



Magazine Luiza

1Q17 Conference Call

May, 5 2017

1Q17 Highlights

Sales

- Sales growth of 23% reaching R\$3.4 billion
- SSS growth of 22% (+12% bricks and mortar)
- Market-share gains (*versus* +2% market growth)

E-commerce

- Growth of 56% versus market growth of 8% (E-bit)
- Record share of 28% in total sales

Gross Profit

- Gross profit grew 22%, reaching R \$ 832 million
- Solid sales growth with flat margins per channel
- Dilution in 230bps to 22% of Net Revenue

Operational Expenses

- Lower level of operating expenses in recent years
- Operational Leverage, e-commerce, ZBB e EMM

EBITDA Net Profit

- Evolution of EBITDA from 61% to R \$ 232 million (8,3% margin)
- Evolution of net income to R\$ 59 million (ROE of 32%)

Working Capital Leverage

- Improvement in adjusted working capital need of R \$ 381 million
- Adjusted net debt/adjusted EBITDA down from 1.6x to 0.5x

Luizacred

- Reduction of NPL 90 by 360bps with Luiza Card growth
- Net income of R \$ 39 million with ROE of 28%

Operating Highlights

Number of Stores

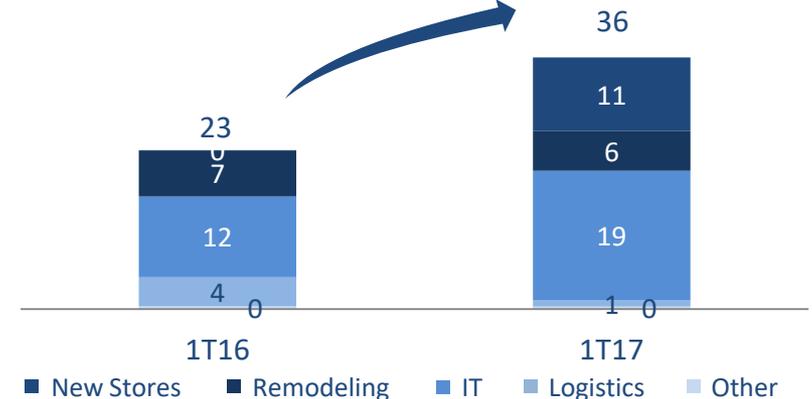
stores

+18 stores

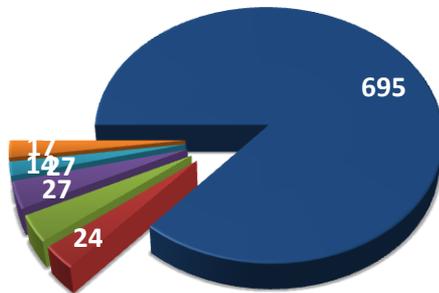


Capex

R\$ million



Average Age - Stores



- More than 5 years
- Up to 1 year
- Up to 2 years
- Up to 3 years
- Up to 4 years
- Up to 5 years

Comments

- Opened 18 new stores in the last 12 months
- Around 14% of our stores are in maturation process
- Capex of R\$36 million on 1Q17, and 52% of total investments went to IT projects due to our digital transformation strategy

