Operator:

Good morning and thank you for waiting. Welcome to Magazine Luiza conference call to discuss the results of the 2Q14. For your information this event is being recorded and all participants will be in listen only mode during the Company's presentation. After the presentation we will initiate the Q&A session, when further instructions will be provided.

In case someone needs assistance during this call, please talk to the operator by pressing *0. The replay of this event will be available after it is concluded for a period of one week.

We would like to express that any statement made during this call related to the business outlook of Magazine Luiza, projections, financial and operating goals are based on believes and assumptions from the management of the Company as well as information currently available in the market. Future considerations are no guarantee of performance because they involve risks, uncertainties and assumptions and therefore depend on circumstances that may or may not occur. Investors must understand that general economic conditions, conditions of the industry and other operating factors may affect the future performance of Magazine Luiza and may lead to results that differ completely from those expressed in such future considerations.

To start this conference call, I would like to give the floor to Mr. Marcelo Silva, CEO of the Company, for his presentation. Marcelo Silva, you may have the floor.

Marcelo Silva:

Good morning, everyone and thank you very much for participating in this conference call of the results related to the 2Q14 and also the 1H14. I would like to begin by referring to the main highlights of the 2Q. The number one highlight is the net revenue growth of 28.5% in 2Q, which repeats the same performance we experienced in the 1Q14, and this growth comes from same-store sales growth of 24.5%. Also, e-commerce increased by 44.1% and physical store grew more than 20%, 21.3%.

I would also like to mention the dilution of our expenses by 1,6 p.p in 2Q, much lower than sales evolution and 2 p.p. in the whole half of the year. This already considers additional efforts that we did because we were one of the sponsors of the World Cup at Globo Television.

With that we were able to grow EBITDA by 40.3% year on year, R$133 million in the last quarter, with an expansion of o,5 p.p., so now EBITDA margin is 5.7% when compared to 5.2 p.p. last year. LuizaCred is also another highlight. We increased equity income by 79.9% and that corresponds to R$18.1 million, the equivalent to 50% return on equity. LuizaCred is reinstating its growth in the past few months.

Now, our net income increased by 130.6% or R$26.6 million in 2Q, with net margin of 1.1%. I would also like to highlight the fact that the 2Q13 had effect of R$43 million net taxes referring to the sale of 70% of one of the biggest distribution centers of the Company in Louveira, São Paulo. This figure already considers the results of the 2Q13 without that extraordinary gain of 130% that we had.

Now, I would like to give the floor to Roberto Bellissimo to highlight the main figures for the Company and at the end I will come back to comment on our expectations for the 2H of the year and the results for 2014.

Roberto Bellissimo:

Good morning, everyone. On page three we have sales performance, gross revenue consolidated in the 1H of the year. Our growth was above 26%, R$5.5 million in sales. This is already R$1.2 billion higher than experienced in the 1H of last year. We also show same-store sales growth, as Marcelo already mentioned, based on last year's base, which was approximately 9%, around 9% which is a significant base, so it is a very significant growth based on some considerable figures and I also like to highlight the internet growth, we have been growing for two months around 44%.

The 1Q and 2Q internet sales already accounted for 16% of total sales of the Company, which is higher than last year when this number was 14%, which just reinstates our strategy to grow e-commerce and our strategy to pursue multichannels. So we are a Company in total synch e-commerce. We are in synch with e-commerce and physical stores.

On page four, we show growth profit figures. The growth in gross profits in the 2Q was 23%, which is a significant growth as well. The accounting gross margin was down 1.1% or 110 b.p., so basically that was due to the mix because in that quarter we sold a lot of television sets, especially because of the World Cup.

Within our expectations, we would have an effect of the mix and the other effect comes from increases in tax replacement in the 2Q, because these two categories alone they impact tax replacement, especially over total sales if we compare with other categories which lost their stake in this quarter.

That margin increase and affected about 0,50 to 0,60 p.p. Now, if we compare gross profit over gross revenue, which eliminates distortion, which is only an accounting distortion whether taxes would go, under the tax line or cost line, which is ST, the gross margin was down by just 0,50 p.p. and this was mainly due to the mix of the quarter, which was a bit unusual because of the World Cup.

Next, I would like to talk about operating expenses, our dilution of 1,5 p.p., especially in the line of sales expenses and equity income had a very important point here, which was LuizaCred, which is very consistent, because in a past few years all quarters have been very consistent in terms of 30% return on equity. It is a very sustainable number, equity income has been very good.

