

SMU S.A.

EARNINGS 1Q19

MAY 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 MARCH 31, 2019 CONTAINS A COMPLETE DESCRIPTION OF THE APPLICATION OF IFRS 16 AND THE RELATED CRITERIA.

DUE TO THE APPLICATION OF IFRS 16 IN 2019, CERTAIN ACCOUNTS ARE NOT COMPARABLE BETWEEN 2019 AND 2018. HOWEVER, 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.

NOTE REGARDING PRESENTATION AND COMPARISON OF INFORMATION: SALE OF CONSTRUMART

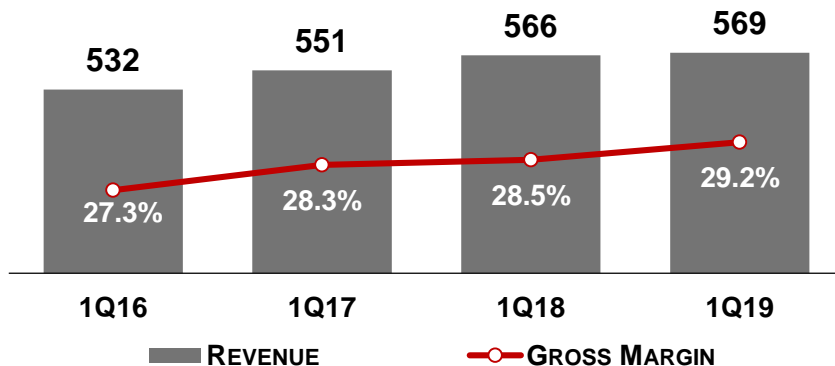
ON APRIL 27, 2018, SMU COMPLETED THE SALE OF ITS SUBSIDIARY CONSTRUMART S.A. AND ITS SUBSIDIARIES. SUCH COMPANIES COMPRISED THE “CONSTRUCTION MATERIALS” OPERATING SEGMENT. IN ACCORDANCE WITH THE PROVISIONS OF IFRS 5, IN SMU’S CONSOLIDATED FINANCIAL STATEMENTS, THIS SEGMENT HAS BEEN PRESENTED AS AVAILABLE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

REVENUE, SAME-STORE SALES, AND SALES/SQUARE METER

FIRST QUARTER REVENUE ⁽¹⁾ (CLP BN)



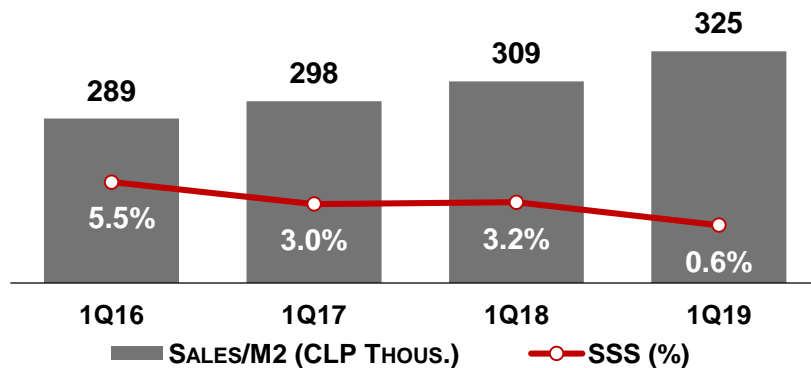
REVENUE

- REVENUE GROWTH +0.5% IN 1Q19
- STRONG PERFORMANCE IN PERU, OK MARKET AND CASH & CARRY

GROSS PROFIT

- GROSS MARGIN GROWTH +70 BPS IN 1Q19
- REFLECTS IMPROVED COMMERCIAL EFFICIENCY

FIRST QUARTER SSS AND SALES/SQUARE METER ⁽²⁾⁽³⁾



SAME-STORE SALES

- 1Q19 TRENDS IN LINE WITH REVENUE PERFORMANCE
- 1Q19 SUPERMARKETS -0.5%, CASH & CARRY +2.4%, CONVENIENCE +6.1%, PERU +11.8%

SALES/SQUARE METER

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

SOURCE: COMPANY INFORMATION

(1) REVENUE FOR 1Q16 EXCLUDES REVENUE FROM CONSTRUMART, THE SUBSIDIARY THAT WAS SOLD IN APRIL 2018 AND IS PRESENTED AS AVAILABLE FOR SALE IN 1Q17, 1Q18 AND 1Q19.

