July 31st, 2017

Magazine Luiza S.A. (B3: MGLU3)
2nd Quarter 2017 Earnings Release (IFRS equivalent)

MGLU3 NOVO MERCADO BM&FBOVESPA

2Q17 HIGHLIGHTS

E-commerce grew 55% achieving 28% of sales
Physical stores increased 15% in SSS
Total sales grew 26% to R$3.2 billion
EBITDA went up 44% to R$236 million (margin of 8.7%)
Net income increased from R$10 million to R$72 million
Net debt decreased R$587 million in LTM

- **Consistent market share gain.** In 2Q17, consolidated gross sales grew 25.6% to R$3.2 billion, as a result of 23.7% growth in same-store-sales (+55.4% in e-commerce and 14.5% in brick-and-mortar stores). Again, this quarter, Magazine Luiza gained market share in all channels and in main product categories. According to the IBGE (PMC), the nominal sales of furniture and domestic appliances increased 4.7% for the first five months of the year, compared to higher growth of the Company during same period (24.3% in 1H17).

- **Accelerated e-commerce growth.** The e-commerce sales were up 55.4% in 2Q17 (compared to the market growth of 11.6%, according to E-bit's data), reaching 27.8% in the Company's total sales. This market share gain resulted from some initiatives as: (i) increased sales from mobile platforms, specially the app, which reached 6.2 million downloads, (ii) higher conversion rate in all e-commerce channels, due to a better assortment, improvement on usability, search and recommendation and reduced delivery times, (iii) ongoing capture of the benefits of the implementation of multi-channel projects, highlighting the In Store Pickup and (iv) the maintenance of the high level of service with the permanence of the RA1000 service excellence seal. In 1H17 e-commerce sales were up 55.8% (28.1% of total sales).

- **Gross profit evolution.** In 2Q17, gross profit grew 22.3% to R$834.9 million. Gross margin decreased 90 bps, from 31.8% in 2Q16 to 30.9% in 2Q17, chiefly due to: (i) higher percentage from e-commerce over total sales (+530 bps over 2Q16) and (ii) flat gross margin in all channels. Solid sales growth with flat margins per channel was the result of a better commercial assertiveness, inventory management and greater rationality of prices in the e-commerce and the brick-and-mortar store markets. In 1H17 gross margin was 30.3%, 70 lower from 1H16.

- **Significant dilution of operating expenses.** In 2Q17, operating expenses were diluted by 2.1 percentage points, to 22.8% of the net revenue. Expenses were up only 15.2% *versus* net revenue growth of 25.6% resulting in a relevant operational leverage. This dilution also reflects the e-commerce growth, the ongoing Zero Base Budget (ZBB) and Expenses Management Matrix (EMM) projects, the maturation of digital transformation projects such as Mobile Sales and In Store Pick up. In 1H17, operational expenses were diluted in 220bps to 22.5% of net revenue.

- **EBITDA and net income solid growth.** In 2Q17, the total sales growth in all channels, the positive contribution from e-commerce and the dilution of the operating expenses contributed to a significant 44.5% increase of EBITDA to R$235.8 million (+1.1 p.p. to margin of 8.7%) and the net income to R$72.4 million (annualized ROE of 39%). In 1H17, EBITDA grew 52.2% to R$467.7 million (+1.5 p.p. to margin of 8.5%) and net income to R$130.9 million (margin of 2.4%)

- **Improved working capital and reduced net debt.** Due to an improved inventory turnover and average purchase time the Company enhanced its adjusted working capital needs by R$515.8 million in the last 12 months. During same period, the adjusted net debt went down from R$854.3 million in Jun/16 to R$267.6 million in Jun/17, a relevant R$586.7 million decrease, reducing the adjusted net debt/EBITDA ratio from 1.5x to 0.3x, respectively.

- **Improved results of Luizacred.** The portfolio overdue by more than 90 days (NPL 90) improved 3.3 percentage points, or only 8.4% of total portfolio in Jun/17. Despite a conservative credit policy, Luiza Card sales in Magazine Luiza were up 47.8% in 2Q17. Due to such growth and improved delinquency indicators, Luizacred’s net income grew 7.8% to R$27.2 million in 2Q17,with annualized ROE of 19%. It is worth highlighting the evolution of Luizacred's results even considering a significant interest rates reduction on refinancing (revolving) as of Apr/17.

R$ million (except when otherwise indicated)	2Q17	2Q16	% Chg	1H17	1H16	% Chg
Gross Revenue	3,217.2	2,561.5	25.6%	6,568.2	5,285.1	24.3%
Net Revenue	2,699.2	2,147.3	25.7%	5,506.2	4,410.7	24.8%
Gross Income	834.9	682.5	22.3%	1,667.4	1,366.1	22.1%
Gross Margin	30.9%	31.8%	-90 bps	30.3%	31.0%	-70 bps
EBITDA	235.8	163.2	44.5%	467.7	307.3	52.2%
EBITDA Margin	8.7%	7.6%	110 bps	8.5%	7.0%	150 bps
Adjusted EBITDA	237.1	168.5	40.7%	469.6	331.6	41.6%
Adjusted EBITDA Margin	8.8%	7.8%	94 bps	8.5%	7.5%	101 bps
Net Income	72.4	10.4	594.5%	130.9	15.7	735.3%
Net Margin	2.7%	0.5%	220 bps	2.4%	0.4%	200 bps
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Adjusted Net Income	73.3	13.9	426.4%	132.2	31.7	316.8%
Adjusted Net Margin	2.7%	0.6%	207 bps	2.4%	0.7%	168 bps
Same Store Sales Growth	23.7%	2.4%	-	22.6%	1.1%	-
Same Physical Store Sales Growth	14.5%	-4.3%	-	13.0%	-5.2%	-
E-commerce Sales Growth	55.4%	33.6%	-	55.8%	30.6%	-
E-commerce Share in Total Sale	27.8%	22.5%	5.3 pp	28.1%	22.4%	5.7 pp
Number of Stores - End of Period	814	787	27 stores	814	787	27 stores
Sales Area - End of Period (M2)	509,909	498,871	2.2%	509,909	498,871	2.2%

MESSAGE FROM THE MANAGEMENT

Despite Brazil's economic scenario is still very challenging, few concrete signs point to a positive change of this scenario today and in the near future. Our sector sales, which over the past two years saw a reduction in consumers' purchasing power, recorded a sales upturn over the past months. According to the Brazilian Institute of Geography and Statistics (IBGE), furniture and home appliances sales went up 5% in the first five months of the year, compared to same period of 2016. This is a positive figure, which gave strength to Magazine Luiza's consistent pace of growth and higher market share. The Company recorded six consecutive quarters of sales expansion at growing rates, which culminated in 26% increase in 2Q17. Also in 2Q17, the Company posted the highest quarterly net income of its history of R$72 million.

We continue strictly adopting a growth strategy with sustainable profit, taking advantage of our peers' change of behavior. Due to the economic crisis of the last years, our peers were also pressured to adopt more rational pricing policies. In addition, there is a perception that the sector should undergo a consolidation process, since small and medium enterprises are still vulnerable, facing supply and consumer credit hardships.

A major factor contributing to the Company's solid results: the e-commerce which went up 55% in 2Q17. This is the second consecutive quarter of the Company's online channel growth at a rate exceeding 50%. The e-commerce accounted for 28% of our sales in the second quarter, whereas during same period last year accounted for 23%. It is worth mentioning that, at the same time the e-commerce recorded its highest contribution to total sales, we managed to increase the Company's profitability, evidencing that our online channels, supported by physical channels, are stimulating business' sustainable growth.

The role played by our brick-and-mortar stores in our second quarter's results also must be highlighted. The Company gained market share in major product categories, and likewise in the first quarter, when 12% growth was recorded under the same-store sales concept, in 2Q17 this rate again recorded double-digit growth of 15% in all regions we operate. These figures were especially driven by performance of virtual stores and Brazil's northeast region, and due to sales of smart TVs and smartphones. We inaugurated 12 new stores in the quarter and 27 stores in the last twelve months, totaling 814 points of sale in 16 states across the country.

Our results evidence that, besides achieving a solid sales growth, we maintained our gross margin in the channels, we diluted operating and financial expenses, we multiplied net income, we optimized our working capital, we improved investments in technology and reduced our indebtedness. These data evidence the consistency of our strategy and the strictness applied there, quarter after quarter.

Digital Transformation

The Company's main strategy for the next years is digital transformation. Our objective is to transform Magazine Luiza, from a traditional retailer with a digital area into a digital platform, with physical points-of-sale and warmness. Such strategy is based on five pillars: (i) digital inclusion, (ii) brick-and-mortar stores digitalization, (iii) multichannel, (iv) transformation of the website into a digital platform and (v) digital culture.

As evidence of the discipline pursued in the advance of such strategy, it is worth mentioning few results obtained in the second quarter:

- Considerable increase of *Lu Conecta* sales, our service to set up smartphones, install apps and antivirus, besides a 24-hour call center;
- Just like Mobile Sales and Mobile Stockist apps currently operating in all stores, we concluded the implementation of Mobile Delivery app to over 1,000 micro-carriers of our distribution network throughout the country, improving the tracking of orders for our customers;
- The Mobile Pinpad app continues under rollout process, estimated to be concluded by the year's end.

