



# LEADERSHIP AGENDA

**MARCH 2024**





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Dear Leaders,

Welcome to the first Leadership Agenda of 2024, which aims to provide key tools and messages to share and reflect with your teams on the central issues we will experience in the Company. To have an overview of the main milestones for 2024, we are leaving you with the People Processes' Annual Management Cycle. [Download it by clicking here](#)

During this Q, the main topics to be worked on are:

1. Business:
  - 1.1 Results 4Q-2023
  - 1.2 Comments from the CEO
  - 1.3 Evolution of E-commerce Strategy
2. Leadership
  - 2.1 Leadership Competencies and Practices
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  - 2.3 Feedback Process

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# 1. BUSINESS

## 1.1 RESULTS 4Q2023

### RESULTS 4Q23

**35 million**  
Customers in the region

**US\$ 3,559 MM**  
Revenues

**US\$ 333 MM**  
EBITDA (+9,4%)

**US\$ 80 MM**  
Net profit (9.2% YoY)

**8%**  
Reduction in expenses YoY

We have opened 312,000+ credit cards and 388,000+ transactional accounts in the region.

We closed the year with a 95.8% occupation rate regionally, the highest in the last 4 years.

We reduced non-food sales by 3pp in Chile (focus on higher profit and rotation categories).

45%+ of deliveries were made under Click & Collect. We also reached 20,000+ Sellers with sales up +7% YoY.

We opened a new 4,321m2 store in Iquitos, Peru.

The Specialists Circle (benefit program for the professional segment) reached 1.9 MM customers.

Customers at the heart of our value proposition

“ In 4Q2023, we had better results thanks to our sound strategic plan, which focuses on the customer. This plan has allowed us to improve margins significantly, comply with our efficiency plan, and be very selective in our investments despite the challenging consumer environment. ”

Alejandro González, Gerente General (I)  
Falabella S.A.



## 1.2 COMMENTS FROM THE CEO (I)

- In the last quarter, we generated a **30% increase in the EBITDA** year-over-year and **multiplied profit 9.2-fold**, all amid a challenging consumption setting with 6% falls in YoY revenues. These positive results come from implementing the customer focus strategic plan well, allowing us to significantly reduce stock levels, increase margins, and contain risk levels in the financial business by strictly complying with our efficiencies plan.
- **Debt levels**, measured as net financial debt over non-banking EBITDA, have been **reduced to 6.5x** (vs. a peak of 8.6x in 2Q23). This is thanks to a relevant increase in EBITDA and our improved **cash flow position, which reached US\$1,229 MM** (+73% vs 4Q22), which allowed us to reduce net financial debt by 12% YoY.
- **Our investment plan for 2024 is US\$508 MM**. It includes the selective expansion of retail formats (10 new stores), further developing the experience and offer of omnichannel value, and improving our value proposition in the malls as urban centers.
- In the banking business, we continue to enhance the digital experience, growing openings of accounts and credit cards, **reaching 700,000 openings during the quarter**.
- In e-commerce, we have 20,000+ sellers with sales in the region, which represent 28% of the total GMV. **Seller sales have grown 15% YoY in Chile, Peru, and Colombia**, with a Click & Collect that exceeded 45% of the shipped orders in the last quarter.
- **Falabella reached its highest score in the Dow Jones Sustainability Index** and is now in the top 5 worldwide in the Retailing category.
- This positive last quarter leaves us in a good position to face 2024, which, although we feel will be challenging, we are convinced that our strategic plan focused on the customer, leveraging our strong brands, our network of stores, and the capacities already built into the ecosystem, will allow us to make significant strides to recover Falabella's profitability.



## 1.3 EVOLUTION OF E-COMMERCE STRATEGY

The new Transformation Area has been set up, led by Benoit de Grave as Chief Transformation Officer, who will report directly to Falabella's CEO.

This new Area aims to lead the Group's evolution processes, needed to strengthen our Ecosystem strategy. It will have 3 Areas:

- Product, Customer Experience, and Digital Marketing Agency, led by Jaime Ramírez.
- Home Delivery, led by Rodrigo Albarrán.
- Transformation Projects, led by Lucas Landesman.

The teams of falabella.com and Falabella Retail will form a single e-commerce team led by Francisco Irrázaval, as Falabella Retail Corporate CEO, who will report to Falabella's CEO.

As part of our strategy's evolution, you will soon see a change in the falabella.com brand, which will adopt "Falabella green" but maintain its current typography. This is being done to move towards an identity that unifies and uses the best of both the physical and digital worlds to consolidate our omnichannel value proposition for our customers.

We will also continue working with the active sellers we have to expand our catalog and promote new categories, ensuring quality with a sound and unique value proposition that will allow us to surprise our customers every day with the best products and the best level of service.

We invite you to download the [Question and Answer \(Q&A\)](#) supporting material. This will help you with guidelines for answering your team's questions on these important changes.



## 2. LEADERSHIP

We invite you to download and read the following message where **Ricardo Ríos, our Corporate People Manager**, explains the Competencies and Practices of a leader and the important role you have in our culture.

[DOWNLOAD HERE ↓](#)

### 2.1 LEADERSHIP COMPETENCIES AND PRACTICES

In a year where we will focus **on recovering profitability** and even more on our customers' experience, we must work as one team and be agile, with a culture focused on effectiveness, but without losing sight of the fact that it is the people who move the organization.

By way of context, based on Falabella's internal data, leadership is one of the key factors in mobilizing collaborator engagement. For this reason, the Leadership Competencies and Practices were redefined this year. We hope these will be shapers of the culture desired, living and making decisions in coherence with our shared values.

