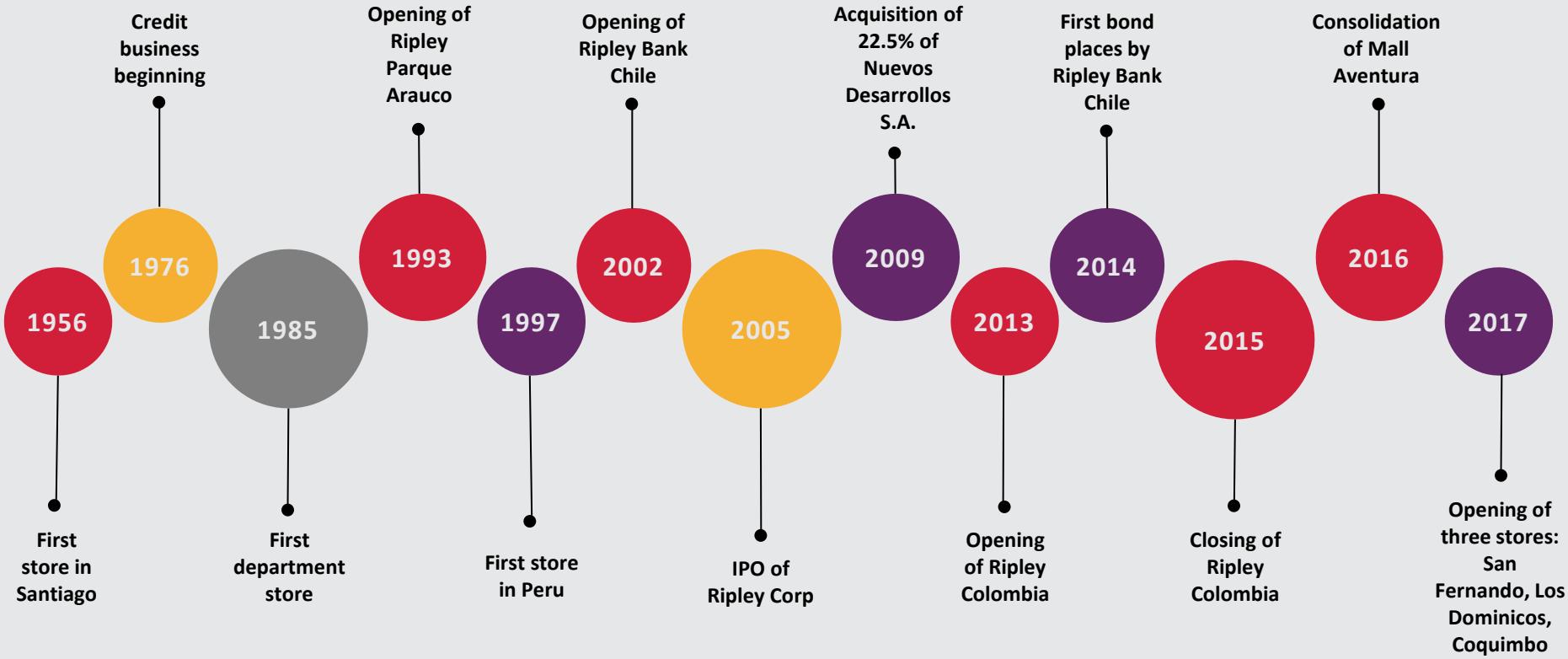
Ripley Corp

March 2018

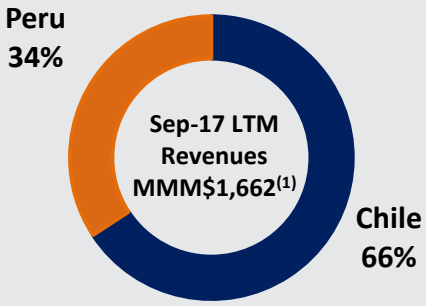


Over 60 years of history

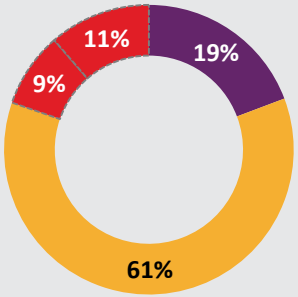
PHASE I BEGINNING | PHASE II REPOSITIONING | PHASE III SCALE | PHASE IV PROFITABILITY AND SELECTIVE GROWTH



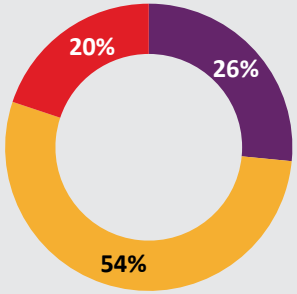
Ripley overview



Referential EBITDA(2)



Assets



Retail

- ✓ Revenues: MMM$ 1,207
- ✓ 74 stores
- ✓ 479,575 m²
- ✓ EBITDA: MMM$ 39

Financial

- ✓ Revenues: MMM$ 436
- ✓ 83 branch offices
- ✓ Loan Portfolio: MMM$ 1,127
- ✓ 1,737 (Th) cards w/ debt
- ✓ EBIT: MMM$ 68

Real Estate

- ✓ Revenues: MMM$ 23
- ✓ 12 malls
- ✓ MMM$ 480 investment
- ✓ EBITDA(3): MMM$ 40

Retail

- ✓ 29 stores
- ✓ 192,884 m²
- ✓ EBITDA: MMM$ 6

Financail

Loan Portfolio: MMM$ 353

- ✓ 478 (Th) cards w/ debt
- ✓ EBIT: MMM$ 20

Real Estate

- ✓ 2 malls
- ✓ MMM$ 175 investment
- ✓ EBITDA: MMM$ 11

Retail

- ✓ 45 stores
- ✓ 286,691 m²
- ✓ EBITDA: MMM$ 33

Finanancial

- ✓ Loan Portfolio: MMM$ 774
- ✓ 1,259 (Th) cards w/ debt
- ✓ EBIT: MMM$ 47

Real Estate

- ✓ 10 malls
- ✓ MMM$ 305 investment
- ✓ EBITDA(3): MMM$ 29

Note: Data by September 2017 and amounts in CLP. Revenues, EBITDA and EBIT LTM. Does not consider Corp, Chile nor Peru's central offices

(1) Does not include Corp's central offices

(2) Referential EBITDA: 9% consolidated real estate investment and 11% non-consolidated real estate investment in joint ventures

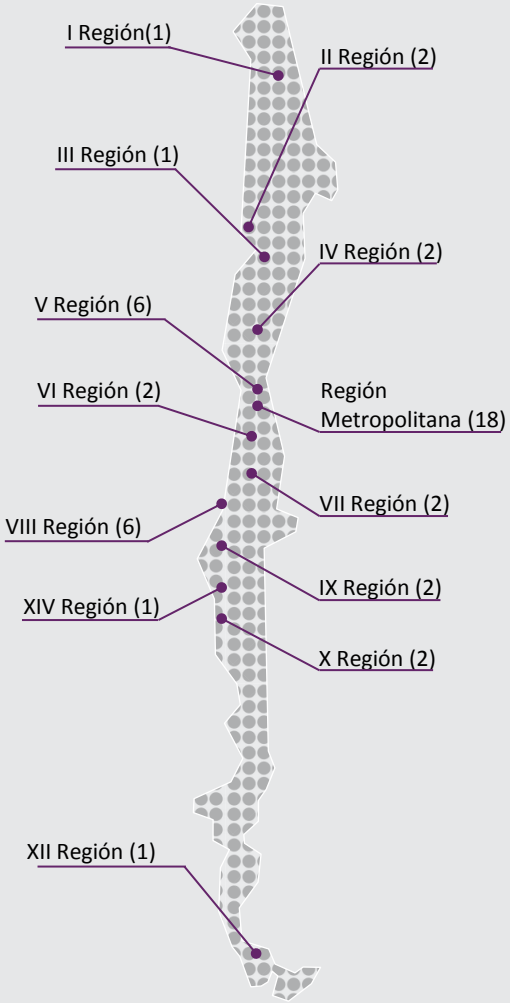
(3) Referential EBITDA proportional to Ripley's stake, considers real estate investments in consolidated and non-consolidated investments