The multichannel factor also contributed to such accelerated pace of our digital transformation. Different from other retailers, since the inception of the online channel in 2000, we have been operating our channels in an integrated manner, by using same infrastructure, i.e., our nine distribution centers, the backoffice, and over 1,000 outsourced carriers which distribute the Company's products throughout the country, referred to as *Malha Luiza* (Luiza Network) - sustain online and physical operations. This is was a model seen with extreme skepticism by the market in the past, but proved to be reliable over the years. The multichannel model is expressed by means of services, such as the Store Pickup, a system enabling customers buying via digital platforms to pick up their products acquired in any of our brick-and-mortar stores. Over the last six months, the quantity of orders picked up at stores increased consistently.

The Company was always recognized by its customer service quality at the brick-and-mortar stores and pursues to maintain the same level of excellence in the online segment. In the second quarter of 2017, Magazine Luiza recorded a 26% drop in the number of phone calls per order made in our website and in our sales app, which means a relevant decrease, meaning in practice that increasingly customers undergo less inconvenience when shopping in our online channel.

Such improved level of service rendered to customers is a result of a series of investments made in our logistics. Recently, we started to use a more assertive order tracking platform and we improved the reverse logistics processes, which eased product exchange and return. We evolved in the delivery category, by reducing terms and ensuring product delivery under perfect conditions. These advances also have been driven by higher productivity of our employees in our nine distribution centers, which incorporated the Kaizen continuous improvement methodology in their work routine. In the first half, the volume of parts handled per employee increased 12% year-on-year. A proof of the discipline sought to satisfy consumers of our online platforms is the RA 1000 certification of *ReclameAqui* website. This seal attests the excellence in post-sale services, won in December 2016 which has been maintained since then.

Marketplace

Approximately one year ago we launched the Marketplace operation. At the end of 2016, we had only 50 partners who enabled us to expand our product supply by over 80,000 SKUs. We ended the second quarter of 2017 with over 250 merchants of several categories and sizes linked to our platform, such as Gazin, Mobly, Pró Spin, Ri Happy, Central Ar, Positivo Informática and Kikos. With all these entrants, the number of SKUs offered in our online channels more than doubled compared to the first quarter and reached 550,000. It is worth mentioning that, even with the expansion of the Marketplace, we were able to maintain our high levels of customer service.

The pace of growth with the entry of merchants in the Company's Marketplace over the past three months is due to the conclusion of Integra Commerce acquisition. This startup specialized in integration and management of relationship between merchants and marketplaces is a reference in the market and streamlined the small partners' access to Magazine Luiza's platform. As we plan to attract small and medium entrepreneurs to our Marketplace, and ensure their performance, we launched in the second quarter a free-of-charge training online and interactive platform assisting them to increase their businesses. We expect that over the next months, an increased number of merchants are benefited from such content offered.

Luizalabs

Luizalabs, our technology and innovation laboratory, is firm with its commitment to strengthen the Company's digital culture and develop new technologies. Recently, Luizalabs incorporated our Corporate IT department, in charge of backoffice systems and business continues reaping the benefits of such move. Luizalabs also led the merger of the startup Integra Commerce, which accelerated the expansion of our Marketplace operation. Currently, all new sellers are already connected to our Marketplace by means of a direct integration with Integra Commerce.

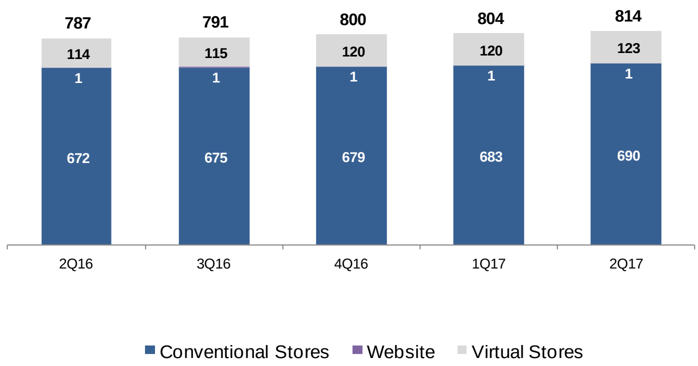
Final Considerations

The solid results achieved in this second quarter of 2017 reinforce our belief in the fully multichannel and integrated model, in the digital transformation strategy and in our team, who has been extremely focused and has been successfully executing our projects. We thank again the confidence and partnership of our customers, employees, shareholders and suppliers.

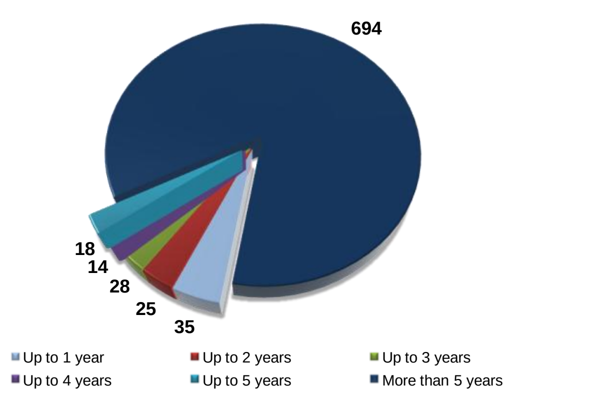
OPERATING AND FINANCIAL PERFORMANCE

Magazine Luiza ended Jun/17 with 814 stores, 690 of which were conventional stores, 123 virtual stores and one e-commerce. In the 2Q17, the Company inaugurated 12 stores (9 conventional and 3 virtual stores) and closed 2 conventional stores. In the last 12 months, the Company opened 27 new stores. Considering our total number of stores, 15% are not yet mature.

Number of Stores

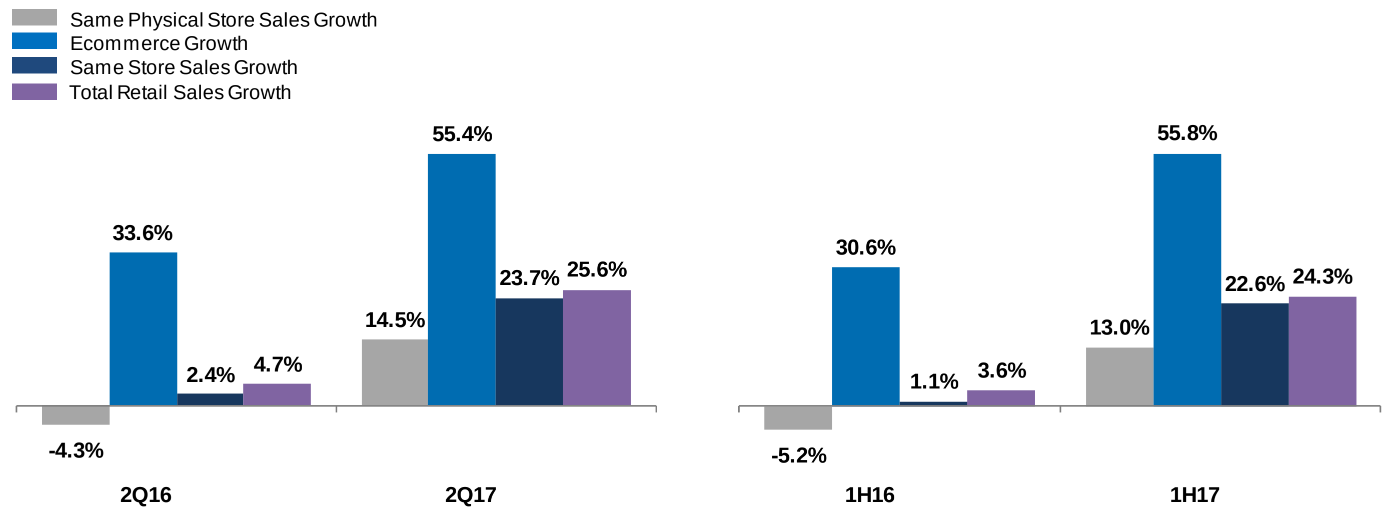


Average Age of Stores (number of stores)



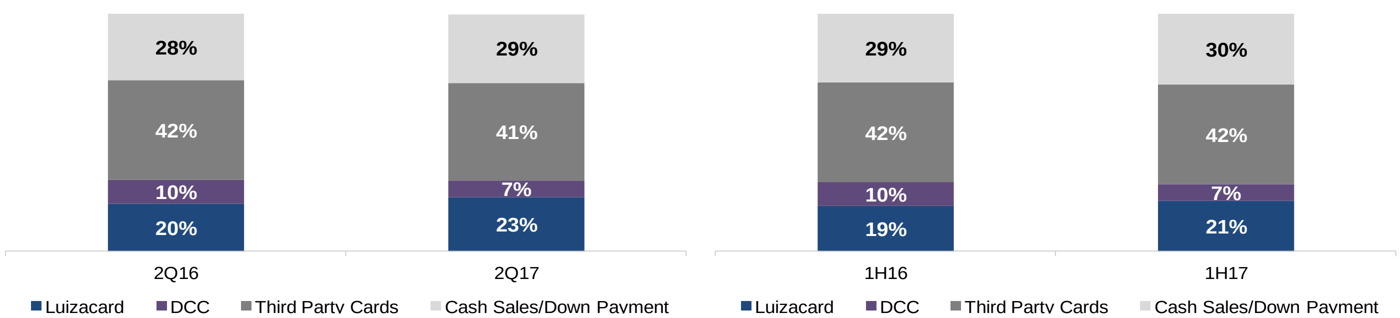
Gross same-store-sales were up 23.7% in 2Q17 as a result of an 14.5% increase in brick-and-mortar stores and 55.4% in e-commerce. This growth reflects a consistent e-commerce performance and sequential improvement in brick-and-mortar store sales.

