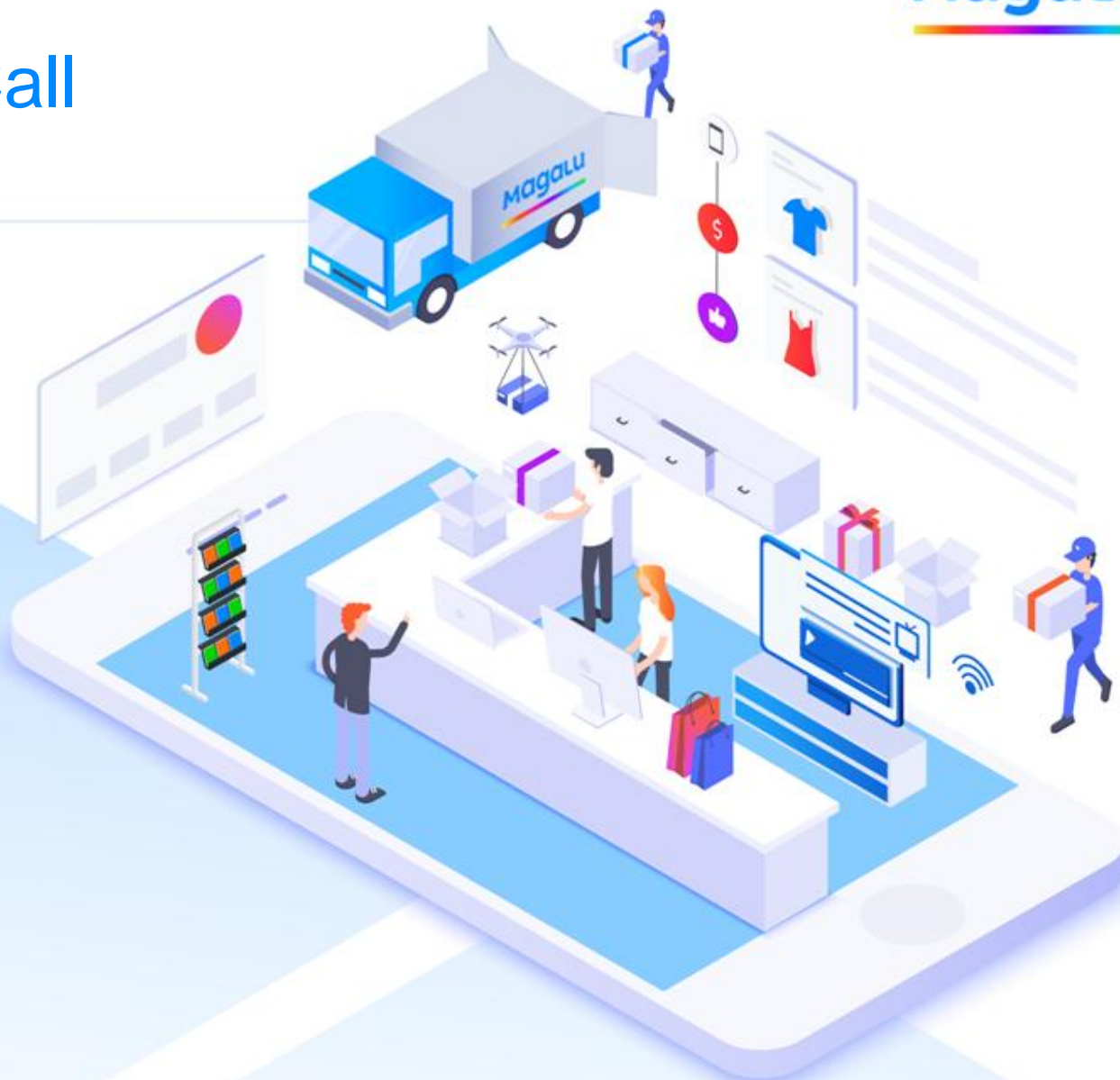


1Q19 Conference Call

May 7, 2019



Drivers 2019

Plataform
Leverage
(MaaS)

2

New
Categories
Growth

4

Faster delivery
(store | home)

6

1

3

5

7

Chinese
Growth

Super App

Best retail
Experience

Data driven
And automation
Culture

Clients

- 18 million active customers (+34% versus 1Q18)
- RA 1000 Seal at physical stores and e-commerce (including marketplace)
- Growth of 26% in first call resolution
- Reduction of formal complaints by almost 60%
- Call center that operates 24 hours a day, 7 days a week

E-commerce

- Growth of 68% in active customer base
- Growth of over 50% in sales and the number of distinct items sold more than doubled
- Entry in category of books: + de 240 thousand titles (1P+3P)
- 33 milhões App downloads – 6 million MAU
- Express Delivery available in more than 250 cities

