May 5, 2016

Magazine Luiza S.A. (BM&FBOVESPA: MGLU3)
1st Quarter 2016 Earnings Release (in IFRS)

MGLU3 NOVO MERCADO BM&FBOVESPA

HIGHLIGHTS

Market share gains with higher gross margin
E-commerce sales were up by 28% in the quarter and accounted for 22% of total sales
Increase in gross sales of 3% to R$2.7 billion
Increase in adjusted EBITDA of 23% to R$163 million (margin of 7.2%)

- **Consistent market share gains.** In 1Q16, consolidated gross sales reached R$2.7 billion, 2.6% higher YoY, despite a challenging macro-economic environment. In 1Q16, consolidated same-store sales were flat, with an important improvement over previous quarters (+27.8% in e-commerce and -6.1% in stores SSS). Based on data published in the monthly survey published by IBGE (Brazilian Institute for Statistics and Demography) and data from GFK consultant for the first two months of the year, we gained market share in the main categories that we participate.

- **Strong e-commerce growth.** In 1Q16, e-commerce sales were up by 27.8%, the highest growth rate of recent quarters, compared to 1% increase for the industry average during the same period, accounting for 22.4% of total sales. This performance stems from: (i) market share gains as a result of our multichannel strategy, (ii) increase in conversion of sales done via mobile phone new app and (iii) better assortment. In our view, the e-commerce market is becoming gradually more rational with better balance between free shipping offers, pricing and payment options without interest.

- **Higher gross margin.** Gross margin was 210 bps higher in 1Q16 to 30.2%. This performance was achieved as a result of: (i) better sales mix, (ii) charging for freight and assembly and (iii) greater operational efficiency across all channels.

- **Tight expense control.** Aside from higher gross margin**,** SG&A expenses decreased by 3.2% in nominal terms, as a result of stronger expense control stemming from the adoption of OBZ methodology (zero basis budget), a reduction in marketing expenses and general renegotiation of contracts. Even considering higher payroll taxes, SG&A expenses presented 60 bps dilution accounting for 23.8% of net sales.

- **EBITDA margin and net income.** In 1Q16, better sales performance, the increase in gross margin and improved dilution of operating expenses, positively contributed to the 13.1% growth in EBITDA to R$144.1 million (margin of 6.4%) and a net income of R$5.3 million (margin of 0.2%). If we exclude the impact of non-recurring expenses in the amount of R$19.0 million, adjusted EBITDA was R$163.1 million (7.2% margin) and net income was R$17.8 million (margin of 0.8%).

- **Improvement in working capital management.** The Company reported a significant reduction in working capital needs, with lower inventories of R$109.3 million and higher suppliers of R$154.9 million, respectively YoY.

- **Reduction in net debt.** Adjusted net debt (net of credit card receivables that have not been advanced) decreased by R$191.4 million to R$858.7 million in Mar-16, thereby lowering the ratio of net debt adjusted/adjusted EBITDA from 1.7x to 1.6x, respectively. LTM gross debt was R$114.9 million lower, while cash and short-term investments increased cash position by R$68.8 million to R$721.3 million.

- **A pick up in results.** Luizacred continues to pursue its strategy to focus more on the Luiza co-branded credit card, thereby strengthening the importance of the card as a loyalty tool. In 1Q16, gross billings of Luiza card for purchases within Magazine Luiza stores were eu 5.2% higher, whereas for purchases in thitd party outlets were 9.4% higher, while the credit portfolio of Luiza cards increased by 4.8% to R$3.7 billion. Luizacred also achieved lower expenses related to bad debt provisions compared to previous quarter, which can be explained partially by the 62% decrease in direct credit to consumers (DCC). Therefore, Luizacred reported net income of R$26.2 million, significantly better vs 4Q15, but lower YoY.

MGLU3: R$ 28.50 per share	**Conference call: May 6, 2016 (Friday)**	Investor Relations: Tel. +55 11 3504-2727
Total Shares: 22,248,933	09:30AM in US Time (EST): +1 646-843-6054	www.magazineluiza.com.br/ri
Market Cap: R$ 634 million	10:30AM in Brazil Time: +55 11 2188-0155	ri@magazineluiza.com.br

R$ million (except when otherwise indicated)	1Q16	1Q15	% Chg
Gross Revenue	2,723.6	2,654.6	2.6%
Net Revenue	2,263.5	2,277.6	-0.6%
Gross Income	683.6	639.0	7.0%
Gross Margin	30.2%	28.1%	210 bps
EBITDA	144.1	127.4	13.1%
EBITDA Margin	6.4%	5.6%	80 bps
Adjusted EBITDA	163.1	132.5	23.1%
Adjusted EBITDA Margin	7.2%	5.8%	139 bps
Net Income	5.3	2.9	84.2%
Net Margin	0.2%	0.1%	10 bps
Adjusted Net Income	17.8	6.2	187.1%
Adjusted Net Margin	0.8%	0.3%	51 bps
Same Store Sales Growth	0.0%	-3.0%	-
Same Physical Store Sales Growth	-6.1%	-5.3%	-
Internet Sales Growth	27.8%	9.2%	-
Number of Stores - End of Period	786	759	27 stores
Sales Area - End of Period (M2)	498,570	483,145	3.2%

In 1Q16, EBITDA and net income were adjusted by non-recurring expenses in the amount of R$19.0 million (in the case of net income the adjustment of non-recurring expenses was R$12.5 million to take into account the income tax effect). These expenses are related to restructuring charges and change in the number of employees.

As a result of recent changes in the accounting of payroll taxes, to make the figures more comparable, we opted to reclassify 1Q15 results as follows: expenses with payroll taxes of R$25.1 million, which were previously accounted for as a reduction in gross sales, were reclassified as part of selling expenses (R$18.1 million) and G&A expenses (R$7.0 million).

