Magazine Luiza S.A.
3rd Quarter 2012 Earnings Release

IBRX MGLU3 NOVO MERCADO BM&FBOVESPA

São Paulo, November 12, 2012 – 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, hereby announces its results for the third quarter of 2012 (3Q12). The Company's accounting information is based on consolidated numbers, in millions of reais (except when indicated otherwise), according to the International Financial Reporting Standards (IFRS).

3rd QUARTER 2012 HIGHLIGHTS

The third quarter of 2012 was marked by the substantial 15.2% sales growth, better aging indicators of Luizacred's portfolio and conclusion of the Lojas Maia integration process in October, starting a new phase in the retail sector, with greater efficiency and capture of synergies

Significant Sales Growth

Magazine Luiza's consolidated gross revenue in 3Q12 totaled R$2.2 billion, a 15.2% increase over 3Q11. Same-store sales grew 9.6%, exceeding the market average to result in market share gains. Note that this increase was obtained over a high-sales period (3Q11) and during the systems integration of the stores in the northeast. Internet sales climbed 25.5%, totaling R$269.0 million in 3Q12.

Sustainable Growth

The Company posted sustainable growth in 3Q12, maintaining the conservative credit approval practices adopted by Luizacred and the restriction on interest-free sales. Consolidated gross margin increased by 0.8 p.p. over 3Q11, corresponding to 33.5% of net revenue, reflecting the improvement in Luizacred's margin and a slight reduction in the retail margin, impacted by the higher share of internet sales and the integration of Lojas Maia.

Lojas Maia Integration Process

The Company replaced the systems at practically all the stores in the northeast in 3Q12 (the remaining 32 stores were integrated in October), thus concluding the Lojas Maia integration process. Consequently, all of the Company's stores use Magazine Luiza's systems, which will improve gross margin from 4Q12 and, especially in 2013, through a more efficient management of prices and inventories, and a reduction in general and administrative expenses.

Reduction and Rationalization of Costs and Expenses

The Company reaffirms that its core focus in 2012 continues to be its commitment to the rationalization of costs and expenses, including the revision of store expenses and all other operating expenses. In 3Q12, selling, general and administrative (SG&A) expenses in the retail segment fell by 0.8 p.p. from 3Q11, from 26.2% to 25.4% of net revenue, thanks to the rationalization of expenses proposed in the 2012 strategic plan.

Luizacred

The total overdue loan portfolio declined by 3.3 p.p. between September 2011 and September 2012. The above 90 days overdue loan portfolio merits special mention, dropping from 13.6% to 10.4% of total portfolio (compared to 11.6% in June 2012). Luizacred maintained its conservative approach in 3Q12, with substantial provisions for loan losses and credit approval rates lower than in 3Q11. Coverage ratio increased from 111% in September 2011 to 129% in September 2012 (117% in June 2012).

Results

The Company posted net income of R$2.3 million in 3Q12. Despite the growth, sales came slightly below expectations and, combined with the efforts towards the systems integration of the stores in the northeast, prevented a greater dilution of operating expenses in the quarter. Non-recurring integration expenses totaled R$6.3 million and were concentrated in the training of more than 4,000 employees and the systems integration of almost all the stores in the northeast. Including the 104 Baú stores and the 150 stores in the northeast, the Company integrated more than 1/3 of its stores in less than a year, marking the onset of a new phase in the retail sector.

EXPECTATIONS FOR 4Q12 AND 2013

Sales Growth

The Company is confident of continuing its substantial growth in sales through the maturation of new stores and the stores in the northeast, as well as internet sales. The Brazilian economy is expected to perform better in 4Q12, which should increase same-store sales and improve the year’s consolidated results.

Capture of Synergies from Integration of Chains

With the integration of Maia and Baú stores concluded, the Company should benefit in 2013 from a fully integrated management, with the dilution of administrative and logistics expenses. In addition, the unification of systems should benefit working capital and price management, and help increasing the gross and net margins at the stores in the northeast.

Brand Change in Salvador's metropolitan region (Bahia)

In October 2012, the Lojas Maia brand was converted to Magazine Luiza at a grand event marking the reopening of the stores in Salvador’s metropolitan region. After two months of remodeling, the stores have become highly attractive, with a new product mix and more modern ambience, stimulating a significant sales growth in the region.

Investments and Expansion

Apart from investments in technology, logistics and store remodeling, the Company plans the organic opening of nine more stores in 4Q12, for a total of 22 new stores in 2012, 12 of them in the northeast and ten in south/southeast.

Results

The Company strongly believes that profitability will increase in a consistent manner next quarter and in 2013, given the growing maturation of new stores, the continuation of the program to reduce and dilute operating expenses and the capture of synergies from the integration of Baú and Maia stores.

KEY INDICATORS

R$ million (except when otherwise indicated)	3Q12	3Q11	% Chg	9M12	9M11	% Chg
Total Gross Revenue	2,179.0	1,891.8	15.2%	6,431.4	5,332.1	20.6%
Total Net Revenue	1,844.4	1,602.7	15.1%	5,451.4	4,491.5	21.4%
EBITDA	68.8	92.2	-25.4%	150.0	248.1	-39.5%
EBITDA Margin	3.7%	5.8%	-2.0 pp	2.8%	5.5%	-2.8 pp
EBITDA	70.1	94.2	-25.6%	186.9	239.4	-21.9%
EBITDA Margin	3.8%	5.9%	-2.1 pp	3.4%	5.3%	-1.9 pp
Net Income	2.3	11.7	-79.9%	(16.5)	28.6	-157.6%
Net Margin	0.1%	0.7%	-0.6 pp	-0.3%	0.6%	-0.9 pp
Net Income	3.2	19.0	-83.2%	2.4	28.8	-91.7%
Net Margin	0.2%	1.2%	-1.0 pp	0.0%	0.6%	-0.6 pp
Same Store Sales Growth	9.6%	20.0%	-	12.7%	19.8%	-
Same Physical Store Sales Growth	7.4%	16.6%	-	9.0%	16.3%	-
Internet Sales Growth	25.5%	48.0%	-	37.0%	48.2%	-
Number of Stores - End of Period	736	684	7.6%	736	684	7.6%
Sales Area - End of Period (M2)	461,506	441,256	4.6%	461,506	441,256	4.6%
Credit Card Base - Luizacred (thousand)	4,042	4,174	-3.2%	4,042	4,174	-3.2%

