EARNINGS RELEASE 1Q19

March 2019

MAY 27, 2019

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

SMU reported **revenue for the first quarter of 2019** (1Q19) of CLP 568,717 million, an increase of 0.5% with respect to the CLP 566,071 million reported for the first quarter of 2018 (1Q18). This increase was driven by the cash & carry and convenience formats, as well as the Company's operations in Peru.

Gross profit amounted to CLP 166,216 million for 1Q19, an increase of 3.1% with respect to CLP 161,260 million for 1Q18. Measured as a percentage of revenue, gross margin increased by 70 basis points ("bps"), reaching 29.2% for 1Q19, compared to 28.5% for 1Q18, reflecting improved commercial efficiency.

Operating expenses, defined as distribution costs plus administrative expenses (excluding depreciation), as a percentage of revenue amounted to 22.0% in 1Q18 and 20.9% in 1Q19. However, excluding the effects of IFRS 16 in 1Q19 (a decrease of CLP 9,304 million in lease expenses), operating expenses as a percentage of revenue amounted to 22.6% (an increase of approximately 60 bps with respect to 1Q18), essentially due to higher personnel expenses (primarily due to a higher minimum wage) and higher distribution costs (related to oil prices and the exchange rate).

EBITDA[1] totaled CLP 47,135 million (EBITDA margin 8.3%) in 1Q19 and CLP 36,587 million (EBITDA margin 6.5%) in 1Q18. Excluding the effects of IFRS 16 in 1Q19, EBITDA would have amounted to CLP 37,831 million, **an increase of 3.4%** with respect to 1Q18, and an EBITDA margin of 6.7%, **an expansion of 20 bps** with respect to 1Q18.

Operating income for amounted to CLP 26,097 million for 1Q19 and CLP 24,795 million for 1Q18. Excluding the effects of IFRS 16 in 1Q19 (a decrease of CLP 9,304 million in lease expenses and an increase of CLP 8,883 million in depreciation and amortization), operating income for 1Q19 would have amounted to CLP 25,676 million, **an increase of 3.6%** with respect to 1Q18.

The Company reported a **non-operating loss** of CLP -12,749 million for 1Q19 and CLP -29,914 million for 1Q18. However, in 1Q19 the figure includes the impact of IFRS 16 (CLP -1,934 million), and in 1Q18, the figure includes non-recurring effects amounting to CLP -12,897 million, related to severance payments in connection with the restructuring program carried out in January 2018 and extraordinary financial expenses related to the partial prepayment of the Company's international bond in February 2018. Excluding these effects, the non-operating loss would have totaled CLP -10,814 million in 1Q19 and CLP -17,017 million in 1Q18, an improvement of CLP 6,203 million explained primarily by the gain (loss) on indexed assets and liabilities (which improved CLP 3,649 million due to lower inflation in 1Q19) and lower recurring financial expenses (improved CLP 2,531 million due to lower levels of indebtedness and lower interest rates).

Net income totaled CLP 7,740 million for 1Q19 and CLP 465 million for 1Q18. Excluding the effects of IFRS 16, net income would have totaled CLP 9,254 million in 1Q19, an increase of CLP 8,789 million (1,890%) with respect to 1Q18.

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

With respect to **operating indicators**, in the **Food Retail segment**, for the first quarter of 2019 the Company reported an increase in **same-store sales ("SSS")** of 0.6%, and **sales per square meter**[2] amounted to CLP 325,010, an increase of 5.2% with respect to 1Q18. With respect to **operating efficiency**, within the Food Retail Chile operations, **productivity** (measured as monthly sales per full-time equivalent) in 1Q19 increased 1.8% with respect to 1Q18, totaling CLP 8.1 million. In addition, the Company's rate of **centralized distribution** amounted to 46.3% in 1Q19, slightly below the 46.5% reported for 1Q19, due to a change in the mix of products purchased during the quarter. However, the Company plans to continue increasing its rate of centralization in the coming years, as part of its strategy to improve its operating efficiency, inventory management, and in-store product availability.

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

Management Commentary

With respect to the release of earnings for the first quarter of 2019, SMU's CEO, Marcelo Gálvez, stated, "When looking at our results for the first quarter of 2019, it is important to keep in mind that there is a change in accounting rules—the application of IFRS 16—that causes our 2019 numbers to not be comparable to our 2018 numbers. However, if we exclude the effects of the accounting change, our EBITDA would have grown 3.4% in the first quarter, and our EBITDA margin would have increased 20 basis points, reaching 6.7%."

Mr. Gálvez went on to say, "The improvement in EBITDA was achieved despite the fact that the top line continues to show relatively low levels of growth, because we have achieved greater efficiency. However, top-line growth in Peru performed strongly in the first quarter, and we saw same-store sales of 11.8% in that operation. We also saw strong performance in the convenience format, where same-store sales grew 6.1%. At the same time, we have made progress with our plan to open new OK Market stores, with two new store openings in the first quarter and another two in the second quarter to date."

"Net income for the quarter totaled CLP 7,740 million, an increase of CLP 7,275 million with respect to the first quarter of last year. It is difficult to compare year over year, because aside from the improvement in operating results, there are a number of non-recurring effects, including one-time effects that took place in 2018 and lower the comparison base, as well as the application of IFRS 16. However, I would like to highlight the 20% reduction in recurring financial expenses, which reflects the improvement in our levels of indebtedness and capital structure. In fact, the ongoing improvement in our financial profile was one of the reasons behind Feller Rate's decision to upgrade our credit rating from BBB to A- in April of this year," concluded Mr. Gálvez.

Highlights

Credit Rating Upgrade

On April 30, 2019, the local credit rating agency Feller Rate upgraded SMU's rating from BBB (positive outlook) to A- (stable outlook).

Dividend Payment

On May 8, 2019, SMU paid a final dividend of CLP 1.71673 per share, charged to net income for 2018. The total amount of the dividend was CLP 9,909,955,866. The dividend was paid to shareholders of record as of May 2, 2019.

