3Q15 Earnings Presentation






October 30, 2015

Net sales: **R$16.1 billion**

EBITDA[1][2]: **R$ 732 million**

EBITDA Margin[1][2]: **5.7%**

Reduction in net debt[3]: **R$ 653 million**

Number of Stores: **2,164**



Food segment resilience and solid financial capacity of the Group

- Net sales reach R$16.1 billion**: Food segment grew 7.3% in the quarter, outperforming the sector[4]**
- **EBITDA performance:**
  - Impacted by lower consumption in Via Varejo
  - Multivarejo's EBITDA margin at similar level since beginning of the year
  - Assaí: solid and improving profitability
- **Steady pace of investments**, R$510 million:
  - Focus on organic expansion of higher-return formats (Assaí, Proximity and Pão de Açúcar)
  - 23 new stores in the quarter and 210 in the last 12 months
- **Strong financial structure**, due to:
  - Continuous working capital gains
  - Improvement in net financial result, despite the increase in the CDI rate average
  - Cash disbursement of approximately R$180 million[3]
  - Reduction of R$653 million in net debt[3]
  - Reaffirmation of ratings by S&P (brAA+ positive) and Fitch (brAA+ stable)

(1) For better comparison between the periods, data for 3Q15 and 3Q14 exclude the consolidated result of Cnova (Cnova Brasil and international operations). (2) Adjusted EBITDA and adjusted EBITDA margin; (3) Includes R$1,230 million of credit card receivables not sold, for the purpose of comparison with 3Q14. (4) Based on data published by the Brazilian Supermarkets Association (ABRAS).

Key figures for 3Q15 and 9M15

Consolidated, comparable basis[1]

R$ '000	3Q15	Change vs. 3Q14	9M15	Change vs. 9M14
Gross profit	**3,469**	**-8.6%**	**10,933**	**-2.7%**
Gross margin	26.8%	-130bps	27.0%	-30bps
SG&A	**-2,786**	**+3.4%**	**-8,486**	**+5.5%**
SG&A (% net sales)	21.5%	+160bps	21.0%	+150bps
EBITDA[2]	**732**	**-36.5%**	**2,614**	**-21.6%**
EBITDA margin[2]	5.7%	-280bps	6.5%	-160bps
Company's net profit	**32**	**-92.1%**	**542**	**-52.7%**
Net margin	0.2%	-280bps	1.3%	-150bps

- **Gross margin:** lower contribution of Via Varejo in the Company's gross profit
- **SG&A expenses grew 3.4%,** significantly below inflation, reflecting efforts to optimize expenses
- **EBITDA margin** and **profitability** impacted by lower consumption, which affected mainly the results of Via Varejo

(1) For better comparison between the periods, data for 3Q15 and 3Q14 exclude the consolidated result of Cnova (Cnova Brasil and international operations). (2) Adjusted EBITDA and adjusted EBITDA margin

Cash discipline and low leverage level support a solid financial capacity, despite the worsening macroeconomic scenario

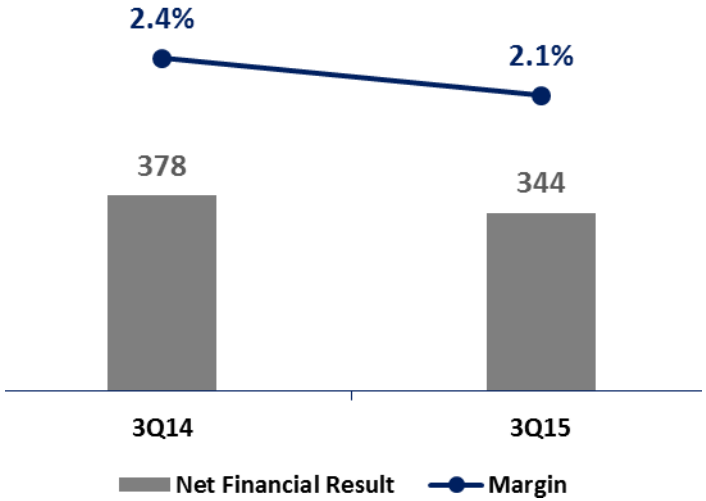
Indebtedness

(R$ million)	3Q14	3Q15
Net Debt [1]	(2,644)	(1,991)
Net Debt[1]/ EBITDA [2]	-0.57x	-0.54x

- Reduction in net debt of R $ 653 million
- Cash of R$5.4 billion and R$ 1.2 bilion in receivables not advanced
- Lengthening of debt maturity schedule by over 165 days (vs. Sep/ 2014)
- Cash disbursement in the quarter
- Reaffirmation of ratings by S&P (brAA+ positive) and Fitch (brAA+ stable) in October 2015

1) Includes R$1,230 million in credit card receivables not sold in the quarter, for the purpose of comparison with 3Q14.
2) EBITDA in the last 12 months.

