São Paulo, 03 de agosto de 2016

Magazine Luiza S.A. (BM&FBOVESPA: MGLU3)

2nd Quarter 2016 (IFRS equivalent)

MGLU3 NOVO MERCADO BM&FBOVESPA

HIGHLIGHTS

Consistent market share gains with increase in gross margin
E-commerce sales growth of 34% to 23% of total sales
Total gross sales up by 5% to R$2.6 billion
Adjusted EBITDA increased by 27% to $168 million (margin of 7.8%)

- **Additional market share gains.** In 2Q16, consolidated gross sales rose by 4.8% to R$2.6 billion YoY. Same-store-sales keep on improving gradually every quarter and posted 2.4% growth in 2Q16, mainly as a result of a good performance in our online channel (+33.6% rise in e-commerce sales) and slight sequential improvement in brick and mortar store sales. Based on data of monthly survey published by IBGE (Brazilian Institute for Statistics and Geography) and GFK data for the five months of the year, we gained market share in the main categories that we participate in both channels.

- **Another strong quarterly performance for our e-commerce.** In 2Q16, e-commerce sales were up by 33.6%, one of the highest growth rates of the last seven quarters and reached 22.5% of total sales. In 1H16, e-commerce sales were up by 30.6%, compared with industry growth of 5.2% during the same period, according to E-bit data. The market share gain that we achieved in 2Q16 reflects our multichannel strategy, better assortment and increase in sales conversion on purchases done via our *mobile app*.

- **Higher gross margin.** Gross margin was 120 bps and 170 bps higher YoY to 31.8% and to 31.0%, respectively in 2Q16 and 1H16. This performance stems from: (i) better sales mix, (ii) charging for freight and assembly and (iii) more rational pricing in e-commerce.

- **Tight expense control.** SG&A expense were about 1% and 2% lower YoY in 2Q16 and 1H16, respectively, as a result of close expense review. Even with the increase in payroll taxes, SG&A expenses showed some dilution of 40 and 50 bps, respectively in 2Q16 and 1H16, accounting for 25.0% and 24.4% of net sales, respectively.

- **Rise in net income.** Higher gross margin combined with tighter SG&A expense management contributed to 28.9% jump in EBITDA to R$163.2 million (margin of 7.6%) and net income reached R$10.4 million (margin of 0.5%). In 1H16, EBITDA and net income were R$307.3 million (margin of 7.0%) and R$15.7 million (margin of 0.4%), respectively.

- **Lower net debt.** Adjusted net debt (net of discounted credit card receivables) decreased from R$1,206.9 million in June 2015 to R$854.3 million in June 2016, therefore reducing the adjusted net debt/adjusted EBITDA ratio from 2.0x to 1.5x, respectively. In the last 12 months, the Company lowered its net debt by R$352.6 million.

- **Better working capital management and operating cash flow generation.** In 2Q16, the Company experienced an improvement in its operating cash flow with positive result of R$98.7 million, compared with a result of R$3.4 million in 2Q15. The Company achieved an important reduction in working capital needs and the highlight was the higher supplier terms, an increase of R$252.0 million compared with 2Q15.

- **Investments to support the digital transformation strategy.** In 1H16, the Company invested R$49.9 million, the greater portion of this capex was applied in technology and logistics upgrades. The Company opened 25 new stores in the last twelve months and should concentrate new store openings in the 2H16.

MGLU3: R$ 44.40 per share
Total Shares: 21,623,933
Market Cap: R$ 960 million

Conference call: August 4, 2016 (Thursday)
09:00AM in US Time (EST): +1 646-843-6054
10:00AM in Brazil Time: +55 11 2188-0155

Investor Relations: Tel. +55 11 3504-2727
www.magazineluiza.com.br/ri
ri@magazineluiza.com.br

R$ million (except when otherwise indicated)	2Q16	2Q15	% Chg	1H16	1H15	% Chg
Gross Revenue	2.561,5	2.444,8	4,8%	5.285,1	5.099,4	3,6%
Net Revenue	2.147,3	2.130,2	0,8%	4.410,7	4.407,8	0,1%
Gross Income	682,5	652,5	4,6%	1.366,1	1.291,4	5,8%
Gross Margin	31,8%	30,6%	120 bps	31,0%	29,3%	170 bps
EBITDA	163,2	126,6	28,9%	307,3	254,0	21,0%
EBITDA Margin	7,6%	5,9%	170 bps	7,0%	5,8%	120 bps
Adjusted EBITDA	168,5	132,4	27,2%	331,6	264,9	25,2%
Adjusted EBITDA Margin	7,8%	6,2%	163 bps	7,5%	6,0%	151 bps
Net Income	10,4	3,0	243,1%	15,7	5,9	166,1%
Net Margin	0,5%	0,1%	40 bps	0,4%	0,1%	30 bps
	-	-		-	-	
Adjusted Net Income	13,9	6,9	101,4%	31,7	13,1	141,9%
Adjusted Net Margin	0,6%	0,3%	32 bps	0,7%	0,3%	42,2 pp
	-	-		-	-	
Same Store Sales Growth	2,4%	-12,8%	-	1,1%	-7,9%	-
Same Physical Store Sales Growth	-4,3%	-15,1%	-	-5,2%	-10,3%	-
Internet Sales Growth	33,6%	-0,4%	-	30,6%	4,4%	-
	-	-		-	-	
Number of Stores - End of Period	787	762	25 stores	787	762	25 stores
Sales Area - End of Period (M2)	498.871	485.697	2,7%	498.871	485.697	2,7%

In 2Q16, EBITDA and net income were adjusted by non-recurring expenses in the amount of R$5.3 million (in the case of net income the adjustment was of R$3.5 million so to reflect the impact of income and social contribution taxes). These adjustments stem from reduction in headcount.

As a result of recent changes in the accounting of payroll taxes, to make the figures more comparable, we opted to reclassify 2Q15 results as follows: expenses with payroll taxes of R$22.9 million, which were previously accounted for as a reduction in gross sales, were reclassified as part of selling expenses (R$16.5 million) and G&A expenses (R$6.4 million).

MESSAGE FROM THE EXECUTIVE MANAGEMENT TEAM

Challenging macro scenario in 1H16. The first half of the year displayed one of the most turbulent economic and political scenarios in the history of our country. The unstable environment negatively impacted two of the most important variables that are correlated to Brazil retail performance: unemployment and consumer confidence indicators. Both registered all time low prints during this period.

Strategy favored market share gains. Our sector is highly influenced by these two macro indicators and as a result the sector recorded a 10% YoY drop in the first five months of 2016, according to the Brazilian Institute of Geography and Statistics (IBGE). If the piece of the economic pie is shrinking, the only way to be successful is to increase the slice of the pie: i.e to gain share. Our challenge was to do so without compromising our gross margin. After detailed analysis of the market share opportunities, a study elaborated with the support of McKinsey consulting firm, we laid out a plan to grab these opportunities and our commercial team is successfully implementing such strategy. After carefully identifying the market share gain opportunities by category and by store location, we launched a program to go after these goals with the support of granular marketing and pricing strategies.

E-commerce was the highlight of our sales performance and share gain in 1H16. However, without a doubt, the biggest highlight of our share gain in the year to date was the performance of our e-commerce channel. We are the only truly multichannel retailer in the market. All of our sales channel use the same operating back office platform of the conventional stores: IT, logistics and finance areas. Accordingly, there are many synergies, a great cost advantage allows us to be competitive in terms of prices online and deliver a service level far superior than the industry average. Such competitive advantages were reinforced during the crisis so to the point that the market became less irrational, allowing the market to adopt more sustainable long term prices. In the first half of 2016, we grew online sales by more than 30%, while the market growth was 5%.

We continued to enhance our mobile sales experience. We would also like to emphasize some initiatives which were critical to achieve such growth: (i) investiment and focus on mobile: the strategy was to focus our IT efforts so to improve the customer experience for sales done using a *smartphone* device and the strategy paid off as we saw a relevant growth in customer traffic (mobile sales already represent about 40% of our online sales), in conversion rates and in sales; (ii) reduction in shrinkage: new supply chain procedures were adopted so to guarantee a better level of stocking, without negatively impacting inventory turns; (iii) radical increase in personalized offers: we improved the level of personalized offers, through our own proprietary technology, a leading figure in our channel strategy.

Official launch of our Marketplace strategy. We kicked off important projects which will help to support our sales growth. Our Marketplace platform is now live and ready to be scaled. We have over thirty stores already operating under the “pick up from store” option with encouraging initial results. This option allows for a reduction in shipping fees to the customer and higher conversion. We will continue to obsessively pursue alternatives to improve the customer experience, lower delivery terms and shipping costs, as well as to offer greater assortment.

