Magazine Luiza S.A. (B3: MGLU3)
4th Quarter 2019 Earnings Release (IFRS equivalent)

4Q19 HIGHLIGHTS

Total sales rose 51%, reaching R$9.0 billion (R$27.3 billion in 2019)
E-commerce grew 93%, reaching R$4.3 billion and 48% of total sales
Marketplace grew 216%, reaching 27% of total e-commerce
Physical store sales grew 26% (13% same store sales)
Adjusted EBITDA of R$395 million, 6.2% margin (R$1.3 billion in 2019)
Adjusted Net profit reached R$185 million, 2.9% margin (R$552 million in 2019)
Cash flow operation of R$1.8 billion in 4T19

- **Consistent market share gains.** In 4Q19, total sales (physical stores, traditional e-commerce (1P) and marketplace (3P)) increased 51.3% to R$9.0 billion, reflecting growth of 92.8% in e-commerce (on top of 57.4% growth in 4Q18) and 26.1% in physical stores (same store sales growth of 12.6% on top of 16.1% growth in 4Q18). It is worth highlighting the performance of the 159 stores opened in the last 12 months that generated sales above our expectations, expanding total physical store sales growth by 13.5 p.p.

- **Accelerated growth in e-commerce.** E-commerce sales grew 92.8% in 4Q19, reaching 48.0% of total sales, compared to market growth of 16.3% (E-bit). In traditional e-commerce (1P), sales grew 68.6%, and the marketplace contributed with additional sales of R$1.2 billion, growing 216.4% and representing 26.8% of total e-commerce. Among other things, Magalu's market share gains were driven by: app performance--with 19 million MAU (including Magalu Superapp, Netshoes, Zattini and Época Cosméticos); an increase in the seller base; the growth of marketplace assortment; faster delivery, and the maintenance of our high level of customer service and the best retail experience.

- **Evolution of gross profit, investments in service levels and new customer acquisition.** In 4Q19, adjusted gross profit increased 40.8% to R$1.8 billion. Gross margin increased 50 bps to 28.6% reflecting the growth of new categories, especially by Netshoes sales, and the excellent performance of the marketplace. Adjusted operating expenses increased 50.6% in 4Q19 due to the acquisition of Netshoes, as well as additional investment in service levels. It is worth highlighting the fast evolution of Netshoes results, specifically the fact that they have already practically reached breakeven in EBITDA margin again.

- **Significant Luizacred growth.** Luizacred´s total revenue grew 19.6% in 4Q19. The Luiza Card base increased 22.8% YoY reaching 5.2 million cards. In the same period, Luiza Card revenue grew 31.5% to R$8.1 billion. The total portfolio grew an impressive 37.4% in the last 12 months reaching R$11.5 billion. Luizacred's profit grew again in 4Q19, reaching R$34.8 million, taking into account the high customer base growth and the effects of adopting IFRS 9

- **EBITDA and net income.** In 4Q19, Adjusted EBITDA reached R$394.5 million. High sales growth and the positive contribution of e-commerce were responsible for the EBITDA. Additional investments in service levels and the Netshoes consolidation influenced the EBITDA margin, which went from 7.6% to 6.2% in 4Q19. Taking into account the financial expenses dilution and the benefit of interest on equity, adjusted net income reached R$185.3 million, net margin of 2.9%.

- **Strong cash flow generation and ROIC.** Cash flow from operations adjusted by receivables, reached R$1.5 billion in the last twelve months (LTM), due to positive results and disciplined working capital management. It is worth highlighting the cash generation of R$1.8 billion in 4Q19. Once again, the Company presented high growth with high ROIC and strong cash generation. In 4Q19, ROIC reached 24% and 21% LTM.

- **Net cash position and capital structure.** In the last 12 months, adjusted net cash went from R$2.2 billion in Dec/18 to R$6.3 billion in Dec/19, including capital raised in the follow-on offering totaling R$4.3 billion. As of this date the Company reached a total cash position of R$7.1 billion, with cash and securities of R$4.7 billion and credit card receivables of R$2.4 billion.

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R$ million (except when otherwise indicated)	4Q19	4Q18	% Chg	12M19	12M18	% Chg
Total Sales[1] (including marketplace)	8,988.1	5,942.3	51.3%	27,270.7	19,667.8	38.7%
	-	-				
Gross Revenue	7,868.3	5,598.5	40.5%	24,377.1	18,896.5	29.0%
Net Revenue	6,385.0	4,610.5	38.5%	19,886.3	15,590.4	27.6%
Gross Income	1,825.4	1,296.2	40.8%	5,554.0	4,537.4	22.4%
Gross Margin	0.3	28.1%	50 bps	27.9%	29.1%	-120 bps
EBITDA	499.1	353.5	41.2%	1,775.5	1,245.2	42.6%
EBITDA Margin	7.8%	7.7%	10 bps	8.9%	8.0%	90 bps
Net Income	168.0	189.6	-11.4%	921.8	597.4	54.3%
Net Margin	2.6%	4.1%	-150 bps	4.6%	3.8%	80 bps
Adjusted - Gross Income	1,825.4	1,296.2	40.8%	5,789.96	4,537.4	27.6%
Adjusted - Gross Margin	28.6%	28.1%	50 bps	29.1%	29.1%	0 bps
Adjusted - EBITDA	394.5	348.2	13.3%	1,303.9	1,233.3	5.7%
Adjusted - EBITDA Margin	6.2%	7.6%	-140 bps	6.6%	7.9%	-130 bps
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Adjusted - Net Income	185.3	186.2	-0.5%	552.1	589.6	-6.4%
Adjusted - Net Margin	2.9%	4.0%	-110 bps	2.8%	3.8%	-100 pp
Same Physical Store Sales Growth	12.6%	16.1%	-	7.8%	18.6%	-
Total Physical Store Sales Growth	26.1%	24.2%	-	17.9%	25.8%	-
Internet Sales Growth (1P)	68.6%	43.8%	-	51.4%	48.4%	-
Total E-commerce Sales Growth	92.8%	57.4%	-	76.0%	60.1%	-
E-commerce Share in Total Sale	48.0%	37.7%	10.4 pp	45.3%	35.7%	9.6 pp
Number of Stores - End of Period	1,113	954	159 stores	1,113	954	159 stores
Sales Area - End of Period (M2)	648,227	572,394	13.2%	648,227	572,394	13.2%

(1) Total Sales includes sales from physical stores, traditional e-commerce (1P) and marketplace (3P).
(2) E-commerce Sales include Netshoes sales.

IFRS 16 AND NON-RECURRING EVENTS

IFRS 16 introduced a single model for the accounting of leases in the balance sheet of lessees. As a result, the Company, as lessee, recognized as assets the right to use underlying assets and their corresponding lease liabilities.

For ease of comparability with 4Q18, 4Q19 results are also being presented in an adjusted view, without the effects of IFRS 16, and other non-recurring provisions and expenses.

CONCILIATION ADJUSTED INCOME STATEMENT (R$ million)	4Q19 Pro-forma	V.A.	IFRS 16	Non-recurring	4Q19	V.A.
Gross Revenue	7,868.3	123.2%	-	-	7,868.3	123.2%
Taxes and Deductions	(1,483.3)	-23.2%	-	-	(1,483.3)	-23.2%
Net Revenue	6,385.0	100.0%	-	-	6,385.0	100.0%
Total Costs	(4,559.6)	-71.4%	-	-	(4,559.6)	-71.4%
Gross Income	1,825.4	28.6%	-	-	1,825.4	28.6%
Selling Expenses	(1,204.8)	-18.9%	69.8	-	(1,135.0)	-17.8%
General and Administrative Expenses	(235.2)	-3.7%	31.8	-	(203.4)	-3.2%
Provisions for Loan Losses	(30.2)	-0.5%	-	-	(30.2)	-0.5%
Other Operating Revenues, Net	20.9	0.3%	-	2.9	23.8	0.4%
Equity in Subsidiaries	18.4	0.3%	-	-	18.4	0.3%
Total Operating Expenses	(1,430.8)	-22.4%	101.6	2.9	(1,326.3)	-20.8%
EBITDA	394.5	6.2%	101.6	2.9	499.1	7.8%
Depreciation and Amortization	(71.0)	-1.1%	(51.3)	-	(122.3)	-1.9%
EBIT	323.6	5.1%	50.3	2.9	376.8	5.9%
Financial Results	(108.7)	-1.7%	(79.3)	-	(188.0)	-2.9%
Operating Income	214.9	3.4%	(29.0)	2.9	188.8	3.0%
Income Tax and Social Contribution	(29.7)	-0.5%	9.9	(1.0)	(20.8)	-0.3%
Net Income	185.3	2.9%	(19.2)	1.9	168.0	2.6%

Adjustments – Non - Recurring Events

Adjustments	4Q19	12M19
Increased Inventory Provision	-	(236.0)
Tax Credits	-	812.0
Tax Provisions	6.0	(240.7)
Expert Fees	(5.6)	(149.6)
Pre-operating Store Expenses	0.9	(17.8)
Retention Contracts and Others	3.5	(52.1)
EBITDA Adjustments	**2.9**	**115.8**
Update - Tax Credits	-	522.5
PIS/Cofins - Tax Credits	-	(22.2)
Acquisition Expenses / Non recurring	-	(39.7)
Financial Result Adjustments	**-**	**460.7**
Income Tax and Social Contribution	(1.0)	(158.8)
Net Income Adjustments	**1.9**	**417.7**

MESSAGE FROM THE EXECUTIVE DIRECTORS

The digital revolution has transformed business paradigms across every industry. Rules and business models that were once canonized in literature, dispensed by consultants and adopted by incumbents for decades, have changed. In this letter, we would like to share details on how the digital revolution has impacted strategic positioning.

Today, almost every corporate narrative related to strategy is filled with buzzwords borrowed from the digital dictionary: platform, superapp, ecosystem, big data, agile, lean, APIs, including ours. The homogenization of narratives makes it increasingly difficult for the market to verify their authenticity.

Most companies seem to be pursuing the same pot of gold at the end of the rainbow. They want to be the next Facebook, Google, Amazon, or Alibaba -- or to at least enjoy the same valuation multiples. This applies to companies in a broad range of industries, from finance to healthcare, education to utilities. For many of these companies, failing to adopt a “digital” narrative is the same as admitting to being anachronistic.

Point, Line and Plane

The digital revolution, however, has done more than merely increase the size of our lexicon. It has also opened the door to new strategic possibilities which were impossible in the analog world. There is no single digital strategy. Each company is responsible for taking stock of their own characteristics and following the strategy that is most viable and suitable for their reality.

To better understand the issue of strategic positioning in digital environments, we find the concepts of *point*, *line* and *plane*, pioneered by Alibaba’s former Chief Strategist, Ming Zeng, informative.

