

Magazine Luiza S.A. 3rd Quarter 2014 Earnings Release in IFRS

Net income growth of 66% in 3Q14 to R\$42 million
Net sales increased by 18%
EBITDA growth of 44% to R\$ 176 million (7.4% margin)

- **Double-digit revenue growth:** net revenues increased by 18.3% in 3Q14 to R\$2.4 billion, with an increase in same-store sales of 15.5% (+32.6% in e-commerce and +12.4% at brick and mortar stores). In 9M14, net revenues increased by 24.8% to R\$7.0 billion.
- **E-commerce:** increase of 32.6% in gross revenues to R\$ 486.6 million, representing 17.5% of total sales (vs. 15.3% in 3Q13). We note that e-commerce is increasing its share in total sales, generating a positive contribution to overall results, as evident in the margin expansion posted in the last few quarters. In 9M14, e-commerce gross revenues increased by 39.7% to R\$1.3 billion, representing 16.4% of total sales.
- **EBITDA of R\$176.0 million in 3Q14, 43.9% higher than 3Q13:** the Company had an increase of 10bps in gross margin to 28.4% in 3Q14. The increase in SG&A expenses was 13.1% in 3Q14, lower than the increase in top line growth of 18.3%, providing a dilution of 100bps. As a result, **EBITDA margin reached 7.4% in 3Q14**. In 9M14, adjusted EBITDA posted an increase of 53.6% to R\$429.8 million (EBITDA margin of 6.1%).
- **Luizacred presented an excellent performance once again:** Luizacred more than double net income from 3Q13, for an annualized return on equity (ROE) of 37.0%. In 9M14, Luizacred's equity income was 125.8% higher to R\$62.2 million, equal to 14.5% of Company's consolidated EBITDA.
- **Net income in 3Q14 of R\$42.1 million (23.2% ROE), an increase of 65.8% and a net margin of 1.8%.** In 9M14, net income totaled R\$89.3 million, already exceeding recurring net income posted for the whole 2013.
- **The Company works hard and is committed to deliver positive results on a consistent basis since the acquisition of the last two chains, with around 250 stores integrated.** Even with worries around a possible "hangover effect" on sales following the World Cup, the Company was able to increase sales in 3Q14. The good performance was due to: (i) its true omnichannel strategy; (ii) increasing maturation of Maia and Baú stores; (iii) strong focus of all areas in controlling expenses; (iv) share increase in services revenues and (v) Luizacred results contribution.
- **"Prédio pra Você" promotional campaign was awarded the best promotion in Brazilian retail sector in 2014.** For 4Q14, the Company is well prepared to sustain its positive sales momentum as it enjoys positive calendar effect with events focused on children's (where the Company is well positioned), Black Friday and Christmas sales.

MGLU3: R\$ 7.89 per share
 Total Shares: 181,494,467
 Market Cap: R\$ 1.4 billion

Conference call: October 31, 2014 (Friday)
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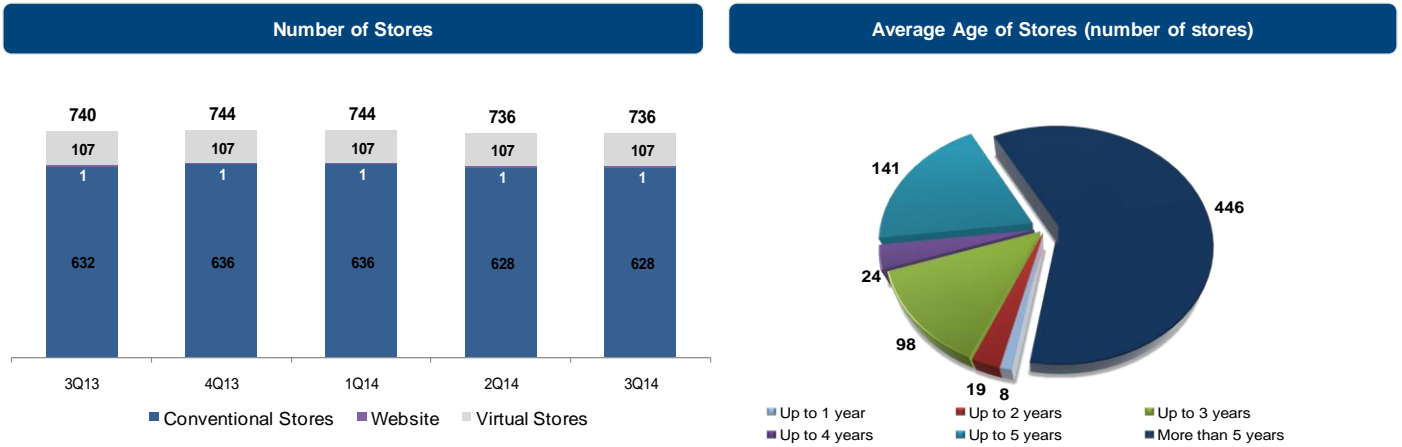
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Key Indicators

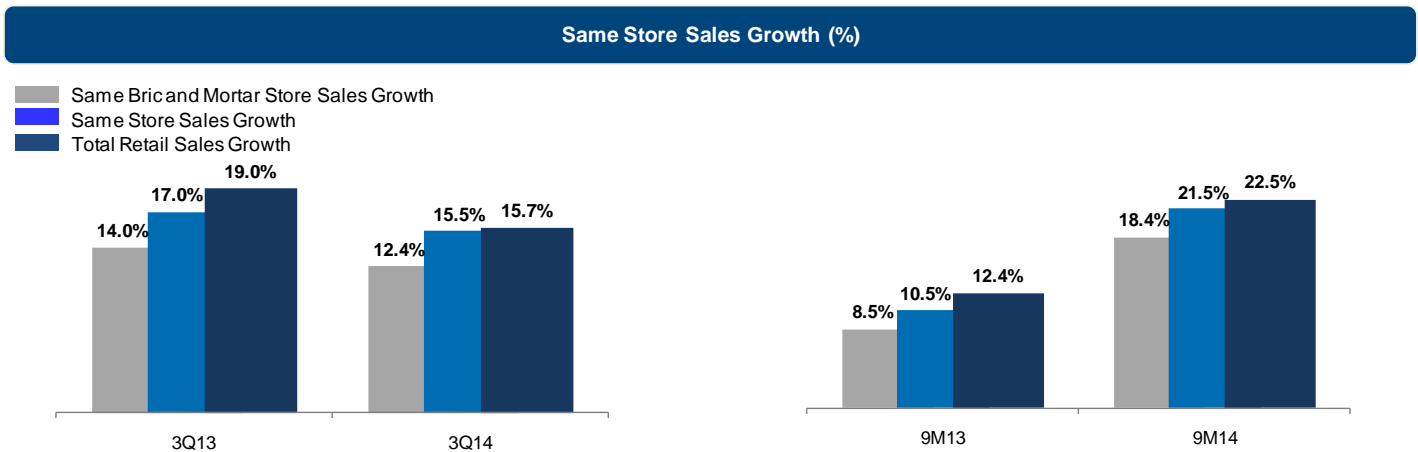
R\$ million (except when otherwise indicated)	3Q14	3Q13	% Chg	9M14	9M13	% Chg
Gross Revenue	2,801.4	2,420.3	15.7%	8,257.1	6,744.0	22.4%
Net Revenue	2,390.4	2,020.8	18.3%	7,002.0	5,609.5	24.8%
Gross Income	679.5	572.4	18.7%	1,933.3	1,584.8	22.0%
Gross Margin	28.4%	28.3%	10 bp	27.6%	28.3%	-70 bp
EBITDA	176.0	122.3	43.9%	429.8	345.1	24.5%
EBITDA Margin	7.4%	6.1%	130 bp	6.1%	6.2%	-10 bp
Adjusted EBITDA	176.0	122.3	43.9%	429.8	279.8	53.6%
Adjusted EBITDA Margin	7.4%	6.1%	130 bp	6.1%	5.0%	120 bp
Net Income	42.1	25.4	65.8%	89.3	80.8	10.4%
Net Margin	1.8%	1.3%	50 bp	1.3%	1.4%	-10 bp
Adjusted Net Income	42.1	25.4	65.8%	89.3	37.7	136.6%
Adjusted Net Margin	1.8%	1.3%	50 bp	1.3%	0.7%	60 bp
Same Store Sales Growth	15.5%	17.0%	-	21.5%	10.5%	-
Same Physical Store Sales Growth	12.4%	14.0%	-	18.4%	8.5%	-
Internet Sales Growth	32.6%	36.4%	-	39.7%	23.7%	-
Number of Stores - End of Period	736	740	-4 stores	736	740	-4 stores
Sales Area - End of Period (M2)	471,657	470,929	0.2%	471,657	470,929	0.2%

