1Q13 Conference Call

May, 14th 2013

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- **Highlights of 1Q13**
- Operational Performance
- Financial Performance
- Expectations for 2013

Highlights of 1T13

1 Consolidated gross revenue increased 7.0% in 1Q13 over 1Q12

- **Gross revenue growth: 7.0%** over 1Q12 – R$2.1 billion
- **Same store sales growth: 5.2%** over 1Q12 (e-commerce stood out)
- **High base of comparison** (SSS growth of 15.9% in 1Q12)
- **Inaugurated 2** conventional stores and closed 14 branches (13 Baú da Felicidade stores) located in overlapping geographic regions

2 Consolidated gross margin increased 0.4 p.p. in 1Q13 over 1Q12

- Consolidated gross margin: **28.2%** of net revenue
- Constant focus on improving gross margin in the Northeast region and maintaining margin in other regions

3 Operating expenses reduced 0.8 p.p. in 1Q13 over 1Q12

- Focus on reducing costs and expenses whilst increasing store productivity
- **End of extraordinary expenses related to the integration process**

4 Solid performance of Luizacred in 1Q13

- Gross revenue expanded **9.8%** to R$345.9 million
- **Gross margin** widened by **6.6 p.p.** over 1Q12, reaching 90.6%
- **EBITDA** margin stood at **8.5%**
- **Net margin of 4.5%**, reversing a loss of R$16.7 million in 1Q12 to an **income of R$15.6 million in 1Q13**

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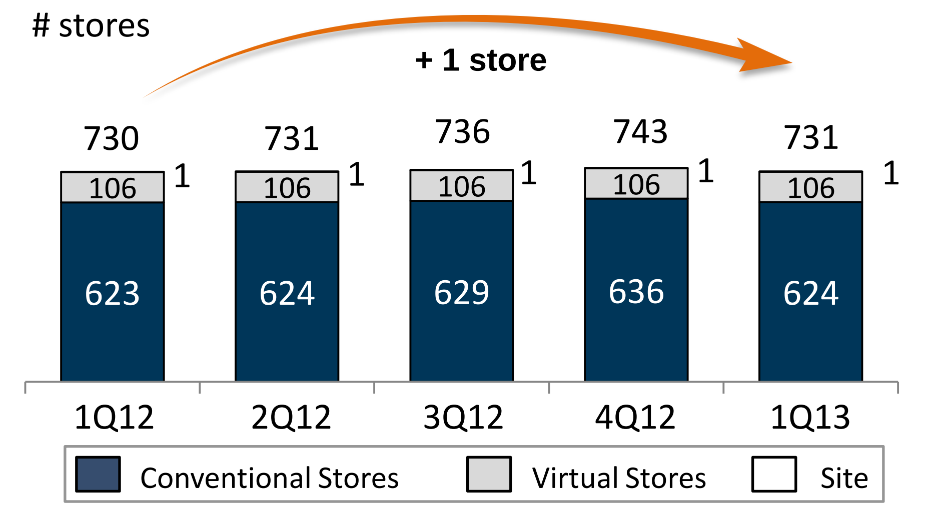
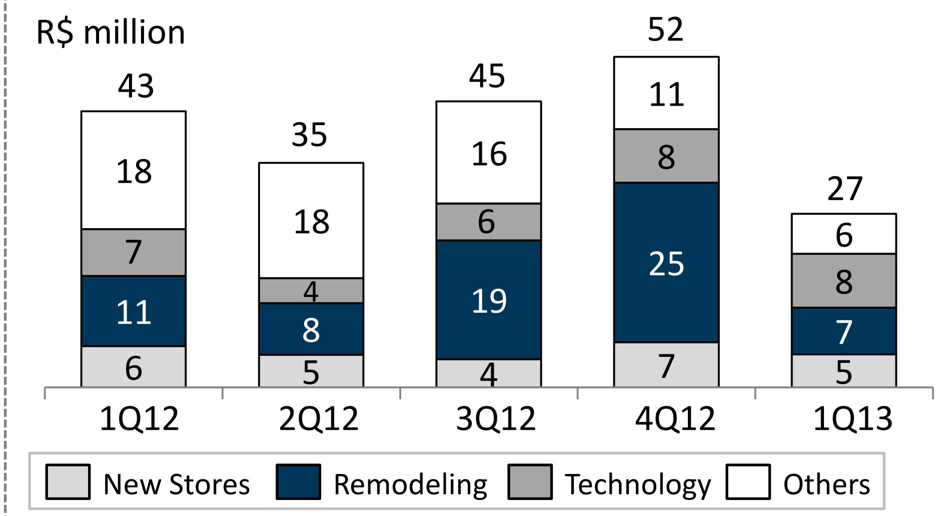
Operational Performance – Stores

