
# Magazine Luiza S.A. 1st Quarter 2013 Earnings Release

São Paulo, May 13, 2013 – Magazine Luiza S.A. (BM&FBOVESPA: MGLU3), one of the largest retail chains focused on durable goods, actively engaged in serving Brazil's low income segment, today announces its results for the first quarter (1Q13). The Company's accounting information is based on consolidated numbers, in millions of reais (except when indicated otherwise), according to International Financial Reporting Standards (IFRS).

**Note:** In compliance with CPC 19 and IFRS 11, the Company now presents its position in joint ventures (Luizacred and Luizaseg) by treating it as equity income rather than a proportional consolidation of assets, liabilities, revenues and expenses, a practice that was previously used. The effect of the changes to the accounting practices are explained in Note 2.2 in the Quarterly Information. The consolidated results correspond to the retail and consortium segments. To guarantee transparency and breakdown of information, the Company maintained the financial statements by segment in the Annexes.

## 1Q13 HIGHLIGHTS

**Magazine Luiza delivered on its promise to improve gradually its earnings on a quarterly basis. For 1Q13, the Company increased gross profit and gross margin and proportionately reduced operating and financial expenses, reversing a 1Q12 loss.**

In 1Q13, gross revenue increased 7.0% to R$2.1 billion. Same-store sales grew 5.2%. Bear in mind that this growth was obtained over a high base of comparison (SSS growth of 15.9% in 1Q12).

E-commerce stood out, expanding 21.1% to R$300.8 million, sustained by an increase in the number of website users, a rise in the number of products and new B2B and market place partnerships.

In 1Q13, the Company inaugurated two conventional stores and closed 14 branches (13 Baú da Felicidade stores) located in overlapping geographic regions. The expansion plan considers the openings of 20-25 new stores in 2013.

Consolidated gross margin increased 0.4 p.p. in 1Q13 over 1Q12, representing 28.2% of net revenue, reflecting our constant focus on improving gross margin in the Northeast region and maintaining margin in other regions.

The company also reduced operating expenses by 0.8 p.p., guaranteeing a better operating result.

### Comments

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"We remain confident that we will deliver high single-digit same-store sales growth by the end of 2013," affirmed the Company's CEO Marcelo Silva. "We fulfilled our commitment to preserve gross margin in the South, Southeast and Midwest regions and delivered a better performance in the Northeast."

"We closed 14 stores in the first quarter. We remain focused on profitability and operational efficiency, and we believe we will further improve in the upcoming quarters," affirmed CFO Roberto Rodrigues.

In the consumer finance segment, Luizacred again posted a solid performance in the quarter, with gross revenue expanding 9.8% to R$345.9 million. Gross margin widened by 6.6 p.p. over 1Q12, reaching 90.6%, largely thanks to a reduction in the CDI rate and an increase in the share of direct consumer credit (CDC). EBITDA margin stood at 8.5%, with a net margin of 4.5%, reversing a loss of R$16.7 million in 1Q12 to an income of R$15.6 million in 1Q13. This was a result of the company achieving a balance between offering the right financial products and reducing costs and expenses.

## Consolidated Key Indicators

| R$ million (except when otherwise indicated) | 1Q13 | 1Q12 | % Chg |
|---|---|---|---|
| Total Gross Revenue | 2,131.2 | 1,992.1 | 7.0% |
| Total Net Revenue | 1,765.6 | 1,665.9 | 6.0% |
| Gross Income | 498.2 | 462.7 | 7.7% |
| Gross Margin | 28.2% | 27.8% | 0.4 pp |
| EBITDA | 62.7 | 22.8 | 175.4% |
| EBITDA Margin | 3.6% | 1.4% | 2.2 pp |
| Net Income | 0.8 | (40.7) | -102.0% |
| Net Margin | 0.0% | -2.4% | 2.5 pp |
| Same Store Sales Growth | 5.2% | 15.9% | - |
| Same Physical Store Sales Growth | 2.9% | 12.6% | - |
| Internet Sales Growth | 21.1% | 42.8% | - |
| Number of Stores - End of Period | 731 | 730 | 0.1% |
| Sales Area - End of Period (M2) | 461,981 | 456,292 | 1.2% |
| Credit Card Base - Luizacred (thousand) | 3,760 | 4,251 | -11.5% |

## EXPECTATIONS FOR UPCOMING QUARTERS IN 2013

Same-store sales are expected to record high single-digit growth and between 20% and 30% for e-commerce in 2013. The Company plans to open between 20 and 25 stores in 2013.

The Company expects to reduce the difference in gross margin between stores in the Northeast and those in other regions. To ensure margin preservation across all regions, the Company has developed a Price Management System (Pricing) that will be implemented in the second half of 2013 and is designed to increase pricing intelligence by channel, region and product family.

The More with Less program, created in 2012, established stricter control policies for 2013. In 1Q13, we redefined our budget process for each department, adoption "zero base" goals and cost reduction projects, which will be implemented throughout the year. The Company expects more significant gains in the second half of 2013, a period when Magazine Luiza will be launching most of the initiatives, including targeting an increase in store productivity, DCs and Luizacred and a drop in reduction of logistics costs through the multichannel delivery project, payroll tax exemption and an expected drop in electricity costs.

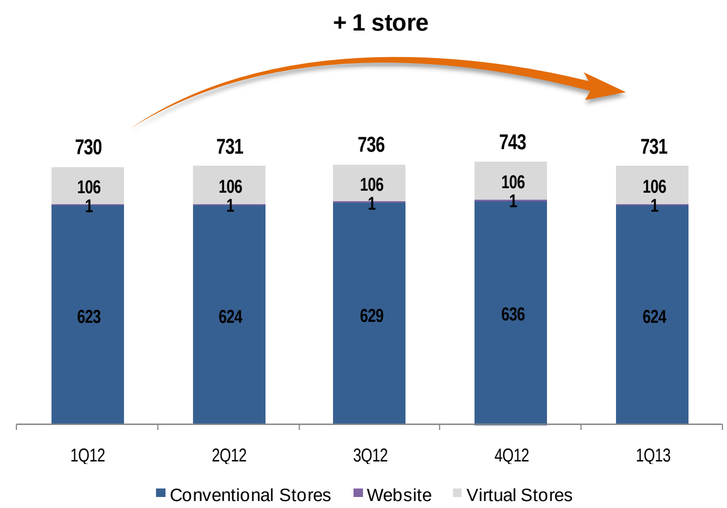
"We would like to emphasize that, after the chain integration process in 2012, we are still in the phase of maturation of one third of our stores. This maturation, combined with the cost reduction and productivity increase targets, should continuously and gradually improve our results in the following quarters," affirmed Marcelo Silva.

The Company's Management is committed to obtaining better productivity and profitability in the upcoming quarters, ensuring quality services and client satisfaction.