MGLU3: R$ 10.85 per share
Total Shares: 186,494,467
Market Cap: R$ 2.0 billion

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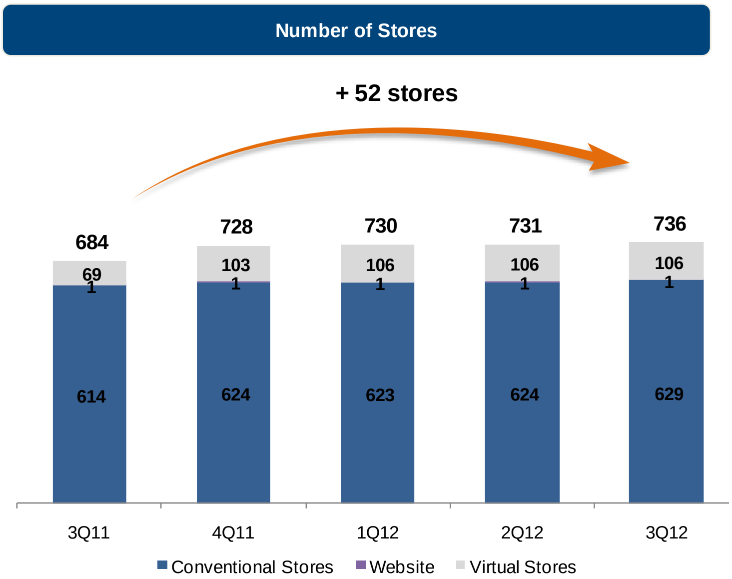
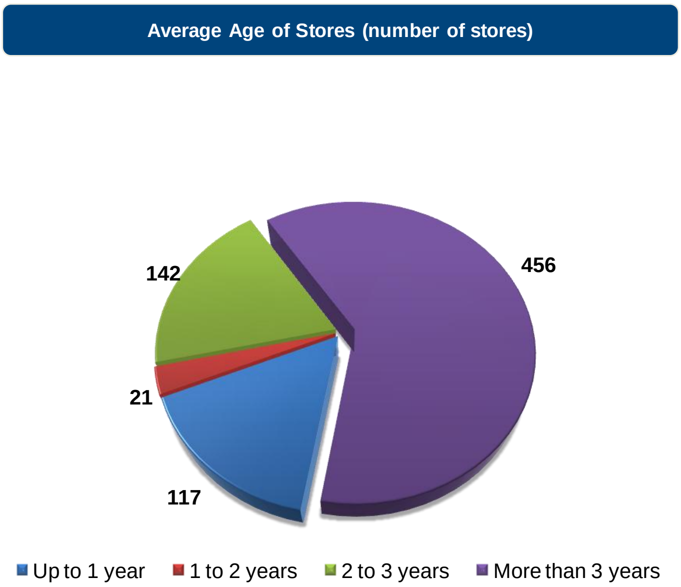
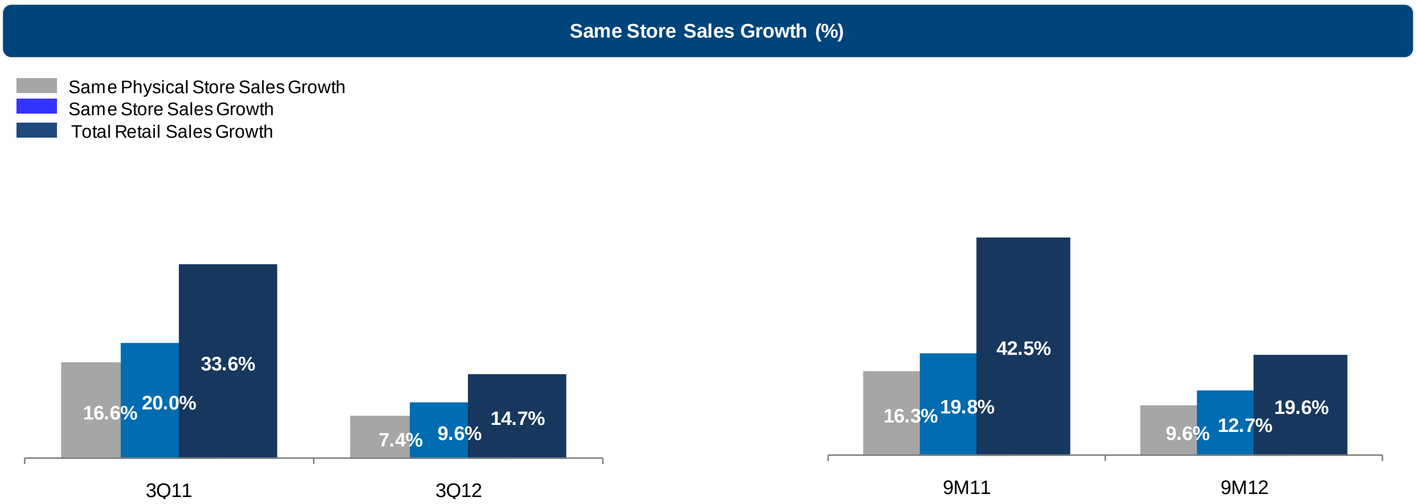
OPERATING PERFORMANCE

Magazine Luiza ended September 2012 with 736 stores, of which 629 were conventional stores, 106 virtual stores, apart from the website, for a total increase of 52 stores over the same period last year. In 3Q12, the Company opened five conventional stores (two in Pernambuco and one each in Bahia, Minas Gerais and Mato Grosso do Sul). Note that, of Magazine Luiza's 736 stores, 280 (38%) are less than three years old and have yet not reached complete maturation.



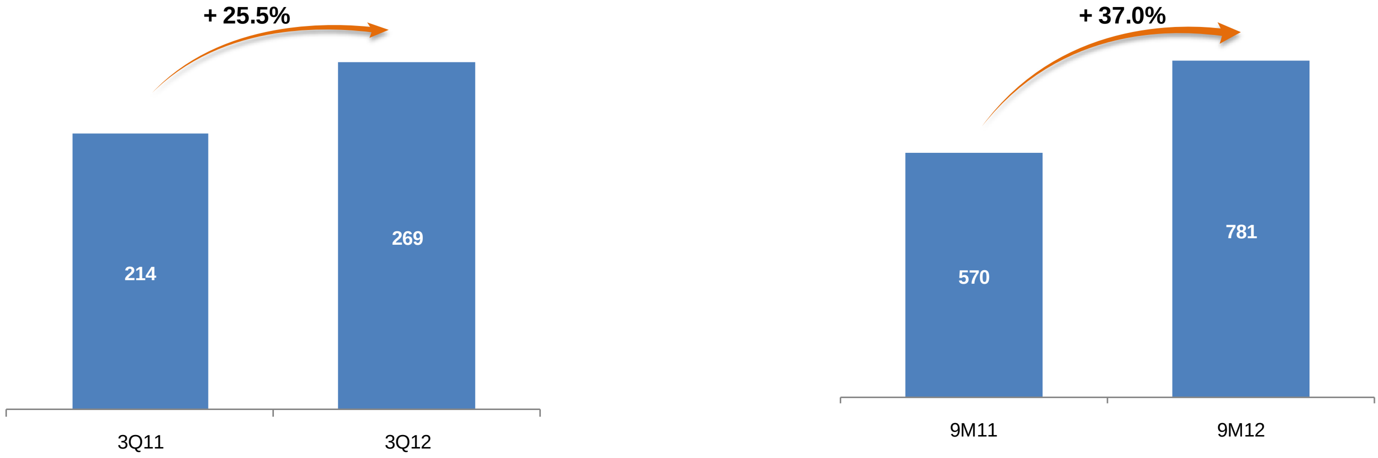


In same-store terms, Magazine Luiza grew 9.6% in 3Q12 over 3Q11 and 12.7% in 9M12 over 9M11.



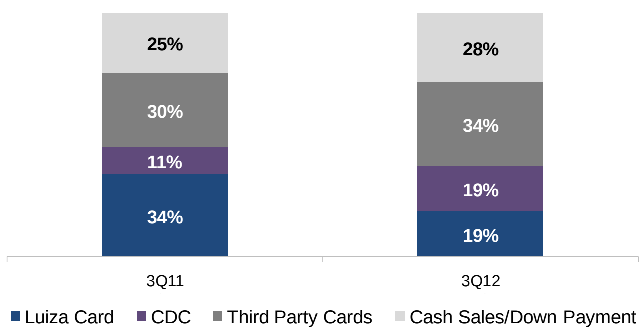
The Internet segment maintains its strong growth pace, increasing its product mix and site content (www.magazineluiza.com.br). In 3Q12, Internet sales climbed 25.5% to R$269.0 million, accounting for 13.3% of retail sales. In 9M12, sales totaled R$781.0 million, 37.0% more than in 9M11.

Internet Gross Revenues (R$ million)

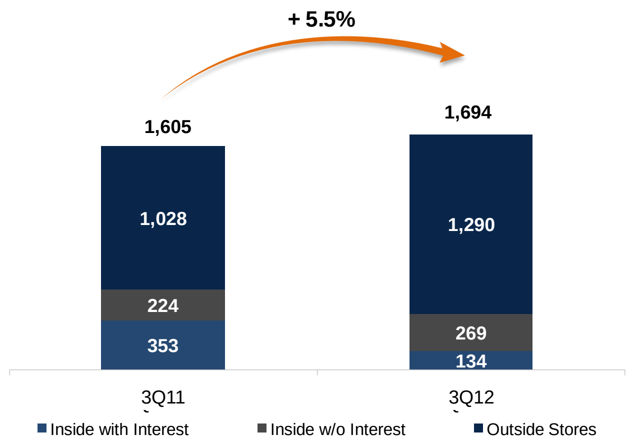


Luizacred's credit card base decreased from 4.2 million in 3Q11 to 4.0 million in 3Q12. In 3Q12, total spending on Luiza Card accounted for 18% of total retail sales, lower than in the same period last year, due to the conservative approval rate, which was partially offset by the increase in Direct Credit to Consumer (CDC).

Financed Sales Mix (% of total sales)



Revenues Luiza Card (R$ million)



In 3Q12, total spending on Luiza Card increased by 5.5% to R$1.7 billion. In the same period, the use of Luiza Card outside the Company's stores increased by 25.5%, corresponding to 76.2% of total spending (compared to 64.0% in 3Q11).