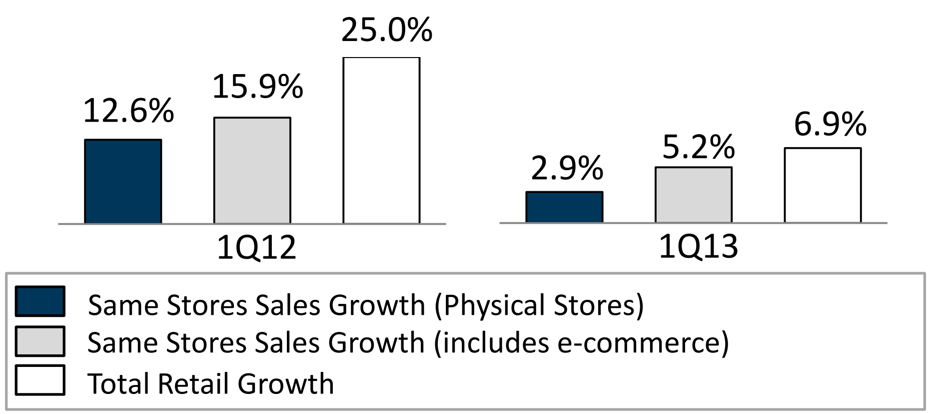
Number of Stores



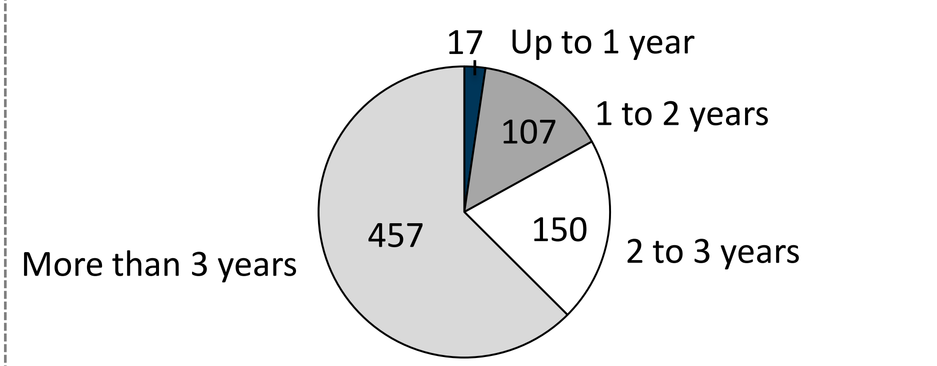
Investments



Same Store Sales Growth



Average Age - Stores



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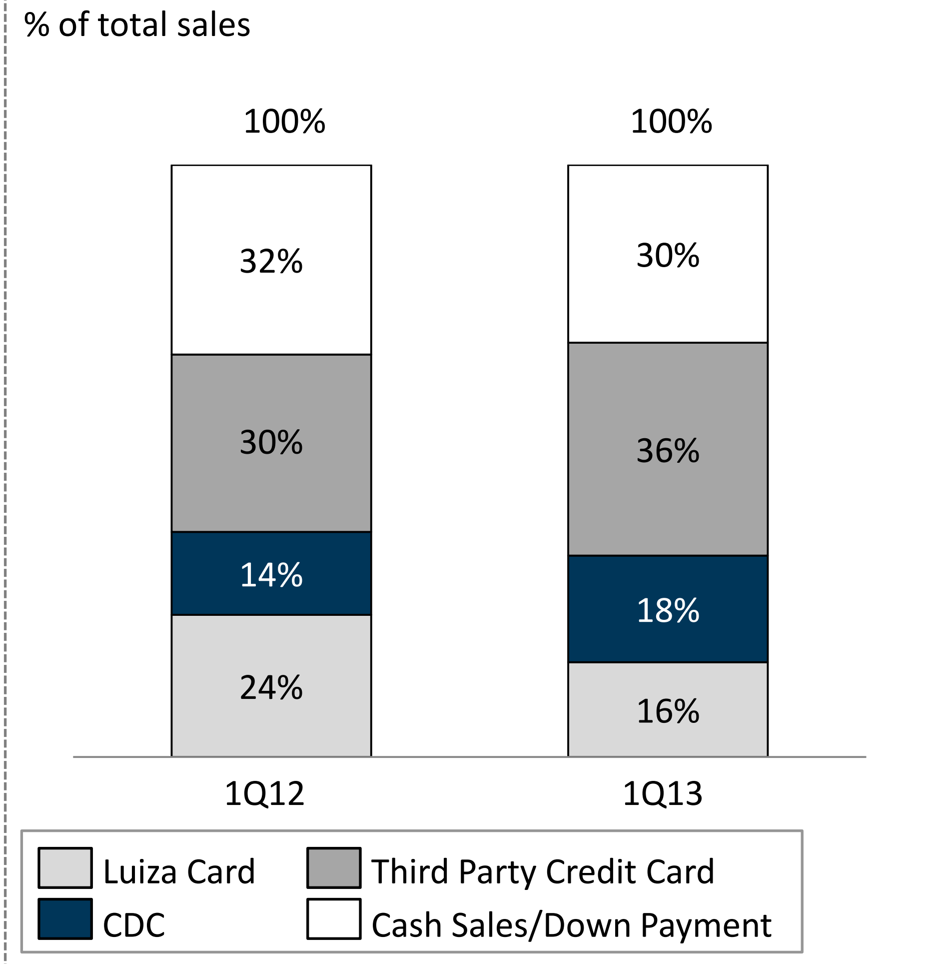
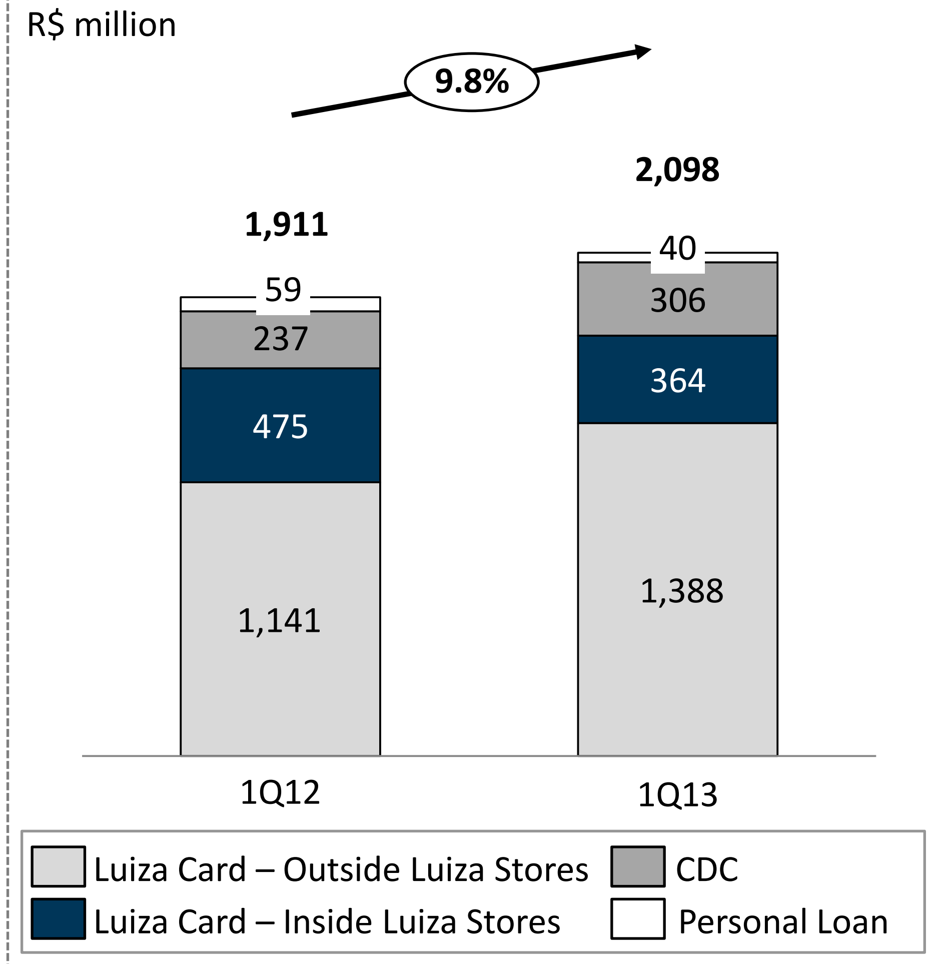
Operational Performance – Luizacred

