May 7, 2018

Magazine Luiza S.A. (B3: MGLU3)
1st Quarter 2018 Earnings Release (IFRS equivalent)

1Q18 HIGHLIGHTS

E-Commerce grew 65%, reaching R$1.6 billion and 35% of total sales
Physical store sales grew 21% in total (16% same store)
Total sales rose 34%, reaching R$4.5 billion
EBITDA grew 30% to R$301 million, 8.3% margin
Net profit grew 152% to R$147 million, 4.1% margin
Net cash position of R$1.3 billion in Mar/18

- **Highest quarterly growth in the last 5 years.** In 1Q18, total sales, including physical stores, traditional e-commerce (1P) and marketplace (3P) increased 33.8% to R$4.5 billion, reflecting growth of 64.6% in e-commerce and 21.4% in physical stores. Magalu continued to gain market share across all channels and major product categories. By contrast, in the first two months of the year, the market for furniture and electronics grew only 1.7%, according to IBGE.

- **Accelerated growth in e-commerce.** E-commerce sales grew 64.6% in 1Q18, compared to market growth of 11.0%, (E-bit), reaching 35.3% of total sales. In traditional e-commerce, sales grew 53.7%, and the marketplace contributed with additional sales of R$125.8 million. This market share gain was the result of: (i) increased sales on mobile platforms, mainly through the app, which reached 14 million downloads, (ii) higher conversion rates across all channels, (iii) maturation of multichannel projects, especially, In-Store Pick-Up and (iv) sustaining the high level of customer service that enabled us to maintain our RA1000 seal of excellence in service.

- **Evolution of gross profit.** In 1Q18, gross profit increased 25.3% to R$1.04 billion. Gross margin decreased 80 bps to 28.9% in 1Q18, reflecting: (i) a significant increase in e-commerce share and (ii) preservation of gross margin across all channels, the result of intelligent purchasing decisions, better inventory management and greater price rationality in the online and offline markets.

- **Significant dilution of operating expenses.** In 1Q18, operating expenses were diluted by 100 bps to 21.2% of net revenue. Expenses grew only 22.8% versus net revenue growth of 28.7%, resulting in significant operating leverage. This dilution reflects the growth of e-commerce, the continuity of the Zero Base Budget (OBZ) and Matrix Expense Management (GMD) programs implemented by the Company, as well as efficiency gains driven by digital transformation projects, such as the Mobile Sales application and In-Store Pick-Up.

- **Strong EBITDA growth, reduction of financial expenses and evolution of net income.** In 1Q18, EBITDA increased 29.6% to R$300.5 million (8.3% margin). High sales growth, the positive contribution of e-commerce and the dilution of expenses yielded the EBITDA growth. In addition, financial expenses were diluted by 280 bps to 1.4% of net revenue, as a result of the significant reduction in net debt and the decline in the CDI rate. Due to these factors, the Company posted R$147.5 million of net profit (ROE of 29%)

- **Strong cash flow generation.** Cash flow from operations, adjusted by receivables, reached R$1.0 billion LTM, due to improved results and working capital management. In the last 12 months, the change in adjusted working capital contributed R$227.7 million to operating cash generation.

- **Reduction of net debt and optimization of the capital structure.** In the last 12 months, the Company reduced adjusted net debt by R$1.7 billion, from a net debt of R$0.4 billion in Mar/17 to a net cash position of R$1.3 billion in Mar/18. In Mar/18, the Company reached a total cash position of R$2.1 billion, considering cash and securities of R$1.1 billion and R$1.0 billion in credit card receivables.

R$ million (except when otherwise indicated)	1Q18	1Q17	% Chg
Total Sales[1] (including marketplace)	4,466.2	3,338.1	33.8%
Gross Revenue	4,366.3	3,351.0	30.3%
Net Revenue	3,613.3	2,806.9	28.7%
Gross Income	1,043.4	832.4	25.3%
Gross Margin	28.9%	29.7%	-80 bps
EBITDA	300.5	231.9	29.6%
EBITDA Margin	8.3%	8.3%	0 bps
Net Income	147.5	58.6	151.8%
Net Margin	4.1%	2.1%	200 bps
Same Physical Store Sales Growth	15.9%	11.6%	-
Total Physical Store Sales Growth	21.4%	13.4%	-
Internet Sales Growth (1P)	53.7%	56.2%	-
Total E-commerce Sales Growth	64.6%	58.5%	-
E-commerce Share in Total Sale	35.3%	28.7%	6.6 pp
Number of Stores - End of Period	858	804	54 stores
Sales Area - End of Period (M2)	526,052	503,907	4.4%

(1) Total Sales includes sales from physical stores, traditional e-commerce (1P) and marketplace (3P).

YEAR OF THE CUSTOMER AT MAGALU

We have worked hard over the last few years to build the foundations for our Digital Transformation strategy. During the first phase, we focused on our strategic pillars: strengthening our multichannel approach; extending our consumer on-boarding strategy; expanding the digitalization of our physical stores; disseminating our digital culture and reinforcing our sales platform. We launched the marketplace; we began offering in-store pickup; we digitalized the physical stores; Luizalabs assumed responsibility for all technology-related operations, and we initiated many other projects that will sustain the growth of Magalu in years to come.

Today we offer our customers a unique, fully integrated and increasingly digital multi-channel experience, serving them through physical stores, an e-commerce operation and via the more than 2,000 sellers on our marketplace platform.

Now we are embarking on a new phase, with a total focus on customers. Our goal will be to significantly increase the quality of service that we provide to them, be it: availability of products; credit approval; delivery and assembly time; ease of the exchange process and service in our call center. The Brazilian consumer will enjoy a level of service far above what they are accustomed to experiencing today.

In addition to increasing the level of service, we want to exponentially increase our base of active customers and their purchasing frequency. In order to achieve this, we are going to invest future earnings with an eye towards our customers and their long-term value. Our financial situation allows us to do this. We have a business model that combines accelerated growth with a high return on invested capital.

During the first quarter of 2018, we mapped out where these investments should be made, and have already begun to make them in the most effective form possible. The results achieved this quarter were very encouraging and, going forward, our investments will intensify.

We are entering an era where our customer is at the center of our decisions. It is for them that we work, and now we want to exceed their expectations. We want to take the level of customer enchantment to a level never seen before, achieving the highest levels of Net Promoter Score (NPS). NPS is now a corporate goal, meaning that all employees are involved in this mission.

In order to accelerate last mile deliveries to our customers' homes we have just completed the acquisition of a logistics technology startup called Logbee. A partner of Magalu since 2017, Logbee created a platform that successfully enables the orchestration of an atomized fleet of autonomous distribution partners, facilitating the delivery of light products in real time, at scale.

