

Grupo Pão de Açúcar

2Q10 Results

July 28, 2010

Disclaimer

- The numbers related to Grupo Pão de Açúcar's operating and financial performance commented on below are presented: (i) on a **consolidated basis**, which includes the full operating and financial results of Sendas Distribuidora (a joint venture with the Sendas chain in Rio de Janeiro), Assaí (Rede Atacadista Assaí) and, as of the third quarter of 2009, Globex Utilidades S.A. (Ponto Frio); and (ii) on a **comparable basis**, which entirely excludes the operating and financial results of Globex Utilidades S.A.

2Q10 Highlights

- ✓ **Sales growth** (net sales) [(1)]
  - 12.7%, totaling R$ 5.642 million, on comparable basis (excluding Globex)
  - 39.4% on consolidated basis (including Globex)
  - 9.9 %, in same-store terms, real growth of 4.6%

- ✓ **EBITDA**
  - R$ 360 million on comparable basis (excluding Globex)
  - R$ 395 million on consolidated basis (including Globex)

- ✓ **Net Income** of R$ 82.5 million on comparable basis, due to the non-recurring impact of adherence to the tax installment payment program, totaling R$ 44.5 million (R$70.1 million gross).

- ✓ **Investments** focused on the **opening of 13 new stores** and **conversion of 2 stores into the Extra Supermercado format,** amounting to R$182.4 million.

- ✓ On July 1, 2010, GPA and Globex executed an **addendum to the Joint Venture Agreement** with Casas Bahia.

- ✓ **Redefinition of the Organizational Structure** with **the Implementation of an Integrated Management Model** at Grupo Pão de Açúcar.

(1) In comparison with 2Q09.

Integrated Management Model

2008 Back to Basics

2010 Integrated Management Model

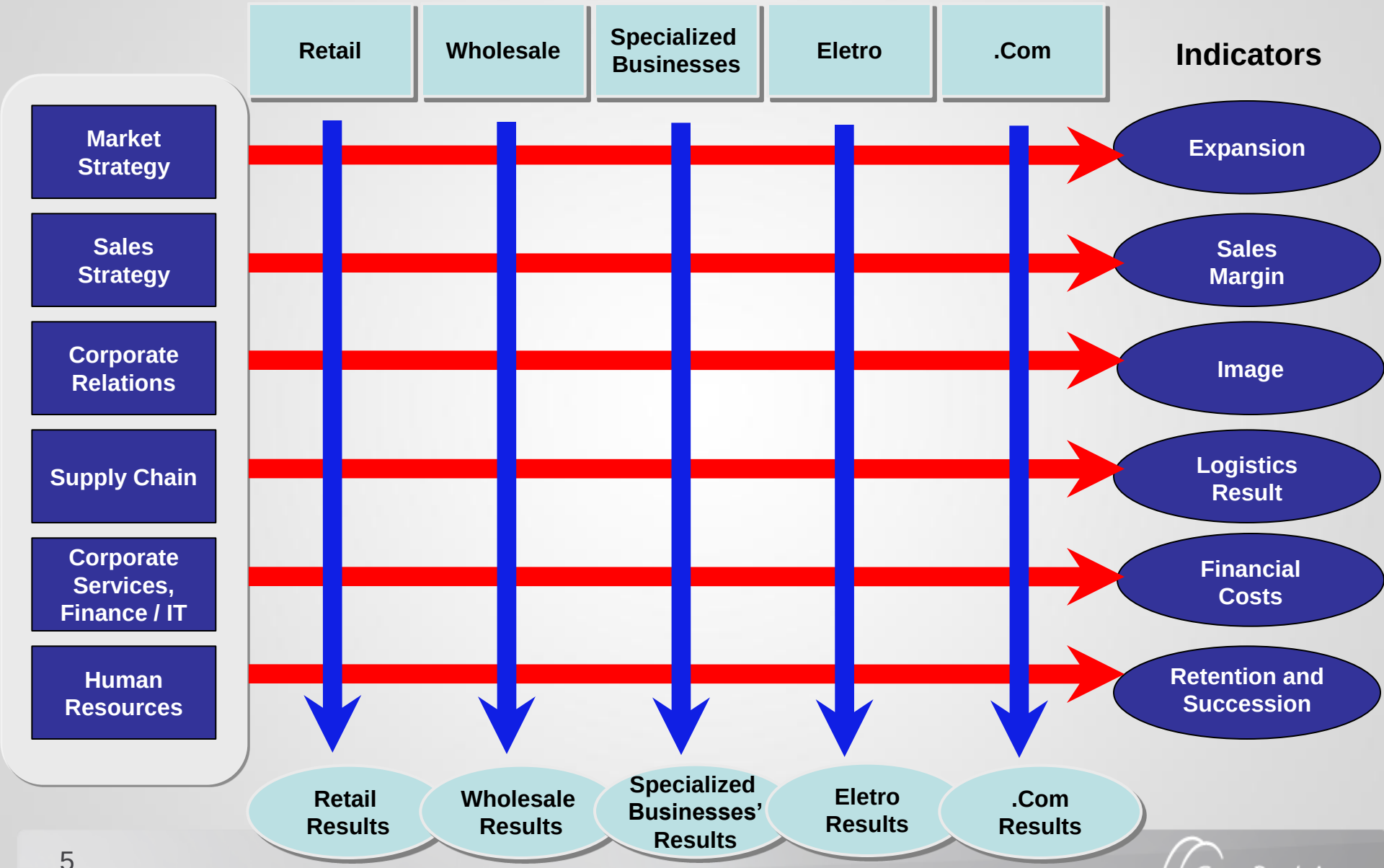
Concept

- ✓ Integrated Business Management
- ✓ Fundamentals: Simplicity, Agility, Empowerment and Accountability

