













3Q10 Results

Investor Relations

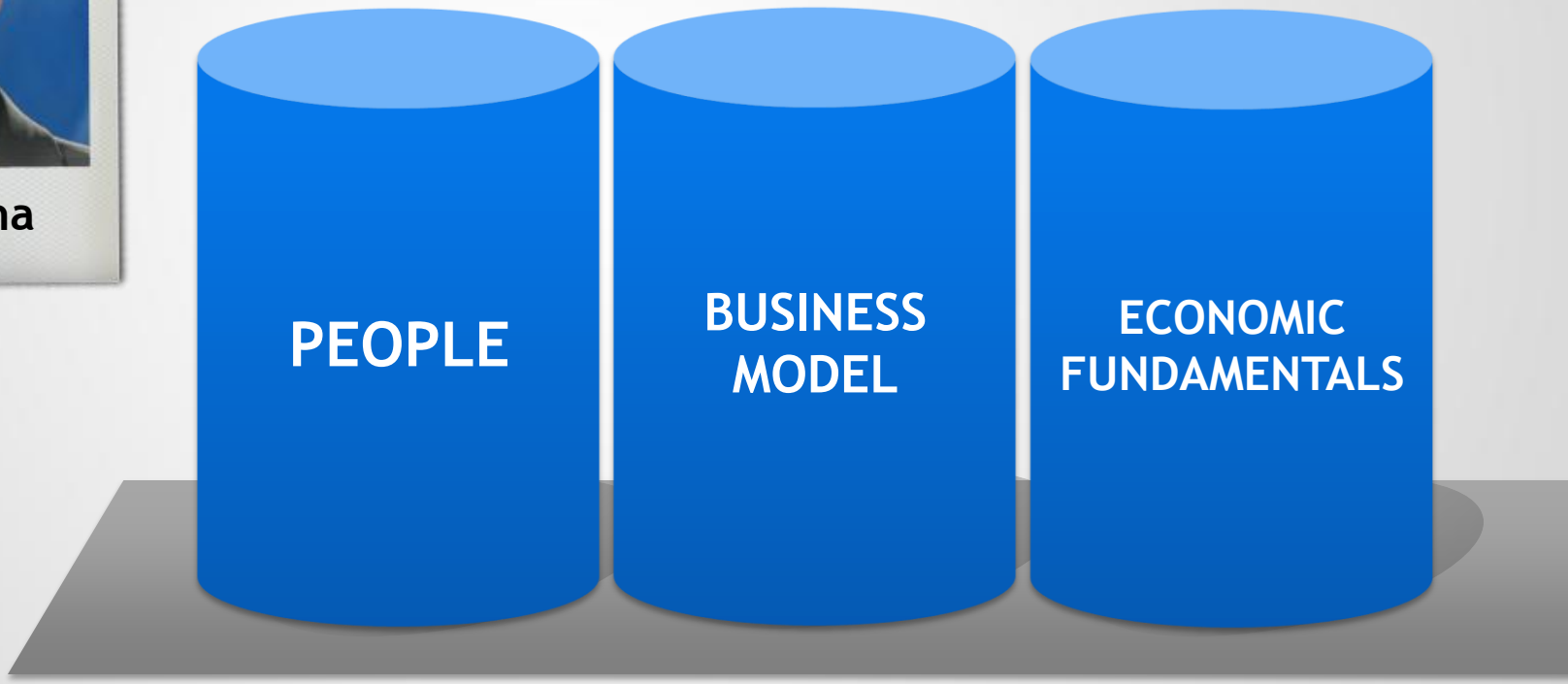
November 11, 2010

Grupo Pão de Açúcar

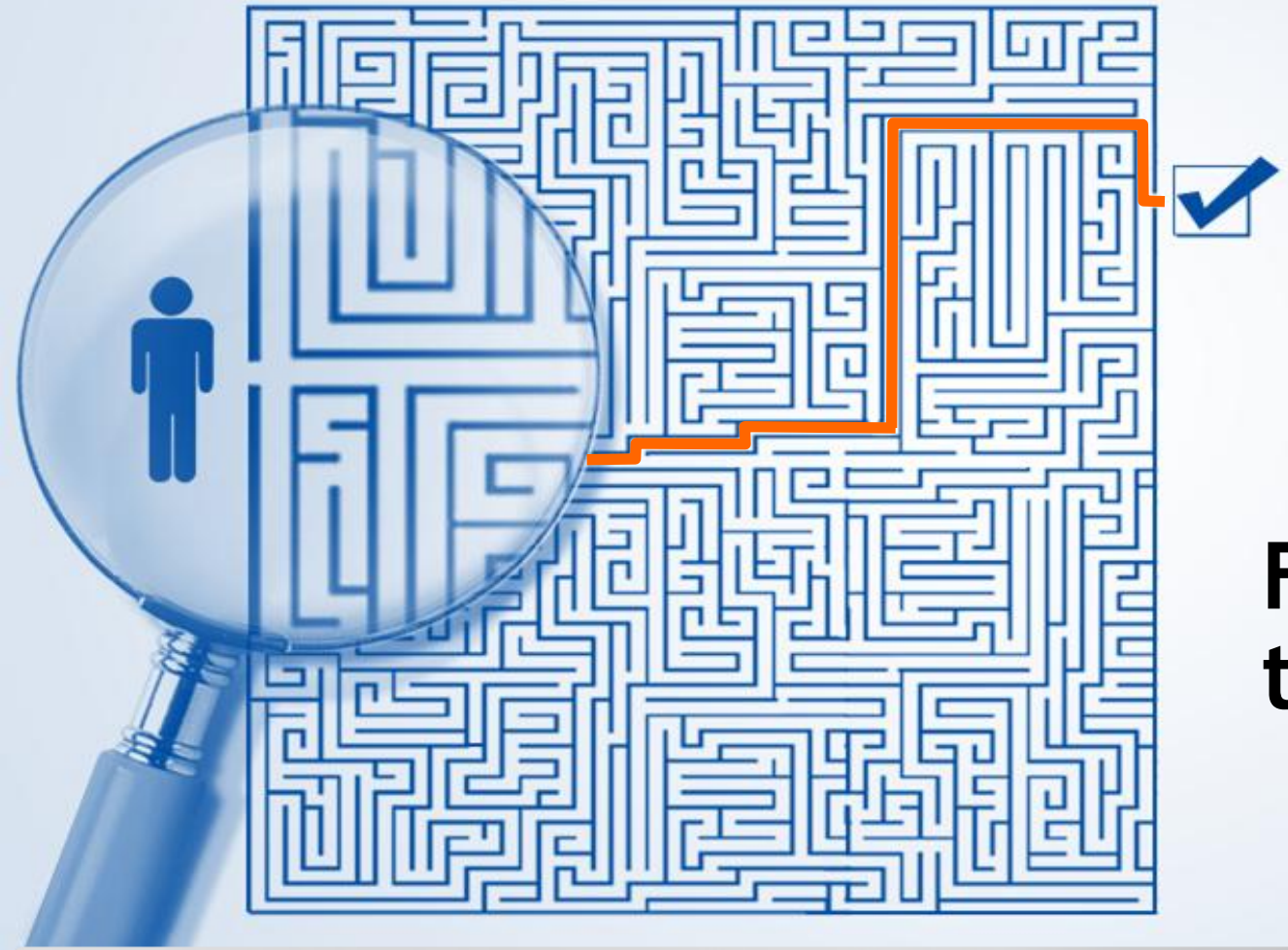
Message from the CEO

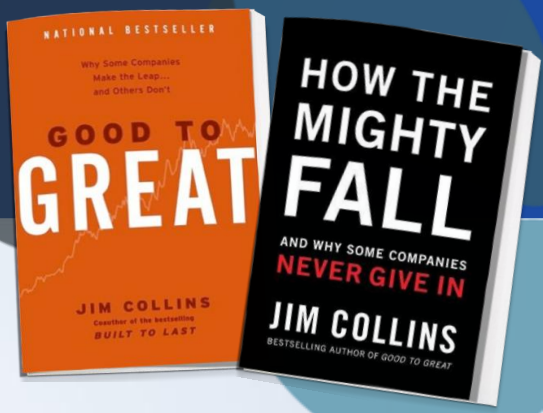


Business fundamentals and strategic pillars



JIM COLLINS Principles:





Good to Great
- real and efficient leadership

How the Mighty Fall
- 5 steps

First WHO, then WHAT

High Performance Executive Officers



- ✓Humble
- ✓Discipline
- ✓Determination and will
- ✓Emotional balance

Executive officers team



CEO
13 years in retail
7 in GPA

CORPORATE EXECUTIVE OFFICERS



Corporate Relations
31 years in retail
9 in GPA



Commercial Strategy
25 years in retail
4 in GPA



Market Strategy
2 years in retail in GPA



Financial and IT
7 months in retail and in GPA



Human Resources
25 years in retail
10 in GPA



Supply Chain
9 years in retail and in GPA



Food Commercial
21 years in retail and in GPA

BUSINESSES OFFICERS



Retail Businesses
31 years in retail and in GPA



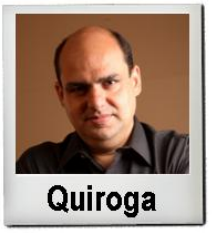
Specialized Business
18 years in retail and in GPA



