



Cencosud Logistics

Cencosud Day September 2014

REGIONAL LOGISTICS OBJECTIVES

CENCOSUD'S GOAL

To become the most profitable and prestigious retailer in Latin America



LOGISTICS OBJECTIVES

- *Efficient platform*
- *Reliable service*
- *Competitive advantage*
- *A good place to work*



FOCUS ON:



Capitalizing on
Infrastructure

Efficiency and Productivity
Processes

Leveraging Scale for
Foreign Trade

Internet and Home Delivery

Being No.1 in Perishables

CENCOSUD LOGISTICS NETWORK



Supermarket Division

Argentina	290 stores
Brazil	222 stores
Chile	227 stores
Colombia	100 stores
Peru	87 stores

926 stores

Home Improvement Division

Argentina	50 stores
Chile	32 stores
Colombia	9 stores

91 stores

Department Store Division

Chile	78 stores
Peru	6 stores

84 stores

CENCOSUD LOGISTICS NETWORK



A network of Distribution Centers with surface areas between 600 and 75,000 m².

40 DCs

Total Surface Area	815,000 m ²	
Company-Owned	304,000 m ²	37%
Leased	515,000 m ²	63%

Company-Managed	33 DCs	83%
Managed by Third-Parties	7 DCs	7%

The majority of transportation is outsourced.

