

1Q18 Earnings Presentation

April 27, 2018

Higher profitability at GPA: Reversal of sales trend and strong recovery in profitability at Multivarejo, accompanied by solid performance of Assaí

Multivarejo

- **Reversal of downward trend**, with sales posting important growth in March
- Operational improvements support higher profitability

Assaí

- **Solid growth:** improved profitability on excellent sales performance, despite the strong effect from deflation



1Q18 Highlights - GPA Food

Strong EBITDA margin expansion of 40 bps and profitability growth of 47.7%

R$ million	1Q18	1Q17	%
Gross Sales	**12.300**	**11.430**	**+7,6%**
Net Sales	**11.343**	**10.552**	**+7,5%**
Gross profit	**2.547**	**2.419**	**+5,3%**
Gross margin	22,5%	22,9%	-40bps
SG&A	**-1.980**	**-1.943**	**+1,9%**
SG&A (% net sales)	17,5%	18,4%	-90bps
Other Operating Revenue (Expenses)	**-43**	**34**	**n.a**
Other Operating Revenue (Expenses) (% of Net Revenue)	0,4%	-0,3%	70bps
Adjusted EBITDA[(1)]	**591**	**503**	**+17,4%**
Adjusted EBITDA Margin	5,2%	4,8%	40bps
Net Income (Loss) - Controlling Shareholders - continuing operations	**153**	**103**	**47,7%**
Net margin - continuing operations	1,3%	1,0%	30bps

(1) EBITDA adjusted for Other Operating Income and Expenses.

+2.8% SSS growth
Total sales growth driven by strong growth of 25% at Assaí

22.5%, with margin expanding 90 bps at Assaí to 15.4%, and stable margins at Multivarejo of 28.2%

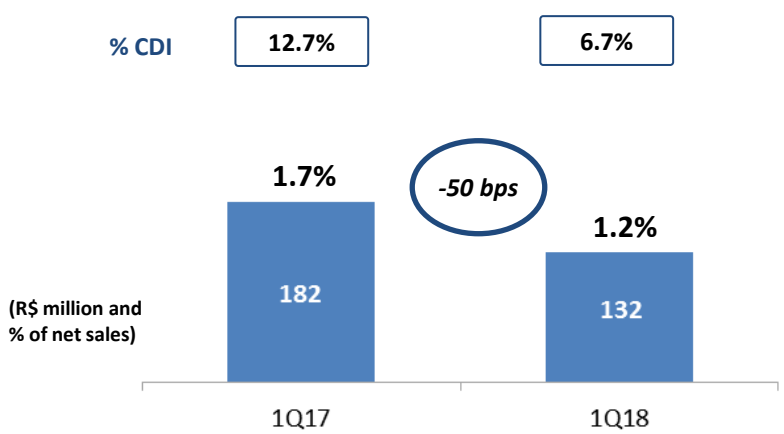
17.5% of net sales, +1.9% and dilution of 90 bps:
- Dilution of 30 bps in SG&A expenses at Multivarejo
- Higher contribution to sales by Assaí, where SG&A expenses remained stable

Improvement driven by gains of
+80 bps at Assaí, and
+30 bps at Multivarejo

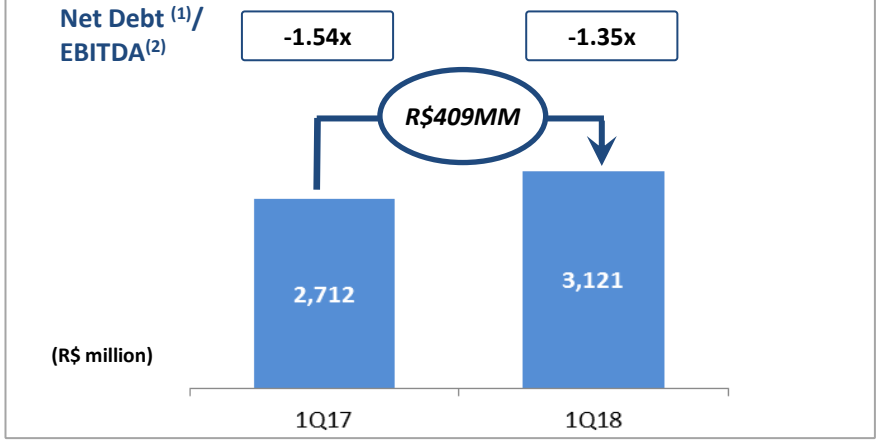
Supported by **strong growth of 51.6% at Assaí**