MESSAGE FROM THE EXECUTIVE MANAGEMENT TEAM

New digital transformation cycle. The main strategy of the Company for the next five years is the digital transformation. Our long-term objective is to transform Magazine Luiza from a traditional retailer with a strong digital presence into a digital company, with physical points of sale and human warmth. This strategy is based on five pillars: (i) digital inclusion, (ii) digitalization of stores, (iii) multichannel, (iv) transform our website into a digital platform and (v) digital culture.

To bring access to many what is privilege of few. This has always been the Company's main purpose. During our digital transformation cycle, Magazine Luiza wants to stimulate the digital inclusion. Currently, only 45% of Brazil's population own smartphones, but most of them install only two apps (WhatsApp e Facebook) and about 10% of buyers of a smart TV use the available resources, such as surf the web or access Netflix. To make this bridge between Brazilians and the digital world is one of our main goals going forward.

To implement the digital transformation strategy. The store is becoming increasingly more digital, multichannel and closer to customers, providing a more pleasant shopping experience. We ended March with 183 stores trained for the use of Mobile Sales and we also gave free wi-fi access to customers at 366 stores. By year-end, we estimate to have completed the training of Mobile Sales at all of our conventional stores (except for virtual stores). Benefits such as buy online and pick up at the store or buy online and ship from store are being developed and tested. At the same time, a new Marketplace platform, which will allow us to sell third-party items, thereby increasing significantly the number of categories and product offer, without running inventory risks or delivery costs. In addition, the new app reached more than two million downloads mark and has contributed to our online sales growth on a sustainable manner. All of these initiatives have been developed by our innovation and development lab - Luizalabs.

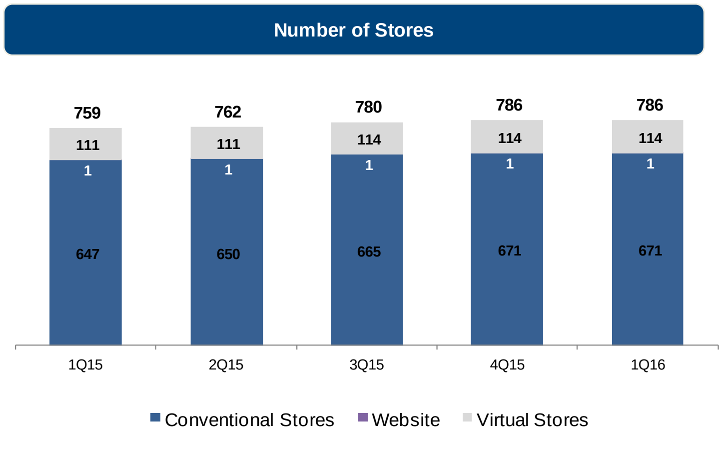
Improved corporate governance. At the end of 2015, new changes were announced in our organizational chart, in line with the strategic changes that have been recently announced. Luiza Helena Trajano, who headed the company in the last twenty five years, took over as Chairwoman of the board and Marcelo Silva, our CEO for the last seven years, became Vice-chairman of the board. Frederico Trajano, previously our COO, became CEO. Fabrício Garcia, previously senior executive director in charge of the commercial area was promoted to COO and will be in charge of the commercial area as well as stores operation. We have established two new committees: (i) People and Organizational Culture and (ii) Business Strategy and Digital Transformation. These two new committees were combined with two others as follows: (i) Audit, Risks and Compliance and (ii) Finance and Consumer Credit. In the last general shareholders meeting held in April, we elected a new independent board member, Professor José Paschoal Rossetti, one of the leading experts in corporate governance in Brazil.

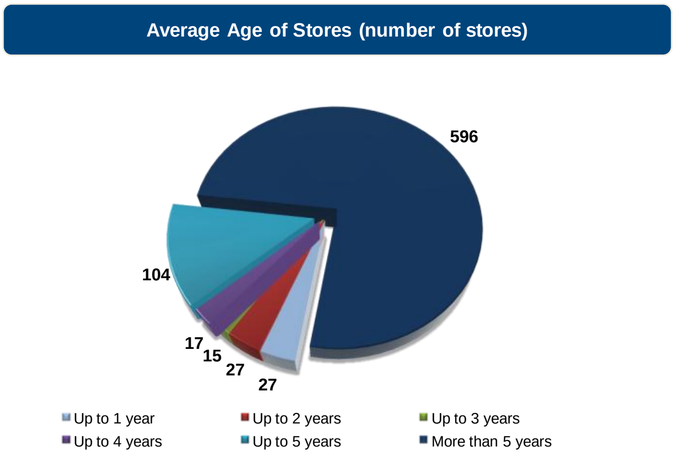
Magazine Luiza started the year better prepared to face the Brazilian economic challenges and new digital trends. Our goal is to focus on sales (#Focanavenda) and continue to gain market share, while at the same time maintaining our overall profitability, our win-win spirit and maintain the importance of caring for customers and employees. The Company will continue to search for excellence in terms of store efficiency, employee productivity, automation projects across all sales channels and areas and to control G&A expenses. All of these efforts aim to make the structure leaner, more agile, with the ultimate goal to offer a great shopping experience to customers. In order to maintain a healthy business in a year of extremely low consumer confidence, the Company has envisioned new sales opportunities. Based on a detailed study done by Mckinsey consulting firm, market share opportunity gains were mapped by store size, location and category. As far as expenses, we continue to have the support of another consulting firm with a strong reputation in expense control – Galeazzi. Galeazzi helped us to implement a zero basis budgeting methodology for 2016 (OBZ) and is also helping us to control expenses according to a matrix methodology (GMD). First-quarter results confirm that we are on the right track: it is possible to grow sales, even under unfavorable economic scenario, without having to sacrifice margins.

