

SMU S.A.

EARNINGS 4Q18

MARCH 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

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, IN SMU’S DECEMBER 2018 FINANCIAL STATEMENTS, IN BOTH PERIODS PRESENTED (FOR THE YEAR ENDED DECEMBER 31, 2018 AND FOR THE YEAR ENDED DECEMBER 31, 2017), CONSTRUMART’S RESULTS ARE CONSOLIDATED IN A SINGLE LINE OF SMU’S STATEMENTS OF COMPREHENSIVE INCOME, UNDER “PROFIT (LOSS) FROM DISCONTINUED OPERATIONS”. CONSEQUENTLY, THE FIGURES FOR BOTH PERIODS ARE COMPARABLE.

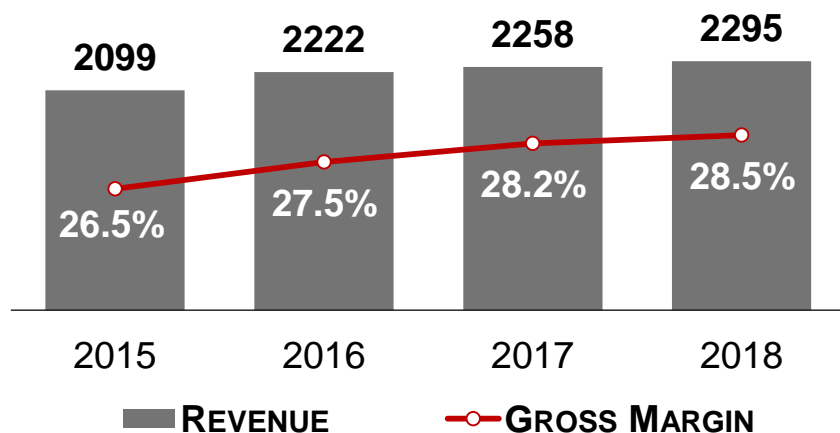
LIKewise, IN THE STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2018 AND AS OF DECEMBER 31, 2017, THE FIGURES ARE COMPARABLE BETWEEN PERIODS. CONSTRUMART’S ASSETS ARE CONSOLIDATED IN A SINGLE LINE OF SMU’S STATEMENTS OF FINANCIAL POSITION, UNDER “NON-CURRENT ASSETS OR ASSET GROUPS CLASSIFIED AS HELD-FOR-SALE”, AND CONSTRUMART’S LIABILITIES ARE CONSOLIDATED IN A SINGLE LINE UNDER “NON-CURRENT LIABILITIES OR LIABILITY GROUPS CLASSIFIED AS HELD-FOR-SALE”.

THE STATEMENTS OF CASH FLOW ARE ALSO COMPARABLE IN BOTH PERIODS. IN 2017, CASH FLOW FROM OPERATING ACTIVITIES INCLUDES AN ADJUSTMENT UNDER “OTHER RECEIPTS (PAYMENTS) CLASSIFIED AS OPERATING ACTIVITIES” IN ORDER TO ELIMINATE CONSTRUMART’S BALANCE OF CASH AND CASH EQUIVALENTS AS OF THE BEGINNING OF 2017.

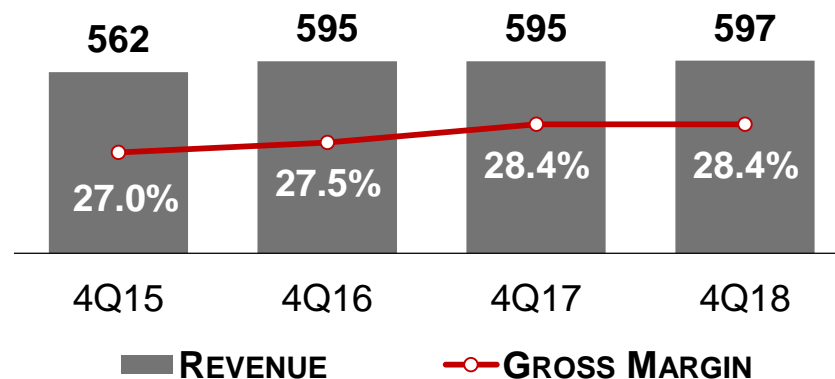
GIVEN THAT THE SALE OF CONSTRUMART WAS COMPLETED DURING THE SECOND QUARTER OF 2018, AS OF DECEMBER 31, 2018, THE TOTAL AMOUNT OF ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE IS ZERO, AND DURING THE FOURTH QUARTER OF 2018, THERE IS NO PROFIT OR LOSS FROM DISCONTINUED OPERATIONS. HOWEVER, IT IS NECESSARY TO CONTINUE TO PRESENT THESE LINE-ITEMS FOR COMPARISON PURPOSES WITH THE PREVIOUS YEAR.