Gross Revenue Performance

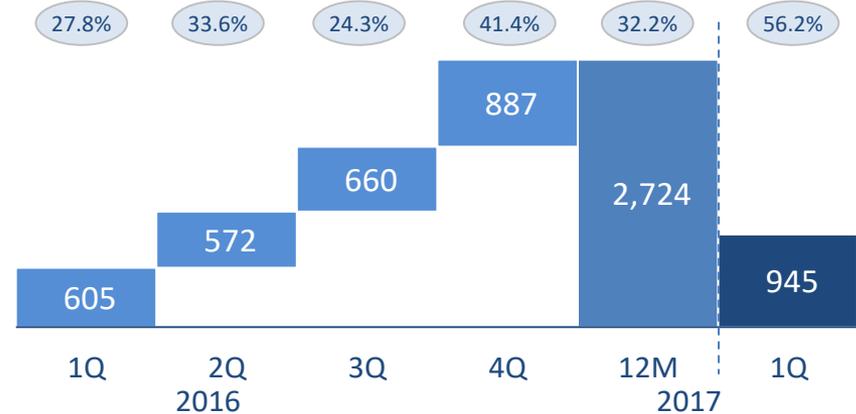
Gross Revenue - Consolidated

R\$ billion

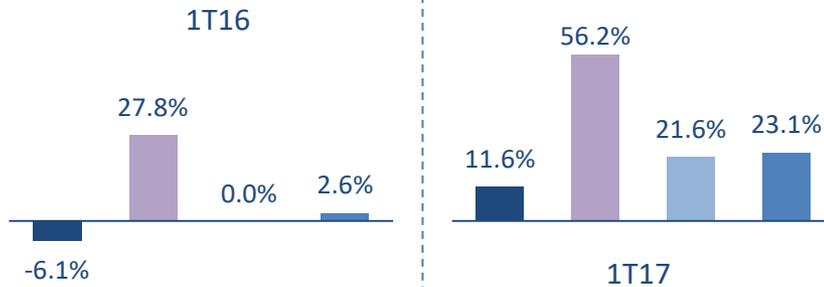


Gross Revenue - Internet

R\$ million



Same-Store Sales Growth



- Same Physical Store Sales Growth
- Ecommerce Growth
- SameStoreSales Growth
- Total Retail Sales Growth

Comments

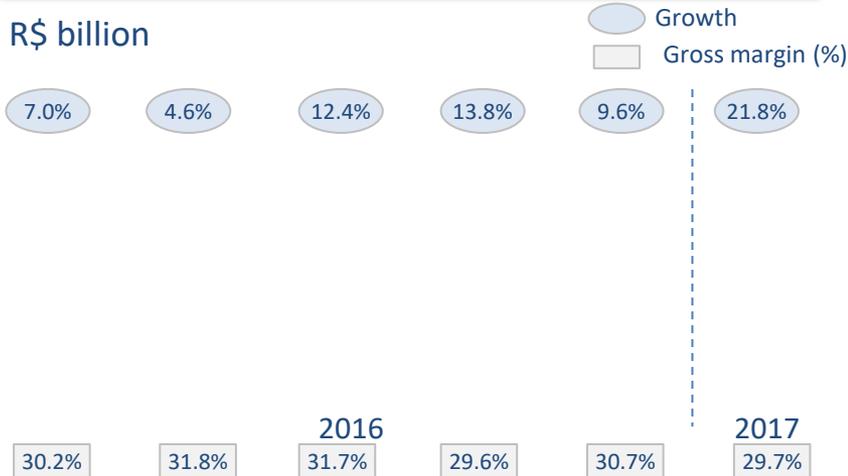
- Market share gains in main categories
- Improved SSS in brick and mortar stores (+12%) in 1Q17
- E-commerce accounted for 28% of total sales
- Market sales of furniture and domestic appliances +2% (PMC/IBGE)
- E-commerce market growth of +8%