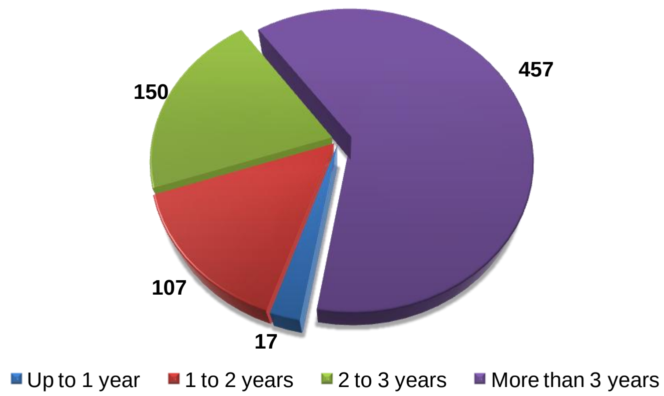
## OPERATING PERFORMANCE

Magazine Luiza ended March 2013 with 731 stores, of which 624 were conventional outlets, 106 virtual multimedia branches and the website. In 1Q13, the Company inaugurated two conventional stores (one in São Bernardo do Campo - SP and one in Petrolina - PE). As part of our focus of boosting productivity and cutting costs and expenses, the Company closed 13 Lojas do Baú and one Magazine Luiza store (7 in Paraná state, 6 in São Paulo state and one in Santa Catarina state), which overlapped with other stores. Note that, of Magazine Luiza's 731 stores, 274 (37.5%) are less than three years old and are in the process of maturation.

**Number of Stores**

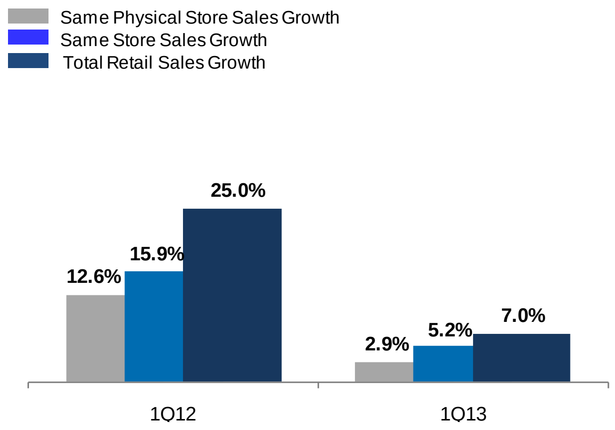



**Average Age of Stores (number of stores)**

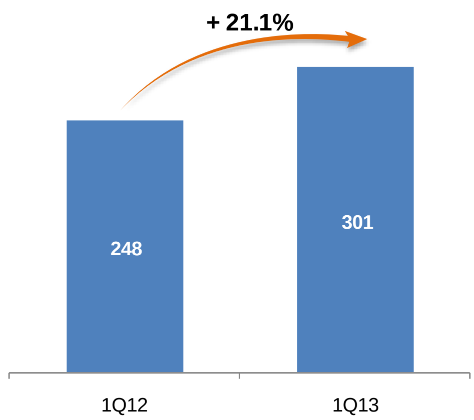



In same-store terms, Magazine Luiza grew 5.2% in 1Q13 over 1Q12. The Internet segment maintained its strong growth pace, led by the improvement in the product mix and site content (www.magazineluiza.com.br). In 1Q13, Internet sales climbed 21.1% to R$300.8 million, accounting for 14.2% of retail sales.

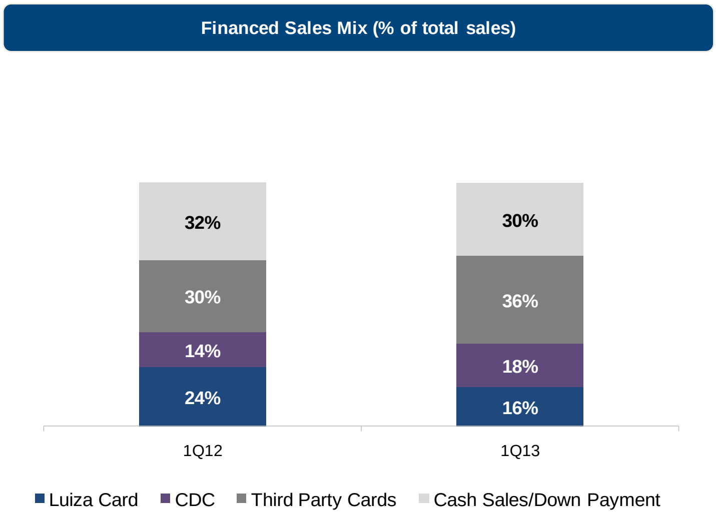
**Same Store Sales Growth (%)**

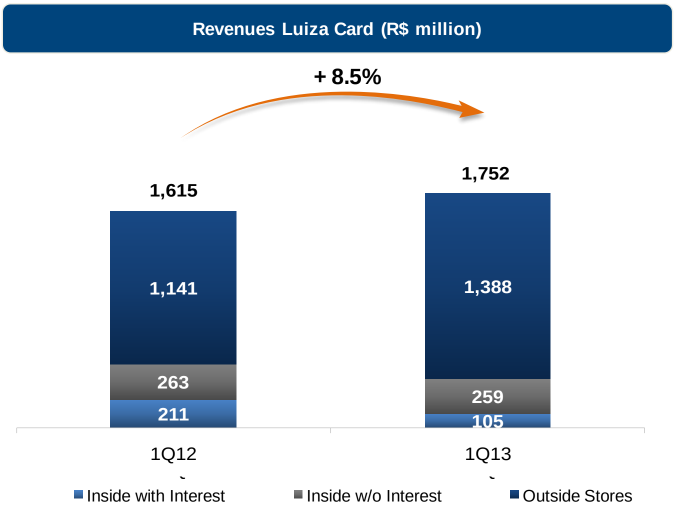



**Internet Gross Revenues (R$ million)**




Over the past 12 months, Luizacred's credit card base grew significantly, from 4.3 million in 1Q12 to 3.8 million in 1Q13. In 1Q13, total spending on Luiza Cards accounted for 16% of total retail sales, lower than the same period last year, thanks to an increase in Direct Consumer Credit (CDC) and a conservative approach to approving credit.




In 1Q13, total spending on Luiza Cards increased 8.5% to R$1.7 billion. In the same period, the use of Luiza cards outside the Company's stores increased 21.7%, representing 79.2% of total spending (compared to 70.6% in 1Q12).

Note that the Company is maintaining its policy of encouraging interest-bearing sales and limiting interest-free sales in Luiza Cards to 15% of total sales.

# CONSOLIDATED FINANCIAL PERFORMANCE

## Consolidated Gross Revenue

The following table provides a breakdown of gross revenue:

| (in R$ million) | 1Q13 | 1Q12 | % Chg |
|---|---|---|---|
| Gross Revenue - Retail - Merchandise Sales | 2,039.1 | 1,913.9 | 6.5% |
| Gross Revenue - Retail - Services | 84.6 | 71.8 | 17.8% |
| **Subtotal Retail** | **2,123.7** | **1,985.7** | **6.9%** |
| Gross Revenue - Consortium Management | 9.3 | 7.7 | 19.6% |
| Inter-Company Eliminations | (1.7) | (1.3) | 28.1% |
| **Total Gross Revenue** | **2,131.2** | **1,992.1** | **7.0%** |

Magazine Luiza's consolidated gross revenue increased 7.0% to R$2,131.2 million in 1Q13, from R$1,992.1 million 1Q12. This upturn reflects primarily 6.9% growth in the retail segment, with sales totaling R$2,123.7 million in 1Q13, influenced by 5.2% growth in same-store sales. Bear in mind that this growth was obtained over a high base of comparison (SSS growth of 15.9% in 1Q12).

