



# S.A.C.I Falabella

## Earnings Report

# 2018

FIRST QUARTER

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### Notes:

- All dollar figures are calculated based on the observed exchange rate as of April 2<sup>nd</sup> 2018: 603,39 \$/US\$.
- Symbols for quarters: 1Q, 2Q, 3Q y 4Q.
- Currency symbols: \$: Chilean pesos; CLP: Chilean pesos; US\$: U.S. dollars; PEN: Peruvian soles; COP: Colombian pesos; ARS: Argentine pesos; BRL: Brazilian reales.
- Th: thousand; Mn: million.



## I. Executive Summary

In the first quarter of 2018, S.A.C.I. Falabella reported consolidated revenue of \$2,188,435 million (US\$3,627 Mn), 2.8% higher than the same period last year. Excluding currency variation (by using for 2018 the same exchange rate than in 2017), consolidated revenue growth would have been 7.4%, as sales area grew 3.7% in last 12 months (due to 20 stores opening, and one closing).

The online channel of the retail businesses posted a 28.3% growth compared to 1Q17, reaching \$109,916 million (US\$182 Mn). During this quarter, this channel represented 6.2% of retail businesses total sales, which includes department stores, home improvement and supermarkets in all the countries where we operate.

Consolidated growth in revenue was mainly the result of a 5.9% revenue increase in home improvement in Chile, 6.8% in supermarkets in Chile, 6.5% in Promotora CMR in Chile, and the contribution from the operations in Argentina, Colombia and Brazil. The latter explained by growth in same store sales (SSS) and the opening of two stores in the last twelve months. In Chile, growth was also driven by Mallplaza (8.5% YoY) and Banco Falabella, with a 6.2% growth in revenue compared to the same period last year, due to expansion on its loan portfolio. The increase in revenues was partially offset by the depreciation of the PEN, BRL, COP and ARS against the CLP.

Consolidated loan portfolio, as of March 31st, 2018, reached \$4,722,572 million (US\$7,827 Mn), 3.9% higher than the same period last year, explained by growth in Promotora CMR, Banco Falabella Chile, CMR Argentina and Banco Falabella Colombia, and partially offset by the performance of Banco Falabella Peru. Promotora CMR's loan portfolio increased 9.8% compared to March 2017, as the card continues gaining principality. Banco Falabella Chile increased its loan portfolio by 6.4% in the period.

Gross profit for the quarter totaled \$803,239 million (US\$1,331 Mn) a 4.1% year over year (YoY) increase, while gross margin showed a slight expansion compared to the same period last year. Growth was driven by home improvement in Chile (7.2% growth YoY), due to a 5.9% revenue increase and gross margin expansion boosted by private labels; Promotora CMR (25.0% growth YoY) driven by lower funding costs and a decrease in provision costs, related to an improvement on the loan portfolio risk and methodological changes associated to the adoption of IFRS9; and Banco Falabella Peru due to lower provision costs.

The operating margin was 10.0%, similar to the one reported one year ago, reaching an operating income of \$218,994 million (US\$363 Mn), a 1.1% YoY growth. The performance of Promotora CMR, home improvement in Chile and Saga Falabella explained most of the growth.

The consolidated non-operating expense of the quarter reached a \$49,969 million (US\$83 Mn) loss, 4.0% lower compared to 1Q17. This change is mostly explained, by a reduction in Other Expenses in \$6,264 million (US\$10 Mn) partially offset by lower profit in associates. Net financial cost grew 1.0% YoY, and exchange rate differences registered a gain of \$617 million (US\$1 Mn) compared to a gain of \$2,137 million (US\$4 Mn) in 1Q17.

The consolidated net income of this quarter reached \$113,416 million (US\$188 Mn), a 1.9% YoY contraction. The consolidated net income does not include gains or losses from asset revaluation, as the Company adopted the historic cost method.

In January, S.A.C.I. Falabella announced its US\$3,9 billion Investment Plan for the 2018-2021 period. The Company plans to allocate 32% of these resources in logistics infrastructure and IT; 31% to develop the potential of the existing store network through expansions and renovations; and 37% in expanding the geographic reach of all our business units with the opening of 108 stores and eight shopping centers, in order to continue consolidating the regional presence.



## II. Consolidated Financial Results, as of March 2018

Consolidated Income Statement 1Q 2018 (CLP Mn)<sup>1</sup>

	1Q17	% Rev.	1Q18	% Rev.	Var %
Revenues of Non-Banking Operations	1.947.776		2.010.258		3,2%
Revenues of Banking Operations	180.313		178.177		-1,2%
<b>Total Revenues</b>	<b>2.128.089</b>	<b>100,0%</b>	<b>2.188.435</b>	<b>100,0%</b>	<b>2,8%</b>
COGS of Non-Banking Operations	(1.269.409)	-65,2%	(1.308.675)	-65,1%	3,1%
COGS of Banking Operations	(86.885)	-48,2%	(76.521)	-42,9%	-11,9%
<b>Gross Profit</b>	<b>771.796</b>	<b>36,3%</b>	<b>803.239</b>	<b>36,7%</b>	<b>4,1%</b>
SG&A Expenses	(555.159)	-26,1%	(584.246)	-26,7%	5,2%
<b>Operational Income</b>	<b>216.637</b>	<b>10,2%</b>	<b>218.994</b>	<b>10,0%</b>	<b>1,1%</b>
Depreciation + Amortization	68.770	3,2%	77.075	3,5%	12,1%
<b>EBITDA</b>	<b>285.407</b>	<b>13,4%</b>	<b>296.069</b>	<b>13,5%</b>	<b>3,7%</b>
Other Income / (Expenses)	(6.503)		(239)		-96,3%
Net Financial Income / (Cost)	(52.310)		(52.822)		1,0%
Profit / (Loss) in Associates	4.435		2.475		-44,2%
Exchange Rate Differences	2.317		617		-73,4%
<b>Non-Operating Profit</b>	<b>(52.060)</b>	<b>-2,4%</b>	<b>(49.969)</b>	<b>-2,3%</b>	<b>-4,0%</b>
<b>Profit Before Tax Expenses</b>	<b>164.576</b>	<b>7,7%</b>	<b>169.024</b>	<b>7,7%</b>	<b>2,7%</b>
Income Tax	(37.291)		(43.826)		17,5%
Minority Interest	(11.621)		(11.783)		1,4%
<b>Net Profit / (Loss)</b>	<b>115.664</b>	<b>5,4%</b>	<b>113.416</b>	<b>5,2%</b>	<b>-1,9%</b>

Summary of Consolidated Balance Sheet, as of March 31<sup>st</sup> 2018 (CLP Mn)<sup>1</sup>

	31-dec-2017	31-mar-2018	Var %
Current Assets - Non Banking Business	3,686,358	3,621,045	-1.8%
Non Current Assets - Non Banking Business	6,938,877	6,995,059	0.8%
<b>Total Assets - Non Banking Business</b>	<b>10,625,235</b>	<b>10,616,104</b>	<b>-0.1%</b>
<b>Total Assets - Banking Business</b>	<b>3,744,929</b>	<b>3,797,536</b>	<b>1.4%</b>
<b>Total Assets</b>	<b>14,370,164</b>	<b>14,413,640</b>	<b>0.3%</b>
Current Liabilities - Non Banking Business	2,309,816	2,188,591	-5.2%
Non Current Liabilities - Non Banking Business	3,665,604	3,660,858	-0.1%
<b>Total Liabilities - Non Banking Business</b>	<b>5,975,420</b>	<b>5,849,449</b>	<b>-2.1%</b>
<b>Total Liabilities - Banking Business</b>	<b>3,101,286</b>	<b>3,211,645</b>	<b>3.6%</b>
<b>Total Liabilities</b>	<b>9,076,707</b>	<b>9,061,094</b>	<b>-0.2%</b>
<b>Total Equity</b>	<b>5,293,458</b>	<b>5,352,546</b>	<b>1.1%</b>
<b>Total Liabilities + Equity</b>	<b>14,370,164</b>	<b>14,413,640</b>	<b>0.3%</b>

<sup>1</sup> Promotora CMR and CMR Argentina are included in Non Banking Business.