1
Retail Business
2
Financial Business
3
Real Estate Business
4
LTM sep-17 Results
5
Looking forward

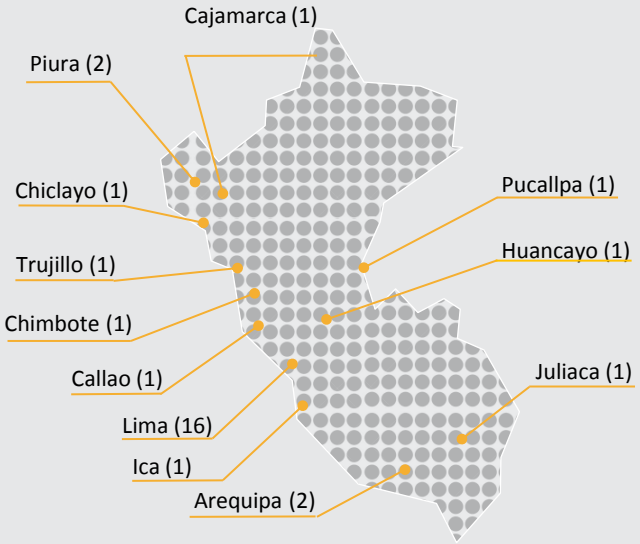
RETAIL BUSINESS

1

Wide presence in Chile and Peru, with leadership in both countries

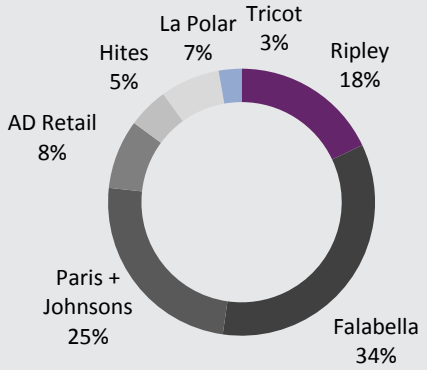


80% of our selling surface is located in **main shopping centers** in **major cities** in Chile and Peru

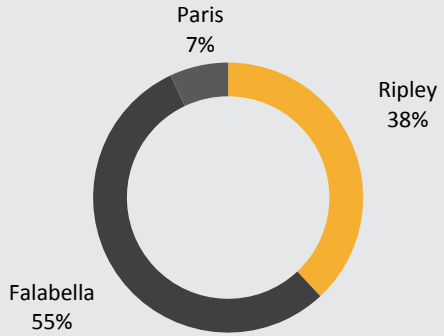


Market share (sep-17)(1)

Chile



Peru

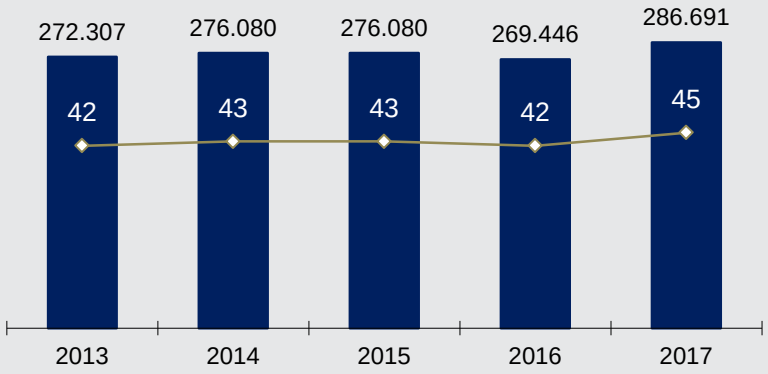


(1) Market share based on retail revenues from department stores with public information

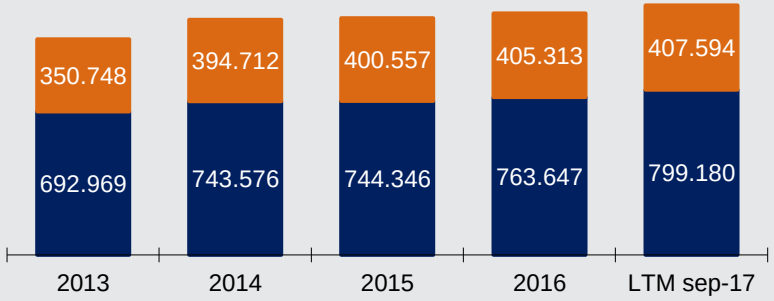
RETAIL BUSINESS

Retail indicators

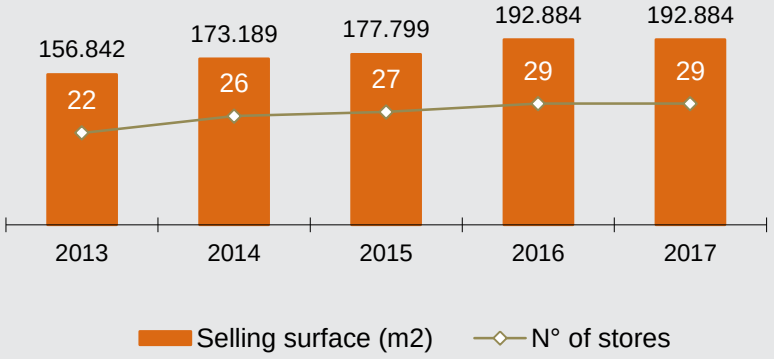
Selling surface Chile



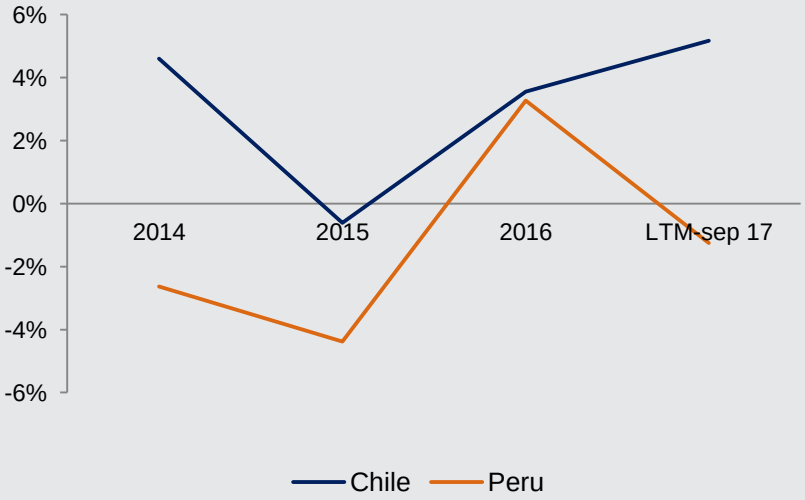
Sales evolution (MMCLP)(1)



