



# S.A.C.I Falabella

## Earnings Report

2018

THIRD  
QUARTER

f...

f i t



## Index

I.	Executive Summary.....	3
II.	Consolidated Financial Results, as of September 2018 .....	4
III.	Main Events during the Period.....	6
IV.	3 <sup>rd</sup> Quarter 2018 Results.....	8
V.	Retail Indicators.....	11
VI.	Financial Business Units.....	15
VII.	Other Indicators.....	19
VIII.	Operating Results by Business Unit .....	20
IX.	Financial Structure.....	22
X.	S.A.C.I. Falabella Financial Statements .....	24

### Notes:

- All dollar figures are calculated based on the observed Exchange rate as of October 1<sup>st</sup> 2018: 660,42 \$/US\$.
- Symbols for quarters: 1Q, 2Q, 3Q y 4Q.
- Currency symbols: \$ 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 third quarter of 2018, S.A.C.I. Falabella reported consolidated revenue of \$2,197,597 million (US\$ 3,328 Mn), 3.9% higher than the same period last year.

The online channel of the retail businesses posted a 22.1% growth compared to 3Q17, reaching \$122,238 million (US\$185 Mn). During this quarter, this channel represented 7.0%<sup>1</sup> of retail businesses total sales, which includes department stores, home improvement and supermarkets in all the countries where we operate. During the quarter Linio's NMV reached \$21,040 million (MMUS\$ 32)<sup>2</sup>.

Consolidated growth in revenue was mainly the result of a 5.7% revenue increase in home improvement in Chile, 13.8% in supermarkets in Peru, 21.6% in department stores in Colombia, and 6.3% in supermarkets in Chile. The increase in revenues was partially offset by the depreciation of the ARS and BRS against the CLP.

As of September 30<sup>th</sup>, 2018, the consolidated loan portfolio reached \$4,780,990 million (US\$7,239 Mn), 7.3% higher than the same period last year, explained by growth in Promotora CMR, Banco Falabella Colombia, and Banco Falabella Chile, and partially offset by the performance of Banco Falabella Peru and CMR Argentina. Promotora CMR's loan portfolio increased 12.9% compared to September 2017, mainly explained by higher sales of financial products. Banco Falabella Chile increased its loan portfolio by 6.3% in the period.

Gross profit for the quarter totalled \$785,421 million (US\$1,189 Mn) a 2.5% YoY increase. Growth was driven by home improvement in Chile (10.0% growth YoY), due to better margins across all categories; and by department stores in Colombia and Peru, mainly driven by higher margins in apparel.

The operating result reached \$167,714 million (US\$254 Mn), 4.9% lower than the one reported one year ago. Operating margin was 7.6%. The deterioration was explained by the result of the increase in depreciations of 14.7%, the impact of IFRS 9 on the financial business, department stores in Chile and the acquisition of Linio. EBITDA reached \$250,383 million (US\$379 Mn), an increase of 0.8% compared to the same period of the previous year.

The consolidated non-operating expense of the quarter reached a \$46,684 million (US\$71 Mn) loss, 7.1% higher than in 3Q17. The increase is mainly explained by an increase in financial costs net of exchange difference.

The consolidated net income of this quarter reached \$76,784 million (US\$116 Mn), a 10.0% YoY contraction. The consolidated net income does not include gains or losses from asset revaluation, as the Company adopted the historic cost method.

During the quarter, progress continued to be made in the construction of a digital ecosystem leveraged in physical capacities. Linio was acquired with the objective of accelerating the marketplace proposition, we started the operative testing of a new omnichannel distribution center, and the proposition of our own brands was enhanced with the opening of two specialist stores in Chile. In turn, the physical presence was strengthened with the opening of eight stores and a shopping center. In the financial business, we continued to develop the digitalization and simplification of the product opening processes through our sites and mobile applications.

---

<sup>1</sup> Considers department store sales in Chile, Peru, Colombia and Argentina; home improvement sales in Chile, Peru, Argentina, Brazil and Uruguay; supermarket sales in Chile and Peru.

<sup>2</sup> NMV for the three months ended September 30<sup>th</sup>, 2018. Linio's operations have been consolidated in S.A.C.I. Falabella since its acquisition dated August 2<sup>nd</sup>, 2018.



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

Consolidated Income Statement 3Q 2018 (CLP Mn) <sup>3</sup>

	3Q17	% Rev.	3Q18	% Rev.	Var %
Revenues of Non-Banking Operations	1,937,199		2,004,611		3.5%
Revenues of Banking Operations	178,446		192,986		8.1%
<b>Total Revenues</b>	<b>2,115,645</b>	<b>100.0%</b>	<b>2,197,597</b>	<b>100.0%</b>	<b>3.9%</b>
COGS of Non-Banking Operations	(1,269,009)	-65.5%	(1,317,193)	-65.7%	3.8%
COGS of Banking Operations	(80,015)	-44.8%	(94,983)	-49.2%	18.7%
<b>Gross Profit</b>	<b>766,621</b>	<b>36.2%</b>	<b>785,421</b>	<b>35.7%</b>	<b>2.5%</b>
SG&A Expenses	(590,308)	-27.9%	(617,707)	-28.1%	4.6%
<b>Operational Income</b>	<b>176,313</b>	<b>8.3%</b>	<b>167,714</b>	<b>7.6%</b>	<b>-4.9%</b>
Depreciation + Amortization	72,070	3.4%	82,669	3.8%	14.7%
<b>EBITDA</b>	<b>248,383</b>	<b>11.7%</b>	<b>250,383</b>	<b>11.4%</b>	<b>0.8%</b>
Other Income / (Expenses)	(1,411)		1,351		-195.7%
Net Financial Income / (Cost)	(46,798)		(38,439)		-17.9%
Profit / (Loss) in Associates	2,696		1,515		-43.8%
Exchange Rate Differences	1,918		(11,111)		-679.3%
<b>Non-Operating Profit</b>	<b>(43,595)</b>	<b>-2.1%</b>	<b>(46,684)</b>	<b>-2.1%</b>	<b>7.1%</b>
<b>Profit Before Tax Expenses</b>	<b>132,718</b>	<b>6.3%</b>	<b>121,030</b>	<b>5.5%</b>	<b>-8.8%</b>
Income Tax	(36,026)		(31,200)		-13.4%
Minority Interest	(11,350)		(13,046)		14.9%
<b>Net Profit / (Loss)</b>	<b>85,342</b>	<b>4.0%</b>	<b>76,784</b>	<b>3.5%</b>	<b>-10.0%</b>

Consolidated Income Statement 9M 2018 (CLP Mn) <sup>4</sup>

	9M17	% Rev.	9M18	% Rev.	Var %
Revenues of Non-Banking Operations	5,894,900		6,121,405		3.8%
Revenues of Banking Operations	546,151		555,314		1.7%
<b>Total Revenues</b>	<b>6,441,051</b>	<b>100.0%</b>	<b>6,676,719</b>	<b>100.0%</b>	<b>3.7%</b>
COGS of Non-Banking Operations	(3,830,290)	-65.0%	(3,986,412)	-65.1%	4.1%
COGS of Banking Operations	(259,655)	-47.5%	(250,989)	-45.2%	-3.3%
<b>Gross Profit</b>	<b>2,351,106</b>	<b>36.5%</b>	<b>2,439,318</b>	<b>36.5%</b>	<b>3.8%</b>
SG&A Expenses	(1,733,420)	-26.9%	(1,823,531)	-27.3%	5.2%
<b>Operational Income</b>	<b>617,686</b>	<b>9.6%</b>	<b>615,787</b>	<b>9.2%</b>	<b>-0.3%</b>
Depreciation + Amortization	211,559	3.3%	236,517	3.5%	11.8%
<b>EBITDA</b>	<b>829,245</b>	<b>12.9%</b>	<b>852,304</b>	<b>12.8%</b>	<b>2.8%</b>
Other Income / (Expenses)	(270)		(443)		64.1%
Net Financial Income / (Cost)	(145,529)		(129,344)		-11.1%
Profit / (Loss) in Associates	10,157		5,889		-42.0%
Exchange Rate Differences	1,078		(16,937)		-1671.2%
<b>Non-Operating Profit</b>	<b>(134,564)</b>	<b>-2.1%</b>	<b>(140,835)</b>	<b>-2.1%</b>	<b>4.7%</b>
<b>Profit Before Tax Expenses</b>	<b>483,122</b>	<b>7.5%</b>	<b>474,952</b>	<b>7.1%</b>	<b>-1.7%</b>
Income Tax	(120,475)		(112,266)		-6.8%
Minority Interest	(33,691)		(44,856)		33.1%
<b>Net Profit / (Loss)</b>	<b>328,956</b>	<b>5.1%</b>	<b>317,830</b>	<b>4.8%</b>	<b>-3.4%</b>

<sup>3</sup> Promotora CMR and CMR Argentina are included in the Non-Banking Operations.

<sup>4</sup> Promotora CMR and CMR Argentina are included in the Non-Banking Operations.