REVENUE

REVENUE – FULL YEAR (CLP BN)



REVENUE – FOURTH QUARTER (CLP BN)



REVENUE

- +1.7% IN 2018 VS 2017
- +0.3% IN 4Q18 VS 4Q17

GROSS MARGIN

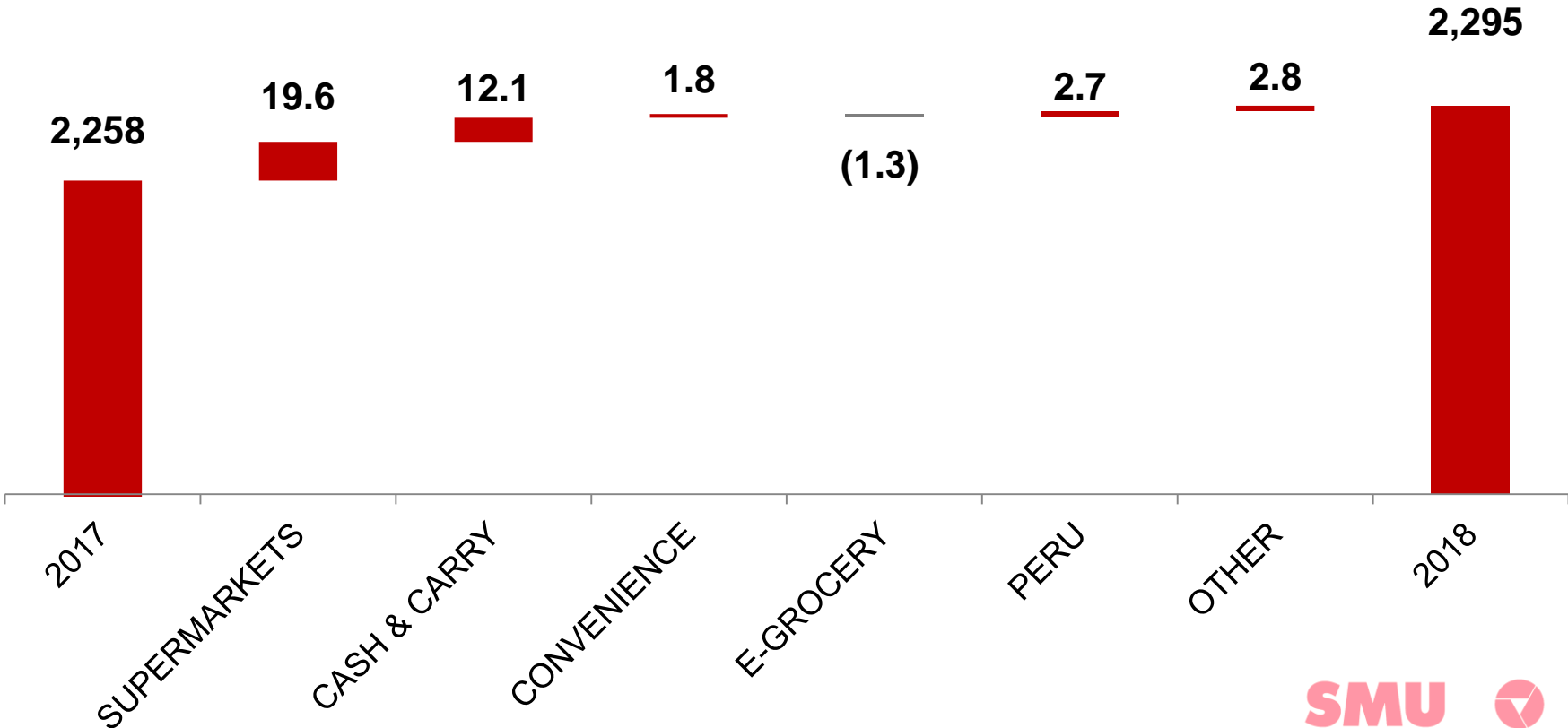
- +30 BPS IN 2018 VS 2017
- STABLE IN 4Q18 VS 4Q17

