

A woman with short dark hair, smiling, wearing a blue blazer over a white top and jeans. She has a blue lanyard with a badge around her neck. The badge says "Lu" and "Magazine Luiza". The background is a modern building with large glass windows, illuminated at night. The word "magazin" is visible on the building's facade.

magazin

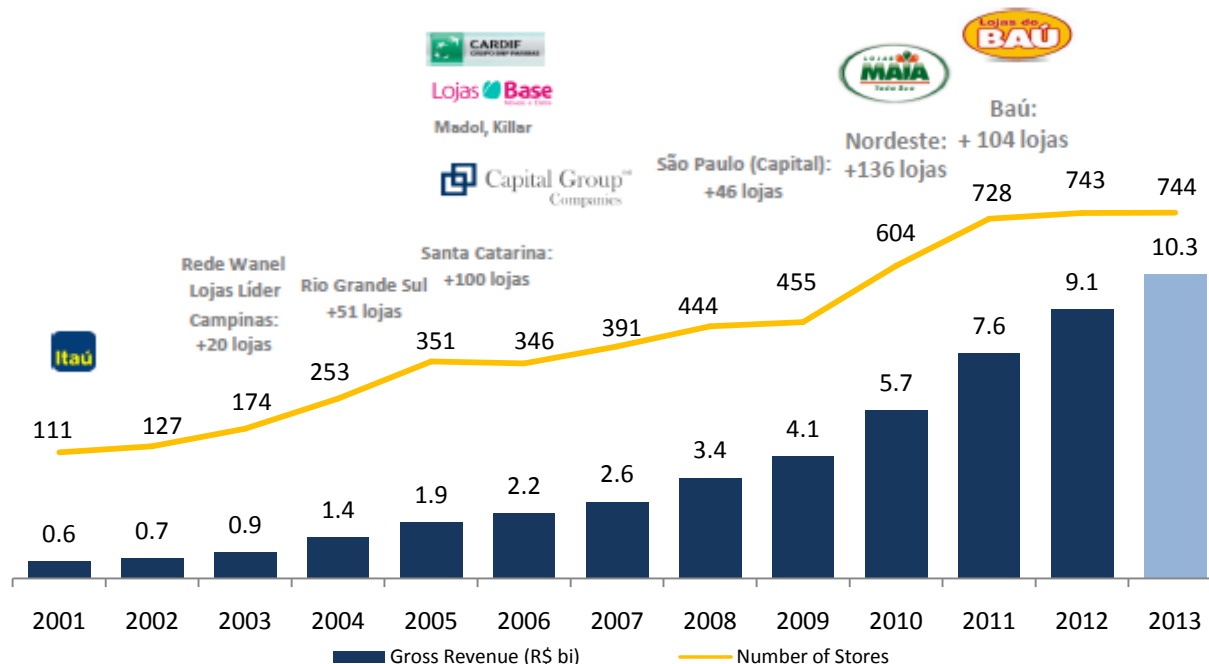
magazineluiza

- 1 **Strong corporate culture, focused on valuing people**
- 2 **Integrated sales platform with multiple sales channels**
- 3 **Large customer base, CRM targeting customer loyalty and retention**
- 4 **Well defined corporate governance policy and transparent disclosure policy**
- 5 **Competitive and extensive portfolio of services and financial products**

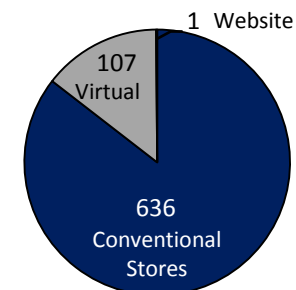
Overview of the Main Indicators of Magazine Luiza

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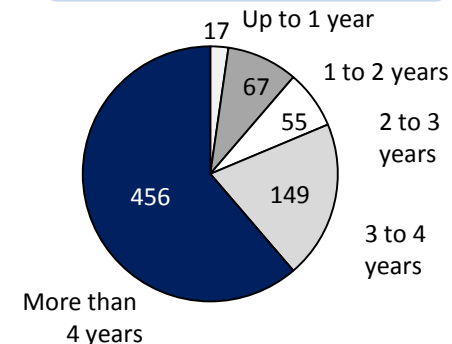
Revenue Growth and Number of Stores