For values to come to life, leaders need to develop certain competencies and put them into daily practice, since their example generates a culture that supports the results and satisfaction of our customers. This culture, which seeks to empower our teams, is based on the respect and appreciation of diversity, the generation of spaces of trust, and the development of talent, which is complemented by having clear objectives, prioritized actions, and an implementation based on personal responsibility. For this, it is key that





we lead by example, putting this into practice and having a vision of the future to guide our and the team's actions.

To support you on this path of adopting these competencies and practices, we have provided the **Leadership Playbook/Manual**. This digital book seeks to enhance your role through guidelines and tools you can use on an individual and team level.

SCAN HERE



CLICK HERE



or scan the QR to download the **Leadership Playbook/Manual**.

## 2.2 LEADERSHIP TO IMPLEMENT THE STRATEGY

In the first Q, each business reports its Lean Value Tree (LVT) or Strategic Plan for 2024. After this, to roll out the strategy to the teams and give cadence to its execution, leaders must implement the following practices:

- First, the leader holds an **Offsite Planning meeting** with their team to **define area goals and prioritize initiatives**, which help make the LVT of their business a reality. The follow-up is done in **weekly implementation meetings**.
- Second, in the **Development Feedback**, the leader talks with team members about their strengths, opportunities, and development, jointly defining the individual goals and initiatives to prioritize for the year. After this, the leader must regularly meet one-on-one to check how these initiatives are progressing and see how they can help.





- Finally, permanent **recognition** is vital for the leader and those reporting to them and among the teams to generate positive reinforcement and further enhance the behaviors we want to see in the Falabella group.

### **YOUR ROLE!**

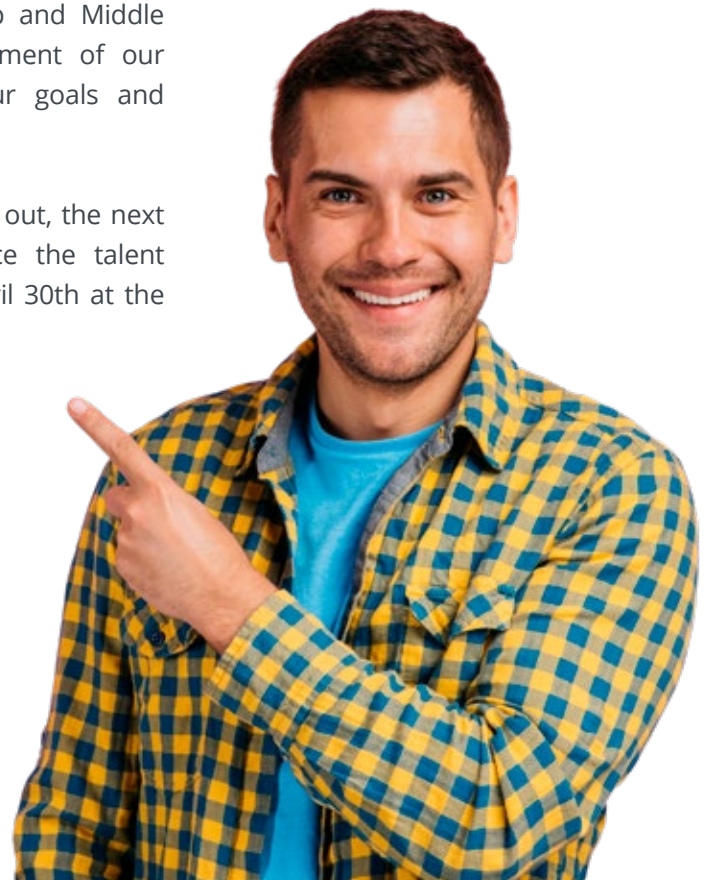
*You must put these actions into practice to connect the business strategy with your team's work.*

## **2.3 FEEDBACK PROCESS**

At Falabella, we value **Talent Development**, and Feedback and **One-to-One** conversations are essential to improve our daily work.

The Performance Assessment measures the competencies that we want to develop (the **how**), and this year, for Top and Middle Management, we have incorporated the measurement of our individual impact, namely the achievement of our goals and objectives (the **what**).

Once the Performance Assessment has been carried out, the next stage takes place: **Feedback**. This will begin once the talent committee has been held and must be done by April 30th at the latest.





## **YOUR ROLE AS A LEADER!**

- 1. Talk to the person about their competencies (the How) and then their individual impact, i.e., achieving their goals and objectives (the What) in 2023.*
- 2. Discuss and define the individual goals and initiatives the person will prioritize for 2024.*
- 3. Jointly define the development plan regarding the competencies that should be promoted and improved and discuss actions to support their career, internal mobility, and/or employability.*
- 4. Ask for Feedback from your collaborator; you can use the question How can we improve/enhance our working relationship?*

You can review the steps for giving good Feedback in the **Leadership Playbook/Manual**.

**CLICK HERE** 

**We are counting on you!**





# #RECONOCER

*Es valorar lo que somos*



Recognize in [reconocer.falabella.tech](https://reconocer.falabella.tech) or scan the QR code

It is also essential to make visible the recognition you give and those obtained by your team members, giving this visibility in every meeting you have with them, in every extended meeting, or every possible instance.

Remember, once you have discussed the Leadership Agenda topics with your team, we ask you to please upload **the forms** or **scan the QR code** and complete some data to register this activity.



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**thank you very much**  
or your commitment!

FALABELLA

**Thank you**  
for your leadership and dedication.



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