REVENUE BY FORMAT

2018 vs 2017 REVENUE BY FORMAT (CLP BN)

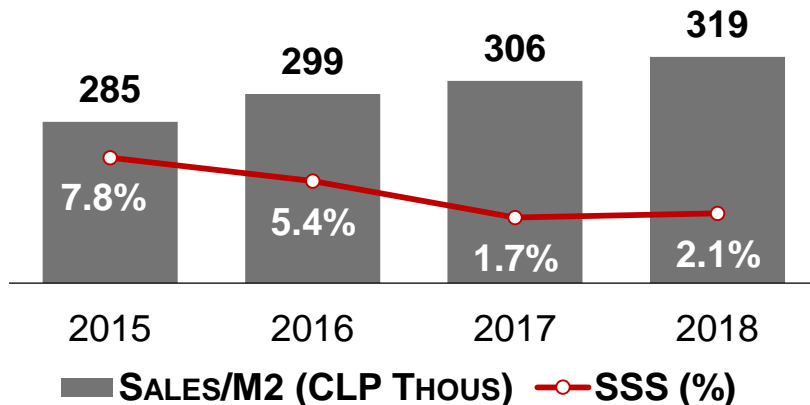
HIGHLIGHTS

- MAYORISTA 10 REVENUE GROWTH: +4.2%
- REVENUE GROWTH IN PERU: +6,2%

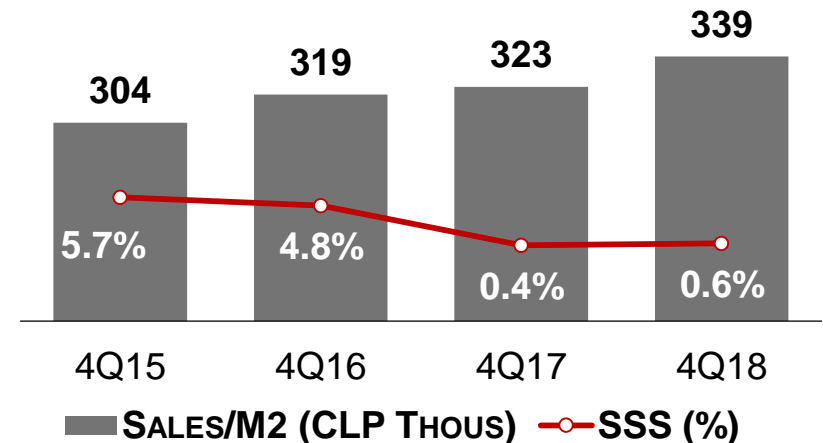


SAME-STORE SALES AND SALES PER SQUARE METER

SSS AND SALES/M² – FULL YEAR (1)(2)



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



SAME-STORE SALES BY FORMAT

- 2018: SUPERMARKETS +1.7%, CASH & CARRY +3.4%, CONVENIENCE +2.4%, PERU +8.1%
- 4Q18: SUPERMARKETS +0,0%, CASH & CARRY +1.4%, CONVENIENCE +5.3%, PERU +10.6%