Discipline in managing expenses was key to EBITDA margin expansion. We won market share in both e-commerce and conventional brick and mortar stores as shown by our nearly 4% sales increase in the first half. Despite considering this performance quite impressive, given the current economic environment, it would not be enough on its own, to generate the type of growth that we achieved at the EBITDA level of 29% YoY in 2Q16. With a double-digit inflation rate and taking into account that our economy is highly indexed, we were faced with an enormous challenge to control our expenses. Two projects that were implemented with the assistance of Galeazzi consulting firm - OBZ (Zero Basis Budget approach) and GMD (Matrix Management of Expenses)– allowed for the necessary managerial discipline to adopt several cost cutting initiatives, which resulted in a 2% decrease in overall expenses in the 2Q16.

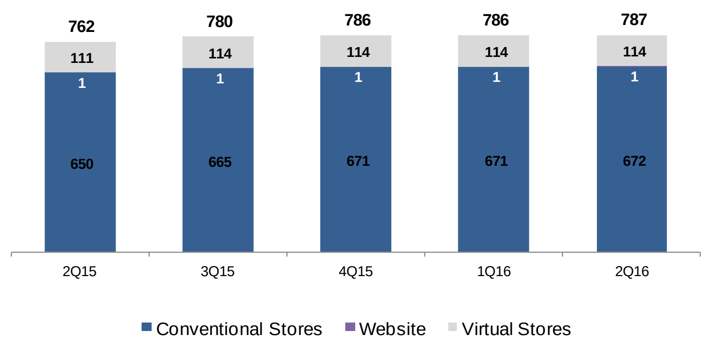
Focus in the implementation of projects to support our digital transformation strategy. We believe that although quite timid, the trend for the second half of the year could be one of slight recovery in consumer confidence rate and overall economic performance, so all in a revival in consumption. We will maintain our focus on the above mentioned projects and continue to execute on our strategy to become a digital company with physical points of sales and human warmth. By year end, we expect that 100% of our sales people will be using a smartphone device when making a sale to customers (mobile sales tool), we should have dozen new sellers in our Markpetplace platform and about 50% of our stores will offer the “pick up from store” option for online shoppers. In addition to significantly improving the overall customer experience at our stores, by lowering the sales process, increasing assortment and reducing delivery times, these projects also tend to improve the economics of our business, further decreasing operating expenses and improving working capital.

EXECUTIVE MANAGEMENT TEAM

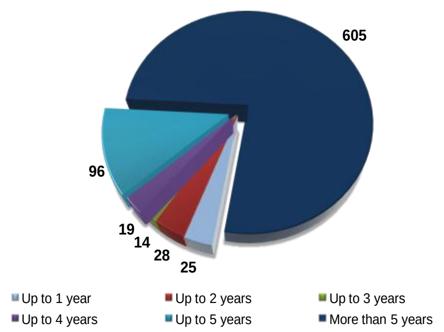
OPERATING AND FINANCIAL PERFORMANCE

Magazine Luiza ended June 2016 with 787 stores, 672 of which were conventional stores, 114 virtual stores and one website. In the 2Q16, the Company opened one conventional store in the city of Gravatá, state of Pernambuco. In the last twelve months, the Company opened 25 new stores. Considering our total number of stores, 23% are not yet mature.

Number of Stores

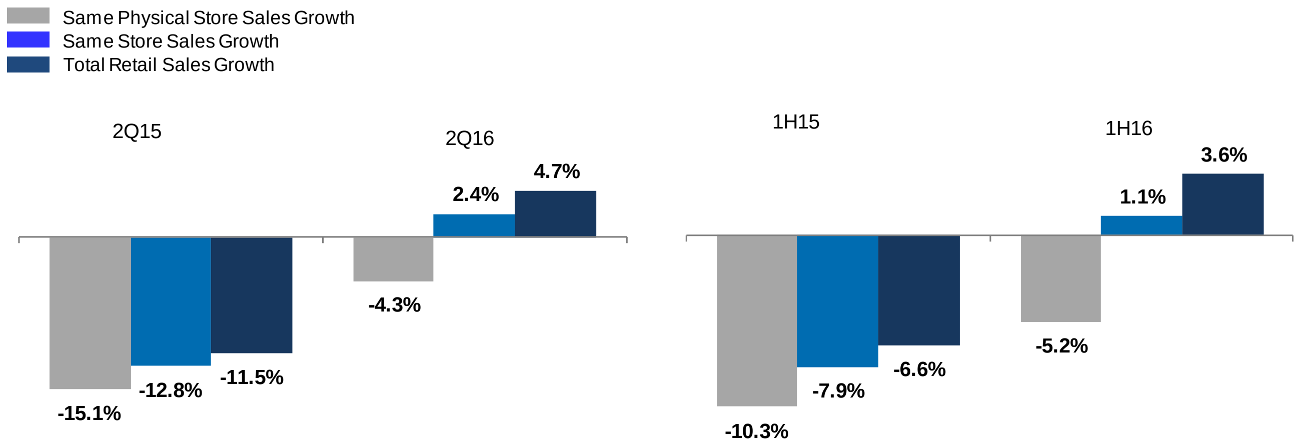


Average Age of Stores (number of stores)



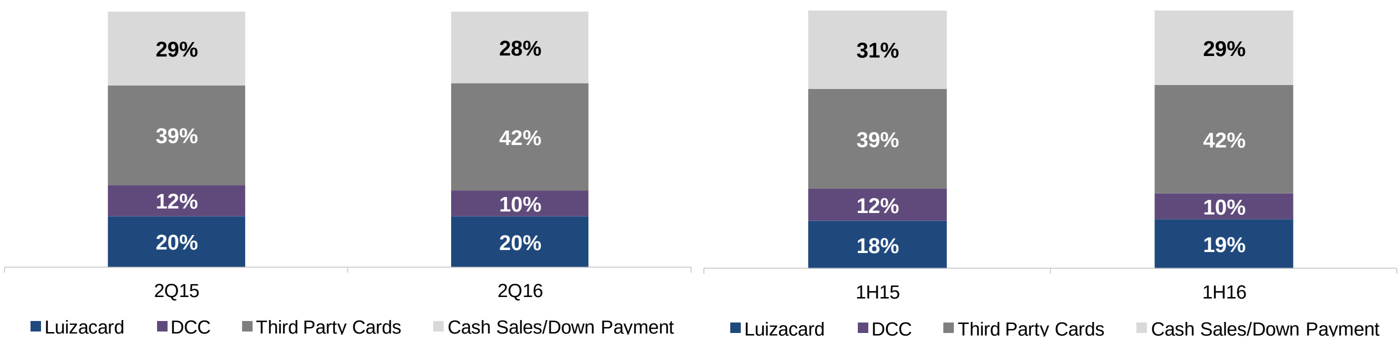
Gross same-store-sales in 2Q16 showed an improvement when compared with 1Q16 and 2Q15, with positive growth of 2.4%. This performance was boosted by the 33.62% jump in e-commerce SSS and the sequential improvement in brick and mortar SSS (-4.3%). Total gross sales were up by 4.7% in 2Q16 and by 3.6% in 1H16.

Same Store Sales Growth (%)



Sales on Luiza Card were stable YoY at 20% in 2Q16 and slightly better than the 18% mark of 1Q16. Due to more conservative credit approval policy, DCC (direct credit to consumers) participation continues to slip and reached 10% of sales in 2Q16 compared to 12% in 2Q15. We highlight that Losango represented 5% of total brick and mortar store sales in the period.

Financed Sales Mix (% of total sales)



Gross Revenues

(in R$ million)	2Q16	2Q15	%Chg	1H16	1H15	%Chg
Gross Revenue - Retail - Merchandise Sales	2.437.8	2.312.7	5.4%	5.034.3	4.835.2	4.1%
Gross Revenue - Retail - Services	112.0	121.6	-7.9%	227.8	243.8	-6.6%
Subtotal Retail	**2.549.9**	**2.434.3**	**4.7%**	**5.262.1**	**5.079.1**	**3.6%**
Gross Revenue - Consortium Management	13.9	12.6	10.2%	27.5	24.5	12.2%
Inter-Company Eliminations	(2.2)	(2.1)	4.5%	(4.4)	(4.1)	7.2%
Gross Revenue - Total	**2.561.5**	**2.444.8**	**4.8%**	**5.285.1**	**5.099.4**	**3.6%**

Gross revenues increased by 4.8% to R$2.6 billion due to contribution of new stores and 5.4% increase in merchandise sales. The performance of the same stores was up by 2.4% in the quarter. In 1H16, gross sales were 3.6% higher at R$5.3 billion.