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

CONSOLIDATED FINANCIAL PERFORMANCE

Consolidated Gross Revenue

The following table provides a breakdown of gross revenue by business segment:

(R$ million)	3Q12	3Q11	% Chg	9M12	9M11	% Chg
Gross Revenue - Retail - Merchandise Sales	1,947.5	1,699.7	14.6%	5,748.7	4,809.2	19.5%
Gross Revenue - Retail - Services	77.0	65.7	17.2%	221.8	183.1	21.1%
Subtotal Retail	**2,024.5**	**1,765.4**	**14.7%**	**5,970.5**	**4,992.3**	**19.6%**
Gross Revenue - Consumer Finance	166.5	135.3	23.0%	491.5	368.2	33.5%
Gross Revenue - Insurance Operations	23.5	17.9	31.4%	62.5	50.3	24.3%
Gross Revenue - Consortium Management	8.8	7.2	21.9%	24.5	19.9	23.1%
Inter-Company Eliminations	(44.3)	(34.1)	30.0%	(117.6)	(98.6)	19.3%
Total Gross Revenue	**2,179.0**	**1,891.8**	**15.2%**	**6,431.4**	**5,332.1**	**20.6%**

Magazine Luiza's consolidated gross revenue increased from R$1,891.8 million in 3Q11 to R$2,179.0 million in 3Q12, up by a significant 15.2%, mainly driven by the following factors:

- 14.7% growth in the retail segment, with sales totaling R$2,024.5 million in 3Q12, influenced by the 9.6% growth in same-store sales and the increase in store count. Sales in the northeast region totaled R$287.0 million, equivalent to 14.2% of total retail sales. Note that the growth in same-store sales in the northeast, accounting for 7.2% in 3Q12, was affected extraordinarily by the integration process and the remodeling of stores in the metropolitan region of Salvador, but has since returned to above the Company's average sales growth;

- 23.0% growth in revenue from the consumer finance segment, from R$135.3 million in 3Q11 to R$166.5 million in 3Q12. Revenue growth at Luizacred was chiefly influenced by the increase in direct credit to consumer and service revenues.

In 9M12, consolidated gross revenue increased by 20.6%, totaling R$6,431.4 million.

Consolidated Net Revenue

(R$ million)	3Q12	3Q11	% Chg	9M12	9M11	% Chg
Net Revenue - Retail - Merchandise Sales	1,623.8	1,420.0	14.4%	4,800.2	3,994.4	20.2%
Net Revenue - Retail - Services	66.9	56.8	17.8%	192.6	158.6	21.4%
Subtotal Retail	**1,690.7**	**1,476.8**	**14.5%**	**4,992.7**	**4,153.0**	**20.2%**
Net Revenue - Consumer Finance	166.5	135.3	23.0%	491.5	368.2	33.5%
Net Revenue - Insurance Operations	23.5	17.9	31.4%	62.5	50.3	24.3%
Net Revenue - Consortium Management	8.0	6.8	18.9%	22.4	18.6	20.5%
Inter-Company Eliminations	(44.3)	(34.1)	30.0%	(117.6)	(98.6)	19.3%
Total Net Revenue	**1,844.4**	**1,602.7**	**15.1%**	**5,451.4**	**4,491.5**	**21.4%**

Magazine Luiza's consolidated net revenue increased by 15.1%, from R$1,602.7 million in 3Q11 to R$1,844.4 million in 3Q12. Net revenue growth was in line with gross revenue growth.

In 9M12, consolidated net revenue increased by 21.4% to reach R$5,451.4 million.

Consolidated Gross Profit

(R$ million)	3Q12	3Q11	% Chg	9M12	9M11	% Chg
Gross Income - Retail - Merchandise Sales	420.1	372.8	12.7%	1,220.2	1,061.8	14.9%
Gross Income - Retail - Services	66.9	56.8	17.8%	192.6	158.6	21.4%
Subtotal Retail	**487.0**	**429.6**	**13.4%**	**1,412.8**	**1,220.4**	**15.8%**
Gross Income - Consumer Finance	147.3	107.9	36.5%	425.6	296.1	43.7%
Gross Income - Insurance Operations	21.8	16.5	31.7%	57.5	46.7	23.3%
Gross Income - Consortium Management	5.0	2.4	103.0%	13.9	7.9	74.9%
Inter-Company Eliminations	(42.8)	(32.8)	30.2%	(113.4)	(94.9)	19.5%
Total Gross Income	**618.2**	**523.6**	**18.1%**	**1,796.4**	**1,476.1**	**21.7%**

(as % of Net Revenue)	3Q12	3Q11	% Chg	9M12	9M11	% Chg
Gross Margin - Retail - Merchandise Sales	25.9%	26.3%	-0.4 pp	25.4%	26.6%	-1.2 pp
Gross Margin - Retail - Services	100.0%	100.0%	0.0 pp	100.0%	100.0%	0.0 pp
Subtotal Retail	**28.8%**	**29.1%**	**-0.3 pp**	**28.3%**	**29.4%**	**-1.1 pp**
Gross Margin - Consumer Finance	88.4%	79.7%	8.7 pp	86.6%	80.4%	6.2 pp
Gross Margin - Insurance Operations	92.9%	92.7%	0.2 pp	92.1%	92.8%	-0.7 pp
Gross Margin - Consortium Management	61.7%	36.1%	25.6 pp	62.0%	42.7%	19.3 pp
Inter-Company Eliminations	96.6%	96.4%	0.2 pp	96.4%	96.3%	0.1 pp
Total Gross Margin	**33.5%**	**32.7%**	**0.8 pp**	**33.0%**	**32.9%**	**0.1 pp**

In 3Q12, consolidated gross profit came to R$618.2 million, up 18.1%, accompanied by a gross margin of 33.5%, up 0.8 p.p. from 3Q11. Following are the main factors influencing gross profit:

- Gross margin from the retail segment was 28.8% in 3Q12, slightly higher than the 2Q12 margin of 28.5%, but lower than the 3Q11 margin of 29.1%. Gross margin from merchandise sales was impacted by the higher share of Internet sales and the integration of Lojas Maia.

  Gross margin from the stores in the northeast was 25.3% in 3Q12, compared to 29.4% registered by other Magazine Luiza stores. The integration of Lojas Maia's systems, concluded in October, will help bring the northeast region's gross margin on par with other regions where the Company operates.

- Gross margin from the consumer finance segment stood at 88.4% in 3Q12, 8.7 p.p. more than in 3Q11, thanks to the reduction in the CDI rate, the increased share of direct consumer credit and services revenues.

In 9M12, consolidated gross profit came to R$1,796.4 million, up 21.7%, accompanied by a margin of 33.0%.

Operating Expenses

(R$ million)	3Q12	% NR	3Q11	% NR	% Chg	9M12	% NR	9M11	% NR	% Chg
Selling expenses	(387.7)	-21.0%	(335.5)	-20.9%	15.6%	(1,141.9)	-20.9%	(939.0)	-20.9%	21.6%
General and administrative expenses	(91.0)	-4.9%	(89.8)	-5.6%	1.3%	(270.8)	-5.0%	(240.0)	-5.3%	12.8%
Provisions for loan losses	(84.1)	-4.6%	(68.1)	-4.2%	23.5%	(252.7)	-4.6%	(171.8)	-3.8%	47.1%
Other operating revenues, net	13.3	0.7%	62.0	3.9%	-78.5%	19.0	0.3%	122.7	2.7%	-84.5%
Total Operating Expenses	**(549.5)**	**-29.8%**	**(431.5)**	**-26.9%**	**27.4%**	**(1,646.3)**	**-30.2%**	**(1,228.0)**	**-27.3%**	**34.1%**

Selling Expenses

Consolidated selling expenses totaled R$387.7 million in 3Q12, equivalent to 21.0% of net revenue, in line with 3Q11 and slightly above 2Q12 (20.7%). Even with the reduction of operational expenses, thanks to the rationalization of costs and expenses project, intensified this quarter, sales came below expectations, preventing a greater dilution of operating expenses in this quarter.

In 9M12, selling expenses amounted to R$1,141.9 million, equivalent to 20.9% of net revenue.