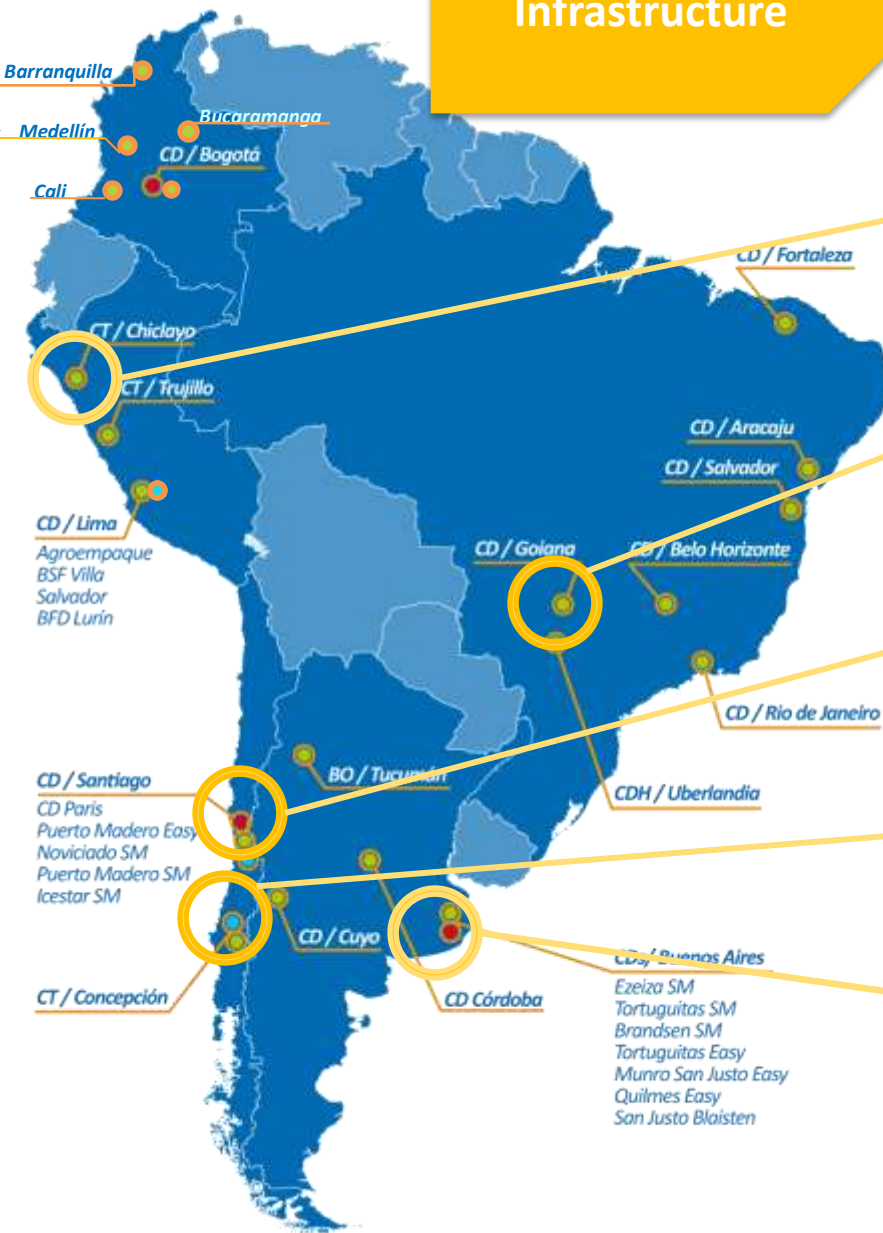


Cencosud Logistics

Infrastructure

Infrastructure

Expanded/New DCs



Peru: New TC in Chiclayo

5,100 m²
October '14

Brazil: Expansion of DC in Goiania

from 11,000 to 17,000m²
November '14

Chile: New Perishables DC in Santiago

31,000m²
Engineering complete
Up for Tender 4Q/14

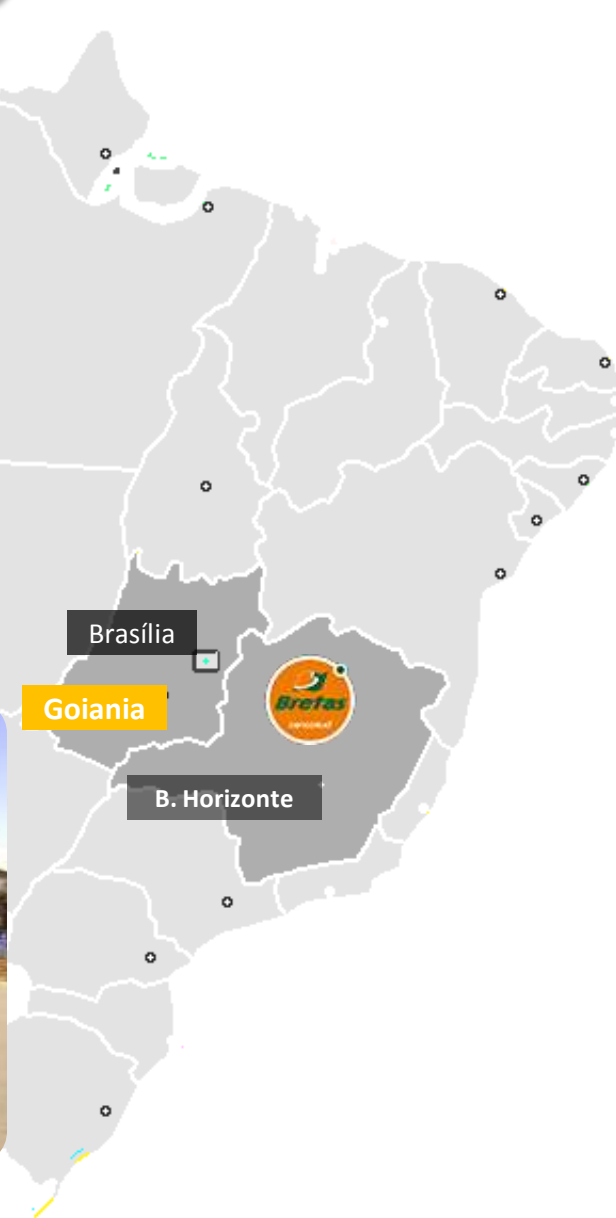
Chile: New DC in Chillán

15,000 m²
Operational: 1Q/15

Argentina: Expansion of DC in Ezeiza

from 35,000 to 45,000m²
November '14

Bretas (Brazil): Expansion of DC in Goiania



- **Bretas:**
- **96 stores**
- **68 in Minas Gerais**
- **28 in Goiás**
- **1 DC in B.Horizonte, MG**
- **1 DC in Uberlandia, MG**
- **1 DC in Goiania, GO**

- **Bretas is expanding in the state of Goiás and Brasília**

- **The DC in Goiania is the platform for this growth.**

Bretas (Brazil): Expansion of DC in Goiania



- *Leased DC*
- *Expanded from 11,000 m² to 17,000m²*

Upgraded physical infrastructure:

- *New refrigeration chambers*
- *Expanded cross-dock for fruit and vegetables*
- *Increased stock capacity (availability)*
- *Serves 28 stores*
- *Delivery date: Nov 2014*

Service

Infrastructure

Peru: TC in Chiclayo



TC in Chiclayo

(760 km north of Lima, a 16-hour trip).

- 5,000 m² (built-to-lease)
- Serves 17 of 87 stores (approx. 15% of sales in Peru)
- Increased frequency, better lead time and small trucks
- Increased availability as a result of direct delivery from suppliers
- Facilitates purchase of Peruvian citrus and vegetables in Chiclayo
- Delivery date: October 2014

City	Stores	Kms	DISTANCE (HOURS)
Trujillo	6	557	12
Chiclayo	7	763	16
Cajamarca	2	865	24
Piura	2	981	24

Be No.1 in
Perishables

Infrastructure

Chile: Perishables DC Project in Santiago

- 31,000m² refrigerated warehouse
- Will serve 227 stores, 24-hour operations, 45,000 boxes/day
- Multi-temperature
- Cross-docking for vegetables, dairy, deli meat and fish
- Will stock meat
- Will stock out-of-season imported fruit

Santiago



- Currently up for tender
- Savings:
 - Consolidated operations
 - Supplier centralization