Through an easy and intuitive application, Logbee distributes the orders and indicates the best route, maximizing the number and density of deliveries. Logbee is currently responsible for more than 90% of our two day express deliveries in the Greater Sao Paulo area.

With the acquisition, Logbee's operations will be rapidly expanded beyond the greater Sao Paulo area to include all cities and metropolitan areas where Magalu has a physical presence.

Logbee will also play a significant role in important initiatives like Ship from Store and Fulfillment By Magalu and we plan on sharing the benefits of these differentiated logistics services with the sellers on our marketplace platform.

Our delivery network, Malha Luiza, is currently composed of more than 1,500 micro-transport companies and handles more than 80% of all of the Company's last mile deliveries as well as resupplying the physical stores. The addition of Logbee will enable Malha Luiza to significantly increase the delivery of light products with the same efficiency and quality as our current deliveries.

The ability to leverage the stores as mini distribution centers, coupled with this capacity to harness thousands of local delivery partners, will enable the Company to attain the highest possible delivery speeds, at the lowest total delivery cost.

A reflection of the high quality of our customer service and the success of our logistics operation, our e-commerce business continues to have the highest customer service rating, RA 1000, in the retail industry, according to Reclame Aqui.

THE BEGINNING OF AN INSPIRING YEAR

We started 2018 on the right foot. The Company's total sales grew 34% in the first quarter, and we gained market share across all channels and major product categories. The number of customers who made purchases via Magazine Luiza in the first quarter increased 36% compared to the first quarter of 2017.

Our e-commerce grew 65%, reaching R$ 1.6 billion in sales in the quarter, with R$ 126 million in Marketplace sales. This growth was possible even with a strong comparative base (e-commerce grew 59% in 1Q17). In the Marketplace, we reached 1,200 sellers and 2 million SKUs registered on the platform.

We continue to invest heavily in the mobile experience of customers purchasing via smartphones. This quarter, we reached the 14 million app download mark. Traffic through mobile devices has reached approximately 70% of total traffic, while sales through smartphones are already approaching 45% of total e-commerce sales. For purchases made via the app, we expanded our free express delivery service to other state capitals, such as Rio de Janeiro, Belo Horizonte and Curitiba and also expanded the program to include desktop and mobile site users.

Physical store sales also maintained an accelerated growth rate this quarter, reaching 16% of same stores and 21% of all stores. Last Friday we reopened the first renovated stores redesigned using the "shoppable distribution center" model. Back office space has been reallocated; new equipment has been installed, and the customer now has a more convenient area for service and pick-up of products purchased online. All of this was done to adapt the stores to a 100% multi-channel reality.

We would also like to highlight the excellent performance of stores opened in the last 12 months, and their contribution to the Company's total sales growth. Investments in expansion continue. In the second quarter we will open more than 30 stores, mainly in new regions such as São Luís, MA and Goiânia, GO. This is another opportunity to win new customers and gain market share.

We expanded the customer base of the Luiza Card, reaching 3.5 million cards this quarter. Since Luiza Card customers are more loyal and buy more frequently, we continue to invest in Luiza Card as an important loyalty instrument, and as a way to offer the best credit and installment conditions to our customers. Consumer purchases via Luiza Card within Magalu grew more than 50% this quarter.

And we continue to generate a lot of cash. In the last 12 months, the Company generated approximately R$ 1.0 billion of cash flow from operations, due to the continuous improvement of results and management of working capital. We have significantly diluted our operating and financial expenses. We have been able to be more efficient in managing inventory, reducing the levels of product breakage, serving customers faster in all of the regions in which we operate.

Luizalabs, which has been the engine of Magalu's digital transformation, continues to expand.
In the second quarter, the Sao Paulo team will move into a larger and even more collaborative home, close to our Sao Paulo headquarters.

Excited for the World Cup, we launched our Sai Zica ("Bad luck be gone!") campaign, the biggest television sale in the Company's history, encouraging our customers, in a playful way, to replace all TV sets which bore witness to Brazil's ignoble 7x1 loss to Germany in the previous World Cup. And it has already been a success. In an unprecedented action, we are even accepting used TVs as partial payment for the new TVs via a partnership with a company that specializes in the resale of used televisions.

FINAL CONSIDERATIONS

We remain confident in our digital transformation strategy and our ability to execute. We are optimistic about the near future, and well-prepared for important upcoming sales events such as the World Cup and Mother's Day. With the recent resumption of the country's economic growth and inflation and interest rates at the lowest levels in our history, we envision a positive scenario for the coming quarters.

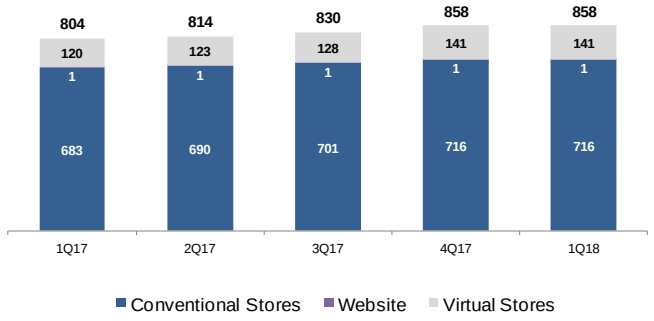
In this new phase, we will build a company that is increasingly customer-oriented and focused on long-term value. In order to achieve this, we plan on investing to attaining the highest quality of service and to grow our customer base exponentially.

We are thankful, once again, for the continued confidence and support of our customers, employees, shareholders and suppliers as we embark on this journey.

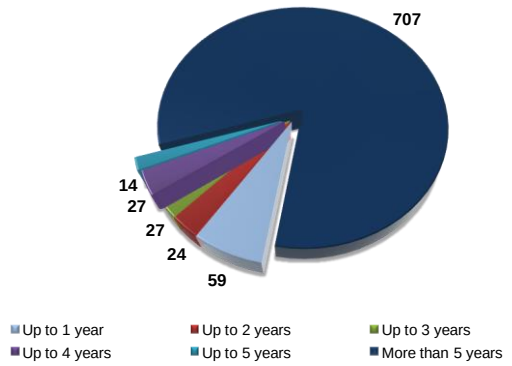
OPERATING AND FINANCIAL PERFORMANCE

Magalu ended 1Q18 with 858 stores, 716 of which were conventional stores, 141 virtual stores and an e-commerce operation. In 1Q18, the Company inaugurated 3 stores and closed another 3, all of them conventional.