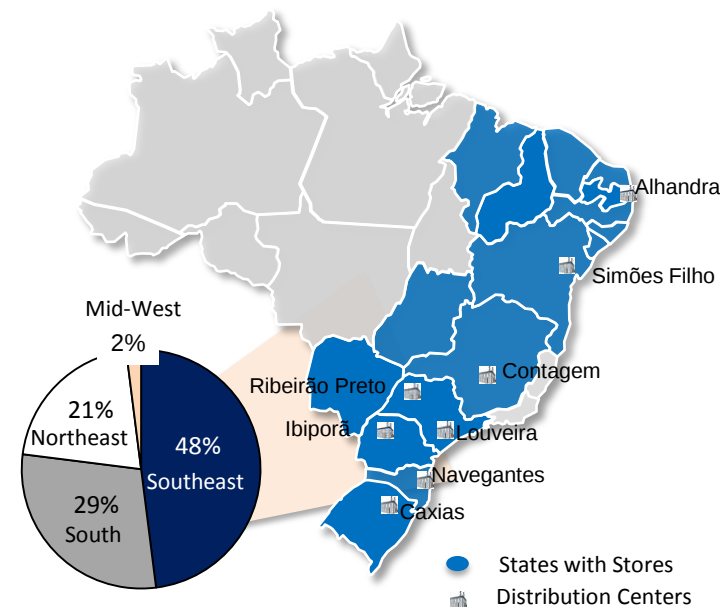
Stores Channels



Average Age of Stores



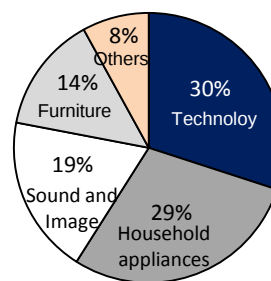
Geographical Footprint



Overview

- Over 24 thousand employees
- Over 36 million customers (30% active)
- 16 years: the best companies to work for
- Multi-channel under single brand
- Competitive portfolio of financial products

Mix



Omni Channel Strategy - Multiple Sales Platform

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magazineluiza
conventional stores



magazineluiza
virtual stores



magazineluiza.com

Launch date	1957	1992	1999
Average Sales Area	750 m ²	150 m ²	-
CAPEX per store	~R\$ 1.5 million	~R\$ 0.3 million	-
Average Ticket	R\$ 500.00	R\$ 500.00	R\$ 550.00
Number of stores	636 stores	107 stores	1 e-commerce
Geographical presence	16 states	4 states	National Territory
Number of customer	36 million	36 million	36 million
% of total sales	80.9%	4.6%	14.6%
Sales 2013*	R\$ 7.8 billion	R\$ 440.0 million	R\$ 1.4 billion

* Gross Revenue

Strong sales growth

CAGR of online sales: 42% between 2007 and 2013

CAGR of total sales: 25% between 2007 and 2013

Opportunities of *cross marketing and cross selling*

Tools to leverage and stimulate sales in all channels

Complementary sales

E-commerce 44k SKUs
Physical stores 9k SKUs

Operating leverage

E-commerce operating margin is higher than retail average providing dilution of costs