### Summary of Consolidated Cash Flow, as of March 31<sup>st</sup> 2018 (CLP Mn)

	31-mar-2017	31-mar-2018	Var %
Cash flow from operating activities - Non Banking Business	173,812	99,446	-42.8%
Cash flow from operating activities - Banking Business	130,592	51,209	-60.8%
<b>Cash flow from operating activities</b>	<b>304,405</b>	<b>150,655</b>	<b>-50.5%</b>
Cash flow from investment activities - Non Banking Business	(117,937)	(104,549)	-11.4%
Cash flow from investment activities - Banking Business	(119,583)	7,141	-106.0%
<b>Cash flow from investment activities</b>	<b>(237,521)</b>	<b>(97,408)</b>	<b>-59.0%</b>
Cash flow from financing activities - Non Banking Business	(105,898)	(78,359)	-26.0%
Cash flow from financing activities - Banking Business	(5,496)	28,504	-618.6%
<b>Cash flow from financing activities</b>	<b>(111,394)</b>	<b>(49,855)</b>	<b>-55.2%</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(44,510)</b>	<b>3,393</b>	<b>-107.6%</b>
Impact of exchange rate differences on cash and cash equivalents	7,449	(1,333)	-117.9%
<b>Cash and cash equivalents at the beginning of the period</b>	<b>575,993</b>	<b>494,959</b>	<b>-14.1%</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>538,931</b>	<b>497,018</b>	<b>-7.8%</b>



### III. Main Events During the Period

- During the first quarter of 2018, we continue developing our omnichannel strategy:
  - CMR Chile updated its mobile app, in which is now possible to register and log in using your fingerprint and facial recognition. Besides, it enables its users to check every transaction's details, including accrued "CMR puntos", shop name and type, total amount spent and payment method. In addition, the CMR private website was updated.
  - Banco Falabella Colombia incorporated a payment button that allows to pay any amount due with cash maintained in third party banks. Besides, it is possible to check the stock, balance and expiration of accrued "CMR puntos".
  - CMR Argentina launched a new website, CMR México a new app and Banco Falabella Perú both.
  - Perú and Colombia incorporated new product categories in Falabella websites, almost doubling the number of SKUs available compared to last year.
  
- Financial businesses in Chile started hiring workers with cognitive impairment.
  
- Mexico continued working in the construction of the first two Sodimac stores and expanding the distribution network of Falabella – Soriana credit card. At the end of this quarter, there were 57 branches in Soriana stores.
  
- Tottus Peru began operations of the new production center for bakery located in Huachipa, Lima.
  
- In January, Tottus opened three supermarkets.
  - A new Tottus in Chicureo, Chile with a sales area of 4,000 m<sup>2</sup>. This is the first Class A Tottus supermarket, with more assisted services and focused in quality service towards the client.
  - In Peru opened two Hiperbodega Precio Uno: one in Sullana, Piura region, with a sales area of 2,050 m<sup>2</sup>, and another in Trujillo, with a sales area of 1,500 m<sup>2</sup>.
  
- As of January 1, 2018, S.A.C.I. Falabella adopted IFRS 15, which establishes a new model for the recognition of revenue derived from contracts with customers. The income statement for 2017 was restated under this norm, which translated into some reclassifications between accounts.
  
- As of January 1, 2018, IFRS 9 was adopted, the effects of which were computed to Retained Earnings without restatements.



- **Events after the period**

- In April, during the Ordinary Annual Shareholders' Meeting, the following was agreed upon:
  - Approval of the Annual Report, Balance Sheet, Income Statement and External Auditors' Certificate corresponding to the fiscal year ending December 2017.
  - Approval of a \$54 final dividend per share, charged against the earnings of the fiscal year ending December 2017.
  - Approval of a dividend policy consisting in the annual distribution of at least 30% of the net distributable liquid profit of each fiscal year.
  - Approval of the firm Ernst & Young Servicios Profesionales de Auditoría y Asesorías Limitada to provide external audit services for the company's fiscal year 2018.
  - Lastly, other matters within the scope of this meeting were reviewed.
- At the Board of Directors Meeting of April, Sandro Solari, CEO of S.A.C.I. Falabella, has tendered his resignation to his position with effect in June 1<sup>st</sup>, 2018. In that same meeting, the Board of Directors appointed Gaston Bottazzini in his replacement, who now serves as CEO of Falabella Financiero.
- In April, and in the context of eCommerce Awards Chile 2018, Falabella.com was recognized as leader of Retail eCommerce, while Viajes Falabella won in the category of Tourism Industry eCommerce.
- In April, Sodimac opened a new store, Tottus a new supermarket while Mallplaza opened a new shopping center:
  - In La Serena, Chile, Sodimac opened a new store which have both Homecenter and Constructor formats, with a sales area of 12,200 m<sup>2</sup>.
  - In La Serena, Chile, Tottus opened a new supermarket with a sales area of 2,700 m<sup>2</sup>.
  - On April 12<sup>th</sup>, Mallplaza Arica opening took place. The shopping center has a sales area of 34,000 m<sup>2</sup>. A new Falabella store with a sales area of 5,300 m<sup>2</sup> was opened there.





## IV. 1<sup>st</sup> Quarter 2018 Results

### 1. Revenue

In the first quarter of 2018, S.A.C.I. Falabella reported consolidated revenue of \$2,188,435 million (US\$3,627 Mn), 2.8% higher than the same period last year. Excluding currency variation (by using for 2018 the same exchange rate than in 2017), consolidated revenue growth would have been 7.4%, as sales area grew 3.7% in last 12 months (due to 20 stores opening, and one closing).

The online channel of retail businesses posted a 28.3% growth compared to 1Q17, reaching \$109,916 million (US\$182 Mn). During this quarter, this channel represented 6.2% of retail businesses total sales, which includes department stores, home improvement and supermarkets in all the countries where we operate.

Consolidated growth in revenue was mainly the result of a 5.9% revenue increase in home improvement in Chile, 6.8% in supermarkets in Chile, 6.5% in Promotora CMR in Chile, and the contribution from the operations in Argentina, Colombia and Brazil. The latter explained by growth in same store sales (SSS) and the opening of two stores in the last twelve months. In Chile, growth was also driven by Mallplaza (8.5% YoY) and Banco Falabella, with a 6.2% growth in revenue compared to the same period last year, due to expansion on its loan portfolio. The increase in revenues was partially offset by depreciation of the PEN, BRL, COP and ARS against the CLP.

In Chile, home improvement reported a 5.9% revenue growth, due to better SSS explained by improvements in the construction sector. Supermarket revenues grew 6.8% YoY, driven by the net opening of four stores in the last twelve months and growth of 1.7% in SSS. Promotora CMR also boosted the quarter's growth, with revenues that grew 6.5%, mainly derived from interest income as a result of a 9.8% increase in its loan book. Fee income grew 8.1%, explained by an increase in merchant fees due to the increasing use of the card in third-parties' shops. On the other hand, Mallplaza revenues grew 8.5% YoY, driven by GLA growth. Department stores reported a 0.4% contraction in revenues, compared to the same period last year. This contraction is mainly explained by a deterioration in consumption during the quarter, which mainly affected the electro category.

In Peru, consolidated revenue varied -0.1% YoY, due to the PEN depreciation against the CLP. Excluding this effect, revenue variation would have been 7.2%. This growth was driven by the three retail businesses: supermarket revenues increased 3.8% (10.9% in local currency), as a result of a 4.8% growth in SSS and seven openings in the last twelve months; home improvement revenues varied -0.9% (5.9% in local currency) compared to 1Q17, while department stores grew 3.2% (8.8% in local currency), fueled by better sales in private labels and online channel.

In Colombia, revenue increased by 1.1% YoY. This expansion was mainly explained by stronger store and online sales of apparel category, which implied a 2.3% growth (3.1% in local currency) in department stores. In addition, Banco Falabella's operating profit grew 12.8% in local currency.

Revenue increased 0.7% (37.4% in local currency) in Argentina, compared to the same period last year. This growth was driven by 38.3% growth in SSS in department stores.

In Brazil, this quarter's revenue grew 6.5% (23.8% in local currency) due to a 7.9% growth in SS and two Sodimac stores openings during the last 12 months.

### 2. Operating Income

Operating income this quarter totaled \$218,994 million (US\$363 Mn) a 1.1% growth compared to the same period last year.

In Chile, home improvement reported a 8.3% growth in operating income as a result of higher revenue and expansion of its operating margin of 15 basis points. The improvement was explained by an expansion of the gross margin and was partially offset by lower dilution of expenses. Supermarkets showed a 3.0% contraction due to higher expenses associated to new openings, partially offset by a gross margin expansion driven by food categories. In department stores, the operating result contracted 90.9%, with S, G&A growing at 9.6%, explained by a higher level of activity in the distribution center and a gross profit lower than that of 1Q17. The positioning of private and exclusive labels in apparel partially offset the lower contribution of electro and deco, which were pressured by a weak consumption environment and strong promotional activity during the quarter.





Promotora CMR reported a 30.3% growth YoY in operating income, while Banco Falabella's grew 7.9%. Promotora CMR expanded its operating margin by 838 basis points, due to an improvement on the loan portfolio risk and methodological changes associated to the adoption of IFRS9. In Banco Falabella, the improvement was mainly explained by a better funding mix.

