

An aerial photograph of a city, likely Santiago, Chile, featuring a prominent blue glass skyscraper (Torre Costanera Center) on the right side. The city is densely packed with buildings, and the sky is overcast with grey clouds. A large white circular graphic element is on the left side of the image, containing the title and date information.

# EARNINGS PRESENTATION

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As of September 30,

**2019**

*Shopping  
Centers*

cencosud



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# EXECUTIVE SUMMARY



- **Revenues** increased 302.3% in 3Q19, reflecting the incorporation of assets in Chile, Peru and Colombia. Proforma<sup>1</sup>, revenues increased 4.1% YoY, mainly explained by higher revenues related to the fixed portion of lease contracts.
- **Adjusted EBITDA margin** reached 90.0% in 3Q19. The quarter includes a one-off and three months of operation of Peru and Colombia. Excluding the one-off, proforma Adjusted EBITDA increased 5.4% and margin reached 91.3%. The Company has insurance and is in the process to collect it.
- **Tenant's sales** increased 0.2% in 3Q19, posting an improvement against the previous quarter, reflecting a positive trend in the months of July and August, partially offset by September which was impacted by the National Holidays in Chile. Traffic increased 4.3%.
- **Same Store Rent (SSR)** posted an above inflation evolution in Chile, increased 0.9% in Peru and decreased 0.8% in Colombia.
- **Consolidated Occupancy rate** increased from 96.3% in 3Q18 to 98.9% in 3Q19, reflecting high occupancy levels in Chile and an improvement in Peru, partially offset by Colombia.
- Portal Angamos and Portal El Llano are in commercialization stage and additional sqm will be added in 4Q19. Moreover, progress continues according to schedule at La Molina project in Peru and La 65 in Colombia.
- Since October 18, there have been several protests with social demands in Chile, several times with riots and damage to public and private property. Given this context, to protect the safety of customers, tenants and our people Cencosud Shopping has had to close its locations in a range between 1 and 16 days. Some assets suffered minor damages which do not compromise the operation at all, and the Company has insurances that reasonably cover the risks of deterioration of our assets, loss of income and others. Cencosud Shopping is evaluating and quantifying the economic impact, which will be reflected in the fourth quarter financial statements.

<sup>1</sup> Proforma considers the same assets of 2019 for the base year, for purposes of making the figures comparable

# RELEVANT EVENTS

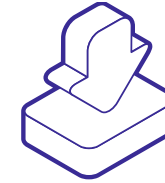


**On September 6, 2019,** The Company placed its second bond in the local market for a total amount of UF 9 million. The financing was completed thru 2 Bond Series;

- Series C structured at 9.5 years, bullet, placed at a coupon rate of 0.47%, representing a spread of 57 bps over the reference rate.
- Series E structured at 25.5 years, bullet, placed at a coupon rate of 1.08%, representing a spread of 80 bps over the reference rate.



**Con fecha 14 de agosto** the Company was granted the partial reception of 25,000 sqm of new GLA to lease office space in Costanera Center complex. On October 9, 2019, the Company was granted the partial reception of additional 25,000 sqm totaling 50,000 sqm. Currently these square meters are in the process of commercialization.



Regarding Sustainability, within the quarter the Company worked in collaboration with the Municipality of Providencia in a project to support entrepreneurs in the commune. Additionally, training on sustainability issues was offered to entrepreneurs. Finally, training was carried out in the areas of operations responsible for keeping the community relationship, as part of our planning to continue contributing to the development of the communities where we are inserted.

# INCOME STATEMENT

- **Revenues** increased 302.3% compared to 3Q18, mainly due to the incorporation of assets in Chile, Peru and Colombia. Proforma<sup>1</sup>, revenues grew 4.1%, explained by retroactive collections and contract renewals at Costanera Center in Chile.
- **Operating Income** increased CLP 206,382 million, reflecting the incorporation of the assets previously mentioned, generating higher results and a greater revaluation of investment properties.
- **Adjusted EBITDA** increased by CLP 39,886 million, reflecting the incorporation of the assets previously mentioned and the impact of IFRS16 rule. Proforma, adjusted EBITDA increased 3.9% and margin reached 90.0% in 3Q19, including the one-off effect of the flood at -4 level in Costanera Center and three months of operation of Peru and Colombia. Excluding the one-off, proforma adjusted EBITDA increased 5.4% and margin reached 91.3%.
- **Non-operating Income** improved 42.4% due to lower financial costs a lower loss in the result by readjustment units.

