

FINANCIAL
REPORT
FOURTH QUARTER 2016
MARCH 2017

FORUS
brands & retail



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Notes:

- All figures in dollars are calculated using the observed dollar exchange rate for January 3th, 2017 (Ch\$ 669.47per US\$1).
- Symbols for periods in the year: Quarters: 1Q (first quarter), 2Q (second quarter), 3Q (third quarter) and 4Q (fourth quarter). 1S (First semester) and 9M (first nine months of the year), as applicable.
- Other symbols: SSS (Same store sales). SG&A: Selling, General and Administration.
- Currency symbols: Ch\$ or CLP: Chilean pesos; US\$: U.S. dollars; M: millions.

- Consolidated Revenues grew 3.3% to Ch\$ 61,760 million (US\$ 92.3 million) in the 4Q 2016.
- Gross Margin of Ch\$ 34,035 million (US\$ 50.8 million) increased 3.6%, obtaining a gross margin of 55.1% as a percentage of Revenues in 4Q 2016, 20 bps over the 54.9% reported in 4Q 2015.
- Operating Income of Ch\$ 8,465 million (US\$ 12.6 million) grew 3.1% during 4Q 2016. The Operating margin reached a 13.7% of revenues in 4Q 2016.
- EBITDA of Ch\$ 11,104 million (US\$ 16.6 million) increased 5.1%, reaching an EBITDA margin of 18.0% in 4Q 2016, a growth of 31 bps over the 17.7% of 4Q 2015.
- Net Profit decreased 17.1% to Ch\$ 7,328 million (US\$ 10.9 million). It represents 11.9% as a percentage of 4Q 2016 net revenues. This drop is due to Non-Operating Income, which reached a profit of Ch\$ 257 million (US\$ 0.4 million), decreased 90.2% compared to 4Q'15.
- The Revenues from the International Operations in Colombia, Peru and Uruguay represented 20.8% of the Consolidated Revenues in 4Q 2016.

- Consolidated Revenues increased 3.6% to Ch\$ 241,709 million (US\$ 361.0 million) accumulated as of December 2016.
- Gross Margin of Ch\$ 129,579 million (US\$ 193.6 million) grew 2.9%, obtaining a gross margin of 53.6% as a percentage of Revenues accumulated as of December 2016, 36 bps below the 54.0% reported as of December 2015.
- Operating Income of Ch\$ 34,849 million (US\$ 52.1 million) decreased 0.2% accumulated as of December 2016. The Operating margin contracted to 14.4% of revenues during 2016.
- EBITDA of Ch\$ 42,146 million (US\$ 63.0 million) fell 1.5%, reaching an EBITDA margin of 17.4% accumulated as of December 2016.
- Net Profit decreased 20.0% to Ch\$ 26,396 million (US\$ 39.4 million) accumulated as of December 2016. Its represents 10.9% as a percentage of 2016 net revenues. This fall is due to Non-Operating Income, which reached a loss of Ch \$ -650 million (US\$ -1.0 million), decreased 109.3% compared to 2015.
- The Revenues from the International Operations in Colombia, Peru and Uruguay represented 17.9% of the Consolidated Revenues in 20 2016.

Stores Opening

Total of new stores opened in 4Q 2016: 12 stores

During the 4Q 2016 the company opened the following new stores:

Country	# Stores	Chain	Store	City	Sq. meters
Chile		Caterpillar	Portal Osorno	Osorno	62
		Columbia	Portal Osorno	Osorno	78
Total	2				140
Peru		Columbia	Larcomar	Lima	57
Total	1				57
Colombia		D House	Chicó	Bogota	76
		Hush Puppies	Barranquilla	Barranquilla	62
		Merrell	Barranquilla	Barranquilla	45
		Caterpillar	Barranquilla	Barranquilla	60
		Hush Puppies	Colina	Bogota	57
		Merrell	Colina	Bogota	44
		Caterpillar	Colina	Bogota	66
Total	7				411
Uruguay		D House	Paysandu	Paysandu	153
		Columbia	Portones	Montevideo	46
Total	2				199
Total	12				807

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Consolidated Income Statement 4th Quarter
expressed in Thousands of Chilean Pesos from October 1st to December 31th

	4Q'16 Th Ch\$	% Revenues	4Q'15 Th Ch\$	% Revenues	Var. % 16/15
Revenues	61.759.782		59.812.153		3,3%
Cost of Sales	(27.725.092)	-44,9%	(26.969.990)	-45,1%	2,8%
Gross Margin	34.034.690	55,1%	32.842.163	54,9%	3,6%
Logistic costs	(523.380)	-0,8%	(403.580)	-0,7%	29,7%
Administrative Expenses	(25.046.182)	-40,6%	(24.230.674)	-40,5%	3,4%
Selling, General and Administrative Expenses	(25.569.562)	-41,4%	(24.634.254)	-41,2%	3,8%
Operating Income	8.465.128	13,7%	8.207.909	13,7%	3,1%
Other incomes of total operation	56.839		1.845.458		-96,9%
Other expenses of total operation	(97.814)		(94.449)		3,6%
Financial Income	126.750		69.741		81,7%
Financial Expenses	(98.047)		(86.871)		12,9%
Participation in gains (losses) of joint venture businesses accounted by using the proportional value of participation	94.622		198.201		-52,3%
Exchange Differentials	196.984		773.258		-74,5%
Result of Indexation units	81.894		125.874		-34,9%
Other gains and losses	(104.425)		(201.466)		-48,2%
Non-Operating Income	256.803	0,4%	2.629.746	4,4%	-90,2%
Profit before income tax	8.721.931	14,1%	10.837.655	18,1%	-19,5%
(Expenses) Income Taxes	(1.393.615)		(1.998.100)		-30,3%
Profit (loss)	7.328.316	11,9%	8.839.555	14,8%	-17,1%
Profit (loss) attributable to equity holders of parent	7.494.352		8.838.705		-15,2%
Profit (loss) attributable to minority interest	(166.036)		850		-19633,6%
Profit (loss)	7.328.316	11,9%	8.839.555	14,8%	-17,1%
EBITDA	11.103.504	18,0%	10.565.258	17,7%	5,1%