Net Revenues

(in R$ million)	2Q16	2Q15	%Chg	1H16	1H15	%Chg
Net Revenue - Retail - Merchandise Sales	2.038.8	2.014.8	1.2%	4.190.2	4.176.8	0.3%
Net Revenue - Retail - Services	98.0	106.0	-7.6%	199.7	212.8	-6.1%
Subtotal Retail	**2.136.7**	**2.120.8**	**0.7%**	**4.390.0**	**4.389.6**	**0.0%**
Net Revenue - Consortium Management	12.8	11.5	10.8%	25.2	22.4	12.6%
Inter-Company Eliminations	(2.2)	(2.1)	4.5%	(4.4)	(4.1)	7.2%
Net Revenue - Total	**2.147.3**	**2.130.2**	**0.8%**	**4.410.7**	**4.407.8**	**0.1%**

Net revenues were by 0.8% to R$2.1d billion due to the increase of taxes on gross revenues in several states, which raised the rates of ICMS taxes on some products. In 1H16, net revenues were basically stable at R$4.4 billion.

Gross Profit

(in R$ million)	2Q16	2Q15	% Chg	1H16	1H15	% Chg
Gross Income - Retail - Merchandise Sales	577.0	539.3	7.0%	1.151.1	1.064.7	8.1%
Gross Income - Retail - Services	98.0	106.0	-7.6%	199.7	212.8	-6.1%
Subtotal Retail	**675.0**	**645.3**	**4.6%**	**1.350.8**	**1.277.4**	**5.7%**
Gross Income - Consortium Management	7.5	7.2	4.0%	15.2	14.0	8.5%
Gross Income - Total	**682.5**	**652.5**	**4.6%**	**1.366.1**	**1.291.4**	**5.8%**
Gross Margin - Total	**31.8%**	**30.6%**	**120 bps**	**31.0%**	**29.3%**	**170 bps**

Gross profit totaled R$682.5 million, equivalent to a gross margin expansion of 120bps to 31.8%. Gross margin improvement was due to: (i) better sales mix, (ii) charging for shipping and assembly and (iii) more rational pricing in e-commerce channel. In 1H16, gross profit increased by 5.8% to R$1.4 billion with a rise in gross margin of 170 bps to 31.0%.

Operating Expenses

(in R$ million)	2Q16	% NR	2Q15	% NR	% Chg	1H16	% NR	1H15	% NR	% Chg
Selling Expenses	(417.8)	-19.5%	(421.0)	-19.8%	-0.8%	(844.6)	-19.1%	(860.4)	19.5%	-1.8%
General and Administrative Expenses	(118.4)	-5.5%	(119.1)	-5.6%	-0.6%	(229.5)	-5.2%	(235.2)	-5.3%	-2.4%
General and Administrative Expenses	**(536.2)**	**-25.0%**	**(540.1)**	**-25.4%**	**-0.7%**	**(1.074.1)**	**-24.4%**	**(1.095.6)**	**-24.9%**	**-2.0%**
Provisions for Loan Losses	(5.5)	-0.3%	(6.8)	-0.3%	-19.0%	(13.2)	-0.3%	(13.0)	-0.3%	1.9%
Other Operating Revenues, Net	6.5	0.3%	0.2	0.0%	3065.0%	(2.1)	0.0%	23.3	0.5%	108.8%
Total Operating Expenses	**(535.2)**	**-24.9%**	**(546.7)**	**-25.7%**	**-2.1%**	**(1.089.4)**	**-24.7%**	**(1.085.3)**	**-24.6%**	**0.4%**

Selling Expenses

Selling expenses totaled R$417.8 million, equivalent to 19.5% of net revenues in 2Q16. The Company was able to reduce the total amount of selling expenses by 0.8% YoY, due to a more rigorous control of expenses, productivity gains, optimization of marketing expenses, renegotiation of store lease contracts and transportation services, besides a complete revision of all of the operating expenses. Despite the increase in payroll taxes, selling expenses were 30 bps lower YoY in 2Q16. In 1H16, selling expenses were 1.8% lower at R$844.6 million, a 40 bps dilution.

General and Administrative Expenses

General and administrative expenses totaled R$118.4 million, 10 bps lower YoY in 2Q16, due to optimization of administrative processes, despite higher payroll taxes. In 1H16, G&A expenses were 2.4% lower at R$229.5 million, despite higher payroll taxes.

Provisions for Loan Losses

Provisions for loan losses reached R$5.5 million in 2Q16 and R$13.2 million in 1H16.

Other Operating Revenues, Net

(in R$ million)	2Q16	% NR	2Q15	% NR	% Chg	1H16	% NR	1H15	% NR	% Chg
Gain on Sale of Assets	(0.2)	0.0%	(0.2)	0.0%	-4.5%	(0.3)	0.0%	(0.4)	0.0%	-4.4%
Deferred Revenue Recorded	10.3	0.5%	8.2	0.4%	26.1%	20.2	0.5%	31.4	0.7%	-35.5%
Provision for Tax Liabilities	1.2	0.1%	(2.0)	-0.1%	-157.3%	1.2	0.0%	1.9	0.0%	-34.7%
Non-recurring Expenses	(5.3)	-0.2%	(5.9)	-0.3%	-9.7%	(24.3)	-0.6%	(10.9)	-0.2%	122.2%
Other	0.5	0.0%	0.1	0.0%	377.7%	1.1	0.0%	1.4	0.0%	-18.7%
Total	**6.5**	**0.3%**	**0.2**	**0.0%**	**3065.0%**	**(2.1)**	**0.0%**	**23.3**	**0.5%**	**-108.8%**

Other net operating revenues totaled R$6.5 million in 2Q16, due to deferred revenues appropriation of R$10.3 million and non-recurring expenses in the amount of R$5.3 million, mainly related to review of total number of employees. In 1H16, other net operating expenses were R$2,1 million, including non-operating charges of R$24.3 million.

Equity Income

Equity income totaled R$15.9 million in 2Q16. The main reasons that impacted equity income were (i) Luizacred's performance with equity income of R$12.6 million (ii) Luizaseg's performance with equity income of R$3.3 million. In 1H16, equity income decreased by 36% YoY to R$30.6 million.

EBITDA

In 2Q16, considering better sales performance, the expansion of gross margin and better dilution of operating expenses, positively contributed to a 28.9% jump in EBITDA to R$163.2 million, equivalent to a margin EBITDA of 7.6% (+170 bps versus 2Q15). Excluding the non-recurring expenses EBITDA totaled R$168.5 million with a margin EBITDA of 7.8%. In 1H16, EBITDA rose by 21.0% to R$307.3 million, with a margin of 7.0%, while adjusted EBITDA was R$331.6 million and margin of 7.5%.

Financial Results

R$ million	1Q16	% NR	1Q15	% NR	% Chg
Financial Expenses	(149.3)	-7.0%	(153.6)	-7.2%	-2.8%
Interest on loans and financing	(65.2)	-3.0%	(62.4)	-2.9%	4.5%
Interest on prepayment of receivables – third party card	(42.2)	-2.0%	(37.2)	-1.7%	13.7%
Interest on prepayment of receivables – Luiza Card	(33.5)	-1.6%	(26.2)	-1.2%	27.7%
Other expenses	(8.4)	-0.4%	(27.8)	-1.3%	-69.8%
Financial Revenues	24.8	1.2%	48.9	2.3%	-49.2%
Gains on marketable securities	3.6	0.2%	2.0	0.1%	78.6%
Other financial revenues	21.2	1.0%	46.8	2.2%	-54.7%
Total Financial Results	(124.5)	-5.8%	(104.7)	-4.9%	18.9%
Income from securities[1]	7.6	0.4%	6.3	0.3%	19.6%
Adjusted Financial Results	(116.9)	-5.4%	(98.4)	-4.6%	18.9%

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

Adjusted financial results reached R$116.9 million (equivalent to 5.4% over net sales) in 2Q16. Such result reflects mainly higher interest rates, which grew to 3.3% in 2Q16 from 3.0% in 2Q15. In 1H16, net financial results were 13.4% higher YoY at R$221.0 million equivalent to 5.0% of net sales.

Net Income

Net income increased to R$10.4 million in 2Q16, equivalent to a net margin of 0.5% in 2Q16. Excluding non-recurring expenses, net income totaled R$13.9 million (net margin of 0.6%). In 1H16, net income jumped by 166.1% to R$15.7 million (net margin of 0.4%) and net adjusted income of R$31.7 million (net margin of 0.7%).

