

SMU S.A.

EARNINGS 2Q19

AUGUST 2019



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.

NOTE REGARDING PRESENTATION AND COMPARISON OF INFORMATION: APPLICATION OF 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 JUNE 30, 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 2Q19 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.

NOTE REGARDING PRESENTATION AND COMPARISON OF INFORMATION: SALE OF CONSTRUMART

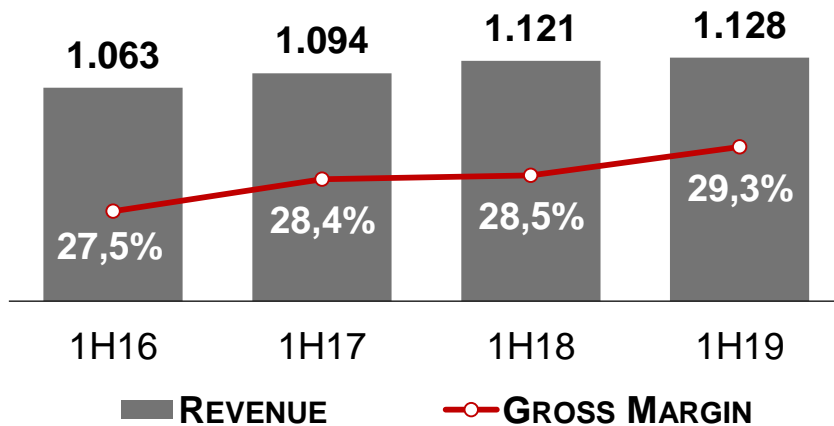
ON APRIL 27, 2018, SMU COMPLETED THE SALE OF ITS SUBSIDIARY CONSTRUMART S.A. AND ITS SUBSIDIARIES. SUCH COMPANIES COMPRISED THE “CONSTRUCTION MATERIALS” OPERATING SEGMENT. IN ACCORDANCE WITH THE PROVISIONS OF IFRS 5, IN SMU’S CONSOLIDATED FINANCIAL STATEMENTS, THIS SEGMENT HAS BEEN PRESENTED AS AVAILABLE FOR SALE SINCE DECEMBER 31, 2017.

AS SUCH, CONSTRUMART’S RESULTS ARE CONSOLIDATED IN A SINGLE LINE OF SMU’S STATEMENTS OF COMPREHENSIVE INCOME, UNDER “PROFIT (LOSS) FROM DISCONTINUED OPERATIONS”. GIVEN THAT THE SALE OF CONSTRUMART WAS COMPLETED DURING THE SECOND QUARTER OF 2018, THERE IS NO PROFIT OR LOSS FROM DISCONTINUED OPERATIONS IN THE FIRST HALF OR SECOND QUARTER OF 2019. HOWEVER, IT IS NECESSARY TO CONTINUE TO PRESENT THESE LINE-ITEMS FOR COMPARISON PURPOSES WITH THE PREVIOUS YEAR.

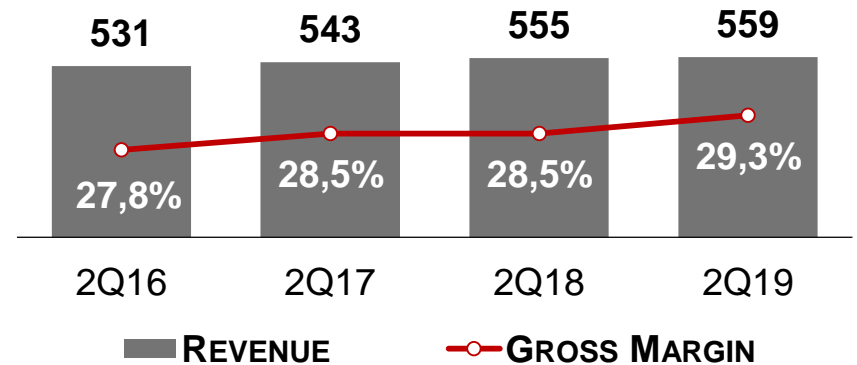
IN THE STATEMENTS OF FINANCIAL POSITION, THE TOTAL AMOUNT OF ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE IS ZERO FOR BOTH OF THE PERIODS PRESENTED (JUNE 30, 2019 AND DECEMBER 31, 2018), AND AS A RESULT, IT IS NO LONGER NECESSARY TO PRESENT THE LINE-ITEM “NON-CURRENT ASSETS/LIABILITIES OR ASSET/LIABILITY GROUPS CLASSIFIED AS HELD-FOR-SALE”.

