





GPA

4Q15 Earnings Results

February 25, 2016







4Q15:

Net sales: **R$19.7 billion**

EBITDA[1]: **R$ 921million**

2015:

Net sales: **R$69.1 billion**

EBITDA[1]: **R$3,364 million**

Number of Stores: **2,181**



Financial strength of the Group: strong cash reserve despite the challenging macroeconomic scenario

- **Net sales of R$19.7 billion in 4Q15:**
  - Resilience of the food segment with market share gains in Assaí, Pão de Açúcar and Proximity
  - Recovery of sales by Via Varejo: **market share gain** in 4Q15 and maintenance in the year
- **Adjustment to consumers' needs:**
  - Continued focus on price competitiveness, strengthening of promotions and adjustments to assortment
  - Monitoring and improvement of service level and evolution of store clusterization
  - Improvement of operations to enhance customers' shopping experience
- **Continued investments:**
  - Modernization of Extra stores and organic growth in higher-return formats (Assaí and Proximity)
  - 25 new stores in the quarter, totaling 118 in the year
- **Group's financial strength:**
  - Solid cash reserve of R$11.0 bn
  - Net cash[2] 2.1 times higher than in 2014
  - Continued deleveraging (net cash [2] / EBITDA ratio of 1.13 times) and debt profile lengthening

(1) Adjusted EBITDA ; (2) Includes payment book operation.

Key figures in 4Q15 and 2015

R$ '000	Consolidated 4Q15	Consolidated Change vs. 4Q14	Consolidated ex. Cnova (2) 2015	Consolidated ex. Cnova (2) Change vs. 2014
Net sales	**19,709**	**+0.2%**	**56,394**	**-1.7%**
Gross Profit	**4,378**	**-16.5%**	**15,219**	**-5.5%**
Gross Margin	22.2%	-450 bps	27.0%	-110 bps
SG&A	**-3,525**	**+5.1%**	**-11,628**	**+4.4%**
SG&A (% net sales)	17.9%	+90 bps	20.6%	+120 bps
EBITDA(1)	**921**	**-52.9%**	**3,818**	**-26.1%**
EBITDA Margin(1)	4.7%	-520 bps	6.8%	-220 bps
Net income, Controlling shareholder	**147**	**-78.6%**	**880**	**-44.2%**
Net margin	0.7%	-280 bps	1.6%	-120 bps

- **Gross margin:** result of efforts to drive price competitiveness and strengthen promotions, mainly in non-food items due to the consumption scenario
- **SG&A expenses grew 5.1% in 4Q15**, significantly below inflation, reflecting efforts to optimize expenses and increase store productivity implemented throughout the year
- **EBITDA margin** and **income** impacted by the decline in consumption affecting mainly performance of Via Varejo and Cnova
- **Net income attributable to the controlling shareholder**, adjusted by Other Operating Income and Expenses and excluding the effects of the Cnova investigation, amounted to R$212 million

(1) EBITDA and Net Income adjusted by Other Operating Income and Expenses
(2) For comparison purposes, Cnova results were excluded for 2014 and 2015.

Deleveraging and disciplined cash management strengthen the Company's financial position

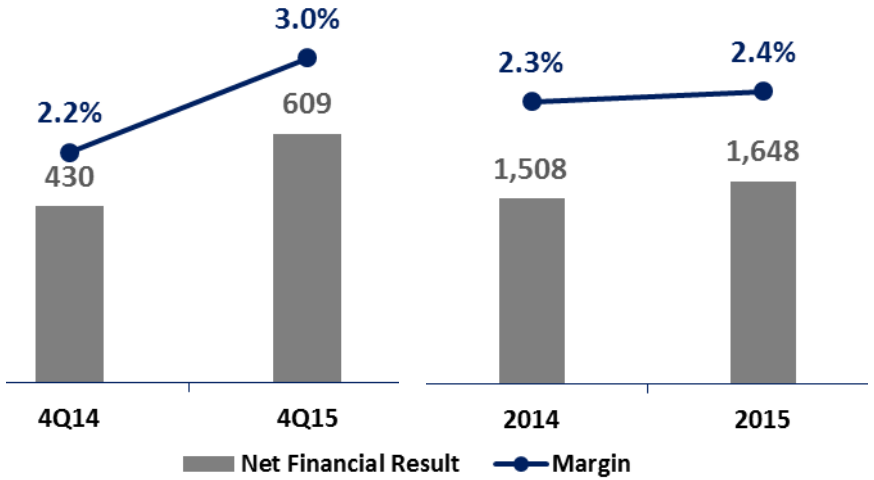
Indebtedness

(R$ million)