The Executive Management team

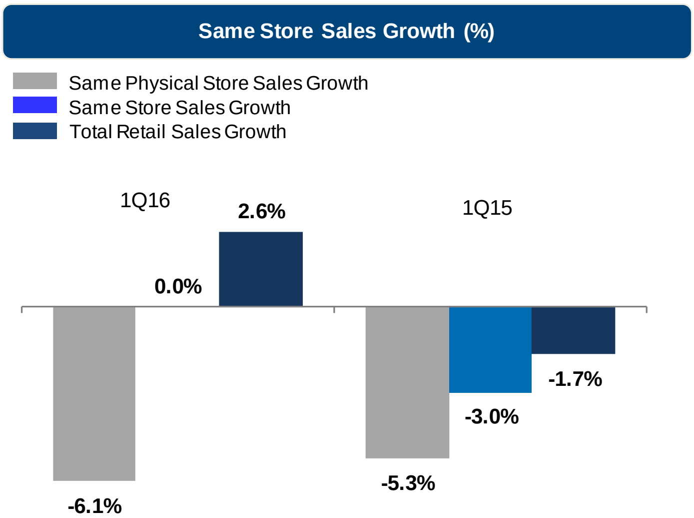
OPERATING AND FINANCIAL PERFORMANCE

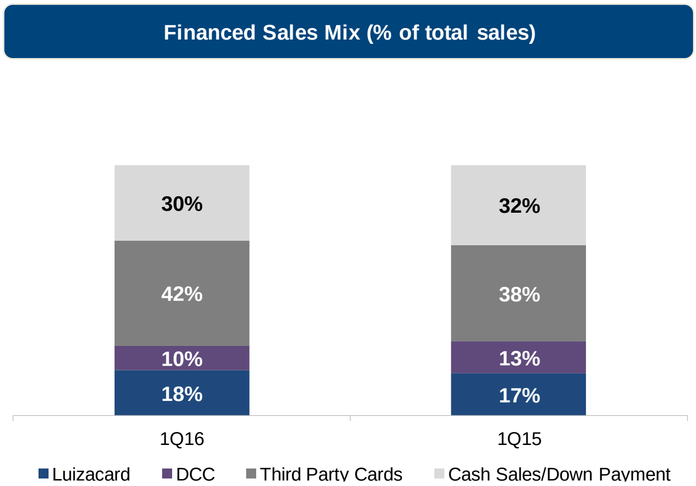
Magazine Luiza ended 1Q16 with 786 stores, 671 of which were conventional stores, 114 virtual stores and one website. In the last 12 months the Company opened 27 new stores. Considering our total number of stores, 24% are not yet mature.





Gross same-store-sales were flat in 1Q16 versus 1Q15, as a result of a reduction of 6.1% in brick and mortar same-store-sales, but a growth of 27.8% in e-commerce sales.





Sales on Luiza Card increased to 18% in 1Q16 from 17% in 1Q15, contributing to strengthen the loyalty strategy of the Company. In 1Q16, the number of cards remained stable at 3.5 million. Due to more conservative credit approval policy, DCC (direct credit to consumers) participation decreased to 10% of sales in 1Q16 compared to 13% in 1Q15. We highlight that Losango represented 5% of total brick and mortar store sales.

Gross Revenues

(in R$ million)	1Q16	1Q15	%Chg
Gross Revenue - Retail - Merchandise Sales	2,596.4	2,522.5	2.9%
Gross Revenue - Retail - Services	115.8	122.2	-5.2%
Subtotal Retail	**2,712.2**	**2,644.8**	**2.6%**
Gross Revenue - Consortium Management	13.6	11.9	14.4%
Inter-Company Eliminations	(2.2)	(2.0)	10.2%
Gross Revenue - Total	**2,723.6**	**2,654.6**	**2.6%**

Gross revenues increased by 2.6% due to contribution of new stores and 2.9% increase in merchandise sales. The performance of the same stores was basically stable.

Net Revenues

(in R$ million)	1Q16	1Q15	%Chg
Net Revenue - Retail - Merchandise Sales	2,151.5	2,162.0	-0.5%
Net Revenue - Retail - Services	101.8	106.8	-4.7%
Subtotal Retail	**2,253.2**	**2,268.7**	**-0.7%**
Net Revenue - Consortium Management	12.4	10.8	14.6%
Inter-Company Eliminations	(2.2)	(2.0)	10.2%
Net Revenue - Total	**2,263.5**	**2,277.6**	**-0.6%**

Net revenues slip by 0.6% due to the increase of taxes on gross revenues in several states, which raised the rates of ICMS taxes on some products.

Gross Profit

(in R$ million)	1Q16	1Q15	% Chg
Gross Income - Retail - Merchandise Sales	574.1	525.4	9.3%
Gross Income - Retail - Services	101.8	106.8	-4.7%
Subtotal Retail	**675.8**	**632.2**	**6.9%**
Gross Income - Consortium Management	7.7	6.8	13.3%
Gross Income - Total	**683.6**	**639.0**	**7.0%**
Gross Margin - Total	**30.2%**	**28.1%**	**210 bps**

Gross profit totaled R$683.6 million, equivalent to a gross margin expansion of 210bps to 30.2%. Gross margin improvement was due to: (i) sales mix, (ii) charging for shipping and assembly, and (iii) better operational efficiency in all channels.

Operating Expenses

(in R$ million)	1Q16	% NR	1Q15	% NR	% Chg
Selling Expenses	(426.8)	-18.9%	(439.5)	-19.3%	-2.9%
General and Administrative Expenses	(111.1)	-4.9%	(116.1)	-5.1%	-4.3%
General and Administrative Expenses	**(537.8)**	**-23.8%**	**(555.5)**	**-24.4%**	**-3.2%**
Provisions for Loan Losses	(7.7)	-0.3%	(6.2)	-0.3%	25.0%
Other Operating Revenues, Net	(8.6)	-0.4%	23.1	1.0%	-137.1%
Total Operating Expenses	**(554.1)**	**-24.5%**	**(538.6)**	**-23.6%**	**2.9%**

Selling Expenses

Selling expenses totaled R$426.8 million, equivalent to 18.9% of net revenues. The Company was able to reduce the total amount of selling expenses by -2.9% YoY, due to a more rigorous control of expenses following the adoption of zero basis budgeting methodology (OBZ), 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 40 bps lower YoY.