Goals

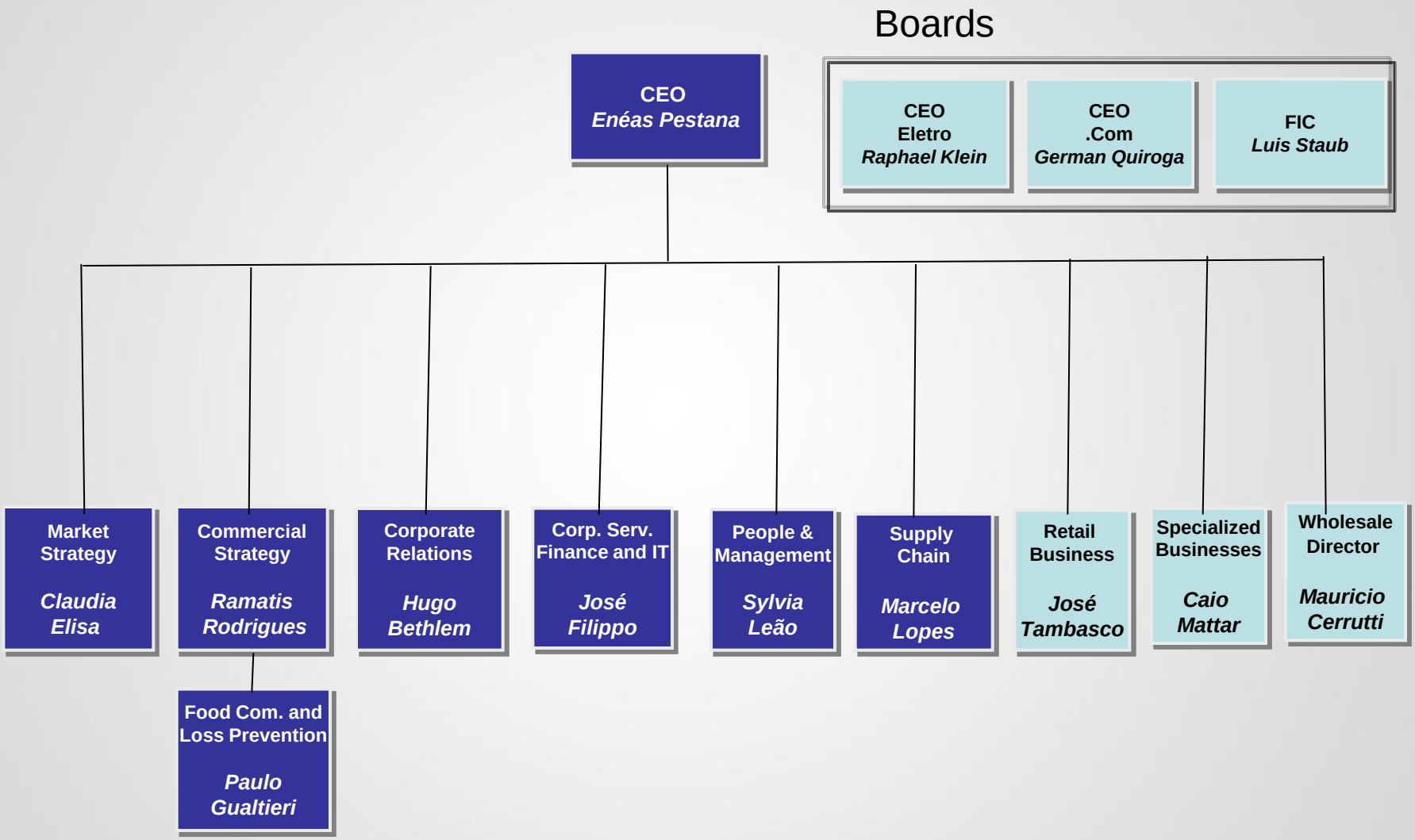
- ✓ Transformation from a food retailer into a **Distribution Company**
- ✓ GPA's **more strategic** Agenda
- ✓ **Regional approach** to all businesses controlled by GPA
- ✓ Capture of **synergies**
- ✓ **Focus** on **each business**
- ✓ Clear understanding of personal traits and profiles **(right people in the right place)**

