

# EARNINGS 4Q23



**SMU S.A.**

March 13, 2023

10:00 am ET / 11:00 am Chile



## 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.

4Q23  
Earnings

Strategic  
Plan  
**23**  
**25**



Omnichannel  
Growth

Omnichannel Growth

# 14 New Store Openings in 2023



9



2



2



1

- Strong execution of organic growth plan includes first six Montserrat stores
- 15 store remodels + 1 reconversion of M10 to S10 in 2023

Combo Unimarc/Alvi  
El Bosque



Super10 Quilicura



SMU

4Q23  
Earnings

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25



Omnichannel  
Growth

Omnichannel Growth

## Strong E-commerce Growth

- Online sales growth 52% in 2023 vs. 2022, driven by Unimarc.cl
- Online sales penetration<sup>(1)</sup> increased from 2% in 2022 to 3% in 2023

UNIMARC.cl



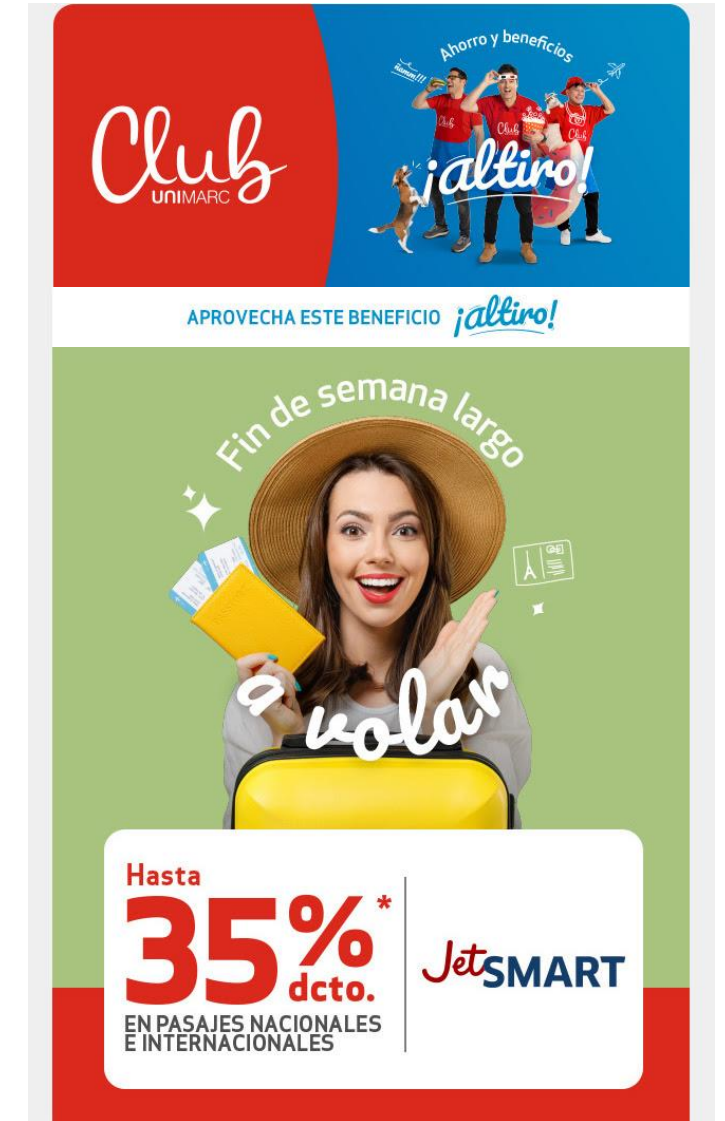
(1) Unimarc stores with online operations



## Customer Experience

## Loyalty Programs & Promotions

- Relaunch of Unimarc loyalty program: Club Unimarc, focused on immediate benefits and partnerships offering new discounts
- Innovative promotional activity, leveraging multiformat strategy
- 10+ million customers visit stores per year; 7+ million have accepted loyalty program terms & conditions



## Private Label Growth

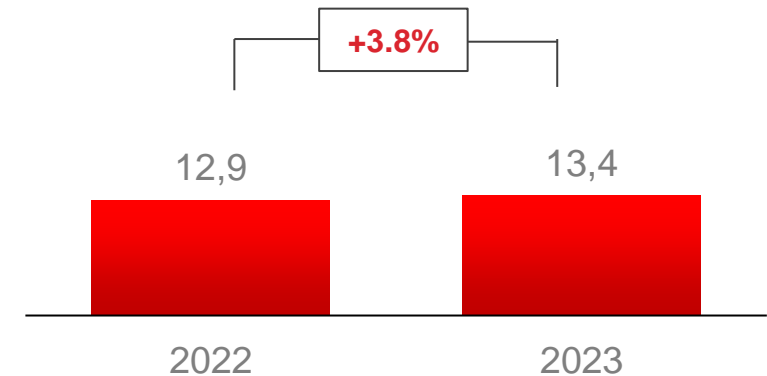
- Nearly 200 product launches in 2023
- 20 specialty brands
- 1800+ SKUs
- 19% of assortment has certified recyclable packaging (vs. 11% in 2022)



## Operating Efficiency

- Ongoing implementation of technologies and operating models that improve efficiency, productivity, and customer experience
  - Self-service modules
  - Blue Yonder automated demand planning tool and adjustments to assortment help optimize inventory levels
  - Voice picking in new distribution centers
  - Efficient operating model implemented in 148 Unimarc stores, improving shrinkage, lost sales, and inventory turnover
- Initiatives allowed for implementation of optimization plan in August 2023

