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Sodimac Chile

Innovation and a quest for excellence were the hallmarks of our performance in 2012. The year's milestones included the expansion of the Homy format and the launch of the Sodimac Innovation Center.

A year of numerous achievements

In 2012, Sodimac Chile opened seven new stores and continued to enjoy the clear preference of the general public and, in the midst of an increase in construction activity, of industry specialists. The brand also continued to perform very well as regards its positioning while indicators of operational efficiency showed new advances. In all, an excellent year.

In 2012, Sodimac Chile inaugurated its Tobalaba, Mirador Bío Bío, Talca Poniente, San Fernando and Alto Hospicio Homecenters and two new Homy stores as well as a new corporate building. As a result, it had 67 stores by the end of the year.

Several of these stores represented important milestones for the company. The San Fernando Homecenter was its first in that city while, in Talca, the new store was its second there and, in the Concepción-Talcahuano area, the company reached a total of five stores. Similarly, the construction and inauguration of the new corporate building represented the fulfillment of an ambition long desired by all the organization.

Equally important was the expansion of the Homy format, with the opening of stores in the Plaza Oeste Mall (in the Cerrillos district of Santiago) and the Plaza Vespucio Mall (in the La Florida district.). With an average area of 4,350 m², they marked the start of the consolidation of a project that began in 2009 with one store as a pilot project. For Sodimac, Homy is a vehicle for its expansion into new segments of clients eager for design and decoration at accessible prices.



“Our efforts to offer a high level of value added were rewarded by the market and we continued to enjoy the preference of both the general public and the companies that are our clients. In 2012, we also continued to innovate in order to satisfy the needs of our clients whilst, at the same time, striving for excellence in all of the company’s different areas.”

EDUARDO MIZÓN F., GENERAL MANAGER,

SODIMAC CHILE.



Historic productivity indicators

The company's growth has continued to go hand-in-hand with programs to increase its efficiency and productivity and significant progress was achieved in indicators such as monthly per capita store sales (measured by employee in equivalent hours). These rose by 5% on 2011, reaching their highest level ever in the company's history.

Innovating together with suppliers

Maintaining its spirit of innovation has become one of the characteristics of the way in which Sodimac does business. This is transversal to all the different areas of the company and is one of the reasons for the company's strong performance as regards efficiency and productivity.

One example of this was the operational launch of a model designed to generate value in a systematic way by harnessing the company's own capabilities with those of its supplier network.

The programs implemented included the Innovation Center, launched at the end of the year. This seeks to systematize innovation with the company's existing suppliers in order to identify differentiating business opportunities through the concept of co-creation. By working together, it is possible to offer products and services that satisfy clients' needs much more directly.

The company is confident that this collaborative model will start to reveal its full potential in 2013.



Flexible commercial management

The company's efforts as regards coverage, efficiency and innovation as well as its investment in human capital are geared to gaining a deeper understanding of its clients so as to be able to provide them with a better service and a more direct and focalized selection of products.

In line with this, inaugurations in 2012 included stores with a smaller format, tailored to the needs of the inhabitants of mid-sized cities. These stores, nevertheless, have all the characteristics and functions of the company's larger formats.

In addition, the company sought to optimize its own brands, continuing with a process that began in 2011 and is part of a regional strategy.

During the year, important progress was achieved as regards e-commerce. This followed the launch in 2011 of a new technological platform for the company's operations in Chile and the rest of the region. The incorporation of new functions and improvements

in ease of use of the Sodimac portal contributed to an increase of over 70% in online sales as compared to the previous year. The portal not only became an important show window for the company's products but also served as a vehicle for providing clients with advice on the implementation of their projects and building closer ties with them.

Another equally important aspect of commercial management in 2012 was the ongoing boost given to sales to companies through a strategy designed to provide ever better solutions for the needs of both construction firms and companies in other specific sectors.

Sodimac also maintained an active policy of reinforcing and strengthening its special services and installations area.



67
stores.

588,809
m² of sales floor.

20,363
employees.

511,405
hours and over US\$2.9 million
invested in training in 2012.



Sodimac Chile maintained its policy of increasing its selection of eco-efficient products, with a very positive response from clients, helping to guide consumers in their quest for environmentally-friendly shopping. In this context, the company not only launched its second Eco Guide but also promoted the exhibition of a new Eco House and participated actively in the Energy Efficiency Fair held in the Estación Mapocho events center.



Constant feedback

Listening to people is at the root of Sodimac's relations with its clients. This is crucial not only for understanding and anticipating their requirements but also for implementing initiatives that tighten ties between the company and the public.

Through communication, Sodimac Chile was able to achieve striking progress in reducing indicators of complaints related to home deliveries. This was one of the areas in which the company made great efforts to better its performance.

In order to ensure that good communications with clients remain one of the company's assets, a number of online surveys were carried out in 2012. These could be answered through Sodimac Chile's website and enabled the company to obtain immediate feedback about perceptions of the service it provided.



One of the company's most important innovations in 2012 was the consolidation of the Car Center format through which, in a single place, it offers clients a wide range of products and services for the equipment and maintenance of their vehicles.