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Consolidated Income Statement

expressed in Thousands of Chilean Pesos accumulated to December 31th

	2016 Th Ch\$	% Revenues	2015 Th Ch\$	% Revenues	Var. % 16/15
Revenues	241.709.148		233.395.553		3,6%
Cost of Sales	(112.129.869)	-46,4%	(107.429.659)	-46,0%	4,4%
Gross Margin	129.579.279	53,6%	125.965.894	54,0%	2,9%
Logistic costs	(2.619.603)	-1,1%	(2.261.043)	-1,0%	15,9%
Administrative Expenses	(92.111.119)	-38,1%	(88.772.365)	-38,0%	3,8%
Selling, General and Administrative Expenses	(94.730.722)	-39,2%	(91.033.408)	-39,0%	4,1%
Operating Income	34.848.557	14,4%	34.932.486	15,0%	-0,2%
Other incomes of total operation	333.462		2.393.435		-86,1%
Other expenses of total operation	(312.672)		(337.312)		-7,3%
Financial Income	1.514.110		571.543		164,9%
Financial Expenses	(366.941)		(399.446)		-8,1%
Participation in gains (losses) of joint venture businesses accounted by using the proportional value of participation	(85.825)		401.647		-121,4%
Exchange Differentials	(1.725.742)		3.976.644		-143,4%
Result of Indexation units	42.307		108.483		-61,0%
Other gains and losses	(48.492)		296.591		-116,3%
Non-Operating Income	(649.793)	-0,3%	7.011.585	3,0%	-109,3%
Profit before income tax	34.198.764	14,1%	41.944.071	18,0%	-18,5%
(Expenses) Income Taxes	(7.802.443)		(8.943.287)		-12,8%
Profit (loss)	26.396.321	10,9%	33.000.784	14,1%	-20,0%
Profit (loss) attributable to equity holders of parent	26.791.567		33.120.924		-19,1%
Profit (loss) attributable to minority interest	(395.246)		(120.140)		229,0%
Profit (loss)	26.396.321	10,9%	33.000.784	14,1%	-20,0%
EBITDA	42.146.224	17,4%	42.777.219	18,3%	-1,5%

Operating Income

- **Consolidated Revenues grew 3.3% to Ch\$ 61,760 million (US\$ 92.3 million) in the 4Q 2016.**

The increase in sales is explained by 54% due to the 2.2% increase in sales in Chile, while the remaining 46% is explained by the subsidiaries, which increased their sales by 7.1% as a whole. This growth is due to consolidated same store sales growth of 4.2% in 4Q'16, since square meters grew only 2.0% as of December 2016. The negative effect of currency translation of the subsidiaries to Chilean pesos can be highlighted, since without this effect they would have grown 13.8% (instead of 7.1%) and Consolidated Sales growth would have been 4.6% instead of 3.3% in the 4Q'16.

In Chile, sales amounted to Ch\$ 48,975 million (US\$ 73.2 million) during 4Q'16 and accounted for 79.2% of consolidated sales. This growth is only explained by the growth in sales of the Retail business, which grew 3.1% in 4Q'16, while Wholesale's business decreased 3.2% compared to 4Q'15.

Regarding the Retail business in Chile, sales amounted to Ch\$ 42,651 million (US\$ 63.7 million), growing 3.1% compared to 4Q'15 and representing 87% of Chile's total sales. These higher sales are explained by the growth in SSS (same equivalent stores) of 2.9% (nominal value in local currency) during the period and to a much smaller extent, by the growth per square meter of 0.6% to December 2016 compared to the same period of the previous year, which consists of 3 new net stores (openings minus closures).

As for the Wholesale business, its revenues of Ch\$ 6,324 million (US\$ 9.4 million) fell 3.2% compared to 4Q'15 and accounted for 13% of Chile's sales in 4Q'16.

As for international subsidiaries, which accounted for 20.8% of total consolidated revenues in 4Q'16, increased their revenues by 7.1% as a whole compared to 4Q'15, mainly explained by the growth in sales of Uruguay in 14.3%, although the 3 countries showed positive growth in sales. The results of these are as follows:

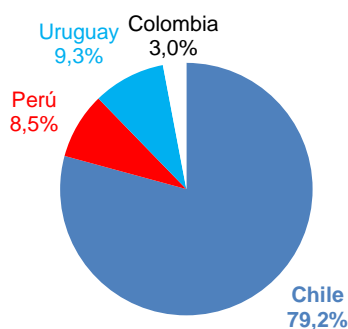
- **Colombia:** sales of Ch\$ 1,842 million (US\$ 2.8 million) grew 1.1% in 4Q'16. This increase was only explained by the growth in sales in the Retail business, which grew by 8.9%, both by the SSS growth of 4.1% and the 12.5% increase in the number of square meters, which consists in 8 net stores. It should be noted that there is still a negative currency translation effect, mainly due to the effect of the CLP appreciation, as sales in local currency grew by 3.0% compared to 4Q'15.