(2) 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.

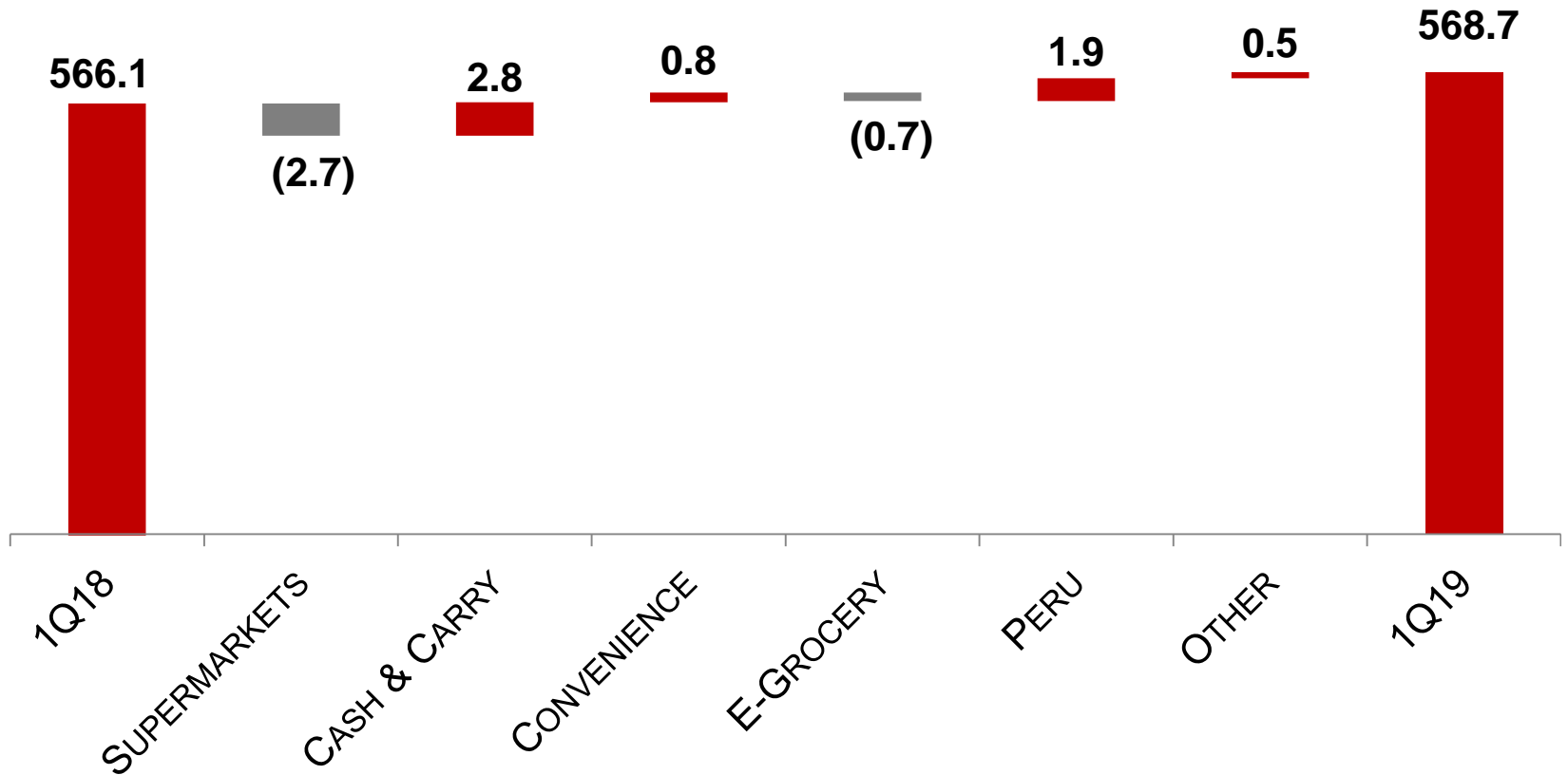
(3) SALES PER SQUARE METER IS CALCULATED AS SALES FOR THE PERIOD DIVIDED BY THE SQUARE METERS OF SELLING SPACE AT THE END OF EACH MONTH DURING THE PERIOD, FOR THE FOOD RETAIL SEGMENT.