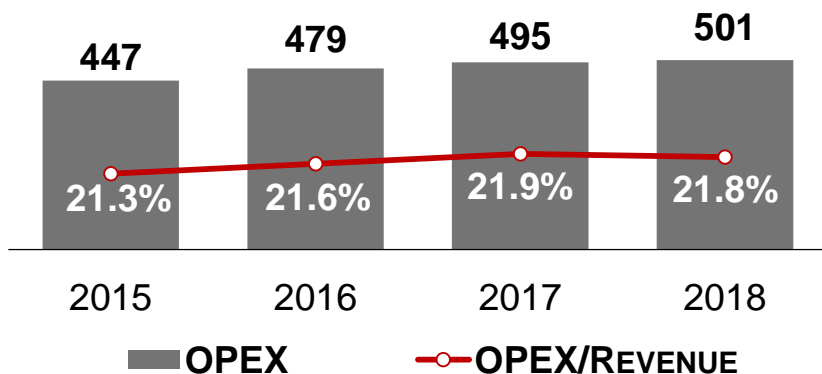
SOURCE: COMPANY INFORMATION

(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⁾

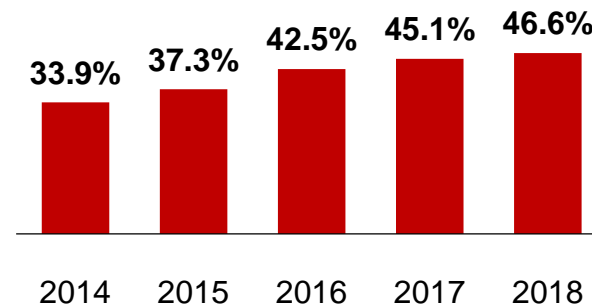
OPERATING EXPENSES – FULL YEAR (CLP BN)



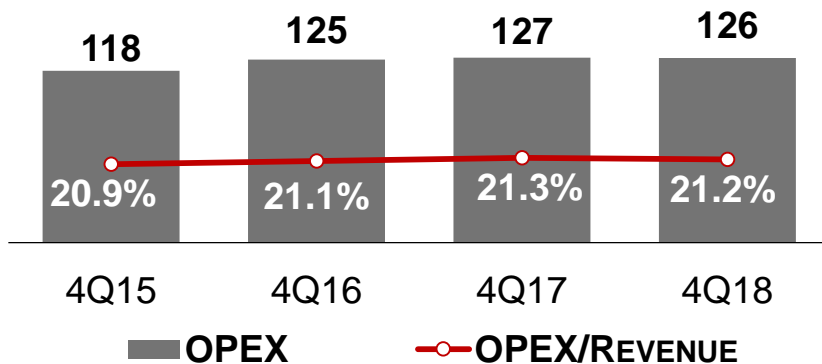
HIGHLIGHTS

- LOW GROWTH IN SELLING AND ADMINISTRATIVE EXPENSES (+0.5% IN 2018 / +1.1% IN 4Q18)
- DECREASE IN PERSONNEL EXPENSES (-3.1% IN 2018 AND -5.6% IN 4Q18)

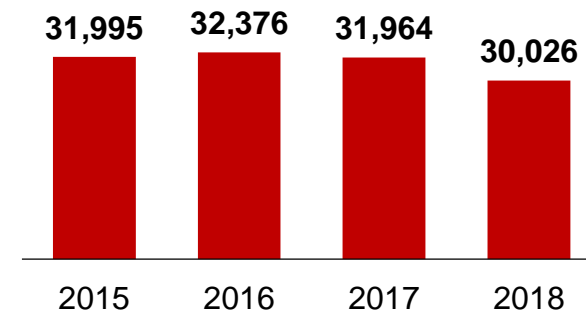
CENTRALIZATION (CHILE⁽²⁾)



OPERATING EXPENSES – FOURTH QUARTER (CLP BN)



AVERAGE HEADCOUNT



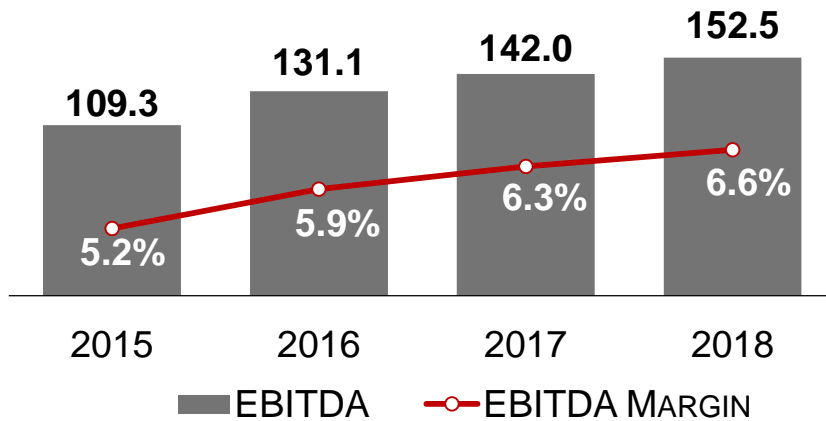
SOURCE: COMPANY INFORMATION

(1) SUM OF DISTRIBUTION AND ADMINISTRATIVE EXPENSES, EXCLUDING DEPRECIATION AND AMORTIZATION.