Marketplace

- More than 5,000 sellers and 5.4MM of SKU's
- More than R\$432 million of GMV (18% of total e-commerce sales and 28% of customer base in the quarter)
- Growth of 244% YoY
- Magalu Payments now has around 3,750 participating sellers
- Magalu Entregas:
 - Magalu Entregas - basic model: 53% of sellers and more than 35% of orders
 - Cross Docking Model: Pilot with 20 sellers (reduction in cost and delivery times)

Physical Stores

- Growth of 23% in active customer base
- Marketshare gains in all regions and categories
- Same physical store sales of 16% nas vendas (SSS of 8%)
- Entry into the North: started the process of opening 48 stores in the States of Pará and Maranhão

Luizacred

- The country's largest credit card company
- A portfolio of R\$ 8.8 billion (+48% YoY)
- Luiza Card cardholder base grew 26%, reaching 4.4 million in 1Q19
- Users of the Luiza Card App reached 465,000 (45% of new accounts)
- Efficiency ratio improved 3 percentage points

NETSHOES

- A Netshoes:
 - Leading e-commerce retailer of clothing, footwear and sporting goods
 - Two brands: Netshoes and Zattini
- Netshoes in numbers (2018):
 - 24 million users
 - 6.8 million of active customers
 - 12 million orders
 - Average ticket: R\$204
 - +1,000 sellers at marketplace
 - Assortment: ~250k SKUs
 - GMV: R\$2,6 billion
 - Marketplace: 15% share
- With the Acquisition, in line with the strategy of exponential growth and creation of the superapp:
 - Adding new categories
 - Increase of the active customer base
 - Increase purchase frequency
- We have signed the Agreement and Plan of Merger on April 29th:
 - Price: US\$2/share
 - Total Price: US\$62 million
 - Is subject to approval by Netshoes General Meeting and CADE
 - Agreement with holders of approximately 48% of Netshoes capital stock

1Q19 Highlights – Pro Forma

Sales

- Total sales grew 28 %, reaching R\$5.7 billion
- Total Physical Store Sales grew 16% (8% in Same Store Sales)

E-commerce

- E-commerce grew 50% (reaching 41% of total sales)
- Marketplace sales grew 244% (18% of share)

Gross Profit

- Gross profit grew 16% (a reduction of 0.9 p.p. in gross margin)
- End of “Lei do Bem”, e-commerce, marketplace

Operational Expenses

- Dilution of expenses by 60 bps to 20.6% of net revenue
- Investments in the acquisition of new clientes and higher service levels

EBITDA Net Profit

- EBITDA grew 6% to R\$318 million (7.4% margin)
- Net income of R\$139 million (ROE of 23%)

Operating Cash Generation

- Cash flow from operations reached R\$733 million in LTM
- ROIC of 20%(1Q19) and 35% LTM

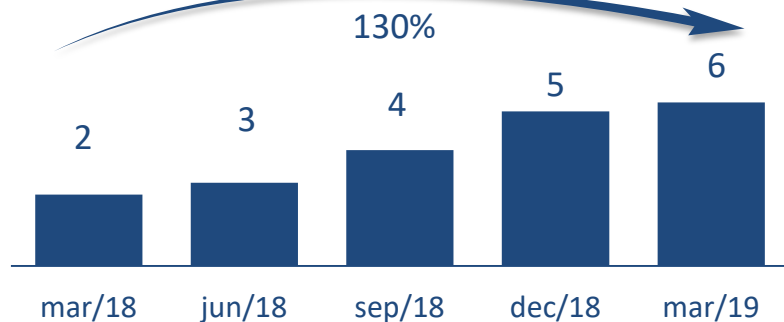
Capital Structure

- Adjusted net cash of R\$1.4 billion in Mar/19
- Net cash position of R\$1.8 billion

Evolution of Users

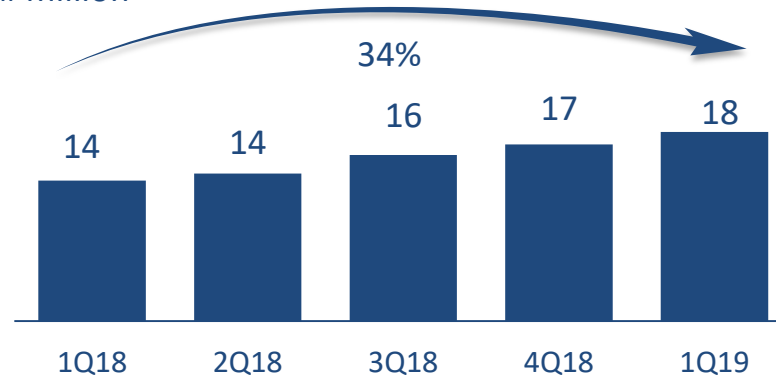
MAU

million



Active Customer Base

million



Destaques

- Growth of 130% in LTM
- Most downloaded App “shopping category” during Liquidação Fantástica

