

EARNINGS

2nd QUARTER 2019

July 25, 2019



minuto
Pão de Açúcar



extra



GPA



R\$14.2 billion

in revenue
+11.3%

**Confidence in
multi-channel,
multi-format and
multi-region
strategy**

**Implementation of
strategic projects in
portfolio adjustment and
digital transformation**

2Q19 HIGHLIGHTS



Performance influenced by current consumption environment, with higher promotional investments



Continued progress in food e-commerce and digital transformation projects



18 NEW STORES (*)

Successful organic expansion
Profitability growth in recent years



PRIVATE-LABEL BRANDS



Increase in penetration:

Repositioning of portfolio and launch of new products

Optimization of store portfolio: 43 Mercado Extra, 13 Compre Bem and 26 Pão de Açúcar stores renovated, with significant results





DIGITAL TRANSFORMATION



- Expansion of operations to Santos and Fortaleza – as well as São Paulo and Curitiba – totaling 20 stores
- Sales growth of more than 4.7x vs1Q19
- Number of orders 75% higher in than the previous operating model



- Strong 37% growth in food e-commerce sales
- Express and Click & Collect are already available at 94 Pão de Açúcar and Extra stores, with 89 stores offering both delivery models



- 19.3 million clients in the loyalty program with penetration of 85% (Pão) and 60% (Extra)
- 9.3 million downloads, up 58% from 2Q18



- A sales success, with over 41,000 kits sold (40 times more than prior to the partnership)
- Start of sales at Extra through the loyalty app



- Launch of B2B Aliado Mini Mercado e-commerce platform



- Strong sales growth at Pão de Açúcar Adegas of 70% in 2Q19
- Since its launch, wine online sales increased more than twice



- Greater speed in product launches
- More than 150 startups mapped and 20 approved



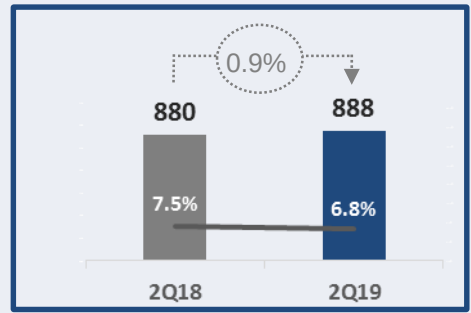
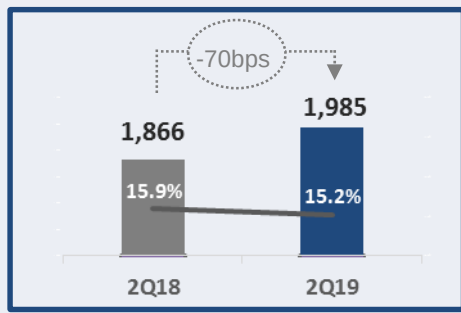
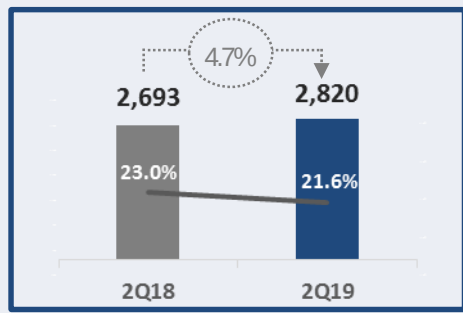
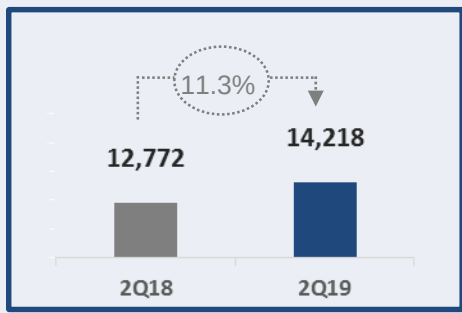
- Partnership with Microsoft to design the new store model: interaction with digital platforms and innovative technologies