REVENUE⁽¹⁾

REVENUE – FIRST HALF (CLP BN)



REVENUE – SECOND QUARTER (CLP BN)



REVENUE

- REVENUE GROWTH +0.6% IN 1H19 AND 2Q19
- STRONG PERFORMANCE IN PERU, OK MARKET AND CASH & CARRY

GROSS PROFIT

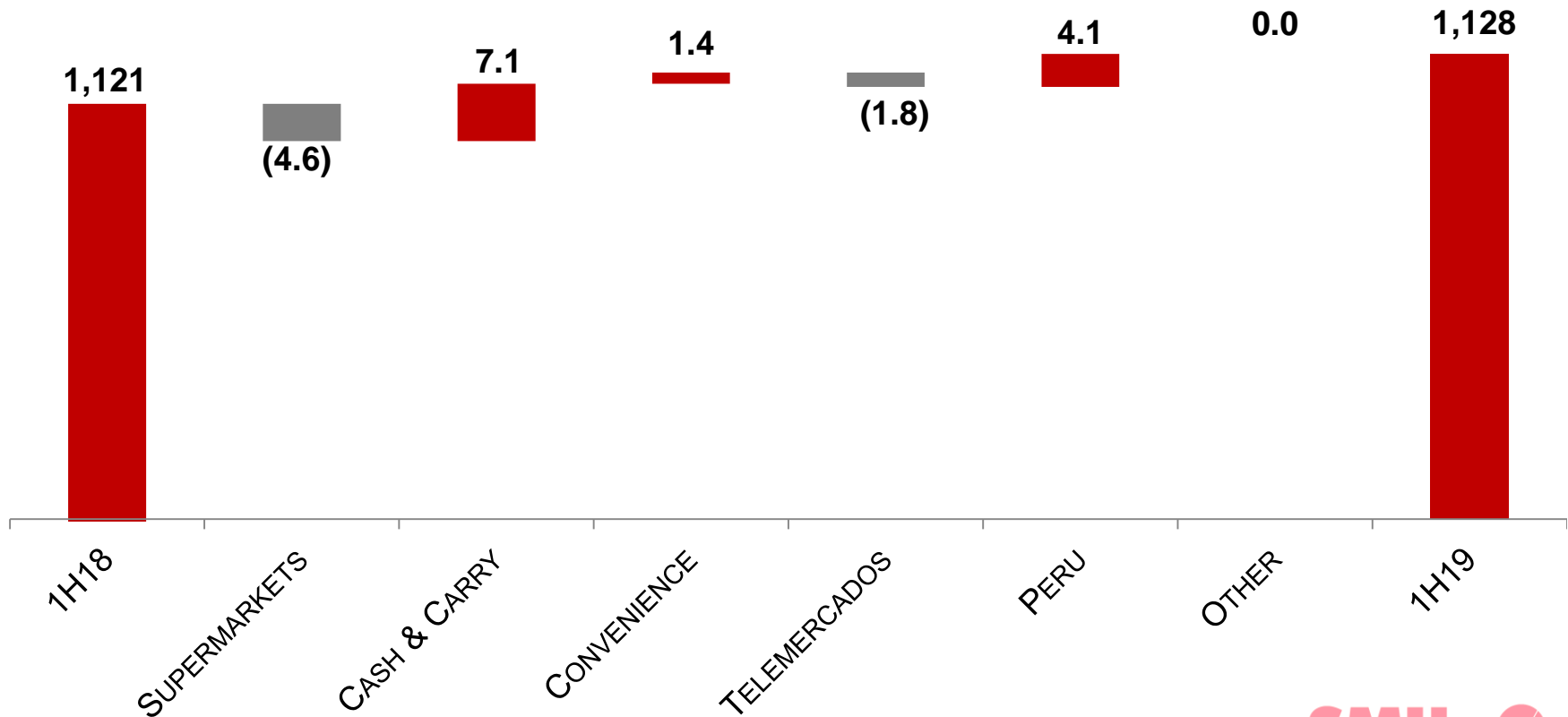
- GROSS MARGIN GROWTH +80 BPS IN 1H19 AND 2Q19
- REFLECTS IMPROVED COMMERCIAL EFFICIENCY