Destaques

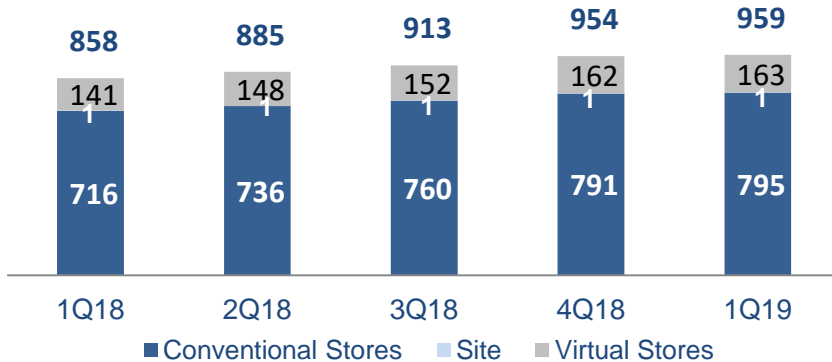
- Growth of 34% in active customer base
- Inclusion of new categories and investment in customer experience contributed to this growth

Operating Highlights

Number of Stores

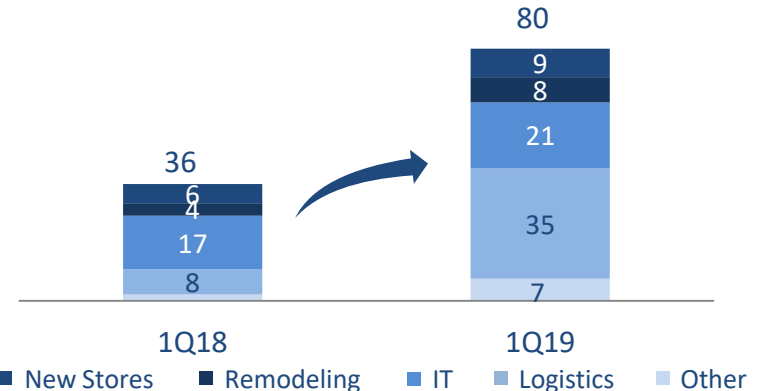
stores

+101 stores

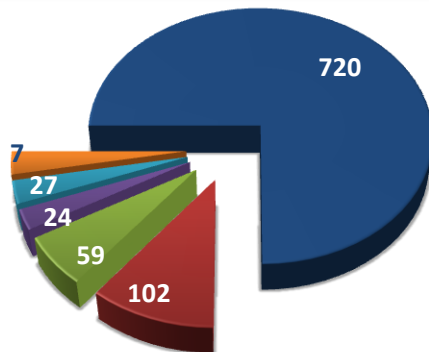


Capex

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

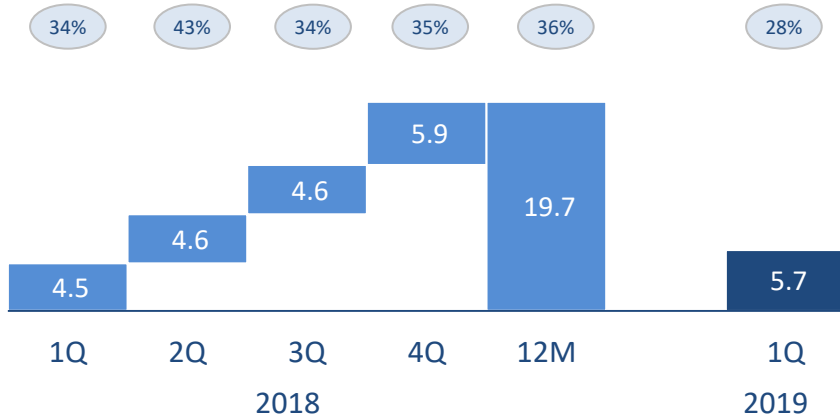
Highlights

- Opened 5 stores in 1Q19
- Around 25% of stores are still in the maturation process
- 1Q19 Capex was R\$80 million, in projects to support growth