Selling surface Peru



Same Stores Sales (SSS)



(1) *Does not include central offices*

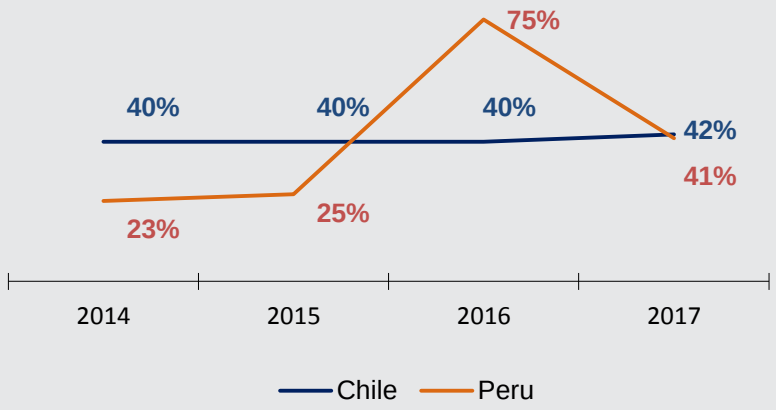
RIPLEY'S e-COMMERCE BUSINESS

- Increasing omnichannel and digitalization focus
- Strategic Plan focused on platform development and internet sales
- On April 4th Mercado Ripley.com was launched, allowing third parties to sale their products at Ripley's website
- Close to 80 million visits during 2016 to Ripley's internet homepage in Chile
- Winner of the 2015 and 2016 ecommerce award in Chile and 2016 and 2017 in Peru

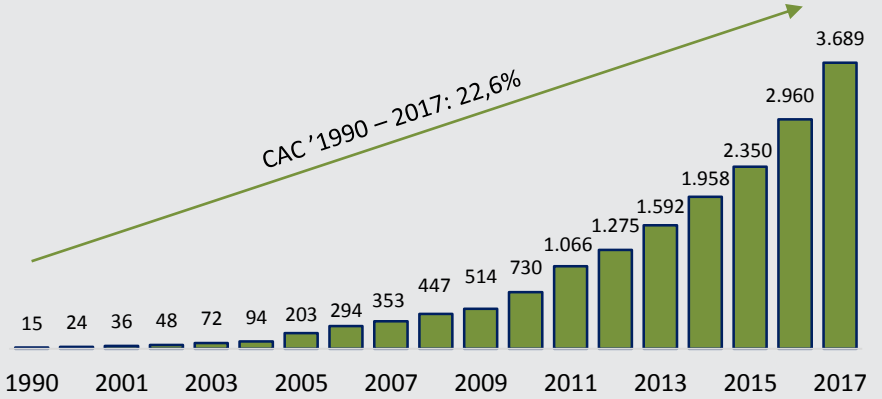
Awards



***e-Commerce* sales evolution**



***e-Commerce* in Chile 1990 – 2017 (USD mm)**



Source: Ripley Corp, estimated from the Santiago's Chambers of Commerce. CAC: Compound annual growth

RETAIL BUSINESS

Large logistic infrastructure in place

Ripley Chile's distribution center has a surface of 67,000 m^2 and dispatches over 50 million units per year.

Meanwhile, Ripley Peru's distribution center has a surface of 45,000 m^2 and dispatches 32 million units per year.



RETAIL STRATEGIC PLAN

1

Focus in increasing investment profitability with greater emphasis in fashion & clothing

Product

- Focus on managing private labels, which have a larger margin contribution
- Improving electro department by optimizing assigned surface and online sales
- Alliances with large international brands

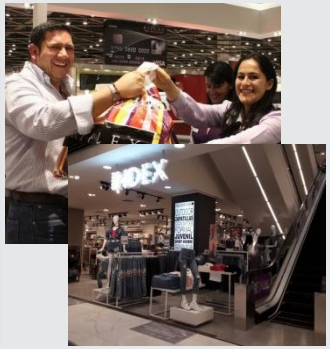
Achieve margins increase and differentiation from other retailers



Management

- Increase profitability of surfaces dedicated to brands
- First level logistic process, able to satisfy both the traditional channel and *e-commerce*
- Optimization of life cycle, which allows to decrease discount sales and optimize inventories
- Speed up replenishment and availability of products in stores, avoiding stock-outs

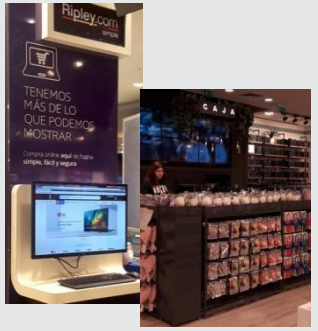
Continuous improvement of the information and processes to benefit commercial management



Store

- Internet and omnichannel development
- New attention model, in line with international retail and reducing HR expenses
- Offer entertaining, simple and captivating stores, focused on product
- Standardize products exhibition norms and visual elements

Offer simple and entertaining channels, controlling HR expenses



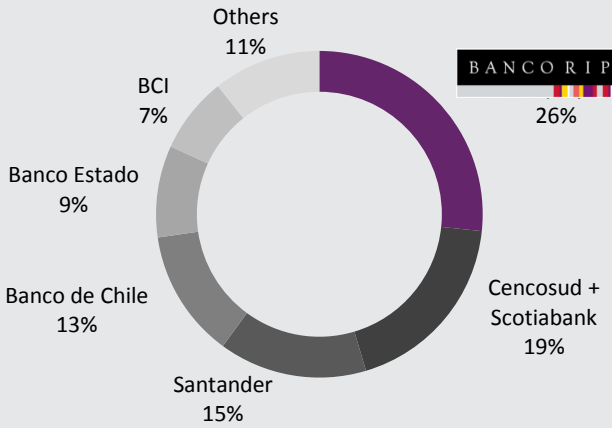

1
Retail Business
2
Financial Business
3
Real Estate Business
4
LTM sep-17 Results
5
Looking forward

FINANCIAL BUSINESS

Banking industry leader in cards

Chile

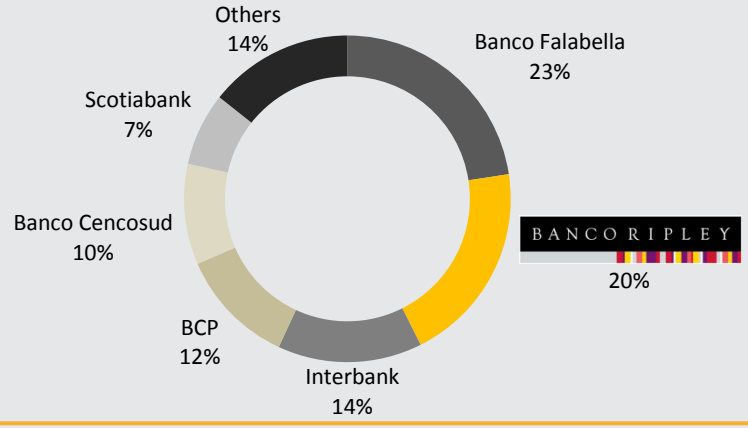
Credit card market share(1)



- **49** branch offices
- **#3** in the banking industry of loans per branch offices(2)
- **#1** in credit card market share
- **#4** in the banking industry of credit card loans
- **3.5%** ROA, the highest in the banking system

Peru

Credit card market share(1)



- **35** branch offices
- **#3** in the banking industry of loans per branch offices(3)
- **#2** in credit card market share
- **Estacion R:** new format of branch offices that offer financial products and electronics and home appliances financing

Source: SBIF, SBS, last available data (January-18).

