



FINANCIAL
REPORT
SECOND QUARTER 2018
AUGUST 2018

FORUS
BRANDS & RETAIL

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Notes:

- All figures in dollars are calculated using the observed dollar exchange rate for July 3rd, 2018: (Ch\$ 651.21 per 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.
- Currency symbols: Ch\$ or CLP: Chilean pesos; US\$: U.S. dollars; M: millions.
- Other symbols: SSS (Same store sales). SG&A: Selling, General and Administration. YoY: Year on Year. DTC: Direct to Consumer sales.

Executive Summary

The second quarter of 2018 was marked by significant strategic achievements of the company in a competitive and challenging environment. In addition, the company's margins were improved, gross margin increased by 206 basis points, operating margin by 38 basis points and the EBITDA margin increased by 30 basis points YoY.

Our digital business had outstanding performances in the quarter, not only boosting our operation in Chile, but also strengthening the company's digital presence in its subsidiaries. The online business in Chile showed excellent sales growth of 218%, increasing 111% in conversion and 60% in traffic volume compared to 2Q'17. In addition, it reached the 5.6% weight over the total DTC (Direct To Consumer) sales, increasing by 389 basis points with respect to the 1.8% weight of 2Q'17. Accumulated as of June 2018, sales growth was 177% YoY.

During the quarter we had e-commerce sites additions to the company's brands websites, both in Chile and in subsidiaries. With the 7 new sites with e-commerce launched in the quarter, and 2 more launched after the period, the company reached 23 websites with e-commerce in 3 countries of the region. Also, during May, the Cyberday event was held in Chile where the digital business had an excellent performance, increasing its sales 439% over the same event of the previous year, boosted by our successful technology that connects the inventories of the stores to the online channel, which reached 74 stores in total, adding 25 new stores to the system during the quarter.

The subsidiaries continued executing their business profitability strategy, especially Peru and Colombia. In Peru, better brand strategies, improvements in planning and management team, and good collection decisions, together with the positive effect of the closing of stores with negative profits, allowed to achieve good SSS increases along with excellent gross margin and operational result growth. Colombia also improved strongly in gross margin and operating income, and its sales were affected only by closures of stores with negative profit. Without that effect, the subsidiary could have grown by 9.3% in sales in local currency (against -1.4% growth). These efforts are consistent with the strategy of operational efficiency that the company has been working on in recent years, under a process of optimization of the base of stores in each country, eliminating stores with negative contribution and replacing them with profitable ones.

Executive Summary

Finally, Forus again received international awards from its main licensors, standing out for sales performance and its excellence in brand building and retail operation. Five awards were received, reaching a total of 37 international awards obtained since 2011.

Summary of Consolidated Results 2Q 2018

- Consolidated Revenues decreased -1.8% excluding the currency conversion effect of the subsidiaries. With this effect, the consolidated revenues of Ch\$ 68,191 million (US\$ 104,7 million) decreased -3.4% with respect to 2Q'17.
- Revenues from the digital business in Chile grew 218% compared to 2Q'17, increasing 111% in conversion rate.
- The results of the international operations of Peru, Uruguay, and Colombia stood out with a solid gross margin growth of 195 basis points and a growth of 5.7% of the operating result. The recovery of Peru and the operational improvements of Colombia boosted this performance, consistent with the international focus and strategy that the company has carried out in the last two years.
- Gross margin grew 206 basis points, reaching 58.8% compared to 56.7% in 2Q'17. Gross Profit of Ch\$ 40,080 million (US\$ 61,5 million) remained stable during 2Q'18, growing 0.1% in the period.
- The operating margin grew 38 basis points and obtained an operating margin of 20.1% of revenues. The Operating Result of Ch\$ 13,710 million (US\$ 21,1 million) decreased -1.5%.
- The EBITDA margin increased by 30 basis points with respect to the margin of the same period of the previous year, reaching a margin of 22.1%. The EBITDA of Ch\$ 15,086 million (US\$ 23,2 million) decreased -2.1% with respect to 2Q'17.
- Net Profit of Ch\$ 10,690 million (US\$ 16,4 million) represented 15.7% of revenues in 2Q'18, and remained stable.

Summary of Consolidated Result as of June of 2018

- Consolidated Revenues decreased -0.8% excluding the currency conversion effect of the subsidiaries. With this effect, consolidated revenues of Ch\$ 129,017 million (US\$ 198,1 million) decreased -2.2% with respect to consolidated revenues accumulated to June 2017.
- Revenues from digital operations grew 177% in Chile compared to 1S'17.
- The results of the international operations of Peru, Uruguay and Colombia in 1S'18 grew 219 basis points in gross margin, and strongly increased the operating result by 690%. Although sales decreased by -6.1% as a result of closures of stores with negative profits, they continued the recovery trend thanks to the company's strategic focus, representing 16.5% of consolidated revenues in 1S'18.
- Gross margin increased 122 basis points, reaching 56.4% compared to 55.2% in the same period of the previous year. The Gross Profit of Ch\$ 72,813 million (US\$ 111,8 million) remained neutral with respect to the previous year.
- The operating margin of the period was 16,7% of revenues. The Operating Result of Ch \$21.504 million (US\$ 33,0 million) decreased -4,0%.
- The EBITDA margin decreased only 35 basis points with respect to the margin of the same period of the previous year, reaching a margin of 18.8%. The EBITDA of Ch\$ 24,271 million (US\$ 37,3 million) decreased -4.0% with respect to the accumulated to June 2017.
- Net Profit of Ch\$ 16,454 million (US\$ 25,3 million) represented 12.8% as a percentage of revenues in 1S'18, and decreased -3.2%.