Next page we show you EBITDA figures, in the quarter the margin was 5.7%, in the half year 5.5%, and the main drivers that led to EBITDA increase was expense dilution and also equity income that offset all the effects of tax replacement in gross margin, so our EBITDA was able to grow approximately 40% during that quarter.

Next slide, we talk about our financial results. Net financial expenses increased by 39%, very much in keeping with CDI rate which grew slightly above 40% during that period. Another highlight, anticipations grew more than average, because they suffered the impact from CDI and increase sales, because sales were up by almost 30%.

Financial expenses, without considering credit card anticipations, are very much stable year on year, despite increases in CDI rate, which indicates improvement in the financial results as a whole.

And then I would like to speak a little bit about working capital, but in this quarter we had increases in our working capital requirements. This increase was not due to inventories, but on the contraty, we improved inventory turnover and in June the situation was quite normal, and contrary to what was published, because some articles said that many companies would be with their inventory levels very high.

We purchased but we wanted to do purchases and we sold whatever we planned to sell and our strategy impacted the suppliers account and that was a very acceptable strategy because we wanted to realize sales during the World Cup, and what we did was to anticipate purchases that usually occurred in May and June, but we anticipated these purchases during April and May.

So, all payments to be done in the 3Q were done in the 2Q which brought down our receivables from R$1.5 billion in march to R$1.2 billion in June, which indicates that payments in the 3Q will much lower and this will favor our operating cash flow from now on.

The trend in the 2Q is to reduce our working capital requirement because this is often what happens in the industry, considering the seasonality of sales. We also experienced a reduction in leverage from 2.1x EBITDA to 2x EBITDA. That variation is directly related to variations in working capital and, as working capital goes back to normal levels, the debt profile should also follow suite.

I would just like to say that EBITDA in the last 12 months went from R$300 million a year ago to R$500 million today, and this represents a 60% growth and this also helped to reduce leverage as a whole, and this trend should also continue further down the road.

The last highlight for the quarter in this page was the extension of the debt profile. Our first corporate rating was issued by Standard and Poor's, and I also must refer to the reduction of leverage as another highlight.

On page seven, we talk about net income. In this quarter we have R$47 million, in the half of the year, R$27 million. This is the equivalent of returns ROE of 15% on annual basis.

On page eight we talk about LuizaCred. LuizaCred is growing consistently, we experienced a two-digit growth in gross billings. The highlight here is the Magazine LuizaCard, which posted increase of 34% and this is a very good indicator showing that our clients are more active and they are buying more at Magazine Luiza, which is a good sign of loyalty.

Direct credit card to consumer figures have decreased. This is also part of our very conservative policy in credit approvals and with that overdue payments portfolio is very stable with the same outlook and with that LuizaCred was able to grow revenue. The credit card has generated consistent revenues. We were able to dilute provisions, provisions over total sales came down from 4.2% to 3.5%, provisions for bad debt decreased and that was in keeping with our very conservative credit approach. We were able to increase our profits by 80% and returns again were kept around 30%.

Now I will turn the floor back to Marcelo to talk about the outlook.

Marcelo Silva:

Roberto, thank you. Now I will refer to the outlook for 2014, particularly the 2H of the year, where we expect to continue growing double digits, slightly lower than in the 1H of the year, but it is always good to mention that comparing the 1H14 was better than the last half of 2013. In the last half of 2013 we had a very robust position, but we are very confident that we will continue to grow double digits, but slightly lower than in the 1H of the year.

Baú and Maia are the two chain stores that we integrated and they are continuing to show good productivity. They are growing higher than the Company's average and e-commerce is expected to grow between 25-30% in the 2H of this year.

In terms of the margin, we hope to resume the levels of 28% because the category mix will go back to normal levels — we will no longer have the World Cup effect as it was mentioned by Beto. We continue to pursue our projects to control pricing and the inventory, and also we will certainly continue to improve the sales mix in the 2H of the year. We will continue to dilute expenses. We have been increasing our service revenues gradually.

LuizaCred: the estimate is that for the 2H of the year the outlook for LuizaCred is very positive in terms of results. And with all of that we should also improve our EBITDA margins in the 2H14, going back to margins that we had in 2013. We had 5.2% and now it is 5.7%, and we hope to continue improving the EBITDA margins and also the net income of the Company.