Same Store Sales Growth (%)



Luiza Card total sales increased 300 bps to 23% in 2Q17, contributing to the Company's strategy of increasing customer loyalty. Due to a more conservative credit policy, the percentage of DCC (direct credit to consumers) over sales went down from 10% to 7% YoY.

Financed Sales Mix (% of total sales)



Gross Revenues

(in R$ million)	2Q17	2Q16	%Chg	1H17	1H16	%Chg
Gross Revenue - Retail - Merchandise Sales	3,060.2	2,437.8	25.5%	6,259.4	5,034.3	24.3%
Gross Revenue - Retail - Services	142.9	112.0	27.5%	281.6	227.8	23.6%
Subtotal Retail	**3,203.1**	**2,549.9**	**25.6%**	**6,541.0**	**5,262.1**	**24.3%**
Gross Revenue - Consortium Management	17.0	13.9	22.5%	33.1	27.5	20.6%
Inter-Company Eliminations	(2.9)	(2.2)	29.9%	(5.9)	(4.4)	32.9%
Gross Revenue - Total	**3,217.2**	**2,561.5**	**25.6%**	**6,568.2**	**5,285.1**	**24.3%**

In 2Q17, gross revenues grew 25.6% to R$3.2 billion, due to 23.7% increase in same-store sales and the contribution from new stores. It is worth mentioning the 27.5% growth from services revenue, including the sales of new insurances, digital services (Lu Conecta) and Marketplace commissions. In 1H17, gross revenues were up 24.3% to R$ 6.6 billion.

Net Revenues

(in R$ million)	2Q17	2Q16	%Chg	1H17	1H16	%Chg
Net Revenue - Retail - Merchandise Sales	2,561.2	2,038.8	25.6%	5,234.0	4,190.2	24.9%
Net Revenue - Retail - Services	125.1	98.0	27.7%	247.2	199.7	23.8%
Subtotal Retail	**2,686.3**	**2,136.7**	**25.7%**	**5,481.3**	**4,390.0**	**24.9%**
Net Revenue - Consortium Management	15.8	12.8	23.7%	30.8	25.2	22.1%
Inter-Company Eliminations	(2.9)	(2.2)	29.9%	(5.9)	(4.4)	32.9%
Net Revenue - Total	**2,699.2**	**2,147.3**	**25.7%**	**5,506.2**	**4,410.7**	**24.8%**

In 2Q17, net revenues were up 25.7% to R$2.7 billion, in line with total gross revenue change. In 1H17, net revenues were up 24.8% to R$5.5 billion.

Gross Profit

(in R$ million)	2Q17	2Q16	% Chg	1H17	1H16	% Chg
Gross Income - Retail - Merchandise Sales	702.0	577.0	21.6%	1,405.1	1,151.1	22.1%
Gross Income - Retail - Services	125.1	98.0	27.7%	247.2	199.7	23.8%
Subtotal Retail	**827.1**	**675.0**	**22.5%**	**1,652.4**	**1,350.8**	**22.3%**
Gross Income - Consortium Management	7.8	7.5	4.8%	15.0	15.2	-1.2%
Gross Income - Total	**834.9**	**682.5**	**22.3%**	**1,667.4**	**1,366.1**	**22.1%**
Gross Margin - Total	**30.9%**	**31.8%**	**-90 bps**	**30.3%**	**31.0%**	**-70 bps**

In 2Q17, gross profit increased by 22.3% to R$834.9 million, equivalent to a gross margin of 30.9%. This result was due to: (i) higher contribution from e-commerce over total sales (+530 bps over 2Q16) and (ii) flat gross margin in all channels. In 1H17, gross profit were up 22.1% to R$1.7 billion (gross margin of 30.3%)

Operating Expenses

(in R$ million)	2Q17	% NR	2Q16	% NR	% Chg	1H17	% NR	1H16	% NR	% Chg
Selling Expenses	(489.2)	-18.1%	(417.8)	-19.5%	17.1%	(997.8)	-18.1%	(844.6)	-19.1%	18.1%
General and Administrative Expenses	(126.2)	-4.7%	(118.4)	-5.5%	6.5%	(246.3)	-4.5%	(229.5)	-5.2%	7.3%
General and Administrative Expenses	**(615.4)**	**-22.8%**	**(536.2)**	**-25.0%**	**14.8%**	**(1,244.1)**	**-22.6%**	**(1,074.1)**	**-24.4%**	**15.8%**
Provisions for Loan Losses	(10.2)	-0.4%	(5.5)	-0.3%	84.2%	(15.8)	-0.3%	(13.2)	-0.3%	19.1%
Other Operating Revenues, Net	9.0	0.3%	6.5	0.3%	37.8%	19.3	0.4%	(2.1)	0.0%	-
Total Operating Expenses	**(616.6)**	**-22.8%**	**(535.2)**	**-24.9%**	**15.2%**	**(1,240.5)**	**-22.5%**	**(1,089.4)**	**-24.7%**	**13.9%**

Selling Expenses

Selling expenses totaled R$489.2 million or 18.1% of net revenues in 2Q17 (130 bps lower YoY), due to a rigorous control of expenses, productivity gains, reduced marketing and logistics expenses, renegotiation of lease contracts, besides a complete revision of several operating expenses. In 1H17, selling expenses totaled R$997.8 million equivalent to 18.1% of net revenue (100 bps lower *versus* 1H16).

General and Administrative Expenses

General and administrative expenses came to R$126.2 million or 4.7% of net revenues in 2Q17 (80 bps lower YoY), due to optimization of the administrative processes. In 1H17, G&A expenses totaled R$246.3 million, equivalent of 4.5% of net revenue (70 bps lower versus 1H16).

Provisions for Loan Losses

Provisions for loan losses reached R$10.2 million in 2Q17 and R$15.8 million in 1H17.

Other Operating Revenues and Expenses, Net

(in R$ million)	2Q17	% NR	2Q16	% NR	% Chg	1H17	% NR	1H16	% NR	% Chg
Gain on Sale of Assets	(0.3)	0.0%	(0.2)	0.0%	85.1%	2.3	0.0%	(0.3)	0.0%	-
Deferred Revenue Recorded	11.3	0.4%	10.3	0.5%	9.7%	21.4	0.4%	20.2	0.5%	5.8%
Provision for Tax Liabilities	(2.4)	-0.1%	1.2	0.1%	-308%	(3.2)	-0.1%	1.2	0.0%	-364%
Non-recurring Expenses	(1.4)	-0.1%	(5.3)	-0.2%	-74.1%	(1.9)	0.0%	(24.3)	-0.6%	-92.1%
Other	1.8	0.1%	0.5	0.0%	258.5%	0.8	0.0%	1.1	0.0%	-33.0%
Total	**9.0**	**0.3%**	**6.5**	**0.3%**	**37.8%**	**19.3**	**0.4%**	**(2.1)**	**0.0%**	**-**

Other net operating revenues and expenses came to R$9.0 million in 2Q17, chiefly due to deferred revenues allocation of R$11.3 million. In 1H17, other net operating revenues and expenses reached R$19.3 million.

Equity Income

Equity income came to R$17.4 million or 0.6% of net revenue in 2Q17 (950 bps higher YoY), chiefly due to: (i) Luizacred's performance with equity income of R$13.6 million and (ii) Luizaseg's performance with equity income of R$3.9 million. In 1H17 equity income reached R$40.8 million, 33.3% growth YoY.

EBITDA

In 2Q17, EBITDA grew 44.5% to R$235.8 million, equivalent to a margin of 8.7% (+110 bps versus 2Q16). Sales growth in all channels, a positive contribution from e-commerce and the dilution of operating expenses contributed to EBITDA growth. In 1H17, EBITDA grew 52.2% reaching R$467.7 million with 8.5% margin (+150 bps *versus* 1H16).

