

# **Earnings Presentation**

**Second Quarter 2023** 











# Key Highlights 2Q23



# 1.1 Key Highlights 2Q23





#### Cencosud launched its new digital wallet: CencoPay

CencoPay streamlines the payment experience and provides exclusive benefits. This new addition to Cencosud's digital ecosystem reaffirms the Company's commitment to innovation and continuous enhancement to the customer experience

#### Cencosud Ventures did a capital investment in Mimo, a Live Shopping startup

"Mimo Live Sales" is an interactive real-time shopping platform that will be integrated into multiple digital sales channels of Cencosud

#### Jumbo and Paris stand out as leaders in the Praxis Index Ranking

Both companies achieved 1st place in their respective categories, reflecting their commitment to provide the best shopping experience to their costumers

#### Spid awarded as the best Mobile Initiative at E-Commerce Day Chile

The E-Commerce Institute, in collaboration with the Santiago Chamber of Commerce, recognized Spid as the Best Mobile Initiative of 2023

#### Cencosud's CEO received two important recognitions

Matías Videla was recognized with the 2023 Annual Retailer Award at the Retail Day for his career in the retail industry in Latin America. He was also ranked 3<sup>rd</sup> place by Bloomberg Online as the CEO with the highest value creation within the retail category in Latin America



02

# Executive Summary 2Q23





# Cencosud reports sustained solid results in challenging macroeconomic environment





+12.9%

Revenues (vs 2Q22) **US\$ 4,518 million** 



+17.2%

**Adjusted EBITDA (vs 2Q22)** US\$ 474 million



Adjusted EBITDA Margin (vs 2Q22) 10.5%



14.6%

Private Label Penetration



10.4%

Online Penetration



+163.0%

Net Income (vs 2Q22) **US\$ 179 million** 

# 2.2 9th consecutive quarter of consistent revenue growth



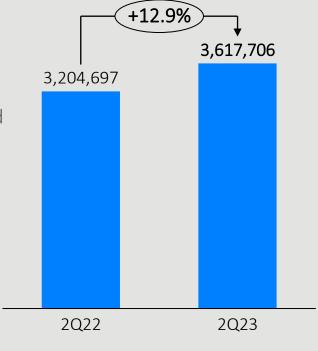
#### **TOTAL REVENUES**

Cencosud Consolidated

+12.9%



Cencosud Consolidated (CLP million)



#### 2023 Guidance

Revenues: US\$ 17,554 million

#### Highlights:

- Consolidation of The Fresh Market and GIGA Atacado.
- Online sales +5.9% over 2Q22
- Strong above-inflation sales growth in Argentina in Supermarkets, Shopping Centers and Financial Services

#### Partially offset by:

- Consumption deceleration in the region along with a high comparison base against 2Q22
- Reduction in Non-Food sales across LATAM
- Inflation and exchange rate volatility which impacted results



# 2.3 11th consecutive quarter of double digit **Adjusted EBITDA Margin**



### **Adjusted EBITDA**

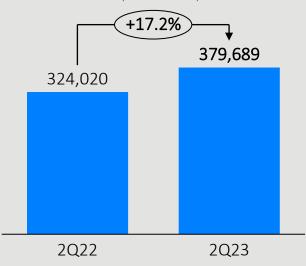
Cencosud Consolidated

+17.2%

+ 38 bps YoY 10.5% **Adjusted EBITDA** Margin

#### Adjusted EBITDA

Cencosud Consolidated (CLP million)



#### Highlights:

- Improved profitability in Chile, Argentina and Perú due to operational efficiency measures and process automatization
- Adjusted EBITDA Margin +467 bps YoY in Shopping Centers
- Consolidation of The Fresh Market and GIGA Atacado

#### Partially offset by:

- Increase in inflation linked expenses
- Consumption deceleration in LATAM and US along with a high comparison base against 2Q22

