

# MAGALU



4Q20 Videoconference

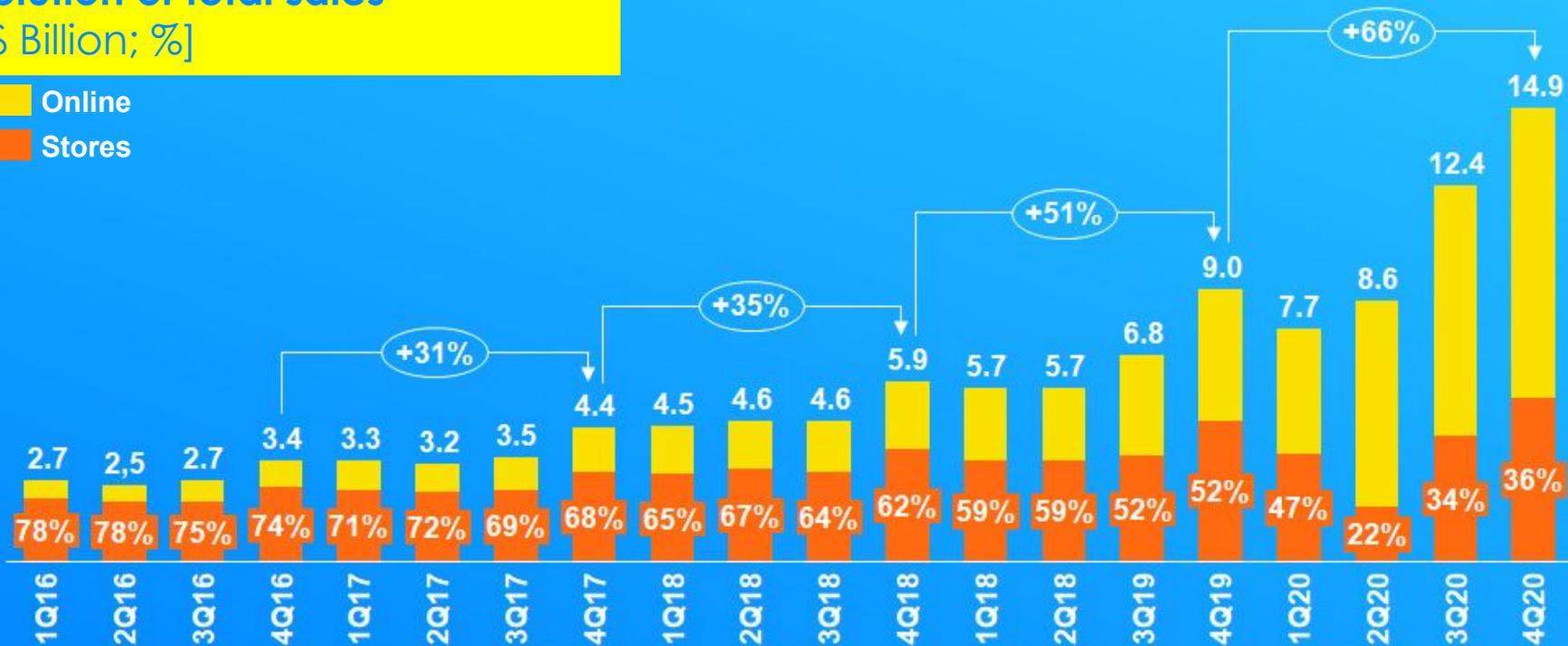
March 9, 2021

During this 5 year cycle, Magalu **increased total sales ~4x**

## Evolution of total sales

[R\$ Billion; %]

- Online
- Stores



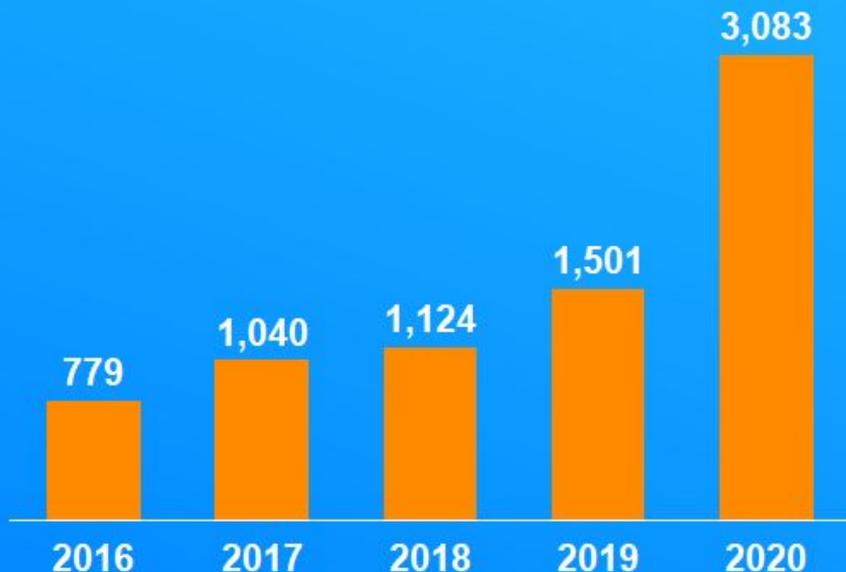
Distinguished online growth, with consistent **market share gains** year after year

**Online GMV Brazil vs Magalu  
online [R\$ Million]**

	<u>4Q18</u>	<u>4Q19</u>	<u>4Q20</u>	<u>4Q20 vs 4Q18</u>
Online Total Market	18,795	24,763	38,608	105%
Ecommerce Magalu	2,240	4,318	9,529	325%
Market share Magalu	12%	17%	25%	+13pp

