of 2018 totaled CLP -29,914 million, compared to the non-operating loss of CLP -16,828 million for the first quarter of 2017.

The variation in non-operating loss in 1Q18 is primarily explained by **non-recurring effects**:

a. **Other gains (losses):** In 1Q18, the Company recorded a loss of CLP -8,038 million, compared to a gain of CLP 444 million in 1Q17 (a difference of CLP 8,482 million). This difference is primarily explained by the loss of CLP 7,877 million recorded in 1Q18 due to the organizational restructuring program that was carried out in January 2018, as part of the Company's operating efficiency initiatives. This restructuring program will generate savings in personnel expenses that will allow the Company to more than make up for this non-recurring expense over the course of the full year 2018; and
b. **Financial expenses:** Financial expenses increased by CLP 988 million (+5.9%) in 1Q18 with respect to 1Q17, despite the significant reduction in the Company's level of indebtedness, due to extraordinary expenses of CP 5,020 million associated with the partial redemption of the international bond. The CLP 5,020 million include prepayment costs, the unwind of the cross-currency swap, and the recognition of issuance expenses. The prepayment was for a principal amount of USD 120 million, financed using proceeds from the capital increase carried out in November 2017, and it will allow the Company to generate savings in interest expense going forward. Excluding these extraordinary expenses, financial expenses for the first quarter of 2018 would have amounted to approximately CLP 12,576 million, a decrease of approximately 24% with respect to 1Q17.

In addition, the Company reported a loss on **foreign currency translation differences** of CLP -367 million for 1Q18, compared to a gain of CLP 2,107 million in 1Q17 (a difference of CLP 2,475 million). The difference is primarily explained by the reduction in exposure to fluctuations in the exchange rate, due to the significant decrease in dollar-denominated debt in 1Q18 vs. 1Q17.

The **income tax benefit** for the first quarter of 2018 amounted to CLP 5,194 million, a difference of CLP 5,092 million with respect to the income tax benefit of CLP 102 million for 1Q17. The difference is primarily explained by pre-tax income: In 1Q18, the Company has a net loss before taxes of CLP -5,118 million, giving rise to an income tax benefit of CLP 1,377 million, whereas in 1Q17, the Company has net income before taxes of CLP 4,396 million, giving rise to an income tax expense of CLP 1,121 million. The difference year over year amounts to CLP 2,498 million. In addition, the change in permanent differences from deferred taxes was higher in 1Q18 (CLP 4,099 million) than in 1Q17 (CLP 2,261 million), mainly due to higher inflation adjustments to tax losses, as a result of higher inflation in 1Q18 than in 1Q17.

[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)

1.3. Operations Held for Sale: Construction Materials Segment

The results of the Construction Materials segment are consolidated in a single line of SMU's statements of comprehensive income, under "Profit (loss) from discontinued operations" (see Note Regarding Presentation and Comparison of Information, on page 2).

In the first quarter of 2018, **revenue** for the Construction Materials totaled CLP 67,102 million, an increase of CLP 4,543 million (7.3%) with respect to the first quarter of 2017.

By business, retail sales decreased 0.2% in 1Q18 with respect to 1Q17, due to a reduction in consumption in the industry. The retail business accounted for 37.5% of total revenue in the period, lower than the 40.3% reported for 1Q17.

The B2B business accounted for 62.5% of sales in 1Q18 and recorded an increase in revenue of 12.5% compared to 1Q17. In the second half of 2017, activity among big construction companies began to recover, and this trend continued in 1Q18, with a positive impact on B2B sales.

Gross margin for this segment reached 17.0% for 1Q18, a decrease of 60 bps with respect to 1Q17, as a result of the increase of the B2B business as a proportion of total sales.

In 1Q17, **administrative expenses (excluding depreciation)** for this segment increased by 4,0%, but as a percentage of sales they decreased 40 bps (from 15.4% in 1Q17 to 14.9% in 1Q18).

EBITDA for this segment totaled CLP 1,429 million (EBITDA margin 2.1%) for 1Q18, slightly lower than the CLP 1,448 million (EBITDA margin 2.3%) reported for 1Q17.