Number of Stores

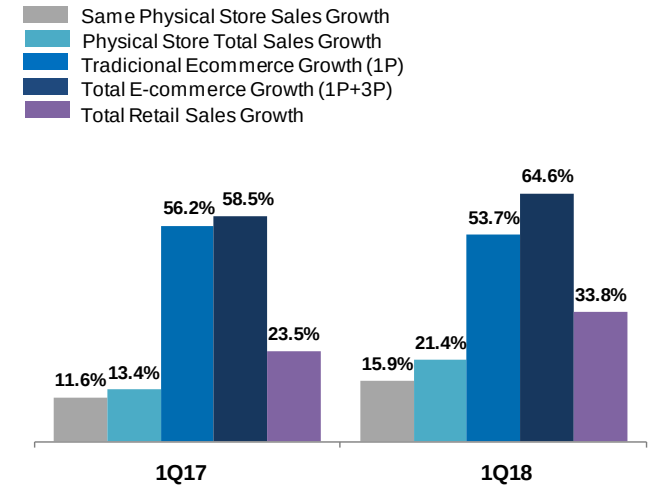


Average Age of Stores (number of stores)

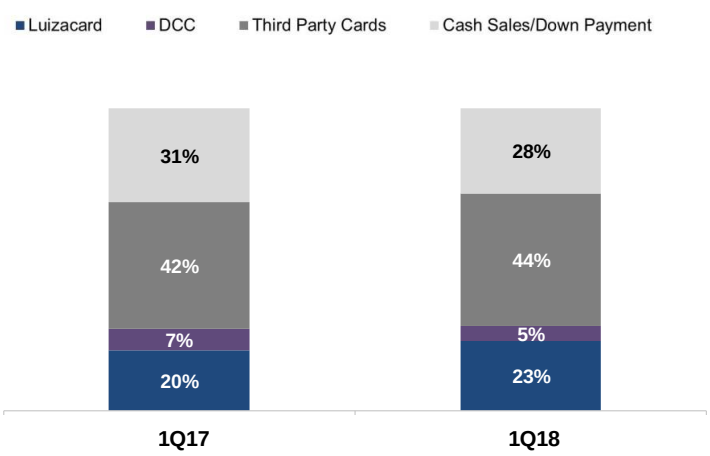


Total Retail sales were up 33.8% in 1Q18 as a result of a 21.4% increase in brick-and-mortar stores and a 64.6% increase in e-commerce. This growth reflects consistent e-commerce and bricks-and-mortar performance.

Total Sales Growth (%)



Financed Sales Mix (% of total sales)



Luiza Card total sales penetration increased 300 bps to 23% in 1Q18, 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) sales fell from 7% to 5% YoY.

Gross Revenues

(in R$ million)	1Q18	1Q17	% Chg
Gross Revenue - Retail - Merchandise Sales	4,177.1	3,199.2	30.6%
Gross Revenue - Retail - Services	172.9	138.7	24.6%
Gross Revenue - Retail	**4,349.9**	**3,337.9**	**30.3%**
Gross Revenue - Consortium Management	19.1	16.1	18.7%
Inter-Company Eliminations	(2.7)	(3.0)	-9.1%
Gross Revenue - Total	**4,366.4**	**3,351.0**	**30.3%**

In 1Q18, total gross revenues grew 30.3% to R$4.4 billion, due to the accelerated growth of e-commerce, increased same physical store sales and the contribution of new stores. Also notable was the growth in services revenue, which includes the sale of new insurance, digital services (Lu Conecta) and marketplace commissions.

Net Revenues

(in R$ million)	1Q18	1Q17	% Chg
Net Revenue - Retail - Merchandise Sales	3,445.6	2,672.8	28.9%
Net Revenue - Retail - Services	152.9	122.1	25.3%
Net Revenue - Retail	**3,598.5**	**2,794.9**	**28.8%**
Net Revenue - Consortium Management	17.6	15.0	17.3%
Inter-Company Eliminations	(2.7)	(3.0)	-9.1%
Net Revenue - Total	**3,613.3**	**2,806.9**	**28.7%**

In 1Q18, total net revenues rose 28.7% to R$3.6 billion, in line with total gross revenue.

Gross Profit

(in R$ million)	1Q18	1Q17	% Chg
Gross Profit - Retail - Merchandise Sales	879.9	703.2	25.1%
Gross Profit - Retail - Services	152.9	122.1	25.3%
Gross Profit - Retail	**1,032.8**	**825.3**	**25.1%**
Gross Profit - Consortium Management	10.6	7.2	48.1%
Inter-Company Eliminations	-	-	0.0%
Gross Profit - Total	**1,043.4**	**832.4**	**25.3%**
Gross Margin - Total	**28.9%**	**29.7%**	**-80 bps**

In 1Q18, gross profit increased by 25.3% to R$1.04 billion, equivalent to a gross margin of 28.9%. This result is attributable to: (i) a higher contribution from e-commerce over total sales and (ii) stable gross margins across all channels.

Operating Expenses

(in R$ million)	1Q18	% NR	1Q17	% NR	% Chg
Selling Expenses	(641.9)	-17.8%	(508.6)	-18.1%	26.2%
General and Administrative Expenses	(132.9)	-3.7%	(120.1)	-4.3%	10.7%
General and Administrative Expenses	**(774.8)**	**-21.4%**	**(628.7)**	**-22.4%**	**23.2%**
Provisions for Loan Losses	(12.5)	-0.3%	(5.6)	-0.2%	123.2%
Other Operating Revenues, Net	21.1	0.6%	10.4	0.4%	103.9%
Total Operating Expenses	**(766.2)**	**-21.2%**	**(623.9)**	**-22.2%**	**22.8%**

Selling Expenses

Selling expenses totaled R$641.9 million or 17.8% of net revenues in 1Q18 (30 bps lower YoY). This reduction reflects significant operational leverage (dilution of payroll expenses, rent, telephone, energy, among others); the continuity of the Matrix Expense Management (GMD) program, and the maturation of digital transformation projects.

General and Administrative Expenses

General and administrative expenses came to R$132.9 million or 3.7% of net revenues in 1Q18 (60 bps lower YoY). This reduction reflects operating leverage; the Zero Base Budget (OBZ) program; the Matrix Expense Management (GMD) program and the significant reduction of inflation on salary adjustments.

Provisions for Loan Losses

Provisions for loan losses reached R$12.5 million in 1Q18.

Other Operating Revenues and Expenses, Net

(in R$ million)	1Q18	% NR	1Q17	% NR	% Chg
Gain on Sale of Assets	(0.1)	0.0%	2.6	0.1%	-
Deferred Revenue Recorded	10.7	0.3%	10.1	0.4%	6.2%
Provision for Tax Liabilities	11.5	0.3%	(0.8)	0.0%	-
Non-recurring Expenses	(1.0)	0.0%	(0.6)	0.0%	73.2%
Other	(0.0)	0.0%	(1.0)	0.0%	-99.9%
Total	**21.1**	**0.6%**	**10.4**	**0.4%**	**103.9%**

Other net operating revenues and expenses came to R$21.1 million in 1Q18, chiefly due to a deferred revenues allocation of R$10.7 million and R$11.5 million of a non-recurring tax effects.