General and Administrative Expenses

General and Administrative (G&A) expenses came to R$91.0 million in 3Q12, corresponding to 4.9% of net revenue, 0.7 p.p. lower than in the previous year, thanks to expenses rationalization proposed in the strategic planning of 2012.

In 9M12, G&A expenses totaled R$270.8 million, declining from 5.3% to 5.0% of net revenue.

Provisions for Loan Losses

Provisions for loan losses increased from R$68.1 million in 3Q11 (equivalent to 4.2% of consolidated net revenue) to R$84.1 million in 3Q12 (4.6% of consolidated net revenue), reflecting the conservative approach adopted by Luizacred in maintaining substantial provisions for loan losses.

Provisions for loan losses in 9M12 totaled R$252.7 million, increasing their ratio to net revenue from 3.8% to 4.6%.

Other Operating Expenses (Revenue)

(R$ million)	3Q12	% NR	3Q11	% NR	% Chg	9M12	% NR	9M11	% NR	% Chg
Deferred revenues recorded	8.2	0.4%	12.4	0.8%	-34.0%	37.8	0.7%	37.0	0.8%	2.1%
Expenses with chains integration	(6.3)	-0.3%	(11.4)	-0.7%	-44.7%	(22.6)	-0.4%	(11.4)	-0.3%	98.7%
Personal credit operations	4.7	0.3%	12.0	0.7%	-60.9%	11.9	0.2%	46.0	1.0%	-74.2%
Expenses with introduction of chips	-	0.0%	-	0.0%	-	(7.8)	-0.1%	-	0.0%	-
Other	6.8	0.4%	49.0	3.1%	-86.2%	(0.1)	0.0%	51.1	1.1%	-100.3%
Total	**13.3**	**0.7%**	**62.0**	**3.9%**	**-78.5%**	**19.0**	**0.3%**	**122.7**	**2.7%**	**-84.5%**

Net other operating revenue fell from R$62.0 million in 3Q11 to R$13.3 million in 3Q12, mainly due to the following factors:

- Reduction in the booking of deferred revenues, from R$12.4 million in 3Q11 to R$8.2 million in 3Q12. Note that the booking of revenue from the joint venture with Itaú Unibanco was lower due to the change of the accounting methodology to the straight-line method in 4Q11;

- Non-recurring expenses with the integration of the store chains, totaling R$6.3 million in 3Q12;

- Change in the booking of personal loans, which are now recognized under Luizacred's financial intermediation result, thereby reducing revenue from profit sharing from R$12.0 million in 3Q11 to R$4.7 million in 3Q12 (payroll-deductible loans are still booked as profit sharing);

- Reduction in other operating revenues, from R$49.0 million in 3Q11 (including R$32.6 of reversed tax provisions in Lojas Maia and R$21.5 million in revenues from Luizacred marketing selling structure) to R$6.8 million in 3Q12 (including non recurring fiscal provision benefits of R$5.0 million).

In 9M12, net other operating revenue totaled R$19.0 million, declining from 2.7% to just 0.3% of net revenue.

EBITDA

In 3Q12, earnings before interest, taxes, depreciation and amortization (Consolidated EBITDA) reached R$68.8 million, accompanied by a margin of 3.7%. The consolidated result was chiefly impacted by the conclusion of the Lojas Maia integration process and non-recurring expenses, as well as higher provisions for loan losses. Excluding non-recurring expenses and revenues, adjusted EBITDA was R$70.1 million (margin of 3.8%).

Note that EBITDA of northeast region reached R$5.8 million in 3Q12 and did not yet reflect the expected benefits after the integration of Lojas Maia.

In 9M12, adjusted EBITDA stood at R$186.9 million, accompanied by an adjusted margin of 3.4%.

Financial Result

CONSOLIDATED FINANCIAL RESULTS (R$ million)	3Q12	% NR	3Q11	% NR	9M12	% NR	9M11	% NR
Financial Expenses	(55.0)	-3.0%	(53.4)	-3.3%	(170.7)	-3.1%	(165.5)	-3.7%
Interest on loans and financing	(27.5)	-1.5%	(33.8)	-2.1%	(87.6)	-1.6%	(108.4)	-2.4%
Interest on prepayment of receivables – third party cards	(15.1)	-0.8%	(7.4)	-0.5%	(42.5)	-0.8%	(21.6)	-0.5%
Interest on prepayment of receivables – Luiza Card	(5.0)	-0.3%	(5.6)	-0.3%	(17.3)	-0.3%	(17.9)	-0.4%
Other expenses	(7.4)	-0.4%	(6.7)	-0.4%	(23.3)	-0.4%	(17.6)	-0.4%
Financial Revenues	14.3	0.8%	16.0	1.0%	45.5	0.8%	40.1	0.9%
Gains on marketable securities	6.2	0.3%	10.4	0.7%	17.4	0.3%	26.8	0.6%
Other financial revenues	8.1	0.4%	5.6	0.3%	28.1	0.5%	13.3	0.3%
Total Financial Results	(40.7)	-2.2%	(37.4)	-2.3%	(125.2)	-2.3%	(125.5)	-2.8%

Net financial expenses totaled R$40.7 million in 3Q12, declining from 2.3% of net revenue in 3Q11 to 2.2% in 3Q12. The financial result was influenced positively by the reduction in the CDI rate, which was partially offset by the increase in working capital requirements.

In 9M12, net financial expenses totaled R$125.2 million, declining from 2.8% to 2.3% of net revenue for the period.

Consolidated Net Income

The 3Q12 net result was positive by R$2.3 million, with a margin of 0.1%, also influenced by the conclusion of the Lojas Maia integration process and non-recurring expenses, as well as higher provisions for loan losses. Excluding non-recurring revenues and expenses, adjusted net income was R$3.2 million, equivalent to 0.2% of net revenue.

In 9M12, Magazine Luiza posted an adjusted net income of R$2.4 million.

Working Capital

CONSOLIDATED (R$ million)	Sep-12	Jun-12	Mar-12	Dec-11	Sep-11
Accounts receivables	1,963.6	1,966.5	1,884.4	1,927.8	1,758.3
Inventories	1,306.9	1,131.3	1,134.2	1,264.7	1,001.0
Related parties	32.6	33.6	31.5	42.6	42.0
Recoverable taxes	42.4	26.5	27.8	24.6	26.1
Other assets	108.5	109.5	87.8	59.4	70.4
Current operating assets	3,454.0	3,267.4	3,165.8	3,319.1	2,897.9
Suppliers	1,175.6	1,018.4	1,041.0	1,267.8	988.1
Interbank deposits	966.2	1,018.6	1,021.5	981.5	928.1
Operations with credit cards	482.9	463.2	415.6	436.1	349.1
Payroll, vacation and related charges	140.0	128.3	112.6	121.6	133.1
Taxes payable	34.5	31.7	34.1	49.3	36.2
Related parties	13.8	17.4	13.6	25.5	21.0
Taxes in installments	9.2	2.9	2.9	2.9	3.9
Technical insurance provisions	36.1	34.0	32.0	32.5	29.9
Other accounts payable	99.2	82.9	70.5	94.6	62.5
Current operating liabilities	2,957.6	2,797.3	2,743.6	3,011.7	2,551.9
Working Capital	496.5	470.0	422.2	307.3	346.0

Note (1): The balance of accounts receivable is disclosed net of prepaid credit card receivables, totaling R$659.5 million in September 2012, R$536.8 million in June 2012, R$467.7 million in March 2012, R$441.0 million in December 2011 and R$344.9 million in September 2011.
Note (2): In June 2012, a sum of R$80.0 million was excluded from “Other Assets” account. This amount refers to the New Operational Agreement with Cardif, received in July 2012. Also, a sum of R$15.0 million was excluded from “Related Parties” under liabilities, relating to the transfer to Luizacred (50% of R$30 million).

In September 2012, net working capital stood at R$496.5 million, representing 5.7% of gross revenue in the past 12 months. On the same date, the balance of prepaid receivables from third-party credit cards was R$659.5 million, due to the increased share of third-party cards in Company’s total sales. Considering the balance of discounted receivables, working capital requirements would correspond to 13.3% of gross revenue.