Integrated Management Model
HEAD OFFICES

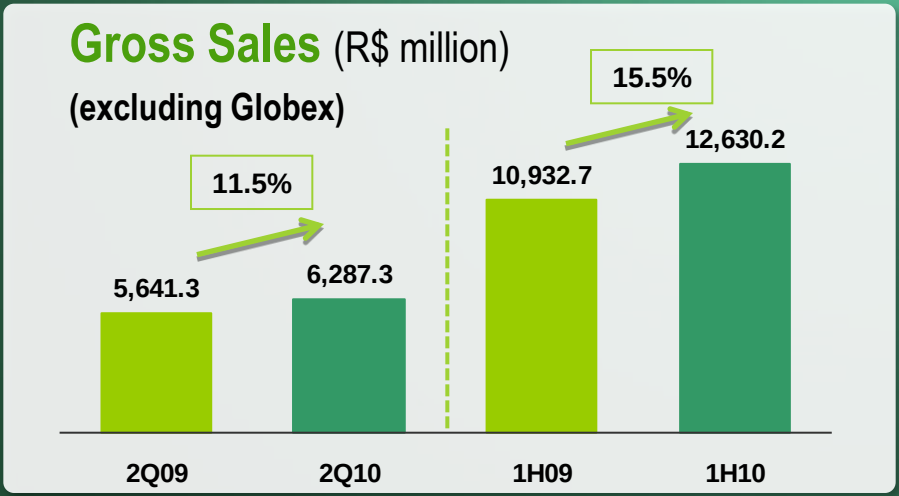


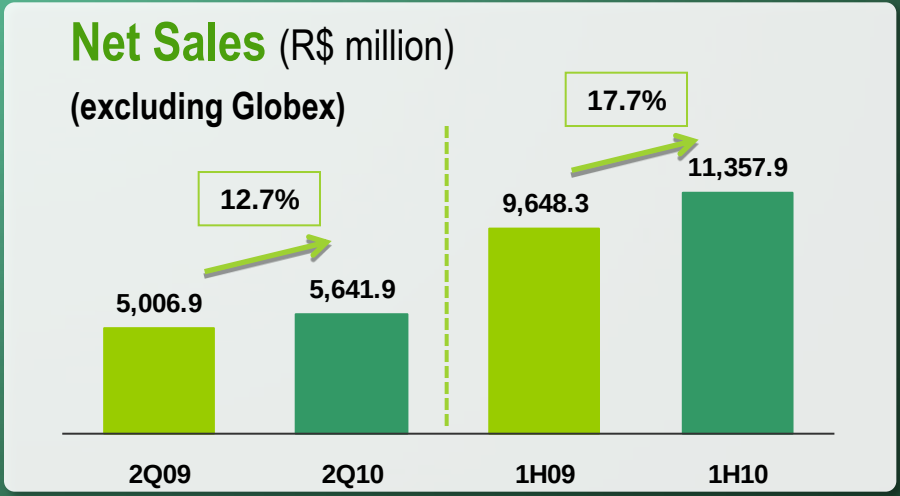
GrupoPãodeAçúcar

Integrated Management Model
ORGANIZATIONAL CHART



Sales Performance





[Comparable-basis comments - excluding Globex]

In the quarter - same-store terms:

- **Gross** and **net sales**: 9.9% (real growth* of 4.6%) and 11.3% increases, respectively; and
- **Food** and **non-food sales**: 7.9% and 16.2% increases, respectively.

In 1H10 - same-store terms:

In 1H10: **Gross** and **net sales**: 12.4% (real growth* of 7.0%) and 14.6% increases, respectively.

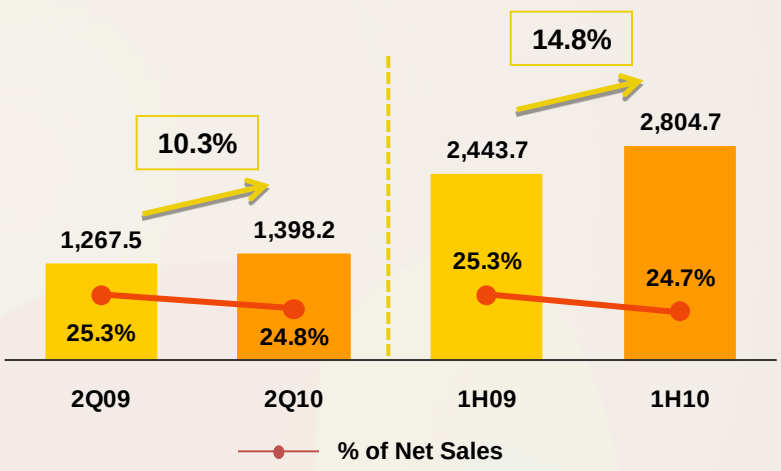
[Consolidated comments - including Globex]

In the quarter: **Gross** and **net sales**: 38.5% and 39.4% increases, respectively; and

In 1H10: **Gross** and **net sales**: 42.7% and 44.6%, respectively.

*** Deflated by the IPCA – General Consumer Price Index**

Gross Profit and Gross Margin



[Comparable-basis comments - excluding Globex]

Gross Margin impacts in 2Q10:

(-) increased share of Assaí's sales (-40 bps);

(-) the expansion of the ICMS tax substitution regime (-20 bps.); and

Partially offset by:

(+) more advantageous negotiations with suppliers and a more profitable product mix (+10 bps).

Gross Income in 1H10: R$ 2,804.7 million and **gross margin** of 24.7%.

[Consolidated comments - including Globex]

Gross Income:

- R$ 1,635.3 million and **gross margin** of 23.4% in 2Q10.
- R$ 3,307.1 million and **gross margin** of 23.7% in 1H10.