Mallplaza reached a 5.0% growth in operating result, driven by a gross profit increase explained by growth in GLA.

Operating results in Brazil, Perú, Colombia and Argentina were affected by the depreciation of the PEN, BRL, COP and ARS against the CLP. In Brazil, operating margin expanded in 215 basis points, driven by growth in revenues, gross margin expansion and greater dilution of expenses. In Peru, the operating income contracted 0.7% YoY with an operating margin similar to that of 1Q17. In Colombia, the operating income contracted 72.8%. In Argentina, the operating income decreased 1.9% with an operating margin similar to than of 1Q17.

### 3. Non-Operating Results and Net Income

S.A.C.I. Falabella reported a consolidated non-operating expense loss of \$49,969 million (US\$83 Mn), 4.0% lower than in 1Q17. This was mainly explained by a \$6,264 million (US\$10 Mn) decrease in Other Expenses driven by the floods that took place in Piura last year, partially offset by lower Profit in Associates. On the other hand, Net Financial Cost grew 1.0%, and Exchange Rate Differencies reached \$617 million (US\$1 Mn) compared to a \$2,317 million (US\$ 4 Mn) in 1Q17.

Net income tax expense increased by 17.5% compared to same period last year, due to a greater effective tax rate. This increase was mainly explained by an increase in nominal corporate tax rate in Chile, from 25.5% to 27%, as per the tax reform approved in 2014.

The consolidated net income of this quarter reached \$113,416 million (US\$188 Mn), a 1.9% YoY contraction. The consolidated net income does not include gains or losses from asset revaluation, as the Company adopted the historic cost method.

### 4. Consolidated Balance Sheet

Non-banking current assets decreased by \$65,313 million (US\$108 Mn) compared to December 2017, mainly due to a decrease in trade and other accounts receivable and inventories. Non-banking non-current assets increased by \$56,182 million (US\$93 Mn), mainly due to an increase in Deferred taxes. In the case of the banking business, total assets increased by \$52,606 million (US\$87 Mn) compared to December 2017, mainly due to the increase in transactions with settlement and in securities available for sale. As a result, total assets increased by \$43,475 million (US\$72 Mn).

Non-banking current liabilities decreased by \$121,225 million (US\$203 Mn) compared to December 2017, mainly explained by the decrease in other current financial liabilities and in trade and other accounts payable.

Non-banking long-term liabilities decreased by \$4,746 million (US\$ 8 Mn), mainly explained by the decrease in deferred taxes. Total liabilities of the banking businesses increased by \$110,359 million (US\$183 Mn). As a result, total liabilities decreased by \$15,613 million (US\$26 Mn).

As of the date of this report, S.A.C.I. Falabella had three dollar denominated bonds, one for US\$ 500 million and two bonds for US\$ 400 million, which are hedged, both at capital and interest level, with swaps until maturity.

### 5. Consolidated Cash Flow



The non-banking business cash flow from operating activities decreased by \$74,366 million (US\$123 Mn) as of March 2018 compared to the previous year, mainly due to greater payment to suppliers, offset by higher proceeds from services provided and goods sold. Banking business cash flow from operating activities decreased by \$79,383 million (US\$132 Mn), mainly explained by a lower net increase in loans and accounts receivable from clients. As a result, cash flow from consolidated operating activities decreased by \$153,749 million (US\$255 Mn) in the period.

Non-banking business cash flow of investment activities was \$13,388 million (US\$22 Mn) less negative than on the same period of previous year, mainly due to higher additions to property, plant and equipment. Banking business cash flow from investment activities increased by \$126,725 million (US\$210 Mn) with respect to previous year, mainly due to less net increase in investment securities available for sale. As of March 2018, consolidated cash flow from investment activities was \$140,113 million (US\$232 Mn) less negative than the same period of 2017.

Non-banking business cash flow from financing activities as of March 2018 was \$27,539 million (US\$46 Mn) less negative than last year, mainly explained by greater proceeds from long and short-term loans. Banking business cash flow from financing activities increased by \$34,000 million (US\$56 Mn) compared to the same period last year, due to higher bond payments and other long-term loans. As a result, consolidated cash flow from financing activities reached \$61,539 million (US\$102 Mn) less negative than the same period last year.



## V. Retail Indicators

### I. Retail Business Revenue<sup>2,3</sup>

#### Retail Revenue 1Q 2018 (CLP million)

	1Q17	1Q18	Var %	Var Local Currency %
<b>Chile</b>				
Department Stores	352,898	351,318	-0.4%	-0.4%
Home Improvement	534,777	566,132	5.9%	5.9%
Supermarkets	171,487	183,184	6.8%	6.8%
<b>Peru</b>				
Department Stores	117,206	120,907	3.2%	8.8%
Home Improvement	151,677	150,274	-0.9%	5.9%
Supermarkets	164,442	170,629	3.8%	10.9%
<b>Colombia</b>				
Department Stores	67,650	69,217	2.3%	3.1%
Home Improvement	192,959	180,473	-6.5%	-0.4%
<b>Argentina</b>				
Department Stores	61,994	63,218	2.0%	42.2%
Home Improvement	41,760	38,849	-7.0%	27.1%
<b>Brazil</b>				
Home Improvement	42,970	45,782	6.5%	23.8%
<b>Online sales</b>	<b>85,670</b>	<b>109,916</b>	<b>28.3%</b>	

#### Same Store Sales (SSS) Nominal Growth<sup>4,5,6</sup>

	1Q16	2Q16	3Q16	4Q16	2016	1Q17	2Q17	3Q17	4Q17	2017	1Q18
<b>Chile</b>											
Department Stores	13.1%	9.6%	13.3%	6.6%	10.1%	8.1%	6.0%	4.7%	1.7%	4.8%	-4.9%
Home Improvement	5.9%	5.0%	7.3%	-8.2%	1.1%	-1.7%	-2.4%	-2.5%	13.9%	1.6%	4.6%
Supermarkets	2.5%	-0.7%	2.3%	-2.4%	0.3%	-2.0%	3.5%	1.5%	2.6%	1.4%	1.7%
<b>Peru</b>											
Department Stores	1.4%	1.4%	-2.0%	-5.0%	-1.6%	-5.9%	5.0%	-0.8%	1.4%	0.3%	12.1%
Home Improvement	-3.8%	-4.4%	-5.3%	-5.6%	-4.8%	-2.6%	3.6%	5.5%	4.5%	2.7%	6.0%
Supermarkets	0.3%	-2.9%	-1.7%	-1.4%	-1.5%	-1.0%	0.6%	0.2%	1.0%	0.3%	4.8%
<b>Colombia</b>											
Department Stores	-1.8%	0.0%	-10.1%	6.9%	0.0%	-2.4%	-4.4%	0.4%	1.2%	-0.9%	0.6%
Home Improvement	8.5%	8.5%	1.0%	1.5%	4.6%	-2.7%	-7.1%	-4.2%	-5.4%	-4.8%	-0.9%
<b>Argentina</b>											
Department Stores	24.2%	29.0%	16.9%	17.8%	21.5%	16.5%	20.4%	25.4%	29.9%	23.6%	38.3%
Home Improvement	29.1%	28.1%	22.2%	11.2%	21.3%	14.1%	18.9%	23.0%	29.9%	23.6%	25.6%
<b>Brazil</b>											
Home Improvement	-10.4%	-8.4%	-8.5%	-0.2%	-6.9%	-3.0%	-1.0%	10.6%	3.2%	2.4%	7.9%

<sup>2</sup> Online sales include revenue generated in the online channel for all retail businesses excluding home improvement in Colombia.

<sup>3</sup> All revenue variations are in nominal terms and have been calculated in both Chilean pesos and local currency of each country.

<sup>4</sup> All variations are calculated in nominal terms and in the local currency of each country. In Argentina SSS are calculated net of IIBB (gross income tax).

<sup>5</sup> SSS growth includes revenue generated from the online channel of each business unit.

<sup>6</sup> SSS calculation does not include stores that had significant changes in sales area open to the public, due to remodeling, expansions, reductions or closings.