Capex

CAPEX (R$ million)	3Q12	3Q11	9M12	9M11
New Stores	4.4	7.5	16.0	21.0
Remodeling	18.6	19.3	37.7	44.4
Technology	5.7	11.8	17.0	29.5
Others	16.0	11.5	52.5	17.7
Total	**44.8**	**50.2**	**123.1**	**112.6**

Investments in fixed and intangible assets fell from R$50.2 million in 3Q11 to R$44.8 million in 3Q12, and include renovations to existing stores as well as investments in technology, logistics and new stores (inaugurated and yet to be inaugurated). In 3Q12, five conventional stores were opened, while investments started on nine more stores to be opened in 4Q12. Other investments include logistics, which totaled R$11.1 million in 3Q12.

Net Debt

In September 2012, Magazine Luiza had loans and financing in the amount of R$1,115.5 million, and cash and financial investments of R$400.7 million, resulting in net debt of R$714.8 million, equivalent to 2.4x adjusted EBITDA of the past 12 months.

In 3Q12, net debt was practically stable, from R$705.5 million in June 2012 to R$714.8 million in September 2012.

CONSOLIDATED (R$ million)	Sep-12	Jun-12	Mar-12	Dec-11	Sep-11
(+) Current loans and financing	223.0	225.9	122.4	129.7	140.8
(+) Non-current loans and financing	892.6	901.0	863.2	581.7	617.1
(=) Gross Debt	1,115.5	1,126.9	985.6	711.3	757.9
(-) Cash and cash equivalents	99.0	140.3	176.1	173.1	78.0
(-) Current securities	274.3	255.1	162.7	75.0	259.5
(-) Non-current securities	27.4	26.0	37.4	43.3	35.4
(-) Total Cash	400.7	421.4	376.3	291.3	372.8
(=) Net Debt	714.8	705.5	609.4	420.0	385.1
Short term debt/total	20%	20%	12%	18%	19%
Long term debt/total	80%	80%	88%	82%	81%
Ajusted EBITDA (LTM)	293.8	318.0	310.5	346.3	334.2
Net Debt/ Ajusted EBITDA	2.4 x	2.2 x	2.0 x	1.2 x	1.2 x

ANNEX I
FINANCIAL STATEMENTS – CONSOLIDATED RESULTS

CONSOLIDATED INCOME STATEMENT (R$ million)	3Q12	V.A.	3Q11	V.A.	% Chg	9M12	V.A.	9M11	V.A.	% Chg
Gross Revenue	2,179.0	118.1%	1,891.8	118.0%	15.2%	6,431.4	118.0%	5,332.1	118.7%	20.6%
Taxes and Deductions	(334.6)	-18.1%	(289.1)	-18.0%	15.7%	(979.9)	-18.0%	(840.6)	-18.7%	16.6%
Net Revenue	1,844.4	100.0%	1,602.7	100.0%	15.1%	5,451.4	100.0%	4,491.5	100.0%	21.4%
Total Costs	(1,226.2)	-66.5%	(1,079.0)	-67.3%	13.6%	(3,655.1)	-67.0%	(3,015.4)	-67.1%	21.2%
Gross Income	618.2	33.5%	523.6	32.7%	18.1%	1,796.4	33.0%	1,476.1	32.9%	21.7%
Selling expenses	(387.7)	-21.0%	(335.5)	-20.9%	15.6%	(1,141.9)	-20.9%	(939.0)	-20.9%	21.6%
General and administrative expenses	(91.0)	-4.9%	(89.8)	-5.6%	1.3%	(270.8)	-5.0%	(240.0)	-5.3%	12.8%
Provisions for loan losses	(84.1)	-4.6%	(68.1)	-4.2%	23.5%	(252.7)	-4.6%	(171.8)	-3.8%	47.1%
Other operating revenues, net	13.3	0.7%	62.0	3.9%	-78.5%	19.0	0.3%	122.7	2.7%	-84.5%
Total Operating Expenses	(549.5)	-29.8%	(431.5)	-26.9%	27.4%	(1,646.3)	-30.2%	(1,228.0)	-27.3%	34.1%
EBITDA	68.8	3.7%	92.2	5.8%	-25.4%	150.0	2.8%	248.1	5.5%	-39.5%
Depreciation and Amortization	(22.9)	-1.2%	(22.8)	-1.4%	0.7%	(66.6)	-1.2%	(65.7)	-1.5%	1.5%
EBIT	45.8	2.5%	69.4	4.3%	-34.0%	83.4	1.5%	182.4	4.1%	-54.3%
Financial Results	(40.7)	-2.2%	(37.4)	-2.3%	8.7%	(125.2)	-2.3%	(125.5)	-2.8%	-0.2%
Operating Income	5.1	0.3%	32.0	2.0%	-83.9%	(41.8)	-0.8%	56.9	1.3%	-173.5%
Income Tax and Social Contribution	(2.8)	-0.2%	(20.3)	-1.3%	-86.3%	25.4	0.5%	(28.4)	-0.6%	-189.4%
Net Income	2.3	0.1%	11.7	0.7%	-79.9%	(16.5)	-0.3%	28.6	0.6%	-157.6%

Reconciliation of EBITDA for extraordinary expenses

EBITDA	68.8	3.7%	92.2	5.8%	-	150.0	2.8%	248.1	5.5%	-
Extraordinary costs	-	0.0%	-	0.0%	-	15.0	0.3%	-	0.0%	-
Extraordinary revenues	(5.0)	-0.3%	(32.6)	-2.0%	-	(5.0)	-0.1%	(32.6)	-0.7%	-
Extraordinary expenses	6.3	0.3%	40.0	2.5%	-	35.6	0.7%	40.0	0.9%	-
Adjusted deferred revenues	-	0.0%	(5.4)	-0.3%	-	(8.8)	-0.2%	(16.1)	-0.4%	-
Adjusted EBITDA	70.1	3.8%	94.2	5.9%	-	186.9	3.4%	239.4	5.3%	-

Net Income	2.3	0.1%	11.7	0.7%	-	(16.5)	-0.3%	28.6	0.6%	-
Extraordinary operational results	1.3	0.1%	2.0	0.1%	-	36.9	0.7%	(8.7)	-0.2%	-
Extraordinary financial results	-	0.0%	-	0.0%	-	10.6	0.2%	-	0.0%	-
Tax over extraordinary results	(0.4)	0.0%	(0.7)	0.0%	-	(16.1)	-0.3%	3.0	0.1%	-
Extraordinary tax credits	-	0.0%	6.0	0.4%	-	(12.5)	-0.2%	6.0	0.1%	-
Adjusted Net Income	3.2	0.2%	19.0	1.2%	-	2.4	0.0%	28.8	0.6%	-

Notes to the non-recurring results in 2Q12:
(1) *Non-recurring revenues totaled R$5.0 million, related to non recurring reversal of tax provisions.*
(2) *Non-recurring expenses totaled R$6.3 million, related to chains integration process.*

ANNEX II
FINANCIAL STATEMENTS – CONSOLIDATED BALANCE SHEET

ASSETS (R$ million)	Sep-12	Jun-12	Mar-12	Dec-11	Sep-11
CURRENT ASSETS					
Cash and cash equivalents	99.0	140.3	176.1	173.1	78.0
Securities	274.3	255.1	162.7	75.0	259.5
Accounts receivable	1,963.6	1,966.5	1,884.4	1,927.8	1,758.3
Inventories	1,306.9	1,131.3	1,134.2	1,264.7	1,001.0
Related parties	32.6	33.6	31.5	42.6	42.0
Taxes recoverable	42.4	26.5	27.8	24.6	26.1
Other assets	108.5	189.5	87.8	59.4	70.4
Total current assets	3,827.4	3,742.7	3,504.6	3,567.1	3,235.4
NON-CURRENT ASSETS					
Securities	27.4	26.0	37.4	43.3	35.4
Accounts receivable	2.3	2.6	3.6	9.4	6.3
Deferred income tax and social contribution	205.1	206.9	191.6	178.9	183.7
Recoverable taxes	12.1	21.6	24.3	31.0	29.5
Judicial deposits	123.2	128.7	103.2	89.0	75.3
Other assets	38.5	17.3	29.2	19.8	18.8
Fixed assets	552.0	529.2	513.7	489.9	406.6
Intangible assets	441.0	443.2	447.1	448.9	448.6
Total non-current assets	1,401.6	1,375.4	1,350.2	1,310.2	1,204.1
TOTAL ASSETS	5,229.0	5,118.2	4,854.8	4,877.4	4,439.4