*bps: basis points

Total Operating Expenses

[Comparable-basis comments - excluding Globex]

Total Operating Expenses

- R$ 1,038.4 million in 2Q10, 18.4% of net sales, increased by 12.6% year-on-year, chiefly due to:

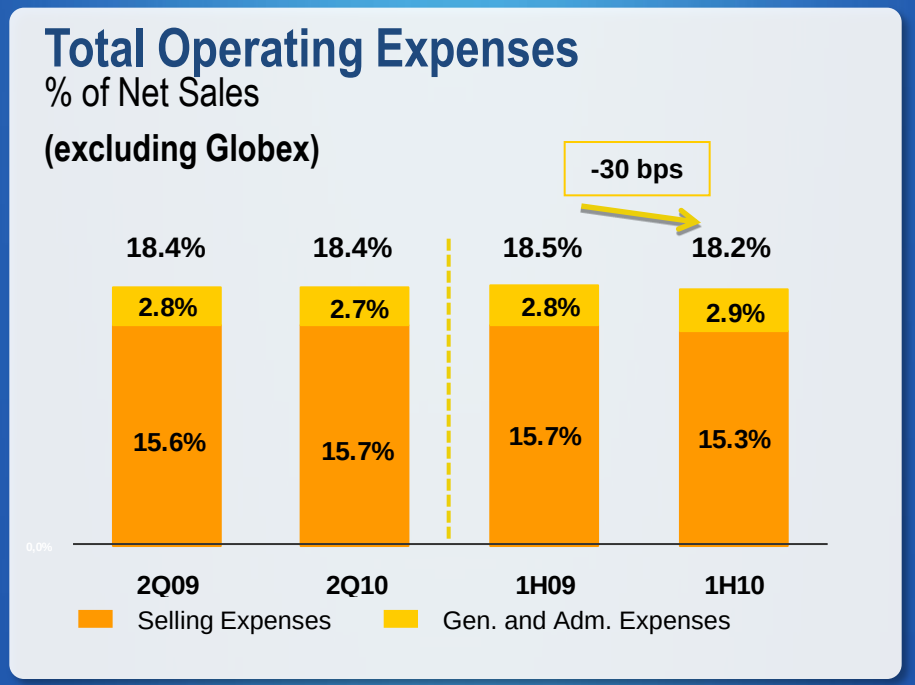
  (i) the opening of 62 stores in the last 12 months; and

  (ii) higher expenses with advertising, marketing and IT.

[Consolidated comments - including Globex]

Total Operating Expenses

- R$ 1,240.4 million in 2Q10, 17.8% of net sales, less than the 18.4% recorded in 2Q09.



*bps: basis points

EBITDA and EBITDA Margin

[Comparable-basis comments - excluding Globex]

EBITDA

- R$ 359.7 million in 2Q10, 4.2% up year-on-year, while the **EBITDA margin** stood at 6.4%, down by 50 bps in comparison with 2Q09.
- R$ 737.0 million in 1H10, 12.1% more than the same period last year, while the **EBITDA margin** stood at 6.5% in 1H10, down by 30 bps in comparison with 1H09.

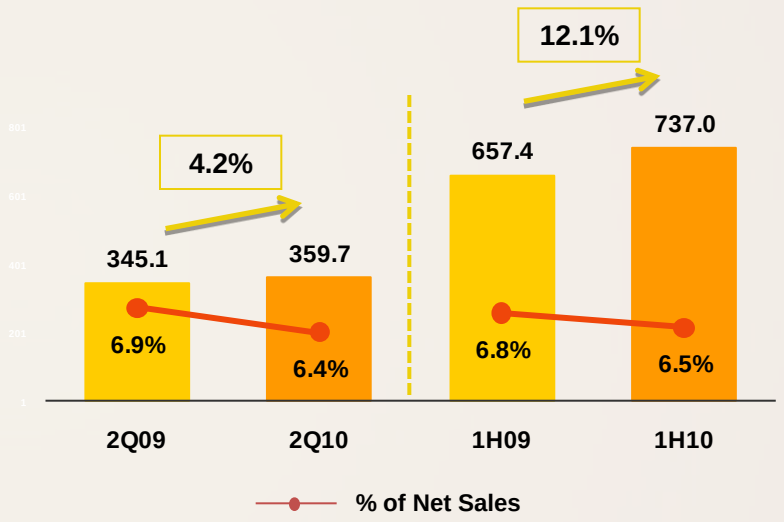
[Comentários "consolidados" – com Globex]

EBITDA

- R$ 394.9 million in 2Q10, 14.4% up on 2Q09, with a **margin** of 5.7%. **Globex's margin** stood at 2.6%, identical to the 1Q10 figure.
- R$ 805.3 million in 1H10 and **margin** of 5.8%.

EBITDA (R$ million)

(excluding Globex)



 *bps: basis points

Financial Result

[Comparable-basis comments - excluding Globex]

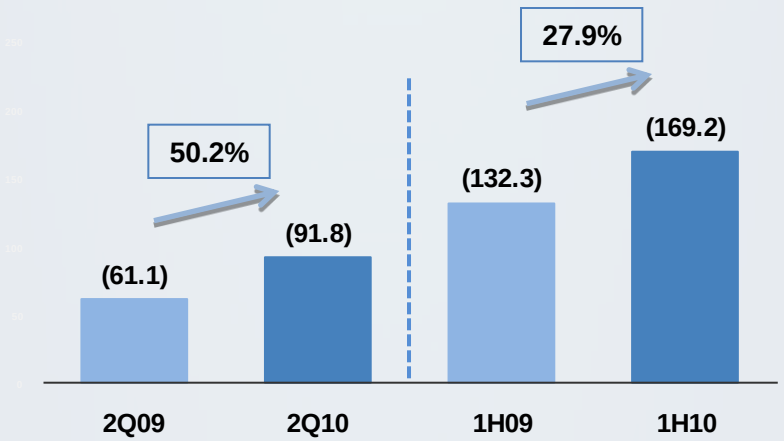
- **Net Financial Result** grew by 50.2%, totaling an expense of R$91.8 million in 2Q10, due to:
  - (i) the period increase in the average gross debt
    - ✓ investments to support growth; and
    - ✓ advertising expenses.
  - (ii) the mark-to-market of financial instruments; and
  - (iii) the monetary restatement of tax installment payments.
- **Net Debt/EBITDA** ratio of 0.97x.

