# SACI FALABELLA

# EARNINGS REPORT

## 2nd QUARTER 2015

# Index



Notes:

- All dollar figures are calculated based on the observed exchange rate as of July 1st 2015: 639.04 $/US$.
- Symbols for quarters: 1Q, 2Q, 3Q y 4Q, accordingly.
- Symbols for other periods of the year: 1H for the first half of the year and 9M for the first nine months of the year.
- Currency symbols: CLP: Chilean pesos; US$: U.S. dollars; M: million; TH: thousand.

## I. Executive Summary

Consolidated revenues in the second quarter of 2015 reached MCLP $2,001,878 million (MUS$ 3,133), which represents 10.1% growth compared to the same period last year. The increase in revenue are due to the consolidation of Maestro, a 6.2% increase in sales area and revenue growth at the Sodimac, Tottus and real estate businesses in Chile.

The consolidated loan portfolio, as of June 30th, 2015, reached MCLP 3,858,358 (MUS$ 6,038), a 15% increase with respect to the same period in 2014, driven primarily by Peru and CMR Chile, which grew 33.3% y 17.2%, respectively, with regards to the same period last year (in local currency). Provisions to gross loans decreased slightly, year over year, in all countries.

Gross profit this quarter rose to MCLP 716,149 million (MUS$ 1,121), 12.8% higher YoY, while gross margin increased 86 basis points in the same period. Gross margin expansion is primarily attributable to Banco Falabella in Chile and the Company's retail operations. In the case of Banco Falabella in Chile, a lower cost of funding drove gross margin expansion, as was the case in the first quarter of this year. Falabella, Sodimac and Tottus reported higher gross margins in almost all of the countries where they have operations, despite generally soft consumer demand and unseasonably warm weather, which impacted the sale of apparel and other fall and winter products.

SG&A this quarter reached MCLP 510,503 million (MUS$ 799), 14% higher than the same period last year, and as a percentage of sales, SG&A increased by 87 basis points. This increase as a percentage of sales is mainly due to due to Falabella and Sodimac in Chile, as well as the pre-opening expenses related to the first Sodimac stores in Uruguay and Brazil. Department stores in Chile reported lower dilution of fixed expenses this quarter, given the moderate growth in SSS and stores that were partially or totally closed either for remodeling or, in the north of Chile, for repairs, following the March floods.

Second quarter consolidated EBITDA reached MCLP 262,906 million (MUS$ 411), an 11.2% YoY increase, with a 13.1% EBITDA margin, 12 basis points more than the same period last year. In Chile, Banco Falabella and Tottus reported the highest EBITDA growth, 48.4% y 34.1%, respectively. Falabella Chile also reported double-digit EBITDA growth (16.8%), primarily as a result of gross margin expansion.

Consolidated net income this quarter reached MCLP 115,422 million (MUS$ 181), a 10% increase with regards to the same period in 2014. Net income does not include gains or losses from asset revaluations of investment properties, as the Company adopted the historic cost method in 2009.

In the second quarter, the Company opened six new stores in the region. Sodimac opened five home improvement stores, including the Company's first store in Uruguay (in Montevideo) and the first Homecenter format store in Brazil (in Sao Paulo). Sodimac also opened two new stores in Chile (a Homecenter in Coronel and an Imperial in Puerto Montt) and a Homecenter in Colombia (in Girardot). Tottus opened a supermarket in Chile (in Santiago).

With regards to events that took place following the end of the quarter, it is worth noting that Fitch Ratings upgraded the risk classification, Issuer Default Rating, of S.A.C.I. Falabella to "BBB+" from "BBB". In addition, Fitch raised the classification of all the international bonds of the Company. Also in August, Fitch and Moody International Group upgraded the risk classification of Maestro and its bonds.

## II. Consolidated Financial Results, as of June, 2015

### Consolidated Income Statement 2Q 2015 (MCLP)[1]

| | 2Q14 | % Rev. | 2Q15 | % Rev. | Var % |
|---|---|---|---|---|---|
| Revenues of Non-Banking Operations | 1,681,182 | | 1,850,868 | | 10.1% |
| Revenues of Banking Operations | 137,062 | | 151,010 | | 10.2% |
| **Total Revenues** | **1,818,244** | **100.0%** | **2,001,878** | **100.0%** | **10.1%** |
| COGS of Non-Banking Operations | (1,121,347) | -66.7% | (1,219,293) | -65.9% | 8.7% |
| COGS of Banking Operations | (61,988) | -45.2% | (66,437) | -44.0% | 7.2% |
| **Gross Profit** | **634,909** | **34.9%** | **716,149** | **35.8%** | **12.8%** |
| SG&A Expenses | (447,868) | -24.6% | (510,503) | -25.5% | 14.0% |
| **Operational Income** | **187,041** | **10.3%** | **205,645** | **10.3%** | **9.9%** |
| Depreciation + Amortization | 49,488 | 2.7% | 57,260 | 2.9% | 15.7% |
| **EBITDA** | **236,529** | **13.0%** | **262,906** | **13.1%** | **11.2%** |
| Other Income / (Expenses) | (971) | | 725 | | NM |
| Net Financial Income / (Cost) | (46,094) | | (50,319) | | 9.2% |
| Profit / (Loss) in Associates | 4,444 | | 5,141 | | 15.7% |
| Exchange Rate Differences | (2,914) | | (532) | | -81.7% |
| **Non-Operating Profit** | **(45,535)** | **-2.5%** | **(44,985)** | **-2.2%** | **-1.2%** |
| **Profit Before Tax Expenses** | **141,506** | **7.8%** | **160,660** | **8.0%** | **13.5%** |
| Income Tax | (27,238) | | (34,816) | | 27.8% |
| Minority Interest | (9,302) | | (10,422) | | 12.0% |
| **Net Profit / (Loss)** | **104,966** | **5.8%** | **115,422** | **5.8%** | **10.0%** |

### Consolidated Income Statement 1H 2015 (MCLP)

| | 1S14 | % Rev. | 1S15 | % Rev. | Var % |
|---|---|---|---|---|---|
| Revenues of Non-Banking Operations | 3,275,047 | | 3,660,622 | | 11.8% |
| Revenues of Banking Operations | 266,892 | | 290,623 | | 8.9% |
| **Total Revenues** | **3,541,940** | **100.0%** | **3,951,245** | **100.0%** | **11.6%** |
| COGS of Non-Banking Operations | (2,191,632) | -66.9% | (2,442,345) | -66.7% | 11.4% |
| COGS of Banking Operations | (123,860) | -46.4% | (120,681) | -41.5% | -2.6% |
| **Gross Profit** | **1,226,448** | **34.6%** | **1,388,219** | **35.1%** | **13.2%** |
| SG&A Expenses | (873,144) | -24.7% | (998,261) | -25.3% | 14.3% |
| **Operational Income** | **353,304** | **10.0%** | **389,958** | **9.9%** | **10.4%** |
| Depreciation + Amortization | 96,882 | 2.7% | 115,795 | 2.9% | 19.5% |
| **EBITDA** | **450,187** | **12.7%** | **505,753** | **12.8%** | **12.3%** |
| Other Income / (Expenses) | 570 | | (3,641) | | NM |
| Net Financial Income / (Cost) | (80,095) | | (78,415) | | -2.1% |
| Profit / (Loss) in Associates | 11,250 | | 11,936 | | 6.1% |
| Exchange Rate Differences | (15,519) | | (10,150) | | -34.6% |
| **Non-Operating Profit** | **(83,795)** | **-2.4%** | **(80,269)** | **-2.0%** | **-4.2%** |
| **Profit Before Tax Expenses** | **269,510** | **7.6%** | **309,689** | **7.8%** | **14.9%** |
| Income Tax | (52,450) | | (69,186) | | 31.9% |
| Minority Interest | (18,630) | | (19,272) | | 3.4% |
| **Net Profit / (Loss)** | **198,429** | **5.6%** | **221,231** | **5.6%** | **11.5%** |

[1] The Banking business does not include CMR Chile and CMR Argentina.

