



4Q19 Earnings SMU S.A.



Caution Regarding Forward-Looking Statements

This presentation may contain forward-looking statements. We have based any such forward-looking statements largely on our current beliefs, expectations and projections about future events and financial trends affecting our business. Although management considers these projections to be reasonable based on information currently available to it, many important factors could cause our actual results to differ substantially from those anticipated in our forward-looking statements. The words “believe,” “may,” “will,” “aim,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “forecast” and similar words are intended to identify forward-looking statements. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities and the effects of future regulation and competition. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks that predictions, forecasts, projections and other forward-looking statements will not be achieved. In light of the risks and uncertainties described above, the forward-looking events and circumstances discussed in this presentation might not occur and are not guarantees of future performance. Therefore, we caution readers not to place undue reliance on these statements. Forward-looking statements speak only as of the date they were made, and we undertake no obligation to update or revise any forward-looking statements included in this presentation because of new information, future events or other factors.



Presentation and Comparison of Information IFRS 16

On January 1, 2019, IFRS 16 “Leases” went into effect. This financial reporting standard establishes the definition of a lease contract and stipulates the accounting treatment of assets and liabilities arising from such contracts. The new standard does not modify the accounting treatment defined in IAS 17 “Leases” from the standpoint of the lessor, but it does change the account treatment from the standpoint of the lessee, as it requires the recognition of assets and liabilities for most lease contracts.

Note 3.1 New Accounting Pronouncements in SMU’s consolidated financial statements as of December 31, 2019 contains a complete description of the application of IFRS 16 and the related criteria.

Due to the application of IFRS 16 in 2019, certain accounts are not comparable between 2019 and 2018. However, SMU’s 4Q19 earnings release contains a *pro forma* presentation of 2019 figures, provided solely for illustrative purposes, so that SMU’s results and financial position can be evaluated excluding the effects of the change in accounting rules. Certain *pro forma* figures have been included in this presentation.



Presentation and Comparison of Information Insurance Indemnities in 4Q19

Negative impact on SMU's operations from events in 4Q19:

- Loss of merchandise and physical damage to stores, due to looting and acts of vandalism
- Loss of revenue, due to store closures and reduced operating hours

SMU received preliminary estimate from insurance adjuster and recognized estimate in 4Q financial statements.

- Business interruption indemnity: recognized under "revenue" but calculated as EBITDA plus fixed costs of affected stores.
- Physical damage and loss of merchandise indemnities: recognized under "other gains (losses)" at current value

4Q19 Insurance and Related Expenses





	4Q19 CLP MN
REVENUE	8,493
OTHER GAINS (LOSSES):	(5,564)
<i>INSURANCE RECOVERIES</i>	24,285
<i>LOSS FROM ACTS OF VANDALISM</i>	29,849

Status of Operations

SMU has continued implementing plan to reopen stores. Current status:

- 95% of stores are operating
- 26 stores closed due to significant fire-related damage or other damage
- Currently working on plan to reopen 12 stores during 2020-1Q2021
- Remaining stores in evaluation

SMU Stores in Chile as of March 16, 2020

	OPEN	CLOSED	TOTAL
	283	9	292
	61	5	66
	28	5	33
	120	7	127
TOTAL	492	26	518

4Q19 Earnings Revenue

Revenue YoY:

+0.1% 2019

-1.6% 4Q19

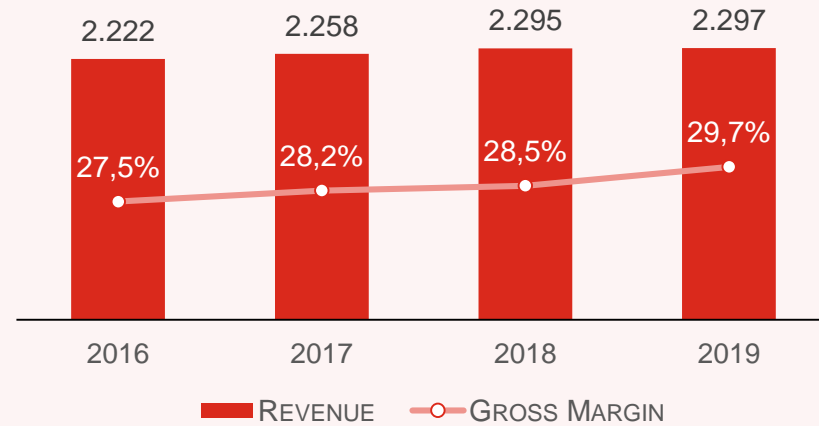
Gross margin YoY:

+120 bps 2019

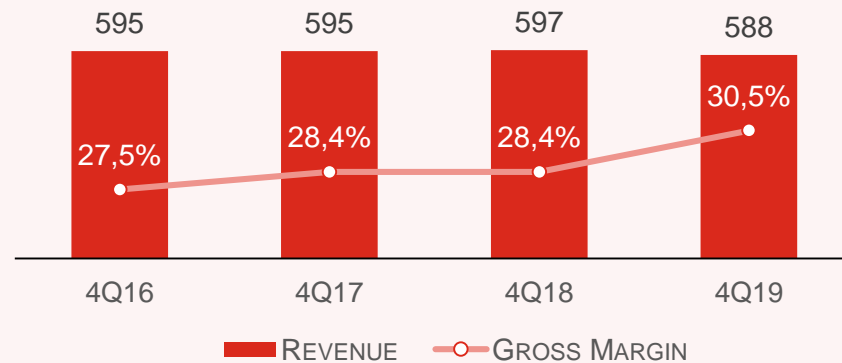
+210 bps 4Q19

Revenue and gross margin are affected by recognition of business interruption indemnity (CLP 8,493 Mn)

Revenue – Full Year (CLP Bn) ⁽¹⁾



Revenue – Fourth Quarter (CLP Bn) ⁽¹⁾



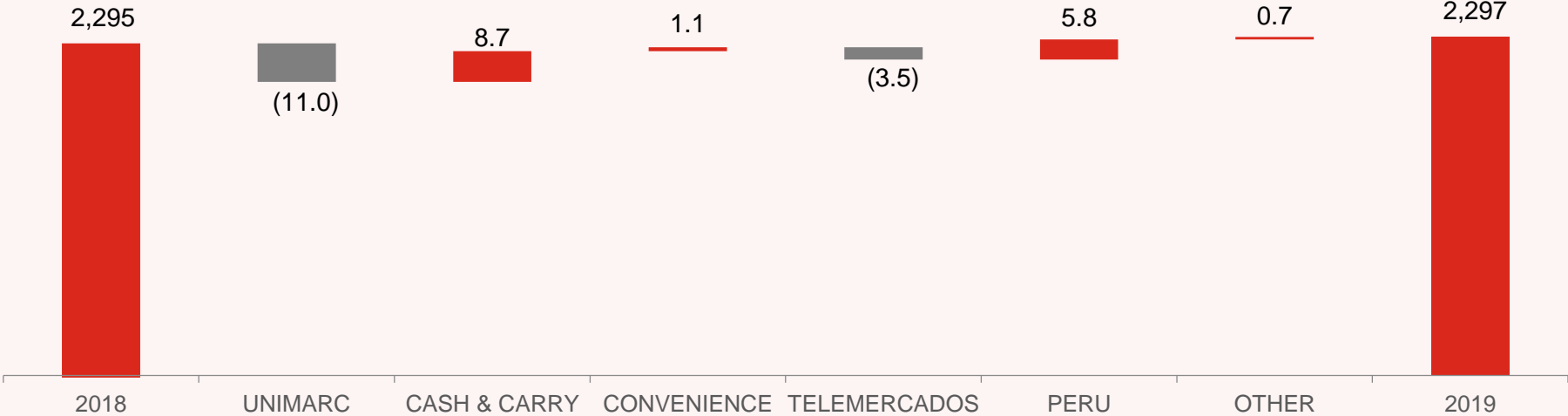
(1) Revenue for 2016 and 4Q16 excludes revenue from Construmart, the subsidiary that was sold in April 2018 and is presented as available for sale in 2017, 2018 and 2019.

4Q19 Earnings Revenue by Format

Highlights 2019:

- Peru +12.6% (CLP) / +4.2% (PEN)
- Cash & carry +1.5%
- OK Market +2.2%

2019 vs 2018 Revenue by Format (CLP Bn)



4Q19 Earnings SSS and Sales/M²



Same-Store Sales:

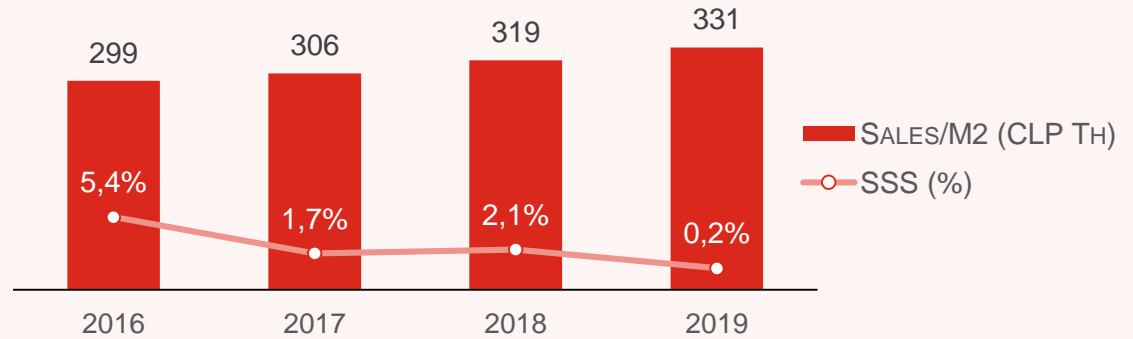
Trends by format in line with revenue performance. Strong impact from 4Q19 events.

Sales/M²:

M² affected in part by space optimizations and store remodels

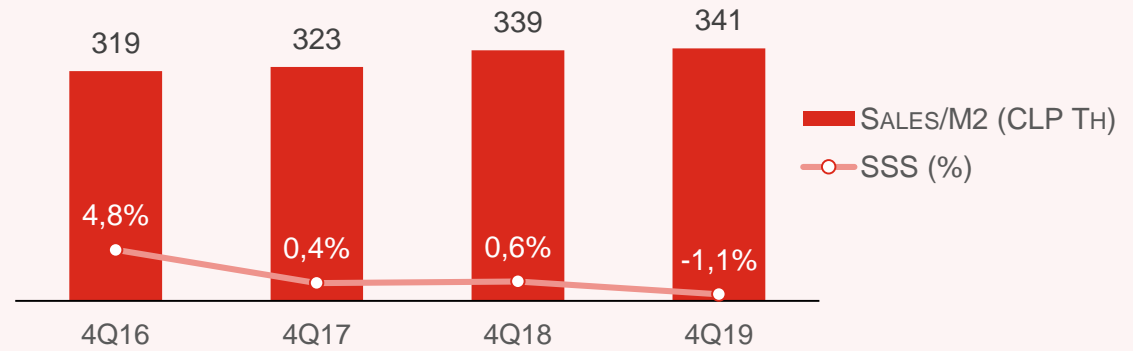
SSS and Sales/M² do not include business interruption indemnity

Same-Store Sales and Sales/M² – Full Year ⁽¹⁾⁽²⁾



SSS 2019: Unimarc -0.5%; Cash & Carry +2.0%; OK Market +1.7%; Peru +3.0%

Same-Store Sales and Sales/M² – Fourth Quarter



SSS 4Q19: Unimarc -1.2%; Cash & Carry -0.2%; OK Market -8.6%; Peru -8.8%

(1) Same-store sales reflects the percentage change in sales of our stores operating throughout the same months of both financial periods being compared, for the Food Retail segment. In order to be included in the calculation, a store must have been operating for at least 13 consecutive months, beginning on the date on which the store was opened or re-opened.

(2) Sales per square meter is calculated as sales for the period divided by the square meters of selling space at the end of each month during the period, for the Food Retail segment.

4Q19 Earnings Operating Expenses⁽¹⁾



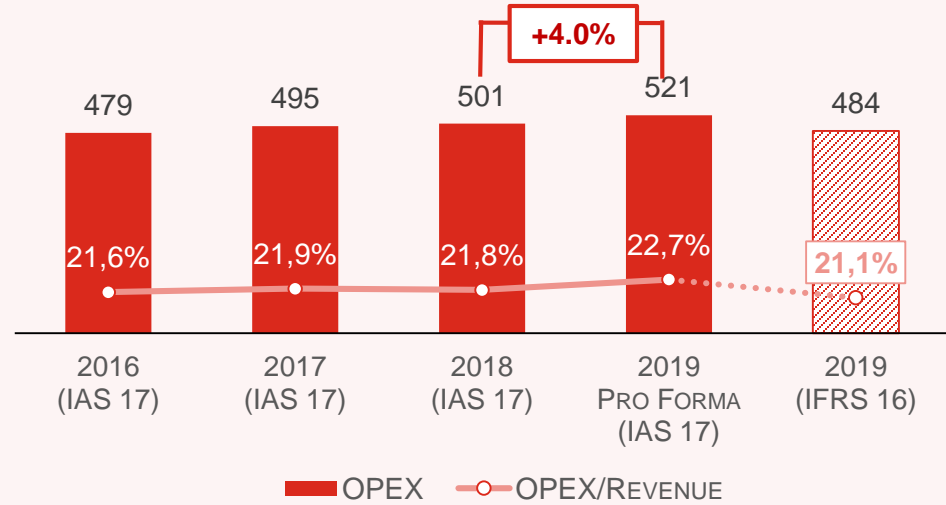
Operating Expenses (Ex IFRS 16):