(1) As a percentage of the total credit cards in the industry

(2) Considers banks with over CLP 100,000 million in consumer loans. Measured as total consumer loans / branch offices

(3) Considers banks with over PEN 480 million in consumer loans. Measured as total consumer loans / branch offices

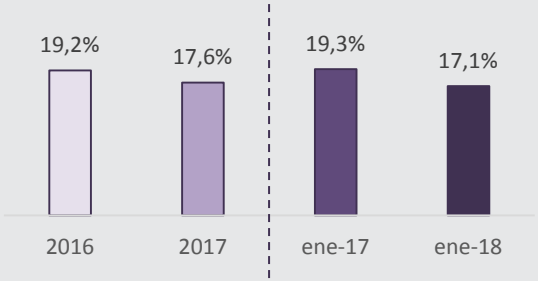
(4) Considers only "CAT administradora de tarjetas S.A"., owned 51% by Scotiabank and 49% by Cencosud

FINANCIAL BUSINESS

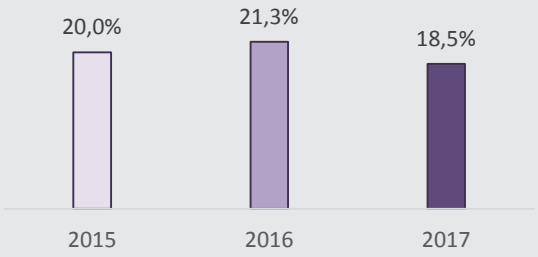
2

Bank in Chile

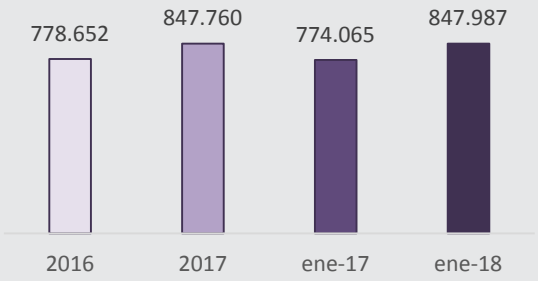
ROE



Basel Index



Loan Portfolio (MM$)



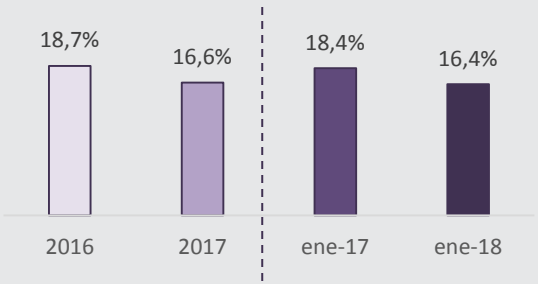
Good profitability indicators

Solid capital adequacy and good levels of Basel Index

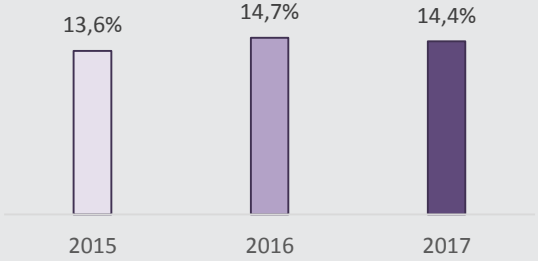
Growing loan portfolio YoY

Bank in Peru

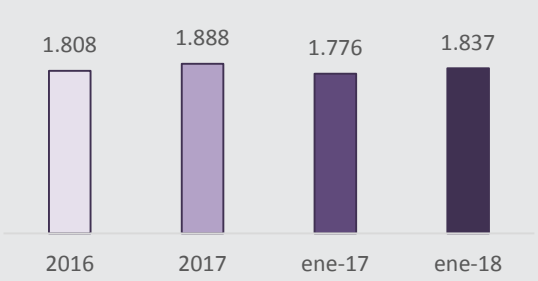
ROE



Basel Index



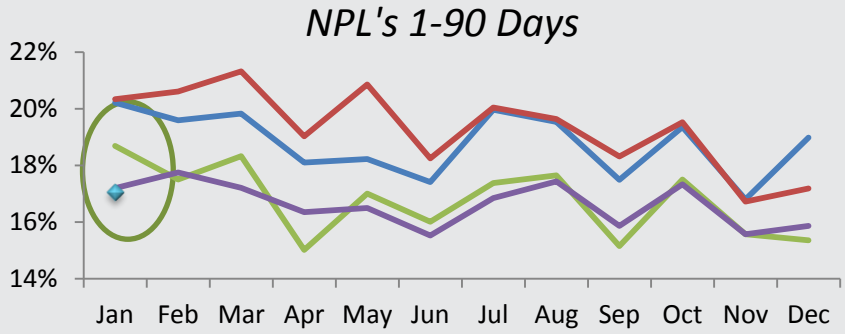
Loan Portfolio (MMPEN)

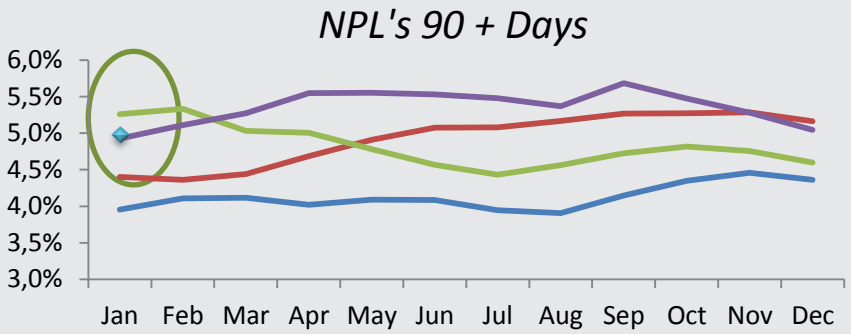


Sources: Ripley Corp, SBIF and SBS
ROE: LTM Net Income / last month's equity

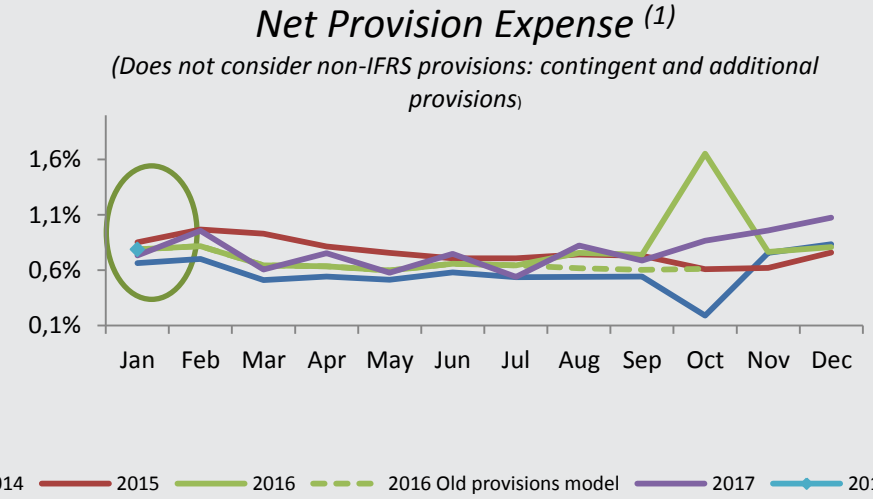
FINANCIAL BUSINESS

Ripley Chile





- ✓ Healthy evolution of early NPL's (less than 90 days) and improving when compared to previous years and recent months
- ✓ Over 90 days NPL's show a slight rise compared to recent years, explained by a worsening of the employment quality as well as a response to a less dynamic economy
- ✓ Monthly net risk cost, showed a slight increase in the recent months, yet in line with expected levels