Conference Call

SMU will host a conference call and webcast for investors on Wednesday, May 29, 2019 at 12:00 pm Santiago/12:00 pm ET to discuss its first quarter 2019 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/smu20190529.html

After the call, a recording will be made available at:
https://www.smu.cl/en/inversionistas/informacion-financiera/

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 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 (March 31, 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".

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 March 31, 2019 contains a complete description of the application of IFRS 16 and the related criteria. The primary effects of the application of this standard to the lease contracts that were classified as operating leases as of December 31, 2018 and as of January 1, 2019 were classified as finance leases are summarized below.

Statement of Financial Position:

- Initial recognition, as of January 1, 2019, of assets (property, plant and equipment: right of use) and liabilities (other financial liabilities: lease liabilities qualifying as finance leases) in the amount of CLP 255,245 million, associated with contracts that were classified as operating leases as of December 31, 2018 and as of January 1, 2019 were classified as finance leases.

- Reclassification as of January 1, 2019 of prepaid leases in the amount of CLP 16,632 million from other non-financial assets to property, plant and equipment (rights of use).

Statements of Income:

The initial recognition, as of January 1, 2019, of right-of-use assets and of financial liabilities gives rise to the following effects on the statements of income for the three months ended March 31, 2019:

- Decrease of lease expenses in the amount of CLP 9,304 million, causing EBITDA to improve by the same amount.
- Increase in financial expenses in the amount of CLP 1,934 million.
- Increase of CLP 8,883 million in depreciation.
- Decrease in gain on indexed assets and liabilities in the amount of CLP 1 million.
- The total impact on net income for the period is a loss of CLP 1,514 million.

Statements of Cash Flows:

- There is a positive impact on cash from operating activities (payments to suppliers for goods and services), offset by a negative impact on cash from financing activities (cash payments for liabilities under finance lease agreements and interest paid).

Pro Forma Presentation:

Due to the application of IFRS 16 in 2019, the abovementioned accounts are not comparable between 2019 and 2018. However, this 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.

Covenants:

SMU's debt contracts provide for modifications in covenants in the event of accounting rule changes, and the Company's local bond contracts have been modified to reflect a change in the net financial liabilities to shareholders' equity covenant, which previously required SMU to maintain a ratio of less than 1.3 times and now requires SMU to maintain a ratio of less than 1.66 times. The modification to the contract was signed by SMU and its bondholders' representatives Banco de Chile, on May 17, 2019, and BICE, on May 24, 2019.

Analysis of Financial Statements

SMU's consolidated results for the periods of three months ended March 31, 2019 and 2018 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 1.1: Consolidated Income Statement

(CLP Million)	1Q19 (IFRS 16)	1Q18 (IAS 17)	△%
Revenues	568,717	566,071	0.5%
Cost of Sales	(402,501)	(404,812)	(0.6%)
Gross Profit	**166,216**	**161,260**	**3.1%**
Gross Margin (%)	***29.2%***	***28.5%***	
Distribution Costs	(7,638)	(6,886)	10.9%
Contribution Margin	**158,579**	**154,374**	**2.7%**
Contribution Margin (%)	***27.9%***	***27.3%***	
Administrative Expenses (Excluding Depreciation)	(111,443)	(117,786)	(5.4%)
EBITDA	**47,135**	**36,587**	**28.8%**
EBITDA Margin (%)	***8.3%***	***6.5%***	
Depreciation and Amortization	(21,038)	(11,792)	78.4%
Operating Income	**26,097**	**24,795**	**5.3%**
Other Gains (Losses)	(222)	(8,038)	(97.2%)
Financial Income	300	449	(33.3%)
Financial Expenses	(12,010)	(17,596)	(31.7%)
Share of Profit (Loss) of Associates	(955)	(715)	33.7%
Foreign Exchange Differences	137	(367)	n.a.
Income (Loss) for Indexed Assets and Liabilities	1	(3,647)	n.a.
Non-operating Income	**(12,749)**	**(29,914)**	**(57.4%)**
Net Income (Loss) Before Taxes	**13,348**	**(5,118)**	**n.a.**
Income Tax Expense	(5,608)	5,194	n.a.
Net Income (Loss) from Continued Operations	**7,740**	**75**	**10,164.2%**
Net Income (Loss) from Discontinued Operations	**0**	**390**	**(100.0%)**
Net Income (Loss) of the Period	**7,740**	**465**	**1,564.3%**

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

Table 2.2: Consolidated Income Statement Pro Forma (1)

(CLP Million)	1Q19 (IAS 17 *Pro Forma*)	1Q18 (IAS 17)	△%
Revenues	568,717	566,071	0.5%
Cost of Sales	(402,501)	(404,812)	(0.6%)
Gross Profit	**166,216**	**161,260**	**3.1%**
Gross Margin (%)	***29.2%***	***28.5%***	
Distribution Costs	(7,638)	(6,886)	10.9%
Contribution Margin	**158,579**	**154,374**	**2.7%**
Contribution Margin (%)	***27.9%***	***27.3%***	
→ Administrative Expenses (Excluding Depreciation) (2)	(120,748)	(117,786)	2.5%
EBITDA	**37,831**	**36,587**	**3.4%**
EBITDA Margin (%)	***6.7%***	***6.5%***	
→ Depreciation and Amortization (3)	(12,155)	(11,792)	3.1%
Operating Income	**25,676**	**24,795**	**3.6%**
Other Gains (Losses)	(222)	(8,038)	(97.2%)
Financial Income	300	449	(33.3%)
→ Financial Expenses (4)	(10,076)	(17,596)	(42.7%)
Share of Profit (Loss) of Associates	(955)	(715)	33.7%
Foreign Exchange Differences	137	(367)	n.a.
→ Income (Loss) for Indexed Assets and Liabilities (5)	2	(3,647)	n.a.
Non-operating Income	**(10,814)**	**(29,914)**	**(63.8%)**
Net Income (Loss) Before Taxes	**14,862**	**(5,118)**	**n.a.**
Income Tax Expense	(5,608)	5,194	n.a.
Net Income (Loss) from Continued Operations	**9,254**	**75**	**12,171.7%**
Net Income (Loss) from Discontinued Operations	**0**	**390**	**(100.0%)**
Net Income (Loss) of the Period	**9,254**	**465**	**1,889.9%**