Most significant impact is increase in personnel expenses (+8.2% 2019 / +13.7% 4Q19)

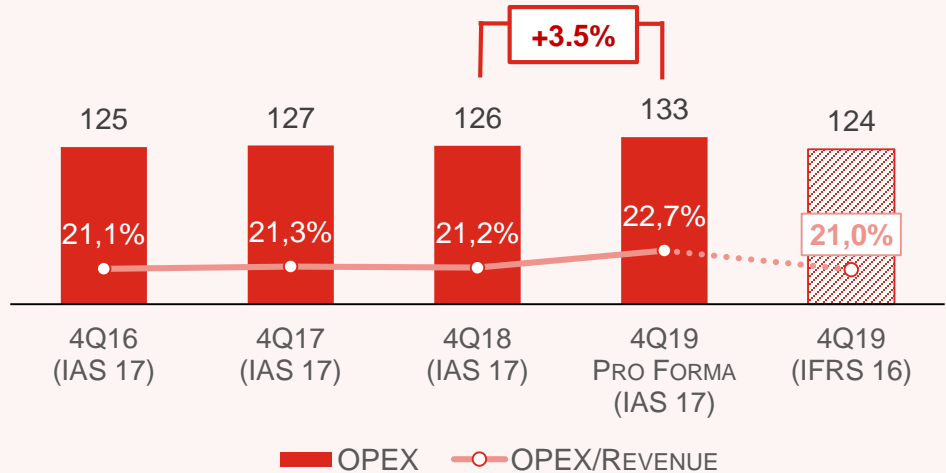
IFRS 16 Impact:

Lease expenses (2019) are lower by CLP 37,6 billion vs IAS 17

Operating Expenses – Full Year (CLP Bn) ⁽²⁾



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



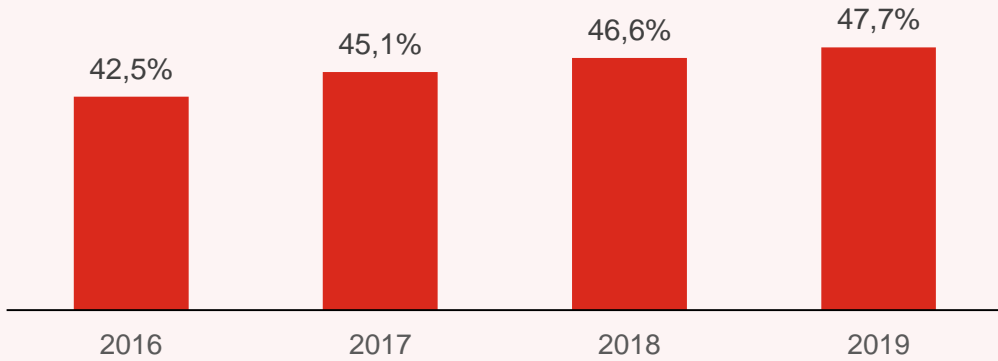
(1) Sum of distribution and administrative expenses, excluding depreciation and amortization.

(2) Operating expenses for 2016 and 4Q16 exclude Construmart, the subsidiary that was sold in April 2018 and is presented as available for sale in 2017, 2018 and 2019.