Cash&Carry
22 years in retail
8 in GPA



Electronics
12 years in retail
7 abroad
5 in Brazil

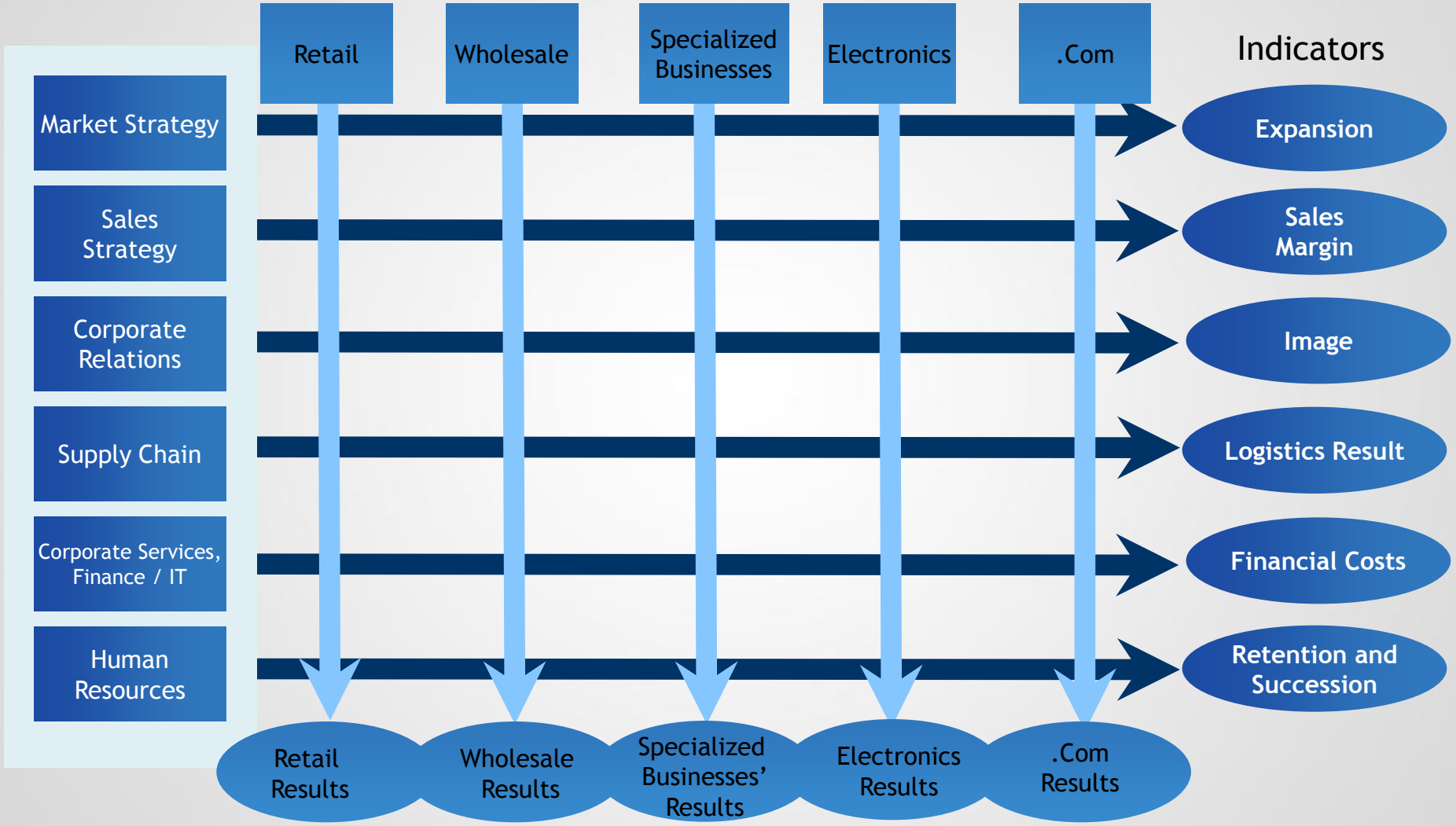


E-commerce
16 years in e-commerce
2 in Ponto Frio



FIC
18 years in retail
2 in FIC

New Management Model



ECONOMIC SCENARIO

GDP growth

Social **Rise**

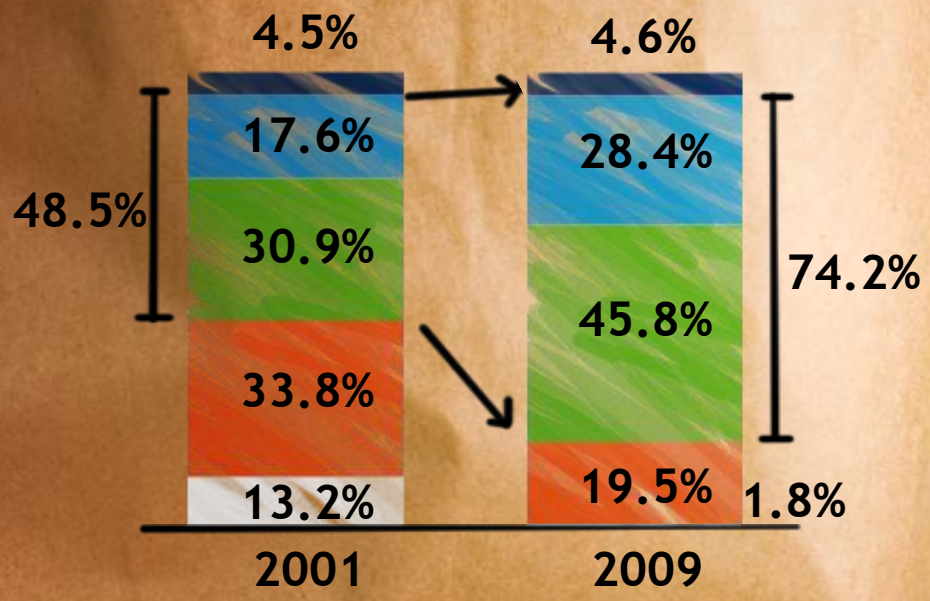
Credit Offer

2014: 5th largest consumer market of the world

2020: R$ **5,000 billion**



Factors influencing the Consumption



Between 2009 and 2014, more than 30 million Brazilians are expected to join the A, B AND C classes in Brazil

Source: "Brasil em foco IPC Target 2008" study (Target Marketing) and IBGE 2001

The middle class takes this rising moment to have access to products like computers, new furniture, thin-screen television for the first time

Governmental Programs

Minha Casa Minha Vida

Bolsa Família

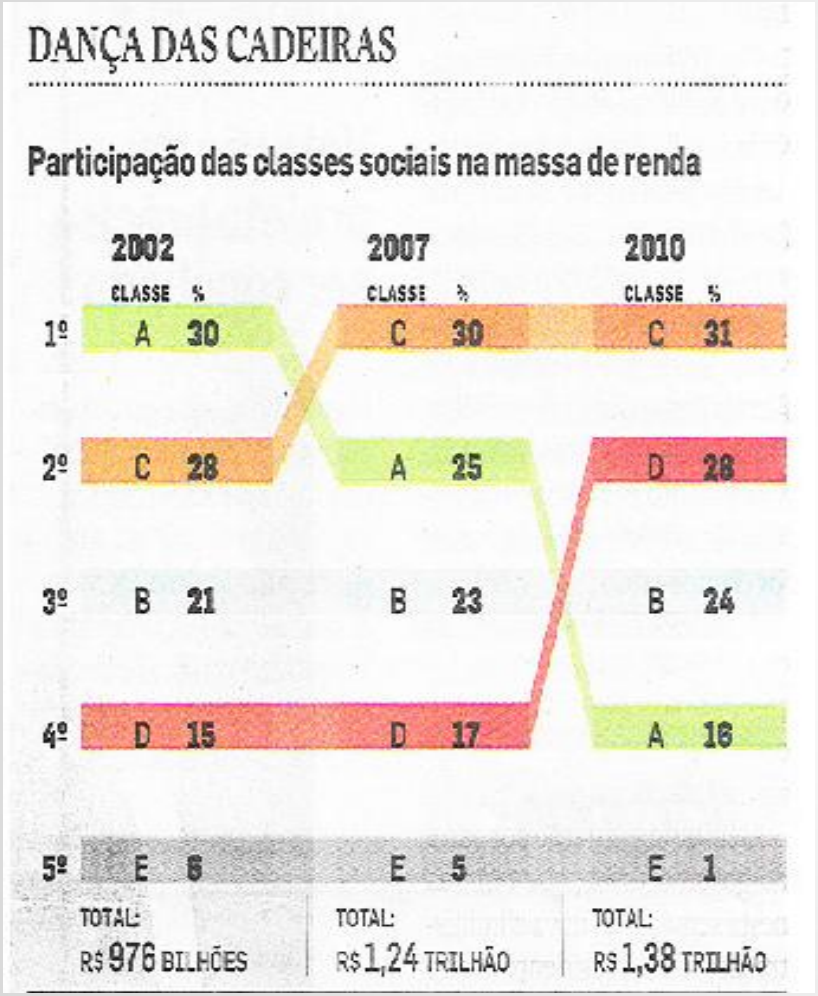
Programa LUZ para todos

ECONOMIC SCENARIO

Exame Magazine
August, 2010



Economic Scenario



Source: Data Popular in the Newspaper "O Estado de SP" in August 2, 2010

"Since I can remember this is the first time I see Brazil growing distributing income"

Abilio Diniz

Retail Momentum in Brazil

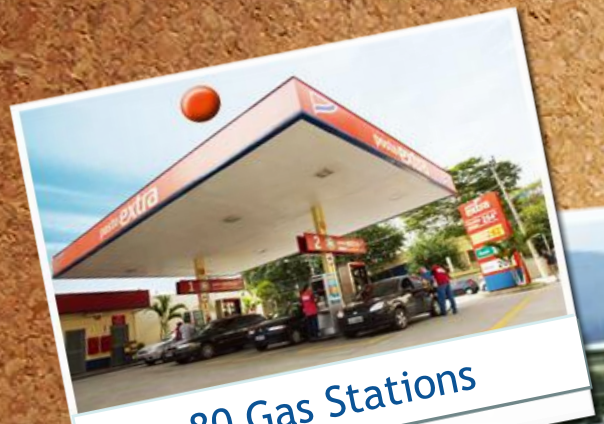


- **Rise** of the Purchasing Power
- Focus on **'middle popular class'**
- Informality **Reduction**
- Channel **Diversification**
- Real Estate **Boom**
- Integration of **Ponto Frio and Casas Bahia**
- **2014** World Cup
- **2016** Olympic Games

Multiformat Structure
Operational efficiency

Supermarkets	Pão de Açúcar, Sendas, CompreBem, extra supermercado
Wholesale/retail	ASSAÍ ATACADISTA DESDE 1974
Hypermarket	extra hiper
Proximity	extra Fácil
Specialized Stores	PONTO FRIO, CASAS BAHIA DEDICAÇÃO TOTAL A VOCÊ
E-commerce	PONTOFRIO.com, extra.com.br, CASAS BAHIA DEDICAÇÃO TOTAL A VOCÊ www.casasbahia.com.br