Summary of Consolidated Balance Sheet, as of September 30<sup>th</sup>, 2018 (CLP Mn)

	31-dic-2017	30-sep-2018	Var %
Current Assets - Non Banking Business	3,656,802	3,673,716	0.5%
Non Current Assets - Non Banking Business	6,938,877	7,323,901	5.5%
<b>Total Assets - Non Banking Business</b>	<b>10,595,679</b>	<b>10,997,617</b>	<b>3.8%</b>
<b>Total Assets - Banking Business</b>	<b>3,744,929</b>	<b>4,132,912</b>	<b>10.4%</b>
<b>Total Assets</b>	<b>14,340,608</b>	<b>15,130,529</b>	<b>5.5%</b>
Current Liabilities - Non Banking Business	2,280,261	2,579,064	13.1%
Non Current Liabilities - Non Banking Business	3,665,604	3,515,764	-4.1%
<b>Total Liabilities - Non Banking Business</b>	<b>5,945,865</b>	<b>6,094,828</b>	<b>2.5%</b>
<b>Total Liabilities - Banking Business</b>	<b>3,101,286</b>	<b>3,533,542</b>	<b>13.9%</b>
<b>Total Liabilities</b>	<b>9,047,151</b>	<b>9,628,370</b>	<b>6.4%</b>
<b>Total Equity</b>	<b>5,293,457</b>	<b>5,502,159</b>	<b>3.9%</b>
<b>Total Liabilities + Equity</b>	<b>14,340,608</b>	<b>15,130,529</b>	<b>5.5%</b>

Summary of Consolidated Cash Flow, as of September 30<sup>th</sup>, 2018 (CLP Mn)

	30-sep-2017	30-sep-2018	Var %
Cash flow from operating activities - Non Banking Business	499,087	305,035	-38.9%
Cash flow from operating activities - Banking Business	102,054	215,320	111.0%
<b>Cash flow from operating activities</b>	<b>601,141</b>	<b>520,355</b>	<b>-13.4%</b>
Cash flow from investment activities - Non Banking Business	(403,827)	(439,472)	8.8%
Cash flow from investment activities - Banking Business	(67,670)	(10,305)	-84.8%
<b>Cash flow from investment activities</b>	<b>(471,497)</b>	<b>(449,777)</b>	<b>-4.6%</b>
Cash flow from financing activities - Non Banking Business	(157,305)	(32,533)	-79.3%
Cash flow from financing activities - Banking Business	(27,253)	14,222	NM
<b>Cash flow from financing activities</b>	<b>(184,558)</b>	<b>(18,310)</b>	<b>-90.1%</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(54,914)</b>	<b>52,267</b>	<b>NM</b>
Impact of exchange rate differences on cash and cash equivalents	(5,103)	7,178	NM
<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>515,975</b>	<b>554,404</b>	<b>7.4%</b>



### III. Main Events during the Period

- On July 24<sup>th</sup>, S.A.C.I. Falabella announced that it would increase its ownership in Dico to 100%. The transaction involved the disbursement of around US\$ 60 million and was completed on August 30<sup>th</sup>.
- On July 27<sup>th</sup>, Mallplaza began trading its shares on the Santiago Stock Exchange. A total of 240,000,000 shares were sold, representing 12.2% of the total ownership. The adjudication price was \$1,431 per share.
- On August 1<sup>th</sup>, S.A.C.I. Falabella announced the acquisition of 100% of Linio, one of the main marketplace operators in the region, for US\$ 138 million. Linio operates regionally, with a significant presence in Mexico, Peru, Colombia, Argentina and Chile, as well as offices in the U.S. and China. At the time of the acquisition Linio recorded annual sales of US\$ 137 million (net merchandise value). Linio will maintain its brand and its work teams. Falabella will strengthen this company, providing it with its own retail capabilities: logistics, network of stores, access to its suppliers and assortment of products, customer knowledge and means of payment.
- On August 1<sup>th</sup>, S.A.C.I. Falabella called an Extraordinary General Meeting (EGM) in order to propose a capital increase of 84.3 million shares. On August 20<sup>th</sup>, EGM approved the capital increase, which will have the following uses: US\$ 285 million for the purchase of Linio and its repositioning; US\$ 200 million to enhance the value proposition of the marketplace platform; US\$ 120 million for data analytics and cybersecurity; US\$ 150 million for the development of IKEA in Chile, Peru and Colombia; and US\$ 80 million to consolidate operations in Brazil. This will also provide SACI Falabella with financial flexibility to address any future opportunities. To support the capital increase, the controlling shareholders have confirmed that they will subscribe US\$ 100 million, leaving the remainder to be placed between minority shareholders and the market. In turn, Inversiones Los Olivos S.A. was authorized by the EGM to sell 21 million shares, in a simultaneous and synchronized sale process with the placement of the 84.3 million shares issued with charge to the capital increase.

On September 28<sup>th</sup>, the Comision para el Mercado Financiero (CMF) authorized the announced capital increase.

- On September 13<sup>th</sup>, the results of the Dow Jones Sustainability Index were announced. For the third consecutive year, S.A.C.I. Falabella was selected to integrate the Dow Jones Sustainability World Index (DJSI World), which groups the leading multinational companies in terms of sustainability, based on economic, social and environmental criteria. The company is the only Chilean retailer featured in this list and one of only two national firms in this category.
- During 3Q18, progress continued to be made in building the capabilities needed to transform S.A.C.I. Falabella into a digital ecosystem with strong physical presence.
  - With the objective of strengthening the proposition of own brands, we inaugurated a Sybilla and an Americanino specialist stores in Chile, in the city of Santiago. At the same time, Tottus Peru opened its first Tottus Vecino, reconvertng one of its stores, with an assortment focused on own brands, low operating costs and a proximity format.
  - In order to continue scaling up logistics capabilities, we began the operative testing of a new omnichannel distribution center for department stores in Chile. The Click & Collect (C&C) module network was expanded to eight Tottus supermarkets in Peru.
  - The financial business continued to improve its customer's interaction in digital channels. In Chile, we launched a digital gift card that allows to redeem points from our loyalty program and pay in store with your mobile. Also, we enable the possibility to increase credit lines at the check-out process in Falabella.com and to acquire consumer financing through the app. The number of active apps in the region exceeded 1.5 million.
  - The physical network was expanded through the opening of a shopping center and eight stores:
    - Falabella opened a store in Colombia, in the city of Manizales, with a sales area of 6,400 m<sup>2</sup>.
    - Sodimac opened five stores in the region:
      - In Mexico, Sodimac opened its first store in the country, in the municipality of Cuautitlan Izcalli, Mexico City, addressing an important residential and industrial center in the northern area of the capital. This first Sodimac store in Mexico has a sales area of 10,700 m<sup>2</sup> and integrates the Homecenter and Constructor formats. The store introduces a series of innovations to the



- Mexican market, among which is a patio constructor that allows the entry of vehicles for the purchase and loading of materials.
- In Colombia, Sodimac opened two stores: one in the city of Tunja, with a sales area of 6,700 m<sup>2</sup>; and the other in the city of Mosquera, with a sales area of 10,000 m<sup>2</sup>.
  - In Chile, Sodimac opened a store in the city of Santiago, with a sales area of 7,000 m<sup>2</sup>.
  - In Argentina, Sodimac opened a store in the city of Adrogué, with a sales area of 8,100 m<sup>2</sup>.
- Tottus opened two Hiperbodega Precio Uno supermarkets in Peru: one in the city of Ica, with a sales area of 1,800 m<sup>2</sup>; and another in the city of Huacho, with a sales area of 1,600 m<sup>2</sup>.
  - Mallplaza opened a new shopping center in Colombia, in the city of Manizales, with an innovative and differentiated commercial and gastronomic proposal. It has a leasable area of 40,000 m<sup>2</sup>, with a Falabella store, a Cinepoli and more than 150 specialist stores with a robust offer of entertainment and gastronomy, which will have two specialized districts, in tune with the identity and tastes of the people of Manizales.

#### Events after the period

- During October, Falabella opened a new department store in Chile, in the city of Santiago, with a sales area of 6,700 m<sup>2</sup>.
- On October 10<sup>th</sup>, Banco Falabella reported through a Material Fact that the Superintendencia de Bancos e Instituciones Financieras authorized the acquisition of a majority stake in the Sociedad de Apoyo al Giro called Promotora CMR, which will allow both companies to operate as an integrated entity.
- On October 18<sup>th</sup>, the Board of Directors of S.A.C.I. Falabella agreed to set at \$5,250 per share the price at which the 84.3 million preemptive rights shares issued against the capital increase would be offered.
- On October 19<sup>th</sup>, the company auctioned 49.7 million shares through a Libro de Ordenes, together with the simultaneous sale of 21 million shares owned by Inversiones Los Olivos S.A. in a secondary offering.
  - Of the total, 58% was subscribed by international investors, including hedge funds, long-term institutional funds, and regional pension funds. The remainder (42%) was subscribed by local investors, including AFPs, insurance companies, mutual funds and retail.
- During October, a specialist Crate & Barrel store was opened in Chile, in the city of Santiago.





## IV. 3<sup>rd</sup> Quarter 2018 Results

### 1. Revenue

In the third quarter of 2018, S.A.C.I. Falabella reported consolidated revenue of \$2,197,597 million (US\$ 3,328 Mn), 3.9% higher than the same period last year. Excluding currency variation (by using for 2018 the same exchange rate than in 2017), consolidated revenue grew 7.4%, as sales area grew 4.0% in last 12 months (due to 23 stores opening, and 7 closings).

The online channel of the retail businesses posted a 22.1% growth compared to 3Q17, reaching \$122,238 million (US\$185 Mn). During this quarter, this channel represented 7.0%<sup>5</sup> of retail businesses total sales, which includes department stores, home improvement and supermarkets in all the countries where we operate. During the quarter Linio's NMV reached \$21,040 million (MMUS\$ 32)<sup>6</sup>.

Consolidated growth in revenue was mainly the result of a 5.7% revenue increase in home improvement in Chile, 13.8% in supermarkets in Peru, 21.6% in department stores in Colombia, and 6.3% in supermarkets in Chile. The increase in revenues was partially offset by the depreciation of the ARS and BRS against the CLP.

In Chile, home improvement sales increased by 5.7% compared to the previous period, mainly explained by the 5.5% growth in sales area. Supermarket revenue increased by 6.3%, explained by growth of 2.6% in SSS and three openings in the last 12 months. Promotora CMR also contributed to the growth, with interest income growing 8.8%, driven mainly by a 12.9% increase in loans. Revenue from services and commissions grew 15.7%, mainly explained by sales of financial products. On the other hand, Mallplaza' s sales increased 11.9%, driven by a 5.3% growth in its GLA. The growth was partially offset by department stores in Chile, which reported a 2.7% decrease in revenues compared to the same period of last year, mainly explained by weak consumer dynamics, lower foreign contribution and a highly promotional market.

Consolidated revenue in Peru grew 6.9% compared to the same period last year. The growth was driven by supermarkets, which revenues increased 13.8%, with an increase in sales area of 6.6% in the last twelve months, due to seven net openings; department stores sales increased 5.6%, driven by the apparel category and the online channel; while the home improvement format grew 5.0% compared to 3Q17.

In Colombia, revenue grew 21.2% compared to 3Q17. The expansion was explained by the 21.6% growth in department store sales driven by the apparel category and a strong growth in the online channel. Banco Falabella Colombia, on the other hand, showed a 22.9% growth in its operating income in local currency, as a result of a 38.9% increase in loans.

In Argentina, sales decreased 22.4%. The fall was explained by the depreciation of the ARS against CLP and slower consumption during the quarter. Excluding exchange rate effect, revenue would have increased 36.2% over the same period last year.