Sales Performance

Total Sales

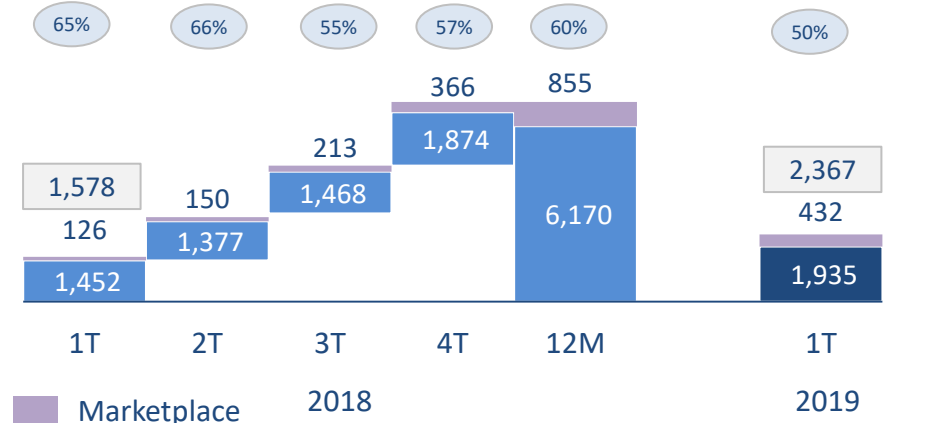
R\$ billion



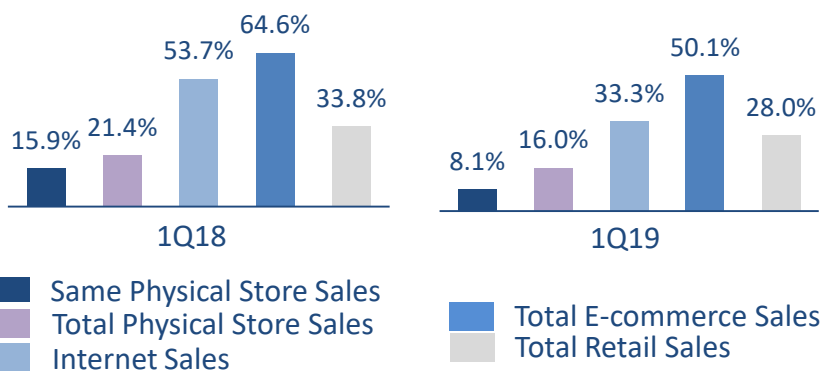
Sales – Total E-commerce*

R\$ million

* Website, App and Marketplace



Sales Growth



Highlights

- Same physical store sales of 8% (1Q19) even with a tough comparison basis
- E-commerce share rose from 35.3% to 41.4% in 1Q19
- By contrast, sales of furniture and domestic appliances in Brazil grew only 3.8% in the first two months (PMC/IBGE)
- Brazilian e-commerce market grew 12.9% (E-bit)

YoY growth comparison

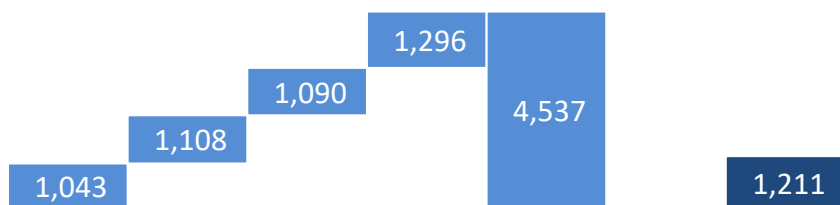
Gross Profit, Operating Expenses and Equity Income

Gross Profit

R\$ million

Gross margin (%)

28.9% 30.0% 29.7% 28.1% 29.1% 28.0%

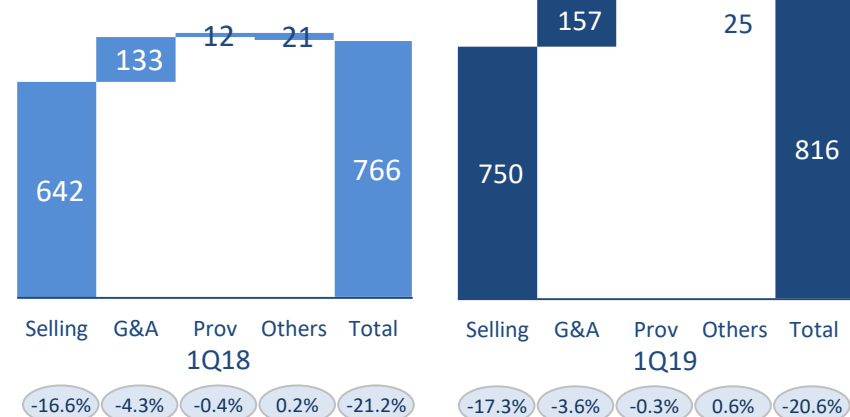


1Q 2Q 3Q 4Q 12M 1Q
2018 2019

Operating Expenses

R\$ million

% Net Revenue



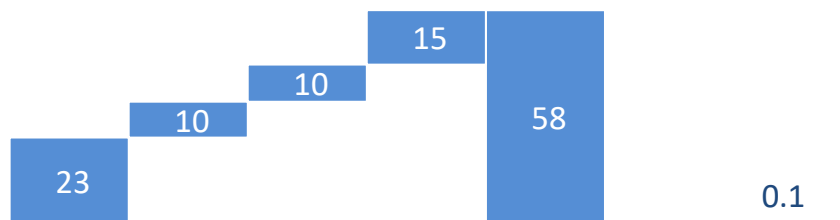
Selling G&A Prov Others Total Selling G&A Prov Others Total
1Q18 1Q19

