May 04th, 2017

Magazine Luiza S.A. (BM&FBOVESPA: MGLU3)
1st Quarter 2017 Earnings Release (IFRS equivalent)

MGLU3 NOVO MERCADO BM&FBOVESPA

1Q17 HIGHLIGHTS

E-commerce grew 56% achieving 28% of sales
Physical stores increased 12% in SSS
Total sales grew 23% to R$3.4 billion
EBITDA went up 61% to R$232 million (margin of 8.3%)
Net income increased from R$5 million to R$59 million
Net debt decreased R$415 million in LTM

- **Consistent market share gain.** In 1Q17, consolidated gross sales grew 23.0% to R$3.4 billion, as a result of 21.6% growth in same-store-sales (+56.2% in e-commerce and 11.6% in brick-and-mortar stores). Again, this quarter, Magazine Luiza gained market share in all channels and in main product categories. According to the IBGE (PMC), the nominal sales of furniture and domestic appliances increased 2.1% for the first two months of the year, compared to higher growth of the Company during same period.

- **Accelerated e-commerce growth.** The e-commerce sales were up 56.2% in 1Q17 (compared to the market growth of 8.1%, according to E-bit's data), reaching a record of 28.4% in the Company's total sales. This market share gain resulted from: (i) increased sales from mobile platforms, especially the app, which reached 5.4 million downloads, (ii) higher conversion rate in all e-commerce channels, due to a better assortment, reduced disruptions, improved pricing indicators and reduced delivery times, (iii) ongoing capture of the benefits of the implementation of multi-channel projects, highlighting the In Store Pickup and (iv) the maintenance of the high level of service with the permanence of the RA1000 service excellence seal.

- **Gross profit evolution.** In 1Q17, gross profit grew 21.8% to R$832.4 million. Gross margin decreased 50 bps, from 30.2% in 1Q16 to 29.7% in 1Q17, chiefly due to: (i) higher percentage from e-commerce over total sales (600 bps over 1Q16) and (ii) flat gross margin in all channels. Solid sales growth with flat margins per channel was the result of a better commercial assertiveness, inventory management and greater rationality of prices in the e-commerce and the brick-and-mortar store markets.

- **Significant dilution of operating expenses.** In 1Q17, operating expenses were diluted by 2.3 percentage points, to 22.2% of the net revenue, the lowest level of operating expenses in recent years. This dilution reflects the e-commerce growth, the operating leverage in the brick-and-mortar stores and the maturation of cost-saving projects adopted by the Company, including the Zero Base Budget (ZBB) and Expenses Management Matrix (EMM).

- **EBITDA and net income solid growth.** In 1Q17, the total sales growth in all channels, the positive contribution from e-commerce, the dilution of the operating expenses and better equity income contributed to a significant 60.9% increase of EBITDA to R$231.9 million (+1.9 percentage points to margin of 8.3%) and the net income to R$58.6 million (ROE of 32%).

- **Improved working capital and reduced net debt.** In 1Q17, due to an improved inventory turnover and a better balance between inventories and suppliers, the Company enhanced its working capital needs adjusted by R$380.6 million in the last 12 months. During same period, the adjusted net debt went down from R$858.7 million in Mar/16 to R$443.7 million in Mar/17, a relevant R$415.0 million decrease, reducing the adjusted net debt/EBITDA ratio from 1.6x to 0.5x, respectively.

- **Improved results of Luizacred.** The portfolio overdue by more than 90 days (NPL 90) improved 3.6 percentage points, or 8.8% of total portfolio in Mar/17. Despite a conservative credit policy, Luiza Card sales in Magazine Luiza were up 44.7% in 1Q17. Due to such growth and improved delinquency indicators, Luizacred's net income grew 50.5% to R$39.4 million in 1Q17, with ROE of 28%.

MGLU3: R$ 227.00 per share	**Conference call: May 05, 2017 (Friday)**	Investor Relations: Tel. +55 11 3504-2727
Total Shares: 21,623,933	12:30PM in US Time (EST): +1 786 924-6977	www.magazineluiza.com.br/ri
Market Cap: R$ 4.9 billion	2:00PM in Brazil Time: +55 11 3193-1001	ri@magazineluiza.com.br

R$ million (except when otherwise indicated)	1Q17	1Q16	% Chg
Gross Revenue	3,351.0	2,723.6	23.0%
Net Revenue	2,806.9	2,263.5	24.0%
Gross Income	832.4	683.6	21.8%
Gross Margin	29.7%	30.2%	-50 bps
EBITDA	231.9	144.1	60.9%
EBITDA Margin	8.3%	6.4%	190 bps
Adjusted EBITDA	231.9	163.1	42.2%
Adjusted EBITDA Margin	8.3%	7.2%	110 bps
Net Income	58.6	5.3	1014.6%
Net Margin	2.1%	0.2%	190 bps
Adjusted Net Income	58.6	17.8	229.1%
Adjusted Net Margin	2.1%	0.8%	130 bps
Same Store Sales Growth	21.6%	0.0%	-
Same Physical Store Sales Growth	11.6%	-6.1%	-
Internet Sales Growth	56.2%	27.8%	-
Number of Stores - End of Period	804	786	18 stores
Sales Area - End of Period (M2)	503,907	498,570	1.1%

MESSAGE FROM THE MANAGEMENT

The first quarter of 2017 should pose a gradual recovery of Brazil's economy. The scenario is still very challenging, but there are few signs of improvements in economic activity. Our sector sales, which slowed down over the past two years, resumed growing, even if modestly. Within such scenario, Magazine Luiza, which was already expanding by gaining market share, speed up its pace and recorded its highest quarterly growth of the past years. Total sales grew 23%, compared to the market growth of nearly 2%. This was the 5th consecutive quarter of sales expansion, evidencing the consistency of our strategy and execution.

For Magazine Luiza, the competitive scenario was relatively positive this first quarter. Due to the economic crisis of the last years, most of the peers are seeking to preserve their profitability, by adopting more rational pricing policies. In this regard, we were more competitive, as we have always adopted a growth strategy with sustainable profit. In addition, the small and medium enterprises continue shutting down stores or facing supply and consumer credit hardships, favoring a scenario of consolidation in the sector, where more prepared companies gain market share, which we believe is our case.

Our results highlight was again the e-commerce, which grew 56% in the first quarter of 2017, the highest growth rate over the past five years. The e-commerce contribution to total sales increased 600 bps year-on-year and achieved almost 30% of our sales. At the same time the e-commerce recorded its highest contribution, we again managed to increase the Company's profitability, evidencing the positive contribution of online channel to our business and the Company's successful fully integrated multichannel strategy.