# Maintaining **profitability** and **strong cash flow** generation

## Evolution of cash flow from operations [R\$ Million]



**R\$ 2.0 bi**

Adjusted Net Income accrued over 5 years



**R\$ 7.3 bi**

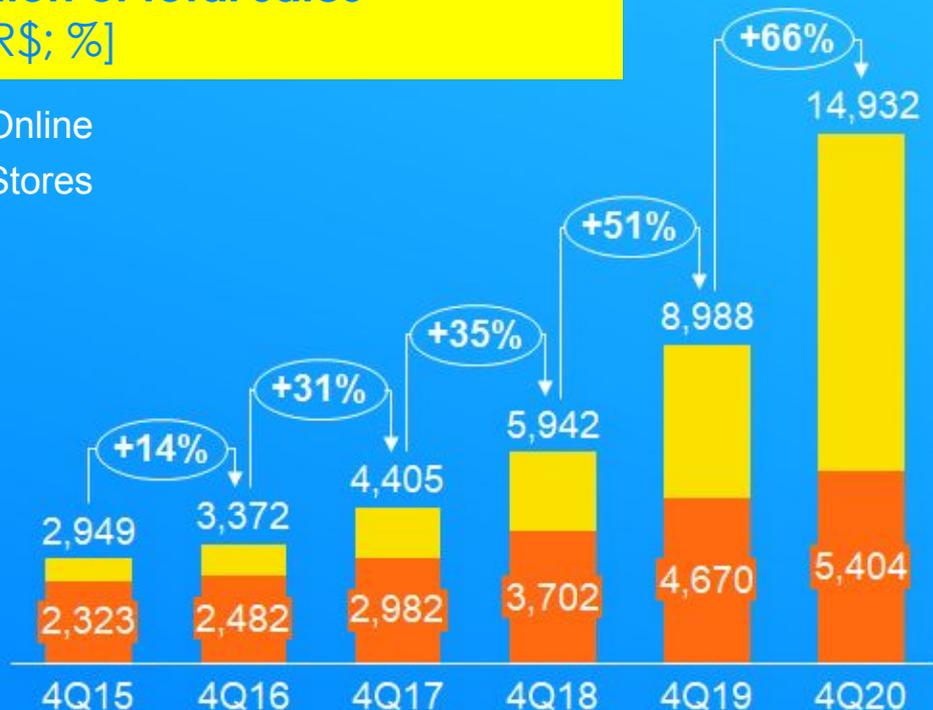
Adjusted Net Cash in Dec/20

# 4Q20 results continued the trend with total sales growth of 66%

## Evolution of total sales

[MM R\$; %]

- Online
- Stores



**R\$ 43.5 bi**

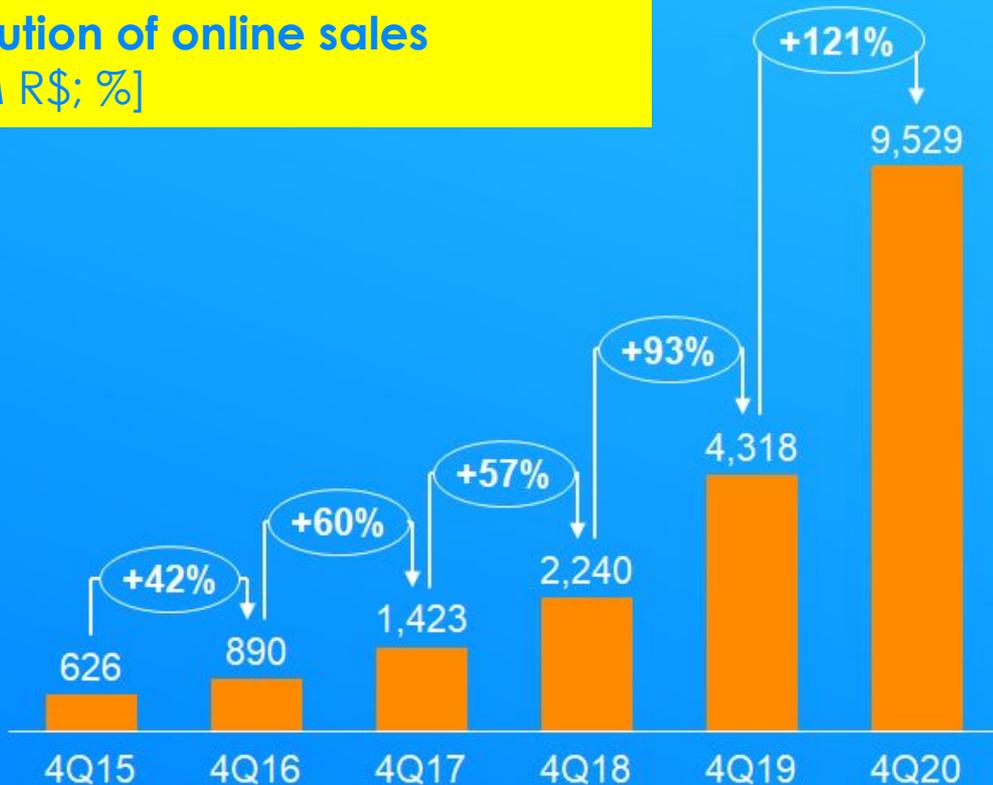
**Total sales**  
[2020]

**60%**

**YoY growth even with temporary store closures over the course of the year**  
[2020 vs 2019]

# Online sales grew 121% with a 7pp market share gain vs 4Q19

## Evolution of online sales [MM R\$; %]



**+7 pp**

**Market share gain**

[4Q20 vs 4Q19; Neotrust]

**121%**

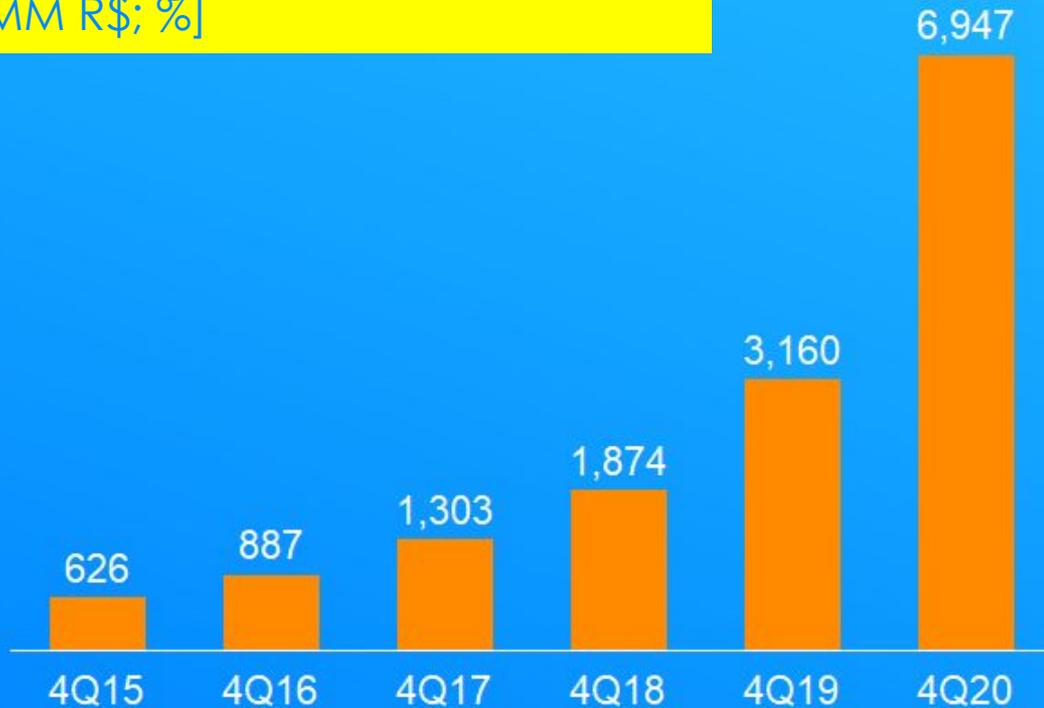
**Growth YoY**

[4Q19 vs 4Q20]