Zeng updated business strategy guru Michael Porter’s theories for the digital era, advancing the idea that companies will either become digital ecosystems (*planes*); control whole segments of a business (*lines*), or specific parts (*points*). According to Zeng, being a *plane* is not feasible for most organizations due to either their vocation (or lack thereof), scale, or capacity. *Lines*, on the other hand, control a particular chain (e.g.: large sellers in a marketplace and category killers in a given retail segment). *Points*, in turn, are highly specialized companies that provide solutions for *lines* and *planes*. The recent boom in Brazilian logistics and fintech startups targeting specific pain *points* are good examples of *points*.

For 18 years, we at Magalu followed a successful strategic *line* model. We became a profitable multichannel company in the durable goods segment. In 2018, however, we decided that we would transition to a *plane* model. We would become a digital retail ecosystem.

This decision is consistent with our mission. With just 5% e-commerce penetration, Brazil is rapidly falling behind in the digitalization race. Today, out of a universe of 6 million retailers, only 50,000 are selling online. And available solutions do little to solve the problems faced by the Brazilian retail segment.

Magalu is uniquely well-positioned to digitalize Brazilian retail. We are intimately familiar with the issues facing analog retailers. We were not born digital. We had to overcome the same issues that analog retailers face today. This makes a huge difference. The fact that we have never had a license to burn cash also makes a difference. Our shareholders have always demanded sustainable results. As such, we developed a profitable model adapted to Brazil’s reality, leveraging our physical platform. Finally, our corporate DNA contains the key traits for a company that successfully transitions into an ecosystem. We have a win-win mentality; a customer-centric focus and believe in legal, ethical relationships. To us, these are the fundamental building blocks necessary to scale Brazilian e-commerce.

Democratizing access. This is our purpose. We want to realize our purpose through the digitalization of Brazilian companies and consumers. Our focus is on small and medium-sized businesses and, above all, consumers who are at the base of the socioeconomic pyramid.

We believe that digitalization is among the most powerful tools at our disposal to mitigate the profound inequalities that plague our country. Improved access to the digital world will enable microentrepreneurs to make their businesses more efficient, asset light and competitive. And being a part of this digital world will enable even the humblest consumers from the country’s most remote regions to gain access to a wider array of products at a lower cost.

We took a giant step towards this goal with the launch of our marketplace in 2017 and the success of our marketplace since then has been nothing short of incredible. It took us 43 years to reach our first billion reais in revenue in our physical stores. With e-commerce, it took us 10 years. Our marketplace business, however, achieved 3 billion reais in GMV *in just three years.*

A *plane*, or a digital ecosystem, depends on various elements to become a success: widely accessible, digitalized processes available on a simple and scalable digital platform; smart algorithms connecting sellers and buyers, and intuitive interfaces available to all players in the chain. However, none of these elements is as important as scale. The more buyers there are, the more sellers will be attracted to the ecosystem. The more sellers and offers, the more buyers will wish to become a part of it. This is the positive, reinforcing network effect. The benefit offered by a product or service increases as the number of users grows.

As such, increasing scale was our top objective in 2019. We decided that Magalu would experience 365 days of China-like, exponential growth. Most of our KPIs were linked to expansion: GMV growth; active customer base; number of new categories and items for sale; number of sellers; monthly active users in the app, and new stores.

Magalu ended the fourth quarter of 2019 with 51% growth in sales—the highest in our history. We currently have almost 25 million active customers (more than 20 million of them with the superapp installed) and 15,000 sellers who, together, offer 13 million products on our platform. The company grew organically. During the year, we opened 159 new physical stores, same-store sales saw double-digit growth in the fourth quarter. Magalu also grew through acquisitions.

The most spectacular of them, due to its immediate impact, was the acquisition of Netshoes in June of last year. With Netshoes, not only did we enter two categories with huge potential—sports items and apparel—but we also incorporated one of the most loved brands in Brazilian e-commerce. Netshoes also provided Magalu with a highly skilled team of digital professionals and a platform with 1,000 sellers; 4 million customers, and 2.5 billion reais in GMV. With this major contribution from Netshoes, Magalu's e-commerce business took off in the last two quarters of the year: growing over 90% during the period.

This year, Netshoes will celebrate its 20th anniversary. This visionary venture no longer stands alone. By joining Magalu, Netshoes went from being a *line*, as per Ming Zeng's nomenclature, to becoming a *plane*. The company is the leader in the sports e-commerce category and one of the largest online apparel retailers. The difference is that it now belongs to a much larger ecosystem, benefiting from network effects. Netshoes contributes specific know-how and receives economies of scale from the ecosystem, such as logistics services, in return. By the end of this year, for example, Netshoes products will be available for pick up at all Magalu stores.

The same phenomenon has happened with other companies acquired by Magazine Luiza. First Época Cosméticos, then Estante Virtual. The value of these businesses as stand-alone entities is significantly lower than their value as part of the combined entity, the Magalu *plane*. Netshoes, Época Cosméticos, and Estante Virtual combine to help bring Magalu closer to becoming a category-rich one stop shop, similar to Chinese super apps like WeChat.

If 2019 was the year of China-paced growth, 2020 will be the year of #TemNoMagalu (or, #HaveAtMagalu). A vintage edition of Dostoyevsky's *Crime and Punishment*? #TemNoMagalu. The latest book by Brazil's most famous YouTuber? #TemNoMagalu. A 50-inch TV? #TemNoMagalu. A toolbox? #TemNoMagalu. The latest fashion trend? #TemNoMagalu. The official jersey for Brazil's national soccer team? …or your local team? #TemNoMagalu. Chocolate? Your child's favorite toy? Diapers? Beer for next weekend's barbecue? A couch for your new home? Whatever it is: #TemNoMagalu.

Our mission for 2020 is to go further down the long tail path. We want our 25 million active customers to know that they can find anything that they need in a single place, a place that adheres to strong legal and ethical principles.

To achieve this, we will focus on integrating our newly acquired companies. We will continue to increase the number of sellers in our marketplace and integrate their product catalogs and back-office operations. Of equal importance is the task of communicating to our customers that we are rapidly becoming a retailer of all things. Ideally, almost every type of product should be available in the Magalu catalog and should be found through a simple, intuitive search.

As for sellers, one of our main responsibilities as an ecosystem is to provide powerful, yet easy to use technology and management tools which will help them improve their operations. As parts of the same organism, it is essential that our partners be capable of maintaining the same service levels, reliability, professionalism, and customer service as Magalu.

Therefore, Magalu as a Service, or MassS, has become a strategic pillar for the company. At the end of 2019, we launched MagaluPagamentos, which is currently being rolled out. This service is for sellers. With MagaluPagamentos we will be able to monetize the accelerated marketplace growth while monitoring the chain, controlling payment flows to our partners, and offering funds to them at lower rates than the market. We also recently launched MagaluPay, a digital banking service for consumers that is fully integrated into our superapp. Its purpose is to create value for the retail ecosystem as a whole instead of operating as a siloed entity.

In both cases, we continue to pursue a *plane* strategy instead of a *line* strategy. We wish to connect our customers—be they sellers or consumers--to the best financial solutions available. We have no intention of becoming a bank. We want to create a digital payment platform that will feed and fortify our overall retail platform.

Within MaaS, we have also launched MagaluEntregas. We currently offer the highest quality, lowest cost logistics service in Brazilian e-commerce. This is mainly attributable to our multichannel integration and our proprietary distribution network. For 1P products (products originating from our own inventory), 66% of deliveries are currently completed within two days, a percentage that keeps improving. With increased access to MagaluEntregas, our sellers will benefit from the same logistics chain, which enables pickup in our 1100 stores. This is a true multichannel marketplace.

We went through our year of China-like exponential growth (our theme for 2019) while remaining customer-centric (our theme for 2018). As we grew, we also improved our Net Promotor Score or NPS and reduced the number of formally filed customer complaints. We are the only major retailer in Brazil to achieve the top RA1000 seal on Reclame Aqui, a consumer ratings website, despite the fact that we chose to list our marketplace (3P) and e-commerce businesses (1P) together.

We have started our 2020 theme, #TemNoMagalu, while maintaining our 2019 theme, China-like exponential growth, and our 2018 theme, focus on customers. We will now continue to focus on and invest in all three themes simultaneously, trading off short-term margin whenever optimal to guarantee the best long-term results.

Over the last 2 years, Magalu has invested around 2 percentage points of EBITDA margin--from 8% to 6%--in the acquisition of new customers; in the creation of the best shopping experience, in reducing delivery times and in the consolidation of Netshoes, generating a great deal of value for all of our customers and shareholders. And we will not stop there. We have many opportunities ahead of us. This year, following the same trend, we will continue to invest in faster delivery; in expanding our super app; in extending MagaluPay; in acquiring companies and in accelerating the integration process of acquired companies, such as Netshoes. All done in a sustainable and value accretive way.

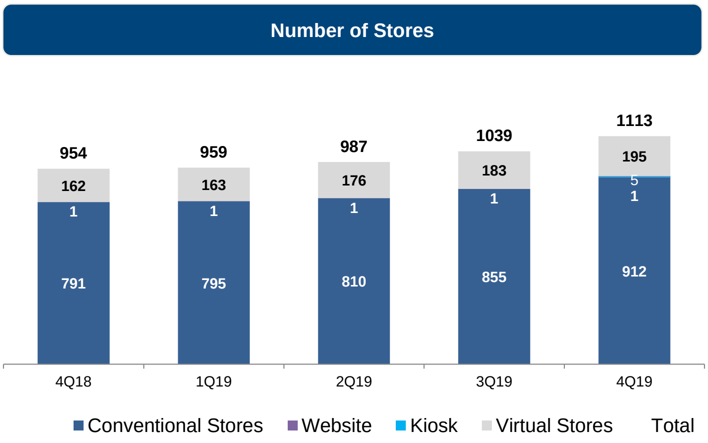
While these initiatives may increase our expenses in the short term, we believe that they will generate a great deal of value in the future. After our successful follow-on offering in November, Magalu has built a solid capital structure, strong enough to carry out our mission.

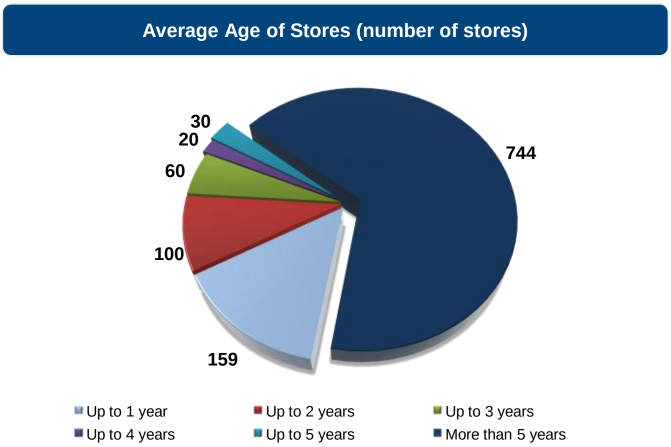
Finally, we would like to thank our more than 30,000 employees, whose energy and enthusiasm have managed to scale with our ambitions, our sellers, suppliers, business partners and shareholders. And a special daily thanks to each of our customers. Gratitude is something that we also #TemNoMagalu.