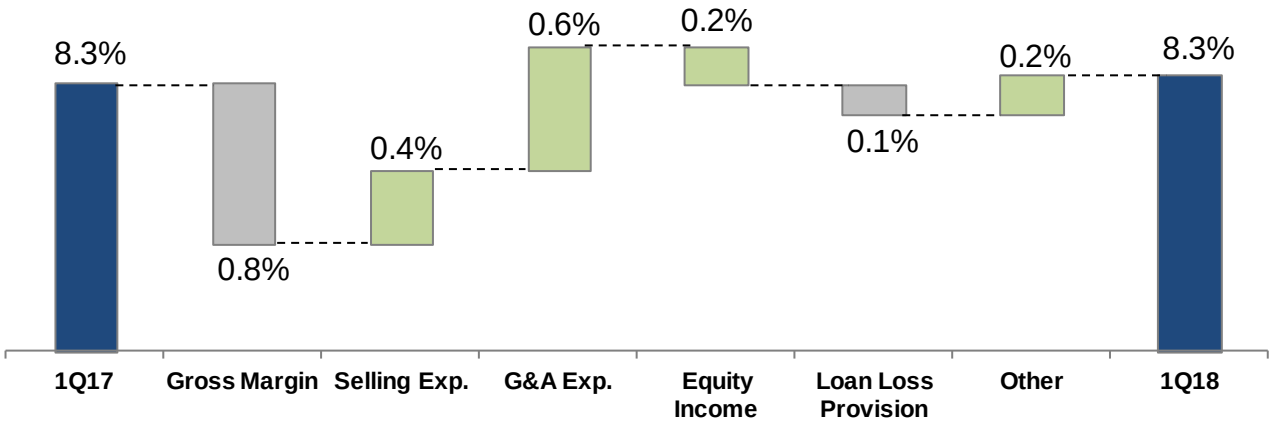
Equity Income

Equity income remained stable at R$23.3 million or 0.6% of net revenue in 1Q18. The main factors that impacted this result were: (i) Luizacred's performance with equity income of R$18.9 million and (ii) Luizaseg's performance with equity income of R$4.4 million.

EBITDA

In 1Q18, EBITDA grew 29.6% to R$300.5 million, equivalent to a margin of 8.3%. The high sales growth; positive contribution from e-commerce, and the dilution of operating expenses contributed to the EBITDA growth.

EBITDA performance (% of net revenue)



Financial Results

R$ million	1Q18	% NR	1Q17	% NR	% Chg
Financial Expenses	(83.5)	-2.3%	(153.9)	-5.5%	-45.7%
Interest on loans and financing	(16.9)	-0.5%	(68.0)	-2.4%	-75.2%
Interest on prepayment of receivables – third party card	(15.3)	-0.4%	(33.1)	-1.2%	-53.7%
Interest on prepayment of receivables – Luiza Card	(43.8)	-1.2%	(41.9)	-1.5%	4.6%
Other expenses	(7.6)	-0.2%	(11.1)	-0.4%	-31.4%
Financial Revenues	23.8	0.7%	23.5	0.8%	1.0%
Gains on marketable securities	1.3	0.0%	5.2	0.2%	-75.1%
Other financial revenues	22.5	0.6%	18.3	0.7%	22.6%
Total Financial Results	(59.8)	-1.7%	(130.4)	-4.6%	-54.2%
Income from securities[1]	9.6	0.3%	13.5	0.5%	-29.2%
Adjusted Net Financial Results	(50.2)	-1.4%	(116.9)	-4.2%	-57.1%

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 1Q18, adjusted net financial results came to R$50.2 million, a 57.1% improvement YoY. Financial results improved 280 bps as a percentage of net revenue (from 4.2% to 1.4%). This result was positively impacted by reduced net debt and a decrease in the Selic rate.

Net Income

In 1Q18, net income came to R$147.5 million (net margin of 4.1%) with an annualized ROIC of 31% and a ROE of 29%.

Working Capital

CONSOLIDATED (R$ million)	LTM	Mar-18	Dec-17	Sep-17	Jun-17	Mar-17
(+) Accounts Receivables	831.8	1,410.7	1,241.3	663.2	503.8	578.8
(+) Inventories	483.2	1,937.3	1,969.3	1,545.5	1,430.3	1,454.1
(+) Related Parties	62.5	119.3	96.8	65.2	47.1	56.8
(+) Recoverable Taxes	(3.6)	191.9	200.7	189.0	182.7	195.5
(+) Other Assets	(27.4)	38.7	77.3	103.3	90.2	66.1
(+) Current Operating Assets	1,346.5	3,697.8	3,585.4	2,566.2	2,254.3	2,351.3
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(-) Suppliers	694.5	2,456.9	2,919.5	2,120.1	1,860.5	1,762.4
(-) Payroll, Vacation and Related Charges	0.7	188.8	236.6	231.5	191.5	188.1
(-) Taxes Payable	55.2	91.7	84.5	66.1	46.4	36.6
(-) Related Parties	26.6	82.9	89.5	71.3	60.3	56.3
(-) Taxes in Installments	-	-	-	-	-	-
(-) Deferred Revenue	0.3	40.7	41.6	42.2	42.8	40.3
(-) Other Accounts Payable	126.4	255.2	265.8	175.7	163.2	128.8
(-) Current Operating Liabilities	903.8	3,116.2	3,637.5	2,706.9	2,364.8	2,212.4
(=) Working Capital	442.7	581.6	(52.1)	(140.7)	(110.5)	138.9
(-) Credit Card - Third Party Card	650.2	992.5	820.3	333.1	240.6	342.4
(-) Credit Card - Luiza Card	20.3	35.9	42.3	22.8	11.4	15.7
(-) Total Credit Card	670.4	1,028.5	862.6	355.9	252.0	358.0
(=) Working Capital Adjusted	(227.7)	(446.9)	(914.7)	(496.6)	(362.5)	(219.2)
% of Gross Revenue (LTM)	-1.1%	-2.9%	-6.4%	-3.7%	-2.9%	-1.8%
(=) Working Capital	442.7	581.6	(52.1)	(140.7)	(110.5)	138.9
(+) Balance of Discounted Receivables	(47.9)	1,564.4	1,528.7	1,675.5	1,713.9	1,612.3
(=) Working Capital Expanded	394.8	2,145.9	1,476.6	1,534.8	1,603.4	1,751.2
% of Gross Revenue (LTM)	-0.6%	14.0%	10.3%	11.5%	12.7%	14.6%

In Mar/18, the adjusted working capital needs were negative at R$446.9 million, a relevant improvement over the previous year, driven in part by maintenance of high inventory turnover and shorter average payment term. In the LTM, the change in working capital contributed R$227.7 million to cash flow from operations and also reduced adjusted net debt.