General and Administrative Expenses

General and administrative expenses totaled R$111.1 million, equivalent to 4.9% of net revenue (20 bps lower YoY). The Company reduced these expenses by 4.3% YoY, in nominal terms, due to optimization of administrative processes, despite higher payroll taxes.

Provisions for Loan Losses

Provisions for loan losses reached R$7.7 million in 1Q16.

Other Operating Revenue, Net

(in R$ million)	1Q16	% NR	1Q15	% NR	% Chg
Gain on Sale of Assets	(0.2)	0.0%	(0.2)	0.0%	-4.3%
Deferred Revenue Recorded	9.9	0.4%	23.2	1.0%	-57.3%
Provision for Tax Liabilities	0.0	0.0%	3.9	0.2%	-98.8%
Non-recurring Expenses	(19.0)	-0.8%	(5.1)	-0.2%	274.8%
Other	0.6	0.0%	1.3	0.1%	-50.2%
Total	**(8.6)**	**-0.4%**	**23.1**	**1.0%**	**-137.1%**

Other net operating expenses totaled R$8.6 million, due to deferred revenues appropriation of R$9.9 million and non-recurring expenses in the amount of R$19.0 million, mainly related to restructuring expenses and review of total number of employees.

Equity Income

Equity income showed a significant improvement over the last quarters and totaled R$14.7 million in 1Q16. The main reasons that impacted equity income were (i) Luizacred's performance with equity income of R$13.1 million (ii) Luizaseg's performance with equity income of R$1.6 million.

EBITDA

In 1Q16, considering better sales performance, the expansion of gross margin and better dilution of operating expenses, positively contributed to an improvement in EBITDA to R$144.1 million, equivalent to a margin EBITDA of 6.4% (+80 bps versus 1Q15). Excluding the non-recurring expenses EBITDA totaled R$163.1 million with a margin EBITDA of 7.2%.

Financial Results

R$ million	1Q16	% NR	1Q15	% NR	% Chg
Financial Expenses	(142.5)	-6.3%	(124.8)	-5.5%	14.3%
Interest on loans and financing	(66.4)	-2.9%	(60.8)	-2.7%	9.2%
Interest on prepayment of receivables – third party card	(34.6)	-1.5%	(34.9)	-1.5%	-0.8%
Interest on prepayment of receivables – Luiza Card	(30.9)	-1.4%	(21.1)	-0.9%	46.4%
Other expenses	(10.7)	-0.5%	(7.9)	-0.3%	34.2%
Financial Revenues	28.6	1.3%	20.4	0.9%	40.1%
Gains on marketable securities	4.9	0.2%	3.5	0.2%	39.5%
Other financial revenues	23.7	1.0%	16.9	0.7%	40.2%
Total Financial Results	(113.9)	-5.0%	(104.3)	-4.6%	9.2%
Income from securities[1]	9.7	0.4%	7.7	0.3%	25.3%
Adjusted Financial Results	(104.2)	-4.6%	(96.6)	-4.2%	7.9%

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$104.2 million (equivalent to 4.6% over net sales). Such result reflects mainly (i) lower net debt and (ii) higher interest rates, which grew to 3.2% in 1Q16 from 2.8% in 1Q15 (+15.9% in the period).

Net Income

Net income increased by 84.2% to R$5.3 million in 1Q16, equivalent to a net margin of 0.2%. Excluding non-recurring expenses, net income totaled R$17.8 million (net margin of 0.8%).

Working Capital

CONSOLIDATED (R$ million)	Mar-16	Dec-15	Sep-15	Jun-15	Mar-15
Accounts Receivables	389.6	435.2	431.2	419.4	480.4
Inventories	1,279.3	1,353.1	1,208.1	1,293.4	1,388.6
Related Parties	55.4	86.2	48.7	52.4	60.9
Recoverable Taxes	320.9	334.3	311.9	337.6	291.6
Other Assets	60.7	36.6	101.1	103.5	76.0
Current Operating Assets	2,105.9	2,245.4	2,101.0	2,206.3	2,297.4
Suppliers	1,394.1	1,894.2	1,186.9	1,175.1	1,239.2
Payroll, Vacation and Related Charges	141.7	153.9	151.9	145.8	161.2
Taxes Payable	29.5	30.6	25.3	31.0	22.0
Related Parties	61.9	68.4	55.3	57.2	62.4
Taxes in Installments	-	-	-	-	6.5
Other Accounts Payable	92.2	118.0	89.6	78.2	115.0
Current Operating Liabilities	1,719.5	2,265.0	1,509.0	1,487.3	1,606.3
Working Capital	386.4	(19.6)	592.0	719.0	691.1
% of Gross Revenue (LTM)	3.7%	-0.2%	5.5%	6.4%	6.0%
Balance of Discounted Receivables	1,433.1	1,417.8	1,268.3	1,273.4	1,392.0
Working Capital Adjusted	1,819.5	1,398.2	1,860.4	1,992.4	2,083.1
% of Gross Revenue (LTM)	17.2%	13.3%	17.3%	17.9%	18.2%

The Company reported an important improvement in its working capital needs during 1Q16. We highlight the effort to lower inventories (R$109.3 million versus Mar-15) and increase in suppliers (R$154.9 million versus Mar-15). Working capital needs changed from R$691.1 million in 1Q15 to R$386.4 million in 1Q16, representing an improvement of R$304.7 million. Working capital as a percentage of LTM gross sales were 3.7% in 1Q16 versus 6.0% in 1Q15.

Capex

CAPEX (in R$ million)	1Q16	%	1Q15	%
New Stores	0.0	0%	12.4	38%
Remodeling	7.2	32%	8.2	25%
Technology	11.2	49%	8.9	27%
Logistics	4.0	18%	3.1	10%
Other	0.4	2%	0.0	0%
Total	**22.8**	**100%**	**32.6**	**100%**

Investments in fixed and intangible assets totaled R$22.8 million in 1Q16, 30% lower YoY. The bulk of the Company's investments in 1Q16 was allocated to technology and logistics projects.