In Brazil, revenue for the quarter decreased 16.5% due to the depreciation of the BRL with respect to CLP, the closure of four stores and a 2.0% decrease in the SSS, due to the intervention of nine Dicico stores for their remodelling. In local currency, revenue grew 4.4%.

---

<sup>5</sup> Considers department store sales in Chile, Peru, Colombia and Argentina; home improvement sales in Chile, Peru, Argentina, Brazil and Uruguay; supermarket sales in Chile and Peru.

<sup>6</sup> NMV for the three months ended September 30th, 2018. Linio 's operations have been consolidated in S.A.C.I. Falabella since its acquisition dated August 2nd, 2018.





## 2. Operating Income

The operating result reached \$167,714 million (US\$254 Mn), 4.9% lower than the one reported one year ago. Operating margin was 7.6%. The deterioration was explained by the result of the increase in depreciations of 14.7%, the impact of IFRS 9 on the financial business, department stores in Chile and the acquisition of Linio. EBITDA reached \$250,383 million (US\$379 Mn), an increase of 0.8% compared to the same period of the previous year.

In Chile, home improvement reported a 94.3% growth in operating profit with an expansion of its operating margin by 121 basis points, explained by gross margin expansion across all categories, highlighting the home-oriented categories. Supermarkets showed a decrease of 27.8%, with a contraction of 35 basis points in the operating margin as a result of new hiring in picking centers. In department stores, the operating result contracted by Ch\$7,777 million (US\$12 Mn) explained by the deterioration in gross profit and by higher depreciation expenses.

Promotora CMR reported a 5.0% growth YoY in operating income, while Banco Falabella 's decreased 31.4%. The 895 basis points contraction in Banco Falabella 's operating income was mainly driven by a deterioration in gross profit, due to higher provisions associated to the implementation of IFRS 9.

Mallplaza reported a 13.0% growth in operating income, mainly explained by an increase in gross leasable area.

In Colombia, operating income expanded 168.3% as a result of revenue growth paired with operating efficiencies. In Peru, operating income contracted 15.1%, mainly explained by a deterioration of the S,G&A margin. Operating results in Brazil and Argentina were affected by the BRL and ARS depreciations against the CLP. In Brazil, the operating margin decreased 201 basis points, as a result of the revenue's decline in CLP. In Argentina, operating income decreased 70.9% with an operating margin 183 basis points lower than the previous year.

## 3. Non-Operating Results and Net Income

The non-operating result of 3Q18 presented a loss of Ch\$46,684 million (US\$71 Mn), 7.1% higher than the third quarter of 2017. The increase is mainly explained by an increase in financial costs net of exchange difference.

Income tax decreased 13.4% respect to the same period of the previous year.

Consolidated net income for the quarter reached Ch\$76,784 million (US\$ 116 Mn), a decrease of 10.0% with respect to 3Q17. Net income does not include asset revaluation for investment properties, as S.A.C.I. Falabella adopted the historical cost method.

## 4. Consolidated Balance Sheet

Non-banking current assets increased by \$16,914 million (US\$26 Mn) compared to December 2017, mainly generated by a growth in inventories, other current non-financial assets and current accounts receivable from related entities. Non-banking current assets increased by \$385,024 million (US\$583 Mn), mainly due to an increase in property, plant and equipment, investment properties and in the goodwill related to the acquisition of Linio. In the banking business, total assets increased by \$387,983 million (US\$587 Mn) compared to December 2017, mainly due to the increase in credits and accounts receivable from customers and operations with liquidation in progress. As a result, total assets increased by \$789,921 million (US\$1,196 Mn).

Non-banking current liabilities increased by \$298,803 million (US\$452 Mn) compared to December 2017, mainly explained by the increase in other current financial liabilities.

Non-banking long-term liabilities decreased by \$149,840 million (US\$227 Mn), mainly explained by the decrease in other long-term financial liabilities. Total liabilities of the banking businesses increased by \$432,256 million (US\$655 Mn), mainly explained by the growth in deposits and other demand liabilities. As a result, total liabilities increased by \$581,219 million (US\$880 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 \$194,052 million (US\$294 Mn) as of September 2018 compared to the same period of the previous year, mainly due to higher payment to suppliers and other cash outflows, offset by higher proceeds from services provided and goods sold. Banking business cash flow from operating activities increased by \$113,266 million (US\$172 Mn), mainly explained by greater deposits and other term deposits. As a result, cash flow from consolidated operating activities decreased by \$80,786 million (US\$122 Mn) in the period.

Non-banking business cash flow of investment activities was \$35,645 million (US\$54 Mn) more negative than on the same period of previous year, mainly due to higher cash flows used to obtain control of subsidiaries or other businesses and contributions made to associates. Banking business cash flow from investment activities increased by \$57,365 million (US\$87 Mn) with respect to previous year, mainly due to a higher net increase in investment securities available for sale. As of September 2018, consolidated cash flow from investment activities was \$21,720 million (US\$33 Mn) less negative than the same period of 2017.

Non-banking business cash flow from financing activities as of September 2018 grew \$124,772 million (US\$189 Mn) compared to the same period last year, mainly explained by greater proceeds from long and short-term loans. Banking business cash flow from financing activities increased by \$41,475 million (US\$63 Mn) compared to the same period last year, due to higher long-term loans. As a result, consolidated cash flow from financing activities grew \$166,248 million (US\$252 Mn) compared to the same period last year.



## V. Retail Indicators

1. Retail Business Review <sup>7,8</sup>

## Retail Revenue 3Q 2018 (CLP Mn)

	3Q17	3Q18	Var %	Var Local Currency %
<b>Chile</b>				
Department Stores	343,478	334,342	-2.7%	-2.7%
Home Improvement	468,794	495,376	5.7%	5.7%
Supermarkets	184,634	196,323	6.3%	6.3%
<b>Peru</b>				
Department Stores	139,113	146,924	5.6%	4.2%
Home Improvement	151,321	158,883	5.0%	3.2%
Supermarkets	166,499	189,438	13.8%	12.0%
<b>Colombia</b>				
Department Stores	71,209	86,603	21.6%	18.4%
Home Improvement	186,383	204,079	9.5%	6.5%
<b>Argentina</b>				
Department Stores	74,820	55,720	-25.5%	24.5%
Home Improvement	40,500	30,140	-25.6%	30.9%
<b>Brazil</b>				
Home Improvement	53,043	44,316	-16.5%	4.4%
<b>Online sales</b>				
	100,134	122,238	22.1%	
<b>NMV Linio *</b>				
	19,748	21,040	6.5%	

## Retail Revenue 9M 2018 (CLP Mn)

	9M17	9M18	Var %	Var Local Currency %
<b>Chile</b>				
Department Stores	1,060,265	1,067,012	0.6%	0.6%
Home Improvement	1,504,426	1,610,017	7.0%	7.0%
Supermarkets	536,200	572,126	6.7%	6.7%
<b>Peru</b>				
Department Stores	409,193	425,164	3.9%	8.1%
Home Improvement	449,409	450,403	0.2%	4.3%
Supermarkets	500,425	545,680	9.0%	13.5%
<b>Colombia</b>				
Department Stores	221,503	248,962	12.4%	15.1%
Home Improvement	557,434	565,016	1.4%	3.8%
<b>Argentina</b>				
Department Stores	223,227	192,656	-13.7%	34.3%
Home Improvement	124,315	102,125	-17.8%	27.5%
<b>Brazil</b>				
Home Improvement	143,430	130,898	-8.7%	10.8%
<b>Online sales</b>				
	308,738	394,827	27.9%	
<b>NMV Linio *</b>				
	60,440	60,286	-0.3%	

<sup>7</sup> Online sales include revenue generated in the online channel for all retail businesses excluding home improvement in Colombia.

<sup>8</sup> All revenue variations are in nominal terms and have been calculated in both Chilean pesos and local currency of each country.

\*NMV Linio corresponds to Net Merchandise Value. A measure of the total sum in Chilean pesos of all transactions made through Linio, net of VAT.



Same Store Sales (SSS) Nominal Growth <sup>9,10,11</sup>

	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18
<b>Chile</b>								
Department Stores	8.1%	6.0%	4.7%	1.7%	4.8%	-4.9%	0.2%	-7.2%
Home Improvement	-1.7%	-2.4%	-2.5%	13.9%	1.6%	4.6%	5.8%	1.9%
Supermarkets	-2.0%	3.5%	1.5%	2.6%	1.4%	1.7%	1.9%	2.6%
<b>Peru</b>								
Department Stores	-5.9%	5.0%	-0.8%	1.4%	0.3%	12.1%	8.4%	3.8%
Home Improvement	-2.6%	3.6%	5.5%	4.5%	2.7%	6.0%	1.0%	2.9%
Supermarkets	-1.0%	0.6%	0.2%	1.0%	0.3%	4.8%	10.3%	6.1%
<b>Colombia</b>								
Department Stores	-2.4%	-4.4%	0.4%	1.2%	-0.9%	0.6%	11.9%	15.0%
Home Improvement	-2.7%	-7.1%	-4.2%	-5.4%	-4.8%	-0.9%	4.6%	3.8%
<b>Argentina</b>								
Department Stores	16.5%	20.4%	25.4%	29.9%	23.6%	38.3%	36.7%	30.7%
Home Improvement	14.1%	18.9%	23.0%	29.9%	23.6%	25.6%	23.4%	26.4%
<b>Brazil</b>								
Home Improvement	-3.0%	-1.0%	10.6%	3.2%	2.4%	7.9%	-1.3%	-2.0%

<sup>9</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>10</sup> SSS growth includes revenue generated from the online channel of each business unit.

<sup>11</sup> SSS calculation does not include stores that had significant changes in sales area open to the public, due to remodelling, expansions, reductions or closings.