Equity Income

R\$ million

% Net Revenue

0.6% 0.3% 0.3% 0.3% 0.4% 0.0%



1T 2T 3T 4T 12M 1T
2018 2019

Highlights

Operating Expenses

Reduction of 60bps to 20.6% of net revenue in 1Q19

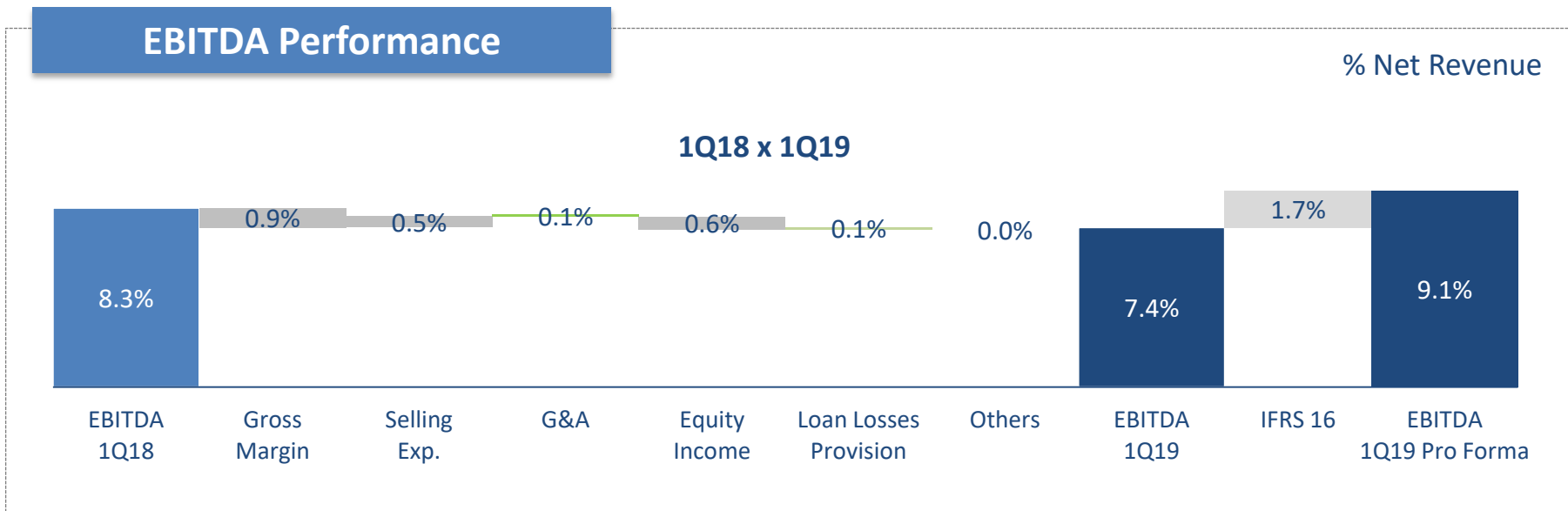
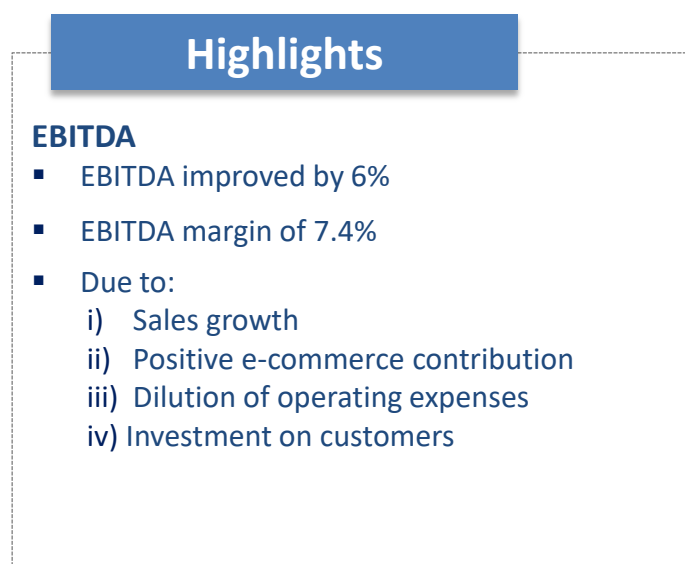
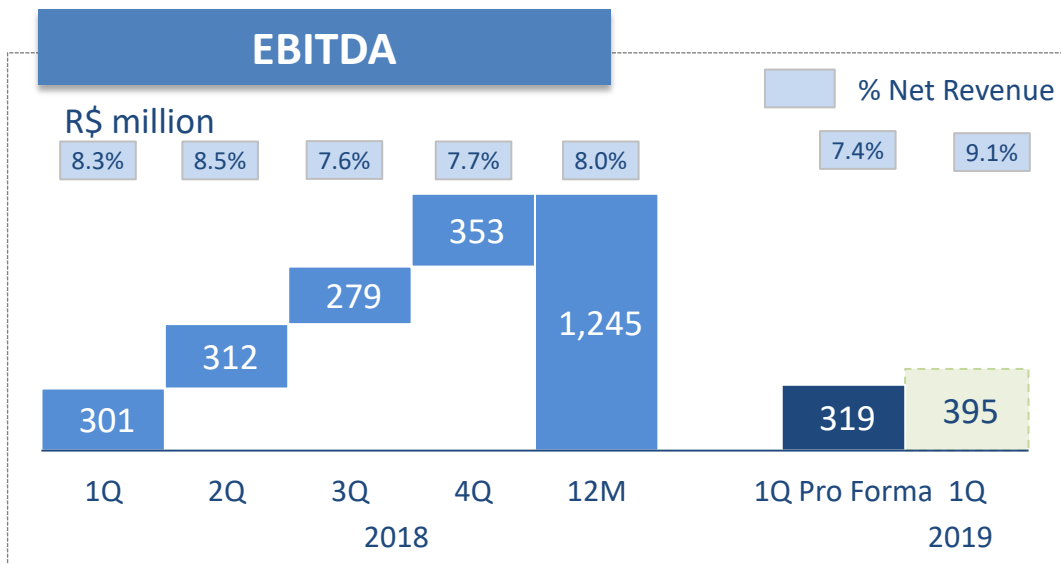
Equity Income