REVENUE BY FORMAT

1Q19 vs 1Q18 REVENUE BY FORMAT (CLP BN)

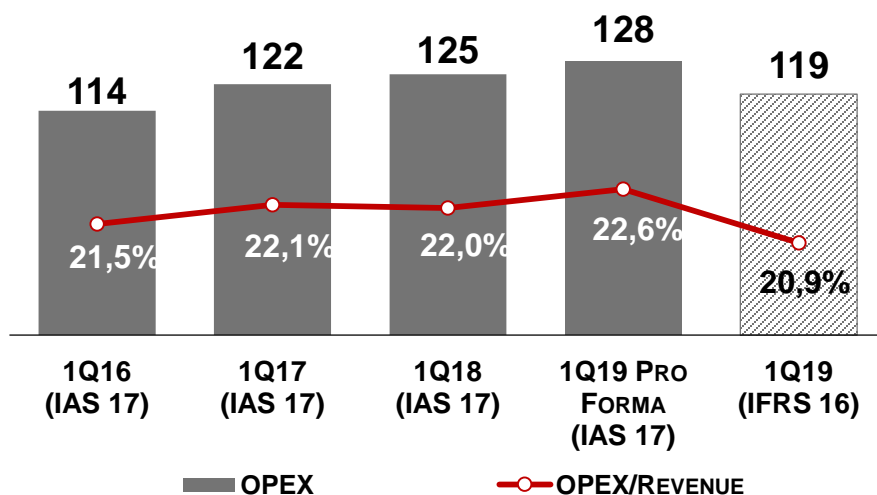
HIGHLIGHTS

- PERU: +19.8% (CLP) / +10.9% (PEN)
- CONVENIENCE: +6.4%



OPERATING EXPENSES⁽¹⁾

FIRST QUARTER OPERATING EXPENSES ⁽²⁾ (CLP BN)



1Q19 OPERATING EXPENSES

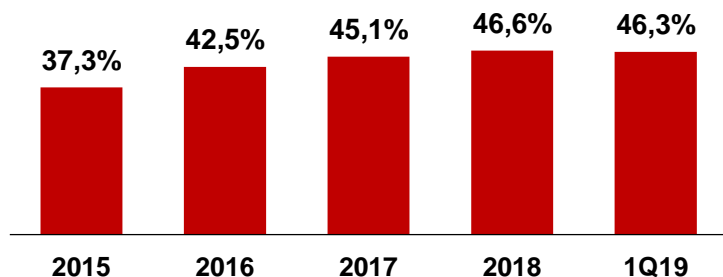
(EX IFRS 16): **+3.0%** (+CLP 3.7 BN)

- PERSONNEL EXPENSES +4.7% (+CLP 2.6 BN)
- DISTRIB. EXPENSES +10.9% (+CLP .8 BN)
- LEASE EXPENSES +3.5% (+CLP 0.5 BN)

IFRS 16 IMPACT

- LEASE EXPENSES DECREASE CLP 9.3 BN
 - 1Q19 LEASE EXPENSES UNDER IAS 17: CLP 15.9 BN (+3.5% vs 1Q18)
 - 1Q19 LEASE EXPENSES UNDER IFRS 16: CLP 6.6 BN (-57.0% vs 1Q18)