## Summary of Consolidated Balance Sheet, June 30th, 2015 (MCLP)

| | 12/31/2014 | 6/30/2015 | Var % |
|---|---|---|---|
| Current Assets - Non Banking Business | 2,868,537 | 2,879,262 | 0.4% |
| Non Current Assets - Non Banking Business | 5,479,649 | 5,599,109 | 2.2% |
| **Total Assets - Non Banking Business** | **8,348,186** | **8,478,371** | 1.6% |
| **Total Assets - Banking Business** | **2,997,270** | **3,240,756** | 8.1% |
| **Total Assets** | **11,345,457** | **11,719,127** | **3.3%** |
| Current Liabilities - Non Banking Business | 1,988,584 | 1,785,519 | -10.2% |
| Non Current Liabilities - Non Banking Business | 2,754,021 | 2,885,439 | 4.8% |
| **Total Liabialities - Non Banking Business** | **4,742,605** | **4,670,959** | **-1.5%** |
| **Total Liabialities - Banking Business** | **2,464,586** | **2,735,654** | **11.0%** |
| **Total Liabialities** | **7,207,191** | **7,406,612** | **2.8%** |
| **Total Equity** | **4,138,265** | **4,312,514** | **4.2%** |
| **Total Liabilities + Equity** | **11,345,457** | **11,719,127** | **3.3%** |

## Summary of Consolidated Cash Flow, June 30th, 2015 (MCLP)

| | 6/30/2014 | 6/30/2015 | Var % |
|---|---|---|---|
| Cash flow from operating activities - Non Banking Business | 176,801 | 186,310 | 5.4% |
| Cash flow from operating activities - Banking Business | 57,998 | 124,637 | 114.9% |
| **Cash flow from operating activities** | **234,798** | **310,947** | **32.4%** |
| Cash flow from investment activities - Non Banking Business | (288,957) | (201,599) | -30.2% |
| Cash flow from investment activities - Banking Business | (132,064) | (85,210) | -35.5% |
| **Cash flow from investment activities** | **(421,022)** | **(286,810)** | **-31.9%** |
| Cash flow from financing activities - Non Banking Business | (10,033) | (54,561) | 443.8% |
| Cash flow from financing activities - Banking Business | (41,011) | (16,738) | -59.2% |
| **Cash flow from financing activities** | **(51,044)** | **(71,299)** | **39.7%** |
| **Increase (decrease) in cash and cash equivalents** | **(237,267)** | **(47,162)** | **-80.1%** |
| Impact of exchange rate differences on cash and cash equivalents | 13,780 | 550 | -96.0% |
| **Cash and cash equivalents at the beginning of the period** | **647,690** | **610,126** | **-5.8%** |
| **Cash and cash equivalents at the end of the period** | **424,202** | **563,514** | **32.8%** |

## III. Main Events during the Period

- During the second quarter, the Company opened six new stores in the region:
  - Sodimac opened five new stores:
    - In Chile, a new Imperial store in the city of Puerto Montt and a Homecenter in the municipality of Coronel, in the Bío-Bío region. These two new stores have a sales area of 6,200 $m^2$ y 9,300 $m^2$, respectively.
    - In Uruguay, in Montevideo, the first Homecenter store in the country, with a sales area of 9,400 $m^2$.
    - In Colombia, in the city of Girardot, a Homecenter with a sales area of 6,800 $m^2$.
    - In Brazil, in Tamboré in the city of Sao Paulo, the first Homecenter store in the country, with a sales area of 11,500 $m^2$.
  - Tottus opened one new supermarket in Chile, in Santiago, in the municipality of Independencia, with a sales area of 4,000 $m^2$.
- During the second quarter, the Open Plaza Huánuco shopping center in Peru, which already had two anchor stores open (Falabella and Tottus), incorporated a variety of new shops and services, including a food court, an entertainment center, apparel stores and technology shops, among others. In the coming months, the shopping center will continue adding stores, until reaching a GLA of 13,000 $m^2$.
- During the second quarter, Würden, one of the Company's home electronics private labels, was made available at the Tottus supermarkets in Chile. Previously, Würden products were sold exclusively at Falabella and Sodimac.
- At the end of June, Falabella opened a Longchamp boutique in the Parque Arauco shopping center. Longchamp was also added to Falabella's portfolio of exclusive international brands.
- On April 28th during the Ordinary Shareholders´ Meeting, the following was agreed upon:
  - Approval of a CLP 47 per share final dividend, charged against the earnings of the fiscal year ending December 2014. The mentioned dividend was paid on May 12, 2015 to the shareholders of the unique series that were registered in the Shareholders Registry by May 6th, 2015.
  - Approval of a dividend policy consisting in the annual distribution of at least 30% of the net profits of each fiscal year.
  - Approval of the Report, Balance Sheet, Income Statement and External Auditors Certificate corresponding to the fiscal year ending December 2014.
  - Approval of the firm EY to provide external audit services for the Company's fiscal year 2015.

**Events after the period**

- On July 30th, the Falabella Group and Marriott International opened the first Hotel Courtyard by Marriott in Santiago, Chile. The new four-star hotel leverages a prime piece of real estate, a power center owned by Falabella, right next door to the five-star Santiago Marriott hotel. The Courtyard by Marriott, which will be run by Marriott, has 205 rooms and primarily caters to the business traveler.
- On July 31st, at Maestro Peru S.A.'s General Shareholders' Meeting, a capital increase of up to MUS$ 77 was approved for the partial prepayment of outstanding bonds. The partial prepayment of Maestro bonds will take place during the month of September 2015.
- On August 5th, Moody's Investors Service upgraded Maestro Peru S.A.'s corporate family rating and its MUS$ 200 senior unsecured ratings to Ba2, with a stable outlook. On August 11th, Fitch Ratings upgraded Maestro Peru S.A.'s Local and Foreign Currency Issuer Default Ratings (IDR) and senior unsecured notes ratings to 'BBB' from 'B', with a stable rating outlook.

- On August 11th, Fitch Ratings upgraded S.A.C.I. Falabella's Issuer Default Rating (IDR) to 'BBB+' from 'BBB'. In addition, Fitch upgraded all of the company's international bonds. Fitch also affirmed Falabella's national scale rating at 'AA(cl)' and 'N1+' and upgraded the national scale equity rating to First Class Level 1. The rating outlook is stable.
- On August 18th, Falabella celebrated an important milestone when it inaugurated its 100th department store in Latin America. Located in the Civic Center district in Lima, Peru, this store has a sales area of approximately 6,900 $m^2$. With this store, Falabella now has 26 stores in Peru.
- On August 19th, Falabella opened a new department store in Chile, in the city of Castro, on the island of Chiloé, in the region of Los Lagos. This store will replace the Expo Falabella which was located in the same city.

## IV. 2nd Quarter 2015 Results

### 1. Operating Results

**Revenues**

In the second quarter of 2015, consolidated revenues reached MCLP 2,001,878 million (MUS$ 3,133), which represents 10.1% YoY growth, driven, in part, by the consolidation of Maestro, the chain of 30 home improvement stores in Peru acquired in September of last year. The increase in sales area also contributed to the Company's revenue growth, given that approximately 145,300 m$^2$ were added in the last 12 months, with the opening of 24 new stores (not including Maestro). SSS growth at Falabella and Tottus faced a challenging comparison base, given the impact that the World Cup had on home electronics sales and store traffic last year (SSS represents nominal growth in local currency).

In Chile, revenues were driven, in large part, by Sodimac and Tottus, which reported 9.3% and 9.5% growth, respectively. In the case of Sodimac, revenue growth was largely due to SSS, which increased 8.7%, and to the opening of two new stores in the last 12 months. Tottus opened four new stores in the same period and reported 4.1% SSS growth. Department stores reported a 0.7% YoY increase in revenue, which resulted from 2.8% SSS growth, partially offset by stores that were partially or temporarily closed due to remodeling or, in the north, reparations after the March floods. The unusually warm and dry weather weighed on department store SSS this quarter, given the impact on apparel, footwear and other fall/winter items.

Plaza's revenues increased by 7.5%, primarily due to the increased in leasable area, due to the opening of Mall Plaza Copiapó in November 2014, the opening of new sections of Mall Plaza Egaña and the expansion of Mall Plaza Oeste. Revenue growth decelerated with regards to 1Q15, primarily because Mall Plaza Copiapó was partially shut down for repairs during almost half of the quarter, after the March floods in the north of Chile.

CMR's revenue grew 7.6% this quarter, due to the 17.2% increase in the loan portfolio, which was partially offset by the lower interest rate in the same period. Banco Falabella Chile reported 2.4% revenue growth, driven by a 6.5% increase in gross loans, partially offset by lower inflation-adjusted income, given that the variation of the Unidad de Fomento (U.F.) was lower this quarter than the same period last year.

In Peru revenues increased by 20.9%, primarily due to the consolidation of Maestro, which helped drive Sodimac's 82.9% topline growth. Banco Falabella Peru also contributed to revenue growth in Peru, thanks to the 33.3% increase in gross loans (in local currency). Tottus reported 6.5% revenue growth (7.7% in local currency), mainly due to an expansion of sales area from the six new stores that were opened in the last 12 months. In Peru soft consumer demand impacted SSS at all three of the Company's retail formats. Also, as was the case in Chile, the late winter impacted the sale of apparel and other seasonal items. These two factors were especially evident at the department stores, which reported -2.7% SSS and -1.3% revenue growth (-0.2% in local currency). Sodimac also reported negative SSS (-1.9%), primarily due to lower demand for construction materials, given the weakness in that sector.

In the case of Colombia, revenues were down 4.1%, primarily due to the pronounced depreciation of the COP against the CLP. Department stores reported -8.4% revenue growth (+7% growth in local currency), with SSS that were -1.1% YoY, in part because of the high comparison base in 2Q14 (SSS growth was 13.6%, driven by the World Cup). The negative SSS variation was partially offset by the increase in sales area from the opening of three new Falabella stores in the last 12 months. Revenues at Banco Falabella Colombia increased at a more moderate rate this quarter, despite the 21.0% increase in the loan book (in local currency), largely due to the depreciation of the local currency, as already mentioned, and, to a lesser degree, because of the interest rate cap, which has decreased over the past year.

Argentina reported a 22% increase in revenue this quarter, driven primarily by Sodimac, which grew SSS by 37.9% YoY (in local currency) and increased sales area by 12.2% in the last 12 months, due to the opening of a new store last year in the city of La Plata. Department stores, on the other hand, reported moderate SSS growth, in nominal terms, given the late arrival of the winter.

Brazil's revenues were, once again, impacted by the depreciation of the local currency and generally weak consumer demand.