# Magalu's 1P business doubled its size in 2020 and played a fundamental role in the lives of Brazilians

## Evolution of 1P online sales

[MM R\$; %]



**120%**

**Growth in 1P sales**

[4Q20 vs 4Q19]

**175%**

**Growth of items sold**

[4Q20 vs 4Q19]

The 3P business reached 47k sellers and, combined with the 1P business, Magalu now has 26M SKUs

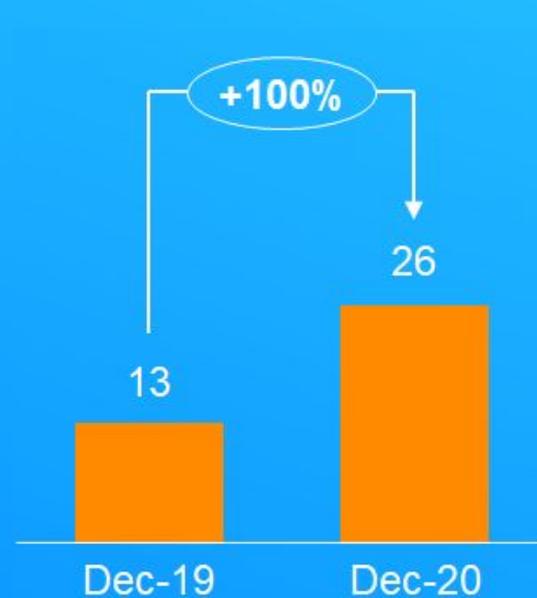
**Online 3P Sales**  
[MM R\$; %]



**Number of Sellers**  
['000]



**# Total SKUs 1P + 3P**  
[MM]

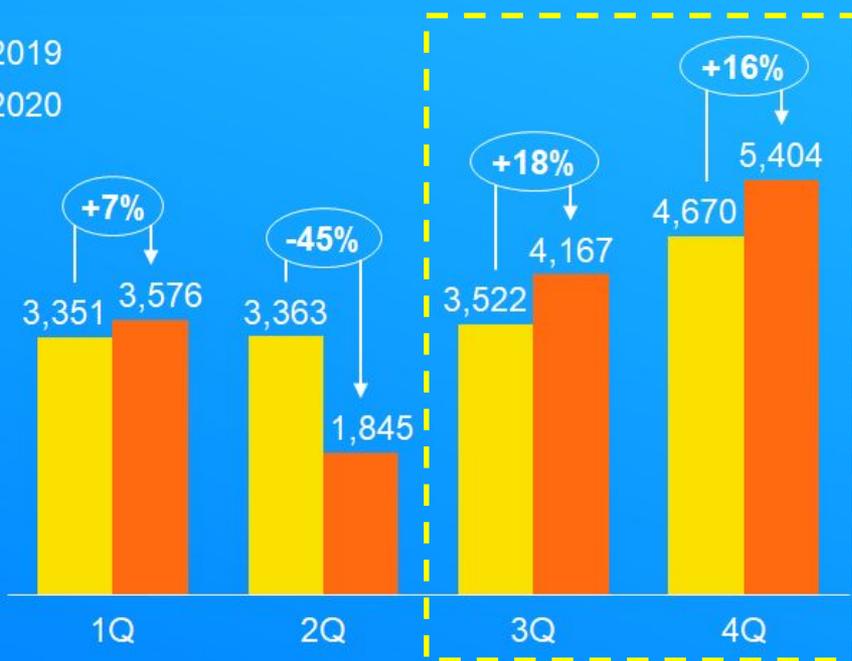


# Physical store sales returned, always in strict compliance with health and security protocols

## Evolution of store sales

[MM R\$; %]

2019  
2020



### 10.9%

### Same Store Sales growth

[4Q20 vs 4Q19]

Physical stores **quickly recovered their sales**, with sales growth in the last two quarters of 2020 relative to 2019

# Exponential growth coupled with a focus on customers

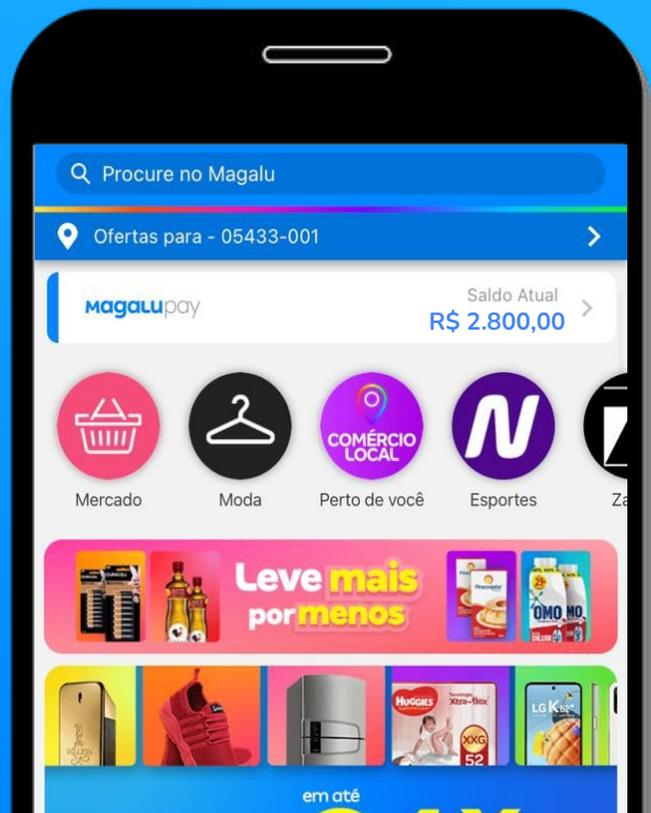
## Magalu NPS

[P+3P+Stores; Jan-Dec / 2020]



Despite the strain of exponential growth, Magalu managed to recover its **pre-Covid NPS level**

# The #temnomagalu campaign (#TheyHaveItAtMagalu) increased the variety of items sold



## Growth in items sold via Magalu e-commerce [2019 vs 2020]



166%



436%



293%



300%



276%



149%

# The SuperApp has become our main sales channel and is increasingly relevant in consumer's daily lives

## 76 %

### Mobile sales

Mobile as a % of Magalu GMV)

## 33 M

### MAU

(Monthly active users on all Magalu platforms, 4Q20)