## Consolidated Net Revenue

| (in R$ million) | 1Q13 | 1Q12 | % Chg |
|---|---|---|---|
| Net Revenue - Retail - Merchandise Sales | 1,684.7 | 1,597.5 | 5.5% |
| Net Revenue - Retail - Services | 74.1 | 62.6 | 18.4% |
| **Subtotal Retail** | **1,758.8** | **1,660.1** | **5.9%** |
| Net Revenue - Consortium Management | 8.5 | 7.1 | 19.4% |
| Inter-Company Eliminations | (1.7) | (1.3) | 28.1% |
| **Total Net Revenue** | **1,765.6** | **1,665.9** | **6.0%** |

Magazine Luiza's consolidated net revenue increased 6.0%, from R$1,665.9 million in 1Q12 to R$1,765.6 million in 1Q13.

## Consolidated Gross Profit

| (in R$ million) | 1Q13 | 1Q12 | % Chg |
|---|---|---|---|
| Gross Income - Retail - Merchandise Sales | 419.0 | 395.8 | 5.8% |
| Gross Income - Retail - Services | 74.1 | 62.6 | 18.4% |
| **Subtotal Retail** | **493.1** | **458.4** | **7.6%** |
| Gross Income - Consortium Management | 5.2 | 4.3 | 21.2% |
| Inter-Company Eliminations | - | - | 0.0% |
| **Total Gross Income** | **498.2** | **462.7** | **7.7%** |

| (as % of Net Revenue) | 1Q13 | 1Q12 | % Chg |
|---|---|---|---|
| Gross Margin - Retail - Merchandise Sales | 24.9% | 24.8% | 0.1 pp |
| Gross Margin - Retail - Services | 100.0% | 100.0% | 0.0 pp |
| **Subtotal Retail** | **28.0%** | **27.6%** | **0.4 pp** |
| Gross Margin - Consortium Management | 61.1% | 60.1% | 1.0 pp |
| Inter-Company Eliminations | 0.0% | 0.0% | 0.0 pp |
| **Total Gross Margin** | **28.2%** | **27.8%** | **0.4 pp** |

In 1Q13, consolidated gross profit came to R$498.2 million, accompanied by gross margin of 28.2%, up 0.4 p.p. from 1Q12. Gross margin expansion reflects higher store margin in the Northeast and the preservation of margins in other regions.

## Operating Expenses

| (in R$ million) | 1Q13 | % NR | 1Q12 | % NR | % Chg |
|---|---|---|---|---|---|
| Selling expenses | (355.1) | -20.1% | (333.3) | -20.0% | 6.5% |
| General and administrative expenses | (94.0) | -5.3% | (89.9) | -5.4% | 4.6% |
| Provisions for loan losses | (4.9) | -0.3% | (4.1) | -0.2% | 19.0% |
| Other operating revenues, net | 8.4 | 0.5% | (6.8) | -0.4% | -223.2% |
| **Total Operating Expenses** | **(445.5)** | **-25.2%** | **(434.2)** | **-26.1%** | **2.6%** |

### Selling Expenses

Selling expenses totaled R$355.1 million in 1Q13, virtually stable compared with 1Q12 and representing 20.1% of net revenue.

### General and Administrative Expenses

General and administrative expenses totaled R$94.0 million in 1Q13, representing 5.3% of net revenue, as good as in line with 1Q12.

### Provisions for Loan Losses

Provisions for loan losses increased from R$4.1 million in 1Q12 to R$4.9 million in 1Q13 (0.3% of net revenue), flat from 1Q12. Note that these provisions refer only to Magazine Luiza as most of the provisions are recorded over Luizacred (explained in Annex 1).

### Other Operating Revenues (Expenses)

| (in R$ million) | 1Q13 | % NR | 1Q12 | % NR | % Chg |
|---|---|---|---|---|---|
| Deferred revenue recorded | 8.6 | 0.5% | 7.5 | 0.5% | 14.2% |
| Non-recurring expenses | (1.4) | -0.1% | (13.1) | -0.8% | -89.4% |
| Other | 1.2 | 0.1% | (1.3) | -0.1% | -197.6% |
| **Total** | **8.4** | **0.5%** | **(6.8)** | **-0.4%** | **-223.2%** |

Other net operating expenses (revenue) improved from an expense of R$6.8 million in 1Q12 to a revenue of R$8.4 million in 1Q13, owing mainly to a reduction in non-recurring expenses. These expenses refer to chain integration in 1Q12 and closing of stores in 1Q13.

### Equity in Subsidiaries

Equity in subsidiaries improved from a net loss of R$5.7 million in 1Q12 to a profit of R$10.0 million in 1Q13, equivalent to 0.6% of net revenues, influenced by an improvement at Luizacred (as explained in Annex 1).

## EBITDA

| (in R$ million) | 1Q13 | % NR | 1Q12 | % NR | % Chg |
|---|---|---|---|---|---|
| **EBITDA** | **62.7** | **3.6%** | **22.8** | **1.4%** | **175.4%** |
| Extraordinary costs | - | 0.0% | 7.5 | 0.5% | -100.0% |
| Extraordinary revenue | - | 0.0% | - | 0.0% | 0.0% |
| Extraordinary Expenses | - | 0.0% | 26.0 | 1.6% | -100.0% |
| Deferred revenue adjustment | - | 0.0% | - | 0.0% | 0.0% |
| **Adjusted EBITDA** | **62.7** | **3.6%** | **56.3** | **3.4%** | **11.5%** |

In 1Q13, earnings before interest, taxes, depreciation and amortization (Consolidated EBITDA) reached R$62.7 million, accompanied by margin of 3.6%. The main factors that influenced EBITDA were the increase in gross margin, decrease in operational expenses and increase in equity in subsidiaries. The operating result reflects the beginning of a gradual improvement in profitability following the integration of chains Lojas Maia and Baú da Felicidade.

## Financial Result

| CONSOLIDATED FINANCIAL RESULTS (in R$ million) | 1Q13 | % NR | 1Q12 | % NR | % Chg |
|---|---|---|---|---|---|
| **Financial Expenses** | (59.3) | -3.4% | (63.3) | -3.8% | -6.3% |
| Interest on loans and financing | (26.0) | -1.5% | (30.8) | -1.9% | -15.8% |
| Interest on prepayment of receivables – third party cards | (15.7) | -0.9% | (10.9) | -0.7% | 44.4% |
| Interest on prepayment of receivables – Luiza Card | (10.1) | -0.6% | (12.5) | -0.7% | -19.3% |
| Other expenses | (7.6) | -0.4% | (9.1) | -0.5% | -16.8% |
| **Financial Revenues** | 14.0 | 0.8% | 14.5 | 0.9% | -3.3% |
| Gains on marketable securities | 0.4 | 0.0% | 1.3 | 0.1% | -69.8% |
| Other financial revenues | 13.6 | 0.8% | 13.2 | 0.8% | 3.4% |
| **Total Financial Results** | (45.3) | -2.6% | (48.8) | -2.9% | -7.2% |

Net financial expenses totaled R$45.3 million in 1Q13, declining from 2.9% of net revenue in 1Q12 to 2.6% in 1Q13. The financial result was mainly influenced by a reduction in the CDI rate and an increase in working capital requirements.