CENTRALIZATION – FOOD RETAIL CHILE ⁽³⁾



SOURCE: COMPANY INFORMATION

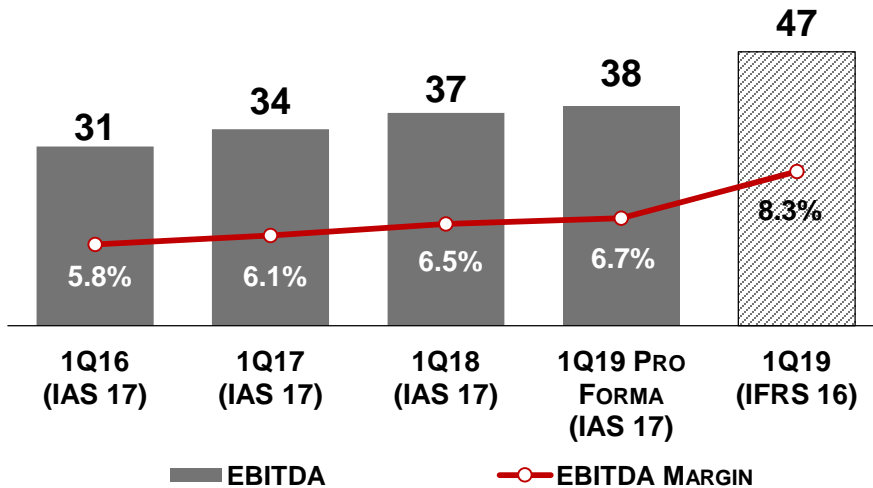
(1) SUM OF DISTRIBUTION AND ADMINISTRATIVE EXPENSES, EXCLUDING DEPRECIATION AND AMORTIZATION.

(2) OPERATING EXPENSES FOR 1Q16 EXCLUDE OPERATING EXPENSES FROM CONSTRUMART, THE SUBSIDIARY THAT WAS SOLD IN APRIL 2018 AND IS PRESENTED AS AVAILABLE FOR SALE IN 1Q17, 1Q18 AND 1Q19.

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

EBITDA⁽¹⁾

FIRST QUARTER EBITDA⁽²⁾ (CLP BN)



1Q19 EBITDA (EX IFRS 16): +3.4%

- EBITDA MARGIN 6.7% (+20 BPS VS 1Q18)

IFRS 16 IMPACT

- 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 1Q16 EXCLUDES EBITDA FROM CONSTRUMART, THE SUBSIDIARY THAT WAS SOLD IN APRIL 2018 AND IS PRESENTED AS AVAILABLE FOR SALE IN 1Q17, 1Q18 AND 1Q19.

NON-OPERATING RESULTS

1Q19 vs 1Q18 NON-OPERATING LOSS (CLP BN)

NON-RECURRING EFFECTS:

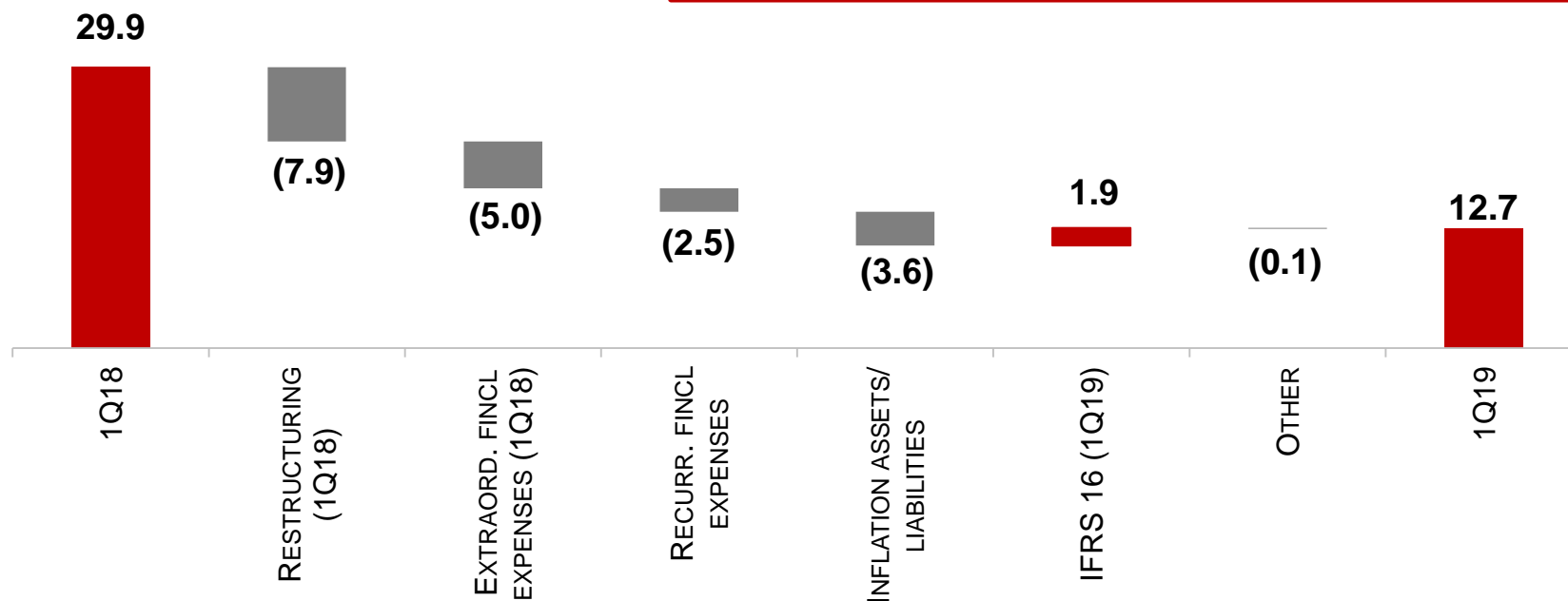
- RESTRUCTURING PROGRAM (1Q18) (CLP 7.8 BN)
- EXTRAORDINARY FINANCIAL EXPENSES (1Q18) (CLP 5.0 BN)

APPLICATION OF IFRS 16:

- ADDITIONAL FINANCIAL EXPENSES (1Q19) (CLP 1.9 BN)

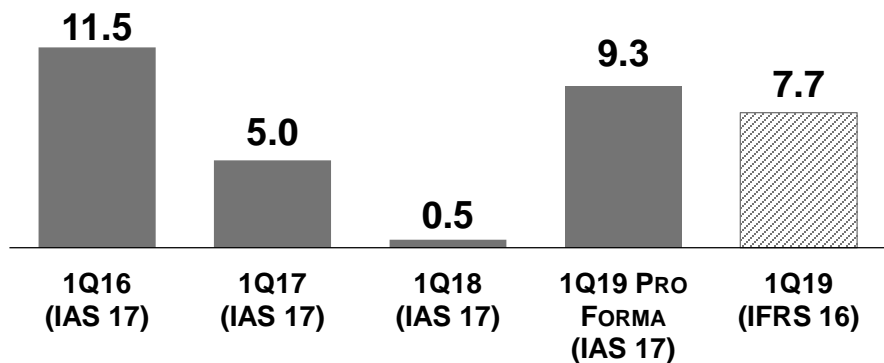
INTEREST EXPENSE SAVINGS

- RECURRING FINANCIAL EXPENSES (-CLP 2.5 BN)



NET INCOME

FIRST QUARTER NET INCOME (CLP BN)



NET INCOME 1Q19 vs 1Q18 (EX IFRS 16): +CLP 8.8 BN

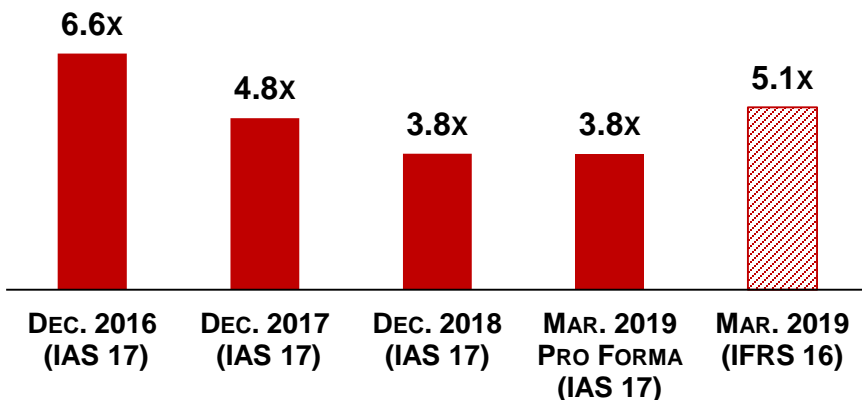
- OPERATING INCOME +CLP 0.9 BN
- NON-OPERATING LOSS -CLP 19.1 BN
- TAX: -CLP 10.8 BN
- PROFIT DISCONTINUED OPS: -CLP 0.4 BN