[Consolidated comments - including Globex]

- **Net Financial Result** was an expense of R$169.0 million in 2Q10.
- **Net Debt/EBITDA** ratio stood at 1.1x.

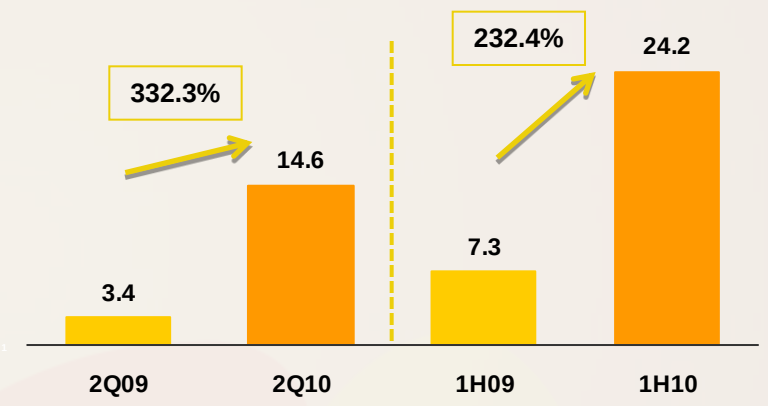
Financial Result (R$ million)

(excluding Globex)



FIC: Financeira Itaú CBD

Equity Income (R$ million)



Highlights (FIC + BINV):

- **Accounted for 15%** of the Group's total sales;
- 7.4 million **clients**; and
- **Receivables portfolio** of R$ 3.1 billion.

In the quarter:

- FIC's equity income was R$14.6 million, of which:
  - ✓ R$ 10.7 million went to GPA; and
  - ✓ R$ 3.9 million went to Globex.
- This performance is a result of the rigorous credit-granting policy and the acceptance of the Ponto Frio Flex Card in GPA stores.

In 1H10:

- FIC's equity income was R$24.2 million, of which:
  - ✓ R$ 16.9 million went to GPA; and
  - ✓ R$ 7.3 million went to Globex.