Net Debt

CONSOLIDATED (R$ million)	Mar-16	Dec-15	Sep-15	Jun-15	Mar-15
(+) Current Loans and Financing	713.6	568.4	446.6	370.8	392.5
(+) Non-current Loans and Financing	1,050.5	1,255.0	1,564.6	1,484.8	1,486.5
(=) Gross Debt	1,764.1	1,823.3	2,011.2	1,855.6	1,879.0
(-) Cash and Cash Equivalents	411.3	617.5	270.4	227.1	282.7
(-) Current Securities	302.2	497.6	265.1	238.8	337.4
(-) Non-current Securities	7.8	46.7	99.8	26.5	32.3
(-) Total Cash	721.3	1,161.8	635.4	492.4	652.5
(=) Net Debt	1,042.8	661.5	1,375.8	1,363.2	1,226.5
(-) Credit Card - Third Party Card	176.1	158.7	156.0	148.3	165.9
(-) Credit Card - Luiza Card	8.1	13.9	4.8	8.0	10.5
(-) Total Credit Card	184.1	172.6	160.9	156.3	176.5
(=) Adjusted Net Debt	858.7	488.9	1,215.0	1,206.9	1,050.1
Short Term Debt/Total	40%	31%	22%	20%	21%
Long Term Debt/Total	60%	69%	78%	80%	79%
Adjusted EBITDA (LTM)	523.3	492.6	553.8	616.4	616.9
Adjusted Net Debt/ Adjusted EBITDA	1.6 x	1.0 x	2.2 x	2.0 x	1.7 x

Adjusted net debt (excluding credit cards that were not advanced) decreased to R$858.7 million in Mar-16 from R$1,050.1 in Mar-15, reducing the ratio of Adjusted net debt divided by Adjusted EBITDA to 1.6x and 1.7x LTM, respectively. In the LTM, gross debt decreased by R$114.9 million and cash and cash equivalents increased by R$68.8 million to R$721.3 million.

The change in adjusted net debt of R$369.8 million YoY was associated with the seasonality of working capital, especially in the suppliers account (decrease of R$500.0 million) and inventories (decline of R$73.8 million).

ANNEX I
FINANCIAL STATEMENTS – CONSOLIDATED RESULT

CONSOLIDATED INCOMESTATEMENT (R$ million)	1Q16	V.A.	1Q15	V.A.	% Chg
Gross Revenue	2,723.6	120.3%	2,654.6	116.6%	2.6%
Taxes and Deductions	(460.1)	-20.3%	(377.0)	-16.6%	22.0%
Net Revenue	2,263.5	100.0%	2,277.6	100.0%	-0.6%
Total Costs	(1,579.9)	-69.8%	(1,638.6)	-71.9%	-3.6%
Gross Income	683.6	30.2%	639.0	28.1%	7.0%
Selling Expenses	(426.8)	-18.9%	(439.5)	-19.3%	-2.9%
General and Administrative Expenses	(111.1)	-4.9%	(116.1)	-5.1%	-4.3%
Provisions for Loan Losses	(7.7)	-0.3%	(6.2)	-0.3%	25.0%
Other Operating Revenues, Net	(8.6)	-0.4%	23.1	1.0%	-137.1%
Equity in Subsidiaries	14.7	0.6%	27.0	1.2%	-45.6%
Total Operating Expenses	(539.4)	-23.8%	(511.6)	-22.5%	5.4%
EBITDA	144.1	6.4%	127.4	5.6%	13.1%
Depreciation and Amortization	(30.9)	-1.4%	(31.7)	-1.4%	-2.7%
EBIT	113.2	5.0%	95.7	4.2%	18.4%
Financial Results	(113.9)	-5.0%	(104.3)	-4.6%	9.2%
Operating Income	(0.7)	0.0%	(8.7)	-0.4%	-91.8%
Income Tax and Social Contribution	6.0	0.3%	11.5	0.5%	-48.3%
Net Income	5.3	0.2%	2.9	0.1%	84.2%

Reconciliation of EBITDA for non-recurring expenses

EBITDA	144.1	6.4%	127.4	5.6%	-
Non-recurring Expenses	19.0	0.8%	5.1	0.2%	-
Adjusted EBITDA	163.1	7.2%	132.5	5.8%	-

Net Income	5.3	0.2%	2.9	0.1%	-
Non-recurring Expenses	19.0	0.8%	5.1	0.2%	-
Tax Over Non-recurring Expenses	(6.5)	-0.3%	(1.7)	-0.1%	-
Adjusted Net Income	17.8	0.8%	6.2	0.3%	-

As a result of recent changes in the accounting of payroll taxes, to make the figures more comparable, we opted to reclassify 1Q15 results as follows: expenses with payroll taxes of R$25.1 million, which were previously accounted for as a reduction in gross sales, were reclassified as part of selling expenses (R$18.1 million) and G&A expenses (R$7.0 million).

ANNEX II
FINANCIAL STATEMENTS – CONSOLIDATED BALANCE SHEET

ASSETS (R$ million)	Mar-16	Dec-15	Sep-15	Jun-15	Mar-15
CURRENT ASSETS					
Cash and Cash Equivalents	411.3	617.5	270.4	227.1	282.7
Securities	302.2	497.6	265.1	238.8	337.4
Accounts Receivable	389.6	435.2	431.2	419.4	480.4
Inventories	1,279.3	1,353.1	1,208.1	1,293.4	1,388.6
Related Parties	55.4	86.2	48.7	52.4	60.9
Taxes Recoverable	320.9	334.3	311.9	337.6	291.6
Other Assets	60.7	36.6	101.1	103.5	76.0
Total Current Assets	2,819.4	3,360.5	2,636.6	2,672.2	2,917.6
NON-CURRENT ASSETS					
Securities	7.8	46.7	99.8	26.5	32.3
Accounts Receivable	1.9	2.6	1.9	2.4	2.9
Deferred Income Tax and Social Contribution	236.1	229.3	196.0	171.6	160.3
Recoverable Taxes	164.2	177.3	159.9	119.3	95.6
Judicial Deposits	260.1	248.5	235.0	236.1	220.8
Other Assets	49.4	54.3	53.7	53.8	53.0
Investments in Subsidiaries	368.5	384.0	333.6	313.2	294.7
Fixed Assets	569.6	578.6	567.7	563.9	561.5
Intangible Assets	507.3	506.7	496.3	497.8	493.9
Total Non-current Assets	2,164.9	2,228.0	2,143.8	1,984.6	1,915.1
TOTAL ASSETS	4,984.3	5,588.5	4,780.4	4,656.8	4,832.7