EXECUTIVE MANAGEMENT TEAM

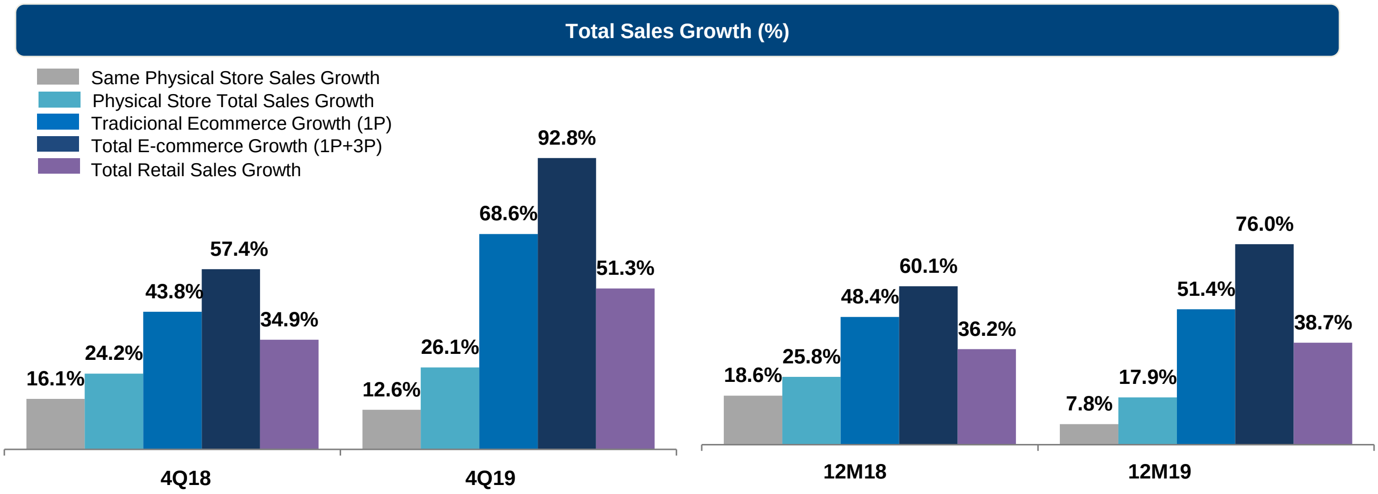
OPERATING AND FINANCIAL PERFORMANCE

Magalu ended 4Q19 with 1.113 stores (912 conventional and 195 virtual), 5 kioks (Lojas Marisa partnership) and an e-commerce operation). In 4Q19, the Company inaugurated 74 stores. In the last 12 months, the Company opened 159 new stores (34 in the South, 29 in the Southeast, 28 in the Midwest, 19 in the Northeast and 49 in the North). Thirty three percent of our total number of stores are not yet mature.

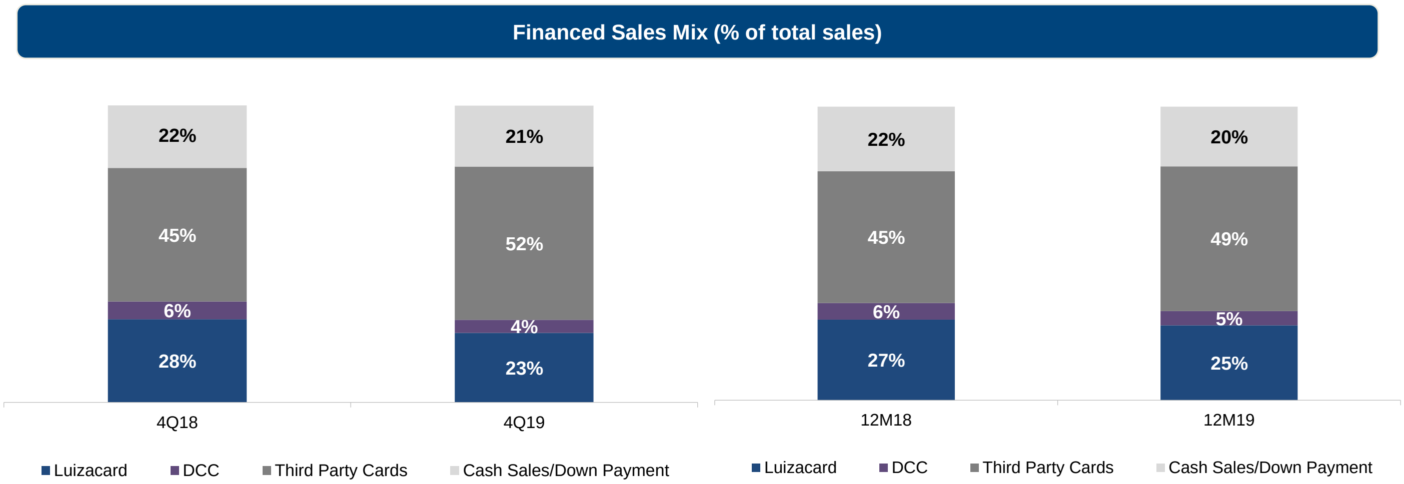




Total Retail sales were up 51.3% in 4Q19 as a result of a 26.1% increase in brick-and-mortar store sales and a 92.8% increase in e-commerce sales.



Luiza Card total sales penetration was 23% in 4Q19, contributing to the Company's strategy of increasing customer loyalty. The percentage of DCC (direct credit to consumers) was 4% in 4Q19 (-200 bps YoY). In 12M19, Luiza Card's share of sales reached 25%.



Gross Revenues

(in R$ million)	4Q19	4Q18	% Chg	12M19	12M18	% Chg
Gross Revenue - Retail - Merchandise Sales	7,488.8	5,339.7	40.2%	23,141.0	18,016.2	28.4%
Gross Revenue - Retail - Services	362.5	239.9	51.1%	1,132.1	814.6	39.0%
Gross Revenue - Retail	**7,851.3**	**5,579.6**	**40.7%**	**24,273.1**	**18,830.7**	**28.9%**
Gross Revenue - Other Services	51.8	23.4	121.1%	159.1	80.1	98.5%
Inter-Company Eliminations	(34.7)	(4.5)	678.4%	(55.1)	(14.3)	284.0%
Gross Revenue - Total	**7,868.3**	**5,598.5**	**40.5%**	**24,377.1**	**18,896.5**	**29.0%**

In 4Q19, total gross revenues grew 40.5% to R$7.9 billion, due to the accelerated growth of e-commerce, including Netshoes, physical same store sales growth and the significant contribution of new stores. Also notable was the growth in services revenue of 51.1%, especially marketplace sales which rose 216.4%. In 12M19, total gross revenue grew 29.0% to R$24.4 billion.

Net Revenues

(in R$ million)	4Q19	4Q18	% Chg	12M19	12M18	% Chg
Net Revenue - Retail - Merchandise Sales	6,049.5	4,380.6	38.1%	18,786.2	14,811.8	26.8%
Net Revenue - Retail - Services	324.3	212.5	52.6%	1,012.5	718.9	40.8%
Net Revenue - Retail	**6,373.8**	**4,593.1**	**38.8%**	**19,798.7**	**15,530.8**	**27.5%**
Net Revenue - Other Services	46.0	21.9	109.7%	142.7	74.0	92.8%
Inter-Company Eliminations	(34.7)	(4.5)	678.4%	(55.1)	(14.3)	284.0%
Net Revenue - Total	**6,385.0**	**4,610.5**	**38.5%**	**19,886.3**	**15,590.4**	**27.6%**

In 4Q19, total net revenues rose 38.5% to R$6.4 billion in line with total gross revenue. In 12M19, net revenue grew 27.6% to R$19.9 billion.

Gross Profit

(in R$ million)	4Q19	4Q18	% Chg	12M19	12M18	% Chg
Gross Profit - Retail - Merchandise Sales	1,515.0	1,073.6	41.1%	4,526.4	3,780.8	19.7%
Gross Profit - Retail - Services	324.3	212.5	52.6%	1,012.5	718.9	40.8%
Gross Profit - Retail	**1,839.3**	**1,286.1**	**43.0%**	**5,538.9**	**4,499.7**	**23.1%**
Gross Profit - Other Services	17.2	11.0	56.4%	55.3	39.7	39.6%
Inter-Company Eliminations	(31.1)	(0.9)	3421.5%	(40.3)	(1.9)	1991.9%
Gross Profit - Total	**1,825.4**	**1,296.2**	**40.8%**	**5,554.0**	**4,537.4**	**22.4%**
Gross Margin - Total	**28.6%**	**28.1%**	**50 bps**	**27.9%**	**29.1%**	**-120 bps**

In 4Q19, adjusted gross profit increased by 40.8% to R$1.8 billion, equivalent to a gross margin of 28.6%. This margin is due to the growth of new categories, especially by Netshoes sales which reached a gross margin of 38.4%, and the excellent performance of the marketplace, which grew by 216.4%. In 12M19, adjusted gross profit increased by 27.6% to R$5.8 billion, equivalent to a gross margin of 29.1%.

Operating Expenses

(in R$ million)	4Q19 Adjusted	% NR	4Q18 Adjusted	% NR	% Chg	12M19 Adjusted	% NR	12M18 Adjusted	% NR	% Chg
Selling Expenses	(1,204.8)	-18.9%	(775.0)	-16.8%	55.5%	(3,698.7)	-18.6%	(2,747.4)	-17.6%	34.6%
General and Administrative Expenses	(235.2)	-3.7%	(181.4)	-3.9%	29.6%	(802.9)	-4.0%	(596.1)	-3.8%	34.7%
General and Administrative Expenses	**(1,440.0)**	**-22.6%**	**(956.4)**	**-20.7%**	**50.6%**	**(4,501.6)**	**-22.6%**	**(3,343.6)**	**-21.4%**	**34.6%**
Provisions for Loan Losses	(30.2)	-0.5%	(16.6)	-0.4%	81.1%	(76.0)	-0.4%	(59.7)	-0.4%	27.2%
Other Operating Revenues, Net	20.9	0.3%	10.4	0.2%	100.3%	64.8	0.3%	41.5	0.3%	56.3%
Total Operating Expenses	**(1,449.3)**	**-22.7%**	**(962.6)**	**-20.9%**	**50.6%**	**(4,512.7)**	**-22.7%**	**(3,361.8)**	**-21.6%**	**34.2%**
% Expenses/ Total Sales	**-16.1%**		**-16.2%**			**-16.5%**		**-17.1%**		

Adjusted Selling Expenses

In 4Q19, selling expenses totaled R$1.2 billion or 18.9% of net revenues, 210 bps higher YoY. The increase in expenses was due to the Netshoes consolidation, as well as additional investments in the acquisition of new customers, specially via the Magalu App and Luiza Card, and investments to improve user experience, including logistics and customer service. In 12M19, selling expenses totaled R$3.7 billions or 18.6% of net revenues (+100bps YoY).