*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) Pro Forma: For illustrative purposes, a *pro forma* presentation of 1Q19 is provided, eliminating the effects of the application of IFRS 16, so that figures are comparable with 1Q18 (applying the previous standard, IAS 17).
(2) Administrative expenses: increase by CLP 9,304 million due to lease expenses associated with lease contracts that under the previous standard qualified as operating leases and, therefore, were treated as administrative expenses.
(3) Depreciation: decreases by CLP 8,883 million, associated with lease contracts that under the previous standard qualified as operating leases and, therefore, were not depreciated.
(4) Financial expenses: decrease by CLP 1,934 million, associated with lease contracts that under the previous standard qualified as operating leases and, therefore, did not accrue interest.
(5) Income (loss) for indexed assets and liabilities: gain increases by CLP 1 million, because under the older standard, changes in liabilities arising from inflation are recognized under this line-item (under the new standard, they are recognized as rights of use and depreciated over the remainder of the contract).

1. Analysis of Income Statement

1.1. Results of Operations: Food Retail Segment

1.1.1. Revenue

Revenue for the Food Retail segment increased 0.5% in the first quarter of 2019 with respect to the first quarter of 2018, from CLP 566,071 million to CLP 568,717 million.

Table 2: Food Retail Segment Revenue (CLP MMM)

REVENUE (CLP MMM)	1Q19	1Q18	△%
UNIMARC	399	401	-0.7%
CASH & CARRY	142	139	2.0%
OK MARKET	13	12	6.4%
TELEMERCADOS	1.8	2.4	-26.4%
OTHERS(*)	1	1	53.3%
FOOD RETAIL CHILE	557	556	0.1%
FOOD RETAIL PERU	12	10	19.8%
CONSOLIDATED	569	566	0.5%

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

Food Retail Chile revenue remained stable in 1Q19 with respect to 1Q18. By format, Unimarc—the traditional supermarket that accounts for approximately 70% of SMU's revenue—decreased 0.7% in 1Q19 with respect to 1Q18. Revenue for the cash & carry format increased 2.0% in 1Q19. Revenue for the convenience store format (OK Market) grew 6.4% in 1Q19, while revenue for the e-grocery format (Telemercados) decreased 26.4% in 1Q19.

In Food Retail Peru, revenue (measured in Chilean pesos) increased 19.8% in the first quarter of 2019 with respect to the first quarter of 2018. Measured in Peruvian Soles, revenue increased 10.9% in 1Q19.

Same-store sales (SSS) growth for the Food Retail segment amounted to 0.6% for the first quarter of 2019.

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

SSS (△%)	1Q18	2Q18	3Q18	4Q18	2018	1Q19
UNIMARC	*3.4%*	*1.7%*	*1.2%*	*0.0%*	*1.7%*	*-0.5%*
CASH & CARRY	*4.1%*	*5.5%*	*2.8%*	*1.4%*	*3.4%*	*2.4%*
OK MARKET	*-1.2%*	*3.1%*	*2.1%*	*5.3%*	*2.4%*	*6.1%*
FOOD RETAIL CHILE	*3.4%*	*2.7%*	*1.6%*	*0.4%*	*2.1%*	*0.2%*
FOOD RETAIL PERU	*0.3%*	*10.9%*	*10.3%*	*10.6%*	*8.1%*	*11.8%*
CONSOLIDATED	*3.2%*	*2.7%*	*1.8%*	*0.6%*	*2.1%*	*0.6%*

SSS for Unimarc decreased 0.5% in 1Q19. Cash & carry increased 2.4%, and OK Market convenience stores increased 6.1%. Overall, Food Retail Chile recorded SSS growth of 0.2% for the first quarter of 2019.

Food Retail Peru—which accounts for around 2% of total revenue for the Food Retail segment—recorded an increase in SSS of 11.8% in the first quarter of 2019. The strong performance in this format during recent quarters reflects the implementation of its strategic plan.

Sales per square meter for the Food Retail segment reached CLP 325,010 for the first quarter of 2019, 5.2% higher than 1Q18.

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

SALES PER SQM (CLP Thousands/sqm)	1Q19	1Q18	△%
FOOD RETAIL CHILE	328.8	313.0	*5.0%*
FOOD RETAIL PERU	212.5	175.9	*20.8%*
CONSOLIDATED	325.0	308.8	*5.2%*

Food Retail Chile sales per square meter grew 5.0% in 1Q19 compared to 1Q18. For its part, Food Retail Peru (measured in Chilean pesos) recorded an increase of 20.8% in sales per square meter in 1Q19.

By format, sales per square meter for Unimarc increased 3.2% in 1Q19; the cash & carry segment increased 10.0% in 1Q19; and OK Market increased 4.1% in 1Q19.

As of the end of the first quarter of 2019, SMU's food retail operations included **506 stores in Chile**, distributed from Arica to Punta Arenas—slightly more than the 502 stores in operation at the end of the first quarter of 2018—and a total of **555,308 square meters**.

During the first quarter of 2019, the Company opened two OK Market stores and closed one. In addition to the store openings and closures during the period, the total square meters of certain stores have been modified due to space optimizations and store remodels.

In Peru, as of March 31, 2010, the Company had 24 stores, with 20,398 square meters, for a total selling space for the Food Retail segment of 575,706 square meters at period end.