Financed Mix Sales



Luizacred's Revenues



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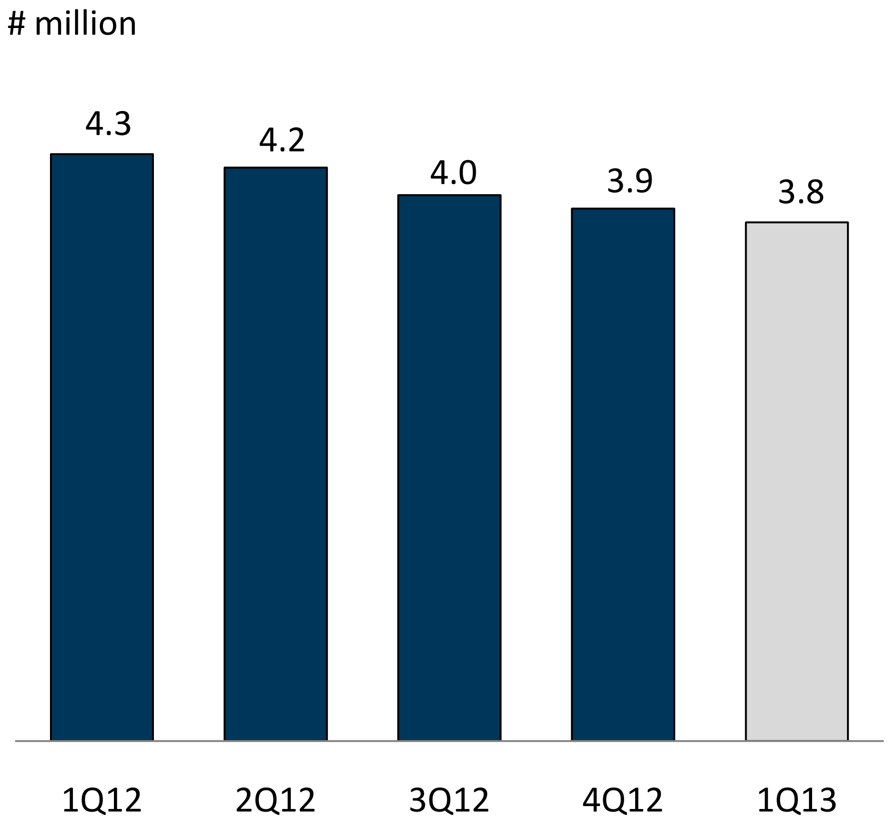
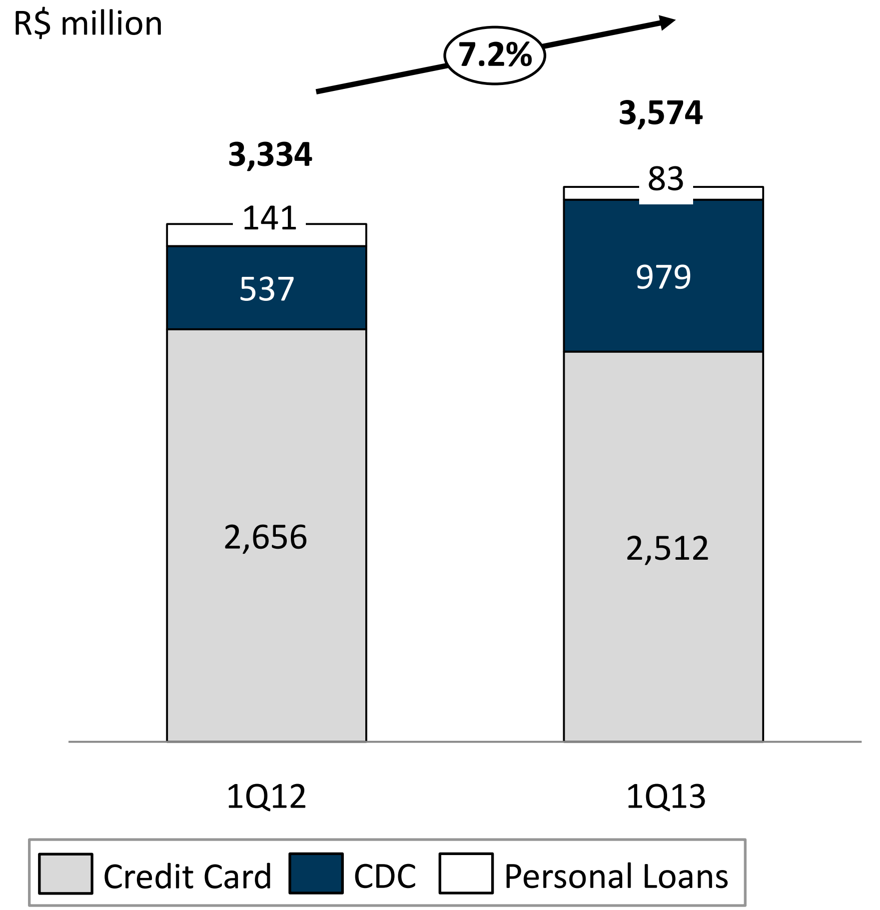
Operational Performance – Portfolio's composition