Working Capital

CONSOLIDATED (R$ million)	Jun-16	Mar-16	Dec-15	Sep-15	Jun-15
Accounts Receivables	404.3	389.6	435.2	431.2	419.4
Inventories	1.306.7	1.279.3	1.353.1	1.208.1	1.293.4
Related Parties	41.2	55.4	86.2	48.7	52.4
Recoverable Taxes	296.9	320.9	334.3	311.9	337.6
Other Assets	96.0	60.7	36.6	101.1	103.5
Current Operating Assets	2.145.1	2.105.9	2.245.4	2.101.0	2.206.3
Suppliers	1.427.1	1.394.1	1.894.2	1.186.9	1.175.1
Payroll, Vacation and Related Charges	144.5	141.7	153.9	151.9	145.8
Taxes Payable	28.5	29.5	30.6	25.3	31.0
Related Parties	78.0	61.9	68.4	55.3	57.2
Other Accounts Payable	93.3	92.2	118.0	89.6	78.2
Current Operating Liabilities	1.771.3	1.719.5	2.265.0	1.509.0	1.487.3
Working Capital	373.7	386.4	(19.6)	592.0	719.0
% of Gross Revenue (LTM)	3.5%	3.7%	-0.2%	5.5%	6.4%
Balance of Discounted Receivables	1.422.5	1.433.1	1.417.8	1.268.3	1.273.4
Working Capital Adjusted	1.796.2	1.819.5	1.398.2	1.860.4	1.992.4
% of Gross Revenue (LTM)	16.8%	17.2%	13.3%	17.3%	17.9%

The Company reported an important improvement in its working capital needs during 2Q16. We highlight the effort to increase in suppliers (R$252.0 million versus June-15). Working capital needs changed from R$719.0 million in 2Q15 to R$373.7 million in 2Q16, representing a reduction of R$345.3 million. Working capital as a percentage of LTM gross sales were 3.5% in 2Q16 versus 6.4% in 2Q15.

Capex

CAPEX (in R$ million)	2Q16	%	2Q15	%	1H16	%	1H15	%
New Stores	0.7	3%	8.5	23%	0.7	1%	20.8	30%
Remodeling	6.3	23%	10.4	28%	13.6	27%	18.5	26%
Technology	14.3	53%	15.5	41%	25.4	51%	24.4	35%
Logistics	5.3	20%	3.1	8%	9.4	19%	6.2	9%
Other	0.4	1%	0.1	0%	0.8	2%	0.1	0%
Total	**27.0**	**100%**	**37.5**	**100%**	**49.9**	**100%**	**70.1**	**100%**

Investments in fixed and intangible assets totaled R$27.0 million in 2Q16, 28% lower YoY. In 1H16, a total of R449.9 million was invested and about 70% of the total capex was allocated to technology and logistics projects so to support the digital transformation strategy in place.

Net Debt

CONSOLIDATED (R$ million)	Jun-16	Mar-16	Dec-15	Sep-15	Jun-15
(+) Current Loans and Financing	902.3	713.6	568.4	446.6	370.8
(+) Non-current Loans and Financing	794.4	1.050.5	1.255.0	1.564.6	1.484.8
(=) Gross Debt	1.696.7	1.764.1	1.823.3	2.011.2	1.855.6
(-) Cash and Cash Equivalents	197.5	411.3	617.5	270.4	227.1
(-) Current Securities	464.8	302.2	497.6	265.1	238.8
(-) Non-current Securities	0.1	7.8	46.7	99.8	26.5
(-) Total Cash	662.5	721.3	1.161.8	635.4	492.4
(=) Net Debt	1.034.2	1.042.8	661.5	1.375.8	1.363.2
(-) Credit Card - Third Party Card	174.9	176.1	158.7	156.0	148.3
(-) Credit Card - Luiza Card	5.1	8.1	13.9	4.8	8.0
(-) Total Credit Card	179.9	184.1	172.6	160.9	156.3
(=) Adjusted Net Debt	854.3	858.7	488.9	1.215.0	1.206.9
Short Term Debt/Total	53%	40%	31%	22%	20%
Long Term Debt/Total	47%	60%	69%	78%	80%
Adjusted EBITDA (LTM)	559.3	523.3	492.6	553.8	616.4
Adjusted Net Debt/ Adjusted EBITDA	1.5 x	1.6 x	1.0 x	2.2 x	2.0 x

Adjusted net debt (excluding credit cards that were not discountednced) decreased to R$854.3 million in June-16 from R$1,206.9 in June-15, reducing the ratio of Adjusted net debt divided by Adjusted EBITDA to 1.5x from 2.0x, respectively. In the LTM, net debt decreased by R$352.6 million.

ANNEX I
FINANCIAL STATEMENTS – CONSOLIDATED RESULT

	2Q16	V.A.	2Q15	V.A.	% Chg	1H16	V.A.	1H15	V.A.	% Chg
Gross Revenue	2.561.5	119.3%	2.444.8	114.8%	4.8%	5.285.1	119.8%	5.099.4	115.7%	3.6%
Taxes and Deductions	(414.3)	-19.3%	(314.6)	-14.8%	31.7%	(874.4)	-19.8%	(691.6)	-15.7%	26.4%
Net Revenue	2.147.3	100.0%	2.130.2	100.0%	0.8%	4.410.7	100.0%	4.407.8	100.0%	0.1%
Total Costs	(1.464.8)	-68.2%	(1.477.8)	-69.4%	-0.9%	(3.044.7)	-69.0%	(3.116.4)	-70.7%	-2.3%
Gross Income	682.5	31.8%	652.5	30.6%	4.6%	1.366.1	31.0%	1.291.4	29.3%	5.8%
Selling Expenses	(417.8)	-19.5%	(421.0)	-19.8%	-0.8%	(844.6)	-19.1%	(860.4)	-19.5%	-1.8%
General and Administrative Expenses	(118.4)	-5.5%	(119.1)	-5.6%	-0.6%	(229.5)	-5.2%	(235.2)	-5.3%	-2.4%
Provisions for Loan Losses	(5.5)	-0.3%	(6.8)	-0.3%	-19.0%	(13.2)	-0.3%	(13.0)	-0.3%	1.9%
Other Operating Revenues, Net	6.5	0.3%	0.2	0.0%	3065.0%	(2.1)	0.0%	23.3	0.5%	-108.8%
Equity in Subsidiaries	15.9	0.7%	20.8	1.0%	-23.5%	30.6	0.7%	47.8	1.1%	-36.0%
Total Operating Expenses	(519.3)	-24.2%	(525.9)	-24.7%	-1.3%	(1.058.7)	-24.0%	(1.037.5)	-23.5%	2.1%
EBITDA	163.2	7.6%	126.6	5.9%	28.9%	307.3	7.0%	254.0	5.8%	21.0%
Depreciation and Amortization	(31.0)	-1.4%	(31.0)	-1.5%	0.0%	(61.9)	-1.4%	(62.7)	-1.4%	-1.4%
EBIT	132.2	6.2%	95.6	4.5%	38.3%	245.4	5.6%	191.2	4.3%	28.3%
Financial Results	(124.5)	-5.8%	(104.7)	-4.9%	18.9%	(238.4)	-5.4%	(209.0)	-4.7%	14.1%
Operating Income	7.7	0.4%	(9.1)	-0.4%	-184.6%	7.0	0.2%	(17.8)	-0.4%	139.3%
Income Tax and Social Contribution	2.7	0.1%	12.2	0.6%	-77.7%	8.7	0.2%	23.7	0.5%	-63.4%
Net Income	10.4	0.5%	3.0	0.1%	243.1%	15.7	0.4%	5.9	0.1%	166.1%

Reconciliation of EBITDA for non-recurring expenses

EBITDA	163.2	7.6%	126.6	5.9%	-	307.3	7.0%	254.0	5.8%	-
Non-recurring Expenses	5.3	0.2%	5.9	0.3%	-	24.3	0.6%	10.9	0.2%	-
Adjusted EBITDA	168.5	7.8%	132.4	6.2%	-	331.6	7.5%	264.9	6.0%	-

Net Income	10.4	0.5%	3.0	0.1%	-	15.7	0.4%	5.9	0.1%	-
Non-recurring Expenses	5.3	0.2%	5.9	0.3%	-	24.3	0.6%	10.9	0.2%	-
Tax Over Non-recurring Expenses	(1.8)	-0.1%	(2.0)	-0.1%	-	(8.3)	-0.2%	(3.7)	-0.1%	-
Adjusted Net Income	13.9	0.6%	6.9	0.3%	-	31.7	0.7%	13.1	0.3%	-

As a result of recent changes in the accounting of payroll taxes, to make the figures more comparable, we opted to reclassify 2Q15 results as follows: expenses with payroll taxes of R$22.9 million, which were previously accounted for as a reduction in gross sales, were reclassified as part of selling expenses (R$16.5 million) and G&A expenses (R$6.4 million).