LIABILITIES (R$ million)	Mar-16	Dec-15	Sep-15	Jun-15	Mar-15
CURRENT LIABILITIES					
Suppliers	1,394.1	1,894.2	1,186.9	1,175.1	1,239.2
Loans and Financing	713.6	568.4	446.6	370.8	392.5
Payroll, Vacation and Related Charges	141.7	153.9	151.9	145.8	161.2
Taxes Payable	29.5	30.6	25.3	31.0	22.0
Related Parties	61.9	68.4	55.3	57.2	62.4
Taxes in Installments	-	-	-	-	6.5
Deferred Revenue	40.8	41.4	27.5	29.2	31.0
Dividends Payable	-	-	-	-	16.3
Other Accounts Payable	92.2	118.0	89.6	78.2	115.0
Total Current Liabilities	2,473.9	2,874.8	1,983.1	1,887.3	2,046.1
NON-CURRENT LIABILITIES					
Loans and Financing	1,050.5	1,255.0	1,564.6	1,484.8	1,486.5
Provision for Tax, Civil and Labor Risks	254.7	243.4	229.9	252.8	243.9
Deferred Revenue	539.4	550.9	286.5	293.0	299.4
Other Accounts Payable	2.3	2.3	2.3	2.5	2.5
Total Non-current Liabilities	1,846.8	2,051.5	2,083.4	2,033.1	2,032.3
TOTAL LIABILITIES	4,320.7	4,926.3	4,066.5	3,920.4	4,078.4
SHAREHOLDERS' EQUITY					
Capital Stock	606.5	606.5	606.5	606.5	606.5
Capital Reserve	15.7	14.6	13.5	12.1	11.0
Treasury Shares	(16.4)	(9.6)	(9.0)	(5.2)	(24.3)
Legal Reserve	16.1	16.1	16.1	16.3	16.3
Profit Retention Reserve	36.2	36.2	101.8	101.8	143.2
Other Comprehensive Income	0.2	(1.6)	(1.8)	(1.1)	(1.3)
Accumulated Losses	5.3	-	(13.2)	5.9	2.9
Total Shareholders' Equity	663.6	662.2	713.9	736.3	754.3
TOTAL	4,984.3	5,588.5	4,780.4	4,656.8	4,832.7

ANNEX III

FINANCIAL STATEMENTS – ADJUSTED CASH FLOW STATEMENT

ADJUSTED CASH FLOW STATEMENTS	1Q16	1Q15
Net Income	**5.3**	**2.9**
Effect of IR / CS Net of Payment	(6.5)	(12.0)
Depreciation and Amortization	30.9	31.7
Interest Accrued on Loans	61.2	56.2
Equity, Net of Dividends Received	21.9	27.2
Provision for Losses on Inventories and Receivables	31.8	13.5
Provision for Tax, Civil and Labor Contingencies	14.8	(17.2)
Gain on Sale of Fixed Assets	0.2	0.2
Recognition of Deferred Income	(9.9)	(23.2)
Stock Option Expenses	1.1	1.1
Adjusted Net Income	**150.7**	**80.5**
Trade Accounts Receivable	34.2	131.3
Inventories	54.1	79.2
Taxes Recoverable	26.5	14.8
Other Receivables	(19.4)	(5.0)
Changes in Operating Assets	**95.4**	**220.4**
Trade Accounts Payable	(500.0)	(550.7)
Other Payables	(25.4)	(33.3)
Change in Operating Liabilities	**(525.4)**	**(584.0)**
Cash Flow from Operating Activities	**(279.3)**	**(283.2)**
Additions of Fixed and Intangible Assets	(22.8)	(32.6)
Renegotiation Payment of Exclusive Contract	(11.2)	0.0
Cash Flow from Investing Activities	**(34.0)**	**(32.6)**
Loans and Financing	88.6	575.0
Repayment of Loans and Financing	(110.8)	(482.7)
Changes in Other Financial Assets (Hedge)	(45.7)	59.4
Payment of Interest on Loans and Financing	(52.4)	(40.5)
Treasury Shares	(6.9)	(4.1)
Payment of Dividends	0.0	(2.0)
Cash Flow from Financing Activities	**(127.2)**	**105.1**
Cash, Cash Equivalents and Securities at Beginning of Period	1,161.8	863.1
Cash, Cash Equivalents and Securities at end of Period	721.3	652.5
Change in Cash and Cash equivalents	**(440.5)**	**(210.7)**