Luiza Card – Total Credit Card Base

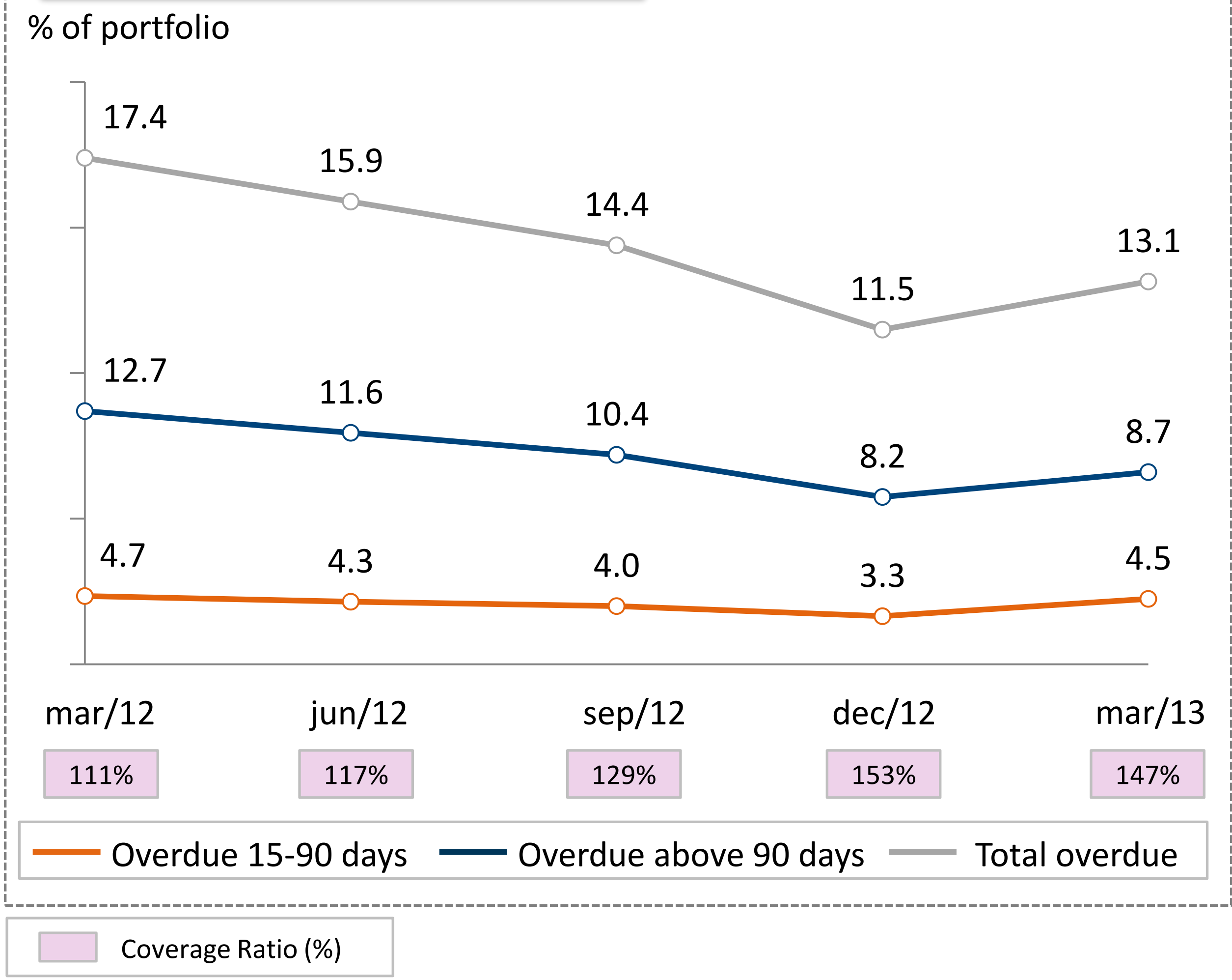


Portfolio



Luizacred Portfolio

Portfolio Overdue



Comments

- **Default indicators** at the close of March 2013 were **4.3 p.p.** lower than in March 2012
- **Overdue above 90 days** (NPL 90) **reduced 4.0 p.p.** over March 2012 and increased 0.5 p.p. over December 2012 (seasonality)
- Provisions for loan losses stood at **4.6%** of total portfolio in 1Q13, up from 4.3% in 4Q12 – **conservative approach**
- **Coverage ratio** was in line with December 2012 and above March 2012**, equivalent to 147%**

