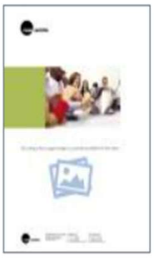

Grupo SMU: A Challenging Corporate Restructuring Process, Board Plan

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This case tells the story of SMU Group, the third-largest supermarket operator in Chile. Having implemented a second restructuring plan (CIMA) between 2017 and 2019, the company was facing the challenge of having to implement a new corporate restructuring plan from 2020. SMU was created through successive acquisitions made between 2007 and 2013. This inorganic growth had led to a financial crisis, and the CIMA restructuring plan was implemented between 2014 and 2016, with the objective of improving operational efficiency, increasing revenues and reducing debt. Although SMU did achieve operational and commercial improvements, its debt burden remained high and the board of directors decided to continue the restructuring between 2017 and 2019. In an interview on November 24th 2019, Pilar Dañobeitía, president of the board and the decision maker in this case, highlighted that plan CIMA had positioned SMU as a solid company organizationally, financially, operationally and commercially. However, the credit ratings agencies International Credit Rating (ICR) and Humphreys had concerns about whether the operational and financial improvements at SMU represented a structural improvement. The following day, Pilar was due to announce the new corporate restructuring plan 2020-2022 to shareholders, but she wondered whether the new plan should include a direct response to the criticisms made by the ratings agencies, or just state that the current plan was addressing their concerns. In other words, Pilar asked herself whether the new CIMA plan should incorporate the criticisms made by the ratings agencies, or limit itself to continuing the current plan.