2Q19 RESULTS – GPA FOOD



Strong growth in net income and net margin ⁽¹⁾

Gross Revenue	Gross Profit	Expenses	EBITDA ^(*)
Significant growth: continuing the good trend, despite the challenging consumption scenario and the decrease in inflation during the quarter	Gross margin mainly reflected higher investments in competitiveness and one off impacts in Multivarejo, while Assaí benefited from the accelerated maturation of its stores.	Greater dilution of expenses due to the initiatives rolled out	Maintenance of consistent results at Assaí and higher promotional investments at Multivarejo



(1) Excluding the non-recurring effects in 2Q18, net of income tax.
(*) Adjusted by Other Operating Income and Expenses. Excluding non-recurring effects in 2Q18 corresponding to R\$45 million in Multivarejo and R\$369 million in Assaí.

Net income attributable to controlling shareholders – consolidated

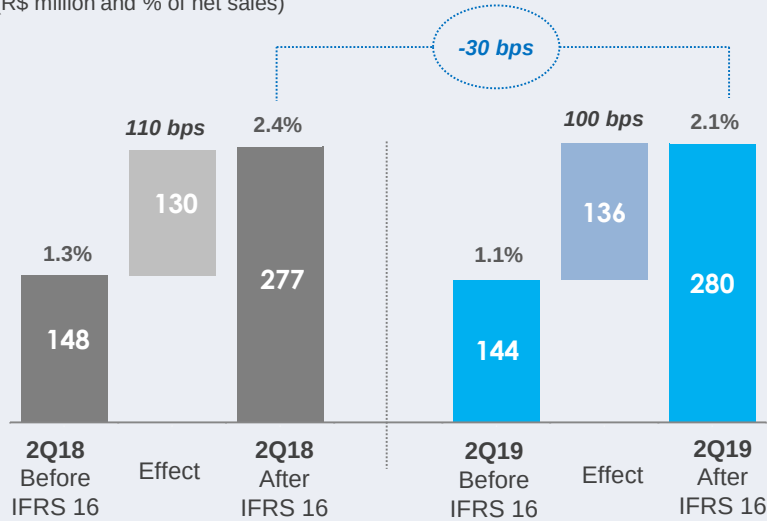
- Totaled R\$ 490 million, with margin of 3.7%;

FINANCIAL RESULT AND DEBT

Maintenance of strong cash position and solid capital structure

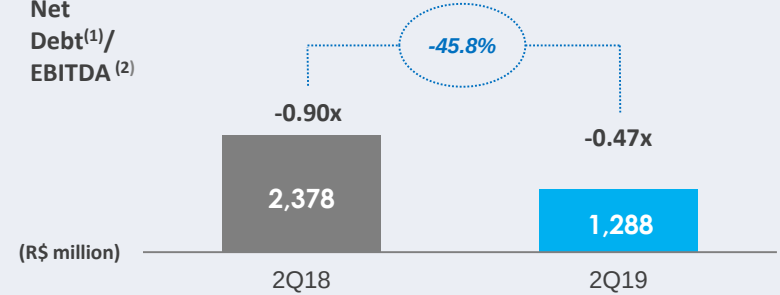
FINANCIAL RESULT

(R\$ million and % of net sales)



NET DEBT

Net Debt⁽¹⁾/
EBITDA⁽²⁾



⁽¹⁾ Includes credit card receivables not discounted. Does not consider lease liabilities related to IFRS 16.

⁽²⁾ Accumulated EBITDA for the last 12 months, before IFRS 16.

CASH & EQUIVALENTS

- Cash position in Jun/19: R\$4.7 billion and unsold receivables of R\$110 million
- R\$1.8 billion in pre-approved/confirmed credit lines

CAPEX

- R\$510 million in 2Q19, +54.8% vs. 2Q18



MULTIVAREJO

Performance marked by investments to drive competitiveness, which translated into continued market share gain

Gross Revenue

- Significant growth in food segment
- Non-food category was adversely affected by the strong comparison base of 2Q18, mainly due to the World Cup