Adjusted General and Administrative Expenses

General and administrative expenses came to R$235.2 million or 3.7% of net revenues in 4Q19 (20 bps lower YoY), due to the strong sales growth. In 12M19, general and administrative expenses came to R$802.9 million or 4.0% of net revenues.

Provisions for Loan Losses

Provisions for loan losses reached R$30.2 million in 4Q19 and R$76.0 million in 12M19.

Other Operating Revenues and Expenses, Net

(in R$ million)	4Q19	% NR	4Q18	% NR	% Chg	12M19	% NR	12M18	% NR	% Chg
Gain on Sale of Assets	2.8	0.0%	0.3	0.0%	-	7.2	0.0%	(0.1)	0.0%	-
Deferred Revenue Recorded	13.6	0.2%	10.1	0.2%	34.7%	53.1	0.3%	41.6	0.3%	27.8%
Others	4.5	0.1%	-	0.0%	-	4.5	0.0%	-	0.0%	-
Subtotal - Adjusted	**20.9**	**0.3%**	**10.4**	**0.2%**	**100.3%**	**64.8**	**0.3%**	**41.5**	**0.3%**	**56.3%**
Tax Credits	-	0.0%	-	0.0%	-	812.0	4.1%	-	0.0%	-
Tax Provisions	6.0	0.1%	(24.0)	-0.5%	-	(240.7)	-1.2%	(10.3)	-0.1%	-
Expert Fees	(5.6)	-0.1%	-	0.0%	-	(149.6)	-0.8%	-	0.0%	-
Pre-operating Store Expenses	(0.9)	0.0%	(6.1)	-0.1%	-84.6%	(21.2)	-0.1%	(13.2)	-0.1%	60.8%
Retention Contracts and Others	3.5	0.1%	(0.0)	0.0%	-	(48.6)	-0.2%	0.1	0.0%	-
Deferred Revenue Recorded	-	0.0%	35.4	0.8%	-	-	0.0%	35.4	0.2%	-
Subtotal - Non Recurring	**2.9**	**0.0%**	**5.3**	**0.1%**	**-44.9%**	**351.8**	**1.8%**	**11.9**	**0.1%**	**2854%**
Total	**23.8**	**0.4%**	**15.7**	**0.3%**	**51.5%**	**416.7**	**2.1%**	**53.4**	**0.3%**	**680.4%**

Other adjusted net operating revenues and expenses came to R$20.9 million in 4Q19, chiefly due to a deferred revenues allocation of R$13.6 million. In 12M19, other adjusted net operating revenues and expenses came to R$64.8 million.

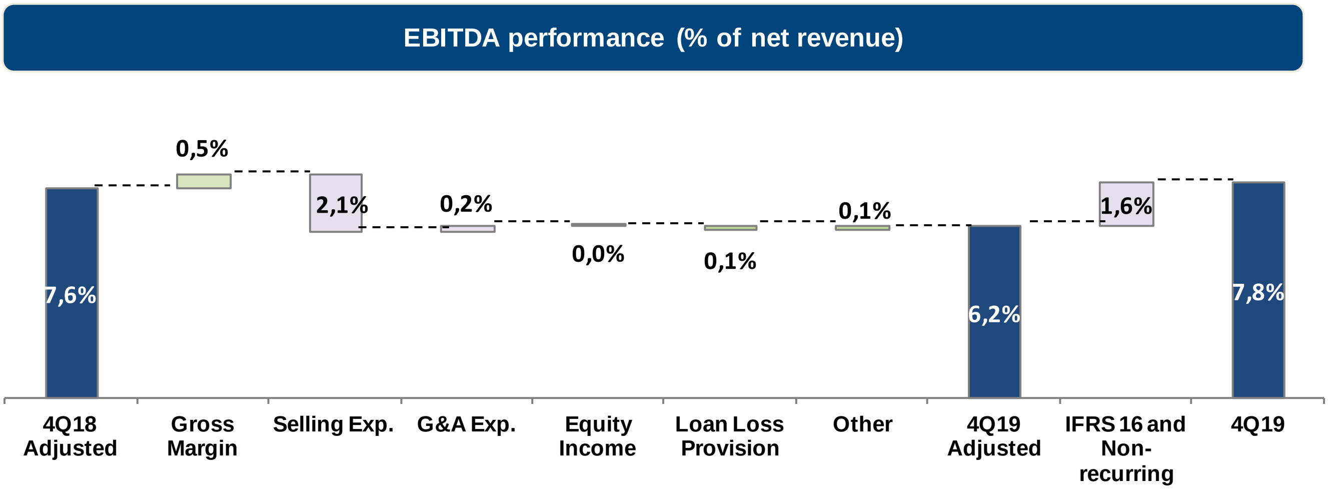
Equity Income

In 4Q19, equity income was R$18.4 million. Luizacred was responsible for R$17.4 million and Luizaseg, was responsible for R$1.0 million. In 12M19, equity income was positive by R$26.6 million.

It is worth noting that Luizacred's result continues to be influenced by the strong growth of the card base and the credit limit available to the best customers. However, with strong sales growth and improvement in the delinquency rate, Luizacred´s results grew again, reaching R$34.8 million.

EBITDA

In 4Q19, adjusted EBITDA reached R$394.5 million, growing 13.3%. High sales growth and a positive contribution from e-commerce, including the marketplace, contributed to the EBITDA growth. The additional investments were made to improve service levels and the Netshoes consolidation influenced the adjusted EBITDA margin, which went from 7.6% in 4Q18 to 6.2% during the quarter. In 12M19, Adjusted EBITDA was R$1.3 billion (6.6% margin).



Financial Results

R$ million	4Q19	% NR	4Q18	% NR	% Chg	12M19	% NR	12M18	% NR	% Chg
Financial Expenses	(210.9)	-3.3%	(126.5)	-2.7%	66.8%	(711.3)	-3.6%	(428.6)	-2.7%	66.0%
Interest on loans and financing	(15.5)	-0.2%	(8.4)	-0.2%	83.7%	(56.4)	-0.3%	(50.2)	-0.3%	12.4%
Interest on prepayment of receivables – third party card	(26.3)	-0.4%	(17.0)	-0.4%	54.8%	(139.5)	-0.7%	(72.9)	-0.5%	91.4%
Interest on prepayment of receivables – Luiza Card	(66.7)	-1.0%	(74.5)	-1.6%	-10.5%	(262.8)	-1.3%	(232.6)	-1.5%	13.0%
Other expenses	(23.0)	-0.4%	(26.5)	-0.6%	-13.0%	(100.3)	-0.5%	(73.0)	-0.5%	37.3%
Lease	(79.3)	-1.2%	-	0.0%	0.0%	(152.4)	-0.8%	-	0.0%	0.0%
Financial Revenues	22.9	0.4%	35.8	0.8%	-36.0%	640.9	3.2%	133.9	0.9%	378.5%
Gains on marketable securities	3.7	0.1%	1.6	0.0%	128.5%	8.5	0.0%	8.8	0.1%	-2.6%
Other financial revenues	19.2	0.3%	34.2	0.7%	-43.7%	632.4	3.2%	125.2	0.8%	405.3%
Total Financial Results	(188.0)	-2.9%	(90.7)	-2.0%	107.3%	(70.4)	-0.4%	(294.7)	-1.9%	-76.1%
(-) IFRS 16	(79.3)	-1.2%	-	-	-	(152.4)	-0.8%	-	-	-
(-) Monetary Update Tax Credits	-	0.0%	-	-	-	522.5	2.6%	-	-	-
(-) Expenses and Taxes / Non-recurring	-	0.0%	-	-	-	(61.9)	-0.3%	-	-	-
Total Financial Results - Adjusted	(108.7)	-1.7%	(90.7)	-2.0%	19.8%	(378.7)	-1.9%	(294.7)	-1.9%	28.5%

In 4Q19, adjusted net financial results came to R$108.7 million or 1.7% of net revenue. In relation to net revenue, net financial expenses improved by 30 bps. This improvement is a consequence of the Company's strong cash generation, lower interest rates and the follow-on offering concluded in Nov/19. In 12M19, the adjusted net financial result was R$378.7 million, or 1.9% of net revenue.

Net Income

Taking into account EBITDA growth, financial expenses dilution and the benefit of interest on equity, 4Q19 adjusted net income reached R$185.3 million (2.9% net margin). In 12M19, adjusted net profit was R$552.1 million, with a net margin of 2.8%.

Working Capital - Adjusted

CONSOLIDATED (R$ million)	LTM	Dec-19	Sep-19	Jun-19	Mar-19	Dec-18
(+) Accounts Receivables	863.5	2,915.0	1,875.0	1,460.8	1,761.3	2,051.6
(+) Inventories	991.5	3,801.8	2,885.7	2,556.3	2,484.6	2,810.2
(+) Related Parties	179.8	370.0	239.2	126.2	260.0	190.2
(+) Recoverable Taxes	560.5	864.1	745.7	712.7	221.9	303.7
(+) Other Assets	87.8	136.3	145.1	112.7	94.8	48.5
(+) Current Operating Assets	2,683.1	8,087.3	5,890.7	4,968.8	4,822.6	5,404.2
	-					
(-) Suppliers	1,829.6	5,934.9	3,802.8	3,395.9	2,973.6	4,105.2
(-) Payroll, Vacation and Related Charges	95.7	354.7	349.8	302.3	270.0	259.0
(-) Taxes Payable	211.0	352.0	208.8	174.2	203.3	141.0
(-) Related Parties	26.7	152.1	125.6	113.1	106.0	125.4
(-) Deferred Revenue	3.9	43.0	43.0	43.0	39.2	39.2
(-) Other Accounts Payable	295.6	701.7	688.2	688.4	446.6	406.1
(-) Current Operating Liabilities	2,462.6	7,538.5	5,218.3	4,716.7	4,038.6	5,075.9
	-					
(=) Working Capital	220.4	548.8	672.5	252.1	784.1	328.3
(-) Credit Card - Third Party Card	628.7	2,121.0	1,142.0	817.2	1,146.8	1,492.3
(-) Credit Card - Luiza Card	162.8	269.5	157.4	68.2	175.9	106.7
(-) Total Credit Card	791.5	2,390.5	1,299.4	885.4	1,322.7	1,599.0
(=) Working Capital Adjusted	(571.1)	(1,841.7)	(627.0)	(633.3)	(538.6)	(1,270.7)
% of Gross Revenue (LTM)	-0.8%	-7.6%	-2.8%	-3.1%	-2.7%	-6.7%
(=) Working Capital	220.4	548.8	672.5	252.1	784.1	328.3
(+) Balance of Discounted Receivables	294.0	1,679.8	1,992.9	2,322.9	1,777.7	1,385.8
(=) Working Capital Expanded	514.4	2,228.6	2,665.4	2,574.9	2,561.7	1,714.1
% of Gross Revenue (LTM)	0.1%	9.1%	12.1%	12.5%	12.9%	9.1%

In Dec/19, adjusted working capital needs were negative R$1.8 billion showing an improvement YoY and contributing to the Company's cash flow generation. Highlights include disciplined inventory management (75 days on average) and purchasing time (98 days on average). In the last twelve months, adjusted working capital contributed R$571.1 million to operating cash generation and adjusted net cash.