	2014	2015
Net cash(1)	1,421	3,036
Net cash)/ EBITDA(2)	0.29x	1.13x

- Gross debt reduction of R$1.348 billion
- Cash reserves of approximately R$11.0 billion, in line with 2014, despite the challenging scenario
- Strong net cash position(1) of R$3.0 billion
  - ➢ Solid contribution from Via Varejo of R$2.3 billion (approx. 77% of the total)
- Important progress in deleveraging process, with Net cash(1)/EBITDA(2) 3.9 times greater than in 2014
  - ➢ Net cash(1)/EBITDA(2) of Via Varejo was 7.6 times greater than in the previous year (2.51x vs. 0.33x)
- Gross debt maturity profile lengthened by 181 days

Financial Result



- **2015:** Growth of 9.3% was significantly lower than the interest rate hike in the period (26.8%)
  - ➢ Cash management strategy adopted by the Company during the year resulted in significant cash optimization.

(1) Including debt from Via Varejo's payment book operation. (2) EBITDA in the last 12 months.

Food

4Q15:

Net sales: **R$10.5 billion**

EBITDA[(1)]: **R$ 867 million**

EBITDA Margin[(1)]: **8.3%**

2015:

Net sales: **R$37.2 billion**

EBITDA[(1)]: **R$ 2,496 million**

EBITDA Margin[(1)]: **6.7%**

Number of Stores: **1,167**



(1) Adjusted EBITDA and adjusted EBITDA margin

Strong performance, with improved customer traffic and significant market share gain in nearly all banners

- Resilient performance of the food category
- **Investments in store renovation:** highest in the last 3 years, more intensively at Extra
- **Multivarejo**:
  - Continued efforts to increase price competitiveness, especially in the Extra banner: Multivarejo gross margin of 28.9% in 4Q15 and 28.1% in the year;
  - Important control over Operating and Administrative expenses, which grew only 3.6% in 4Q15, significantly below inflation, with optimization of advertising expenses, renegotiation of rental agreements and increased operating efficiency;
  - Solid level of adjusted EBITDA margin for the segment:7.7% in the year
    - **Pão de Açúcar**: maintenance of high margins
    - **Proximity**: evolution throughout the year (breakeven in 4Q15)
    - **Extra**: attractive EBITDA margin levels for the format (above 6%)

- **Assaí:**
  - Net sales growth of 27.8% in 4Q15, the highest in the year, with growth of 52% in EBITDA and margin of 6.0%
  - Organic expansion will remain a priority for the banner, which already finances its own growth

Pão de Açúcar

4Q15:

Net sales: **R$ 1.7 billion**

2015:

Net sales: **R$ 6.5 billion**

Number of Stores: **185**



High profitability with consecutive market share gains

- Resilient performance by the banner, despite the macroeconomic challenges
- Consecutive market share gains: focus on monitoring and improving service level, delivering unique service and assortment
- Opening of 1 store in the quarter, totaling 5 in the year Focus on more sustainable stores and optimizing capex/m²
- More than 40 stores renovated in 2015, closing the year with 80% of the store base renovated since 2014
- Maintenance of high profitability during 2015
- Loyalty building through enhanced and expanded "Pão de Açúcar Mais" program:
  - 100% of exclusive promotions to "Mais" customers
  - Penetration increased to 68% by year-end 2015 (vs. 60% in 2014)
- Priorities for the coming years:
  - Adjustment of assortment and store clusterization to better serve consumers
  - Focus on perishables: strengthening of produce and bakery items, and training of specialized labor
  - Continue to spearhead launches
  - Program of engagement and succession of operating leaders

4Q15:

Net sales: **R$270 million**

2015:

Net sales: **R$946 million**

Number of Stores: **249 Minimercado Extra**

62 Minuto Pão de Açúcar





Focus on operational excellence and market share gains

- Improved performance over the year, closing 4Q15 breaking even, despite organic expansion

- Prioritize expansion of higher-return models:
  - 73 new stores in 2015 (46 Minimercado Extra and 27 Minuto Pão de Açúcar)
  - Conversion of 19 Minimercado Extra stores to Minuto Pão de Açúcar.