Luizacred: -R\$0.4 million

Luizaseg: R\$0.5 million

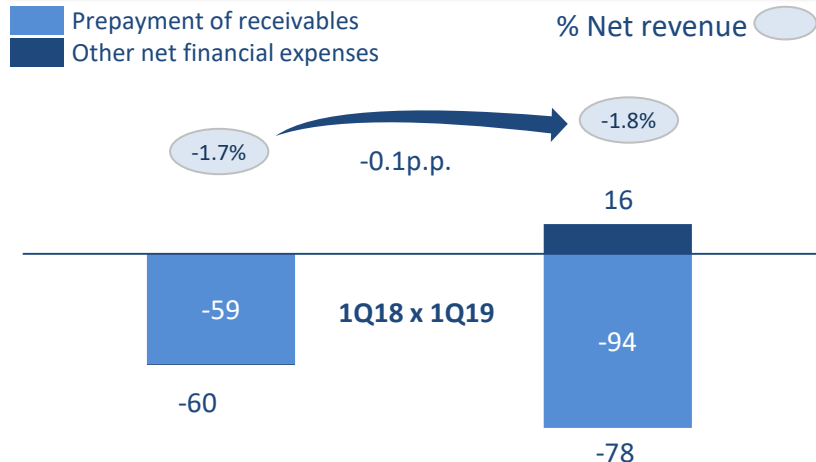
Luizacred results were impacted by IFRS 9 due to credit portfolio growth (+48%) and cardholders base expansion (+26%)

EBITDA

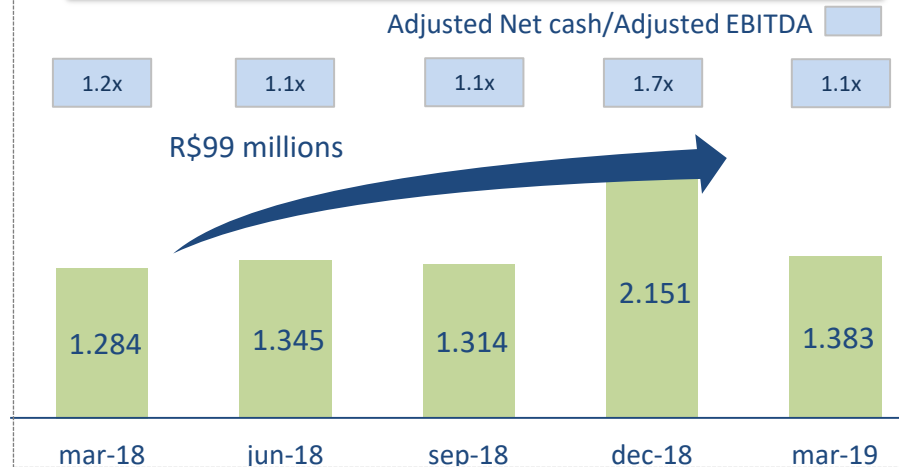


Financial Results and Working Capital

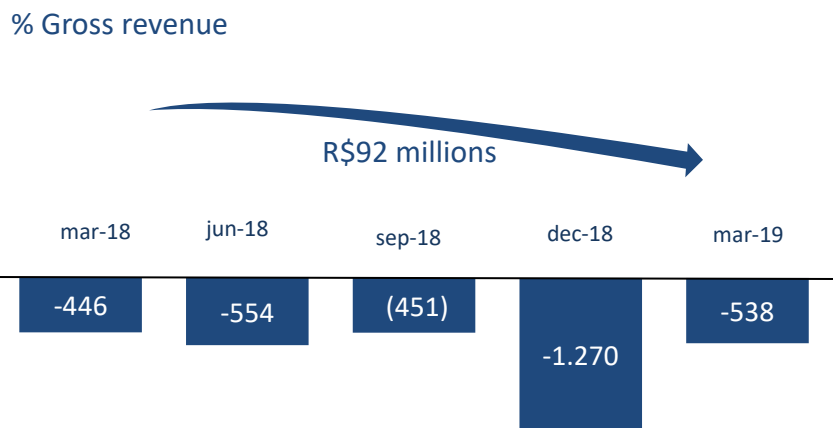
Financial Expenses*



Adjusted Net Cash**



Adjusted Working Capital



Highlights

- Financial results**
 Pro forma Net Financial Results R\$77.7 million in 1Q19
- Working Capital**
 Disciplined working capital management
- Net Cash**
 Total cash position of R\$1.8 billion (R\$0.5 billion in cash and R\$1.3 billion in credit card receivables)