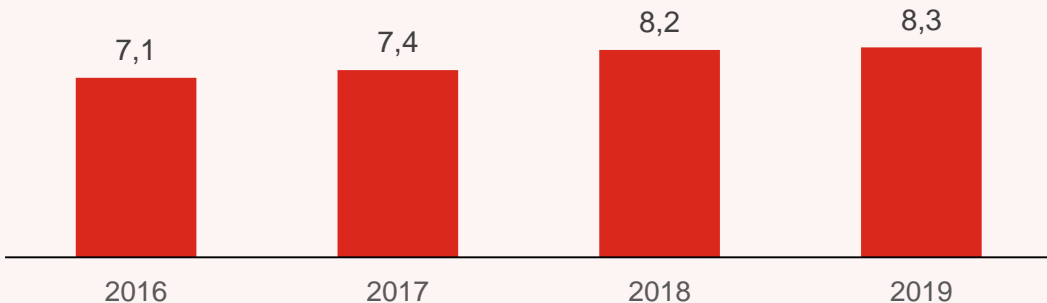
4Q19 Earnings Operating Indicators

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

Centralization ⁽¹⁾
(Chile)



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



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

4Q19 Earnings

EBITDA⁽¹⁾

EBITDA

(Ex IFRS16):

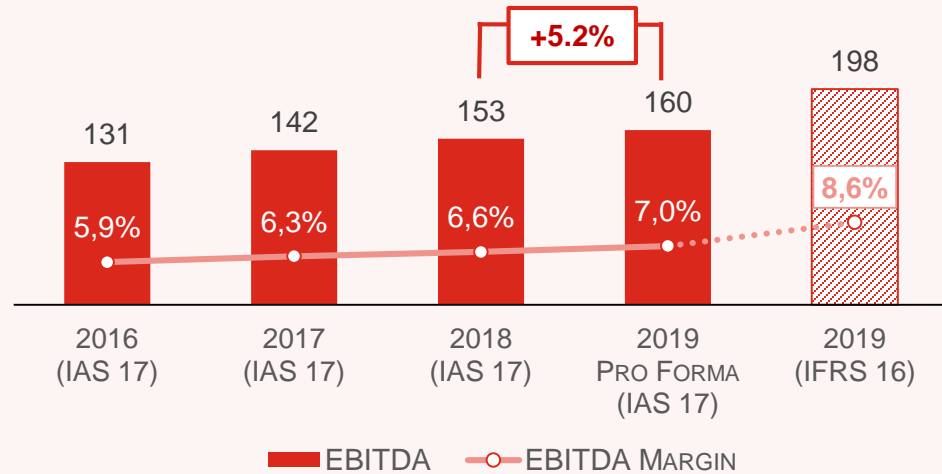
EBITDA margin +40 bps in 2019 and +70 bps in 4Q19

IFRS 16 Impact:

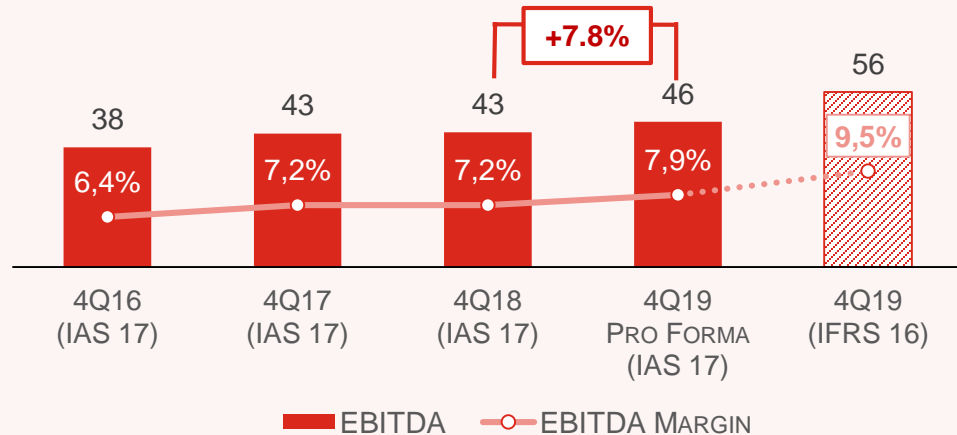
EBITDA improves CLP 37,6 billion vs IAS 17 (2019) due to lower lease expenses

EBITDA includes recognition of business interruption indemnity (CLP 8,493 Mn)