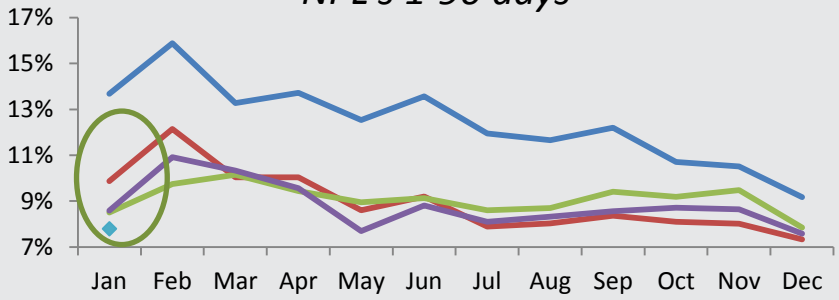
(1) *In October 2016, Ripley Bank Chile changed its risk provisions aligning its model to the SBIF definitions*

FINANCIAL BUSINESS

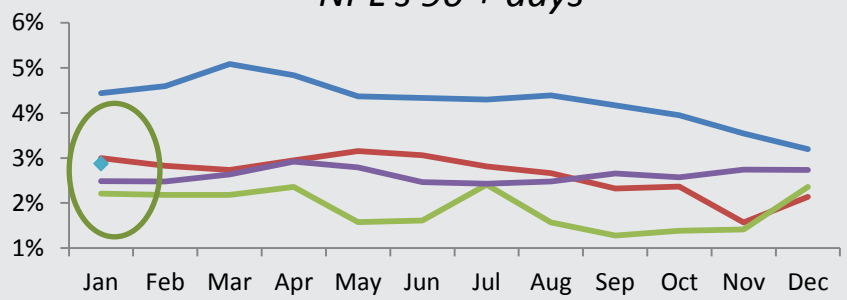
2

Ripley Peru

NPL's 1-90 days

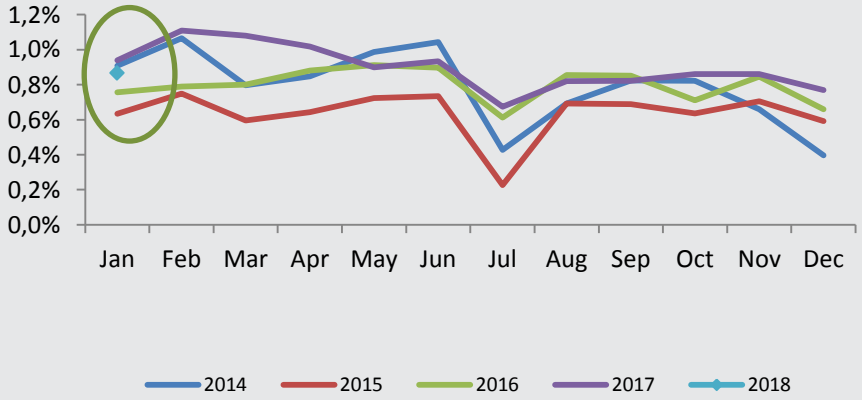


NPL's 90 + days



- ✓ Both early (under 90 days) and late Non Performing Loans (NPL's) are still maintaining healthy levels when compared to previous years
- ✓ The rise in net provisions expenses and late NPL's, is mild and maintained in reasonable levels, thanks to the credit risk evaluations policies in place
- ✓ Net risk costs is increasing in line with the rise of the loan portfolio

Net Risk Provision Expense



FINANCIAL BUSINESS

2

OUR PROMISE

A SIMPLE BANK

Close to its customers

OUR ATTRIBUTES

TRANSPARENCY
In the sale
With the charges
In the communication

QUICKNESS
In services
In problem resolution
No waiting time

ACCESABILITY
Omnichannel
Monday through Sunday
Where the client wants to be

BENEFITS
From Ripley world
Ripley reward points
Valued alliances

HOW WE'LL DO IT

Client knowledge

Digital innovation in products, channels and services

Integration with retail

Lean processes

Culture and a capable team


1
Retail Business
2
Financial Business
3
Real Estate Business
4
LTM sep-17 Results
5
Looking forward

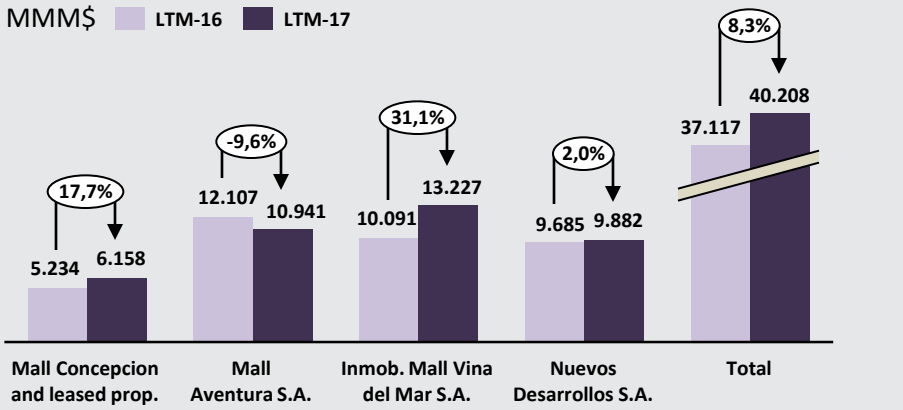
REAL ESTATE BUSINESS

3

~ MM$480,000 of investment in real estate assets with growing profitability

- EBITDA LTM sep-17 increased 8.3% when compared to the previous year, reaching MM$40,208
- On April 2016 Ripley's ownership of Inm. Mall Vina del Mar came up to 50% after the purchase of an extra 16.67% of it
- Starting 2Q16, Ripley recognizes all of its investments properties at *fair value* instead of historical cost
- On July 2016 the division of Aventura Plaza S.A. was executed and Ripley began to consolidate the operation of Mall Aventura S.A.