Service

Infrastructure

Chile: DC in Chillán

- **15,000 m² DC**
- **Will serve 60 stores in southern Chile using cross-dock system**
- **High-rotation products will be delivered to DC in Chillán, where suppliers from southern Chile will also deliver products for shipment to Santiago**
- **Improved to-store lead time: approx. 12 hours, on average**

- **Savings:** *Round-trip cargo transportation*
Increased centralization in Santiago
Improved in-store availability in southern Chile

Chillán

JUMBO 13

Santa Isabel 47



Operational : 1Q/15



Cencosud Logistics

**Efficiency and
Productivity**

Efficiency and Productivity

Focus on Organization and Automation

- **People, equipment, organization**
 - End to end supply chain concept
 - Transfer of best practices between countries and divisions
 - Process standardization
 - Benchmarking operational efficiency



- **Automation and Mechanization**
 - Warehouse Management Software (WMS)
 - RF, Voice Picking
 - Automatic sorting



Efficiency and Productivity

Focus on Organization and Automation



New operating model for supply chain as a comprehensive process, from planning demand to store receipt of products or delivery to customer. Implementation as of 2015



Brazil:

New organization to include independent supply chain for each brand, from demand planning to shipment.

Implementation as of May '14



Regional and scale synergies

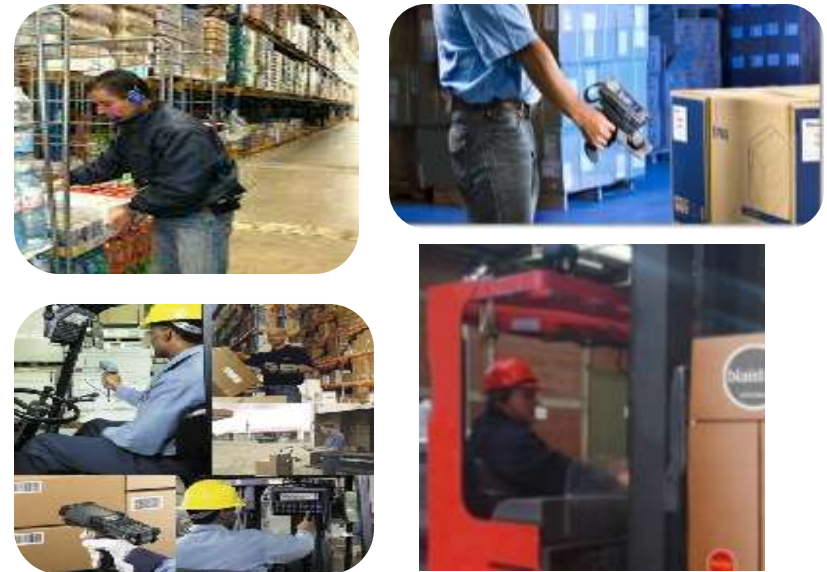
Transfer of good practices, process and technology between countries

Process standardization and benchmarking

Efficiency and Productivity

Warehouse Management System

- **Warehouse Management System (WMS)**
 - Centrally provide work instructions for each operator via RF
 - Locate products
 - Sequence picking
 - Records all movements and locations



Optimize:

- storage
- machinery and personnel
- control of expiration dates
- prioritized picking

- + productivity
- + response time
- + delivery reliability

Efficiency and Productivity

Warehouse Management System Coverage

•The main Cencosud DCs have WMS in all divisions:

•Argentina



• Colombia



•Chile



•Peru



• These DCs also have Voice Picking:

•Argentina



•Chile

Perishables



Efficiency and Productivity

WMS Roll Out

Bus. Unit

2013

2014

2015



Chile: Fresh products DC

Installation of SAP WMS Perishables



Brazil: GBarbosa DC

Installation of SAP WMS Aracaju DC

Installation of SAP WMS Bahia DC



Brazil: Bretas DC

Legacy WMS

Installation of SAP WMS B.Horizonte DC



Brazil: Prezunic DC

Automatic Locator Rio DC



Peru: Dry goods DC

Upgrade SAP WMS Lima DC

Efficiency and Productivity

Automatic Sorter Paris DC in Santiago



Speed:

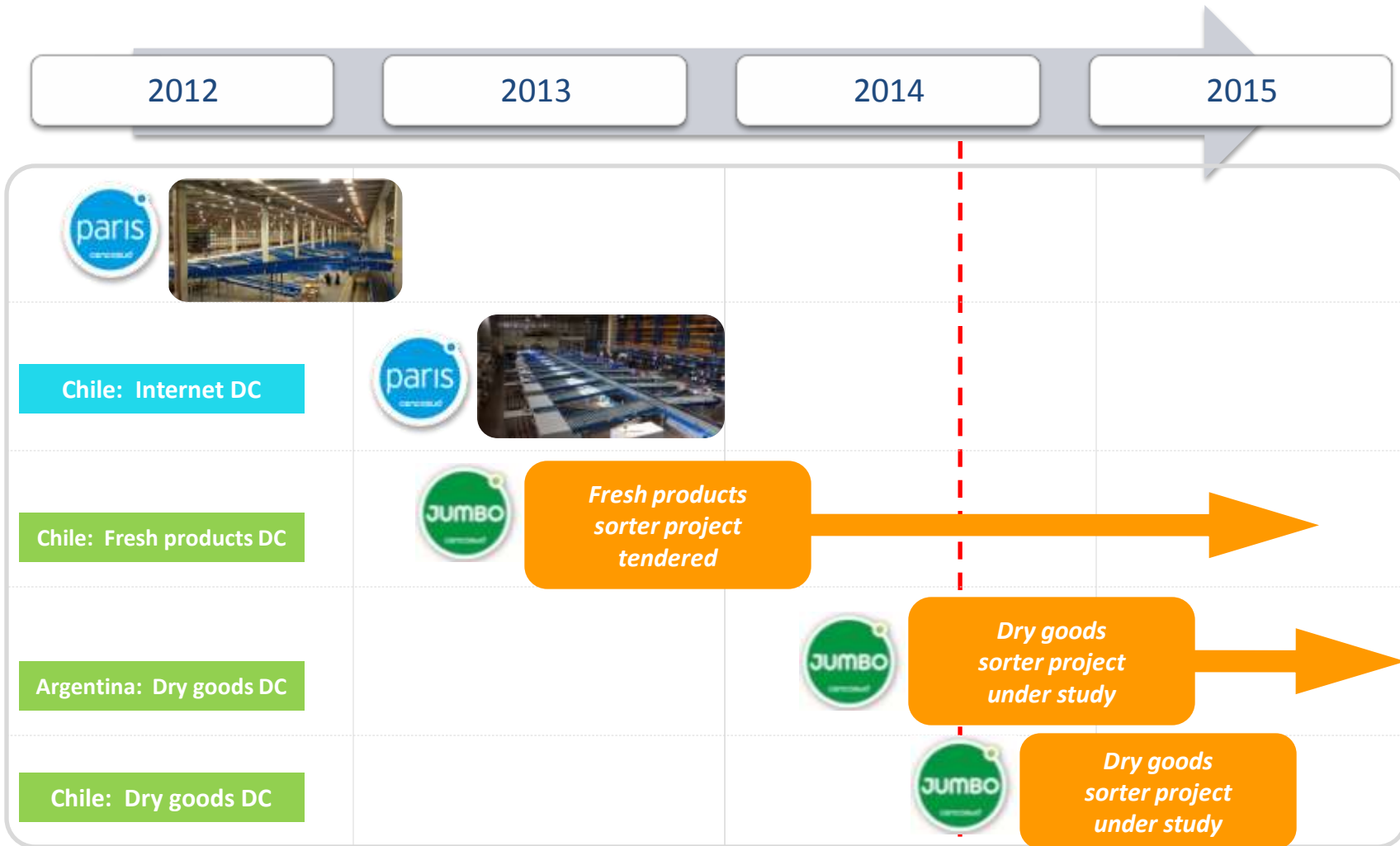
- 120 meters/ minute
- 5,900 boxes / hour
- Productivity + 12%

A total of 48 sorting lines
10 of which are direct to
truck



Efficiency and Productivity

Automation Rollout



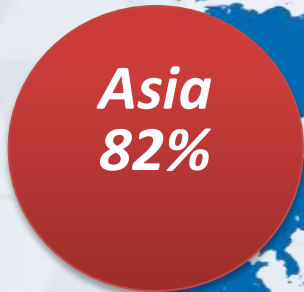


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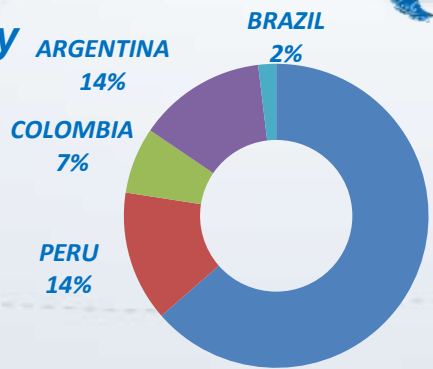
Leverage Scale for
Foreign Trade

Leverage Scale for Foreign Trade

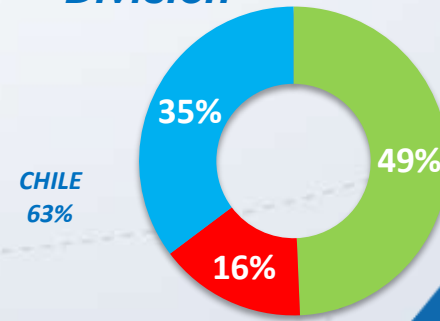
Origin of Imports (TEUs)



Country



Division



2013
US\$ 814 million
29,500 TEUs

Leverage Scale for
Foreign Trade

Asian (Chinese) Origin



Cencosud Commercial Office in Shanghai:

- *Supplier identification, development and contact*
- *Coordination of commercial activities*
- *Coordination of shipments, cargo consolidation and regional foreign trade*
- *Supplier quality certification program (factory inspection)*

<i>Est. 2014</i>	<i>TEUs</i>	<i>Share</i>
<i>China</i>	<i>22,250</i>	<i>92%</i>
<i>India</i>		
<i>Pakistan</i>	<i>1,200</i>	<i>4%</i>
<i>Bangladesh</i>		

In 2014, exclusive Cencosud implant in New Delhi Geodis office

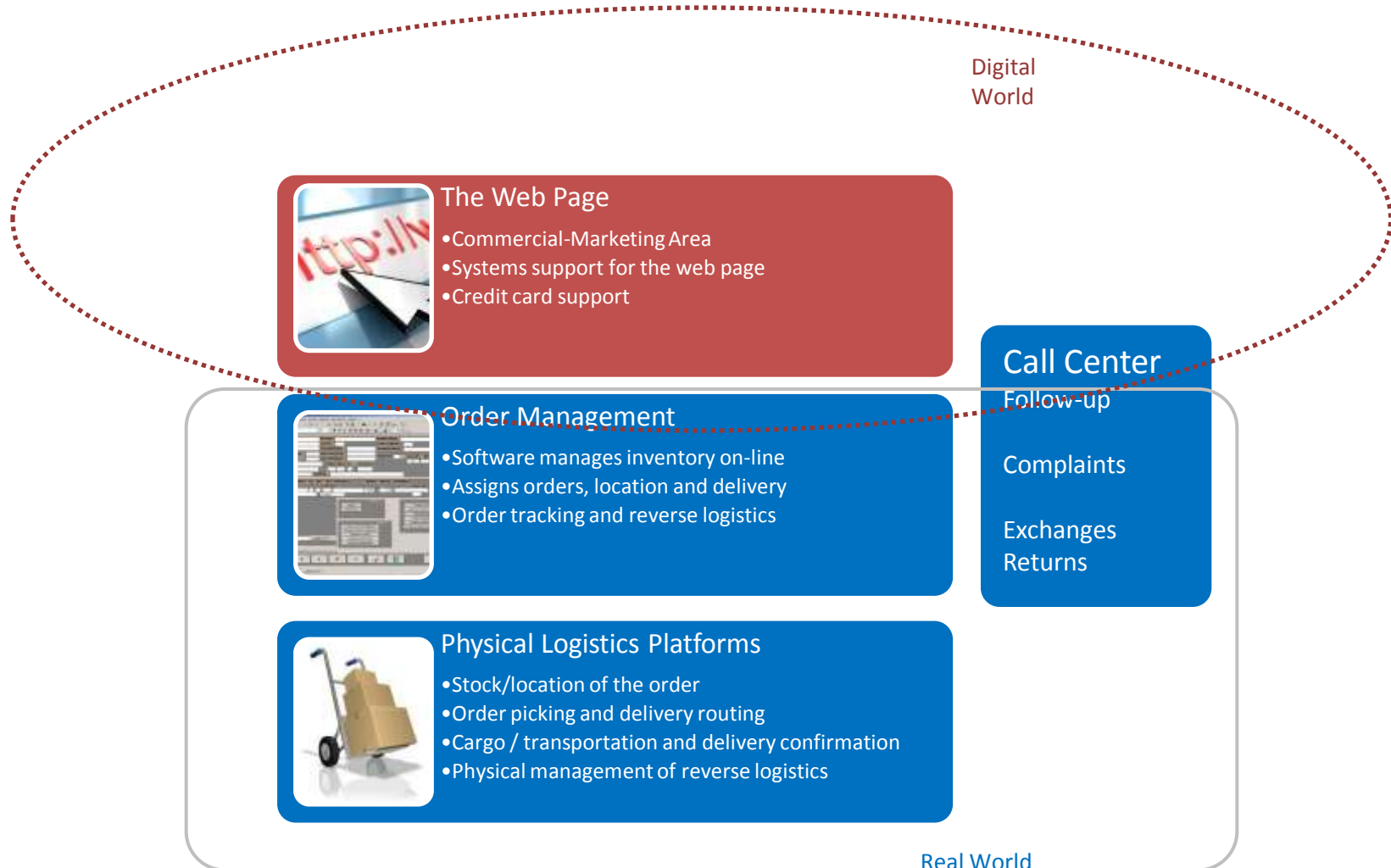
- ***Consolidation warehouse at Chinese port:***
 - ***Optimize container and shipping frequency***
 - ***Quality inspection - compliance with customs regulations***
 - ***Reprocessing at origin***
 - ***Coordinate textile collections by season/country - ready to floor***
- ***Cost opportunities at origin***

- ***Multi-country systems platform for monitoring regional orders***
 - ***Regional food purchasing***
 - ***Regional textile and housewares purchasing***
- ***An efficiency opportunity for import processes and improved availability. Common shipping to Colombia, Peru and Chile allows for consolidation of activities.***