Growth over the same period of last year

Gross Profit, Operating Expenses and Equity Income

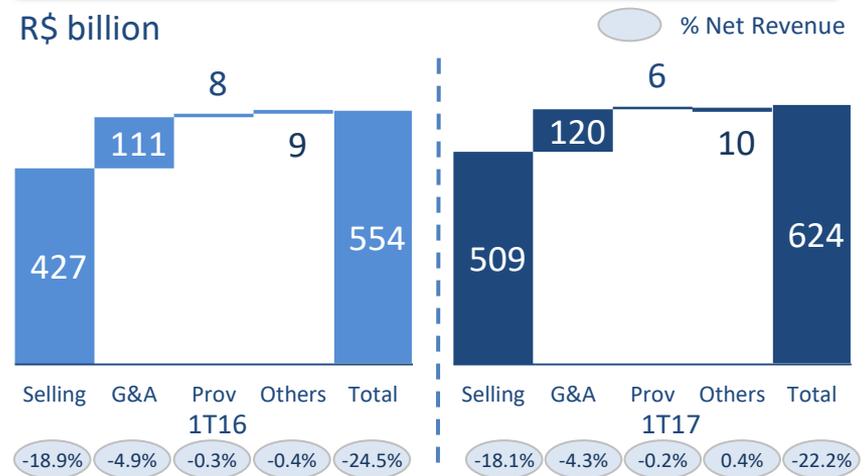
Gross Profit

R\$ billion



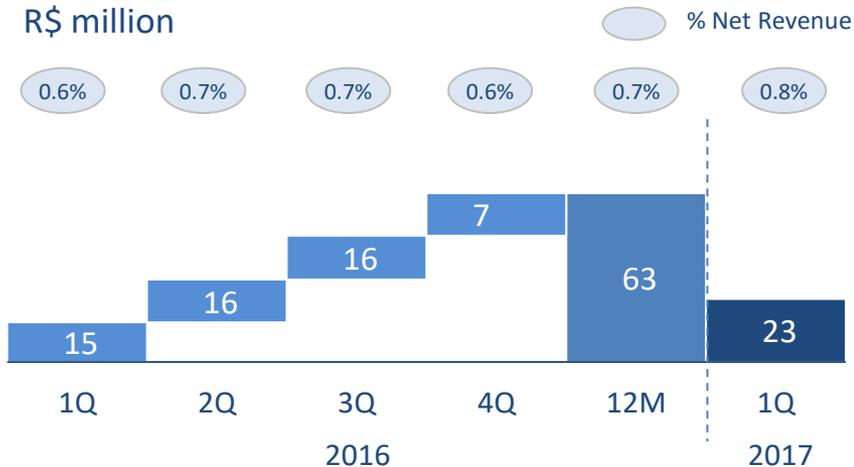
Operating Expenses

R\$ billion



Equity Income