Capex

CAPEX (in R$ million)	1Q18	%	1Q17	%
New Stores	5.9	16%	10.6	29%
Remodeling	5.2	14%	5.7	16%
Technology	16.9	46%	18.7	52%
Logistics	8.0	22%	0.9	3%
Other	0.4	1%	0.4	1%
Total	**36.4**	**100%**	**36.2**	**100%**

In 1Q18, investments totaled R$36.4 million, including the opening of new stores, remodeling, investments in technology and logistics. During this period, 68% of total capex was allocated to technology and logistics projects to support the Company's digital transformation strategy.

It is important to highlight that during this quarter the Company also initiated investments to open more than 30 new stores scheduled for 2Q18.

Capital Structure

CONSOLIDATED (R$ million)	LTM	Mar-18	Dec-17	Sep-17	Jun-17	Mar-17
(-) Current Loans and Financing	306.9	(381.4)	(434.3)	(720.5)	(718.7)	(688.3)
(-) Non-current Loans and Financing	452.5	(437.4)	(437.2)	(886.5)	(663.0)	(889.9)
(=) Gross Debt	759.4	(818.8)	(871.5)	(1,606.9)	(1,381.6)	(1,578.2)
(+) Cash and Cash Equivalents	520.1	775.2	412.7	178.6	265.1	255.1
(+) Current Securities	(222.0)	299.3	1,259.6	1,043.7	597.0	521.4
(+) Non-current Securities	-	-	-	-	-	-
(+) Total Cash	298.0	1,074.5	1,672.3	1,222.3	862.0	776.5
(=) Net Cash	1,057.4	255.7	800.8	(384.6)	(519.6)	(801.7)
(+) Credit Card - Third Party Card	650.2	992.5	820.3	333.1	240.6	342.4
(+) Credit Card - Luiza Card	20.3	35.9	42.3	22.8	11.4	15.7
(+) Total Credit Card	670.4	1,028.5	862.6	355.9	252.0	358.0
(=) Adjusted Net Cash	1,727.9	1,284.2	1,663.4	(28.7)	(267.6)	(443.7)
Short Term Debt / Total	3%	47%	50%	45%	52%	44%
Long Term Debt / Total	-3%	53%	50%	55%	48%	56%
Adjusted EBITDA (LTM)	292.1	1,103.1	1,034.1	949.5	879.7	811.0
Adjusted Net Cash / Adjusted EBITDA	1.7 x	1.2 x	1.6 x	0.0 x	-0.3 x	-0.5 x
Cash, Securities and Credit Cards	968.5	2,103.0	2,534.9	1,578.2	1,114.0	1,134.5

In the LTM, the Company improved its capital structure by R$1.7 billion, from a net debt position of R$0.4 billion in Mar/17 to a net cash position of R$1.3 billion in Mar/18.

The Company ended 1Q18 with a total cash position of R$2.1 billion, considering cash and securities of R$1.1 billion and R$1.0 billion in credit card receivables.

ANNEX I
FINANCIAL STATEMENTS – CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (R$ million)	1Q18	V.A.	1Q17	V.A.	% Chg
Gross Revenue	4,366.3	120.8%	3,351.0	119.4%	30.3%
Taxes and Deductions	(753.0)	-20.8%	(544.1)	-19.4%	38.4%
Net Revenue	3,613.3	100.0%	2,806.9	100.0%	28.7%
Total Costs	(2,569.9)	-71.1%	(1,974.5)	-70.3%	30.2%
Gross Income	1,043.4	28.9%	832.4	29.7%	25.3%
Selling Expenses	(641.9)	-17.8%	(508.6)	-18.1%	26.2%
General and Administrative Expenses	(132.9)	-3.7%	(120.1)	-4.3%	10.7%
Provisions for Loan Losses	(12.5)	-0.3%	(5.6)	-0.2%	123.2%
Other Operating Revenues, Net	21.1	0.6%	10.4	0.4%	103.9%
Equity in Subsidiaries	23.3	0.6%	23.4	0.8%	-0.3%
Total Operating Expenses	(742.9)	-20.6%	(600.6)	-21.4%	23.7%
EBITDA	300.5	8.3%	231.9	8.3%	29.6%
Depreciation and Amortization	(37.2)	-1.0%	(34.4)	-1.2%	8.1%
EBIT	263.3	7.3%	197.5	7.0%	33.3%
Financial Results	(59.8)	-1.7%	(130.4)	-4.6%	-54.2%
Operating Income	203.5	5.6%	67.0	2.4%	203.6%
Income Tax and Social Contribution	(56.0)	-1.6%	(8.5)	-0.3%	561.0%
Net Income	147.5	4.1%	58.6	2.1%	151.8%

ANNEX II
FINANCIAL STATEMENTS – CONSOLIDATED BALANCE SHEET

ATIVO	mar/18	dez/17	set/17	jun/17	mar/17
ATIVO CIRCULANTE					
Caixa e Equivalentes de Caixa	775.2	412.7	178.6	265.1	255.1
Títulos e Valores Mobiliários	299.3	1,259.6	1,043.7	597.0	521.4
Contas a Receber	1,410.7	1,241.3	663.2	503.8	578.8
Estoques	1,937.3	1,969.3	1,545.5	1,430.3	1,454.1
Partes Relacionadas	86.0	96.8	65.2	47.1	56.8
Tributos a Recuperar	191.9	200.7	189.0	182.7	195.5
Outros Ativos	72.0	77.3	103.3	90.2	66.1
Total do Ativo Circulante	4,772.3	5,257.6	3,788.5	3,116.3	3,127.8
ATIVO NÃO CIRCULANTE					
Títulos e Valores Mobiliários	-	-	-	-	-
Contas a Receber	3.3	4.7	3.2	4.3	3.1
Imposto de Renda e Contribuição Social Diferidos	195.2	223.1	233.9	236.5	238.0
Tributos a Recuperar	189.8	166.0	164.1	181.7	191.8
Depósitos Judiciais	333.9	310.9	301.9	297.0	292.7
Outros Ativos	29.2	44.4	43.0	40.8	40.2
Investimentos em Controladas	277.2	311.3	319.0	311.8	304.9
Imobilizado	565.7	569.0	560.4	557.4	558.0
Intangível	534.7	532.4	533.0	525.9	516.9
Total do Ativo não Circulante	2,128.9	2,161.9	2,158.7	2,155.5	2,145.5
TOTAL DO ATIVO	6,901.2	7,419.5	5,947.1	5,271.8	5,273.3