EBITDA (2) LTM-Sep



Ripley Corp's ownership in Real Estate businesses (sep-17)

	Ownership	Country	Investment(1) (MM$)	GLA (m²)	Malls	EBITDA LTM(2) (MM$)	Net Income LTM (MM$)
Mall Concepcion and leased properties	100%	Chile	72,964	36,521	1	6,158	4,354
Nuevos Desarrollos S.A.	22.5%	Chile	124,799	97,080	7	9,882	8,450
Inm. Vina del Mar S.A.	50%	Chile	107,256	58,500	2	13,227	11,218
Mall Aventura S.A.	100%	Peru	174,738	122,900	2	10,941	4,264
Total			**479,758**	**315,001**	**12**	**40,208**	**28,286**

Nuevos Desarrollos includes: Plaza Sur, Plaza Alameda, Plaza Mirador Bio Bio, Las Americas (Iquique), Plaza Egana, Plaza Copiapo and Los Dominicos; Mall Aventura includes: Mall Aventura Arequipa and Mall Aventura Santa Anita; Inm. Mall Vina del Mar includes Mall Marina y Mall Centro Curico

(1) Amounts equivalent to the total of the asset weighed by the percentage of Ripley's ownership

(2) Referential EBITDA proportional to Ripley's stake, considers real estate investments in consolidated and non-consolidated investments

REAL ESTATE BUSINESS

3

Expansion and development of new real estate projects

Chile

Mall Marina Arauco Expansion (Q2 2018[1])

- Mall located in the city of Vina del Mar, which has a population of approximately 287,000 people
- Mall owned by Inmobiliaria Mall Vina del Mar S.A., where Ripley shares 50% of the property



Mall Plaza Arica (2018[1])

- Mall located in the city of Arica (northern Chile), which has a population of around 4,000 people
- GLA: 32,000 m2
- Mall owned by Nuevos Desarrollos S.A., where Ripley has 22.5% of the property



Peru

Expansion projects

- Mall located in Arequipa city, the second most populated city in Peru (877,000 people). It currently has a GLA of 65,300 m^2 and the expansion will add 7,018 m^2. Property of Mall Aventura S.A. (100% Ripley)
- Mall Santa Anita (Q3 2018[1]): located in the city of Lima in the Santa Anita district (~233,000 people) and with a current GLA 57,600 m^2. The expansion will add 30,212 m^2. Property of Mall Aventura S.A. (100% Ripley)



New projects

- Mall Iquitos (Q3 2021[1]): Mall located in the San Juan Bautista district, it will become the first and only mall in the city of Iquitos(~432,000 people). This project contemplates 52,286 m^2 of GLA and it's owned by Mall Aventura S.A. (100% Ripley)
- Mall San Juan de Lurigancho (Q3 2021[1]): Mall located in the district of San Juan de Lurigancho, the largest and most populated one in Peru (~1,100,000 people). The GLA of the project is 64,461 m^2 and it's owned by Mall Aventura S.A. (100% Ripley)



(1) In brackets, estimated opening


1
Retail Business
2
Financial Business
3
Real Estate Business
4
LTM sep-17 Results
5
Looking forward

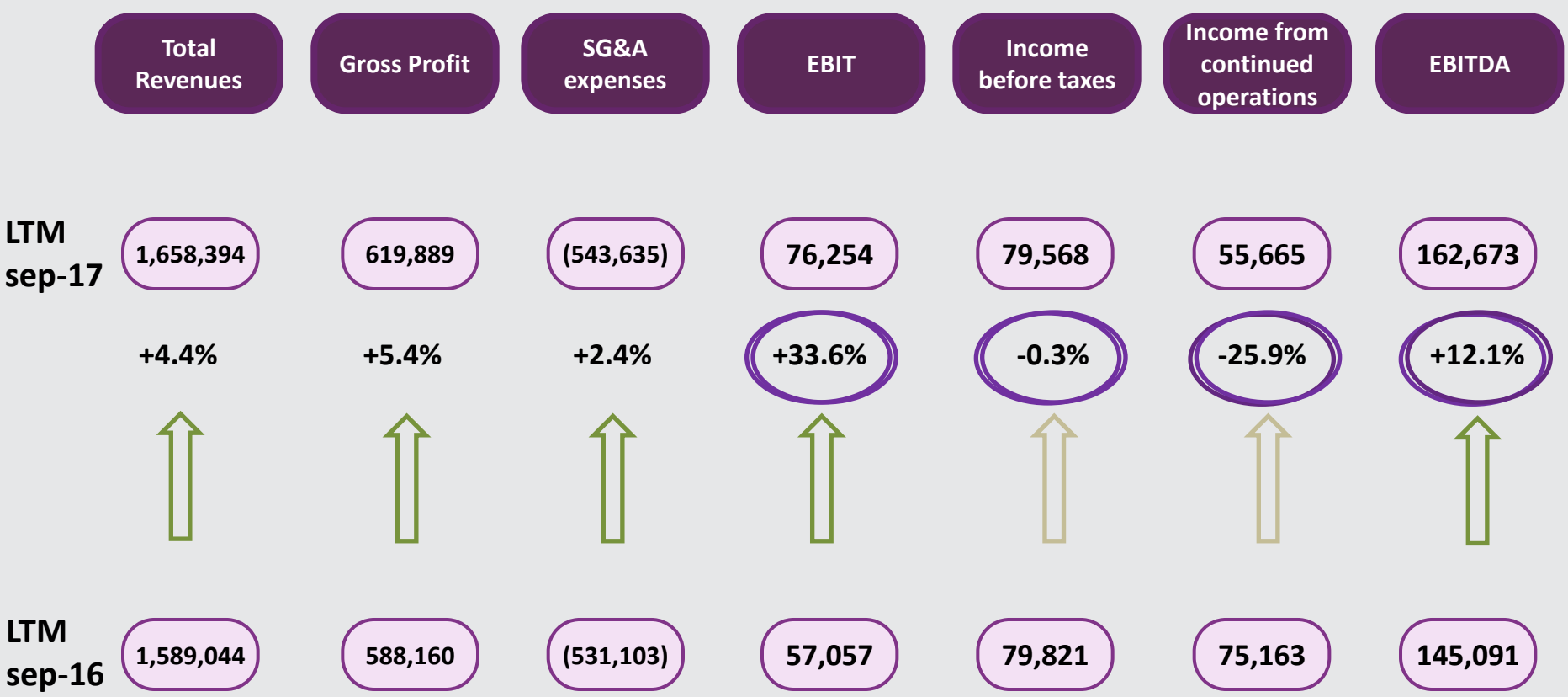
LTM-sep RESULTS

Ripley Corp (amounts in MM$)	Chile 2017	Chile 2016	Chile Var %	Peru 2017	Peru 2016	Peru Var %	Central offices & consolidation adjust. 2017	Central offices & consolidation adjust. 2016	Central offices & consolidation adjust. Var %	Consolidated 2017	Consolidated 2016	Consolidated Var %
Retail revenues	798,920	760,132	5.1%	407,594	410,157	-0.6%	(4,061)	(4,053)	0.2%	1,202,453	1,166,236	3.1%
Financial revenues	287,881	275,332	4.6%	145,791	137,444	6.1%	-	-		433,672	412,776	5.1%
Real estate revenues	6,622	6,586	0.6%	15,647	3,446	354.1%	-	-		22,269	10,032	122.0%
Total Revenues	**1,093,424**	**1,042,049**	**4.9%**	**569,031**	**551,047**	**3.3%**	**(4,061)**	**(4,053)**	**0.2%**	**1,658,394**	**1,589,044**	**4.4%**
Retail costs	(575,671)	(546,842)	5.3%	(306,296)	(304,070)	0.7%	4,061	4,053	0.2%	(877,906)	(846,860)	3.7%
Financial costs	(103,126)	(105,276)	-2.0%	(57,473)	(48,748)	17.9%	-	-		(160,599)	(154,024)	4.3%
Interest expenses	(27,586)	(30,602)	-9.9%	(19,511)	(17,881)	9.1%	-	-		(47,097)	(48,484)	-2.9%
Net risk costs	(65,985)	(67,330)	-2.0%	(36,648)	(29,510)	24.2%	-	-		(102,633)	(96,841)	6.0%
Others	(9,555)	(7,343)	30.1%	(1,314)	(1,356)	-3.1%	-	-		(10,869)	(8,700)	24.9%
Total Costs	**(678,797)**	**(652,118)**	**4.1%**	**(363,769)**	**(352,818)**	**3.1%**	**4,061**	**4,053**	**0.2%**	**(1,038,505)**	**(1,000,884)**	**3.8%**
Retail gross profit	223,249	213,290	4.7%	101,298	106,086	-4.5%	-	-		324,547	319,377	1.6%
Financial gross profit	184,755	170,056	8.6%	88,318	88,696	-0.4%	-	-		273,073	258,752	5.5%
Real estate gross profit	6,622	6,586	0.6%	15,647	3,446	354.1%	-	-		22,269	10,032	122.0%
Total Gross Profit	**414,627**	**389,931**	**6.3%**	**205,262**	**198,229**	**3.5%**	**-**	**-**		**619,889**	**588,160**	**5.4%**
SG&A expenses	(355,674)	(353,138)	0.7%	(180,314)	(173,375)	4.0%	(7,647)	(4,590)	66.6%	(543,635)	(531,103)	2.4%
EBIT	**58,953**	**36,793**	**60.2%**	**24,948**	**24,854**	**0.4%**	**(7,647)**	**(4,590)**	**66.6%**	**76,254**	**57,057**	**33.6%**