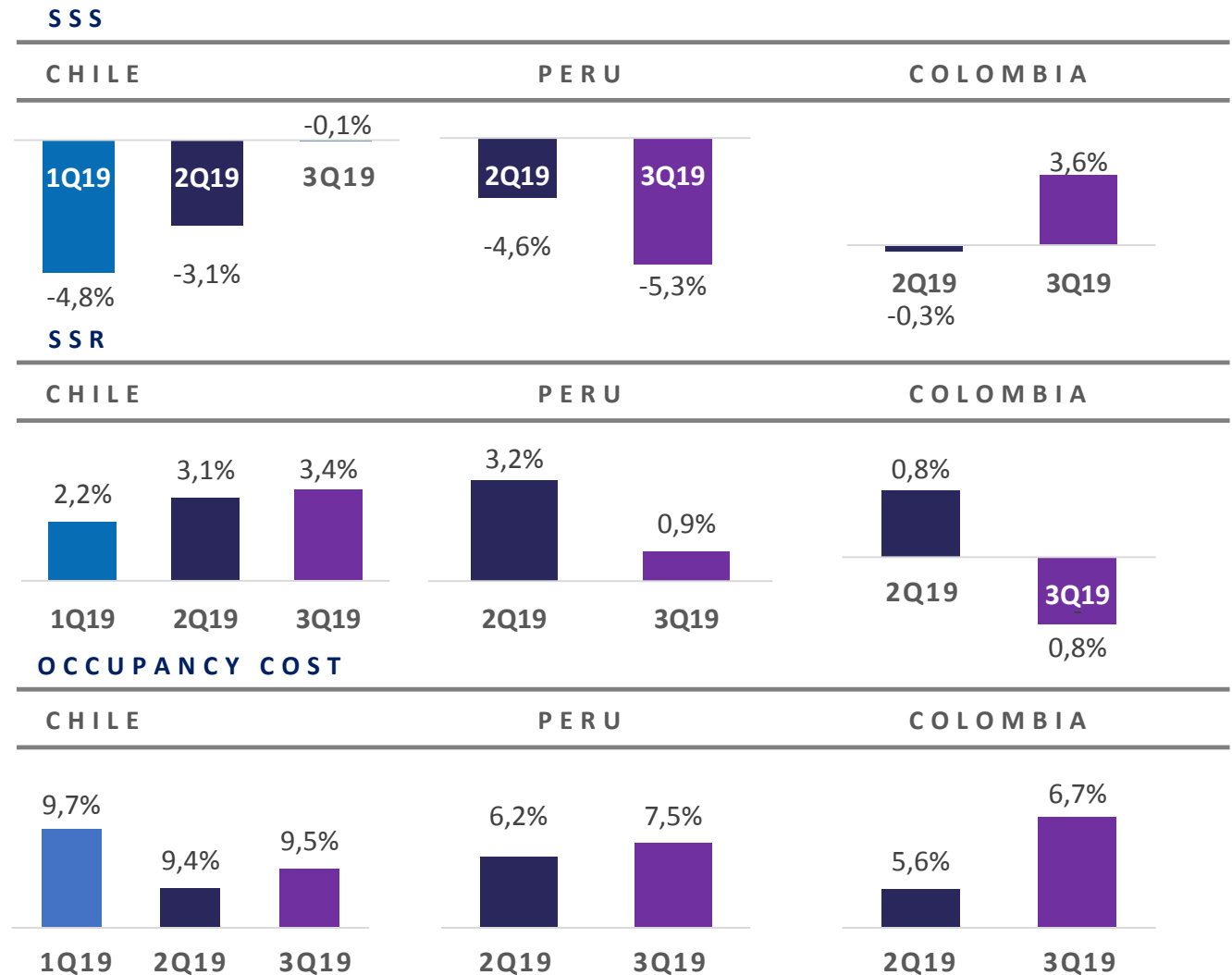
	3Q19	3Q18	Var. (%)
Revenues	57.935	14.399	302,3%
Cost of Sales	-2.319	-1.987	16,7%
Gross Profit	55.616	12.412	348,1%
Gross Margin	96%	86%	980 bps
SG&A	-3.460	-397	771,0%
Other revenues, by function	171.542	5.248	3168,7%
Other gains (losses)	-47	6	-832,3%
Operating Income	223.651	17.269	1195,1%
Net Financial Costs	-4.049	-7.746	-47,7%
Income (loss) from FX variations	0	0	n.a
Result of indexation units	-2.929	-4.373	-33,0%
Non-Operating Income (loss)	-6.978	-12.119	-42,4%
Income before income taxes	216.673	5.150	4106,9%
Income taxes	-54.392	-1.559	3388,4%
Profit (loss)	162.281	3.591	4418,9%
Adjusted EBITDA	52.125	12.239	325,9%
Adjusted EBITDA margin	90,0%	85,0%	497 bps

