

Strengthening a broad regional network

In 2012, the results of long-term work on different structural pillars of Sodimac's business were seen in progress in reaching regional agreements with strategic suppliers, optimizing the company's supply chain, supporting expansion of the Homy format and strengthening the image and presence of the chain's principal own brands.

The negotiation and signing of regional agreements with over 50 leading international suppliers was one of the company's priorities for 2012 and satisfactory progress was achieved.

Through these agreements, Sodimac aims to work more closely with these suppliers in seeking new development opportunities and generating a volume of business that allows it to continue offering high-standard products at low prices, thereby contributing to the quality of its clients' lives.

In this way, the company took further steps along the road of strengthening its position as a large regional retailer, with coordinated operations in four different markets.

Another of the company's lines of action in 2012, related to its logistics, involved optimization of its supply chain. This project consisted in supervision of all the procurement process from the manufacture of products through to their display in the chain's stores in a quest for efficiency gains to pass on to clients in the form of lower prices.

In 2012, there was also an increase in the number of suppliers who were able to cross the threshold of their country of origin and, from selling only to the local Sodimac operation, began to establish commercial relations with the company's other subsidiaries. This was in line with Sodimac's corporate policy of giving regional manufacturers the opportunity to grow together with the chain, implying that they must attain world-class production capacity and levels of quality and be able to penetrate and supply demand in the four markets in which it is present.





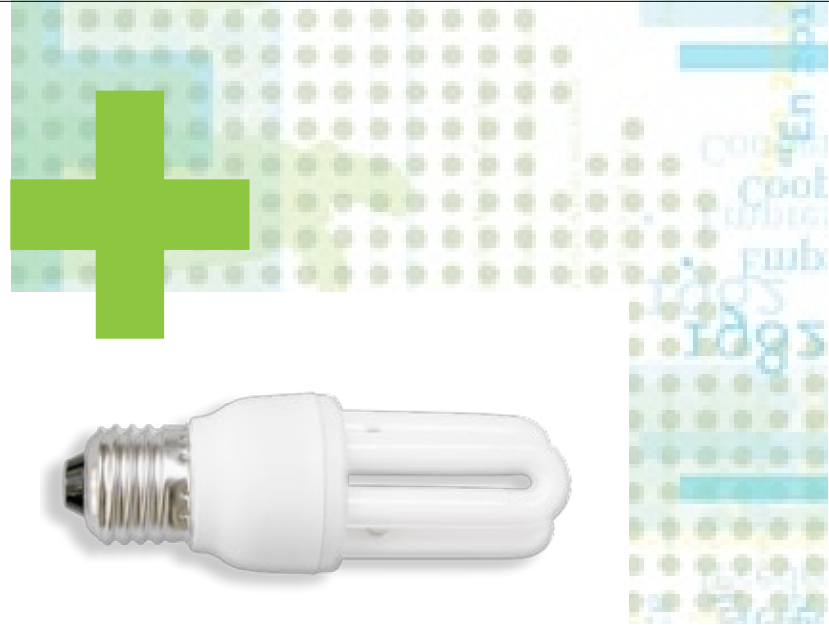
Improved offer of own brands

An area that acquired great importance in 2012 was that of the company's own brands, which already account for a significant proportion of sales in all its four markets.

During the year, the company implemented a rationalization policy, offering only those own brands that represent real value added for consumers and construction industry professionals while, at the same time, enhancing their quality and presentation and seeking to make them more attractive to consumers. Working with Kölor, Topex, Home Collection and Bauker, Sodimac was able to transform these brands into some of milestones of 2012. The Bauker brand, which includes a wide range of electrical tools and machinery, also completed ten years as part of Sodimac's portfolio of products and this anniversary was one of the key events of the year.

"In 2012, we sought to consolidate many of the advances we had previously achieved. There were improvements on different fronts among which I would highlight our joint work with suppliers, sealing regional agreements that allow us to supply stores in our four markets from different countries and, as regards logistics, improvements in the supply chain. And, of course, there was also the regional meeting with Sodimac's principal suppliers which took place in Lima."

FRANCISCO TORRES L., CORPORATE COMMERCIAL AND MARKETING MANAGER.



An ever greener selection of products

This policy was also reflected in lower costs and better service, directly benefiting clients who have reacted positively to these brands as shown by the fact that they already represent an important percentage of sales in all the chain's four markets.

Adding value through Internet

Another key area of work in 2012 was the transversal improvement of the company's websites for its four markets. In this case, the challenge was to offer sites that are easier for clients and suppliers to use and that add value to the company's image.

In line with this objective, Sodimac invested in a new platform for its online operations and made an important effort to post more products on its websites.

Ongoing work in this area will seek to strengthen Internet further as a virtual show window for the chain's stores in order to make it easier for clients to explore and compare different options prior to making a purchase either online or at a store.

Sodimac's vocation as a sustainable company is reflected in its efforts to offer an ever greater selection of eco-efficient products and, in this way, foster care for the environment among consumers.

Throughout 2012, the company sought to develop new products that comply with eco-efficiency standards. This was reflected, for example, in its selection of wood products from forests with due certification of their sustainable management, energy-efficient light bulbs and products that save water.

Sodimac's initiatives in this area have been based on two pillars - ever more "green" products in its stores and at accessible prices. As a result, the chain's clients can today choose from among almost one thousand eco-sustainable products that are classified and displayed as such in stores and on its websites.

Sodimac's leadership means that this corporate policy has contributed to more mass use of eco-efficient products, obliging other players to follow suit.

In 2012, the company also sought to foster environmental awareness in the community through different marketing campaigns with messages promoting sustainability and, in this way, demonstrated that this is a value which cuts across all Sodimac's activities as a retailer.



In 2012, part of Sodimac's commercial work focused on the consolidation of the Homy format, launched in Chile as a pilot initiative in 2009. The opening of two new stores during the year, bringing the total up to three, implied a search for new suppliers able to meet the format's characteristic quality and design standards and this produced satisfactory results.



First Regional Strategic Suppliers' Meeting

One of the milestones for which 2012 will be remembered was Sodimac's First Latin American Strategic Commercial Meeting which took place in Lima in March, bringing together 85 of the chain's most important suppliers.

Over the course of a week, participants in the meeting shared their expectations and discussed Sodimac's growth, the opportunities this implies and the company's expectations of each one of them.

The event was intensive in feedback and laid the foundations for much future progress as well as for the signing of the regional agreements with suppliers that were a key feature of 2012.

The company and its commercial partners agreed to repeat the experience every two years.