## II. Number of Stores and Sales Area of Retail Businesses <sup>7,8</sup>

	March 2017		March 2018	
	Sales Area (m <sup>2</sup> )	Stores (#)	Sales Area (m <sup>2</sup> )	Stores (#)
<b>Chile</b>				
Department Stores	305,541	44	318,275	45
Home Improvement	715,667	85	749,725	89
Supermarkets	205,825	61	216,036	65
<b>Peru</b>				
Department Stores	176,962	29	176,962	29
Home Improvement	371,714	56	371,713	56
Supermarkets	221,435	60	237,627	67
<b>Colombia</b>				
Department Stores	166,908	25	174,829	26
Home Improvement	366,286	38	368,576	38
<b>Argentina</b>				
Department Stores	57,289	11	58,426	11
Home Improvement	85,941	8	85,941	8
<b>Brazil</b>				
Home Improvement	147,738	55	167,853	57
<b>Uruguay</b>				
Home Improvement	24,849	3	24,849	3
<b>Total Stores</b>	<b>2,846,156</b>	<b>475</b>	<b>2,950,810</b>	<b>494</b>

## III. Number of Shopping Malls and GLA of Real Estate Operators <sup>9,10</sup>

	March 2017		March 2018	
	GLA (m <sup>2</sup> )	Shopping Malls (#)	GLA (m <sup>2</sup> )	Shopping Malls (#)
<b>Chile</b>				
Mallplaza	1,217,000	16	1,330,000	17
Open Plaza	229,000	10	229,000	10
<b>Peru</b>				
AP/Mallplaza Peru	160,000	2	202,000	3
Open Plaza	316,000	11	316,000	11
<b>Colombia</b>				
Mallplaza	27,000	1	27,000	1
<b>Total Real Estate</b>	<b>1,949,000</b>	<b>40</b>	<b>2,104,000</b>	<b>42</b>

The company and its subsidiaries own 996,000 m<sup>2</sup> of additional GLA in free standing Falabella, Sodimac, Tottus, Maestro stores and other locations.

<sup>7</sup> Sales area includes cashiers and check out areas. In the case of Tottus, this represents approximately 8% 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.

<sup>8</sup> Department stores Peru and Colombia includes a Crate & Barrel store.

<sup>9</sup> 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.

<sup>10</sup> Mallplaza Peru is the subsidiary created after the dissolution of Aventura Plaza in July 2016



**IV. Sales per Square Meter of Retail Businesses <sup>11</sup>****Sales per Square Meter - 1Q 2018 (CLP / m2)**

	1Q17	1Q18	Var %	Var Local Currency %
<b>Chile</b>				
Department Stores	1,153,821	1,103,720	-4.3%	-4.3%
Home Improvement	748,464	755,119	0.9%	0.9%
Supermarkets	830,665	855,700	3.0%	3.0%
<b>Peru</b>				
Department Stores	662,321	683,239	3.2%	8.8%
Home Improvement	408,048	404,274	-0.9%	5.9%
Supermarkets	747,011	723,551	-3.1%	3.5%
<b>Colombia</b>				
Department Stores	405,312	395,908	-2.3%	-1.5%
Home Improvement	526,801	489,781	-7.0%	-1.0%
<b>Argentina</b>				
Department Stores	1,079,238	1,082,021	0.3%	39.8%
Home Improvement	485,911	452,041	-7.0%	27.1%
<b>Brazil</b>				
Home Improvement	290,220	273,095	-5.9%	9.4%
<b>TOTAL</b>	<b>673,637</b>	<b>663,942</b>		

<sup>11</sup> Revenue divided by average area of the period. The YoY variation corresponds to the variation in Chilean pesos and the variation in local currency. Total sales per square meter is the sum of revenue 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.

VI. Financial Business Units<sup>12</sup>

## CMR Units: Income Statement

	Promotora CMR			CMR Argentina		
	1Q17	1Q18	Var. %	1Q17	1Q18	Var. %
<b>Selected Operating Results</b>	<i>(Mn CLP)</i>			<i>(Th ARS)</i>		
Interest income	99,710	105,968	6.3%	294,304	412,539	40.2%
Fee and commission income	15,863	17,147	8.1%	205,614	355,333	72.8%
Total Income	115,573	123,115	6.5%	499,918	767,872	53.6%
Interest expense	(9,935)	(8,596)	-13.5%	(133,884)	(276,768)	106.7%
Credit risk cost	(29,241)	(21,588)	-26.2%	(35,774)	(55,094)	54.0%
Other expenses	(22,127)	(25,088)	13.4%	(76,143)	(111,110)	45.9%
Total expenses	(61,302)	(55,271)	-9.8%	(245,800)	(442,972)	80.2%
Gross Profit	54,271	67,844	25.0%	254,118	324,900	27.9%
Administrative expenses	(10,871)	(11,293)	3.9%	(129,276)	(229,559)	77.6%
Operating Income	43,401	56,550	30.3%	124,841	95,341	-23.6%
Net income	33,258	42,501	27.8%	105,796	71,220	-32.7%
<b>Efficiency ratio</b>	13.0%	12.6%		44.6%	60.4%	

## CMR Units: Balance Sheet Accounts and Operational Information

	Promotora CMR			CMR Argentina		
	mar 17	mar 18	Var. %	mar 17	mar 18	Var. %
<b>Selected Balance Sheet Accounts</b>	<i>(Mn CLP)</i>			<i>(Th ARS)</i>		
Loans from customers, gross	1,583,462	1,738,705	9.8%	3,627,240	6,483,454	78.7%
Allowance for loan losses	(65,211)	(113,547)	74.1%	(85,353)	(206,468)	141.9%
Loans from customers, net	1,518,251	1,625,158	7.0%	3,541,886	6,276,986	77.2%
Total Assets	1,581,946	1,714,196	8.4%	3,789,624	6,707,517	77.0%
Total Liabilities	1,016,837	1,132,220	11.3%	3,289,968	6,022,849	83.1%
Total Equity	565,109	581,976	3.0%	499,656	684,668	37.0%
Total Liabilities + Total Equity	1,581,946	1,714,196	8.4%	3,789,624	6,707,517	77.0%
<b>Operational information</b>						
NPL (+90 days)	39,328	42,674	8.5%	37,238	63,880	71.5%
Open Accounts (with balance)	2,388,008	2,494,195	4.4%	518,533	510,038	-1.6%
Average Loan (local currency)	663,089	697,101	5.1%	6,995	12,712	81.7%
Duration (months)	5.1	6.3	24.9%	2.7	3.8	41.5%
<b>Ratios</b>						
NPL / Loans from customers, gross	2.5%	2.5%		1.0%	1.0%	
Allowance for loan losses/NPL	1.7	2.7		2.3	3.2	
ROAE	24.8%	26.9%		49.2%	38.1%	
ROAA	8.8%	9.4%		4.5%	4.6%	

<sup>12</sup> See definitions at the end of the report.

## Banco Falabella: Income Statement

	Banco Falabella Chile			Banco Falabella Perú			Banco Falabella Colombia		
	1Q17	1Q18	Var. %	1Q17	1Q18	Var. %	1Q17	1Q18	Var. %
	<i>(Mn CLP)</i>			<i>(Th SOL)</i>			<i>(Mn COP)</i>		
Interest income and adjustments	69,815	73,401	5.1%	279,258	267,026	-4.4%	124,580	126,399	1.5%
Interest expense and adjustments	(16,445)	(14,940)	-9.2%	(33,704)	(31,823)	-5.6%	(31,754)	(23,576)	-25.8%
Net interest income and adjustments	53,370	58,462	9.5%	245,554	235,202	-4.2%	92,826	102,822	10.8%
Fee and commission income	8,862	10,119	14.2%	32,526	32,969	1.4%	48,658	56,890	16.9%
Fee and commission expense	(4,355)	(4,946)	13.6%	(47,999)	(30,420)	-36.6%	(9,515)	(12,142)	27.6%
Net fee and commission income	4,507	5,174	14.8%	(15,473)	2,549	-116.5%	39,143	44,748	14.3%
Net income (expense) from financial operations	2,712	2,001	-26.2%	1,653	1,660	0.4%	265	602	127.2%
Other operating net income	96	110	14.4%	8,827	11,910	34.9%	1,138	2,325	104.3%
Net operating profit before provisions for loan losses	60,685	65,747	8.3%	240,561	251,321	4.5%	133,372	150,496	12.8%
Provision for loan losses	(16,613)	(17,835)	7.4%	(88,090)	(59,645)	-32.3%	(38,497)	(51,448)	33.6%
Operating expenses	(28,028)	(30,605)	9.2%	(122,995)	(146,672)	19.2%	(71,526)	(84,328)	17.9%
Operating Income	16,044	17,307	7.9%	29,476	45,005	52.7%	23,349	14,720	-37.0%
Net Income	12,238	13,170	7.6%	20,868	30,856	47.9%	12,923	8,432	-34.7%
Efficiency ratio	46.2%	46.5%		51.1%	58.4%		53.6%	56.0%	