#### 2023 Guidance

Adjusted EBITDA: US\$ 1,955 million

Adjusted EBITDA Margin: 11.1%

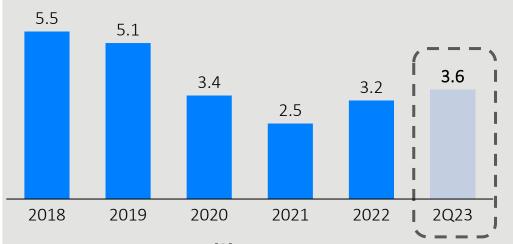




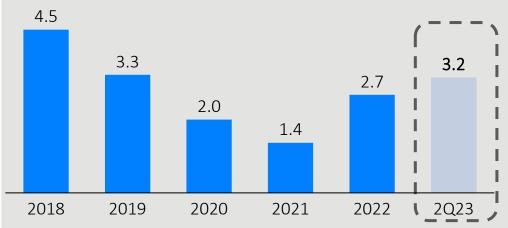
# 2.4 Leverage impacted by hyperinflation adjustment in Argentina (IAS29) and consolidation of acquisitions



#### **Gross Leverage** (1)



#### Net Leverage (2)



# Gross and Net Leverage ratios have risen since year-end 2022 due to:

- Increase in current financial liabilities of CLP 118,079 million and an increase in lease liabilities of CLP 52,836 million
- A decrease in Cash & Equivalents of CLP 37,484 million
- LTM Adjusted EBITDA was CLP 90,068 million lower



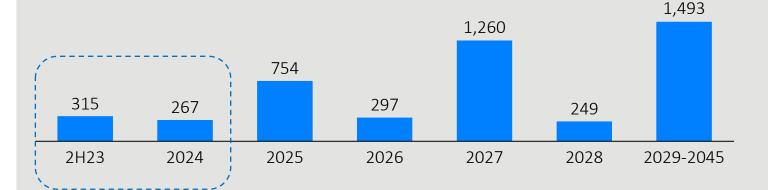
Excluding the effect of the Put Option associated with the acquisition of the remaining 33% of TFM (CLP 254,046 million), Gross Leverage would be 3.4x as of June 2023



## **Strong financial position**



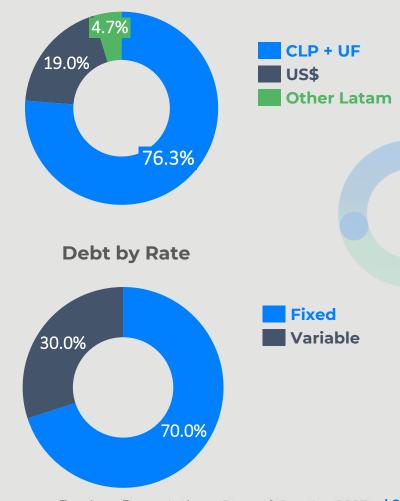
#### Amortization Schedule (US\$ million)



- The Company maintains 57.5% of its debt denominated in US\$
- The use of derivatives and other accounting hedges reduces the exposure in US\$ to 19.0%
- Excluding The Fresh Market's debt and hedges, US\$ risk associated with debt was 6.6% in June 2023

Consolidation of US\$ 597 million in financial debt of The Fresh Market, maintaining a comfortable amortization schedule

#### **Debt by Currency** (post CCS and other hedges)



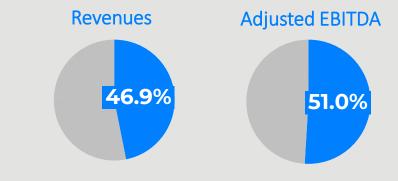




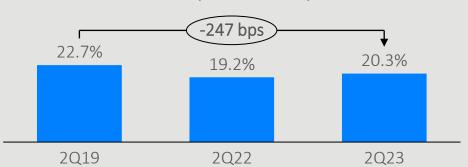
# Chile improves its profitability despite consumption slowdown and high comparison base



	2Q23	2Q22	Chg. YoY
	CLP n	nillion	Δ%
Revenues	1,695,179	1,674,013	1.3%
Gross Profit	492,661	479,494	2.7%
Gross Mg.	29.1%	28.6%	42 bps
Adjusted EBITDA	193,454	187,677	3.1%
Adj. EBITDA Mg. <sup>1</sup>	11.4%	11.2%	20 bps