R\$ million



Comments

■ Gross profit

Flat margins per channel

■ Operating Expenses

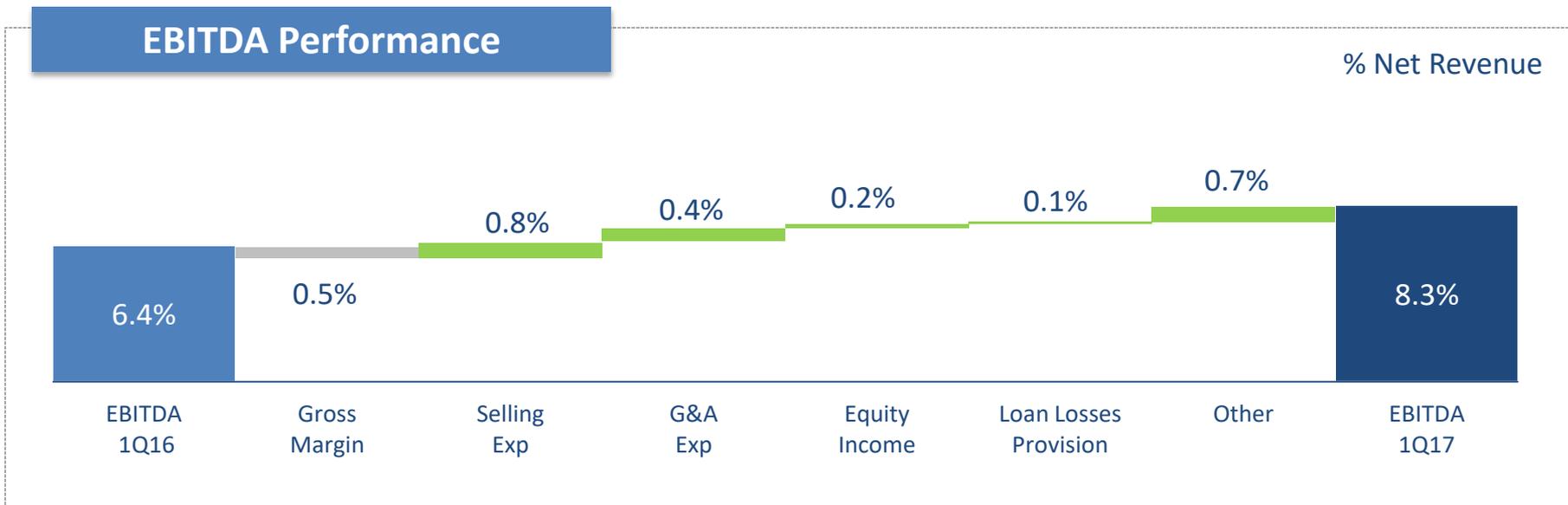
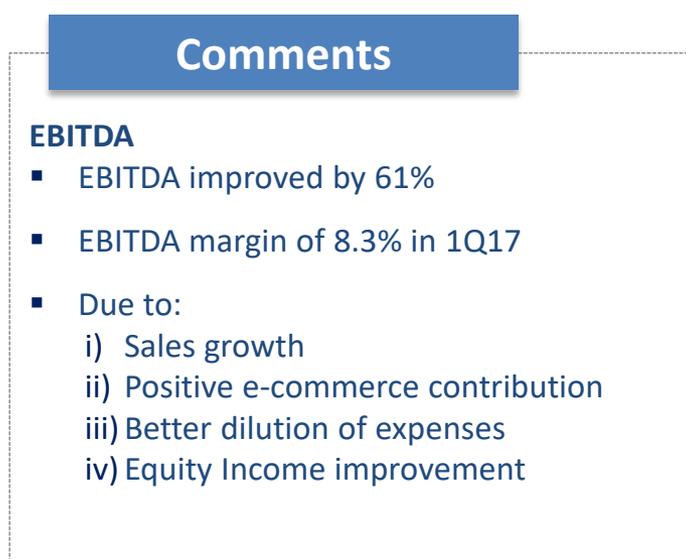
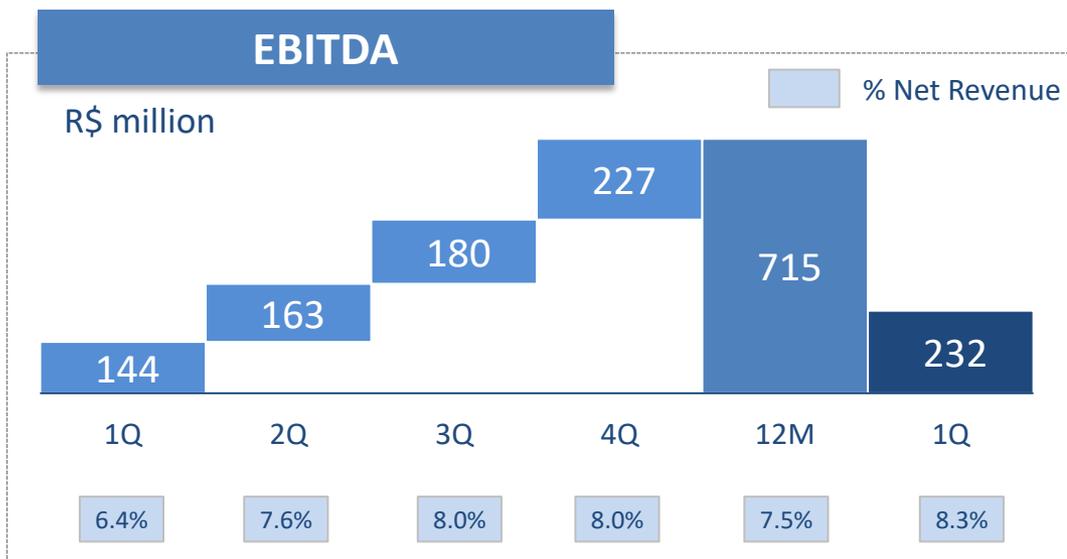
Reduction of 230 bps to 22.2% of net revenue in 1Q17