**Sales / FTE**  
(Chile; CLP Mn/month)

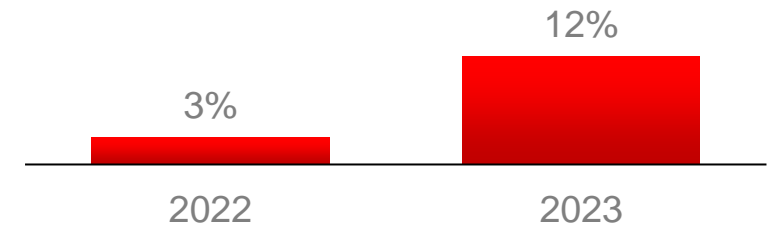


## Energy Efficiency

- Implementation of Energy Management System in 100% of facilities operated by SMU Chile in 2023.
  - Progress towards goal of ISO 50.001 certification: internal and external audits complete
- Significant increase in proportion of energy from renewable sources
- Incorporation of electric trucks for shipments from distribution centers to stores (2% of shipments in 2023; goal of 10% in 2025)



**Renewable Energy in Chile**  
(% of consumption)





## Shared Value

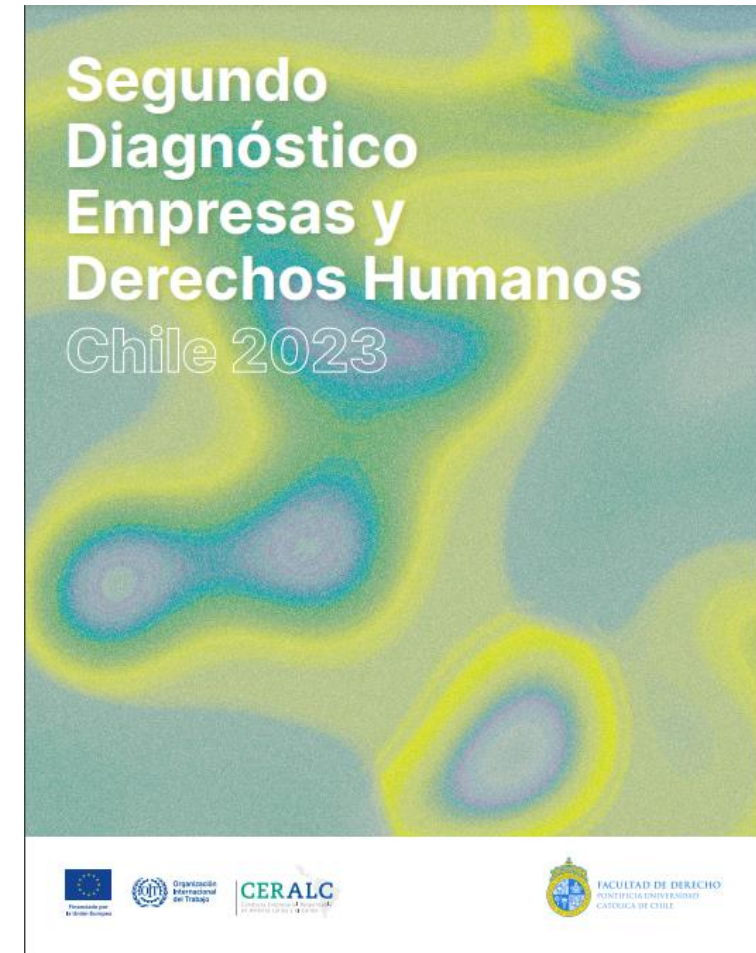
- 100% Nuestro program: Supporting the development of small, local suppliers
  - More visibility in stores: exclusive display spaces implemented in 110 stores during 2023
  - Over 400 small suppliers have participated since the program's inception
  - Program awarded the “Conecta” prize by Global Compact Chile

  
IMPULSANDO LA AGENDA 2030



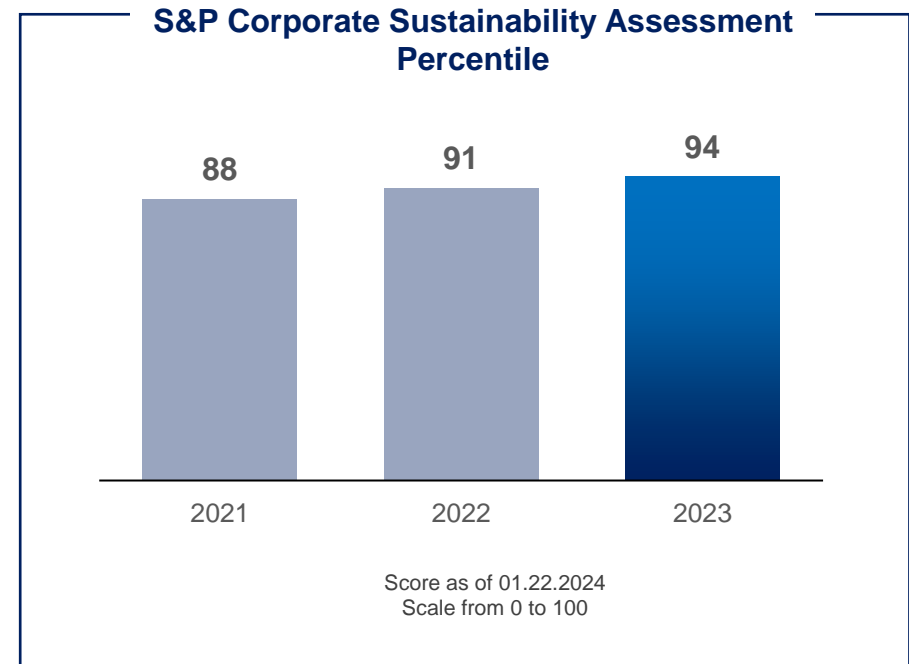
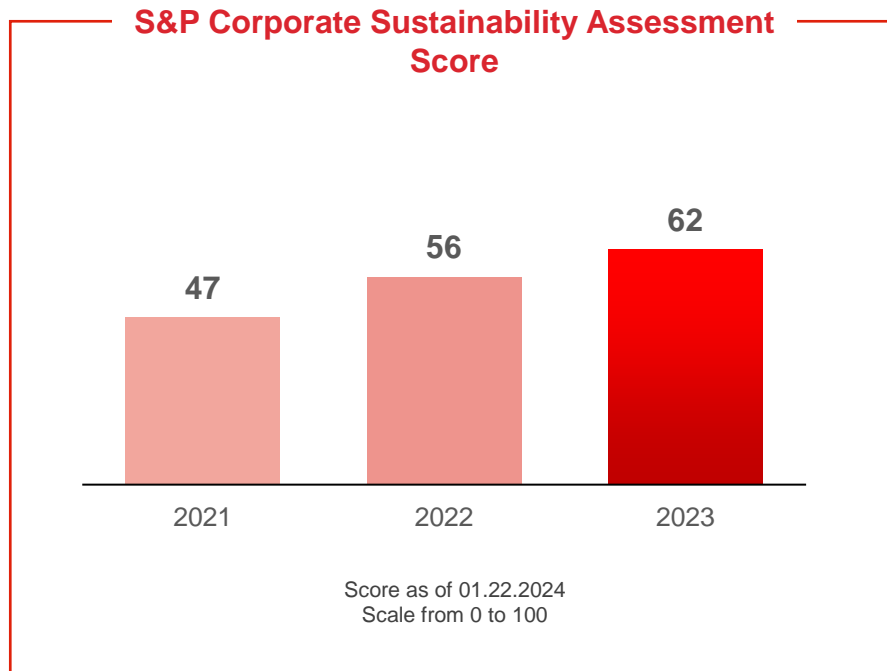
## Due Diligence in Human Rights