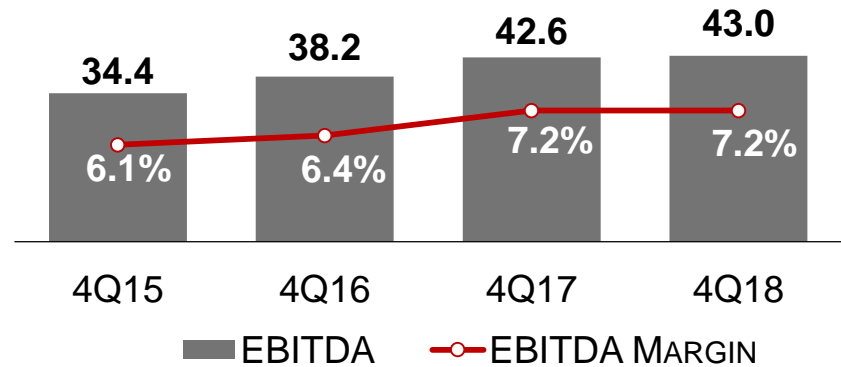
(2) PERCENTAGE OF REVENUES FROM PRODUCTS DISTRIBUTED BY THE COMPANY (AT ANY STAGE) OVER TOTAL REVENUES FROM FOOD RETAIL OPERATIONS IN CHILE.

EBITDA⁽¹⁾

EBITDA – FULL YEAR (CLP BN)



EBITDA – FOURTH QUARTER (CLP BN)



EBITDA

- +7.4% IN 2018 VS 2017
- +0.9% IN 4Q18 VS 4Q17

EBITDA MARGIN

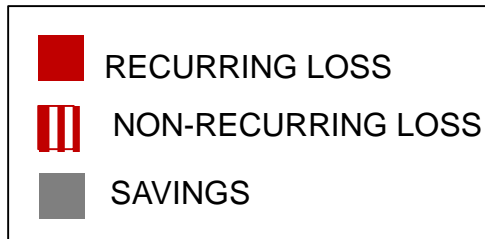
- +30 BPS IN 2018 VS 2017
- STABLE IN 4Q18 VS 4Q17

SOURCE: COMPANY INFORMATION

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

NON-OPERATING RESULTS

2018 vs 2017 Non-Operating Loss (CLP Bn)