ANNEX II

FINANCIAL STATEMENTS – CONSOLIDATED BALANCE SHEET

ASSETS (R$ million)	Jun-16	Mar-16	Dec-15	Sep-15	Jun-15
CURRENT ASSETS					
Cash and Cash Equivalents	197.5	411.3	617.5	270.4	227.1
Securities	464.8	302.2	497.6	265.1	238.8
Accounts Receivable	404.3	389.6	435.2	431.2	419.4
Inventories	1.306.7	1.279.3	1.353.1	1.208.1	1.293.4
Related Parties	41.2	55.4	86.2	48.7	52.4
Taxes Recoverable	296.9	320.9	334.3	311.9	337.6
Other Assets	96.0	60.7	36.6	101.1	103.5
Total Current Assets	2.807.4	2.819.4	3.360.5	2.636.6	2.672.2
NON-CURRENT ASSETS					
Securities	0.1	7.8	46.7	99.8	26.5
Accounts Receivable	2.0	1.9	2.6	1.9	2.4
Deferred Income Tax and Social Contribution	239.7	236.1	229.3	196.0	171.6
Recoverable Taxes	167.0	164.2	177.3	159.9	119.3
Judicial Deposits	273.0	260.1	248.5	235.0	236.1
Other Assets	50.1	49.4	54.3	53.7	53.8
Investments in Subsidiaries	368.1	368.5	384.0	333.6	313.2
Fixed Assets	562.4	569.6	578.6	567.7	563.9
Intangible Assets	508.4	507.3	506.7	496.3	497.8
Total Non-current Assets	2.170.9	2.164.9	2.228.0	2.143.8	1.984.6
TOTAL ASSETS	4.978.4	4.984.3	5.588.5	4.780.4	4.656.8

LIABILITIES (R$ million)	Jun-16	Mar-16	Dec-15	Sep-15	Jun-15
CURRENT LIABILITIES					
Suppliers	1.427.1	1.394.1	1.894.2	1.186.9	1.175.1
Loans and Financing	902.3	713.6	568.4	446.6	370.8
Payroll, Vacation and Related Charges	144.5	141.7	153.9	151.9	145.8
Taxes Payable	28.5	29.5	30.6	25.3	31.0
Related Parties	78.0	61.9	68.4	55.3	57.2
Deferred Revenue	40.6	40.8	41.4	27.5	29.2
Other Accounts Payable	93.3	92.2	118.0	89.6	78.2
Total Current Liabilities	2.714.2	2.473.9	2.874.8	1.983.1	1.887.3
NON-CURRENT LIABILITIES					
Loans and Financing	794.4	1.050.5	1.255.0	1.564.6	1.484.8
Provision for Tax, Civil and Labor Risks	263.4	254.7	243.4	229.9	252.8
Deferred Revenue	529.3	539.4	550.9	286.5	293.0
Other Accounts Payable	2.3	2.3	2.3	2.3	2.5
Total Non-current Liabilities	1.589.5	1.846.8	2.051.5	2.083.4	2.033.1
TOTAL LIABILITIES	4.303.6	4.320.7	4.926.3	4.066.5	3.920.4
SHAREHOLDERS' EQUITY					
Capital Stock	606.5	606.5	606.5	606.5	606.5
Capital Reserve	16.8	15.7	14.6	13.5	12.3
Treasury Shares	(1.1)	(16.4)	(9.6)	(9.0)	(5.2)
Legal Reserve	16.1	16.1	16.1	16.1	16.1
Profit Retention Reserve	19.8	36.2	36.2	101.8	101.8
Other Comprehensive Income	0.9	0.2	(1.6)	(1.8)	(1.1)
Accumulated Losses	15.7	5.3	-	(13.2)	5.9
Total Shareholders' Equity	674.7	663.6	662.2	713.9	736.3
TOTAL	4.978.4	4.984.3	5.588.5	4.780.4	4.656.8

ANNEX III
FINANCIAL STATEMENTS – ADJUSTED CASH FLOW STATEMENT

ADJUSTED CASH FLOW STATEMENTS	1Q16	1Q15	1H16	1H15
Net Income	**10.4**	**3.0**	**15.7**	**5.9**
Effect of IR / CS Net of Payment	(3.3)	(12.9)	(9.8)	(24.8)
Depreciation and Amortization	31.0	31.0	61.9	62.7
Interest Accrued on Loans	62.0	59.4	123.1	115.6
Equity, Net of Dividends Received	1.1	(11.0)	23.0	16.2
Provision for Losses on Inventories and Receivables	21.4	67.1	53.2	80.7
Provision for Tax, Civil and Labor Contingencies	12.6	12.3	27.5	(4.9)
Gain on Sale of Fixed Assets	0.2	0.2	0.3	0.4
Recognition of Deferred Income	(10.3)	(8.2)	(20.2)	(31.4)
Stock Option Expenses	1.1	1.1	2.2	2.2
Adjusted Net Income	**126.2**	**142.1**	**276.9**	**222.6**
Trade Accounts Receivable	(24.0)	33.9	10.2	165.2
Inventories	(39.6)	55.6	14.5	134.8
Taxes Recoverable	21.1	(69.6)	47.7	(54.8)
Other Receivables	(32.8)	(37.3)	(52.2)	(42.3)
Changes in Operating Assets	**(75.3)**	**(17.4)**	**20.2**	**203.0**
Trade Accounts Payable	33.0	(64.1)	(467.0)	(614.8)
Other Payables	14.7	(57.3)	(10.6)	(90.6)
Change in Operating Liabilities	**47.7**	**(121.4)**	**(477.7)**	**(705.4)**
Cash Flow from Operating Activities	**98.7**	**3.4**	**(180.6)**	**(279.8)**
Additions of Fixed and Intangible Assets	(27.0)	(37.5)	(49.9)	(70.1)
Capital Increase in Affiliated Company	0.0	(5.0)	0.0	(5.0)
Cash Flow from Investing Activities	**(27.0)**	**(42.5)**	**(61.0)**	**(75.1)**
Loans and Financing	104.4	94.9	193.0	669.9
Repayment of Loans and Financing	(117.1)	(96.4)	(228.0)	(579.1)
Changes in Other Financial Assets (Hedge)	(43.9)	(24.8)	0.0	0.0
Payment of Interest on Loans and Financing	(72.7)	(56.5)	(125.1)	(97.0)
Payment of Dividends	0.0	(31.5)	0.0	(33.5)
Treasury Shares	(1.1)	(6.6)	(8.0)	(10.7)
Cash Flow from Financing Activities	**(130.5)**	**(120.9)**	**(257.7)**	**(15.8)**
Cash, Cash Equivalents and Securities at Beginning of Period	721.3	652.5	1.161.8	863.1
Cash, Cash Equivalents and Securities at end of Period	662.5	492.4	662.5	492.4
Change in Cash and Cash equivalents	**(58.8)**	**(160.0)**	**(499.3)**	**(370.7)**

Note: The difference between the Cash Flow Statement and the Adjusted Cash Flow Statement is basically related to the accounting of Bonds and Securities as Cash Equivalents

ANNEX IV
RESULTS BY SEGMENT – 2Q16

2Q16	Retail	Consortium 100%	Eliminations	Consolidated	Cons. Finance 50%	Insurance 50%	Eliminations	Consolidated Pro-Forma
Gross Revenue	2.549.9	13.9	(2.2)	2.561.5	196.5	44.4	(59.0)	2.743.5
Taxes and Deductions	(413.1)	(1.1)	-	(414.3)	-	-	-	(414.3)
Net Revenue	2.136.7	12.8	(2.2)	2.147.3	196.5	44.4	(59.0)	2.329.2
Total Costs	(1.461.7)	(5.3)	2.2	(1.464.8)	(29.7)	(6.6)	-	(1.501.2)
Gross Income	675.0	7.5	-	682.5	166.8	37.8	(59.0)	828.1
Selling Expenses	(417.8)	-	-	(417.8)	(74.4)	(29.9)	42.3	(479.8)
General and Administrative Expenses	(112.2)	(6.3)	-	(118.4)	(0.5)	(6.0)	-	(124.9)
Provisions for Loan Losses	(5.5)	-	-	(5.5)	(67.0)	-	-	(72.5)
Equity in Subsidiaries	17.2	-	(1.3)	15.9	-	-	(15.9)	-
Other Operating Revenues, Net	6.5	0.0	-	6.5	(0.2)	0.4	(0.5)	6.1
Total Operating Expenses	(511.7)	(6.3)	(1.3)	(519.3)	(142.1)	(35.5)	25.8	(671.1)
EBITDA	163.3	1.2	(1.3)	163.2	24.7	2.3	(33.2)	157.0
Depreciation and Amortization	(30.9)	(0.1)	-	(31.0)	(1.5)	(1.1)	0.5	(33.1)
EBIT	132.4	1.1	(1.3)	132.2	23.2	1.2	(32.7)	123.9
Financial Results	(125.3)	0.8	-	(124.5)	-	5.0	16.7	(102.8)
Operating Income (Loss)	7.1	1.9	(1.3)	7.7	23.2	6.2	(15.9)	21.2
Income Tax and Social Contribution	3.3	(0.6)	-	2.7	(10.6)	(2.9)	-	(10.7)
Net Income	10.4	1.3	(1.3)	10.4	12.6	3.3	(15.9)	10.4
Gross Margin	31.6%	58.7%	0.0%	31.8%	84.9%	85.1%	100.0%	35.6%
EBITDA Margin	7.6%	9.4%	57.4%	7.6%	12.6%	5.1%	56.2%	6.7%
Net Margin	0.5%	10.0%	57.4%	0.5%	6.4%	7.5%	27.0%	0.4%