1.4. Net Income

Despite the improvements in operating results, **net income** for the first quarter of 2018 decreased 90.7% with respect to the same period of the previous year, from CLP 5,001 million to CLP 465 million, primarily due to **two non-recurring non-operating effects**: (i) an expense of CLP 7,877 million, related to the organizational restructuring program carried out by the Company in January 2018 as part of its operating efficiency initiatives. This restructuring program will generate savings in personnel expenses that will allow the Company to more than make up for this non-recurring expense over the course of the full year 2018; and (ii) extraordinary financial expenses of CLP 5,020 million, related to the partial redemption of the international bond in February 2018. Together, these two effects generated a decrease of CLP 12,897 million in net income before taxes. Excluding these non-recurring effects, pre-tax income would have amounted to CLP 7,779 million, an increase of CLP 3,383 million with respect to pre-tax income for 1Q17, in line with the improvement in EBITDA. **Profit from continuing operations** decreased 98.3% in 1Q18, amounting to CLP 75 million. **Profit from discontinued operations totaled** CLP 390 million in 1Q18, a decrease of 22.5% with respect to 1Q17.

2. Analysis of Statement of Financial Position

Table 10: Statement of Financial Position as of March 31, 2018 and December 31, 2017

(CLP Million)	March 2018	December 2017	△$	△%
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	114,085	110,540	3,545	3.2%
Other Current Financial Assets	16	15	0	3.1%
Other Current Non-Financial Assets	18,985	22,640	(3,655)	(16.1%)
Trade Accounts Receivable and Other Receivables, Net	41,130	47,073	(5,943)	(12.6%)
Accounts Receivable from Related Companies	14,318	14,363	(44)	(0.3%)
Inventories	206,016	194,157	11,859	6.1%
Current Tax Assets	5,523	5,323	200	3.8%
Non-Current Assets Classified as Held for Sale	100,092	101,311.1	(1,219)	(1.2%)
Total Current Assets	**500,165**	**495,421**	**4,743**	**1.0%**
NON-CURRENT ASSETS				
Other Non-Current Financial Assets	242	241	1	0.3%
Other Non-Current Non-Financial Assets	24,399	24,648	(249)	(1.0%)
Non-Current Accounts Receivable	3,156	2,369	788	33.2%
Investments Accounted for Using the Equity Method	2,171	3,075.9	(905)	(29.4%)
Intangible Assets Other Than Goodwill	77,182	78,284	(1,102)	(1.4%)
Goodwill	474,187	474,253	(66)	(0.0%)
Property, Plant, and equipment, net	412,426	409,971	2,455	0.6%
Deferred tax assets	417,968	413,330	4,638	1.1%
Total Non-Current Assets	**1,411,733**	**1,406,173**	**5,559**	**0.4%**
TOTAL ASSETS	**1,911,898**	**1,901,595**	**10,303**	**0.5%**
LIABILITIES				
CURRENT LIABILITIES				
Other Current Financial Libialities	186,318	70,342	115,976	164.9%
Trade and Other Current Payables	434,140	414,360	19,780	4.8%
Accounts Payable to Related Companies	2,713	3,357	(644)	(19.2%)
Other Current Provisions	1,415	1,227	188	15.3%
Current Tax Liabilities	-	0	0	-
Current Provisions for Employee Benefits	11,235	17,059	(5,824)	(34.1%)
Other Current Non-Financial Liabilities	3,101	3,436	(336)	(9.8%)
Non-Current Liabilities Classified as Held for Sale	59,449	60,929.3	(1,481)	(2.4%)
Total Current Liabilities	**698,370**	**570,711**	**127,659**	**22.4%**
NON-CURRENT LIABILITIES				
Other Non-Current Financial Liabilities	534,621	727,071	(192,449)	(26.5%)
Non-Current Payables	160	175	(16)	(8.9%)
Trade Payables due to Related Entities, Non-Current	-	0	0	-
Deferred Tax Liabilities	55	70	(15)	(21.0%)
Non-Current Provisions for Employee Benefits	2,757	2,699	58	2.1%
Other Non-Current Non-Financial Liabilities	7,682	8,094	(412)	(5.1%)
Total Non-Current Liabilities	**545,275**	**738,109**	**(192,834)**	**(26.1%)**
TOTAL LIABILITIES	**1,243,645**	**1,308,820**	**(65,175)**	**(5.0%)**
EQUITY				
Issued Capital	1,269,165	1,195,165	74,000	6.2%
Accumulated Losses	(739,892)	(740,068)	176	(0.0%)
Other Reserves	138,980	137,678	1,302	0.9%
Equity Attributable to the Owners of the Parent Company	668,253	592,775	75,478	12.7%
Non-Controlling Interest	(0)	(0)	-	0.0%
Total Equity	**668,253**	**592,775**	**75,478**	**12.7%**
TOTAL LIABILITIES AND EQUITY	**1,911,898**	**1,901,595**	**10,303**	**0.5%**

2.1. Assets

As of March 31, 2018, SMU's **total assets** increased 0.5% with respect to December 31, 2017, totaling CLP 1,911,898 million.