Financial Results

R$ million	2Q17	% NR	2Q16	% NR	% Chg	1H17	% NR	1H16	% NR	% Chg
Financial Expenses	(136.8)	-5.1%	(149.3)	-7.0%	-8.4%	(290.7)	-5.3%	(291.9)	-6.6%	-0.4%
Interest on loans and financing	(52.7)	-2.0%	(65.2)	-3.0%	-19.2%	(120.6)	-2.2%	(131.6)	-3.0%	-8.3%
Interest on prepayment of receivables – third party card	(33.6)	-1.2%	(42.2)	-2.0%	-20.4%	(66.7)	-1.2%	(76.8)	-1.7%	-13.2%
Interest on prepayment of receivables – Luiza Card	(42.5)	-1.6%	(33.5)	-1.6%	27.0%	(84.4)	-1.5%	(64.4)	-1.5%	31.1%
Other expenses	(8.0)	-0.3%	(8.4)	-0.4%	-4.6%	(19.1)	-0.3%	(19.1)	-0.4%	0.2%
Financial Revenues	27.6	1.0%	24.8	1.2%	11.1%	51.1	0.9%	53.4	1.2%	-4.4%
Gains on marketable securities	1.4	0.1%	3.6	0.2%	-60.9%	6.6	0.1%	8.5	0.2%	-22.1%
Other financial revenues	26.2	1.0%	21.2	1.0%	23.4%	44.5	0.8%	44.9	1.0%	-1.0%
Total Financial Results	(109.2)	-4.0%	(124.5)	-5.8%	-12.3%	(239.7)	-4.4%	(238.4)	-5.4%	0.5%
Income from securities[1]	8.6	0.3%	7.6	0.4%	13.5%	22.1	0.4%	17.3	0.4%	28.1%
Adjusted Financial Results	(100.7)	-3.7%	(116.9)	-5.4%	-13.9%	(217.6)	-4.0%	(221.2)	-5.0%	-1.6%

Note (1): yields of the exclusive fund, which are accounted as financial revenue in the Parent Company and as gross revenue in the Consolidated, as per the Explanatory Notes of ITR.

In 2Q17, adjusted net financial results came to R$100.7 million, a 170 bps improvement YoY. The financial results improved 31.5% as a percentage of net revenue (from 5.4% to 3.7%). This result was positively impacted by a reduced net debt and the maintainance of decrease in Selic rate, which was 24.4% lower in the period. In 1H17 adjusted financial results totaled R$217.6 million (+100 bps YoY).

Net Income

In 2Q17, net income came to R$72.4 million (net margin of 2.7%) with an annualized ROE of 39% In 1H17, net income reached R$ 130.9 million.

Working Capital

CONSOLIDATED (R$ million)	LTM	Jun-17	Mar-17	Dec-16	Sep-16	Jun-16
(+) Accounts Receivables	99.6	503.8	578.8	581.0	423.1	404.3
(+) Inventories	123.6	1,430.3	1,454.1	1,596.7	1,346.3	1,306.7
(+) Related Parties	6.0	47.1	56.8	64.0	50.3	41.2
(+) Recoverable Taxes	(114.2)	182.7	195.5	212.2	293.1	296.9
(+) Other Assets	(5.8)	90.2	66.1	47.8	96.1	96.0
(+) Current Operating Assets	109.2	2,254.3	2,351.3	2,501.7	2,208.8	2,145.1
(-) Suppliers	433.4	1,860.5	1,762.4	2,365.0	1,528.5	1,427.1
(-) Payroll, Vacation and Related Charges	47.1	191.5	188.1	188.4	186.1	144.5
(-) Taxes Payable	18.0	46.4	36.6	40.1	32.9	28.5
(-) Related Parties	(17.7)	60.3	56.3	73.0	53.8	78.0
(-) Deferred Revenue	2.2	42.8	40.3	40.3	40.3	40.6
(-) Other Accounts Payable	69.9	163.2	128.8	115.3	118.0	93.3
(-) Current Operating Liabilities	552.9	2,364.8	2,212.4	2,822.1	1,959.5	1,811.9
(=) Working Capital	(443.7)	(110.5)	138.9	(320.4)	249.2	333.2
(-) Credit Card - Third Party Card	65.8	240.6	342.4	276.2	187.0	174.9
(-) Credit Card - Luiza Card	6.3	11.4	15.7	18.6	12.6	5.1
(-) Total Credit Card	72.1	252.0	358.0	294.9	199.6	179.9
(=) Working Capital Adjusted	(515.8)	(362.5)	(219.2)	(615.2)	49.7	153.3
% of Gross Revenue (LTM)	-4.3%	-2.9%	-1.8%	-5.4%	0.5%	1.4%
(=) Working Capital	(443.7)	(110.5)	138.9	(320.4)	249.2	333.2
(+) Balance of Discounted Receivables	291.4	1,713.9	1,612.3	1,587.5	1,435.3	1,422.5
(=) Working Capital Expanded	(152.3)	1,603.4	1,751.2	1,267.2	1,684.6	1,755.7
% of Gross Revenue (LTM)	-3.8%	12.7%	14.6%	11.1%	15.4%	16.4%

In Jun/17, the adjusted working capital needs came negative at R$362.5 million, relevant improvement from previous year, especially an improved inventory turnover (from 80 days in 2Q16 to 69 days in 2Q17), better average purchase time (from 86 days in 2Q16 to 91 days in 2Q17). In addition, it is worth mentioning the reduction of R$114.2 million in recoverable taxes from Jun/16 to Jun/17. Therefore, the adjusted working capital needs improved R$515.8 million in the last 12 months.

Capex

CAPEX (in R$ million)	2Q17	%	2Q16	%	1H17	%	1H16	%
New Stores	4.1	10%	0.7	3%	14.7	19%	0.7	1%
Remodeling	13.6	33%	6.3	23%	19.3	25%	13.0	26%
Technology	20.6	49%	14.3	53%	39.2	50%	25.9	52%
Logistics	2.1	5%	5.3	20%	3.1	4%	9.5	19%
Other	1.3	3%	0.4	1%	1.7	2%	0.8	2%
Total	**41.7**	**100%**	**27.0**	**100%**	**77.9**	**100%**	**49.9**	**100%**

In 2Q17, the investments increased by 54.3% to R$41.7 million, including the opening of stores, remodeling, investment in technology and logistics. In this period, 49% of the total capex was allocated to technology projects to support the digital transformation strategy in place. In 1H17, capex totaled R$77.9 million, 56.2% growth YoY.

Net Debt

CONSOLIDATED (R$ million)	LTM	Jun-17	Mar-17	Dec-16	Sep-16	Jun-16
(+) Current Loans and Financing	(183.6)	718.7	688.3	838.0	980.9	902.3
(+) Non-current Loans and Financing	(131.4)	663.0	889.9	1,010.8	773.3	794.4
(=) Gross Debt	(315.0)	1,381.6	1,578.2	1,848.8	1,754.2	1,696.7
(-) Cash and Cash Equivalents	67.6	265.1	255.1	599.1	234.6	197.5
(-) Current Securities	132.1	597.0	521.4	819.0	567.0	464.8
(-) Non-current Securities	(0.1)	-	-	0.2	2.8	0.1
(-) Total Cash	199.5	862.0	776.5	1,418.3	804.3	662.5
(=) Net Debt	(514.6)	519.6	801.7	430.5	949.9	1,034.2
(-) Credit Card - Third Party Card	65.8	240.6	342.4	276.2	187.0	174.9
(-) Credit Card - Luiza Card	6.3	11.4	15.7	18.6	12.6	5.1
(-) Total Credit Card	72.1	252.0	358.0	294.9	199.6	179.9
(=) Adjusted Net Debt	(586.7)	267.6	443.7	135.6	750.3	854.3
Short Term Debt / Total	-1%	52%	44%	45%	56%	53%
Long Term Debt / Total	1%	48%	56%	55%	44%	47%
Adjusted EBITDA (LTM)	320.4	879.7	811.0	741.7	626.7	559.3
Adjusted Net Debt / Adjusted EBITDA	-1.2 x	0.3 x	0.5 x	0.2 x	1.2 x	1.5 x

Adjusted net debt (net of credit card receivables not discounted) decreased from R$854.3 million in Jun/16 to R$267.6 million in Jun/17, reducing the adjusted net debt/EBITDA ratio from 1.5x to 0.3x, respectively. In the LTM, adjusted net debt decreased R$586.7 million even considering the buyback shares and the dividend distribution of R$49.3 million in this period due to better results and working capital management.

ANNEX I
FINANCIAL STATEMENTS – CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (R$ million)	2Q17	V.A.	2Q16	V.A.	% Chg	1H17	V.A.	1H16	V.A.	% Chg
Gross Revenue	3,217.2	119.2%	2,561.5	119.3%	25.6%	6,568.2	119.3%	5,285.1	119.8%	24.3%
Taxes and Deductions	(518.0)	-19.2%	(414.3)	-19.3%	25.0%	(1,062.1)	-19.3%	(874.4)	-19.8%	21.5%
Net Revenue	2,699.2	100.0%	2,147.3	100.0%	25.7%	5,506.2	100.0%	4,410.7	100.0%	24.8%
Total Costs	(1,864.3)	-69.1%	(1,464.8)	-68.2%	27.3%	(3,838.8)	-69.7%	(3,044.7)	-69.0%	26.1%
Gross Income	834.9	30.9%	682.5	31.8%	22.3%	1,667.4	30.3%	1,366.1	31.0%	22.1%
Selling Expenses	(489.2)	-18.1%	(417.8)	-19.5%	17.1%	(997.8)	-18.1%	(844.6)	-19.1%	18.1%
General and Administrative Expenses	(126.2)	-4.7%	(118.4)	-5.5%	6.5%	(246.3)	-4.5%	(229.5)	-5.2%	7.3%
Provisions for Loan Losses	(10.2)	-0.4%	(5.5)	-0.3%	84.2%	(15.8)	-0.3%	(13.2)	-0.3%	19.1%
Other Operating Revenues, Net	9.0	0.3%	6.5	0.3%	37.8%	19.3	0.4%	(2.1)	0.0%	-
Equity in Subsidiaries	17.4	0.6%	15.9	0.7%	9.5%	40.8	0.7%	30.6	0.7%	33.3%
Total Operating Expenses	(599.2)	-22.2%	(519.3)	-24.2%	15.4%	(1,199.7)	-21.8%	(1,058.7)	-24.0%	13.3%
EBITDA	235.8	8.7%	163.2	7.6%	44.5%	467.7	8.5%	307.3	7.0%	52.2%
Depreciation and Amortization	(34.9)	-1.3%	(31.0)	-1.4%	12.7%	(69.4)	-1.3%	(61.9)	-1.4%	12.1%
EBIT	200.9	7.4%	132.2	6.2%	51.9%	398.3	7.2%	245.4	5.6%	62.3%
Financial Results	(109.2)	-4.0%	(124.5)	-5.8%	-12.3%	(239.7)	-4.4%	(238.4)	-5.4%	0.5%
Operating Income	91.6	3.4%	7.7	0.4%	1087.8%	158.6	2.9%	7.0	0.2%	2166.0%
Income Tax and Social Contribution	(19.3)	-0.7%	2.7	0.1%	-811.1%	(27.7)	-0.5%	8.7	0.2%	-419.7%
Net Income	72.4	2.7%	10.4	0.5%	594.5%	130.9	2.4%	15.7	0.4%	735.3%