Highlights of the Period

Store Opening

During the Second Quarter of 2018 the following 8 new stores were opened:

Country	# Stores	Chain	Store	City	Sq. meters
Chile		Hush Puppies	Portal Rancagua	Rancagua	90
		Rockford	Portal Rancagua	Rancagua	82
		Caterpillar	Portal Rancagua	Rancagua	82
		7Veinte	Alto las Condes	Santiago	72
		Columbia	Mall Pionero	Punta Arenas	87
Total	5				413
Peru		Columbia	Cusco	Cusco	91
Total	1				91
Uruguay		Caterpillar	Punta del Este	Punta del Este	77
		Rockford	Punta del Este	Punta del Este	79
	2				156
Total	8				660

New CEO for FORUS S.A

On May 28, due to an organizational restructuring of the company, Mr. Hugo Ovando left the general management of Forus S.A.

Instead, Mr. Sebastian Swett, the commercial manager of the company, assumed as the new CEO. Sebastian has been with the company for 30 years and, therefore, has 30 years of experience in the industry, which will allow him to deliver a more commercial approach to the profile of the CEO to face the upcoming challenges of the Retail industry.

Likewise, as part of the same restructuring, the position of COO was created, assumed by Mrs. Marisol Cespedes, who was the CFO of the company for 21 years.

Highlights of the Period

Awards received by Forus

In May of this year, Forus received in the USA the following 5 awards from its International licensors 2017 performance.

- 1) **Brand Building Excellence**, from the Hush Puppies brand for the LATAM region.



- 2) **Best sales growth in the region 2017**, for the brand Hush Puppies of the apparel category in Peru.



- 3) **Distributor of the year** of the brand CAT of the apparel category in Chile.



- 4) **Biggest Market Penetration in the world**, for the brand Merrell.



- 5) **Best international Licensee 2017**, for Jansport brand in Chile.



Incorporation of e-commerce

During the second quarter new e-commerce incorporations were launched on the brands websites, in order to strengthen the online business and the company's digital strategy:

Chile

In April the site Keds (keds.cl) launched its e-commerce, while in May the e-commerce websites of **Mountain Hardwear** (mountainhardwear.cl) and **Burton** (burton.cl) were launched. Forus now has 15 e-commerce websites.

Uruguay

E-commerce websites of the brands **Merrell** (merrell.com.uy) in April, **Pasqualini** (pasqualini.com.uy) in May and **Hush Puppies** (hushpuppies.com.uy) in June. Uruguay has now 4 e-commerce websites.

Highlights of the Period

Colombia

E-commerce website of the brand **Hush Puppies** (hushpuppies.com.co) launched in June.

Incorporations after the period

During August, in Chile, two more e-commerce websites were incorporated for the brands **Azaleia** (azaleia.cl) and **Billabong** (billabong.cl), reaching to 17 e-commerce website in the country.

Consolidated Income Statement – IFRS

FORUS S.A. & SUBSIDIARIES

Consolidated Income Statement 2nd Quarter

expressed in Thousands of Chilean Pesos from April 1st to June 30th

	2Q'18 Th Ch\$	% Revenues	2Q'17 Th Ch\$	% Revenues	Var. % 18/17
Revenues	68.191.173		70.569.894		-3,4%
Cost of Sales	(28.111.118)	-41,2%	(30.542.928)	-43,3%	-8,0%
Gross Profit	40.080.055	58,8%	40.026.966	56,7%	0,1%
Selling, General and Administrative Expenses	(26.369.894)	-38,7%	(26.107.669)	-37,0%	1,0%
Operating Income	13.710.161	20,1%	13.919.297	19,7%	-1,5%
Other incomes of total operation	176.811		703.280		-74,9%
Other expenses of total operation	(114.368)		(233.950)		-51,1%
Financial Income	(130.020)		388.830		-133,4%
Financial Expenses	(104.981)		(91.234)		15,1%
Participation in gains (losses) of joint venture businesses accounted by using the proportional value of participation	(91.001)		(92.457)		-1,6%
Exchange Differentials	1.215.018		206.962		487,1%
Result of Indexation units	7.013		(12.183)		-157,6%
Other gains and losses	(32.152)		(147.401)		-78,2%
Non-Operating Income	926.320	1,4%	721.847	1,0%	28,3%
Profit before income tax	14.636.481	21,5%	14.641.144	20,7%	0,0%
Income Taxes	(3.946.968)		(3.886.207)		1,6%
Profit (Loss)	10.689.513	15,7%	10.754.937	15,2%	-0,6%
Profit (loss) attributable to equity holders of parent	10.701.333		10.841.971		-1,3%
Profit (loss) attributable to minority interest	(11.820)		(87.034)		-86,4%
Profit (loss)	10.689.513	15,7%	10.754.937	15,2%	-0,6%
EBITDA	15.085.712	22,1%	15.403.588	21,8%	-2,1%