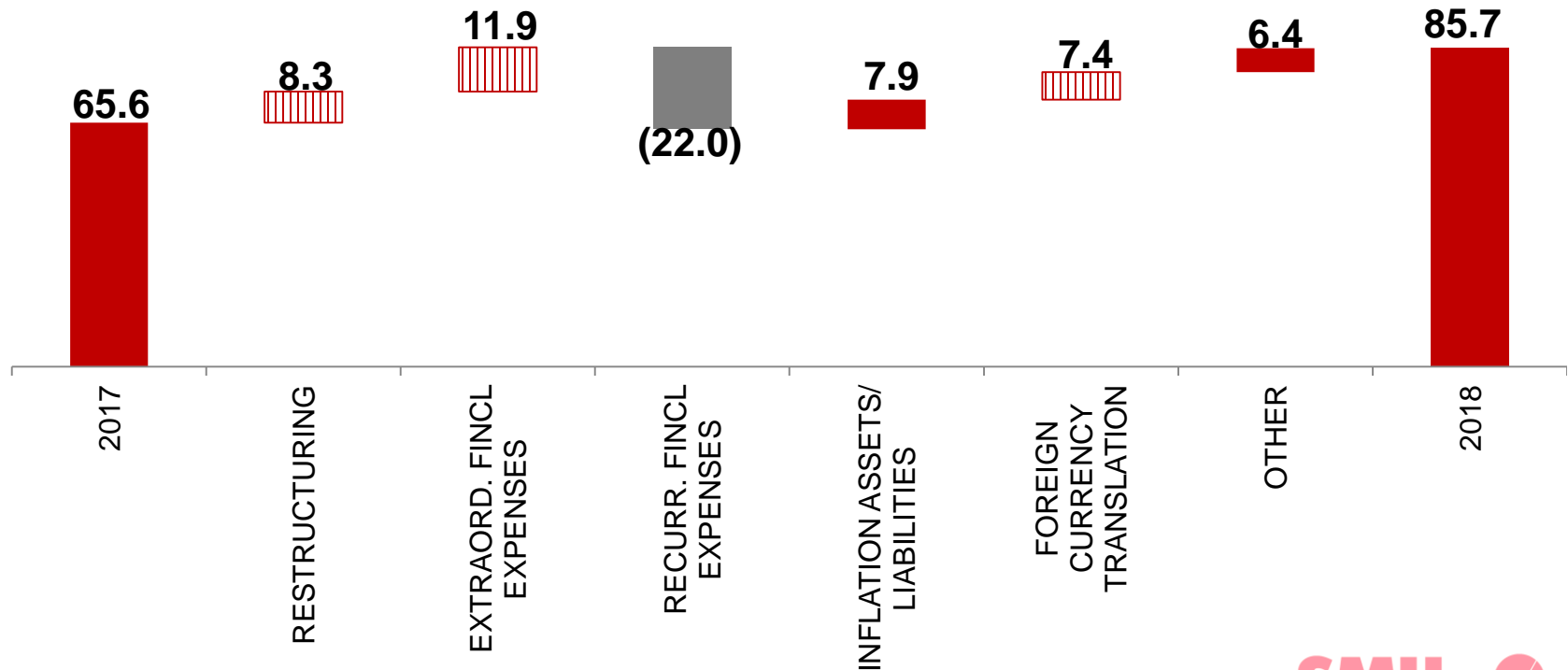


NON-RECURRING EFFECTS

- RESTRUCTURING PROGRAM (2018) (CLP 8.3 Bn)
- EXTRAORDINARY FINANCIAL EXPENSES (2018) (CLP 11.9 Bn)
- FX TRANSLATION GAIN (2017)

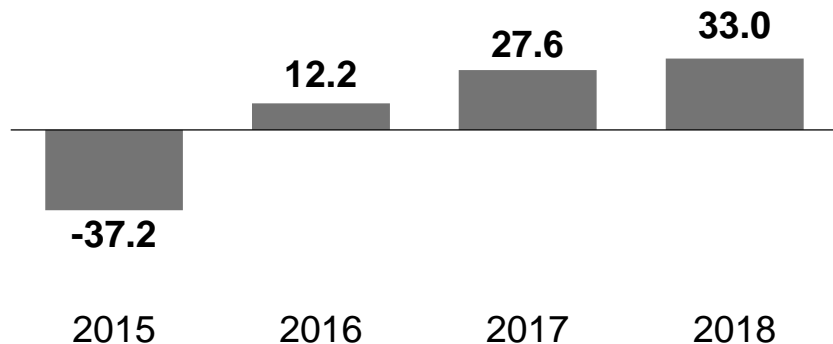
INTEREST EXPENSE SAVINGS

- RECURRING FINANCIAL EXPENSES:
 FY18: -33.3% / 4Q18: -33.1%

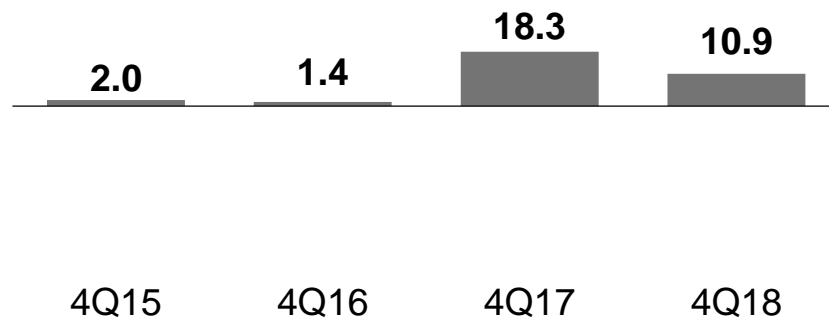


NET INCOME

NET INCOME— FULL YEAR (CLP BN)