**Gross Income**

Gross profit this quarter reached MCLP 716,149 million (MUS$ 1,121), a 12.8% increase with respect to the same period last year, with a gross margin of 35.8%, which was 86 basis points higher, year-over-year.

In Chile, Banco Falabella presented the highest expansion of gross margin, which increased by 9.9 percentage points with regards to the same period last year, primarily as a result of lower funding costs, due to the Central Bank's lower reference rate and to an increase in deposits. Department stores reported a 245 basis point increase in gross margin, largely attributable to a conservative purchasing plan, less end-of-season markdowns and a higher mix of apparel and home décor. Tottus and Sodimac also delivered gross margin expansions, although to a lesser extent. Plaza reported a 215 basis points decline in gross margin, due to higher operational costs and the depreciation expense of new shopping centers, accentuated by the temporary shut-down of Mall Plaza Copiapó. CMR also reported a lower gross margin (68 basis points), due to an increase in provisions, in line with the growth in the loan book.

Peru's gross margin increased 74 basis points, primarily due to gross margin expansion at the Company's three retail formats, due to conservative purchase planning and more favorable procurement terms.

In Colombia, gross margin expanded by 112 basis points, primarily due to the department store business, which was boosted by better inventory management and a higher sales mix of apparel and home decor.

In Argentina, the gross margin increased by 214 basis points, driven by CMR, primarily because of lower provision expenses and less markdowns at the department stores. Brazil also reported a higher gross margin YoY (272 basis points), largely explained by the product mix and less shrinkage.

**Selling, General and Administrative Expenses**

SG&A expenses amounted to MCLP 510,503 million (MUS$ 799) in the second quarter, 14% higher than the same period last year. As a percentage of sales, SG&A expenses increased by 87 basis points. Higher expenses are largely attributable to Falabella and Sodimac in Chile and, to a lesser extent, to home improvement in Brazil.

In Chile Falabella reported a 186 basis point increase in SG&A/sales, due to moderate revenue growth and wage expenses at stores that were partially closed. Falabella also saw higher technology expenses both at its stores and its distribution center. Sodimac reported an increase in SG&A as a percentage of sales (91 basis points), in part as a result of higher labor and IT expenses. CMR and Banco Falabella Chile also reported higher spending on IT (related to labor productivity and the omnichannel strategy).

These higher expenses were partially offset by Tottus Chile, which reported a 46 basis point improvement, primarily due to higher fixed expense dilution resulting from the maturity of newly opened stores, as well as better labor productivity metrics. Plaza also reported an improvement in SG&A as a percentage of sales, primarily due to higher dilution of overhead expenses.

In Brazil, the increase in SG&A is mainly attributable to pre-opening expenses.

In Colombia and Argentina, the increase in SG&A as a percentage of revenue is primarily due to department stores, which presented a lower dilution of fixed expenses given the moderate sales growth. In the case of Peru, home improvement also reported lower operating leverage.

## 2. Non-Operating Results and Net Income

Consolidated non-operating results reached a net expense of MCLP 44,985 million (MUS$ 70), which was 1.2% less than the second quarter of 2014. The YoY improvement was due, in part, to other gains/(expenses), which registered a gain of MCLP 725 million (MUS$ 1), compared to a loss of MCLP 971 million (MUS$ 2) in the same period last year. The positive variation is due, in part, to an insurance gain related to two Sodimac stores that were destroyed in fires last year.

On the other hand, the Company registered a net financial expense of MCLP 50,319 million (MUS$ 79), which was higher than the same period last year, primarily due to the increase in financial debt as a result of the acquisition of Maestro in September of last year. The higher net financial expense was offset, in part, by a lower monetary readjustment expense from inflation-linked debt, given that the variation of the U.F. was 1.4% this quarter, compared to 1.7% in the same period last year.

The net gain from affiliated companies increased 15.7% this quarter, primarily because of Aventura Plaza's positive financial results, due to an increase in revenue per square meter and a 6.2% increase in leasable area.

The effective tax rate increased to 21.7%, compared to 19.2% in the same period last year, mainly due to the increased tax rate in Chile and Colombia.

As a result, net income for the period reached MCLP 115,422 million (MUS$ 181), 10% higher than the same period last year. Net income does not include gains or losses from asset revaluations of investment properties, as the Company adopted the historic cost method in 2009.

## 3. Consolidated Balance Sheet

Non-banking current assets increased MCLP 10,725 million (MUS$ 17) with regards to year-end 2014, primarily as a result of an increase in trade and other accounts receivable partially offset by lower cash and cash equivalents. Non-banking long term assets increased MCLP 119,460 million (MUS$ 187), mainly due to an increase in investment properties; property, plant and equipment; and other long term financial assets. FX fluctuations contributed to an increase in other long term financial assets. The increase in investment properties and property, plant and equipment reflect the investment in new facilities, as well as expansions and renovations of existing stores and shopping centers. In the case of the banking business, total assets increased by MCLP 243,485 million (MUS$ 381), compared to December 2014, mainly due to loans and accounts receivable from clients, transactions with settlement in progress and available for sale instruments, due to a higher level of activity in the business. As a result, total assets increased MCLP 373,670 million (MUS$ 585).

Non-banking current liabilities decreased by MCLP 203,065 million (MUS$ 318) compared to December 2014, mainly explained by lower trade and other accounts payable, due to payments of short term liabilities. Non-banking long term liabilities increased MCLP 131,419 million (MUS$ 206) due to the increase in other non-current financial liabilities, which increased primarily as a result of a transfer of short-term debt to long-term financial debt. Total liabilities of the banking business increased MCLP 271,068 million (MUS$ 424) due to deposits and other demand liabilities and transactions with settlement in progress. As a result, total liabilities increased MCLP 199,421 million (MUS$ 312).

## 4. Consolidated Cash Flow

Non-banking business cash flow from operating activities increased MCLP 9,509 million (MUS$ 15) as of June 2015, compared to the same period last year, mainly as a result of higher proceeds from sale of goods and services, in line with the higher level of activity in the business. Banking business cash flow from operating activities increased MCLP 66,640 million (MUS$ 104), primarily due to an increase in deposits and other time deposits. As a result, consolidated cash flow from operating activities increased MCLP 76,148 million (MUS$ 119) in the period.

Non-banking business cash flow from investment activities was MCLP 87,358 million (MUS$ 137) less negative than in the same period last year, mainly due to less additions to property, plant and equipment and other long-term assets. Banking business cash flow from investment activities was MCLP 46,854 million (MUS$ 73) less negative with respect to the same period last year, mainly due to a less negative outflow from investment securities available for sale. As a result, cash flow from consolidated investment activities as of June of 2015 was MCLP 134,212 million (MUS$ 210) less negative than in the same period last year.

Non-banking business cash flow from financing activities as of June 2015 was MCLP 44,528 million (MUS$ 70) more negative than last year, mainly explained by higher loan and dividend payments. Banking business cash flow from financing activities was MCLP 24,272 million (MUS$ 38) less negative than the same period last year due to lower debt payments. As a result, consolidated cash flow from financing activities was MCLP 20,255 million (MUS$ 32) more negative than the same period last year.

## V. Retail Indicators

### 1. Retail Business Revenues

**Retail Revenues 2Q 2015 (MUS$) [2,3,4]**

| | 2Q14 | 2Q15 | Var % | Var Local Currency % |
|---|---|---|---|---|
| **Chile** | | | | |
| Department Stores | 507.4 | 511.0 | 0.7% | 0.7% |
| Home Improvement | 704.0 | 769.7 | 9.3% | 9.3% |
| Supermarkets | 230.0 | 251.9 | 9.5% | 9.5% |
| **Peru** | | | | |
| Department Stores | 217.0 | 214.1 | -1.3% | -0.2% |
| Home Improvement | 123.7 | 226.3 | 82.9% | 84.6% |
| Supermarkets | 218.5 | 232.7 | 6.5% | 7.7% |
| **Colombia** | | | | |
| Department Stores | 140.6 | 128.7 | -8.4% | 7.0% |
| Home Improvement | 291.8 | 284.6 | -2.5% | 13.9% |
| **Argentina** | | | | |
| Department Stores | 127.8 | 139.7 | 9.3% | 9.0% |
| Home Improvement | 42.0 | 66.3 | 57.8% | 57.4% |
| **Brazil** | | | | |
| Home Improvement | 76.2 | 64.1 | -15.9% | 3.9% |

**Retail Revenues 1H 2015 (MUS$)**

| | 1S14 | 1S15 | Var % | Var Local Currency[2] % |
|---|---|---|---|---|
| **Chile** | | | | |
| Department Stores | 966.2 | 969.4 | 0.3% | 0.3% |
| Home Improvement | 1,444.9 | 1,563.1 | 8.2% | 8.2% |
| Supermarkets | 446.9 | 495.9 | 11.0% | 11.0% |
| **Peru** | | | | |
| Department Stores | 391.3 | 402.5 | 2.9% | 1.7% |
| Home Improvement | 257.8 | 489.2 | 89.8% | 86.6% |
| Supermarkets | 427.1 | 472.7 | 10.7% | 9.2% |
| **Colombia** | | | | |
| Department Stores | 245.3 | 235.5 | -4.0% | 8.7% |
| Home Improvement | 588.4 | 585.9 | -0.4% | 12.2% |
| **Argentina** | | | | |
| Department Stores | 235.1 | 258.6 | 10.0% | 10.5% |
| Home Improvement | 88.0 | 139.4 | 58.3% | 59.3% |
| **Brazil** | | | | |
| Home Improvement | 148.7 | 132.9 | -10.6% | 2.5% |

[2] Does not include revenue from the credit business.
[3] Nominal Chilean pesos converted to US$ at the observed exchange rate as of July 1st 2015, both for the current period and same period last year.
[4] Revenue variation and revenue variation in local currency: the first shows revenue variation in CLP and the second, in local currency.