Current assets as of March 31, 2018 increased CLP 4,743 million (1.0%) with respect to December 31, 2017, totaling CLP 500,165 million, primarily due to:

a. An increase in inventories (↑CLP 11,859 million), primarily related to the business cycle.
b. An increase in cash and cash equivalents (↑CLP 3,545 million), explained by the variations that are described in section 3. Analysis of Statement of Cash Flows.

These increases were partially offset by:

a. A decrease in trade and other receivables (↓CLP 5,943 million), primarily explained by the business cycle and year-end sales with credit and debit cards.
b. A decrease in other current non-financial assets (↓CLP 3,655 million), primarily due a decrease in advanced payments to foreign suppliers.
c. A decrease in non-current assets or asset groups classified as held-for-sale (↓CLP 1,219 million), due to a decrease in Construmart's assets, especially in trade and other receivables.

Non-current assets as of March 31, 2018 totaled CLP 1,411,733 million, an increase of 0.4% with respect to year-end 2017, primarily due to:

a. An increase in deferred tax assets (↑CLP 4,638 million), primarily due to the increase in accumulated tax losses (CLP 10,094 million), partially offset by lower balances of deferred intangible tax assets (CLP 2,358 million) and provisions (CLP 1,772 million), as well as a greater deferred liability for property plant and equipment (CLP 1,616 million).
b. An increase in property, plant and equipment (↑CLP 2,455 million) due to additions during the period (↑CLP 6,092 million) and other increases (↑CLP 6,064 million), partially offset by depreciation (↓CLP 9,624 million).

These increases were partly offset by:

a. A decrease in intangible assets other than goodwill (↓CLP 1,102 million) due to amortization (↓CLP 2,167 million), partially offset by additions during the period (↑CLP 1,078 million).
b. A decrease in investments accounted for using the equity method (↓CLP 905 million), primarily due to the recognition of losses of affiliate companies during the period.

2.2. Liabilities

As of March 31, 2018, the Company's **total liabilities** amounted to CLP 1,243,645 million, a decrease of 5.0% with respect to December 31, 2017.

Current liabilities increased by CLP 127,659 million (+22.4%), primarily due to:

a. An increase in other current financial liabilities (↑CLP 115,976 million), primarily explained by the transfer from non-current to current of the outstanding balance of the international bond, which originally matured in February 2020, due to the prepayments announced for April 2, 2018 (USD 80 million) and May 15, 2018 (USD 100 million).
b. An increase in current trade and other payables (↑CLP 19,780 million), mainly explained by the cut-off date for payments.

These increases were partially offset by:

a. A decrease in current provisions for employee benefits (↓CLP 5,824 million), primarily due to the payment of the annual performance bonus, a lower provision for vacations, following the peak summer period in the southern hemisphere, and the organizational restructuring program carried out in January 2018.
b. A decrease in non-current assets or asset groups classified as held-for-sale (↓CLP 1,481 million), due to a decrease in Construmart's liabilities, primarily trade accounts payable.

Non-current liabilities decreased by CLP 192,834 million (-26.1%), primarily due to the decrease of CLP 192,449 million in other non-current financial liabilities. This decrease is explained by the partial prepayment of the international bond, in the amount of USD 120 million, on February 9, 2018, and by the transfer from non-current to current of the outstanding balance of the international bond, due to the prepayments announced for April 2 and May 15, 2018.

2.3. Shareholders' Equity

Shareholders' equity increased by CLP 75,478 million (+12.7%), primarily due to:

a. An increase in share capital (↑CLP 74,000 million), due to the capital increase carried out in January 2018.
b. An increase in other reserves (↑CLP 1,302 million), due to the reversal of the negative hedge reserve for CLP 1,820 million, partially offset by share issuance expenses of CLP 518 million during the period.