## magalupay

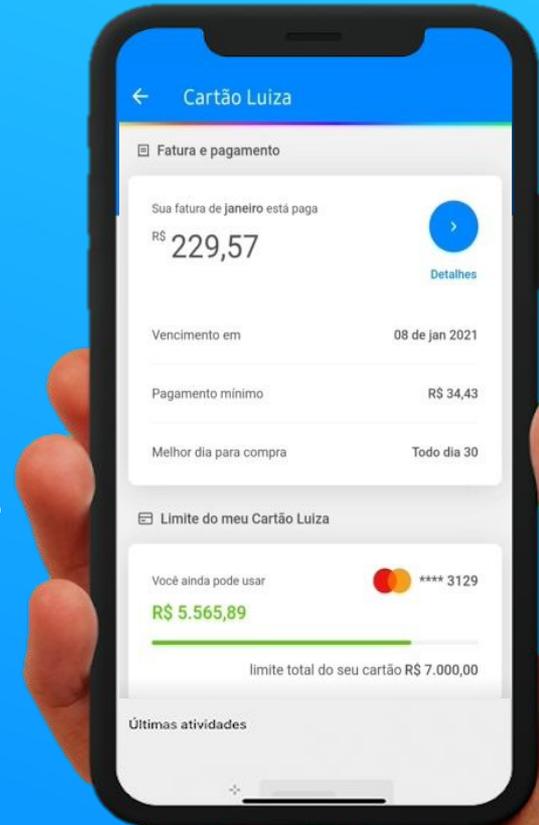
## +2.7 M

### Customers with open accounts

(Feb/21)



### Luiza Card integrated in Super App



# 45% of our 1P orders were delivered within 24 hours

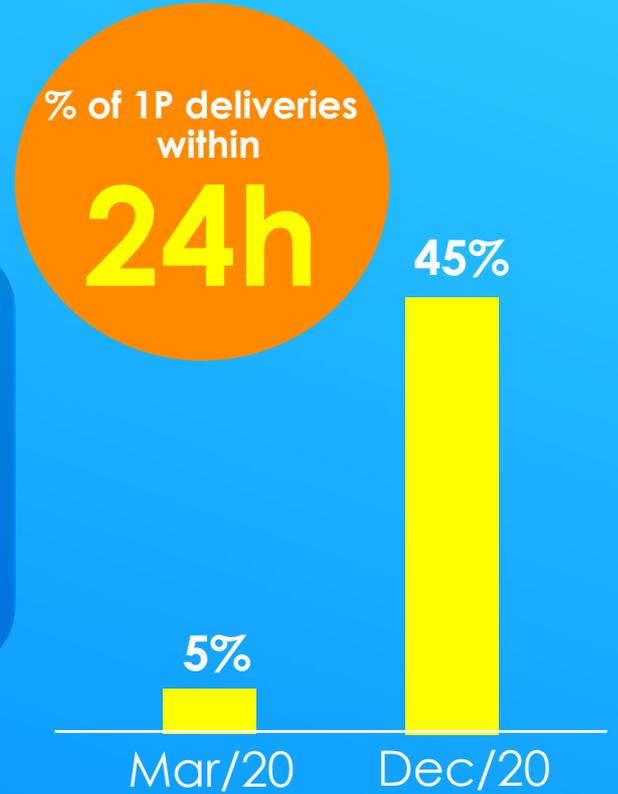
## Logbee and Ship from Store Expansion



2018

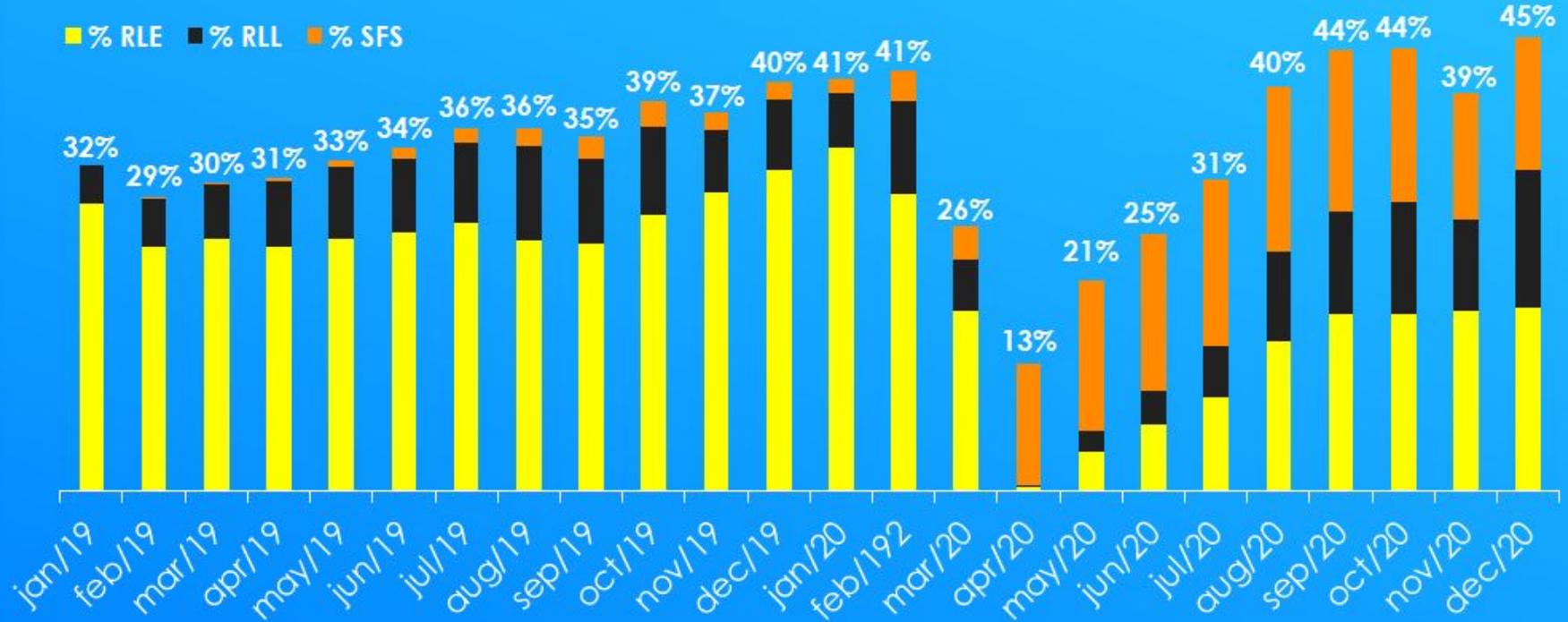
2019

2020



# Almost half of our orders pass through the store

## Ship from Store and In-Store Pick up [% Orders]



# Faster 3P delivery

**32%**



of 3P orders  
delivered by  
**Magalu  
Entregas**

**+1.400**



sellers using  
Magalu's  
**cross-docking**  
services

**+324**



stores enabled  
for 3P **in-store  
pick up**

We are extending all of the **benefits of our logistics network** to  
**3P marketplace sellers**