Like e-commerce, the brick-and-mortar stores significantly contributed to the Company's performance and again recorded double-digit growth rate under the same-store sales concept (+12% in 1Q17). The virtual stores and Brazil's northeast region were the highlights in terms of growth. We inaugurated four new stores, all of them in the northeast, and we renovated other 46 stores during such period.

In addition to sales growth, we point out the quality and the sustainability of our results. All our sales channels recorded growth, we maintained gross margin in the channels, we strongly diluted operating expenses, we improved the profitability of our partnerships (Luizacred and Luizaseg), we diluted operating expenses, we multiplied net income, we optimized our working capital, we improved investments in technology and we significantly reduced our indebtedness. These results, including the highest quarterly income of our history, evidence the strength of our digital transformation strategy.

Digital Transformation

The Company's main strategy for the next five years is digital transformation. Our objective is to transform Magazine Luiza, from a traditional retailer with a digital area into a digital platform, with physical points-of-sale and warmness. Such strategy is based on five pillars: (i) digital inclusion, (ii) brick-and-mortar stores digitalization, (iii) multichannel, (iv) transformation of the website into a digital platform and (v) digital culture.

We point out few first quarter's results and initiatives: (i) Relevant growth of smartphones and Smart TVs categories, (ii) *Lu Conecta*: considerable increase of *Lu Conecta* sales, our service to set up smartphones, install apps and antivirus, besides a 24-hour call center, (iii) Wi-fi: customer free wireless access to the Internet at all our stores, (iv) *Mobitec*: implementation of new technology accessories at all stores by the end of the second quarter, (v) Postpaid plan: implementation of proprietary sales system of operator postpaid plans at all stores, focused on offering connection to the Internet at an accessible price to our customers, (vi) Smart Buyback: inclusion of another partner in the repurchase of used mobile phones, (vii) Mobile Sales: implemented at all stores, (viii) Mobile Pinpad: under rollout process by the year's end, (ix) Mobile Stockist: implementation of multichannel inventory management system for all stores, (x) Mobile Delivery: implementation in 90% of Luiza network's micro-carriers, thus, allowing to tracking customers' orders and (xi) In Store Pickup: implemented in all stores with significant increase in the number of eligible products and percentage over e-commerce total sales.

Marketplace

We concluded the acquisition of Integra Commerce, a technology startup specialized in relationship integration and management between sellers and marketplaces. With such acquisition, we now offer functionalities to our partners, such as sales management, pricing, inventory and freight management, including product tracking, besides reducing the platform's overall costs. This startup company is a reference in the software-as-a-service (SaaS) sector, allowing partners to manage and optimize their daily routines. Integra is employed by more than 200 sellers, including MadeiraMadeira, Época Cosméticos, Casa América, Whirlpool and DBestShop. Thus, we multiply our entry capacity of new partners, besides advancing in our strategy of becoming a digital platform.

We carry on our expansion process of offering third-party products in our marketplace. We achieved over 220,000 third party SKUs, more than 98% additional to our assortment. We exceeded the record of 100 partners of several categories and sizes, such as: Spicy, Avon, ClimaRio, Havan, Connectparts, Onofre, Saúde Já, Lojas Mel, MadeiraMadeira, Drograria SP, Drogaria Pacheco, Mondelez, amongst others.

Luizalabs

The rapid implementation of these projects is chiefly due to the strengthening of our digital culture and our capacity to develop technologies. In this regard, we took a step forward this quarter by incorporating the Corporate IT department, in charge of backoffice systems into our technology and innovation laboratory, the Luizalabs. We believe that such integration will increase even more our capacity and speed to deliver digital transformation technology projects. It is worth mentioning that with Integra acquisition, we also incorporate more than 20 qualified professionals with solid expertise of the marketplace to Luizalabs' team.

Final Considerations

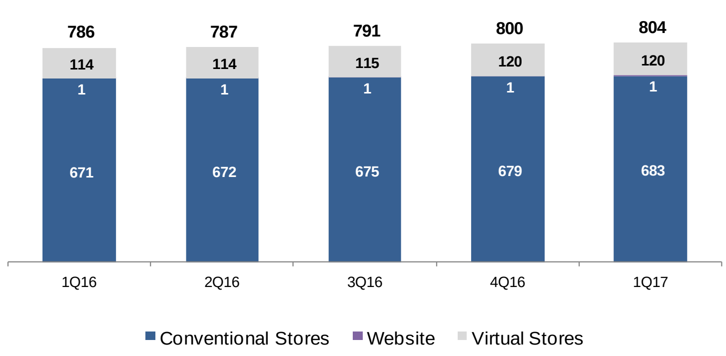
The results recorded this first quarter of 2017 renew our confidence in our long-term strategy, our efforts to increasingly connect with our customers, and the consistency executed by our team in the digital transformation plan. We thank again the confidence of our customers, employees, shareholders, suppliers and partners.

THE MANAGEMENT

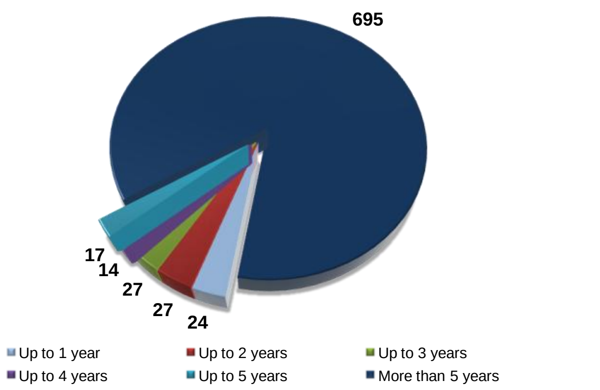
OPERATING AND FINANCIAL PERFORMANCE

Magazine Luiza ended Mar/17 with 804 stores, 683 of which were conventional stores, 120 virtual stores and one website. In the 1Q17, the Company inaugurated 4 conventional stores in the Northeast region. In the last 12 months, the Company opened 18 new stores. Considering our total number of stores, 14% are not yet mature.