Specialized Businesses



80 Gas Stations



GPA Malls & Properties
3,500 stores and 185 thousand m² of GLA
3 Real Estate Projects



153 Drugstores



3Q10 Highlights compared to 3Q09



Consolidated Gross Sales: R$ 7.9 bn (+15.6%)
Gross 'same store' sales: +12.5%

Gross Margin

- ✓GPA Food[(1)]: 25.9% (+50 bps)
- ✓Globex: 19.8% (+ 400 bps)

Consolidated EBITDA: R$ 493 M (7.0%)

- ✓GPA Food [(1)]: **7.5%** (R$ 416.4 M) (+50 bps)
- ✓Globex: 5,1% (R$ 77,1 mi) (+590 bps)

Net Income: R$ 115 M (margin of 1.6%)

Dividend distribution of R$ 19.6 M

Approval of the Association with Casas Bahia in Extraordinary Shareholders Meeting in 11/09/2010

GPA Food[(1)]: refers to Consolidated GPA excluding Globex

Agenda



3Q10
GPA *Food* Results



3Q10
Globex Results

Agenda

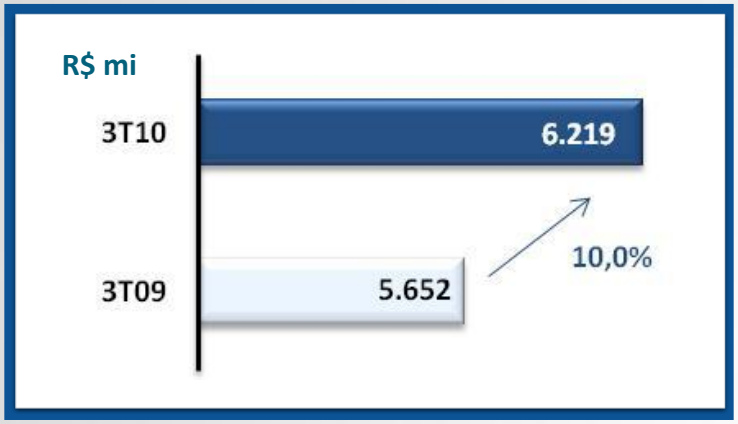


3Q10
GPA *Food* Results



3Q10
Globex Results

Gross sales of R$ 6.2 bn, year-on-year growth of 10.0%



GROWTH OF 7,7% IN GROSS SAME-STORE-SALES:

3Q10 X 3Q09



Highlights:



✓Textile

✓Personal Care & Household Cleaning Bazar

✓Beverages

ASSAÍ ATACADISTA and extra supermercado posted growth of 19.6% and 24.1% respectively

In 9M10, gross sales totaled R$ 18,8 bn

✓ Missing R$ 7.2 bi in 4Q to reach the *guidance* of R$ 26 bi:

+ 15.8% compared with 3Q10

+ 6.7% compared with 4Q09

Assaí

3Q10 Results:

- ✓ Gross Sales of R$ 816 M
- ✓ Gross Margin of 14.7% (+ 1oo bps compared to 3Q09)
- ✓ Expense of 11.3% of net sales (- 800 bps compared to 2Q10)
- ✓ 3.5% of EBITDA margin.

Larger interest on GPA's sales:

- ✓ from 8.1% in 3Q09 to 10.3% in 3Q10

3Q10 Openings:

- ✓ 2 new stores
- ✓ 3 convertions (1 of CompreBem and 2 of Sendas)

New logistic operation:

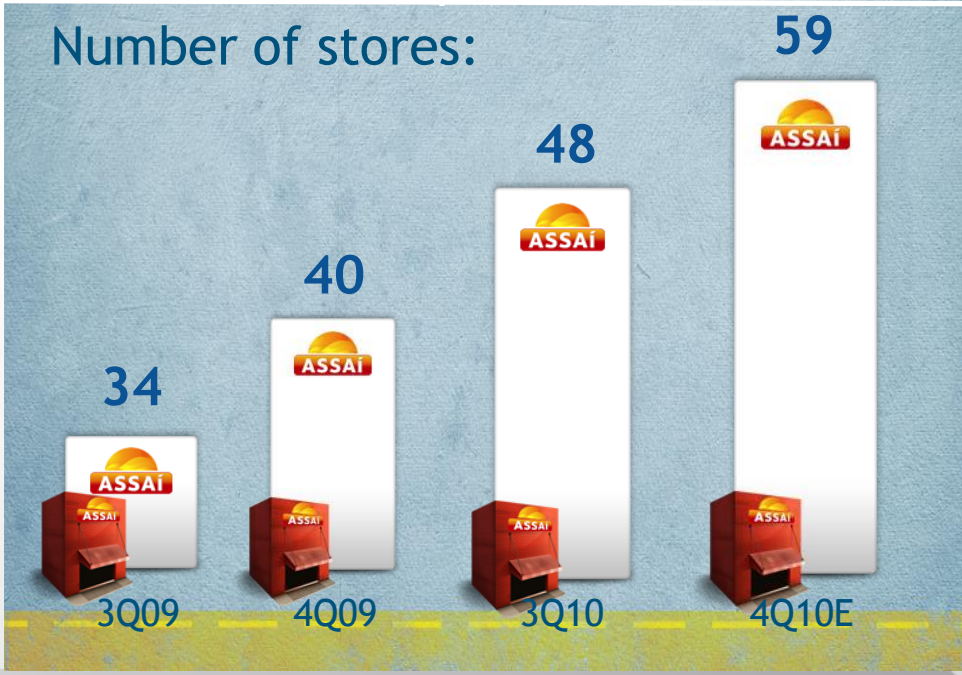
- ✓ 2 DCs dedicated to store operation
- ✓ 1 DC dedicated to external and counter sales

Food Service Market:

- ✓ Growth of twice the retail food
- ✓ Over 35% of Brazilians eat away from home







Extra Supermercado

3Q10

- ✓ New Extra Supermercado: 2 stores
- ✓ Conversions of CompreBem (SP): 12 stores
- ✓ Conversions of Sendas (RJ): 6 stores

By the end of 2010

- ✓ Total of 70 stores converted in 2010
- ✓ SSS Growth of more than 30%

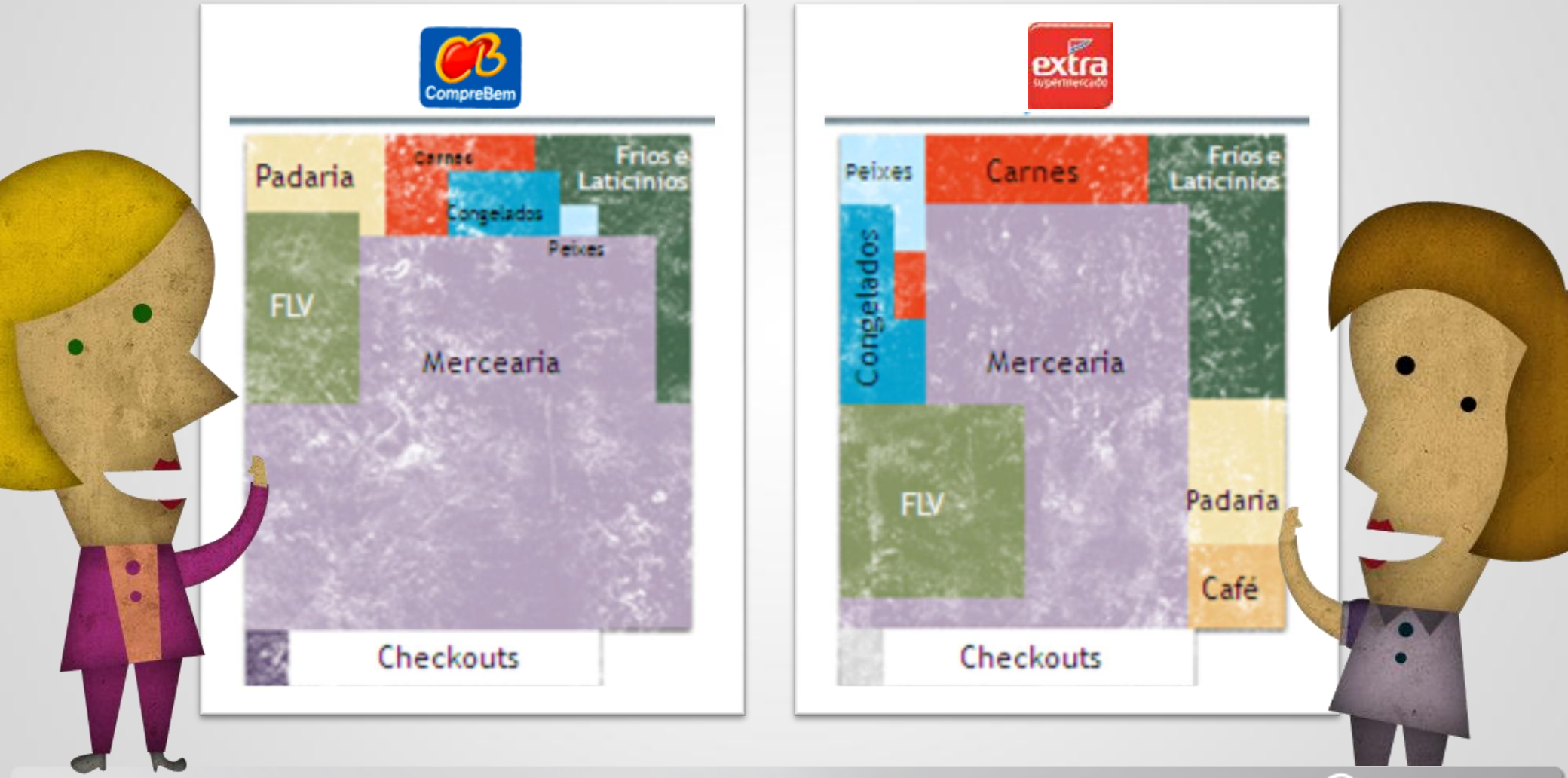
Conversion Background

- ✓ Change in the consumption habit
- ✓ Increased sales and ROCE
- ✓ The strength of Extra brand
- ✓ Marketing synergies
- ✓ Better assortment and layout