PASSIVO E PATRIMÔNIO LÍQUIDO	mar/18	dez/17	set/17	jun/17	mar/17
PASSIVO CIRCULANTE					
Fornecedores	2,456.9	2,919.5	2,120.1	1,860.5	1,762.4
Empréstimos e Financiamentos	381.4	434.3	720.5	718.7	688.3
Salários, Férias e Encargos Sociais	188.8	236.6	231.5	191.5	188.1
Tributos a Recolher	91.7	84.5	66.1	46.4	36.6
Partes Relacionadas	82.9	89.5	71.3	60.3	56.3
Tributos Parcelados	-	-	-	-	-
Receita Diferida	40.7	41.6	42.2	42.8	40.3
Dividendos a Pagar	114.3	64.3	-	-	12.3
Outras Contas a Pagar	255.2	265.8	175.7	163.2	128.8
Total do Passivo Circulante	3,611.9	4,136.0	3,427.3	3,083.5	2,913.1
PASSIVO NÃO CIRCULANTE					
Empréstimos e Financiamentos	437.4	437.2	886.5	663.0	889.9
Provisão para Riscos Tributários, Cíveis e Trabalhistas	343.4	301.5	289.9	286.6	286.5
Receita Diferida	459.0	468.8	478.9	489.0	499.1
Outras Contas a Pagar	1.9	1.9	2.7	2.7	2.5
Total do Passivo não Circulante	1,241.7	1,209.5	1,658.0	1,441.3	1,677.9
TOTAL DO PASSIVO	4,853.6	5,345.5	5,085.4	4,524.8	4,591.0
PATRIMÔNIO LÍQUIDO					
Capital Social	1,719.9	1,719.9	606.5	606.5	606.5
Reserva de Capital	39.3	37.1	30.8	22.2	20.1
Ações em Tesouraria	(65.7)	(14.0)	(16.4)	(28.7)	(28.7)
Reserva Legal	39.9	39.9	20.5	20.5	20.5
Reserva de Retenção de Lucros	161.9	288.4	-	-	3.1
Ajuste de Avaliação Patrimonial	4.9	2.7	3.2	1.8	2.3
Lucros Acumulados	147.5	-	217.2	124.7	58.6
Total do Patrimônio Líquido	2,047.6	2,074.0	861.8	747.0	682.4
TOTAL DO PASSIVO E PATRIMÔNIO LÍQUIDO	6,901.2	7,419.5	5,947.1	5,271.8	5,273.3

ANNEX III
FINANCIAL STATEMENTS – ADJUSTED CONSOLIDATED STATEMENT OF CASH FLOWS

ADJUSTED CASH FLOW STATEMENTS (R$ million)	1Q18	1Q17	LTM	LTM
Net Income	**147.5**	**58.6**	**477.9**	**139.9**
Effect of Income Tax and Social Contribution Net of Payment	52.1	7.8	100.3	2.2
Depreciation and Amortization	37.2	34.4	145.9	137.2
Interest Accrued on Loans	16.1	62.2	134.7	255.6
Equity Income	(23.3)	(23.4)	(86.1)	(71.4)
Dividends Received	15.7	16.3	58.4	50.6
Provision for Losses on Inventories and Receivables	25.6	28.3	85.8	95.7
Provision for Tax, Civil and Labor Contingencies	44.8	10.1	80.0	54.4
Gain on Sale of Fixed Assets	0.1	(2.6)	(0.1)	(2.3)
Recognition of Deferred Income	(10.7)	(10.1)	(43.4)	(40.8)
Stock Option Expenses	2.1	1.1	6.6	4.5
Other	0.0	0.0	0.0	0.0
Adjusted Net Income	**307.3**	**182.7**	**959.9**	**625.3**
Trade Accounts Receivable	(42.3)	59.9	(272.0)	(64.3)
Inventories	24.0	123.3	(508.0)	(230.4)
Taxes Recoverable	(15.0)	48.5	9.7	98.0
Other Receivables	(10.0)	(5.9)	(45.2)	(20.9)
Changes in Operating Assets	**(43.2)**	**225.7**	**(815.4)**	**(217.5)**
Trade Accounts Payable	(462.7)	(602.6)	694.5	368.2
Other Payables	(76.4)	(18.7)	139.0	57.8
Change in Operating Liabilities	**(539.0)**	**(621.3)**	**833.4**	**426.1**
Cash Flow from Operating Activities	**(275.0)**	**(212.8)**	**977.9**	**833.9**
Additions of Fixed and Intangible Assets	(36.4)	(36.2)	(171.0)	(137.7)
Cash on Sale of Fixed Assets	0.0	3.2	0.0	3.2
Sale of Exclusive Dealing and Exploration Right Contract	0.0	0.0	0.0	0.0
Renegotiation Payment of Exclusive Contract	0.0	0.0	0.0	0.0
Investment in Subsidiary	0.0	0.0	(1.0)	0.0
Capital Increase in Affiliated Company	0.0	0.0	0.0	0.0
Cash Flow from Investing Activities	**(36.4)**	**(33.1)**	**(172.0)**	**(134.6)**
Loans and Financing	0.0	2.6	500.0	492.6
Repayment of Loans and Financing	(54.3)	(250.7)	(1,237.7)	(617.2)
Changes in Other Financial Assets (Hedge)	(1.4)	(13.9)	(0.0)	(82.2)
Payment of Interest on Loans and Financing	(13.2)	(70.9)	(156.3)	(234.7)
Payment of Dividends	0.0	0.0	(32.4)	0.0
Treasury Shares	(51.7)	0.0	(24.4)	(28.7)
Proceeds from the Secondary Equity Offering	0.0	0.0	1,144.0	0.0
Payment of expenses with the Secondary Equity Offering	0.0	0.0	(30.6)	0.0
Cash Flow from Financing Activities	**(120.5)**	**(332.8)**	**162.5**	**(470.2)**
Cash, Cash Equivalents and Securities at Beginning of Period	2,534.9	1,713.1	1,134.5	905.4
Cash, Cash Equivalents and Securities at end of Period	2,103.0	1,134.5	2,103.0	1,134.5
Change in Cash and Cash equivalents	**(431.9)**	**(578.6)**	**968.5**	**229.1**

Note: The difference between the Statement of Cash Flows and the Adjusted Statement of Cash Flows derives from:
(i) the accounting treatment of marketable securities as cash and cash equivalents.
(ii) the accounting treatment of credit card receivables as cash and cash equivalents.