Number of Stores

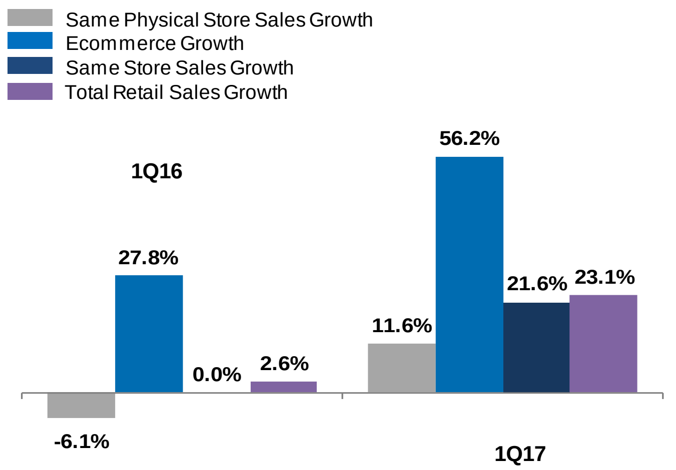


Average Age of Stores (number of stores)

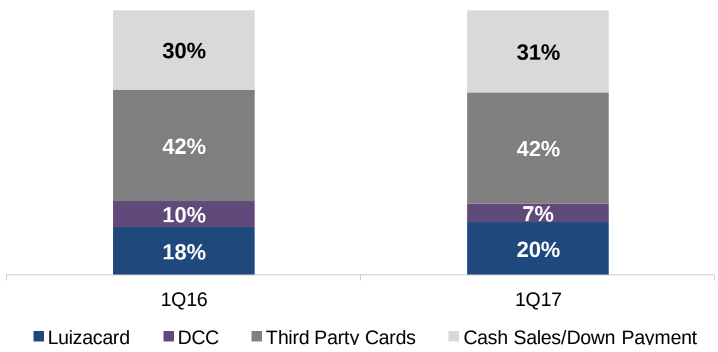


Gross same-store-sales were up 21.6% in 1Q17 as a result of an 11.6% increase in brick-and-mortar stores and 56.2% in e-commerce. This growth reflects a consistent e-commerce performance and sequential improvement in brick-and-mortar store sales.

Same Store Sales Growth (%)



Financed Sales Mix (% of total sales)



Luiza Card total sales increased 200 bps to 20% in 1Q17, contributing to the Company's strategy of increasing customer loyalty. Due to a more conservative credit policy, the percentage of DCC (direct credit to consumers) over sales went down from 10% in 1Q16 to 7% in 1Q17.

Gross Revenues

(in R$ million)	1Q17	1Q16	%Chg
Gross Revenue - Retail - Merchandise Sales	3,199.2	2,596.4	23.2%
Gross Revenue - Retail - Services	138.7	115.8	19.8%
Subtotal Retail	**3,337.9**	**2,712.2**	**23.1%**
Gross Revenue - Consortium Management	16.1	13.6	18.7%
Inter-Company Eliminations	(3.0)	(2.2)	36.7%
Gross Revenue - Total	**3,351.0**	**2,723.6**	**23.0%**

In 1Q17, gross revenues grew 23.0% to R$3.4 billion, due to 21.6% increase in same-store sales and the contribution from new stores.

Net Revenues

(in R$ million)	1Q17	1Q16	%Chg
Net Revenue - Retail - Merchandise Sales	2,672.8	2,151.5	24.2%
Net Revenue - Retail - Services	122.1	101.8	20.0%
Subtotal Retail	**2,794.9**	**2,253.2**	**24.0%**
Net Revenue - Consortium Management	15.0	12.4	20.5%
Inter-Company Eliminations	(3.0)	(2.2)	36.7%
Net Revenue - Total	**2,806.9**	**2,263.5**	**24.0%**

In 1Q17, net revenues were up 24.0% to R$2.8 billion, in line with total gross revenue change.

Gross Profit

(in R$ million)	1Q17	1Q16	% Chg
Gross Profit- Retail - Merchandise Sales	703.2	574.1	22.5%
Gross Profit - Retail - Services	122.1	101.8	20.0%
Subtotal Retail	**825.3**	**675.8**	**22.1%**
Gross Profit - Consortium Management	7.2	7.7	-7.0%
Gross Profit - Total	**832.4**	**683.6**	**21.8%**
Gross Margin - Total	**29.7%**	**30.2%**	**-50 bps**

In 1Q17, gross profit increased by 21.8% to R$832.4 million, equivalent to a gross margin of 29.7%. This result was due to: (i) higher contribution from e-commerce over total sales (+600 bps over 1Q16) and (ii) flat gross margin in all channels.

Operating Expenses

(in R$ million)	1Q17	% NR	1Q16	% NR	% Chg
Selling Expenses	(508.6)	-18.1%	(426.8)	-18.9%	19.2%
General and Administrative Expenses	(120.1)	-4.3%	(111.1)	-4.9%	8.2%
Subtotal	**(628.7)**	**-22.4%**	**(537.8)**	**-23.8%**	**16.9%**
Provisions for Loan Losses	(5.6)	-0.2%	(7.7)	-0.3%	-27.4%
Other Operating Revenues, Net	10.4	0.4%	(8.6)	-0.4%	-220.8%
Total Operating Expenses	**(623.9)**	**-22.2%**	**(554.1)**	**-24.5%**	**12.6%**

Selling Expenses

Selling expenses totaled R$508.6 million or 18.1% of net revenues in 1Q17 (80 bps lower YoY), due to a rigorous control of expenses, productivity gains, reduced marketing expenses, renegotiation of lease contracts and logistics services, besides a complete revision of several operating expenses.

General and Administrative Expenses

General and administrative expenses came to R$120.1 million or 4.3% of net revenues in 1Q17 (60 bps lower YoY), due to optimization of the administrative processes.

Provisions for Loan Losses

Provisions for loan losses reached R$5.6 million in 1Q17 (10 bps lower YoY).

Other Operating Revenues and Expenses, Net

(in R$ million)	1Q17	% NR	1Q16	% NR	% Chg
Gain (Loss) on Sale of Fixed Assets	2.6	0.1%	(0.2)	0.0%	-
Deferred Revenue Allocation	10.1	0.4%	9.9	0.4%	1.7%
Provision for Tax Liabilities	(0.8)	0.0%	0.0	0.0%	-1708%
Non-recurring Expenses	(0.6)	0.0%	(19.0)	-0.8%	-97.1%
Other	(1.0)	0.0%	0.6	0.0%	-254.7%
Total	**10.4**	**0.4%**	**(8.6)**	**-0.4%**	**-220.8%**

Other net operating revenues and expenses came to R$10.4 million in 1Q17, chiefly due to deferred revenues allocation of R$10.1 million.

Equity Income

Equity income came to R$23.4 million or 0.8% of net revenue in 1Q17 (20 bps higher YoY), chiefly due to: (i) Luizacred's performance with equity income of R$19.7 million and (ii) Luizaseg's performance with equity income of R$3.7 million.