■ Equity Income

Luizacred: R\$19,7MM in 1Q17

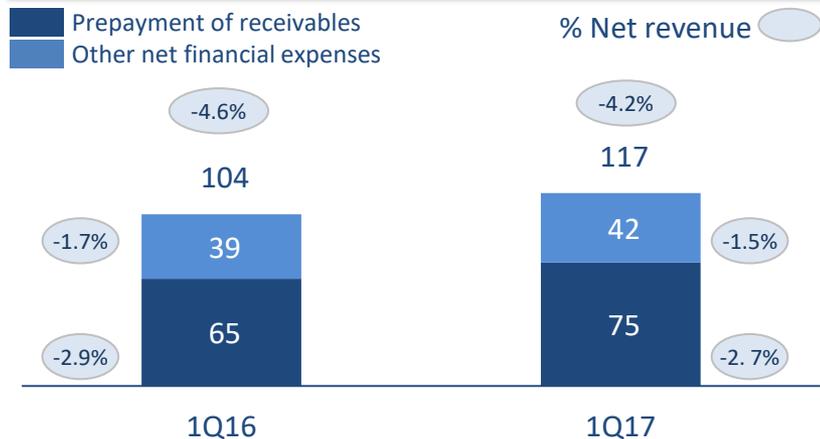
Luizaseg: R\$3,7MM lin 1Q17

EBITDA

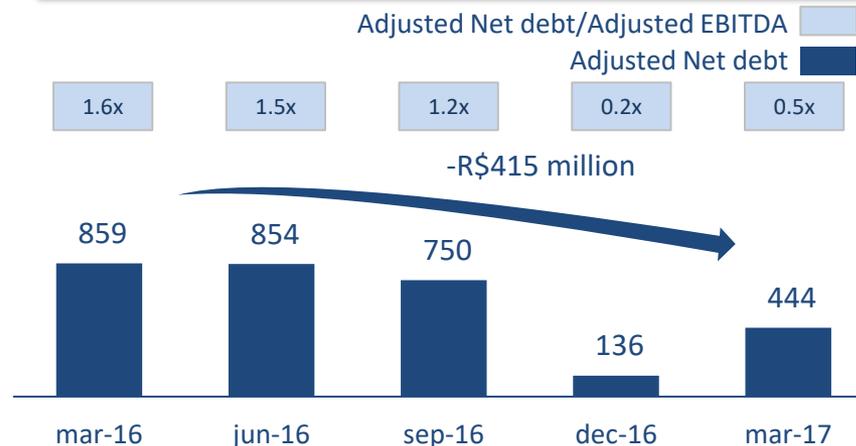


Financial Results and Working Capital

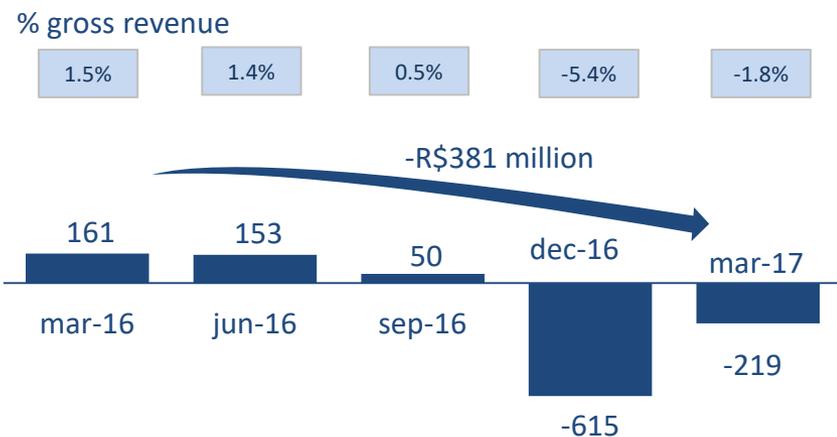
Financial Results*



Adjusted Net Debt**



Adjusted Working Capital



Comments

- Financial results**
 Improved 40bps in 1Q17 to 4.2% due to net debt reduction and Selic rate decrease
- Working Capital**
 Improvement in adjusted working capital of R\$381 million LTM
- Net Debt**
 Reduction of R\$415 million in LTM