OPERATING AND FINANCIAL PERFORMANCE

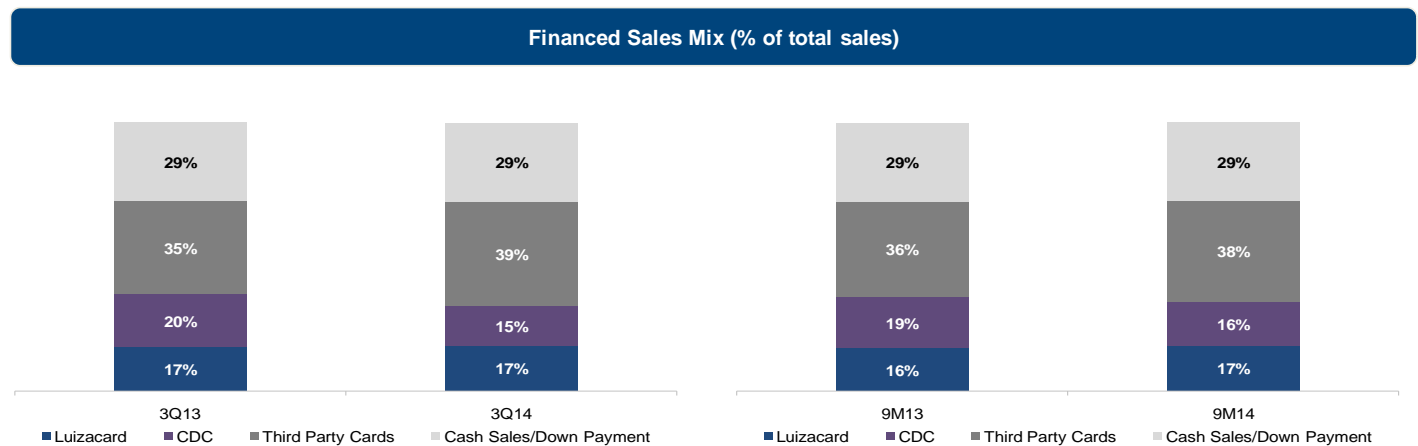
Magazine Luiza ended Sep-14 with 736 stores, 628 of which were conventional stores, 107 were virtual stores and the website. In 3Q14, the Company opened one new conventional store (Novo Hamburgo, SP) and closed another one (Guaratinguetá, SP). We plan to open another 20 stores by year end, mainly in the Northeast region. From the 736 Magazine Luiza stores, approximately 39% are still in the maturity process.



Same-store sales, including e-commerce, grew by 15.5% in 3Q14 yoy, while total sales were up 15.7% for the quarter. In 9M14, the increase in same-store sales, including e-commerce, was 21.5% and total sales were up 22.5%.



In 3Q14, sales on Luiza cards remained stable at 17% of total retail sales. Due to a more conservative credit approval police, CDC (direct credit to consumers) participation reduced to 15% of sale in 3Q14. The Company is maintaining its policy of limiting interest-free installment sales on the Luiza cards to no higher than 15% of total sales.



Consolidated Gross Revenue

R\$ million	3Q14	3Q13	% Chg	9M14	9M13	% Chg
Retail Gross Revenue - Resale of goods	2,665.1	2,306.3	15.6%	7,860.3	6,442.3	22.0%
Retail Gross Revenue - Services rendered	126.8	105.9	19.8%	370.7	278.2	33.3%
Retail Subtotal	2,792.0	2,412.3	15.7%	8,231.1	6,720.5	22.5%
Gross Revenue - Consortium Management	11.4	9.8	15.8%	31.4	28.7	9.6%
Eliminations	(1.9)	(1.8)	7.5%	(5.4)	(5.2)	4.0%
Gross Revenue – Total	2,801.4	2,420.3	15.7%	8,257.1	6,744.0	22.4%

Magazine Luiza's consolidated gross revenue increased by 15.7% in 3Q14, to R\$2,801.4 million, due to strong revenue growth of the resale of goods (+15.6%) and services rendered (+19.8%). In 9M14, consolidated gross revenue rose by 22.4%, totaling R\$8,257.1 million.

Consolidated Net Revenue

R\$ million	3Q14	3Q13	% Chg	9M14	9M13	% Chg
Retail Net Revenue – Resale of goods	2,271.1	1,921.3	18.2%	6,654.5	5,345.3	24.5%
Net Revenue - Retail – Services rendered	110.8	92.4	19.9%	324.2	243.2	33.3%
Subtotal Retail	2,381.9	2,013.6	18.3%	6,978.7	5,588.5	24.9%
Net Revenue - Consortium Management	10.4	8.9	16.0%	28.7	26.2	9.6%
Eliminations	(1.9)	(1.8)	7.5%	(5.4)	(5.2)	4.0%
Net Revenue – Total	2,390.4	2,020.8	18.3%	7,002.0	5,609.5	24.8%

Consolidated net revenue increased by 18.3% yoy in 3Q14, to R\$2,390.4 million. The difference between gross revenue growth and net revenue is due to an increase in share of products exempt of PIS/COFINS taxes (mainly smartphones and tablets). In 9M14, consolidated net revenue increased by 24.8%, totaling R\$7,002.0 million.

Consolidated Gross Profit

In 3Q14, consolidated gross profit increased by 18.7%, totaling R\$679.5 million, equivalent to a gross margin of 28.4%. The 10 bps increase in the gross margin is primarily related to the effect of the sales mix (greater weight of smartphones, which has a higher than average margin, and lower TV participation which has lower than average margin). The analysis of gross profit is using gross revenues as a base rather than net revenues, then gross profit would have increased 60bps from 23.7% in 3Q13 to 24.3% in 3Q14.

R\$ million	3Q14	3Q13	% Chg	9M14	9M13	% Chg
Retail Gross Profit – Resale of goods	562.0	474.2	18.5%	1,590.5	1,325.2	20.0%
Retail Gross Profit – Services rendered	110.8	92.4	19.9%	324.2	243.2	33.3%
Retail Subtotal	672.8	566.6	18.8%	1,914.7	1,568.4	22.1%
Gross Income - Consortium Management	6.7	5.8	15.0%	18.6	16.4	13.3%
Gross Profit - Total	679.5	572.4	18.7%	1,933.3	1,584.8	22.0%
Gross Margin - Total	28.4%	28.3%	10 bps	27.6%	28.3%	-70 bps

Operating Expenses

R\$ million	3Q14	% NR	3Q13	% NR	% Chg	9M14	% NR	9M13	% NR	% Chg
Selling Expenses	(423.1)	-17.7%	(371.7)	-18.4%	13.8%	(1,258.8)	-18.0%	(1,076.3)	-19.2%	17.0%
General and Administrative Expenses	(105.8)	-4.4%	(95.9)	-4.7%	10.3%	(314.2)	-4.5%	(275.6)	-4.9%	14.0%
Provisions for Loan Losses	(4.8)	-0.2%	(5.2)	-0.3%	-6.9%	(16.6)	-0.2%	(15.2)	-0.3%	9.5%
Other Operating Revenues, Net	3.7	0.2%	10.6	0.5%	-65.4%	17.8	0.3%	92.4	1.6%	-80.7%
Total Operating Expenses	(530.0)	-22.2%	(462.2)	-22.9%	14.7%	(1,571.9)	-22.4%	(1,274.7)	-22.7%	23.3%
Extraordinary Expenses (Revenues)	-	0.0%	-	0.0%	0.0%	-	0.0%	(65.3)	-1.2%	-100.0%
Recurring Expenses - Total	(530.0)	-22.2%	(462.2)	-22.9%	14.7%	(1,571.9)	-22.4%	(1,340.0)	-23.9%	17.3%

Selling Expenses

Selling expenses totaled R\$423.1 million in 3Q14, equivalent to 17.7% of net revenue, a 70 bps decline yoy, despite the increased investment in marketing (media) in the period. In 9M14, selling expenses totaled R\$1,258.8 million, equivalent to 18.0% of net revenue, an important reduction of 120bps yoy, reflecting better operational leverage.