Reconciliation of EBITDA for non-recurring expenses

EBITDA	163.3	1.2	(1.3)	163.2	24.7	2.3	(33.2)	157.0
Non-recurring Expenses	5.3	-	-	5.3	-	-	-	5.3
Adjusted EBITDA	168.6	1.2	(1.3)	168.5	24.7	2.3	(33.2)	162.3
Adjusted EBITDA Margin	7.9%	9.4%	57.4%	7.8%	12.6%	5.1%	56.2%	7.0%

Net Income	10.4	1.3	(1.3)	10.4	12.6	3.3	(15.9)	10.4
Non-recurring Expenses	5.3	-	-	5.3	-	-	-	5.3
Tax over Non-recurring Expenses	(1.8)	-	-	(1.8)	-	-	-	(1.8)
Adjusted Net Income	13.9	1.3	(1.3)	13.9	12.6	3.3	(15.9)	13.9
Adjusted Net Income Margin	0.7%	10.0%	57.4%	0.6%	6.4%	7.5%	27.0%	0.6%

ANNEX V
RESULTS BY SEGMENT – 1H16

1H16	Retail	Consortium 100%	Eliminations	Consolidated	Cons. Finance 50%	Insurance 50%	Eliminations	Consolidated Pro-Forma
Gross Revenue	5.262.1	27.5	(4.4)	5.285.1	389.5	92.7	(120.9)	5.646.4
Taxes and Deductions	(872.1)	(2.3)	-	(874.4)	-	-	-	(874.4)
Net Revenue	4.390.0	25.2	(4.4)	4.410.7	389.5	92.7	(120.9)	4.772.0
Total Costs	(3.039.1)	(10.0)	4.4	(3.044.7)	(60.1)	(15.3)	-	(3.120.1)
Gross Income	1.350.8	15.2	-	1.366.1	329.4	77.3	(120.9)	1.651.9
Selling Expenses	(844.6)	-	-	(844.6)	(147.1)	(63.4)	88.7	(966.4)
General and Administrative Expenses	(217.3)	(12.2)	-	(229.5)	(1.0)	(12.1)	-	(242.6)
Provisions for Loan Losses	(13.2)	-	-	(13.2)	(133.8)	-	-	(147.1)
Equity in Subsidiaries	33.5	-	(2.9)	30.6	-	-	(30.6)	-
Other Operating Revenues, Net	(2.1)	0.0	-	(2.1)	3.1	0.4	(2.8)	(1.4)
Total Operating Expenses	(1.043.6)	(12.2)	(2.9)	(1.058.7)	(278.9)	(75.1)	55.3	(1.357.4)
EBITDA	307.2	3.0	(2.9)	307.3	50.5	2.3	(65.6)	294.5
Depreciation and Amortization	(61.7)	(0.2)	-	(61.9)	(3.0)	(2.4)	2.8	(64.5)
EBIT	245.5	2.8	(2.9)	245.4	47.5	(0.1)	(62.8)	230.0
Financial Results	(239.9)	1.5	-	(238.4)	-	9.5	32.2	(196.7)
Operating Income (Loss)	5.6	4.3	(2.9)	7.0	47.5	9.4	(30.6)	33.3
Income Tax and Social Contribution	10.1	(1.4)	-	8.7	(21.8)	(4.5)	-	(17.6)
Net Income	15.7	2.9	(2.9)	15.7	25.7	4.9	(30.6)	15.7
Gross Margin	30.8%	60.4%	0.0%	31.0%	84.6%	83.5%	100.0%	34.6%
EBITDA Margin	7.0%	11.8%	65.2%	7.0%	13.0%	2.4%	54.3%	6.2%
Net Margin	0.4%	11.4%	65.2%	0.4%	6.6%	5.3%	25.3%	0.3%

Reconciliation of EBITDA for non-recurring expenses

EBITDA	307.2	3.0	(2.9)	307.3	50.5	2.3	(65.6)	294.5
Non-recurring Expenses	24.3	-	-	24.3	-	-	-	24.3
Adjusted EBITDA	331.5	3.0	(2.9)	331.6	50.5	2.3	(65.6)	318.8
Adjusted EBITDA Margin	7.6%	11.8%	65.2%	7.5%	13.0%	2.4%	54.3%	6.7%

Net Income	15.7	2.9	(2.9)	15.7	25.7	4.9	(30.6)	15.7
Non-recurring Expenses	24.3	-	-	24.3	-	-	-	24.3
Tax over Non-recurring Expenses	(8.3)	-	-	(8.3)	-	-	-	(8.3)
Adjusted Net Income	31.7	2.9	(2.9)	31.7	25.7	4.9	(30.6)	31.7
Adjusted Net Income Margin	0.7%	11.4%	65.2%	0.7%	6.6%	5.3%	25.3%	0.7%

ANEXO VI
RESULTS BY SEGMENT – 2QT15

2Q15	Retail	Consortium 100%	Eliminations	Consolidated	Cons. Finance 50%	Insurance 50%	Eliminations	Consolidated Pro-Forma
Gross Revenue	2.434.3	12.6	(2.1)	2.444.8	220.6	55.4	(65.4)	2.655.3
Taxes and Deductions	(336.4)	(1.1)	-	(337.5)	-	-	-	(337.5)
Net Revenue	2.097.9	11.5	(2.1)	2.107.3	220.6	55.4	(65.4)	2.317.9
Total Costs	(1.475.6)	(4.3)	2.1	(1.477.8)	(33.4)	(6.2)	-	(1.517.4)
Gross Income	622.3	7.2	-	629.5	187.2	49.2	(65.4)	800.5
Selling Expenses	(404.4)	-	-	(404.4)	(79.2)	(40.5)	52.3	(471.8)
General and Administrative Expenses	(106.9)	(5.9)	-	(112.8)	(0.6)	(5.8)	-	(119.1)
Provisions for Loan Losses	(6.8)	-	-	(6.8)	(78.7)	-	-	(85.5)
Equity in Subsidiaries	22.0	-	(1.2)	20.8	-	-	(20.8)	-
Other Operating Revenues, Net	0.2	0.0	-	0.2	0.7	0.1	(1.4)	(0.4)
Total Operating Expenses	(495.9)	(5.9)	(1.2)	(503.0)	(157.7)	(46.3)	30.1	(676.8)
EBITDA	126.5	1.3	(1.2)	126.6	29.4	2.9	(35.3)	123.6
Depreciation and Amortization	(30.9)	(0.1)	-	(31.0)	(1.6)	(0.0)	1.4	(31.2)
EBIT	95.5	1.2	(1.2)	95.6	27.9	2.9	(33.9)	92.5
Financial Results	(105.3)	0.5	-	(104.7)	-	3.9	13.1	(87.7)
Operating Income (Loss)	(9.7)	1.8	(1.2)	(9.1)	27.9	6.8	(20.8)	4.7
Income Tax and Social Contribution	12.7	(0.6)	-	12.2	(11.1)	(2.7)	-	(1.7)
Net Income (Loss)	3.0	1.2	(1.2)	3.0	16.7	4.1	(20.8)	3.0
Gross Margin	29.7%	62.4%	0.0%	29.9%	84.8%	88.8%	100.0%	34.5%
EBITDA Margin	6.0%	11.3%	55.3%	6.0%	13.3%	5.3%	54.0%	5.3%
Net Margin	0.1%	10.3%	55.3%	0.1%	7.6%	7.4%	31.8%	0.1%