## Consolidated Net Income

The 1Q13 net result was positive by R$0.8 million, in line with our goal of gradually improving our results and profitability in 2013. Magazine Luiza reversed a loss of R$40.7 million in 1Q12.

## Working Capital

| CONSOLIDATED (R$ million) | Mar-13 | Dec-12 | Sep-12 | Jun-12 | Mar-12 |
|---|---|---|---|---|---|
| Accounts receivables | 448.8 | 486.5 | 490.2 | 479.2 | 452.8 |
| Inventories | 974.9 | 1,068.8 | 1,306.9 | 1,131.3 | 1,134.2 |
| Related parties | 85.0 | 73.6 | 67.6 | 69.0 | 73.7 |
| Recoverable taxes | 190.4 | 208.5 | 40.8 | 21.7 | 24.1 |
| Other assets | 63.3 | 38.0 | 71.9 | 84.1 | 76.1 |
| **Current operating assets** | 1,762.5 | 1,875.3 | 1,977.4 | 1,785.2 | 1,760.9 |
| Suppliers | 1,169.8 | 1,326.3 | 1,173.2 | 1,016.4 | 1,039.8 |
| Payroll, vacation and related charges | 115.8 | 138.3 | 139.5 | 127.8 | 112.0 |
| Taxes payable | 20.4 | 47.8 | 13.8 | 15.6 | 22.2 |
| Related parties | 41.7 | 51.1 | 29.5 | 51.2 | 31.9 |
| Taxes in installments | 9.0 | 9.1 | 9.2 | 2.9 | 2.9 |
| Other accounts payable | 113.1 | 80.9 | 94.8 | 82.9 | 70.5 |
| **Current operating liabilities** | 1,469.9 | 1,653.6 | 1,460.2 | 1,296.8 | 1,279.2 |
| **Working Capital** | 292.6 | 221.8 | 517.3 | 488.5 | 481.7 |
| **% of Gross revenue in the last 12 months** | 3.4% | 2.6% | 6.4% | 6.2% | 6.4% |
| **Balance of Discounted Receivables** | 838.2 | 791.4 | 659.5 | 536.8 | 467.7 |
| **Working Capital Ajusted** | 1,130.8 | 1,013.1 | 1,176.8 | 1,025.3 | 949.4 |
| **% of Gross revenue in the last 12 months** | 13.2% | 12.0% | 14.5% | 13.0% | 12.6% |

In March 2013, net working capital stood at R$292.6 million, representing only 3.4% of gross revenue in the past 12 months, higher than the 2.6% in December 2012 owing to the seasonality of the period. Working capital requirements are typically higher in the first quarter, particularly because of purchase payments made at the end of 2012.

However, the reduction in relation to March 2012 is primarily owed to an improvement in inventory turnover and part of the booking of taxes recoverable in the long term. In March 2013, the Company had accrued tax credits arising from ICMS tax substitution totaling R$288.3 million, of which R$152.0 million was recognized under current assets and R$136.3 million under non-current assets. These credits will be realized through a request for compensation of debits of a similar nature to the states where the credits originated.

On the same date, the balance of prepaid receivables from third-party credit cards was R$838.2 million. Considering the balance of discounted receivables, working capital requirements would correspond to 13.2% of gross revenue.

## Capex

| CAPEX (in R$ million) | 1Q13 | 1Q12 |
|---|---|---|
| New Stores | 5.2 | 6.5 |
| Remodeling | 7.3 | 11.0 |
| Technology | 8.4 | 7.3 |
| Logistics | 5.4 | 12.5 |
| Other | 0.9 | 6.3 |
| **Total** | **27.3** | **43.6** |

Investments in fixed and intangible assets fell from R$43.6 million in 1Q12 to R$27.3 million in 1Q13, and include renovations to existing stores as well as investments in technology, logistics and new stores (inaugurated and yet to be inaugurated). In 1Q13, two conventional stores were opened, while investments started on four more stores, which will be opened in 2Q13.

## Net Debt

| CONSOLIDATED (R$ million) | Mar-13 | Dec-12 | Sep-12 | Jun-12 | Mar-12 |
|---|---|---|---|---|---|
| (+) Current loans and financing | 404.3 | 317.2 | 223.0 | 225.9 | 122.4 |
| (+) Non-current loans and financing | 1,016.2 | 918.8 | 892.6 | 901.0 | 863.2 |
| **(=) Gross Debt** | 1,420.5 | 1,236.0 | 1,115.5 | 1,126.9 | 985.6 |
| (-) Cash and cash equivalents | 152.3 | 418.9 | 92.9 | 137.5 | 174.2 |
| (-) Current securities | 476.2 | 126.4 | 204.4 | 186.1 | 80.3 |
| **(-) Total Cash** | 628.5 | 545.3 | 297.4 | 323.6 | 254.5 |
| **(=) Net Debt** | 792.0 | 690.7 | 818.2 | 803.3 | 731.1 |
| Short term debt/total | 28% | 26% | 20% | 20% | 12% |
| Long term debt/total | 72% | 74% | 80% | 80% | 88% |
| Ajusted EBITDA (LTM) | 305.3 | 298.8 | 326.6 | 341.0 | 330.0 |
| **Net Debt/ Ajusted EBITDA** | 2.6 x | 2.3 x | 2.5 x | 2.4 x | 2.2 x |

In March 2013, Magazine Luiza had loans and financing in the amount of R$1,420.5 million, and cash and financial investments of R$628.5 million. Net debt totaled R$792.0 million, equivalent to 2.6x adjusted EBITDA of the past 12 months.

The higher debt balance at the close of March 2013 over December 2012 reflects the higher working capital requirements explained above. In the end of this year, the variation in working capital is usually negative, consequently reducing debt.

According to the previous proportional consolidation method, including Luizacred and Luizaseg, net debt would stand at R$689.1 million, 2.3 times adjusted EBITDA in the last 12 months, versus 2.1 times in December 2012, as disclosed in our 4Q12 earnings release.

# 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 financing at Luizacred, drafting the credit and collections policies and back office activities, such as accounting and treasury.

In March 2013, Luizacred had a total base of 3.8 million cards issued. In the last 12 months, the total card base decreased by 11.5%, partially offset by the increased share of direct consumer credit (CDC). In 1Q13, purchases outside Magazine Luiza stores represented 79.2% of total card billings, 21.7% up on 1Q12.

Luizacred's credit portfolio, including credit cards, direct consumer credit and personal loans, totaled R$3.6 billion at the close of 1Q13.

| LUIZACRED – Key Indicators (R$ million) | 1Q13 | 1Q12 | % Chg |
|---|---|---|---|
| Total Card Base (thousand) | 3,760 | 4,251 | -11.5% |
| Luiza Card Sales – In chain | 364 | 475 | -23.3% |
| Luiza Card Sales – Outside Brand | 1,388 | 1,141 | 21.7% |
| CDC Sales | 306 | 237 | 29.1% |
| Personal Loans Sales | 40 | 59 | -32.1% |
| **Total Luizacred Sales** | **2,098** | **1,911** | **9.8%** |
| Card Portfolio | 2,512 | 2,656 | -5.4% |
| CDC Portfolio | 979 | 537 | 82.2% |
| Personal Loans Portfolio | 83 | 141 | -41.0% |
| **Total Portfolio** | **3,574** | **3,334** | **7.2%** |

## Credit and Collection Policy

Credit is granted at Luizacred according to the policies and criteria established by the Credit Modeling and Policy area of Itaú Unibanco. The policies are defined on proprietary statistics models using the Risk Adjusted Return on Capital (RAROC) model as the criterion. Maintaining its conservative approach, Luizacred maintained its credit approval rate low in 1Q13.