3. Analysis of Statement of Cash Flows

Table 11: Statement of Cash Flows for the three months ended March 31, 2018 and 2017

(CLP Million)	March 2018	March 2017	△$
Net Cash Flows From (Used in) Operating Activities	32,069	9,067	23,002
Net Cash Flows From (Used in) Investing Activities	(5,957)	(5,541)	(415)
Net Cash Flows From (Used in) Financing Activities	(22,567)	12,846	(35,413)
Net Increase (Decrease) in Cash and Cash Equivalents Before Effect of Exchange Rates	**3,545**	**16,372**	**(12,826)**
Net Increase (Decrease) in Cash and Cash Equivalents	**3,545**	**16,372**	**(12,826)**
Cash and Cash Equivalents at Beginning of Period	110,540	48,497	62,043
Cash and Cash Equivalents at End of Period	**114,085**	**64,868**	**49,217**

Cash provided by **operating activities** for the first quarter of 2018 totaled CLP 32,069 million, compared to CLP 9,067 million for 1Q17, an increase of CLP 23,002 million. However, as explained in the Note Regarding Presentation and Comparison of Information (page 2), the figures are not comparable, as the cash flows for 1Q17 include Construmart and the cash flows for 1Q18 do not. Excluding the impact of the comparison with Construmart, cash provided by operating activities increased CLP 24,179 million in 1Q18.

Cash used in **investing activities** for the first quarter of 2018 totaled CLP -5,957 million, compared to CLP -5,541 million for 1Q17, an increase of CLP 415 million. Excluding the effect of Construmart, the difference amounts to CLP 294 million. In both periods, the greatest outflow of cash is for **CAPEX**, which includes purchases of property, plant and equipment and purchases of intangible assets and amounted to CLP 5,972 million in 1Q18 and CLP 5,438 million in 1Q17.

Cash from **financing activities** for the first quarter of 2018 totaled a net outflow of CLP -22,567 million, mainly explained by: (i) the partial prepayment of the international bond in February for CLP 71,584 million and (ii) interest payments of CLP 21,981 million, partially offset by the capital increase in January 2018 for a total of CLP 74,000 million. In 1Q17, the Company had a net inflow of CLP 12,846 million in cash from financing activities, mainly explained by the capital increase carried out in January 2017 for a total of CLP 129,950 million, partially offset by: (i) payments of loans from related and non-related parties for a total of CLP 106,040 million, and (ii) interest payments for a total of 18,516 million. The cash from financing activities in 1Q17 includes a net outflow of CLP -556 million corresponding to Construmart.

4. Financial Indicators

Table 12: Financial Indicators

			Mar. 2018	Dec. 2017
LIQUIDITY				
Liquidity Ratio	times	*Current assets/current liabilities*	0.72	0.87
Acid Ratio	times	*(Current assets - inventories)/current liabilities*	0.42	0.53
LEVERAGE				
Total Liabilities / Total Assets	times	*Total Liabilities / Total Assets*	0.65	0.69
Total Liabilities / Equity	times	*Total Liabilities / Equity*	1.86	2.21
Net Financial Liabilities / Equity	times	*(Other current financial liabilities + other non-current financial liabilities - cash and cash equivalents)/Shareholders' equity*	0.91	1.16
Currents Liabilities / Total Liabilities	%	*Total Current Liabilities/Total Liabilities*	56.16	43.60
INDEBTEDNESS				
Days of Inventory	days	*Average inventory for the period / Daily cost of goods sold for the period*	44.48	40.90
Accounts Receivable Days	days	*Average current trade and other accounts receivable for the period / (Daily revenue for the period * 1.19)*	5.89	6.44
Accounts Payable Days	days	*Average current trade and other accounts payable for the period / (Daily cost of goods sold for the period * 1.19)*	79.26	77.78
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)*	2.20	2.18
Gross Margin (Last 12 months)	%		28.30	28.24
EBITDA (Last 12 months)	CLP MM		144,839	142,036
EBITDA Margin (Last 12 months)	%		6.37	6.29
PROFITABILITY (12 months)				
Return on Assets	%	*Net income last 12 months / Total assets*	1.21	1.45
Return on Assets (excluding goodwill)	%	*Net income last 12 months / (Total assets - goodwill)*	1.61	1.94
Return on Equity	%	*Net income last 12 months / Shareholders' Equity*	3.46	4.66
Return on Invested Capital (including goodwill)	%	*Operating income last 12 months / (Accounts receivable + inventories + intangible assets + goodwill + property, plant and equipment)*	8.06	7.81
Return on Invested Capital (excluding goodwill)	%	*Operating income last 12 months / (Accounts receivable + inventories + intangible assets + property, plant and equipment)*	13.24	12.89

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, 2018.