Extra Supermercado x CompreBem Differentials



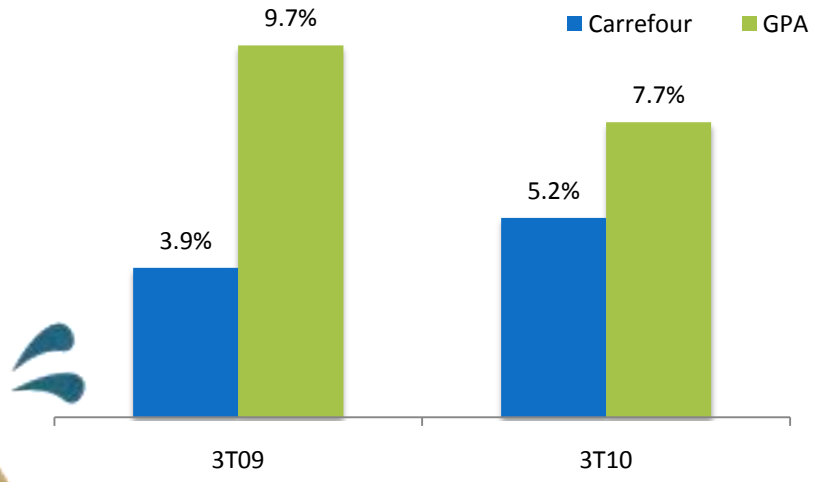
GPA prepared to capture opportunities

Formats	Target Public				Purchase characteristics
	A	B	C	D	
Pão de Açúcar	■	■			Replenishing/ Scattered
extra hiper	■	■	■	■	Monthly and replenishing purchase
extra supermercado		■	■	■	
extra Fácil	■	■	■	■	Scattered
ASSAÍ ATACADISTA			■	■	+ Prepared food retailers



Continuous Gain of Market Share

GPA vs Carrefour
(Nominal same-store-sales)

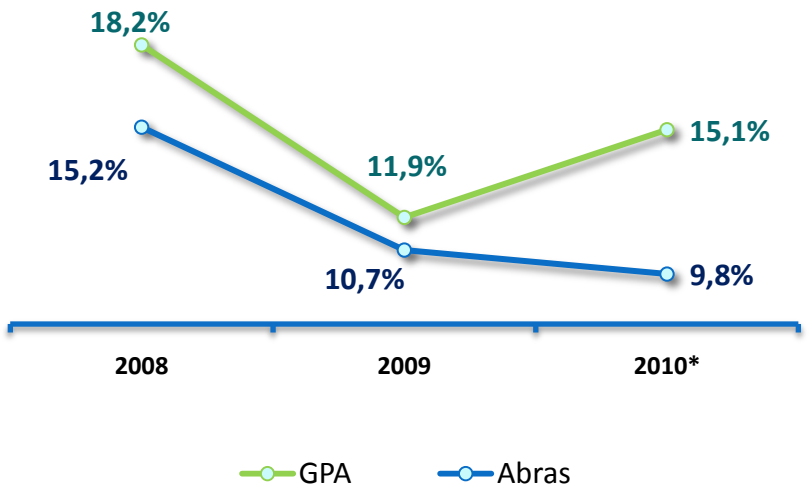


GPA's sales exceeded Carrefour's in In the last 9 consecutive quarters. In this period, the average sales growth was 2x higher than Carrefour's.





GPA vs ABRAS
(Nominal same-store sales)



 2010* up to September/2010

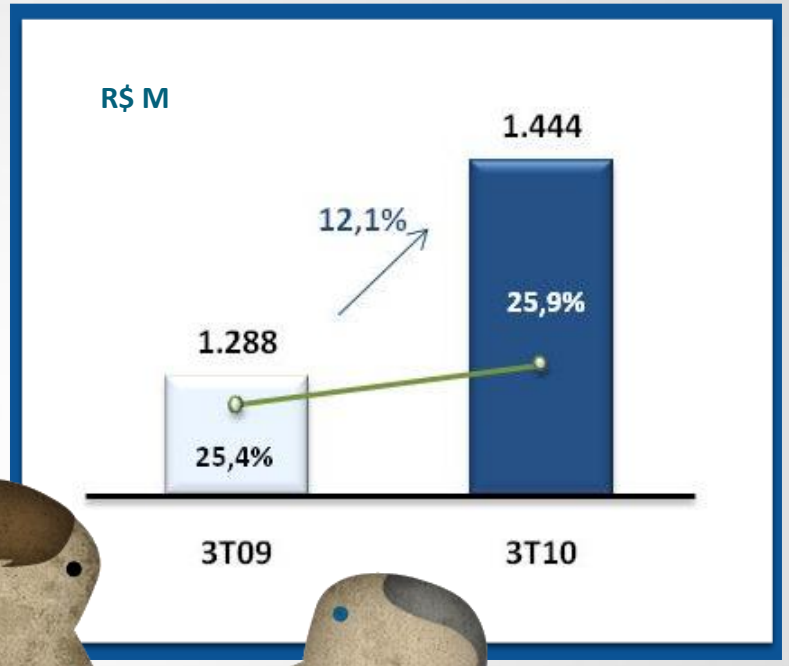
Gross Profit of R$ 1.4 bn
Margin of 25.9%

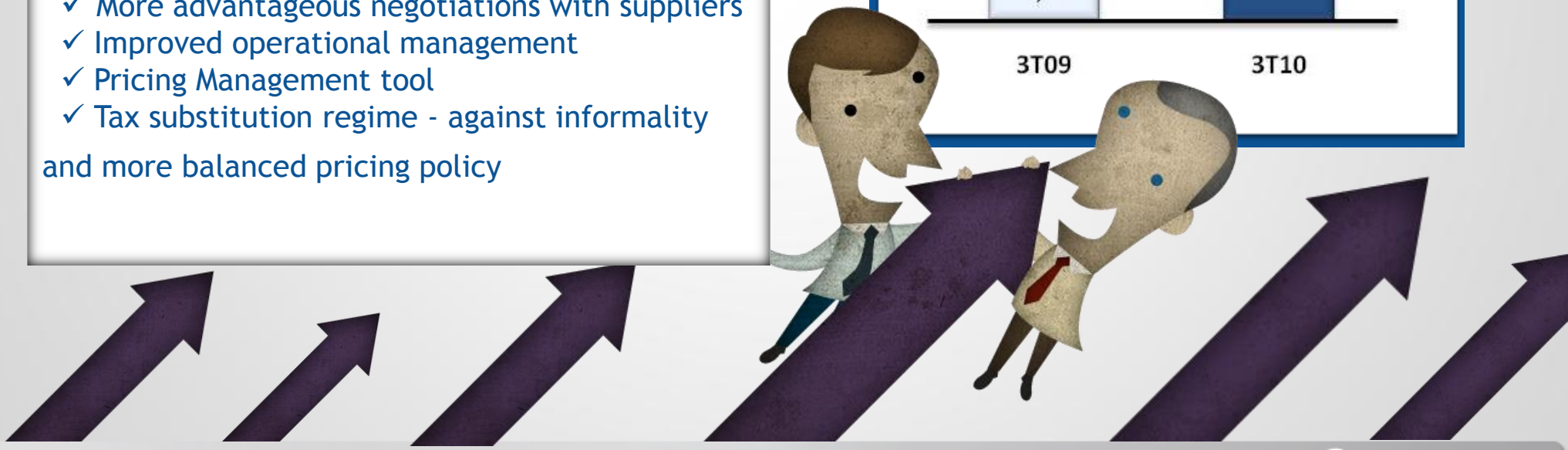
110 bps up on 2Q10 and 50 bps up on 3Q09

The improvement on results was due to:

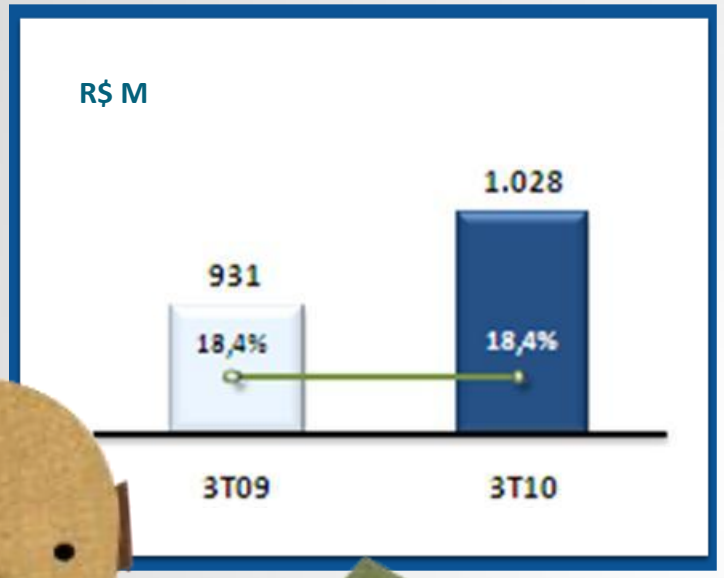
- ✓ More advantageous negotiations with suppliers
- ✓ Improved operational management
- ✓ Pricing Management tool
- ✓ Tax substitution regime - against informality

and more balanced pricing policy





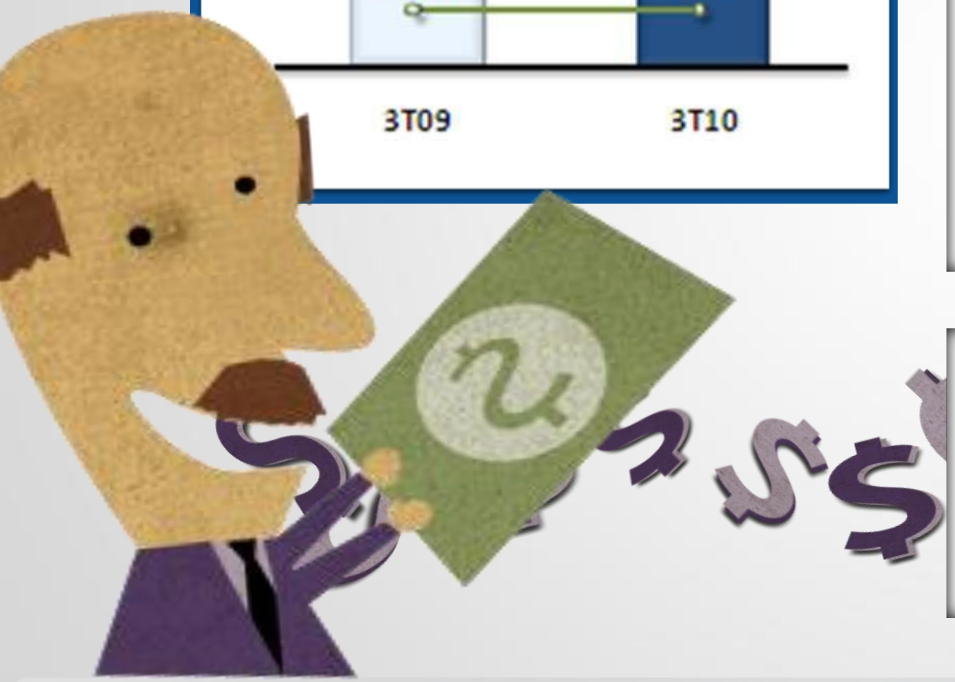
Total Operating Expenses of R$ 1.0 bn, equivalent to 18.4% of Net Sales