- Due diligence process carried out for all operations in Chile between 2022-2023
- Companies & Human Rights Evaluation 2023: SMU was in the top five IPSEA companies

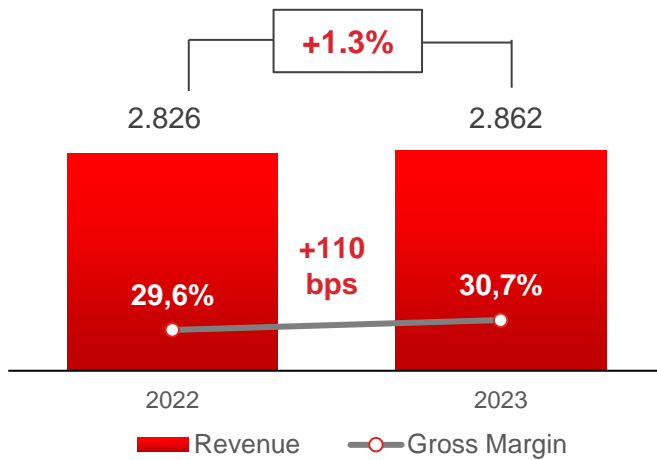


(1) Performed by the Corporate Sustainability Program at the Pontificia Universidad Católica de Chile's school of law, in partnership with the World Benchmarking Alliance and the CERALC Project.

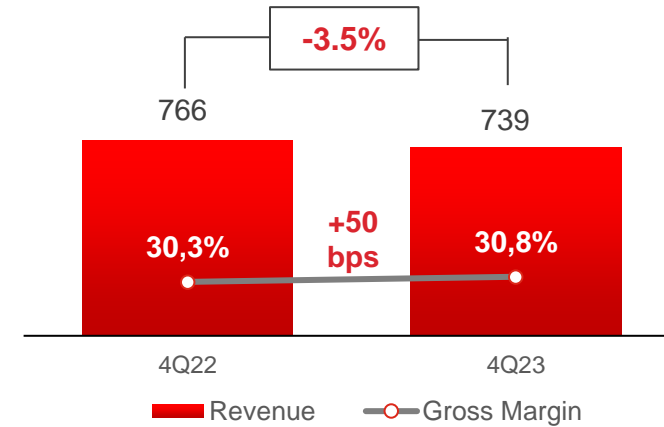
# ESG Performance



Revenue  
Full Year; CLP Bn



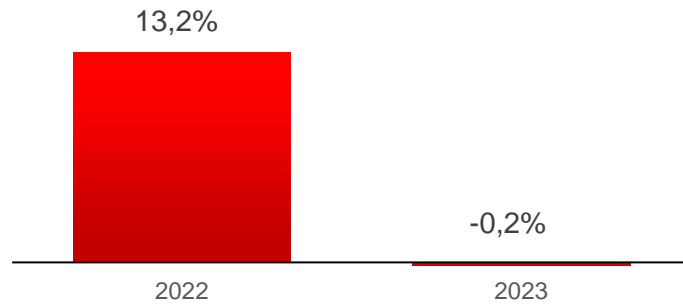
Revenue  
Fourth Quarter; CLP Bn



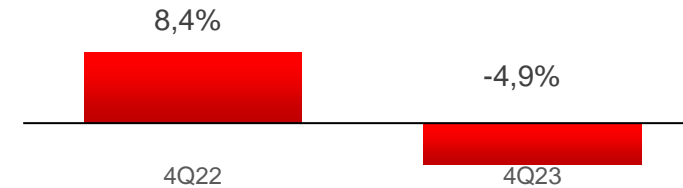
- Revenue growth affected by challenging macro context, affecting consumer behavior, and high comparison base in 2022
- Number of customers and frequency of shops continues to increase across formats, positioning the Company well for future growth once consumption levels recover
- Gross margin gains reflect improved commercial efficiency