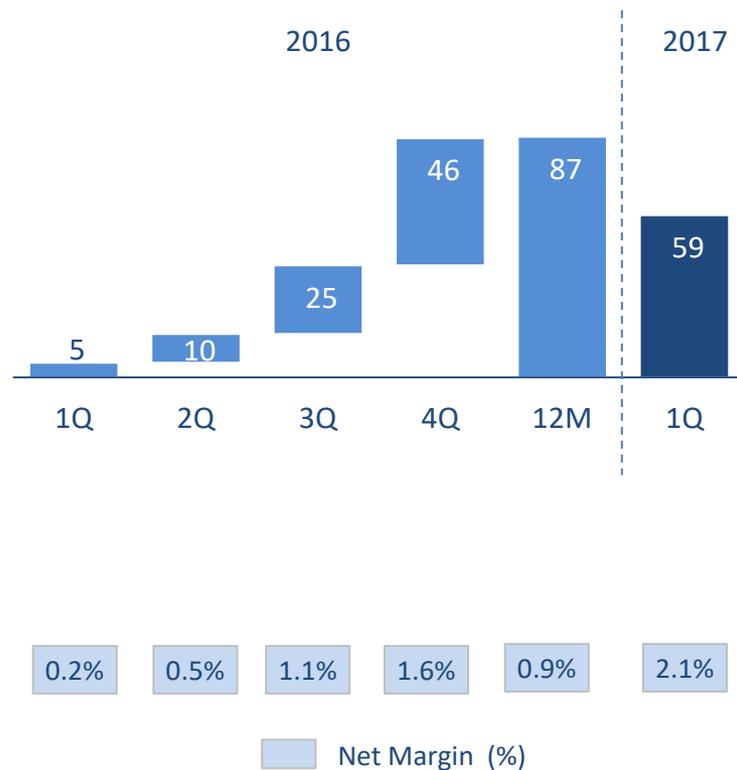
* Adjusted for Income from fund

** Excluding the credit cards which were advanced

Net Income

Net Income

R\$ million



Comments

▪ Net Income

Net Income of R\$59 million in 1Q17 with net margin of 2.1%

ROE of 32%

Mainly impacted by:

- i) better sales performance
- ii) dilution of expenses
- iii) Improved equity income
- iv) better financial result

Luizacred

1Q16 x 1Q17

R\$ million

- Personal Loans
- DCC
- Card - Inside ML
- Card - Outside ML



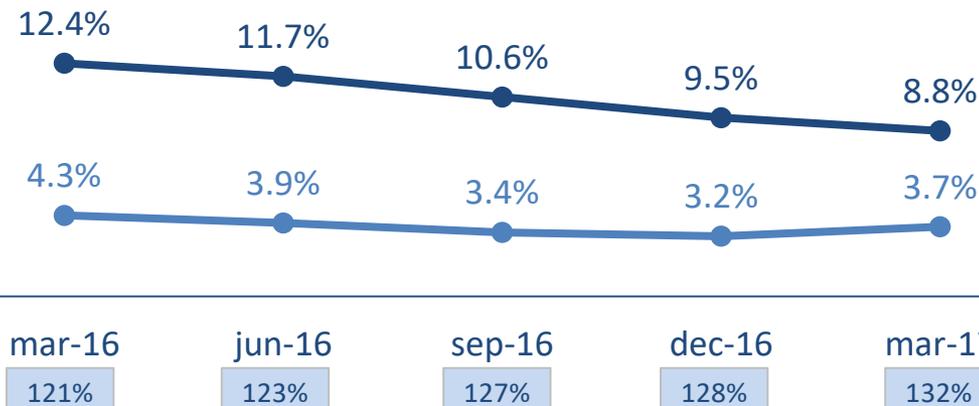
Comments

- +22% of revenue growth
- Increase in revenues from Luiza Card inside ML stores (45%) and outside ML (18%)