ANNEX IV
RETURN ON INVESTED CAPITAL (ROIC) AND ON EQUITY (ROE)

INVESTED CAPITAL (R$ million)	Mar-18	Dec-17	Sep-17	Jun-17	Mar-17
(=) Working Capital	581.6	(52.1)	(140.7)	(110.5)	138.9
(+) Accounts Receivable	3.3	4.7	3.2	4.3	3.1
(+) Income Tax and Social Contribution deferred	195.2	223.1	233.9	236.5	238.0
(+) Taxes Recoverable	189.8	166.0	164.1	181.7	191.8
(+) Judicial Deposits	333.9	310.9	301.9	297.0	292.7
(+) Other Assets	29.2	44.4	43.0	40.8	40.2
(+) Investment In Joint Subsidiaries	277.2	311.3	319.0	311.8	304.9
(+) Fixed Assets	565.7	569.0	560.4	557.4	558.0
(+) Intangible Assets	534.7	532.4	533.0	525.9	516.9
(+) Non Current Assets	2,128.9	2,161.9	2,158.7	2,155.5	2,145.5
(-) Provision for Contingencies	343.4	301.5	289.9	286.6	286.5
(-) Deferred Revenue	459.0	468.8	478.9	489.0	499.1
(-) Other Accounts Payable	1.9	1.9	2.7	2.7	2.5
(-) Noncurrent operating liabilities	804.4	772.3	771.6	778.3	788.0
(=) Fixed Capital	1,324.5	1,389.6	1,387.1	1,377.2	1,357.5
(=) Total Invested Capital	1,906.1	1,337.5	1,246.4	1,266.6	1,496.4
(+) Net Debt	(255.7)	(800.8)	384.6	519.6	801.7
(+) Dividends Payable	114.3	64.3	-	-	12.3
(+) Shareholders Equity	2,047.6	2,074.0	861.8	747.0	682.4
(=) Total Financing	1,906.1	1,337.5	1,246.4	1,266.6	1,496.4

FINANCIAL EXPENSES RECONCILIATION (R$MM)	1Q18	4Q17	3Q17	2Q17	1Q17
Financial Income	23.8	36.3	22.7	27.6	23.5
Financial Expenses	(83.5)	(114.9)	(115.3)	(136.8)	(153.9)
Net Financial Expenses	(59.8)	(78.6)	(92.5)	(109.2)	(130.4)
Interest on prepayment of receivables: Luiza Card and third party card	59.1	60.4	63.6	76.1	74.9
Adjusted Financial Expenses	(0.7)	(18.2)	(29.0)	(33.1)	(55.5)
Taxes on Adjusted Financial Expenses	0.2	6.2	9.8	11.3	18.9
Net Adjusted Financial Expenses	(0.5)	(12.0)	(19.1)	(21.9)	(36.6)

NOPLAT AND ROIC/ROE RECONCILIATION(R$MM)	1Q18	4Q17	3Q17	2Q17	1Q17
EBITDA	300.5	312.7	250.4	235.8	231.9
Interest on prepayment of receivables: Luiza Card and third party card	(59.1)	(60.4)	(63.6)	(76.1)	(74.9)
Adjusted EBITDA	241.4	252.3	186.8	159.7	157.0
Depreciation	(37.2)	(37.1)	(36.6)	(34.9)	(34.4)
Adjusted EBIT	204.2	215.3	150.2	124.7	122.5
Current and deferred taxes	(56.0)	(31.4)	(28.7)	(19.3)	(8.5)
Taxes on Adjusted Financial Expenses	(0.2)	(6.2)	(9.8)	(11.3)	(18.9)
Net Operating Income (NOPLAT)	147.9	177.7	111.6	94.2	95.2
Invested Capital	1,906.1	1,337.5	1,246.4	1,266.6	1,496.4
ROIC Annualized	31%	53%	36%	30%	25%
Net Income	147.5	165.6	92.5	72.4	58.6
Shareholders Equity	2,047.6	2,074.0	861.8	747.0	682.4
ROE Annualized	29%	32%	43%	39%	34%

ANNEX V
BREAKDOWN OF TOTAL SALES AND NUMBER OF STORES PER CHANNEL

Breakdown of Total Sales (R$ million)	1Q18	V.A.	1Q17	V.A.	Growth Total
Virtual Stores	200.9	4.5%	153.3	4.6%	31.0%
Conventional Stores	2,687.8	60.2%	2,226.6	66.7%	20.7%
Subtotal - Physical Stores	2,888.6	64.7%	2,379.9	71.3%	21.4%
Traditional E-commerce (1P)	1,451.7	32.5%	944.5	28.3%	53.7%
Marketplace (3P)	125.8	2.8%	13.8	0.4%	812.3%
Subtotal - Total E-commerce	1,577.5	35.3%	958.3	28.7%	64.6%
Total Sales	**4,466.2**	100.0%	**3,338.1**	100.0%	33.8%
Other revenue[1]	9.6	-	13.5	-	-29.2%
Marketplace (3P)	(125.8)	-	(13.8)	-	812.3%
Gross Revenue - Retail	**4,349.9**	-	**3,337.9**	-	30.3%

Number of stores per channel – End of the period	Mar-18	Part(%)	Mar-17	Part(%)	Growth Total
Virtual Stores	141	16.4%	120	14.9%	21
Conventional Stores	716	83.4%	683	85.0%	33
Subtotal - Physical Stores	857	99.9%	803	99.9%	54
Ecommerce	1	0.1%	1	0.1%	-
Total	**858**	100.0%	**804**	100.0%	54
Total Sales Area (m²)	526,052	100%	503,907	100%	4.4%

[1] The other revenue refers to the exclusive fund.

ANNEX VI
LUIZACRED

Operating Indicators

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

In Mar/18, Luizacred's total card base reached 3.5 million cards issued (+ 6.8% vs. Mar/17). In-store sales to Luiza Card customers, known for their loyalty and higher purchase frequency, grew 52.7% in 1Q18. Due to a conservative credit policy, Direct Credit to Consumers (DCC) revenues shrank from R$84 million in 1Q17 to R$40 million in 1Q18.

Luizacred's credit portfolio, including credit card, DDC and individual loans, reached R$5.9 billion at the end of 1Q18, an increase of 30.9% over 1Q17. Luiza Card's portfolio grew 35.4% to R$5.7 billion, while the DCC portfolio decreased 34.6% to R$173 million, following Luizacred's strategy to focus on the Luiza Card.

