

## SMU INFORMS SUPREME COURT RULING

**Santiago, Chile. April 8, 2020.** SMU S.A. (“SMU” or the “Company”) (Santiago Stock Exchange: SMU) was notified today of a final ruling by the Chilean Supreme Court, relating to a complaint filed by the Chilean antitrust authority (*Fiscalía Nacional Económica* or “FNE”) in 2016. The ruling increased the fine imposed on the Company to a total of 6,876 Annual Tax Units (approximately CLP 4.1 billion) and confirmed the obligation to adopt a compliance program with respect to free competition, complementary to the Company’s existing program.

SMU emphatically disagrees with the ruling, as the Company is profoundly convinced that it did not participate in any pricing coordination with its competitors.

The court’s ruling contains a glaring omission by failing to consider the analysis of a fact that was sanctioned by the same Supreme Court in 2015, which was the collusion by chicken producers. In such case, each party received the maximum fine at the time, which was 30,000 Annual Tax Units. This accusation gave rise to the investigation of the supermarket industry.

SMU entered the food retail business in 2007, with a market share of 4% in a highly concentrated market with two leading competitors. Given that scenario, it makes no sense to believe that SMU could have coordinated with other food retailers who had a dominant position in the market, given the Company’s goal of growing and gaining market share. Any such agreement would have jeopardized SMU’s ability to attain a size that would have enabled it to be sustainable in the long term. With such a small market share, it was impossible to negotiate adequately with suppliers, and therefore growth was an imperative. Consequently, setting prices with the competition made no sense in the context of SMU’s strategy.

It should be noted that the ruling relates to events that allegedly took place twelve years ago, between 2008 and 2011, when SMU was just getting started in the food retail business. However, the ruling, for purposes of calculating the fine, attributes the Company a market share of 20.5%, which is three times the Company’s actual market share during practically the entire period in consideration, until September 2011, when such market share was attained following the merger with Supermercados del Sur. Therefore, the amount of the fine is disproportionate to the actual market share that SMU had during the period.

SMU is a company with a fierce commitment to its customers and to free competition, with high ethical standards and a complete set of internal policies and procedures designed to ensure free competition.

The Company will maintain this commitment going forward, and it remains convinced that it has contributed to an increase in competition in the market.

The full text of the Essential Fact (*Hecho Esencial*) filed with the Chilean Financial Markets Commission is provided below.



**ESSENTIAL FACT****SMU S.A.  
SECURITIES REGISTRY REGISTRATION NO. 1076**

Santiago, April 8, 2020

Mr. Joaquín Cortez Huerta  
President  
Financial Markets Commission

Re.: Essential Fact.

Dear Mr. Superintendent:

I have been duly authorized to inform you, in accordance with Article 9 and paragraph two of Article 10 of Law No. 18,045, of the following essential fact relating to SMU S.A. (“SMU” or the “Company”):

Today SMU was notified of the ruling by the Chilean Supreme Court in case number 9361-2019, in relation to a complaint filed by the Chilean antitrust authority (*Fiscalía Nacional Económica* or “FNE”) before the Antitrust Court in 2016. The ruling increased the fine imposed on the Company to a total of 6,876 Annual Tax Units and confirmed the obligation to adopt a compliance program with respect to free competition, complementary to the Company’s existing program. This sentence cannot be appealed.

The Company remains absolutely convinced that it did not participate in any pricing coordination with its competitors. The events in question took place between 2008 and 2011, at which time SMU had just entered the food retail industry as a small player.

In order to comply with the ruling, the Company will recognize the additional amount of the fine in its first quarter 2020 financial statements as a subsequent event, reflecting the increase in the fine.

Finally, SMU reiterates its deep commitment to its customers and to the principles of free competition, and it will reinforce the practices it has implemented in this area.

Very truly yours,

**Marcelo Gálvez Saldías**  
**Chief Executive Officer**  
**SMU S.A.**



### About SMU

SMU is the largest Chilean food retailer, based on number of stores, and the third largest Chilean food retailer, based on revenue for the year ended December 31, 2019. We operate our food retail business in Chile through four different formats: supermarkets (*Unimarc*), cash and carry stores (*Mayorista 10* and *Alvi*), convenience stores (*OK Market*) and an online grocer (*Telemercados*). We also operate in Peru, through two food cash and carry brands, *Mayorsa* and *MaxiAhorro*.

### Caution Regarding Forward-Looking Statements

This press release may contain forward-looking statements. We have based any such forward-looking statements largely on our current beliefs, expectations and projections about future events and financial trends affecting our business. Although management considers these projections to be reasonable based on information currently available to it, many important factors could cause our actual results to differ substantially from those anticipated in our forward-looking statements. The words “believe,” “may,” “will,” “aim,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “forecast” and similar words are intended to identify forward-looking statements. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities and the effects of future regulation and competition. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks that predictions, forecasts, projections and other forward-looking statements will not be achieved. In light of the risks and uncertainties described above, the forward-looking events and circumstances discussed in this press release might not occur and are not guarantees of future performance. Therefore, we caution readers not to place undue reliance on these statements. Forward-looking statements speak only as of the date they were made, and we undertake no obligation to update or revise any forward-looking statements included in this press release because of new information, future events or other factors.

### Contact Information

For investor inquiries, please contact:

Carolyn McKenzie: +562 2818 8351 / [cmckenzie@smu.cl](mailto:cmckenzie@smu.cl)

For media inquiries, please contact:

Gloria Salgado: +562 2818 8684 / [gsalgador@smu.cl](mailto:gsalgador@smu.cl)

Andrés Parodi: +562 2512 7288 / [aparodi@smu.cl](mailto:aparodi@smu.cl)