General and Administrative Expenses

General and administrative expenses totaled R\$105.8 million in 3Q14, equivalent to 4.4% of net revenue (30 bps lower yoy). In 9M14, general and administrative expenses totaled R\$314.2 million, equivalent to 4.5% of net revenue, down 40 bps yoy.

Provisions for Loan Losses

Provisions for loan losses remained quite stable when compared to the same period last year, reaching R\$4.8 million in 3Q14, corresponding to 0.2% of net revenue (10 bps lower than 3Q13). In 9M14, provisions for loan losses totaled R\$16.6 million, equivalent to 0.2% of net revenue, down 10bps yoy.

Other Operating Revenue, Net

R\$ million	3Q14	% NR	3Q13	% NR	% Chg	9M14	% NR	9M13	% NR	% Chg
Gain (loss) on Sale of Assets	(0.1)	0.0%	0.1	0.0%	-217.2%	(1.1)	0.0%	126.4	2.3%	-100.9%
Deferred Revenue Recorded	8.2	0.3%	7.6	0.4%	7.1%	24.8	0.4%	24.5	0.4%	1.4%
Provision for Tax Liabilities	(2.9)	-0.1%	4.8	0.2%	-159.9%	(2.0)	0.0%	(39.1)	-0.7%	-94.9%
Non-recurring Expenses	(1.6)	-0.1%	(2.2)	-0.1%	-24.8%	(4.2)	-0.1%	(19.4)	-0.3%	-78.3%
Other	0.1	0.0%	0.2	0.0%	-57.2%	0.3	0.0%	0.0	0.0%	Ns
Other Operating Revenue, Net - Total	3.7	0.2%	10.6	0.5%	-65.4%	17.8	0.3%	92.4	1.6%	-80.7%

Other net operating revenues totaled R\$3.7 million in 3Q14, equivalent to 0.2% of net revenue, essentially due to deferred revenue appropriation of R\$8.2 million, the increase of R\$2.9 million in provisions for tax liabilities and non-recurring expenses of R\$1.6 million. In 9M14, other net operating revenues totaled R\$17.8 million, equivalent to 0.3% of net revenue. In 9M13, the Company had a positive extraordinary effect of R\$65.3 million related to the distribution center stake sale located in Louveira (SP).

Equity Income

Equity income results more than double, to income of R\$26.5 million in 3Q14, equivalent to 1.1% of net revenue. The main factor impacting equity income was once again Luizacred's excellent performance, as noted in Annex I.

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EBITDA

R\$ million	3Q14	% NR	3Q13	% NR	% Chg	9M14	% NR	9M13	% NR	% Chg
EBITDA	176.0	7.4%	122.3	6.1%	43.9%	429.8	6.1%	345.1	6.2%	24.5%
Extraordinary Revenue	-	0.0%	-	0.0%	0.0%	-	0.0%	(126.4)	-2.3%	-100.0%
Extraordinary Expenses	-	0.0%	-	0.0%	0.0%	-	0.0%	61.1	1.1%	-100.0%
Adjusted EBITDA	176.0	7.4%	122.3	6.1%	43.9%	429.8	6.1%	279.8	5.0%	53.6%

In 3Q14, earnings before interest, taxes, depreciation and amortization (Consolidated EBITDA) increased much higher than the increase in net sales (43.9% versus 18.3%) to a quarterly EBITDA level of R\$176.0 million, for a margin of 7.4%. The main reason were: (i) the strong performance of sales in all channels, (ii) improvement in gross margin, (iii) better dilution of operating expenses and (iv) Luizacred's equity income.

Financial Result

R\$ million	3Q14	% NR	3Q13	% NR	% Chg	9M14	% NR	9M13	% NR	% Chg
Financial Expenses	(120.9)	-5.1%	(82.7)	-4.1%	46.2%	(322.0)	-4.6%	(216.1)	-3.9%	49.0%
Interest on loans and financing	(51.6)	-2.2%	(37.5)	-1.9%	37.7%	(133.0)	-1.9%	(95.8)	-1.7%	38.9%
Interest on prepayment of receivables – third party card	(34.2)	-1.4%	(20.1)	-1.0%	70.2%	(94.7)	-1.4%	(53.3)	-1.0%	77.7%
Interest on prepayment of receivables – Luiza Card	(20.6)	-0.9%	(13.1)	-0.7%	56.7%	(56.2)	-0.8%	(34.7)	-0.6%	61.9%
Other expenses	(14.5)	-0.6%	(12.0)	-0.6%	21.3%	(38.0)	-0.5%	(32.3)	-0.6%	17.8%
Financial Revenues	24.1	1.0%	17.3	0.9%	39.4%	71.3	1.0%	45.9	0.8%	55.2%
Gains on marketable securities	1.7	0.1%	2.2	0.1%	-19.3%	4.8	0.1%	3.6	0.1%	32.9%
Other financial revenues	22.4	0.9%	15.2	0.7%	47.7%	66.5	0.9%	42.3	0.8%	57.1%
Total Financial Results	(96.8)	-4.0%	(65.4)	-3.2%	48.1%	(250.7)	-3.6%	(170.1)	-3.0%	47.3%
Income from securities ¹	7.8	0.3%	7.2	0.4%	7.4%	22.0	0.3%	15.9	0.3%	38.3%
Adjusted Financial Results	(89.0)	-3.7%	(58.1)	-2.9%	53.1%	(228.7)	-3.3%	(154.2)	-2.7%	48.3%

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 net financial expenses increased primarily due to an increase in credit card sales (interest on prepayment of receivables mainly third party cards) and to CDI rate evolution during the period, totaling R\$ 89.0 million in 3Q14.

Consolidated Net Income

The consolidated net income in 3Q14 totaled R\$42.1 million, equivalent to a net margin of 1.8%, with a ROE of 23.2%. In 9M14, net income totaled R\$89.3 million, with a net margin of 1.3%.

Working Capital

R\$ million	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13
Accounts Receivables	583.8	577.4	510.0	530.6	463.7
Inventories	1,268.4	1,144.2	1,264.0	1,251.4	1,135.5
Related Parties	74.5	87.8	82.0	108.9	67.8
Recoverable Taxes	211.3	193.4	224.4	218.6	214.3
Other Assets	50.5	57.1	56.0	41.0	64.0
Current Operating Assets	2,188.5	2,060.0	2,136.4	2,150.4	1,945.3
Suppliers	1,388.1	1,189.5	1,528.4	1,651.5	1,332.3
Payroll, Vacation and Related Charges	173.0	153.2	155.4	166.6	146.7
Taxes Payable	36.0	46.5	27.3	41.7	18.9
Related Parties	64.5	66.8	61.6	73.6	53.8
Taxes in Installments	6.5	7.1	7.7	8.3	8.9
Other Accounts Payable	101.6	101.7	118.0	107.7	85.4
Current Operating Liabilities	1,769.6	1,564.8	1,898.3	2,049.4	1,646.0
Working Capital	419.0	495.2	238.1	101.0	299.2
% of Gross Revenue (LTM)	3.7%	4.6%	2.3%	1.0%	3.3%
Discounted Receivables Balance	1,352.4	1,270.3	1,238.0	1,186.3	993.1
Working Capital Adjusted	1,771.3	1,765.5	1,476.1	1,287.3	1,292.3
% of Gross Revenue (LTM)	15.8%	16.3%	14.4%	13.3%	14.0%

In Sep-14, net working capital totaled R\$419.0 million, representing 3.7% of gross revenues in the past 12 months, lower on a sequential basis, and we expect another improvement in 4Q14 due to seasonality. It should be noted that there was an improvement in inventory turnover, with a reduction of 4 days yoy and an increase of 10 days in average payment period when compared with 2Q14.