NET INCOME— FOURTH QUARTER (CLP BN)



NET INCOME 2018 vs 2017 +CLP 5.4 BN

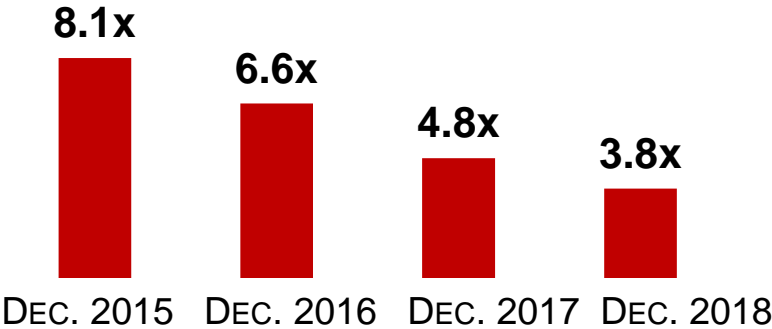
- OPERATING INCOME +CLP 8.5 BN
- NON-OPERATING LOSS -CLP 20.1 BN
- TAX: +CLP 18.4 BN

NET INCOME 4Q18 vs 4Q17 -CLP 7.5 BN

- OPERATING INCOME -CLP 0.4 BN
- NON-OPERATING LOSS -CLP 7.1 BN
- TAX: +CLP 0.8 BN

FINANCIAL DEBT

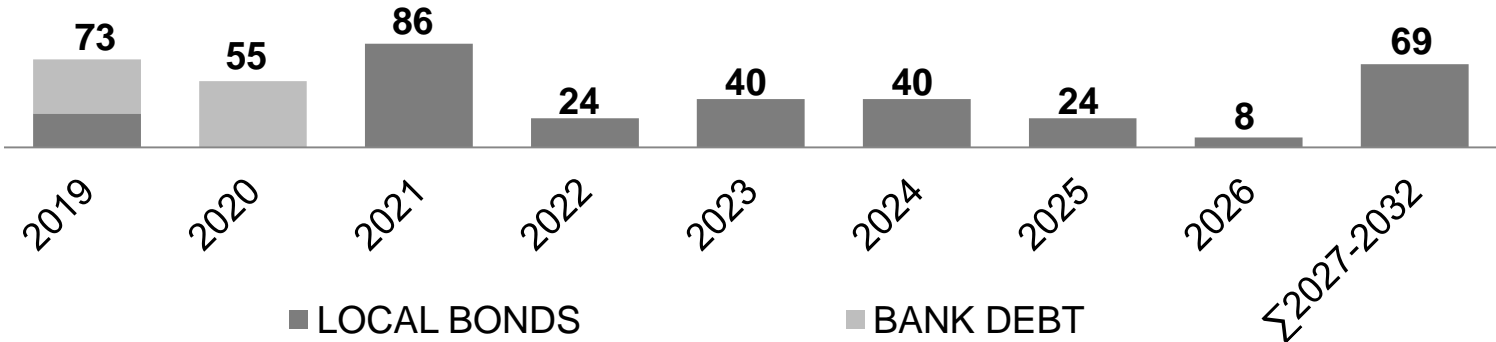
NET DEBT/EBITDA (INCL. FINANCIAL LEASES)⁽¹⁾



IMPROVEMENTS IN FINANCIAL POSITION

- SUSTAINED IMPROVEMENTS IN OPERATING RESULTS
- CAPITAL INCREASES IN 2017-2018
- ELIMINATION OF USD DEBT
- REFINANCING THROUGH LOCAL BOND PLACEMENTS
- SALE OF CONSTRUMART

DEBT MATURITY PROFILE AS OF DEC. 31, 2018 (EXCL. FINANCIAL LEASES)⁽¹⁾ (CLP BN)



SOURCE: COMPANY INFORMATION

(1) AS OF DECEMBER 31, 2018, SMU'S FINANCIAL LIABILITIES INCLUDED FINANCIAL LEASES OF CLP 244 BN. A LEASE IS CLASSIFIED AS A FINANCIAL LEASE IF IT TRANSFERS SUBSTANTIALLY ALL THE RISKS AND REWARDS INCIDENTAL TO OWNERSHIP OF AN ASSET IN ACCORDANCE WITH IAS 17 "LEASES".