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

NUMBER OF STORES	1Q19	1Q18	SALES AREA (THOUSANDS OF SQM)	1Q19	1Q18
UNIMARC	289	289	UNIMARC	384	402
CASH & CARRY	99	99	CASH & CARRY	156	168
OK MARKET	118	114	OK MARKET	15	15
FOOD RETAIL CHILE	506	502	FOOD RETAIL CHILE	555	585
FOOD RETAIL PERU	24	24	FOOD RETAIL PERU	20	20
CONSOLIDATED	530	526	CONSOLIDATED	576	605

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

OPENINGS AND CLOSURES	1Q18		2Q18		3Q18		4Q18		1Q19	
	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.
UNIMARC	0	0	0	1	1	0	0	0	0	0
CASH & CARRY	0	1	1	1	0	0	0	0	0	0
OK MARKET	1	0	1	0	1	1	2	0	2	1
FOOD RETAIL CHILE	1	1	2	2	2	1	2	0	2	1
FOOD RETAIL PERU	0	0	0	0	0	0	0	0	0	0

*The closure in 1Q18 and the opening in 2Q18 in the Cash & Carry format is due to the temporary closure of a store in order to carry out maintenance work.

1.1.2. Distribution Costs and Administrative Expenses

Distribution costs plus administrative expenses (excluding depreciation) for the Food Retail segment, as a percentage of revenue, amounted to 22.0% in 1Q18 and 20.9% in 1Q19. However, excluding the effects of IFRS 16 in 1Q19, operating expenses as a percentage of revenue would have amounted to 22.6% (an increase of approximately 60 bps with respect to 1Q18).

Distribution costs for the first quarter of 2019 totaled CLP 7,638 million, an increase of 10.9% with respect to the same period of 2018. The increase is primarily due to higher fuel costs and the increase in the exchange rate. Distribution costs as a percentage of revenue increased from 1.2% in 1Q18 to 1.3% in 1Q19.

Administrative expenses (excluding depreciation) for the Food Retail segment totaled CLP 111,443 million (19.6% of revenue) in 1Q19 and CLP 117,786 million (20.8% of revenue) in 1Q18. However, excluding the effects of IFRS 16 (decrease of CLP 9,304 million in lease expenses in 1Q19), administrative expenses would have totaled CLP 120,748 million (21.2% of revenue) in 1Q19, an increase of 2.5% (40 bps) with respect to 1Q18.

The main increase in administrative expenses in 1Q19 was the increase of CLP 2,590 million (+4.7% YoY) in personnel expenses, primarily due to inflation adjustments and the increase in minimum wage. Average headcount was similar in 1Q19 and 1Q18.

This increase was partly offset by decreases of: (i) CLP 916 million (-21.9% YoY) in materials; (ii) CLP 532 million (-2.5% YoY) in services; and (iii) CLP 310 million (-8.4% YoY) in IT services.

Lease expenses decreased CLP 8,764 million (-57.0% YoY) with respect to 1Q18, but excluding the effects of IFRS 16, lease expenses would have increased CLP 540 million (+3.5% YoY).

Table 7: Average Headcount in the Food Retail Segment

AVERAGE HEADCOUNT	1Q19	1Q18	△%
STORES CHILE	28,130	28,153	-0.1%
HEADQUARTERS CHILE	1,642	1,580	3.9%
FOOD RETAIL CHILE	29,772	29,733	0.1%
STORES PERU	546	529	3.2%
HEADQUARTERS PERU	139	139	0.2%
FOOD RETAIL PERU	685	668	2.6%
CONSOLIDATED	30,457	30,401	0.2%

1.1.3. Gross Margin, Contribution Margin, and EBITDA

Gross profit for the first quarter of 2019 totaled CLP 166,216 million, an increase of 3.1% with respect to the first quarter of 2018, which is equivalent to 29.2% of revenue, 70 bps higher with respect to 28.5% in 1Q18. The increase reflects improved commercial efficiency in 1Q19.

Contribution margin grew 2.7% in the first quarter of 2019, totaling CLP 158,579 million, compared to CLP 154,374 million for 1Q18, amounting to 27.9% of revenue in 1Q19 vs. 27.3% in 1Q18.

EBITDA totaled CLP 47,135 million (EBITDA margin 8.3%) in 1Q19 and CLP 36,587 million (EBITDA margin 6.5%) in 1Q18. Excluding the effects of IFRS 16 in 1Q19, EBITDA would have amounted to CLP 37,831 million, an increase of 3.4% with respect to 1Q18, and EBITDA margin would have been 6.7%, an increase of 20 bps compared to 1Q18.

EBITDAR (EBITDA less lease expenses) amounted to CLP 53,733 million (EBITDAR margin 9.4%) for 1Q19, 3.4% higher than the CLP 51,950 million (EBITDAR margin 9.2%) obtained in 1Q18.

1.2. Non-operating Income[3] and Income Tax Expense

The **consolidated non-operating loss** for SMU totaled CLP -12,749 million in 1Q19 and CLP -29,914 million in 1Q18. Excluding the effects of IFRS 16, the non-operating loss for 1Q19 would have amounted to CLP -10,814 million, an improvement of CLP 19,099 million with respect to 1Q18.

The improved non-operating loss is primarily explained by three effects:

a. **Other gains (losses) improved by CLP 7,816 million:** In 1Q19, the Company reported other losses in the amount of CLP -222 million, primarily associated with losses on sales and disposals of property, plant and equipment, whereas in 1Q18, other losses totaled CLP -8,038 million, primarily due to the recognition of a non-recurring expense of CLP 7,877 million from the organizational restructuring program that was carried out in January 2018, as part of the Company's operating efficiency initiatives. The savings in personnel expenses generated by this program allowed the Company to more than make up for this non-recurring expense over the course of the full year 2018.

b. **Financial expenses improved by CLP 5,586 million** (CLP 7,661 million excluding the effects of IFRS 16)**:** In 1Q19, SMU reported financial expenses of CLP -12,010 million, including CLP -1,934 million associated with the application of IFRS 16. In 1Q18, the Company reported financial expenses of CLP -17,596 million, including a non-recurring expense of CLP -5,020 million related to the partial prepayment of the international bond in February 2018. Considering recurring financial expenses and excluding the effects of IFRS 16, in 1Q18 financial expenses totaled CLP -12,576, whereas in 1Q19 they amounted to CLP -10,076 million, a decrease of CLP 2,500 million, reflecting the Company's efforts to reduce its level of indebtedness and strengthen its capital structure during the last two years.

c. **Gain (loss) on indexed assets and liabilities improved by CLP 3,649 million:** In 1Q19, the Company reported a gain on indexed assets and liabilities of CLP 1 million, as there was practically no inflation during the quarter 1T19, whereas in 1Q18, the Company reported a loss of CLP -3.647 million, due to the inflation of 0.6% in that quarter. The impact of IFRS 16 was close to zero (reducing the gain by approximately CLP 1 million).