**Same-Store Sales**  
Full Year 2023; % Change



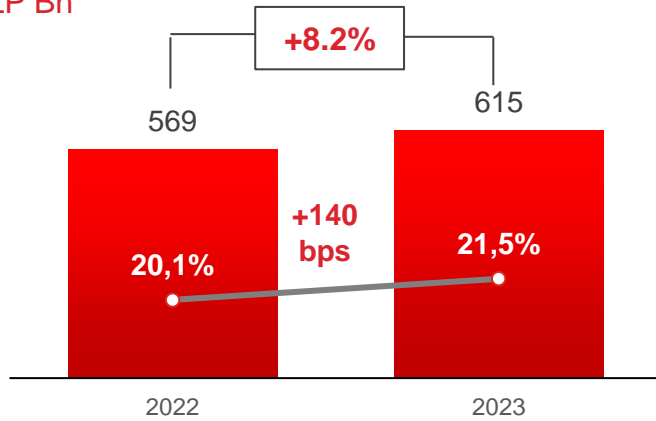
**Same-Store Sales**  
Fourth Quarter; % Change



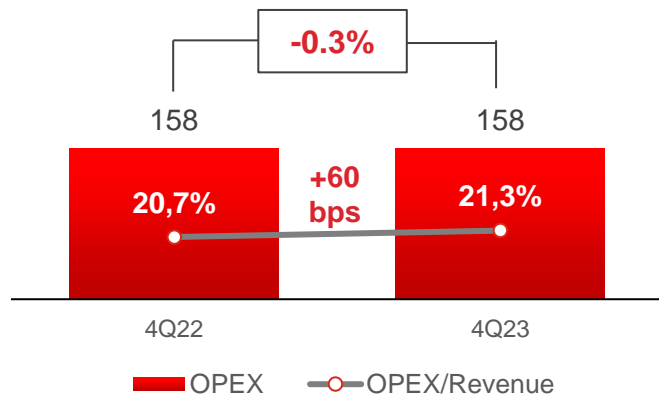
- High comparison base for SSS in 2022, especially in cash & carry segment (+20.9% in 4Q22)

(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.

**Operating Expenses**  
Full Year; CLP Bn

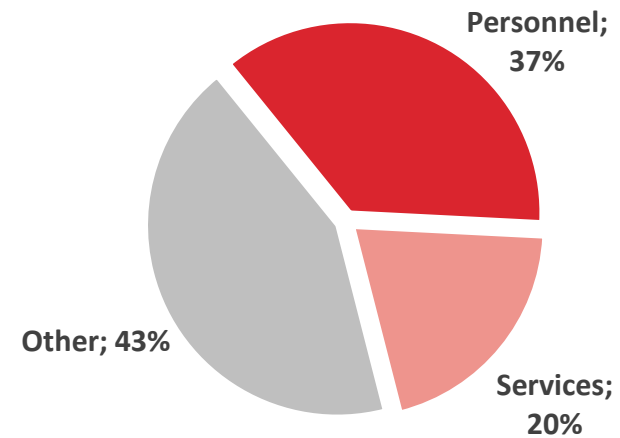


**Operating Expenses**  
Fourth Quarter; CLP Bn



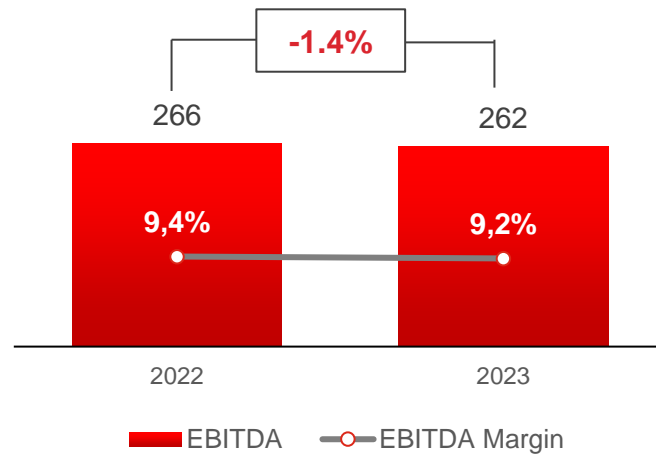
- Increase in operating expenses driven by accumulated annual inflation (10.2%) and higher minimum wage (15.6%)
- Personnel and service expenses account for 37% and 20%, respectively, of increase in opex in 2023
- Service expenses driven by higher rates on electricity, security, and cleaning services

**Increase in Operating Expenses 2023 vs 2022: CLP 46 bn**  
Share by account

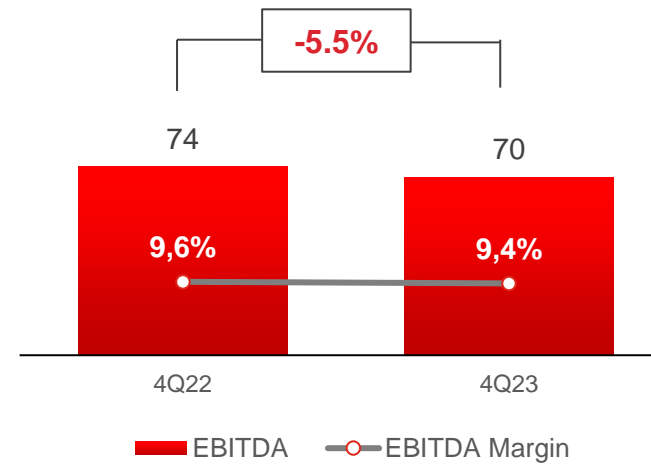


(1) Operating expenses: Sum of distribution and administrative expenses, excluding depreciation and amortization.