EBITDA

In 1Q17, EBITDA grew 60.9% to R$231.9 million, equivalent to a margin of 8.3% (+190 bps versus 1Q16). Sales growth in in all channels, a positive contribution from e-commerce, the dilution of operating expenses and better equity income contributed to EBITDA growth.

Financial Results

R$ million	1Q17	% NR	1Q16	% NR	% Chg
Financial Expenses	(153.9)	-5.5%	(142.5)	-6.3%	8.0%
Interest on loans and financing	(68.0)	-2.4%	(66.4)	-2.9%	2.3%
Interest on prepayment of receivables – third party card	(33.1)	-1.2%	(34.6)	-1.5%	-4.5%
Interest on prepayment of receivables – Luiza Card	(41.9)	-1.5%	(30.9)	-1.4%	35.5%
Other expenses	(11.1)	-0.4%	(10.7)	-0.5%	3.9%
Financial Revenues	23.5	0.8%	28.6	1.3%	-17.8%
Gains on marketable securities	5.2	0.2%	4.9	0.2%	6.7%
Other financial revenues	18.3	0.7%	23.7	1.0%	-22.8%
Total Net Financial Results	(130.4)	-4.6%	(113.9)	-5.0%	14.5%
Income from securities[1]	13.5	0.5%	9.7	0.4%	39.5%
Adjusted Net Financial Results	(116.9)	-4.2%	(104.2)	-4.6%	12.1%

Note (1): yields of the exclusive fund, which are accounted as financial revenue in the Parent Company and as gross revenue in the Consolidated, as per the Explanatory Notes of ITR.

In 1Q17, adjusted net financial results came to R$116.9 million, a 40 bps improvement YoY. The financial results improved 9.6% as a percentage of net revenue (from 4.6% to 4.2%). This result was positively impacted by a reduced net debt and a new cycle of decrease in Selic rate, which was 6.8% lower versus 1Q16.

Net Income

In 1Q17, net income came to R$58.6 million, equivalent to a net margin of 2.1% (ROE of 32%).

Working Capital

CONSOLIDATED (R$ million)	Mar-17	Dec-16	Sep-16	Jun-16	Mar-16
(+) Accounts Receivables	578.8	581.0	423.1	404.3	389.6
(+) Inventories	1,454.1	1,596.7	1,346.3	1,306.7	1,279.3
(+) Related Parties	56.8	64.0	50.3	41.2	55.4
(+) Recoverable Taxes	195.5	212.2	293.1	296.9	320.9
(+) Other Assets	66.1	47.8	96.1	96.0	60.7
(+) Current Operating Assets	2,351.3	2,501.7	2,208.8	2,145.1	2,105.9
(-) Suppliers	1,762.4	2,365.0	1,528.5	1,427.1	1,394.1
(-) Payroll, Vacation and Related Charges	188.1	188.4	186.1	144.5	141.7
(-) Taxes Payable	36.6	40.1	32.9	28.5	29.5
(-) Related Parties	56.3	73.0	53.8	78.0	61.9
(-) Deferred Revenue	40.3	40.3	40.3	40.6	40.8
(-) Other Accounts Payable	128.8	115.3	118.0	93.3	92.2
(-) Current Operating Liabilities	2,212.4	2,822.1	1,959.5	1,811.9	1,760.3
(=) Working Capital	138.9	(320.4)	249.2	333.2	345.6
(-) Credit Card - Third Party	342.4	276.2	187.0	174.9	176.1
(-) Credit Card - Luizacred	15.7	18.6	12.6	5.1	8.1
(-) Accounts Receivable - Credit Cards	358.0	294.9	199.6	179.9	184.1
(=) Adjusted Working Capital	(219.2)	(615.2)	49.7	153.3	161.5
% of Gross Revenue (LTM)	-1.8%	-5.4%	0.5%	1.4%	1.5%
(=) Working Capital	138.9	(320.4)	249.2	333.2	345.6
(+) Balance of Discounted Receivables	1,612.3	1,587.5	1,435.3	1,422.5	1,433.1
(=) Working Capital Expanded	1,751.2	1,267.2	1,684.6	1,755.7	1,778.7
% of Gross Revenue (LTM)	14.6%	11.1%	15.4%	16.4%	16.8%

In Mar/17, the adjusted working capital needs came negative at R$219.2 million, relevant improvement from previous year, especially an improved inventory turnover (from 73 days in 1Q16 to 66 days in 1Q17) and a better balance between inventories and suppliers. In addition, it is worth mentioning the reduction of R$125.4 million in recoverable taxes from Mar/16 to Mar/17. Therefore, the adjusted working capital needs improved R$380.6 million in the last 12 months.

Capex

CAPEX (in R$ million)	1Q17	%	1Q16	%
New Stores	10.6	29%	0.0	0%
Remodeling	5.7	16%	6.6	29%
Technology	18.7	52%	11.6	51%
Logistics	0.9	3%	4.2	18%
Other	0.4	1%	0.4	2%
Total	**36.2**	**100%**	**22.8**	**100%**

In 1Q17, the investments increased by 58.5% to R$36.2 million, including the opening of stores, remodeling, investment in technology and logistics. In this period, 52% of the total capex was allocated to technology projects to support the digital transformation strategy in place.

Net Debt

CONSOLIDATED (R$ million)	Mar-17	Dec-16	Sep-16	Jun-16	Mar-16
(+) Current Loans and Financing	688.3	838.0	980.9	902.3	713.6
(+) Non-current Loans and Financing	889.9	1,010.8	773.3	794.4	1,050.5
(=) Gross Debt	1,578.2	1,848.8	1,754.2	1,696.7	1,764.1
(-) Cash and Cash Equivalents	255.1	599.1	234.6	197.5	411.3
(-) Current Marketable Securities	521.4	819.0	567.0	464.8	302.2
(-) Non-current Marketable Securities	-	0.2	2.8	0.1	7.8
(-) Total Cash	776.5	1,418.3	804.3	662.5	721.3
(=) Net Debt	801.7	430.5	949.9	1,034.2	1,042.8
(-) Credit Card - Third Party	342.4	276.2	187.0	174.9	176.1
(-) Credit Card - Luizacred	15.7	18.6	12.6	5.1	8.1
(-) Accounts Receivable - Credit Card	358.0	294.9	199.6	179.9	184.1
(=) Adjusted Net Debt	443.7	135.6	750.3	854.3	858.7
Short Term Debt / Total	44%	45%	56%	53%	40%
Long Term Debt / Total	56%	55%	44%	47%	60%
Adjusted EBITDA (LTM)	810.5	741.7	626.7	559.3	523.3
Adjusted Net Debt / Adjusted EBITDA	0.5 x	0.2 x	1.2 x	1.5 x	1.6 x

Adjusted net debt (net of credit card receivables not discounted) decreased from R$858.7 million in Mar/16 to R$443.7 million in Mar/17, reducing the adjusted net debt/EBITDA ratio from 1.6x to 0.5x, respectively. In the LTM, adjusted net debt decreased R$415.0 million due to better results and working capital management.