Capex

R\$ million	3Q14	%	3Q13	%	9M14	%	9M13	%
New Stores	6.4	15%	5.2	12%	11.5	11%	15.7	15%
Remodeling	17.7	41%	16.5	38%	42.2	42%	34.1	32%
Technology	10.2	23%	8.3	19%	31.3	31%	24.5	23%
Logistics	6.8	16%	7.3	17%	12.5	12%	19.8	19%
Other	2.2	5%	6.5	15%	3.6	4%	10.7	10%
Total	43.4	100%	43.7	100%	101.1	100%	104.8	100%

Investments in fixed and intangible assets totaled R\$43.4 million in 3Q14 including the opening of one new store, store remodelings, particularly the stores in Sergipe state, investments in technology and logistics.

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Net Debt

R\$ million	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13
(+) Current Loans and Financing	447.7	422.4	520.6	425.2	555.5
(+) Non-current Loans and Financing	1,076.9	1,154.0	708.7	895.1	829.1
(=) Gross Debt	1,524.5	1,576.5	1,229.3	1,320.3	1,384.6
(-) Cash and Cash Equivalents	132.8	287.4	235.3	280.3	260.3
(-) Current Securities	435.2	283.8	306.3	491.3	423.5
(-) Total Cash	567.9	571.1	541.5	771.6	683.8
(=) Net Debt	956.6	1,005.3	687.7	548.7	700.9
Short Term Debt/Total	29%	27%	42%	32%	40%
Long Term Debt/Total	71%	73%	58%	68%	60%
Adjusted EBITDA (LTM)	561.6	507.9	469.7	411.6	364.3
Net Debt/ Adjusted EBITDA	1.7 x	2.0 x	1.5 x	1.3 x	1.9 x

In Sep-14, the Company had loans and financing in the amount of R\$1,524.5 million, cash and financial investments in the amount of R\$567.9 million, resulting in a net debt of R\$956.6 million, equivalent to 1.7x adjusted EBITDA of the last 12 months, reducing leverage, as related to Jun-14 as to Sep-13.

ANNEX I
LUIZACRED

Operating Indicators

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

In Sep-14, Luizacred had a total base of 3.4 million cards issued, basically stable vs. Sep-13. In 3Q14, we highlight the growth of Luiza Card, particularly in stores, and the conservative approach to approving credit, especially with respect to DCC (direct credit to consumers).

Luizacred's credit portfolio, including credit cards, direct consumer credit and personal loans, totaled the amount of R\$4.4 billion at the close of 3Q14, 16.3% higher than in 3Q13.

R\$ million	3Q14	3Q13	% Chg	9M14	9M13	% Chg
Total Card Base (thousand)	3,388	3,498	-3.2%	3,388	3,498	-3.2%
Luiza Card Sales – In chain	464	391	18.6%	1,342	1,096	22.4%
Luiza Card Sales – Outside Brand	1,846	1,571	17.5%	5,163	4,493	14.9%
DCC Sales	304	377	-19.3%	974	1,057	-7.8%
Personal Loans Sales	25	30	-17.7%	86	105	-18.0%
Total Luizacred Sales	2,639	2,369	11.4%	7,565	6,750	12.1%
Card Portfolio	3,217	2,593	24.0%	3,217	2,593	24.0%
DCC Portfolio	1,089	1,084	0.4%	1,089	1,084	0.4%
Personal Loans Portfolio	51	69	-25.9%	51	69	-25.9%
Total Portfolio	4,356	3,746	16.3%	4,356	3,746	16.3%

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. Maintaining its conservative approach, Luizacred maintained its low credit approval rate in 3Q14.

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Income Statement

R\$ million	3Q14	V.A.	3Q13	V.A.	% Chg	9M14	V.A.	9M13	V.A.	% Chg
Financial Intermediation Revenue	331.5	100.0%	296.0	100.0%	12.0%	975.2	100.0%	858.4	100.0%	13.6%
Luiza Card	195.0	58.8%	159.0	53.7%	22.7%	560.6	57.5%	461.5	53.8%	21.5%
DCC	122.1	36.8%	119.0	40.2%	2.6%	369.7	37.9%	340.7	39.7%	8.5%
Personal Loans	14.3	4.3%	17.9	6.1%	-20.4%	44.9	4.6%	56.2	6.5%	-20.2%
Financial Intermediation Expenses	(189.3)	-57.1%	(202.6)	-68.5%	-6.6%	(588.3)	-60.3%	(579.6)	-67.5%	1.5%
Market Funding Operations	(59.9)	-18.1%	(40.8)	-13.8%	46.9%	(168.0)	-17.2%	(107.9)	-12.6%	55.7%
Provision for Loan Losses	(129.4)	-39.0%	(161.8)	-54.7%	-20.0%	(420.3)	-43.1%	(471.7)	-54.9%	-10.9%
Gross Financial Intermediation Income	142.1	42.9%	93.4	31.5%	52.3%	386.9	39.7%	278.8	32.5%	38.8%
Other Operating Revenues (Expenses)	(61.3)	-18.5%	(60.4)	-20.4%	1.5%	(179.8)	-18.4%	(186.4)	-21.7%	-3.5%
Service Rendered Revenue	81.6	24.6%	70.7	23.9%	15.4%	235.9	24.2%	194.8	22.7%	21.1%
Personnel Expenses	(1.1)	-0.3%	(1.3)	-0.4%	-17.4%	(3.2)	-0.3%	(2.8)	-0.3%	15.3%
Other Administrative Expenses	(124.1)	-37.4%	(109.5)	-37.0%	13.3%	(362.7)	-37.2%	(323.1)	-37.6%	12.3%
Depreciation and Amortization	(3.3)	-1.0%	(3.3)	-1.1%	-0.7%	(9.8)	-1.0%	(9.8)	-1.1%	-0.8%
Tax Expenses	(20.6)	-6.2%	(19.4)	-6.6%	5.9%	(60.8)	-6.2%	(55.6)	-6.5%	9.3%
Other Operating Revenues (Expenses)	6.2	1.9%	2.5	0.8%	149.5%	20.6	2.1%	10.1	1.2%	104.5%
Income Before Tax	80.9	24.4%	33.0	11.2%	145.1%	207.1	21.2%	92.5	10.8%	124.0%
Income Tax and Social Contribution	(32.3)	-9.8%	(13.6)	-4.6%	137.5%	(82.8)	-8.5%	(37.4)	-4.4%	121.4%
Net Income	48.5	14.6%	19.4	6.6%	150.3%	124.3	12.7%	55.1	6.4%	125.8%

Revenue from Financial Intermediation

In 3Q14, gross revenue from financial intermediation grew by 12.0% over 3Q13, mainly due to the increases of 22.7% and 2.6%, respectively, in financial transactions with the card and transactions with direct consumer credit (DCC).

Provision for Loan Losses

The portfolio of loans overdue improved 10 bps in relation to Jun-14. The short-term indicator (NPL 15) improved 70 bps in relation to Jun-14, while the portfolio of loans overdue for more than 90 days (NPL 90) increased by 10 bps. The default indicators remain under strict control with a tendency to improve, thanks to the conservative approach to granting credit and the reduction in default associated with the most recent credit.

An important Luizacred highlight was the reduction in provision levels, reflecting the improvement in default indicators and the portfolio profile in 3Q14. Provisions for loan losses fell 20% in 3Q14 yoy and accounted for 3.0% of the total portfolio in 3Q14, significantly below the 4.3% recorded in 3Q13.