Reconciliation of EBITDA for non-recurring expenses

EBITDA	235.8	8.7%	163.2	7.6%	-	467.7	8.5%	307.3	7.0%	-
Non-recurring Expenses	1.4	0.1%	5.3	0.2%	-	1.9	0.0%	24.3	0.6%	-
Adjusted EBITDA	237.1	8.8%	168.5	7.8%	-	469.6	8.5%	331.6	7.5%	-

Net Income	72.4	2.7%	10.4	0.5%	-	130.9	2.4%	15.7	0.4%	-
Non-recurring Expenses	1.4	0.1%	5.3	0.2%	-	1.9	0.0%	24.3	0.6%	-
Tax Over Non-recurring Expenses	(0.5)	0.0%	(1.8)	-0.1%	-	(0.7)	0.0%	(8.3)	-0.2%	-
Adjusted Net Income	73.3	2.7%	13.9	0.6%	-	132.2	2.4%	31.7	0.7%	-

ANNEX II
FINANCIAL STATEMENTS – CONSOLIDATED BALANCE SHEET

ASSETS (R$ million)	Jun-17	Mar-17	Dec-16	Sep-16	Jun-16
CURRENT ASSETS					
Cash and Cash Equivalents	265.1	255.1	599.1	234.6	197.5
Securities	597.0	521.4	819.0	567.0	464.8
Accounts Receivable	503.8	578.8	581.0	423.1	404.3
Inventories	1,430.3	1,454.1	1,596.7	1,346.3	1,306.7
Related Parties	47.1	56.8	64.0	50.3	41.2
Taxes Recoverable	182.7	195.5	212.2	293.1	296.9
Other Assets	90.2	66.1	47.8	96.1	96.0
Total Current Assets	3,116.3	3,127.8	3,919.8	3,010.3	2,807.4
	-	-	-	-	-
NON-CURRENT ASSETS					
Securities	-	-	0.2	2.8	0.1
Accounts Receivable	4.3	3.1	3.6	2.3	2.0
Deferred Income Tax and Social Contribution	236.5	238.0	242.0	243.8	239.7
Recoverable Taxes	181.7	191.8	223.6	167.8	167.0
Judicial Deposits	297.0	292.7	292.2	281.8	273.0
Other Assets	40.8	40.2	52.3	50.6	50.1
Investments in Subsidiaries	311.8	304.9	293.8	287.1	281.6
Fixed Assets	557.4	558.0	560.1	559.0	562.4
Intangible Assets	525.9	516.9	513.0	508.2	508.4
Total Non-current Assets	2,155.5	2,145.5	2,180.8	2,103.5	2,084.4
TOTAL ASSETS	5,271.8	5,273.3	6,100.6	5,113.8	4,891.8

LIABILITIES (R$ million)	Jun-17	Mar-17	Dec-16	Sep-16	Jun-16
CURRENT LIABILITIES					
Suppliers	1,860.5	1,762.4	2,365.0	1,528.5	1,427.1
Loans and Financing	718.7	688.3	838.0	980.9	902.3
Payroll, Vacation and Related Charges	191.5	188.1	188.4	186.1	144.5
Taxes Payable	46.4	36.6	40.1	32.9	28.5
Related Parties	60.3	56.3	73.0	53.8	78.0
Deferred Revenue	42.8	40.3	40.3	40.3	40.6
Dividends Payable	-	12.3	12.3	-	-
Other Accounts Payable	163.2	128.8	115.3	118.0	93.3
Total Current Liabilities	3,083.5	2,913.1	3,672.4	2,940.4	2,714.2
NON-CURRENT LIABILITIES					
Loans and Financing	663.0	889.9	1,010.8	773.3	794.4
Provision for Tax, Civil and Labor Risks	286.6	286.5	284.1	268.7	263.4
Deferred Revenue	489.0	499.1	509.2	519.2	529.3
Other Accounts Payable	2.7	2.5	2.6	2.3	2.3
Total Non-current Liabilities	1,441.3	1,677.9	1,806.6	1,563.6	1,589.5
TOTAL LIABILITIES	4,524.8	4,591.0	5,479.0	4,504.0	4,303.6
SHAREHOLDERS' EQUITY					
Capital Stock	606.5	606.5	606.5	606.5	606.5
Capital Reserve	22.2	20.1	19.0	17.9	16.8
Treasury Shares	(28.7)	(28.7)	(28.7)	(5.9)	(1.1)
Legal Reserve	20.5	20.5	20.5	16.1	16.1
Profit Retention Reserve	-	3.1	3.1	-	-
Other Comprehensive Income	1.8	2.3	1.2	1.4	0.9
Accumulated Losses	124.7	58.6	-	(26.3)	(51.1)
Total Shareholders' Equity	747.0	682.4	621.6	609.8	588.2
TOTAL	5,271.8	5,273.3	6,100.6	5,113.8	4,891.8

ANNEX III
FINANCIAL STATEMENTS – ADJUSTED CONSOLIDATED STATEMENT OF CASH FLOWS

ADJUSTED CASH FLOW STATEMENTS	2Q17	2Q16	1H17	1H16
Net Income	**72.4**	**10.4**	**130.9**	**15.7**
Effect of IR / CS Net of Payment	18.5	(3.3)	26.3	(9.8)
Depreciation and Amortization	34.9	31.0	69.4	61.9
Interest Accrued on Loans	47.6	62.0	109.9	123.1
Equity Income	(17.4)	(15.9)	(40.8)	(30.6)
Dividends Received	10.0	17.0	26.3	53.6
Provision for Losses on Inventories and Receivables	31.8	21.4	60.2	53.2
Provision for Tax, Civil and Labor Contingencies	10.4	12.6	20.5	27.5
Gain on Sale of Fixed Assets	0.3	0.2	(2.3)	0.3
Recognition of Deferred Income	(11.3)	(10.3)	(21.4)	(20.2)
Stock Option Expenses	2.1	1.1	3.2	2.2
Other	0.0	0.0	0.0	0.0
Adjusted Net Income	**199.3**	**126.2**	**382.0**	**276.9**
Trade Accounts Receivable	61.2	(24.0)	54.9	10.2
Inventories	4.5	(39.6)	127.8	14.5
Taxes Recoverable	22.9	21.1	71.3	47.7
Other Receivables	(19.3)	(32.8)	(22.2)	(52.2)
Changes in Operating Assets	**69.3**	**(75.3)**	**231.8**	**20.2**
Trade Accounts Payable	98.1	33.0	(504.4)	(467.0)
Other Payables	27.4	14.7	8.7	(10.6)
Change in Operating Liabilities	**125.6**	**47.7**	**(495.7)**	**(477.7)**
Cash Flow from Operating Activities	**394.1**	**98.7**	**118.1**	**(180.6)**
Additions of Fixed and Intangible Assets	(41.7)	(27.0)	(77.9)	(49.9)
Cash on Sale of Fixed Assets	0.0	0.0	3.2	0.0
Renegotiation Payment of Exclusive Contract	0.0	0.0	0.0	(11.2)
Investment in Subsidiary	(1.0)	0.0	(1.0)	0.0
Cash Flow from Investing Activities	**(42.7)**	**(27.0)**	**(75.7)**	**(61.0)**
Loans and Financing	200.0	104.4	202.6	193.0
Repayment of Loans and Financing	(373.9)	(117.1)	(624.6)	(228.0)
Changes in Other Financial Assets (Hedge)	1.2	(43.9)	(12.7)	(89.7)
Payment of Interest on Loans and Financing	(71.4)	(72.7)	(142.3)	(125.1)
Payment of Dividends	(21.6)	0.0	(21.6)	0.0
Treasury Shares	0.0	(1.1)	0.0	(8.0)
Cash Flow from Financing Activities	**(265.8)**	**(130.5)**	**(598.6)**	**(257.7)**
Cash, Cash Equivalents and Securities at Beginning of Period	776.5	721.3	1,418.3	1,161.8
Cash, Cash Equivalents and Securities at end of Period	862.0	662.5	862.0	662.5
Change in Cash and Cash equivalents	**85.6**	**(58.8)**	**(556.3)**	**(499.3)**

Note: The difference between the Statement of Cash Flows and the Adjusted Statement of Cash Flows basically refers to: (i) the accounting treatment of marketable securities (TVM) as cash and cash equivalents.