Capex

CAPEX (in R$ million)	4Q19	%	4Q18	%	%Chg	12M19	%	12M18	%	%Chg
New Stores	57.2	44%	31.6	24%	81%	179.2	34%	86.7	24%	107%
Remodeling	9.1	7%	29.5	23%	-69%	47.3	9%	54.2	15%	-13%
Technology	34.4	26%	20.4	16%	68%	118.8	23%	84.9	23%	40%
Logistics	23.9	18%	41.0	31%	-42%	131.3	25%	88.8	24%	48%
Other	6.2	5%	7.7	6%	-20%	45.0	9%	49.8	14%	-10%
Total	**130.8**	**100%**	**130.2**	**100%**	**0%**	**521.5**	**100%**	**364.4**	**100%**	**43%**

In 4Q19, investments totaled R$130.8 million. Investments included: the opening of new stores; the remodeling of existing stores, and investments in technology and logistics, including the automation of the Louveira, Sao Paulo distribution center. During this period, the Company inaugurated 74 new stores.

Capital Structure

CONSOLIDATED (R$ million)	LTM	Dec-19	Sep-19	Jun-19	Mar-19	Dec-18
(-) Current Loans and Financing	120.8	(10.0)	(313.4)	(43.3)	(128.9)	(130.7)
(-) Non-current Loans and Financing	(513.6)	(838.9)	(832.7)	(1,120.4)	(321.6)	(325.2)
(=) Gross Debt	(392.9)	(848.8)	(1,146.1)	(1,163.7)	(450.5)	(456.0)
(+) Cash and Cash Equivalents	(293.3)	305.7	221.8	625.7	293.2	599.1
(+) Current Securities	4,039.0	4,448.2	238.7	441.1	217.3	409.1
(+) Non-current Securities	-	0.2	0.3	0.3	0.2	0.2
(+) Total Cash	3,745.7	4,754.1	460.8	1,067.1	510.7	1,008.4
(=) Net Cash	3,352.8	3,905.3	(685.3)	(96.6)	60.2	552.4
(+) Credit Card - Third Party Card	628.7	2,121.0	1,142.0	817.2	1,146.8	1,492.3
(+) Credit Card - Luiza Card	162.8	269.5	157.4	68.2	175.9	106.7
(+) Total Credit Card	791.5	2,390.5	1,299.4	885.4	1,322.7	1,599.0
(=) Adjusted Net Cash	4,144.3	6,295.8	614.1	788.8	1,382.9	2,151.4
Short Term Debt / Total	-27%	1%	27%	4%	29%	29%
Long Term Debt / Total	27%	99%	73%	96%	71%	71%
Adjusted EBITDA (LTM)	70.5	1,303.9	1,257.5	1,237.9	1,252.0	1,233.3
Adjusted Net Cash / Adjusted EBITDA	3.1 x	4.8 x	0.5 x	0.6 x	1.1 x	1.7 x
Cash, Securities and Credit Cards	4,537.2	7,144.6	1,760.2	1,952.5	1,833.4	2,607.4

In the last 12 months, the Company improved its adjusted net cash positionby R$4.1 billion, from an adjusted net cash position of R$2.2 billion in Dec/18 to R$6.3 billion in Dec/19. This improvement was driven in large part by the proceeds of the Nov/19 follow-on offering which totaled R$4.3 billion.

The Company ended 4Q19 with a total cash position of R$7.1 billion, with cash and securities worth R$4.7 billion and R$2.4 billion worth of credit card receivables.

ANNEX I
FINANCIAL STATEMENTS – CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (R$ million)	4Q19	V.A.	4Q18	V.A.	% Chg	12M19	V.A.	12M18	V.A.	% Chg
Gross Revenue	7,868.3	123.2%	5,598.5	121.4%	40.5%	24,377.1	122.6%	18,896.5	121.2%	29.0%
Taxes and Deductions	(1,483.3)	-23.2%	(988.0)	-21.4%	50.1%	(4,490.8)	-22.6%	(3,306.1)	-21.2%	35.8%
Net Revenue	6,385.0	100.0%	4,610.5	100.0%	38.5%	19,886.3	100.0%	15,590.4	100.0%	27.6%
Total Costs	(4,559.6)	-71.4%	(3,314.4)	-71.9%	37.6%	(14,332.3)	-72.1%	(11,053.0)	-70.9%	29.7%
Gross Income	1,825.4	28.6%	1,296.2	28.1%	40.8%	5,554.0	27.9%	4,537.4	29.1%	22.4%
Selling Expenses	(1,135.0)	-17.8%	(775.0)	-16.8%	46.5%	(3,444.1)	-17.3%	(2,747.4)	-17.6%	25.4%
General and Administrative Expenses	(203.4)	-3.2%	(181.4)	-3.9%	12.1%	(701.6)	-3.5%	(596.1)	-3.8%	17.7%
Provisions for Loan Losses	(30.2)	-0.5%	(16.6)	-0.4%	81.1%	(76.0)	-0.4%	(59.7)	-0.4%	27.2%
Other Operating Revenues, Net	23.8	0.4%	15.7	0.3%	51.5%	416.7	2.1%	53.4	0.3%	680.4%
Equity in Subsidiaries	18.4	0.3%	14.7	0.3%	25.6%	26.6	0.1%	57.8	0.4%	-53.9%
Total Operating Expenses	(1,326.3)	-20.8%	(942.7)	-20.4%	40.7%	(3,778.4)	-19.0%	(3,292.2)	-21.1%	14.8%
EBITDA	499.1	7.8%	353.5	7.7%	41.2%	1,775.5	8.9%	1,245.2	8.0%	42.6%
Depreciation and Amortization	(122.3)	-1.9%	(41.0)	-0.9%	198.2%	(487.0)	-2.4%	(163.7)	-1.0%	197.5%
EBIT	376.8	5.9%	312.5	6.8%	20.6%	1,288.6	6.5%	1,081.6	6.9%	19.1%
Financial Results	(188.0)	-2.9%	(90.7)	-2.0%	107.3%	(70.4)	-0.4%	(294.7)	-1.9%	-76.1%
Operating Income	188.8	3.0%	221.8	4.8%	-14.9%	1,218.2	6.1%	786.9	5.0%	54.8%
Income Tax and Social Contribution	(20.8)	-0.3%	(32.1)	-0.7%	-35.3%	(296.3)	-1.5%	(189.4)	-1.2%	56.4%
Net Income	168.0	2.6%	189.6	4.1%	-11.4%	921.8	4.6%	597.4	3.8%	54.3%

Calculation of EBITDA

Net Income	168.0	2.6%	189.6	4.1%	-11.4%	921.8	4.6%	597.4	3.8%	54.3%
(+/-) Income Tax and Social Contribution	20.8	0.3%	32.1	0.7%	-35.3%	296.3	1.5%	189.4	1.2%	56.4%
(+/-) Financial Results	188.0	2.9%	90.7	2.0%	107.3%	70.4	0.4%	294.7	1.9%	-76.1%
(+) Depreciation and Amortization	122.3	1.9%	41.0	0.9%	198.2%	487.0	2.4%	163.7	1.0%	197.5%
EBITDA	499.1	7.8%	353.5	7.7%	41.2%	1,775.5	8.9%	1,245.2	8.0%	42.6%

Reconciliation of EBITDA for non-recurring expenses

EBITDA	499.1	7.8%	353.5	7.7%	41.2%	1,775.5	8.9%	1,245.2	8.0%	42.6%
IFRS 16	(101.6)	-1.6%	-	0.0%	0.0%	(355.9)	-1.8%	-	0.0%	-
Non-recurring Result	(2.9)	0.0%	(5.3)	-0.1%	0.0%	(115.8)	-0.6%	(11.9)	-0.1%	-
Adjusted EBITDA	394.5	6.2%	348.2	7.6%	13.3%	1,303.9	6.6%	1,233.3	7.9%	5.7%

Net Income	168.0	2.6%	189.6	4.1%	-11.4%	921.8	4.6%	597.4	3.8%	54.3%
IFRS 16	19.2	0.0%	-	0.0%	0.0%	47.9	0.2%	-	0.0%	-
Non-recurring Result	(1.9)	0.0%	(3.5)	-0.1%	0.0%	(417.7)	-2.1%	(7.9)	-0.1%	-
Adjusted Net Income	185.3	2.9%	186.2	4.0%	-0.5%	552.1	2.8%	589.6	3.8%	-6.4%

* EBITDA (EBITDA - Earnings before Interest, Income Taxes including Social Contribution on Net Income, Depreciation and Amortization) is a non-GAAP measurement prepared by the Company, in accordance with CVM Instruction No. 527 of April 04 October 2012. EBITDA consists of the Company's net income, plus net financial income, income tax and social contribution, and depreciation and amortization costs and expenses.
Adjusted EBITDA consists of adjusted EBITDA for extraordinary expenses and IFRS 16 effects. In the case of the adjustment identified above, this result refers to tax credits, the Netshoes acquisition and other provisions and non-recurring expenses. The Company understands that the disclosure of Adjusted EBITDA is necessary to understand the actual impact on cash generation, excluding extraordinary events. Adjusted EBITDA is not a performance metric adopted by IFRS. The Company's adjusted EBITDA definition may not be comparable to similar measures provided by other companies.