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R\$ million	Sep/14		Jun/14		Mar/14		Dec/13		Sep/13	
Total Portfolio	4,356.2	100.0%	4,271.5	100.0%	4,130.4	100.0%	4,121.6	100.0%	3,746.5	100.0%
000 to 014 days	3,716.8	85.3%	3,641.4	85.2%	3,519.8	85.2%	3,527.7	85.6%	3,204.2	85.5%
015 to 030 days	43.2	1.0%	48.8	1.1%	52.6	1.3%	40.6	1.0%	36.6	1.0%
031 to 060 days	45.9	1.1%	51.5	1.2%	56.0	1.4%	36.6	0.9%	30.3	0.8%
061 to 090 days	63.6	1.5%	77.2	1.8%	75.2	1.8%	55.0	1.3%	52.0	1.4%
091 to 120 days	63.7	1.5%	66.8	1.6%	57.1	1.4%	51.0	1.2%	52.2	1.4%
121 to 150 days	58.2	1.3%	72.4	1.7%	50.3	1.2%	43.8	1.1%	50.8	1.4%
151 to 180 days	63.4	1.5%	62.1	1.5%	46.8	1.1%	43.4	1.1%	51.5	1.4%
180 to 360 days	301.4	6.9%	251.4	5.9%	272.6	6.6%	323.5	7.8%	268.8	7.2%
Overdue 15-90 days	152.7	3.5%	177.5	4.2%	183.8	4.4%	132.1	3.2%	119.0	3.2%
Overdue Above 90 days	486.8	11.2%	452.7	10.6%	426.8	10.3%	461.7	11.2%	423.3	11.3%
Total Overdue	639.5	14.7%	630.2	14.8%	610.6	14.8%	593.9	14.4%	542.3	14.5%
Provisions for loan losses in IFRS	577.2	13.3%	552.0	12.9%	538.8	13.0%	542.7	13.2%	493.9	13.2%
Coverage (%)	119%		122%		126%		118%		117%	

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 Result

As a result of the sharp growth in gross financial intermediation revenue and the reduction of provisions for loan losses, partially offset by a higher average CDI rate, the gross margin from financial intermediation stood at 42.9% in 3Q14, a 1,130 bps upturn over 3Q13 (31.5%).

Other Operating Revenues (Expenses)

- **Service Revenue** increased by 15.4% over 3Q13, mainly driven by commissions for the use of Luiza cards outside the Magazine Luiza stores, and revenues from insurance and new services offered to clients;
- **Selling and Administrative Expenses** (personnel, administrative, depreciation, amortization and taxes): equivalent to 45.0% of financial intermediation revenue, 10 bps down on 3Q13 (45.1%), due to the project to reduce costs and expenses implemented in 2013;
- **Other Operating Revenues (Expenses)**: net revenues of R\$6.2 million, equivalent to 1.9% of financial intermediation revenue.

Net Operating Results and Net Income

Luizacred recorded operating income of R\$80.9 million in 3Q14, equivalent to 24.4% of financial intermediation revenue, a significant improvement over the operating income of R\$33.0 million recorded in 3Q13 (11.2% of financial intermediation revenue).

Net income totaled R\$48.5 million in 3Q14, with an average ROE (Return on Equity) of 37.0%, substantially higher than the R\$19.4 million recorded in 3Q13.

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\$134.0 million in 9M14, with a shareholders' equity of R\$590.0 million in Sep-14. 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\$549.3 million.

ANNEX II
FINANCIAL STATEMENTS – CONSOLIDATED RESULTS

CONSOLIDATED INCOME STATEMENT										
(R\$ million)	3Q14	V.A.	3Q13	V.A.	% Chg	9M14	V.A.	9M13	V.A.	% Chg
Gross Revenue	2,801.4	117.2%	2,420.3	119.8%	15.7%	8,257.1	117.9%	6,744.0	120.2%	22.4%
Taxes and Deductions	(411.0)	-17.2%	(399.5)	-19.8%	2.9%	(1,255.1)	-17.9%	(1,134.5)	-20.2%	10.6%
Net Revenue	2,390.4	100.0%	2,020.8	100.0%	18.3%	7,002.0	100.0%	5,609.5	100.0%	24.8%
Total Costs	(1,710.9)	-71.6%	(1,448.4)	-71.7%	18.1%	(5,068.8)	-72.4%	(4,024.6)	-71.7%	25.9%
Gross Income	679.5	28.4%	572.4	28.3%	18.7%	1,933.3	27.6%	1,584.8	28.3%	22.0%
Selling Expenses	(423.1)	-17.7%	(371.7)	-18.4%	13.8%	(1,258.8)	-18.0%	(1,076.3)	-19.2%	17.0%
General and Administrative Expenses	(105.8)	-4.4%	(95.9)	-4.7%	10.3%	(314.2)	-4.5%	(275.6)	-4.9%	14.0%
Provisions for Loan Losses	(4.8)	-0.2%	(5.2)	-0.3%	-6.9%	(16.6)	-0.2%	(15.2)	-0.3%	9.5%
Other Operating Revenues, Net	3.7	0.2%	10.6	0.5%	-65.4%	17.8	0.3%	92.4	1.6%	-80.7%
Equity Income	26.5	1.1%	12.1	0.6%	118.6%	68.4	1.0%	35.0	0.6%	95.6%
Total Operating Expenses	(503.5)	-21.1%	(450.1)	-22.3%	11.9%	(1,503.4)	-21.5%	(1,239.7)	-22.1%	21.3%
EBITDA	176.0	7.4%	122.3	6.1%	43.9%	429.8	6.1%	345.1	6.2%	24.5%
Depreciation and Amortization	(28.2)	-1.2%	(25.3)	-1.3%	11.3%	(82.8)	-1.2%	(75.5)	-1.3%	9.7%
EBIT	147.9	6.2%	97.0	4.8%	52.4%	347.0	5.0%	269.6	4.8%	28.7%
Financial Results	(96.8)	-4.0%	(65.4)	-3.2%	48.1%	(250.7)	-3.6%	(170.2)	-3.0%	47.3%
Operating Income	51.1	2.1%	31.7	1.6%	61.4%	96.3	1.4%	99.5	1.8%	-3.2%
Income Tax and Social Contribution	(9.0)	-0.4%	(6.3)	-0.3%	43.3%	(7.0)	-0.1%	(18.6)	-0.3%	-62.3%
Net Income	42.1	1.8%	25.4	1.3%	65.8%	89.3	1.3%	80.8	1.4%	10.4%

Reconciliation of EBITDA for extraordinary expenses

EBITDA	176.0	7.4%	122.3	6.1%	-	429.8	6.1%	345.1	6.2%	-
Extraordinary Revenues	-	0.0%	-	0.0%	-	-	0.0%	(126.4)	-2.3%	-
Extraordinary Expenses	-	0.0%	-	0.0%	-	-	0.0%	61.1	1.1%	-
Adjusted EBITDA	176.0	7.4%	122.3	6.1%	-	429.8	6.1%	279.8	5.0%	-
Net Income	42.1	1.8%	25.4	1.3%	-	89.3	1.3%	80.8	1.4%	-
Extraordinary Operational Results	-	0.0%	-	0.0%	-	-	0.0%	(65.3)	-1.2%	-
Tax Over Extraordinary Results	-	0.0%	-	0.0%	-	-	0.0%	22.2	0.4%	-
Adjusted Net Income	42.1	1.8%	25.4	1.3%	-	89.3	1.3%	37.7	0.7%	-