**Same Store Sales (SSS) Nominal Growth [5,6,7,8]**

| | 1Q14 | 2Q14 | 3Q14 | 4Q14 | 2014 | 1Q15 | 2Q15 | 1S14 | 1S15 |
|---|---|---|---|---|---|---|---|---|---|
| **Chile** | | | | | | | | | |
| Department Stores | 5.5% | 5.6% | -4.5% | -0.3% | 1.5% | 4.0% | 2.8% | 5.6% | 3.4% |
| Home Improvement | 7.2% | 3.7% | 4.6% | 5.1% | 5.3% | 7.9% | 8.7% | 5.6% | 8.3% |
| Supermarkets | 6.5% | 9.3% | 5.6% | 2.0% | 5.5% | 6.2% | 4.1% | 7.9% | 5.2% |
| **Peru** | | | | | | | | | |
| Department Stores | 3.7% | -3.4% | 0.6% | -1.3% | -0.7% | -1.3% | -2.7% | -1.0% | -2.0% |
| Home Improvement | -2.5% | -5.0% | -4.4% | -2.1% | -3.4% | 0.3% | -1.9% | -3.5% | -0.8% |
| Supermarkets | 5.3% | 6.4% | 4.9% | 4.5% | 5.1% | 3.2% | 2.1% | 5.6% | 2.6% |
| **Colombia** | | | | | | | | | |
| Department Stores | 2.2% | 13.6% | 8.7% | 6.9% | 7.8% | 0.0% | -1.1% | 8.3% | -0.6% |
| Home Improvement | 5.9% | 4.1% | 5.8% | 6.8% | 6.0% | 9.5% | 11.8% | 5.6% | 10.6% |
| **Argentina** | | | | | | | | | |
| Department Stores | 35.6% | 31.3% | 20.5% | 17.4% | 24.7% | 9.5% | 11.3% | 33.0% | 10.5% |
| Home Improvement | 28.8% | 21.4% | 27.1% | 26.8% | 26.1% | 41.0% | 37.9% | 25.0% | 39.5% |
| **Brazil** | | | | | | | | | |
| Home Improvement | 2.2% | -0.9% | -4.4% | -8.1% | -3.1% | -0.3% | 2.2% | 0.6% | 0.9% |

[5] All variations are calculated in nominal terms and in the local currency of each country.
[6] SSS growth includes revenue generated from the online channel of each business unit.
[7] SSS for Home Improvement Peru does not include Maestro, which was acquired in September of 2014.
[8] SSS calculation does not include stores that had significant changes in sales area open to the public, due to remodeling, expansions, reductions or closings.

## 2. Number of Stores and Sales Area of Retail Businesses[9,10,11]

| | June 2014 | | June 2015 | |
|---|---|---|---|---|
| | Sales Area (m²) | Stores (#) | Sales Area (m²) | Stores (#) |
| **Chile** | | | | |
| Department Stores | 291,288 | 44 | 304,077 | 45 |
| Home Improvement | 683,615 | 83 | 703,230 | 85 |
| Supermarkets | 174,632 | 49 | 187,209 | 53 |
| **Peru** | | | | |
| Department Stores | 152,932 | 24 | 155,226 | 25 |
| Home Improvement | 188,337 | 25 | 372,401 | 57 |
| Supermarkets | 165,232 | 43 | 181,781 | 49 |
| **Colombia** | | | | |
| Department Stores | 95,405 | 15 | 114,025 | 18 |
| Home Improvement | 322,609 | 33 | 337,950 | 35 |
| **Argentina** | | | | |
| Department Stores | 57,762 | 11 | 57,762 | 11 |
| Home Improvement | 74,600 | 7 | 83,736 | 8 |
| **Brazil** | | | | |
| Home Improvement | 121,706 | 57 | 132,420 | 58 |
| **Uruguay** | | | | |
| Home Improvement | - - | - - | 12,271 | 1 |
| **Total Stores** | **2,328,118** | **391** | **2,642,088** | **445** |

## 3. Number of Shopping Malls and GLA of Real Estate Operators[12]

| | June 2014 | | June 2015 | |
|---|---|---|---|---|
| | GLA (m²) | Shopping Malls (#) | GLA (m²) | Shopping Malls (#) |
| **Chile** | | | | |
| Mall Plaza | 1,136,000 | 14 | 1,190,000 | 15 |
| Open Plaza | 235,000 | 10 | 232,000 | 10 |
| **Peru** | | | | |
| Aventura Plaza | 258,000 | 4 | 274,000 | 4 |
| Open Plaza | 232,000 | 8 | 247,000 | 9 |
| **Colombia** | | | | |
| Mall Plaza | 26,000 | 1 | 26,000 | 1 |
| **Total Real Estate** | **1,887,000** | **37** | **1,969,000** | **39** |

Furthermore, the Group owns 991,000 m² of additional GLA in free standing Falabella, Sodimac, Tottus and Maestro stores.

[9] During 2014 the Company's sales area measurement was updated, which explains any difference with data published in June 2014.
[10] Sales area includes cashiers and check out areas. In the case of Tottus, this represents approximately 7% of total sales area. This definition may differ from how some peers in the industry measure their sales area, and thus, has implications when comparing sales per square meter.
[11] Number of stores and sales area as of June 2015 excludes the Sodimac store in Ñuñoa in Chile, which was damaged in a fire in September 2014. To date, the store remains closed. In addition, two Dicico franchises in Brazil were closed in the second half of 2014.
[12] Open Plaza includes Power Centers (shopping malls with only two anchor stores, in addition to smaller shops) and Shopping Centers (shopping malls with three anchor stores, in addition to smaller stores) and is not part of Plaza S.A.

## 4. Sales per Square Meter of Retail Businesses

### Sales per Square Meter – 2Q 2015 (US$ / $m^2$)[13,14]

| | 2Q14 | 2Q15 | Var % |
|---|---|---|---|
| **Chile** | | | |
| Department Stores | 1,725 | 1,660 | -3.7% |
| Home Improvement | 1,032 | 1,109 | 7.5% |
| Supermarkets | 1,315 | 1,361 | 3.5% |
| **Peru** | | | |
| Department Stores | 1,455 | 1,379 | -5.2% |
| Home Improvement | 657 | 608 | -7.5% |
| Supermarkets | 1,325 | 1,280 | -3.4% |
| **Colombia** | | | |
| Department Stores | 1,474 | 1,129 | -23.4% |
| Home Improvement | 905 | 850 | -6.0% |
| **Argentina** | | | |
| Department Stores | 2,213 | 2,419 | 9.3% |
| Home Improvement | 563 | 792 | 40.6% |
| **Brazil** | | | |
| Home Improvement | 626 | 506 | -19.2% |
| **TOTAL** | **1,162** | **1,104** | **-4.9%** |

### Sales per Square Meter – 1H 2015 (US$ / $m^2$)

| | 1S14 | 1S15 | Var % |
|---|---|---|---|
| **Chile** | | | |
| Department Stores | 3,336 | 3,183 | -4.6% |
| Home Improvement | 2,130 | 2,245 | 5.4% |
| Supermarkets | 2,575 | 2,680 | 4.1% |
| **Peru** | | | |
| Department Stores | 2,624 | 2,593 | -1.2% |
| Home Improvement | 1,401 | 1,329 | -5.1% |
| Supermarkets | 2,624 | 2,595 | -1.1% |
| **Colombia** | | | |
| Department Stores | 2,571 | 2,065 | -19.7% |
| Home Improvement | 1,831 | 1,750 | -4.4% |
| **Argentina** | | | |
| Department Stores | 4,070 | 4,478 | 10.0% |
| Home Improvement | 1,179 | 1,659 | 40.7% |
| **Brazil** | | | |
| Home Improvement | 1,240 | 1,034 | -16.7% |
| **TOTAL** | **2,228** | **2,166** | **-2.8%** |

[13] Revenues divided by average area of the period. These figures, expressed in dollars, were translated from Chilean pesos at the June 1st observed exchange rate. Therefore, the YoY variation corresponds to the variation in Chilean pesos and not the variation in local currency. Total sales per square meter is the sum of revenues from the retail business divided by the average total surface of stores for the period. Online sales are included in the total sales figure of each business unit.

[14] Sales area includes cashiers and check out areas. In the case of Tottus, this represents approximately 7% of total sales area. This definition may differ from how some peers in the industry measure their sales area, and thus, has implications when comparing sales per square meter.