ANNEX IV
RESULTS BY SEGMENT – 2Q17

2Q17 (in R$ million)	Retail	Consortium 100%	Eliminations	Consolidated	Cons. Finance 50%	Insurance 50%	Eliminations	Consolidated Pro-Forma
Gross Revenue	3,203.2	17.0	(2.9)	3,217.2	195.0	47.5	(68.5)	3,391.2
Taxes and Deductions	(516.8)	(1.2)	-	(518.0)	-	-	-	(518.0)
Net Revenue	2,686.4	15.8	(2.9)	2,699.2	195.0	47.5	(68.5)	2,873.2
Total Costs	(1,859.2)	(7.9)	2.9	(1,864.3)	(23.6)	(5.8)	-	(1,893.7)
Gross Income	827.1	7.8	(0.0)	834.9	171.4	41.7	(68.5)	979.5
Selling Expenses	(489.3)	-	0.0	(489.2)	(83.0)	(32.3)	47.3	(557.3)
General and Administrative Expenses	(119.4)	(6.8)	-	(126.2)	(1.0)	(4.9)	-	(132.1)
Provisions for Loan Losses	(10.2)	-	-	(10.2)	(56.9)	-	-	(67.1)
Equity in Subsidiaries	18.6	-	(1.2)	17.4	-	-	(17.4)	-
Other Operating Revenues, Net	8.8	0.2	-	9.0	(4.3)	(0.9)	(0.5)	3.3
Total Operating Expenses	(591.4)	(6.6)	(1.2)	(599.2)	(145.2)	(38.1)	29.3	(753.2)
EBITDA	235.8	1.2	(1.2)	235.8	26.2	3.6	(39.2)	226.3
Depreciation and Amortization	(34.8)	(0.1)	-	(34.9)	(1.5)	(1.2)	0.5	(37.1)
EBIT	200.9	1.1	(1.2)	200.9	24.7	2.5	(38.7)	189.3
Financial Results	(109.9)	0.7	-	(109.2)	-	4.4	21.3	(83.6)
Operating Income (Loss)	91.0	1.8	(1.2)	91.6	24.7	6.8	(17.4)	105.6
Income Tax and Social Contribution	(18.6)	(0.6)	-	(19.3)	(11.1)	(3.0)	-	(33.3)
Net Income	72.4	1.2	(1.2)	72.4	13.6	3.9	(17.4)	72.4
Gross Margin	30.8%	49.7%	1.3%	30.9%	87.9%	87.8%	100.0%	34.1%
EBITDA Margin	8.8%	7.7%	40.7%	8.7%	13.4%	7.6%	57.2%	7.9%
Net Margin	2.7%	7.6%	40.7%	2.7%	7.0%	8.1%	25.5%	2.5%

ANNEX V
RESULTS BY SEGMENT – 1H17

1H17 (in R$ million)	Retail	Consortium 100%	Eliminations	Consolidated	Cons. Finance 50%	Insurance 50%	Eliminations	Consolidated Pro-Forma
Gross Revenue	6,541.0	33.1	(5.9)	6,568.2	392.1	92.2	(135.4)	6,917.2
Taxes and Deductions	(1,059.7)	(2.4)	-	(1,062.1)	-	-	-	(1,062.1)
Net Revenue	5,481.3	30.8	(5.9)	5,506.2	392.1	92.2	(135.4)	5,855.1
Total Costs	(3,828.9)	(15.7)	5.9	(3,838.8)	(50.3)	(12.1)	-	(3,901.2)
Gross Income	1,652.4	15.0	(0.1)	1,667.4	341.7	80.2	(135.4)	1,953.9
Selling Expenses	(997.9)	-	0.1	(997.8)	(161.5)	(62.5)	93.2	(1,128.6)
General and Administrative Expenses	(233.7)	(12.6)	-	(246.3)	(1.3)	(10.0)	-	(257.6)
Provisions for Loan Losses	(15.8)	-	-	(15.8)	(108.8)	-	-	(124.6)
Equity in Subsidiaries	43.7	-	(2.9)	40.8	-	-	(40.8)	-
Other Operating Revenues, Net	18.8	0.5	-	19.3	(6.7)	(1.4)	(2.8)	8.5
Total Operating Expenses	(1,184.9)	(12.0)	(2.9)	(1,199.7)	(278.2)	(73.9)	49.6	(1,502.3)
EBITDA	467.6	3.0	(2.9)	467.7	63.5	6.3	(85.8)	451.6
Depreciation and Amortization	(69.2)	(0.2)	-	(69.4)	(3.0)	(2.3)	2.8	(71.9)
EBIT	398.4	2.8	(2.9)	398.3	60.5	3.9	(83.0)	379.7
Financial Results	(241.2)	1.5	-	(239.7)	-	9.4	42.2	(188.1)
Operating Income (Loss)	157.2	4.4	(2.9)	158.6	60.5	13.4	(40.8)	191.7
Income Tax and Social Contribution	(26.3)	(1.5)	-	(27.7)	(27.2)	(5.8)	-	(60.8)
Net Income	130.9	2.9	(2.9)	130.9	33.3	7.6	(40.8)	130.9
Gross Margin	30.1%	48.8%	0.9%	30.3%	87.2%	86.9%	100.0%	33.4%
EBITDA Margin	8.5%	9.8%	49.1%	8.5%	16.2%	6.8%	63.4%	7.7%
Net Margin	2.4%	9.4%	49.1%	2.4%	8.5%	8.2%	30.2%	2.2%

ANNEX VI
RESULTS BY SEGMENT – 2Q16

2Q16 (in R$ million)	Retail	Consortium 100%	Eliminations	Consolidated	Cons. Finance 50%	Insurance 50%	Eliminations	Consolidated Pro-Forma
Gross Revenue	2,549.9	13.9	(2.2)	2,561.5	196.5	44.4	(59.0)	2,743.5
Taxes and Deductions	(413.1)	(1.1)	-	(414.3)	-	-	-	(414.3)
Net Revenue	2,136.7	12.8	(2.2)	2,147.3	196.5	44.4	(59.0)	2,329.2
Total Costs	(1,461.7)	(5.3)	2.2	(1,464.8)	(29.7)	(6.6)	-	(1,501.2)
Gross Income	675.0	7.5	-	682.5	166.8	37.8	(59.0)	828.1
Selling Expenses	(417.8)	-	-	(417.8)	(74.4)	(29.9)	42.3	(479.8)
General and Administrative Expenses	(112.2)	(6.3)	-	(118.4)	(0.5)	(6.0)	-	(124.9)
Provisions for Loan Losses	(5.5)	-	-	(5.5)	(67.0)	-	-	(72.5)
Equity in Subsidiaries	17.2	-	(1.3)	15.9	-	-	(15.9)	-
Other Operating Revenues, Net	6.5	0.0	-	6.5	(0.2)	0.4	(0.5)	6.1
Total Operating Expenses	(511.7)	(6.3)	(1.3)	(519.3)	(142.1)	(35.5)	25.8	(671.1)
EBITDA	163.3	1.2	(1.3)	163.2	24.7	2.3	(33.2)	157.0
Depreciation and Amortization	(30.9)	(0.1)	-	(31.0)	(1.5)	(1.1)	0.5	(33.1)
EBIT	132.4	1.1	(1.3)	132.2	23.2	1.2	(32.7)	123.9
Financial Results	(125.3)	0.8	-	(124.5)	-	5.0	16.7	(102.8)
Operating Income (Loss)	7.1	1.9	(1.3)	7.7	23.2	6.2	(15.9)	21.2
Income Tax and Social Contribution	3.3	(0.6)	-	2.7	(10.6)	(2.9)	-	(10.7)
Net Income	10.4	1.3	(1.3)	10.4	12.6	3.3	(15.9)	10.4
Gross Margin	31.6%	58.7%	0.0%	31.8%	84.9%	85.1%	100.0%	35.6%
EBITDA Margin	7.6%	9.4%	57.4%	7.6%	12.6%	5.1%	56.2%	6.7%
Net Margin	0.5%	10.0%	57.4%	0.5%	6.4%	7.5%	27.0%	0.4%