REVENUE BY FORMAT

1H19 vs 1H18 REVENUE BY FORMAT (CLP BN)

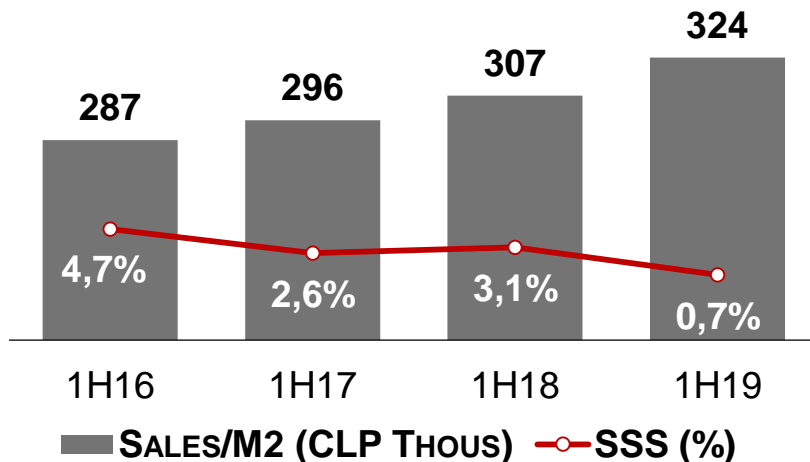
HIGHLIGHTS

- PERU: +20.1% (CLP) / +11.2% (PEN)
- CONVENIENCE: +5.7%

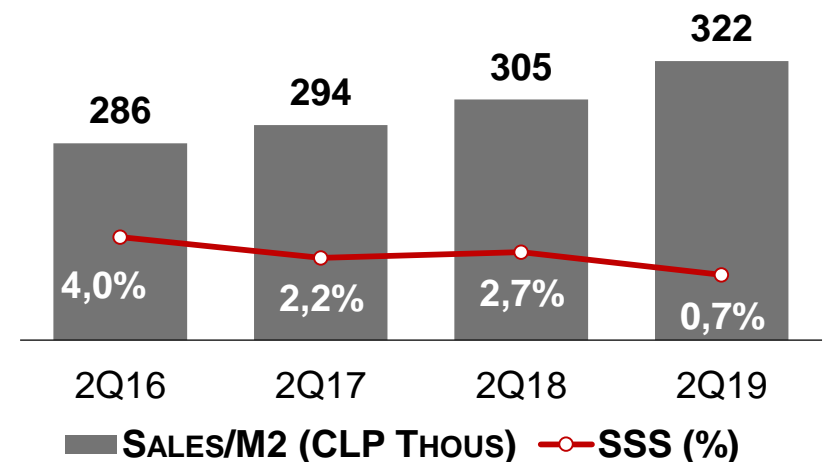


SAME-STORE SALES AND SALES PER SQUARE METER

SSS AND SALES/M² – FIRST HALF (1)(2)



SSS AND SALES/M² – SECOND QUARTER (1)(2)



SAME-STORE SALES

- 1H19 SUPERMARKETS -0.4%, CASH & CARRY +2.5%, CONVENIENCE +5.4%, PERU +11.7%
- 2Q19 SUPERMARKETS -0.4%, CASH & CARRY +2.6%, CONVENIENCE +4.7%, PERU +11.7%