Net Income and Net Margin

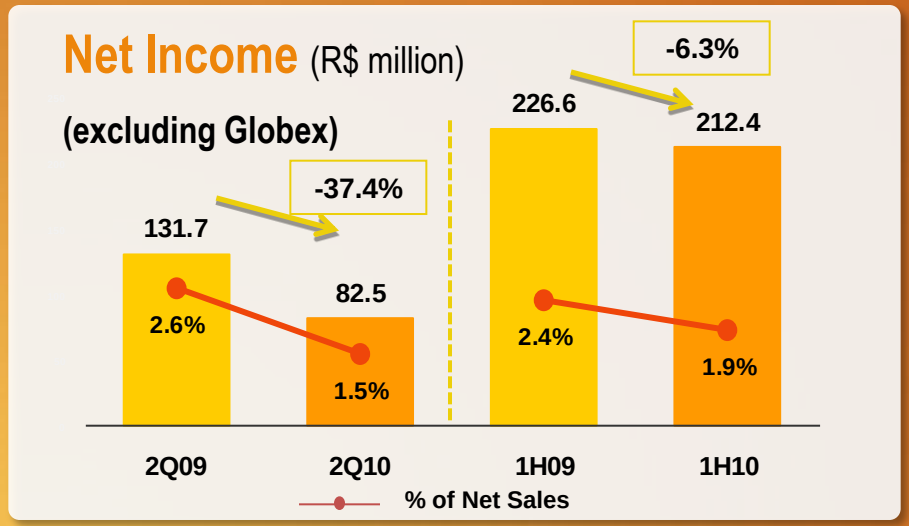
Net Income in 2Q10

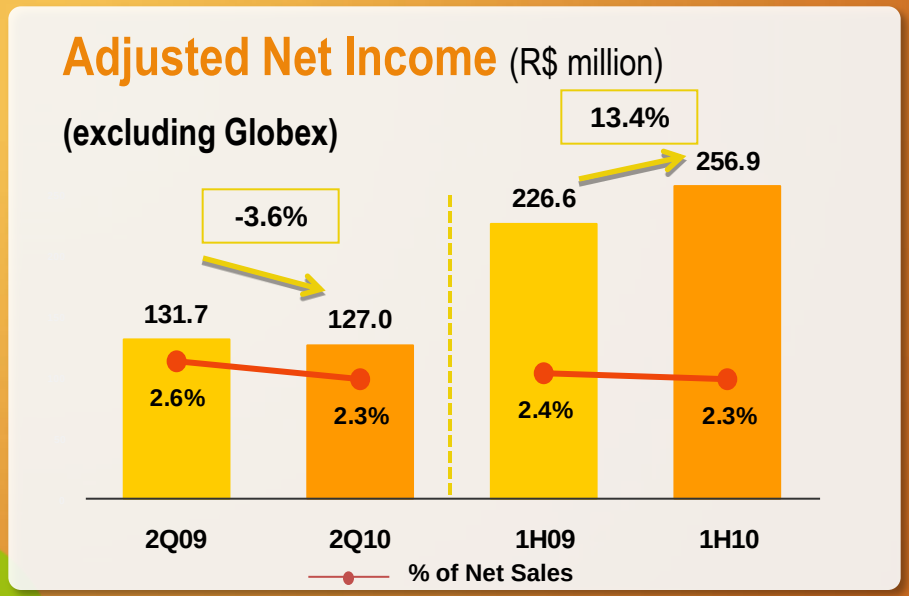
- R$ 82.5 million and **net margin** of 1.5% on comparable basis (excluding Globex).
- R$ 62.3 million and **net margin** of 0.9% on consolidated basis (including Globex).

Adjusted Net Income in 2Q10

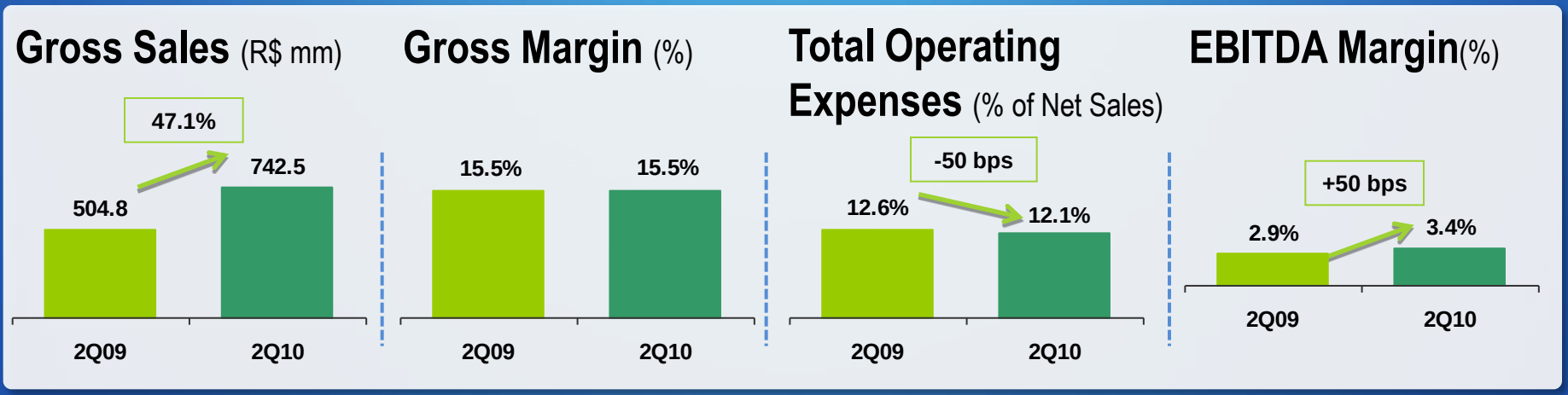
(excluding the non-recurring impact of adherence to the tax installment payment program)

- R$ 127.0 million and **net margin** of 2.3% on comparable basis (excluding Globex).
- R$ 103.1 million and **net margin** of 1.5% % on consolidated basis (including Globex).





Assaí Atacadista (consolidated)

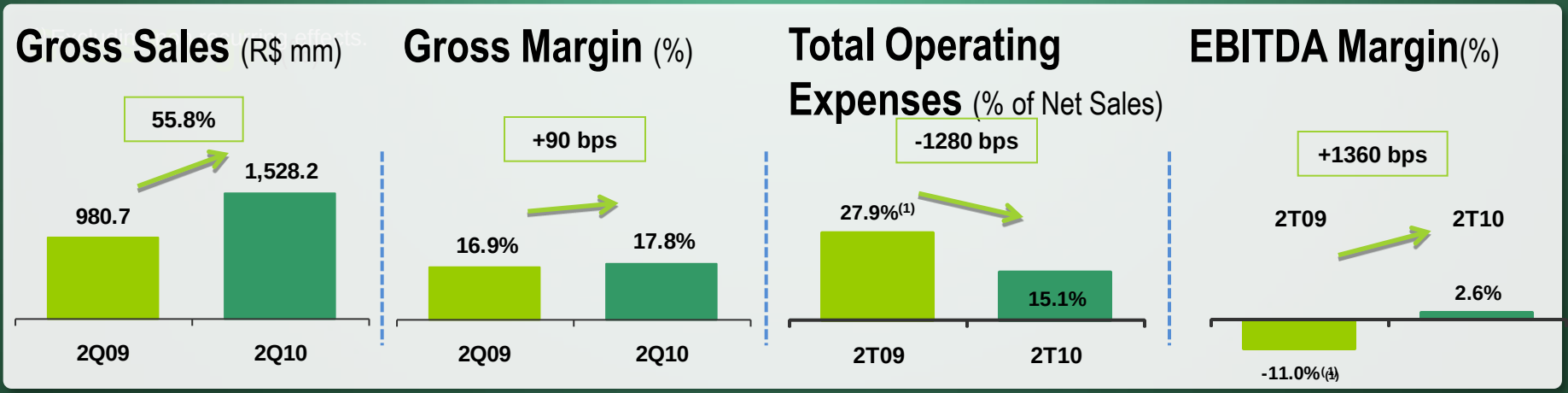


In the quarter:

- **Gross and net sales:** R$ 742.5 million (+47.1%) and R$ 668.0 million (+46.7%), respectively;
- **Gross profit:** R$ 103.3 million with **gross margin** of 15.5%;
- **Total operating expenses:** R$ 80.5 million, 40.3% up on 2Q09; and
- **EBITDA** amounted to R$22.8 million, thanks to substantial sales growth, more advantageous negotiations with suppliers and the rationalization of expenses.