6. Main Events During the Period

1. On January 4, 2018, SMU's Board of Directors approved a restructuring process as part of the Company's operating efficiency initiatives. The process included a reduction in force of 1,800 employees and an associated expense of approximately CLP 7,942 million.

2. On January 17, 2018, the Company filed an Essential Fact, informing that on January 15, 2018, the Board of Directors of the Company agreed, in accordance with the shareholder agreements per the Extraordinary Shareholders' Meetings held on December 30, 2015 and December 2, 2016, to offer a quantity of up to 400,000,000 shares for placement in the market. The shares to be offered in the market were issued as part of the capital increase that was approved at the extraordinary shareholders' meeting held on December 30, 2015. The original capital increase was for a total of

2,486,486,486, of which 1,150,000,000 were placed in the Company's IPO on January 24, 2017 and a further 575,000,000 were placed in a follow-on capital increase on November 16, 2017. As of January 17, 2018, a total of 761,486,486 shares remained available for placement in the market.

The shares were offered for placement through a book auction on the Santiago Stock Exchange, in a process known as "*subasta de un libro de órdenes*", with BTG Pactual Chile S.A. Corredores de Bolsa and Larrain Vial S.A. Corredora de Bolsa acting as placement agents.

3. On January 22, 2018, the Company filed an Essential Fact, reporting the placement, through a book auction on the Santiago Stock Exchange, in a process known as "subasta de un libro de órdenes," of a total of 400 million shares at a price of CLP 185 per share. BTG Pactual Chile S.A. Corredora de Bolsa and Larraín Vial Corredora de Bolsa acted as placement agents. The total amount of the share placement was CLP 74,000 million.

4. On January 29, 2018, the Company filed an Essential Fact, informing:

(1) As informed in an Essential Fact on November 9, 2017, Alvi Supermercados Mayoristas S.A. and Inversiones SMU SpA (jointly referred to as the "Sellers"), both of which are subsidiaries of the Company and together own 100% of the shares of Construmart S.A., executed a binding agreement (the "Agreement") with Larraín Vial Servicios Profesionales Ltda. ("Larraín Vial") for the sale of 100% of the shares of Construmart S.A. (the "Transaction").

(2) In the abovementioned Essential Fact, the Company informed that the completion of the Transaction was subject to a series of conditions, including, among others, the completion of a due diligence review of Construmart S.A. and its subsidiaries.

(3) Considering the above, the Company informed that Larraín Vial, acting on behalf of a group of investors that will contribute to Fondo de Inversión Privado Hammer, a private investment fund (the "Buyer"), has informed that, having completed the due diligence review of Construmart, it confirms to the Sellers that it maintains its intention to acquire Construmart, in accordance with the terms of the Agreement.

(4) The price of the Transaction has been determined to be UF 1.845.655 (one million eight hundred forty five thousand six hundred fifty five *Unidades de Fomento*), which will be subject to a discount in the amount of the net financial debt of Construmart, as well as other adjustments that are habitual for transactions of this nature. Such adjustments will be made on the closing date of the Transaction. With respect to the account receivable described in the Essential Fact filed on November 9, 2017, which could affect the amount of the price, this remains the same.

(5) The Transaction will be completed on the second business day following the date on which fulfillment of certain final closing conditions agreed on by the parties has been verified. Such conditions include notifying and obtaining the approval of the antitrust authorities.

Finally, the Company informed that it is not currently possible to accurately determine the impact that the information provided herein may have on the Company's results.

5. On February 9, 2018, the Company carried out a partial redemption of its International bond. Such bond was placed in February 2013 for a total capital amount of USD 300 million, and it matures in February 2020. The partial redemption was for a total capital amount of USD 120 million, plus the prepayment cost of USD 2.33 million, as well as interest accrued as of such date of USD 0.026 million. As a result, the total cash payment amounted to USD 122.35 million. The partial redemption was made using the proceeds of the capital increase carried out in November 2017.

6. On March 2, 2018, the Company notified its international bond holders that on April 2, 2018, the Company will carry out an additional partial redemption for a total capital amount of USD 80 million, as well as the applicable prepayment cost and accrued interest. The new partial redemption will be made using the proceeds of the capital increase carried out in January 2018. Following the new partial redemption, the outstanding capital amount of the international bond will be USD 100 million, maturing in February 2020.