- Positive evolution of operational results (+33.6%)
  - LTM revenues increased 4.4%
  - Higher same store sales (“SSS”) in Chile (+5.2%)
    - Growth of online channel and private brands
  - Effect of the consolidation of Mall Aventura S.A. (“Mall Aventura”) during LTM sep-17
  - SG&A efficiencies in Ripley Chile

LTM-sep RESULTS

4

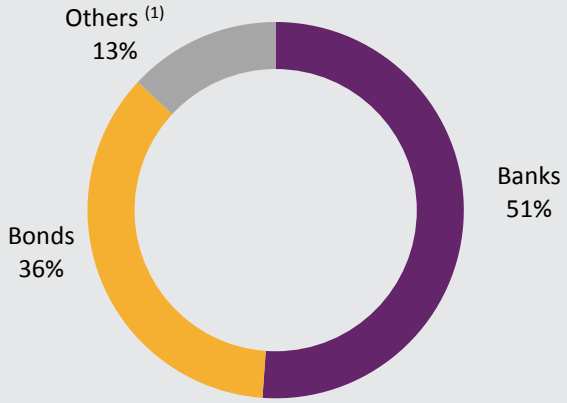


LEVERAGE Sep-17

4

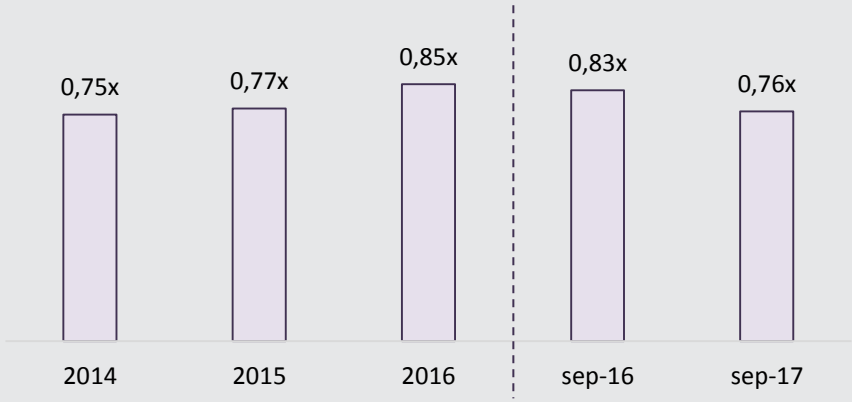
Financial debt composition

Excludes financial business



Leverage (Liabilities / Equity)(2)