Reconciliation of EBITDA for extraordinary expenses

EBITDA	126.5	1.3	(1.2)	126.6	29.4	2.9	(35.3)	123.6
Extraordinary costs	-	-	-	-	-	-	-	-
Extraordinary revenues	-	-	-	-	-	-	-	-
Extraordinary expenses	5.9	-	-	5.9	-	-	-	5.9
Adjusted deferred revenues	-	-	-	-	-	-	-	-
Adjusted EBITDA	132.3	1.3	(1.2)	132.4	29.4	2.9	(35.3)	129.5
Adjusted EBITDA Margin	6.3%	11.3%	55.3%	6.3%	13.3%	5.3%	54.0%	5.6%

Net Income	3.0	1.2	(1.2)	3.0	16.7	4.1	(20.8)	3.0
Extraordinary operational results	5.9	-	-	5.9	-	-	-	5.9
Extraordinary financial results	-	-	-	-	-	-	-	-
Tax over extraordinary results	(2.0)	-	-	(2.0)	-	-	-	(2.0)
Extraordinary tax credits	-	-	-	-	-	-	-	-
Adjusted Net Income	6.9	1.2	(1.2)	6.9	16.7	4.1	(20.8)	6.9
Adjusted Net Income Margin	0.3%	10.3%	55.3%	0.3%	7.6%	7.4%	31.8%	0.3%

ANEXO VII
RESULTS BY SEGMENT – 1H15

1H15 (in R$ million)	Retail	Consortium 100%	Eliminations	Consolidated	Cons. Finance 50%	Insurance 50%	Eliminations	Consolidated Pro-Forma
Gross Revenue	5.079.1	24.5	(4.1)	5.099.4	433.3	102.4	(127.7)	5.507.4
Taxes and Deductions	(689.5)	(2.1)	-	(691.6)	-	-	-	(691.6)
Net Revenue	4.389.6	22.4	(4.1)	4.407.8	433.3	102.4	(127.7)	4.815.8
Total Costs	(3.112.1)	(8.4)	4.1	(3.116.4)	(64.3)	(12.2)	-	(3.192.9)
Gross Income	1.277.4	14.0	-	1.291.4	369.0	90.1	(127.7)	1.622.9
Selling Expenses	(860.4)	-	-	(860.4)	(154.1)	(74.0)	104.0	(984.5)
General and Administrative Expenses	(223.9)	(11.3)	-	(235.2)	(1.5)	(12.0)	-	(248.7)
Provisions for Loan Losses	(13.0)	-	-	(13.0)	(146.4)	-	-	(159.4)
Equity in Subsidiaries	50.2	-	(2.4)	47.8	-	-	(47.8)	-
Other Operating Revenues, Net	23.3	0.0	-	23.3	3.5	0.1	(2.8)	24.1
Total Operating Expenses	(1.023.8)	(11.3)	(2.4)	(1.037.5)	(298.5)	(85.9)	53.4	(1.368.4)
EBITDA	253.6	2.8	(2.4)	254.0	70.5	4.3	(74.2)	254.5
Depreciation and Amortization	(62.6)	(0.2)	-	(62.7)	(3.1)	(0.0)	2.8	(63.1)
EBIT	191.1	2.6	(2.4)	191.2	67.3	4.3	(71.5)	191.4
Financial Results	(210.1)	1.0	-	(209.0)	-	8.0	23.7	(177.4)
Operating Income (Loss)	(19.0)	3.6	(2.4)	(17.8)	67.3	12.3	(47.8)	14.0
Income Tax and Social Contribution	24.9	(1.2)	-	23.7	(26.9)	(4.9)	-	(8.1)
Net Income	5.9	2.4	(2.4)	5.9	40.4	7.4	(47.8)	5.9
Gross Margin	29.1%	62.6%	0.0%	29.3%	85.2%	88.1%	100.0%	33.7%
EBITDA Margin	5.8%	12.3%	58.8%	5.8%	16.3%	4.2%	58.1%	5.3%
Net Margin	0.1%	10.8%	58.8%	0.1%	9.3%	7.2%	37.4%	0.1%

Reconciliation of EBITDA for non-recurring expenses

EBITDA	253.6	2.8	(2.4)	254.0	70.5	4.3	(74.2)	254.5
Non-recurring Expenses	10.9	-	-	10.9	-	-	-	10.9
Adjusted EBITDA	264.6	2.8	(2.4)	264.9	70.5	4.3	(74.2)	265.4
Adjusted EBITDA Margin	6.0%	12.3%	58.8%	6.0%	16.3%	4.2%	58.1%	5.5%

Net Income	5.9	2.4	(2.4)	5.9	40.4	7.4	(47.8)	5.9
Non-recurring Expenses	10.9	-	-	10.9	-	-	-	10.9
Tax over Non-recurring Expenses	(3.7)	-	-	(3.7)	-	-	-	(3.7)
Adjusted Net Income	13.1	2.4	(2.4)	13.1	40.4	7.4	(47.8)	13.1
Adjusted Net Income Margin	0.3%	10.8%	58.8%	0.3%	9.3%	7.2%	37.4%	0.3%

ANNEX VIII
BREAKDOWN OF SALES AND NUMBER OF STORES PER CHANNEL

Gross Revenue by Channel (R$ million)	2Q16	V.A.	2Q15	V.A.	Growth Total
Virtual Stores	122.5	4.8%	114.8	4.7%	6.7%
Website	572.1	22.5%	428.3	17.6%	33.6%
Subtotal - Virtual Stores	**694.6**	27.3%	**543.1**	22.4%	27.9%
Conventional Stores	1.847.6	72.7%	1.884.9	77.6%	-2.0%
Total	**2.542.2**	100.0%	**2.428.0**	100.0%	4.7%

Gross Revenue by Channel (R$ million)	1H16	V.A.	1H15	V.A.	Growth Total
Virtual Stores	246.2	4.7%	235.2	4.6%	4.7%
Website	1.176.8	22.4%	901.3	17.8%	30.6%
Subtotal - Virtual Stores	**1.422.9**	27.1%	**1.136.4**	22.4%	25.2%
Conventional Stores	3.821.8	72.9%	3.928.6	77.6%	-2.7%
Total	**5.244.8**	100.0%	**5.065.0**	100.0%	3.5%

Number of stores per channel – End of the period	Jun-16	Part(%)	Jun-15	Part(%)	Growth Total
Virtual Stores	114	14.5%	111	14.6%	3
Website	1	0.1%	1	0.1%	-
Subtotal - Virtual Stores	**115**	14.6%	**112**	14.7%	3
Conventional Stores	672	85.4%	650	85.3%	22
Total	**787**	100.0%	**762**	100.0%	25
Total Sales Area (m²)	498.871	100%	485.697	100%	2.7%

* Note: In compliance with Technical Pronouncement CPC 36, the booking of the proceeds from the exclusive funds whose quotas are 100% owned by Magazine Luiza changed from financial income to operating income from services in the retail segment in the amount of R$7.6 million in 1Q16 and R$7.7 million in 2Q16 and R$6.3 million in 2Q15. The differences in gross revenue from the retail segment in the breakdown by channel and income statements refer to these classifications.

ANNEX IX
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 June 16, Luizacred had a total base of 3.5 million cards issued, stable over June-15. We highlight that sales using Luiza Card inside of our stores grew by 8.7% and the conservative approach to approving credit, especially with respect to DCC (direct credit to consumers), whose sales decreased by 58.0% in qQ16, from R$196 million to R$82 million.

Luizacred's credit portfolio, including credit cards, direct consumer credit and personal loans, totaled R$4.2 billion in 2Q16, a reduction of 7.0% YoY, highlighting Luiza card portfolio, which increased by 3.7%, while DCC portfolio decreased by 53.2%.

LUIZACRED – Key Indicators (R$ million)	2Q16	2Q15	% Chg	1H16	1H15	% Chg
Total Card Base (thousand)	3.464	3.511	-1.4%	3.464	3.511	-1.4%
Luiza Card Sales – In chain	512	471	8.7%	977	912	7.0%
Luiza Card Sales – Outside Brand	2.216	1.996	11.0%	4.269	3.873	10.2%
CDC Sales	82	196	-58.0%	174	439	-60.2%
Personal Loans Sales	19	26	-24.4%	40	52	-23.0%
Luizacred Sales - Total	**2.830**	**2.689**	**5.2%**	**5.460**	**5.276**	**3.5%**
Card Portfolio	3.721	3.588	3.7%	3.721	3.588	3.7%
CDC Portfolio	387	826	-53.2%	387	826	-53.2%
Personal Loans Portfolio	43	48	-10.5%	43	48	-10.5%
Portfolio - Total	**4.151**	**4.462**	**-7.0%**	**4.151**	**4.462**	**-7.0%**

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. Luizacred maintained its conservative credit approval rate in 2Q16.