Multiple channels bring complementary types of customers

Few cannibalization

Physical Stores



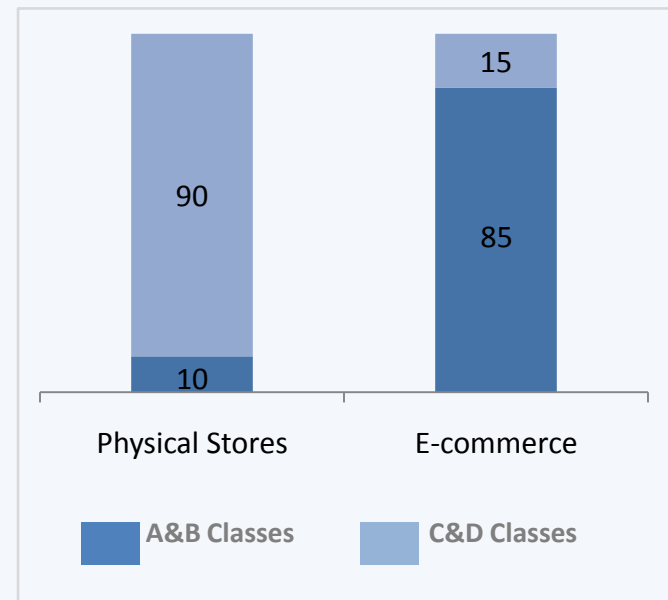
C&D Classes

E-commerce



A&B Classes

Breakdown of customers

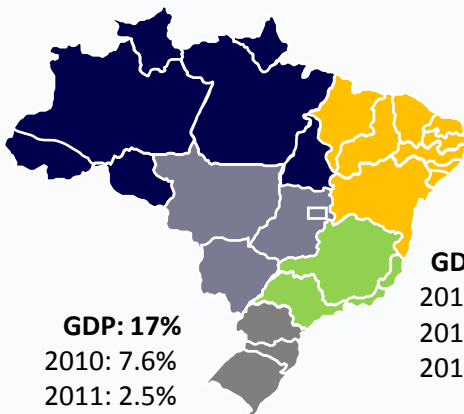


Sharing the same infrastructure, back office operations, logistics platform and carriers, the company is able to serve two types of customers that come from different social classes

Magazine is Well Positioned to Take Advantages of NE Boom [magazineluiza](http://magazineluiza.com.br)

GDP Growth (%)

GDP: 5%
2010: 9.9%
2011: 4.1%
2012: -0.1%



GDP: 14%
2010: 7.2%
2011: 3.1%
2012: 1.3%

GDP: 9%
2010: 6.2%
2011: 3.3%
2012: 2.5%

GDP: 17%
2010: 7.6%
2011: 2.5%
2012: -0.3%

GDP: 55%
2010: 7.6%
2011: 2.5%
2012: 0.8%

Higher GDP growth than most regions

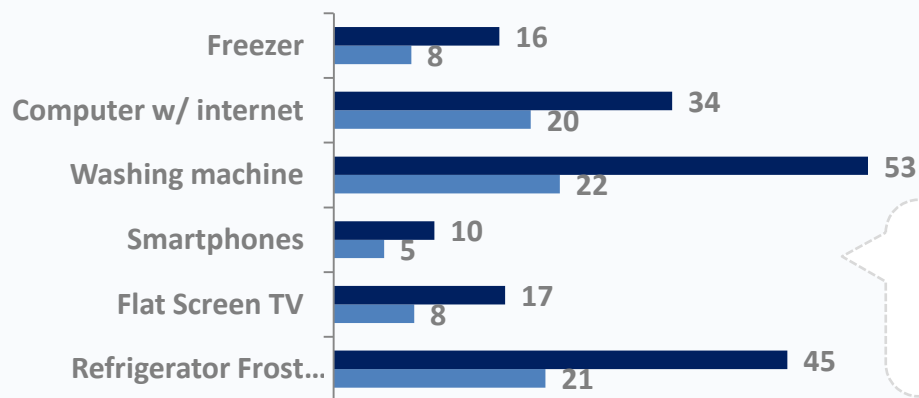
Wages – Real Growth (%)



2013E 2014E 2015E 2016E 2017E 2018E

— Brazil — Northeast

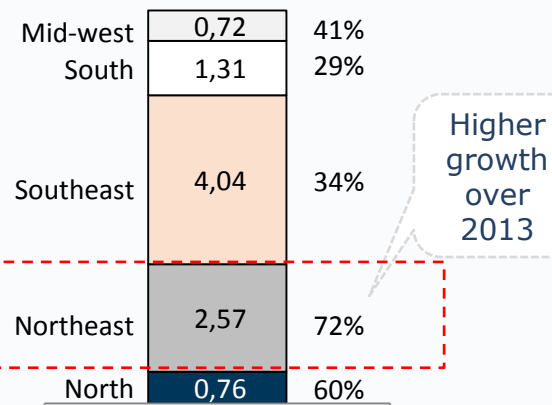
Penetration of Products (%)



■ Brazil ■ Northeast

Opportunities to increase penetration of all products in the NE

Class C New Homes (million 2013-2018)