<sup>1</sup> Proforma considers the same assets of 2019 for the base year, for purposes of making the figures comparable



# BUSINESS PERFORMANCE

- **Same Store Sales (SSS):** SSS in Chile posted a positive trend in the quarter. September was impacted by the National Holidays. In Peru, SSS reflects lower sales in anchor stores. Colombia improved due to better performance of anchor stores.
- **Same Store Rent (SSR):** SSR above inflation in Chile. Peru posted lower SSR due to lower sales from anchor stores (lower variable income). Colombia posted a negative SSR due to the work in progress La 65, which has affected tenant sales.
- In Chile, **Occupancy Cost** slightly increased when compared to 2Q19, but it remained lower than 1Q19 due to lower common expenses, reaching 9.5%. In Peru, greater occupancy cost is explained by lower tenant sales, while lease and common expenses remained stable. In Colombia, greater occupancy cost is explained by the regularization of the collection of common expenses.
- **Visits** to our shopping centers and power centers showed a positive performance in 3Q19 vs 3Q18, increasing 3.4%, 10.6% and 4.3% in Chile, Peru and Cencosud Shopping, respectively.



# PROFITABILITY BY COUNTRY

- In **Chile**, proforma<sup>1</sup> adjusted EBITDA increased 3.8% and margin reached 90.5% in 3Q19, impacted by the flood of -4 level in Costanera. Excluding this effect, adjusted EBITDA margin increased 5.4% and margin reached 91.9%.
- In **Peru**, EBITDA margin was positively impacted by the implementation of IFRS16 rule and lower personnel expenses.
- In **Colombia**, proforma adjusted EBITDA was impacted by higher audit and personnel expenses, and an increase in bad debt due to the corporate restructuring for the IPO.

	THIRD QUARTER				NINE MONTHS AS OF SEPTEMBER 30			
	2019 CLP MM	2018 CLP MM	Δ %	ML Δ %	2019 CLP MM	2018 CLP MM	Δ %	ML Δ %
Chile	55.621	14.399	286,3%	286,3%	169.626	43.218	292,5%	292,5%
Peru	1.339	0	0,0%	0,0%	1.761	0	0,0%	0,0%
Colombia	976	0	0,0%	0,0%	1.298	0	0,0%	0,0%
<b>Revenues</b>	<b>57.935</b>	<b>14.399</b>	<b>302,3%</b>	<b>302,3%</b>	<b>172.685</b>	<b>43.218</b>	<b>299,6%</b>	<b>299,6%</b>
Chile	53.941	12.412	334,6%	334,6%	166.438	37.237	347,0%	347,0%
Peru	1.056	0	0,0%	0,0%	1.513	0	0,0%	0,0%
Colombia	619	0	0,0%	0,0%	850	0	0,0%	0,0%
<b>Gross Profit</b>	<b>55.616</b>	<b>12.412</b>	<b>348,1%</b>	<b>348,1%</b>	<b>168.800</b>	<b>37.237</b>	<b>353,3%</b>	<b>353,3%</b>
<b>SG&amp;A</b>	<b>-3.460</b>	<b>-397</b>	<b>771,0%</b>	<b>771,0%</b>	<b>-7.900</b>	<b>-1.578</b>	<b>400,8%</b>	<b>400,8%</b>
<b>Operating Income</b>	<b>223.651</b>	<b>17.269</b>	<b>1195,1%</b>	<b>1195,1%</b>	<b>543.948</b>	<b>77.169</b>	<b>604,9%</b>	<b>604,9%</b>
Chile	50.345	12.239	311,3%	311,3%	158.769	36.335	337,0%	337,0%
Peru	1.294	0	0,0%	0,0%	1.685	0	0,0%	0,0%
Colombia	486	0	0,0%	0,0%	682	0	0,0%	0,0%
<b>Adjusted EBITDA</b>	<b>52.125</b>	<b>12.239</b>	<b>325,9%</b>	<b>325,9%</b>	<b>161.135</b>	<b>36.335</b>	<b>343,5%</b>	<b>343,5%</b>
<b>Adjusted EBITDA (%)</b>	<b>90,0%</b>	<b>85,0%</b>		<b>497 bps</b>	<b>93,3%</b>	<b>84,1%</b>		<b>924 bps</b>