LIABILITIES (R$ million)	Sep-12	Jun-12	Mar-12	Dec-11	Sep-11
CURRENT LIABILITIES					
Suppliers	1,175.6	1,018.4	1,041.0	1,267.8	988.1
Loans and financing	223.0	225.9	122.4	129.7	140.8
Interbank deposits	966.2	1,018.6	1,021.5	981.5	928.1
Operations with credit cards	482.9	463.2	415.6	436.1	349.1
Payroll, vacation and related charges	140.0	128.3	112.6	121.6	133.1
Taxes payable	34.5	31.7	34.1	49.3	36.2
Related parties	13.8	32.4	13.6	25.5	21.0
Taxes in installments	9.2	2.9	2.9	2.9	3.9
Deferred revenue	32.5	33.4	24.1	24.1	25.6
Dividends payable	-	-	1.7	1.7	-
Technical insurance provisions	36.1	34.0	32.0	32.5	29.9
Other accounts payable	99.2	82.9	70.5	94.6	62.5
Total current liabilities	3,213.1	3,071.6	2,891.7	3,167.1	2,718.3
NON-CURRENT LIABILITIES					
Loans and financing	892.6	901.0	863.2	581.7	617.1
Taxes in installments	2.4	3.0	3.7	4.4	4.0
Provision for tax, civil and labor risks	185.5	185.7	188.1	173.4	165.8
Technical insurance provisions	17.2	20.5	20.5	17.9	18.2
Deferred revenue	300.3	319.7	288.2	294.3	259.4
Deferred income tax and social contribution	6.6	8.1	11.9	10.8	11.5
Other accounts payable	5.9	6.1	6.5	6.9	5.5
Total non-current liabilities	1,410.4	1,444.0	1,382.1	1,089.3	1,081.7
SHAREHOLDERS' EQUITY					
Capital stock	606.5	606.5	606.5	606.5	606.5
Capital reserve	2.1	1.4	0.7	-	-
Legal reserve	4.0	4.0	4.0	4.0	3.4
Profit retention reserve	9.3	9.3	10.4	10.4	1.0
Other comprehensive income	0.1	0.1	0.1	-	-
Accumulated losses	(16.5)	(18.8)	(40.7)	-	28.6
Total shareholders' equity	605.6	602.5	581.0	620.9	639.5
TOTAL	5,229.0	5,118.2	4,854.8	4,877.4	4,439.4

ANNEX III
FINANCIAL STATEMENTS - RETAIL

RETAIL INCOME STATEMENT (R$ million)	3Q12	V.A.	3Q11	V.A.	% Chg	9M12	V.A.	9M11	V.A.	% Chg
Gross Revenue	2,024.5	119.7%	1,765.4	119.5%	14.7%	5,970.5	119.6%	4,992.3	120.2%	19.6%
Taxes and Deductions	(333.8)	-19.7%	(288.6)	-19.5%	15.7%	(977.8)	-19.6%	(839.3)	-20.2%	16.5%
Net Revenue	1,690.7	100.0%	1,476.8	100.0%	14.5%	4,992.7	100.0%	4,153.0	100.0%	20.2%
Total Costs	(1,203.7)	-71.2%	(1,047.2)	-70.9%	14.9%	(3,580.0)	-71.7%	(2,932.7)	-70.6%	22.1%
Gross Income	487.0	28.8%	429.6	29.1%	13.4%	1,412.8	28.3%	1,220.4	29.4%	15.8%
Selling expenses	(347.4)	-20.5%	(304.4)	-20.6%	14.1%	(1,008.0)	-20.2%	(844.0)	-20.3%	19.4%
General and administrative expenses	(82.8)	-4.9%	(82.5)	-5.6%	0.4%	(247.5)	-5.0%	(219.2)	-5.3%	12.9%
Provisions for loan losses	(4.4)	-0.3%	(2.7)	-0.2%	64.0%	(15.8)	-0.3%	(7.3)	-0.2%	116.7%
Other operating revenues, net	11.4	0.7%	33.8	2.3%	-66.1%	20.2	0.4%	75.2	1.8%	-73.1%
Total Operating Expenses	(423.2)	-25.0%	(355.8)	-24.1%	18.9%	(1,251.0)	-25.1%	(995.4)	-24.0%	25.7%
EBITDA	63.8	3.8%	73.8	5.0%	-13.5%	161.8	3.2%	225.0	5.4%	-28.1%
Depreciation and Amortization	(21.9)	-1.3%	(22.4)	-1.5%	-2.2%	(65.6)	-1.3%	(64.6)	-1.6%	1.5%
EBIT	41.9	2.5%	51.4	3.5%	-18.5%	96.2	1.9%	160.4	3.9%	-40.0%
Equity in Subsidiaries	6.8	0.4%	14.9	1.0%	-54.4%	6.9	0.1%	28.9	0.7%	-76.0%
Financial Results	(47.9)	-2.8%	(45.8)	-3.1%	4.5%	(149.3)	-3.0%	(150.8)	-3.6%	-1.0%
Operating Income	0.8	0.0%	20.5	1.4%	-96.0%	(46.2)	-0.9%	38.5	0.9%	-220.1%
Income Tax and Social Contribution	1.5	0.1%	(8.8)	-0.6%	-	29.8	0.6%	(9.9)	-0.2%	-
Net Income	2.3	0.1%	11.7	0.8%	-79.9%	(16.5)	-0.3%	28.6	0.7%	-157.6%

Reconciliation of EBITDA for extraordinary expenses

EBITDA	63.8	3.8%	73.8	5.0%	-	161.8	3.2%	225.0	5.4%	-
Extraordinary costs	-	0.0%	-	0.0%	-	15.0	0.3%	-	0.0%	-
Extraordinary revenues	(5.0)	-0.3%	(32.6)	-2.2%	-	(5.0)	-0.1%	(32.6)	-0.8%	-
Extraordinary expenses	6.3	0.4%	40.0	2.7%	-	35.6	0.7%	40.0	1.0%	-
Adjusted deferred revenues	-	0.0%	(5.4)	-0.4%	-	(8.8)	-0.2%	(16.1)	-0.4%	-
Adjusted EBITDA	65.1	3.9%	75.8	5.1%	-	198.6	4.0%	216.3	5.2%	-

Net Income	2.3	0.1%	11.7	0.8%	-	(16.5)	-0.3%	28.6	0.7%	-
Extraordinary operational results	1.3	0.1%	2.0	0.1%	-	36.9	0.7%	(8.7)	-0.2%	-
Extraordinary financial results	-	0.0%	-	0.0%	-	10.6	0.2%	-	0.0%	-
Tax over extraordinary results	(0.4)	0.0%	(0.7)	0.0%	-	(16.1)	-0.3%	3.0	0.1%	-
Extraordinary tax credits	-	0.0%	6.0	0.4%	-	(12.5)	-0.2%	6.0	0.1%	-
Adjusted Net Income	3.2	0.2%	19.0	1.3%	-	2.4	0.0%	28.8	0.7%	-

ANNEX IV
RESULTS BY SEGMENT – 3Q12

3Q12 (R$ million)	Retail Pro-Forma	Cons. Finance 50%	Insurance 50%	Consortium 100%	Eliminations	Consolidated
Gross Revenue	2,024.5	166.5	23.5	8.8	(44.3)	2,179.0
Taxes and Deductions	(333.8)	-	-	(0.8)	-	(334.6)
Net Revenue	1,690.7	166.5	23.5	8.0	(44.3)	1,844.4
Total Costs	(1,203.7)	(19.2)	(1.7)	(3.1)	1.5	(1,226.2)
Gross Income	487.0	147.3	21.8	5.0	(42.8)	618.2
Selling expenses	(347.4)	(61.8)	(16.2)	-	37.7	(387.7)
General and administrative expenses	(82.8)	(0.8)	(3.2)	(4.1)	(0.0)	(91.0)
Provisions for loan losses	(4.4)	(79.8)	-	-	-	(84.1)
Other operating revenues, net	11.4	2.1	0.2	0.2	(0.7)	13.3
Total Operating Expenses	(423.2)	(140.2)	(19.2)	(3.9)	37.0	(549.5)
EBITDA	63.8	7.1	2.6	1.1	(5.8)	68.8
Depreciation and Amortization	(21.9)	(1.7)	(0.0)	(0.1)	0.7	(22.9)
EBIT	41.9	5.4	2.6	1.0	(5.1)	45.8
Equity in Subsidiaries	6.8	-	-	-	(6.8)	-
Financial Results	(47.9)	-	1.8	0.2	5.1	(40.7)
Operating Income	0.8	5.4	4.4	1.3	(6.8)	5.1
Income Tax and Social Contribution	1.5	(2.2)	(1.7)	(0.4)	-	(2.8)
Net Income	2.3	3.3	2.7	0.8	(6.8)	2.3
Gross Margin	28.8%	88.4%	92.9%	61.7%	96.6%	33.5%
EBITDA Margin	3.8%	4.2%	11.1%	13.4%	13.1%	3.7%
Net Margin	0.1%	2.0%	11.5%	10.5%	15.3%	0.1%