Gross Profit

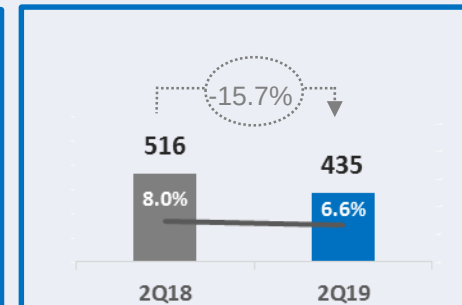
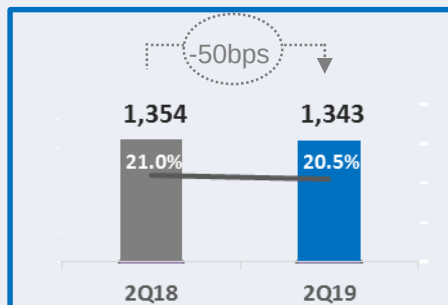
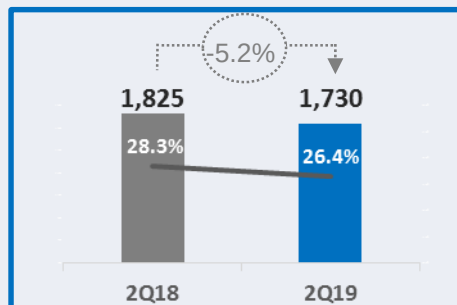
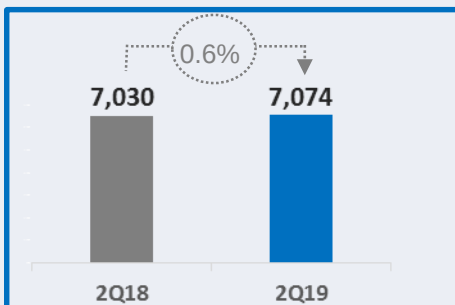
- Decrease reflects:
- Non-recurring impacts in the quarter (110 bps)
 - Investments to drive competitiveness (70 bps) concentrated at Extra Hiper due to a more cautious consumption environment

Expenses

- Higher dilution vs. 2Q18 due to the initiatives implemented, without affecting the level of service

EBITDA (*)

- Reflects higher investments in gross margin vs. 2Q18 due to the economic scenario



Key initiatives to drive gross margin:

- Increased use of digital means for announcing and activating offers across all channels
- Greater integration and planning with key strategic suppliers: detailed plans and annual targets shared
- Increase in the share of categories with higher margins through strategic projects
- Additional investments in tools, people and processes related to pricing and analysis of promotional return

MULTIVAREJO

Portfolio meeting consumer demands



- **Significant market share gain (*)** in the hypermarket segment
- Acceleration of **performance in food category**: due to adjustments to the assortment and activation of promotional calendar
- Non-food category: strong comparison base (World Cup)
- **E-commerce**: expansion of “Express” and “Retira Extra” delivery models
- **Clube Extra**: penetration in around 60% of Extra banner



- **Extra Super**: performance driven mainly by store conversion projects, which already totaled:
 - 43 stores converted to **Mercado Extra**
 - 13 stores converted to **Compre Bem**
- Continued expansion of the project to more than 80 stores by the year-end



- Performance specifically influenced by strong comparison base, with an improvement in the trend for 3Q19
- Successful renovation of G7 and G6 stores: already account for 25% of sales and grow 90 bps above non-renovated stores. Another 20 stores will be renovated by the end of the year
- Two-digit evolution of food e-commerce: business activations and maturing of “Express” and “Click and Collect” operations
- Acceleration in omnichannel initiatives: James and Cheftime



- Significant sales growth and market share gain (*):
 - **Mini Extra**: optimization of costs, expenses, price and assortment adjustment, as well as optimization of logistics costs;
 - **Minuto**: commercial and promotional actions combined with Pão de Açúcar, reflected in increased sales and customer flow. Launch of Minute Office
- Higher profitability, especially the improvement of Mini Extra
- Strong growth in sales of Pão de Açúcar Adega: + 70% vs. 1Q19, with the dynamics between the platform and the physical store
- Launch of B2B food e-commerce portal: www.aliadosminimercado.com

(*) Market share gain in the last 12 months, source Nielsen.