ANNEX I
FINANCIAL STATEMENTS – CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (R$ million)	1Q17	V.A.	1Q16	V.A.	% Chg
Gross Revenue	3,351.0	119.4%	2,723.6	120.3%	23.0%
Taxes and Deductions	(544.1)	-19.4%	(460.1)	-20.3%	18.2%
Net Revenue	2,806.9	100.0%	2,263.5	100.0%	24.0%
Total Costs	(1,974.5)	-70.3%	(1,579.9)	-69.8%	25.0%
Gross Profit	832.4	29.7%	683.6	30.2%	21.8%
Selling Expenses	(508.6)	-18.1%	(426.8)	-18.9%	19.2%
General and Administrative Expenses	(120.1)	-4.3%	(111.1)	-4.9%	8.2%
Provisions for Loan Losses	(5.6)	-0.2%	(7.7)	-0.3%	-27.4%
Other Operating Revenues, Net	10.4	0.4%	(8.6)	-0.4%	-220.8%
Equity in Subsidiaries	23.4	0.8%	14.7	0.6%	59.2%
Total Operating Expenses	(600.6)	-21.4%	(539.4)	-23.8%	11.3%
EBITDA	231.9	8.3%	144.1	6.4%	60.9%
Depreciation and Amortization	(34.4)	-1.2%	(30.9)	-1.4%	11.5%
EBIT	197.5	7.0%	113.2	5.0%	74.4%
Financial Result	(130.4)	-4.6%	(113.9)	-5.0%	14.5%
Operating Income (Loss)	67.0	2.4%	(0.7)	0.0%	-
Income Tax and Social Contribution	(8.5)	-0.3%	6.0	0.3%	-242.1%
Net Income	58.6	2.1%	5.3	0.2%	1014.6%

ANNEX II
FINANCIAL STATEMENTS – CONSOLIDATED BALANCE SHEET

ASSETS (R$ million)	Mar-17	Dec-16	Sep-16	Jun-16	Mar-16
CURRENT ASSETS					
Cash and Cash Equivalents	255.1	599.1	234.6	197.5	411.3
Securities	521.4	819.0	567.0	464.8	302.2
Accounts Receivable	578.8	581.0	423.1	404.3	389.6
Inventories	1,454.1	1,596.7	1,346.3	1,306.7	1,279.3
Related Parties	56.8	64.0	50.3	41.2	55.4
Recoverable Taxes	195.5	212.2	293.1	296.9	320.9
Other Assets	66.1	47.8	96.1	96.0	60.7
Total Current Assets	3,127.8	3,919.8	3,010.3	2,807.4	2,819.4
NON-CURRENT ASSETS					
Marketable Securities	-	0.2	2.8	0.1	7.8
Accounts Receivable	3.1	3.6	2.3	2.0	1.9
Deferred Income Tax and Social Contribution	238.0	242.0	243.8	239.7	236.1
Recoverable Taxes	191.8	223.6	167.8	167.0	164.2
Judicial Deposits	292.7	292.2	281.8	273.0	260.1
Other Assets	40.2	52.3	50.6	50.1	49.4
Investments in Subsidiaries	391.5	380.4	373.7	368.1	368.5
Fixed Assets	558.0	560.1	559.0	562.4	569.6
Intangible Assets	516.9	513.0	508.2	508.4	507.3
Total Non-current Assets	2,232.1	2,267.3	2,190.0	2,170.9	2,164.9
TOTAL ASSETS	5,359.9	6,187.2	5,200.3	4,978.4	4,984.3

LIABILITIES (R$ million)	Mar-17	Dec-16	Sep-16	Jun-16	Mar-16
CURRENT LIABILITIES					
Suppliers	1,762.4	2,365.0	1,528.5	1,427.1	1,394.1
Loans and Financing	688.3	838.0	980.9	902.3	713.6
Payroll, Vacation and Related Charges	188.1	188.4	186.1	144.5	141.7
Taxes Payable	36.6	40.1	32.9	28.5	29.5
Related Parties	56.3	73.0	53.8	78.0	61.9
Deferred Revenue	40.3	40.3	40.3	40.6	40.8
Dividends Payable	12.3	12.3	-	-	-
Other Accounts Payable	128.8	115.3	118.0	93.3	92.2
Total Current Liabilities	2,913.1	3,672.4	2,940.4	2,714.2	2,473.9
NON-CURRENT LIABILITIES					
Loans and Financing	889.9	1,010.8	773.3	794.4	1,050.5
Provision for Tax, Civil and Labor Risks	286.5	284.1	268.7	263.4	254.7
Deferred Revenue	499.1	509.2	519.2	529.3	539.4
Other Accounts Payable	2.5	2.6	2.3	2.3	2.3
Total Non-Current Liabilities	1,677.9	1,806.6	1,563.6	1,589.5	1,846.8
TOTAL LIABILITIES	4,591.0	5,479.0	4,504.0	4,303.6	4,320.7
SHAREHOLDERS' EQUITY					
Capital Stock	606.5	606.5	606.5	606.5	606.5
Capital Reserve	20.1	19.0	17.9	16.8	15.7
Treasury Shares	(28.7)	(28.7)	(5.9)	(1.1)	(16.4)
Legal Reserve	20.5	20.5	16.1	16.1	16.1
Profit Retention Reserve	89.7	89.7	19.8	19.8	36.2
Other Comprehensive Income	2.3	1.2	1.4	0.9	0.2
Retained Earnings	58.6	-	40.5	15.7	5.3
Total Shareholders' Equity	768.9	708.1	696.3	674.7	663.6
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,359.9	6,187.2	5,200.3	4,978.4	4,984.3