7. Credit Ratings:

    a. On January 24, 2018, the rating agency ICR upgraded the Company's credit rating from BB+ (positive outlook) to BBB- (positive outlook), which is an investment grade rating.

    b. On January 26, 2018, the rating agency Feller Rate upgraded the Company's credit rating from BB+ (positive outlook) to BBB- (positive outlook), which is an investment grade rating.

    c. On February 6, 2018, the rating agency Humphreys upgraded the Company's credit rating from BBB- (stable outlook) to BBB (stable outlook).

    Consequently, SMU has an investment grade credit rating with all three of its local rating agencies (Feller Rate, Humphreys and ICR). In addition, with respect to international credit ratings:

    a. On March 12, 2018, the rating agency Moody's changed the outlook on the Company's credit rating from stable to positive, maintaining the B3 rating.

8. On March 27, 2018, the Company filed an Essential Fact, informing that the previous day, the Board of Directors agreed to call an Annual Ordinary Shareholders' Meeting to be held on April 26, 2018, 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:

    (1) Approve annual report and financial statements for the 2017 period.
    (2) Approve the report of independent auditors.
    (3) Elect Board of Directors.

(4) Approve remunerations of Board of Directors and other corporate committees for the 2018 period. Inform Board of Directors expenses incurred during 2017 period.
(5) Inform activities and expenses of Directors' Committee and determine remunerations for 2018 period.
(6) Inform operations referred to under Title XVI of Law No. 18,046 (related-party operations).
(7) Designate independent audit firm and credit rating agencies for the 2018 period.
(8) Designate newspaper in which legally required notifications will be published.
(9) Use net profit for the 2017 period to absorb accumulated losses.
(10) Review any other matter that is of interest to shareholders and pertains to the Annual Ordinary Shareholders' Meeting.

At the same meeting, the Company's Board of Directors also agreed to call an Extraordinary Shareholders' Meeting to be held on the same day and at the same location described above, immediately following the Annual Ordinary Shareholders' Meeting in order to review and submit for the approval of the Company's shareholders the following matters:

(1) Decrease paid-in capital by CLP 5.355.276.874 by capitalizing expenses incurred in the issuance and placement of shares charged to the capital increase approved at the Extraordinary Shareholders' Meeting held on December 30, 2015 and complemented by the Extraordinary Shareholders' Meeting held on December 2, 2016. The expenses relate to the share placements carried out on January 24, 2016, November 16, 2017, and January 22, 2018.
(2) In the event that the preceding point 1 is approved, decrease paid-in capital by CLP 740.067.795.056 by capitalizing accumulated losses from previous periods, maintaining the same number of shares.
(3) Modify the Company's by-laws to reflect the resolutions approved by shareholders with respect to the preceding matters.
(4) Approve any additional agreements necessary to carry out the decisions made by shareholders at the Extraordinary Shareholders' Meeting.

9. On March 27, 2018, the Company announced that it had been notified by the Chilean antitrust authority (Fiscalía Nacional Económica) that the sale of the Company's subsidiary Construmart S.A. had been approved, and that consequently, the transaction would be completed in the coming weeks.

7. Subsequent Events

1. On April 2, 2018, the Company carried out a partial redemption of its International bond. Such bond was placed in February 2013 for a total capital amount of USD 300 million, and it matures in February 2020. The partial redemption was for a total capital amount of USD 80 million, plus the prepayment cost of USD 1.55 million, as well as interest accrued as of such date of USD 0.93 million. As a result, the total cash payment amounted to USD 82.48 million.

2. On April 5, 2018, the Company filed an Essential Fact, informing of the placement of the series T local bond (ticker BCSMU-T) for a total of UF 2.5 million at a placement rate of 3.04% and a nominal interest rate of 3.00%, maturing on March 15, 2025.