## VI. Financial Indicators

### 1. Credit Indicators[15,16,17,18,19]

| | | 1Q14 | 2Q14 | 3Q14 | 4Q14 | 1Q15 | 2Q15 |
|---|---|---|---|---|---|---|---|
| **CMR Chile (Card)** | | | | | | | |
| Total Gross Loans | M CLP | 1,068,905 | 1,089,630 | 1,111,685 | 1,224,623 | 1,255,878 | 1,277,464 |
| Provisions (stock) | M CLP | (39,911) | (44,582) | (44,333) | (42,861) | (46,978) | (51,619) |
| Net Write-Offs | M CLP | 10,536 | 18,369 | 30,695 | 41,735 | 12,412 | 23,271 |
| Open Accounts (with balance) | # | 2,113,062 | 2,140,968 | 2,160,685 | 2,247,183 | 2,294,285 | 2,311,288 |
| Duration | Months | 3.7 | 4.0 | 4.2 | 4.3 | 3.9 | 4.1 |
| Average Loan | CLP | 505,856 | 508,943 | 514,506 | 544,959 | 547,394 | 552,707 |
| **Banco Falabella Chile** | | | | | | | |
| Total Gross Loans | M CLP | 1,240,235 | 1,264,198 | 1,278,712 | 1,311,374 | 1,329,908 | 1,346,129 |
| Provisions (stock) | M CLP | (60,483) | (64,174) | (63,639) | (63,318) | (65,118) | (64,868) |
| Net Write-Offs | M CLP | 8,600 | 18,570 | 27,121 | 35,902 | 9,919 | 19,914 |
| **Banco Falabella Peru** | | | | | | | |
| Total Gross Loans | M SOL | 2,479 | 2,619 | 2,712 | 3,076 | 3,188 | 3,491 |
| Provisions (stock) | M SOL | (187) | (193) | (201) | (213) | (225) | (244) |
| Net Write-Offs | M SOL | 26 | 52 | 75 | 98 | 26 | 67 |
| Open Accounts (with balance) | # | 922,545 | 948,773 | 965,078 | 1,017,653 | 1,022,313 | 1,033,171 |
| Duration | Months | 9.8 | 9.6 | 10.0 | 10.0 | 10.7 | 10.8 |
| Average Consumer Loan | SOL | 2,687 | 2,761 | 2,810 | 3,023 | 3,119 | 3,379 |
| **Banco Falabella Colombia** | | | | | | | |
| Total Gross Loans | M COP | 1,153,403 | 1,245,697 | 1,302,908 | 1,471,806 | 1,442,319 | 1,507,428 |
| Provisions (stock) | M COP | (76,451) | (78,869) | (79,971) | (84,922) | (84,926) | (92,426) |
| Net Write-Offs | M COP | 12,788 | 24,812 | 36,689 | 49,030 | 13,764 | 27,235 |
| Open Accounts (with balance) | # | 722,110 | 739,464 | 749,720 | 803,984 | 792,865 | 817,481 |
| Duration | Months | 7.6 | 7.8 | 7.9 | 7.7 | 8.2 | 8.1 |
| Average Consumer Loan | COP | 1,597,268 | 1,684,595 | 1,737,859 | 1,830,641 | 1,819,124 | 1,843,991 |
| **CMR Argentina (Card)** | | | | | | | |
| Total Gross Loans | M ARS | 1,797 | 1,819 | 1,714 | 1,938 | 2,021 | 2,219 |
| Provisions (stock) | M ARS | (43) | (53) | (47) | (48) | (49) | (52) |
| Net Write-Offs | M ARS | 9 | 21 | 37 | 54 | 15 | 23 |
| Open Accounts (with balance) | # | 539,337 | 525,034 | 512,447 | 504,244 | 528,600 | 519,261 |
| Duration | Months | 3.1 | 2.8 | 2.6 | 2.7 | 2.7 | 2.9 |
| Average Consumer Loan | ARS | 3,332 | 3,465 | 3,345 | 3,844 | 3,823 | 4,274 |

[15] a. CMR Chile's Loan Portfolio includes legacy car loans. New car loans are included in Banco Falabella Chile's loan book.
b. Banco Falabella Chile's provisions include additional provisions that the SBIF (Superintendent of Banks and financial Institutions of Chile), the Chilean bank regulator, suggested by presented as liabilities.
c. Banco Falabella Chile's loans and provisions includes only consumer loans and, therefore, do not match those reported in the financial statements.
[16] Duration is calculated on a monthly basis according to the Macaulay duration, assuming a revolving term of 30 days.
[17] Total gross loans includes all loans, not just consumer loans.
[18] The CMR card was launched in 30 Maestro stores in February, contributing to Banco Falabella Peru's loan growth.
[19] Open accounts with balance refer to the stock of CMR accounts with less than 90 days of delinquency, voluntary transactions in the last 24 months and a balance greater than zero at any time in the period.

## 2. Percentage of Sales with CMR Card[20,21,22]

| | 1Q 14 | 1H 14 | 9M14 | 2014 | 1Q 15 | 1H15 |
|---|---|---|---|---|---|---|
| Chile - Falabella | 51.5% | 52.9% | 53.0% | 52.7% | 50.1% | 53,6% |
| Chile - Sodimac | 28.4% | 28.5% | 28.3% | 28.3% | 27.5% | 27.2% |
| Chile - Tottus | 17.4% | 18.6% | 19.5% | 19.6% | 19.0% | 20.2% |
| Peru - Saga, Sodimac & Tottus | 39.5% | 41.9% | 41.8% | 42.5% | 35.1% | 37.5% |
| Colombia - Falabella & Sodimac | 22.6% | 24.7% | 24.6% | 25.7% | 22.3% | 24.3% |
| Argentina - Falabella & Sodimac | 27.7% | 29.7% | 28.5% | 27.4% | 25.6% | 25.1% |

[20] Percentage of Sales with CMR Card: The amount of sales revenue, as a percentage of total sales for that retail format, that corresponds to transactions made with a CMR credit card.

[21] As of January of 2015, in the calculation of the use of CMR at Falabella, when the transaction involved an additional method of payment, in addition to the CMR card, this amount was excluded from the calculation. For comparison purposes, this new methodology is applied to historical periods.

[22] Includes Maestro as of 1Q15.

## VII. Other Indicators

### Average Collection Period,[23] Average Payment Period and Inventory Turnover[24]

#### Chile

| | Dep. Stores | | Home Improv. | | Supermarkets | | Promotora CMR | | Plaza S.A. | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2Q14 | 2Q15 | 2Q14 | 2Q15 | 2Q14 | 2Q15 | 2Q14 | 2Q15 | 2Q14 | 2Q15 |
| Average Collection Period | 6.8 | 7.2 | 25.6 | 25.3 | 2.8 | 4.0 | 120.0 | 123.8 | 30.0 | 31.0 |
| Average Payment Period | 45.1 | 41.6 | 49.3 | 42.6 | 45.2 | 42.9 | NM | NM | NM | NM |
| Inventory Turnover (days) | 79.4 | 78.1 | 70.3 | 69.5 | 38.9 | 38.7 | NM | NM | NM | NM |

#### International Operations[25]

| | Peru | | Argentina | | Colombia | | Brazil | |
|---|---|---|---|---|---|---|---|---|
| | 2Q14 | 2Q15 | 2Q14 | 2Q15 | 2Q14 | 2Q15 | 2Q14 | 2Q15 |
| Average Collection Period | 2.8 | 4.0 | 15.4 | 16.0 | 8.9 | 5.5 | 69.3 | 65.1 |
| Average Payment Period | 45.7 | 50.7 | 65.3 | 62.9 | 56.7 | 66.0 | 73.2 | 135.1 |
| Inventory Turnover (day) | 82.6 | 87.2 | 121.0 | 105.1 | 86.8 | 93.9 | 113.0 | 160.4 |

[23] Collection period does not include accounts receivable of the retail businesses (department stores, home improvement and supermarkets) with Promotora CMR S.A.
[24] Average Collection Period (does not include Promotora CMR and Plaza): Current trade and other receivables *90/ Revenues
Average Collection Period for Promotora CMR: Duration * 30
Average Collection Period for Plaza corresponds to the payment of the common expenses of the building.
Average Payable Period: Current trade and other current accounts payable * 90 /Cost of sales.
Inventory turnover: Inventories (net) * 90 / Cost of sales.
[25] Metrics include only retail operations.