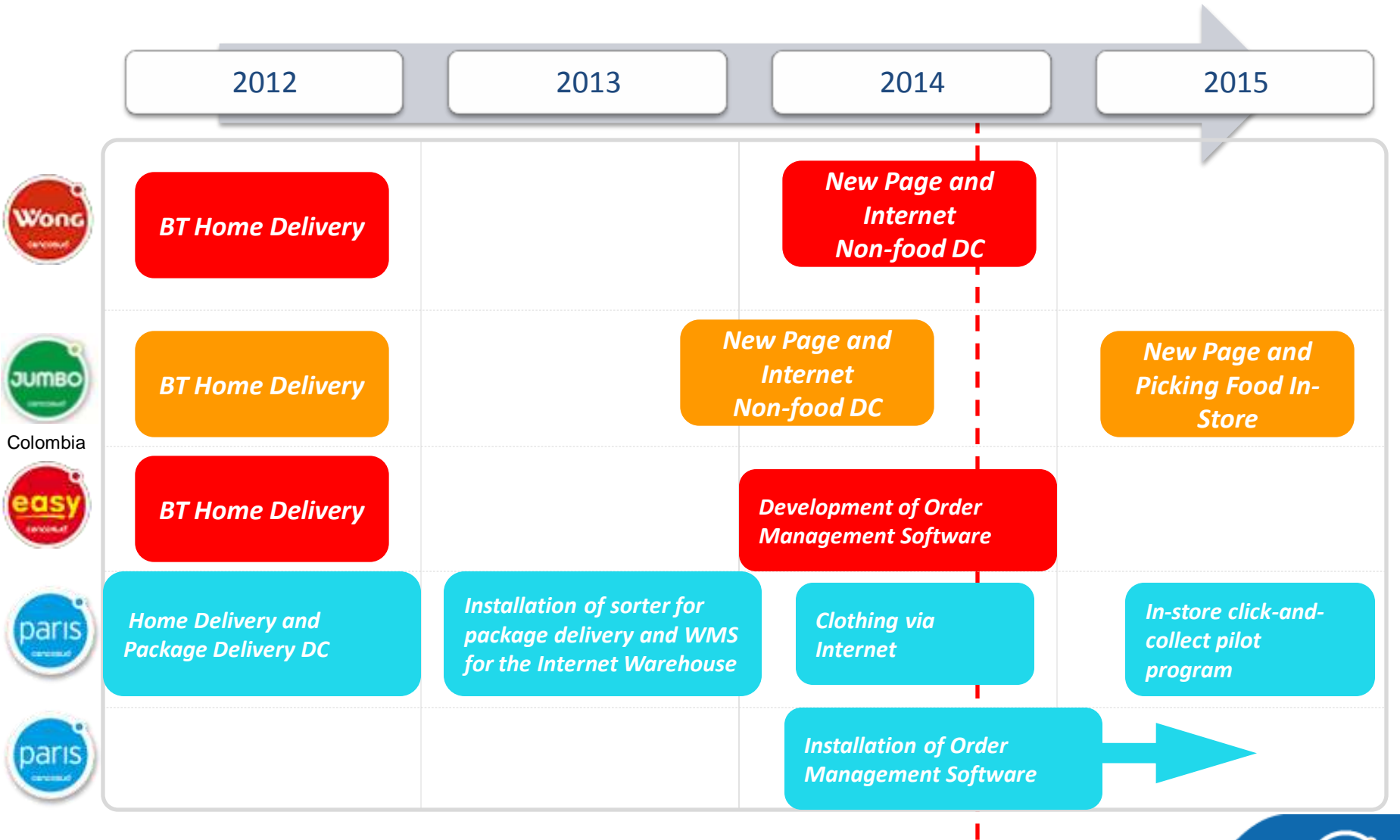
Cencosud Logistics

Internet and Home
Delivery



Internet and Home Delivery

Development of Internet Logistics Platform



Internet and Home Delivery

Internet Logistics Platform

Infrastructure improvements:
50% increase in order processing
(2013/2014)

40% growth in sales
50% increase in home delivery
(2013/2014)

Internet and Home Delivery



New Initiatives

Order Follow-up

Delivery confirmation with photographic record and georeferencing.