In this quarter, we had additional expenses with:

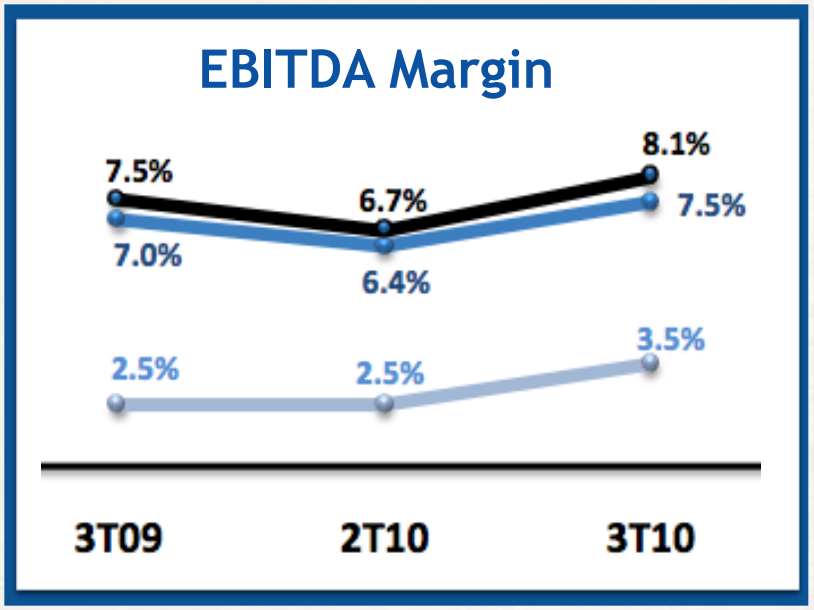
Exceptional events
- ✓ Advertising and marketing
- ✓Personnel (bargaining agreement)

Recurring
- ✓ Technology to support business expansion in the coming years
- ✓ Opening of new stores



Despite the scenario above mentioned, expenses were in line with 3Q09 and 2Q10, which shows a dilution in other expenses.

EBITDA margin stood at 7.5% in 3Q10



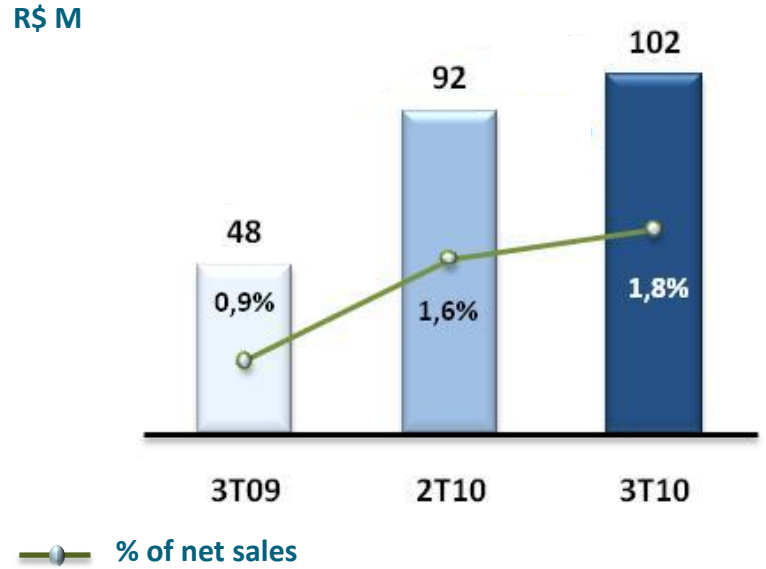
EBITDA Margin of 8.1%, excluding Assaí

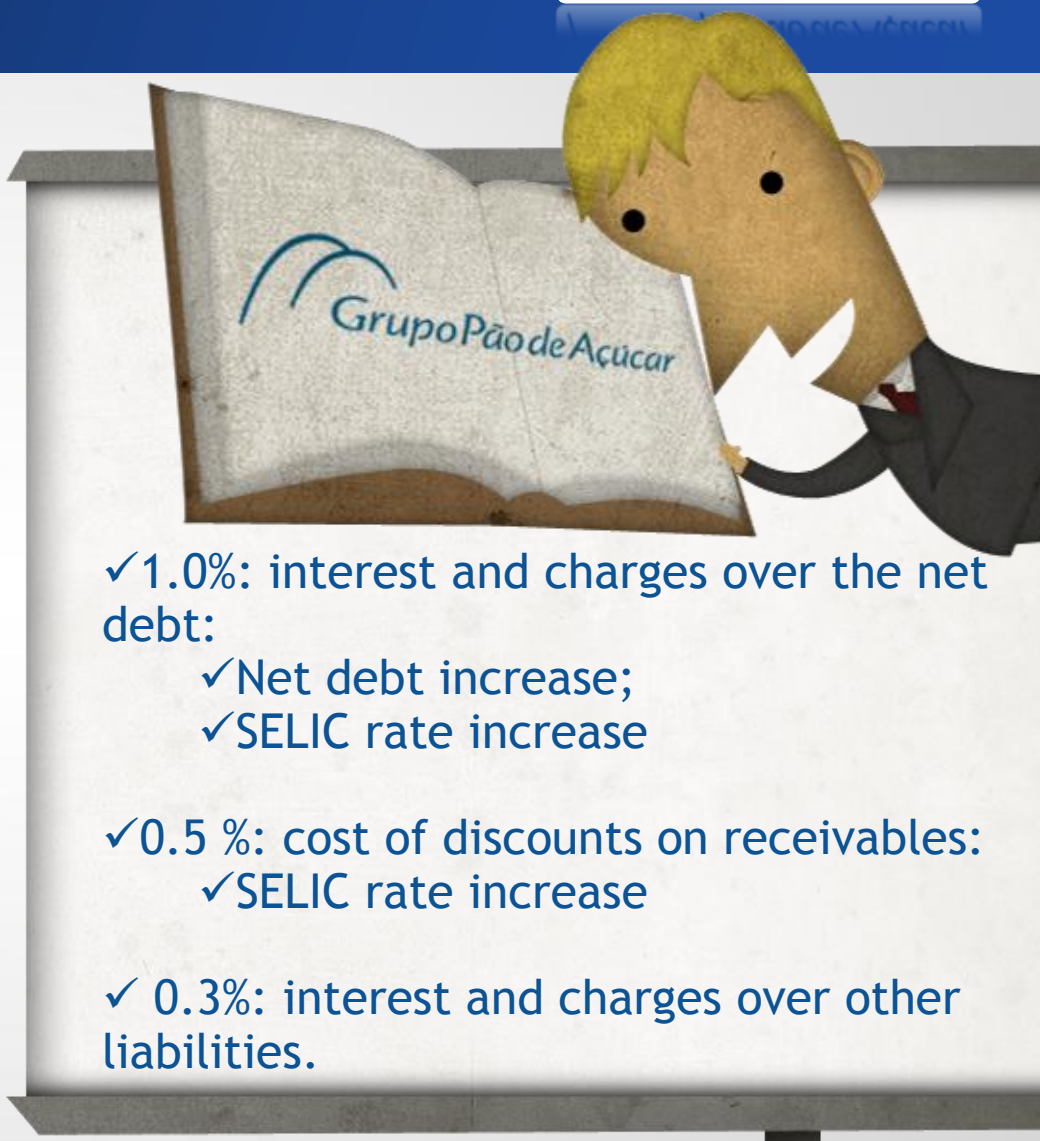
The highest 3Q margin since 2007



Financial Result and Indebtedness

Net Financial Result





✓1.0%: interest and charges over the net debt:

- ✓Net debt increase;
- ✓SELIC rate increase

✓0.5 %: cost of discounts on receivables:

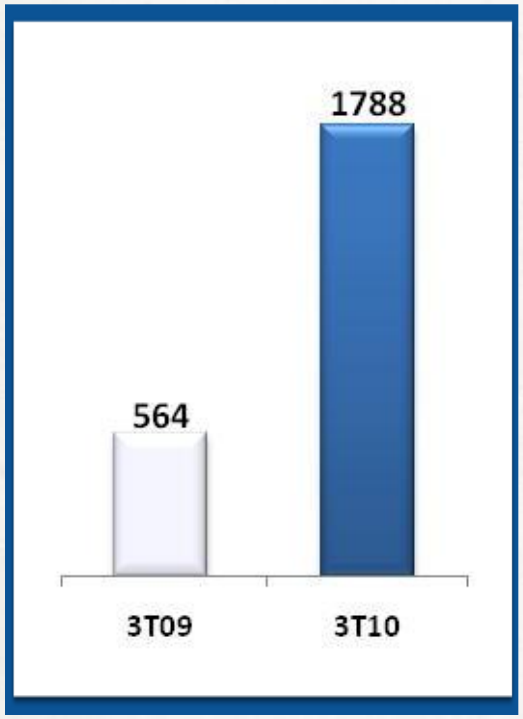
- ✓SELIC rate increase

✓ 0.3%: interest and charges over other liabilities.

(1) Net Debt in the end of the period.
(2) Net Debt does not consider dicounted receivables.