(**) Excluding the 124 drugstores, 71 gas stations and Aliado Mini Mercado stores

Gross Revenue

- Strong 'same-store' growth of 8.1%
- Successful rollout of commercial policy
- Successful store expansion
- Significant market share gain(**)

Gross Profit

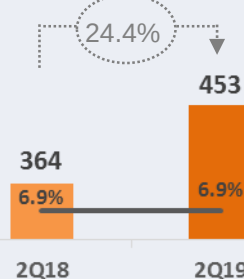
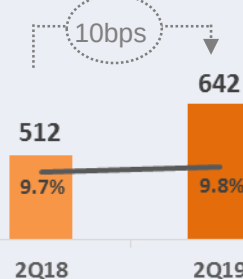
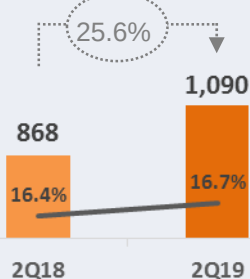
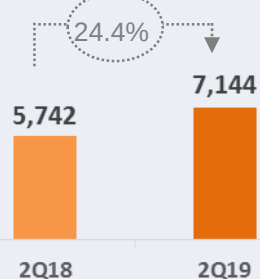
- Better margin from stores opened in the last 2 years (accelerated maturation)
- Higher share of individuals
- Better sales mix

Expenses

- Growth lagging increase in gross profit, stable at 9.8% of sales, despite the strong expansion scenario.

EBITDA (*)

- Maintenance of consistent growth presented in recent quarters, up 24.4%



Other Highlights

- **Organic opening of 3 stores**, totaling 148 stores
- **12 stores under construction**, following its expansion plan with the opening of 20 stores in 2019
- **Passaí Card** totaling 823,000 cards issued, with 5% penetration, compared to 3% in 2Q18



Solid performance

of sales and operating efficiency that translate into increased profitability



Expansion of the operation

with expansion of sales area by 2.3 times, increasing the number of states where it operates and strong store openings



Increase in share

in the GPA food segment, representing 50.2% of revenue

	2013	2019 LTM (*)	increasing the number of states where it operates and strong store openings		2013	2Q19	
Gross Sales Revenue - R\$ million	6,814	27,731	CAGR 26.4%	Market Share (Nielsen)	18.5%	29,0%	+1.6x
Adjusted EBITDA - R\$ million	250	1,620	CAGR 36.6%	Sales Area - '000 m²	272	621	+2.3x
Net Income - R\$ million	112	899	CAGR 41.5%	No. of Stores	75	148	+97.3%
				No. of States	12	19	+7
ROCE**	Around 15%	Above 25%	+1.7x	% of Food Sales	19.7%	50.2%	+2.5x

APPENDIX



GPA FOOD OVERVIEW

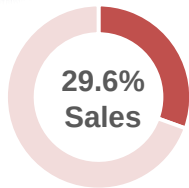
Diverse formats to meet diverse consumer needs