*bps: basis points

Ponto Frio Results



(1) Excluding non recurring effects.

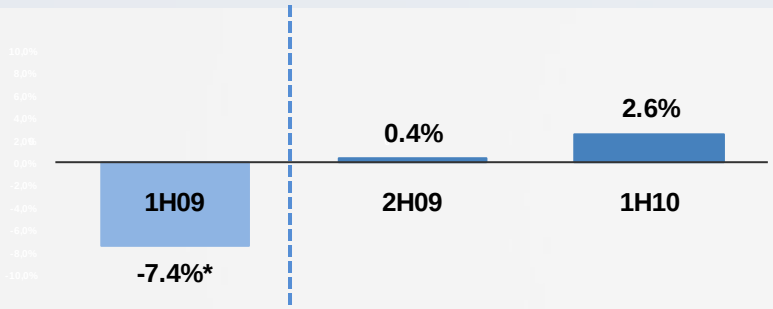
In the quarter:

- **Gross sales** R$ 1,528.2 million (+55.8%) **and net sales** R$ 1,336.0 million (+71.6%);
- **Gross profit:** R$ 237.2 million, 80.5% up on the same period last year;
- **Total operating expenses**: 15.1% of net sales in 2Q10, 1280 bps down on the same period last year;
- **EBITDA:** positive R$ 35,2 million and **margin** of 2.6%.

*bps: basis points

Ponto Frio EBITDA Margin (%)

EBITDA Margin Evolution (%)*



The recovery of the EBITDA margin is related to:

- Sales leverage;
- Increased credit in the stores;
- Better negotiations with suppliers;
- A more appropriate product mix; and
- Greater control over expenses.

* excluding the restructuring and convergence of accounting practices effects

Ponto Frio Net Income and Net Margin

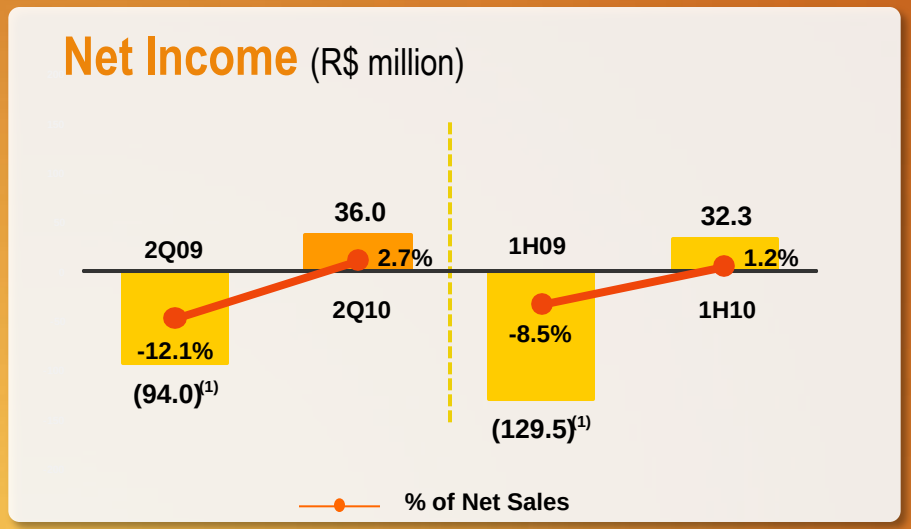
Net Income

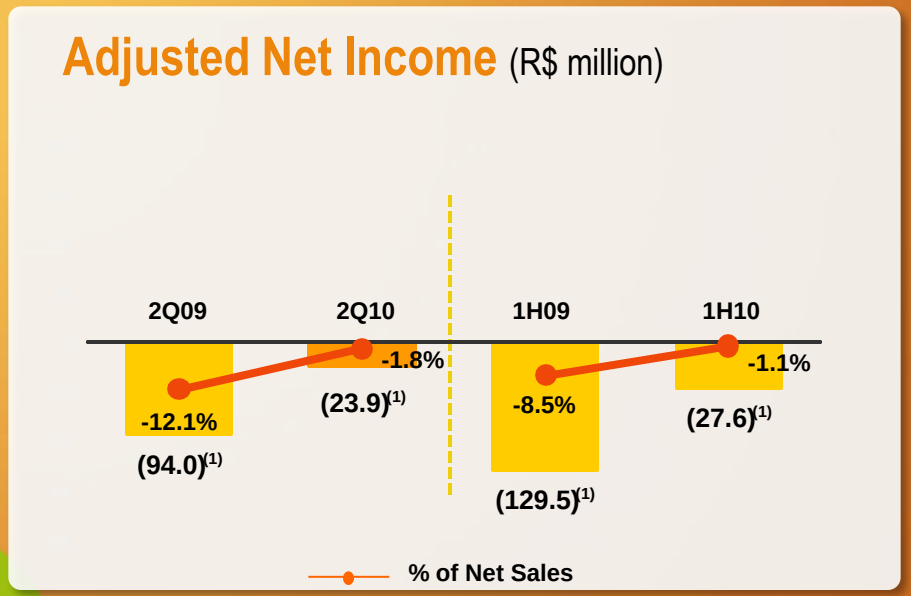
- R$ 36.0 million and **net margin** of 2.7% in 2Q10.
- R$ 32.3 million and **net margin** of 1.2% in 1H10.