# MAGALU



## Financial Highlights

# Financial Highlights - 4Q20

**66%**

**Total Sales Growth**  
(4Q20)

**R\$ 14.9 Bi**

**Total Sales**  
(4Q20)

**121%**

**E-commerce Growth**  
(4Q20)

**R\$ 2.1 Bi**

**Cash Generation**  
(4Q20)

**16%**

**Physical Store Total  
Sales Growth**  
(4Q20)

**R\$ 232 Mi**

**Net Cash**  
(4Q20)

# Financial Highlights - 2020

**60%**

**Total Sales Growth**  
(2020)

**R\$ 43.5 Bi**

**Total Sales**  
(2020)

**131%**

**E-commerce Growth**  
(2020)

**R\$ 3.1 Bi**

**Cash Generation**  
(2020)

**0.6%**

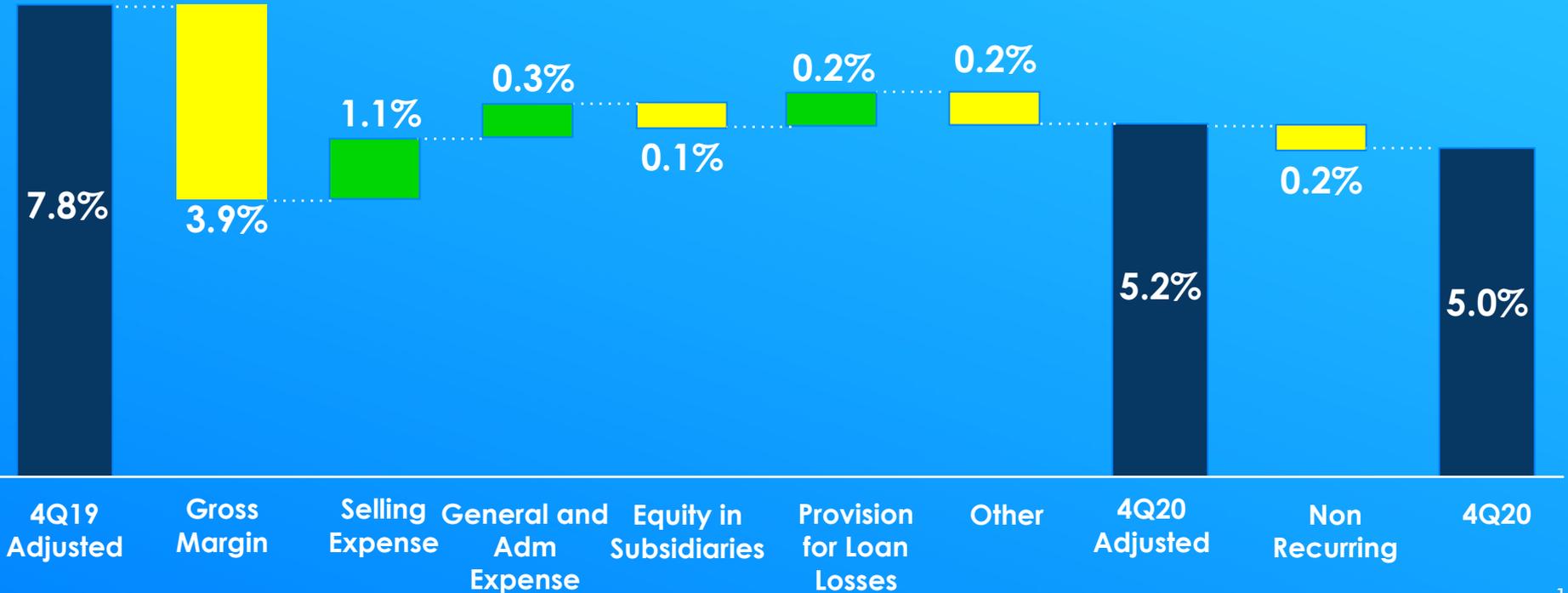
**Physical Store Total Sales Growth**  
(2020)

**R\$ 378 Mi**

**Net Cash**  
(2020)

# EBITDA Margin Evolution

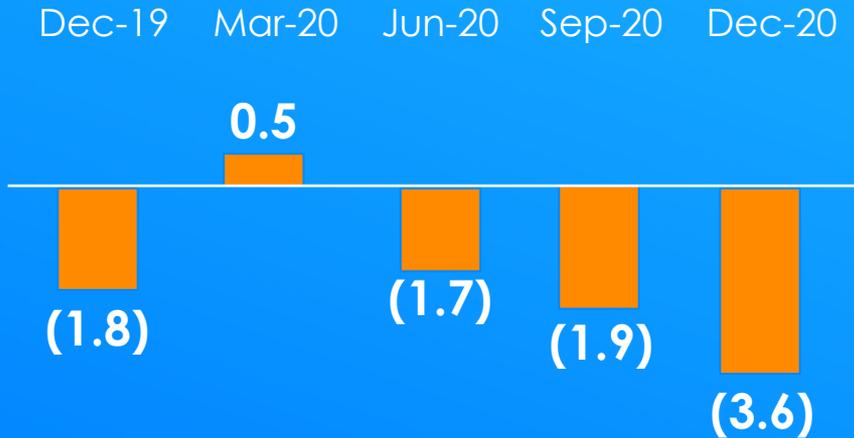
EBITDA Margin (as % of Net Revenue)



# Solid Capital Structure

Reduction of financial expenses from 2.9% to 1.2% of net revenue

Adjusted Working Capital (R\$ billion)



Adjusted Net Cash (R\$ Billion)



# Strong Cash Generation

Exponential growth coupled with strong cash generation

## Cash Flow (R\$ Billion)



# Luizacred

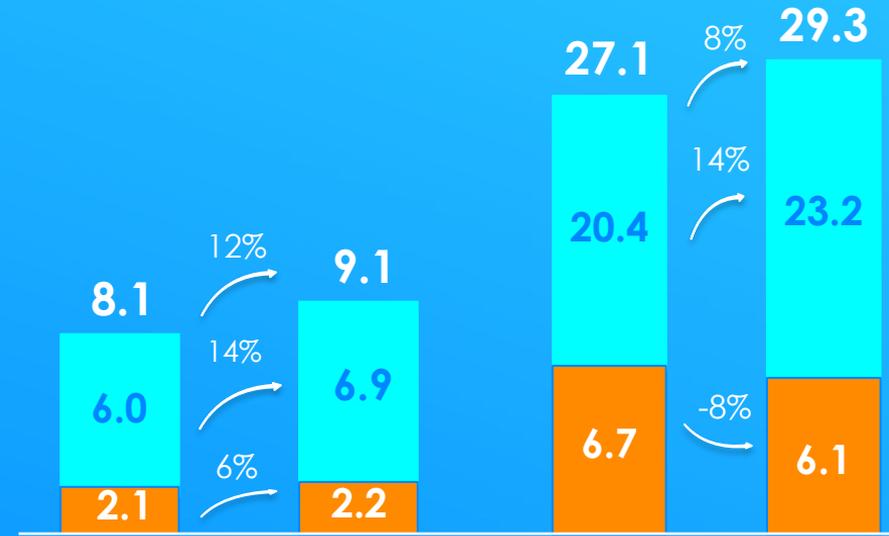
5.3 million cards issued

## Evolution of the Luiza Card base

[Million]