ANNEX III

FINANCIAL STATEMENTS – ADJUSTED CONSOLIDATED STATEMENT OF CASH FLOWS

ADJUSTED STATEMENTS OF CASH FLOWS (in R$ million)	1Q17	1Q16
Net Income	**58.6**	**5.3**
Effect of Income Tax and Social Contribution Net of Payment	7.8	(6.5)
Depreciation and Amortization	34.4	30.9
Interest Accrued on Loans	62.2	61.2
Equity Income	(23.4)	(14.7)
Dividends Received	16.3	36.6
Provision for Losses on Inventories and Receivables	28.3	31.8
Provision for Tax, Civil and Labor Contingencies	10.1	14.8
Gain on Sale of Fixed Assets	(2.6)	0.2
Deferred Revenue Allocation	(10.1)	(9.9)
Stock Option Expenses	1.1	1.1
Adjusted Net Income	**182.7**	**150.7**
Trade Accounts Receivable	(6.3)	34.2
Inventories	123.3	54.1
Recoverable Taxes	48.5	26.5
Other Receivables	(2.9)	(19.4)
Changes in Operating Assets	**162.6**	**95.4**
Trade Accounts Payable	(602.6)	(500.0)
Other Payables	(18.7)	(25.4)
Change in Operating Liabilities	**(621.3)**	**(525.4)**
Cash Flow from Operating Activities	**(276.0)**	**(279.3)**
Acquisition of Fixed and Intangible Assets	(36.2)	(22.8)
Cash on Sale of Fixed Assets	3.2	0.0
Payment of Exclusivity Contract Renegotiation	0.0	(11.2)
Cash Flow from Investing Activities	**(33.1)**	**(34.0)**
Loans and Financing	2.6	88.6
Repayment of Loans and Financing	(250.7)	(110.8)
Changes in Other Financial Assets (Hedge)	(13.9)	(45.7)
Payment of Interest on Loans and Financing	(70.9)	(52.4)
Treasury Shares	0.0	(6.9)
Cash Flow from Financing Activities	**(332.8)**	**(127.2)**
Cash, Cash Equivalents, Marketable Securities and Other Financial Assets at the Beginning of Period	1,418.3	1,161.8
Cash, Cash Equivalents, Marketable Securities and Other Financial Assets at the End of Period	776.5	721.3
Change in Cash and Cash equivalents and Marketable Securities	**(641.8)**	**(440.5)**

Note: The difference between the Statement of Cash Flows and the Adjusted Statement of Cash Flows basically refers to: (i) the accounting treatment of marketable securities (TVM) as cash and cash equivalents.

ANNEX IV
RESULTS BY SEGMENT – 1Q17

1T17 (em R$ milhões)	Varejo	Consórcio 100%	Eliminações	Consolidado	Financeira 50%	Seguradora 50%	Eliminações	Consolidado Pro-Forma
Receita Bruta	3,337.9	16.1	(3.0)	3,351.0	197.0	44.7	(66.9)	3,525.9
Impostos e Cancelamentos	(542.9)	(1.1)	-	(544.1)	-	-	-	(544.1)
Receita Líquida	2,794.9	15.0	(3.0)	2,806.9	197.0	44.7	(66.9)	2,981.8
Custo Total	(1,969.6)	(7.8)	3.0	(1,974.5)	(26.7)	(6.3)	-	(2,007.5)
Lucro Bruto	825.3	7.2	(0.0)	832.4	170.3	38.5	(66.9)	974.4
Despesas com Vendas	(508.6)	-	0.0	(508.6)	(78.5)	(30.1)	45.9	(571.3)
Despesas Gerais e Administrativas	(114.4)	(5.8)	-	(120.1)	(0.2)	(5.2)	-	(125.5)
Perda em Liquidação Duvidosa	(5.6)	-	-	(5.6)	(51.9)	-	-	(57.5)
Equivalência Patrimonial	25.1	-	(1.7)	23.4	-	-	(23.4)	-
Outras Receitas Operacionais, Líquidas	10.0	0.4	-	10.4	(2.4)	(0.5)	(2.3)	5.2
Total de Despesas Operacionais	(593.5)	(5.4)	(1.7)	(600.6)	(133.0)	(35.8)	20.3	(749.1)
EBITDA	231.8	1.8	(1.7)	231.9	37.3	2.6	(46.6)	225.3
Depreciação e Amortização	(34.3)	(0.1)	-	(34.4)	(1.5)	(1.2)	2.3	(34.8)
EBIT	197.5	1.7	(1.7)	197.5	35.8	1.5	(44.3)	190.5
Resultado Financeiro	(131.3)	0.8	-	(130.4)	-	5.1	20.9	(104.4)
Lucro (Prejuízo) Operacional	66.2	2.6	(1.7)	67.0	35.8	6.5	(23.4)	86.0
IR / CS	(7.6)	(0.8)	-	(8.5)	(16.2)	(2.9)	-	(27.5)
Lucro (Prejuízo) Líquido	58.6	1.7	(1.7)	58.6	19.7	3.7	(23.4)	58.6

ANNEX V
RESULTS BY SEGMENT – 1Q16

1Q16 (in R$ million)	Retail	Consortium 100%	Eliminations	Consolidated	Cons. Finance 50%	Insurance 50%	Eliminations	Consolidated Pro-Forma
Gross Revenue	2,712.2	13.6	(2.2)	2,723.6	193.0	48.2	(61.8)	2,903.0
Taxes and Deductions	(459.0)	(1.1)	-	(460.1)	-	-	-	(460.1)
Net Revenue	2,253.2	12.4	(2.2)	2,263.5	193.0	48.2	(61.8)	2,442.8
Total Costs	(1,577.4)	(4.7)	2.2	(1,579.9)	(30.4)	(8.7)	-	(1,619.0)
Gross Income	675.8	7.7	-	683.6	162.6	39.5	(61.8)	823.9
Selling Expenses	(426.8)	-	-	(426.8)	(72.7)	(33.5)	46.4	(486.6)
General and Administrative Expenses	(105.1)	(5.9)	-	(111.1)	(0.5)	(6.1)	-	(117.7)
Provisions for Loan Losses	(7.7)	-	-	(7.7)	(66.9)	-	-	(74.6)
Equity in Subsidiaries	16.3	-	(1.6)	14.7	-	-	(14.7)	-
Other Operating Revenues, Net	(8.6)	0.0	-	(8.6)	3.3	0.0	(2.3)	(7.5)
Total Operating Expenses	(531.9)	(5.9)	(1.6)	(539.4)	(136.8)	(39.6)	29.5	(686.3)
EBITDA	143.9	1.8	(1.6)	144.1	25.8	(0.0)	(32.4)	137.5
Depreciation and Amortization	(30.8)	(0.1)	-	(30.9)	(1.5)	(1.3)	2.3	(31.4)
EBIT	113.1	1.7	(1.6)	113.2	24.3	(1.3)	(30.1)	106.1
Financial Results	(114.6)	0.7	-	(113.9)	-	4.5	15.4	(93.9)
Operating Income (Loss)	(1.5)	2.4	(1.6)	(0.7)	24.3	3.2	(14.7)	12.1
Income Tax and Social Contribution	6.8	(0.8)	-	6.0	(11.2)	(1.6)	-	(6.9)
Net Income	5.3	1.6	(1.6)	5.3	13.1	1.6	(14.7)	5.3
Gross Margin	30.0%	62.1%	0.0%	30.2%	84.3%	82.0%	100.0%	33.7%
EBITDA Margin	6.4%	14.3%	73.3%	6.4%	13.4%	0.0%	52.4%	5.6%
Net Margin	0.2%	12.9%	73.3%	0.2%	6.8%	3.3%	23.7%	0.2%