Analysis of Consolidated Results

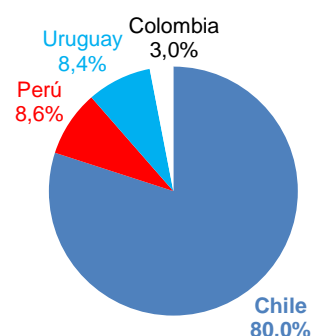
- Peru:** sales of Ch\$ 5,248 million (US\$ 7.8 million) increased 2.3% compared to 4Q'15 sales. This growth in sales is explained by the excellent growth of SSS of 9.9% (in local currency, nominal value) during 4Q'16. There is still a negative currency translation effect due to the depreciation of the PEN against the CLP, as sales in local currency increased by 8.8% over the same period of the previous year. This growth in sales stands out despite the weakness in consumption that is still present in this country.
- Uruguay:** sales of Ch\$ 5,735 million (US\$ 8.6 million) in 4Q'16 grew 14.3% compared to 4Q'15, explained both by the growth of SSS of 9.9% during 4Q'16, and by the increase of 6.9% in the square meters of stores, which consist of 3 net stores. It should be noted that the peso appreciation effect is also present in the results of this subsidiary, as the growth in local currency sales for 4Q'16 was 22.8% compared to 4Q'15.

Revenues of international operations in Colombia, Peru and Uruguay represented a **20.8%** of consolidated revenues in **4Q'16**.

Revenues by Subsidiaries 4Q 2016



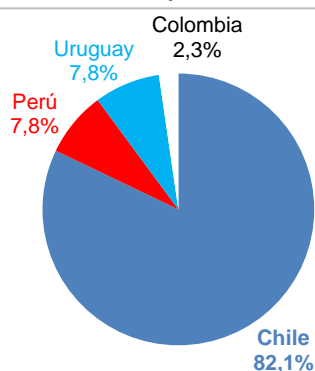
Revenues by Subsidiaries 4Q 2015



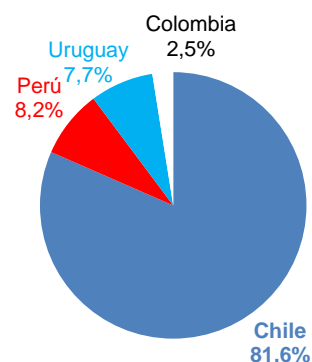
Note: Inter-company sales were excluded in this analysis.

Revenues of international operations in Colombia, Peru and Uruguay represented a **17.9%** of consolidated revenues **accumulated as of December of 2016**.

Revenues by Subsidiaries 2016



Revenues by Subsidiaries 2015



Note: Inter-company sales were excluded in this analysis.

- Gross Margin of Ch\$ 34,035 million (US\$ 50.8 million) increased 3.6%, obtaining a gross margin of 55.1% as a percentage of Revenues in 4Q 2016**

The Consolidated Gross Margin as a percentage of revenues grew by 20 basis points from 54.9% in 4Q'15 to 55.1% in 4Q'16, despite the translation effect of the different local currencies and the negative FX rate effect of the spring / summer 2016 collection which, although it was lower than what we had had in previous quarters, continued to show a 2.8% increase in the dollar compared to the 2015 collection, maintaining a slight pressure on margins during the quarter. The increase in the Consolidated Gross Margin was due both to the growth of the gross margin in Chile by 3.4% and to the growth of the subsidiaries, which showed a growth of 4.6% of gross margin as a whole.

Chile Consolidated gross margin reached Ch\$ 27,485 million (US\$ 41.1 million) and grew by 3.4% compared to 4Q'15, thanks to the growth of the gross margin of the Retail business. In percentage terms, the gross margin increased by 65 basis points compared to 4Q'15, reaching 56.1% in 4Q'16. The gross margin of the Retail business of Ch\$ 24,639 million (US\$ 36.8 million) during 4Q'16 grew 4.4% compared to the same period of the previous year. It should be noted that the gross margin increased by 72 basis points from the margin of 57.0% in 4Q'15, reaching 57.8% in 4Q'16, considering the high exchange rate effect of 2.8% impacting the cost of the spring / summer 2016 collections.

Wholesale Gross margin of Ch\$ 2,846 million (US\$ 4.3 million) in 4Q'16 decreased 4.2% over 4Q'15. In percentage terms, it decreased by 49 basis points over the same quarter of the previous year, explained by the slight negative exchange rate effect of the spring / summer 2016 collections.

As regards the gross margin of the international subsidiaries, in 4Q'16 it grew by 4.6%, reaching a figure of Ch\$ 6,549 million (US\$ 9.8 million), with a gross margin of 51.1%, which decreased by 125 basis points over the same period of the previous year. It is noteworthy that both Peru and Uruguay showed growth in gross margins, while Colombia reported a fall during 4Q'16. The breakdown by country is as follows:

- **Colombia:** Gross margin of Ch\$ 734 million (US\$ 1.1 million) decreased by 19.9% compared to the same period of the previous year. As a percentage of revenues, it decreased by 1,041 basis points from 50.3% in 4Q'15 to 39.8% in 4Q'16. This decrease in the gross margin is explained by the increase in cost of sales of 22.2%, due to two effects: on one hand, Colombia continues to present a challenging market environment with great competition in prices and discount policies that press down the gross margins; and, as a second effect, due to the aggressive strategy of reducing inventories, having managed to reduce them by 22% (in monetary value) as of December 2016 compared to the same period of the previous year. In addition, there is a negative currency translation effect, where the combined effect of the Colombian peso and the Chilean peso against the dollar still has a negative effect on translating the local currency into CLP, since in its local currency the gross margin decreases 16.0% rather than 19.9% in CLP for 4Q'16.
- **Peru:** Gross margin of Ch\$ 2,748 million (US\$ 4.1 million) grew by 3.6% in 4Q'16 and in percentage terms increased by 67 basis points from 51.7% in 4Q'15 to 52.4% in 4Q'16. It is worth noting that the gross margin increased again for the third consecutive quarter, due to the company's strategy of margin protection, through a good revenue management and the ability to maintain healthy inventory levels, managing to reduce them in monetary value by 14% in December 2016. Finally, the negative currency conversion effect is also present, since in the local currency the gross margin grew by 10.1% in 4Q'16 (instead of 3.6% in CLP).
- **Uruguay:** the gross margin of Ch\$ 3,067 million (US\$ 4.6 million) grew 13.8% compared to 4Q'15, which as a percentage of revenue reached 53.5% at 4Q'16, that is 22 basis points below the 53.7% obtained in 4Q'15, due to a decrease in the gross margin of Wholesale business, since the gross margin of Retail business expanded by 45 basis points from 4Q'15. Finally, the negative currency translation effect is also seen, since in its local currency the gross margin grows 26.8% in 4Q'16 (instead of 13.8% in CLP).

- **Operating Income of Ch\$ 8,465 million (US\$ 12.6 million) grew 3.1% during 4Q 2016. The Operating margin reached a 13.7% of Revenues in 4Q 2016.**

The growth in the Consolidated Operating Result is clearly explained by the growth in Operating Results of the subsidiaries, which grew by 1448% as a whole, while Chile's operating result decreased by 1.3% compared to 4Q'15.

Chile's operating income of Ch\$ 8,075 million (US\$ 12.1 million) decreased by 1.3% compared to 4Q'15, and as a percentage of sales was 16.5%, 59 basis points lower than the 17.1% of 4Q'15. This decrease in Operating Income was due to the growth in SG&As by 5.5%, which offset the Gross Margin increase of 3.4% in 4Q'16, and as a percentage of revenues rose by 124 basis points, clearly explained by the increase of the SG&As in the retail business.

Operating Income from the Retail business amounted to Ch\$ 7,927 million (US\$ 11.8 million), down 1.0% in 4Q'16, and as a percentage of revenues, obtained an operating margin of 18.6%, which is 76 basis points lower than the operating margin of 19.3% obtained in 4Q'15. This is due to the increase in SG&As by 7.1% in 4Q'16, 148 basis points higher than 4Q'15, due to the lower dynamism of sales during the quarter, together with an increase in commercial costs, which did not manage to dilute and were able to offset the growth in gross margin achieved during 4Q'16.

Operating Results of the Wholesale Business of Ch\$ 148 million (US\$ 0.2 million) decreased by 16.2% compared to 4Q'15 and as a percentage of revenues represented 2.3% in 4Q'16, reducing the operating margin by 36 basis points compared to 4Q'15. This drop was due to a decrease in sales of 3.2% and a decrease of gross margin of 4.2%, as the SG&As decreased 3.5% during the period, and improved as a percentage of sales, declining by 13 basis points compared to 4Q'15.

As for the subsidiaries, presented an Operating Result of Ch\$ 390 million (US\$ 0.6 million) as a whole, growing 1448% due to the growth of sales and gross margin of 7.1% and 4.6% respectively, and also due to the decrease of SG&As of 1.3%, decreasing by 408 basis points compared to 4Q'15. The Operational Results by country are as follows:

- **Colombia:** The loss of the Operating Result of Ch\$ -212 million (US\$ -0.3 million) is explained both by the decrease in the operating result of the Retail business and the Wholesale business. Also, this drop is explained by the drop in gross margin of 19.9% and the increase of SG&As by 4.6% compared to 4Q'15. In general, the

complicated and adverse macroeconomic and market environment has had a negative impact on Colombia's results.

- **Peru:** Operating income of Ch\$ 26 million (US\$ 0.0 million) in 4Q'16 improved by 105.6% from the Operating Loss of Ch\$ -470 million (US\$ -0,7 million) in 4Q'15. This operating profit was due to sales growth of 2.3%, which allowed the gross margin to be increased by 67 basis points, in addition to the effect of the decrease in SG&As by 12.8%, decreasing notably by 899 basis points. It should be noted that this result is the first positive result since the first quarter of 2015 and that is the result of the actions set to make the operation of Peru profitable.
- **Uruguay:** Operating Income of Ch \$ 576 million (US\$ 0.9 million) increased 19.1% to 4Q'16, reaching a margin of 10.0% on sales. This result is due both to sales growth of 14.3% and gross margin of 13.8%, as well as the decrease in SG&As by 63 basis points.

Non-Operating Result

- **Non-Operating Income reached a profit of Ch\$ 257 million (US\$ 0.4 million), but decreased by 90.2% and represented 0.4% of revenues by 4Q'16.**

This decrease in Non-Operating Income compared to 4Q'15 is mainly explained by the account Other income by function, which decreased 96.9%, reaching Ch\$ 57 million (US\$ 0.1 million) compared to the gain of Ch\$ 1,845 million (US\$ 2.8 million) reported in 4Q'15. This is because of the sale, in 4Q'15, of the administrative building where Forus Peru was settle. On the other hand, it is also explained by Exchange Differentials, which decreases 74.5%, obtaining a profit of Ch\$ 197 million (US\$ 0.3 million) compared to the Ch\$ 773 million (US\$ 1.2 million) reported in 4Q'15, due to a devaluation effect of the foreign currency - dollar in which part of the cash is invested - at the end of 2016 compared to the previous year.

