

GPA

Pão de Açúcar | extra | ASSAÍ ATACADISTA DESDE 1974

minuto Pão de Açúcar | mini mercado extra | ALIADOS CompreBem

2Q17 Results

July 26, 2017

2Q17 Highlights

R$ Million Δ% vs 2Q16	Consolidated		Food Business		Multivarejo		Assaí	
Net sales	**10,663**	**+9.5%**	**10,663**	**+9.5%**	**6,390**	**0.0%**	**4,273**	**+27.7%**
Gross profit	**2,872**	**+20.5%**	**2,872**	**+20.5%**	**2,198**	**+17.6%**	**675**	**+31.2%**
Gross margin	26.9%	+240bps	26.9%	+240bps	34.4%	+510bps	15.8%	+40bps
SG&A	**-1,904**	**+2.3%**	**-1,904**	**+2.3%**	**-1,468**	**-3.0%**	**-437**	**+25.6%**
SG&A (% net sales)	17.9%	-120bps	17.9%	-120bps	23.0%	-70bps	10.2%	-20bps
Adjusted EBITDA[(1)]	**967**	**+73.4%**	**998**	**+78.9%**	**758**	**+94.5%**	**239**	**+42.7%**
Adjusted EBITDA Margin	9.1%	+340bps	9.4%	+370bps	11.9%	+580bps	5.6%	+60bps
Net Income (Loss) - Company	**165**	**n.a.**	**206**	**n.a.**	**110**	**n.a.**	**96**	**+151.9%**
Net margin	1.5%	+430bps	1.9%	+290bps	1.7%	+390bps	2.3%	+120bps
Adjusted net income (loss) - Controlling[(1)]	**412**	**+311.7%**	**443**	**+342.7%**	**323**	**n.a.**	**120**	**+67.4%**
Net margin	3.9%	+290bps	4.2%	+320bps	5.1%	+470bps	2.8%	+70bps

Gross Profit and Adjusted EBITDA excluding non-recurring tax[(2)]

R$ Million Δ% vs 2Q16	Consolidated		Food Business		Multivarejo		Assaí	
Gross Profit excl. tax credits	**2,425**	**+15.7%**	**2,425**	**+15.7%**	**1,751**	**+6.1%**	**675**	**+51.6%**
Gross Margin excl. tax credits	22.7%	+120bps	22.7%	+120bps	27.4%	+160bps	15.8%	+250bps
Adjusted EBITDA excl. tax credits[(1)]	**520**	**+92.8%**	**551**	**+104.3%**	**311**	**+82.3%**	**239**	**+142.4%**
Adjusted EBITDA Margin excl. tax credits	4.9%	+210bps	5.2%	+240bps	4.9%	+220bps	5.6%	+260bps

[(1)] EBITDA and Net income (loss) adjusted for Other Operating Income and Expenses [(2)] Excluding non-recurring tax credits: R$ 447M in 2Q17 (total in Multivarejo) and R$ 288M in 2Q16 (R$ 219M in Multivarejo and R$ 69M in Assaí)

2Q17 Highlights

Sales

- **Net sales grew 9.0%[1] to reach R$10.7 billion**
- Multivarejo: revenue growth impacted due to store conversion process, with same-store sales growth of 1.2%, after adjusting for the calendar effect
- Assaí: consistent growth of 29.2%[1], with volumes growth offsetting the effect of lower inflation

Gross margin[2]

- **Margin of 22.7%, up 120 bps**
- Multivarejo: gross margin was 27.4% , up 160 bps from 2Q16
- Assaí: gross margin reached 15.8%, higher than in 2Q16

Operating Expenses

- **Corresponded to 17.9% of net sales, improving 120 bps from 2Q16**
- Multivarejo: down 3.0% due to efficiency and productivity projects
- Assaí: 10.2%, a dilution of 20 bps, despite strong expansion.