Consolidated Income Statement – IFRS

FORUS S.A. & SUBSIDIARIES

Consolidated Income Statement

expressed in Thousands of Chilean Pesos accumulated to June 30th

	1S'18 Th Ch\$	% Revenues	1S'17 Th Ch\$	% Revenues	Var. % 18/17
Revenues	129.017.343		131.926.330		-2,2%
Cost of Sales	(56.204.523)	-43,6%	(59.082.378)	-44,8%	-4,9%
Gross Profit	72.812.820	56,4%	72.843.952	55,2%	0,0%
Selling, General and Administrative Expenses	(51.308.831)	-39,8%	(50.437.726)	-38,2%	1,7%
Operating Income	21.503.989	16,7%	22.406.226	17,0%	-4,0%
Other incomes of total operation	238.763		937.737		-74,5%
Other expenses of total operation	(190.071)		(368.340)		-48,4%
Financial Income	714.747		703.992		1,5%
Financial Expenses	(204.557)		(183.730)		11,3%
Participation in gains (losses) of joint venture businesses accounted by using the proportional value of participation	(243.915)		(90.220)		170,4%
Exchange Differentials	905.471		49.621		1724,8%
Result of Indexation units	(2.806)		(18.850)		-85,1%
Other gains and losses	9.010		(198.884)		-104,5%
Non-Operating Income	1.226.642	1,0%	831.326	0,6%	47,6%
Profit before income tax	22.730.631	17,6%	23.237.552	17,6%	-2,2%
Income Taxes	(6.276.422)		(6.243.766)		0,5%
Profit (Loss)	16.454.209	12,8%	16.993.786	12,9%	-3,2%
Profit (loss) attributable to equity holders of parent	16.564.729		17.190.136		-3,6%
Profit (loss) attributable to minority interest	(110.520)		(196.350)		-43,7%
Profit (loss)	16.454.209	12,8%	16.993.786	12,9%	-3,2%
EBITDA	24.271.283	18,8%	25.280.809	19,2%	-4,0%

Analysis of Consolidated Results

Operating Results

- **Consolidated Revenues decreased -1.8% excluding the currency conversion effect of the subsidiaries. With this effect, the consolidated revenues of Ch\$ 68,191 million (US\$ 104,7 million) decreased -3.4% with respect to 2Q'17.**

In Chile, sales reached Ch\$ 56,968 million (US\$ 87.5 million) during 2Q'18 and represented 83% of consolidated revenues.

Regarding the Retail business in Chile, sales decreased -1.0% compared to 2Q'17, affected by low consumption levels, an adverse winter that affected the entire retail environment in Chile, and lower sales to foreigners compared to the previous year, due to lower inflows into the country and our stores.

The operational result was boosted by the exceptional performance of the digital business, based on the Stock App application that reached a total of 74 stores, adding 25 physical stores in the quarter, and the incorporation of 3 new websites with e-commerce, to strengthen the digital presence of the company. In addition, it is worth highlighting the company's more than successful performance in the Cyberday event in May, increasing sales by 439% compared to the same event last year. With all the above, the weight of the digital business over the DTC sales rose from 1.8% to 5.6% in 2Q'18.

Regarding the subsidiaries, the results by country are as follows:

- In **Peru**, sales showed an SSS growth of 7.5%. Given this growth, and considering the reduction of 13% of square meters with low contribution (corresponding to 11 less stores with negative profit) as of June 2018, it is worth noting that sales in local currency decreased only -1.6% compared to the sales of 2Q'17.
- In **Uruguay**, sales in its local currency remained stable, growing 0.4% compared to 2Q'17, due to the SSS decrease of -7.6% impacted by an adverse climate and a lower consumption dynamism explained by both the drop in the flow of Argentine consumers (due to the exchange effect) and Brazilian consumers (due to adverse political effects).
- In **Colombia**, SSS grew 11.2%, boosted by good retail and commercial strategies, consistent with the subsidiary's profitability efforts. Given the above, and considering that they decreased by -10.9% of the square meters (6 less net stores

Analysis of Consolidated Results

with negative profit) as of June 2018, it is noteworthy that revenues decreased only -1.4% in their local currency.

- **Gross margin grew 206 basis points, reaching 58.8% compared to 56.7% in 2Q'17. Gross Profit of Ch\$ 40,080 million (US\$ 61,5 million) remained stable during 2Q'18, growing 0.1% in the period.**

The Gross Margin grew thanks to the remarkable expansion of the gross margin both in Chile at 206 basis points, and in the subsidiaries, which expanded their margin by 195 basis points during the period. This improvement in gross margin was due to the company's focus on maximizing margin and brand value in all of its operations in response to the challenging market environment present during the quarter.