## Banco Falabella: Balance Sheet Accounts and Operational Information

	Banco Falabella Chile			Banco Falabella Perú			Banco Falabella Colombia		
	mar 17	mar 18	Var. %	mar 17	mar 18	Var. %	mar 17	mar 18	Var. %
	<i>(Mn CLP)</i>			<i>(Th SOL)</i>			<i>(Mn COP)</i>		
<b>Selected Balance Sheet Accounts</b>									
Cash and deposits in banks	97,738	99,150	1.4%	597,711	437,897	-26.7%	105,408	99,659	-5.5%
Trading investments	701,224	638,761	-8.9%	367,467	559,352	52.2%	105,432	114,216	8.3%
Loans from customers, gross	1,574,339	1,674,617	6.4%	3,826,320	3,295,600	-13.9%	1,945,509	2,212,582	13.7%
Allowance for loan losses	(78,521)	(96,167)	NM	(379,880)	(354,127)	-6.8%	(148,591)	(149,092)	0.3%
Loans from customers, net	1,495,818	1,578,450	5.5%	3,446,440	2,941,474	-14.7%	1,796,918	2,063,489	14.8%
Total Assets	2,448,242	2,472,094	1.0%	4,682,954	4,351,884	-7.1%	2,164,255	2,488,834	15.0%
Deposits	351,969	427,982	21.6%	543,833	506,365	-6.9%	222,843	377,828	69.5%
Time deposits	1,358,712	1,267,490	-6.7%	2,215,028	2,422,223	9.4%	1,206,715	1,232,936	2.2%
Total deposits	1,710,681	1,695,472	-0.9%	2,758,860	2,928,588	6.2%	1,429,557	1,610,764	12.7%
Other financial liabilities	381,470	392,651	2.9%	136,446	99,889	-26.8%	185,601	225,154	21.3%
Total Liabilities	2,224,268	2,227,834	0.2%	3,953,852	3,588,143	-9.2%	1,775,191	2,079,512	17.1%
Total Equity	223,974	244,260	9.1%	729,102	763,741	4.8%	389,064	409,322	5.2%
Total Liabilities + Total Equity	2,448,242	2,472,094	1.0%	4,682,954	4,351,884	-7.1%	2,164,255	2,488,834	15.0%
<b>Operational information</b>									
NPL (+90 days)	57,041	54,502	-4.5%	106,028	99,459	-6.2%	69,010	63,659	-7.8%
Current, Saving and checking Accounts	952,724	980,560	2.9%	1,002,908	1,079,573	7.6%	1,330,644	1,636,104	23.0%
Open Accounts (with balance)	60,187	63,616	5.7%	1,021,888	969,361	-5.1%	1,024,855	1,067,895	4.2%
Average Loan (local currency)	NM	NM	NM	3,744	3,400	-9.2%	1,898,326	2,071,909	9.1%
Duration (months)	15.5	16.2	4.0%	9.7	8.2	-14.9%	8.8	10.4	18.2%
ATMs	382	408	6.8%	176	173	-1.7%	60	61	1.7%
Branches	101	101	0.0%	95	70	-26.3%	67	87	29.9%
<b>Ratios</b>									
NPL / Loans from customers, gross	3.6%	3.3%		2.8%	3.0%		3.5%	2.9%	
Allowance for loan losses/NPL	1.4	1.8		3.6	3.6		2.2	2.3	
Basilea	15.4%	16.9%		16.2%	18.5%		14.2%	13.5%	
ROAE	26.0%	23.1%		11.2%	9.5%		14.6%	12.3%	
ROAA	2.3%	2.2%		1.6%	1.5%		2.5%	2.2%	



### Percentage of Sales with CMR Card <sup>13</sup>

	1Q17	1H17	9M17	2017	1Q18
Chile - Falabella	42,0%	45,2%	45,6%	46,1%	44,1%
Chile - Sodimac	26,7%	27,8%	27,5%	27,6%	26,0%
Chile - Tottus	18,6%	19,4%	19,9%	20,1%	19,1%
Peru - Saga, Sodimac & Tottus	35,2%	37,3%	37,3%	37,6%	32,8%
Colombia - Falabella & Sodimac	20,4%	22,1%	21,6%	23,1%	19,6%
Argentina - Falabella & Sodimac	23,0%	25,0%	25,1%	25,3%	25,7%

<sup>13</sup> 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.



## VII. Other Indicators

Average Collection Period,<sup>14</sup> Average Payment Period and Inventory Turnover <sup>15</sup>

## Chile

	Dep. Stores		Home Improv.		Supermarkets		Promotora CMR		Plaza S.A.	
	1Q17	1Q18	1Q17	1Q18	1Q17	1Q18	1Q17	1Q18	1Q17	1Q18
Average Collection Period	10.3	11.7	20.9	20.8	2.0	3.9	114.0	111.0	32.0	33.0
Average Payment Period	47.1	47.4	43.3	46.5	45.5	39.8	NM	NM	NM	NM
Inventory Turnover (days)	94.3	105.6	74.5	71.4	48.4	47.2	NM	NM	NM	NM

International Operations <sup>16</sup>

	Peru		Argentina		Colombia		Brazil	
	1Q17	1Q18	1Q17	1Q18	1Q17	1Q18	1Q17	1Q18
Average Collection Period	3.0	4.7	13.0	15.7	10.1	10.1	25.9	33.8
Average Payment Period	51.8	53.1	70.7	67.5	75.0	75.5	105.4	102.8
Inventory Turnover (day)	96.1	96.5	126.4	114.3	135.1	138.2	181.8	168.8

<sup>14</sup> Collection period does not include accounts receivable of the retail businesses (department stores, home improvement and supermarkets) with Promotora CMR.

<sup>15</sup> Average Collection Period (does not include Promotora CMR and Plaza S.A.): Current trade and other receivables \*90/ Revenue

Average Collection Period for Promotora CMR: Duration (lineal) \* 30

Average Collection Period for Plaza S.A. corresponds to the collection period.

Average Payable Period: Current trade and other current accounts payable \* 90 /Cost of sales.

Inventory turnover: Inventories (net) \* 90 / Cost of sales

<sup>16</sup> Metrics include only retail operations, excepting Peru where the two Maestro's real estate companies are included.

VIII. Operating Results by Business Unit <sup>17</sup>

## Operating Results 1Q 2018 (CLP million)

## Chile

	Department Stores			Home Improvement			Supermarkets		
	1Q17	1Q18	(%, bps)	1Q17	1Q18	(%, bps)	1Q17	1Q18	(%, bps)
Revenues	352,898	351,318	-0.4%	534,777	566,132	5.9%	171,487	183,184	6.8%
Gross Profit	116,467	110,465	-5.2%	163,452	175,195	7.2%	42,808	47,428	10.8%
Gross Margin	33.0%	31.4%	-156	30.6%	30.9%	38	25.0%	25.9%	93
SG&A	(99,327)	(108,902)	9.6%	(128,783)	(137,633)	6.9%	(40,786)	(45,467)	11.5%
SG&A / Revenues	-28.1%	-31.0%	-285	-24.1%	-24.3%	-23	-23.8%	-24.8%	-104
Operating Profit	17,140	1,563	-90.9%	34,668	37,563	8.3%	2,023	1,962	-3.0%
Operating Margin	4.9%	0.4%	-441	6.5%	6.6%	15	1.2%	1.1%	-11
EBITDA	24,651	10,521	-57.3%	44,978	49,830	10.8%	6,494	6,954	7.1%
EBITDA Margin	7.0%	3.0%	-399	8.4%	8.8%	39	3.8%	3.8%	1

	Promotora CMR			Banco Falabella Chile		
	1Q17	1Q18	(%, bps)	1Q17	1Q18	(%, bps)
Revenues	115,573	123,115	6.5%	78,773	83,631	6.2%
Gross Profit	54,271	67,844	25.0%	44,072	47,912	8.7%
Gross Margin	47.0%	55.1%	815	55.9%	57.3%	134
SG&A	(10,871)	(11,293)	3.9%	(28,028)	(30,605)	9.2%
SG&A / Revenues	-9.4%	-9.2%	23	-35.6%	-36.6%	-101
Operating Profit	43,401	56,550	30.3%	16,044	17,307	7.9%
Operating Margin	37.6%	45.9%	838	20.4%	20.7%	33
EBITDA	43,401	56,550	30.3%	18,457	20,020	8.5%
EBITDA Margin	37.6%	45.9%	838	23.4%	23.9%	51