Fostering quality of working life

Sodimac understands its expansion as a joint effort with its internal stakeholders. They must be aligned with and responsive to the company's business strategy if clients are to have an optimum shopping experience. The company is aware that this calls for policies that foster greater commitment on the part of its employees, permitting their development within the organization and the harmonization of their work with their personal lives.

In concrete terms, this meant that, in 2012, the company implemented an active program of continuous training, designed to strengthen skills that included leadership and customer service. At the management level, the emphasis was on the reinforcement of managerial skills through diploma and academic programs that provided deeper knowledge of the commercial activities undertaken by Sodimac. Training was, indeed, key for the company's efforts to increase efficiency and productivity.

A sustainable company

The rhythm at which new stores were opened contributed to job creation in the cities and districts where Sodimac made its debut. It also provided excellent opportunities for the growth and quality of life of the company's employees, permitting the promotion of numerous workers who applied for the many vacancies that became available and also providing them with access to jobs closer to their homes. It is important to note that close to 90% of the posts that became available were filled internally.

A number of preventive measures implemented in 2012 were reflected in a significant improvement in the company's risk indicators and employees' quality of life. The company's incident rate dropped by 32% to 46 in 2012, down from 67.8 in 2011, while, in the case of the accident rate, there was a drop of 27.4% from 11.7 to 8.5.

Thanks to these policies, the recognitions received by the company in 2012 included the SOFOFA RSE Prize for its integral and permanent commitment to social responsibility, its solid business track record, compliance with its legal responsibilities and good labor relations. The company also took sixth place in the Ranking of Socially Responsible Companies published annually by Fundación PROhumana and received the 2011-2012 SENCE-Fundación Tacal Inclusive Company Prize. In addition, Sodimac Chile was certified by the Asociación Chilena de Seguridad (ACHS) for its performance on prevention and progress in reducing its workplace accident rate.

Sodimac Chile also continued to support a series of initiatives for the benefit of the community and the environment and was, indeed, distinguished as one of Chile's most socially responsible companies. Its commitment to social responsibility is reflected, for example, in active participation in different initiatives with a countrywide scope and constant support for the Fundación Nuestros Hijos, Fundación Teletón and Un Techo para Chile.

One of the company's key objectives is to contribute to care for the environment and, for example, the stores inaugurated in 2012 were built in accordance with sustainability standards. They are equipped with latest-generation lighting such as low-consumption magnetic induction technology, air conditioning using Variable Refrigerant Volume (VRV) technology that reduces energy consumption by around 20% and refrigerants that comply with the Euro 5 non-polluting standard, solar panels that also significantly reduce energy consumption by heating water and the intensive use of skylights to take maximum advantage of natural light.

In order to foster care for the environment among the general public, Sodimac Chile implemented the Recycle and Earn CMR Points campaign under which clients who use the chain's Punto Limpio (Clean Point) recycling facilities are rewarded with extra points on their store card without needing to have made a prior purchase.

In addition, the Manos de mi Tierra (Hands of my Land) pilot project developed by the Las Condes Homy store was the first fair trade initiative implemented by a large retail chain in Chile. The project, which the company plans to expand to other stores, seeks to provide Chilean micro-entrepreneurs with a permanent place through which to offer their products to a far larger number of clients.



CMR consolidation in Sodimac

Use of the CMR Falabella store card at Sodimac has risen steadily. In 2012, its share of total sales showed a small increase, rising for the second consecutive year. Redemption of CMR points also increased in 2012 when it was up by 25% on 2011.

This progress reflected a series of initiatives implemented by the company in a bid to maximize use of the card. These included specific activities such as the commemoration of the 50th anniversary of the 1962 Football World Cup in Chile when a copy of the shirt used by the Chilean team could be bought exclusively at Sodimac using the card. In addition, a very successful first catalogue of CMR special offers for Homecenter Sodimac and Sodimac Constructor stores was launched.

Further contributing to these initiatives, an internal application was designed to permit optimization of the quantity and quality of CMR special offers, reducing their implementation costs and enabling the company to better visualize clients' needs. In addition, Sodimac also incorporated the Pin Pass payment system, increasing the security of transactions with the CMR card at the chain's stores.



Since 2012, clients of Banco Falabella have been able to use their debit card at Sodimac Chile stores, earning CMR points and automatically obtaining special prices each time they pay with their debit card.



Front row from left to right:

Fernando Valenzuela del Río
Administration, Finance
and Prevention Manager

Felipe Pesce Suárez
Procurement and Logistics Manager

Eduardo Mizón Friedemann
General Manager

Claudia Castro Hruska
Strategic Planning Manager

Danny Szántó Narea
Commercial Manager

María Teresa Herrera Azócar
Marketing Manager

Back row from left to right:

Sergio Brito Peñaloza
Systems Manager

Juan Carlos Corvalán Reyes
Legal Affairs and CSR Manager

Sergio Dittborn Barros
Human Resources Manager

Oswaldo García Dans
Operations Manager