SALES/SQUARE METER

- CONTINUING UPWARD TREND
- SQUARE METERS AFFECTED IN PART BY SPACE OPTIMIZATIONS AND STORE REMODELS

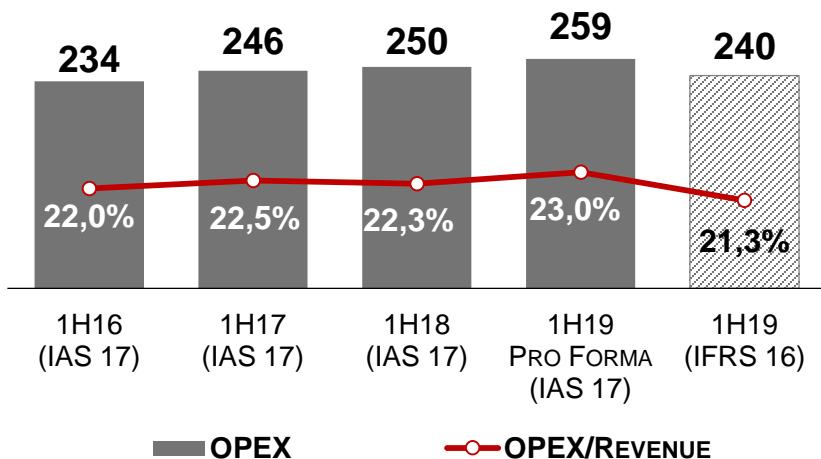
SOURCE: COMPANY INFORMATION

(1) SAME-STORE SALES REFLECTS THE PERCENTAGE CHANGE IN SALES OF OUR STORES OPERATING THROUGHOUT THE SAME MONTHS OF BOTH FINANCIAL PERIODS BEING COMPARED, FOR THE FOOD RETAIL SEGMENT. IN ORDER TO BE INCLUDED IN THE CALCULATION, A STORE MUST HAVE BEEN OPERATING FOR AT LEAST 13 CONSECUTIVE MONTHS, BEGINNING ON THE DATE ON WHICH THE STORE WAS OPENED OR RE-OPENED.

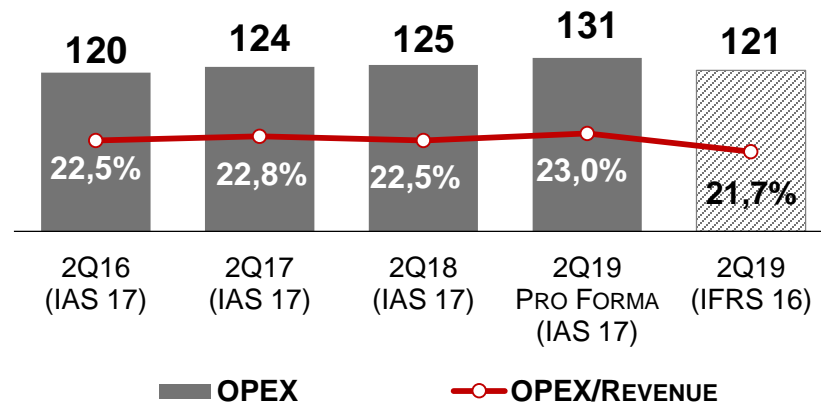
(2) SALES PER SQUARE METER IS CALCULATED AS SALES FOR THE PERIOD DIVIDED BY THE SQUARE METERS OF SELLING SPACE AT THE END OF EACH MONTH DURING THE PERIOD, FOR THE FOOD RETAIL SEGMENT.

OPERATING EXPENSES⁽¹⁾

OPERATING EXPENSES – FIRST HALF (CLP BN)



OPERATING EXPENSES – SECOND QUARTER (CLP BN)



OPERATING EXPENSES (EX IFRS 16):

1H19: +CLP 9.1 BN (+3.7%)

- PERSONNEL EXPENSES +CLP 7.2 BN (+6.5%)

2Q19: +CLP 5.4 BN (+4.3%)

- PERSONNEL EXPENSES +CLP 4.7 BN (+8.2%)

IFRS 16 IMPACT

1H19 LEASE EXPENSES CLP 18.6 BN LOWER UNDER IFRS 16

- IAS 17 LEASE EXPENSES: CLP 31.7 BN (+3.7% VS 1H18)
- IFRS 16 LEASE EXPENSES: CLP 13.1 BN (-57.1% VS 1H18)

