

<u>Annual</u> Report





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Message from the Chairman of the Board

or Sodimac, 2012 was a year that brought marked growth and important progress. Our vocation for customer service and efforts to achieve continuous improvement were reflected in an important increase in sales which reached US\$5,343 million, up by 16.5%, showing double-digit growth in all four countries where we are present.

A focus on the development of our principal asset - the 33,194 people who make up our company - and on efficiency and productivity gains were among the key features of our performance in 2012. With our clients always foremost in our minds, we sought to improve, innovating in order to respond to their expectations and contribute to the realization of their dreams of a better quality of life.

This was also a year of important investments, totaling US\$292 million, in the inauguration of 18 new stores, enabling us to increase our presence and reach new markets. This included the expansion of our operations in Argentina to the country's provinces, with the opening of our first store in Córdoba.

We also continued to develop our online strategy in order to take full advantage of the potential of the technological platform we implemented in 2011 in terms of knowledge of our clients and their expectations as well as the development of our business.

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In recent years, Sodimac has become the preferred brand in Chile, Colombia and Peru. Our aim is to have a place in the heart not only of our clients but also of our employees and suppliers and, in 2012, we took important steps to continue growing in a responsible manner, maintaining close ties with the people and communities where we operate in Latin America.

2012 was also a year of much innovation when we embarked on the expansion of the new Homy format, opening two new stores in Chile and reaching new segments of clients looking for design and decoration at accessible prices.

I must also mention an initiative that illustrates the spirit of the relations we seek to build with our suppliers - the launch in Chile at the end of the year of the Sodimac Innovation Center. Its purpose is to harness the company's own capabilities with those of our network of suppliers in order to systematize the innovation we jointly undertake and, in this way, offer better products and services.

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In 2012, Manizales Homecenter in Colombia became the first store in Latin America to obtain Gold category LEED certification and only the tenth in the world in the New Retail Construction segment. This was accompanied by a series of other initiatives implemented in the areas of sustainability and care for the environment along with the strengthening of our contribution and closeness to the community.

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Sodimac Chile received the 2012 SOFOFA RSE Prize, awarded annually to companies that show integral and permanent commitment to social responsibility, a solid business track record, compliance with their legal responsibilities and good labor relations. Similarly, in Peru and Argentina, Sodimac was once again ranked among the best employers in those countries, taking fifth and seventh place, respectively, in the Great Place to Work ranking and, in both cases, top place in the country's retail sector.

In 2012, Sandro Solari left the company to take on important responsibilities in the Falabella group and I would like to take this opportunity to thank him for the tremendous contribution he made as Sodimac's corporate general manager. I would, in addition, like to warmly welcome his successor, Enrique Gundermann, who will continue to foster the company's international expansion whilst maintaining a style of management based on work on the ground with a focus on the client and the strategy of responsible growth that is a hallmark of Sodimac.

Our achievements in 2012 were the result of the work of a committed team of people of excellence. I would particularly like to thank each and all of our employees in Chile, Colombia, Peru and Argentina who strove on a daily basis to fulfill the promise we make to our clients. I invite you to continue working together to address the challenges of the future.

CHAIRMAN OF THE BOARD

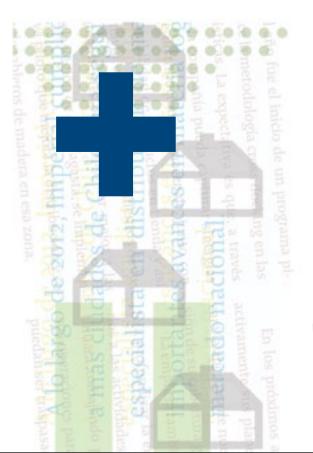
Message from the Corporate General Manager

n 2012, we redoubled our efforts to be ever closer to our clients, seeking to discover their dreams of a better quality of life and to translate these dreams into the value propositions of our stores. In a context in which consumers are ever more demanding and globalized, our challenge is to continue innovating so as to offer products and services that set Sodimac apart and contribute to the consolidation of its leadership in each of the markets in which it operates.

In this way, we have achieved ongoing progress in the development of a culture of innovation within each of the company's different areas. Particular emphasis was placed on the work climate, on training and on our employees' development within the organization, forming teams and preparing our human capital to take full advantage of the opportunities afforded by the company's growth and the opening of new stores and markets.

In order to fulfill the promise that we daily make to our clients, we have persevered in the development of initiatives for continuous improvement of our business processes in each country. Key factors in their great success were the transversal commitment seen at all levels of the organization accompanied by growing coordination and capacity to learn and extrapolate best practices and experiences across markets. In 2013, one of our priorities will be to continue increasing the efficiency of our logistics in a bid to reduce costs and develop the capabilities required for our future growth.

In 2012, we sought to grow together with our suppliers, implementing our largest investment and store inauguration plan so far. We are aware that a company's development goes hand-in-hand with that of its suppliers with whom we, therefore, seek to establish long-term ties, anchored in transparency, respect, a quest for mutual benefit and unfailing compliance with the agreements entered into. Complementing this, we also advanced in the integration and consolidation of our office in Asia and in adding value to our range of own brands.





We have also focused on providing clients with a better experience at each stage of their interaction with our brand. In this area, the development of our Internet platform and the selection of products available online was particularly important.

All these initiatives reflect our vision that, if we want our business to be sustainable, it must be rooted in a human-scale retail culture that ensures the development of our clients, employees and suppliers. We are in no doubt that growth alone does not suffice but must also be achieved in a responsible manner. Only in this way will we continue to be the leading company in our sector and the one that is most loved, admired and respected by the community, clients, employees and suppliers in the Americas.

Enrique Gundermann W.

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