**EBITDA**  
Full Year; CLP Bn



**EBITDA**  
Fourth Quarter; CLP Bn

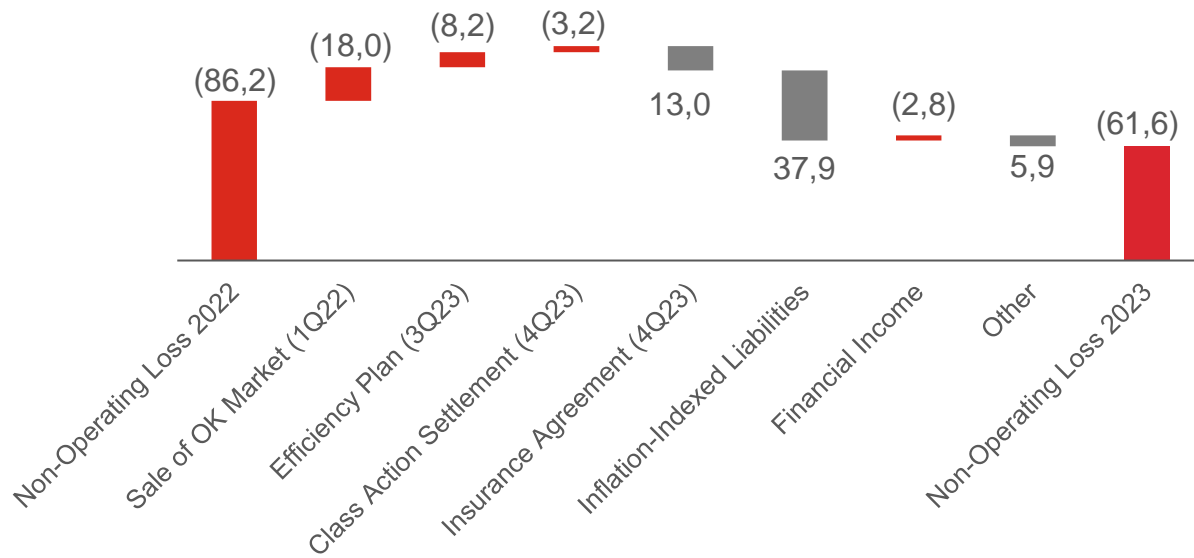


- EBITDA margin remains above 9%, despite challenging macro conditions
- EBITDA affected by lower revenue growth and reduced operating leverage

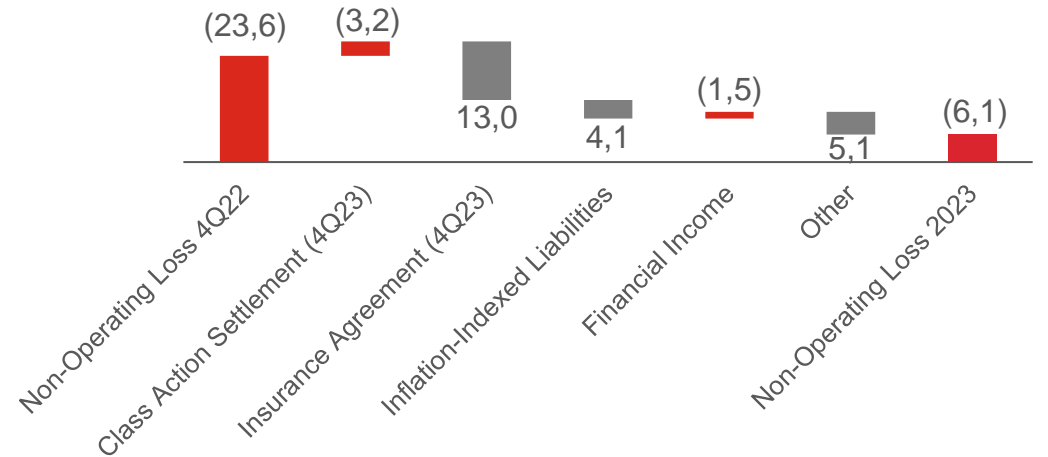
(1) EBITDA = Gross profit – administrative expenses – distribution costs + depreciation + amortization.

Non-Operating Results

Non-Operating Loss 2023 vs. 2022 <sup>(1)</sup>  
CLP Bn



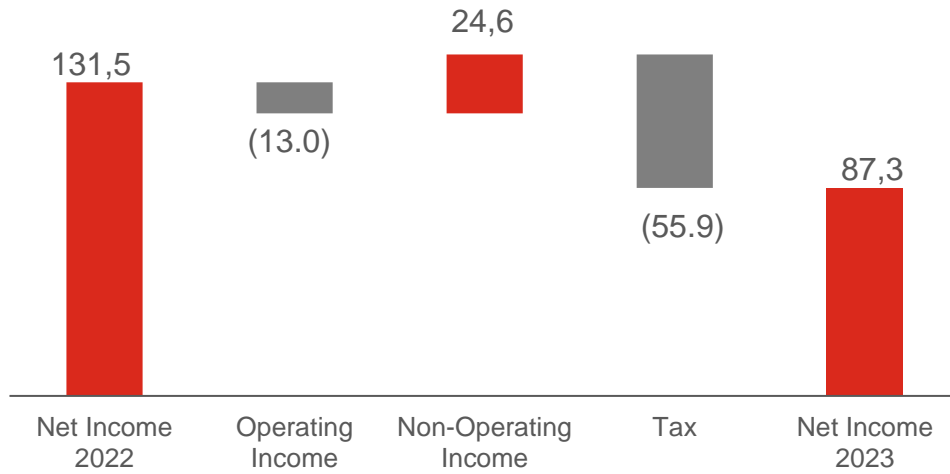
Non-Operating Loss 4Q23 vs. 4Q22  
CLP Bn



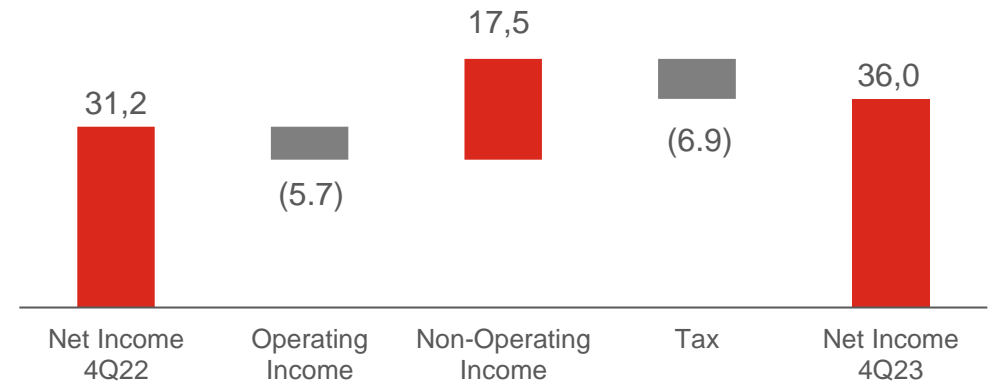
- Non-operating income affected by non-recurring effects in 2022 and 2023, as well as lower inflation and financial income in 2023