## Income Statement

| LUIZACRED – Income (R$ million) | 1Q13 | V.A. | 1Q12 | V.A. | % Chg |
|---|---|---|---|---|---|
| **Financial Intermediation Revenue** | 285.3 | 100.0% | 262.0 | 100.0% | 8.9% |
| Cards | 157.6 | 55.2% | 170.3 | 65.0% | -7.4% |
| CDC | 108.5 | 38.0% | 61.7 | 23.5% | 75.9% |
| Personal Loans | 19.2 | 6.7% | 30.0 | 11.5% | -36.0% |
| **Financial Intermediation Expenses** | (196.8) | -69.0% | (202.8) | -77.4% | -3.0% |
| Market Funding Operations | (32.5) | -11.4% | (50.6) | -19.3% | -35.7% |
| Provision for Loan Losses | (164.2) | -57.6% | (152.2) | -58.1% | 7.9% |
| **Gross Financial Intermediation Income** | 88.6 | 31.0% | 59.2 | 22.6% | 49.6% |
| **Other Operating Revenues (Expenses)** | (62.6) | -21.9% | (86.9) | -33.2% | -28.0% |
| Service Revenue | 60.6 | 21.2% | 53.1 | 20.3% | 14.0% |
| Personnel Expenses | (0.6) | -0.2% | (1.8) | -0.7% | -67.4% |
| Other Administrative Expenses | (105.8) | -37.1% | (114.8) | -43.8% | -7.8% |
| Depreciation and Amortization | (3.3) | -1.2% | (3.3) | -1.3% | -0.9% |
| Tax Expenses | (17.8) | -6.2% | (16.7) | -6.4% | 6.6% |
| Other Operating Revenues (Expenses) | 4.3 | 1.5% | (3.4) | -1.3% | -228.3% |
| **Income Before Tax** | 26.0 | 9.1% | (27.7) | -10.6% | -193.7% |
| Income Tax and Social Contribution | (10.4) | -3.6% | 11.1 | 4.2% | -193.9% |
| **Net Income** | 15.6 | 5.5% | (16.7) | -6.4% | -193.6% |

### Revenue from Financial Intermediation

In 1Q13, gross revenue from financial intermediation increased 8.9% over 1Q12, mainly due to the higher share of direct consumer credit.

### Provisions for Loan Losses

Luizacred’s default indicators at the close of March 2013 were 4.3 p.p. lower than in March 2012. Overdue above 90 days (NPL 90) reduced 4.0 p.p. over March 2012 and increased 0.5 p.p. over December 2012, thanks to seasonality. Luizacred maintained its conservative approach and, therefore, provisions for loan losses stood at 4.6% of total portfolio in 1Q13, up from 4.3% in 4Q12.

Coverage ratio was in line with December 2012 and above March 2012, equivalent to 147%.

| PORTFOLIO OVERDUE | Mar-13 | | Dec-12 | | Sep-12 | | Jun-12 | | Mar-12 | |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Portfolio (R$ million) | 3,573.6 | 100.0% | 3,650.3 | 100.0% | 3,408.4 | 100.0% | 3,441.8 | 100.0% | 3,334.1 | 100.0% |
| 000 to 014 days | 3,103.9 | 86.9% | 3,229.4 | 88.5% | 2,917.3 | 85.6% | 2,893.3 | 84.1% | 2,754.4 | 82.6% |
| 015 to 030 days | 50.6 | 1.4% | 41.0 | 1.1% | 42.2 | 1.2% | 45.3 | 1.3% | 52.9 | 1.6% |
| 031 to 060 days | 45.2 | 1.3% | 34.3 | 0.9% | 39.8 | 1.2% | 43.3 | 1.3% | 47.8 | 1.4% |
| 061 to 090 days | 64.6 | 1.8% | 46.8 | 1.3% | 53.2 | 1.6% | 58.9 | 1.7% | 56.8 | 1.7% |
| 091 to 120 days | 42.9 | 1.2% | 35.6 | 1.0% | 51.8 | 1.5% | 51.0 | 1.5% | 46.5 | 1.4% |
| 121 to 150 days | 31.3 | 0.9% | 27.0 | 0.7% | 39.6 | 1.2% | 48.9 | 1.4% | 44.3 | 1.3% |
| 151 to 180 days | 31.0 | 0.9% | 28.1 | 0.8% | 38.5 | 1.1% | 46.8 | 1.4% | 54.4 | 1.6% |
| 180 to 360 days | 204.0 | 5.7% | 208.0 | 5.7% | 226.0 | 6.6% | 254.3 | 7.4% | 277.1 | 8.3% |
| Overdue from 15-90 days | 160.5 | 4.5% | 122.1 | 3.3% | 135.1 | 4.0% | 147.5 | 4.3% | 157.5 | 4.7% |
| Overdue above 90 days | 309.2 | 8.7% | 298.8 | 8.2% | 355.9 | 10.4% | 400.9 | 11.6% | 422.2 | 12.7% |
| Total Overdue | 469.7 | 13.1% | 420.9 | 11.5% | 491.1 | 14.4% | 548.5 | 15.9% | 579.7 | 17.4% |
| Allowance for doubtful in IFRS | 454.2 | 12.7% | 456.4 | 12.5% | 460.8 | 13.5% | 467.5 | 13.6% | 467.5 | 14.0% |
| Coverage (%) | 147% | | 153% | | 129% | | 117% | | 111% | |

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 Revenue**

As a result of the sharp direct consumer credit revenue growth and the CDI reduction, gross margin from financial intermediation in 1Q13 was 31.0%, an 8.4 p.p. increase over 1Q12 (28.3%).

**Other Operating Revenues (Expenses)**

- **Service Revenue:** increased by 14.0% over 1Q12, mainly driven by fees and commissions for the use of Luiza cards outside the stores;
- **Selling and Administrative Expenses** (personnel, administrative, amortization and taxes): equivalent to 44.7% of financial intermediation revenue, 7.5 p.p. down on 1Q12 and virtually in line with 4Q12, due to the project to reduce costs and expenses and the adjustment of the mix of different financial products;
- **Other Operating Revenues (Expenses):** net revenues of R$4.3 million, equivalent to 1.5% of financial intermediation revenue.

**Operating Result**

The operating result in 1Q13 was R$26.0 million, equivalent to 9.1% of financial intermediation revenue, representing an improvement over the operating loss of R$27.7 million in 1Q12.

**Shareholders' Equity**

According to the accounting practices established by the Brazilian Central Bank, Luizacred shareholders' equity in March 2012 stood at R$396.7 million. As a result of adjustments required under IFRS, Luizacred's shareholders' equity for use in the financial statements of Magazine Luiza was R$379.1 million.