## Revenues (R\$ Billion)

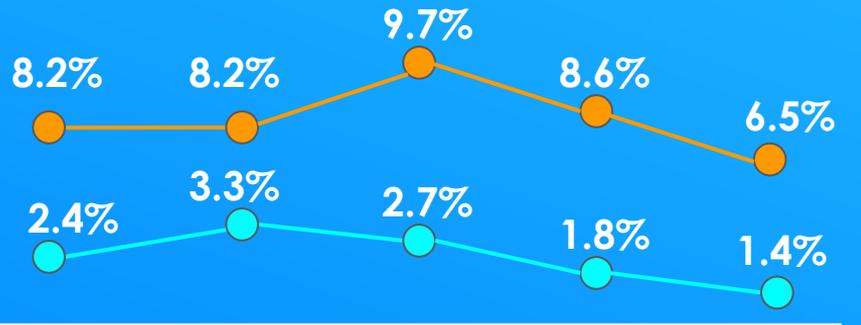


- Card - Outside Magalu
- Card - Inside Magalu

# Luizacred

Throughout the quarter, payments surpassed pre-pandemic levels: lower short-term defaults and better results

## Percent of the portfolio overdue



## Net Income (R\$ Million)



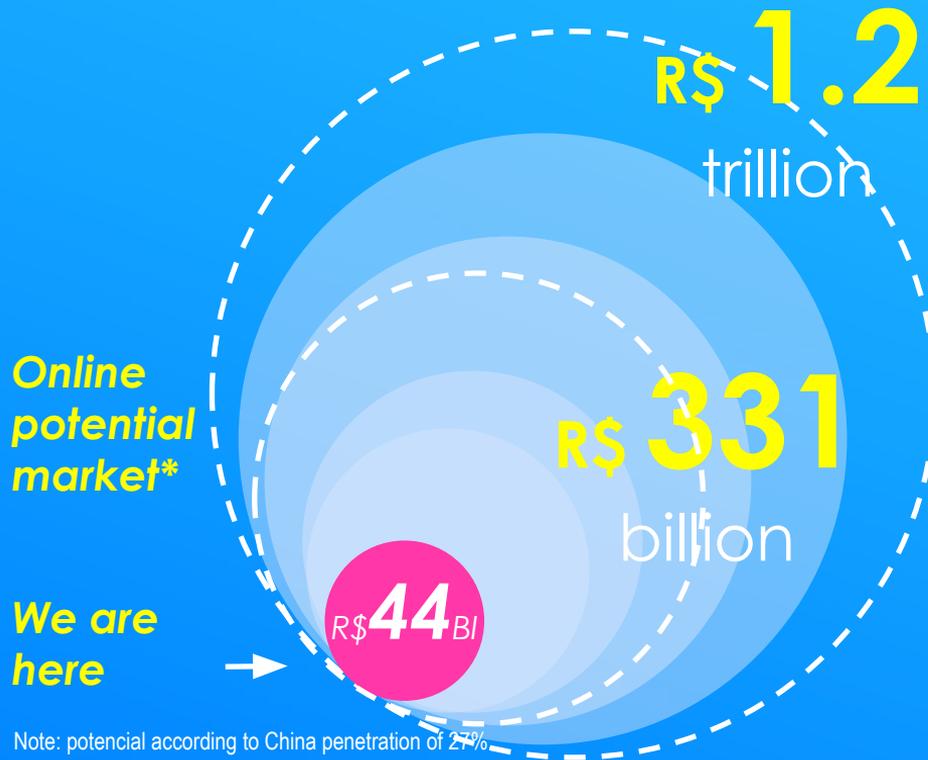
■ NPL 15-90   ■ NPL > 90   ■ Coverage (%)

# MAGALU



*Total Addressable Market*

# Market share opportunity: Magalu has only 3.5% of the Brazilian retail market



**Total addressable market**  
(Brazilian retail) [R\$; 2020]

Magalu has only **3.5% market share of Brazilian retail** today, lots of room for growth