The gross margin of Chile increased thanks to the gross margin of the retail business, which expanded by 187 basis points to reach a remarkable 60.9%, the highest of the last 3 years. In addition, the gross profit of Chile grew 1.5% due to the improvement of the gross profit of Retail with respect to 2Q'17, which grew 2.1%.

With respect to the Gross Profit of the international subsidiaries, the detail by country is the following:

- **Peru** gross margin increased 375 basis points, reaching 54.7% in 2Q'18 compared to 51.0% in 2Q'17. Both the Retail and Wholesale businesses presented gross margin expansions, aligned with the results of the profitability and margin maximization strategies that the subsidiary has been carrying out.
 - **Uruguay:** The gross margin expanded 83 basis points, reaching 59.2% over the 58.4% obtained in 2Q'17, in line with the company's margin strategy.
 - **Colombia:** The gross margin grew 250 basis points, reaching 45.9%, in line with strategies to maximize margins and strengthen the retail business in the subsidiary.
- **The operating margin grew 38 basis points and reached 20.1% of revenues. The Operating Result of Ch\$ 13,710 million (US\$ 21,1 million) decreased -1.5%.**

This decrease is explained by the lower Operating Income of Chile, which fell -1.9% due to the increase in SG&A expenses of 6.4% due to higher logistics and remuneration costs, while the subsidiaries showed a growth in the operating result of a 5.7%, thanks to the positive evolution of Peru and Colombia.

Analysis of Consolidated Results

The Operational Results by countries are the following:

- **Peru:** Operating income improved 98.0% compared to 2Q'17, due to the growth of 375 basis points of gross margin and the -12% decrease in SG&A expenses, which fell 262 basis points as a percentage of sales as a result of the positive impact of the reduction process of deficient square meters, carried out in the past quarters.
- **Uruguay:** Operating income decreased -31.1% contrasted with 2Q'17, impacted by the drop in sales.
- **Colombia:** Operational Loss decreased -75.4% compared to 2Q'17. This great improvement is due to the outstanding performance of the Retail business, explained by the growth of SSS and gross margin, together with the strong reduction of SG&A expenses of -20.1% thanks to the process of reducing low contribution square meters which took place during the previous quarters.

Non-Operating Result

- **Non-operating income increased 28,3%, reaching a result of Ch\$ 926 million (US\$ 1.4 million) compared to 2Q'17 profit.**

This growth in the Non-Operating Result is explained by the Exchange Differential account, which grew 487.1% and presented a gain of Ch\$ 1,215 million (US\$ 1.9 million), due to the positive effect of the exchange rate on the cash that is invested in dollars, explained due to the strong depreciation of the Chilean peso against the dollar during 2Q'18.

Net Profit and EBITDA

- **Net Profit of Ch\$ 10,690 million (US\$ 16,4 million) represented 15.7% of revenues in 2Q'18, and remained stable.**

Net Profit as a percentage of revenues increased by 44 basis points, from 15.2% in 2Q'17 to 15.7% in 2Q'18. The slight fall in the absolute amount is partly explained by a higher tax rate. For this quarter, the tax rate increased from 25.5% to 27%. If this effect were not considered, the net profit would have remained practically neutral YoY (+ 0.0%).

Analysis of Consolidated Results

- **The EBITDA margin increased by 30 basis points with respect to the margin of the same period of the previous year, reaching a margin of 22.1%. The EBITDA of Ch\$ 15,086 million (US\$ 23,2 million) that decreased -2.1% with respect to 2Q'17.**

The EBITDA margin grew by 30 basis points this quarter, thanks to the increase in the operating margin, and also thanks to the EBITDA growth in Peru and the recovery of the Colombian EBITDA.

Analysis of Financial Statements

Consolidated Balance Sheet

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

	Jun-2018	Dec-2017	Var.	
	M Ch\$	M Ch\$	M Ch\$	%
Current Assets	199.448	192.690	6.758	3,5%
Non-Current Assets	43.964	44.087	-123	-0,3%
Total Assets	243.412	236.777	6.635	2,8%

Current assets show significant variations in other current financial assets for Ch\$ 6,968 million (US\$ 10.7 million), as a result of the investment of temporary cash surpluses; in addition, due to the variations in commercial debtors and other accounts receivable, with an increase of Ch\$ 5,547 million (US\$ 8.5 million) and a decrease in inventories of Ch\$ 3,261 million (US\$ 5.0 million).

Non-current assets did not suffer significant variations, except for the difference generated by lower store openings compared to the depreciation of the period, showing a decrease in property, plant and equipment of Ch\$ 143 million (US\$ 0.2 million).

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

	Jun-2018	Dec-2017	Var.	
	M Ch\$	M Ch\$	M Ch\$	%
Current Liabilities	23.454	30.841	-7.387	-24,0%
Non-Current Liabilities	1.675	1.719	-45	-2,6%
Shareholder's Equity	218.283	204.217	14.066	6,9%
Total Liabilities	243.412	236.777	6.635	2,8%

The decrease in **current liabilities** of Ch\$ 7,387 million (US\$ 11,3 million) is mainly due to the payment of dividends provisioned in December of Ch\$ 4,390 million (US\$ 6.7 million), and due obligations with suppliers, which decreased Ch\$ 2,097 million (US\$ 3.2 million).