Evolution of Net Debt

Evolution of net debt (1)



- ✓Acquisitions of R$ 792 M, including Globex (R$ 665 M)
- ✓Organic growth
- ✓Net Debt(2)/ EBITDA: 1.07x



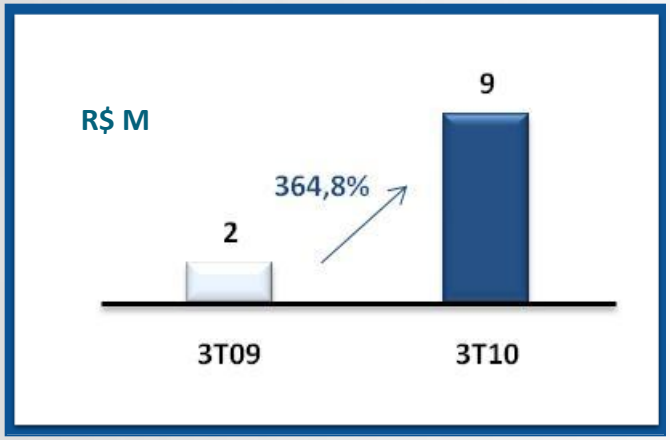
Initiatives from October, 2010:

- ✓ Increased share of interest-bearing sales
- ✓ Shorter payment term of non-interest-bearing sales

(1) Net Debt in the final of period
(2) Net Debt does not consider Receivables..

FIC IN 3Q10

FIC's Result:
R$ 9 M

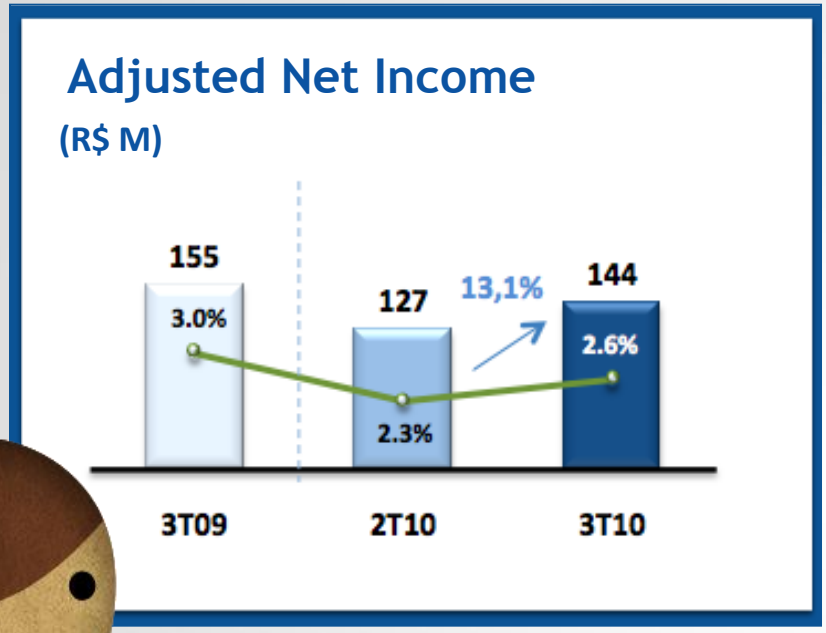


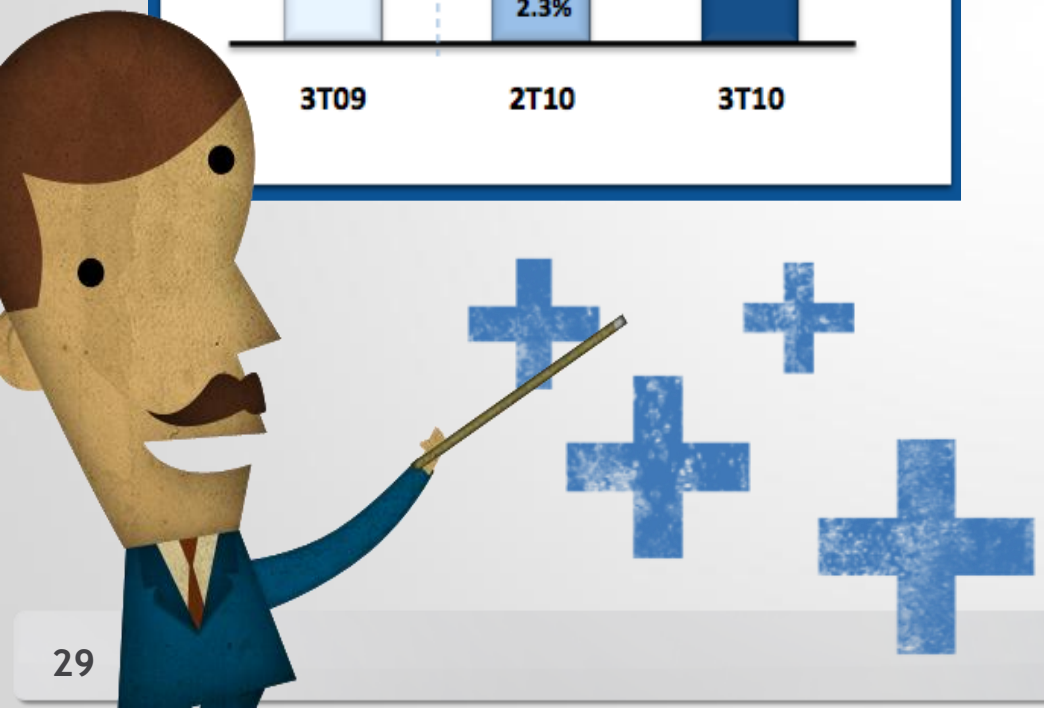




- ✓ Continuous card issuance;
- ✓ 50% of clients are insured; and
- ✓ Extra Hiper and Super's 19% interest in FIC

3Q10 Net Income





Adjusted Net Income: R$ 144 M
Net Margin: 2.6%

- ✓ 100 bps up on 2Q10, due to improvements on gross margin and EBITDA

Non-recurring effects in 3Q10:

- ✓ R$ 2 M due to REFIS in 2Q10
- ✓ R$ 6 M due to restructuring expenses from the ZBB

Net Income: R$ 138 M
Net Margin: 2.5%

Agenda



3Q10
GPA *Food Results*



3Q10
Globex Results

Message from CEO



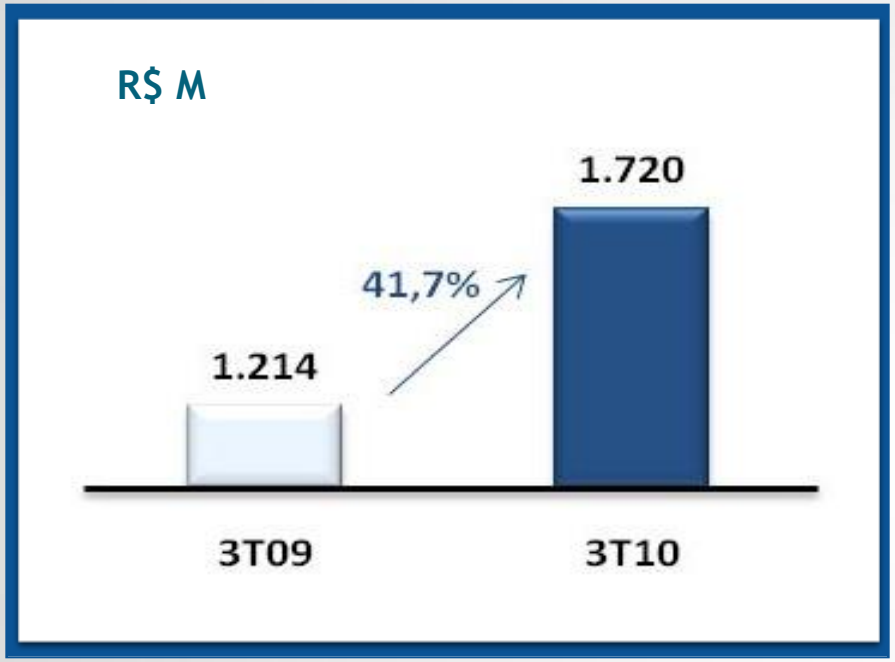
Raphael Klein

Joint venture with Casa Bahia approved on Extraordinary Shareholders' Meeting held on November 9, 2010



- **The beginning of a journey that is aligned with our plans**
- **A single team "playing" towards the same goal**
- **Full support to financial cost reducing initiatives**

Gross Sales of R$ 1.7 bn, year-on-year growth of 42%



41.7%(1) higher than 3Q09

Growth of 15% in sales/s.q.m² terms

15.2% increase in SSS sales
61.8% increase in e-commerce sales in 3Q10 compared to 3Q09



(1) Including e-commerce.

Gross Profit of R$ 300 M, with gross margin of 19.8%

The beginning of a journey that is aligned with our plans

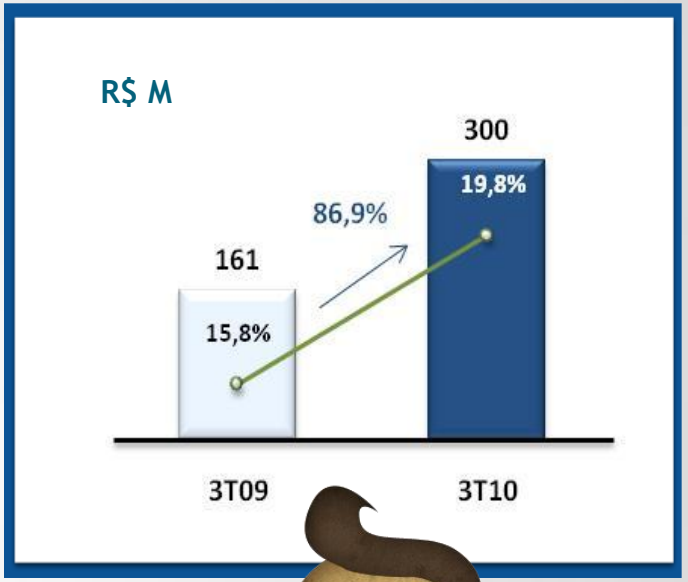
400 bps improvement over 3Q09 and 200 bps improvement over 2Q10