Net Profit and EBITDA

- **Net Profit decreased 17.1% to Ch\$ 7,328 million (US\$ 10.9 million) during the 4Q 2016.**

Net Income as a percentage of revenues, represented 11.9% to 4Q'16. The drop in pre-tax income is only explained by the decrease in Non-Operating Income of 4Q'16 by 90.2% compared to 4Q'15, as Operating Income increased by 3.1% during the quarter.

- **EBITDA of Ch\$ 11,104 million (US\$ 16.6 million) increased 5.1%, reaching an EBITDA margin of 18.0% in 4Q 2016, a growth of 31 basis points over the 17.7% of 4Q 2015.**

The increase in consolidated EBITDA was 78% due to the EBITDA growth of the international subsidiaries, which grew by 75.2% as a whole in 4Q'16 compared to 4Q'15, reaching a figure of Ch\$ 980 million (US\$ 1.5 million), explained both by the growth of Uruguay's EBITDA by 10.6% and by the increased of Peru's EBITDA by 312.1%. On the other hand, the EBITDA of Chile grew 1.2% compared to 4Q'15, and explains the remaining 22% of the increase in Consolidated EBITDA.

Consolidated Balance Sheet

- **Assets (in millions of Ch\$)**

	Dec-2016		Dec-2015		Var.	
	M	Ch\$	M	Ch\$	M	Ch\$
Current Assets	172.082		159.662		12.420	7,8%
Non-Current Assets	46.283		49.325		-3.042	-6,2%
Total Assets	218.365		208.987		9.378	4,5%

Current assets show significant variations in current financial assets of Ch\$ 6,605 million (US\$ 9.9 million), which is due to the investment of temporary cash surpluses and the increase of Ch\$ 6,320 million (US\$ 9.4 million) in inventories, which is financed by own funds. The main variation of **non-current assets** is due to the fact that store openings were lower than depreciation for the year, showing a decrease in property, plants and equipment of Ch\$ 1,876 million (US\$ 2.8 million) and a decrease in capital gains of Ch \$ 1,100 million (US\$ 1.6 million).

- **Liabilities (in millions of Ch\$)**

	Dec-2016		Dec-2015		Var.	
	M	Ch\$	M	Ch\$	M	Ch\$
Current Liabilities		26.024		30.520	-4.497	-14,7%
Non-Current Liabilities		1.944		1.873	71	3,8%
Shareholder's Equity		190.398		176.594	13.804	7,8%
Total Liabilities		218.365		208.987	9.378	4,5%

The decrease in **current liabilities** of Ch\$ 4,497 million (US\$ 6.7 million) is mainly due to the payment of obligations with suppliers, which decreased by Ch\$ 3,002 million (US\$ 4.5 million), and the decrease of other short-term provisions by Ch\$ 1,300 million (US\$ 1.9 million) due to, among other effects, the lower mandatory minimum dividend obligation registered at the close of each year. **Non-current liabilities**, however, do not suffer variations that are different from the restatement of liabilities due to changes in the currency in which they are to be paid and / or the reclassification of the installment debt that mature within the short term.

- **Shareholder's Equity**

The balance of Equity as of December 31, 2016 and 2015 is composed as follows:

	Dec-2016		Dec-2015		Var.	
	M	Ch\$	M	Ch\$	M	Ch\$
Paid-in capital		24.243		24.243	0	0,0%
Other reserves		16.433		17.687	-1.253	-7,1%
Retained earnings		148.479		133.301	15.177	11,4%
Non-controlling interest		1.243		1.363	-120	-8,8%
Total Patrimonio		190.398		176.594	13.804	7,8%

Shareholders' equity increased by Ch\$ 13,804 million (US\$ 20.6 million), mainly due to consolidate result of the year. The accumulated result for the year is 20.0% lower than in the previous year.

The variation of Other Reserves corresponds to the differences in the conversion of subsidiaries according to the following detail:

	M Ch\$
Perú Forus S.A.	-598
Uruforus S.A.	-535
Elecmetal S.A.	-42
Forus Colombia S.A.S.	-50
Lyfestyle Brands of Colombia	-29
Total Conversion Differentials	-1.254

Consolidated Cash Flow

	Dec-2016	Dec-2015	Var.
	M Ch\$	M Ch\$	M Ch\$
Cash Flow from Operating Activities	21.986	33.765	-11.779
Cash flows from (used in) investment activities	-11.615	-20.513	8.898
Cash flows from (used in) financing activities	-12.949	-10.571	-2.378

Cash flow from operating activities generated a negative variation with respect to the previous year of Ch\$ 11,779 million (US\$ 17.6 million), which main variations, although it is true that they show a higher revenue from sales of goods and / or services of Ch\$ 7,319 million (US\$ 10.9 million), also show a greater disbursement by payment to suppliers, explained especially by higher purchases for future seasons, and payments to employees for Ch\$ 18,462 million (US\$ 27.6 million).

The positive variation in the **flows of investment activities** is mainly a result of lower disbursement for the purchase of plant and equipment properties.

The cash flow from the **flow of financing activities** shows a negative variation derived, among other effects, from the greater disbursement for payment of credit obligations for purchases of merchandise.