3. On April 26, 2018, the Company held its Annual Ordinary Shareholders' Meeting, where shareholders approved the following resolutions:

   (1) Approve annual report and financial statements for the 2017 period.
   (2) Approve the report of independent auditors.
   (3) Use net profit for the 2017 period to absorb accumulated losses.
   (4) Elect the following individuals to the Company's Board of Directors for the next three years:

   - Alvaro Saieh Bendeck
   - Pilar Dañobeitía Estades
   - Alejandro Alvarez Aravena
   - Abel Bouchon Silva
   - Fernando Del Solar Concha
   - Andrés Olivos Bambach
   - Rodrigo Perez Mackenna (Independent Director)
   - Tina Rosenfeld Kreisselmeyer (Independent Director)
   - Raúl Sotomayor Valenzuela

   (5) Approve remunerations of Board of Directors and other corporate committees for the 2018 period. In addition, shareholders were informed of Board of Directors expenses incurred during 2017 period.
   (6) Inform activities and expenses of Directors' Committee and determine remunerations for 2018 period.
   (7) Inform operations referred to under Title XVI of Law No. 18,046 (related-party operations).
   (8) Designate KPMG Auditores Consultores Limitada as the independent audit firm; Humphreys, Feller, and ICR as local credit rating agencies; and Moody's and Standard & Poor's as international credit rating agencies for the 2018 period.
   (9) Designate the El Pulso section of La Tercera as the newspaper in which legally required notifications will be published.

   In addition, the Company held an Extraordinary Shareholders' Meeting, where shareholders approved the following resolutions:

   (1) Decrease paid-in capital by CLP 5.355.276.874 by capitalizing expenses incurred in the issuance and placement of shares charged to the capital increase approved at the Extraordinary Shareholders' Meeting held on December 30, 2015 and complemented by the Extraordinary Shareholders' Meeting held on December 2, 2016.
   (2) Decrease paid-in capital by CLP 740.067.795.056 by capitalizing accumulated losses from previous periods, maintaining the same number of shares.
   (3) Modify the Company's by-laws to reflect the resolutions approved by shareholders with respect to the preceding matters.

4. On April 27, the rating agency Feller Rate upgraded the Company's credit rating from BBB- (positive outlook) to BBB (positive outlook).

5. On April 30, 2018, the Company filed an Essential Fact, informing:

   (1) As informed in an Essential Fact on November 9, 2017, Alvi Supermercados Mayoristas S.A. and Inversiones SMU SpA (jointly referred to as the "Sellers"), both of which are subsidiaries of the Company and together own 100% of the shares of Construmart S.A., executed a binding agreement (the "Agreement") with Larraín Vial Servicios Profesionales Ltda. ("Larraín Vial") for the sale of 100% of the shares of Construmart S.A. (the "Transaction"). In such Essential Fact, the Company informed that prior to the closing date of the Transaction, a special purpose vehicle would be constituted, through which the shares would be acquired. Such special purpose vehicle was made up by the Fondo de Inversión Hammer (the "Buyer").

   (2) In an Essential Fact filed on January 29, 2018, the Company reported that the Buyer had completed its due diligence review of Construmart and confirmed to the Sellers that it maintained its intention to acquire Construmart, in accordance with the terms of the Agreement, and that the closing date of the Transaction would be the second business day following the date on which fulfillment of certain final closing conditions agreed on by the parties has been verified.

   (3) On April 27, 2018, due to the fact that the parties had confirmed the fulfillment of the final closing conditions, the Transaction was completed and the Buyer has acquired 100% of the shares of Construmart S.A. The price agreed upon for the assets was CLP 50,625 million, and considering the discount of Construmart's debt, the equity value amounted to CLP 38,743 million. In addition, in accordance with the sale agreement, SMU received the payment of CLP 7,238 million for related party debt. As a result, the total amount received by SMU for this transaction was CLP 45,981 million. One of the conditions for the completion of the Transaction was the approval by the Chilean antitrust authority (Fiscalía Nacional Económica), which was obtained on March 23, 2018.

6. On May 8, 2018, the Company filed an Essential Fact (Hecho Esencial), informing that at a Board of Directors' meeting held on May 7, 2018, the Company's directors agreed to name Mr. Álvaro Saieh Bendeck as Chairman of the Board and Ms. Pilar Dañobeitía Estades as Vice Chairman. In addition, the directors agreed to name Mr. Alejandro Álvarez Aravena, Mr. Rodrigo Pérez Mackenna and Ms. Tina Rosenfeld Kreisselmeyer as members of the Directors' Committee.

7. On May 15, 2018, the Company carried out a redemption of the total outstanding amount of its international bond. Such bond was placed in February 2013 for a total capital amount of USD 300 million, and a maturity date of February 2020. The redemption was for a total capital amount of USD 100 million, plus the prepayment cost of USD 1.928 million, as well as interest accrued as of such date of USD 2.088 million. As a result, the total cash payment amounted to USD 104.026 million, and the bond has been prepaid in its entirety.