Income Statement

LUIZACRED – Income (R$ million)	2Q16	V.A.	2Q15	V.A.	% Chg	1H16	V.A.	1H15	V.A.	% Chg
Financial Intermediation Revenue	297.5	100.0%	346.8	100.0%	-14.2%	602.3	100.0%	685.5	100.0%	-12.1%
Cards	232.8	78.3%	234.1	67.5%	-0.5%	461.6	76.6%	450.3	65.7%	2.5%
CDC	52.3	17.6%	99.8	28.8%	-47.6%	116.6	19.4%	210.0	30.6%	-44.5%
Personal Loans	12.4	4.2%	12.9	3.7%	-4.0%	24.1	4.0%	25.3	3.7%	-4.7%
Financial Intermediation Expenses	(193.4)	-65.0%	(224.2)	-64.6%	-13.7%	(387.9)	-64.4%	(421.4)	-61.5%	-7.9%
Market Funding Operations	(59.5)	-20.0%	(66.9)	-19.3%	-11.0%	(120.2)	-20.0%	(128.6)	-18.8%	-6.5%
Provision for Loan Losses	(134.0)	-45.0%	(157.3)	-45.4%	-14.9%	(267.7)	-44.4%	(292.8)	-42.7%	-8.6%
Gross Financial Intermediation Income	104.1	35.0%	122.7	35.4%	-15.1%	214.4	35.6%	264.1	38.5%	-18.8%
Other Operating Revenues (Expenses)	(57.8)	-19.4%	(66.9)	-19.3%	-13.7%	(119.4)	-19.8%	(129.4)	-18.9%	-7.7%
Service Revenue	95.5	32.1%	94.3	27.2%	1.3%	176.7	29.3%	181.1	26.4%	-2.4%
Personnel Expenses	(1.0)	-0.3%	(1.2)	-0.3%	-18.1%	(2.0)	-0.3%	(3.0)	-0.4%	-34.6%
Other Administrative Expenses	(128.6)	-43.2%	(136.5)	-39.4%	-5.8%	(255.1)	-42.3%	(265.4)	-38.7%	-3.9%
Depreciation and Amortization	(3.0)	-1.0%	(3.1)	-0.9%	-3.4%	(6.1)	-1.0%	(6.3)	-0.9%	-3.3%
Tax Expenses	(20.3)	-6.8%	(21.8)	-6.3%	-7.0%	(39.2)	-6.5%	(42.8)	-6.2%	-8.5%
Other Operating Revenues (Expenses)	(0.5)	-0.2%	1.4	0.4%	-134.5%	6.2	1.0%	7.0	1.0%	-11.6%
Income Before Tax	46.3	15.6%	55.8	16.1%	-16.9%	94.9	15.8%	134.7	19.6%	-29.5%
Income Tax and Social Contribution	(21.1)	-7.1%	(22.3)	-6.4%	-5.1%	(43.6)	-7.2%	(53.8)	-7.9%	-19.0%
Net Income	25.2	8.5%	33.5	9.6%	-24.7%	51.3	8.5%	80.8	11.8%	-36.5%

Luizacred follows a strategy to emphasize Luiza card. Sales done through Luiza card were up by 10.6% in 2Q16, while sales done via direct consumer credit (DCC) were 58.0% lower YoY, only partially offset by DCC approved by Losango, which accounted for 5.0% of store sales in the period. Accordingly, Luizacred posted net income of R$25.2 million in 1Q16, a decrease of 24.7% YoY. In 1H16, net income was R$51.3 million, 36.5% lower YoY.

Revenue from Financial Intermediation

In 2Q16, gross revenue from financial intermediation slip by 14.2% over 2Q15, mainly due to the increase 47.6% reduction in transactions on direct consumer credit (DCC) segment. In 1H16, gross revenue from financial intermediation slip by 14.2% over 2Q15, mainly due to the increase 47.6% reduction in transactions on direct consumer credit (DCC) segment drop by 12.1% as a result of lower DCC revenues.

Provision for Loan Losses

The short-term indicator remains under control. The portfolio of loans overdue up to 15 days (NPL 15) accounted for 3.9% of total in June 16 when compared to 4.3% in March 16 and 4.4% in 2Q15, as a result of a more conservative credit policy.

Even considering a challenging macroeconomic environment, the portfolio of loans overdue for more than 90 days (NPL 90) showed a small improvement and accounted for 11.7% in 2Q16, from 12.4% of total portfolio in 1Q16, but still higher YoY. Provisions for loan losses accounted for 3.2% of the total portfolio in 2Q16, basically stable when compared with 1Q16 and 30bps lower YoY. We highlight the portfolio coverage ratio increased to 123% in June 16 from 119% in June 15.

PORTFOLIO - OVERDURE	Jun-16		Mar-16		Dec-15		Sep-15		Jun-15	
Total Portfolio (R$ million)	4.151	100.0%	4.210	100.0%	4.441	100.0%	4.360	100.0%	4.462	100.0%
000 to 014 days	3.502	84.4%	3.506	83.3%	3.726	83.9%	3.648	83.7%	3.775	84.6%
015 to 030 days	44	1.1%	57	1.4%	41	0.9%	51	1.2%	55	1.2%
031 to 060 days	51	1.2%	55	1.3%	42	0.9%	54	1.2%	60	1.3%
061 to 090 days	66	1.6%	69	1.6%	69	1.5%	74	1.7%	83	1.9%
091 to 120 days	60	1.4%	55	1.3%	74	1.7%	76	1.7%	73	1.6%
121 to 150 days	60	1.4%	55	1.3%	70	1.6%	71	1.6%	71	1.6%
151 to 180 days	57	1.4%	58	1.4%	62	1.4%	69	1.6%	65	1.5%
180 to 360 days	310	7.5%	354	8.4%	357	8.0%	317	7.3%	280	6.3%
Overdue 15-90 days	162	3.9%	182	4.3%	151	3.4%	178	4.1%	198	4.4%
Overdue Above 90 days	487	11.7%	522	12.4%	564	12.7%	534	12.2%	489	11.0%
Total Overdue	649	15.6%	704	16.7%	715	16.1%	712	16.3%	687	15.4%
Provisions for loan losses in IFRS	598	14.4%	631	15.0%	663	14.9%	627	14.4%	581	13.0%
Coverage (%)	123%		121%		118%		118%		119%	

Note: for better comparability and analysis of the performance of loans (NPL), the Company started providing the breakdown of the portfolio by overdue bracket whereas it continues to provide the portfolio breakdown by risk bracket to the Central Bank.

Gross Financial Intermediation Results

Gross margin from financial intermediation totaled 35.0% in 2Q16, representing a reduction of 40 bps over 2Q15 mainly due to higher average interest rates and higher provisions in the period. In 1H16, gross margin from financial intermediation shrank 290 bps to 35.6%.

Other Operating Revenues (Expenses)

Other operating expenses totaled R$57.8 million in 2Q16, a decrease of 13.7, due to better expense control and productivity gains. In 1H16, other operating expenses totaled R$119.4 million, 7.7% lower YoY.

Net Operating Results and Net Income

In 2Q16, Luizacred recorded operating income of R$46.3 million, 16.9% lower. In 1H16, operating income and accounted for 15.6% of intermediation revenues. In 1H16, operating income was R$94.9 million.

In 2Q16, net income totaled R$25.2 million, a decrease versus 2Q15 (net income of R$33.5million). In 1H16, net income was 36.5% lower at R$51.3 million and ROE was 18.8%.

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$25.2 million in 2Q16, with a shareholders’ equity of R$574.9 million in June 16. As a result of adjustments required under IFRS, specifically additional provisions for expected losses, net of taxes, Luizacred’s shareholders’ equity for use in the financial statements of Magazine Luiza was R$535.2 million.

RESULTS CONFERENCE CALL

Conference Call in Portuguese/English (with simultaneous translation)

August 4 2016 (Thursday)
10h00 am– Brazil time
09h00 am– USA time (EST)

Callers from Brazil:
Dian in #: +55 (11) 2188-0155
CODE: Magazine Luiza
Link to webcast:

Webcast Português

Callers from US or other countries::
Dian in #: +1 (646) 843 6054
CODE: Magazine Luiza
Link de webcast:

Webcast Inglês

Replay (available for 7 days):
Dial in # from Brazil: +55 (11) 2188-0400
Identification Code: Magazine Luiza

Investor Relations

Roberto Bellissimo Rodrigues
CFO and IR Director

Daniela Bretthauer
IR Officer

Rovilson Vieira
IR Manager

Kenny Damazio
IR Analyst

Phone: +55 11 3504-2727
ri@magazineluiza.com.br

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.