ANNEX III
FINANCIAL STATEMENTS – CONSOLIDATED BALANCE SHEET

ASSETS (R\$ million)	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13
CURRENT ASSETS					
Cash and Cash Equivalents	132.8	287.4	235.3	280.3	260.3
Securities	435.2	283.8	306.3	491.3	423.5
Accounts Receivable	583.8	577.4	510.0	530.6	463.7
Inventories	1,268.4	1,144.2	1,264.0	1,251.4	1,135.5
Related Parties	74.5	87.8	82.0	108.9	67.8
Taxes Recoverable	211.3	193.4	224.4	218.6	214.3
Other Assets	50.5	57.1	56.0	41.0	64.0
Total Current Assets	2,756.4	2,631.1	2,678.0	2,922.0	2,629.0
NON-CURRENT ASSETS					
Accounts Receivable	1.3	3.8	3.6	4.7	4.3
Deferred Income Tax and Social Contribution	141.2	146.9	142.0	139.4	148.0
Recoverable Taxes	154.1	159.8	150.0	158.8	156.1
Judicial Deposits	199.2	187.9	178.3	170.1	157.4
Other Assets	53.4	48.2	46.1	45.4	42.8
Investments in Subsidiaries	313.4	287.1	266.0	251.7	248.7
Fixed Assets	549.7	534.7	530.8	540.4	527.9
Intangible Assets	487.8	487.9	480.4	481.4	437.5
Total Non-current Assets	1,899.9	1,856.3	1,797.2	1,791.9	1,722.6
TOTAL ASSETS	4,656.3	4,487.4	4,475.2	4,713.9	4,351.7
LIABILITIES (R\$ million)	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13
CURRENT LIABILITIES					
Suppliers	1,388.1	1,189.5	1,528.4	1,651.5	1,332.3
Loans and Financing	447.7	422.4	520.6	425.2	555.5
Payroll, Vacation and Related Charges	173.0	153.2	155.4	166.6	146.7
Taxes Payable	36.0	46.5	27.3	41.7	18.9
Related Parties	64.5	66.8	61.6	73.6	53.8
Taxes in Installments	6.5	7.1	7.7	8.3	8.9
Deferred Revenue	37.7	37.7	36.7	36.7	35.6
Dividends Payable	-	-	16.2	16.2	-
Other Accounts Payable	101.6	101.7	118.0	107.7	85.4
Total Current Liabilities	2,254.9	2,025.0	2,471.8	2,527.6	2,237.2
NON-CURRENT LIABILITIES					
Loans and Financing	1,076.9	1,154.0	708.7	895.1	829.1
Provision for Tax, Civil and Labor Risks	254.9	262.2	255.0	245.9	228.7
Deferred Revenue	326.4	334.6	341.3	349.2	358.2
Other Accounts Payable	2.0	1.8	1.7	1.5	1.0
Total Non-current Liabilities	1,660.2	1,752.6	1,306.7	1,491.7	1,417.0
SHAREHOLDERS' EQUITY					
Capital Stock	606.5	606.5	606.5	606.5	606.5
Capital Reserve	9.0	7.9	6.8	5.6	4.9
Treasury Shares	(11.7)	-	(39.8)	(20.1)	-
Legal Reserve	9.7	9.7	9.7	9.7	4.0
Profit Retention Reserve	39.4	39.4	94.5	94.5	2.6
Other Comprehensive Income	(1.0)	(0.7)	(1.5)	(1.6)	(1.4)
Accumulated Losses	89.3	47.2	20.5	-	80.8
Total Shareholders' Equity	741.2	709.9	696.6	694.6	697.5
TOTAL	4,656.3	4,487.4	4,475.2	4,713.9	4,351.7

ANNEX IV
FINANCIAL STATEMENTS - ADJUSTED CASH FLOW STATEMENT

ADJUSTED CASH FLOW STATEMENTS (in R\$ million)	3Q14	3Q13	9M14	9M13
Net Income	42.1	25.4	89.3	80.8
Effect of IR / CS Net of Payment	6.9	(2.2)	4.0	6.3
Depreciation and Amortization	28.2	25.3	82.8	75.5
Interest on Loans Provisioned	47.2	33.3	119.5	83.6
Equity, Net of Dividends Received	(26.5)	(12.1)	(44.7)	(23.6)
Provision for Losses on Inventories and Receivables	21.7	18.1	57.9	51.4
Provision for Tax, Civil and Labor Contingencies	13.4	3.7	35.1	58.7
Gain on Sale of Fixed Assets	0.1	(0.1)	1.1	(126.4)
Recognition of Deferred Income	(8.2)	(7.6)	(24.8)	(24.5)
Stock Option Expenses	1.1	0.7	3.3	2.1
Adjusted Net Income	126.0	84.3	323.4	183.9
Trade Accounts Receivable	(20.7)	(18.6)	(94.3)	(16.5)
Inventories	(129.1)	(89.3)	(30.4)	(82.7)
Taxes Recoverable	(10.6)	16.8	13.5	(12.2)
Other Receivables	3.8	20.4	(26.8)	(54.5)
Changes in Operating Assets	(156.5)	(70.7)	(138.0)	(165.9)
Trade Accounts Payable	198.5	32.6	(263.5)	6.0
Other Payables	(17.0)	3.6	(49.3)	(57.2)
Change in Operating Liabilities	181.5	36.2	(312.8)	(51.2)
Cash Flow from Operating Activities	151.0	49.8	(127.4)	(33.2)
Additions of Fixed and Intangible Assets	(43.4)	(43.7)	(101.1)	(104.8)
Cash on Sale of Fixed Assets	-	-	-	205.5
Sale of Exclusive Dealing and Exploration Right Contract	0.0	6.0	3.0	6.0
Cash Flow from Investing Activities	(43.4)	(37.7)	(98.1)	106.6
Loans and Financing	9.0	4.2	421.2	206.9
Payment of Loans and Financing	(68.2)	(16.0)	(233.7)	(71.5)
Payment of Interest on Loans and Financing	(39.9)	(32.1)	(102.7)	(70.3)
Treasury Shares	(11.7)	0.0	(31.5)	0.0
Payment of Dividends	0.0	0.0	(31.5)	0.0
Cash Flow from Financing Activities	(110.8)	(43.9)	21.8	65.1
Cash, Cash Equivalents and Securities at Beginning of Period	571.1	715.6	771.6	545.3
Cash, Cash Equivalents and Securities at end of Period	567.9	683.8	567.9	683.8
Change in Cash and Cash equivalents	(3.2)	(31.8)	(203.7)	138.5

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

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ANNEX V
RESULTS BY SEGMENT – 3Q14

3Q14 (in R\$ million)	Retail	Consortium 100%	Eliminations	Consolidated	Cons. Finance 50%	Insurance 50%	Eliminations	Consolidated Pro-Forma
Gross Revenue	2,792.0	11.4	(1.9)	2,801.4	206.5	46.6	(64.3)	2,990.2
Taxes and Deductions	(410.0)	(1.0)	-	(411.0)	-	-	-	(411.0)
Net Revenue	2,381.9	10.4	(1.9)	2,390.4	206.5	46.6	(64.3)	2,579.2
Total Costs	(1,709.1)	(3.7)	1.9	(1,710.9)	(30.0)	(4.8)	(0.0)	(1,745.6)
Gross Income	672.8	6.7	-	679.5	176.6	41.8	(64.3)	833.6
Selling Expenses	(423.1)	-	-	(423.1)	(72.3)	(35.6)	54.0	(477.0)
General and Administrative Expenses	(100.4)	(5.4)	-	(105.8)	(0.5)	(5.7)	-	(112.1)
Provisions for Loan Losses	(4.8)	-	-	(4.8)	(64.7)	-	-	(69.5)
Equity in Subsidiaries	27.6	-	(1.1)	26.5	-	-	(26.5)	-
Other Operating Revenues, Net	3.7	(0.0)	-	3.7	3.1	0.1	(1.4)	5.4
Total Operating Expenses	(497.0)	(5.4)	(1.1)	(503.5)	(134.5)	(41.3)	26.0	(653.2)
EBITDA	175.8	1.3	(1.1)	176.0	42.1	0.5	(38.2)	180.4
Depreciation and Amortization	(28.1)	(0.1)	-	(28.2)	(1.6)	-	1.4	(28.4)
EBIT	147.7	1.2	(1.1)	147.9	40.4	0.5	(36.8)	152.0
Financial Results	(97.2)	0.4	-	(96.8)	-	3.3	10.3	(83.2)
Operating Income	50.5	1.6	(1.1)	51.1	40.4	3.8	(26.5)	68.8
Income Tax and Social Contribution	(8.5)	(0.5)	-	(9.0)	(16.2)	(1.5)	-	(26.7)
Net Income	42.1	1.1	(1.1)	42.1	24.3	2.3	(26.5)	42.1
Gross Margin	28.2%	64.6%	0.0%	28.4%	85.5%	89.7%	100.0%	32.3%
EBITDA Margin	7.4%	12.6%	57.6%	7.4%	20.4%	1.0%	59.5%	7.0%
Net Margin	1.8%	10.6%	57.6%	1.8%	11.8%	4.9%	41.3%	1.6%