## ANNEX II
## FINANCIAL STATEMENTS – CONSOLIDATED RESULTS

| CONSOLIDATED INCOME STATEMENT (R$ million) | 1Q13 | V.A. | 1Q12 | V.A. | % Chg |
|---|---|---|---|---|---|
| **Gross Revenue** | 2,131.2 | 120.7% | 1,992.1 | 119.6% | 7.0% |
| Taxes and Deductions | (365.6) | -20.7% | (326.3) | -19.6% | 12.1% |
| **Net Revenue** | 1,765.6 | 100.0% | 1,665.9 | 100.0% | 6.0% |
| Total Costs | (1,267.4) | -71.8% | (1,203.2) | -72.2% | 5.3% |
| **Gross Income** | 498.2 | 28.2% | 462.7 | 27.8% | 7.7% |
| Selling expenses | (355.1) | -20.1% | (333.3) | -20.0% | 6.5% |
| General and administrative expenses | (94.0) | -5.3% | (89.9) | -5.4% | 4.6% |
| Provisions for loan losses | (4.9) | -0.3% | (4.1) | -0.2% | 19.0% |
| Other operating revenues, net | 8.4 | 0.5% | (6.8) | -0.4% | -223.2% |
| Equity in Subsidiaries | 10.0 | 0.6% | (5.7) | -0.3% | -275.5% |
| Total Operating Expenses | (435.5) | -24.7% | (439.9) | -26.4% | -1.0% |
| **EBITDA** | 62.7 | 3.6% | 22.8 | 1.4% | 175.4% |
| Depreciation and Amortization | (24.7) | -1.4% | (20.8) | -1.2% | 18.7% |
| **EBIT** | 38.1 | 2.2% | 2.0 | 0.1% | 1785.7% |
| Financial Results | (45.3) | -2.6% | (48.8) | -2.9% | -7.2% |
| **Operating Income** | (7.2) | -0.4% | (46.8) | -2.8% | -84.6% |
| Income Tax and Social Contribution | 8.0 | 0.5% | 6.0 | 0.4% | 32.4% |
| **Net Income** | 0.8 | 0.0% | (40.7) | -2.4% | -102.0% |

**Reconciliation of EBITDA for extraordinary expenses**

| | | | | | |
|---|---|---|---|---|---|
| **EBITDA** | 62.7 | 3.6% | 22.8 | 1.4% | - |
| Extraordinary costs | - | 0.0% | 7.5 | 0.5% | - |
| Extraordinary revenues | - | 0.0% | - | 0.0% | - |
| Extraordinary expenses | - | 0.0% | 26.0 | 1.6% | - |
| Adjusted deferred revenues | - | 0.0% | - | 0.0% | - |
| **Adjusted EBITDA** | 62.7 | 3.6% | 56.3 | 3.4% | - |

| | | | | | |
|---|---|---|---|---|---|
| **Net Income** | 0.8 | 0.0% | (40.7) | -2.4% | - |
| Extraordinary operational results | - | 0.0% | 33.5 | 2.0% | - |
| Extraordinary financial results | - | 0.0% | - | 0.0% | - |
| Tax over extraordinary results | - | 0.0% | (11.4) | -0.7% | - |
| Extraordinary tax credits | - | 0.0% | 8.3 | 0.5% | - |
| **Adjusted Net Income** | 0.8 | 0.0% | (10.3) | -0.6% | - |

*Note: Non-recurring expenses of R$33.5 million in 1Q12, as detailed in our 1Q12 earnings release.*

# ANNEX III
## FINANCIAL STATEMENTS – CONSOLIDATED BALANCE SHEET

| ASSETS (R$ million) | Mar-13 | Dec-12 | Sep-12 | Jun-12 | Mar-12 |
|---|---|---|---|---|---|
| **CURRENT ASSETS** | | | | | |
| Cash and cash equivalents | 152.3 | 418.9 | 92.9 | 137.5 | 174.2 |
| Securities | 476.2 | 126.4 | 204.4 | 186.1 | 80.3 |
| Accounts receivable | 448.8 | 486.5 | 490.2 | 479.2 | 452.8 |
| Inventories | 974.9 | 1,068.8 | 1,306.9 | 1,131.3 | 1,134.2 |
| Related parties | 85.0 | 73.6 | 67.6 | 69.0 | 73.7 |
| Taxes recoverable | 190.4 | 208.5 | 40.8 | 21.7 | 24.1 |
| Other assets | 63.3 | 38.0 | 71.9 | 164.1 | 76.1 |
| **Total current assets** | 2,391.0 | 2,420.6 | 2,274.8 | 2,188.9 | 2,015.5 |
| **NON-CURRENT ASSETS** | | | | | |
| Accounts receivable | 3.4 | 0.4 | 1.3 | 1.4 | 1.8 |
| Deferred income tax and social contribution | 156.5 | 148.3 | 152.5 | 152.4 | 134.3 |
| Recoverable taxes | 144.4 | 137.4 | 9.2 | 21.6 | 24.3 |
| Judicial deposits | 138.5 | 129.3 | 115.0 | 120.6 | 103.2 |
| Other assets | 39.1 | 39.6 | 38.2 | 17.1 | 21.2 |
| Investments in subsidiaries | 224.6 | 222.9 | 213.2 | 207.3 | 202.9 |
| Fixed assets | 575.5 | 574.0 | 550.7 | 527.8 | 512.3 |
| Intangible assets | 436.2 | 435.3 | 435.5 | 437.5 | 441.3 |
| **Total non-current assets** | 1,718.1 | 1,687.2 | 1,515.5 | 1,485.5 | 1,441.2 |
| **TOTAL ASSETS** | 4,109.1 | 4,107.7 | 3,790.3 | 3,674.4 | 3,456.7 |

| LIABILITIES (R$ million) | Mar-13 | Dec-12 | Sep-12 | Jun-12 | Mar-12 |
|---|---|---|---|---|---|
| **CURRENT LIABILITIES** | | | | | |
| Suppliers | 1,169.8 | 1,326.3 | 1,173.2 | 1,016.4 | 1,039.8 |
| Loans and financing | 404.3 | 317.2 | 223.0 | 225.9 | 122.4 |
| Payroll, vacation and related charges | 115.8 | 138.3 | 139.5 | 127.8 | 112.0 |
| Taxes payable | 20.4 | 47.8 | 13.8 | 15.6 | 22.2 |
| Related parties | 41.7 | 51.1 | 29.5 | 66.2 | 31.9 |
| Taxes in installments | 9.0 | 9.1 | 9.2 | 2.9 | 2.9 |
| Deferred revenue | 36.2 | 37.1 | 38.0 | 38.9 | 29.6 |
| Dividends payable | - | - | - | - | 1.7 |
| Other accounts payable | 113.1 | 80.9 | 94.8 | 82.9 | 70.5 |
| **Total current liabilities** | 1,910.4 | 2,007.9 | 1,721.2 | 1,576.6 | 1,432.9 |
| **NON-CURRENT LIABILITIES** | | | | | |
| Loans and financing | 1,016.2 | 918.8 | 892.6 | 901.0 | 863.2 |
| Taxes in installments | 1.2 | 1.8 | 2.4 | 3.0 | 3.7 |
| Provision for tax, civil and labor risks | 196.2 | 187.6 | 173.5 | 173.8 | 176.6 |
| Deferred revenue | 367.5 | 375.2 | 382.8 | 403.6 | 381.0 |
| Deferred income tax and social contribution | - | - | 6.5 | 7.9 | 11.8 |
| Other accounts payable | 0.7 | 0.6 | 5.9 | 6.0 | 6.5 |
| **Total non-current liabilities** | 1,581.8 | 1,483.9 | 1,463.6 | 1,495.3 | 1,442.8 |
| **SHAREHOLDERS' EQUITY** | | | | | |
| Capital stock | 606.5 | 606.5 | 606.5 | 606.5 | 606.5 |
| Capital reserve | 3.5 | 2.8 | 2.1 | 1.4 | 0.7 |
| Legal reserve | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Profit retention reserve | 2.6 | 2.6 | 9.3 | 9.3 | 10.4 |
| Other comprehensive income | (0.5) | 0.1 | 0.1 | 0.1 | 0.1 |
| Accumulated losses | 0.8 | - | (16.5) | (18.8) | (40.7) |
| Total shareholders' equity | 616.9 | 616.0 | 605.6 | 602.5 | 581.0 |
| **TOTAL** | 4,109.1 | 4,107.7 | 3,790.3 | 3,674.4 | 3,456.7 |