The **income tax expense** for 1Q19 amounted to CLP -5,608 million, a difference of CLP -10,802 million with respect to the income tax benefit of CLP 5,194 million for 1Q18, mainly explained by the better pre-tax income (pre-tax income of CLP 13,348 million in 1Q19 vs. pre-tax loss of CLP -5,118 million in 1Q18).

[3] 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 5). On April 27, 2018, the sale of Construmart S.A. and subsidiaries was completed, and consequently, this segment generated results in the first quarter of 2018, but not in 1Q19.

1.4. Net Income

SMU reported **net income** for the first quarter of 2019 of CLP 7,740 million, an increase of CLP 7,275 million (1,564.3%) with respect to CLP 465 million for 1Q18. **Profit from continuing operations** totaled CLP 7,740 million, compared to CLP 75 million for 1Q19. The **profit from discontinued operations** for 1Q18 amounted to CLP 390 million in 2018, and in 1Q19 the Company no longer has discontinued operations, as the sale of Construmart was completed in April 2018.

Excluding the effects of IFRS 16, net income for 1Q19 would have totaled CLP 9,254 million, an increase of CLP 8,789 million (1,889.9%) with respect to 1Q18.

2. Analysis of Statement of Financial Position

Table 8.1: Statement of Financial Position as of March 31, 2019 and December 31, 2018

(CLP Million)	March 2019 (IFRS 16)	December 2018 (IAS 17)	△$	△%
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	80,731	82,644	(1,913)	(2.3%)
Other Current Financial Assets	18	18	0	2.6%
Other Current Non-Financial Assets	15,360	20,245	(4,886)	(24.1%)
Trade Accounts Receivable and Other Receivables, Net	44,139	57,597	(13,458)	(23.4%)
Accounts Receivable from Related Companies	8,662	8,739	(77)	(0.9%)
Inventories	197,254	194,938	2,316	1.2%
Current Tax Assets	6,906	8,059	(1,153)	(14.3%)
Non-Current Assets Classified as Held for Sale	-	-	-	-
Total Current Assets	**353,071**	**372,241**	**(19,170)**	**(5.1%)**
NON-CURRENT ASSETS				
Other Non-Current Financial Assets	245	245	1	0.3%
Other Non-Current Non-Financial Assets	1,855	17,635	(15,780)	(89.5%)
Non-Current Accounts Receivable	2,295	2,738	(443)	(16.2%)
Investments Accounted for Using the Equity Method	1,884	2,838.9	(955)	(33.7%)
Intangible Assets Other Than Goodwill	71,162	73,320	(2,158)	(2.9%)
Goodwill	475,225	474,867	358	0.1%
Property, Plant, and equipment, net	710,094	439,409	270,686	61.6%
Deferred tax assets	424,338	429,106	(4,768)	(1.1%)
Total Non-Current Assets	**1,687,098**	**1,440,158**	**246,940**	**17.1%**
TOTAL ASSETS	**2,040,169**	**1,812,399**	**227,770**	**12.6%**
LIABILITIES				
CURRENT LIABILITIES				
Other Current Financial Libialities	121,766	96,600	25,166	26.1%
Trade and Other Current Payables	395,897	418,291	(22,394)	(5.4%)
Accounts Payable to Related Companies	2,476	3,976	(1,500)	(37.7%)
Other Current Provisions	3,455	3,319	136	4.1%
Current Tax Liabilities	797.9	0	798	-
Current Provisions for Employee Benefits	13,193	16,695	(3,502)	(21.0%)
Other Current Non-Financial Liabilities	3,197	3,108	90	2.9%
Non-Current Liabilities Classified as Held for Sale	-	-	-	-
Total Current Liabilities	**540,781**	**541,987**	**(1,206)**	**(0.2%)**
NON-CURRENT LIABILITIES				
Other Non-Current Financial Liabilities	788,434	567,504	220,930	38.9%
Non-Current Payables	104	121	(17)	(14.0%)
Trade Payables due to Related Entities, Non-Current	-	-	-	-
Deferred Tax Liabilities	76	81	(4)	(5.5%)
Non-Current Provisions for Employee Benefits	930	977	(47)	(4.8%)
Other Non-Current Non-Financial Liabilities	5,978	6,450	(471)	(7.3%)
Total Non-Current Liabilities	**795,523**	**575,132**	**220,390**	**38.3%**
TOTAL LIABILITIES	**1,336,304**	**1,117,119**	**219,184**	**19.6%**
EQUITY				
Issued Capital	523,742	523,742	0	0.0%
Retained Earnings	30,832	23,092	7,740	33.5%
Other Reserves	149,291	148,446	846	0.6%
Equity Attributable to the Owners of the Parent Company	703,865	695,279	8,586	1.2%
Non-Controlling Interest	-	-	-	-
Total Equity	**703,865**	**695,279**	**8,586**	**1.2%**
TOTAL LIABILITIES AND EQUITY	**2,040,169**	**1,812,399**	**227,770**	**12.6%**

Table 8.2: Statement of Financial Position as of March 31, 2019 and December 31, 2018 Pro Forma [1]