ANNEX II – PRO FORMA
FINANCIAL STATEMENTS – CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (R$ million)	4Q19 Adjusted	V.A.	4Q18 Adjusted	V.A.	% Chg	12M19 Adjusted	V.A.	12M18 Adjusted	V.A.	% Chg
Gross Revenue	7,868.3	123.2%	5,598.5	121.4%	40.5%	24,377.1	122.6%	18,896.5	121.2%	29.0%
Taxes and Deductions	(1,483.3)	-23.2%	(988.0)	-21.4%	50.1%	(4,490.8)	-22.6%	(3,306.1)	-21.2%	35.8%
Net Revenue	6,385.0	100.0%	4,610.5	100.0%	38.5%	19,886.3	100.0%	15,590.4	100.0%	27.6%
Total Costs	(4,559.6)	-71.4%	(3,314.4)	-71.9%	37.6%	(14,096.3)	-70.9%	(11,053.0)	-70.9%	27.5%
Gross Income	1,825.4	28.6%	1,296.2	28.1%	40.8%	5,790.0	29.1%	4,537.4	29.1%	27.6%
Selling Expenses	(1,204.8)	-18.9%	(775.0)	-16.8%	55.5%	(3,698.7)	-18.6%	(2,747.4)	-17.6%	34.6%
General and Administrative Expenses	(235.2)	-3.7%	(181.4)	-3.9%	29.6%	(802.9)	-4.0%	(596.1)	-3.8%	34.7%
Provisions for Loan Losses	(30.2)	-0.5%	(16.6)	-0.4%	81.1%	(76.0)	-0.4%	(59.7)	-0.4%	27.2%
Other Operating Revenues, Net	20.9	0.3%	10.4	0.2%	100.3%	64.8	0.3%	41.5	0.3%	56.3%
Equity in Subsidiaries	18.4	0.3%	14.7	0.3%	25.6%	26.6	0.1%	57.8	0.4%	-53.9%
Total Operating Expenses	(1,430.8)	-22.4%	(948.0)	-20.6%	50.9%	(4,486.1)	-22.6%	(3,304.1)	-21.2%	35.8%
EBITDA	394.5	6.2%	348.2	7.6%	13.3%	1,303.9	6.6%	1,233.3	7.9%	5.7%
Depreciation and Amortization	(71.0)	-1.1%	(41.0)	-0.9%	73.0%	(210.9)	-1.1%	(163.7)	-1.0%	28.8%
EBIT	323.6	5.1%	307.2	6.7%	5.3%	1,093.0	5.5%	1,069.6	6.9%	2.2%
Financial Results	(108.7)	-1.7%	(90.7)	-2.0%	19.8%	(378.7)	-1.9%	(294.7)	-1.9%	28.5%
Operating Income	214.9	3.4%	216.5	4.7%	-0.7%	714.3	3.6%	775.0	5.0%	-7.8%
Income Tax and Social Contribution	(29.7)	-0.5%	(30.3)	-0.7%	-2.2%	(162.1)	-0.8%	(185.4)	-1.2%	-12.5%
Net Income	185.3	2.9%	186.2	4.0%	-0.5%	552.1	2.8%	589.6	3.8%	-6.4%

ANNEX III
FINANCIAL STATEMENTS – CONSOLIDATED BALANCE SHEET

ASSETS (R$ million)	Dec-19	Sep-19	Jun-19	Mar-19	Dec-18
CURRENT ASSETS					
Cash and Cash Equivalents	305,7	221,8	625,7	293,2	599,1
Securities	4.448,2	238,7	441,1	217,3	409,1
Accounts Receivable - Credit Card	2.121,0	1.142,0	817,2	1.146,8	1.492,3
Accounts Receivable - Others	794,0	733,0	643,6	614,6	559,2
Inventories	3.801,8	2.885,7	2.556,3	2.484,6	2.810,2
Related Parties - Credit Card	269,5	157,4	68,2	175,9	106,7
Related Parties - Others	100,6	81,8	58,1	84,1	83,5
Taxes Recoverable	864,1	745,7	712,7	221,9	303,7
Other Assets	136,3	145,1	112,7	94,8	48,5
Total Current Assets	12.841,2	6.351,2	6.035,6	5.333,1	6.412,4
NON-CURRENT ASSETS					
Securities	0,2	0,3	0,3	0,2	0,2
Accounts Receivable	16,8	11,7	11,3	4,4	7,6
Recoverable Taxes	1.137,8	1.275,5	944,6	246,8	150,6
Deferred Income Tax and Social Contribution	12,7	14,2	27,0	168,9	181,0
Judicial Deposits	570,1	518,2	480,1	383,9	349,2
Other Assets	11,0	36,4	34,7	32,7	34,2
Investments in Subsidiaries	305,1	305,0	293,6	294,6	308,5
Right of use	2.273,8	2.168,2	1.804,9	1.882,0	
Fixed Assets	1.076,7	1.016,1	941,2	789,4	754,3
Intangible Assets	1.545,6	1.556,0	1.509,5	605,1	598,8
Total Non-current Assets	6.949,9	6.901,6	6.047,0	4.408,1	2.384,4
TOTAL ASSETS	19.791,1	13.252,8	12.082,7	9.741,2	8.796,7

LIABILITIES (R$ million)	Dec-19	Sep-19	Jun-19	Mar-19	Dec-18
CURRENT LIABILITIES					
Suppliers	5.934,9	3.802,8	3.395,9	2.973,6	4.105,2
Loans and Financing	10,0	313,4	43,3	128,9	130,7
Payroll, Vacation and Related Charges	354,7	349,8	302,3	270,0	259,0
Taxes Payable	352,0	208,8	174,2	203,3	141,0
Related Parties	152,1	125,6	113,1	106,0	125,4
Lease	330,6	213,1	212,6	224,6	-
Deferred Revenue	43,0	43,0	43,0	39,2	39,2
Dividends Payable	123,6	112,0	-	166,4	182,0
Other Accounts Payable	701,7	688,2	688,4	446,6	406,1
Total Current Liabilities	8.002,6	5.856,8	4.972,6	4.558,6	5.388,6
NON-CURRENT LIABILITIES					
Loans and Financing	838,9	832,7	1.120,4	321,6	325,2
Lease	1.949,8	1.991,2	1.621,3	1.667,2	-
Deferred Income Tax and Social Contribution	39,0	65,3	58,1	-	-
Provision for Tax, Civil and Labor Risks	1.037,1	941,0	813,0	380,9	387,4
Deferred Revenue	356,8	370,5	384,3	378,1	391,0
Other Accounts Payable	2,0	1,8	1,9	1,8	1,7
Total Non-current Liabilities	4.223,5	4.202,4	3.999,1	2.749,6	1.105,3
TOTAL LIABILITIES	12.226,1	10.059,2	8.971,7	7.308,2	6.493,9
SHAREHOLDERS' EQUITY					
Capital Stock	5.952,3	1.719,9	1.719,9	1.719,9	1.719,9
Capital Reserve	323,3	296,3	268,1	54,9	52,2
Treasury Shares	(124,5)	(80,4)	(9,5)	(84,2)	(87,0)
Legal Reserve	109,0	65,6	65,6	65,6	65,6
Profit Retention Reserve	1.301,8	434,9	546,9	546,9	546,9
Other Comprehensive Income	3,2	3,4	1,2	(2,1)	5,3
Retained Earnings	-	753,8	518,7	132,1	-
Total Shareholders' Equity	7.564,9	3.193,6	3.110,9	2.433,0	2.302,9
TOTAL	19.791,1	13.252,8	12.082,7	9.741,2	8.796,7

ANNEX IV
FINANCIAL STATEMENTS – ADJUSTED CONSOLIDATED STATEMENT OF CASH FLOWS

ADJUSTED CASH FLOW STATEMENTS (R$ million)	4Q19	4Q18	12M19	12M18
Net Income	**168.0**	**189.6**	**921.8**	**597.4**
Effect of Income Tax and Social Contribution Net of Payment	20.8	11.7	244.2	88.8
Depreciation and Amortization	122.3	41.0	487.0	163.7
Interest Accrued on Loans	87.2	9.6	203.7	49.7
Equity Income	(18.4)	(14.7)	(26.6)	(57.8)
Dividends Received	0.0	15.6	21.2	31.4
Provision for Losses on Inventories and Receivables	35.4	15.9	331.9	130.6
Provision for Tax, Civil and Labor Contingencies	57.2	34.6	452.1	95.1
Gain on Sale of Fixed Assets	(0.8)	(0.3)	(5.0)	0.1
Recognition of Deferred Income	(13.3)	(45.5)	(53.3)	(76.9)
Stock Option Expenses	28.6	5.6	84.4	17.7
Other	0.0	0.0	0.0	0.0
Adjusted Net Income	**487.0**	**263.3**	**2,661.5**	**1,039.7**
Trade Accounts Receivable	(101.6)	(46.8)	(256.8)	(253.5)
Inventories	(916.0)	(693.3)	(1,026.6)	(883.0)
Taxes Recoverable	19.3	(60.4)	(1,467.1)	(85.9)
Other Receivables	(28.3)	9.3	(132.7)	(25.4)
Changes in Operating Assets	**(1,026.6)**	**(791.2)**	**(2,883.3)**	**(1,247.8)**
Trade Accounts Payable	2,132.1	1,451.6	1,409.9	1,185.1
Other Payables	152.1	102.0	312.8	146.7
Change in Operating Liabilities	**2,284.2**	**1,553.6**	**1,722.7**	**1,331.8**
Cash Flow from Operating Activities	**1,744.5**	**1,025.8**	**1,501.0**	**1,123.7**
Additions of Fixed and Intangible Assets	(130.8)	(130.2)	(521.5)	(364.4)
Cash on Sale of Fixed Assets	0.0	0.0	0.0	0.0
Sale of Exclusive Dealing and Exploration Right Contract	0.0	0.0	0.0	0.0
Renegotiation Payment of Exclusive Contract	0.0	0.0	0.0	0.0
Investment in Subsidiary	(6.1)	3.5	(407.1)	0.3
Capital Increase in Affiliated Company	0.0	(30.0)	0.0	(30.0)
Cash Flow from Investing Activities	**(136.9)**	**(156.7)**	**(928.6)**	**(394.1)**
Loans and Financing	(3.8)	0.0	798.9	0.0
Repayment of Loans and Financing	(297.3)	(127.7)	(607.0)	(412.6)
Changes in Other Financial Assets (Hedge)	0.0	0.0	0.0	(1.4)
Payment of Interest on Loans and Financing	(4.6)	(5.7)	(52.3)	(53.2)
Payment of Lease	(26.5)	0.0	(214.3)	0.0
Payment of Interest on Lease	(79.2)	0.0	(152.4)	0.0
Payment of Dividends	0.0	0.0	(182.0)	(114.3)
Treasury Shares	(44.2)	(20.0)	141.4	(75.7)
Proceeds from the Secondary Equity Offering	4,300.0	0.0	4,300.0	0.0
Payment of expenses with the Secondary Equity Offering	(67.6)	0.0	(67.6)	0.0
Cash Flow from Financing Activities	**3,776.8**	**(153.4)**	**3,964.8**	**(657.1)**
Cash, Cash Equivalents and Securities at Beginning of Period	1,760.2	1,891.7	2,607.4	2,534.9
Cash, Cash Equivalents and Securities at end of Period	7,144.6	2,607.4	7,144.6	2,607.4
Change in Cash and Cash equivalents	**5,384.4**	**715.7**	**4,537.2**	**72.5**

Note: The difference between the Statement of Cash Flows and the Adjusted Statement of Cash Flows derives from:
(i) the accounting treatment of marketable securities as cash and cash equivalents.
(ii) the accounting treatment of credit card receivables as cash and cash equivalents.