I would like to conclude by revisiting the history of the Company and everything that we have been saying every quarter. I mean, Brazil grew 7.5% in 2010 and 2011. For two years we focused on the integration of all of the networks we acquired and we were very successful — by the end of 2012 we had all 250 stores totally integrated in the company in all aspects, and in 2013 we began to see positive results, due to our efficiency and the maturity level of the stores and everything else that we have been talking about to analysts and investors.

Therefore, the results for 2013 were much higher than it was posted for 2012 and 2011, so we hope to conclude 2014 with even better results than those we had in 2013, even after the sale of our distribution center.

And the performance of 2014 will be much better and higher than that of 2013. The numbers are recurring numbers, with no extraordinary expenses or anything else, so we are very confident that, with our positive outlook, the Company is growing its results, it's growing sales, EBITDA margins are good and also net income.

Therefore, we are very confident in our path of presenting positive and consistent results. We have been saying that every single quarter and this has been a reality since 2013, in a very consistent fashion.

I would like to thank you very much for being so patient as to listen to us and now we will open the call for questions. We have all of the company's officers – Frederico, Isabel, our Manager of Management and Control, Beto, Marcelo Ferreira, from LuizaCred; I mean, all the Company's officers are here at your disposal to answer all the questions you may have. Thank you very much. So now let us go to our Q&A.

Fabio Monteiro, BTG Pactual:

Good morning. I would just like to learn more about your top line growth, which was quite strong. You have already talked a little bit about it, and in your release you also talked about the performance of sales of TVs and smartphones, and we know that that really helped your final results, your top line growth. But when you look at the market and even by talking to some other companies and also Via Varejo, your performance was detached from the macroeconomic landscape.

But I just want to understand something: you have a break on same-store sales involving mature stores or maybe three or four years, or maybe you have a breakdown per region that will impact that growth line. I just want to have an idea about the Southeast and South, about your growth level for same-store sales.

And concerning July, regardless of just a particular number, you already said that you will have a low double-digit growth in the 2H of the year, but can you tell me whether you felt any important decrease in growth when you compare the 1H and the 2H of July?

Marcelo Silva:

Fábio, thank you for being the first one to ask a question. You always come with interesting questions. We do not refer to our breakdown figures to outsiders, but we can say: 42% growth of e-commerce; the Northeast grew more than the Company's average, I mean, I am referring to the old Maia stores; the Baú stores are growing more than the Company average. And this is related to the consolidation and maturity of the stores.

They were acquired in 2010 and 2011. First, we started with the integration in 2012, and now the stores — 250 stores — are becoming more mature and are already consolidated. So, there are a lot of peculiarities related to growth, but also, that other 25% top line growth refers to other things as well. We were talking about purchasing planning, and we believe that we did that well. And, as a consequence, sales were materialized — our sales plan was materialized because of all the purchases.

Our participation in the World Cup was very intense. We covered the entire country through the media net, many municipalities in the country where we were not present, posted sales and our team is very well-motivated. Truth must be said that the team is very much in synch. They communicate all the time, so our online and offline base is in tune, and that was also translated into sales.

It happened in the 1Q and the 2Q. We sold a lot of TV sets and also smartphones, and these two items pushed things upwards because of the World Cup. So those were probably the main factors. We could also talk more about it later on, but those were the most important aspects.

Now, July: we could compare July this year and July the year before. We had a very good July. We have already celebrated our target and we grew an average of two digits, which was very important for us. It was important to have a very good start in this 2H of the year. We just finalized the figures for July last night, so that was a very positive thing.

We are confident in the 2H of the year because we want to continue to grow double digits, but as we approach the end of the year with the growth that you have seen in the previous quarters and also in the 3Q and 4Q. I mean, the comparison base is difficult; I know that, but nonetheless our expectation is that we believe that we will continue to grow two digits. Maybe not very high, but we will continue to grow two digits.

Frederico, would you like to add anything? Fábio did that answer your question?

Fabio Monteiro:

Yes, yes. I just want to be sure that I understood when you talked about July… when you talked about an average of two digits, is it between 10% to 20%?

Marcelo Silva:

Above 20% would be too high. 10% is low. So, above 20% it would be high. 10% is low, but I am saying two digits so, on average. I mean, get an average there. We do not speak about monthly figures, but you are very close, I mean, your reading is quite right.

Fabio Monteiro, BTG Pactual:

I do not think 10 is low. Maybe… let me disagree.

Marcelo Silva:

Well, we are talking about two digits; it is high. It is two digits. It is the lowest two digits you could have, right? That is what I mean.