#### SG&A (% over Sales)



#### **CHILE**





Same Store Sales SM Chile

+5.5% yoy



Supermarket Online Sales Growth

+8.6% yoy



Adjusted EBIDTA Margin of

11.4%

+20 bps YoY

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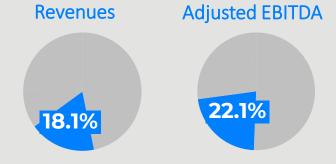
# 3.2

# Argentina consolidates growth and expands Adjusted EBITDA Margin



2023	2022	Cha VoV

	CLP m	CLP million		LC Δ %
Revenues	656,306	635,597	3.3%	112.8%
Gross Profit	262,777	235,988	11.4%	129.8%
Gross Mg.	40.0%	37.1%	291	. bps
Adjusted EBITDA	83,821	69,988	19.8%	147.2%
Adj. EBITDA Mg.	12.8%	11.0%	176	i bps



#### SG&A (% over Sales)



#### **ARGENTINA**





Adjusted EBITDA Margin of

12.8% +176 bps yoy



Online Sales <sup>1</sup>

+30.6% yoy



#### Revenue growth above inflation

Across Supermarkets, Shopping Centers and Financial Services



3.3

## Brazil successfully defends EBITDA Margin in adverse economic environment



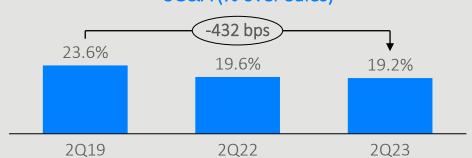


2Q23	2Q22	Chg. YoY

		2022	Cilib	. 101
	CLP m	CLP million		LC Δ %
Revenues	402,047	374,969	7.2%	13.7%
Gross Profit	84,407	81,577	3.5%	9.7%
Gross Mg.	21.0%	21.8%	-76	bps
Adjusted EBITDA	25,223	23,640	6.7%	13.0%
Adj. EBITDA Mg.	6.3%	6.3%	-3	bps



#### SG&A (% over Sales)



**BRAZIL** 



Revenues

+7.2% YOY **C&C** Revenues

+113.4% yoy



#### **Organic Growth**

The opening of a new Prezunic store marks the start of the opening pipeline for 2023

Adjusted EBITDA



+6.7% YOY

Integration of GIGA Atacado and instore efficiency measures



# Sequential improvement in TFM's SSS and first store opening





2Q23

	CLP million
Revenues	398,163
Gross Profit	147,359
Gross Mg.	37.0%
Adjusted EBITDA	38,903
Adj. EBITDA Mg.	9.8%

#### Revenues



#### Adjusted EBITDA





**USA** 



Same Store Sales

+1.2% yoy

Driven by increased foot traffic

**Online Sales** 

+5.8% yoy

Innovation and developments to improve shopping experience

**Organic Growth** 



Cencosud successfully opened first TFM store



# EBITDA Contribution Driven by Financial and Commercial Synergies

#### Financial Synergies | US\$ 74.7 million:

- Reduced financial burden due to deleveraging and refinancing of legacy debt
- Product and services with better terms and conditions
- Integration of software services and data storage

#### Commercial Synergies | US\$ 1.1 million:

- Commercial integration with TFM's private label products in Chile, Peru and Brazil
- Exchange of best practices and recipes across various food categories in LATAM, enhancing differentiation, sales and efficiency
- Synergies in the procurement of non-food products for LATAM and food products for USA





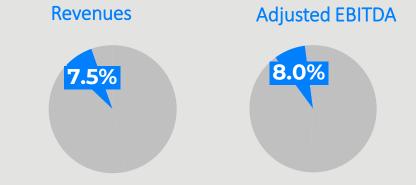
# 3.5

# 8th consecutive quarter of double-digit EBITDA



Marg	gin	in	Peru
	<b>J</b> • • •	••••	

	2Q23 2Q22		Chg	Chg. YoY	
	CLP n	nillion	Δ%	LC Δ %	
Revenues	270,647	272,232	-0.6%	3.3%	
Gross Profit	67,153	67,778	-0.9%	2.9%	
Gross Mg.	24.8%	24.9%	-9	bps	
Adjusted EBITDA	30,480	29,653	2.8%	6.8%	
Mg. EBITDA Aj.	11.3%	10.9%	37	bps	