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

INVESTED CAPITAL (R$ million)	Dec-19	Sep-19	Jun-19	mar-19	Dec-18
Working Capital	218,2	459,3	39,4	559,4	328,3
(+) Accounts Receivable	16,8	11,7	11,3	4,4	7,6
(+) Income Tax and Social Contribution deferred	12,7	14,2	27,0	168,9	181,0
(+) Taxes Recoverable	1.137,8	1.275,5	944,6	246,8	150,6
(+) Judicial Deposits	570,1	518,2	480,1	383,9	349,2
(+) Other Assets	11,0	36,4	34,7	32,7	34,2
(+) Investment In Joint Subsidiaries	305,1	305,0	293,6	294,6	308,5
(+) Right of use	2.273,8	2.168,2	1.804,9	1.882,0	
(+) Fixed Assets	1.076,7	1.016,1	941,2	789,4	754,3
(+) Intangible Assets	1.545,6	1.556,0	1.509,5	605,1	598,8
(+) Non Current Assets	6.949,7	6.901,3	6.046,8	4.407,9	2.384,1
(-) Provision for Contingencies	1.037,1	941,0	813,0	380,9	387,4
(-) Lease	1.949,8	1.991,2	1.621,3	1.667,2	
(-) Deferred Revenue	356,8	370,5	384,3	378,1	391,0
(-) Income Tax and Social Contribution deferred	39,0	65,3	58,1	-	-
(-) Other Accounts Payable	2,0	1,8	1,9	1,8	1,7
(-) Noncurrent operating liabilities	3.384,7	3.369,7	2.878,7	2.428,0	780,0
(=) Fixed Capital	3.565,0	3.531,6	3.168,1	1.979,9	1.604,1
(=) Total Invested Capital	3.783,2	3.990,9	3.207,5	2.539,3	1.932,4
(+) Net Debt	(3.905,3)	685,3	96,6	(60,2)	(552,4)
(+) Dividends Payable	123,6	112,0	-	166,4	182,0
(+) Shareholders Equity	7.564,9	3.193,6	3.110,9	2.433,0	2.302,9
(=) Total Financing	3.783,2	3.990,9	3.207,5	2.539,3	1.932,4

FINANCIAL EXPENSES RECONCILIATION (R$MM)	4Q19	3Q19	2Q19	1Q19	4Q18
Financial Income	22,9	96,2	479,7	42,2	35,8
Financial Expenses	(210,9)	(135,7)	(223,7)	(141,1)	(126,5)
Net Financial Expenses	(188,0)	(39,5)	256,0	(98,9)	(90,7)
Interest on prepayment of receivables: Luiza Card and third party card	93,0	93,6	122,1	93,6	91,5
Adjusted Financial Expenses	(95,0)	54,1	378,1	(5,3)	0,8
Taxes on Adjusted Financial Expenses	32,3	(18,4)	(128,5)	1,8	(0,3)
Net Adjusted Financial Expenses	(62,7)	35,7	249,5	(3,5)	0,6

NOPLAT AND ROIC/ROE RECONCILIATION(R$MM)	4Q19	3Q19	2Q19	1Q19	4Q18
EBITDA	499,1	501,2	379,9	395,4	353,5
Interest on prepayment of receivables: Luiza Card and third party card	(93,0)	(93,6)	(122,1)	(93,6)	(91,5)
Depreciation	(122,3)	(163,9)	(96,8)	(103,9)	(41,0)
Current and deferred taxes	(20,8)	(62,7)	(152,4)	(60,4)	(32,1)
Taxes on Adjusted Financial Expenses	(32,3)	18,4	128,5	(1,8)	0,3
Net Operating Income (NOPLAT)	230,7	199,4	137,1	135,6	189,1
Invested Capital	3.783,2	3.990,9	3.207,5	2.539,3	1.932,4
ROIC Annualized	24%	20%	17%	21%	39%
Net Income	168,0	235,1	386,6	132,1	189,6
Shareholders Equity	7.564,9	3.193,6	3.110,9	2.433,0	2.302,9
ROE Annualized	9%	29%	50%	22%	33%

ANNEX VI
BREAKDOWN OF TOTAL SALES AND NUMBER OF STORES PER CHANNEL

Breakdown of Total Sales (R$ million)	4Q19	V.A.	4Q18	V.A.	Growth Total
Virtual Stores	350.1	3.9%	277.1	4.7%	26.4%
Conventional Stores	4,319.6	48.1%	3,425.3	57.6%	26.1%
Subtotal - Physical Stores	4,669.7	52.0%	3,702.4	62.3%	26.1%
Traditional E-commerce (1P)	3,160.3	35.2%	1,873.9	31.5%	68.6%
Marketplace (3P)	1,158.1	12.9%	366.0	6.2%	216.4%
Subtotal - E-commerce	4,318.4	48.0%	2,239.9	37.7%	92.8%
Total Sales	**8,988.1**	100.0%	**5,942.3**	100.0%	51.3%

Breakdown of Total Sales (R$ million)	12M19	V.A.	12M18	V.A.	Growth Total
Virtual Stores	1,119.2	4.1%	908.8	4.6%	23.1%
Conventional Stores	13,785.8	50.6%	11,733.7	59.7%	17.5%
Subtotal - Physical Stores	14,905.0	54.7%	12,642.6	64.3%	17.9%
Traditional E-commerce (1P)	9,338.7	34.2%	6,170.2	31.4%	51.4%
Marketplace (3P)	3,027.0	11.1%	855.1	4.3%	254.0%
Subtotal - E-commerce	12,365.7	45.3%	7,025.3	35.7%	76.0%
Total Sales	**27,270.7**	100.0%	**19,667.8**	100.0%	38.7%

[1] Total Sales include gross revenue from physical stores and e-commerce plus marketplace sales

Number of stores per channel – End of the period	Dec-19	Part(%)	Dec-18	Part(%)	Growth Total
Virtual Stores	195	17.5%	162	17.0%	33
Conventional Stores	912	81.9%	791	82.9%	121
Kiosk	5	0.4%	-	0.0%	5
Subtotal - Physical Stores	1,112	99.9%	953	99.9%	159
Ecommerce	1	0.1%	1	0.1%	-
Total	**1,113**	100.0%	**954**	100.0%	159
Total Sales Area (m²)	648,227	100%	572,394	100%	13.2%

ANNEX VII
LUIZACRED

Operating Indicators

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

In 4Q19, Luizacred's total card base grew 332,000 units, reaching 5.2 million cards issued (+ 22.8% *versus* Dec/18). In-store sales to Luiza Card customers, distinguished by their loyalty and higher purchase frequency, increased by 29.4% in 4Q19.

Luizacred's credit portfolio, including credit card, DCC and individual loans, reached R$11.5 billion at the end of 4Q19, an increase of 37.4% over 4Q18. Luiza Card's portfolio grew 40.1% to R$11.4 billion, while the DCC portfolio fell to R$118 million, in line with Luizacred's strategy to focus on the Luiza Card.

LUIZACRED – Key Indicators (R$ million)	4Q19	4Q18	% Chg	12M19	12M18	% Chg
Total Card Base (thousand)	5,220	4,253	22.8%	5,220	4,253	22.8%
Luiza Card Sales – In-store	2,082	1,609	29.4%	6,708	5,194	29.1%
Luiza Card Sales – Outside Magazine Luiza	6,028	4,558	32.3%	20,390	15,059	35.4%
Subtotal - Luiza Card	**8,109**	**6,167**	**31.5%**	**27,098**	**20,253**	**33.8%**
DCC Sales	7	57	-86.8%	115	258	-55.3%
Consumer Loans Sales	6	12	-47.2%	37	55	-32.6%
Luizacred Sales - Total	**8,123**	**6,235**	**30.3%**	**27,250**	**20,566**	**32.5%**
Card Portfolio	11,414	8,149	40.1%	11,414	8,149	40.1%
DCC Portfolio	118	227	-47.9%	118	227	-47.9%
Consumer Loans Portfolio	17	31	-43.5%	17	31	-43.5%
Portfolio	**11,549**	**8,406**	**37.4%**	**11,549**	**8,406**	**37.4%**

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

Income Statement in IFRS

LUIZACRED – Income (R$ million)	4Q19	V.A.	4Q18	V.A.	% Chg	12M19	V.A.	12M18	V.A.	% Chg
Financial Intermediation Revenue	416,4	100,0%	348,2	100,0%	19,6%	1.600,7	100,0%	1.242,3	100,0%	28,8%
Cards	394,6	94,8%	305,9	87,8%	29,0%	1.477,4	92,3%	1.084,6	87,3%	36,2%
DCC	16,1	3,9%	33,4	9,6%	-51,7%	94,1	5,9%	118,8	9,6%	-20,8%
Consumer Loans	5,6	1,3%	9,0	2,6%	-37,5%	29,2	1,8%	38,9	3,1%	-25,0%
Financial Intermediation Expenses	(331,4)	-79,6%	(285,8)	-82,1%	16,0%	(1.411,9)	-88,2%	(906,2)	-72,9%	55,8%
Market Funding Operations	(59,4)	-14,3%	(52,0)	-14,9%	14,4%	(254,3)	-15,9%	(183,2)	-14,7%	38,9%
Provision for Loan Losses	(272,0)	-65,3%	(233,8)	-67,1%	16,3%	(1.157,6)	-72,3%	(723,0)	-58,2%	60,1%
Gross Financial Intermediation Income	84,9	20,4%	62,5	17,9%	36,0%	188,8	11,8%	336,1	27,1%	-43,8%
Other Operating Revenues (Expenses)	(25,7)	-6,2%	(30,1)	-8,6%	-14,6%	(119,4)	-7,5%	(158,6)	-12,8%	-24,7%
Service Revenue	239,6	57,5%	190,4	54,7%	25,9%	851,5	53,2%	645,1	51,9%	32,0%
Personnel Expenses	(8,7)	-2,1%	(7,8)	-2,2%	10,7%	(33,8)	-2,1%	(25,2)	-2,0%	34,5%
Other Administrative Expenses	(195,3)	-46,9%	(171,7)	-49,3%	13,8%	(723,8)	-45,2%	(629,2)	-50,6%	15,0%
Depreciation and Amortization	(3,0)	-0,7%	(3,0)	-0,8%	1,5%	(11,9)	-0,7%	(11,9)	-1,0%	0,6%
Tax Expenses	(37,2)	-8,9%	(29,5)	-8,5%	26,0%	(135,7)	-8,5%	(103,7)	-8,3%	31,0%
Other Operating Revenues (Expenses)	(21,1)	-5,1%	(8,5)	-2,4%	149%	(65,6)	-4,1%	(33,8)	-2,7%	93,9%
Income Before Tax	59,2	14,2%	32,4	9,3%	83,0%	69,4	4,3%	177,5	14,3%	-60,9%
Income Tax and Social Contribution	(24,4)	-5,9%	(16,7)	-4,8%	46,8%	(29,1)	-1,8%	(89,8)	-7,2%	-67,7%
Net Income	34,8	8,4%	15,7	4,5%	121,5%	40,3	2,5%	87,6	7,1%	-54,0%