EBITDA – Full Year (CLP Bn) ⁽²⁾



EBITDA – Fourth Quarter (CLP Bn) ⁽²⁾

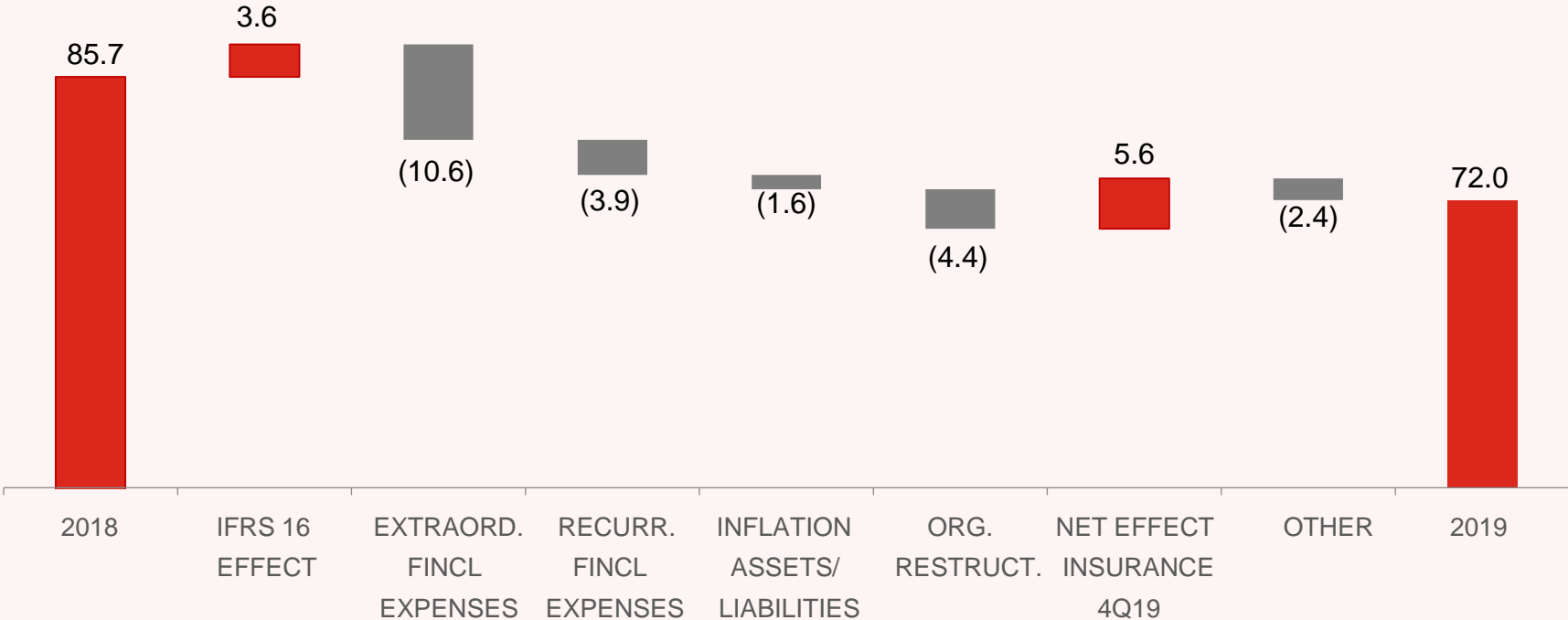


(1) EBITDA = Gross profit – administrative expenses – distribution costs + depreciation + amortization.

(2) EBITDA for 2016 and 4Q16 excludes EBITDA from Construmart, the subsidiary that was sold in April 2018 and is presented as available for sale in 2017, 2018 and 2019.

4Q19 Earnings Non-operating Results

2019 vs 2018 Non-operating Loss (CLP Bn)



4Q19 Earnings Net Income



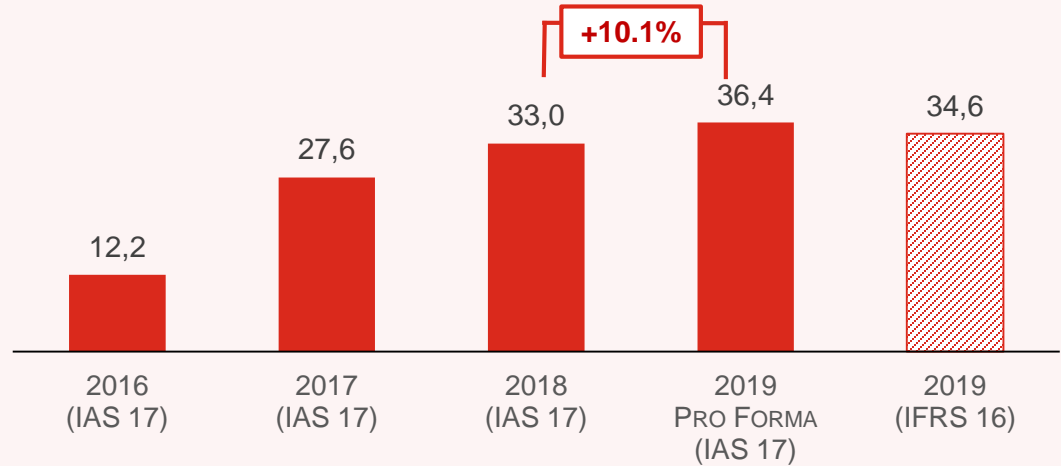
Net Income (Ex IFRS 16):