Fabio Monteiro:

As a last follow-up, could you say that the maturity curve of the stores is more accelerated than the historical figures show, or you think that the TV sales or tax exemptions for smartphone and tablets were elements that helped the figures? Should we consider a faster store maturity when compared to normal levels?

Marcelo Silva:

Well, in the Northeast, in 2010, 2011, 2012 and 2013, the average maturity time is three to four years. Magazine has already acquired 13 networks. Even a new store has varying maturity levels. In a shopping mall sometimes it is different. But it varies. Three to four years would be a good average in terms of store maturity — allowing the store to go on cruise mode and then it will just maintain its regular growth within the averages of the Company.

Fabio Monteiro:

OK. Thank you very much, Marcelo.

Marcel Moraes, Deutsche Bank:

Good morning and congratulations on your results. Marcelo or Roberto, I would like to focus on LuizaCred. And looking at default levels, have you seen any changes in behavior? Because the 2Q had a few changes. Did you see any changes in default levels or are you still very comfortable in what concerns credit concession? And what is your provisioning? When do you think the coverage ratio of the Company will become more stable?

Roberto Bellissimo:

Good morning, Marcel. Speaking about LuizaCred, what I can say is that the provision level is just normal. It has been around 3.4%, 3.5% — that is the provision for losses in our portfolio. We have been noticing some stability, some indicators show that there has not been any significant change or deterioration; nothing changed in our view for LuizaCred as a whole.

The last three quarters were very similar and very consistent, therefore we believe — I mean, we reviewed the budged for the end of the year and we feel comfortable with the KPIs that we are presenting, because we believe that they are sustainable and they should evolve positively until the end of the year and also into the next year.

I would just like to mention one thing — you noticed that we reduced the stake of DCC and increased credit card. Credit card is not so influential as Direct Credit to Consumer — DCC — and this is very positive. Our credit card base has been stable and we have experienced a growth in the use of credit cards and in credit card revenues.

All of that is positive to LuizaCred because it shows that customers are more active, they are spending more, the base of credit cards is becoming more mature, and a mature credit card base means that we will have more to gain. It will be more profitable. I think these are the main KPIs, the main indicators I can refer to concerning the short-term outlook for LuizaCred.

Marcel Moraes:

And, Roberto, can you give me an idea, without looking at delinquency levels, but looking at operating indicators of LuizaCred, I think that you already have a few projects that are allowing for improvements in the profitable margins of LuizaCred. Is there still any further room for continuous improvement of these results?

Roberto Bellissimo:

Well, we will start with revenues. The revenues are growing, funding costs have increased, but LuizaCred is offsetting the funding increase with a lower need for provisions and lower operating expenses. There are many projects under way — meaning improvements in the credits core models, credit concession models, collection models and processes and, all in all, the delinquency trend now is stable.

And I think that the numbers will gradually improve, as it has improved when you compare the figures year on year. And when it comes to operating expenses, we have been doing a lot to maintain operating expenses more diluted. We want to dilute LuizaCred's operating expenses.

And this started out last year with a project that we developed — an optimization process and also productivity increase. That project started last year. It is now in its second phase and it is moving along. And that involves a lot of efforts to increase the efficiency of the operation, and certainly we can make further improvements, but if you compare the 1Q in operating expenses and compare that to the figures of the year before, there has been a significant improvement. So LuizaCred was also able to dilute operating expenses.

Marcel Moraes:

Perfect. Thank you. Thank you, Roberto and Marcelo.

Irma Sgarz, Goldman Sachs:

Good afternoon. In fact, I would like to go back to Marcelo's point, when he talked about coverage ratio and the level of provisions that goes through LuizaCred. I know that the portfolio grew by 8% and the delinquency indicator after 90 days, I think, went from 10% to 10.6%. At the same time, you reduced the provisions in your P&L to 3% year on year, so the coverage ratio came down to 122%. So, we have seen this trend in the last quarters and, more particularly, in the last two quarters.

But looking ahead I think, and correct me if I am wrong, please, but it seems to me that this is not very sustainable dynamics, given the macro scenario, and also considering that delinquency has gone up year on year, you may have to increase your provisions because of your coverage ratio; I think, it should to go up. So, just as this drop in the coverage ratio has helped the results of LuizaCred in the last quarters, this can probably impact your results from now on.

So I just want to know how you are going to work out these dynamics from now on.

Roberto Bellissimo:

Thank you for your question. I did not talk about coverage ratio with Marcelo before, so this is a good opportunity to do so.