Income Statement in compliance with accounting practices established by the Brazilian Central Bank

LUIZACRED – Income (R$ million)	4Q19	V.A.	4Q18	V.A.	% Chg	12M19	V.A.	12M18	V.A.	% Chg
Financial Intermediation Revenue	416,4	100,0%	348,2	100,0%	19,6%	1.600,7	100,0%	1.242,3	100,0%	28,8%
Cards	394,6	94,8%	305,9	87,8%	29,0%	1.476,5	92,2%	1.084,6	87,3%	36,1%
DCC	16,1	3,9%	33,4	9,6%	-51,7%	94,1	5,9%	118,8	9,6%	-20,8%
Consumer Loans	5,6	1,3%	9,0	2,6%	-37,5%	30,1	1,9%	38,9	3,1%	-22,6%
Financial Intermediation Expenses	(339,2)	-81,5%	(247,6)	-71,1%	37,0%	(1.297,3)	-81,0%	(790,0)	-63,6%	64,2%
Market Funding Operations	(59,4)	-14,3%	(52,0)	-14,9%	14,4%	(254,3)	-15,9%	(183,2)	-14,7%	38,9%
Provision for Loan Losses	(279,8)	-67,2%	(195,6)	-56,2%	43,0%	(1.043,0)	-65,2%	(606,9)	-48,8%	71,9%
Gross Financial Intermediation Income	77,2	18,5%	100,6	28,9%	-23,3%	303,4	19,0%	452,3	36,4%	-32,9%
Other Operating Revenues (Expenses)	(25,7)	-6,2%	(30,1)	-8,6%	-14,6%	(119,4)	-7,5%	(158,6)	-12,8%	-24,7%
Service Revenue	239,6	57,5%	190,4	54,7%	25,9%	851,5	53,2%	645,1	51,9%	32,0%
Personnel Expenses	(8,7)	-2,1%	(7,8)	-2,2%	10,7%	(33,8)	-2,1%	(25,2)	-2,0%	34,5%
Other Administrative Expenses	(195,3)	-46,9%	(171,7)	-49,3%	13,8%	(723,8)	-45,2%	(629,2)	-50,6%	15,0%
Depreciation and Amortization	(3,0)	-0,7%	(3,0)	-0,8%	1,5%	(11,9)	-0,7%	(11,9)	-1,0%	0,6%
Tax Expenses	(37,2)	-8,9%	(29,5)	-8,5%	26,0%	(135,7)	-8,5%	(103,7)	-8,3%	31,0%
Other Operating Revenues (Expenses)	(21,1)	-5,1%	(8,5)	-2,4%	149%	(65,6)	-4,1%	(33,8)	-2,7%	93,9%
Income Before Tax	51,5	12,4%	70,5	20,3%	-27,0%	184,0	11,5%	293,7	23,6%	-37,4%
Income Tax and Social Contribution	(21,3)	-5,1%	(23,9)	-6,9%	-10,8%	(74,9)	-4,7%	(132,2)	-10,6%	-43,4%
Net Income	30,1	7,2%	46,6	13,4%	-35,3%	109,1	6,8%	161,4	13,0%	-32,4%

Comparative: IFRS x Brazilian Central Bank

R$ milhões	4Q19	V.A.	4Q18	V.A.	% Chg	12M19	V.A.	12M18	V.A.	% Chg
Provision for Loan Losses	(7,7)	-1,9%	38,2	11,0%	-	114,6	7,2%	116,2	9,4%	-
Income Tax and Social Contribution	3,1	0,7%	(7,3)	-2,1%	-	(45,8)	-2,9%	(42,4)	-3,4%	-
Net Income	(4,6)	-1,1%	30,9	8,9%	-	68,7	4,3%	73,8	5,9%	-

Revenue from Financial Intermediation

Revenues from financial intermediation grew 19.6% in 4Q19 to R$416.4 million mainly due to the increase in sales on the Luiza Card, inside and outside of Magalu stores.

Provision for Loan Losses

Loan loss indicators continue at a low level. The portfolio of loans overdue from 15 to 90 days (NPL 15) accounted for only 2.4% of the total portfolio in Dec/19, improving 30 bps from Sep/19, reflecting the Company's conservative credit policy.

The overdue portfolio over 90 days (NPL 90) reached 8.2% of the total portfolio in Dec/19, improving 60 bps from Set/19. The variation in the portfolio overdue over 90 days (NPL 90) is related to the growth strategy and the increase in Luiza Card's new customer base.

Provision for Loan Losses expenses accounted for 2.3% of the total portfolio in 4Q19, an increase from 2.8% in 4Q18. Note that the portfolio's IFRS coverage ratio was 170% in Dec/19.

PORTFOLIO - OVERDUE	Dec-19		Sep-19		Jun-19		Mar-19		Dec-18	
000 to 014 days	10,322	89.4%	9,151	88.5%	8,428	88.3%	7,836	88.8%	7,568	90.0%
015 to 030 days	67	0.6%	65	0.6%	70	0.7%	81	0.9%	63	0.8%
031 to 060 days	81	0.7%	88	0.9%	91	1.0%	102	1.2%	69	0.8%
061 to 090 days	128	1.1%	122	1.2%	141	1.5%	123	1.4%	98	1.2%
091 to 120 days	123	1.1%	133	1.3%	124	1.3%	95	1.1%	96	1.1%
121 to 150 days	116	1.0%	118	1.1%	140	1.5%	96	1.1%	82	1.0%
151 to 180 days	110	1.0%	122	1.2%	107	1.1%	88	1.0%	74	0.9%
180 to 360 days	602	5.2%	536	5.2%	440	4.6%	399	4.5%	356	4.2%
Portfolio (R$ million)	11,549	100%	10,336	100%	9,542	100%	8,820	100%	8,406	100%
Receipt expectation of loan portfolio overdue above 360 days	133		126		120		114		111	
Total Portfolio in IFRS 9 (R$ million)	11,682		10,462		9,661		8,935		8,517	
Overdue 15-90 days	275	2.4%	275	2.7%	302	3.2%	306	3.5%	231	2.7%
Overdue Above 90 days	951	8.2%	910	8.8%	811	8.5%	678	7.7%	608	7.2%
Total Overdue	1,227	10.6%	1,185	11.5%	1,113	11.7%	984	11.2%	839	10.0%
Provisions for loan losses on Portfolio	1,335		1,260		1,097		985		924	
Provisions for loan losses on available limit	280		279		265		225		211	
Total Provisions for loan losses in IFRS 9	1,614		1,539		1,363		1,210		1,135	
Coverage of Portfolio (%)	140%		138%		135%		145%		152%	
Coverage of Total Portfolio (%)	170%		169%		168%		179%		187%	

Note: in order to facilitate comparability and analysis of NPL performance, 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 20.4% in 4Q19 (+2.5 p.p. YoY), influenced by the strong growth of the card base and the credit limit available to the best customers. The strong growth in revenues and the improvement in delinquency indicators contributed to the gross margin in 4Q19. In 12M19, gross margin from financial intermediation totaled 11.8% (-15.3 p.p. YoY).

Other Operating Revenues (Expenses)

Other operating expenses totaled R$25.7 million in 4Q19, an improvement of 14.6% YoY, mainly due to service revenue growth of 25.9%. In 12M19, other operating expenses totaled R$119.4 million (-24.7% YoY).

Luizacred's operating efficiency ratio went from 44% in 4Q18 to 41% in 4Q19 (-3 p.p.), one of the best levels in recent years.

Operating Income and Net Income

In 4Q19, Luizacred recorded operating income of R$59.2 million, equivalent to 14.2% of financial intermediation (+5p.p. YoY). In 4Q19, Luizacred's net profit reached R$34.8 million (ROE of 23.7%).

In compliance with accounting practices established by the Brazilian Central Bank, considering the minimum provisions of Law 2682, Luizacred's net income totaled R$30.1 million in 4Q19, with ROE of 13.4% and R$109.1 million in 12M19 (ROE of 12.6%).

Shareholders' Equity

In compliance with the same practices, Luizacred posted shareholders' equity of R$917.9 million in Dec/19. As a result of adjustments required under IFRS, specifically additional provisions for expected losses, net of taxes, Luizacred's shareholders' equity for the purposes of Magazine Luiza's financial statements came to R$616.8 million.

EARNINGS CONFERENCE CALL

Conference Call in Portuguese/English (with simultaneous translation)
Monday, February 17th, 2020
11:00 – Brasilia time
9:00 – New York time (EST)

4Q19 Earnings Release
February 17, 2020 (Monday)
Before market

Participants from the US or other countries:
Dial in #: +1 412 717 9627
CODE: Magazine Luiza
Link de webcast:

Webcast English

HD Web Phone:
Acesso HD Magalu

Replay (available for 7 days):
Dial in # from Brazil: +55 (11) 3193-1012
Identification Code: 2515381#

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About Magazine Luiza

Magazine Luiza, or Magalu, is a technology and logistics company focused on the retail sector. From its humble origins as a traditional retailer providing electronics and home appliances to Brazil's rising middle class, the company has since transformed into a technology powerhouse providing a wide array of products to Brazilians of all classes. Magalu has one of the largest geographic footprints with seventeen distribution centers serving a network of over 1.113 stores in 18 states encompassing over 75% of Brazil's GDP. At the heart of the company's success is an omnichannel retail platform capable of reaching customers via mobile app, web and physical stores. A large part of the company's success is attributable to its in-house development team, Luizalabs, which consists of over 1,000 engineers and product development specialists. Among other things, engineers from Luizalabs use technologies such as big data and machine learning to create logistics, fintech and inventory apps which remove friction from the retail process, improving margins, delivery times and customer experience. The company has been at the forefront of e-commerce adoption in Latin America and its profitable e-commerce operation currently accounts for over 48% of total sales. Magazine Luiza has also been a logistics pioneer. The company's integrated online and offline logistics operations enable it to leverage its physical presence to radically reduce delivery times and costs in a sustainable way. The result is the fastest, lowest cost logistics network in Brazil.

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.