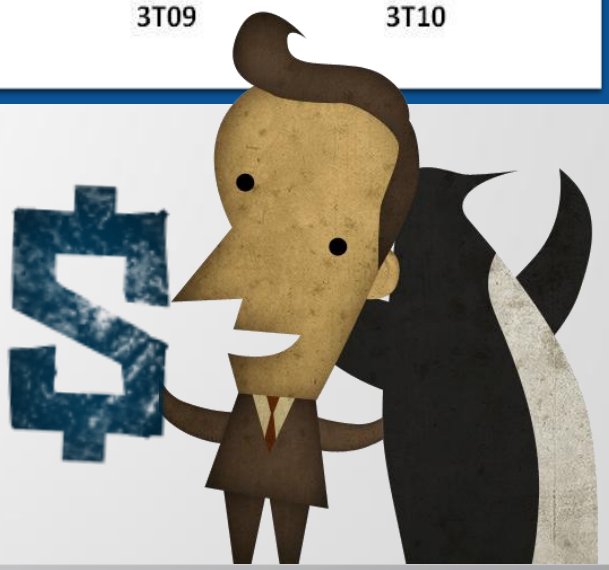
Turnaround started on August/2009:

- ✓ More advantageous negotiations with suppliers
- ✓ Reformulation of the product mix
- ✓ Adjustment of expense level

Synergies with Casas Bahia as of July/2010:

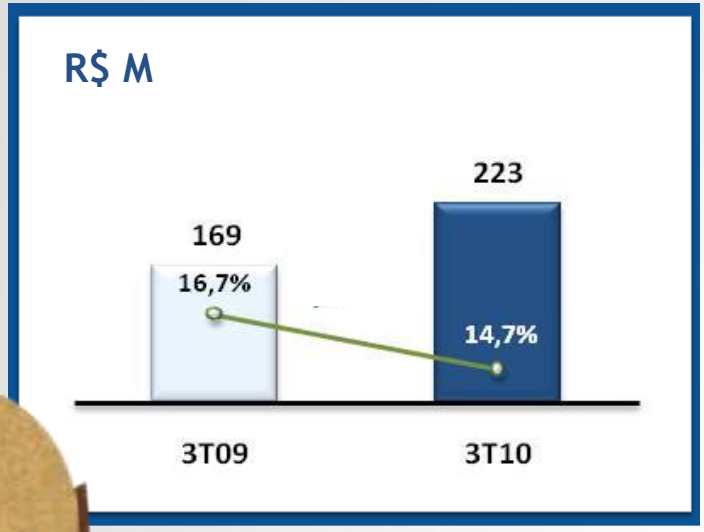
- ✓ Reinforcement in negotiations with suppliers
- ✓ Improvement on product mix
- ✓ First Commercial actions jointly





(1) 3Q09: first quarter OF Globex under GPA's management.

Total Operating Expenses of R$ 223 M, equivalent to 14.7% of Net Sales

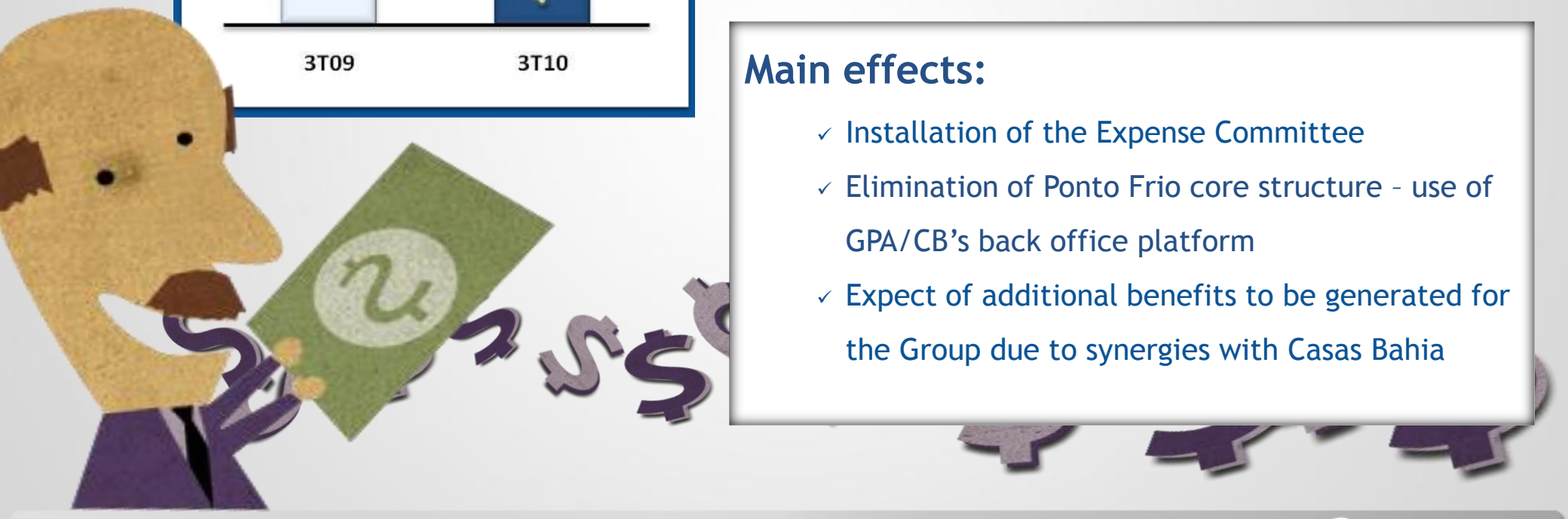


The beginning of a journey that is aligned with our plans:

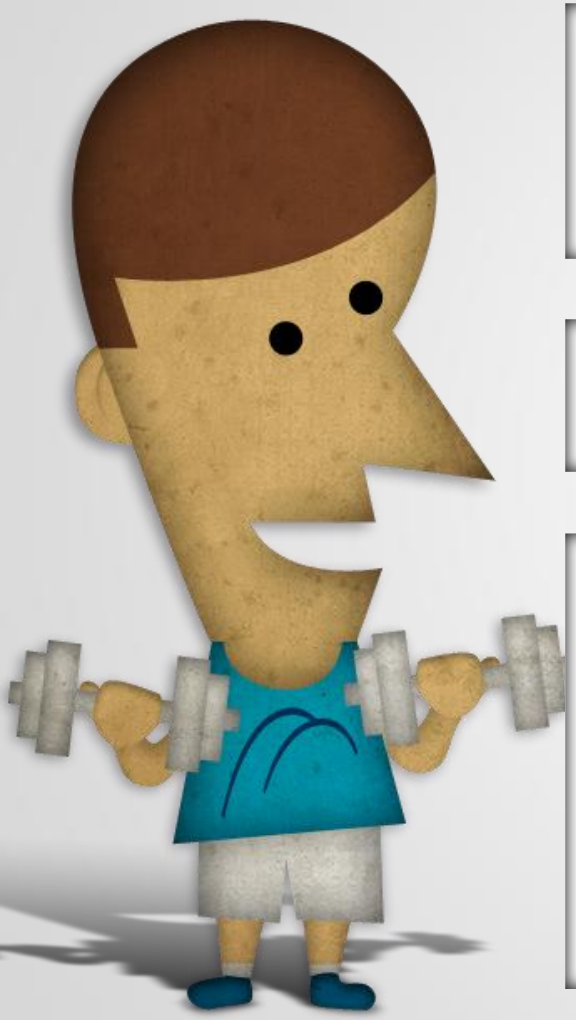
- ✓In 3Q10, 200 bps down on 3Q09 and 400 bps down on 2Q10

Main effects:

- ✓ Installation of the Expense Committee
- ✓ Elimination of Ponto Frio core structure – use of GPA/CB's back office platform
- ✓ Expect of additional benefits to be generated for the Group due to synergies with Casas Bahia



EBITDA of R$ 77 M, with a margin of 5.1%





EBITDA Margin

590 bps on 3Q09 (-0.8%) and
250 bps on 2Q10 (2.6%)

The beginning of a journey that is aligned with our plans

Main effects:

- ✓ Better negotiations with suppliers
- ✓ Expansion of the product mix with more profitable items
- ✓ Stricter control over expenses
- ✓ First synergy gains with Casas Bahia