## 2. Number of Stores and Sales Area of Retail Businesses <sup>12, 13</sup>

	September 2017		September 2018	
	Sales Area (m <sup>2</sup> )	Stores (#)	Sales Area (m <sup>2</sup> )	Stores (#)
<b>Chile</b>				
Department Stores	317,763	45	321,154	46
Home Improvement	731,601	87	771,648	90
Supermarkets	209,511	63	218,751	66
<b>Peru</b>				
Department Stores	176,962	29	176,962	29
Home Improvement	371,714	56	372,382	56
Supermarkets	225,495	61	240,456	68
<b>Colombia</b>				
Department Stores	176,790	26	182,639	27
Home Improvement	366,282	38	385,290	40
<b>Argentina</b>				
Department Stores	57,847	11	57,960	11
Home Improvement	85,941	8	94,073	9
<b>Brazil</b>				
Home Improvement	158,904	56	163,746	53
<b>Uruguay</b>				
Home Improvement	24,849	3	24,849	3
<b>México</b>				
Home Improvement	0	0	10,700	1
<b>Total Stores</b>	<b>2,903,660</b>	<b>483</b>	<b>3,020,610</b>	<b>499</b>

## 3. Number of Shopping Malls and GLA of Real Estate Operators <sup>14, 15</sup>

	September 2017		September 2018	
	GLA (m <sup>2</sup> )	Shopping Malls (#)	GLA (m <sup>2</sup> )	Shopping Malls (#)
<b>Chile</b>				
Mallplaza	1,329,000	16	1,368,000	17
Open Plaza	229,000	10	230,000	10
<b>Peru</b>				
Mallplaza	199,000	3	203,000	3
Open Plaza	316,000	11	316,000	11
<b>Colombia</b>				
Mallplaza	27,000	1	66,000	2
<b>Total Real Estate</b>	<b>2,100,000</b>	<b>41</b>	<b>2,183,000</b>	<b>43</b>

The Company and its subsidiaries own 1,030,000 m<sup>2</sup> of additional GLA in free standing Falabella, Sodimac, Tottus, Maestro stores and other locations.

<sup>12</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>13</sup> Department stores Peru and Colombia includes a Crate & Barrel store.

<sup>14</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>15</sup> Autoplaza is not included as a separate shopping center.



4. Sales per Square Meter of Retail Businesses <sup>16</sup>Sales per Square Meter - 3Q 2018 (CLP / m<sup>2</sup>)

	3Q17	3Q18	Var %	Var Local Currency %
<b>Chile</b>				
Department Stores	1,102,682	1,040,462	-5.6%	-5.6%
Home Improvement	647,833	643,529	-0.7%	-0.7%
Supermarkets	881,338	897,473	1.8%	1.8%
<b>Peru</b>				
Department Stores	786,117	830,258	5.6%	4.2%
Home Improvement	407,089	426,668	4.8%	3.0%
Supermarkets	739,325	793,459	7.3%	5.7%
<b>Colombia</b>				
Department Stores	405,036	484,536	19.6%	16.5%
Home Improvement	508,849	541,419	6.4%	3.4%
<b>Argentina</b>				
Department Stores	1,293,416	975,149	-24.6%	26.0%
Home Improvement	471,254	334,863	-28.9%	25.0%
<b>Brazil</b>				
Home Improvement	333,711	266,570	-20.1%	-0.2%
<b>TOTAL</b>	<b>656,506</b>	<b>654,576</b>	<b>-0.3%</b>	

Sales per Square Meter - 9M 2018 (CLP / m<sup>2</sup>)

	9M17	9M18	Var %	Var Local Currency %
<b>Chile</b>				
Department Stores	3,434,920	3,336,271	-2.9%	-2.9%
Home Improvement	2,092,193	2,119,132	1.3%	1.3%
Supermarkets	2,578,263	2,643,676	2.5%	2.5%
<b>Peru</b>				
Department Stores	2,312,319	2,402,572	3.9%	8.1%
Home Improvement	1,209,017	1,210,606	0.1%	4.2%
Supermarkets	2,247,395	2,299,676	2.3%	6.5%
<b>Colombia</b>				
Department Stores	1,292,623	1,408,302	8.9%	11.6%
Home Improvement	1,521,864	1,515,984	-0.4%	2.0%
<b>Argentina</b>				
Department Stores	3,872,481	3,334,129	-13.9%	34.0%
Home Improvement	1,446,516	1,160,854	-19.7%	24.6%
<b>Brazil</b>				
Home Improvement	934,372	784,082	-16.1%	1.9%
<b>TOTAL</b>	<b>2,016,276</b>	<b>2,007,171</b>	<b>-0.5%</b>	

<sup>16</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>17,18</sup>

## CMR Units: Income Statement

	Promotora CMR			CMR Argentina		
	3Q17	3Q18	Var. %	3Q17	3Q18	Var. %
<b>Selected Operating Results</b>	<i>(Mn CLP)</i>			<i>(Th ARS)</i>		
Interest income	98,641	107,292	8.8%	294,747	551,958	87.3%
Fee and commission income	16,672	19,293	15.7%	252,439	369,389	46.3%
Total Income	115,313	126,585	9.8%	547,186	921,347	68.4%
Interest expense	(8,418)	(8,756)	4.0%	(149,926)	(493,641)	229.3%
Credit risk cost	(24,438)	(30,797)	26.0%	(32,238)	(122,604)	280.3%
Other expenses	(22,357)	(25,349)	13.4%	(86,583)	(146,280)	68.9%
Total expenses	(55,213)	(64,902)	17.5%	(268,747)	(762,525)	183.7%
Gross Profit	60,100	61,683	2.6%	278,439	158,822	-43.0%
Administrative expenses	(12,558)	(11,787)	-6.1%	(183,529)	(292,213)	59.2%
Operating Income	47,542	49,896	5.0%	94,910	(133,391)	NM
Net income	35,732	37,144	4.0%	61,024	(7,037)	NM
<b>Efficiency ratio</b>	14.9%	12.7%		59.1%	103.8%	
	9M17	9M18	Var. %	9M17	9M18	Var. %
<b>Selected Operating Results</b>	<i>(Mn CLP)</i>			<i>(Th ARS)</i>		
Interest income	298,558	320,731	7.4%	873,222	1,489,027	70.5%
Fee and commission income	48,792	54,891	12.5%	699,472	1,100,493	57.3%
Total Income	347,350	375,622	8.1%	1,572,694	2,589,520	64.7%
Interest expense	(27,762)	(26,132)	-5.9%	(414,461)	(1,136,147)	174.1%
Provision for loan losses	(78,185)	(80,491)	2.9%	(103,727)	(285,556)	175.3%
Other expenses	(67,813)	(76,903)	13.4%	(230,855)	(376,054)	62.9%
Total expenses	(173,760)	(183,526)	5.6%	(749,043)	(1,797,757)	140.0%
Gross Profit	173,590	192,096	10.7%	823,651	791,763	-3.9%
Administrative expenses	(34,316)	(35,225)	2.6%	(468,614)	(782,366)	67.0%
Operating Income	139,274	156,871	12.6%	355,037	9,397	-97.4%
Net income	106,062	117,609	10.9%	249,733	55,163	-77.9%
<b>Efficiency ratio</b>	13.6%	12.9%		50.5%	72.6%	

## CMR Units: Balance Sheet Accounts and Operational Information

	Promotora CMR			CMR Argentina		
	sep 17	sep 18	Var. %	sep 17	sep 18	Var. %
<b>Selected Balance Sheet Accounts</b>	<i>(Mn CLP)</i>			<i>(Th ARS)</i>		
Loans from customers, gross	1,564,757	1,765,980	12.9%	4,514,391	6,289,243	39.3%
Allowance for loan losses	(65,707)	(122,003)	85.7%	(106,536)	(298,017)	179.7%
Loans from customers, net	1,499,050	1,643,977	9.7%	4,407,855	5,991,226	35.9%
Total Assets	1,601,199	1,799,259	12.4%	4,717,455	6,845,207	45.1%
Total Liabilities	1,008,890	1,587,075	57.3%	4,073,719	6,176,560	51.6%
Total Equity	592,309	212,184	-64.2%	643,736	668,647	3.9%
Total Liabilities + Total Equity	1,601,199	1,799,259	12.4%	4,717,455	6,845,207	45.1%
<b>Operational information</b>						
NPL (+90 days)	43,966	53,315	21.3%	50,201	251,922	401.8%
Open Accounts (with balance)	2,383,221	2,570,591	7.9%	500,420	628,919	25.7%
Average Loan (local currency)	656,572	686,994	4.6%	9,021	10,000	10.9%
Duration (months)	5.1	5.7	10.5%	2.7	3.1	16.8%
<b>Ratios</b>						
NPL / Loans from customers, gross	2.8%	3.0%		1.1%	4.0%	
Allowance for loan losses/NPL	1.5	2.3		2.1	1.2	
ROAE	25.7%	44.0%		57.2%	11.1%	
ROAA	9.1%	9.1%		7.1%	1.2%	

<sup>17</sup> See definitions at the end of the report.<sup>18</sup> \*Allowance for loan losses are calculated\* upon the information available in the notes of the Financial Statements.