## International Operations

	Peru			Colombia			Argentina			Brazil		
	1Q17	1Q18	(%, bps)	1Q17	1Q18	(%, bps)	1Q17	1Q18	(%, bps)	1Q17	1Q18	(%, bps)
Revenues	510,076	509,699	-0.1%	113,565	114,773	1.1%	123,845	124,659	0.7%	42,970	45,782	6.5%
Gross Profit	159,676	162,755	1.9%	46,331	46,731	0.9%	59,029	56,882	-3.6%	14,591	16,163	10.8%
Gross Margin	31.3%	31.9%	63	40.8%	40.7%	-8	47.7%	45.6%	-203	34.0%	35.3%	135
SG&A	(124,915)	(128,253)	2.7%	(45,255)	(46,439)	2.6%	(54,990)	(52,919)	-3.8%	(19,318)	(20,213)	4.6%
SG&A / Revenues	-24.5%	-25.2%	-67	-39.8%	-40.5%	-61	-44.4%	-42.5%	195	-45.0%	-44.1%	81
Operating Profit	34,762	34,501	-0.7%	1,076	292	-72.8%	4,040	3,963	-1.9%	(4,726)	(4,050)	-14.3%
Operating Margin	6.8%	6.8%	-5	0.9%	0.3%	-69	3.3%	3.2%	-8	-11.0%	-8.8%	215
EBITDA	52,554	52,425	-0.2%	5,769	5,347	-7.3%	5,245	4,909	-6.4%	(3,571)	(2,951)	-17.4%
EBITDA Margin	10.3%	10.3%	-2	5.1%	4.7%	-42	4.2%	3.9%	-30	-8.3%	-6.4%	187

## Others

	Plaza S.A.			Other, elimination & anulment			S.A.C.I. Falabella		
	1Q17	1Q18	(%, bps)	1Q17	1Q18	(%, bps)	1Q17	1Q18	(%, bps)
Revenues	66,103	71,745	8.5%	18,022	14,398	-20.1%	2,128,089	2,188,435	2.8%
Gross Profit	51,657	55,248	7.0%	19,441	16,616	-14.5%	771,796	803,239	4.1%
Gross Margin	78.1%	77.0%	-114	107.9%	115.4%	753	36.3%	36.7%	44
SG&A	(5,960)	(7,284)	22.2%	3,073	4,762	NM	(555,159)	(584,246)	5.2%
SG&A / Revenues	-9.0%	-10.2%	-114	17.1%	33.1%	1602	-26.1%	-26.7%	-61
Operating Profit	45,697	47,964	5.0%	22,514	21,379	-5.0%	216,637	218,994	1.1%
Operating Margin	69.1%	66.9%	-228	124.9%	148.5%	2356	10.2%	10.0%	-17
EBITDA	54,852	58,814	7.2%	32,578	33,649	3.3%	285,407	296,069	3.7%
EBITDA Margin	83.0%	82.0%	-100	180.8%	233.7%	5294	13.4%	13.5%	12

<sup>17</sup> International Operating Results includes banking business in Peru and Colombia, credit card business in Argentina and real estate business in Peru, as well as the corresponding retail businesses.

## IX. Financial Structure

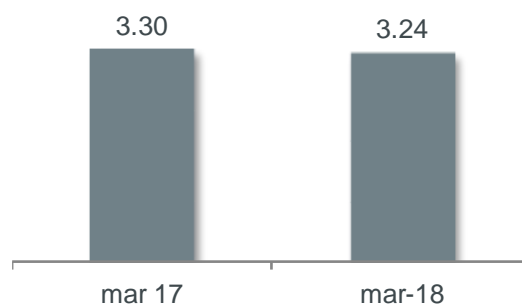
Total liabilities as of March 31<sup>st</sup>, 2018 reached \$9,061,094 million (MMUS\$ 15.017). In turn, the leverage of the non-banking business<sup>18</sup> amounted to 1.09x. Considering the financial debt<sup>19</sup> of the non-banking business, the ratio of Net Financial Debt / EBITDA was 3,24x.

S.A.C.I. Falabella's firm-wide policy is to raise debt in local currency, or to hedge to local currency any debt raised in foreign currency. Under 144<sup>a</sup>/Reg S, the company has three bonds, one for US\$ 500 million and another two US\$ 400 million, both of which are fully hedged with swaps, capital and interest, to maturity.

### Non-Banking Operations Leverage



### Net Financial Debt / EBITDA Non-Banking<sup>20</sup>



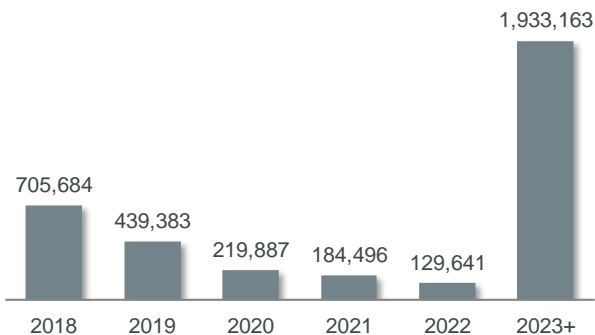
<sup>18</sup> Non-banking operations leverage = total non-banking operations liabilities divided by total equity.

<sup>19</sup> Non-banking business financial debt = total current non-bank operations liabilities + total non-current non-banking operations liabilities.

<sup>20</sup> EBITDA = Gross profit – Distribution costs – Administrative costs – Other expenses, by function + Depreciations; Net Financial Debt = Current financial liabilities + Non-current financial liabilities – Financial Assets (Hedges) – Cash & Cash Equivalents

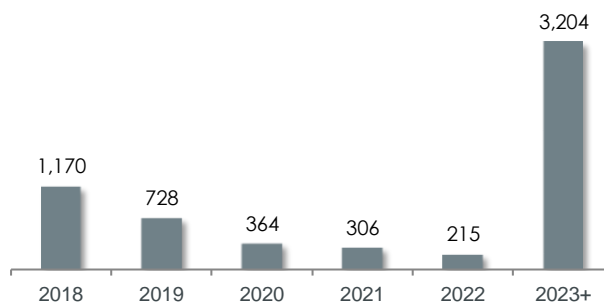
**Debt Maturity Profile <sup>21</sup>**

**Debt Maturity Profile (CLP Mn)**



Total Consolidated Financial Debt (excluding banking operations) \$3,612,254 Mn

**Debt Maturity Profile (US\$ Mn) <sup>22</sup>**



Total Consolidated Financial Debt (excluding banking operations): US\$ 5,987 Mn

<sup>21</sup> 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 Promotora CMR and CMR Argentina.

<sup>22</sup> 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 <sup>23</sup>

	For the year ended as of 31-Mar-18	For the year ended as of 31-Mar-17
	TH CLP	TH CLP
<b>Statement of Income</b>		
<b>Non-banking Business</b>		
Revenue from continuing operations	2,010,257,685	1,947,776,243
Cost of sales	(1,308,674,772)	(1,269,408,772)
<b>Gross Profit</b>	<b>701,582,913</b>	<b>678,367,471</b>
Distribution costs	(27,799,856)	(25,771,214)
Administrative expenses	(456,051,224)	(435,236,874)
Other expenses, by function	(27,231,974)	(27,598,993)
Other gains (losses)	(238,956)	(6,502,981)
Financial income	3,756,240	3,232,188
Financial expenses	(50,233,337)	(51,258,249)
Equity interest in profits (losses) of associates accounted for using the equity method	2,394,134	4,371,960
Foreign currency translation	617,271	2,316,799
Income from indexation units	(6,344,480)	(4,283,507)
<b>Profit (Loss), before Taxes</b>	<b>140,450,731</b>	<b>137,636,600</b>
Income tax expense	(35,758,106)	(29,460,290)
<b>Profit (loss) from Non-banking Business</b>	<b>104,692,625</b>	<b>108,176,310</b>
<b>Banking Services (Presentation)</b>		
Interest and indexation revenue	142,435,808	144,863,997
Interest and indexation expenses	(29,437,147)	(37,917,072)
<b>Net Income from Interest and Indexation</b>	<b>112,998,661</b>	<b>106,946,925</b>
Fee revenue	35,276,679	35,210,045
Fee expenses	(10,621,517)	(9,375,486)
<b>Net Fee Income</b>	<b>24,655,162</b>	<b>25,834,559</b>
Net income from financial operations	5,546,555	3,187,786
Net exchange gains (losses)	(3,224,654)	(158,082)
Other operating income	464,659	239,179
Provision for loan losses	(38,784,348)	(42,622,046)
<b>Total Operating Income, net</b>	<b>101,656,035</b>	<b>93,428,321</b>
Employee remunerations and expenses	(26,171,479)	(25,215,548)
Administrative expenses	(36,888,668)	(33,486,227)
Depreciation and amortization	(5,420,483)	(4,544,656)
Other operating expenses	(4,681,995)	(3,305,643)
<b>Total Operating Expenses</b>	<b>(73,162,625)</b>	<b>(66,552,074)</b>
<b>Operating Income</b>	<b>28,493,410</b>	<b>26,876,247</b>
Income from equity method investments in companies	80,886	63,506
<b>Income before Income Taxes</b>	<b>28,574,296</b>	<b>26,939,753</b>
Income tax expense	(8,068,121)	(7,830,935)
<b>Profit (loss) from Banking Business</b>	<b>20,506,175</b>	<b>19,108,818</b>
<b>Profit (Loss)</b>	<b>125,198,800</b>	<b>127,285,128</b>
<b>Profit (loss), Attributable to:</b>		
Owners of the parent	113,415,977	115,664,296
Non-controlling interests	11,782,823	11,620,832
<b>Profit (Loss)</b>	<b>125,198,800</b>	<b>127,285,128</b>
<b>Earnings per share</b>		
<b>Basic earnings per share</b>		
Basic earnings (loss) per share from continuing operations	0.05	0.05
<b>Basic Earnings (Loss) per Share</b>	<b>0.05</b>	<b>0.05</b>
<b>Diluted Earnings per Share</b>		
From continuing operations	0.05	0.05
<b>Diluted Earnings (Loss) per Share</b>	<b>0.05</b>	<b>0.05</b>

<sup>23</sup> Banking Services does not include Promotora CMR nor CMR Argentina.