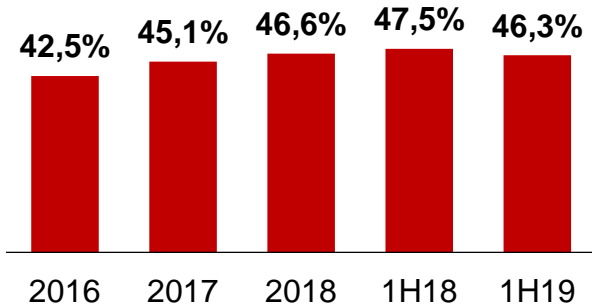
SOURCE: COMPANY INFORMATION

(1) SUM OF DISTRIBUTION AND ADMINISTRATIVE EXPENSES, EXCLUDING DEPRECIATION AND AMORTIZATION. OPERATING EXPENSES FOR 1H16 AND 2Q16 EXCLUDE CONSTRUMART, THE SUBSIDIARY THAT WAS SOLD IN APRIL 2018 AND IS PRESENTED AS AVAILABLE FOR SALE IN 2017, 2018 AND 2019.

OPERATING INDICATORS

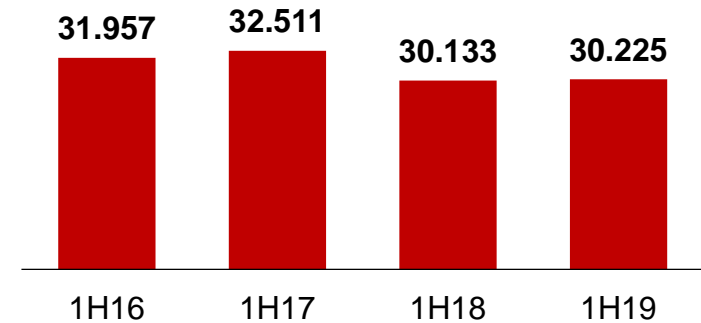
CENTRALIZATION

(CHILE)⁽¹⁾



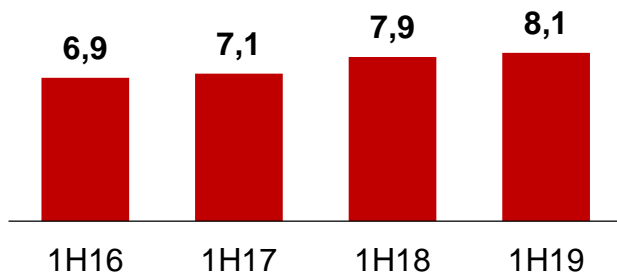
AVERAGE HEADCOUNT

(CHILE AND PERU)



SALES / FULL-TIME EQUIVALENT

(CHILE - CLP MN / MONTH)



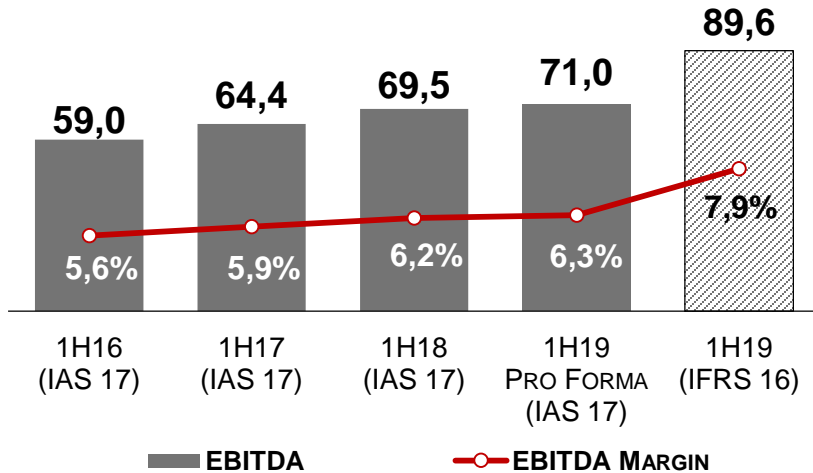
- FOCUS ON PRODUCTIVITY
- LOWER CENTRALIZATION IN 1H19 DUE TO PRODUCT MIX. CENTRALIZED VOLUME INCREASED VS. 1H18.