Market Risk Analysis

Regional risk: Chile shows a slight recovery in the economic environment, improving with respect to previous quarters, and that both the decline in the CPI and the increase in consumer confidence have stabilized the negative trend to some extent. Even so, the country still remains unfavourable for growth for both today and future prospects. Uruguay maintained its economic environment with bias to recovery during the quarter, favouring an environment to continue growing our business. Peru lowered its economic expectations and consumer confidence showed a drop compared to the trend of previous

quarters, complicating the situation and prospects of recovery in that country. Finally, in Colombia, the confidence index and economic expectations returned to a pessimistic bias towards the end of the period, maintaining a very challenging economic environment for our business and the retail sector in general.

Foreign exchange risk: In Chile, exchange rate volatility increased during the quarter, together with uncertainty for 2017. In our subsidiaries, as a whole, currency volatility was reduced and favourable exchange rates were appreciated with respect to the previous quarters.

Financial risk: The company continues the policy of conservative management of its cash, increasing its volume of fund for investments and maintaining a very low level of indebtedness during 2016.

Summary Table of Countries

Revenues (Million Ch. \$)

	4Q '16	4Q '15	Var %	Var % Local Currency	2016	2015	Var %	Var % Local Currency
Chile	48.975	47.914	2,2%	2,2%	198.683	190.592	4,2%	4,2%
Colombia	1.842	1.822	1,1%	3,0%	5.554	5.881	-5,6%	1,1%
Peru	5.248	5.130	2,3%	8,8%	18.765	19.213	-2,3%	-0,1%
Uruguay	5.735	5.019	14,3%	22,8%	18.924	17.957	5,4%	14,0%
Total Filiales	12.825	11.971	7,1%		43.243	43.051	0,4%	

Same Store Sales

Data in nominal values (in local currency)

	2015				2016				2015	2016
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY	FY
Chile	0,8%	-6,4%	-1,2%	-4,5%	-1,8%	9,0%	3,5%	2,9%	-3,2%	3,6%
Colombia	12,8%	6,3%	4,9%	-1,3%	-4,1%	1,5%	-1,5%	4,1%	4,4%	0,5%
Peru	2,1%	-6,7%	-12,2%	-11,6%	-2,2%	2,7%	-4,2%	9,9%	-7,5%	1,7%
Uruguay	-6,9%	-6,4%	-3,2%	1,5%	9,5%	12,2%	-1,2%	9,9%	-3,5%	8,0%

Number of Stores and Surfaces of square meters

	Dec. 2016		Dec. 2015	
	# Stores	Surface of sqm	# Stores	Surface of sqm
Chile	323	36.611	320	36.399
Colombia	61	4.038	53	3.589
Perú	74	6.383	78	6.332
Uruguay	52	4.432	49	4.147
Total	510	51.464	500	50.468

CHILE

• **Retail**

(Million Ch\$)

P&L	4Q '16	% Revenues	4Q '15	% Revenues	Var. %
Revenues	42.651		41.382		3,1%
Cost of Sales	-18.012		-17.775		1,3%
Gross Margin	24.639	57,8%	23.607	57,0%	4,4%
SG&A	-16.712	-39,2%	-15.601	-37,7%	7,1%
Operating Income	7.927	18,6%	8.006	19,3%	-1,0%

(Million Ch\$)

P&L	2016	% Revenues	2015	% Revenues	Var. %
Revenues	157.675		148.252		6,4%
Cost of Sales	-68.919		-64.038		7,6%
Gross Margin	88.756	56,3%	84.214	56,8%	5,4%
SG&A	-62.164	-39,4%	-57.777	-39,0%	7,6%
Operating Income	26.592	16,9%	26.437	17,8%	0,6%

Same Store Sales Growth

Data in nominal values (in local currency)

	2015				2016				FY	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2015	2016
SSS	0,8%	-6,4%	-1,2%	-4,5%	-1,8%	9,0%	3,5%	2,9%	-3,2%	3,6%

Stores Openings / Closings

	Date	Chain	Store	Sq.meters
Opening	dec-16	Caterpillar	Portal Osorno	62
Opening	dec-16	Columbia	Portal Osorno	78
Total				140

Change in Total square meters

	Dec 2016	Dec 2015	Var. 16/15	Var. %
N° Stores	323	320	3	0,9%
Square meters	36.611	36.399	212	0,6%

- Wholesale**

(Million Ch\$)

P&L (Corrected)*	4Q '16	% Revenues	4Q '15	% Revenues	Var. %
Revenues	6.324		6.532		-3,2%
Cost of Sales	-3.478		-3.560		-2,3%
Gross Margin	2.846	45,0%	2.972	45,5%	-4,2%
SG&A	-2.698	-42,7%	-2.795	-42,8%	-3,5%
Operating Income	148	2,3%	176	2,7%	-16,2%

(Million Ch\$)

P&L (Corrected)*	2016	% Revenues	2015	% Revenues	Var. %
Revenues	41.007		42.340		-3,1%
Cost of Sales	-22.288		-23.158		-3,8%
Gross Margin	18.720	45,6%	19.182	45,3%	-2,4%
SG&A	-10.280	-25,1%	-10.743	-25,4%	-4,3%
Operating Income	8.440	20,6%	8.439	19,9%	0,0%

- Total Chile (Retail + Wholesale)**

(Million Ch\$)

P&L	4Q '16	% Revenues	4Q '15	% Revenues	Var. %
Revenues	48.975		47.914		2,2%
Cost of Sales	-21.490		-21.335		0,7%
Gross Margin	27.485	56,1%	26.579	55,5%	3,4%
SG&A	-19.411	-39,6%	-18.396	-38,4%	5,5%
Operating Income	8.075	16,5%	8.183	17,1%	-1,3%

(Million Ch\$)