## Banco Falabella: Income Statement

	Banco Falabella Chile			Banco Falabella Perú			Banco Falabella Colombia		
	3Q17	3Q18	Var. %	3Q17	3Q18	Var. %	3Q17	3Q18	Var. %
	<i>(Mn CLP)</i>			<i>(Th SOL)</i>			<i>(Mn COP)</i>		
Interest income and adjustments	68,631	76,162	11.0%	272,458	221,473	-18.7%	121,974	148,111	21.4%
Interest expense and adjustments	(12,653)	(16,395)	29.6%	(31,772)	(29,017)	-8.7%	(25,057)	(27,817)	11.0%
Net interest income and adjustments	55,978	59,767	6.8%	240,686	192,456	-20.0%	96,917	120,294	24.1%
Fee and commission income	9,740	10,792	10.8%	33,208	65,899	98.4%	54,399	65,963	21.3%
Fee and commission expense	(5,055)	(5,234)	3.5%	(38,632)	(29,743)	-23.0%	(10,561)	(14,369)	36.1%
Net fee and commission income	4,685	5,558	18.6%	(5,424)	36,156	-766.6%	43,838	51,594	17.7%
Net income (expense) from financial operations	1,679	2,723	62.2%	1,897	2,322	22.4%	(262)	1,344	-613.0%
Other operating net income	83	275	231.3%	11,079	5,071	-54.2%	2,645	2,741	3.6%
Net operating profit before provisions for loan losses	62,425	68,323	9.4%	248,238	236,005	-4.9%	143,138	175,973	22.9%
Provision for loan losses	(15,477)	(24,572)	58.8%	(85,285)	(81,210)	-4.8%	(43,059)	(59,490)	38.2%
Operating expenses	(28,619)	(31,176)	8.9%	(133,785)	(145,165)	8.5%	(75,381)	(92,163)	22.3%
Operating Income	18,329	12,575	-31.4%	29,168	9,630	-67.0%	24,698	24,320	-1.5%
Net Income	13,667	10,599	-22.4%	19,700	5,898	-70.1%	14,124	14,492	2.6%
Efficiency ratio	45.8%	45.6%		53.9%	61.5%		52.7%	52.4%	
	9M17	9M18	Var. %	9M17	9M18	Var. %	9M17	9M18	Var. %
	<i>(Mn CLP)</i>			<i>(Th SOL)</i>			<i>(Mn COP)</i>		
Interest income and adjustments	211,728	225,125	6.3%	834,137	680,662	-18.4%	370,235	407,317	10.0%
Interest expense and adjustments	(46,187)	(47,089)	2.0%	(98,677)	(92,038)	-6.7%	(84,469)	(75,968)	-10.1%
Net interest income and adjustments	165,541	178,036	7.5%	735,460	588,624	-20.0%	285,766	331,349	16.0%
Fee and commission income	27,184	31,569	16.1%	98,816	199,115	101.5%	154,877	181,904	17.5%
Fee and commission expense	(12,767)	(15,491)	21.3%	(120,231)	(83,572)	-30.5%	(33,019)	(41,645)	26.1%
Net fee and commission income	14,417	16,078	11.5%	(21,415)	115,543	-639.5%	121,858	140,259	15.1%
Net income (expense) from financial operations	6,231	6,454	3.6%	5,137	6,585	28.2%	2,287	2,941	28.6%
Other operating net income	361	492	36.3%	30,573	17,581	-42.5%	5,742	6,941	20.9%
Net operating profit before provisions for loan losses	186,550	201,060	7.8%	749,755	728,333	-2.9%	415,653	481,490	15.8%
Provision for loan losses	(49,510)	(58,922)	19.0%	(278,083)	(220,459)	-20.7%	(134,331)	(151,489)	12.8%
Operating expenses	(85,176)	(91,057)	6.9%	(387,968)	(433,687)	11.8%	(216,289)	(262,910)	21.6%
Operating Income	51,864	51,081	-1.5%	83,704	74,187	-11.4%	65,033	67,091	3.2%
Net Income	39,632	38,642	-2.5%	57,590	50,183	-12.9%	36,921	39,621	7.3%
Efficiency ratio	45.7%	45.3%		51.7%	59.5%		52.0%	54.6%	



## Banco Falabella: Balance Sheet Accounts and Operational Information

	Banco Falabella Chile			Banco Falabella Perú			Banco Falabella Colombia		
	sep 17	sep 18	Var. %	sep 17	sep 18	Var. %	sep 17	sep 18	Var. %
<b>Selected Balance Sheet Accounts</b>	<i>(Mn CLP)</i>			<i>(Th SOL)</i>			<i>(Mn COP)</i>		
Cash and deposits in banks	90,269	101,257	12.2%	578,282	562,803	-2.7%	93,505	271,625	190.5%
Trading investments	605,616	688,248	13.6%	550,432	236,438	-57.0%	121,735	221,113	81.6%
Loans from customers, gross	1,600,557	1,701,432	6.3%	3,511,105	3,036,113	-13.5%	1,935,769	2,688,419	38.9%
Allowance for loan losses	(79,348)	(103,026)	NM	(402,354)	(244,990)	-39.1%	(156,008)	(209,451)	34.3%
Loans from customers, net	1,521,209	1,598,406	5.1%	3,108,751	2,791,123	-10.2%	1,779,761	2,478,968	39.3%
Total Assets	2,398,765	2,654,990	10.7%	4,573,956	4,043,097	-11.6%	2,186,642	3,267,806	49.4%
Deposits	381,722	462,158	21.1%	485,928	490,668	1.0%	287,726	621,356	116.0%
Time deposits	1,270,182	1,342,858	5.7%	2,118,195	2,153,827	1.7%	1,199,566	1,728,913	44.1%
Total deposits	1,651,904	1,805,016	9.3%	2,604,123	2,644,495	1.6%	1,487,292	2,350,269	58.0%
Other financial liabilities	369,311	380,179	2.9%	115,634	84,700	-26.8%	115,923	236,427	104.0%
Total Liabilities	2,162,097	2,410,792	11.5%	3,859,349	3,301,055	-14.5%	1,773,398	2,827,639	59.4%
Total Equity	236,668	244,198	3.2%	714,607	742,042	3.8%	413,244	440,167	6.5%
Total Liabilities + Total Equity	2,398,765	2,654,990	10.7%	4,573,956	4,043,097	-11.6%	2,186,642	3,267,806	49.4%
<b>Operational information</b>									
NPL (+90 days)	53,591	55,172	2.9%	119,490	102,544	-14.2%	79,270	78,639	-0.8%
Current, Saving and checking Accounts	1,012,161	1,001,770	-1.0%	1,045,241	1,102,913	5.5%	1,423,077	1,577,527	10.9%
Open Accounts (with balance)	62,489	73,474	17.6%	966,019	982,531	1.7%	1,040,457	1,021,757	-1.8%
Average Loan (local currency)	NM	NM	NM	3,635	3,090	-15.0%	1,860,499	2,631,173	41.4%
Duration (months)	16.3	16.5	1.1%	7.9	7.8	-1.3%	8.8	12.0	36.3%
ATMs	392	413	5.4%	178	172	-3.4%	61	66	8.2%
Branches	97	101	4.1%	77	69	-10.4%	77	90	16.9%
<b>Ratios</b>									
NPL / Loans from customers, gross	3.3%	3.2%		3.4%	3.4%		4.1%	2.9%	
Allowance for loan losses/NPL	1.5	1.9		3.4	2.4		2.0	2.7	
Basilea	16.5%	16.3%		17.9%	16.8%		14.7%	11.8%	
ROAE	24.6%	22.3%		10.5%	8.8%		13.4%	13.3%	
ROAA	2.2%	2.2%		1.6%	1.4%		2.4%	2.2%	



Percentage of Sales with CMR Card <sup>19</sup>

	1Q17	1H17	9M17	2017	1Q18	1H18	9M18
Chile - Falabella	42.0%	45.2%	45.6%	46.1%	44.1%	47.0%	46.9%
Chile - Sodimac	26.7%	27.8%	27.5%	27.6%	26.0%	26.4%	26.8%
Chile - Tottus	18.6%	19.4%	19.9%	20.1%	19.1%	19.4%	19.7%
Peru - Saga, Sodimac & Tottus	35.2%	37.3%	37.3%	37.6%	32.8%	35.6%	35.6%
Colombia - Falabella & Sodimac	20.4%	22.1%	21.6%	23.1%	19.6%	22.0%	22.1%
Argentina - Falabella & Sodimac	23.0%	25.0%	25.1%	25.3%	25.7%	23.1%	22.9%

<sup>19</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>20</sup>, Average Payment Period and Inventory Turnover <sup>21</sup>

## Chile

	Dep. Stores		Home Improv.		Supermarkets		Promotora CMR		Plaza S.A.	
	3Q17	3Q18	3Q17	3Q18	3Q17	3Q18	3Q17	3Q18	3Q17	3Q18
Average Collection Period	8.4	13.1	22.5	21.1	2.7	4.3	117.0	120.0	28.0	31.0
Average Payment Period	48.0	50.6	42.6	40.8	40.9	35.1	NM	NM	NM	NM
Inventory Turnover (days)	102.4	110.8	83.5	98.6	45.5	49.2	NM	NM	NM	NM

International Operations <sup>22</sup>

	Peru		Argentina		Colombia		Brazil	
	3Q17	3Q18	3Q17	3Q18	3Q17	3Q18	3Q17	3Q18
Average Collection Period	3.7	4.0	12.1	11.5	8.9	8.5	45.3	34.2
Average Payment Period	51.9	48.6	73.5	61.5	78.4	77.9	104.6	99.2
Inventory Turnover (day)	93.7	93.7	112.2	98.6	142.1	139.9	149.8	156.8

<sup>20</sup> Collection period does not include accounts receivable of the retail businesses (department stores, home improvement and supermarkets) with Promotora CMR.

<sup>21</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>22</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>23</sup>

## Operating Results 3Q 2018 (CLP Mn)

## Chile

	Department Stores			Home Improvement			Supermarkets		
	3Q17	3Q18	(%, bps)	3Q17	3Q18	(%, bps)	3Q17	3Q18	(%, bps)
Revenues	343,478	334,342	-2.7%	468,794	495,376	5.7%	184,634	196,323	6.3%
Gross Profit	107,794	104,691	-2.9%	139,193	153,124	10.0%	46,184	49,681	7.6%
Gross Margin	31.4%	31.3%	-7	29.7%	30.9%	122	25.0%	25.3%	29
SG&A	(107,251)	(111,921)	4.4%	(132,448)	(140,017)	5.7%	(44,179)	(48,233)	9.2%
SG&A / Revenues	-31.2%	-33.5%	-225	-28.3%	-28.3%	-1	-23.9%	-24.6%	-64
Operating Profit	545	(7,232)	-1427.1%	6,745	13,107	94.3%	2,004	1,447	-27.8%
Operating Margin	0.2%	-2.2%	-232	1.4%	2.6%	121	1.1%	0.7%	-35
EBITDA	8,905	2,935	-67.0%	17,301	25,152	45.4%	6,729	6,736	0.1%
EBITDA Margin	2.6%	0.9%	-171	3.7%	5.1%	139	3.6%	3.4%	-21

	Promotora CMR			Banco Falabella Chile		
	3Q17	3Q18	(%, bps)	3Q17	3Q18	(%, bps)
Revenues	115,313	126,586	9.8%	78,454	87,228	11.2%
Gross Profit	60,100	61,683	2.6%	46,947	43,750	-6.8%
Gross Margin	52.1%	48.7%	-339	59.8%	50.2%	-968
SG&A	(12,558)	(11,787)	-6.1%	(28,619)	(31,176)	8.9%
SG&A / Revenues	-10.9%	-9.3%	158	-36.5%	-35.7%	74
Operating Profit	47,542	49,896	5.0%	18,329	12,575	-31.4%
Operating Margin	41.2%	39.4%	-181	23.4%	14.4%	-895
EBITDA	47,542	49,896	5.0%	20,810	14,537	-30.1%
EBITDA Margin	41.2%	39.4%	-181	26.5%	16.7%	-986