ANNEX VII
RESULTS BY SEGMENT – 1H16

1H16 (in R$ million)	Retail	Consortium 100%	Eliminations	Consolidated	Cons. Finance 50%	Insurance 50%	Eliminations	Consolidated Pro-Forma
Gross Revenue	5,262.1	27.5	(4.4)	5,285.1	389.5	92.7	(120.9)	5,646.4
Taxes and Deductions	(872.1)	(2.3)	-	(874.4)	-	-	-	(874.4)
Net Revenue	4,390.0	25.2	(4.4)	4,410.7	389.5	92.7	(120.9)	4,772.0
Total Costs	(3,039.1)	(10.0)	4.4	(3,044.7)	(60.1)	(15.3)	-	(3,120.1)
Gross Income	1,350.8	15.2	-	1,366.1	329.4	77.3	(120.9)	1,651.9
Selling Expenses	(844.6)	-	-	(844.6)	(147.1)	(63.4)	88.7	(966.4)
General and Administrative Expenses	(217.3)	(12.2)	-	(229.5)	(1.0)	(12.1)	-	(242.6)
Provisions for Loan Losses	(13.2)	-	-	(13.2)	(133.8)	-	-	(147.1)
Equity in Subsidiaries	33.5	-	(2.9)	30.6	-	-	(30.6)	-
Other Operating Revenues, Net	(2.1)	0.0	-	(2.1)	3.1	0.4	(2.8)	(1.4)
Total Operating Expenses	(1,043.6)	(12.2)	(2.9)	(1,058.7)	(278.9)	(75.1)	55.3	(1,357.4)
EBITDA	307.2	3.0	(2.9)	307.3	50.5	2.3	(65.6)	294.5
Depreciation and Amortization	(61.7)	(0.2)	-	(61.9)	(3.0)	(2.4)	2.8	(64.5)
EBIT	245.5	2.8	(2.9)	245.4	47.5	(0.1)	(62.8)	230.0
Financial Results	(239.9)	1.5	-	(238.4)	-	9.5	32.2	(196.7)
Operating Income (Loss)	5.6	4.3	(2.9)	7.0	47.5	9.4	(30.6)	33.3
Income Tax and Social Contribution	10.1	(1.4)	-	8.7	(21.8)	(4.5)	-	(17.6)
Net Income	15.7	2.9	(2.9)	15.7	25.7	4.9	(30.6)	15.7
Gross Margin	30.8%	60.4%	0.0%	31.0%	84.6%	83.5%	100.0%	34.6%
EBITDA Margin	7.0%	11.8%	65.2%	7.0%	13.0%	2.4%	54.3%	6.2%
Net Margin	0.4%	11.4%	65.2%	0.4%	6.6%	5.3%	25.3%	0.3%

ANNEX VIII
RETURN ON INVESTED CAPITAL (ROIC) AND ON EQUITY (ROE)

CONSOLIDATED (R$ million)	Jun-17	Mar-17	Dec-16	Sep-16	Jun-16
(=) Working Capital	(110.5)	138.9	(320.4)	249.2	333.2
(+) Accounts Receivable	4.3	3.1	3.6	2.3	2.0
(+) IR and CS deferred	181.7	191.8	223.6	167.8	167.0
(+) Taxes Recoverable	236.5	238.0	242.0	243.8	239.7
(+) Judicial Deposits	297.0	292.7	292.2	281.8	273.0
(+) Other Assets	40.8	40.2	52.3	50.6	50.1
(+) Invest. contr. em conjunto	311.8	304.9	293.8	287.1	281.6
(+) Fixed Assets	557.4	558.0	560.1	559.0	562.4
(+) Intangible Assets	525.9	516.9	513.0	508.2	508.4
(+) Non Current Assets	2,155.5	2,145.5	2,180.6	2,100.7	2,084.2
(-) Provision for Contingencies	286.6	286.5	284.1	268.7	263.4
(-) Deferred Revenue	489.0	499.1	509.2	519.2	529.3
(-) Other Accounts Payable	2.7	2.5	2.6	2.3	2.3
(-) Noncurrent operating liabilities	778.3	788.0	795.8	790.3	795.0
(=) Fixed Capital	1,377.2	1,357.5	1,384.8	1,310.4	1,289.2
(=) Total Invested Capital	1,266.6	1,496.4	1,064.4	1,559.6	1,622.4
(+) Net Debt	519.6	801.7	430.5	949.9	1,034.2
(+) Dividends Payable	-	12.3	12.3	-	-
(+) Shareholders Equity	747.0	682.4	621.6	609.8	588.2
(=) Total Financing	1,266.6	1,496.4	1,064.4	1,559.6	1,622.4

FINANCIAL EXPENSES RECONCILIATION (R$MM)	2Q17	1Q17	4Q16	3Q16	2Q16
Financial Income	27.6	23.5	29.0	34.2	24.8
Financial Expenses	(136.8)	(153.9)	(167.2)	(161.5)	(149.3)
Net Financial Expenses	(109.2)	(130.4)	(138.2)	(127.2)	(124.5)
Interest on prepayment of receivables: Luiza Card and third party card	76.1	74.9	87.3	81.2	75.7
Adjusted Financial Expenses	(33.1)	(55.5)	(50.9)	(46.1)	(48.8)
Taxes on Adjusted Financial Expenses	11.3	18.9	17.3	15.7	16.6
Net Adjusted Financial Expenses	(21.9)	(36.6)	(33.6)	(30.4)	(32.2)

NOPLAT AND ROIC/ROE RECONCILIATION(R$MM)	2Q17	1Q17	4Q16	3Q16	2Q16
EBITDA	235.8	231.9	226.9	180.4	163.2
Interest on prepayment of receivables: Luiza Card and third party card	(76.1)	(74.9)	(87.3)	(81.2)	(75.7)
Adjusted EBITDA	159.7	157.0	139.6	99.2	87.5
Depreciation	(34.9)	(34.4)	(40.0)	(31.7)	(31.0)
Adjusted EBIT	124.7	122.5	99.6	67.5	56.5
Current and deferred taxes	(19.3)	(8.5)	(2.6)	3.4	2.7
Taxes on Adjusted Financial Expenses	(11.3)	(18.9)	(17.3)	(15.7)	(16.6)
Net Operating Income(NOPLAT)	94.2	95.2	79.7	55.2	42.6
Invested Capital	1,266.6	1,496.4	1,064.4	1,559.6	1,622.4
ROIC Annualized	30%	25%	30%	14%	11%
Net Income	72.4	58.6	46.1	24.8	10.4
Shareholders Equity	747.0	682.4	621.6	609.8	588.2
ROE Annualized	39%	34%	30%	16%	7%

ANNEX IX
BREAKDOWN OF SALES AND NUMBER OF STORES PER CHANNEL

Gross Revenue by Channel (R$ million)					Growth
	2Q17	V.A.	1Q16	V.A.	Total
Virtual Stores	156.9	4.9%	122.5	4.8%	28.1%
Conventional Stores	2,148.3	67.3%	1,847.6	72.7%	16.3%
Subtotal - Physical Stores	**2,305.2**	**72.2%**	**1,970.1**	**77.5%**	**17.0%**
Ecommerce	889.3	27.8%	572.1	22.5%	55.4%
Total	**3,194.5**	100.0%	**2,542.2**	100.0%	25.7%

Gross Revenue by Channel (R$ million)					Growth
	1H17	V.A.	1H16	V.A.	Total
Virtual Stores	310.2	4.8%	246.2	4.7%	26.0%
Conventional Stores	4,374.9	67.1%	3,821.8	72.9%	14.5%
Subtotal - Physical Stores	**4,685.1**	**71.9%**	**4,068.0**	**77.6%**	**15.2%**
Ecommerce	1,833.8	28.1%	1,176.8	22.4%	55.8%
Total	**6,518.9**	100.0%	**5,244.8**	100.0%	24.3%

Number of stores per channel – End of the period					Growth
	jun-17	Part(%)	jun-16	Part(%)	Total
Virtual Stores	123	15.1%	114	14.5%	9
Conventional Stores	690	84.8%	672	85.4%	18
Subtotal - Physical Stores	**813**	**99.9%**	**786**	**99.9%**	**27**
Ecommerce	1	0.1%	1	0.1%	-
Total	**814**	100.0%	**787**	100.0%	27
Total Sales Area (m²)	509,909	100%	498,871	100%	2.2%

The differences in gross revenue from the retail segment in the breakdown by channel and income statements refer to the exclusive funds in the amount of R$8.6 million in 2Q17 and R$7.6 million in 2Q16.

ANNEX X
LUIZACRED

Operating Indicators

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

In Jun/17, Luizacred had a total base of 3.3 million cards issued. In 2Q17, Luizacred maintained its conservative credit approval rate. It is worth noting that as the Luiza Card customers are more loyal than others, the sales using Luiza Card inside our stores grew 47.8% in 2Q17. Due to a conservative credit policy, especially with respect to DCC (direct credit to consumers), its sales decreased from R$82 million in 2Q16 to R$62 million in 2Q17.

Luizacred's credit portfolio, including credit cards, DCC and personal loans, totaled R$4.8 billion in 2Q17, increasing 15.4% YoY, highlighting Luiza Card portfolio, which was up 21.2% to R$4.5 billion, while DCC portfolio went down 37.1% to R$243 million, following Luizacred's strategy to focus the Luiza Card.