P&L	2016	% Revenues	2015	% Revenues	Var. %
Revenues	198.683		190.592		4,2%
Cost of Sales	-91.207		-87.196		4,6%
Gross Margin	107.476	54,1%	103.396	54,2%	3,9%
SG&A	-72.444	-36,5%	-68.520	-36,0%	5,7%
Operating Income	35.032	17,6%	34.876	18,3%	0,4%

COLOMBIA

(Million Ch\$)

P&L	4Q '16	% Revenues	4Q '15	% Revenues	Var. %
Revenues	1.842		1.822		1,1%
Cost of Sales	-1.108		-906		22,2%
Gross Margin	734	39,8%	916	50,3%	-19,9%
SG&A	-946	-51,4%	-904	-49,6%	4,6%
Operating Income	-212	-11,5%	12	0,6%	-1943,5%

(Million Ch\$)

P&L	2016	% Revenues	2015	% Revenues	Var. %
Revenues	5.554		5.881		-5,6%
Cost of Sales	-3.233		-2.973		8,7%
Gross Margin	2.322	41,8%	2.908	49,5%	-20,2%
SG&A	-3.210	-57,8%	-3.301	-56,1%	-2,8%
Operating Income	-888	-16,0%	-393	-6,7%	125,9%

Same Store Sales Growth

Data in nominal values (in local currency)

	2015				2016				FY	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2015	2016
SSS	12,8%	6,3%	4,9%	-1,3%	-4,1%	1,5%	-1,5%	4,1%	4,4%	0,5%

Stores Openings / Closings

	Date	Chain	Store	Sq.meters
Opening	nov-16	D House	Chicó	76
Opening	nov-16	Hush Puppies	Barranquilla	62
Opening	nov-16	Merrell	Barranquilla	45
Opening	nov-16	Caterpillar	Barranquilla	60
Opening	dec-16	Hush Puppies	Colina	57
Opening	dec-16	Merrell	Colina	44
Opening	dec-16	Caterpillar	Colina	66
Total				411

Change in Total square meters

	Dec 2016	Dec 2015	Var. 16/15	Var. %
N° Stores	61	53	8	15,1%
Square meters	4.038	3.589	449	12,5%

PERU

(Million Ch\$)

P&L	4Q '16	% Revenues	4Q '15	% Revenues	Var. %
Revenues	5.248		5.130		2,3%
Cost of Sales	-2.500		-2.478		0,9%
Gross Margin	2.748	52,4%	2.652	51,7%	3,6%
SG&A	-2.722	-51,9%	-3.122	-60,9%	-12,8%
Operating Income	26	0,5%	-470	-9,2%	-105,6%

(Million Ch\$)

P&L	2016	% Revenues	2015	% Revenues	Var. %
Revenues	18.765		19.213		-2,3%
Cost of Sales	-9.228		-9.381		-1,6%
Gross Margin	9.537	50,8%	9.832	51,2%	-3,0%
SG&A	-10.334	-55,1%	-10.607	-55,2%	-2,6%
Operating Income	-798	-4,3%	-775	-4,0%	2,9%

Same Store Sales Growth

Data in nominal values (in local currency)

	2015				2016				FY	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2015	2016
SSS	2,1%	-6,7%	-12,2%	-11,6%	-2,2%	2,7%	-4,2%	9,9%	-7,5%	1,7%

Stores Openings / Closings

	Date	Chain	Store	Sq.meters
Closing	oct-16	D House	Chimbote	-125
Closing	oct-16	Hush Puppies	Cajamarca	-53
Closing	oct-16	Hsuh Puppies Kids	Cajamarca	-35
Opening	dec-16	Columbia	Larcomar	57
Total				-155

Change in Total square meters

	Dec 2016	Dec 2015	Var. 16/15	Var. %
N° Stores	74	78	-4	-5,1%
Square meters	6.383	6.332	50	0,8%

URUGUAY

(Million Ch\$)

P&L	4Q '16	% Revenues	4Q '15	% Revenues	Var. %
Revenues	5.735		5.019		14,3%
Cost of Sales	-2.668		-2.324		14,8%
Gross Margin	3.067	53,5%	2.695	53,7%	13,8%
SG&A	-2.491	-43,4%	-2.212	-44,1%	12,6%
Operating Income	576	10,0%	483	9,6%	19,1%

(Million Ch\$)

P&L	2016	% Revenues	2015	% Revenues	Var. %
Revenues	18.924		17.957		5,4%
Cost of Sales	-8.679		-8.127		6,8%
Gross Margin	10.245	54,1%	9.830	54,7%	4,2%
SG&A	-8.743	-46,2%	-8.606	-47,9%	1,6%
Operating Income	1.502	7,9%	1.224	6,8%	22,7%

Same Store Sales Growth

Data in nominal values (in local currency)

	2015				2016				FY	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2015	2016
SSS	-6,9%	-6,4%	-3,2%	1,5%	9,5%	12,2%	-1,2%	9,9%	-3,5%	8,0%

Stores Openings / Closings

	Date	Chain	Store	Sq.meters
Opening	oct-16	D House	Paysandu	153
Opening	dec-16	Columbia	Portones	46
Total				199

Change in Total square meters

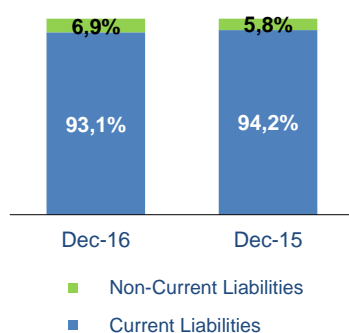
	Dec 2016	Dec 2015	Var. 16/15	Var. %
N° Stores	52	49	3	6,1%
Square meters	4.432	4.147	285	6,9%

- Liquidity Ratios**

	Units	Dec-16	Dec-15
Current liquidity	times	6,6	5,2
Acid ratio	times	3,8	3,0

- Financial Ratios**

	Units	Dec-16	Dec-15
Liabilities composition			
Current Liabilities	%	93,1%	94,2%
Non-Current Liabilities	%	6,9%	5,8%



	Units	Dec-16	Dec-15
Leverage	times	0,15	0,18
Interest Coverage	times	84,42	82,62

- Profitability Ratios**

	Units	Dec-16	Dec-15
ROA	%	12,1%	15,8%
ROS	%	10,9%	14,1%
ROE	%	13,9%	18,7%
EPS	\$	102,13	127,68

All data is in term of Consolidated Forus.