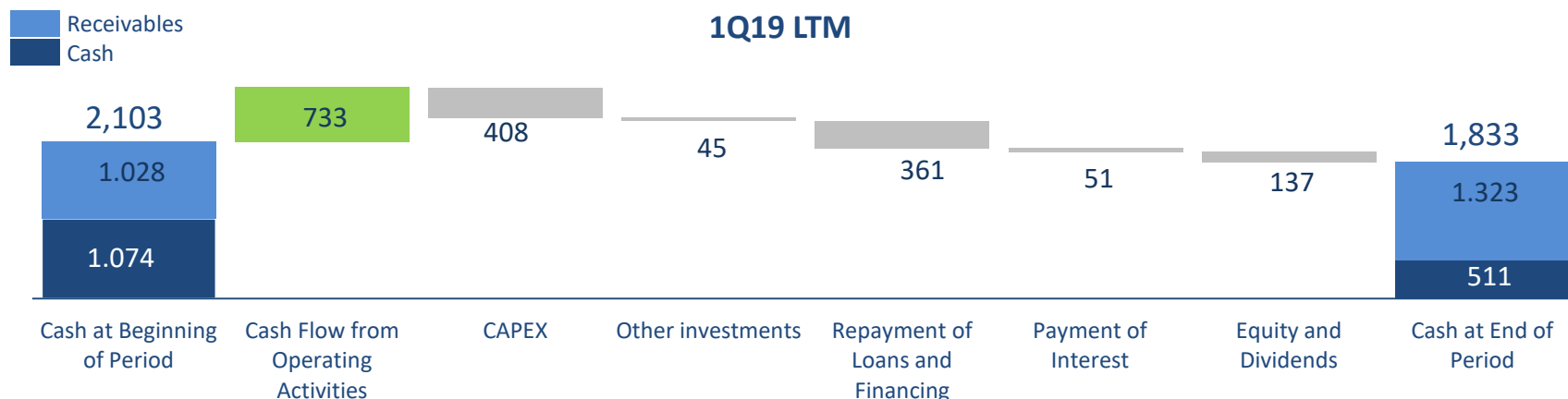
* Adjusted for income from fund

** Including credit card receivables

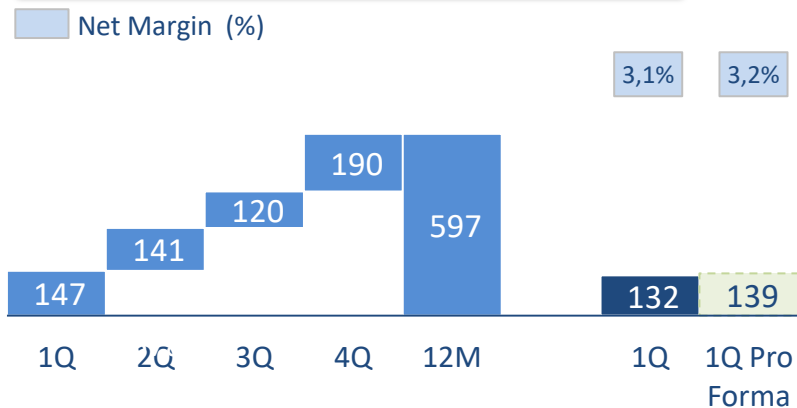
Adjusted Cash Flow and Net Income

Adjusted Cash Flow

1Q19 LTM



Net Income



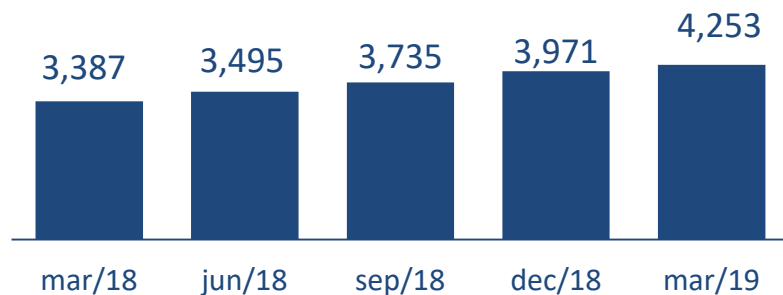
Destques

- Capital Structure**
 Improved by R\$99 million in the last twelve months
 In Mar/19 cash position of R\$1.8 billion
- Net Income**
 Net Income of R\$132 million
 Pro forma Net Income of R\$139 million
 ROE 23%