Net Income 2023 vs. 2022 <sup>(1)</sup>  
CLP Bn



Net Income 4Q23 vs. 4Q22  
CLP Bn

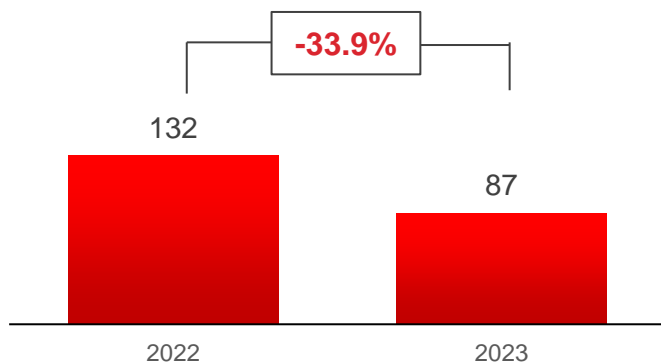


- Most significant impact on net income is lower, non-cash income tax benefit, due to lower inflation in 2023

(1) Net income for FY2022 excludes results from discontinued operations

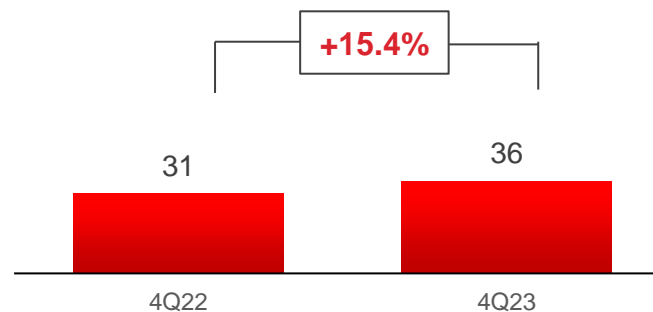
**Net Income 2023 vs. 2022**

CLP Bn



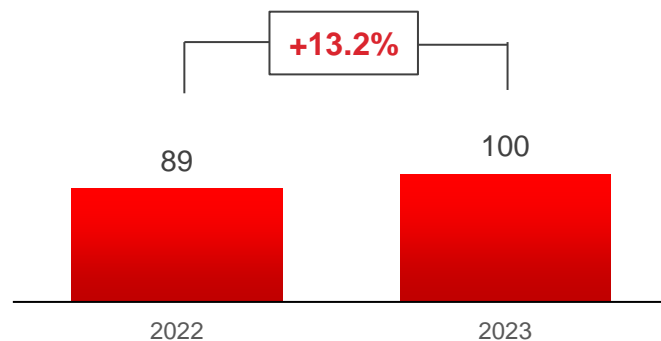
**Net Income 4Q23 vs. 4Q22**

CLP Bn



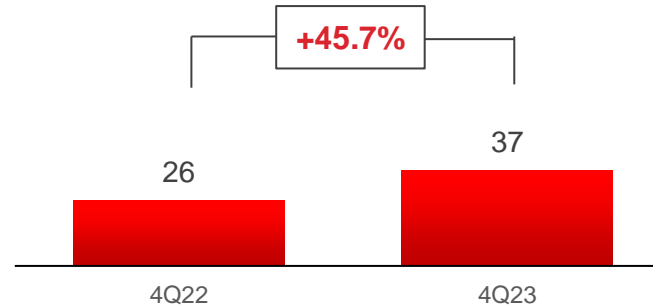
**Pre-Tax Income 2023 vs. 2022**

CLP Bn

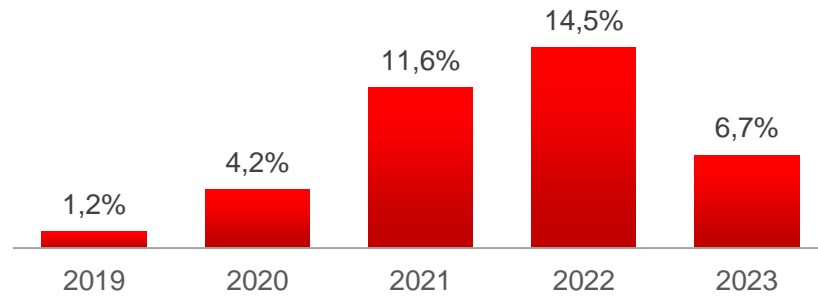


**Pre-Tax Income 4Q23 vs. 4Q22**

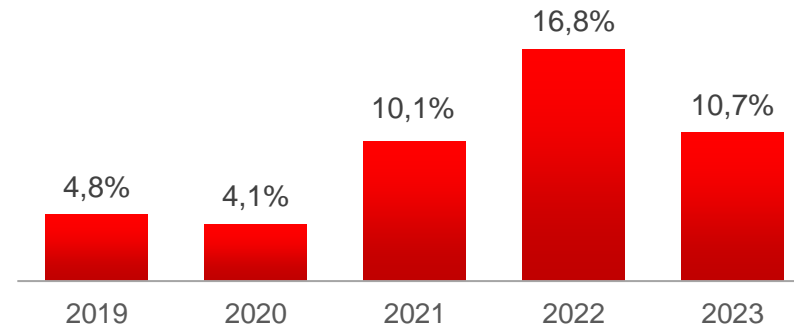
CLP Bn



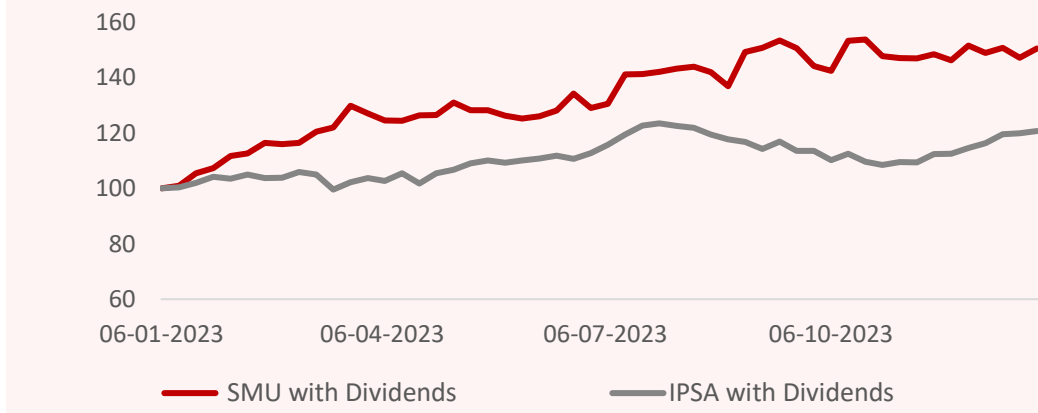
**Dividend Yield <sup>(1)</sup>**



**Return on Equity <sup>(2)</sup>**



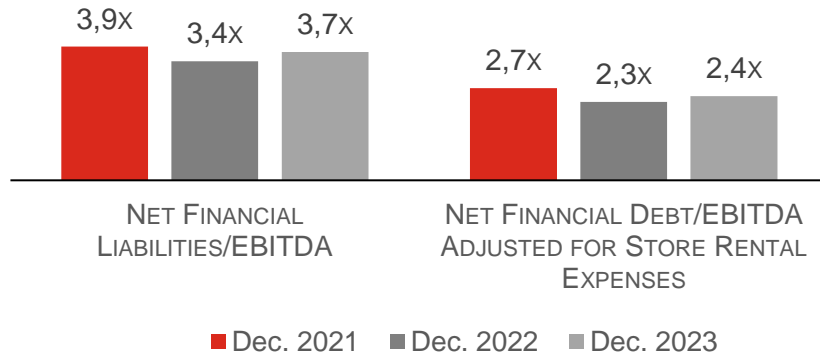