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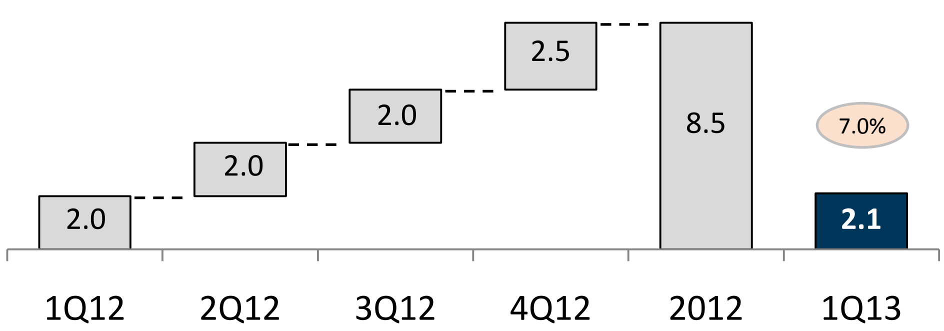
Gross Revenue and Net Revenue

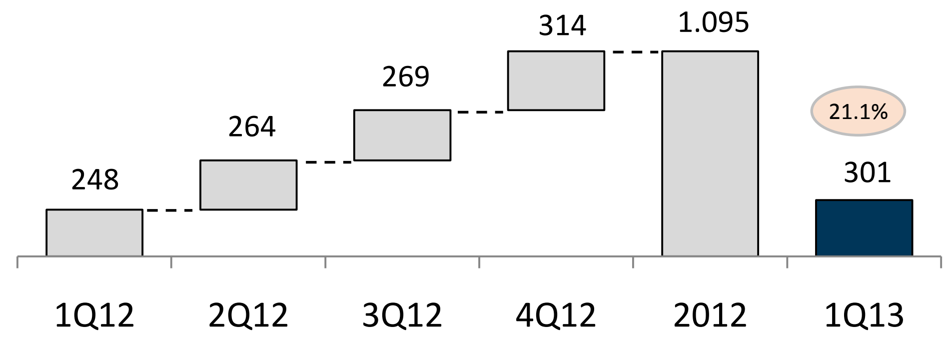
Gross Revenue - Consolidated

R$ billion



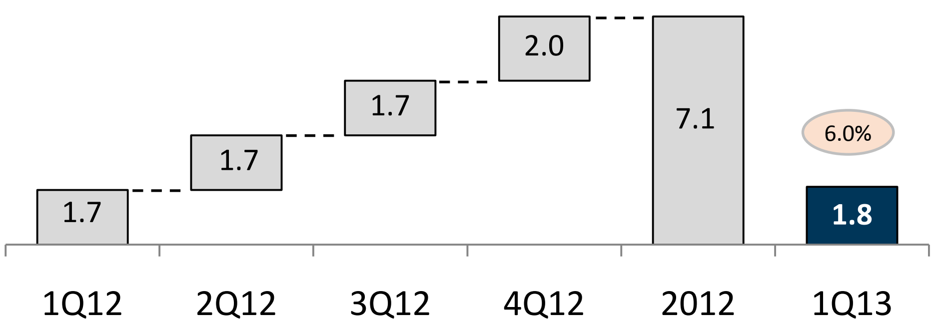
Gross Revenue - Internet

R$ million



Net Revenue - Consolidated

R$ billion



Crescimento *vs* o mesmo trimestre do ano anterior

Comments

- **Consolidated gross revenue growth: 7.0%** over 1Q12
  - **5.0% growth in same-store sales** (e-commerce stood out)
  - **High base of comparison** (SSS growth of 15.9% in 1Q12)

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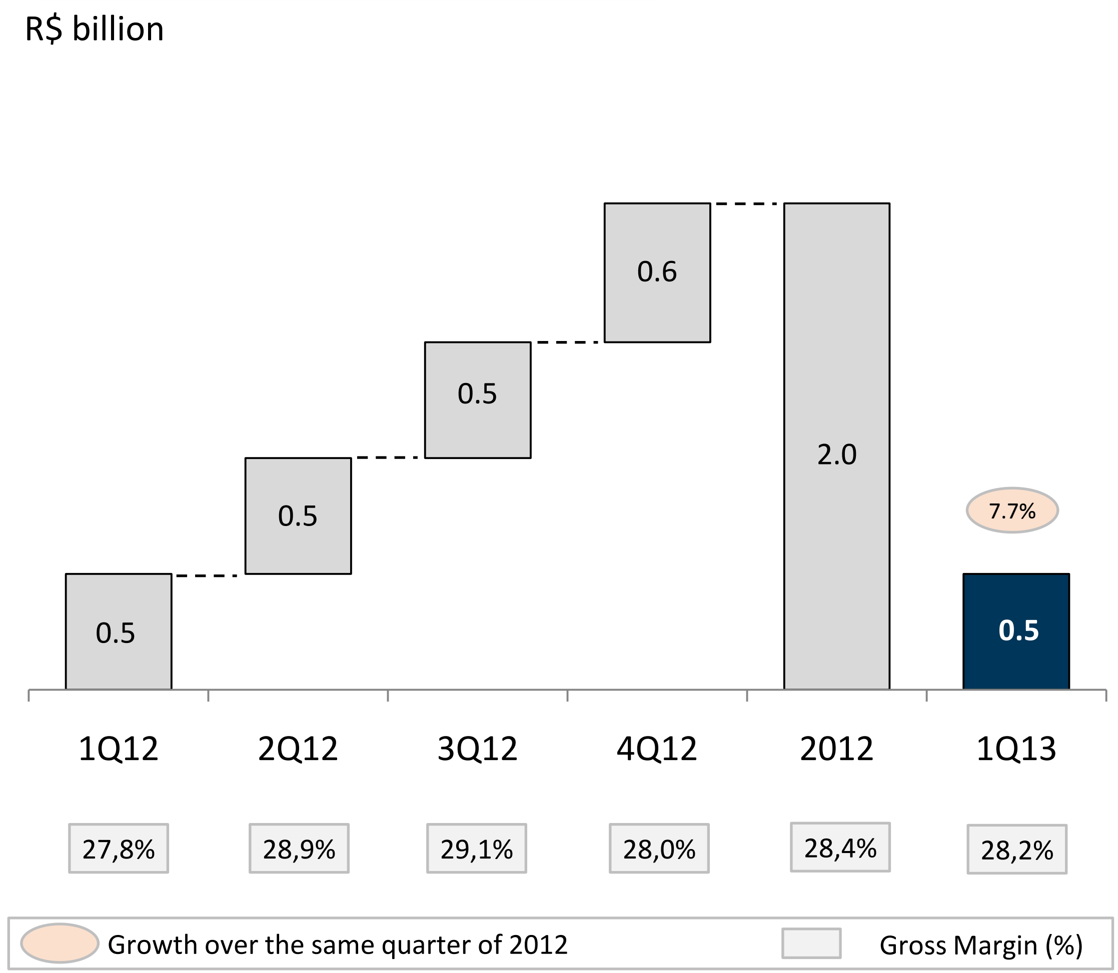
Gross Profit