Non-current liabilities, meanwhile, do not suffer variations that are different from the re-expression of obligations due to variation in the currency in which they must be paid and / or the reclassification of the installments of bonds that mature within the short term.

Analysis of Financial Statements

- **Shareholder's Equity**

The balance of Equity as of June 30, 2018 and December 31, 2017 is as follows:

	Jun-2018	Dec-2017	Var.	
	M Ch\$	M Ch\$	M Ch\$	%
Paid-in capital	24.243	24.243	0	0,0%
Other reserves	14.905	14.576	329	2,3%
Retained earnings	178.311	164.527	13.785	8,4%
Non-controlling interest	824	872	-48	-5,5%
Total Equity	218.283	204.217	14.066	6,9%

Equity presents a total increase of Ch\$ 14,066 million (US\$ 21.6 million), mainly due to the Net Profit of the period. The accumulated result for the first semester of 2018 presents a negative change of 3.18% with respect to the same period of 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.	535
Uruforus S.A.	-426
Forus Colombia S.A.S.	65
Lyfestyle Brands of Colombia	156
Total Conversion Differentials	329

Analysis of Financial Statements

Financial Ratios

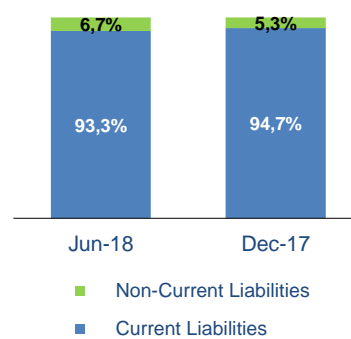
- Liquidity Ratios**

	Units	Jun-18	Dec-17	Var.
Current liquidity	times	8,5	6,2	2,26
Acid ratio	times	5,2	3,6	1,57

The current liquidity index shows a positive variation with respect to the previous year and, the acid ratio, shows the same effect going from 3.62 times registered to December 2017 to 5.18 times registered at the end of this semester, which are explained mainly due to the increase in financial assets and current accounts receivable as well as a decrease in current liabilities.

- Debt Ratios**

	Units	Jun-18	Dec-17
Liabilities composition			
Current Liabilities	%	93,3%	94,7%
Non-Current Liabilities	%	6,7%	5,3%



	Units	Jun-18	Dec-17	Var.
Leverage	times	0,12	0,16	-0,04
Interest Coverage	times	80,44	69,25	11,19

Analysis of Financial Statements

- Profitability Ratios

	Units	Jun-18	Jun-17	Var.
ROA	%	6,76%	7,44%	-0,68%
ROS	%	12,75%	12,88%	-0,13%
ROE	%	7,54%	8,29%	-0,75%
EPS	\$	63,66	65,75	-2,09

Regarding profitability, the Company shows a negative variation of - \$ 2.09 in earnings per share with respect to the same period of the previous year, which represents a decrease of 3.18%.

Analysis of Financial Statements

Consolidated Cash Flow

	Jun-2018		Jun-2017		Var.	
	M	Ch\$	M	Ch\$	M	Ch\$
Cash Flow from Operating Activities		17.018		21.538		-4.521
Cash flows from (used in) investment activities		-8.452		-7.686		-766
Cash flows from (used in) financing activities		-9.051		-6.947		-2.105

Operating activities generated a negative variation compared to the same period of the previous year of Ch\$ 4,521 million (US\$ 6,9 million), whose main variations are due to a lower collection of sales of goods and/or services of Ch\$ 982 million (US\$ 1.5 million), consistent with the decrease in revenues, and the higher expenditure for payment to employees, suppliers and other accounts of the operation for Ch\$ 1,886 million (US\$ 2.9 million)

The negative variation in the **flows of investment activities** is mainly due to the higher disbursement for investments in financial assets that is shown as "Other cash inflows (outflows)" with a negative variation of Ch\$ 285 million (US\$ 0.4 million), to June 2018; and a slight increase in disbursements due to the incorporation of fixed assets with a variation of Ch\$ 215 million (US\$ 0.3 million), compared to the same period of 6 months of the previous year.

Finally, the negative variation in the **flow of financing activities** is mainly due to lower use of bank guarantees or letters of credit for the payment of merchandise.

Market Risk Analysis

Regional Risk: Chile maintained the stable scenario of the last quarter, but still with low levels of market dynamism. The quarter showed a trend of growth in economic activity and improvements in consumer confidence levels, but contrasted with a stagnation in the positive trend of business confidence, increased unemployment and very low YoY consumption figures growths during the period. Uruguay moderated its tendency to recover, maintaining its projections, but with a more challenging environment for business growth, impacted by a deterioration in consumer confidence and specific climate effects that affected consumption during the quarter. Peru improved its expectations during the second quarter of the year, showing an increase in the economic expectations index and the consumer confidence index, as well as increasing the economic activity and public investment levels of the country. Even so, it maintains stable its scenario and prospects for

Analysis of Financial Statements

macroeconomic recovery. Finally, Colombia maintains its economic scenario unfavorable for growth, but with better expectations of recovery. Inflation levels remain stable, unemployment shows a downward trend, and confidence indices reached positive figures towards the end of the quarter.