# ANNEX IV
# RESULTS BY SEGMENT – 1Q13

| 1Q13 (in R$ million) | Retail | Consortium 100% | Eliminations | Consolidated | Cons.Finance 50% | Insurance 50% | Eliminations | Consolidated Pro-Forma |
|---|---|---|---|---|---|---|---|---|
| **Gross Revenue** | 2,123.7 | 9.3 | (1.7) | 2,131.2 | 172.9 | 21.2 | (41.9) | 2,283.5 |
| Taxes and Deductions | (364.8) | (0.8) | - | (365.6) | - | - | - | (365.6) |
| **Net Revenue** | 1,758.8 | 8.5 | (1.7) | 1,765.6 | 172.9 | 21.2 | (41.9) | 1,917.9 |
| Total Costs | (1,265.8) | (3.3) | 1.7 | (1,267.4) | (16.3) | (2.4) | - | (1,286.0) |
| **Gross Income** | 493.1 | 5.2 | - | 498.2 | 156.7 | 18.8 | (41.9) | 631.8 |
| Selling expenses | (355.1) | - | - | (355.1) | (61.8) | (13.9) | 36.8 | (393.9) |
| General and administrative expenses | (89.5) | (4.5) | - | (94.0) | (0.3) | (3.2) | - | (97.5) |
| Provisions for loan losses | (4.9) | - | - | (4.9) | (82.1) | - | - | (87.0) |
| Equity in Subsidiaries | 10.5 | - | (0.5) | 10.0 | - | - | (10.0) | 0.0 |
| Other operating revenues, net | 8.4 | 0.0 | - | 8.4 | 2.2 | 0.2 | (1.4) | 9.4 |
| Total Operating Expenses | (430.5) | (4.5) | (0.5) | (435.5) | (142.0) | (16.9) | 25.4 | (569.0) |
| **EBITDA** | 62.6 | 0.7 | (0.5) | 62.7 | 14.6 | 1.9 | (16.5) | 62.8 |
| Depreciation and Amortization | (24.6) | (0.1) | - | (24.7) | (1.6) | (0.0) | 1.4 | (24.9) |
| **EBIT** | 38.0 | 0.6 | (0.5) | 38.1 | 13.0 | 1.9 | (15.1) | 37.9 |
| Financial Results | (45.4) | 0.2 | - | (45.3) | - | 1.8 | 5.0 | (38.4) |
| **Operating Income** | (7.4) | 0.7 | (0.5) | (7.2) | 13.0 | 3.7 | (10.0) | (0.5) |
| Income Tax and Social Contribution | 8.2 | (0.3) | - | 8.0 | (5.2) | (1.5) | - | 1.3 |
| Net Income | 0.8 | 0.5 | (0.5) | 0.8 | 7.8 | 2.2 | (10.0) | 0.8 |
| Gross Margin | 28.0% | 61.1% | 0.0% | 28.2% | 90.6% | 88.7% | 100.0% | 32.9% |
| EBITDA Margin | 3.6% | 7.7% | 29.0% | 3.6% | 8.5% | 8.8% | 39.3% | 3.3% |
| Net Margin | 0.0% | 5.8% | 29.0% | 0.0% | 4.5% | 10.6% | 24.0% | 0.0% |

# ANNEX V
# RESULTS BY SEGMENT – 1Q12

| 1Q12 (in R$ million) | Retail | Consortium 100% | Eliminations | Consolidated | Cons.Finance 50% | Insurance 50% | Eliminations | Consolidated Pro-Forma |
|---|---|---|---|---|---|---|---|---|
| **Gross Revenue** | 1,985.7 | 7.7 | (1.3) | 1,992.1 | 157.5 | 18.4 | (35.6) | 2,132.5 |
| Taxes and Deductions | (325.6) | (0.7) | - | (326.3) | - | - | - | (326.3) |
| **Net Revenue** | 1,660.1 | 7.1 | (1.3) | 1,665.9 | 157.5 | 18.4 | (35.6) | 1,806.3 |
| Total Costs | (1,201.7) | (2.8) | 1.3 | (1,203.2) | (25.3) | (1.7) | (0.0) | (1,230.2) |
| **Gross Income** | 458.4 | 4.3 | - | 462.7 | 132.3 | 16.7 | (35.6) | 576.1 |
| Selling expenses | (333.3) | - | - | (333.3) | (65.8) | (11.9) | 29.3 | (381.6) |
| General and administrative expenses | (86.2) | (3.7) | - | (89.9) | (0.9) | (2.6) | - | (93.4) |
| Provisions for loan losses | (4.1) | - | - | (4.1) | (76.1) | - | - | (80.2) |
| Equity in Subsidiaries | (5.1) | - | (0.6) | (5.7) | - | - | 5.7 | - |
| Other operating revenues, net | (6.9) | 0.1 | - | (6.8) | (1.7) | (0.1) | (1.7) | (10.4) |
| Total Operating Expenses | (435.7) | (3.6) | (0.6) | (439.9) | (144.5) | (14.6) | 33.3 | (565.6) |
| **EBITDA** | 22.7 | 0.7 | (0.6) | 22.8 | (12.2) | 2.1 | (2.2) | 10.5 |
| Depreciation and Amortization | (20.7) | (0.1) | - | (20.8) | (1.7) | (0.0) | 1.7 | (20.7) |
| **EBIT** | 2.0 | 0.6 | (0.6) | 2.0 | (13.9) | 2.1 | (0.5) | (10.2) |
| Financial Results | (49.0) | 0.2 | - | (48.8) | - | 2.2 | 6.2 | (40.3) |
| **Operating Income** | (47.0) | 0.9 | (0.6) | (46.8) | (13.9) | 4.4 | 5.7 | (50.5) |
| Income Tax and Social Contribution | 6.3 | (0.3) | - | 6.0 | 5.5 | (1.7) | - | 9.8 |
| Net Income | (40.7) | 0.6 | (0.6) | (40.7) | (8.3) | 2.6 | 5.7 | (40.7) |
| Gross Margin | 27.6% | 60.1% | 0.0% | 27.8% | 84.0% | 90.8% | 100.0% | 31.9% |
| EBITDA Margin | 1.4% | 10.0% | 44.2% | 1.4% | -7.7% | 11.6% | 6.3% | 0.6% |
| Net Margin | -2.5% | 8.2% | 44.2% | -2.4% | -5.3% | 14.2% | -16.1% | -2.3% |