Gross Profit – Consolidated

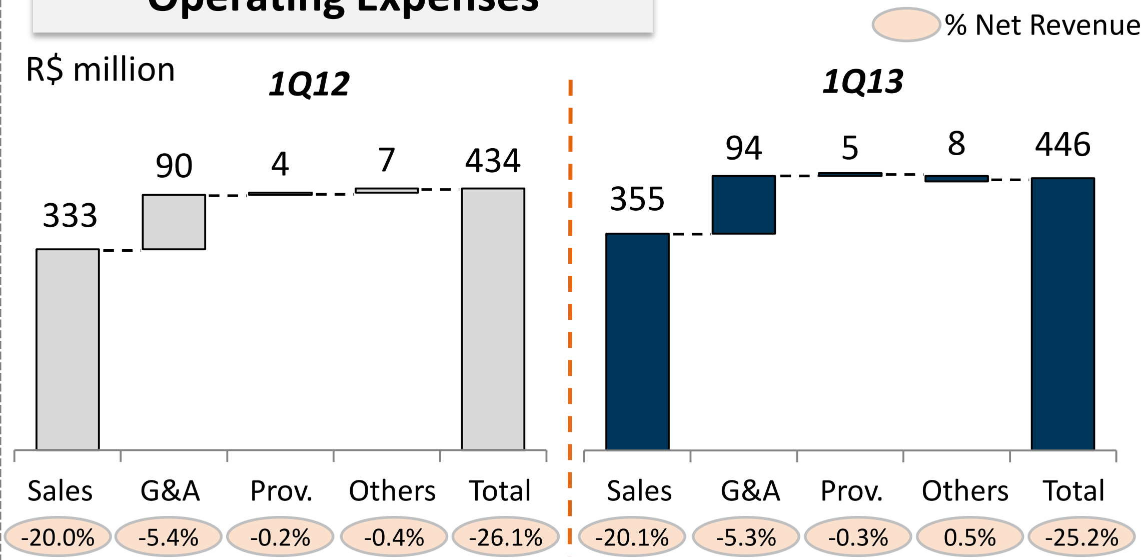


Comments

- **Gross margin of 28.2%, up 0.4 p.p.** from 1Q12
  - **Higher store margin** in the Northeast
  - **Preservation** of margins in other regions

Operating Expenses and Others Expenses (Revenues)

Operating Expenses



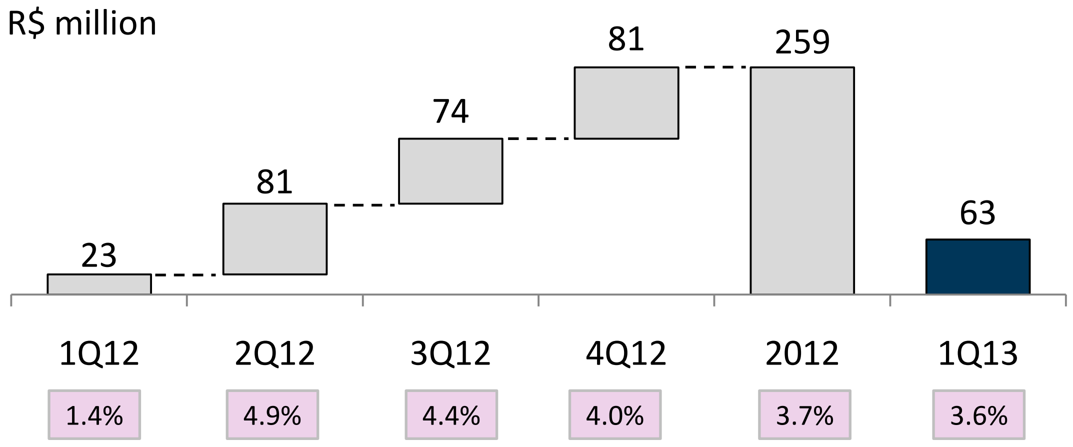
Others Expenses (Revenues) Operating

Comments

- **Operating expenses reduced 0.8 p.p. in 1Q13 over 1Q12**
  - Focus on reducing costs and expenses whilst increasing store productivity
- **SG&A** : virtually stable compared with 1Q12
- **Other Operating Expenses**: reduction in non-recurring expenses