Reconciliation of EBITDA for non-recurring expenses

EBITDA	143.9	1.8	(1.6)	144.1	25.8	(0.0)	(32.4)	137.5
Non-recurring Expenses	19.0	-	-	19.0	-	-	-	19.0
Adjusted EBITDA	162.9	1.8	(1.6)	163.1	25.8	(0.0)	(32.4)	156.5
Adjusted EBITDA Margin	7.2%	14.3%	73.3%	7.2%	13.4%	0.0%	52.4%	6.4%

Net Income	5.3	1.6	(1.6)	5.3	13.1	1.6	(14.7)	5.3
Non-recurring Expenses	19.0	-	-	19.0	-	-	-	19.0
Tax over Non-recurring Expenses	(6.5)	-	-	(6.5)	-	-	-	(6.5)
Adjusted Net Income	17.8	1.6	(1.6)	17.8	13.1	1.6	(14.7)	17.8
Adjusted Net Income Margin	0.8%	12.9%	73.3%	0.8%	6.8%	3.3%	23.7%	0.7%

ANNEX VI
BREAKDOWN OF SALES AND NUMBER OF STORES PER CHANNEL

Gross Revenue by Channel (R$ million)					Growth
	1Q17	V.A.(%)	1Q16	V.A.(%)	Total
Virtual Stores	153.3	4.6%	123.7	4.6%	24.0%
Website	944.5	28.4%	604.6	22.4%	56.2%
Subtotal - Virtual Stores	**1,097.8**	33.0%	**728.3**	26.9%	50.7%
Conventional Stores	2,226.6	67.0%	1,974.2	73.1%	12.8%
Total	**3,324.4**	100.0%	**2,702.5**	100.0%	23.0%

Number of stores per channel – End of the period					Growth
	Mar-17	%	Mar-16	%	Total
Virtual Stores	120	14.9%	114	14.5%	6
Website	1	0.1%	1	0.1%	-
Subtotal - Virtual Stores	**121**	15.0%	**115**	14.6%	6
Conventional Stores	683	85.0%	671	85.4%	12
Total	**804**	100.0%	**786**	100.0%	18
Total Sales Area (m²)	503,907	100%	498,570	100%	1.1%

The differences in gross revenue from the retail segment in the breakdown by channel and income statements refer to the exclusive funds in the amount of R$13.5 million in 1Q17 and R$9.7 million in 1Q16.

ANNEX VII
LUIZACRED

Operating Indicators

Luizacred is a joint venture between Magazine Luiza and Itaú Unibanco, responsible for financing the majority of the Company's credit sales. Magazine Luiza's main role is employee management and customer service, while Itaú Unibanco is responsible for funding of Luizacred, drafting the credit and collections policies and back office activities, such as accounting and treasury.

In Mar/17, Luizacred had a total base of 3.3 million cards issued. In 1Q17, Luizacred maintained its conservative credit approval rate. It is worth noting that as the Luiza Card customers are more loyal than others, the sales using Luiza Card inside our stores grew 44.7% in 1Q17. Due to a conservative credit policy, especially with respect to DCC (direct credit to consumers), its sales decreased from R$92 million in 1Q16 to R$84 million in 1Q17.

Luizacred's credit portfolio, including credit cards, DCC and personal loans, totaled R$4.5 billion in 1Q17, increasing 7.9% YoY, highlighting Luiza Card portfolio, which was up 15.2% to R$4.2 billion, while DCC portfolio went down 45.5% to R$264 million, following Luizacred's strategy to focus the Luiza Card.

R$ million	1Q17	1Q16	% Chg
Total Card Base (thousand)	3,272	3,487	-6.2%
Luiza Card Sales – In chain	671	464	44.7%
Luiza Card Sales – Outside Brand	2,427	2,051	18.3%
CDC Sales	84	92	-9.3%
Personal Loans Sales	17	21	-17.3%
Luizacred Total Sales	**3,199**	**2,628**	**21.7%**
Card Portfolio	4,241	3,682	15.2%
CDC Portfolio	264	485	-45.5%
Personal Loans Portfolio	37	43	-13.8%
Total Portfolio	**4,543**	**4,210**	**7.9%**

The granting of credit at Luizacred follows the policies and criteria established by Itaú Unibanco's Credit Modeling and Policies area. The policies are defined based on proprietary statistics models, using the Risk Adjusted Return on Capital (RAROC) model.

Income Statement

LUIZACRED – Income (R$ million)	1Q17	V.A.	1Q16	V.A.	% Chg
Financial Intermediation Revenue	284.2	100.0%	304.8	100.0%	-6.7%
Cards	233.2	82.1%	228.8	75.1%	1.9%
CDC	40.4	14.2%	64.3	21.1%	-37.2%
Personal Loans	10.6	3.7%	11.7	3.8%	-9.0%
Financial Intermediation Expenses	(157.2)	-55.3%	(194.5)	-63.8%	-19.2%
Market Funding Operations	(53.4)	-18.8%	(60.8)	-19.9%	-12.1%
Provision for Loan Losses	(103.8)	-36.5%	(133.7)	-43.9%	-22.4%
Financial Intermediation Gross Income	127.0	44.7%	110.3	36.2%	15.2%
Other Operating Revenues (Expenses)	(55.4)	-19.5%	(61.7)	-20.2%	-10.2%
Service Revenue	109.9	38.7%	81.2	26.6%	35.3%
Personnel Expenses	(0.4)	-0.1%	(1.0)	-0.3%	-59.6%
Other Administrative Expenses	(136.5)	-48.0%	(126.5)	-41.5%	7.9%
Depreciation and Amortization	(3.0)	-1.1%	(3.0)	-1.0%	-1.6%
Tax Expenses	(20.5)	-7.2%	(18.9)	-6.2%	8.4%
Other Operating Revenues (Expenses)	(4.8)	-1.7%	6.6	2.2%	-172.4%
Earnings Before Income Tax	71.7	25.2%	48.6	15.9%	47.5%
Income Tax and Social Contribution	(32.3)	-11.4%	(22.5)	-7.4%	43.9%
Net Income	39.4	13.9%	26.2	8.6%	50.5%

Revenue from Financial Intermediation

In 1Q17, revenues from financial intermediation went down 6.7% YoY due to 37.2% decreased revenues from direct consumer credit (DCC) segment.