EBITDA[2] [3]

- **EBITDA Food: Increase of 104.3% to R$551 million, with margin of 5.2%**
- Multivarejo: totaled R$311 million, with margin of 4.9%, up 220 bps from 2Q16
- Assaí: reached R$239 million, with margin of 5.6%, up 260 bps from 2Q16 due to improved gross margin and greater efficiency in expenses

Net Income[3]

- **Increase in consolidated net income attributable to controlling shareholders to R$ 165 million, with margin of 1.5%**
- Multivarejo: R$ 110 million, with margin up 390 bps
- Assaí: R$ 96 million in 2Q17, with margin expansion of 120 bps

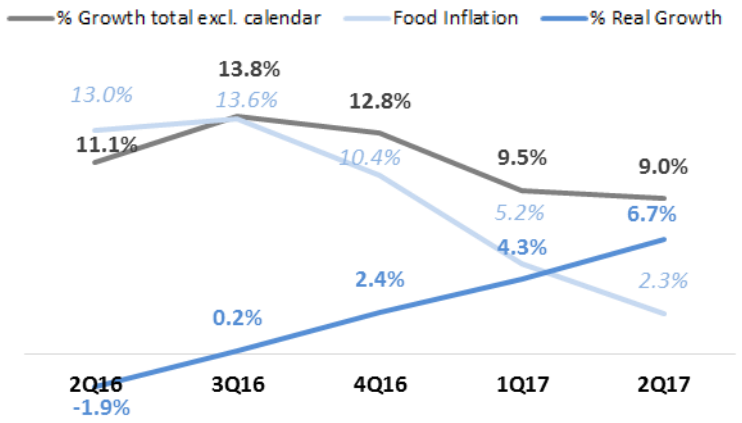
Investments

- **R$286 million, more than in the same period last year**
- 3 stores converted and 11 more undergoing conversion
- 3 stores opened in the quarter: 1 Assaí and 2 Minuto Pão de Açúcar

[1] Total net sales of stores adjusted for the calendar effect. [2] Excluding non-recurring tax credits: R$ 447M in 2Q17 (total in Multivarejo) and R$ 288M in 2Q16 (R$ 219M in Multivarejo and R$ 69M in Assaí) [3] EBITDA and Net income (loss) adjusted for Other Operating Income and Expenses

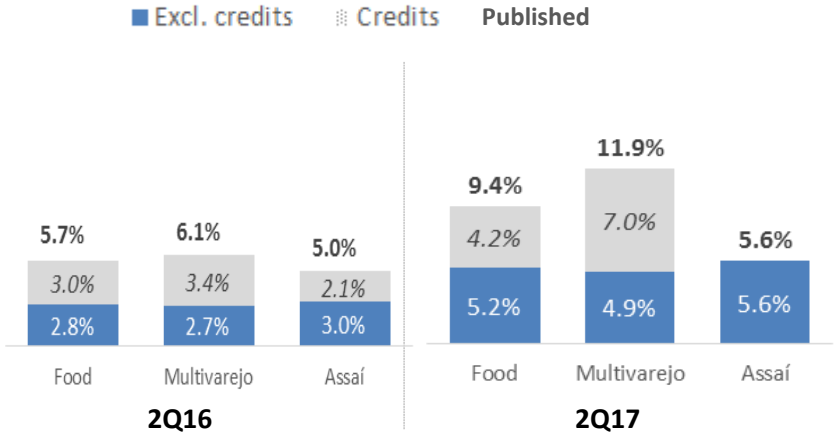
Net Sales, Adjusted EBITDA and Gross Profit Food

Net Sales



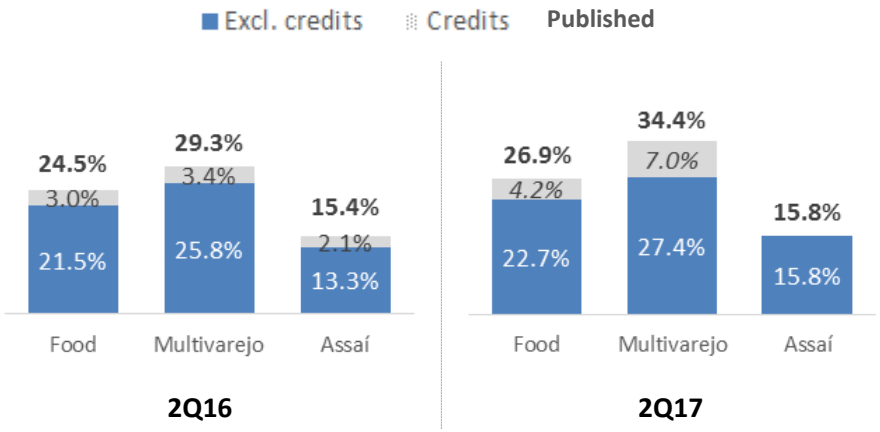
- Accelerated growth at Extra: led by the Hyper format
- Multivarejo and Assaí continued to gain market share in the quarter