Net income for 2018 affected by one-time income tax gain of CLP 16.3 billion, mainly related to sale of Construmart

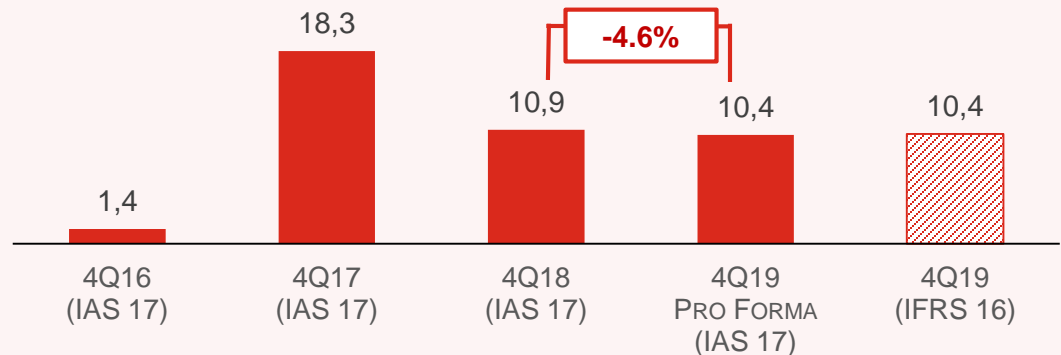
IFRS 16 Impact:

Net income is CLP 1.8 billion lower (FY 2019) than under IAS 17

Net Income – Full Year (CLP Bn)



Net Income – Fourth Quarter (CLP Bn)



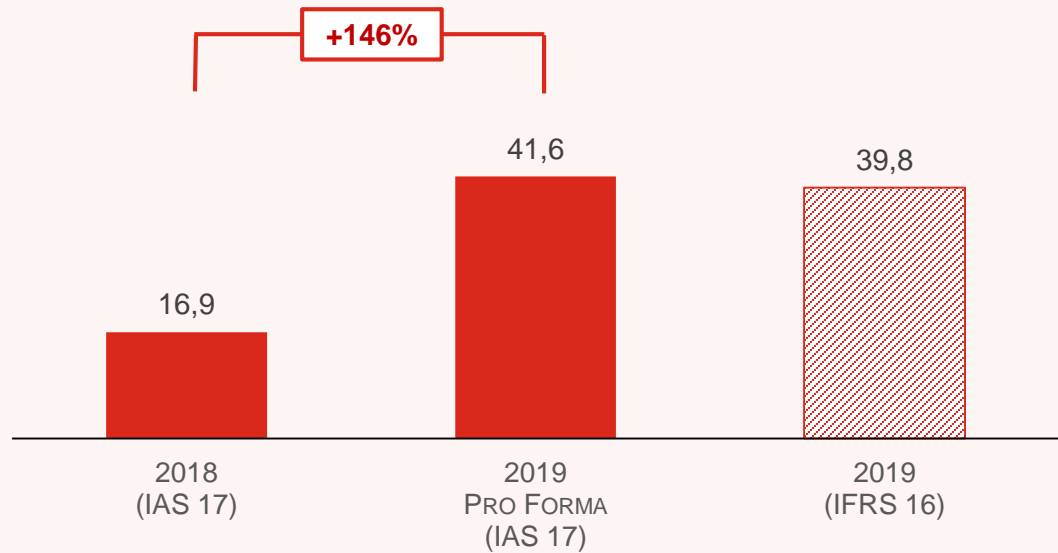
4Q19 Earnings Pre-Tax Income



Net Income (Ex IFRS 16):

Increase driven by
operating and non-
operating
improvements

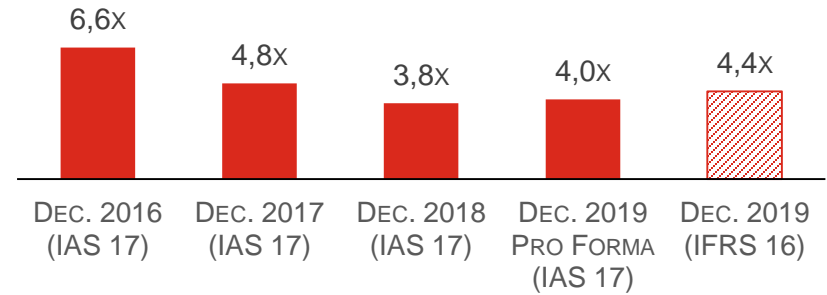
Pre-Tax Income – Full Year (CLP Bn)