MULTIVAREJO

ASSAÍ

Extra

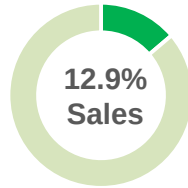
Hypermarkets and Supermarkets



#Stores
Hypermarkets: 112
Supermarkets: 184

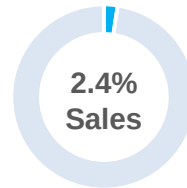
Pão de Açúcar

Supermarkets Premium



#Stores
Supermarkets: 185
Food Delivery

Proximity



#Stores
Minuto: 81
Mini Mercado Extra: 154

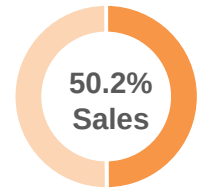
Other Businesses

Commercial Centers, Drugstores & Gas Stations



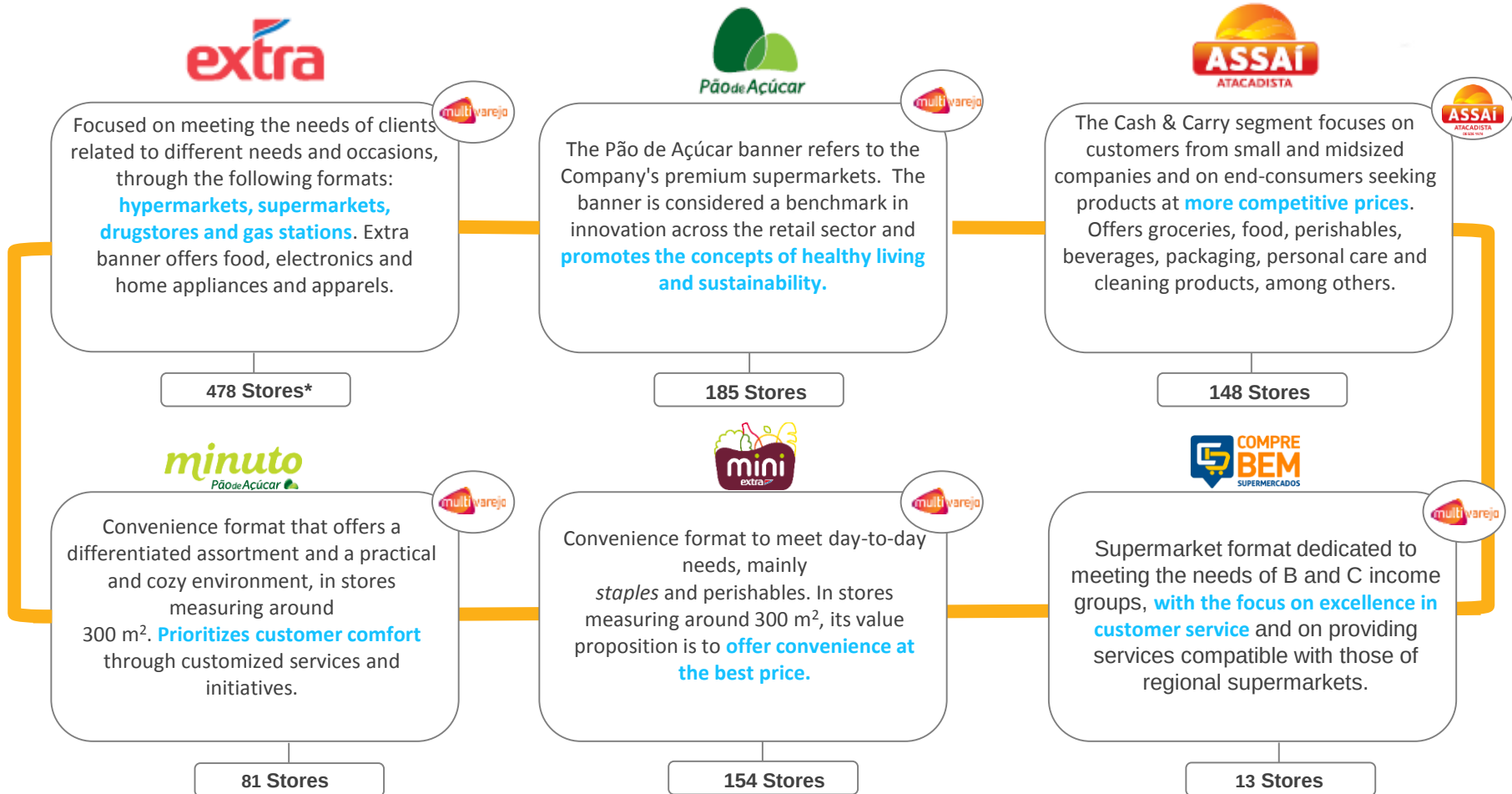
#Stores
Drugstores: 124
Gas stations: 71
GLA~260,000 m²