Reconciliation of EBITDA for extraordinary expenses

EBITDA	63.8	7.1	2.6	1.1	(5.8)	68.8
Extraordinary costs	-	-	-	-	-	-
Extraordinary revenues	(5.0)	-	-	-	-	(5.0)
Extraordinary expenses	6.3	-	-	-	-	6.3
Adjusted deferred revenues	-	-	-	-	-	-
Adjusted EBITDA	65.1	7.1	2.6	1.1	(5.8)	70.1
Ajusted EBITDA Margin	3.9%	4.2%	11.1%	13.4%	13.1%	3.8%

Net Income	2.3	3.3	2.7	0.8	(6.8)	2.3
Extraordinary operational results	1.3	-	-	-	-	1.3
Extraordinary financial results	-	-	-	-	-	-
Tax over extraordinary results	(0.4)	-	-	-	-	(0.4)
Extraordinary tax credits	-	-	-	-	-	-
Adjusted Net Income	3.2	3.3	2.7	0.8	(6.8)	3.2
Adjusted Net Income Margin	0.2%	2.0%	11.5%	10.5%	15.3%	0.2%

ANNEX V
RESULTS BY SEGMENT – 3Q11

3Q11 (R$ million)	Retail Pro-Forma	Cons. Finance 50%	Insurance 50%	Consortium 100%	Eliminations	Consolidated
Gross Revenue	1,765.4	135.3	17.9	7.2	(34.1)	1,891.8
Taxes and Deductions	(288.6)	-	-	(0.5)	-	(289.1)
Net Revenue	1,476.8	135.3	17.9	6.8	(34.1)	1,602.7
Total Costs	(1,047.2)	(27.5)	(1.3)	(4.3)	1.2	(1,079.0)
Gross Income	429.6	107.9	16.5	2.4	(32.8)	523.6
Selling expenses	(304.4)	(47.0)	(11.3)	-	27.3	(335.5)
General and administrative expenses	(82.5)	(0.7)	(2.9)	(3.7)	-	(89.8)
Provisions for loan losses	(2.7)	(65.4)	-	-	-	(68.1)
Other operating revenues, net	33.8	30.8	(0.0)	(0.3)	(2.3)	62.0
Total Operating Expenses	(355.8)	(82.3)	(14.3)	(4.0)	24.9	(431.5)
EBITDA	73.8	25.5	2.3	(1.6)	(7.9)	92.2
Depreciation and Amortization	(22.4)	(1.3)	(1.3)	(0.1)	2.3	(22.8)
EBIT	51.4	24.2	1.0	(1.7)	(5.6)	69.4
Equity in Subsidiaries	14.9	-	-	-	(14.9)	-
Financial Results	(45.8)	-	2.5	0.3	5.6	(37.4)
Operating Income	20.5	24.2	3.6	(1.4)	(14.9)	32.0
Income Tax and Social Contribution	(8.8)	(10.7)	(1.4)	0.6	-	(20.3)
Net Income	11.7	13.5	2.1	(0.8)	(14.9)	11.7
Gross Margin	29.1%	79.7%	92.7%	36.1%	96.4%	32.7%
EBITDA Margin	5.0%	18.9%	12.9%	-23.4%	23.2%	5.8%
Net Margin	0.8%	10.0%	12.0%	-11.6%	43.7%	0.7%

Reconciliation of EBITDA for extraordinary expenses

EBITDA	73.8	25.5	2.3	(1.6)	(7.9)	92.2
Extraordinary costs	-	-	-	-	-	-
Extraordinary revenues	(32.6)	-	-	-	-	(32.6)
Extraordinary expenses	40.0	-	-	-	-	40.0
Adjusted deferred revenues	(5.4)	-	-	-	-	(5.4)
Adjusted EBITDA	75.8	25.5	2.3	(1.6)	(7.9)	94.2
Ajusted EBITDA Margin	5.1%	18.9%	12.9%	-23.4%	23.2%	5.9%

Net Income	11.7	13.5	2.1	(0.8)	(14.9)	11.7
Extraordinary operational results	2.0	-	-	-	-	2.0
Extraordinary financial results	-	-	-	-	-	-
Tax over extraordinary results	(0.7)	-	-	-	-	(0.7)
Extraordinary tax credits	6.0	-	-	-	-	6.0
Adjusted Net Income	19.0	13.5	2.1	(0.8)	(14.9)	19.0
Adjusted Net Income Margin	1.3%	10.0%	12.0%	-11.6%	43.7%	1.2%

ANNEX VI
SALES MIX AND NUMBER OF STORES PER CHANNEL

Gross Revenue by Channel (R$ million)	3Q12	V.A.	3Q11	V.A.	Growth Total
Virtual Stores	98.1	4.8%	69.6	3.9%	41.0%
Website	269.0	13.3%	214.4	12.1%	25.5%
Subtotal – Virtual Channel	**367.2**	18.1%	**284.0**	16.1%	29.3%
Conventional Stores	1,657.4	81.9%	1,481.5	83.9%	11.9%
Total	**2,024.5**	100.0%	**1,765.5**	100.0%	14.7%

Gross Revenue by Channel (R$ million)	9M12	V.A.	9M11	V.A.	Growth Total
Virtual Stores	272.0	4.6%	198.3	4.0%	37.1%
Website	781.0	13.1%	570.1	11.4%	37.0%
Subtotal – Virtual Channel	**1,053.0**	17.6%	**768.5**	15.4%	37.0%
Conventional Stores	4,917.5	82.4%	4,223.9	84.6%	16.4%
Total	**5,970.5**	100.0%	**4,992.4**	100.0%	19.6%

Number of stores per channel – End of the period	Sep-12	Part(%)	Sep-11	Part(%)	Growth Total
Virtual Stores	106	14.4%	69	10.1%	37
Website	1	0.1%	1	0.1%	-
Subtotal – Virtual Channel	**107**	14.5%	**70**	10.2%	37
Conventional Stores	629	85.5%	614	89.8%	15
Total	**736**	100.0%	**684**	100.0%	52
Total Sales Area (m²)	**461,506**	100.0%	**441,256**	100.0%	4.6%

ANNEX VII
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 such back office activities as accounting and treasury.

In September 2012, Luizacred had a total base of 4.0 million cards issued. In the past 12 months, the total card base decreased by 3.2%. In 3Q12, purchases outside stores represented 76.2% of total Card billings, up 25.5% over 3Q11.

Luizacred's credit portfolio, including credit cards, CDC and personal loans, totaled R$3.4 billion at the close of 3Q12.

LUIZACRED – Key Indicators (R$ million)	3Q12	3Q11	% Chg	9M12	9M11	% Chg
Total Card Base (thousand)	4,042	4,174	-3.2%	4,042	4,174	-3.2%
Luiza Card Sales – In chain	404	578	-30.2%	1,328	1,636	-18.8%
Luiza Card Sales – Outside Brand	1,290	1,028	25.5%	3,728	2,665	39.9%
CDC Sales	316	171	84.9%	846	448	88.9%
Personal Loans Sales	39	54	-27.3%	143	193	-25.6%
Total Luizacred Sales	2,049	1,830	11.9%	6,045	5,514	9.6%
Card Portfolio	2,527	2,484	1.7%	2,527	2,484	1.7%
CDC Portfolio	777	389	99.8%	777	389	99.8%
Personal Loans Portfolio	104	139	-24.9%	104	139	-24.9%
Total Portfolio	3,408	3,012	13.2%	3,408	3,012	13.2%

Loan 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 based on proprietary statistics models using the Risk Adjusted Return on Capital (RAROC) model as the criterion. Continuing its conservative approach, Luizacred maintained its credit approval rate low in 3Q12.