## International Operations

	Peru			Colombia			Argentina			Brazil		
	3Q17	3Q18	(%, bps)	3Q17	3Q18	(%, bps)	3Q17	3Q18	(%, bps)	3Q17	3Q18	(%, bps)
Revenues	529,837	566,283	6.9%	117,112	141,941	21.2%	134,412	104,308	-22.4%	53,043	44,316	-16.5%
Gross Profit	163,963	173,111	5.6%	46,926	58,412	24.5%	63,905	46,873	-26.7%	18,664	15,082	-19.2%
Gross Margin	30.9%	30.6%	-38	40.1%	41.2%	108	47.5%	44.9%	-261	35.2%	34.0%	-115
SG&A	(129,861)	(144,166)	11.0%	(45,633)	(52,641)	15.4%	(59,963)	(45,724)	-23.7%	(22,211)	(18,935)	-14.8%
SG&A / Revenues	-24.5%	-25.5%	-95	-39.0%	-37.1%	188	-44.6%	-43.8%	78	-41.9%	-42.7%	-85
Operating Profit	34,101	28,946	-15.1%	2,151	5,771	168.3%	3,941	1,148	-70.9%	(3,547)	(3,853)	8.6%
Operating Margin	6.4%	5.1%	-132	1.8%	4.1%	223	2.9%	1.1%	-183	-6.7%	-8.7%	-201
EBITDA	50,092	49,887	-0.4%	6,689	11,528	72.4%	5,018	1,991	-60.3%	(2,336)	(2,731)	16.9%
EBITDA Margin	9.5%	8.8%	-64	5.7%	8.1%	241	3.7%	1.9%	-182	-4.4%	-6.2%	-176

## Others

	Plaza S.A.			Other, elimination & anulment			S.A.C.I. Falabella		
	3Q17	3Q18	(%, bps)	3Q17	3Q18	(%, bps)	3Q17	3Q18	(%, bps)
Revenues	68,759	76,934	11.9%	21,809	23,959	9.9%	2,115,645	2,197,597	3.9%
Gross Profit	54,851	59,210	7.9%	18,094	19,805	9.5%	766,621	785,421	2.5%
Gross Margin	79.8%	77.0%	-281	83.0%	82.7%	-31	36.2%	35.7%	-50
SG&A	(10,649)	(9,266)	-13.0%	3,064	(3,841)	NM	(590,308)	(617,707)	4.6%
SG&A / Revenues	-15.5%	-12.0%	344	14.1%	-16.0%	-3008	-27.9%	-28.1%	-21
Operating Profit	44,203	49,945	13.0%	20,298	15,963	-21.4%	176,313	167,714	-4.9%
Operating Margin	64.3%	64.9%	63	93.1%	66.6%	-2644	8.3%	7.6%	-70
EBITDA	54,017	61,993	14.8%	33,615	28,460	-15.3%	248,383	250,383	0.8%
EBITDA Margin	78.6%	80.6%	202	154.1%	118.8%	-3535	11.7%	11.4%	-35

<sup>23</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

## Operating Results 9M 2018 (CLP Mn)

## Chile

	Department Stores			Home Improvement			Supermarkets		
	9M17	9M18	(%, bps)	9M17	9M18	(%, bps)	9M17	9M18	(%, bps)
Revenues	1,060,265	1,067,012	0.6%	1,504,426	1,610,017	7.0%	536,200	572,126	6.7%
Gross Profit	351,219	342,512	-2.5%	452,108	495,972	9.7%	134,341	148,100	10.2%
Gross Margin	33.1%	32.1%	-103	30.1%	30.8%	75	25.1%	25.9%	83
SG&A	(310,697)	(338,011)	8.8%	(392,062)	(419,131)	6.9%	(127,147)	(139,865)	10.0%
SG&A / Revenues	-29.3%	-31.7%	-237	-26.1%	-26.0%	3	-23.7%	-24.4%	-73
Operating Profit	40,522	4,500	-88.9%	60,046	76,841	28.0%	7,194	8,235	14.5%
Operating Margin	3.8%	0.4%	-340	4.0%	4.8%	78	1.3%	1.4%	10
EBITDA	64,348	32,946	-48.8%	91,207	113,825	24.8%	20,960	23,665	12.9%
EBITDA Margin	6.1%	3.1%	-298	6.1%	7.1%	101	3.9%	4.1%	23

	Promotora CMR			Banco Falabella Chile		
	9M17	9M18	(%, bps)	9M17	9M18	(%, bps)
Revenues	347,350	375,622	8.1%	239,272	257,185	7.5%
Gross Profit	173,590	192,096	10.7%	137,035	142,136	3.7%
Gross Margin	50.0%	51.1%	117	57.3%	55.3%	-201
SG&A	(34,316)	(35,225)	2.6%	(85,173)	(91,057)	6.9%
SG&A / Revenues	-9.9%	-9.4%	50	-35.6%	-35.4%	19
Operating Profit	139,273	156,871	12.6%	51,862	51,079	-1.5%
Operating Margin	40.1%	41.8%	167	21.7%	19.9%	-181
EBITDA	139,273	156,871	12.6%	59,241	56,779	-4.2%
EBITDA Margin	40.1%	41.8%	167	24.8%	22.1%	-268

## International Operations

	Peru			Colombia			Argentina			Brazil		
	9M17	9M18	(%, bps)	9M17	9M18	(%, bps)	9M17	9M18	(%, bps)	9M17	9M18	(%, bps)
Revenues	1,583,590	1,626,276	2.7%	360,093	398,270	10.6%	407,398	358,678	-12.0%	143,430	130,898	-8.7%
Gross Profit	497,328	512,123	3.0%	141,517	164,070	15.9%	196,998	164,583	-16.5%	50,028	45,373	-9.3%
Gross Margin	31.4%	31.5%	9	39.3%	41.2%	190	48.4%	45.9%	-247	34.9%	34.7%	-22
SG&A	(387,599)	(409,837)	5.7%	(135,230)	(149,525)	10.6%	(178,529)	(153,907)	-13.8%	(63,047)	(58,451)	-7.3%
SG&A / Revenues	-24.5%	-25.2%	-72	-37.6%	-37.5%	1	-43.8%	-42.9%	91	-44.0%	-44.7%	-70
Operating Profit	109,729	102,287	-6.8%	6,287	14,545	131.4%	18,468	10,675	-42.2%	(13,019)	(13,078)	0.5%
Operating Margin	6.9%	6.3%	-64	1.7%	3.7%	191	4.5%	3.0%	-156	-9.1%	-10.0%	-91
EBITDA	162,003	159,779	-1.4%	20,620	30,780	49.3%	21,955	13,306	-39.4%	(9,398)	(9,827)	4.6%
EBITDA Margin	10.2%	9.8%	-41	5.7%	7.7%	200	5.4%	3.7%	-168	-6.6%	-7.5%	-96

## Others

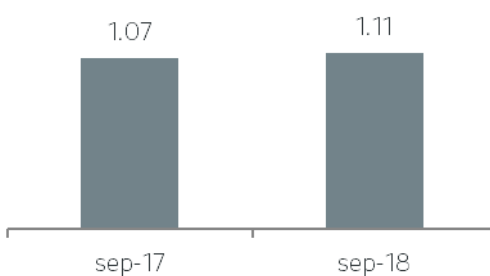
	Plaza S.A.			Other, elimination & anulment			S.A.C.I. Falabella		
	9M17	9M18	(%, bps)	9M17	9M18	(%, bps)	9M17	9M18	(%, bps)
Revenues	202,575	224,099	10.6%	56,452	56,536	0.1%	6,441,051	6,676,719	3.7%
Gross Profit	159,265	172,437	8.3%	57,677	59,916	3.9%	2,351,106	2,439,318	3.8%
Gross Margin	78.6%	76.9%	-167	102.2%	106.0%	381	36.5%	36.5%	3
SG&A	(26,221)	(25,261)	-3.7%	6,601	(3,261)	-149.4%	(1,733,420)	(1,823,531)	5.2%
SG&A / Revenues	-12.9%	-11.3%	167	11.7%	-5.8%	-1,746	-26.9%	-27.3%	-40
Operating Profit	133,045	147,177	10.6%	64,279	56,655	-11.9%	617,686	615,787	-0.3%
Operating Margin	65.7%	65.7%	0	113.9%	100.2%	-1,365	9.6%	9.2%	-37
EBITDA	161,032	181,354	12.6%	98,004	92,826	-5.3%	829,245	852,304	2.8%
EBITDA Margin	79.5%	80.9%	143	173.6%	164.2%	-942	12.9%	12.8%	-11

## IX. Financial Structure

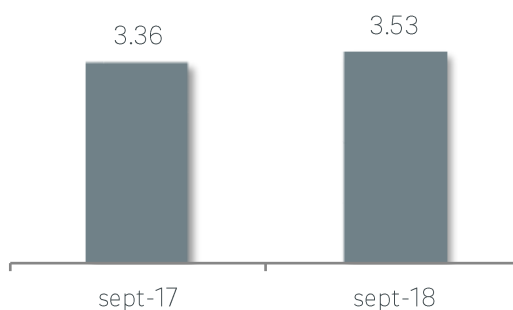
Total liabilities as of September 30<sup>th</sup>, 2018 reached \$9,628,370 million (US\$ 14,579 Mn). In turn, the leverage of the non-banking business<sup>24</sup> amounted to 1.11x. Considering the financial debt<sup>25</sup> of the non-banking business, the ratio of Net Financial Debt / EBITDA was 3.53x.

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>26</sup>



<sup>24</sup> Non-banking operations leverage = total non-banking operations liabilities divided by total equity.

<sup>25</sup> Non-banking business financial debt = total current non-bank operations liabilities + total non-current non-banking operations liabilities.