Adjusted EBITDA



Adjusted EBITDA excluding credits up 104.3% from 2Q16, due to improved gross margin and efficient SG&A

Gross Profit



Gross Profit: Up 120 bps from 2Q16

Multivarejo

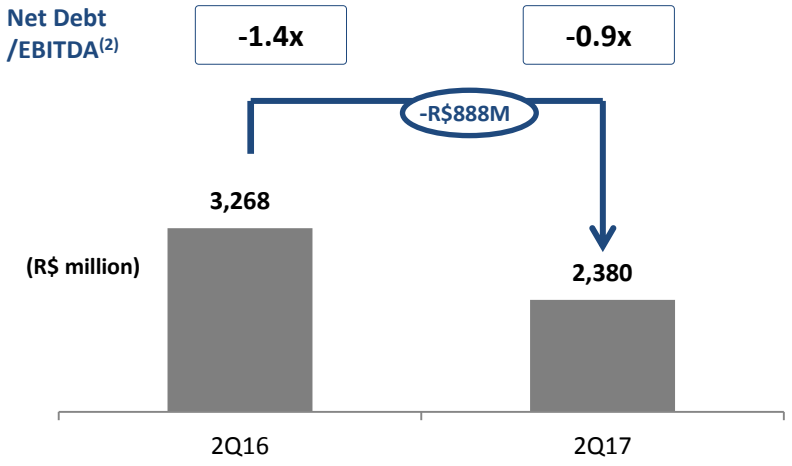
- Improved shrinkage levels;
- More successful promotional investments;
- Closure of less profitable Extra Hiper stores
- New regulatory framework related to ICMS ST, whose positive effect was virtually offset by Easter

Assaí

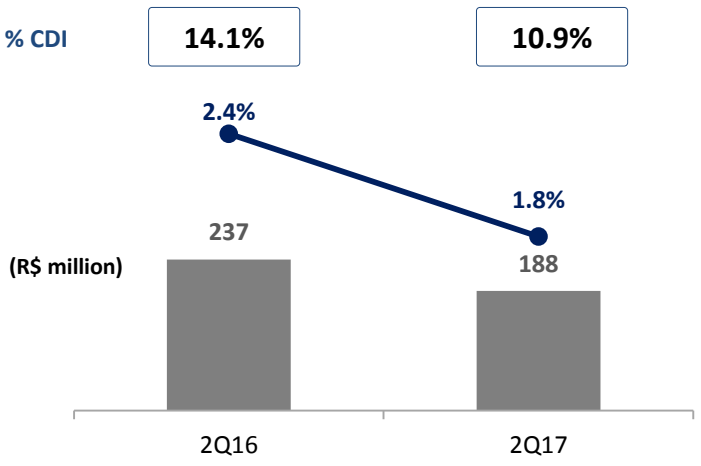
- Store maturation higher than expected
- Higher share of individuals
- Improved shrinkage levels
- New tax framework related to ICMS ST (Tax Substitution)

Net Debt and Financial Result Food

Net Debt[1]



Financial Result



Financial Result

- R$188 million, or 1.8% of net sales, down 20.7% from 2Q16
- Improvement due to lower gross debt and lower interest rates in the period
- Cost of receivables discount remained stable at 0.3% of net sales

Gross Debt

- R$5,075 million, down R$440 million from 2Q16.