**MAGALU**

**NETSHOES**

**ZATTINI**

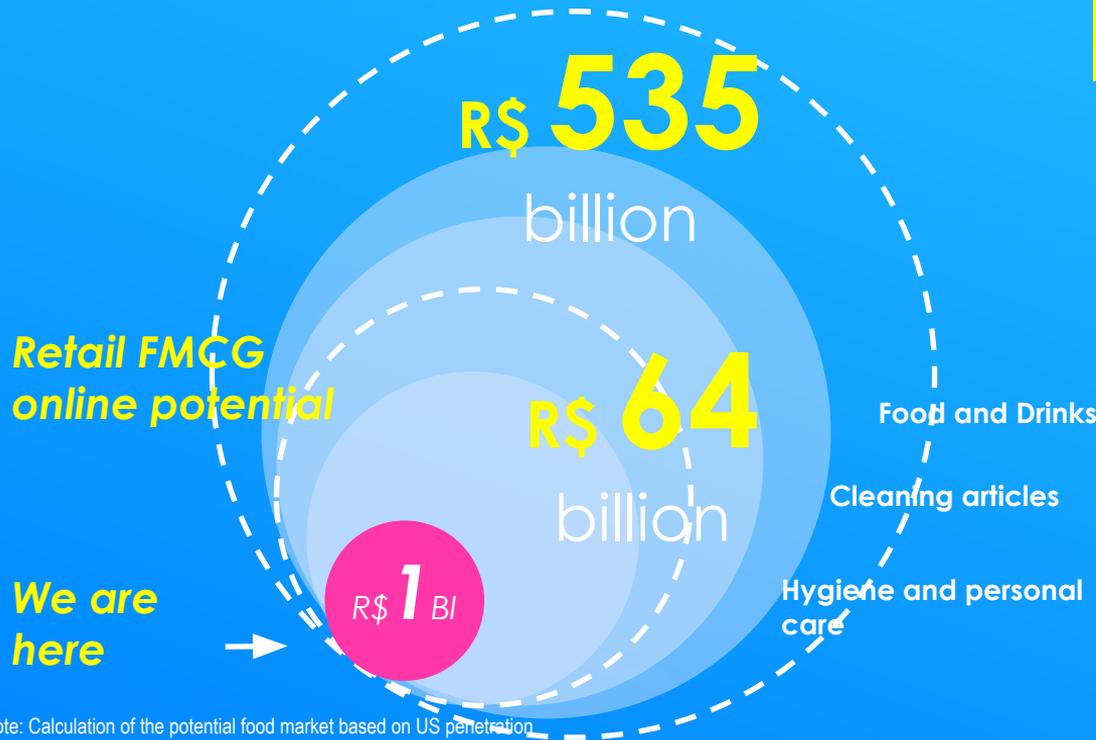
**ÉPOCA**  
COSMÉTICOS • PERFUMARIA

**estante virtual**

Note: potencial according to China penetration of 27%  
Source: IPCMaps 2020

# The VipCommerce acquisition, a springboard for 3P grocery expansion

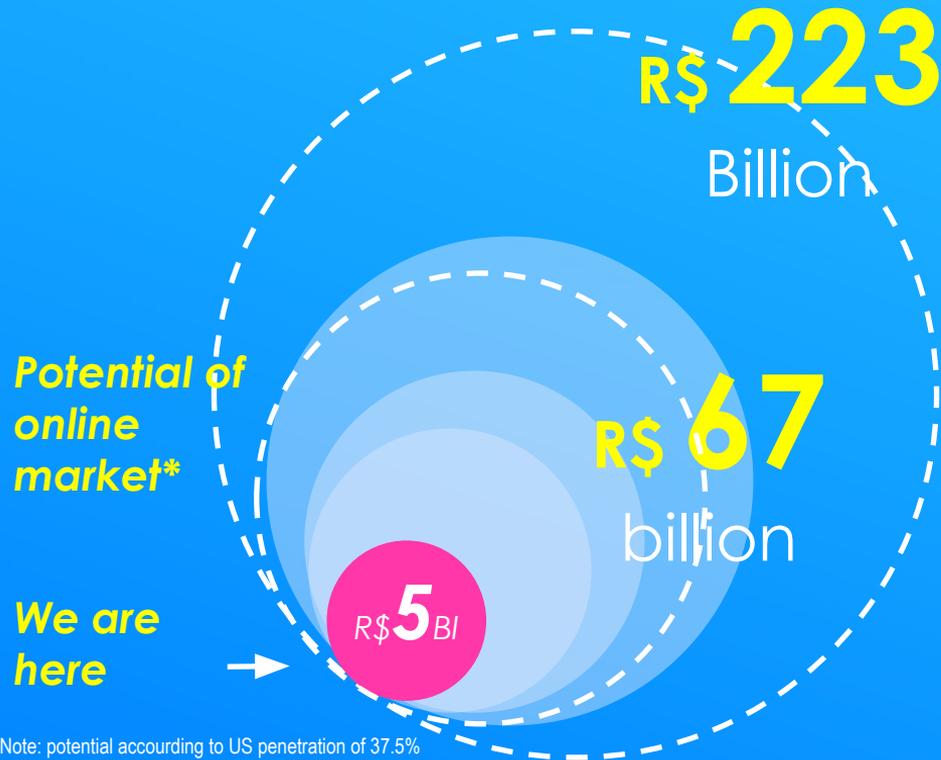
Total addressable market in groceries [R\$; 2020]



The acquisition of VIP commerce will further increase our grocery market penetration, **radically increasing our purchase frequency**

**VIP**  
COMMERCE

# Fashion and beauty online growth opportunity



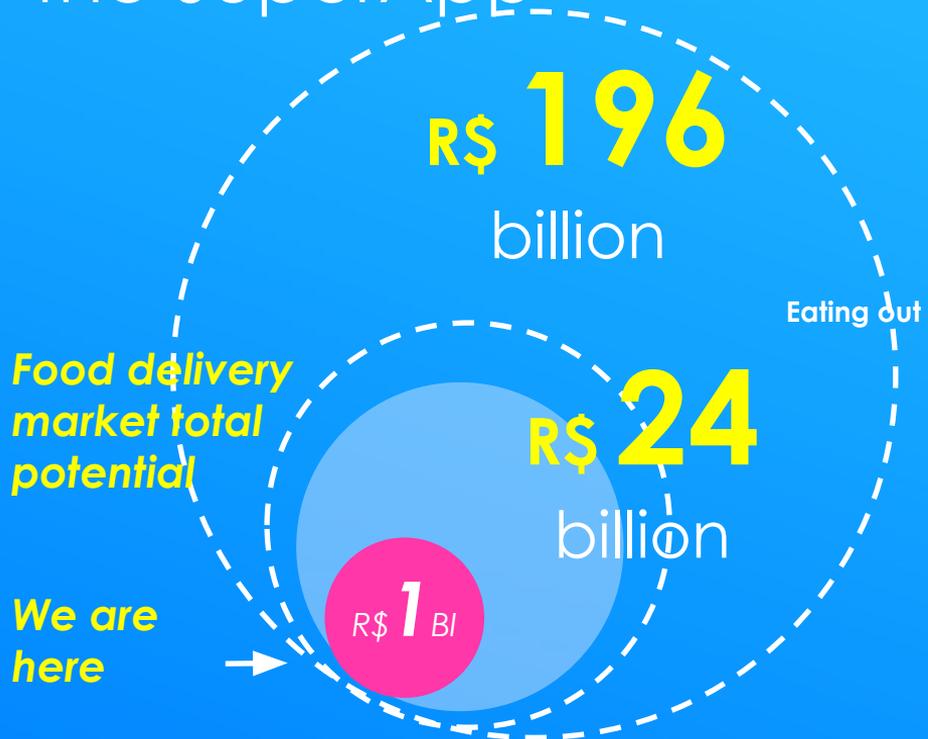
Total addressable market of fashion and beauty retail [R\$; 2020]

The **2019 acquisition of Netshoes and Zattini** marked the entrance of Magalu in the online fashion category