Financial Performance

Financial Income/Expenses



Net Debt(1)



Financial Income/Expenses

1.2% of net sales, down 50 bps vs. 1Q17, explained by:
- Reduction of 44% in debt costs, accompanying the decline in the CDI
- Improvement of 11% in costs with sales of receivables

Net Debt (1)

- Maintenance of low leverage ratio: **-1.35x, vs. -1.54x in 1Q17**

Cash & Equivalents

Solid financial position of R$2.3 billion in available resources
- Cash position of R$1,701 million and R$641 million of not discounted receivables
- R$1.1 billion in pre-approved/confirmed credit facilities

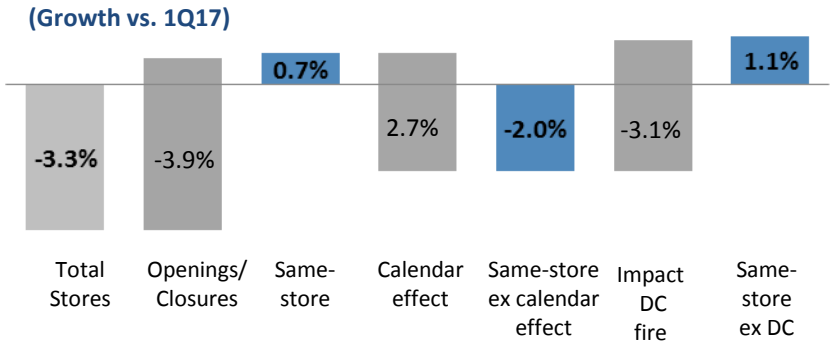
CAPEX

R$330 million, +23% vs. 1Q17

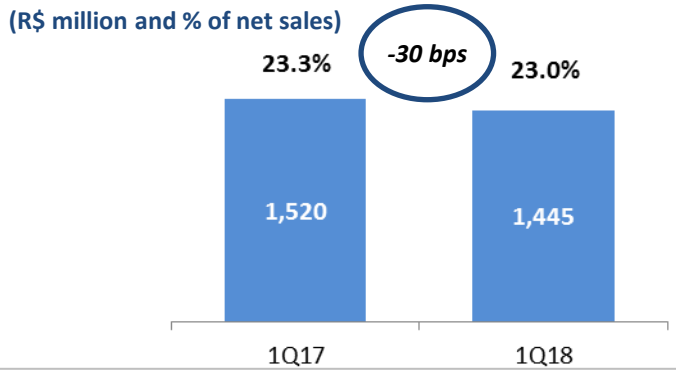
(1)Includes not discounted credit card receivables. (2) EBITDA in last 12 months.

Adjustments to commercial policy and lower expenses supported profitability gain of 30 bps

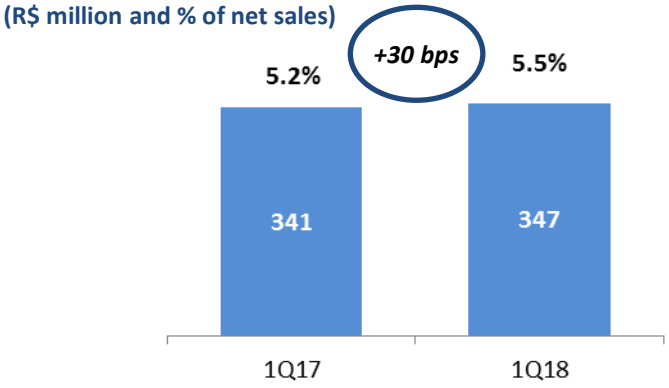
Gross Sales



SG&A



EBITDA(1)



Highlights

Gross Sales: R$6.8 billion. Reversal of downward sales trend during quarter: same-store sales in March grew 11.8% (3.9% ex calendar effect) supported by new commercial actions

SG&A expenses: -4.9% vs. 1Q17

- Productivity gains from employee multi-function program
- Effect from closure of Extra Hiper stores for conversion to Assaí stores

EBITDA Margin(1): 5.5%, +30 bps vs. 1Q17, mainly due to the increased dilution of expenses

(1) EBITDA adjusted for Other Operating Income and Expenses.