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ANNEX VI
RESULTS BY SEGMENT – 9M14

9M14 (in R\$ million)	Retail	Consortium 100%	Eliminations	Consolidated	Cons. Finance 50%	Insurance 50%	Eliminations	Consolidated Pro-Forma
Gross Revenue	8,231.1	31.4	(5.4)	8,257.1	605.6	117.4	(187.2)	8,792.9
Taxes and Deductions	(1,252.3)	(2.8)	-	(1,255.1)	-	-	-	(1,255.1)
Net Revenue	6,978.7	28.7	(5.4)	7,002.0	605.6	117.4	(187.2)	7,537.8
Total Costs	(5,064.0)	(10.1)	5.4	(5,068.8)	(84.0)	(12.2)	-	(5,165.0)
Gross Income	1,914.7	18.6	-	1,933.3	521.6	105.1	(187.2)	2,372.8
Selling Expenses	(1,258.8)	-	-	(1,258.8)	(211.7)	(87.1)	159.1	(1,398.6)
General and Administrative Expenses	(299.4)	(14.8)	-	(314.2)	(1.6)	(16.5)	-	(332.3)
Provisions for Loan Losses	(16.6)	-	-	(16.6)	(210.2)	-	-	(226.8)
Equity in Subsidiaries	71.5	-	(3.1)	68.4	-	-	(68.4)	-
Other Operating Revenues, Net	17.8	0.0	-	17.8	10.3	0.1	(4.2)	24.1
Total Operating Expenses	(1,485.5)	(14.8)	(3.1)	(1,503.4)	(413.2)	(103.5)	86.5	(1,933.6)
EBITDA	429.1	3.8	(3.1)	429.8	108.4	1.7	(100.7)	439.2
Depreciation and Amortization	(82.6)	(0.2)	-	(82.8)	(4.9)	(0.0)	4.2	(83.6)
EBIT	346.5	3.5	(3.1)	347.0	103.6	1.7	(96.5)	355.6
Financial Results	(251.8)	1.1	-	(250.7)	-	8.8	28.1	(213.8)
Operating Income	94.8	4.6	(3.1)	96.3	103.6	10.5	(68.4)	141.9
Income Tax and Social Contribution	(5.5)	(1.5)	-	(7.0)	(41.4)	(4.2)	-	(52.6)
Net Income	89.3	3.1	(3.1)	89.3	62.2	6.3	(68.4)	89.3
Gross Margin	27.4%	64.8%	0.0%	27.6%	86.1%	89.6%	100.0%	31.5%
EBITDA Margin	6.1%	13.1%	57.2%	6.1%	17.9%	1.4%	53.8%	5.8%
Net Margin	1.3%	10.8%	57.2%	1.3%	10.3%	5.4%	36.6%	1.2%

Magazine Luiza S.A
3Q14 Earnings Release

ANNEX VII
RESULTS BY SEGMENT – 3Q13

3Q13 (in R\$ million)	Retail	Consortium 100%	Eliminations	Consolidated	Cons. Finance 50%	Insurance 50%	Eliminations	Consolidated Pro-Forma
Gross Revenue	2,412.3	9.8	(1.8)	2,420.3	183.3	28.1	(51.0)	2,580.7
Taxes and Deductions	(398.6)	(0.9)	-	(399.5)	-	-	-	(399.5)
Net Revenue	2,013.6	8.9	(1.8)	2,020.8	183.3	28.1	(51.0)	2,181.2
Total Costs	(1,447.1)	(3.1)	1.8	(1,448.4)	(20.4)	(2.7)	-	(1,471.5)
Gross Income	566.6	5.8	-	572.4	162.9	25.3	(51.0)	709.7
Selling Expenses	(371.7)	-	-	(371.7)	(64.5)	(19.6)	44.4	(411.4)
General and Administrative Expenses	(91.3)	(4.5)	-	(95.9)	(0.7)	(3.6)	-	(100.2)
Provisions for Loan Losses	(5.2)	-	-	(5.2)	(80.9)	-	-	(86.1)
Equity in Subsidiaries	13.1	-	(1.0)	12.1	-	-	(12.1)	(0.0)
Other Operating Revenues, Net	10.6	0.0	-	10.6	1.2	0.0	(1.4)	10.4
Total Operating Expenses	(444.6)	(4.5)	(1.0)	(450.1)	(144.8)	(23.3)	30.9	(587.3)
EBITDA	122.0	1.3	(1.0)	122.3	18.1	2.1	(20.1)	122.4
Depreciation and Amortization	(25.2)	(0.1)	-	(25.3)	(1.6)	(0.0)	1.4	(25.6)
EBIT	96.8	1.2	(1.0)	97.0	16.5	2.1	(18.7)	96.9
Financial Results	(65.6)	0.2	-	(65.4)	-	2.1	6.6	(56.7)
Operating Income	31.2	1.4	(1.0)	31.7	16.5	4.1	(12.1)	40.1
Income Tax and Social Contribution	(5.8)	(0.5)	-	(6.3)	(6.8)	(1.7)	-	(14.8)
Net Income	25.4	1.0	(1.0)	25.4	9.7	2.4	(12.1)	25.4
Gross Margin	28.1%	65.2%	0.0%	28.3%	88.9%	90.3%	100.0%	32.5%
EBITDA Margin	6.1%	14.6%	54.7%	6.1%	9.9%	7.4%	39.4%	5.6%
Net Margin	1.3%	10.8%	54.7%	1.3%	5.3%	8.7%	23.8%	1.2%

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ANNEX VIII
RESULTS BY SEGMENT – 9M13

9M13 (in R\$ million)	Retail	Consortium 100%	Eliminations	Consolidated	Cons. Finance 50%	Insurance 50%	Eliminations	Consolidated Pro-Forma
Gross Revenue	6,720.5	28.7	(5.2)	6,744.0	526.6	73.4	(135.3)	7,208.6
Taxes and Deductions	(1,132.0)	(2.5)	-	(1,134.5)	-	-	-	(1,134.5)
Net Revenue	5,588.5	26.2	(5.2)	5,609.5	526.6	73.4	(135.3)	6,074.1
Total Costs	(4,020.0)	(9.8)	5.2	(4,024.6)	(53.9)	(7.4)	-	(4,085.9)
Gross Income	1,568.4	16.4	-	1,584.8	472.6	66.0	(135.3)	1,988.2
Selling Expenses	(1,076.3)	-	-	(1,076.3)	(189.3)	(49.5)	118.0	(1,197.2)
General and Administrative Expenses	(262.1)	(13.5)	-	(275.6)	(1.4)	(9.8)	-	(286.7)
Provisions for Loan Losses	(15.2)	-	-	(15.2)	(235.8)	-	-	(251.0)
Equity in Subsidiaries	37.2	-	(2.2)	35.0	-	-	(35.0)	(0.0)
Other Operating Revenues, Net	92.4	0.1	-	92.4	5.0	0.0	(4.2)	93.3
Total Operating Expenses	(1,224.1)	(13.4)	(2.2)	(1,239.7)	(421.5)	(59.3)	78.8	(1,641.6)
EBITDA	344.4	3.0	(2.2)	345.1	51.2	6.7	(56.5)	346.5
Depreciation and Amortization	(75.3)	(0.2)	-	(75.5)	(4.9)	(0.0)	4.2	(76.3)
EBIT	269.1	2.7	(2.2)	269.6	46.2	6.7	(52.3)	270.2
Financial Results	(170.7)	0.5	-	(170.2)	-	5.7	17.4	(147.1)
Operating Income	98.4	3.3	(2.2)	99.5	46.2	12.4	(35.0)	123.2
Income Tax and Social Contribution	(17.6)	(1.1)	-	(18.6)	(18.7)	(5.0)	-	(42.3)
Net Income	80.8	2.2	(2.2)	80.8	27.5	7.5	(35.0)	80.8
Gross Margin	28.1%	62.6%	0.0%	28.3%	89.8%	90.0%	100.0%	32.7%
EBITDA Margin	6.2%	11.3%	41.9%	6.2%	9.7%	9.2%	41.7%	5.7%
Net Margin	1.4%	8.3%	41.9%	1.4%	5.2%	10.2%	25.8%	1.3%