Foreign exchange risk: In Chile, the volatility of the exchange rate increased, showing a depreciation of the Chilean peso against the dollar towards the end of the period, generating an unfavorable FX effect for our business. With respect to the subsidiaries, exchange rate volatility also increased in all the subsidiaries during the quarter, with fluctuations of local currencies increasing compared to the same period of the previous year.

Financial risk: The Company continues the policy of conservative management of its cash, increasing its fund volume for investments during 2018 and maintaining a very low level of debt.

Summary Table of Countries

Revenues (Millions Ch\$)

	2Q '18	2Q '17	Var %	Var % Local Currency	1S18	1S17	Var %	Var % Local Currency
Chile	56.968	58.171	-2,1%	-2,1%	107.896	109.485	-1,5%	-1,5%
Colombia	1.151	1.215	-5,3%	-1,4%	2.175	2.490	-12,6%	-8,1%
Peru	4.159	4.510	-7,8%	-1,6%	8.839	9.187	-3,8%	2,9%
Uruguay	5.968	6.756	-11,7%	0,4%	10.210	10.933	-6,6%	4,4%
Total Filiales	11.278	12.480	-9,6%		21.224	22.609	-6,1%	

Same Store Sales

	2017				2018				2017	2018
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1S	
Chile	3,8%	7,3%	4,7%	-1,8%	-2,9%	-5,0%			5,8%	-4,1%
Colombia	4,3%	-9,4%	-5,8%	-7,7%	-6,9%	11,2%			-2,7%	1,8%
Peru	-9,1%	1,1%	4,1%	-4,9%	8,0%	7,5%			-4,2%	7,7%
Uruguay	3,2%	4,5%	4,6%	10,6%	8,6%	-7,6%			4,0%	-2,1%

Number of stores and surfaces of square meters

	June 2018		June 2017	
	# Stores	Surface of sqm	# Stores	Surface of sqm
Chile	336	38.588	325	37.128
Colombia	52	3.488	58	3.916
Perú	64	5.507	75	6.329
Uruguay	58	4.815	53	4.474
Total	510	52.397	511	51.847

Data by Country and Business

CHILE

- Retail

(Million Ch\$)

P&L	2Q '18	% Revenues	2Q '17	% Revenues	Var. %
Revenues	49.227		49.725		-1,0%
Cost of Sales	-19.255		-20.379		-5,5%
Gross Profit	29.972	60,9%	29.346	59,0%	2,1%
SG&A	-18.832	-38,3%	-17.695	-35,6%	6,4%
Operating Income	11.140	22,6%	11.651	23,4%	-4,4%

(Million Ch\$)

P&L	1S18	% Revenues	1S17	% Revenues	Var. %
Revenues	85.582		85.697		-0,1%
Cost of Sales	-35.643		-36.136		-1,4%
Gross Profit	49.939	58,4%	49.561	57,8%	0,8%
SG&A	-35.848	-41,9%	-33.428	-39,0%	7,2%
Operating Income	14.091	16,5%	16.133	18,8%	-12,7%

Same Store Sales Growth

Data in nominal values (in local currency)

	2017				2018				1S	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2017	2018
SSS	3,8%	7,3%	4,7%	-1,8%	-2,9%	-5,0%			5,8%	-4,1%

Stores Openings / Closings

	Date	Chain	Stores	Sq.meters
Opening	abr-18	Hush Puppies	Portal Rancagua	90
Opening	abr-18	Rockford	Portal Rancagua	82
Opening	abr-18	Caterpillar	Portal Rancagua	82
Opening	abr-18	7Veinte	Alto las Condes	72
Closing	abr-18	We Love Shoes	Pza. Antofagasta	-75
Closing	abr-18	Mountain Hardwear	Mall Pionero	-97
Closing	may-18	Shoe Express	Quilicura	-60
Closing	jun-18	D House	7Veinte Quiliura	-166
Opening	jun-18	Columbia	Mall Pionero	87
Total				15

Change in Total square meters

	June 2018	June 2017	Var. 18/17	Var. %
N° Stores	336	325	11	3,4%
Square meters sales area + window	38.588	37.128	1.460	3,9%

Data by Country and Business

- **Wholesale**

(Million Ch\$)

P&L	2Q '18	% Revenues	2Q '17	% Revenues	Var. %
Revenues	7.741		8.446		-8,3%
Cost of Sales	-3.972		-4.537		-12,4%
Gross Profit	3.769	48,7%	3.909	46,3%	-3,6%
SG&A	-2.007	-25,9%	-2.406	-28,5%	-16,6%
Operating Income	1.762	22,8%	1.503	17,8%	17,2%

(Million Ch\$)