EBITDA and Adjusted EBITDA

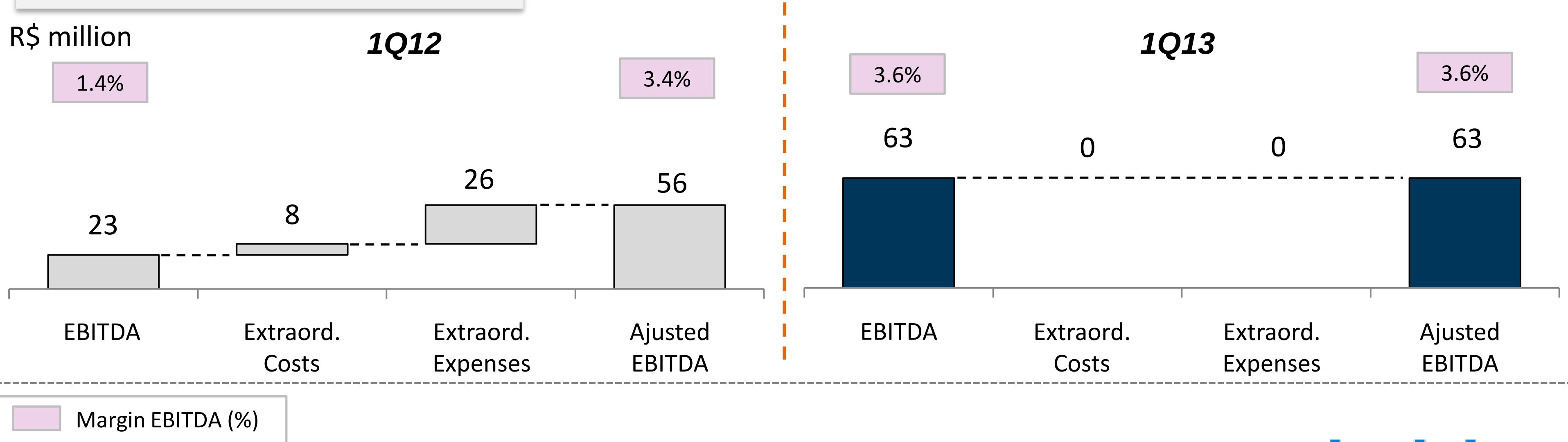
EBITDA



Comments

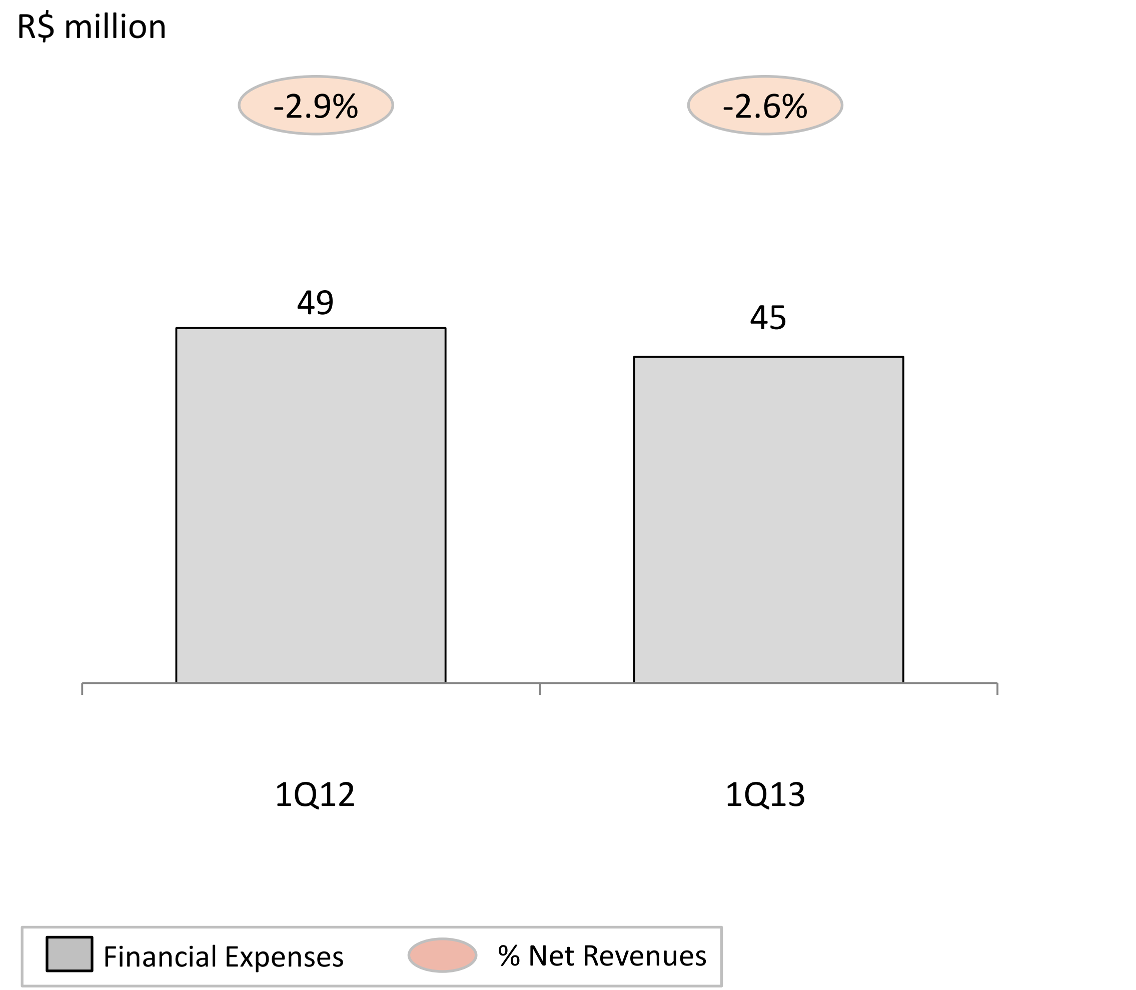
- **Increase of 2.2 p.p.** over 1Q12
- Main factors that influenced EBITDA: **increase in gross margin, decrease in operational expenses and increase in equity in subsidiaries**
- The operating result reflects the beginning of a **gradual improvement in profitability** following the integration of chains Lojas Maia and Baú da Felicidade