**NETSHOES ZATTINI**

**ÉPOCA**  
COSMÉTICOS • PERFUMARIA

# The food delivery category already represents R\$1 billion of GMV and will be an integral part of the SuperApp



**Total addressable market for food delivery [R\$; 2020]**

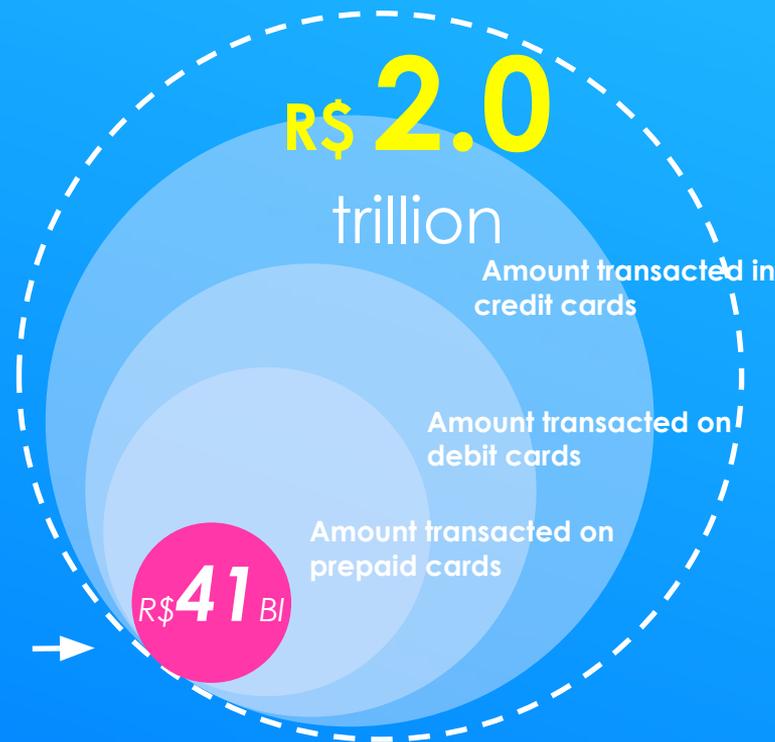
**AiqFome has +20k restaurants in 450 cities** already registered in the platform and a monthly average purchase frequency of **3X**



# Magalu will be the operating system for Brazilian retail



# Digital financial services to customers and sellers, high potential for growth



Source: ABECS

## Payment TPV in Brazil [R\$; 2020]

The **Hub Fintech acquisition** will add new services to our digital account and radically grow our transaction volume

hub  
fintech

magalupay

LUIZACRED

magalu  
Pagamentos

# Magalu Pagamentos

magalu



Individuals



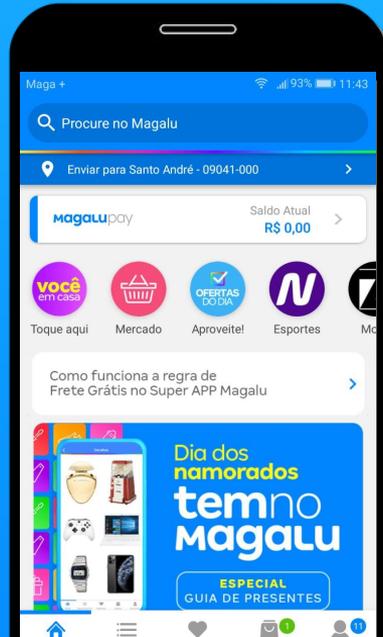
Digital Account



SuperApp frequency booster



2.7 million open accounts



Sellers



Sub-acquirer / Payment splits



Prepayment of receivables



+R\$ 7 Billion Total Payment Volume (TPV)

# Magalu Pay + Hub Fintech

A complete digital account, for individuals and companies, on the same platform

magalupay

- Digital Account
- Cashback
- Marketplace
- Online and Offline shopping
- Deposit and withdrawal at +100 stores
- Bill pay

hub  
fintech



Individuals

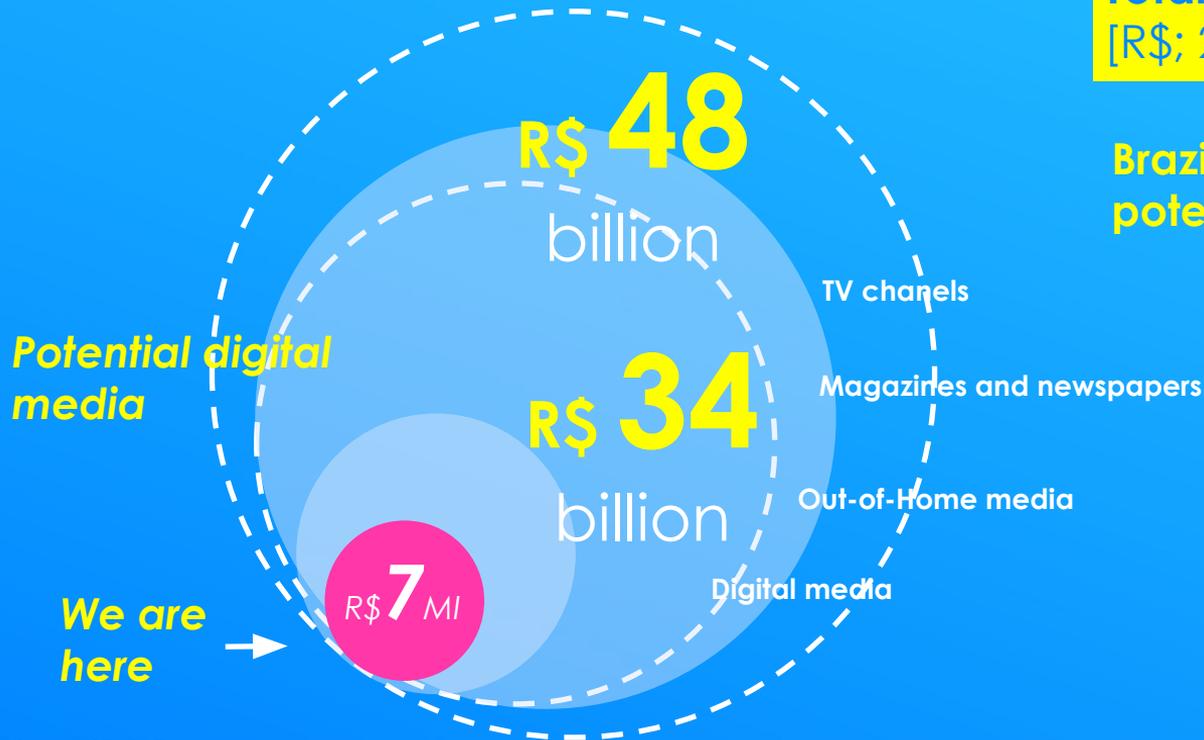
- PIX, TED and DOC
- Prepaid Card
- Payment Slips
- Withdrawal at ATM + Lottery
- Services such as Recharge and Transport



Sellers

- Payroll
- Tax Payment
- Management Card
- Food Voucher
- and much more...

# Large revenue opportunity from Ads



**Total investment in paid media**  
[R\$; 2019]

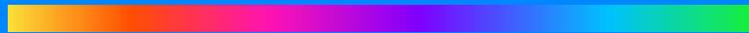
**Brazil still has a great deal of potential** to grow digital media



# Magalu Ecosystem



# MAGALU



## INVESTOR RELATIONS

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MAGAZINELUIZA.COM.BR/RI

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