Reconciliation of EBITDA for extraordinary expenses

EBITDA	344.4	3.0	(2.2)	345.1	51.2	6.7	(56.5)	346.5
Extraordinary revenues	(126.4)	-	-	(126.4)	-	-	-	(126.4)
Extraordinary expenses	61.1	-	-	61.1	-	-	-	61.1
Adjusted EBITDA	279.0	3.0	(2.2)	279.8	51.2	6.7	(56.5)	281.2
Adjusted EBITDA Margin	5.0%	11.3%	41.9%	5.0%	9.7%	9.2%	41.7%	4.6%
Net Income	80.8	2.2	(2.2)	80.8	27.5	7.5	(35.0)	80.8
Extraordinary operational results	(65.3)	-	-	(65.3)	-	-	-	(65.3)
Tax over extraordinary results	22.2	-	-	22.2	-	-	-	22.2
Adjusted Net Income	37.7	2.2	(2.2)	37.7	27.5	7.5	(35.0)	37.7
Adjusted Net Income Margin	0.7%	8.3%	41.9%	0.7%	5.2%	10.2%	25.8%	0.6%

ANNEX IX
FINANCIAL STATEMENTS – PRO-FORMA CONSOLIDATED RESULTS

CONSOLIDATED PRO-FORMA (R\$ million)	3Q14	V.A.	3Q13	V.A.	% Chg	9M14	V.A.	9M13	V.A.	% Chg
Gross Revenue	2,990.2	115.9%	2,580.7	118.3%	15.9%	8,792.9	116.7%	7,208.6	118.7%	12.2%
Taxes and Deductions	(411.0)	-15.9%	(399.5)	-18.3%	2.9%	(1,255.1)	-16.7%	(1,134.5)	-18.7%	11.3%
Net Revenue	2,579.2	100.0%	2,181.2	100.0%	18.2%	7,537.8	100.0%	6,074.1	100.0%	12.3%
Total Costs	(1,745.6)	-67.7%	(1,471.5)	-67.5%	18.6%	(5,165.0)	-68.5%	(4,085.9)	-67.3%	11.8%
Gross Income	833.6	32.3%	709.7	32.5%	17.5%	2,372.8	31.5%	1,988.2	32.7%	13.4%
Selling Expenses	(477.0)	-18.5%	(411.4)	-18.9%	15.9%	(1,398.6)	-18.6%	(1,197.2)	-19.7%	7.5%
General and Administrative Expenses	(112.1)	-4.3%	(100.2)	-4.6%	11.9%	(332.3)	-4.4%	(286.7)	-4.7%	10.8%
Provisions for Loan Losses	(69.5)	-2.7%	(86.1)	-3.9%	-19.2%	(226.8)	-3.0%	(251.0)	-4.1%	5.1%
Other Operating Revenues, Net	5.4	0.2%	10.4	0.5%	-48.1%	24.1	0.3%	93.3	1.5%	390.6%
Total Operating Expenses	(653.2)	-25.3%	(587.3)	-26.9%	11.2%	(1,933.6)	-25.7%	(1,641.6)	-27.0%	3.2%
EBITDA	180.4	7.0%	122.4	5.6%	47.3%	439.2	5.8%	346.5	5.7%	119.1%
Depreciation and Amortization	(28.4)	-1.1%	(25.6)	-1.2%	11.1%	(83.6)	-1.1%	(76.3)	-1.3%	14.5%
EBIT	152.0	5.9%	96.9	4.4%	56.9%	355.6	4.7%	270.2	4.4%	195.2%
Financial Results	(83.2)	-3.2%	(56.7)	-2.6%	46.6%	(213.8)	-2.8%	(147.1)	-2.4%	10.3%
Operating Income	68.8	2.7%	40.1	1.8%	71.4%	141.9	1.9%	123.2	2.0%	-394.4%
Income Tax and Social Contribution	(26.7)	-1.0%	(14.8)	-0.7%	80.8%	(52.6)	-0.7%	(42.3)	-0.7%	-
Net Income	42.1	1.6%	25.4	1.2%	65.8%	89.3	1.2%	80.8	1.3%	-591.2%

Reconciliation of EBITDA for extraordinary expenses

EBITDA	180.4	7.0%	122.4	5.6%	-	439.2	5.8%	346.5	5.7%	-
Extraordinary revenues	-	0.0%	-	0.0%	-	-	0.0%	(126.4)	-2.1%	-
Extraordinary expenses	-	0.0%	-	0.0%	-	-	0.0%	61.1	1.0%	-
Adjusted EBITDA	180.4	7.0%	122.4	5.6%	-	439.2	5.8%	281.2	4.6%	-
Net Income	42.1	1.6%	25.4	1.2%	-	89.3	1.2%	80.8	1.3%	-
Extraordinary operational results	-	0.0%	-	0.0%	-	-	0.0%	(65.3)	-1.1%	-
Tax over extraordinary results	-	0.0%	-	0.0%	-	-	0.0%	22.2	0.4%	-
Adjusted Net Income	42.1	1.6%	25.4	1.2%	-	89.3	1.2%	37.7	0.6%	-

ANNEX X
BREAKDOWN OF SALES AND NUMBER OF STORES PER CHANNEL

Gross Revenue by Channel (R\$ million)	3Q14	V.A.	3Q13	V.A.	Growth
					Total
Virtual Stores	120.9	4.3%	107.1	4.5%	12.9%
Website	486.6	17.5%	367.0	15.3%	32.6%
Subtotal - Virtual Stores	607.5	21.8%	474.1	19.7%	28.1%
Conventional Stores	2,176.7	78.2%	1,930.9	80.3%	12.7%
Total	2,784.2	100.0%	2,405.0	100.0%	15.8%

Gross Revenue by Channel (R\$ million)	9M14	V.A.	9M13	V.A.	Growth
					Total
Virtual Stores	365.3	4.4%	302.0	4.5%	21.0%
Website	1,349.7	16.4%	966.2	14.4%	39.7%
Subtotal - Virtual Stores	1,714.9	20.9%	1,268.2	18.9%	35.2%
Conventional Stores	6,494.1	79.1%	5,436.3	81.1%	19.5%
Total	8,209.0	100.0%	6,704.6	100.0%	22.4%

Number of stores per channel – End of the period	Sep-14	Part (%)	Sep-13	Part (%)	Growth
					Total
Virtual Stores	107	14.5%	107	14.5%	-
Website	1	0.1%	1	0.1%	-
Subtotal - Virtual Stores	108	14.7%	108	14.6%	-
Conventional Stores	628	85.3%	632	85.4%	(4)
Total	736	100.0%	740	100.0%	(4)

Total Sales Area (m²)	471,657	100.0%	470,929	100.0%	0.2%
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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\$7.8 million in 3Q14 and R\$7.2 million in 3Q13. The differences in gross revenue from the retail segment in the breakdown by channel and income statements refer to these classifications.

RESULTS CONFERENCE CALL

Conference Call in Portuguese/English (with simultaneous interpreting)

October 31, 2014 (Friday)

12:00 a.m. – Brasília time

10:00 a.m. – US EST

Callers from US or other countries:

Dial-in US EST: +1 (646) 843-6054

Toll Free US EST: +1 (866) 890 2584

Access Code: Magazine Luiza

Webcast Link:

<http://webcast.neo1.net/PlatformInformation.aspx?PlatformId=TDP8jQN%2FpHdP75nK3z4u4Q%3D%3D>

Callers from Brazil:

Dial-in: +55 (11) 2188-0155

Toll Free: 0800 726 5606

Access Code: Magazine Luiza

Webcast Link:

<http://webcast.neo1.net/Cover.aspx?PlatformId=vdKjp33uXg63UiYBB52yUg%3D%3D>

Replay (available for 7 days):

Dial-in number for callers from Brazil: +55 (11) 2188-0040

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.

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.