- Consecutive market share gains in the last 12 months
- Successful clusterization: adjustment of stores to better meet consumers' needs in each region

- Priorities for the coming years:
  - Continued organic expansion and improvement of store mix, with sharper focus on higher-return models
  - Develop and improve frequency and convenience categories (bakery, refrigerated products, meats and produce)
  - Efficiency gains: store logistics and processes
  - Training and development of leaders, with the opening of the first Minuto Pão de Açúcar school-store
  - Synergies with Éxito in existing proximity models (Aliados, Surtimax, Carulla Express)

Hypermarkets and Supermarkets

4Q15:

Net Sales: **R$ 4.7 billion**

2015

Net Sales: **R$ 17.0 billion**

Number of Stores: **137 Hyper**

199 Super



Competitiveness efforts and store renovation

- Economic scenario mainly affected non-food sales, apart from the impact of changes in consumer behavior and migration among channels;
- Significant level of profitability for the format: EBITDA margin over 6%

- Initiatives to recover customer traffic:
  - Price competitiveness and better assortment
  - Improved shopping experience
  - Revitalization of the Extra Brand

- Renovations:
  - 62 stores modernized in the year: 35 hypermarkets and 27 supermarkets
  - 25% of the banner's sales in 2015
  - Performance considerably better than of unrenovated stores

- Priorities for 2016 aiming at recovering market share:
  - Consolidate competitive advantages and promotional dynamics
  - Reposition Perishables: quality and assortment
  - Continuation of asset modernization
  - Maintenance of profitability through improved productivity and efficiency
  - Valuing and training employees

ASSAÍ ATACADISTA
DESDE 1974

4Q15:

Net sales: **R$3.1 billion**

EBITDA: **R$188 million**

EBITDA Margin: **6.0%**

2015:

Net sales: **R$10.5 billion**

EBITDA: **R$439 million**

EBITDA Margin: **4.2%**

Number of Stores: **95**



Progressive sales improvement, with same-store growth above inflation and net income growth of 53.3% in 4Q15

- Highest sales growth in the year, despite strong comps (+26.5% in 4Q14)
  - Continuous growth in customer traffic
  - Right positioning
  - Attractive prices
- One of the fastest growing Cash & Carry operation in Brazil and in the industry:
  - Market share gain of 200 bps in the last 2 years (1)
  - Expected to continue to increase its share in GPA Food in 2016 (reached 30% of sales in 4Q15)
- EBITDA outgrows sales both in the quarter and the year (52.1% and 40.2%, respectively)
- 7 stores opened in the quarter and 11 in the year
- Priorities for the coming years:
  - Maintain expansion pace, coupled with potential conversion of hypermarkets into Assaí stores
  - Solid 'same store' growth and growth in number of stores
  - Focus on competitiveness
  - Efficient control of working capital

(1) Nielsen data

viavarejo

4Q15:

Net sales: **R$5.4 billion**

EBITDA[(1)]: **R$336 million**

EBITDA Margin[(1)]: **6.2%**

2015:

Net sales: **R$19.2 billion**

EBITDA[(1)]: **R$1,321 million**

EBITDA Margin[(1)]: **6.9%**

Number of Stores: **1,014**



Market share gain in 4Q15 and maintenance of solid capital structure

- Intensification of the commercial strategy increased sales levels (vs. 2Q/3Q15)

- Main Achievements:
  - Initiatives to streamline expenses (adjustment of headcount and closing of loss-making stores) enabled the new competitiveness strategy
  - Implementation of 176 mobile stores, 121 renovations of properties and 81 banner conversions
  - Implementation of Click &Collect in all stores
  - New partnership agreement for Casas Bahia cards

- Important adjustments to cost structure during the year led to 5.7% nominal decrease in SG&A expenses in 4Q15 and greater dilution of expenses vs. 2Q/3Q15

- Delinquency in line with the market increase and investment in credit assessment tools to mitigate risks

- 2016: focus on competitiveness, operating efficiency, increasing store profitability and streamlining expenses to ensure sustainable growth of Via Varejo.

(1) Adjusted EBITDA and adjusted EBITDA margin;

Outlook for 2016

Consolidated

Sales	▪ Maintain/gain market share by business unit through operational improvements and increased customer traffic
SG&A	Nominal growth below inflation
Adjusted EBITDA Margin	▪ Multivarejo: Maintain the same level of 2015 (between 7.5% - 8.0%) ▪ Assaí: Maintain or capture marginal gain vs. 2015 due to stores reaching maturity (4.2% or above) ▪ VVAR: Maintain the same level of 2015
CAPEX	▪ Discipline and focus on expanding higher-return formats and renovation plan ▪ Investments of around R$ 1.5 billion
Financial Structure	▪ Maintain net debt level

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Forward-looking statements

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 significantly from those expressed or implied by these forward-looking statements due to a variety of factors, such as general economic conditions in Brazil and other countries, interest and exchange rate variations, future renegotiations or prepayments of liabilities or loans denominated in foreign currency, legal and regulatory changes and general competitive factors at the regional, national or global levels.