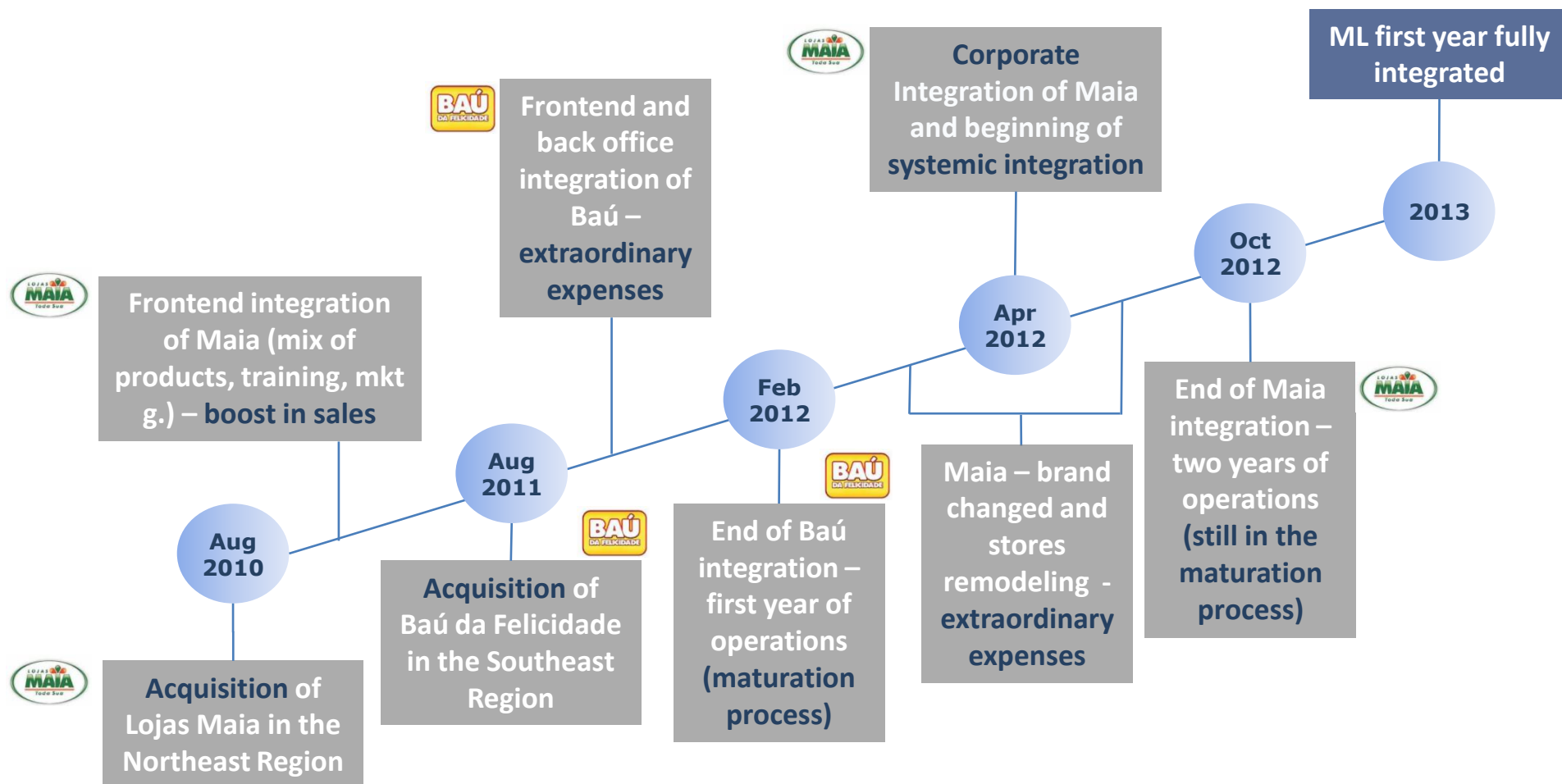
Higher growth over 2013

Integration of over 250 stores in one year		
		
Acquisition Date	August, 2011	August, 2010
Project Start	August, 2011	March, 2011
Project Ends	February, 2012	October, 2012
Scope (Integration)	104 Stores	150 Stores, 2 DCs, 3 cross docking
National Coverage	2 States (SP and PR)	9 States (PI,CE,PB,PE,SE,MA,RN,AL and BA)
Revenue in 2010	R\$ 415 million	R\$ 652 million
Average Store Size	400 m ²	620 m ²
Increase in Magazine Luiza's Sales Area	39,000 m ²	96,000 m ²

In 2010 and 2011, Magazine Luiza acquired Lojas Maia and Baú da Felicidade chains, great opportunities to strengthen its positioning in the Northeast and Southeast regions...