LUIZACRED – Key Indicators (R$ million)	1Q18	1Q17	% Chg
Total Card Base (thousand)	3,495	3,272	6.8%
Luiza Card Sales – In-store	1,025	671	52.7%
Luiza Card Sales – Outside Magazine Luiza	3,137	2,427	29.3%
Subtotal - Luiza Card	**4,162**	**3,098**	**34.3%**
DCC Sales	40	84	-51.8%
Consumer Loan Sales	16	17	-7.8%
Luizacred Sales - Total	**4,218**	**3,199**	**31.8%**
Card Portfolio	5,743	4,241	35.4%
DCC Portfolio	173	264	-34.6%
Consumer Loans Portfolio	33	37	-10.6%
Portfolio - Total	**5,949**	**4,543**	**30.9%**

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

Income Statement

LUIZACRED – Income (R$ million)	1Q18	V.A.	1Q17	V.A.	% Chg
Financial Intermediation Revenue	271,5	100,0%	284,2	100,0%	-4,5%
Cards	234,5	86,4%	233,2	82,1%	0,5%
DCC	27,4	10,1%	40,4	14,2%	-32,2%
Consumer Loans	9,7	3,6%	10,6	3,7%	-8,9%
Financial Intermediation Expenses	(161,1)	-59,3%	(157,2)	-55,3%	2,5%
Market Funding Operations	(39,4)	-14,5%	(53,4)	-18,8%	-26,2%
Provision for Loan Losses	(121,7)	-44,8%	(103,8)	-36,5%	17,3%
Gross Financial Intermediation Income	110,4	40,7%	127,0	44,7%	-13,1%
Other Operating Revenues (Expenses)	(39,1)	-14,4%	(55,4)	-19,5%	-29,5%
Service Revenue	139,4	51,3%	109,9	38,7%	26,8%
Personnel Expenses	(2,9)	-1,1%	(0,4)	-0,1%	603,4%
Other Administrative Expenses	(143,4)	-52,8%	(136,5)	-48,0%	5,0%
Depreciation and Amortization	(3,0)	-1,1%	(3,0)	-1,1%	-0,5%
Tax Expenses	(23,1)	-8,5%	(20,5)	-7,2%	12,5%
Other Operating Revenues (Expenses)	(6,1)	-2,3%	(4,8)	-1,7%	28%
Income Before Tax	71,3	26,3%	71,7	25,2%	-0,5%
Income Tax and Social Contribution	(33,6)	-12,4%	(32,3)	-11,4%	3,9%
Net Income	37,8	13,9%	39,4	13,9%	-4,0%

Revenue from Financial Intermediation

Revenues from financial intermediation fell 4.5% in 1Q18 mainly due to the decrease in interest rates on refinancing and the reduction in the DCC portfolio.

Provision for Loan Losses

The indicators continue to improve. The portfolio of loans overdue from 15 to 90 days (NPL 15) accounted for only 3.4% of the total portfolio in Mar/18, falling 30 bps from Mar/17, due to a more conservative credit policy.

In the same way, the loan portfolio overdue by more than 90 days (NPL 90) reached only 7.1% of the total portfolio in Mar/18 versus 8.8% in Mar/17 (-170 bps), the lowest level in the last 5 years.

Similarly, the provision for loan losses net also improved, falling from 2.3% of the total portfolio in 1Q17 to 2.0% of the total portfolio in 1Q18.

In Mar/18, the portfolio coverage ratio increased to 158%, influenced by the adoption of IFRS 9 in the amount of R$104.2 million, which is recorded directly in shareholders' equity. Setting aside this increase in provisions, the portfolio's coverage ratio would have increased to 134% (versus 132% in Mar/17).

PORTFOLIO - OVERDUE	Mar-18		Dec-17		Sep-17		Jun-17		Mar-17	
Total Portfolio (R$ million)	5,949	100%	5,730	100%	5,048	100.0%	4,789	100.0%	4,543	100.0%
000 to 014 days	5,324	89.5%	5,147	89.8%	4,476	88.7%	4,213	88.0%	3,975	87.5%
015 to 030 days	62	1.0%	45	0.8%	47	0.9%	56	1.2%	55	1.2%
031 to 060 days	64	1.1%	49	0.9%	51	1.0%	54	1.1%	51	1.1%
061 to 090 days	76	1.3%	65	1.1%	57	1.1%	64	1.3%	62	1.4%
091 to 120 days	55	0.9%	58	1.0%	60	1.2%	56	1.2%	49	1.1%
121 to 150 days	57	1.0%	53	0.9%	50	1.0%	57	1.2%	55	1.2%
151 to 180 days	54	0.9%	50	0.9%	54	1.1%	55	1.1%	48	1.1%
180 to 360 days	258	4.3%	263	4.6%	253	5.0%	234	4.9%	249	5.5%
Overdue 15-90 days	201	3.4%	159	2.8%	155	3.1%	174	3.6%	168	3.7%
Overdue Above 90 days	423	7.1%	423	7.4%	417	8.3%	402	8.4%	400	8.8%
Total Overdue	625	10.5%	583	10.2%	572	11.3%	576	12.0%	568	12.5%
Provisions for loan losses in IFRS	671	11.3%	552	9.6%	543	10.8%	532	11.1%	528	11.6%
Coverage (%)	158%		130%		130%		132%		132%	

Note: in order to facilitate comparability and analysis of NPL performance, 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 40.7% in 1Q18 (-400 bps YoY), mainly due to decrease in interest rates on refinancing.

Other Operating Revenues (Expenses)

Other operating expenses totaled R$39.1 million in 1Q18, a reduction of 29.5% YoY, mainly due to productivity gains and service revenue growth of 26.8%.

Operating Income and Net Income

In 1Q18, Luizacred recorded operating income of R$71.4 million, equivalent to 26.3% of financial intermediation (+110 bps YoY).

In 1Q18, Luizacred's net income reached R$37.8 million (ROE of 27.3%).

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$44.3 million in 1Q18, with a shareholders' equity of R$676.4 million in Mar/18. 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$520.8 million.

EARNINGS CONFERENCE CALL

Conference Call in Portuguese/English (with simultaneous translation)

May 08, 2018 (Tuesday)
11:00 am – Brasília time
10:00 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 (646) 828 8246
CODE: Magazine Luiza
Link de webcast:

Webcast English

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About Magazine Luiza

Magazine Luiza is one of Brazil's leading retailers with over 50 million customers. The company has one of the largest geographic footprints with ten distribution centers servicing a network of over 850 stores encompassing over 80% of Brazil's GDP. From it's humble origins as a traditional retailer providing electronics and home appliances to Brazil's rising middle class, the company has since transformed into a technology powerhouse providing a wide array of products to Brazilians of all classes. At the heart of the company's success is a multichannel retail platform capable of reaching customers via mobile, web and physical stores. Driving the company's digital transformation is an in-house development team, Luizalabs, which consists of over 450 engineers and product development specialists. Among other things, engineers from Luizalabs use technologies such as big data and machine learning to create logistics, fintech and inventory apps which remove friction from the retail process, improving margins, delivery times and customer experience. The company has been at the forefront of e-commerce adoption in Latin America and it's e-commerce operation currently accounts for more than 1/3 of total sales. Magazine Luiza has also been a logistics pioneer. The company's integrated online and offline logistics operations enable it to leverage it's physical presence to radically reduce delivery times and costs.

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.