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 – 1Q16

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

Reconciliation of EBITDA for non-recurring expenses

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

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

ANNEX V
RESULTS BY SEGMENT – 1Q15

1Q15 (in R$ million)	Retail	Consortium 100%	Eliminations	Consolidated	Cons. Finance 50%	Insurance 50%	Eliminations	Consolidated Pro-Forma
Gross Revenue	2,644.8	11.9	(2.0)	2,654.6	212.7	47.0	(62.2)	2,852.1
Taxes and Deductions	(376.0)	(1.0)	-	(377.0)	-	-	-	(377.0)
Net Revenue	2,268.7	10.8	(2.0)	2,277.6	212.7	47.0	(62.2)	2,475.0
Total Costs	(1,636.6)	(4.0)	2.0	(1,638.6)	(30.9)	(6.0)	-	(1,675.5)
Gross Income	632.2	6.8	-	639.0	181.9	40.9	(62.2)	799.5
Selling Expenses	(439.5)	-	-	(439.5)	(74.9)	(33.4)	51.7	(496.1)
General and Administrative Expenses	(110.7)	(5.4)	-	(116.1)	(0.9)	(6.2)	-	(123.2)
Provisions for Loan Losses	(6.2)	-	-	(6.2)	(67.8)	-	-	(73.9)
Equity in Subsidiaries	28.2	-	(1.2)	27.0	-	-	(27.0)	-
Other Operating Revenues, Net	23.1	0.0	-	23.1	2.8	-	(1.4)	24.5
Total Operating Expenses	(505.0)	(5.4)	(1.2)	(511.6)	(140.8)	(39.6)	23.3	(668.7)
EBITDA	127.2	1.4	(1.2)	127.4	41.0	1.3	(38.9)	130.8
Depreciation and Amortization	(31.7)	(0.1)	-	(31.7)	(1.6)	(0.0)	1.4	(31.9)
EBIT	95.5	1.4	(1.2)	95.7	39.5	1.3	(37.5)	98.9
Financial Results	(104.8)	0.5	-	(104.3)	-	4.1	10.6	(89.6)
Operating Income (Loss)	(9.3)	1.8	(1.2)	(8.7)	39.5	5.5	(27.0)	9.3
Income Tax and Social Contribution	12.1	(0.6)	-	11.5	(15.8)	(2.2)	-	(6.4)
Net Income	2.9	1.2	(1.2)	2.9	23.7	3.3	(27.0)	2.9
Gross Margin	27.9%	62.8%	0.0%	28.1%	85.5%	87.1%	100.0%	32.3%
EBITDA Margin	5.6%	13.4%	62.6%	5.6%	19.3%	2.8%	62.5%	5.3%
Net Margin	0.1%	11.4%	62.6%	0.1%	11.1%	7.0%	43.4%	0.1%

Reconciliation of EBITDA for non-recurring expenses

EBITDA	127.2	1.4	(1.2)	127.4	41.0	1.3	(38.9)	130.8
Non-recurring Expenses	5.1	-	-	5.1	-	-	-	5.1
Adjusted EBITDA	132.3	1.4	(1.2)	132.5	41.0	1.3	(38.9)	135.9
Adjusted EBITDA Margin	5.8%	13.4%	62.6%	5.8%	19.3%	2.8%	62.5%	5.5%

Net Income	2.9	1.2	(1.2)	2.9	23.7	3.3	(27.0)	2.9
Non-recurring Expenses	5.1	-	-	5.1	-	-	-	5.1
Tax over Non-recurring Expenses	(1.7)	-	-	(1.7)	-	-	-	(1.7)
Adjusted Net Income	6.2	1.2	(1.2)	6.2	23.7	3.3	(27.0)	6.2
Adjusted Net Income Margin	0.3%	11.4%	62.6%	0.3%	11.1%	7.0%	43.4%	0.3%

ANNEX VI
BREAKDOWN OF SALES AND NUMBER OF STORES PER CHANNEL

Gross Revenue by Channel (R$ million)	1Q16	V.A.	1Q15	V.A.	Growth Total
Virtual Stores	123.7	4.6%	120.4	4.6%	2.7%
Website	604.6	22.4%	473.0	17.9%	27.8%
Subtotal - Virtual Stores	**728.3**	26.9%	**593.4**	22.5%	22.7%
Conventional Stores	1,974.2	73.1%	2,043.7	77.5%	-3.4%
Total	**2,702.5**	100.0%	**2,637.0**	100.0%	2.5%

Number of stores per channel – End of the period	Mar-16	Part(%)	Mar-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**	14.8%	3
Conventional Stores	671	85.4%	647	85.2%	24
Total	**786**	100.0%	**759**	100.0%	27
Total Sales Area (m^2)	498,570	100%	483,145	100%	3.2%

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$9.7 million in 1Q16 and R$7.7 million in 1Q15. The differences in gross revenue from the retail segment in the breakdown by channel and income statements refer to these classifications.

ANEXO VII
LUIZACRED

Operating Indicators

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

In Mar-16, Luizacred had a total base of 3.5 million cards issued, growing 0.3% over Mar-15. We highlight that sales using Luiza Card inside of our stores grew by 5.2% and the conservative approach to approving credit, especially with respect to DCC (direct credit to consumers), whose sales decreased by 62.0% in 1Q16, from R$243 million to R$92 million.

Luizacred's credit portfolio, including credit cards, direct consumer credit and personal loans, totaled R$4.2 billion in 1Q16, a reduction of 6.3% YoY, highlighting Luiza card portfolio, which increased by 4.8%, while DCC portfolio decreased by 48.1%.

LUIZACRED – Key Indicators (R$ million)	1Q16	1Q15	% Chg
Total Card Base (thousand)	3,487	3,478	0.3%
Luiza Card Sales – In chain	464	441	5.2%
Luiza Card Sales – Outside Brand	2,053	1,876	9.4%
CDC Sales	92	243	-62.0%
Personal Loans Sales	21	27	-21.7%
Luizacred Sales - Total	**2,630**	**2,588**	**1.7%**
Card Portfolio	3,682	3,513	4.8%
CDC Portfolio	485	935	-48.1%
Personal Loans Portfolio	43	47	-8.7%
Portfolio - Total	**4,210**	**4,495**	**-6.3%**

Credit and Collection Policy

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 1Q16.