SOURCE: COMPANY INFORMATION

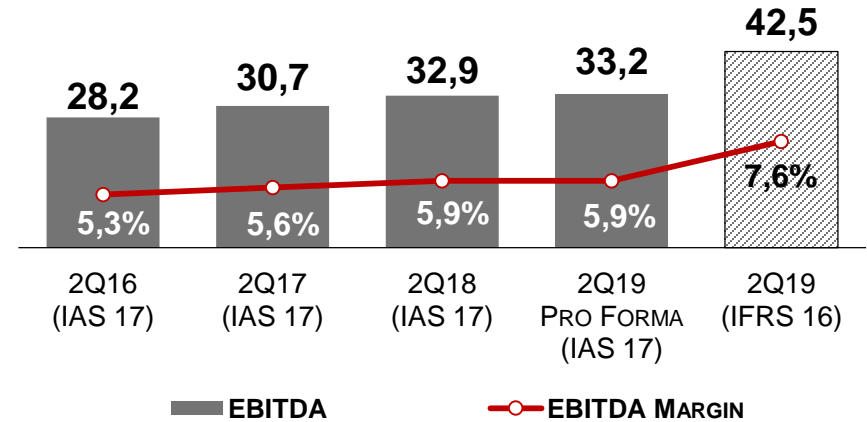
(1) PERCENTAGE OF REVENUES FROM PRODUCTS DISTRIBUTED BY THE COMPANY (AT ANY STAGE) OVER TOTAL REVENUES FROM FOOD RETAIL OPERATIONS IN CHILE.

EBITDA⁽¹⁾

FIRST HALF EBITDA⁽²⁾ (CLP BN)



SECOND QUARTER EBITDA⁽²⁾ (CLP BN)



EBITDA (EX IFRS 16):

- **1H19:** +2,3% (EBITDA MARGIN +10 BPS)
- **2Q19:** +1,0% (EBITDA MARGIN +2 BPS)

IFRS 16 IMPACT

- **1H19:** LEASE EXPENSES DECREASE CLP 18.6 BN. EBITDA IMPROVES CLP 18.6 BN.
- **2Q19:** LEASE EXPENSES DECREASE CLP 9.3 BN. EBITDA IMPROVES CLP 9.3 BN.

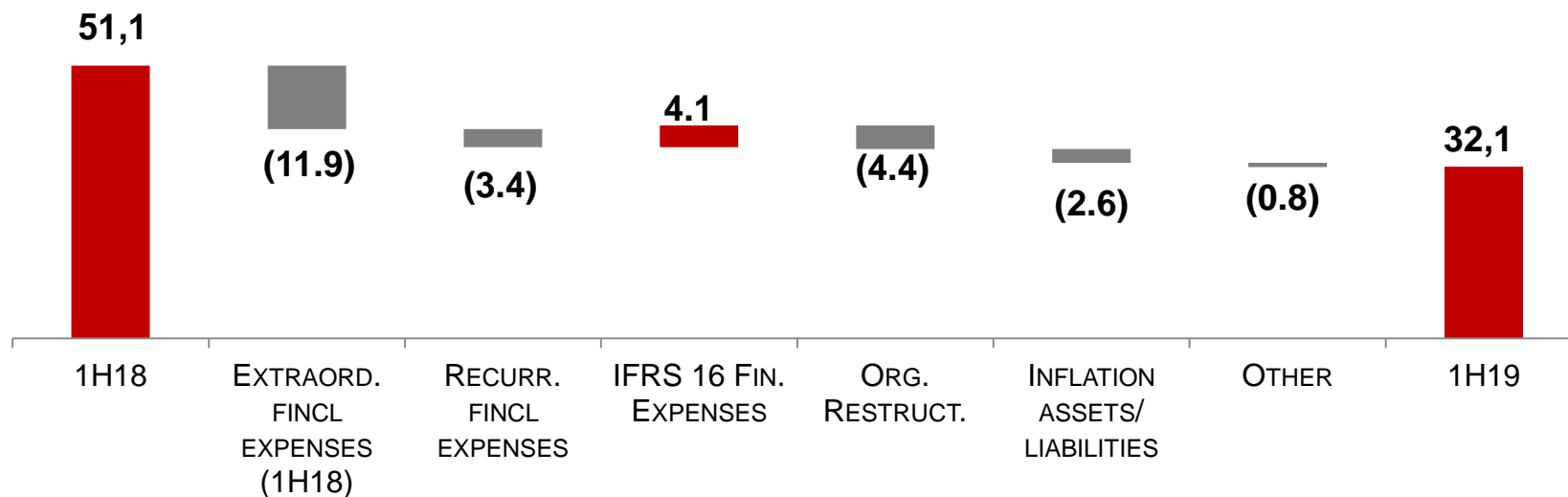
SOURCE: COMPANY INFORMATION

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

(2) EBITDA FOR 1H16 AND 2Q16 EXCLUDES EBITDA FROM CONSTRUMART, THE SUBSIDIARY THAT WAS SOLD IN APRIL 2018 AND IS PRESENTED AS AVAILABLE FOR SALE IN 2017, 2018 AND 2019.