The coverage ratio in the last four or five quarters has been stable around 120%. If you go back in time, there was a point when it was higher than that, because the DCC portfolio was increasing, so then we increased our provisions way back then because the DCC portfolio — Direct Credit to Consumer — was increasing, and usually that portfolio is more delinquent when compared to the credit cards.

So in the second quarter, this portfolio — DCC — is more stable and that is why I say that the coverage ratio should go back to normal levels. And that is what happened. So now it is around 120%. The coverage ratio is not a target of the Company, per say, it is a calculation. Provisions are done based on a model of possible losses of the Company — and we are very conservative — and it also takes into account client credit's score, losses, expectations, etc.

And there is confusion in the minds of people sometimes when they compare our coverage ratio to that of the banks — meaning Itaú or Bradesco. And I think now it is a timely opportunity to talk about it.

Credit portfolios similar to that of LuizaCred, which has lower terms, etc. — our average terms is five months — tend to have a coverage ratio similar to ours. When you look at the coverage ratio of a bank, of 170%, 180% it is because they give out a lot of loans to companies, and large companies in particular. In this kind of business, you have to have provisions and credit has to be on time, so the coverage ratio goes up. So, it is much higher because you have provisions for payments on time, not overdue.

That is why the coverage ratio of banks is much higher than that of LuizaCred. But the level of 120% of LuizaCred is very comfortable. LuizaCred has more than 80 million in provisions, additional to the minimum required by the Central Bank, according to the 2682.

We are very comfortable with our current level of provisions, and also we are very comfortable with our provision level of the last quarters, just to sustain the losses in the coming quarters.

Irma Sgarz:

Thank you. Now it is very clear. But looking ahead, these dynamics of having some drop in provisions while the portfolio is growing, maybe this should not continue in the next quarters. Provisions should go through LuizaCred, should be at least stable or should continue to grow with a slight increase in delinquency levels. Now the portfolio is very much stable, between DCC and credit cards, right?

Marcelo Ferreira:

Let me just help you understand how we calculate it. Well, first of all: Itaú makes all the calculations of this direct credit to consumer, and how do they do it? They take every credit concession and they look at the risk level of that loan and then they associate it with an amount according to the IFRS model, and then they get all of the amount to come up with another amount, and the coverage ratio is that total divided by the NPL.

So the coverage ratio is not a target, as Beto said. So, I am looking at every single loan. So, why is it that provision from loan losses is coming down? As I look at all of the loans, the risk, when compared to the year before, it is lower now. Our loan policy is more conservative now, so in my portfolio I have less credit risk when compared to the year before. That is why you see a reduction in provision for loan losses.

But the coverage ratio, if you look at it, it was in June, 2013 126%, then 117%, 118% in September, 2013; it was 126%, and now 122%. So it is very much stable. But that is not a target, certainly. A lower coverage ratio, maybe, could raise a flag. But around this range, it is very comfortable.

So what is this coverage ratio? If everyone is paying late, I am still very comfortable with this provision level. What I am saying is that if delinquency goes up, well, then ok. But what we are saying is that the quality of the loan portfolio here, when compared to that of the market, is better. We will go up lower than the market. So, if you compare our portfolio to previous years, our credit portfolio is much better now. That is it.

Roberto Bellissimo:

OK, Irma?

Irma Sgarz:

Thank you.

Vitor Falzoni, Brasil Plural:

Good morning and thank you for taking my question. Can we have more visibility about the investments you made and the sponsorship for the World Cup, whether all of that investment has been already posted, and how come you had such a strong reduction in the selling expenses and this is not reflected in the G&A? Could you elaborate more on that please?

Frederico Trajano Inácio:

Good afternoon, Victor. We had a fantastic half year in terms of sales. We were able to grow our same-store sales over 20%, and sales expenses include many elements, and one of them is even the salary of the managers of the stores, the salaries of all of the support, cashiers — fixed and variable salaries of everyone involved — and logistic expenses.

With a 20% growth in same-store sales, even if the marketing expense was relatively stable when compared to the growth of revenue, all of the other expenses I mentioned were diluted — the rent of the stores was diluted, also expenses with the salaries of the cashier, managers and regional people and also distribution expenses.

All of these expenses were diluted due to the very strong growth in same-store sales and also other structural factors, one of them being the improvement in our Northeast operations, Baú stores and all. This helped us to reduce our selling expenses. And administrative expenses, as you see in that release, also have the effect of provisions from the losses, and we did not have that in the past.

Vitor Falzoni:

OK. Thank you.