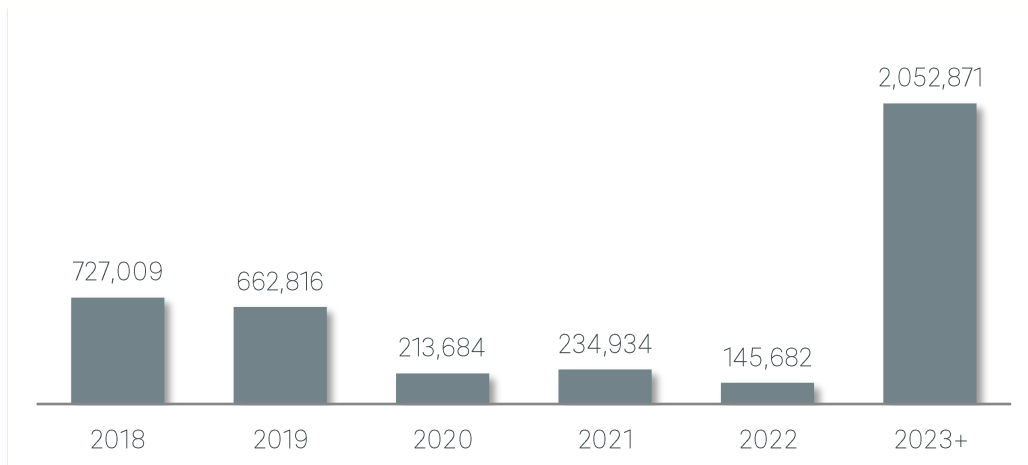
<sup>26</sup> EBITDA = Gross profit – Distribution costs – Administrative costs – Other expenses, by function + Depreciations; Net Financial Debt = Current financial liabilities + Non-current financial liabilities – Financial Assets (Hedges) – Cash & Cash Equivalents





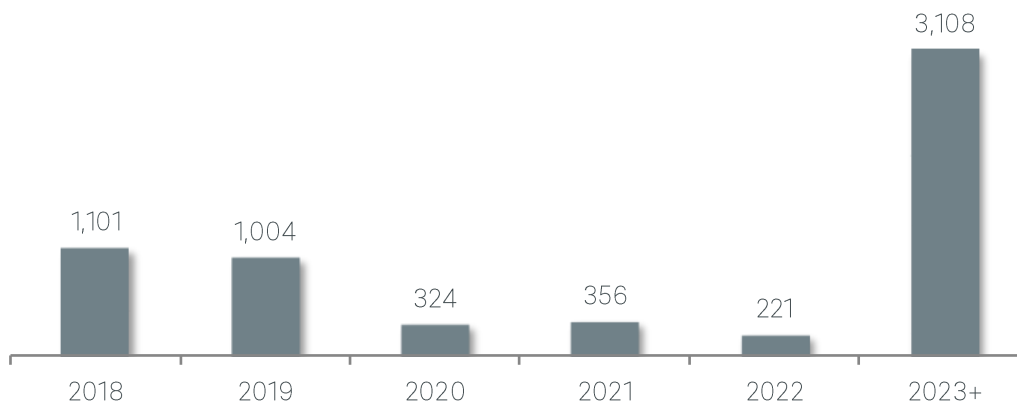
### Debt Maturity Profile <sup>27</sup>

Debt Maturity Profile (CLP Mn)



Total Consolidated Financial Debt (excluding banking operations): \$ 4,036,996 Mn

### Debt Maturity Profile (US\$ Mn) <sup>28</sup>



Total Consolidated Financial Debt (excluding banking operations): US\$6,113 Mn

<sup>27</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>28</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>29</sup>

	For the year ended as of 30-Sep-18	For the year ended as of 30-Sep-17
	TH CLP	TH CLP
<b>Statement of Income</b>		
<b>Non-banking Business</b>		
Revenue from continuing operations	6,121,405,241	5,894,900,258
Cost of sales	(3,986,411,625)	(3,830,289,535)
<b>Gross Profit</b>	<b>2,134,993,616</b>	<b>2,064,610,723</b>
Distribution costs	(82,802,048)	(76,241,967)
Administrative expenses	(1,417,503,229)	(1,350,659,797)
Other expenses, by function	(97,523,042)	(102,100,525)
Other gains (losses)	(442,730)	(270,363)
Financial income	28,555,698	9,389,886
Financial expenses	(139,784,912)	(144,264,397)
Equity interest in profits (losses) of associates accounted for using the equity method	5,436,026	9,730,899
Foreign currency translation	(16,937,342)	1,077,901
Income from indexation units	(18,114,625)	(10,654,905)
<b>Profit (Loss), before Taxes</b>	<b>395,877,412</b>	<b>400,617,455</b>
Income tax expense	(89,312,595)	(96,767,076)
<b>Profit (loss) from Non-banking Business</b>	<b>306,564,817</b>	<b>303,850,379</b>
<b>Banking Services (Presentation)</b>		
Interest and indexation revenue	442,891,404	437,552,701
Interest and indexation expenses	(91,225,111)	(102,689,656)
<b>Net Income from Interest and Indexation</b>	<b>351,666,293</b>	<b>334,863,045</b>
Fee revenue	110,971,977	107,318,682
Fee expenses	(34,442,139)	(29,712,607)
<b>Net Fee Income</b>	<b>76,529,838</b>	<b>77,606,075</b>
Net income from financial operations	14,298,612	7,552,445
Net exchange gains (losses)	(5,964,282)	199,907
Other operating income	1,450,885	1,278,985
Provision for loan losses	(133,657,173)	(135,003,673)
<b>Total Operating Income, net</b>	<b>304,324,173</b>	<b>286,496,784</b>
Employee remunerations and expenses	(80,980,304)	(75,547,709)
Administrative expenses	(114,502,621)	(101,890,193)
Depreciation and amortization	(15,415,148)	(14,646,574)
Other operating expenses	(14,804,562)	(12,332,947)
<b>Total Operating Expenses</b>	<b>(225,702,635)</b>	<b>(204,417,423)</b>
<b>Operating Income</b>	<b>78,621,538</b>	<b>82,079,361</b>
Income from equity method investments in companies	453,266	426,119
<b>Income before Income Taxes</b>	<b>79,074,804</b>	<b>82,505,480</b>
Income tax expense	(22,953,108)	(23,707,965)
<b>Profit (loss) from Banking Business</b>	<b>56,121,696</b>	<b>58,797,515</b>
<b>Profit (Loss)</b>	<b>362,686,513</b>	<b>362,647,894</b>
<b>Profit (loss), Attributable to:</b>		
Owners of the parent	317,830,088	328,956,465
Non-controlling interests	44,856,425	33,691,429
<b>Profit (Loss)</b>	<b>362,686,513</b>	<b>362,647,894</b>
<b>Earnings per share</b>		
<b>Basic earnings per share</b>		
Basic earnings (loss) per share from continuing operations	0.13	0.14
<b>Basic Earnings (Loss) per Share</b>	<b>0.13</b>	<b>0.14</b>
<b>Diluted Earnings per Share</b>		
From continuing operations	0.13	0.14
<b>Diluted Earnings (Loss) per Share</b>	<b>0.13</b>	<b>0.14</b>

<sup>29</sup> Banking Services does not include Promotora CMR nor CMR Argentina.

Balance Sheet	30-sep-2018	31-dec-2017
	TH CLP	TH CLP
<b>Assets</b>		
<b>Non-banking Businesses</b>		
<b>Current assets</b>		
Cash and cash equivalents	206,510,514	232,027,185
Other financial assets	35,015,981	16,161,447
Other non-financial assets	139,014,214	109,045,269
Trade and other accounts receivable	1,846,208,448	1,965,407,382
Accounts receivable from related parties	30,391,988	8,568,867
Inventory	1,325,823,643	1,238,138,783
Tax assets	79,981,186	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>3,662,945,974</b>	<b>3,645,935,982</b>
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners	10,769,745	10,866,456
<b>Non-current assets or disposal groups classified as held for sale or as held for distribution to owners</b>	<b>10,769,745</b>	<b>10,866,456</b>
<b>Total Current Assets</b>	<b>3,673,715,719</b>	<b>3,656,802,438</b>
<b>Non-current Assets</b>		
Other financial assets	74,061,534	65,197,065
Other non-financial assets	95,978,960	74,750,007
Accounts receivable	276,617,259	275,089,053
Investments accounted for using the equity method	150,753,703	138,296,518
Intangible assets other than goodwill	290,929,275	279,330,294
Goodwill	596,328,302	504,394,517
Property, plant and equipment	2,654,202,384	2,544,923,700
Investment properties	2,968,920,785	2,908,777,208
Non-current tax assets	10,996,881	-
Deferred tax assets	205,111,885	148,118,365
<b>Total Non-current Assets</b>	<b>7,323,900,968</b>	<b>6,938,876,727</b>
<b>Total Assets – Non-banking Business</b>	<b>10,997,616,687</b>	<b>10,595,679,165</b>
<b>Banking Services Assets (Presentation)</b>		
Cash and bank deposits	274,518,138	225,800,376
Transactions with settlement in progress	128,427,024	21,370,300
Financial assets held for trading	134,102,357	71,182,626
Financial derivative contracts	40,094,994	26,600,918
Loans and accounts receivable from clients	2,724,269,482	2,590,709,808
Available for sale instruments	642,598,900	657,507,389
Investments in companies	2,988,074	2,861,251
Intangibles	66,671,808	60,658,539
Property, plant and equipment	36,723,945	33,933,667
Current taxes	4,703,429	7,766,383
Deferred taxes	24,879,160	16,036,209
Other assets	52,934,750	30,501,854
<b>Total Bank Services Assets</b>	<b>4,132,912,061</b>	<b>3,744,929,320</b>
<b>Total Assets</b>	<b>15,130,528,748</b>	<b>14,340,608,485</b>



	30-sep-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	1,374,571,332	834,648,234
Trade and other accounts payable	885,706,568	1,085,467,329
Accounts payable to related parties	13,370,096	7,636,329
Other current provisions	42,681,926	14,296,634
Current tax liabilities	21,113,156	37,030,912
Employee benefits provisions	127,555,901	138,464,318
Other non-financial liabilities	114,064,846	162,716,905
<b>Total Current Liabilities</b>	<b>2,579,063,825</b>	<b>2,280,260,661</b>
<b>Non-current Liabilities</b>		
Other financial liabilities	2,834,290,576	3,006,175,090
Other liabilities	1,103,254	1,081,931
Other long-term provisions	10,690,996	11,045,759
Deferred tax liabilities	580,236,590	568,622,314
Employee benefits provision	36,011,257	32,997,676
Other non-financial liabilities	53,431,622	45,681,427
<b>Total Non-current Liabilities</b>	<b>3,515,764,295</b>	<b>3,665,604,197</b>
<b>Total Non-banking Business Liabilities</b>	<b>6,094,828,120</b>	<b>5,945,864,858</b>
<b>Banking Services Liabilities (Presentation)</b>		
Deposits and other demand liabilities	613,016,550	543,154,221
Transactions with settlement in progress	121,151,720	15,139,196
Time deposits and other term deposits	2,219,697,125	1,987,726,066
Financial derivative contracts	59,334,755	31,181,315
Due to banks	54,723,005	81,391,043
Debt instruments issued	268,730,821	242,256,771
Other financial obligations	118,521,232	130,641,388
Current taxes	461,621	-
Provisions	10,958,071	1,669,445
Other liabilities	66,946,884	68,126,678
<b>Total Banking Services Liabilities</b>	<b>3,533,541,784</b>	<b>3,101,286,123</b>
<b>Total Liabilities</b>	<b>9,628,369,904</b>	<b>9,047,150,981</b>
<b>Net Equity</b>		
Issued capital	533,409,643	533,409,643
Retained earnings	4,408,745,883	4,183,008,108
Share premium	93,482,329	93,482,329
Own shares in portfolio	(44,808,966)	(27,042,749)
Other reserves	(408,800,307)	(383,842,804)
<b>Equity attributable to owners of the parent</b>	<b>4,582,028,582</b>	<b>4,399,014,527</b>
Non-controlling interests	920,130,262	894,442,977
<b>Total Equity</b>	<b>5,502,158,844</b>	<b>5,293,457,504</b>
<b>Total Equity and Liabilities</b>	<b>15,130,528,748</b>	<b>14,340,608,485</b>