Revenue from Financial Intermediation

Gross revenue from financial intermediation increased by 22.5% between 3Q11 and 3Q12, mainly due to higher share of CDC in retail sales.

Provisions for Loan Losses

The aging indicators of Luizacred's portfolio at the close of September 2012 were significantly better than in June 2012 and September 2011, however, provisions for loan losses stood at 4.7% of total portfolio in 3Q12, higher than the 4.3% recorded in 3Q11.

Luizacred's balance of provision for loan losses reduced R$6.7 million in 3Q12, from R$467.5 million in June 2012 to R$460.8 million in September 2012 (13.5% of total portfolio). Since the portfolio balance overdue more than 90 days decreased R$45.0 million, from R$400.9 million in June 2012 to R$355.9 million in September 2012, the coverage ratio increased from 117% to 129%.

PORTFOLIO OVERDUE	Sep-12		Jun-12		Mar-12		Dec-11		Sep-11	
Total Portfolio (R$ million)	3,408.4	100.0%	3,441.8	100.0%	3,334.1	100.0%	3,334.2	100.0%	3,011.7	100.0%
000 to 014 days	2,917.3	85.6%	2,893.3	84.1%	2,754.4	82.6%	2,773.8	83.2%	2,478.2	82.3%
015 to 030 days	42.2	1.2%	45.3	1.3%	52.9	1.6%	43.2	1.3%	34.2	1.1%
031 to 060 days	39.8	1.2%	43.3	1.3%	47.8	1.4%	39.5	1.2%	36.2	1.2%
061 to 090 days	53.2	1.6%	58.9	1.7%	56.8	1.7%	64.4	1.9%	52.7	1.8%
091 to 120 days	51.8	1.5%	51.0	1.5%	46.5	1.4%	53.2	1.6%	54.0	1.8%
121 to 150 days	39.6	1.2%	48.9	1.4%	44.3	1.3%	46.4	1.4%	48.8	1.6%
151 to 180 days	38.5	1.1%	46.8	1.4%	54.4	1.6%	41.9	1.3%	51.8	1.7%
180 to 360 days	226.0	6.6%	254.3	7.4%	277.1	8.3%	271.8	8.2%	255.7	8.5%
Overdue from 15-90 days	135.1	4.0%	147.5	4.3%	157.5	4.7%	147.0	4.4%	123.2	4.1%
Overdue above 90 days	355.9	10.4%	400.9	11.6%	422.2	12.7%	413.3	12.4%	410.3	13.6%
Total Overdue	491.1	14.4%	548.5	15.9%	579.7	17.4%	560.4	16.8%	533.5	17.7%
Allowance for doubtful accounts in I FRS	460.8	13.5%	467.5	13.6%	467.5	14.0%	469.5	14.1%	455.7	15.1%
Coverage (%)	129%		117%		111%		114%		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 Income

As a result of the sharp revenue growth and the reduction of the CDI, gross margin from financial intermediation in 3Q12 was 28.3%, a 2.3 p.p. increase over 2Q12 (26.0%).

Other Operating Revenues (Expenses)

- **Service Revenues:** increased by 25.7% over 3Q11, mainly driven by fees and commissions for the use of Luiza Cards outside the stores;

- **Selling and Administrative Expenses** (personnel, administrative, amortization and taxes): corresponded to 46.5% of financial intermediation income, up 3.0 p.p. from 3Q11 and 0.7 p.p. from 2Q12 due to higher expenses with maintenance of Luiza Card;

- **Other Operating Revenues (Expenses):** totaled R$4.3 million, equivalent to 1.6% of financial intermediation income, significantly lower than in 3Q11, mainly due to the revenue of R$42.9 million in 3Q11 from the sale of Luizacred's marketing structure and personal loans revenues, which are now recognized under Luizacred's financial intermediation result.

Operating Results

Operating result in 3Q12 was R$10.8 million, equivalent to 3.9% of financial intermediation revenue, representing an improvement over the operating loss of R$27.7 million in the 1Q12 and profit of R$6.9 million in 2Q12.

Income Statement

LUIZACRED – Income (R$ million)	3Q12	V.A.	3Q11	V.A.	% Chg	9M12	V.A.	9M11	V.A.	% Chg
Financial Intermediation Revenue	276.2	100.0%	225.5	100.0%	22.5%	815.0	100.0%	611.1	100.0%	33.4%
Cards	166.5	60.3%	147.2	65.3%	13.1%	510.3	62.6%	429.2	70.2%	18.9%
CDC	86.7	31.4%	51.4	22.8%	68.8%	221.6	27.2%	155.0	25.4%	43.0%
Personal Loans	23.0	8.3%	26.9	11.9%	-14.7%	83.1	10.2%	26.9	4.4%	208.6%
Financial Intermediation Expenses	(198.0)	-71.7%	(185.8)	-82.4%	6.6%	(605.5)	-74.3%	(473.1)	-77.4%	28.0%
Market Funding Operations	(38.5)	-13.9%	(54.9)	-24.4%	-29.9%	(131.7)	-16.2%	(144.2)	-23.6%	-8.6%
Provision for Loan Losses	(159.5)	-57.8%	(130.9)	-58.0%	21.9%	(473.8)	-58.1%	(328.9)	-53.8%	44.0%
Gross Financial Intermediation Income	78.2	28.3%	39.7	17.6%	97.0%	209.5	25.7%	137.9	22.6%	51.9%
Other Operating Revenues (Expenses)	(67.4)	-24.4%	8.8	3.9%	-869.1%	(219.4)	-26.9%	(58.3)	-9.5%	276.4%
Service Revenue	56.8	20.6%	45.2	20.0%	25.7%	167.9	20.6%	125.3	20.5%	34.0%
Personnel Expenses	(1.7)	-0.6%	(1.4)	-0.6%	17.6%	(4.7)	-0.6%	(5.4)	-0.9%	-12.4%
Other Administrative Expenses	(106.7)	-38.6%	(80.2)	-35.6%	33.0%	(327.4)	-40.2%	(242.2)	-39.6%	35.1%
Depreciation and Amortization	(3.3)	-1.2%	(2.7)	-1.2%	24.8%	(9.9)	-1.2%	(8.0)	-1.3%	23.5%
Tax Expenses	(16.8)	-6.1%	(13.8)	-6.1%	21.6%	(50.0)	-6.1%	(37.6)	-6.2%	32.9%
Other Operating Revenues (Expenses)	4.3	1.6%	61.7	27.3%	-93.0%	4.6	0.6%	109.6	17.9%	-95.8%
Income Before Tax	10.8	3.9%	48.4	21.5%	-77.7%	(10.0)	-1.2%	79.6	13.0%	-112.5%
Income Tax and Social Contribution	(4.3)	-1.6%	(21.3)	-9.5%	-79.8%	3.7	0.5%	(30.9)	-5.1%	-112.0%
Net Income	6.5	2.4%	27.1	12.0%	-76.0%	(6.3)	-0.8%	48.7	8.0%	-112.9%

Shareholders' Equity

According to the accounting practices established by the Brazilian Central Bank, Luizacred shareholders' equity in September 2012 stood at R$340.9 million. As a result of adjustments required under IFRS, the shareholders' equity of Luizacred for use in the financial statements of Magazine Luiza was R$344.7 million.

RESULTS CONFERENCE CALL

Conference Call in Portuguese/English (with simultaneous interpreting)

November 13, 2012 (Tuesday)
13:00 PM – Brasilia Time
10:00 AM – US EST

Callers from Brazil:
Dial-in: +55 11 3127-4971
Access code: Magazine Luiza
Webcast link: http://webcast.mzvaluemonitor.com/Home/Login/605

Callers from other countries:
Dial-in: +1 516 3001066
Access code: Magazine Luiza
Webcast link: http://webcast.mzvaluemonitor.com/Home/Login/606

Replay (available for 7 days):
Dial-in: +55 11 3127-4999
Portuguese version: 79212933# / English version: 37310434#

Investor Relations

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Chief Financial and Investor Relations Officer	IR and New Businesses Manager	IR and New Businesses Coordinator

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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.

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 Board of Directors. The non-accounting data was not reviewed by the Company's independent auditors.