#### Perú





Supermarket Market Share <sup>1</sup>

**+24** bps YoY



Adjusted EBITDA Margin of

11.3%

+37 bps YoY



Supermarket SSS

+2.8% yoy

Cash&Carry SSS

+8.5% yoy

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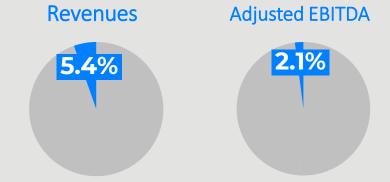
3.6

# Colombia impacted by consumption contraction and

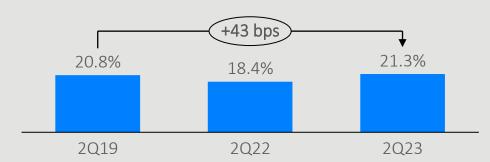


	•	
competitive	environi	ment

	2Q23	2Q22	Chg	. YoY
	CLP n	nillion	Δ%	LCΔ%
Revenues	195,364	247,884	-21.2%	-6.8%
Gross Profit	42.451	52.926	-19.8%	-5.1%
Gross Mg.	21.7%	21.4%	38	bps
Adjusted EBITDA	7,809	13,062	-40.2%	-29.5%
Adj. EBITDA Mg.	4.0%	5.3%	-12	7 bps



#### SG&A (% over Sales)



#### **COLOMBIA**

prime



Jumbo Prime Subscribers

+84.2%

vs dic22



**Shopping Centers Adjusted EBITDA** 

+32.2% a/a



#### SG&A

Efficiency and energy-saving initiatives keep expense growth below inflation

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# Progress in Strategic Pillars



# **Enhancing Financial Position: Private Label**





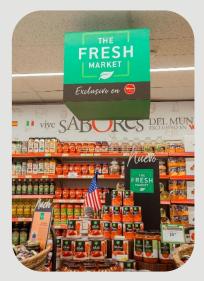
2Q23 Revenue **US\$ 620 MM** 



**2Q23 Penetration** 14.6%

+106 bps YoY

2023 Food Penetration **12.7% +376** bps YoY



	Fc	ood	Non-Fo	ood	Total	
	2Q23	2Q22	2Q23	2Q22	2Q23	2Q22
Chile	10.5%	9.8%	25.4%	26,5%	15.2%	15.9%
Argentina	10.4%	9.7%	11.2%	15.7%	10.7%	12.1%
USA	30.8%	N.A.	1.5%	N.A.	29.5%	N.A.
Brazil	3.1%	3.4%	4.1%	6.5%	3.3%	3.8%
Peru	12.8%	14.0%	36.0%	37.4%	16.2%	18.0%
Colombia	6.2%	5.5%	11.1%	10.8%	7.8%	7.5%
Total	12.7%	9.0%	19.9%	23.3%	14.6%	13.6%

Cencosud strengthens commercial exchange by offering exclusive products from "The Fresh Market" at Jumbo Chile, Prezunic Brazil and Wong Perú



## Financial strengthening: Global Business Services





#### **Shared Service Center (CSC) Objectives**



Transform the CSC into a "Global Business Services"



Developing Retail Service and People Center in Brazil



Improve process quality through services, efficiencies and technology



#### **Initiatives Developed at the CSC**

Savings as of June 2023: US\$ 3.3 million

Annual Average Savings 2017-2022: US\$ 9 million

N° of initiatives completed in 2022: 434

N° of initiatives so far in 2023: 450





# **Organic Growth: Online Channel**



CLP Million   %	Online Penetration (%)		Online Sales Variation	
CEI WIIIION   70	2Q23	2Q22	Online Revenues	vs 2Q22 (%)
Supermarkets	8.2%	8.5%	230,416	15.9%
Department Stores	34.2%	35.4%	88,290	-19.0%
Home Improvement	10.5%	7.5%	40,284	29.4%
Total	10.4%	11.1%	358,991	5.9%