**Reconciliation of EBITDA for extraordinary expenses**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **EBITDA** | 22.7 | 0.7 | (0.6) | 22.8 | (12.2) | 2.1 | (2.2) | 10.5 |
| Extraordinary costs | 7.5 | - | - | 7.5 | - | - | - | 7.5 |
| Extraordinary revenues | - | - | - | - | - | - | - | - |
| Extraordinary expenses | 26.0 | - | - | 26.0 | - | - | - | 26.0 |
| Adjusted deferred revenues | - | - | - | - | - | - | - | - |
| **Adjusted EBITDA** | 56.2 | 0.7 | (0.6) | 56.3 | (12.2) | 2.1 | (2.2) | 44.0 |
| **Adjusted EBITDA Margin** | 3.4% | 10.0% | 44.2% | 3.4% | -7.7% | 11.6% | 6.3% | 2.4% |
| **Net Income** | (40.7) | 0.6 | (0.6) | (40.7) | (8.3) | 2.6 | 5.7 | (40.7) |
| Extraordinary operational results | 33.5 | - | - | 33.5 | - | - | - | 33.5 |
| Extraordinary financial results | - | - | - | - | - | - | - | - |
| Tax over extraordinary results | (11.4) | - | - | (11.4) | - | - | - | (11.4) |
| Extraordinary tax credits | 8.3 | - | - | 8.3 | - | - | - | 8.3 |
| **Adjusted Net Income** | (10.3) | 0.6 | (0.6) | (10.3) | (8.3) | 2.6 | 5.7 | (10.3) |
| **Adjusted Net Income Margin** | -0.6% | 8.2% | 44.2% | -0.6% | -5.3% | 14.2% | -16.1% | -0.6% |

# ANNEX VI
# FINANCIAL STATEMENTS – CONSOLIDATED RESULTS (PRO-FORMA)

| CONSOLIDATED PRO-FORMA (R$ million) | 1Q13 | V.A. | 1Q12 | V.A. | % Chg |
|---|---|---|---|---|---|
| **Gross Revenue** | 2,283.5 | 119.1% | 2,132.5 | 118.1% | 7.1% |
| Taxes and Deductions | (365.6) | -19.1% | (326.3) | -18.1% | 12.1% |
| **Net Revenue** | 1,917.9 | 100.0% | 1,806.3 | 100.0% | 6.2% |
| Total Costs | (1,286.0) | -67.1% | (1,230.2) | -68.1% | 4.5% |
| **Gross Income** | 631.8 | 32.9% | 576.1 | 31.9% | 9.7% |
| Selling expenses | (393.9) | -20.5% | (381.6) | -21.1% | 3.2% |
| General and administrative expenses | (97.5) | -5.1% | (93.4) | -5.2% | 4.4% |
| Provisions for loan losses | (87.0) | -4.5% | (80.2) | -4.4% | 8.5% |
| Other operating revenues, net | 9.4 | 0.5% | (10.4) | -0.6% | -190.5% |
| Total Operating Expenses | (569.0) | -29.7% | (565.6) | -31.3% | 0.6% |
| **EBITDA** | 62.8 | 3.3% | 10.5 | 0.6% | 498.6% |
| Depreciation and Amortization | (24.9) | -1.3% | (20.7) | -1.1% | 20.3% |
| **EBIT** | 37.9 | 2.0% | (10.2) | -0.6% | -470.9% |
| Financial Results | (38.4) | -2.0% | (40.3) | -2.2% | -4.8% |
| **Operating Income** | (0.5) | 0.0% | (50.5) | -2.8% | -99.0% |
| Income Tax and Social Contribution | 1.3 | 0.1% | 9.8 | 0.5% | - |
| **Net Income** | 0.8 | 0.0% | (40.7) | -2.3% | -102.0% |

**Reconciliation of EBITDA for extraordinary expenses**

| | | | | | |
|---|---|---|---|---|---|
| **EBITDA** | 62.8 | 3.3% | 10.5 | 0.6% | - |
| Extraordinary costs | - | 0.0% | 7.5 | 0.4% | - |
| Extraordinary revenues | - | 0.0% | - | 0.0% | - |
| Extraordinary expenses | - | 0.0% | 26.0 | 1.4% | - |
| Adjusted deferred revenues | - | 0.0% | - | 0.0% | - |
| **Adjusted EBITDA** | 62.8 | 3.3% | 44.0 | 2.4% | - |

| | | | | | |
|---|---|---|---|---|---|
| **Net Income** | 0.8 | 0.0% | (40.7) | -2.3% | - |
| Extraordinary operational results | - | 0.0% | 33.5 | 1.9% | - |
| Extraordinary financial results | - | 0.0% | - | 0.0% | - |
| Tax over extraordinary results | - | 0.0% | (11.4) | -0.6% | - |
| Extraordinary tax credits | - | 0.0% | 8.3 | 0.5% | - |
| **Adjusted Net Income** | 0.8 | 0.0% | (10.3) | -0.6% | - |

## ANNEX VII
## BREAKDOWN OF SALES AND NUMBER OF STORES PER CHANNEL

| Gross Revenue by Channel (R$ million) | | | | | Growth |
|---|---|---|---|---|---|
| | 1Q13 | V.A. | 1Q12 | V.A. | Total |
| Virtual Stores | 93.8 | 4.4% | 85.2 | 4.3% | 10.1% |
| Website | 300.8 | 14.2% | 248.5 | 12.5% | 21.1% |
| **Subtotal – Virtual Stores** | **394.6** | 18.6% | **333.7** | 16.8% | 18.3% |
| Conventional Stores | 1,726.8 | 81.4% | 1,650.9 | 83.2% | 4.6% |
| **Total** | **2,121.5** | 100.0% | **1,984.5** | 100.0% | 6.9% |

| Number of stores per channel – End of the period | | | | | Growth |
|---|---|---|---|---|---|
| | Mar-12 | Part(%) | Mar-12 | Part(%) | Total |
| Virtual Stores | 106 | 14.5% | 106 | 14.5% | - |
| Website | 1 | 0.1% | 1 | 0.1% | - |
| **Subtotal – Virtual Stores** | **107** | 14.6% | **107** | 14.7% | - |
| Conventional Stores | 624 | 85.4% | 623 | 85.3% | 1 |
| **Total** | **731** | 100.0% | **730** | 100.0% | 1 |
| | | | | | |
| **Total Sales Area (m²)** | **461,981** | 100.0% | **456,292** | 100% | 1.2% |

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$2.2 million in 1Q13 and R$1.2 million in 1Q12. 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)**

May 14, 2013 (Tuesday)

**11:00 a.m. – Brasília Time**

**10:00 a.m. – US EST**

**Callers from Brazil:**
Dial-in: +55 11 2188-0155
Access code: Magazine Luiza
Webcast link:
http://webcast.mzvaluemonitor.com/Cover.aspx?PlatformId=1225

**Callers from other countries:**
Dial-in: +1 646 843-6054
Access code: Magazine Luiza
Webcast link:
http://webcast.mzvaluemonitor.com/Cover.aspx?PlatformId=1226

**Replay (available for 7 days):**
Dial-in: +55 11 2188-0155
Portuguese version: Magazine Luiza / English version: Magazine Luiza

## Investor Relations

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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 an alliance 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 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 according to the accounting practices adopted in Brazil.*