Multivarejo

Strategies focused on operational enhancements already have produced improvements in sales trend and profitability



Extra banner:

- Review of assortment and focus on perishables
- Adjustments to commercial policy and launch of "My Rewards" to reinforce loyalty program
- **Hiper:** 6.9% same-store volume growth in March
- **Super:** pilot project to convert 20 stores to a model more closely aligned with target public's profile

Pão de Açúcar banner:

- Continued high profitability
- Renovation Program: 7 stores to be inaugurated in May/June
- Loyalty program: "My Rewards" and "My Discount" programs, which combined help to increase share of wallet
- 1st retailer in Brazil to accept Apple Pay digital payment

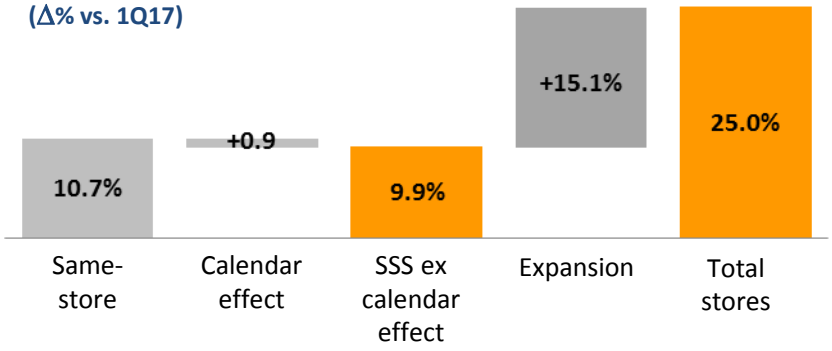
Proximity banners:

- Recovery in sales volumes in March due to reactivation of promotions
- Improvement in store positioning: assortment more closely aligned with consumer profile

Strong improvement of 80 bps in EBITDA margin due to maturation of stores and new tax framework

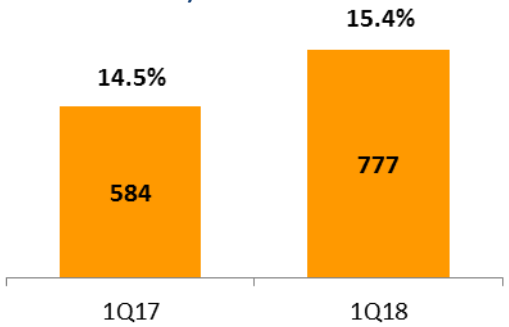
Gross Sales

(Δ% vs. 1Q17)



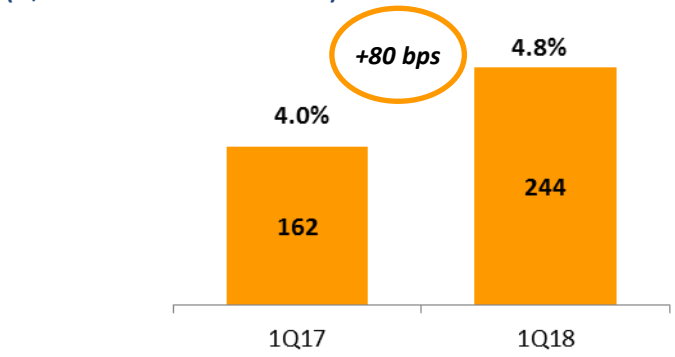
Gross Profit

(R$ million and % of net sales)



EBITDA[1]

(R$ million and % of net sales)



Highlights

Gross sales of R$5.5 billion, +25% and +9.9% on same-store basis. Growth of **12% in customer traffic and 8% in sales volume**, supporting a market share gain of 380 bps

Gross Margin: Rapid maturation of 33 stores opened in 2016 and 2017 and new tax framework, despite negative effect from deflation

EBITDA Margin[1]: 4.8%, +80bps vs. 1Q17, mainly driven by gross margin expansion

[1] EBITDA adjusted for Other Operating Income and Expenses.

Assaí

Successful store conversions and strong organic growth translate into market share gains and higher profitability



The 17 Extra stores converted into Assaí stores continued to sustain revenue growth of around 2.5x

Continued market share gains

Passaí card has over 200,000 active cards and a monthly issuance rate of around 50,000 cards

A new Assaí store was inaugurated in Itabaiana, Sergipe. The banner operates 127 stores in 19 states

Seven stores currently under construction and two undergoing conversion

2018 Outlook

1	**Same-store sales growth:** Assaí above inflation and Multivarejo in line with food inflation, with continued market share gains
2	**Adjusted EBITDA margin:** 5.5%-5.6% at Multivarejo and 5.8%-5.9% at Assaí
3	**Financial income/expenses:** around 1% of net sales
4	**LATAM synergies:** should surpass US$85 million in savings for the Brazil perimeter

(*) EBITDA adjusted for Other Operating Income and Expenses, excluding non-recurring effects.