Cash and Equivalents

- Cash balance reached R$2.4 billion, plus the balance of not discounted receivables of R$329 million, totaling R$2.7 billion in available resources
- R$1.3 billion in pre-approved/confirmed credit lines

[1] Includes not discounted credit card receivables [2] EBITDA of last 12 months adjusted by "Other Operating Income and Expenses"

Multivarejo



- **EBITDA margin increased by 220 bps[1] from 2Q16: higher gross margin (+160 bps) and SG&A efficiency (-3.0%)**
- **Continuous gain in market share in 2017 and accelerated growth of Extra Hiper**

Key initiatives:

- Digital transformation: notably the 'My Discount' program, with 1 million downloads in the first ten days
- E-commerce: redesign of the value proposition and renovation of the layout, with expansion of services
- Optimization of store portfolio
- Multi-Functional Program at stores: focus on reducing lines and improving service

Extra:

- Substantial same-store sales growth at Extra Hiper of 7.6%[2], with market share gain in relation to 2016;
- Sequential improvement in the non-food category;
- Development of perishable service at Extra Super and revision of assortment.

Pão de Açúcar:

- Target of renovating 15 to 20 of the most representative stores in the coming quarters;
- New communication model;
- Identification of iconic products to strengthen brand image.

Proximity:

- Aliados project reached 236 stores

[1] Excluding non-recurring tax credits in 2Q17 and 2Q16. [2] Total same-store sales adjusted for the calendar effect.

Assaí



- **Strong net sales growth of 29.2% [1], as a result of the good performance of the new stores and SSS acceleration, which grew 13.5%[1], with volume growth offsetting the effect of lower inflation**
- **Gross margin reached 15.8%, higher than in 2Q16[2]**

Key initiatives:

- Increased customer traffic and volumes in the quarter
- Growth in share of food portfolio, accounting for 40.1% of sales
- The format continued to gain market share, around 400 basis points from last year

- **Solid expansion and conversion plan:**
  - 3 stores already converted and 11 more undergoing conversion
  - Converted stores **continue to deliver strong performance,** reaching a sales multiple of over 2.5 times

[1] Total net sales and same-store sales adjusted for the calendar effect. [2] Excluding non-recurring tax credits in 2Q16 of R$69 million.

Outlook

Strategic priorities:

- **Focus on and strengthening of Food segment;**
- **Outperform the market in sales growth,** supporting market share gains;
- **Otimization of portfolio:** Focus on conversions of Extra Hiper into Assaí;
- **Continually expanding the Assaí format:** Total of 16 conversions and 6 to 8 new stores, with an average return of over 20%.

Guidance for 2017:

- **Sales:** continued market share gains at both Multivarejo and Assaí;
- **EBITDA Margin[(1)]:** around 5.5% in the Food segment, supported by higher profitability at Assaí and stability at Multivarejo;
- **CAPEX**: around R$1.2 billion;
- **LATAM Synergies:** on track to reach savings of around US$50 million.

[(1)] EBITDA adjusted for Other Operating Income and Expenses





Appendix

GPA Business Activities

multivarejo

Food
E-commerce



Sales of our products through our websites

Retail



Sales of food and non-food products to individuals

ASSAÍ ATACADISTA

Cash & Carry



Sales of food and some non-food products to resellers and retail customers

Multi-format food player

Extra is our banner focused on meeting our clients' demands related to different needs and occasions, with the formats of **hypermarkets, supermarkets, drugstores and gas stations**. The Extra banner offers food, home appliances and clothing

542 Stores

Pão de Açúcar banner is the premium supermarket chain of our Company. This banner is deemed to be a **reference for innovation** in the retail industry and promotes concepts of healthy life and sustainability.

185 Stores

Our cash and carry segment is focused on clients of small and mid-sized companies and also on final consumers who seek to purchase products **at more competitive prices**. It offers items of grocery, food, perishable, beverage, wrapping, hygine and cleaning, among others.

110 Stores

Minuto is a convenience format offers differentiated assortment and practical and welcoming environment, in stores of around 300 m^2 .**Prioritizes the convenience of the customer** with personalized services and Initiatives.