Provision for Loan Losses

The arrears indicators continue improving. The portfolio of loans overdue from 15 to 90 days (NPL 15) accounted for 3.7% of total portfolio in Mar/17, improving 60 bps from Mar/16, due to a more conservative credit policy.

Even amid an ongoing challenging macroeconomic scenario, the loan portfolio overdue by more than 90 days (NPL 90) reached 8.8% of total portfolio in Mar/17 versus 12.4% in Mar/16 (-360 bps) and 9.5% in Dec/16 (-70 bps). Provisions for loan losses expenses net of recovery accounted for 2.3% of total portfolio in Mar/17 versus 3.2% in Mar/16 and 2.4% in Dec/16. We highlight the portfolio coverage ratio increased to 132% in Mar/17 from 121% in Mar/16.

PORTFOLIO – ARREARS	Mar-17		Dec-16		Sep-16		Jun-16		Mar-16	
Total Portfolio (R$ million)	4,543	100.0%	4,527	100.0%	4,193	100.0%	4,151	100.0%	4,210	100.0%
000 to 014 days	3,975	87.5%	3,950	87.3%	3,607	86.0%	3,502	84.4%	3,506	83.3%
015 to 030 days	55	1.2%	41	0.9%	43	1.0%	44	1.1%	57	1.4%
031 to 060 days	51	1.1%	50	1.1%	45	1.1%	51	1.2%	55	1.3%
061 to 090 days	62	1.4%	56	1.2%	54	1.3%	66	1.6%	69	1.6%
091 to 120 days	49	1.1%	54	1.2%	55	1.3%	60	1.4%	55	1.3%
121 to 150 days	55	1.2%	48	1.1%	52	1.3%	60	1.4%	55	1.3%
151 to 180 days	48	1.1%	47	1.0%	56	1.3%	57	1.4%	58	1.4%
180 to 360 days	249	5.5%	280	6.2%	281	6.7%	310	7.5%	354	8.4%
Overdue 15-90 days	168	3.7%	147	3.2%	143	3.4%	162	3.9%	182	4.3%
Overdue Above 90 days	400	8.8%	429	9.5%	444	10.6%	487	11.7%	522	12.4%
Total Overdue	568	12.5%	576	12.7%	586	14.0%	649	15.6%	704	16.7%
Provisions for loan losses in IFRS	528	11.6%	549	12.1%	562	13.4%	598	14.4%	631	15.0%
Coverage (%)	132%		128%		127%		123%		121%	

Note: for better comparability and analysis of the loan performance (NPL), the Company now discloses the breakdown of the portfolio by arrears criterion, while it continues disclosing the portfolio breakdown by risk level to the Central Bank.

Financial Intermediation Gross Results

Gross margin from financial intermediation totaled 44.7% in 1Q17, an 8.5 percentage point improvement over 1Q16, mainly due to lower provisions in view of improved arrears indicators.

Other Operating Revenues (Expenses)

Other operating expenses totaled R$55.4 million in 1Q17, a nominal decrease of 10.2% YoY, chiefly due to improved revenues from services rendered and productivity gains.

Operating Income and Net Income

In 1Q17, Luizacred recorded operating income of R$71.7 million (9.3 percentage points higher YoY), equivalent to 25.2% of financial intermediation revenue.

In 1Q17, Luizacred's net income was up 50.5% to R$39.4 million (ROE of 28%).

Shareholders' Equity

In compliance with the accounting practices established by the Brazilian Central Bank, considering the minimum provisions required by Law 2682, Luizacred posted net income of R$42.8 million in 1Q17, with a shareholders' equity of R$626.3 million in mar/17. As a result of adjustments required under IFRS, specifically additional provisions for expected losses, net of taxes, Luizacred's shareholders' equity for effects of Magazine Luiza's financial statements came to R$579.8 million.

EARNINGS CONFERENCE CALL

Conference Call in Portuguese/English (with simultaneous translation)

May 5, 2017 (Friday)
10:00 am – Brasília time
9:00 am – USA time (EST)

Participants from Brazil:
Dian in #: +55 (11) 3193-1001
CODE: Magazine Luiza
Link to webcast:

Webcast Portuguese

Participants from the US or other countries:
Dian in #: +1 (786) 924 6977
CODE: Magazine Luiza
Link de webcast:

Webcast English

Replay (available for 7 days):
Dial in # from Brazil: +55 (11) 3193-1012
Identification Code: 2792446#

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About Magazine Luiza

Founded in 1957, Magazine Luiza is one of Brazil's largest retail chains focused on durable goods, actively engaged in Brazil's low income classes. To strengthen its relationship with its customers, Magazine Luiza innovated in 2001 by entering into a partnership with Itaú Unibanco to create Luizacred. In 2005, Magazine Luiza once again innovated when it became the first retailer to control an insurance company, Luizaseg, in partnership with Cardif, of the BNP Paribas group. And in 2010, Magazine Luiza acquired Lojas Maia, one of the largest retail chains with a presence in all the states across Northeast Brazil – the fastest growing region in the country. In June 2011, it acquired Baú da Felicidade stores.

EBITDA, Adjusted EBITDA and Adjusted Net Income

EBITDA (earnings before interest, income and social contribution taxes, financial income and expenses, depreciation and amortization) is not a financial performance measure under the accounting practices adopted in Brazil. Because it does not consider expenses intrinsic to the business, EBITDA has limitations that affect its use as a profitability or liquidity indicator. EBITDA should not be considered an alternative to net income or operating cash flow. In addition, EBITDA does not have a standard meaning, and our definition may not be comparable with the definitions adopted by other companies. Non-recurring results used to calculate adjusted EBITDA and adjusted net income should not be considered an alternative to EBITDA and net income in accordance with the accounting practices adopted in Brazil.

Disclaimer

The statements herein related to business prospects, future estimates of operating and financial results, and those related to Magazine Luiza's growth prospects are merely estimates and, as such, are based solely on the expectations of the Executive Board regarding the future of the Company's business. These expectations largely depend on approvals and licenses for the projects, market conditions, performance of the Brazilian economy, the sector and the international markets and are, therefore, subject to changes without prior notice. This performance report includes accounting and non-accounting data such as pro forma operating and financial results and projections based on the expectations of the Company's Management. The non-accounting data were not reviewed by the Company's independent auditors.