Balance Sheet	31-mar-2018	31-dec-2017
	TH CLP	TH CLP
<b>Assets</b>		
<b>Non-banking Businesses</b>		
<b>Current assets</b>		
Cash and cash equivalents	218.718.345	232.027.185
Other financial assets	19.871.892	16.161.447
Other non-financial assets	128.399.899	109.045.269
Trade and other accounts receivable	1.916.806.008	1.994.962.974
Accounts receivable from related parties	15.833.908	8.568.867
Inventory	1.225.550.965	1.238.138.783
Tax assets	85.104.641	76.587.049
<b>Total of current assets different from those assets or disposal groups classified as held for sale or as held for distribution to owners</b>	<b>3.610.285.658</b>	<b>3.675.491.574</b>
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners	10.759.159	10.866.456
<b>Non-current assets or disposal groups classified as held for sale or as held for distribution to owners</b>	<b>10.759.159</b>	<b>10.866.456</b>
<b>Total Current Assets</b>	<b>3.621.044.817</b>	<b>3.686.358.030</b>
<b>Non-current Assets</b>		
Other financial assets	50.727.177	65.197.065
Other non-financial assets	78.527.924	70.879.258
Accounts receivable	281.329.954	275.089.053
Investments accounted for using the equity method	142.150.467	138.296.518
Intangible assets other than goodwill	289.410.835	283.201.043
Goodwill	501.088.583	504.394.517
Property, plant and equipment	2.550.364.147	2.544.923.700
Investment properties	2.925.884.026	2.908.777.208
Deferred tax assets	175.576.171	148.118.365
<b>Total Non-current Assets</b>	<b>6.995.059.284</b>	<b>6.938.876.727</b>
<b>Total Assets – Non-banking Business</b>	<b>10.616.104.101</b>	<b>10.625.234.757</b>
<b>Banking Services Assets (Presentation)</b>		
Cash and bank deposits	203.271.581	225.800.376
Transactions with settlement in progress	60.974.595	21.370.300
Financial assets held for trading	116.615.062	71.182.626
Financial derivative contracts	18.964.867	26.600.918
Loans and accounts receivable from clients	2.592.767.986	2.590.709.808
Available for sale instruments	646.199.231	657.507.389
Investments in companies	2.430.460	2.861.251
Intangibles	62.432.225	60.658.539
Property, plant and equipment	32.523.279	33.933.667
Current taxes	8.085.627	7.766.383
Deferred taxes	21.822.591	16.036.209
Other assets	31.447.953	30.501.854
<b>Total Bank Services Assets</b>	<b>3.797.535.457</b>	<b>3.744.929.320</b>
<b>Total Assets</b>	<b>14.413.639.558</b>	<b>14.370.164.077</b>





	31-mar-2018	31-dec-2017
	TH CLP	TH CLP
<b>Net Equity and Liabilities</b>		
<b>Non-banking Business</b>		
<b>Current Liabilities</b>		
Other financial liabilities	799,849,426	834,648,234
Trade and other accounts payable	1,044,420,617	1,115,612,549
Accounts payable to related parties	8,273,706	7,636,329
Other current provisions	41,455,088	14,296,634
Current tax liabilities	37,363,156	37,030,912
Employee benefits provisions	126,692,635	138,464,318
Other non-financial liabilities	130,536,328	162,127,277
<b>Total Current Liabilities</b>	<b>2,188,590,956</b>	<b>2,309,816,253</b>
<b>Non-current Liabilities</b>		
Other financial liabilities	3,003,232,906	3,006,175,090
Other liabilities	1,043,437	1,081,931
Other long-term provisions	11,017,192	11,045,759
Deferred tax liabilities	564,460,468	568,622,314
Employee benefits provision	35,620,993	32,997,676
Other non-financial liabilities	45,483,091	45,681,427
<b>Total Non-current Liabilities</b>	<b>3,660,858,087</b>	<b>3,665,604,197</b>
<b>Total Non-banking Business Liabilities</b>	<b>5,849,449,043</b>	<b>5,975,420,450</b>
<b>Banking Services Liabilities (Presentation)</b>		
Deposits and other demand liabilities	534,661,060	543,154,221
Transactions with settlement in progress	63,246,628	15,139,196
Time deposits and other term deposits	2,037,669,588	1,987,726,066
Financial derivative contracts	18,116,618	31,181,315
Due to banks	76,386,327	81,391,043
Debt instruments issued	273,409,634	242,256,771
Other financial obligations	128,300,678	130,641,388
Current taxes	-	-
Deferred taxes	-	-
Provisions	9,738,115	1,669,445
Other liabilities	70,116,259	68,126,678
<b>Total Banking Services Liabilities</b>	<b>3,211,644,907</b>	<b>3,101,286,123</b>
<b>Total Liabilities</b>	<b>9,061,093,950</b>	<b>9,076,706,573</b>
<b>Net Equity</b>		
Issued capital	533,409,643	533,409,643
Retained earnings	4,245,732,732	4,183,008,108
Share premium	93,482,329	93,482,329
Own shares in portfolio	(25,668,980)	(27,042,749)
Other reserves	(405,545,563)	(383,842,804)
<b>Equity attributable to owners of the parent</b>	<b>4,441,410,161</b>	<b>4,399,014,527</b>
Non-controlling interests	911,135,447	894,442,977
<b>Total Equity</b>	<b>5,352,545,608</b>	<b>5,293,457,504</b>
<b>Total Equity and Liabilities</b>	<b>14,413,639,558</b>	<b>14,370,164,077</b>