Luizacred

Card Base

Thousand



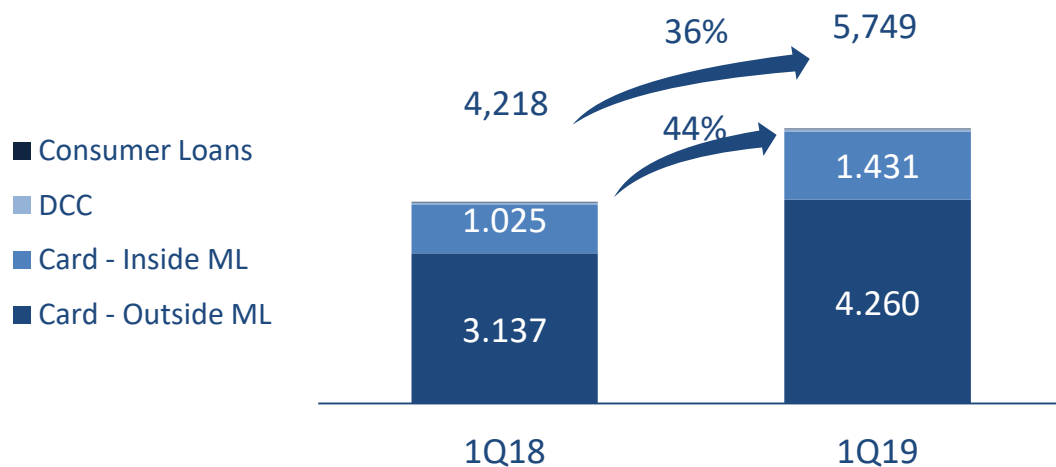
Cartão Luiza App
+465k
downloads

Highlights

- Luiza Card: higher loyalty, purchase frequency and average purchase price
- Luiza Card cardholder base grew 26% in the last 12 months
- Net addition of 160,000 new cards issued in 1Q19

Revenue

R\$ million



Highlights

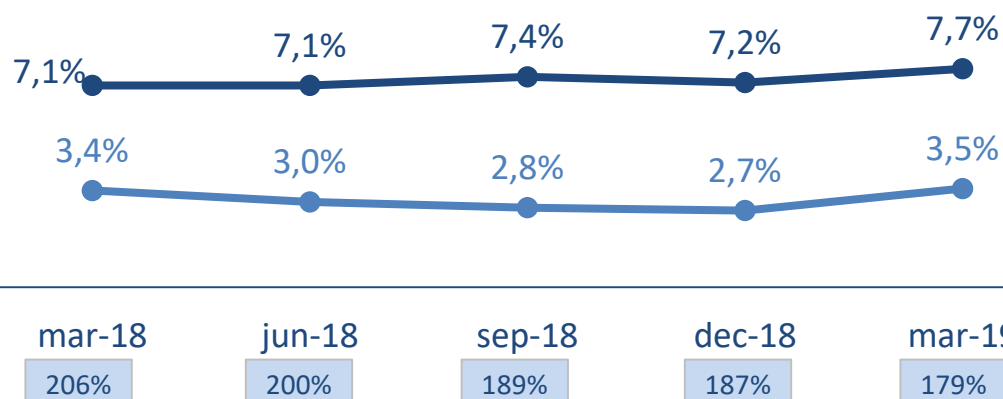
- Revenue grew 36%
- Increase in revenues from Luiza Card inside ML stores (40%) and outside ML stores (36%)
- Credit portfolio reached R\$8.8 billion (+48% in LTM)

Luizacred - Net Income

Overdue Payments

% portfolio

— Overdue beyond 90 days
— Overdue 15-90 days
■ Coverage Ratio (%)

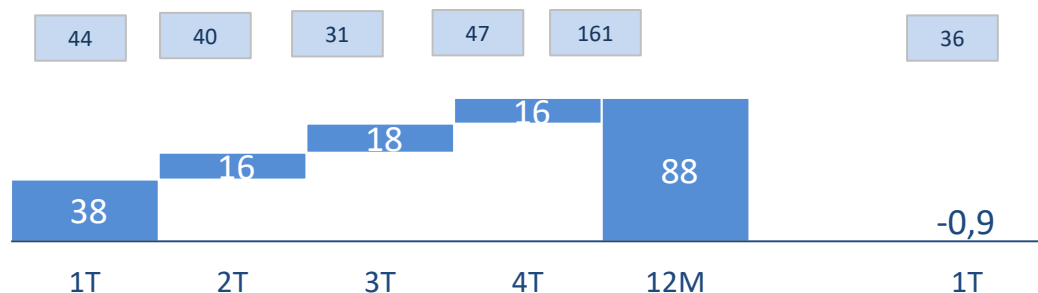


Highlights

- NPL 90 reached 7.7% of total portfolio, a reduction of 20 bps (Dec/17)
- Portfolio coverage ratio was 179%

Net Income

R\$ million



2018

Highlights

- Rise in provisions due to IFRS 9 and credit portfolio growth (including credit limit provisions)
- Net loss of R\$0,9 million in 1Q19
- Net profit in BRGAAP of R\$ 36 million with ROE of 17%

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Magalu



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