**SMU Share Price vs. IPSA (Base 100)**



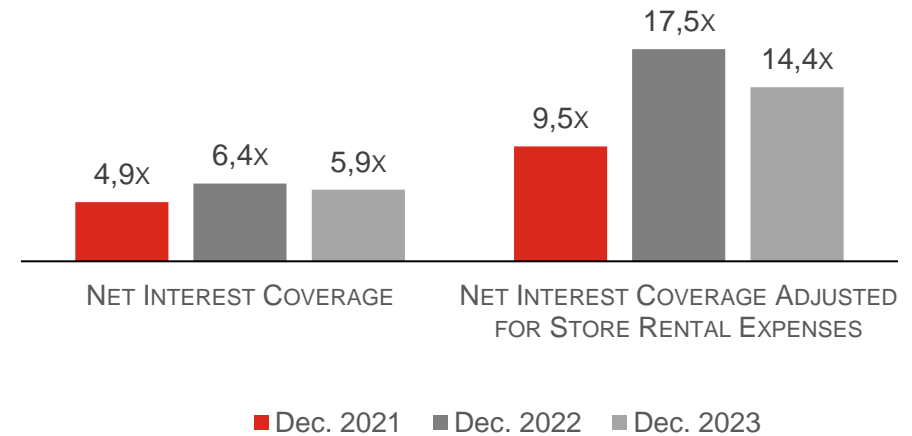
(1) Dividend Yield = Dividends paid during last twelve months / share price at period end.

(2) Return on Equity = Net income for last twelve months / shareholders' equity at period end.

**Net Financial Debt / EBITDA**



**Net Interest Coverage**



(1) Definitions:

Net financial liabilities = other current and non-current financial liabilities - cash and cash equivalents

Net financial debt = other current and non-current financial liabilities – current and non-current obligations for rights of use - cash and cash equivalent

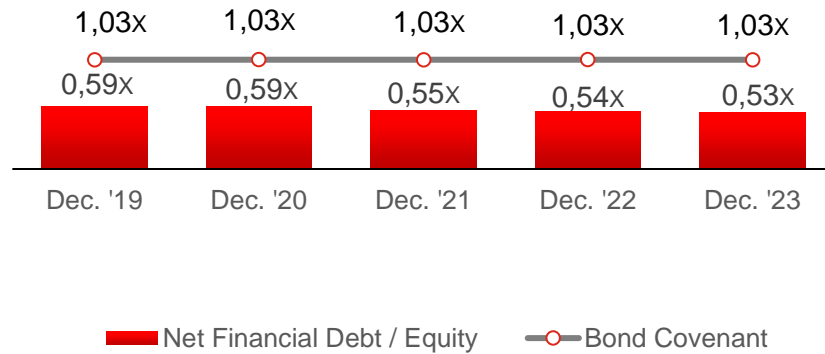
EBITDA adjusted for store rental expenses = EBITDA including store rental expenses not included in administrative expenses under IFRS

Net interest coverage = EBITDA for the last 12 months / (total financial expenses – total financial income)