Financial Result



- Reduction of 8.8% in the quarter, despite the 29.2% hike in the average CDI rate
  - Cost of sale of credit card and payment book receivables down by R$70 million as a result of the cash management strategy.
  - Debt cost increased 22.5%, below the rate of CDI increase in the period
- As a ratio of net sales, net financial result decreased from 2.4% in 3Q14 to 2.1% in 3Q15

Food

Net sales: **R$8.9 billion**

EBITDA[(1)]: **R$ 536 million**

EBITDA Margin[(1)]: **6.1%**

Number of Stores: **1,148**





Customer flow improvement on all banners, focus on Extra reforms and share gains in Pão de Açúcar, Proximity and Assaí

- Resilient performance by the segment, despite the macroeconomic environment's significant impact on household consumption
- Focus on store renovation program, especially Extra stores: improvement in customer flow and sales performance in modernized stores
- Market share gains by Pão de Açúcar, Assaí and Proximity format
- Optimizing of expenses at **Multivarejo**:
  - SG&A expenses grew 7.1%, below inflation in the period
  - Renegotiation of rentals, optimization of advertising expenses, operational improvements at stores (revision of processes and logistics efficiencies) with optimization of headcount with no impact on service levels
- **Assaí**:
  - Solid sales growth and profit margins,
  - Cash flow of the last 12 months already allows the business to finance its organic growth

(1) Adjusted EBITDA and adjusted EBITDA margin; (2) Based on data for July and August published by the Brazilian Supermarkets Association (ABRAS)

Pão de Açúcar

Net sales: **R$ 1.6 billion**

Number of Stores: **184**



Consistent performance of banner, with continued gains in market share

- Accelerated sales growth in 3Q15 vs. 1H15 (+7.7% vs. +6.5%), coupled with market share gain, maintaining the track record of more than 2 years outperforming the market
- Opening of 4 stores in the quarter and 11 in the last 12 months
- More than 40 stores renovated in the year. Renovation of around 80% of the store portfolio since 2014
- Customer focus:
  - Continuous improvement on the level of customer service
  - Loyalty program upgrades
  - Unique assortment with exclusive new products
- Maintenance of profitability level

Net sales: **R$ 245 million**

Number of Stores: **301**



Acceleration of growth through sales and strong organic expansion

- Gains in market share in the last 9 months
- Expansion:
  - 13 new stores in the quarter, 100 in the last 12 months
  - Approximately 15 stores will be opened by the year-end, totaling about 70 new stores in 2015
  - Focus on opening Minuto Pão de Açúcar stores: returns higher than expectations
  - Store conversions: 5 Minimercado Extra to Minuto Pão de Açúcar, to better adjust to customer demand and increase profitability. Another 14 will be converted in the 4Q15
- Competitive advantages:
  - More than 300 stores
  - Multi-format structure serves all income segments
  - Best option of “Proximity” format for the high income class
  - Dedicated distribution center
- Centralized logistics :
  - Better level of service by significantly reducing stockout ratio
  - Lower logistics costs (expansion)

Hypermarkets and Supermarkets

Net Sales:	**R$ 3,9 billion**
Number of Stores:	**137 Hypermarkets**
	199 Supermarkets













Store Modernization Program already obtaining significant consumer response

- **Clients**:
  - Modernized stores have sales growth exceeding **1000 bps** in relation to others
  - Increasing customer satisfaction with the shopping experience in modernized stores
  - More than **5.8 million** customers registered at the **Extra Club** (+ 18 % compared to Dec/14)
  - Launch of the new positioning: **'You Deserve a Extra'**, which reinforces the brand image and strengthens the modernization program for the stores

- **Initiatives in stores:**
  - **New layout** with simpler shopping circuit
  - Better **visual communication** of products and promotions
  - Better customer **service** in perishable
  - **Savings Wall**
  - New concept: **Extra Mobile** and **mattresses**

- **Growth:**
  - **52 Stores modernized** until Sep/ 15, which **28 Hypermarkets** and **24 Supermarkets**
  - **+6 Stores** will be modernized in the last quarter
  - **Modernization Program** will continue in 2016