Appendix

GPA Food Overview

Diversity of formats to meet different consumer needs

Multivarejo				Assaí
Extra: Hypermarkets and Supermarkets	**Pão de Açúcar** Supermarkets Premium	**Proximity**	**Other Businesses** Commercial Centers Drugstores and Gas Stations	**Cash & Carry**
33.5% Sales	14.2% Sales	2.3% Sales	5.3% Sales	44.6% Sales
#Stores Hypermarkets: 113 Supermarkets: 187	#Stores Supermarkets: 186 Food Delivery	#Stores Minuto: 82 Minimercado Extra: 183	#Stores Drugstores: 123 Gas stations: 71 GLA~260.000 million[2]	#Stores Assaí: 127

YTD net sales, number of stores on March 31, 2018

Multi-format food player

extra

Focused on meeting the needs of clients related to different needs and occasions, with the following formats: **hypermarkets, supermarkets, drugstores and gas stations**. Extra banner offers food, electronics and home appliances and apparels.

300 Stores*

Pão de Açúcar

The Pão de Açúcar banner refers to the Company's premium supermarket chain. It is considered the benchmark for innovation in the retail sector and **promotes the concepts of healthy living and sustainability.**

186 Stores

ASSAÍ ATACADISTA

The Cash & Carry segment focuses on customers from small and midsized companies and also on the end customer who looks for products at **more competitive prices**. It offers groceries, food, perishables, beverages, packaging, personal care and cleaning products, among others.

127 Stores

minuto Pão de Açúcar

Convenience format that offers differentiated assortment and a practical and cozy environment, in stores measuring about 300 m². **Prioritizes client comfort** through customized services and initiatives.