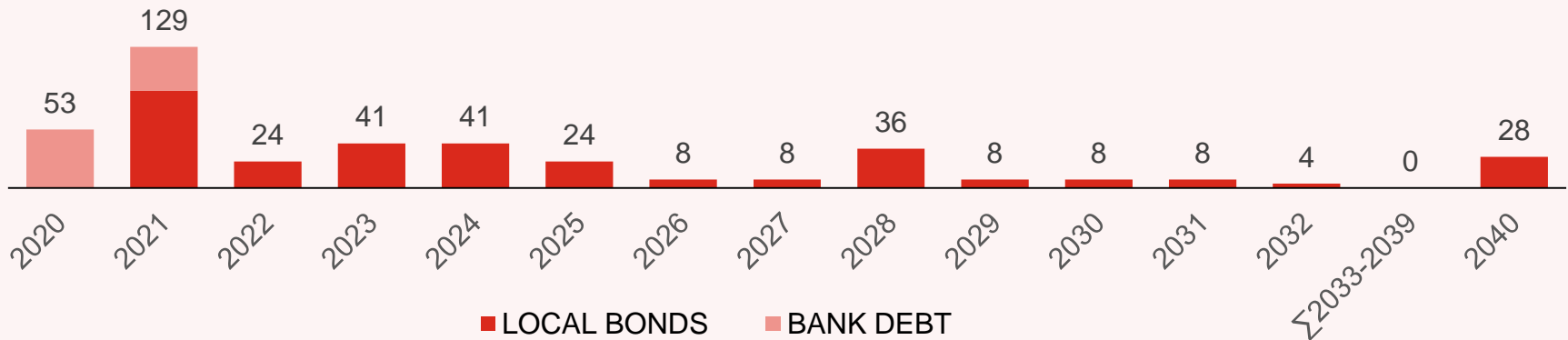
4Q19 Earnings Financial Debt



Net Debt / EBITDA



Debt Maturity Profile as of December 31, 2019 ⁽¹⁾ (Bonds and Bank Debt - CLP Bn)



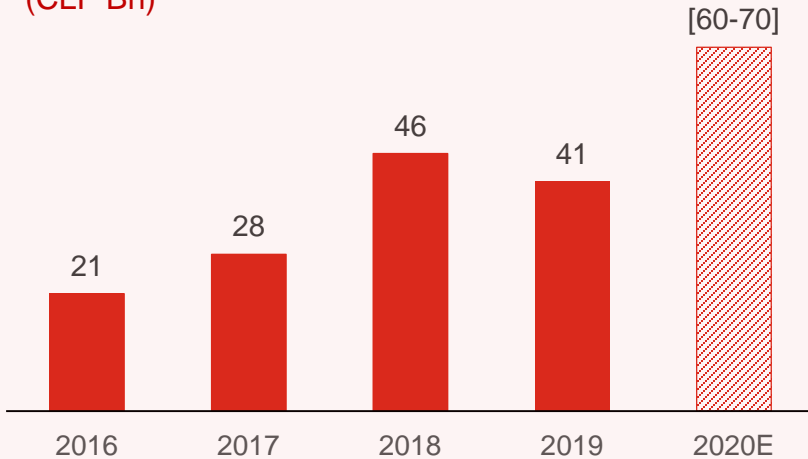
(1) Includes bank debt restructured in January 2020.

Recent Highlights & 2020 Outlook

- Organic growth: 5 new OK Market locations
- Customer experience: Over 1 million downloads of Club Ahorro digital app



CAPEX
(CLP Bn)



4Q19 Earnings

Subsequent Events

Coronavirus (COVID-19): Effects

- Customers have shown a tendency to stock-up on groceries in general, with a clear increase in demand for certain product categories

Coronavirus (COVID-19): Actions

- Regular monitoring of employee health status
- Increased frequency of cleaning and disinfecting
- Reduce movement and contact
- Increased inventory for high-demand products
- Adjustments to store opening hours to facilitate restocking



THANK YOU