LUIZACRED – Key Indicators (R$ million)	2Q17	2Q16	% Chg	1H17	1H16	% Chg
Total Card Base (thousand)	3,255	3,464	-6.0%	3,255	3,464	-6.0%
Luiza Card Sales – In chain	756	512	47.8%	1,427	975	46.3%
Luiza Card Sales – Outside Brand	2,725	2,214	23.1%	5,152	4,264	20.8%
CDC Sales	62	82	-24.1%	146	174	-16.3%
Personal Loans Sales	15	19	-22.2%	32	40	-19.7%
Luizacred Sales - Total	**3,559**	**2,827**	**25.9%**	**6,758**	**5,455**	**23.9%**
Card Portfolio	4,511	3,721	21.2%	4,511	3,721	21.2%
CDC Portfolio	243	387	-37.1%	243	387	-37.1%
Personal Loans Portfolio	35	43	-18.4%	35	43	-18.4%
Portfolio - Total	**4,789**	**4,151**	**15.4%**	**4,789**	**4,151**	**15.4%**

The granting of credit at Luizacred follows the policies and criteria established by Itaú Unibanco's Credit Modeling and Policies area. The policies are defined based on proprietary statistics models, using the Risk Adjusted Return on Capital (RAROC) model.

Income Statement

LUIZACRED – Income (R$ million)	2Q17	V.A.	2Q16	V.A.	% Chg	1H17	V.A.	1H16	V.A.	% Chg
Financial Intermediation Revenue	275.8	100.0%	297.5	100.0%	-7.3%	560.0	100.0%	602.3	100.0%	-7.0%
Cards	226.8	82.2%	232.8	78.3%	-2.6%	460.0	82.1%	461.6	76.6%	-0.4%
CDC	38.3	13.9%	52.3	17.6%	-26.7%	78.7	14.1%	116.6	19.4%	-32.5%
Personal Loans	10.7	3.9%	12.4	4.2%	-14.2%	21.3	3.8%	24.1	4.0%	-11.7%
Financial Intermediation Expenses	(161.2)	-58.4%	(193.4)	-65.0%	-16.7%	(318.3)	-56.8%	(387.9)	-64.4%	-17.9%
Market Funding Operations	(47.3)	-17.1%	(59.5)	-20.0%	-20.5%	(100.7)	-18.0%	(120.2)	-20.0%	-16.3%
Provision for Loan Losses	(113.9)	-41.3%	(134.0)	-45.0%	-15.0%	(217.7)	-38.9%	(267.7)	-44.4%	-18.7%
Gross Financial Intermediation Income	114.6	41.6%	104.1	35.0%	10.1%	241.7	43.2%	214.4	35.6%	12.7%
Other Operating Revenues (Expenses)	(65.3)	-23.7%	(57.8)	-19.4%	13.0%	(120.7)	-21.5%	(119.4)	-19.8%	1.0%
Service Revenue	114.3	41.4%	95.5	32.1%	19.6%	224.1	40.0%	176.7	29.3%	26.8%
Personnel Expenses	(2.1)	-0.8%	(1.0)	-0.3%	118.4%	(2.5)	-0.4%	(2.0)	-0.3%	27.0%
Other Administrative Expenses	(145.1)	-52.6%	(128.6)	-43.2%	12.9%	(281.7)	-50.3%	(255.1)	-42.3%	10.4%
Depreciation and Amortization	(3.0)	-1.1%	(3.0)	-1.0%	-1.6%	(6.0)	-1.1%	(6.1)	-1.0%	-1.6%
Tax Expenses	(20.8)	-7.5%	(20.3)	-6.8%	2.4%	(41.3)	-7.4%	(39.2)	-6.5%	5.3%
Other Operating Revenues (Expenses)	(8.6)	-3.1%	(0.5)	-0.2%	1705%	(13.4)	-2.4%	6.2	1.0%	-317.0%
Income Before Tax	49.3	17.9%	46.3	15.6%	6.4%	121.0	21.6%	94.9	15.8%	27.4%
Income Tax and Social Contribution	(22.2)	-8.0%	(21.1)	-7.1%	4.8%	(54.5)	-9.7%	(43.6)	-7.2%	24.9%
Net Income	27.2	9.8%	25.2	8.5%	7.8%	66.5	11.9%	51.3	8.5%	29.6%

Revenue from Financial Intermediation

Revenues from financial intermediation went down 7.3% in 2Q17 and 7.0% in 1H17 mainly due to the decrease revenues from direct consumer credit (DCC) segment of 26.7% and 32.5%, respectively.

Provision for Loan Losses

The indicators continue improving. The portfolio of loans overdue from 15 to 90 days (NPL 15) accounted for 3.6% of total portfolio in Jun/17, reducing 30 bps from Jun/16, due to a more conservative credit policy.

Even amid an still ongoing challenging macroeconomic scenario, the loan portfolio overdue by more than 90 days (NPL 90) reached 8.4% of total portfolio in Jun/17 versus 11.7% in Jun/16 (-330 bps) and 8.8% in Mar/17 (-40 bps). Provisions for loan losses expenses net of recovery accounted for 2.4% of total portfolio in 2Q17 versus 3.2% in 2Q16. We highlight the portfolio coverage ratio increased to 132% in Jun/17 from 123% in Jun/16.

PORTFOLIO - OVERDUE	Jun-17		Mar-17		Dec-16		Sep-16		Jun-16	
Total Portfolio (R$ million)	4,789	100.0%	4,543	100.0%	4,527	100.0%	4,193	100.0%	4,151	100.0%
000 to 014 days	4,213	88.0%	3,975	87.5%	3,950	87.3%	3,607	86.0%	3,502	84.4%
015 to 030 days	56	1.2%	55	1.2%	41	0.9%	43	1.0%	44	1.1%
031 to 060 days	54	1.1%	51	1.1%	50	1.1%	45	1.1%	51	1.2%
061 to 090 days	64	1.3%	62	1.4%	56	1.2%	54	1.3%	66	1.6%
091 to 120 days	56	1.2%	49	1.1%	54	1.2%	55	1.3%	60	1.4%
121 to 150 days	57	1.2%	55	1.2%	48	1.1%	52	1.3%	60	1.4%
151 to 180 days	55	1.1%	48	1.1%	47	1.0%	56	1.3%	57	1.4%
180 to 360 days	234	4.9%	249	5.5%	280	6.2%	281	6.7%	310	7.5%
Overdue 15-90 days	174	3.6%	168	3.7%	147	3.2%	143	3.4%	162	3.9%
Overdue Above 90 days	402	8.4%	400	8.8%	429	9.5%	444	10.6%	487	11.7%
Total Overdue	576	12.0%	568	12.5%	576	12.7%	586	14.0%	649	15.6%
Provisions for loan losses in IFRS	532	11.1%	528	11.6%	549	12.1%	562	13.4%	598	14.4%
Coverage (%)	132%		132%		128%		127%		123%	

Note: for better comparability and analysis of the loan performance (NPL), the Company now discloses the breakdown of the portfolio by arrears criterion, while it continues disclosing the portfolio breakdown by risk level to the Central Bank.

Financial Intermediation Gross Results

Gross margin from financial intermediation totaled 41.6% in 2Q17, an 6.6 percentage point improvement over 2Q16, mainly due to lower provisions in view of the reduction on overdue indicators. In 1H17, gross margin from financial intermediation was 43.2% (+760 bps YoY).

Other Operating Revenues (Expenses)

Other operating expenses totaled R$65.3 million in 2Q17, a nominal increase of 13.0% YoY, chiefly due to improvement in the loan portfolio and sales expenses as well as consulting and training. In 1H17 other operating expenses totaled R$120.7 million, stable comparing with 1H16. It is worth highlighting the 26.8% growth in service revenues in relation to 1H16.

Operating Income and Net Income

In 2Q17, Luizacred recorded operating income of R$49.3 million (2.3 percentage points higher YoY), equivalent to 17.9% of financial intermediation revenue. In 1H17, operating income was R$121.0 million, 21.6% of financial intermediation revenue (+580 bps YoY).

In 1Q17, Luizacred's net income was up 7.8% to R$27.2 million (ROE of 19%). In 1H17 net income reached R$66.5 million (29.6% higher) , 11.9% of financial intermediation revenue (+340 bps YoY).

It is worth highlighting the evolution of Luizacred's results even considering a significant interest rates reduction on refinancing (revolving) from 15.9% to 9.9% as of Apr/17.

Shareholders' Equity

In compliance with the accounting practices established by the Brazilian Central Bank, considering the minimum provisions required by Law 2682, Luizacred posted net income of R$32.3 million in 2Q17 and R$75.1 million in 1H17, with a shareholders' equity of R$638.6 million in jun/17. As a result of adjustments required under IFRS, specifically additional provisions for expected losses, net of taxes, Luizacred's shareholders' equity for effects of Magazine Luiza's financial statements came to R$587.7 million.

EARNINGS CONFERENCE CALL

Conference Call in Portuguese/English (with simultaneous translation)

August 1, 2017 (Tuesday)
10:00 am – Brasília time
9:00 am – USA time (EST)

Participants from Brazil:
Dian in #: +55 (11) 3193-1001
CODE: Magazine Luiza
Link to webcast:

Webcast Portuguese

Participants from the US or other countries:
Dian in #: +1 (786) 924 6977
CODE: Magazine Luiza
Link de webcast:

Webcast English

Replay (available for 7 days):
Dial in # from Brazil: +55 (11) 3193-1012
Identification Code: 7464697#

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About Magazine Luiza

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

EBITDA, Adjusted EBITDA and Adjusted Net Income

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