+3.7%

subscribers vs 12/22

+84.2% subscribers vs 12/22

+234.9% subscribers vs 12/22



+225,000 Downloads<sup>1</sup>





# **Organic Growth: CAPEX**



	Openings		Transformations		Remodels
2Q23	N° Stores	Sqm Sales Area	N° Stores	Sqm Sales Area	N° Stores
Chile	4	551	-	-	37
Argentina	-	-	-	-	2
USA	1	2,342	-	-	-
Brazil	1	754	-	-	-
Peru	-	-	1	3,218	2
Colombia	-	-	-	-	
TOTAL	6	3,647	1	3,218	41

6M23	N° Stores	Sqm	
Openings	10	4,142	
Transformations	10	25,232	
Remodels	49	N/A	

#### **2023 GUIDANCE US\$546** million

- Opening of 49 stores
- Opening of 1 Dark Store in Chile
- Remodeling of 47 retail stores and 16 Shopping Centers

Additionally, 2023 Guidance includes US\$ 96 million focused on technological and logistical investments, among other activities

<b>Openings</b>	<b>Transformation</b>		
6	1		
$ \checkmark $	PP P		

向 Remodels

2Q23 Progress

## 4.3 Innovation and New Trends

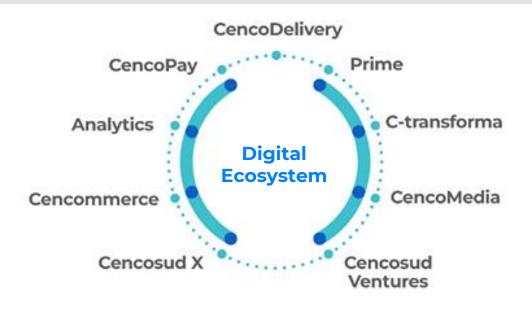


#### **CencoPay**

- Launched in July to complement its digital ecosystem
- Provides a better and more integrated costumer experience
  - Allows users to centralize all their payment methods in one app, facilitating convenient and secure transactions
  - Exclusive benefits such as special promotions and Cencosud Points

With CencoPay, Cencosud strengthens its commitment to innovation and continuous costumer experience improvement





#### **Cencosud Media**

Cencosud Media launched in Peru to enhance value proposition by providing effective and personalized advertising solutions



#### **Cencosud Ventures**

- Capital invested in the Brazilian Live Shopping startup Mimo Live Sales
- The platform will be integrated into Cencosud's digital sales channels offering customers a seamless, fast and interactive shopping experience
- Bretas in Brazil and Jumbo in Colombia have already integrated the platform to enhance their online sales

**Cencosud Ventures reaffirms** its dedication to driving innovation and evolution in the retail industry



## **Talent Development**





Plan to enhance teams strategy in various areas and businesses, focusing on four key points



#### **Talent Attraction**

System that improves the hiring process

Applicant Tracking System

Development of a new external referral portal for recruiting new employees

Candidates Crowdsourcing

Promotion of internal mobility

CencoTalento 2.0

Training program focused on digital transformation

Bootcamps Retail Media

Regional Program *Trainee* MBAs



#### Leadership

CencoMujeres program to promote equal opportunities

2nd edition of the CencoMujeres in Latam

Socialization and adoption of Cencosud's DNA by new executives

Leadership DNA Project



#### Culture

Launch of new strategies

Diversity, equity, and inclusion

Identification of employees with the potential to take on new challenges and positions of greater responsibility at Cencosud.

Cencosud Talent Review Program and Succession Plan



#### **Performance**

Long-term retention program for executives with 4-year goals that identify 6 critical abilities

Executive Long-Term Incentive

Program

# 4.5 Sustainability



# CencoNutrition **Programs**



**-**₩•

In Chile and Argentina, the Company promotes healthy eating habits and the long-term development of children

Over 700 children were trained in 32 sessions during the quarter

INDICATORS	•		Total 2Q23
N° Trained Students	127	606	733
N° Trainings	12	20	32
N° States	4	5	9
Training Hours	30	13	43

#### **VOXY Launch**

The Company offers its employees a flexible and free online platform to learn English

+1.300 active accounts +970 study hours



#### **Food Rescue Program**







Aware of the seriousness of food waste and its impact on food security, the environment, and natural resources, the Company rescued in the first 5 months of 2023:

+890 tons

+9.000 organizations.



















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