Omni-channel

- Order Management (2015)
- In-store pick-up and ship-from-store

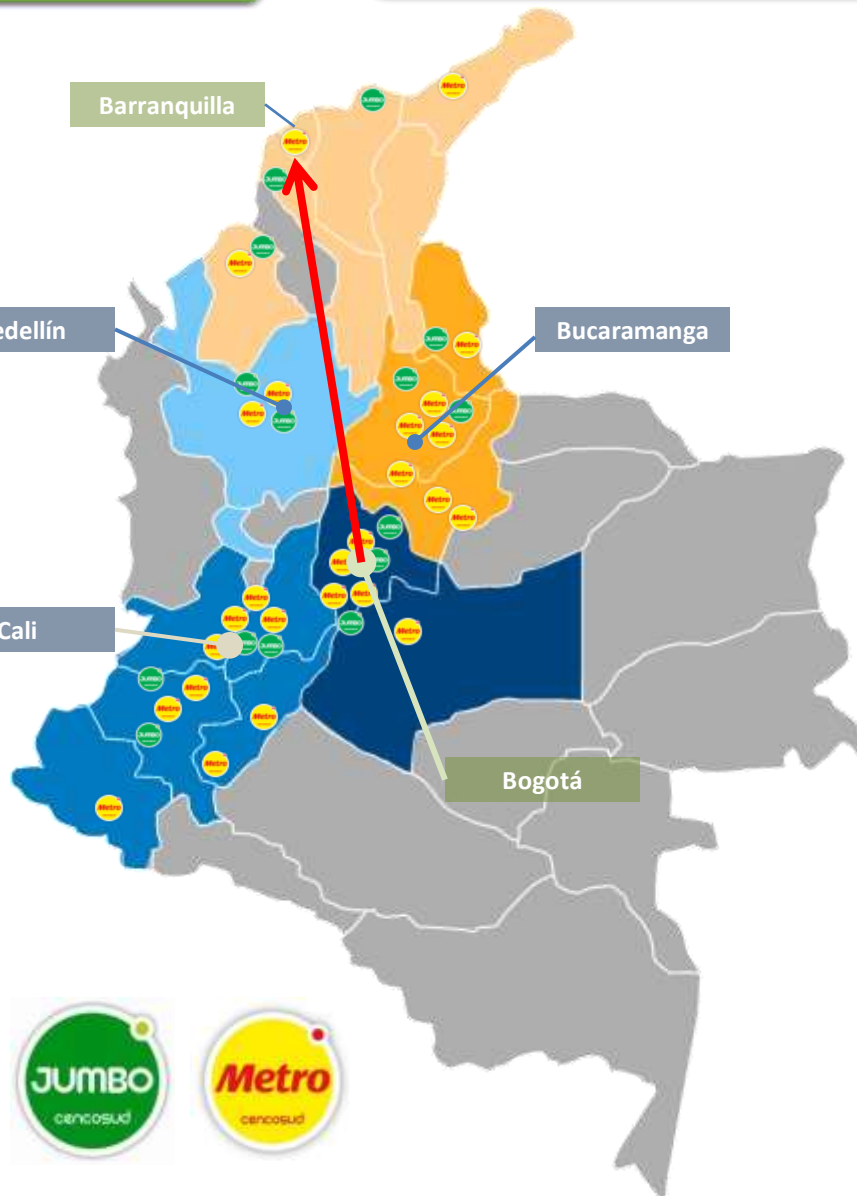


Cencosud Logistics

Be No. 1 in
Perishables

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Colombia: Refrigerated Logistics for Fruit and Vegetables

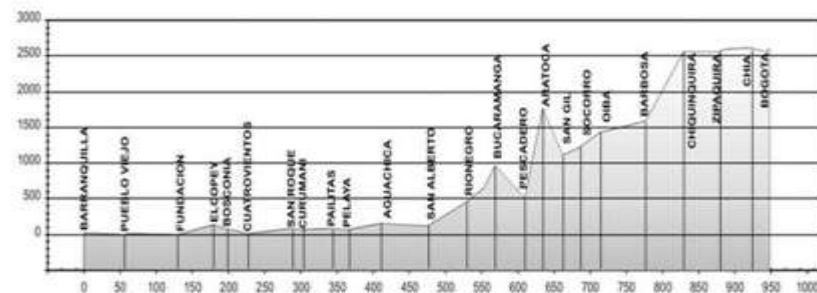


Logistics in Colombia: Challenge for fresh products

Distance between Bogotá and Barranquilla:

- 950 km
- By Air: 90 minutes
- By Truck: 30 hours
- Abrupt changes in altitude and temperature

PROFILE OF BARRANQUILLA-BOGOTÁ ROUTE



**Be No. 1 in
Perishables**

Colombia: Refrigerated Logistics for Fruit and Vegetables

***Position Jumbo Colombia as the
industry-leader in perishables
(fruit, vegetables, fish and meat)***

- Improve quality and selection***
- Improve supply***
- Strengthen distribution of
imported fresh products***