Consolidated Balance Sheets



FORUS S.A. & SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

expressed in Thousands of Chilean Pesos, as for

	December 2016		December 2015	
	Th	Ch\$	Th	Ch\$
ASSETS				
Current Assets				
Cash and cash equivalents		4.068.088		6.542.903
Other financial assets, current		61.696.758		55.091.566
Other non-financial assets, current		3.765.269		3.247.456
Trade and other account receivables		22.912.020		24.002.279
Accounts receivables from related companies		102		-
Inventories		73.989.175		67.669.510
Tax Assets, current		5.650.157		3.107.986
Total Current Assets		172.081.569		159.661.700
Non-Current Assets				
Other financial assets, Non-current		331.554		369.223
Other non-financial assets, Non-current		2.482.857		1.971.909
Fees receivables, Non-current		185.231		180.313
Investments in Associated		4.048.426		3.948.400
Net intangibles assets		2.714.059		3.424.364
Goodwill		6.026.310		7.126.310
Property, plant and equipments		29.193.449		31.069.163
Deferred tax Assets		1.301.601		1.235.638
Total Non-Current Assets		46.283.487		49.325.320
TOTAL ASSETS		218.365.056		208.987.020
LIABILITIES				
Current Liabilities				
Other financial liabilities, current		1.760.920		1.472.616
Current trade and other current accounts payable		12.146.810		15.149.159
Current accounts payable to related companies		845.467		740.018
Other current Provisions		5.789.365		7.089.543
Current Provisions for employees benefits		4.339.128		3.834.044
Other non-financial liabilities, current		1.141.997		2.235.118
Total Current Liabilities		26.023.687		30.520.498
Non-Current Liabilities				
Other non-current financial liabilities		1.803.939		1.865.109
Other non-financial non-current liabilities		7.952		7.770
Total Non-Current Liabilities		1.943.513		1.872.879
TOTAL LIABILITIES		27.967.200		32.393.377
SHAREHOLDER'S EQUITY				
Paid-in capital		24.242.787		24.242.787
Retained earnings		148.478.839		133.301.493
Issue Premium		17.386.164		17.386.164
Other reserves		(952.747)		300.677
Equity attributable to equity holders of the parent		189.155.043		175.231.121
Non-controlling interest		1.242.813		1.362.522
Total Net Equity		190.397.856		176.593.643
TOTAL NET EQUITY AND LIABILITIES		218.365.056		208.987.020

Consolidated Income Statement



FORUS S.A. & SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT

expressed in Thousands of Chilean Pesos for the end of the periods of

and for the quarters

	December 2016		December 2015		4Q'16		4Q'15	
	Th	Ch\$	Th	Ch\$	Th	Ch\$	Th	Ch\$
Revenues	241.709.148		233.395.553		61.759.782		59.812.153	
Cost of Sales	(112.129.869)		(107.429.659)		(27.725.092)		(26.969.990)	
Gross Margin	129.579.279		125.965.894		34.034.690		32.842.163	
Other incomes of total operation	333.462		2.393.435		56.839		1.845.458	
Logistic costs	(2.619.603)		(2.261.043)		(523.380)		(403.580)	
Administrative Expenses	(92.111.119)		(88.772.365)		(25.046.182)		(24.230.674)	
Other expenses of total operation	(312.672)		(337.312)		(97.814)		(94.449)	
Other gains or (losses)	(48.492)		296.591		(104.425)		(201.466)	
Financial Income	1.514.110		571.543		126.750		69.741	
Financial Expenses	(366.941)		(399.446)		(98.047)		(86.871)	
Participation in gains (losses) of joint venture businesses accounted by using the proportional value of participation	(85.825)		401.647		94.622		198.201	
Exchange Differentials	(1.725.742)		3.976.644		196.984		773.258	
Result of Indexation units	42.307		108.483		81.894		125.874	
Profit before income tax	34.198.764		41.944.071		8.721.931		10.837.655	
Income Taxes	(7.802.443)		(8.943.287)		(1.393.615)		(1.998.100)	
Profit (loss)	26.396.321		33.000.784		7.328.316		8.839.555	
Profit (loss) attributable to equity holders of parent	26.396.321		33.120.924		7.494.352		8.838.705	
Profit (loss) attributable to minority interest	(395.246)		(120.140)		(166.036)		850	
Profit (loss)	26.396.321		33.000.784		7.328.316		8.839.555	
Income per Share Common shares		\$ 102,1		\$ 127,7		\$ 28,4		\$ 34,2

Address:

Av. Departamental N° 01053

La Florida

Santiago, Chile

Contact:

Macarena Swett / Sebastián Macchiavello

Investor Relations

Telephone: (56 2) 2 923 3035

Email: ir@forus.cl

Website:

www.forus.cl

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