Income Statement

LUIZACRED – Income (R$ million)	1Q16	V.A.	1Q15	V.A.	% Chg
Financial Intermediation Revenue	304.8	100.0%	338.7	100.0%	-10.0%
Cards	228.8	75.1%	216.2	63.8%	5.8%
CDC	64.3	21.1%	110.1	32.5%	-41.6%
Personal Loans	11.7	3.8%	12.3	3.6%	-5.4%
Financial Intermediation Expenses	(194.5)	-63.8%	(197.3)	-58.2%	-1.4%
Market Funding Operations	(60.8)	-19.9%	(61.7)	-18.2%	-1.6%
Provision for Loan Losses	(133.7)	-43.9%	(135.5)	-40.0%	-1.3%
Gross Financial Intermediation Income	110.3	36.2%	141.4	41.8%	-22.0%
Other Operating Revenues (Expenses)	(61.7)	-20.2%	(62.5)	-18.5%	-1.4%
Service Revenue	81.2	26.6%	86.8	25.6%	-6.4%
Personnel Expenses	(1.0)	-0.3%	(1.8)	-0.5%	-45.0%
Other Administrative Expenses	(126.5)	-41.5%	(128.8)	-38.0%	-1.8%
Depreciation and Amortization	(3.0)	-1.0%	(3.1)	-0.9%	-3.3%
Tax Expenses	(18.9)	-6.2%	(21.0)	-6.2%	-10.1%
Other Operating Revenues (Expenses)	6.6	2.2%	5.6	1.7%	18.6%
Income Before Tax	48.6	15.9%	78.9	23.3%	-38.4%
Income Tax and Social Contribution	(22.5)	-7.4%	(31.6)	-9.3%	-28.9%
Net Income	26.2	8.6%	47.4	14.0%	-44.8%

Luizacred follows a strategy to emphasize Luiza card. Sales done through Luiza card were up by 8.6% in 1Q16, while sales done via direct consumer credit (DCC) were 62.0% lower YoY, only partially offset by DCC approved by Losango, which accounted for 5.3% of store sales in the period. The mix change in Luizacred's financing has already impacted revenues, but has not changed the provisions for bad debts yet. Accordingly, Luizacred posted net income of R$26.2 million in 1Q16, a decrease of 44.8% YoY. However, provisions for bad debt have showed an important improvement when compared to previous quarters and 4Q15, suggesting that we are on track to improve profitability in a sustainable way going forward.

Revenue from Financial Intermediation

In 1Q16, gross revenue from financial intermediation slip by 10.0% over 1Q15, mainly due to the increase of 5.8% in financial transactions with Luiza Card, partially offset by 41.6% reduction in transactions on direct consumer credit (DCC) segment.

Provision for Loan Losses

The short-term indicator remains under control. The portfolio of loans overdue up to 15 days (NPL 15) accounted for 4.3% of total portfolio and was stable when compared to 1Q15.

Due to a more challenging macroeconomic environment, the portfolio of loans overdue for more than 90 days (NPL 90) accounted for 12.4% of total portfolio in 1Q16 increase of 210bps compared to 1Q15 and decrease of 30bps compared to 4Q15.

Provisions for loan losses accounted for 3.2% of the total portfolio in 1Q16, representing an increase versus 1Q15 (3.0%) but better than 4Q15 (3.7%). We highlight the portfolio coverage ratio remained basically stable at 121% in 1Q16.

PORTFOLIO - OVERDURE	Mar-16		Dec-15		Sep-15		Jun-15		Mar-15	
Total Portfolio (R$ million)	4,210	100.0%	4,441	100.0%	4,360	100.0%	4,462	100.0%	4,495	100.0%
000 to 014 days	3,506	83.3%	3,726	83.9%	3,648	83.7%	3,775	84.6%	3,845	85.5%
015 to 030 days	57	1.4%	41	0.9%	51	1.2%	55	1.2%	57	1.3%
031 to 060 days	55	1.3%	42	0.9%	54	1.2%	60	1.3%	55	1.2%
061 to 090 days	69	1.6%	69	1.5%	74	1.7%	83	1.9%	76	1.7%
091 to 120 days	55	1.3%	74	1.7%	76	1.7%	73	1.6%	60	1.3%
121 to 150 days	55	1.3%	70	1.6%	71	1.6%	71	1.6%	57	1.3%
151 to 180 days	58	1.4%	62	1.4%	69	1.6%	65	1.5%	52	1.2%
180 to 360 days	354	8.4%	357	8.0%	317	7.3%	280	6.3%	293	6.5%
Overdue 15-90 days	182	4.3%	151	3.4%	178	4.1%	198	4.4%	188	4.2%
Overdue Above 90 days	522	12.4%	564	12.7%	534	12.2%	489	11.0%	462	10.3%
Total Overdue	704	16.7%	715	16.1%	712	16.3%	687	15.4%	650	14.5%
Provisions for loan losses in IFRS	631	15.0%	663	14.9%	627	14.4%	581	13.0%	565	12.6%
Coverage (%)	121%		118%		118%		119%		122%	

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 36.2% in 1Q16, representing a reduction over 1Q15 of 41.8%, mainly due to higher average interest rates and higher provisions in the period.

Other Operating Revenues (Expenses)

Other operating expenses totaled R$61.7 million in 1Q16, a decrease of 1.4%, due to productivity gains that offset the inflation impact on expenses during the period.

Net Operating Results and Net Income

Luizacred recorded operating income of R$48.6 million, equivalent to 15.9% of financial intermediation revenues.

In 1Q16, net income totaled R$26.2 million, a decrease of nearly 45% YoY, but significantly better versus 4Q15 (net income of R$7.9 million).

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$19.7 million in 1Q16, with a shareholders' equity of R$578.7 million in Mar-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$539.0 million.

RESULTS CONFERENCE CALL

Conference Call in Portuguese/English (with simultaneous interpreting)

May 6, 2016 (Friday)

10:30 a.m. – Brasília time
9:30 a.m. – US EST time

Callers from US or other countries:
Dial-in US EST: +1 (646) 843 6054
Access Code: Magazine Luiza
Webcast Link:

Webcast English

Callers from Brazil:
Dial-in: +55 (11) 2188-0155
Access Code: Magazine Luiza
Webcast Link:

Webcast Portuguese

Replay (available for 7 days):
Dial-in number for callers from Brazil: +55 (11) 2188-0400
Access code for Portuguese and English versions: Magazine Luiza

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

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