Integration Process – Highlights (2/2)

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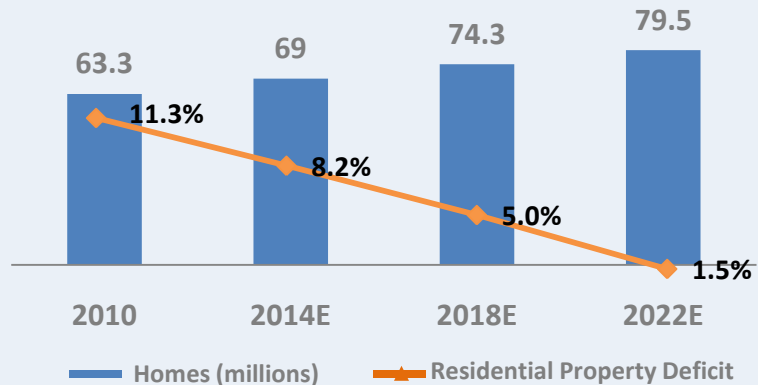


2012 was dedicated to **complete both integration processes**. **2013** is the first year that the company is fully integrated, beginning a cycle of gradual and consistent **profitability improvements**

“Minha Casa Melhor” Program : Additional Boost to Sales

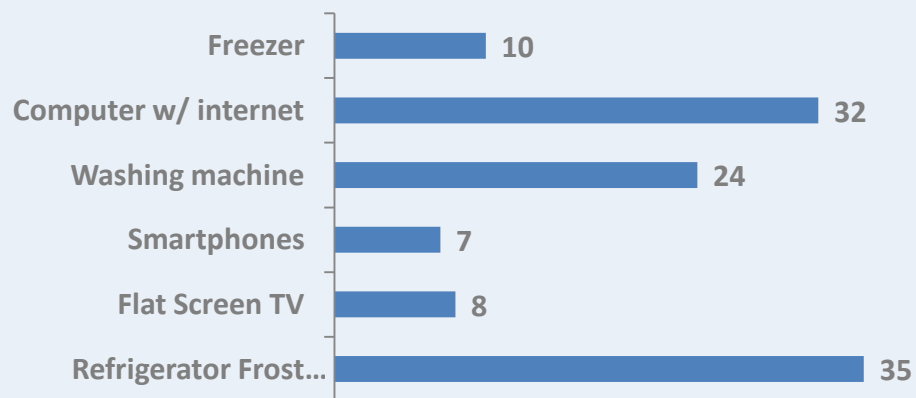
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Residential Construction Forecast



Sources: FGV 2010

% Classes C, D and E Homes With Goods



Sources: CETIC and IBGE 2011

High potential for **additional penetration** of durable goods within fast-growing middle class markets

“Minha Casa Melhor” government financing program should benefit **3.7 million families** by the end of 2014 (**R\$18.7 billion** in goods sales are expected across all accredited retail chains)

Credit with subsidized interest rates (**0.4% p.m.**) and extended payment terms (**up to 48 months**)

Of Magazine Luiza’s **30 million clients**, **90%** belong to the **low-income classes**



All Brazilians passion in one place: **Soccer, TV and Globo**

Magazine Luiza is the **only retailer that is sponsoring the World Cup** trough *Rede Globo TV* alongside with other global names such as Coca-Cola and Hyundai

Rede Globo is **the largest broadcaster** in the country (with 50% market share) and will transmit the Word Cup exclusively