P&L	1S18	% Revenues	1S17	% Revenues	Var. %
Revenues	22.315		23.788		-6,2%
Cost of Sales	-10.998		-12.322		-10,7%
Gross Profit	11.316	50,7%	11.465	48,2%	-1,3%
SG&A	-4.669	-20,9%	-5.289	-22,2%	-11,7%
Operating Income	6.647	29,8%	6.177	26,0%	7,6%

- **Total Chile (Retail + Wholesale)**

(Million Ch\$)

P&L	2Q '18	% Revenues	2Q '17	% Revenues	Var. %
Revenues	56.968		58.171		-2,1%
Cost of Sales	-23.227		-24.916		-6,8%
Gross Profit	33.741	59,2%	33.255	57,2%	1,5%
SG&A	-20.839	-36,6%	-20.101	-34,6%	3,7%
Operating Income	12.902	22,6%	13.154	22,6%	-1,9%

(Million Ch\$)

P&L	1S18	% Revenues	1S17	% Revenues	Var. %
Revenues	107.896		109.485		-1,5%
Cost of Sales	-46.641		-48.458		-3,7%
Gross Profit	61.255	56,8%	61.026	55,7%	0,4%
SG&A	-40.517	-37,6%	-38.717	-35,4%	4,6%
Operating Income	20.738	19,2%	22.309	20,4%	-7,0%

Data by Country and Business

COLOMBIA

(Million Ch\$)

P&L	2Q '18	% Revenues	2Q '17	% Revenues	Var. %
Revenues	1.151		1.215		-5,3%
Cost of Sales	-622		-688		-9,5%
Gross Profit	528	45,9%	528	43,4%	0,2%
SG&A	-576	-50,0%	-721	-59,3%	-20,1%
Operating Income	-47	-4,1%	-193	-15,9%	-75,4%

(Million Ch\$)

P&L	1S18	% Revenues	1S17	% Revenues	Var. %
Revenues	2.175		2.490		-12,6%
Cost of Sales	-1.186		-1.424		-16,7%
Gross Profit	989	45,5%	1.066	42,8%	-7,2%
SG&A	-1.205	-55,4%	-1.469	-59,0%	-18,0%
Operating Income	-216	-9,9%	-403	-16,2%	-46,5%

Same Store Sales Growth

Data in nominal values (in local currency)

	2017				2018				1S	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2017	2018
SSS	4,3%	-9,4%	-5,8%	-7,7%	-6,9%	11,2%			-2,7%	1,8%

Store Openings / Closings

There were no openings or closings during this quarter.

Change in Total square meters

	June 2018	June 2017	Var. 18/17	Var. %
N° Stores	52	58	-6	-10,3%
Square meters sales area + window	3.488	3.916	-428	-10,9%

Data by Country and Business

PERU

(Million Ch\$)

P&L	2Q '18	% Revenues	2Q '17	% Revenues	Var. %
Revenues	4.159		4.510		-7,8%
Cost of Sales	-1.883		-2.210		-14,8%
Gross Profit	2.277	54,7%	2.300	51,0%	-1,0%
SG&A	-2.283	-54,9%	-2.593	-57,5%	-12,0%
Operating Income	-6	-0,1%	-293	-6,5%	-98,0%

(Million Ch\$)

P&L	1S18	% Revenues	1S17	% Revenues	Var. %
Revenues	8.839		9.187		-3,8%
Cost of Sales	-4.083		-4.557		-10,4%
Gross Profit	4.756	53,8%	4.630	50,4%	2,7%
SG&A	-4.638	-52,5%	-5.256	-57,2%	-11,8%
Operating Income	118	1,3%	-627	-6,8%	-118,8%

Same Store Sales Growth

Data in nominal values (in local currency)

	2017				2018				1S	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2017	2018
SSS	-9,1%	1,1%	4,1%	-4,9%	8,0%	7,5%			-4,2%	7,7%

Store Openings / Closings

	Date	Chain	Stores	Sq.meters
Closing	may-18	Hush Puppies Kids	Salaverry	-61
Opening	jun-18	Columbia	Cusco	91
Total				30

Change in Total square meters

	June 2018	June 2017	Var. 18/17	Var. %
N° Stores	64	75	-11	-14,7%
Square meters sales area + window	5.507	6.329	-822	-13,0%

Data by Country and Business

URUGUAY

(Million Ch\$)

P&L	2Q '18	% Revenues	2Q '17	% Revenues	Var. %
Revenues	5.968		6.756		-11,7%
Cost of Sales	-2.434		-2.811		-13,4%
Gross Profit	3.534	59,2%	3.945	58,4%	-10,4%
SG&A	-2.672	-44,8%	-2.693	-39,9%	-0,8%
Operating Income	862	14,4%	1.251	18,5%	-31,1%

(Million Ch\$)

P&L	1S18	% Revenues	1S17	% Revenues	Var. %
Revenues	10.210		10.933		-6,6%
Cost of Sales	-4.397		-4.811		-8,6%
Gross Profit	5.813	56,9%	6.122	56,0%	-5,0%
SG&A	-4.949	-48,5%	-4.995	-45,7%	-0,9%
Operating Income	864	8,5%	1.127	10,3%	-23,4%