(CLP Million)	March 2019 (IAS 17 *Pro Forma*)	December 2018 (IAS 17)	△$	△%
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	80,731	82,644	(1,913)	(2.3%)
Other Current Financial Assets	18	18	0	2.6%
→ Other Current Non-Financial Assets [2]	16,599	20,245	(3,646)	(18.0%)
Trade Accounts Receivable and Other Receivables, Net	44,139	57,597	(13,458)	(23.4%)
Accounts Receivable from Related Companies	8,662	8,739	(77)	(0.9%)
Inventories	197,254	194,938	2,316	1.2%
Current Tax Assets	6,906	8,059	(1,153)	(14.3%)
Non-Current Assets Classified as Held for Sale	-	-	0	-
Total Current Assets	**354,310**	**372,241**	**(17,931)**	**(4.8%)**
NON-CURRENT ASSETS				
Other Non-Current Financial Assets	245	245	1	0.3%
→ Other Non-Current Non-Financial Assets [2]	16,946	17,635	(689)	(3.9%)
Non-Current Accounts Receivable	2,295	2,738	(443)	(16.2%)
Investments Accounted for Using the Equity Method	1,884	2,839	(955)	(33.7%)
Intangible Assets Other Than Goodwill	71,162	73,320	(2,158)	(2.9%)
Goodwill	475,225	474,867	358	0.1%
→ Property, Plant, and equipment, net [3]	447,100	439,409	7,692	1.8%
Deferred tax assets	424,338	429,106	(4,768)	(1.1%)
Total Non-Current Assets	**1,439,195**	**1,440,158**	**(963)**	**(0.1%)**
TOTAL ASSETS	**1,793,505**	**1,812,399**	**(18,893)**	**(1.0%)**
LIABILITIES				
CURRENT LIABILITIES				
→ Other Current Financial Libialities [4]	95,108	96,600	(1,492)	(1.5%)
Trade and Other Current Payables	395,897	418,291	(22,394)	(5.4%)
Accounts Payable to Related Companies	2,476	3,976	(1,500)	(37.7%)
Other Current Provisions	3,455	3,319	136	4.1%
Current Tax Liabilities	798	-	798	-
Current Provisions for Employee Benefits	13,193	16,695	(3,502)	(21.0%)
Other Current Non-Financial Liabilities	3,197	3,108	90	2.9%
Non-Current Liabilities Classified as Held for Sale	-	-	-	-
Total Current Liabilities	**514,123**	**541,987**	**(27,864)**	**(5.1%)**
NON-CURRENT LIABILITIES				
→ Other Non-Current Financial Liabilities [4]	567,022	567,504	(482)	(0.1%)
Non-Current Payables	104	121	(17)	(14.0%)
Trade Payables due to Related Entities, Non-Current	-	-	-	-
Deferred Tax Liabilities	76	81	(4)	(5.5%)
Non-Current Provisions for Employee Benefits	930	977	(47)	(4.8%)
Other Non-Current Non-Financial Liabilities	5,978	6,450	(471)	(7.3%)
Total Non-Current Liabilities	**574,111**	**575,132**	**(1,022)**	**(0.2%)**
TOTAL LIABILITIES	**1,088,234**	**1,117,119**	**(28,886)**	**(2.6%)**
EQUITY				
Issued Capital	523,742	523,742	0	0.0%
→ Retained Earnings [5]	32,345	23,092	9,254	n.a.
Other Reserves	149,184	148,446	739	0.5%
Equity Attributable to the Owners of the Parent Company	705,272	695,279	9,992	1.4%
Non-Controlling Interest	-	-	-	-
Total Equity	**705,272**	**695,279**	**9,992**	**1.4%**
TOTAL LIABILITIES AND EQUITY	**1,793,505**	**1,812,399**	**(18,893)**	**(1.0%)**

(1) *Pro Forma*: For illustrative purposes only, March 2019 figures are presented *pro forma*, eliminating the effects of the application of IFRS 16 so that the figures are comparable to the December 2018 figures (applying the previous standard, IAS 17).
(2) Other non-financial assets, current and non-current: Increase of CLP 16,330 million: (i) increase of CLP 16,632 million in prepaid leases (under the new standard, they are recognized as rights of use, under property, plant and equipment), partially offset by (ii) decrease of CLP 302 million due to the amortization of the asset that would have applied under the previous standard.
(3) Property, plant and equipment (rights of use): decrease of CLP 262,994 million: (i) decrease of CLP 255,245 million associated with lease contracts that were classified as operating leases under the previous standard and, therefore, were not recognized as an asset and (ii) decrease of CLP 16,632 million related to prepaid leases that, under the previous standard, were recognized as other non-financial assets; partially offset by (iii) increase of CLP 8,883 million, reflecting the reversal of depreciation associated with the right-of-use asset recognized as of January 1, 2019.
(4) Other financial liabilities, current and non-current (lease liabilities qualifying as finance leases): decrease of CLP 248,070 million: (i) decrease of CLP 255,245 million, associated with lease contracts that were classified as operating leases under the previous standard and, therefore, were not recognized as a liability; partially offset by (ii) increase of CLP 7,175 million, due to the amortization of the lease contracts that qualify as finance leases.
(5) Retained earnings: increase of CLP 1,514 million. See Table 3.2: Consolidated Income Statement *Pro Forma.*

2.1. Assets

As of March 31, 2019, SMU's **total assets** increased by CLP 227.770 million (12.6%) with respect to December 31, 2018, totaling CLP 2,040,169 million. Excluding the effects of IFRS 16, total assets would have decreased by CLP 12,741 million (0.7%).

Current assets as of March 31, 2019 decreased CLP 19,170 million (5.1%) with respect to December 31, 2018, totaling CLP 353,071 million. Excluding the effects of IFRS 16, current assets would have decreased by approximately CLP 18,233 million (4.9%). The primary variations during the period were:

a. A decrease in current trade and other accounts receivable (↓CLP 13,458 million), primarily explained by the business cycle, related to year-end sales with credit and debit cards.
b. A decrease in other current non-financial assets (↓CLP 4,886 million), primarily explained by decreases in advanced payments to foreign suppliers (↓CLP 3,797 million) and the reclassification of prepaid leases to property, plant and equipment, as a result of the application of IFRS 16.
c. A decrease in cash and cash equivalents (↓CLP 1,913 million), explained by the variations that are described in section 3. Analysis of Statement of Cash Flows.
d. A decrease in current tax assets (↓CLP 1,153 million), primarily explained by the decreases in recoverable taxes from previous years, due to the recovery of taxes during the first quarter of 2019.

These decreases were partly offset by an increase of CLP 2,316 million in inventories.