1. Proforma considers the same assets of 2019 for the base year, for purposes of making the figures comparable

# INDEBTEDNESS

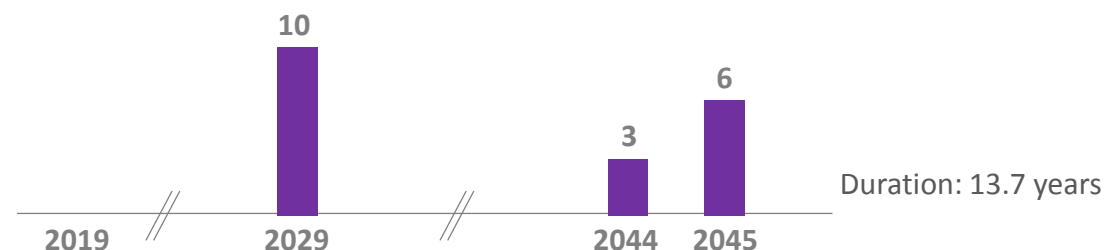
- As of September 6, 2019, the Company placed its second bond in the local market for a total amount of UF 9 million. Use of proceeds was the payment of intercompany debt.
  - Annual savings in Financial Cost of USD 30 million due to the refinancing of total debt and debt payment with proceeds from the IPO.
- As of September 30, 2019, Total Liabilities amounted CLP 1,319,836 million, of which CLP 548,865 million represented Financial Debt.
- As of the end of 3Q19 there were 2 financing sources:
  - Other financial liabilities current and non-current, which represent the issuance of local bonds placed in May 17, 2019 and September 6, 2019. The amount issued reached CLP 540,417 million.
  - Intercompany debt obtained from the holding Company Cencosud S.A. for a total amount of CLP 8,448 million.

## FINANCIAL RATIOS

(in times)	Sep 2019	Jun 2019	Mar 2019	Dec 2018
Total Liabilities / Equity	0.55	0.79	0.99	1.05
Current Assets / Current Liabilities	0.63	11.57	0.73	1.60
Total Liabilities / Total Assets	0.35	0.44	0.50	0.51
Profit / Total Assets	0.04	0.01	0.05	0.03
Profit / Total Equity	0.07	0.02	0.09	0.06

	Financial Debt	
	Before Issuances	Post Issuances
Financial Debt	UF 7 million	UF +1,79%
UF +5%	UF 3 million	UF +2,24%
	UF 3 million	UF +0,47%
	UF 6 million	UF +1,08%

## AMORTIZATION SCHEDULE (UF MILLION)



1. Net Financial Debt = Other financial liabilities current + Other financial liabilities non-current + Accounts Payable to Related Parties Current + Accounts Payable to Related Parties non-current – Cash and Cash Equivalents



# PROJECTS IN COURSE

## CHILE



### EL LLANO, Santiago

- Current GLA: 15,654 sqm
- Estimated total investment: US\$9.0mm
- % progress: 100%
- Additional GLA: 9.150m<sup>2</sup>
- Definitive Municipal Reception was granted. Square meters will be added in 4Q19.
- In the process of commercialization. As of November 25 we have 54% of signed contracts and 14% of stores open.



### ANGAMOS, Antofagasta

- Current GLA: 26,177 sqm
- Estimated total investment: US\$6.0mm
- % progress: 99%
- Additional GLA: 1,370 sqm
- Work finished. Pending final municipal reception.
- In the process of commercialization. As of November 25 we have 52% of signed contracts.

## PERU AND COLOMBIA



Progress continues at La Molina project in Peru and La 65 in Colombia.

### LA MOLINA, Lima

- Current GLA: 4,291 sqm
- Estimated total investment: US\$109mm
- GLA at completion: 35,700 sqm



### LA 65, Medellín

- Current GLA: 22.200m<sup>2</sup>
- Estimated total investment: US\$167mm
- GLA at completion: +78,000 sqm

# CLOSING COMMENTS

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## THIRD QUARTER 2019 HIGHLIGHTS

- Second bond issue in local market
  - Intercompany debt payment
  - Improves Financial Position With Debt Pay down
- Municipal reception of 50,000 sqm of Costanera Center complex was granted

## LOOKING AHEAD

We will continue to evaluate alternatives of:

- GLA Optimization
- Brownfield Expansion
- Greenfield