Same Store Sales Growth

Data in nominal values (in local currency)

	2017				2018				1S	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2017	2018
SSS	3,2%	4,5%	4,6%	10,6%	8,6%	-7,6%			4,0%	-2,1%

Store Openings / Closings

	Date	Chain	Store	Sq.meters
Opening	may-18	Caterpillar	Punta del Este	77
Opening	jun-18	Rockford	Punta del Este	79
Total				156

Change in Total square meters

	June 2018	June 2017	Var. 18/17	Var. %
N° Stores	58	53	5	9,4%
Square meters sales area + window	4.815	4.474	341	7,6%

Consolidated Balance Sheets

FORUS S.A. & SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

expressed in Thousands of Chilean Pesos, as for

	June 2018 Th Ch\$	December 2017 Th Ch\$
ASSETS		
Current Assets		
Cash and cash equivalents	3.974.715	4.365.036
Other financial assets, current	82.390.374	75.421.967
Other non-financial assets, current	4.316.052	4.670.445
Trade and other account receivables	28.464.777	22.917.676
Accounts receivables from related companies	492	728
Inventories	77.846.641	81.107.972
Tax Assets, current	2.454.547	4.206.129
Total Current Assets	199.447.598	192.689.953
Non-Current Assets		
Other financial assets, Non-current	25.975	24.082
Other non-financial assets, Non-current	2.584.885	2.510.947
Fees receivables, Non-current	181.395	184.291
Investments in Associated	2.032.296	2.119.934
Net intangibles assets	2.052.245	2.121.096
Goodwill	6.026.310	6.026.310
Property, plant and equipments	29.373.237	29.516.461
Deferred tax Assets	1.687.934	1.584.262
Total Non-Current Assets	43.964.277	44.087.383
TOTAL ASSETS	243.411.875	236.777.336
LIABILITIES		
Current Liabilities		
Other financial liabilities, current	1.149.330	2.509.939
Current trade and other current accounts payable	11.661.181	13.758.364
Current accounts payable to related companies	1.123.177	1.040.954
Other current Provisions	2.760.291	6.268.537
Current Provisions for employees benefits	5.112.819	5.271.454
Other non-financial liabilities, current	1.647.318	1.991.597
Total Current Liabilities	23.454.116	30.840.845
Non-Current Liabilities		
Other non-current financial liabilities	1.668.517	1.711.367
Other non-financial non-current liabilities	6.393	8.067
Total Non-Current Liabilities	1.674.910	1.719.434
TOTAL LIABILITIES	25.129.026	32.560.279
SHAREHOLDER'S EQUITY		
Paid-in capital	24.242.787	24.242.787
Retained earnings	178.311.334	164.526.777
Issue Premium	17.386.164	17.386.164
Other reserves	(2.481.134)	(2.810.404)
Equity attributable to equity holders of the parent	217.459.151	203.345.324
Non-controlling interest	823.698	871.733
Total Net Equity	218.282.849	204.217.057
TOTAL NET EQUITY AND LIABILITIES	243.411.875	236.777.336

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

	June 2018		June 2017		2Q'18		2Q'17	
	Th	Ch\$	Th	Ch\$	Th	Ch\$	Th	Ch\$
Revenues	129.017.343		131.926.330		68.191.173		70.569.894	
Cost of Sales	(56.204.523)		(59.082.378)		(28.111.118)		(30.542.928)	
Gross Margin	72.812.820		72.843.952		40.080.055		40.026.966	
Other incomes of total operation	238.763		937.737		176.811		703.280	
Logistic costs	(1.591.958)		(1.405.040)		(778.670)		(633.079)	
Administrative Expenses	(49.716.873)		(49.032.686)		(25.591.224)		(25.474.590)	
Other expenses of total operation	(190.071)		(368.340)		(114.368)		(233.950)	
Other gains or (losses)	9.010		(198.884)		(32.152)		(147.401)	
Financial Income	714.747		703.992		(130.020)		388.830	
Financial Expenses	(204.557)		(183.730)		(104.981)		(91.234)	
Participation in gains (losses) of joint venture businesses accounted by using the proportional value of participation	(243.915)		(90.220)		(91.001)		(92.457)	
Exchange Differentials	905.471		49.621		1.215.018		206.962	
Result of Indexation units	(2.806)		(18.850)		7.013		(12.183)	
Profit before income tax	22.730.631		23.237.552		14.636.481		14.641.144	
Income Taxes	(6.276.422)		(6.243.766)		(3.946.968)		(3.886.207)	
Profit (loss)	16.454.209		16.993.786		10.689.513		10.754.937	
Profit (loss) attributable to equity holders of parent	16.454.209		17.190.136		10.701.333		10.841.971	
Profit (loss) attributable to minority interest	(110.520)		(196.350)		(11.820)		(87.034)	
Profit (loss)	16.454.209		16.993.786		10.689.513		10.754.937	
Income per Share Commom shares	\$ 63,7		\$ 65,7		\$ 41,4		\$ 41,6	

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