82 Stores

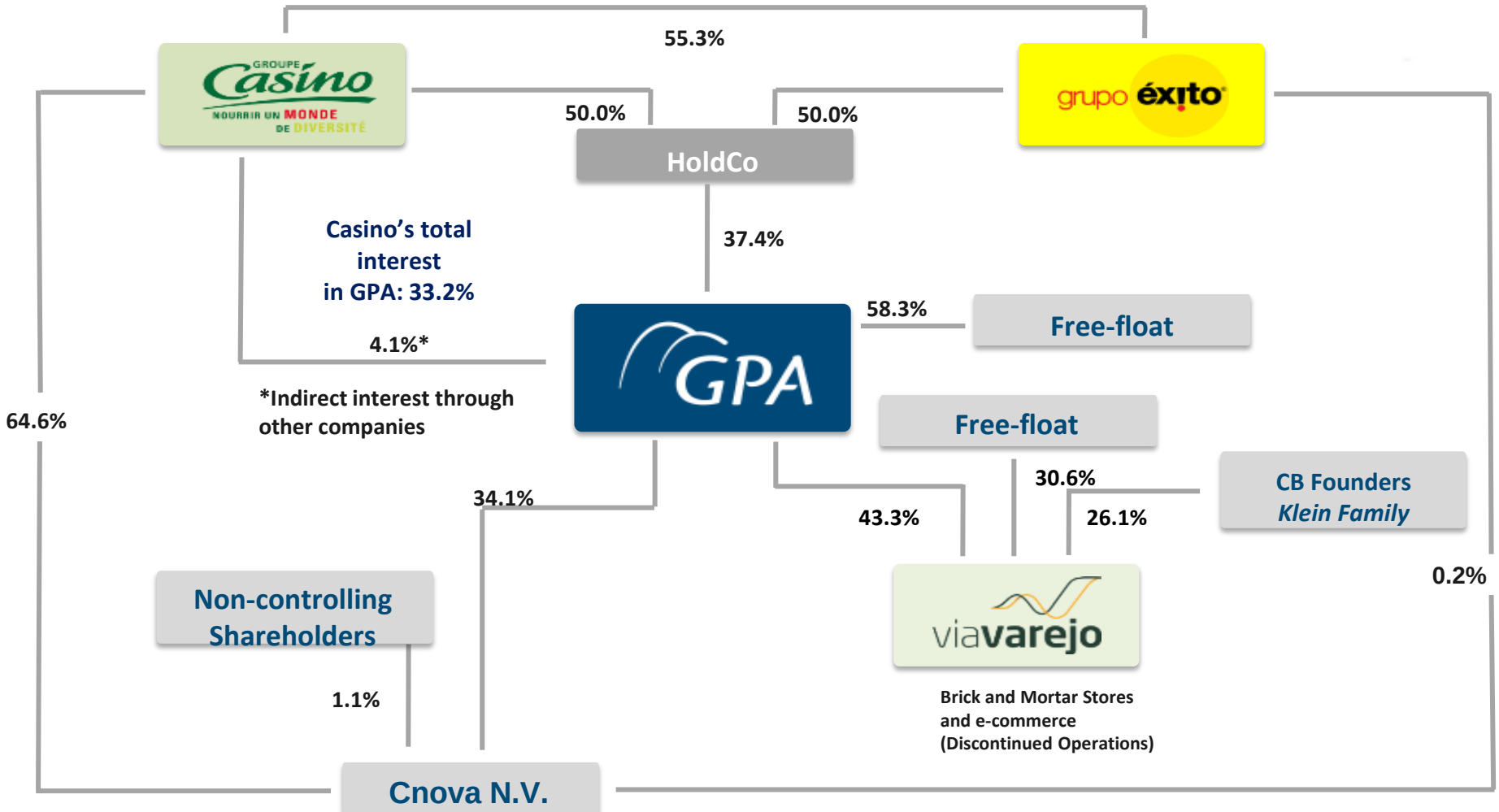
mini mercado extra

Convenience format to meet day-to-day needs, mainly *commodities* and perishables. In stores measuring about 300 m², its value proposition is to **offer convenience at the best price.**

183 Stores

** Also operates 123 drugstores and 71 gas stations as of March 31, 2018*

Ownership Structure



As of March 31, 2018

Glossary

Business Units of the Company: The Company's business is divided into two segments - Retail and Cash & Carry (Slide 10)

Food Segment: Represents the combined results of Multivarejo and Assaí, excluding equity income (loss) from Cdiscount, which is not included in the operating segments reported by the Company. Includes retail and wholesale activities of products in general, including - but not limited to - food products, clothing, hygiene, medicines, fuels, furniture, consumer electronics and domestic utilities. Such activities are carried out in both physical and virtual establishments.

Growth and changes: The growth and changes reported in this document refer to changes from the same period last year, except when stated otherwise.

EBITDA: EBITDA is calculated in accordance with Instruction 527 issued by the Securities and Exchange Commission of Brazil (CVM) on October 4, 2012.

Adjusted EBITDA: Measure of profitability calculated by excluding Other Operating Income and Expenses from EBITDA. Management uses this measure in its analyses as it believes it eliminates nonrecurring expenses and revenues and other nonrecurring items that could compromise the comparability and analysis of results.



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About GPA: GPA is Brazil's largest retailer, with a distribution network comprising over 2,000 points of sale as well as electronic channels. Established in 1948 in São Paulo, it has its head office in the city and operations in 20 Brazilian states and the Federal District. With a strategy of focusing its decisions on customers and better serving them based on their consumer profile in the wide variety of shopping experiences it offers, GPA adopts a multi-business and multi-channel platform with brick-and-mortar stores and e-commerce operations divided into three business units: Multivarejo, which operates the supermarket, hypermarket and Minimercado store formats, as well as gas stations and drugstores under the Pão de Açúcar and Extra banners; Assaí, which operates in the cash-and-carry wholesale segment; GPA Malls, which is responsible for managing the Group's real estate assets, expansion projects and new store openings; and Via Varejo's discontinued operations, with its bricks and mortar electronics and home appliances stores under the Casas Bahia and Pontofrio banners, and the e-commerce segment.

Disclaimer: The forward-looking statements in this presentation are based on the current assumptions and projections of the Company's management, which could differ materially from actual results and performance and future events. These projections include future results that could be influenced by historical results and investments. Actual results, performance and events may differ materially from those expressed or implied by these forward-looking statements due to numerous factors, such as general economic conditions in Brazil and other countries, changes in interest rates and exchange rates, future renegotiations or prepayments of obligations or loans in foreign currency, legal and regulatory changes, and competitive factors generally at the regional, national or global levels.