2018 HIGHLIGHTS

OPERATING HIGHLIGHTS

- **CUSTOMER EXPERIENCE:**
 - COMPLETION OF 30 STORE UPGRADES FOR UNIMARC
 - NEW STORE OPENINGS: 1 UNIMARC AND 5 OK MARKETS
- **OPERATING EFFICIENCY:**
 - CENTRALIZED DISTRIBUTION: INCREASED TO 46.6% FOR 2018
 - NEW DISTRIBUTION CENTER FOR ALVI

NON-OPERATING HIGHLIGHTS

- **OPTIMAZATION OF CAPITAL STRUCTURE AND DEBT MATURITY PROFILE:**
 - CAPITAL INCREASE
 - PREPAYMENT OF INTERNATIONAL BOND
 - PLACEMENT OF SERIES T LOCAL BONDS
- **SALE OF CONSTRUMART SUBSIDIARY**
- **INVESTMENT GRADE LOCAL CREDIT RATINGS**

RECENT EVENTS

EXPIRATION OF SHARE PLACEMENT PERIODS

- OCTOBER 2, 2018:
 - EXPIRATION OF 93,527,611 SHARES ISSUED IN 2013
 - NONE OF THE SHARES WERE PLACED
- DECEMBER 30, 2018:
 - EXPIRATION OF 361,486,486 SHARES ISSUED IN 2015
 - SHARES REMAINING FOLLOWING CAPITAL INCREASES IN 2017 AND 2018
- **NO FURTHER SHARES AVAILABLE FOR PLACEMENT**

ANTITRUST COURT RULING

- CHILEAN ANTITRUST COURT ORDERED SMU TO PAY A FINE OF 3,438 ANNUAL TAX UNITS (APPROXIMATELY USD 3.1 MILLION)
- THE COMPANY REMAINS ABSOLUTELY CONVINCED THAT IT ACTED PROPERLY, AND IT WILL APPEAL THE RULING BEFORE THE CHILEAN SUPREME COURT.

2019 OUTLOOK

- **CUSTOMER EXPERIENCE:**
 - STORE UPGRADES FOR UNIMARC AND ALVI
 - NEW STORE OPENINGS FOR UNIMARC AND OK MARKET
 - E-GROCERY: NEW PLATFORM CONSOLIDATION / DEVELOPMENT OF UNIMARC.CL

- **OPERATING EFFICIENCY:**
 - EXPAND AND OPTIMIZE DISTRIBUTION NETWORK
 - IN-STORE PRODUCT AVAILABILITY

- **CAPEX:**
 - ESTIMATED CAPEX FOR 2019: CLP 65 BILLION

IFRS 16: LEASES

NEW ACCOUNTING RULE

- WENT INTO EFFECT ON JANUARY 1, 2019 (WILL AFFECT 1Q19 FINANCIAL STATEMENTS)
- CHANGES ACCOUNTING TREATMENT OF CERTAIN LEASE CONTRACTS, REQUIRING MOST OF THEM TO BE TREATED AS FINANCIAL LEASES
- CHANGE IS ONLY FOR PRESENTATION PURPOSES. CASH FLOW IS NOT AFFECTED.

ESTIMATED IMPACT ON SMU'S FINANCIAL STATEMENTS

- SMU LEASES 99% OF ITS STORES
- NEW ASSET AND LIABILITY: CLP 249,456 MILLION
- DECREASE IN LEASE EXPENSES: CLP 36,635 MILLION (RESULTING IN HIGHER EBITDA)
- INCREASE IN FINANCIAL EXPENSES: CLP 7,916 MILLION
- INCREASE IN DEPRECIATION: CLP 35,241 MILLION
- DECREASE IN LOSS ON UF-DENOMINATED ASSETS IN LIABILITIES: CLP 5,479 MILLION
- TOTAL IMPACT: LOSS OF CLP 1,043 MILLION

COVENANTS

- EXISTING DEBT CONTRACTS (BANK DEBT AND BONDS) PROVIDE FOR MODIFICATIONS IN COVENANTS IN THE EVENT OF ACCOUNTING RULE CHANGES

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