Non-current assets as of March 31, 2018 increased by CLP 246,940 million (17.1%) with respect to December 2018, totaling CLP 1,687,098 million. Excluding the effects of IFRS 16, non-current liabilities would have decreased by CLP 661 million (0.0%). The primary variations during the period were:

a. An increase in property, plant and equipment (↑CLP 270,686 million), primarily due to the application of IFRS 16 (recognition of CLP 255,245 million for lease contracts that as of December 31, 2018 qualified as operating leases and reclassification of CLP 16,632 million for prepaid leases that under that previous standard were classified as other non-financial assets). The total impact of the new standard on property, plant and equipment is an increase of CLP 271,877 million. In addition, during the period, the Company recorded additions of CLP 16,559 million and depreciation of CLP 17,804 million.
b. A decrease in other non-current non-financial assets (↓CLP 15,780 million), primarily due to the reclassification of prepaid leases (↓CLP 15,393 million) to property, plant and equipment, as a result of the application of IFRS 16.
c. A decrease in deferred tax assets (↓CLP 4,768 million), primarily due to lower balances of deferred intangible tax assets (↓CLP 5,199 million) and higher balances of deferred tax liabilities for property, plant and equipment (↑CLP 3,771 million), partly offset by an increase in deferred tax assets from tax losses (↑CLP 4,936 million).
d. A decrease in intangible assets other than goodwill (↓CLP 2,158 million) due to amortization (↓CLP 3,233 million), partially offset by additions during the period (↑CLP 1,082 million).

2.2. Liabilities

As of March 31, 2018, the Company's **total liabilities** increased by CLP 219,184 million (19.6%) with respect to December 31, 2018, totaling CLP 1,336,304 million. Excluding the effects of IFRS 16, total liabilities would have decreased by CLP 22,839 million (2.0%).

Current liabilities as of March 31, 2019 decreased by CLP 1,206 million (0.2% with respect to December 2018, totaling CLP 540,781 million. Excluding the effects of IFRS 16, current liabilities would have decreased by CLP 27,864 million (5.1%). The primary variations during the period were:

a. An increase in current other financial liabilities (↑CLP 25,166 million), primarily due to the application of IFRS 16 (recognition of CLP 27,477 million for contracts that as of December 31, 2018 qualified as operating leases).
b. A decrease in current trade and other accounts payable (↓CLP 22,394 million), associated with the seasonality of the business and the cut-off date for payments.
c. A decrease in current provisions for employee benefits (↓CLP 3,502 million), primarily associated with the decrease in the provision for vacations, following the Chilean summer season, when most employees take vacation, and with the payment of the short-term incentive bonus for performance in 2018.

Non-current liabilities as of March 31, 2019 increased by CLP 220,390 million (38.3%) with respect to December 2018, amounting to CLP 795,523 million. The main variation in the period was the result of IFRS 16 (recognition of CLP 227,768 million for contracts that as of December 31, 2018 qualified as operating leases). Excluding this effect, non-current liabilities would have decreased by CLP 1,022 million (0.2%).

2.3. Shareholders' Equity

Shareholders' equity increased by CLP 8,586 million (+1.2%), primarily due to earnings for the period (↑CLP 7,740 million). Excluding the effects of IFRS 16, net income for the period would have amounted to CLP 9,254 million, and consequently, shareholders' equity would have amounted to CLP 705,272 million, an increase of CLP 9,992 million with respect to December 2018.

3. Analysis of Statement of Cash Flows

Table 9: Statement of Cash Flows for the three months ended March 31, 2019 and 2018

(CLP Million)	March 2019 (IFRS 16)	March 2018 (IAS 17)	△$
Net Cash Flows From (Used in) Operating Activities	37,356	32,069	5,287
Net Cash Flows From (Used in) Investing Activities	(13,829)	(5,957)	(7,873)
Net Cash Flows From (Used in) Financing Activities	(25,439)	(22,567)	(2,872)
Net Increase (Decrease) in Cash and Cash Equivalents Before Effect of Exchange Rates	**(1,913)**	**3,545**	**(5,458)**
Net Increase (Decrease) in Cash and Cash Equivalents	**(1,913)**	**3,545**	**(5,458)**
Cash and Cash Equivalents at Beginning of Period	82,644	110,540	(27,896)
Cash and Cash Equivalents at End of Period	**80,731**	**114,085**	**(33,354)**

During the first quarter of 2019, cash provided by **operating activities** totaled CLP 37,356 million, whereas in 1Q18, cash provided by operating activities amounted to CLP 32,069 million. However, these figures are not comparable, due to the application of IFRS 16 in 1Q19. Under the new standard, certain lease payments are reclassified from cash from operating activities (payments to suppliers for goods and services) to cash from financing activities (cash payments for liabilities under finance lease agreements and interest paid). The net impact of this reclassification on the closing balance of cash and cash equivalents is zero.

Cash used in **investing activities** for the first quarter of 2019 totaled a net outflow of CLP -13,829 million, compared to a net outflow of CLP -5,957 million for 2017, a difference of CLP -7,873 million. The main outflow of cash is for **CAPEX**, which includes purchases of property, plant and equipment and purchases of intangible assets and amounted to CLP 13,977 million in 1Q19 and CLP 5,972 million in 1Q18.

Cash from **financing activities** for the first quarter of 2019 totaled a net outflow of CLP -25,439 million, mainly explained by: (i) interest payments of CLP 12,808 million and (ii) payment of financial leases of CLP 11,306 million. In 1Q18, the Company had a net inflow of CLP -22,567 million in cash from financing activities, mainly explained by: (i) the partial prepayment of the international bond (USD 120 million) and (ii) interest payments of CLP 21,981 million, partially offset by the capital increase carried out in January 2018 for a total of CLP 74,000 million.