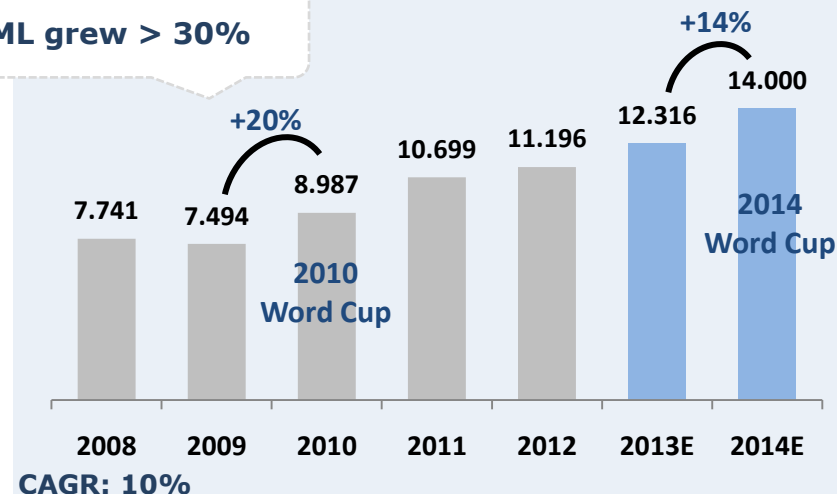
In the last World Cup, **165 million Brazilians** were watching the games on TVs

8 months of media exposure at the largest broadcaster in the country during the **biggest world sporting event**

Usually, with a TV ad, Magazine Luiza sells more than **12,000 LED TVs in one day.**

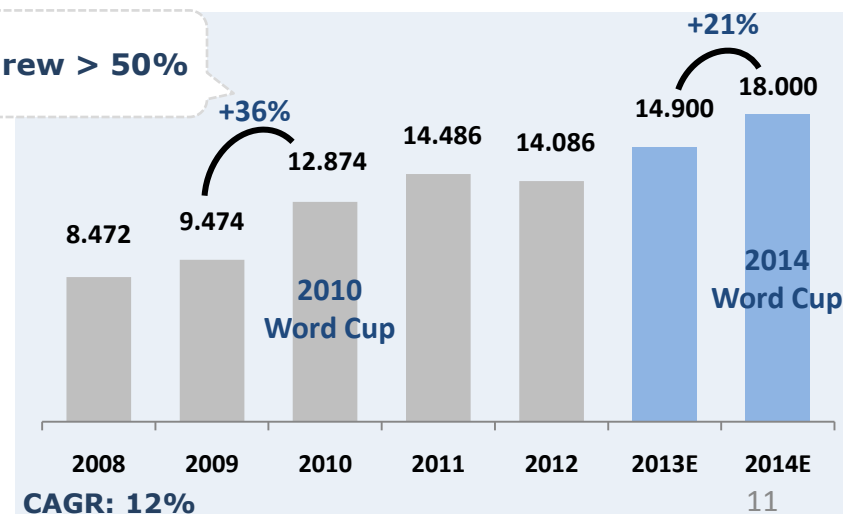
TV's Brazilian Market - Thousand of units

ML grew > 30%



TV's Brazilian Market - R\$ million

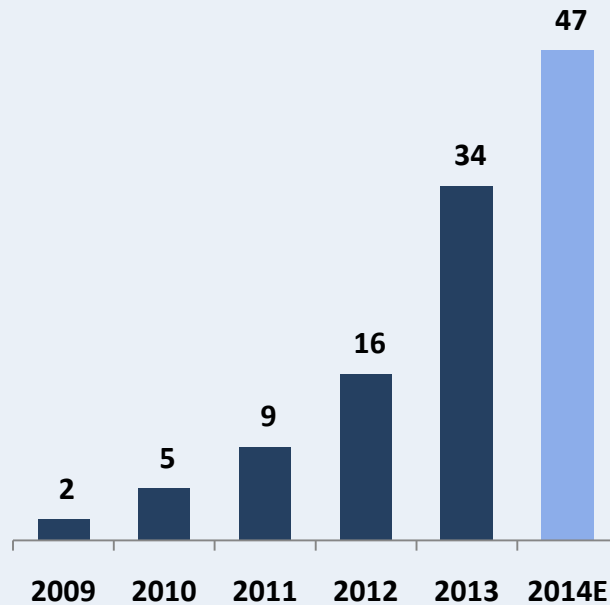
ML grew > 50%



There were **34 millions** smartphones sold in Brazil in 2013. Industry forecast sale of **47 million units in 2014**