IFRS 16 IMPACT

- 1Q19 NET INCOME DECREASES CLP 1.5 BN
 - LEASE EXPENSES DECREASE (-CLP 9.3 BN)
 - DEPRECIATION INCREASES (+CLP 8.8 BN)
 - INTEREST EXPENSE INCREASES (+1,9 BN)
 - GAIN ON INDEXED ASSETS/LIABILITIES DECREASES (-CLP 0.001 BN)

FINANCIAL DEBT

NET DEBT/EBITDA

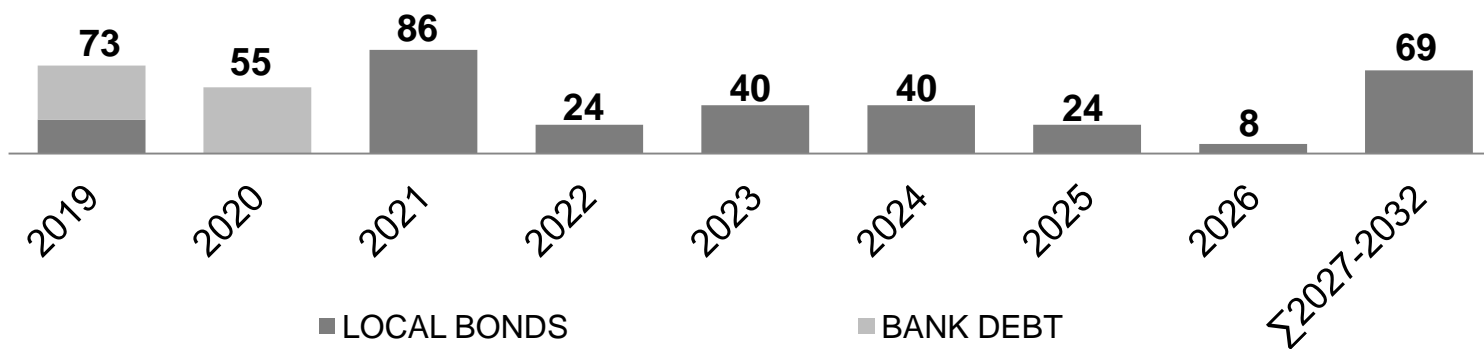


IFRS 16 IMPACT

- AS OF JAN. 1, 2019, FINANCIAL LIABILITIES INCREASED CLP 255 BN
- EBITDA FOR 1Q19 INCREASED CLP 9.3 BN
- MODIFICATION OF NET FINANCIAL LIABILITIES/SHAREHOLDERS' EQUITY COVENANT FOR LOCAL BONDS: 1.3X TO 1.66X

DEBT MATURITY PROFILE AS OF MAR. 31, 2019

(BONDS AND BANK DEBT - CLP BN)



HIGHLIGHTS

OPERATING HIGHLIGHTS

- **CUSTOMER EXPERIENCE:**
 - UNIMARC STORE REMODELS
 - OK MARKET NEW STORE OPENINGS
 - OPTIMIZATION OF PROMOTIONAL ACTIVITY
- **OPERATING EFFICIENCY:**
 - CENTRALIZED DISTRIBUTION
 - PRODUCT AVAILABILITY

NON-OPERATING HIGHLIGHTS

- **RATING UPGRADE**
 - FELLER-RATE UPGRADED SMU'S RATING FROM BBB TO A-
- **DIVIDEND PAYMENT**
 - FINAL DIVIDEND PAYMENT OF CLP 1.7/SHARE (30% OF 2018 NET INCOME)

SMU S.A.

EARNINGS 1Q19

MAY 2019