	31-mar-2018	31-mar-2017
	TH\$	TH\$
<b>Statement of cash flows</b>		
<b>Cash flows provided by (used in) operating activities</b>		
<b>Non-banking Business (Presentation)</b>		
<b>Classes of proceeds from operating activities</b>		
Proceeds from sale of goods and providing services	2.460.703.322	2.380.690.369
<b>Classes of payments</b>		
Payment to suppliers for supplying goods and services	(1.780.347.679)	(1.740.271.983)
Payments to and on account of employees	(304.833.609)	(282.746.780)
Income taxes refunded (paid)	(57.712.709)	(53.313.864)
Other cash inflows (outflows)	(218.363.323)	(130.545.490)
<b>Subtotal net cash flows provided by Non-banking Business operating activities</b>	<b>99.446.002</b>	<b>173.812.252</b>
<b>Banking Services (Presentation)</b>		
Consolidated net income (loss) for the period	20.506.175	19.108.818
<b>Charges (credits) to income that do not involve cash movements:</b>		
Depreciation and amortization	5.420.484	4.544.656
Credit risk provision	38.784.348	48.980.279
Profit losses from equity method investments	(80.886)	(63.506)
Other charges (credits) that do not involve significant cash flow movements	8.068.121	7.830.935
Net change in interest, indexations and fees accrued on assets and liabilities	(234.717)	(131.753)
<b>Changes in assets and liabilities affecting cash flow:</b>		
Net increase in loans and accounts receivable from clients	(41.864.752)	(54.077.799)
Net decrease in instruments held for trading	(4.461.082)	2.434.583
Increase in deposits and other demand obligations	(8.493.161)	(714.077)
Increase in deposits and other time deposits	48.311.780	155.281.792
Increase in obligations with banks	(5.004.716)	(46.167.302)
Other use of cash	(9.742.114)	(6.434.277)
<b>Subtotal net cash flows provided by (used in) Banking Services operating activities</b>	<b>51.209.480</b>	<b>130.592.349</b>
<b>Net cash flows provided by operating activities</b>	<b>150.655.482</b>	<b>304.404.601</b>
<b>Cash flows provided by (used in) investing activities</b>		
<b>Non-banking Business (Presentation)</b>		
Proceeds from disposal of property, plant and equipment	(6.627.664)	-
Additions to property, plant and equipment	28.457.675	818.273
Additions to intangible assets	(81.539.391)	(80.487.709)
Additions to other long-term assets	(15.961.340)	(8.465.539)
Dividends received	(26.992.667)	(33.285.574)
Interest received	4.310	4.337
Other cash inflows (outflows)	3.718.470	1.090.911
Other cash inflows (outflows)	(5.608.465)	2.387.870
<b>Subtotal net cash flows used in investing activities in the Non-banking Business</b>	<b>(104.549.072)</b>	<b>(117.937.431)</b>
<b>Banking Services</b>		
Net (Increase) decrease in investment securities available for sale	11.503.170	(114.622.365)
Additions to property, plant and equipment	(4.948.939)	(5.626.080)
Other sources of cash	587.203	665.027
<b>Subtotal net cash flows provided by (used in) Banking Services investing activities</b>	<b>7.141.434</b>	<b>(119.583.418)</b>
<b>Net cash flows provided by (used in) investing activities</b>	<b>(97.407.638)</b>	<b>(237.520.849)</b>
<b>Cash flows provided by (used in) financing activities</b>		
<b>Non-banking Business</b>		
Proceeds from issuance of shares	4.653.900	-
Payments to acquire own shares	3.667.905	-
Proceeds from long-term loans	53.063.346	9.667.360
Proceeds from short-term loans	673.738.704	552.302.806
Total proceeds from loans	726.802.050	561.970.166
Loans (payment) received to related parties	-	-
Payment of loans	(774.400.868)	(617.718.496)
Payment of financial lease liabilities	(5.306.367)	(6.088.291)
Dividends paid	(23.137)	(1.601.760)
Interest paid	(38.400.623)	(39.692.322)
Other cash inflows (outflows)	4.647.742	(330.726)
<b>Subtotal net cash flows provided by (used in) Non-banking Business financing activities</b>	<b>(78.359.398)</b>	<b>(105.897.957)</b>
<b>Banking Services (Presentation)</b>		
(Redemption) Letters of credit issuance	(2.899.608)	(1.543.634)
Bond issuance	32.947.322	-
Bond payments and other long term loans	(1.794.459)	(5.380.565)
Other	250.822	1.428.138
<b>Subtotal net cash flows provided by (used in) Banking Services financing activities</b>	<b>28.504.077</b>	<b>(5.496.061)</b>
<b>Net cash flows used in financing activities</b>	<b>(49.855.321)</b>	<b>(111.394.018)</b>
<b>Net increase in cash and cash equivalents, before the effect of changes in the exchange rate</b>	<b>3.392.523</b>	<b>(44.510.266)</b>
<b>Effects of changes in the exchange rate on cash and cash equivalents</b>	<b>-</b>	<b>-</b>
Effects of changes in the exchange rate on cash and cash equivalents	(1.333.295)	7.448.910
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2.059.228</b>	<b>(37.061.356)</b>
Cash and cash equivalents at beginning of period	494.958.665	575.992.741
<b>Cash and cash equivalents at end of period</b>	<b>497.017.893</b>	<b>538.931.385</b>

## Cash Flow – Chilean Operations (CLP Mn)

March 2018	Department Stores	Home Improvement	Supermarkets	Promotora CMR	Banco Falabella	Plaza S.A.
Cash flow from operating activities	(215.424.943)	85.366.279	435.941	(22.275.860)	(17.442.179)	62.255.142
Cash flow from investing activities	36.925.128	(22.635.041)	(7.495.243)	-	16.284.889	(26.829.167)
Cash flow from financing activities	157.202.452	(60.804.570)	4.950.881	13.430.000	30.591.611	(16.026.548)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(21.297.363)</b>	<b>1.926.668</b>	<b>(2.108.421)</b>	<b>(8.845.860)</b>	<b>29.434.321</b>	<b>19.399.427</b>
Impact of exchange rate differences on cash and cash equivalents	(67.237)	(93.913)	7.046	37.550	-	140.394
<b>Cash and cash equivalents at the beginning of the period</b>	<b>50.124.133</b>	<b>21.759.631</b>	<b>11.857.584</b>	<b>26.698.830</b>	<b>144.360.297</b>	<b>28.040.367</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>28.759.533</b>	<b>23.592.386</b>	<b>9.756.209</b>	<b>17.890.520</b>	<b>173.794.618</b>	<b>47.580.188</b>

March 2017	Department Stores	Home Improvement	Supermarkets	Promotora CMR	Banco Falabella	Plaza S.A.
Cash flow from operating activities	(26.952.962)	47.443.781	2.571.836	14.649.464	107.531.618	49.673.249
Cash flow from investing activities	(20.876.334)	(14.444.202)	(4.788.627)	-	(106.936.720)	(29.460.342)
Cash flow from financing activities	27.727.675	(36.540.583)	(1.721.425)	(17.668.661)	(3.699.859)	(10.404.289)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(20.101.621)</b>	<b>(3.541.004)</b>	<b>(3.938.216)</b>	<b>(3.019.197)</b>	<b>(3.104.961)</b>	<b>9.808.618</b>
Impact of exchange rate differences on cash and cash equivalents	(205.629)	155.439	(2.384)	41.742	-	756.770
<b>Cash and cash equivalents at the beginning of the period</b>	<b>45.426.696</b>	<b>16.786.267</b>	<b>10.134.351</b>	<b>24.300.867</b>	<b>199.466.866</b>	<b>21.736.409</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>25.119.447</b>	<b>13.400.702</b>	<b>6.193.751</b>	<b>21.323.412</b>	<b>196.361.905</b>	<b>32.301.797</b>

## Cash Flow – International Operations (CLP Mn)

March 2018	Peru	Colombia	Argentina	Brazil
Cash flow from operating activities	43.694.730	(27.383.208)	(44.327.805)	(12.235.036)
Cash flow from investing activities	(13.736.377)	(4.116.549)	(2.567.275)	(2.947.629)
Cash flow from financing activities	(45.219.785)	23.151.685	46.732.631	14.262.103
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(15.261.432)</b>	<b>(8.348.072)</b>	<b>(162.449)</b>	<b>(920.562)</b>
Impact of exchange rate differences on cash and cash equivalents	(2.477.224)	1.832.220	(271.548)	(54.857)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>151.861.440</b>	<b>39.887.477</b>	<b>4.952.531</b>	<b>2.339.458</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>134.122.784</b>	<b>33.371.625</b>	<b>4.518.534</b>	<b>1.364.039</b>

March 2017	Peru	Colombia	Argentina	Brazil
Cash flow from operating activities	21.704.767	(26.725.804)	664.289	4.123.850
Cash flow from investing activities	(31.534.339)	(7.159.504)	(912.345)	(12.278.621)
Cash flow from financing activities	(15.016.037)	27.993.165	387.647	9.649.142
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(24.845.609)</b>	<b>(5.892.143)</b>	<b>139.591</b>	<b>1.494.371</b>
Impact of exchange rate differences on cash and cash equivalents	5.101.738	2.095.051	120.811	56.126
<b>Cash and cash equivalents at the beginning of the period</b>	<b>203.524.363</b>	<b>33.809.359</b>	<b>4.417.822</b>	<b>2.546.459</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>183.780.492</b>	<b>30.012.267</b>	<b>4.678.224</b>	<b>4.096.956</b>

## Definitions for the Financial Business Units

<b>Selected Balance Sheet Accounts</b>	
Demand deposits	Deposits in current and saving accounts, and other demand deposits.
Other financial liabilities	Debt instruments issued, bank credits and other financial obligations.
<b>Income Statement</b>	
Loan-loss provision expense	Provision expense for loan-losses, plus write-offs net of recoveries
<b>Operational information</b>	
NPL (+90 days)	Loans with +90 days delinquency
Passive accounts	Non-interest bearing accounts, such as checking and saving accounts, with a balance.
Credit cards with a balance	Number of primary credit cards that have a balance, have been used in the last 24 months, and have their payments up to date or have a delinquency of 90 days or less.
Average Loan	Gross customer loans divided by total credit cards with a balance
Duration	Macaulay Duration
ATMs	Number of ATMs
<b>Ratios</b>	
Basilea	Effective equity over risk-weighted assets, as defined by each country's financial services regulator.
Efficiency ratio - CMR	Administrative expenses over gross profit (excluding credit risk cost)
Efficiency ratio - Banks	Operating expense over operating revenue
ROAE - Bancos	Return on Average Equity: is an adjusted version of ROE, in which the denominator is the average of shareholders' equity on the last 13 months.
ROAA - Bancos	Return on Average Assets: is an adjusted version of ROA, in which the denominator is the average of total assets on the last 13 months.
ROAE - CMR	Return on Average Equity: is an adjusted version of ROE, in which the denominator is the average of shareholders' equity on the last 5 quarters.
ROAA - CMR	Return on Average Assets: is an adjusted version of ROA, in which the denominator is the average of total assets on the last 5 quarters.





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