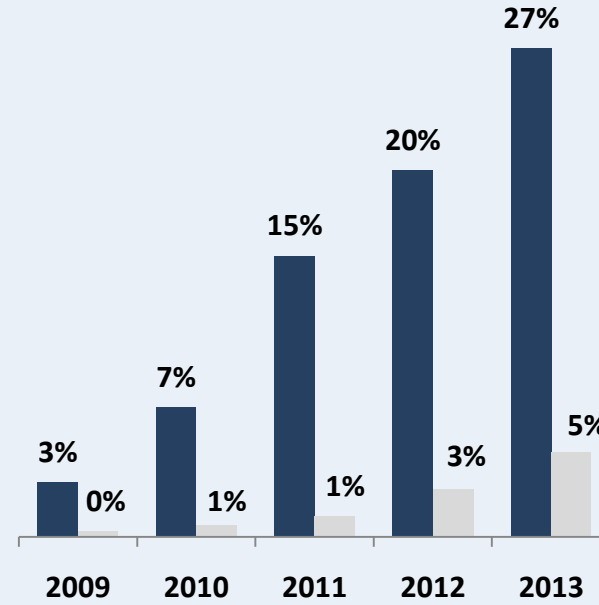
Smartphone Sales

Million



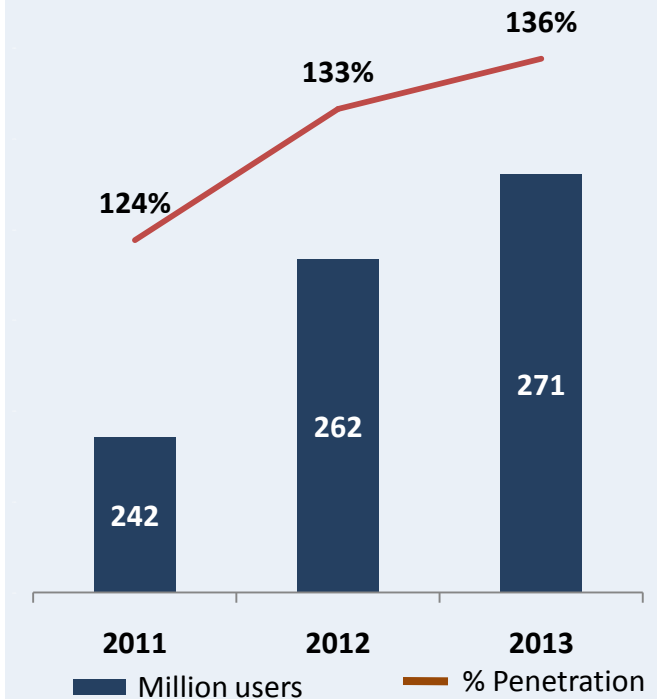
Penetration of Smartphone and Tablet

% of Households



Source: Euromonitor

Mobile Market size



Source: Anatel



This is the biggest and most innovative promotion ever in Brazil's retail sector, a major differentiating factor versus competition.

- For each R\$100.00 spent at Magazine Luiza stores, clients receive a coupon and qualify for the building draw.
- Promotion valid from Nov 24, 2013 to August 15, 2014
- Award: 2 buildings



Sales performance

- To continue to grow e-commerce sales above industry average and to grow double-digit bricks and mortars SSS
- World Soccer Cup should boost sales of TVs
- Federal Government housing program – Minha Casa Minha Vida – should also contribute to sales performance

Stable gross margin

- Continue to improve gross margin in our Northeastern stores
- Maintain gross margin stable elsewhere
- Pricing Project – to be more effective in our pricing per channel, category and region
- Continue to improve sales mixc so to make up for greater contribution from e-commerce and TV sales in our 1H14 performance

EBITDA margin expansion

- Adittional gains are expected owing to consolidation of projects that have been mapped out in 2012 and 2013 and are going to be fully executed in 2014
- Store maturation process
- Reduction in delivery and logistics costs (Multi-channel delivery project underway)
- To improve operational efficiency at Luizacred

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