Overdue Payments

% portfolio

- Overdue above 90 days
- Overdue 15-90 days
- Coverage Ratio(%)



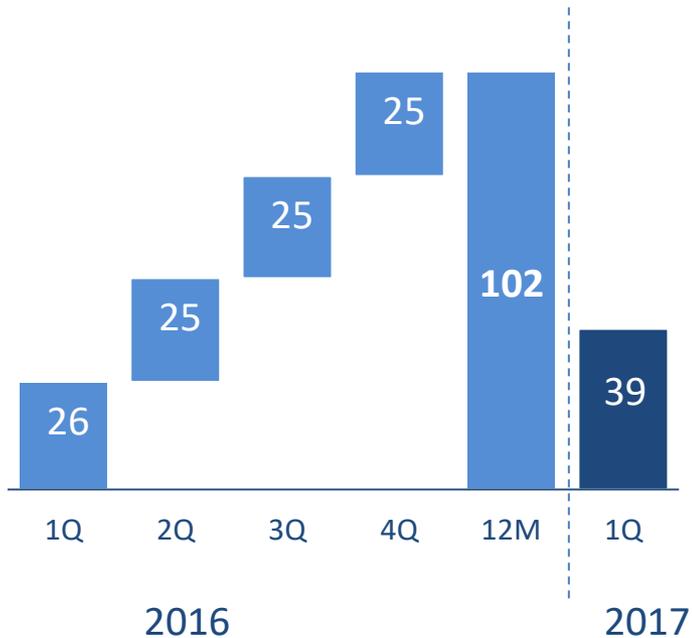
Comments

- NPL 90 reached 8.8% of total portfolio, 360bps reduction (mar/16)
- Coverage ratio increased to 132% in mar/17 (121% in mar/16)

Luizacred - Net Income

Net Income

R\$ million



Comments

- Growth in Luizacard's portfolio (+15%) versus reduction in DCC portfolio (-45%)
- Improved short and long term past due loan indicators in 1Q17
- Reduction in expenses with provisions for loan losses
- Net Income growth of 50% to R\$39million with ROE of 28%

2017 Outlook

- Accelerate and capture our digital transformation projects gains
- Focus in the evolution of Marketplace platform
- Continue to gain market share in a sustainable way
- Maintain the initiatives to reduce costs and expenses
- Continue the efforts to improve working capital management
- Intensify the opening of new stores
- Reduction in Financial Expenses with the decrease of Selic rate and Debt



Investor Relations

Legal Disclaimer

ri@magazineluiza.com.br

www.magazineluiza.com.br/ri

Any statement made in this presentation referring to the Company's business outlook, projections and financial and operating goals represent beliefs, expectations about the future of the business, as well as assumptions of Magazine Luiza's management and are solely based on information currently available to the Company. Future considerations are not a guarantee of performance. These involve risks, uncertainties and assumptions since they refer to forward-looking events and, therefore depend on circumstances that may not occur. These forward-looking statements depend substantially on the approvals and other necessary procedures for the projects, market conditions, and performance of the Brazilian economy, the sector and international markets and hence are subject to change without prior notice. Thus, it is important to understand that such changes in conditions, as well as other operating factors may affect the Company's future results and lead to outcomes that may be materially different from those expressed in such future considerations. This presentation also includes accounting data and non-accounting data such as operating, pro forma financial data and projections based on the Management's expectations. Non-accounting data has not been reviewed by the Company's independent auditors.