4. Financial Indicators

Table 10: Financial Indicators [1]

			Mar. 2019	Dec. 2018
LIQUIDITY				
Liquidity Ratio	times	*Current assets/current liabilities*	0.65	0.69
Acid Ratio	times	*(Current assets - inventories)/current liabilities*	0.29	0.33
LEVERAGE				
Total Liabilities / Total Assets	times	*Total liabilities / Total assets*	0.65	0.62
Total Liabilities / Equity	times	*Total liabilities / Equity*	1.90	1.61
Net Financial Liabilities / Equity	times	*(Other current financial liabilities + other non-current financial liabilities - cash and cash equivalents)/Shareholders' equity*	1.18	0.84
Currents Liabilities / Total Liabilities	%	*Total current liabilities/Total liabilities*	40.39	48.52
INDEBTEDNESS				
Days of Inventory	days	*Average inventory for the period / Daily cost of goods sold for the period*	43.85	42.66
Accounts Receivable Days	days	*Average current trade and other accounts receivable for the period / (Daily revenue for the period * 1.19)*	6.76	6.90
Accounts Payable Days	days	*Average current trade and other accounts payable for the period / (Daily cost of goods sold for the period * 1.19)*	76.49	76.72
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)*	3.30	2.78
Gross Margin (Last 12 months)	%		28.67	28.48
EBITDA (Last 12 months)	CLP MM		163,050	152,502
EBITDA Margin (Last 12 months)	%		7.10	6.64
PROFITABILITY (12 months)				
Return on Assets	%	*Net income last 12 months / Total assets*	1.98	1.82
Return on Assets (excluding goodwill)	%	*Net income last 12 months / (Total assets - goodwill)*	2.58	2.47
Return on Equity	%	*Net income last 12 months / Shareholders' Equity*	5.73	4.75
Return on Invested Capital (including goodwill)	%	*Operating income last 12 months / (Accounts receivable + inventories + intangible assets + goodwill + property, plant and equipment)*	6.93	8.27
Return on Invested Capital (excluding goodwill)	%	*Operating income last 12 months / (Accounts receivable + inventories + intangible assets + property, plant and equipment)*	10.16	13.40

(1) Indicators as of March 31, 2019 are not comparable to indicators as of December 31, 2018, due to the effects of IFRS 16 in 2019. See Note Regarding Presentation and Comparison of Information.

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, 2019.

6. Relevant Events During the Period

1. On March 1, 2019, SMU was notified of the ruling by the Chilean Antitrust Court (*Tribunal de Defensa de la Libre Competencia* or "TDLC"), with respect to a complaint filed by the Chilean antitrust authority (Fiscalía Nacional Económica or "FNE") in 2016, ordering the Company to pay a fine of 3,438 Annual Tax Units (approximately US$3.1 million) and to adopt a compliance program with respect to free competition—complementary to the Company's existing program—including at least the requirements established in the ruling. The Company remains absolutely convinced that it acted properly, and it will appeal the ruling before the Chilean Supreme Court in order to prove its innocence.

2. On March 26, 2019, the Company filed an Essential Fact, informing that the previous day, the Board of Directors agreed the following:

   (1) To call an Annual Ordinary Shareholders' Meeting to be held on April 25, 2019, at 10:00 am, at Cerro El Plomo 5680 11th floor, Las Condes, Santiago, in order to be inform the Company's shareholders of and/or to submit for the approval of the Company's shareholders the following matters:

      a. Approve annual report and financial statements for the 2018 period.
      b. Approve the report of independent auditors.
      c. Approve remunerations of Board of Directors and other corporate committees for the 2018 period. Inform Board of Directors expenses incurred during 2017 period.
      d. Inform activities and expenses of Directors' Committee and determine remunerations and budget for 2019 period.
      e. Inform operations referred to under Title XVI of Law No. 18,046 (related-party operations).
      f. Designate independent audit firm for the 2019 period.
      g. Designate credit rating agencies for the 2019 period.
      h. Dividend payment and distribution of net income for the 2018 period.
      i. Designate newspaper in which legally required notifications will be published.
      j. Review any other matter that is of interest to shareholders and pertains to the Annual Ordinary Shareholders' Meeting.

   (2) To submit for shareholder approval at such Annual Shareholders' Meeting a proposal for the payment of a final dividend in the amount of CLP 1.71673 per share, for a total amount of CLP 9,909,955,866, to be charged to net income for the year 2018. Such dividend would be paid on May 8, 2019 to shareholders of record as of the fifth business day prior to such date.

7. Subsequent Events

1. On April 25, 2019, the Company filed an essential fact, informing that announced that at the Annual Ordinary Shareholders' Meeting held on that date, shareholders approved the following resolutions:

   (1) Approve annual report and financial statements for the 2018 period.
   (2) Approve the report of independent auditors.
   (3) Approve remunerations of Board of Directors and other corporate committees for the 2019 period. In addition, shareholders were informed of Board of Directors expenses incurred during 2018 period.
   (4) Approve remunerations of the Directors' Committee for the 2019 period and inform activities and expenses of such committee during 2018.
   (5) Approve the report of operations referred to under Title XVI of Law No. 18,046 (related-party operations).

(6) Designate KPMG Auditores Consultores Limitada as the independent audit firm; and designate Humphreys, Feller, and ICR as local credit rating agencies.
(7) Designate the El Pulso section of La Tercera as the newspaper in which legally required notifications will be published.
(8) Distribute to shareholders a final dividend of CLP 1.71673 per share, for a total amount of CLP 9,909,955,866, to be charged to net income for the year 2018. Such dividend will be paid beginning on May 8, 2019 to shareholders of record as of the fifth business day prior to such date.

2. On April 30, 2019, the credit rating agency Feller-Rate upgraded SMU's credit rating from BBB (positive outlook) to A- (stable outlook).

3. On May 17 and 24, 2019, SMU and its bondholders' representatives Banco de Chile and BICE, respectively, signed the modification of the covenant "Net Financial Liabilities/Shareholders' Equity". This change was made following the application of IFRS 16, in accordance with the provisions of the bond issuance contracts that allow for changes in covenants when there is a change in accounting rules, in order to maintain the same spirit of the restriction. Following the change, the maximum ratio of net financial liabilities to shareholders' equity has increased from 1.3 times to 1.66 times.

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, 2018. 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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