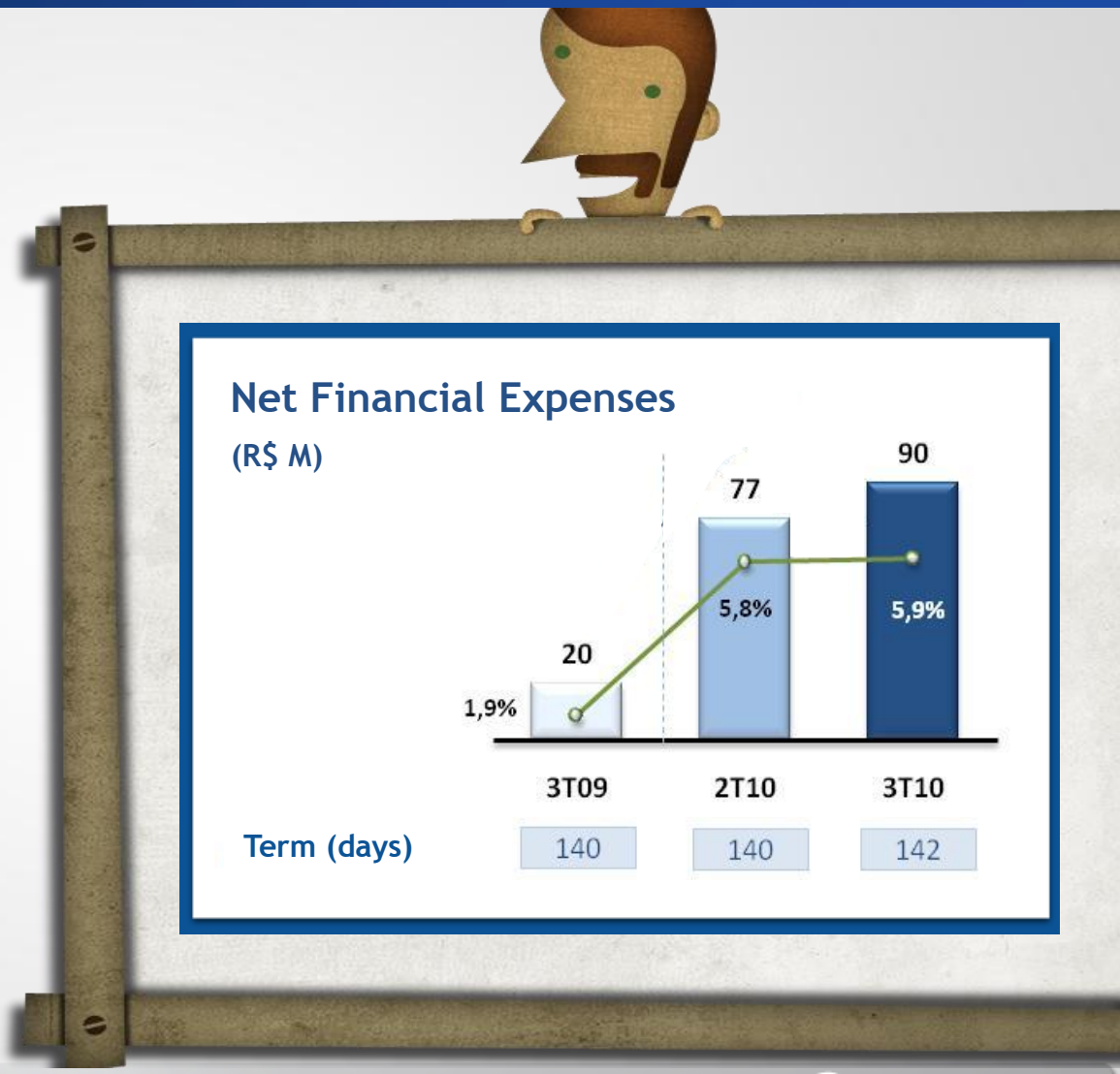
Net Financial Expenses[1] in 3Q10

R$ 90 M: 5.9% of net sales

- ✓Excluding non-recurring effect of R$ 18 M, representing 4.7% of net sales
- ✓In line with the 2Q10 level of 5.8%

Main factors:

- ✓Increase of SELIC rate in the period
- ✓Increase in sales volume



[1] Net Financial Expenses: Financial Result

Actions to Improve Financial Results

Key actions underway to reduce the financial expenses:

- ✓Constitution of FIDC
- ✓Reduction of the average payment term of non-interest bearing sales from 9.5 months to 7.5 months

Sales Growth at the same level

FIDC Constitution (Receivables-Backed Investment Fund)

- ✓AUM: R$ 1,166 M
- ✓Rate: 107.75% of CDI
- ✓Rating: AAA (Fitch)



FIC IN 3Q10

FIC's Results:
R$ 2.3 mi

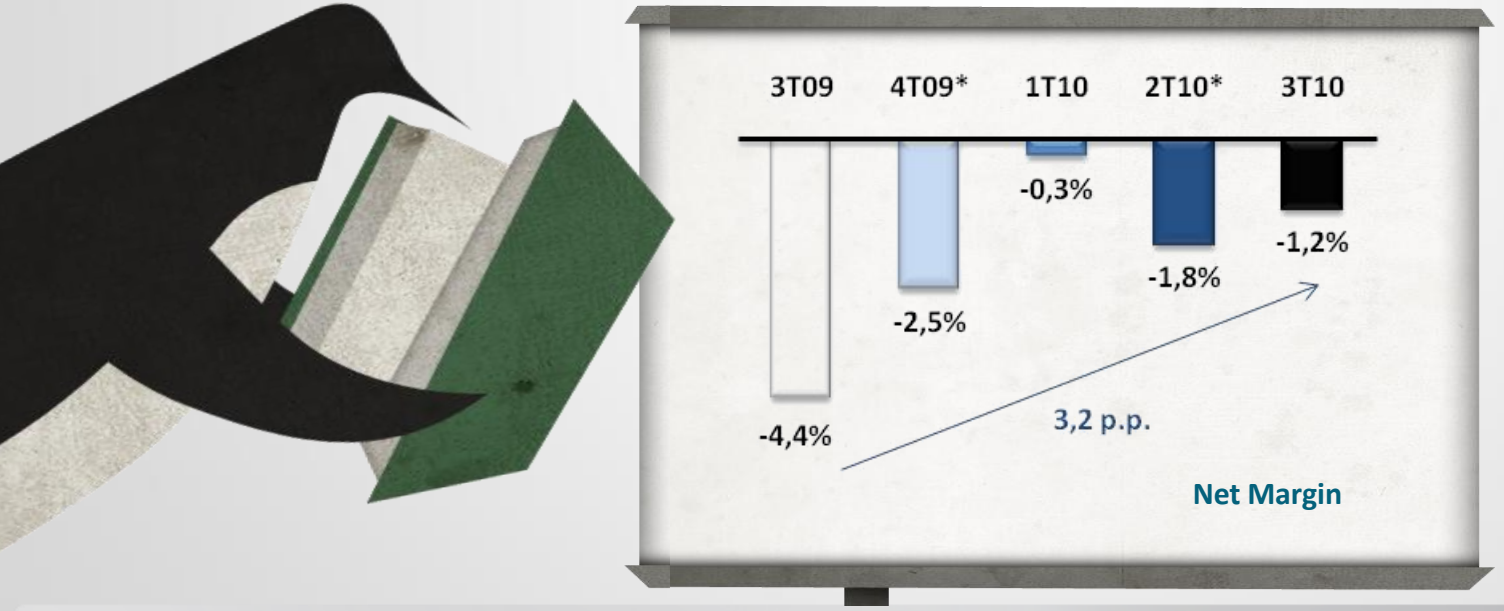


- ✓ Continuous card issuance;
- ✓ 75% of clients are insured; and
- ✓ 26% share in Ponto Frio's stores' sales and 12% in e-commerce sales.

Net Income in 3Q10

Net Income:
negative R$ 18 M
Net Margin: -1.2%

Net income reported growth on 3Q09
✓320 bps up on 3Q09
✓60 bps up on 2Q10



The beginning of a journey aligned with our plans, but full of accomplishments to be made

* Adjusted Net Margin

3Q10 Main Consolidated Indicators

Grupo Pão de Açúcar + Ponto Frio

	3Q10	9M10	Guidances 2010
Gross Sales	7,940	23,541	More than R$ 33 bn
Real growth of SSS sales	7.2%	7.2%	Between 4.0% and 5.0%
EBITDA	494	1,299	More than R$ 1.8 bn
Net Debt/EBITDA	1.07x		Less than 1.0x

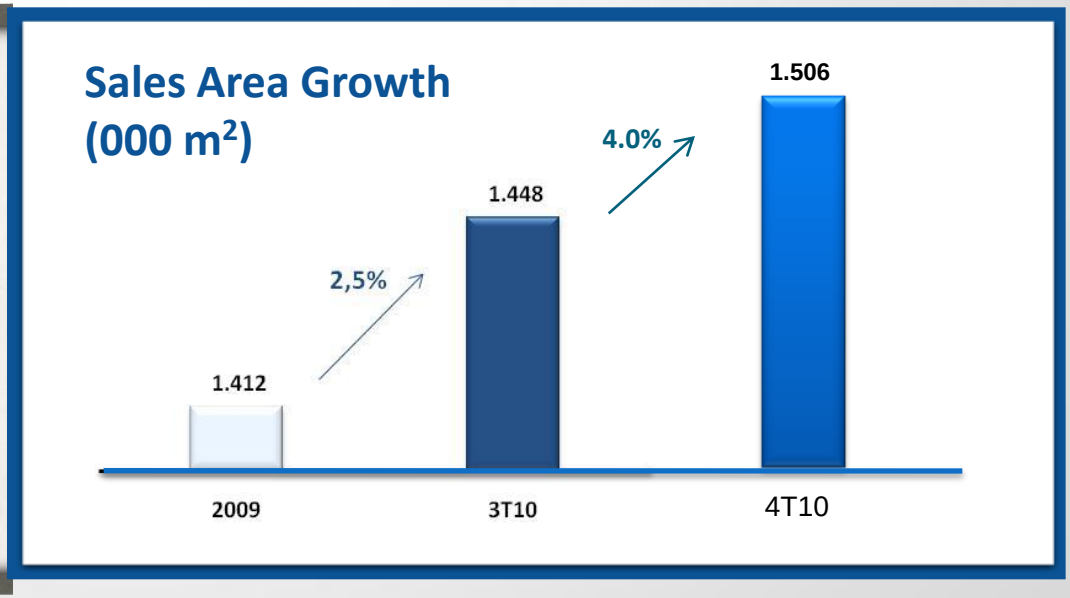
(1) 3T10 x 3T09 Ajustados sem Não-Recorrentes

Investiments and Area expansion(1)

By the end of 2010:

- ✓Investiments should amount R$ 1.3 bn
- ✓Sales Area should reach 1,506,000 m² (+7% on 4Q09)
- ✓ Openings in 4Q10:
  - ✓ 5 Extra Hipermercado (27,100 m²)
  - ✓ 9 Assaí (31,200 m²)





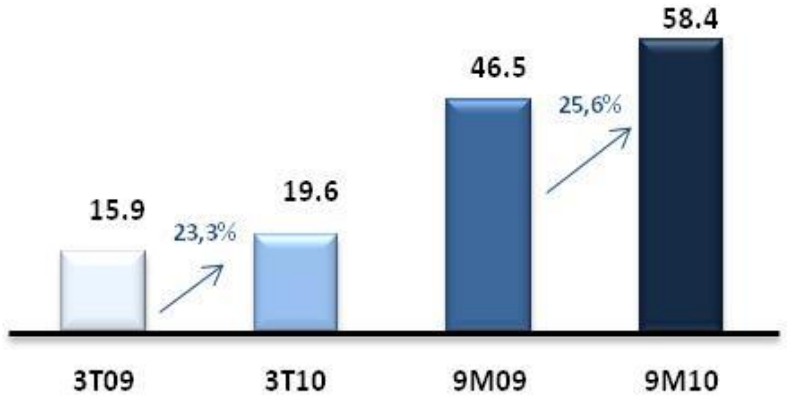
Dividends Distribution

- **Amount to be paid in advance quarterly:**
  - R$ 0,08 per class A preferred share
  - R$ 0,07 per common share
  - Total dividends in 3Q10: R$ 19.6 M.
  - Date of “ex-dividends”: 11/18/2010.



Declared Dividends

R$ M



[1] Source: Economática