Excludes financial business

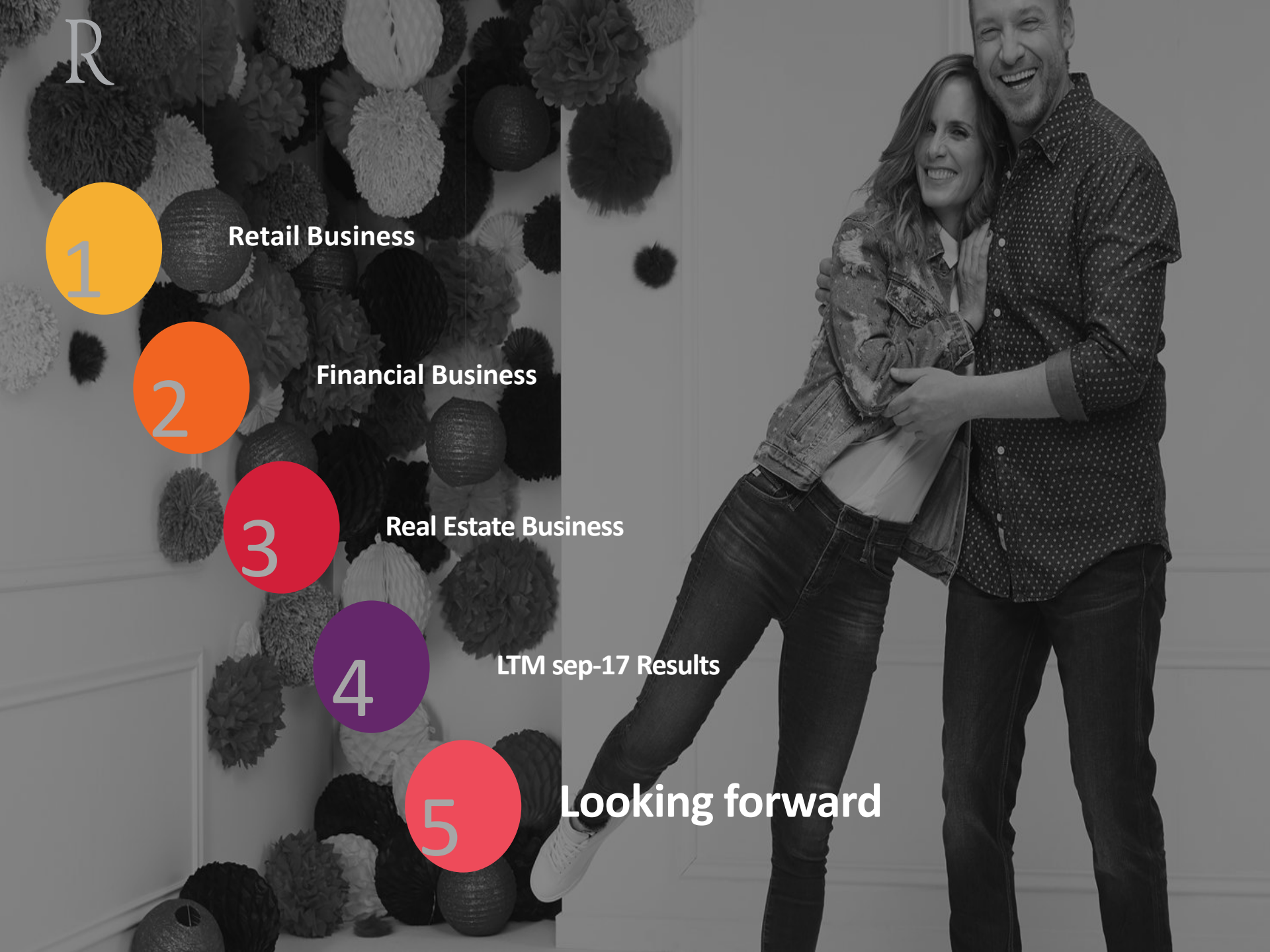


Net financial debt/ Ripley Corp's Equity

Sep-17 (MM$)	Ripley Bank Chile	Ripley Bank Peru	Total Banks	Retail, real estate & central offices	Consolidated sep-17	Consolidated dec-16
Financial debt	660,411	348,471	1,008,882	362,654	1,371,536	1,333,227
Accounts payable related companies	13,841	3,936	17,777	-8,351	9,427	22,394
(+) Financial debt + Accounts payable related parties	**674,252**	**352,407**	**1,026,660**	**354,303**	**1,380,963**	**1,355,621**
Cash & Cash equivalents	136,852	68,582	205,435	32,581	238,015	234,286
Accounts receivable related companies	388	5,534	5,922	-2,864	3,058	3,622
(-) Cash + Accounts receivable related parties	**137,240**	**74,117**	**211,357**	**29,717**	**241,073**	**237,908**
Net financial debt (NFD)	537,012	278,291	815,303	324,586	1,139,889	1,117,713
Equity	197,225	78,170	275,395	633,315	908,709	895,436
Net financial debt (NFD) / Equity	**2.72x**	**3.56x**	**2.96x**	**0.51x**	**1.25x**	**1.25x**

(1) Includes coverage liabilities and financial leasing

(2) (Total current and non-current liabilities of non- financial businesses) / Total equity.


1
Retail Business
2
Financial Business
3
Real Estate Business
4
LTM sep-17 Results
5
Looking forward

LOOKING FORWARD

5

	MAIN FOCUS		MAIN SOURCE OF GROWTH & PROFITABILITY		
RETAIL	- Fashion & Brands - Increase Profitability		Increase in margins & sales per m^2 through strategic plan focused on brands	Strengthening eCommerce channel	Increase in square meters and higher store maturity
BANK	- Competitive Credit Card - New Core Banking System		Migrate known clients to Mastercard Conservative growth leveraging on known clients	Keep healthy leverage ratios	Implement electronic accounts, debit cards and other bank services
REAL ESTATE	- Grow in Mall operations		Greater maturity of existing malls, new malls under associates and expansion of existing owned malls		Developing new projects

Appendix

APPENDIX

Recent Highlights

- Ripley Corp now has a total of 74 stores, 45 of them in Chile and the remaining 29 are located in Peru. During September Ripley Chile opened its two newest stores:
  - Los Dominicos with 8,317 m2 of selling surface
  - Coquimbo with 5,554 m2 of selling surface
- On September 1st Nuevos Desarrollos S.A. (Ripley owns 22.5% of its property) opened its 7th mall in the country, Mall Plaza Los Dominicos, with 91,000 m2 of gross leasable area ("GLA") as well as the presence of the main national and international stores
- With the intention of celebrating its 20th anniversary in Peru, and after a process of remodeling, Ripley Jockey Plaza was reopened during the month of September. All three floors of the store were remodeled yet no change was made to the initial selling surface of 14,001 m2
- Mall Aventura S.A. celebrated in July its first year of operation and development of the real estate business in Peru
- Mall Aventura began the expansion of the two malls it own:
  - August 2017 →Arequipa: current GLA: 65,300 m2; expansion GLA: 7,018 m2
  - November 2017 →Santa Anita: current GLA: 57,600 m2; expansion GLA: 30,212 m2

APPENDIX

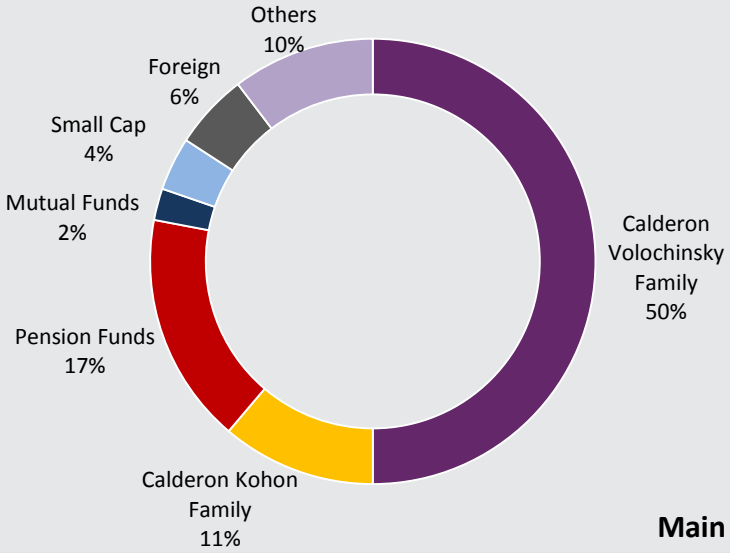
Recent Highlights

- Financial instruments issuances for a total amount of MMUSD 166:
  - Ripley Bank Chile: Issued bonds for MM$26,500 and MMUF 1.5 (September) and for MMUF 0.5 (November)
  - Ripley Bank Peru: Issued NCDs for MMS/ 50 (September) and for MMS/ 75 (November)
- Ripley adds Aéropostale to its mix of brands, an international brand that will be exclusively commercialized by Ripley, thus, continuing with the retail segment's strategy of differentiating through a private brand mix with a focus on clothing and fashion
- As part of the reorganization done to establish a simpler and horizontal structure, the role of country manager was deleted for both Chile and Peru
- On November 30th 2017, Ripley Corp successfully issued UF 3 million -in two series of bonds- to refinance liabilities. The previous, with the objective of increasing the duration of liabilities, in line with the development of its businesses

APPENDIX

Involved shareholder and a executive team with vast experience

Shareholders (feb-18)



Board of Directors

Name	Position	Years in Ripley
Felipe Lamarca	President	13
Michel Calderon	Vice-president	22
Mauricio Balbontin	Director	Elected apr-2017
Debora Calderon	Director	7
Andres Calderon	Director	23
Veronica Edwards	Director	7
Laurence Golborne	Director	4
Alejandro Rosemblatt	Director	Elected apr-2017
Hernan Uribe	Director	14

Main Executives (1)

RIPLEY CORP CEO
Lazaro Calderon
35 years of experience

CFO
Rafael Ferrada
Exp: 1 year

CORPORATE VP
Sergio Hidalgo
Exp: 35 years

COMPTROLLER
Miguel Núñez
Exp: 6 years

CORPORATE RETAIL CEO
Francisco Irrarázaval
Exp: 6 years

RETAIL PERU CEO
Eduardo Daly
Exp: 11 years

RIPLEY BANK CHILE CEO
Alejandro Subelman
Exp: 2 years

RIPLEY BANK PERU CEO
Rene Jaime
Exp: 3 years

MALL AVENTURA CEO
Javier Postigo
Exp: 9 years

(1) *Years in Ripley Corp*

Disclaimer

This presentation contains forward-looking statements, including statements regarding the intent, belief or current expectations of the Company and its management. Investors are cautioned that any such forward-looking statements are not guarantee of future performance and involve a number of risks and uncertainties including, but not limited to, the risks detailed in the company's financial statements, and the fact that actual results could differ materially from those indicated by such forward-looking statements.


RIPLEY
.com