## VIII. Operating Results by Business Unit

### Operating Results 2Q 2015 (MUS$)[26,27]

### Chile

| | Department Stores | | | Home Improvement | | | Supermarkets | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2Q14 | 2Q15 | Var % | 2Q14 | 2Q15 | Var % | 2Q14 | 2Q15 | Var % |
| Revenues | 507.4 | 511.0 | 0.7% | 704.0 | 769.7 | 9.3% | 230.0 | 251.9 | 9.5% |
| Gross Margin | 29.8% | 32.3% | 9.0% | 28.4% | 28.8% | 10.8% | 24.6% | 25.3% | 12.8% |
| SG&A / Revenues | -26.2% | -28.0% | 7.9% | -22.5% | -23.4% | 13.7% | -23.7% | -23.2% | 7.3% |
| SG&A w.o Dep. / Rev. | -24.5% | -26.1% | 7.2% | -20.9% | -21.7% | 13.7% | -20.8% | -20.7% | 8.9% |
| EBITDA Margin | 5.3% | 6.2% | 16.8% | 7.7% | 7.2% | 2.8% | 3.8% | 4.6% | 34.1% |
| Operating Margin | 3.7% | 4.2% | 16.8% | 5.9% | 5.4% | -0.2% | 0.9% | 2.1% | 155.0% |

| | Promotora CMR[17] | | | Banco Falabella Chile | | | Plaza S.A. | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2Q14 | 2Q15 | Var % | 2Q14 | 2Q15 | Var % | 2Q14 | 2Q15 | Var % |
| Revenues | 129.9 | 139.7 | 7.6% | 109.3 | 111.9 | 2.4% | 86.8 | 93.3 | 7.5% |
| Gross Margin | 50.9% | 50.2% | 6.1% | 46.7% | 56.5% | 24.1% | 80.6% | 78.5% | 4.6% |
| SG&A / Revenues | -9.5% | -10.9% | 23.1% | -28.8% | -30.0% | 6.7% | -11.3% | -10.8% | 3.1% |
| SG&A w.o Dep. / Rev. | -9.5% | -10.9% | 23.1% | -26.6% | -27.5% | 5.8% | -11.0% | -10.4% | 2.0% |
| EBITDA Margin | 41.4% | 39.3% | 2.2% | 20.1% | 29.1% | 48.4% | 80.9% | 80.7% | 7.2% |
| Operating Margin | 41.4% | 39.3% | 2.2% | 17.8% | 26.5% | 52.3% | 69.3% | 67.6% | 4.9% |

### International Operations

| | Peru | | | Colombia | | | Argentina | | | Brazil | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2Q14 | 2Q15 | Var % | 2Q14 | 2Q15 | Var % | 2Q14 | 2Q15 | Var % | 2Q15 | 2Q15 | Var % |
| Revenues | 632.4 | 764.5 | 20.9% | 190.8 | 182.9 | -4.1% | 189.7 | 231.6 | 22.0% | 76.2 | 64.1 | -15.9% |
| Gross Margin | 31.2% | 32.0% | 23.8% | 36.2% | 37.3% | -1.2% | 41.0% | 43.2% | 28.4% | 30.6% | 33.3% | -8.4% |
| SG&A / Revenues | -23.6% | -24.2% | 24.5% | -31.1% | -33.3% | 2.6% | -35.9% | -37.3% | 27.0% | -32.6% | -43.0% | 11.0% |
| SG&A w.o Dep. / Rev. | -20.8% | -21.2% | 23.1% | -27.8% | -30.5% | 5.2% | -34.6% | -36.1% | 27.3% | -30.5% | -40.7% | 12.2% |
| EBITDA Margin | 10.4% | 10.8% | 25.2% | 8.4% | 6.8% | -22.1% | 6.4% | 7.1% | 34.5% | 0.1% | -7.4% | NM |
| Operating Margin | 7.7% | 7.7% | 21.6% | 5.0% | 4.0% | -24.2% | 5.2% | 5.9% | 38.3% | -2.0% | -9.6% | 315.8% |

[26] International Operating Results includes banking business in Peru and Colombia, credit business in Argentina and real estate business in Peru.
[27] Variations presented in the Var% column correspond to YoY changes in the period's Revenues, Gross Income, SG&A, SG&A w.o. Depreciation, EBITDA and Operating Income.

## Operating Results 1H 2015 (MUS$)[28,29]

### Chile

| | Department Stores | | | Home Improvement | | | Supermarkets | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1S14 | 1S15 | Var % | 1S14 | 1S15 | Var % | 1S14 | 1S15 | Var % |
| Revenues | 966.2 | 969.4 | 0.3% | 1,444.9 | 1,563.1 | 8.2% | 446.9 | 495.9 | 11.0% |
| Gross Margin | 29.2% | 31.2% | 7.3% | 28.5% | 28.8% | 9.2% | 24.3% | 24.7% | 12.8% |
| SG&A / Revenues | -26.7% | -28.5% | 7.0% | -21.8% | -22.5% | 11.4% | -23.8% | -23.2% | 8.1% |
| SG&A w.o Dep. / Rev. | -25.0% | -26.5% | 6.3% | -20.4% | -20.9% | 11.3% | -20.9% | -20.6% | 9.4% |
| EBITDA Margin | 4.2% | 4.7% | 13.2% | 8.3% | 8.0% | 3.9% | 3.4% | 4.1% | 33.9% |
| Operating Margin | 2.4% | 2.7% | 10.2% | 6.7% | 6.3% | 2.1% | 0.4% | 1.5% | 263.7% |

| | Promotora CMR[17] | | | Banco Falabella Chile | | | Plaza S.A. | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1S14 | 1S15 | Var % | 1S14 | 1S15 | Var % | 1S14 | 1S15 | Var % |
| Revenues | 255.8 | 275.2 | 7.6% | 213.6 | 212.7 | -0.4% | 167.0 | 183.3 | 9.8% |
| Gross Margin | 50.7% | 49.5% | 5.0% | 43.7% | 57.5% | 30.9% | 79.9% | 78.2% | 7.5% |
| SG&A / Revenues | -9.7% | -10.8% | 19.2% | -28.9% | -31.8% | 9.7% | -11.4% | -12.6% | 21.6% |
| SG&A w.o Dep. / Rev. | -9.7% | -10.8% | 19.2% | -26.6% | -29.2% | 9.0% | -11.1% | -10.7% | 6.2% |
| EBITDA Margin | 41.0% | 38.7% | 1.6% | 17.1% | 28.3% | 64.9% | 80.5% | 80.2% | 9.4% |
| Operating Margin | 41.0% | 38.7% | 1.6% | 14.9% | 25.7% | 72.0% | 68.5% | 65.6% | 5.2% |

### International Operations

| | Peru | | | Colombia | | | Argentina | | | Brasil | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1S14 | 1S15 | Var % | 1S14 | 1S15 | Var % | 1S14 | 1S15 | Var % | 1S15 | 1S15 | Var % |
| Revenues | 1,220.0 | 1,545.0 | 26.6% | 344.5 | 342.8 | -0.5% | 365.1 | 448.6 | 22.8% | 148.7 | 132.9 | -10.6% |
| Gross Margin | 30.7% | 30.9% | 27.2% | 37.2% | 38.7% | 3.4% | 41.1% | 41.4% | 23.6% | 31.2% | 32.8% | -5.9% |
| SG&A / Revenues | -23.8% | -23.8% | 26.2% | -33.1% | -35.9% | 7.9% | -35.5% | -36.4% | 26.0% | -32.5% | -40.0% | 9.9% |
| SG&A w.o Dep. / Rev. | -21.0% | -20.7% | 24.3% | -29.8% | -32.8% | 9.5% | -34.2% | -35.2% | 26.2% | -30.5% | -37.9% | 10.9% |
| EBITDA Margin | 9.7% | 10.3% | 33.6% | 7.4% | 5.8% | -21.2% | 6.9% | 6.2% | 11.0% | 0.6% | -5.1% | NM |
| Operating Margin | 6.9% | 7.1% | 30.8% | 4.1% | 2.7% | -33.0% | 5.6% | 5.0% | 9.0% | -1.4% | -7.2% | 371.9% |

28 International Operating Results includes banking business in Peru and Colombia, credit business in Argentina and real estate business in Peru.
29 Variations presented in the Var% column correspond to YoY changes in the period's Revenues, Gross Income, SG&A, SG&A w.o. Depreciation, EBITDA and Operating Income.

## IX. Financial Structure

Total liabilities as of June 30th 2015 reached MCLP 7,406,612 million (MUS$ 11,590).

In turn, the leverage of the non-banking business[30] amounts to 1.0. Considering the financial debt[31] of the non-banking business, the ratio of Net Financial Debt / EBITDA was 3.01.[32]

**Leverage Non-Banking Operations**


**Net Financial Debt / EBITDA Non-Banking Operations[33]**


[30] Non-Banking Operations Leverage=Total Non-Banking Operations Liabilities divided by Total Equity.
[31] Non-Banking Business Financial Debt= total Current non-Bank Operations Liabilities + Total Non- current Non-Banking Operations Liabilities – Financial liabilities at fair value through income (Note 33 – Financial Instruments and Financial Risk Management).
[32] Maestro's financial debt was consolidated starting September of 2014, while Maestro's EBITDA only began to be consolidated in 4Q14.
[33] The ratio includes the fair value of the derivate financial instruments, related to financial debt. Therefore: Net Financial Debt = Non-Banking Financial Debt – Cash and Cash equivalents – Hedge Derivate associated to Financial debt.

**Debt Maturity Profile[34,35]**


Deuda Financiera Total Consolidada (sin operaciones bancarias): MMUS$ 4,735.

[34] Total Consolidated Financial Debt does not include the banking operations of the Falabella Group (Banco Falabella Chile, Banco Falabella Peru and Banco Falabella Colombia) or accrued interests; however, it does include CMR in Chile and Argentina.
[35] Debt converted to US$ using the local currency exchange rate for each country at the close of the period.