Luiz Cesta, Votorantim Corretora:

Good afternoon and thank you for taking my question. I would like to look at the inventory level of your retail operations. You already said that your inventory levels are well-adjusted, but can you tell me a little bit about the competition?

And with that I mean whether you will see a stronger competitive environment, especially also because of gains from not very strong competitors, or whether you see that in the short run things may be a bit more complicated.

And my second question is about furniture. How do you see the behavior of the end user vis-à-vis that category in the 2H of the year? This consumer is a little bit more conservative when it comes to their purchases — whether you can anticipate any problems coming from that segment.

Fabrício Bittar Garcia:

Good afternoon. It is Fabricio here. In terms of our Inventories, as Beto said, our inventory levels are quite normal and within the plan for the 2H. It is difficult to say anything about the inventory levels of the Company, but, as we noticed from the last month of June, we did not see any price deterioration at the other end. There has not been any sales of furniture or the white lines or anything like that, so prices are absolutely normal.

In terms of furniture, this is a category that lost some momentum in the 1H of the year. In the 1H it was only on the side, but I think that in the 2H of the year we will grow. Maybe not at a two-digit level, but we hope to grow between 5% to 10%. So this is expected growth for this category. We hope it will perform better because we do not have the effects that we had in the 1H. So this is what we believe will happen.

Luiz Cesta:

Thank you. One more question, if you allow me. Looking at the performance of the stores during the 1Q and 2Q, do you think that you will close some other stores that are underperforming, now that the World Cup season is over? I am sure that you took advantage of that momentum and kept some of the stores opened, but my question is whether you will close any other stores.

Fabrício Bittar Garcia:

We have 744 stores. This is our number. This is a very dynamic number. We will still open several more stores this year, and we constantly evaluate the stores and assess their performance. There is no major trend in terms of closing stores. The growth of same-store sales in the 1H of the year meant some of the stores were not performing well are now overperforming. Maybe they are not experiencing the same growth level, but they went from nonperforming to nonperforming.

And we never close stores before Christmas or the holidays. We do not expect to close any particular store. Maybe some will be closed by other reasons, like rental, but we do not anticipate the closing of any set of stores. That is not in our radar. There is a very strong trend towards an increase in the number of stores in the 2H of the year, because we will open many new stores.

Marcelo Silva:

I would just like to add that we opened two stores in this half of the year, and we will open 20 additional stores in the second half. It has been mentioned both by us and Via Varejo, that we are still awaiting for the approval from CADE to open more stores – between 30 and 40. So this is the average that we can anticipate. It depends on the 15, they are still under review. So, 30 is the average — stores at shopping malls, etc.

I would just like to say that we are still investing strongly in IT and logistics, infrastructure, in our innovation lab. Our investment plan is moving in full force. The company continues to grow same-stores, and we are also growing new stores. The emphasis and the focus is on the Northeast of Brazil because that region is growing above the country's average. We have already refurbished almost all Maia stores and we are opening new stores in the northeast region.

We had two closing of stores — 15 in the first time; those were the Baú stores, we closed them because we could not continue operating them and we gave some other 10 another year. And then early on in the year we have our fantastic sale and then we close the stores in the beginning of the new year.

But we are constantly promoting evaluations and assessments of the stores. So if we see that a store does not show future growth, then we consider closing it. But in the near future we will not close any significant number of stores. Maybe one or two, if that is the case. Then if we arrive at the conclusion that it is not worth keeping it, or sometimes it is because the location is not good. But our investment plan is still normal and it is in keeping with the budget for 2014.

Luiz Cesta:

Thank you.

Operator:

As there are no further questions, I would like to give the floor to Mr. Marcelos Silva for his final remarks.

Marcelo Silva:

Thank you all very much for attending this call. We are very pleased with the results of this 1H of the year. The figures are very consistent and our growth has been consistent and gradual throughout the quarters. We are very confident that we will arrive at the end of the year with many good results. And for the 2H of the year, we will also deliver good results.

We started off well the month of July — we are above the target. We grew, on average, two digits, and all the management of the Company is very confident with the results of the Company for the end of the year.

So I hope to see you again and to discuss the results for the other quarter of 2014. The comparison always occurs based on the previous quarters, and the quarter year on year. But Beto already said that we had R$1.2 billion in sales this quarter, which is much higher when compared to the same figures of the year before. Thank you very much and I hope to see you in our next call.

Operator:

Thank you very much. The conference call for 2Q14 of Magazine Luiza has now concluded. Have a good day. Thank you.