ASSAÍ ATACADISTA
DESDE 1974

Net sales: **R$2.6 billion**

EBITDA[(1)]: **R$ 102 million**

EBITDA Margin[(1)]: **4.0%**

Number of Stores: **88**





Solid sales growth of 22.3% and same-store double digit, with strong organic expansion and increase in net income of 65.9%

- Double-digit same-store sales growth, accelerating compared to first half and growth in customer traffic
- Increased share in GPA sales and market share gains corroborate the successful positioning and strategy of the banner
- 8 stores opened in the last 12 months and 10-12 stores scheduled for opening in 2015, which 7 already opened until late October
- Adjusted EBITDA grows 44.1%, outpacing sales growth, demonstrating operating efficiency:
  - Gross margin increased to 14.4%, driven by maturation of new stores
  - Reduction in SG&A expenses, despite pressure from inflation, electricity cost and store expansion in the last 12 months
- EBITDA Margin increased 60 bps to 4.0%
- Significant net profit growth of 65.9% in the 3Q15

(1) EBITDA ajustado e margem EBITDA ajustada

viavarejo

Net Sales: **R$4.1 billion**

EBITDA[(1)]: **R$196 million**

EBITDA Margin[(1)]: **4.8%**

Number of Stores: **1,016**





Continuation of measures to improve efficiency and optimize costs and focus on intensifying commercial initiatives to revamp sales

- Results reflect unfavorable consumption environment for durables in recent quarters;
- Sales showed no further deterioration from 2Q to 3Q and began to show encouraging signs due to competitiveness initiatives;
- Continuous adjustments of costs and expenses supported an **improvement in competitiveness as of September**
- **Focus on improving operational efficiency:** adequate assortment, regionalization, improve stockout and delivery terms, level of service and sales conversion rate
- Maintenance of solid capital structure as a key differentiator in order to achieve market share gains
- Implementation of Click & Collect for all stores

(1) Adjusted EBITDA and adjusted EBITDA margin;

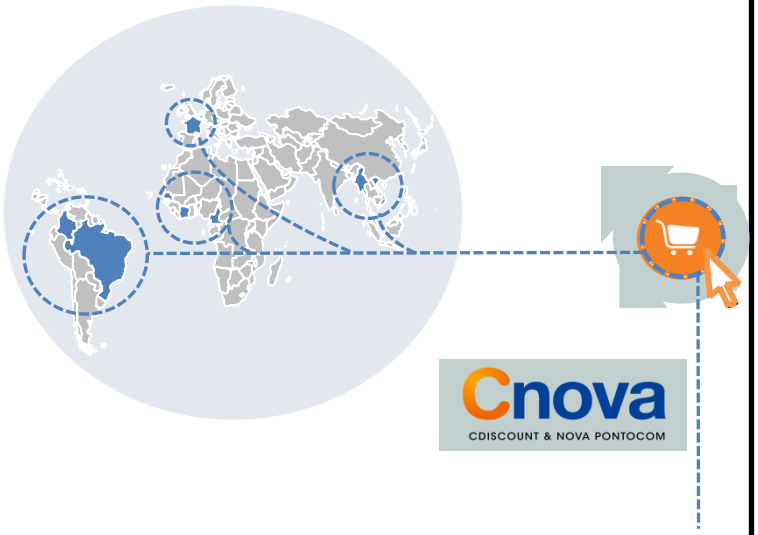
Positive cash flow sustained by working capital gains and Capex control

Cnova BR: Sales dynamics supported the important **18.1% growth in GMV,** despite the more challenging macro scenario

- **Marketplace Acceleration:**
  - Share of 12.8% in GMV (vs. 4.2% in 3Q14)
  - Commissions grew 255% per annum
  - Over 400 new sellers in 3Q15
- **Strengthening of Click-and-Collect:**
  - Over 650 pick-up points in Rio and Sao Paulo
  - Launch in July 2015 of immediate availability on Casas Bahia and Ponto Frio websites
  - Activation of Click-and-Collect on mobile websites
- **Plan to achieve greater operating efficiency:**
  - Fine-tuning policies on promotions to achieve better sales/margin balance
  - Development of new products and categories with higher margin
- **Positive cash flow in the last 12 months:**
  - Asset-light business model
  - Control and discipline in cash management

Cnova
CDISCOUNT & NOVA PONTOCOM

GMV(1): +17.6%
Net Sales(1): +9.1%
Share of marketplace: 22.7%
Gross Margin: 12.5%



 (1) Constant currency

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