	30-sep-2018	30-sep-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	7,396,339,956	6,981,629,640
<b>Classes of payments</b>		
Payment to suppliers for supplying goods and services	(5,600,956,301)	(5,314,142,500)
Payments to and on account of employees	(811,355,009)	(768,172,603)
Income taxes refunded (paid)	(168,617,430)	(119,400,702)
Other cash inflows (outflows)	(510,376,529)	(280,826,600)
<b>Subtotal net cash flows provided by Non-banking Business operating activities</b>	<b>305,034,687</b>	<b>499,087,235</b>
<b>Banking Services (Presentation)</b>		
Consolidated net income (loss) for the period	56,121,696	58,797,515
<b>Charges (credits) to income that do not involve cash movements:</b>		
Depreciation and amortization	15,415,148	14,646,574
Credit risk provision	170,103,275	153,494,827
Profit losses from equity method investments	(453,266)	(426,119)
Other charges (credits) that do not involve significant cash flow movements	22,953,109	24,640,057
Net change in interest, indexations and fees accrued on assets and liabilities	2,453,376	(6,302,036)
<b>Changes in assets and liabilities affecting cash flow:</b>		
Net increase in loans and accounts receivable from clients	(300,824,125)	(60,927,690)
Net decrease in instruments held for trading	(13,060,367)	(41,914,930)
Increase in deposits and other demand obligations	69,862,328	36,371,849
Increase in deposits and other time deposits	229,089,485	(1,208,172)
Increase in obligations with banks	(26,668,038)	(69,202,713)
Other use of cash	(9,672,780)	(5,915,342)
<b>Subtotal net cash flows provided by Banking Services operating activities</b>	<b>215,319,841</b>	<b>102,053,820</b>
<b>Net cash flows provided by operating activities</b>	<b>520,354,528</b>	<b>601,141,055</b>
<b>Cash flows provided by (used in) investing activities</b>		
<b>Non-banking Business (Presentation)</b>		
Cash flows used to obtain control of subsidiaries or other businesses	(87,420,365)	-
Contributions made to related companies	(3,997,815)	-
Loans to related parties	(22,181,371)	-
Proceeds from disposal of property, plant and equipment	29,466,153	2,003,811
Additions to property, plant and equipment	(264,516,662)	(262,973,744)
Additions to intangible assets	(40,091,574)	(30,670,489)
Additions to other long-term assets	(74,735,050)	(115,068,418)
Dividends received	5,622,538	5,196,923
Interest received	18,503,242	10,516,973
Other cash inflows (outflows)	(121,543)	(12,832,241)
<b>Subtotal net cash flows used in investing activities in the Non-banking Business</b>	<b>(439,472,447)</b>	<b>(403,827,185)</b>
<b>Banking Services (Presentation)</b>		
Net (Increase) decrease in investment securities available for sale	14,464,882	(43,939,481)
Additions to property, plant and equipment	(22,331,845)	(20,667,355)
Dividends received from investments in companies	503,392	-
Other sources of cash	(2,941,056)	(3,063,314)
<b>Subtotal net cash flows used in Banking Services investing activities</b>	<b>(10,304,627)</b>	<b>(67,670,150)</b>
<b>Net cash flows used in investing activities</b>	<b>(449,777,074)</b>	<b>(471,497,335)</b>
<b>Cash flows provided by (used in) financing activities</b>		
<b>Non-banking Business (Presentation)</b>		
Proceeds from issuance of shares	5,645,105	5,973,984
Payments to acquire own shares	(14,881,439)	4,610,768
Proceeds from long-term loans	112,139,910	181,043,853
Proceeds from short-term loans	1,836,283,086	1,620,724,240
<b>Total proceeds from loans</b>	<b>1,948,422,996</b>	<b>1,801,768,093</b>
Loans (payment) received to related parties	6,062,399	(1,756,829)
Payment of loans	(1,609,141,229)	(1,662,517,244)
Payment of financial lease liabilities	(20,341,897)	(15,251,795)
Dividends paid	(149,506,051)	(149,528,394)
Interest paid	(132,400,653)	(125,499,171)
Other cash inflows (outflows)	(66,391,910)	(15,104,270)
<b>Subtotal net cash flows provided by (used in) Non-banking Business financing activities</b>	<b>(32,532,679)</b>	<b>(157,304,858)</b>
<b>Banking Services (Presentation)</b>		
Retrieval of letters of credit	(8,153,229)	(4,799,219)
(Redemption) Letters of credit issuance	26,474,051	(18,052,617)
Other	(4,098,374)	(4,400,886)
<b>Subtotal net cash flows provided by (used in) Banking Services financing activities</b>	<b>14,222,448</b>	<b>(27,252,722)</b>
<b>Net cash flows used in financing activities</b>	<b>(18,310,231)</b>	<b>(184,557,580)</b>
<b>Net increase in cash and cash equivalents, before the effect of changes in the exchange rate</b>	<b>52,267,223</b>	<b>(54,913,860)</b>
<b>Effects of changes in the exchange rate on cash and cash equivalents</b>		
Effects of changes in the exchange rate on cash and cash equivalents	7,178,068	(5,103,470)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>59,445,291</b>	<b>(60,017,330)</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>554,403,956</b>	<b>515,975,411</b>



## Cash Flow – Chilean Operations (CLP Mn)

September 2018	Department Stores	Home Improvement	Supermarkets	Promotora CMR	Banco Falabella	Plaza S.A.
Cash flow from operating activities	16,139,180	36,105,880	15,898,192	61,533,223	92,166,020	146,931,303
Cash flow from investing activities	(62,947,867)	(62,794,568)	(27,141,072)	-	(47,388,028)	(58,706,477)
Cash flow from financing activities	31,451,520	26,801,442	8,470,287	(66,937,956)	(14,819,682)	(83,075,893)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(15,357,167)</b>	<b>112,754</b>	<b>(2,772,593)</b>	<b>(5,404,733)</b>	<b>29,958,310</b>	<b>5,148,933</b>
Impact of exchange rate differences on cash and cash equivalents	(78,779)	(224,191)	(9,044)	288,451	-	(142,924)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>49,713,345</b>	<b>21,759,631</b>	<b>11,855,790</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>34,277,399</b>	<b>21,648,194</b>	<b>9,074,153</b>	<b>21,582,548</b>	<b>174,318,607</b>	<b>33,046,376</b>

September 2017	Department Stores	Home Improvement	Supermarkets	Promotora CMR	Banco Falabella	Plaza S.A.
Cash flow from operating activities	10,650,626	84,952,328	15,769,699	69,372,662	15,444,853	138,671,056
Cash flow from investing activities	(86,812,865)	(44,531,241)	(17,983,087)	-	(4,245,467)	(119,129,950)
Cash flow from financing activities	67,808,688	(42,419,279)	(981,063)	(69,604,507)	(37,784,812)	(19,900,049)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(8,353,551)</b>	<b>(1,998,192)</b>	<b>(3,194,451)</b>	<b>(231,845)</b>	<b>(26,585,426)</b>	<b>(358,943)</b>
Impact of exchange rate differences on cash and cash equivalents	(337,719)	225,029	(20,751)	74,149	-	471,784
<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>36,735,426</b>	<b>15,013,104</b>	<b>6,919,149</b>	<b>24,143,171</b>	<b>172,881,440</b>	<b>21,849,250</b>

## Cash Flow – International Operations (CLP Mn)

September 2018	Peru	Colombia	Argentina	Brazil
Cash flow from operating activities	96,651,479	25,893,998	(48,222,490)	(18,715,646)
Cash flow from investing activities	(27,424,542)	(2,994,488)	(6,140,704)	(50,323,249)
Cash flow from financing activities	(61,659,580)	10,130,655	53,397,706	68,407,437
<b>Increase (decrease) in cash and cash equivalents</b>	<b>7,567,357</b>	<b>33,030,165</b>	<b>(965,488)</b>	<b>(631,458)</b>
Impact of exchange rate differences on cash and cash equivalents	7,114,385	1,112,574	(1,478,275)	(282,728)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>151,861,441</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>166,543,183</b>	<b>74,030,216</b>	<b>2,508,768</b>	<b>1,425,272</b>

September 2017	Peru	Colombia	Argentina	Brazil
Cash flow from operating activities	137,552,433	(29,112,570)	(6,850,265)	(8,665,721)
Cash flow from investing activities	(120,885,852)	(16,775,458)	(4,701,442)	(30,530,635)
Cash flow from financing activities	(54,093,186)	38,841,916	10,869,121	39,602,082
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(37,426,605)</b>	<b>(7,046,112)</b>	<b>(682,586)</b>	<b>405,726</b>
Impact of exchange rate differences on cash and cash equivalents	(2,947,452)	(433,868)	(296,711)	(374,156)
<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>2,531,336</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>163,150,305</b>	<b>26,329,379</b>	<b>3,438,525</b>	<b>2,562,906</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.







## S.A.C.I. Falabella

**Address:**

Manuel Rodríguez Norte 730  
Santiago, Chile

**Contact details:**

Andrea González Bayón  
Constanza Saver / Pablo Muñoz

Investor Relations

E-mail: [inversionistas@falabella.cl](mailto:inversionistas@falabella.cl)

**Website:**

<https://investors.falabella.com>