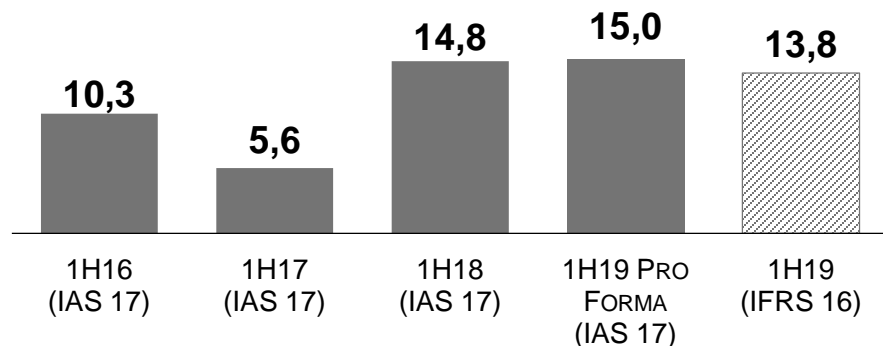
NON-OPERATING RESULTS

1H19 vs 1H18 NON-OPERATING LOSS (CLP BN)

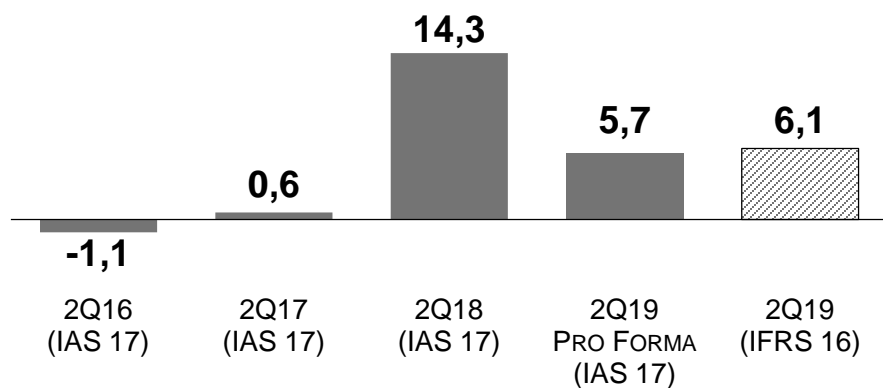


NET INCOME

FIRST HALF NET INCOME (CLP BN)



SECOND QUARTER NET INCOME (CLP BN)



NET INCOME (EX IFRS 16):

1H19 vs 1H18: +CLP 0.2 BN (+1.3%)

- OPERATING INCOME +CLP 1.9 BN
- NON-OPERATING LOSS -CLP 20.8 BN
- TAX: -CLP 22.7 BN
- PROFIT DISCONTINUED OPS: +CLP 0.2 BN

2Q19 vs 2Q18: -CLP 8.6 BN (-60.1%)

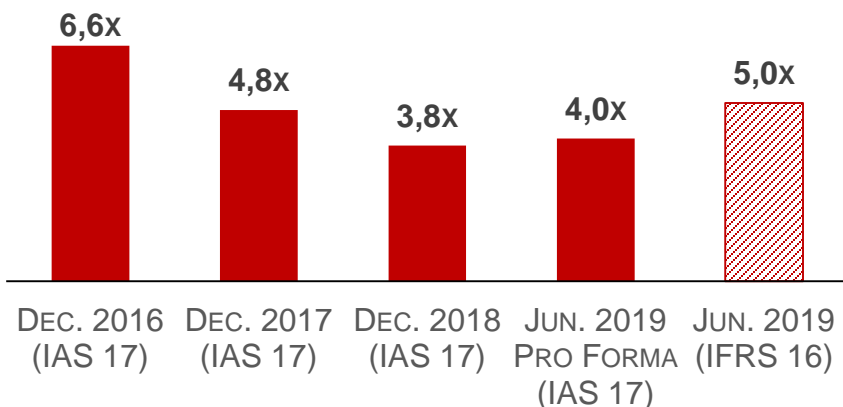
- OPERATING INCOME +CLP 1.0 BN
- NON-OPERATING LOSS -CLP 1.7 BN
- TAX: -CLP 11.9 BN
- PROFIT DISCONTINUED OPS: +CLP 0.5 BN