## X. S.A.C.I. Falabella Financial Statements[36]

| | For the year ended as of 30-Jun-15 | For the year ended as of 30-Jun-14 |
|---|---|---|
| | **TH$** | **TH$** |
| **Statement of Income** | | |
| **Non-banking Business** | | |
| Revenue from continuing operations | 3,660,622,153 | 3,275,047,423 |
| Cost of sales | (2,442,345,177) | (2,191,632,311) |
| **Gross Profit** | **1,218,276,976** | **1,083,415,112** |
| Distribution costs | (40,605,583) | (41,096,397) |
| Administrative expenses | (779,205,339) | (670,543,004) |
| Other expenses, by function | (68,655,107) | (64,862,635) |
| Other gains (losses) | (3,640,801) | 569,510 |
| Financial income | 14,340,989 | 7,459,419 |
| Financial expenses | (80,377,807) | (60,997,011) |
| Equity interest in profits (losses) of associates accounted for using the equity method | 11,596,217 | 11,034,030 |
| Foreign currency translation | (10,149,585) | (15,518,823) |
| Income from indexation units | (12,378,304) | (26,557,756) |
| **Profit (Loss), before Taxes** | **249,201,656** | **222,902,445** |
| Income tax expense | (52,840,541) | (39,518,278) |
| **Profit (loss) from Non-banking Business** | **196,361,115** | **183,384,167** |
| **Banking Services (Presentation)** | | |
| Interest and indexation revenue | 230,671,862 | 215,816,810 |
| Interest and indexation expenses | (59,257,418) | (65,687,704) |
| **Net Income from Interest and Indexation** | **171,414,444** | **150,129,106** |
| Fee revenue | 59,034,835 | 50,860,435 |
| Fee expenses | (15,607,507) | (12,651,866) |
| **Net Fee Income** | **43,427,328** | **38,208,569** |
| Net income from financial operations | 546,766 | 4,442,789 |
| Net exchange gains (losses) | 4,888,707 | 727,336 |
| Other operating income | 916,220 | 215,109 |
| Provision for loan losses | (51,251,266) | (50,690,182) |
| **Total Operating Income, net** | **169,942,199** | **143,032,727** |
| Employee remunerations and expenses | (43,711,890) | (38,927,136) |
| Administrative expenses | (53,544,057) | (46,181,144) |
| Depreciation and amortization | (7,570,785) | (6,917,916) |
| Other operating expenses | (4,968,022) | (4,615,394) |
| **Total Operating Expenses** | **(109,794,754)** | **(96,641,590)** |
| **Operating Income** | **60,147,445** | **46,391,137** |
| Income from equity method investments in companies | 339,975 | 215,954 |
| **Income before Income Taxes** | **60,487,420** | **46,607,091** |
| Income tax expense | (16,345,888) | (12,931,573) |
| **Ganancia de negocios bancarios** | **44,141,532** | **33,675,518** |
| **Profit (Loss)** | **240,502,647** | **217,059,685** |
| **Profit (loss), Attributable to:** | | |
| Owners of the parent | 221,230,990 | 198,429,453 |
| Non-controlling interests | 19,271,657 | 18,630,232 |
| **Profit (Loss)** | **240,502,647** | **217,059,685** |
| **Earnings per share** | | |
| **Basic earnings per share** | | |
| Basic earnings (loss) per share from continuing operations | 0.0909 | 0.0817 |
| **Basic Earnings (Loss) per Share** | **0.0909** | **0.0817** |
| **Diluted Earnings per Share** | | |
| From continuing operations | 0.0909 | 0.0814 |
| **Diluted Earnings (Loss) per Share** | **0.0909** | **0.0814** |

| | 30-Jun-15 | 31-Dec-14 |
|---|---|---|
| | TH$ | TH$ |
| **Assets** | | |
| **Non-banking Businesses** | | |
| **Current assets** | | |
| Cash and cash equivalents | 175,334,017 | 211,219,868 |
| Other financial assets | 16,849,784 | 19,518,703 |
| Other non-financial assets | 87,052,404 | 88,613,455 |
| Trade and other accounts receivable | 1,509,013,890 | 1,460,886,123 |
| Accounts receivable from related parties | 8,748,735 | 14,382,645 |
| Inventory | 1,024,257,292 | 1,019,199,966 |
| Tax assets | 55,068,315 | 49,566,343 |
| **Total of current assets different from those assets or disposal groups classified as held for sale or as held for distribution to owners** | **2,876,324,437** | **2,863,387,103** |
| Non-current assets or disposal groups classified as held for sale or as held for distribution to owners | 2,937,803 | 5,150,100 |
| **Non-current assets or disposal groups classified as held for sale or as held for distribution to owners** | **2,937,803** | **5,150,100** |
| **Total Current Assets** | **2,879,262,240** | **2,868,537,203** |
| **Non-current Assets** | | |
| Other financial assets | 101,255,665 | 71,524,973 |
| Other non-financial assets | 38,941,129 | 32,688,857 |
| Accounts receivable | 202,173,892 | 206,165,723 |
| Investments accounted for using the equity method | 178,046,916 | 163,334,299 |
| Intangible assets other than goodwill | 240,141,001 | 233,503,315 |
| Goodwill | 457,241,889 | 462,525,345 |
| Property, plant and equipment | 2,134,348,385 | 2,119,695,908 |
| Investment properties | 2,162,430,162 | 2,122,042,651 |
| Deferred tax assets | 84,530,034 | 68,168,041 |
| **Total Non-current Assets** | **5,599,109,073** | **5,479,649,112** |
| **Total Assets – Non-banking Business** | **8,478,371,313** | **8,348,186,315** |
| **Banking Services Assets (Presentation)** | | |
| Cash and bank deposits | 346,928,083 | 347,215,192 |
| Transactions with settlement in progress | 97,191,546 | 10,125,348 |
| Financial assets held for trading | 56,543,602 | 55,864,410 |
| Financial derivative contracts | 9,809,119 | 14,503,691 |
| Due from banks | - | 29,977,748 |
| Loans and accounts receivable from clients | 2,292,713,622 | 2,180,384,460 |
| Available for sale instruments | 339,227,608 | 264,017,567 |
| Investments in companies | 2,763,514 | 1,910,151 |
| Intangibles | 27,203,994 | 23,769,265 |
| Property, plant and equipment | 35,441,929 | 36,934,564 |
| Current taxes | 2,935,403 | 1,873,669 |
| Deferred taxes | 14,244,253 | 14,509,536 |
| Other assets | 15,752,852 | 16,184,783 |
| **Total Bank Services Assets** | **3,240,755,525** | **2,997,270,384** |
| **Total Assets** | **11,719,126,838** | **11,345,456,699** |

[36] The Banking business does not include CMR Chile and CMR Argentina.

| | 30-Jun-15 | 31-Dec-14 |
|---|---|---|
| | TH$ | TH$ |
| **Net Equity and Liabilities** | | |
| **Non-banking Business** | | |
| **Current Liabilities** | | |
| Other financial liabilities | 717,739,414 | 736,529,589 |
| Trade and other accounts payable | 814,757,516 | 966,061,609 |
| Accounts payable to related parties | 12,851,436 | 9,894,036 |
| Other current prov isions | 10,446,496 | 10,248,584 |
| Current tax liabilities | 18,189,154 | 25,734,030 |
| Employee benefits prov isions | 112,064,078 | 110,578,122 |
| Other non-financial liabilities | 99,471,212 | 129,538,281 |
| **Total Current Liabilities** | **1,785,519,306** | **1,988,584,251** |
| **Non-current Liabilities** | | |
| Other financial liabilities | 2,446,371,974 | 2,316,360,511 |
| Other liabilities | 1,237,966 | 1,208,738 |
| Other long-term prov isions | 14,108,877 | 14,898,205 |
| Deferred tax liabilities | 370,772,535 | 369,652,474 |
| Employee benefits prov ision | 18,296,995 | 19,717,004 |
| Other non-financial liabilities | 34,650,899 | 32,183,682 |
| **Total Non-current Liabilities** | **2,885,439,246** | **2,754,020,614** |
| **Total Non-banking Business Liabilities** | **4,670,958,552** | **4,742,604,865** |
| **Banking Services Liabilities (Presentation)** | | |
| Deposits and other demand liabilities | 254,852,394 | 241,347,479 |
| Transactions with settlement in progress | 93,963,891 | 4,852,755 |
| Time deposits and other term deposits | 1,842,892,955 | 1,671,548,562 |
| Financial deriv ativ e contracts | 10,740,916 | 8,637,377 |
| Due to banks | 71,190,888 | 66,923,264 |
| Debt instruments issued | 233,337,172 | 240,739,591 |
| Other financial obligations | 171,421,692 | 175,729,113 |
| Current taxes | 905,298 | 59,511 |
| Prov isions | 5,625,029 | 5,491,575 |
| Other liabilities | 50,723,684 | 49,257,187 |
| **Total Banking Services Liabilities** | **2,735,653,919** | **2,464,586,414** |
| **Total Liabilities** | **7,406,612,471** | **7,207,191,279** |
| **Net Equity** | | |
| Issued capital | 533,409,643 | 533,409,643 |
| Retained earnings | 3,098,950,147 | 2,913,524,436 |
| Share premium | 93,482,329 | 93,482,329 |
| Own shares in portfolio | (4,896,333) | (3,495,432) |
| Other reserv es | (108,493,055) | (92,000,283) |
| **Equity attributable to owners of the parent** | **3,612,452,731** | **3,444,920,693** |
| Non-controlling interests | 700,061,636 | 693,344,727 |
| **Total Equity** | **4,312,514,367** | **4,138,265,420** |
| **Total Equity and Liabilities** | **11,719,126,838** | **11,345,456,699** |