Adjusted Net Income

Excluding the non-recurring effects of the right to indemnification by CBD of certain recognized contingencies owed by Globex (Joint Venture Agreement with Casas Bahia)

- Net Loss of R$ 23.9 in 2Q10.
- Net Loss of R$ 27.6 in 1H10.





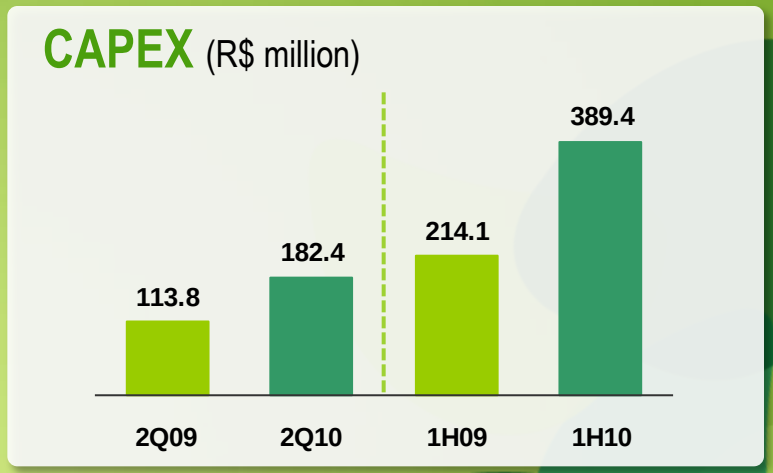
(1) Excluding non recurring effects.

2Q10 Investments Breakdown

R$ 182.4 million in investments:

- **R$ 46.7 million** in the opening and construction of new stores and the acquisition of strategic sites :
  - **8** new Extra Fácil stores;
  - **2** new Ponto Frio stores;
  - **1** new Pão de Açúcar
  - **1** new Assaí; and
  - **1** new Extra Hipermercado.
- **R$ 84.2 million** in store renovations and conversions:
  - **2** CompreBem stores converted into Extra Supermercado.
- **R$ 51.5 million** in infrastructure (technology and logistics) and others.

2Q10 CAPEX



Jun/2010

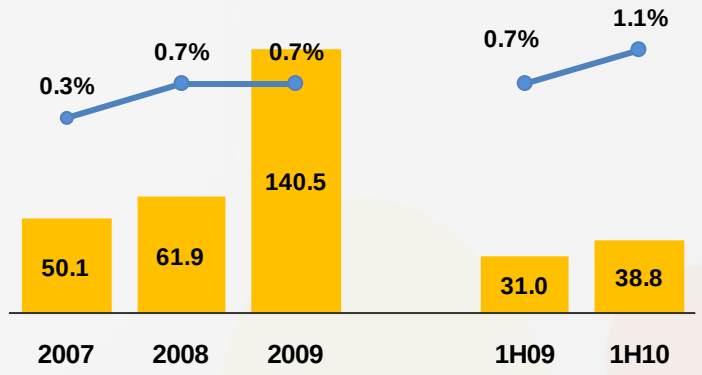
Pão de Açúcar	CompreBem	Sendas	Assaí Atacadista	extra supermercado	extra Fácil	extra hiper	extra eletro	Ponto Frio	Grupo Pão de Açúcar	
146	153	67	43	15	69	105	47	457	1,102	1,767,133 m²

Dividends

Dividend Policy:

- Quarterly **prepayments** :
  - R$ 0.08 per class A preferred share
  - R$ 0.07 per common share
- Total distributed in 2Q10: **R$ 19.6 million.**
- Date of payment: **August 17, 2010.**
- Shares to be traded ex-dividend as of: **August 4, 2010.**
- As for the 4Q10, the Company will pay shareholders the minimum mandatory dividends, calculated in accordance with Corporate Law, less the amounts prepaid throughout 2010.

Declared Dividends (R$ million) **and *Dividend Yield*** [1] **(%)**



[1] Source: Economatica

Forward-looking Statements

The forward-looking statements contained herein are based on our management's current assumptions and estimates, which may result in material differences regarding future results, performance and events. Actual results, performance and events may differ substantially from those expressed or implied in these forward-looking statements due to a variety of factors, such as general economic conditions in Brazil and other countries, interest and exchange rate levels, legal and regulatory changes and general competitive factors (whether global, regional, or national).

Grupo Pão de Açúcar (GPA)

Investor Relations Team

Phone: +55 (11) 3886 0421
Fax: +55 (11) 3884 2677
gpa.ri@grupopaodeacucar.com.br
www.grupopaodeacucar.com.br/ir/gpa