Adjusted EBITDA



Financial Expenses – Consolidated

Financial Expenses

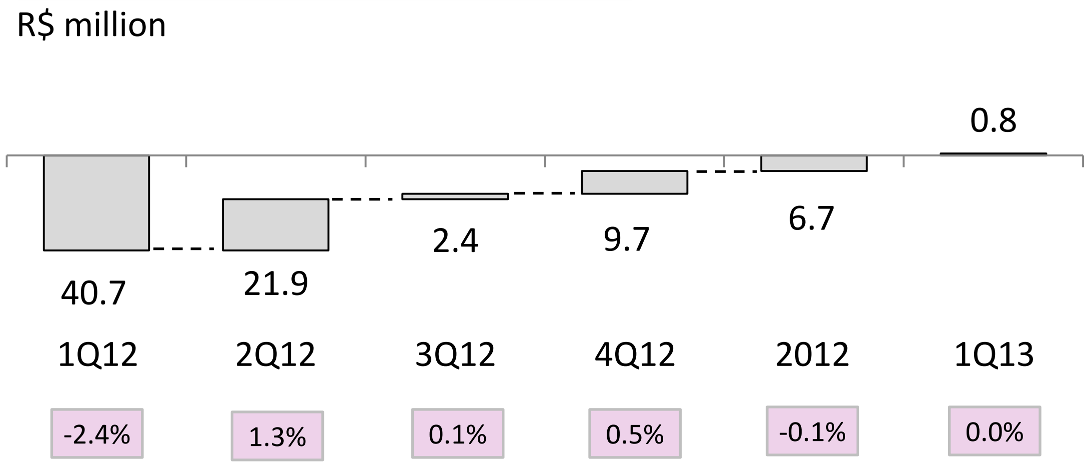


Comments

- **Financial Result:**
  - Reduction of 0.3 p.p. over 1T12
    - ✓ Reduction in the CDI rate and an increase in working capital requirements

Net Income and Adjusted Net Income

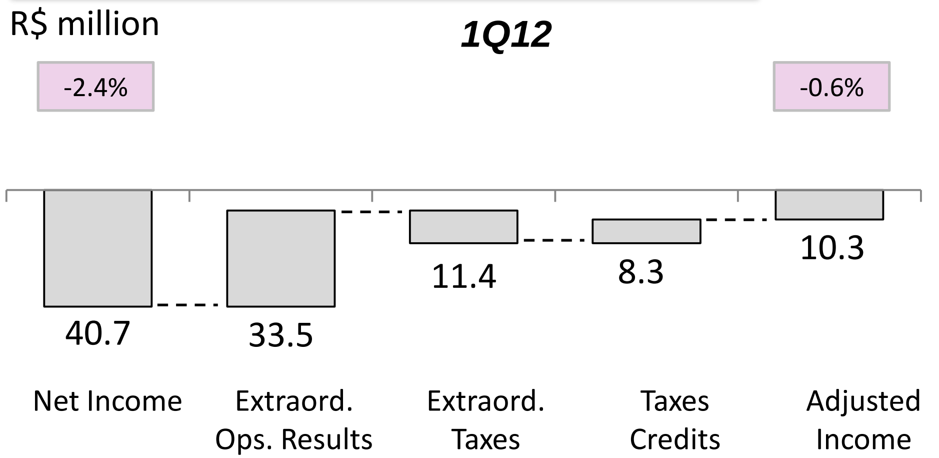
Net Income

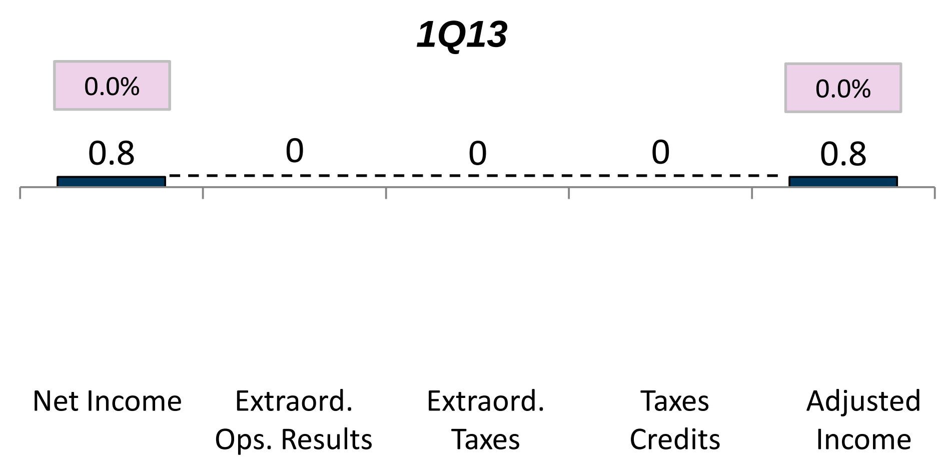


Comments

- **1Q13:** in line with our goal of **gradually improving our results and profitability** in 2013
- Magazine Luiza **reversed a loss of R$40.7 million in 1Q12**

Adjusted Net Income





Net Margin (%)

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Expectations for 2013

1

Same-store sales are expected to record high single-digit growth

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

2

Preservation of consolidated gross margin

- The Company expects to **reduce the difference** in gross margin between stores in the **Northeast** and those in other regions
- Price Management System (**Pricing**) – designed to increase pricing intelligence by channel, region and product family

3

Focus on reducing costs and expenses whilst increasing store productivity

- Stricter control policies for 2013
- More significant gains in the second half of 2013, a period when Magazine Luiza will be launching most of the initiatives

4

Committed to obtaining better productivity and profitability in the upcoming quarters

5

Ensure quality services and client satisfaction

Investor Relations

ri@magazineluiza.com.br

www.magazineluiza.com.br/ir

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