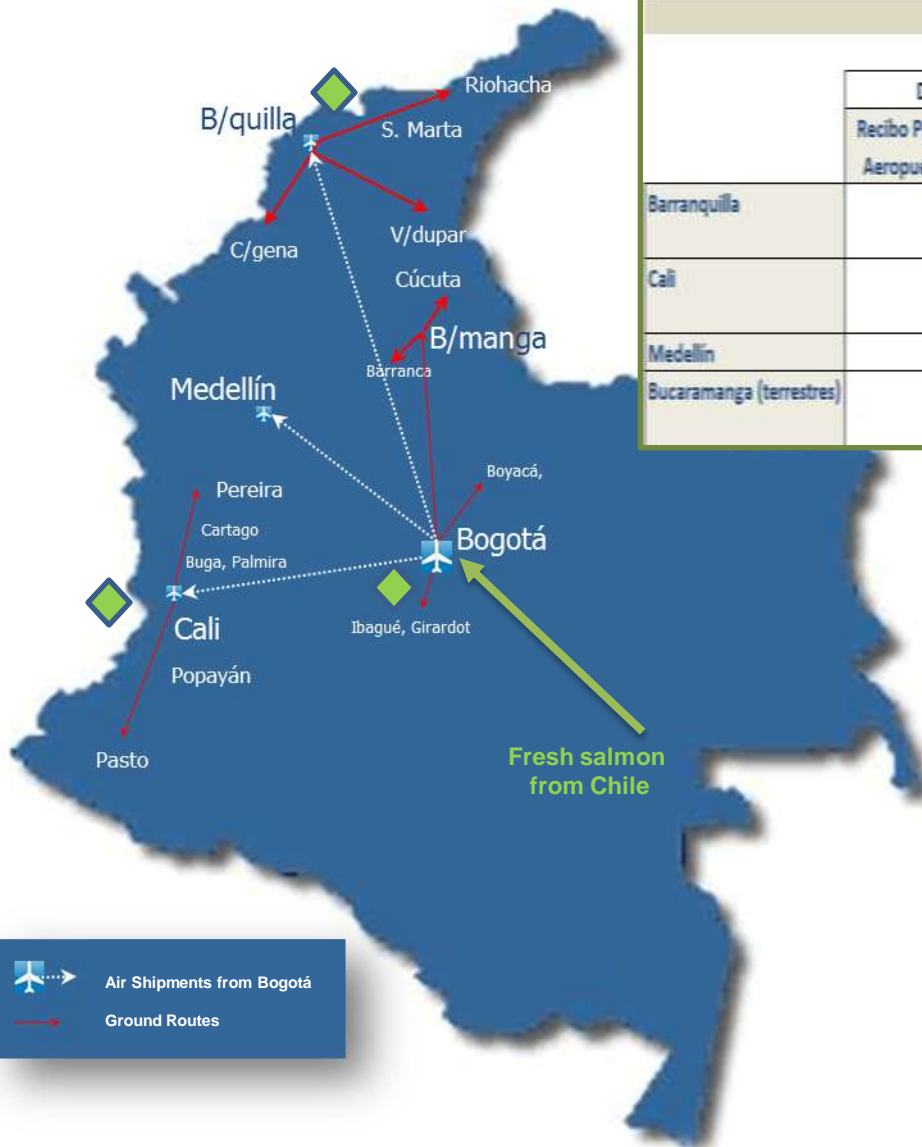
***Establish processes and set up
infrastructure:***

- Receive centralized fruit and
vegetable order in Bogotá and
distribute it throughout Colombia***
- Receive refrigerated imports***
- Good quality and product rotation
practices***
- Employee and supplier training***





Be No. 1 in
Perishables

Fresh Fish Distribution Network, Colombia



TIEMPOS DE ENTREGA					
	DIA 1	DIA 2			
	Recibo Proveedor en Aeropuerto Bogotá	Salida Aeropuerto Bogotá	Llegada Aeropuerto Ciudad Destino	Entrega en Tienda	Redespachos Terrestre a: Entrega en Tienda
Barranquilla	08:00 p.m.	02:00 a.m.	04:00 a.m.	6:00 a.m. a 7:00 a.m.	Santa Marta, Cartagena 8:00 a.m. Riohacha, Valledupar 10:00 a.m.
Cali	08:00 p.m.	12:00 a.m.	02:00 a.m.	6:00 a.m. a 7:00 a.m.	Pereira, Popayan, Buga, Pa 8:00 a.m. Pasto 10:00 a.m.
Medellín	08:00 p.m.	12:00 a.m.	02:00 a.m.	6:00 a.m. a 7:00 a.m.	
Bucaramanga (terrestres)	08:00 p.m.			08:00 a.m.	Cucuta, Barranca 3.00 p.m. 11.00 a.m.

- **Centralized purchasing in Bogotá**
- **Weekly imports from Chile**
- **Daily delivery to urban areas, with cold platform**
- **National delivery 3x/week via air**

 Air Shipments from Bogotá
 Ground Routes



2014 Position:

- *Marked increase in quality and selection*
- *Considerable improvement in availability of fruit and vegetables*
- *Jumbo's commitment to fresh fish daily*

- *More than 70% of the total flow is centralized. Tons per DC have increased from 1,950 to 3,000 (+54%)*

- *Increase in sales volume 2014/2013*
- *Fruit and Vegetables* **+ 17%**
- *Fish* **+ 48%**



Thank you very much