IFRS 16 IMPACT

- 1H19 NET INCOME DECREASES CLP 1.1 BN
 - LEASE EXPENSES DECREASE (-CLP 18,6 BN)
 - DEPRECIATION INCREASES (+CLP 17.9 BN)
 - INTEREST EXPENSE INCREASES (+4.1 BN)
 - LOSS ON INDEXED ASSETS/LIABILITIES DECREASES (-CLP 2.2 BN)

FINANCIAL DEBT

NET DEBT/EBITDA

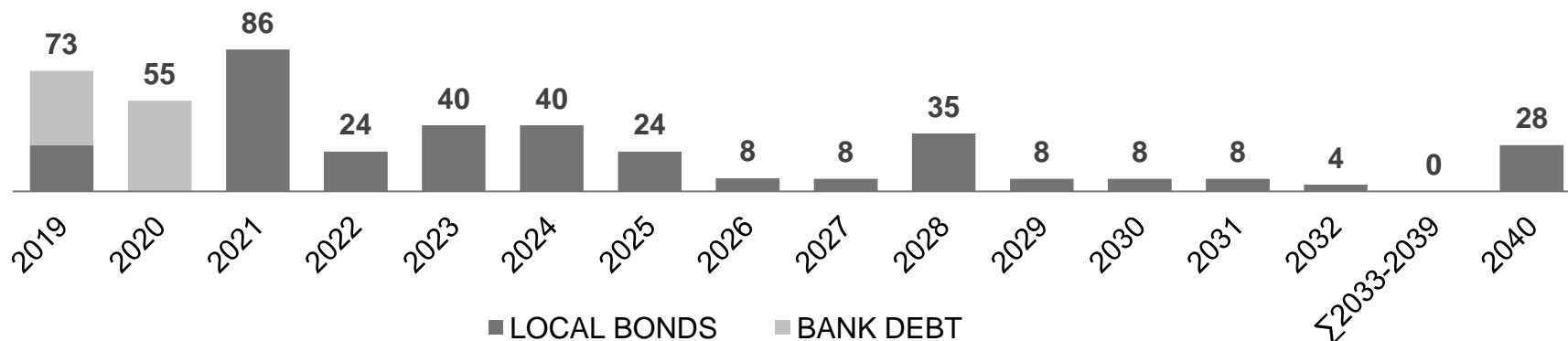


IFRS 16 IMPACT

- AS OF JAN. 1, 2019, FINANCIAL LIABILITIES INCREASED CLP 255 BN
- EBITDA FOR 1S19 INCREASED CLP 18.6 BN
- MODIFICATION OF NET FINANCIAL LIABILITIES/SHAREHOLDERS' EQUITY COVENANT FOR LOCAL BONDS: 1.3X TO 1.66X

DEBT MATURITY PROFILE AS OF JUN. 30, 2019

(BONDS AND BANK DEBT - CLP BN)



HIGHLIGHTS

OPERATING HIGHLIGHTS

- **CUSTOMER EXPERIENCE:**
 - UNIMARC STORE REMODELS
 - NEW STORE OPENINGS
 - OPTIMIZATION OF PROMOTIONAL ACTIVITY
- **OPERATING EFFICIENCY:**
 - SUPPLY CHAIN EXPANSION

NON-OPERATING HIGHLIGHTS

- **RATING UPGRADES**
 - FELLER-RATE: BBB TO A-
 - ICR: BBB+ TO A-
 - HUMPHREYS: BBB TO BBB+
- **LOCAL BOND PLACEMENT**
 - UF 1 MM / 2.06% / MATURITY 2040 BULLET

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