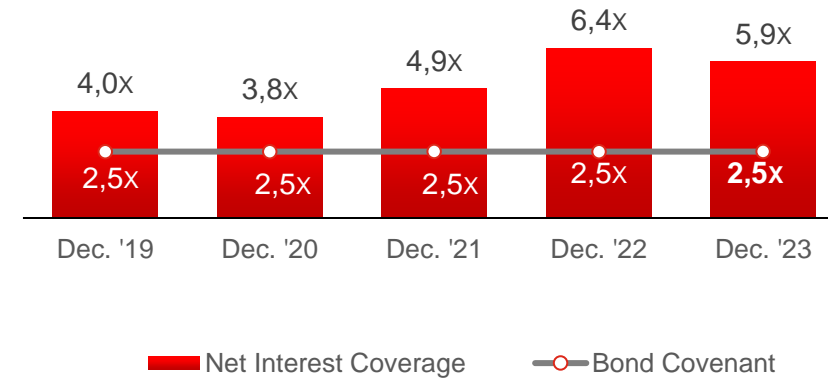
Net interest coverage = EBITDA adjusted for store rental expenses/(total financial expenses – financial expenses for obligations for rights of use – total financial income)



**Bond Covenant: Net Financial Debt / Equity <sup>(2)</sup>**



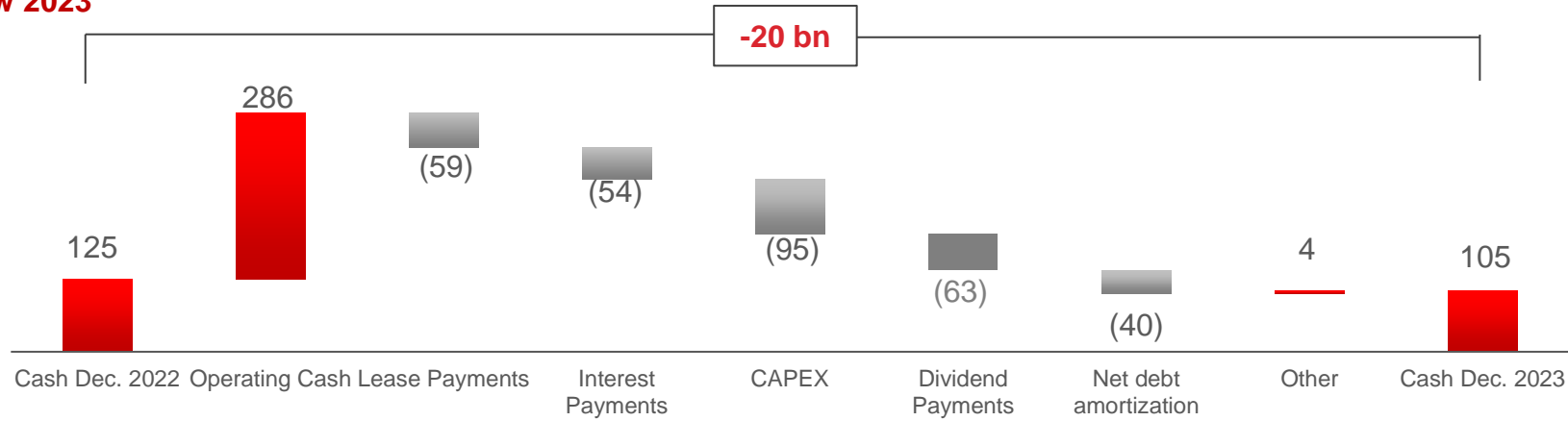
**Bond Covenant: Net Interest Coverage <sup>(3)</sup>**



(1) Net financial debt = Total current and non-current financial liabilities minus total current and non-current obligations for rights of use minus cash and cash equivalents

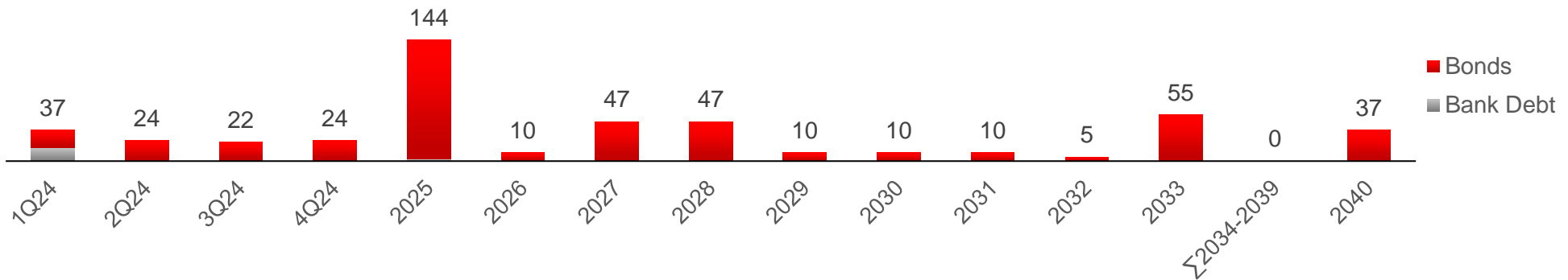
(2) Interest coverage = EBITDA/net financial expenses

**Cash Flow 2023**  
(CLP Bn)



- Ending cash balance of CLP 105 bn, well above minimum target (CLP 50 bn)
  - Doesn't include payment of insurance claim received in Jan '24 (CLP 52 bn)
- Uses of cash in 2023 include amortization of CLP 40 bn in bonds and bank debt, as well as CLP 95 bn in capex (+38 bn vs. 2022)

**Debt Maturity Profile as of December 31, 2023**  
(Bonds and Bank Debt - CLP Bn)



## Credit Rating Upgrade

- In August 2023, both Feller-Rate and ICR upgraded SMU's credit rating from A+ (positive outlook) to AA- (stable outlook)

## Successful Bond Placement

- In September 2023, SMU placed the series AP bonds for a total of UF 1,500,000
  - 10-year bullet (maturity 2033)
  - Placement rate 4.44%
  - Spread 179 bps

## Insurance Payment

- In November 2023, SMU reached an agreement with the insurance companies for the payment of the claim for losses arising from acts of vandalism that took place on October 2019.
  - CLP 1.5 bn received in December 2023
  - CLP 51.8 bn received in January 2024

# EARNINGS 4Q23



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