| | 30-06-2015 | 30-06-2014 |
|---|---|---|
| | TH$ | TH$ |
| **Statement of cash flows** | | |
| **Cash flows provided by (used in) operating activities** | | |
| **Non-banking Business (Presentation)** | | |
| **Classes of proceeds from operating activities** | | |
| Proceeds from sale of goods and providing services | 4,310,651,862 | 3,912,092,155 |
| **Classes of payments** | | |
| Payment to suppliers for supplying goods and services | (3,330,309,848) | (3,062,771,933) |
| Payments to and on account of employees | (464,145,177) | (405,854,417) |
| Income taxes refunded (paid) | (69,926,429) | (42,339,435) |
| Other cash inflows (outflows) | (259,960,843) | (224,325,705) |
| **Subtotal net cash flows provided by Non-banking Business operating activities** | **186,309,565** | **176,800,665** |
| **Banking Services (Presentation)** | | |
| Consolidated net income (loss) for the period | 44,141,532 | 33,675,518 |
| **Charges (credits) to income that do not involve cash movements:** | | |
| Depreciation and amortization | 7,570,785 | 6,917,916 |
| Credit risk provision | 63,516,128 | 69,371,046 |
| Profit losses from equity method investments | (339,975) | (215,954) |
| Other charges (credits) that do not involve significant cash flow movements | 12,097,883 | 8,671,988 |
| Net change in interest, indexations and fees accrued on assets and liabilities | (2,958,946) | (4,128,962) |
| **Changes in assets and liabilities affecting cash flow:** | | |
| Net (Increase) decrease due from banks | 29,977,748 | - |
| Net increase in loans and accounts receivable from clients | (201,321,086) | (170,511,632) |
| Net decrease in instruments held for trading | (2,630,216) | 32,623,682 |
| Increase in deposits and other demand obligations | 12,320,976 | 18,608,212 |
| Increase in deposits and other time deposits | 169,556,739 | 98,864,485 |
| Increase in obligations with banks | 4,267,624 | (22,946,490) |
| Other use of cash | (11,561,879) | (12,932,031) |
| **Subtotal net cash flows provided by (used in) Banking Services operating activities** | **124,637,313** | **57,997,778** |
| **Net cash flows provided by operating activities** | **310,946,878** | **234,798,443** |
| **Cash flows provided by (used in) investing activities** | | |
| **Non-banking Business (Presentation)** | | |
| Cash flows to affiliated companies | (4,090,717) | - |
| Proceeds from disposal of property, plant and equipment | 1,610,326 | 588,216 |
| Additions to property, plant and equipment | (131,584,533) | (182,495,547) |
| Additions to intangible assets | (20,248,358) | (9,916,378) |
| Proceeds from other long-term assets | - | 518,249 |
| Additions to other long-term assets | (56,551,450) | (107,194,105) |
| Dividends received | 4,965,083 | 4,536,843 |
| Interest received | 2,966,907 | 3,910,215 |
| Other cash inflows (outflows) | 1,333,348 | 1,095,414 |
| **Subtotal net cash flows used in investing activities in the Non-banking Business** | **(201,599,394)** | **(288,957,093)** |
| **Banking Services** | | |
| Net (Increase) decrease in investment securities available for sale | (76,176,465) | (125,447,435) |
| Additions to property, plant and equipment | (9,697,044) | (7,242,711) |
| Cash flows to affiliated companies | (819,263) | - |
| Dividends received from investments in societies | 385,586 | 202,870 |
| Other sources of cash | 1,096,916 | 422,839 |
| **Subtotal net cash flows provided by (used in) Banking Services investing activities** | **(85,210,270)** | **(132,064,437)** |
| **Net cash flows provided by (used in) investing activities** | **(286,809,664)** | **(421,021,530)** |
| **Cash flows provided by (used in) financing activities** | | |
| **Non-banking Business** | | |
| Proceeds from issuance of shares | - | 36,153,391 |
| Payments to acquire own shares | (1,400,901) | - |
| Proceeds from long-term loans | 116,963,409 | 66,439,607 |
| Proceeds from short-term loans | 1,591,773,064 | 889,940,437 |
| Total proceeds from loans | 1,708,736,473 | 956,380,044 |
| Loan payments | 962,665 | 995,446 |
| Payment of loans | (1,584,871,550) | (863,735,617) |
| Payment of financial lease liabilities | (9,591,984) | (4,438,690) |
| Dividends paid | (129,399,926) | (105,473,653) |
| Interest paid | (39,823,180) | (28,516,791) |
| Other cash inflows (outflows) | 827,466 | (1,397,359) |
| **Subtotal net cash flows provided by (used in) Non-banking Business financing activities** | **(54,560,937)** | **(10,033,229)** |
| **Banking Services (Presentation)** | | |
| (Redemption) Letters of credit issuance | (4,780,880) | (4,349,029) |
| Bond payments and other long term loans | (3,361,724) | (25,191,402) |
| Other | (8,595,815) | (11,470,416) |
| **Subtotal net cash flows provided by (used in) Banking Services financing activities** | **(16,738,419)** | **(41,010,847)** |
| **Net cash flows used in financing activities** | **(71,299,356)** | **(51,044,076)** |
| **Net increase in cash and cash equivalents, before the effect of changes in the exchange rate** | **(47,162,142)** | **(237,267,163)** |
| **Effects of changes in the exchange rate on cash and cash equivalents** | | |
| Effects of changes in the exchange rate on cash and cash equivalents | 549,750 | 13,779,705 |
| **Net increase (decrease) in cash and cash equivalents** | **(46,612,392)** | **(223,487,458)** |
| Cash and cash equivalents at beginning of period | 610,126,163 | 647,689,942 |
| **Cash and cash equivalents at end of period** | **563,513,771** | **424,202,484** |

## **Cash Flow – Chilean Operations** (M$)

| June 2015 | Department Stores | Home Improvement | Supermarkets | Promotora CMR | Banco Falabella | Plaza S.A. |
|---|---|---|---|---|---|---|
| Cash flow from operating activities | 56,959 | 71,094 | 9,176 | 31,784 | 126,130 | 103,689 |
| Cash flow from investing activities | (22,176) | (26,687) | (6,395) | (844) | (4,048) | (53,720) |
| Cash flow from financing activities | (43,672) | (44,112) | (5,887) | (28,522) | (106,639) | (50,752) |
| **Increase (decrease) in cash and cash equivalents** | (8,889) | 294 | (3,106) | 2,418 | 15,444 | (783) |
| Impact of exchange rate differences on cash and cash equivalents | (27) | 163 | (15) | - - | - - | 256 |
| **Cash and cash equivalents at the beginning of the period** | 42,931 | 20,646 | 11,559 | 13,157 | 245,872 | 15,776 |
| **Cash and cash equivalents at the end of the period** | 34,015 | 21,103 | 8,438 | 15,575 | 261,316 | 15,249 |

| June 2014 | Department Stores | Home Improvement | Supermarkets | Promotora CMR | Banco Falabella | Plaza S.A. |
|---|---|---|---|---|---|---|
| Cash flow from operating activities | 62,134 | 66,988 | 5,431 | 61,175 | (259) | 87,039 |
| Cash flow from investing activities | (69,642) | (16,996) | (13,902) | (11,224) | (3,254) | (76,932) |
| Cash flow from financing activities | (7,575) | (55,112) | 7,427 | (41,266) | (116,568) | (72,383) |
| **Increase (decrease) in cash and cash equivalents** | (15,082) | (5,121) | (1,044) | 8,686 | (120,081) | (62,276) |
| Impact of exchange rate differences on cash and cash equivalents | (155) | 123 | 10 | 7 | - - | 139 |
| **Cash and cash equivalents at the beginning of the period** | 32,861 | 21,017 | 9,833 | 4,284 | 236,906 | 101,928 |
| **Cash and cash equivalents at the end of the period** | 17,625 | 16,018 | 8,799 | 12,976 | 116,825 | 39,791 |

## **Cash Flow –International Operations** (M$)

| June 2015 | Peru | Colombia | Argentina | Brazil |
|---|---|---|---|---|
| Cash flow from operating activities | 25,501 | (62,731) | 6,994 | (7,720) |
| Cash flow from investing activities | (43,132) | (12,154) | (3,276) | (5,985) |
| Cash flow from financing activities | (7,806) | 56,892 | (4,496) | 5,202 |
| **Increase (decrease) in cash and cash equivalents** | (25,436) | (17,993) | (778) | (8,503) |
| Impact of exchange rate differences on cash and cash equivalents | (302) | 784 | 89 | (1,011) |
| **Cash and cash equivalents at the beginning of the period** | 183,232 | 48,215 | 4,307 | 10,874 |
| **Cash and cash equivalents at the end of the period** | 157,494 | 31,007 | 3,618 | 1,360 |

| June 2014 | Peru | Colombia | Argentina | Brazil |
|---|---|---|---|---|
| Cash flow from operating activities | 45,987 | (6,587) | (13,430) | (3,882) |
| Cash flow from investing activities | (100,293) | (57,734) | (13,473) | (24,098) |
| Cash flow from financing activities | 27,918 | 48,087 | 44,789 | 9,460 |
| **Increase (decrease) in cash and cash equivalents** | (26,388) | (16,234) | 17,886 | (18,520) |
| Impact of exchange rate differences on cash and cash equivalents | 10,610 | 1,823 | (1,542) | 2,383 |
| **Cash and cash equivalents at the beginning of the period** | 165,121 | 37,414 | 5,837 | 23,307 |
| **Cash and cash equivalents at the end of the period** | 149,342 | 23,003 | 22,180 | 7,170 |

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