Cash & Carry



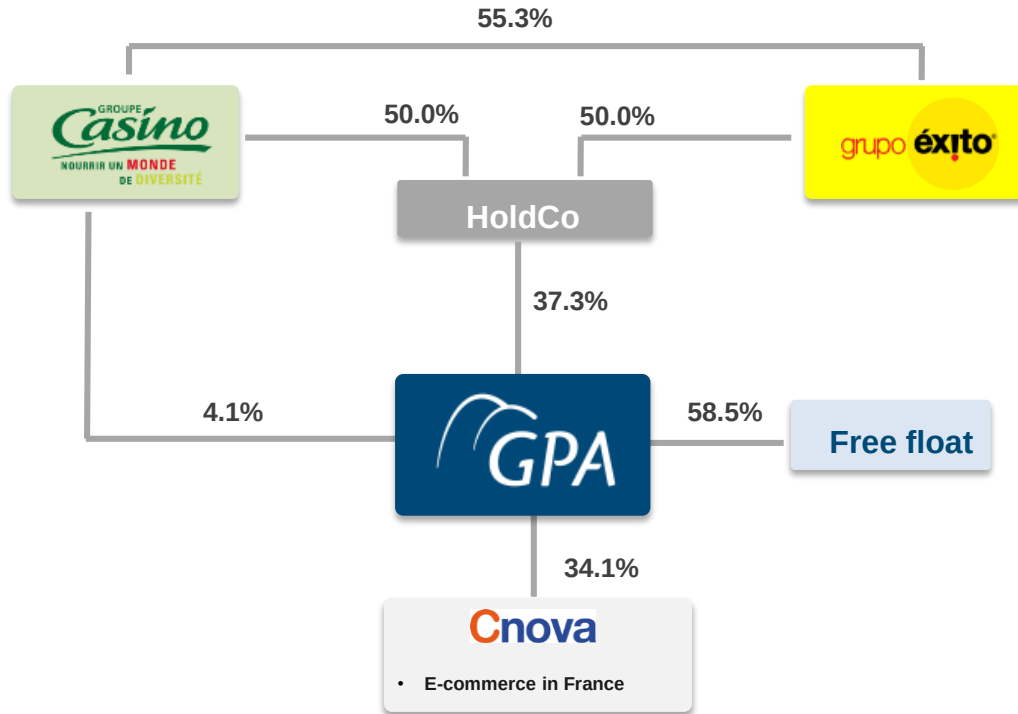
#Stores
Assaí: 148

MULTI-FORMAT FOOD PLAYER



* Also operates 124 drugstores and 71 gas stations as of June 30, 2019

OWNERSHIP STRUCTURE



GLOSSARY



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.

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.

Compre Bem: Project involving the conversion of stores in order to enter a market niche currently occupied by regional supermarkets. The store model is better adapted to the needs of the consumers in the regions where the stores are located. The service and assortment of the perishables category will be reinforced, while other categories will have a leaner assortment. Compre Bem is managed independently from the Extra Super banner with the focus on streamlining operating costs, especially logistics and IT.

Mercado Extra: Project aims to renovate Extra Super by reinforcing the quality of perishables and customer service, with the focus on the B and C income groups. There will be no change in the operating model of the stores, which will continue to be managed under the Extra banner.

James Delivery (last miler): Multiservice platform for ordering and delivering in minutes of diverse products selected by our customers, including restaurants and integration with our supermarkets and drugstores.

Cheftime: pioneering startup in the Foodtech segment, offering online subscription services and sales of gastronomic kits.

Same-store growth: Same-store growth, as mentioned in this document, is adjusted by the calendar effect in each period.

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



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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 18 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 consisting of brick-and-mortar stores and e-commerce operations, divided into the following business units: Multivarejo, which operates the supermarket, hypermarket and Minimercado store formats, as well as fuel stations and drugstores under the Pão de Açúcar, Extra and Compre Bem banners; Assaí, which operates in the cash-and-carry wholesale segment; and GPA Malls, which is responsible for managing the Group's real estate assets, expansion projects and new store openings.

Disclaimer: Statements contained in this release relating to the business outlook of the Company, projections of operating/financial results, growth prospects of the Company and market and macroeconomic estimates are merely forecasts and are based on the beliefs, plans and expectations of Management in relation to the Company's future. These expectations are highly dependent on changes in the market, Brazil's general economic performance, the industry and international markets, and hence are subject to change.