79 Stores

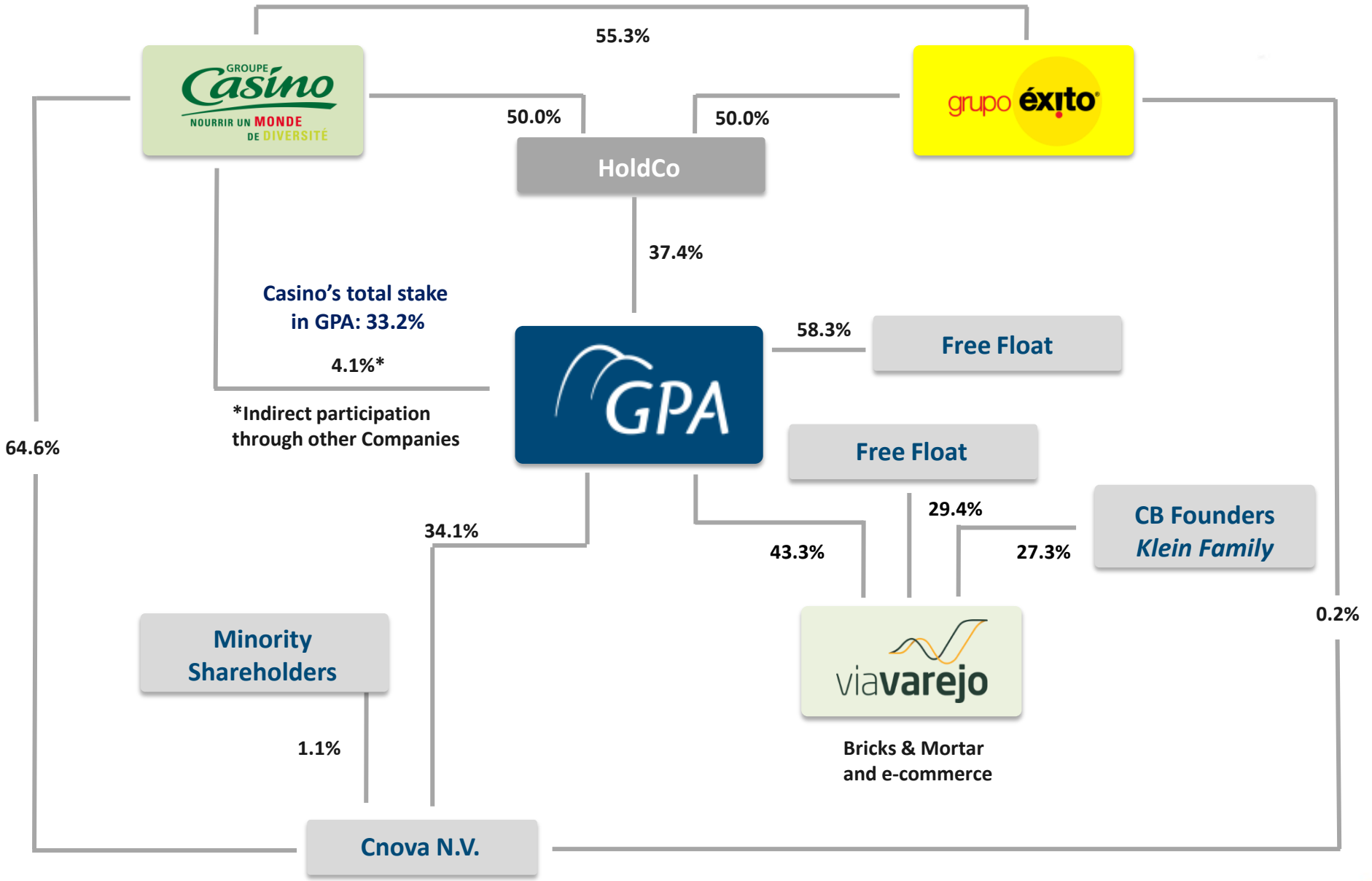
MiniMercado Extra is a convenience format geared to the needs of day-to-day life, especially commodities and perishables. In stores of around 300 m^2 its differentials are **Competitive prices and Proximity to consumers**.

197 Stores

A business model that consists of a **partnership between GPA and independent retailers**, in which GPA provides its operational expertise to reach and increase the sales potential of this market segment by supplying products to its partners under this project.

236 Stores

Ownership Structure



As of March 31, 2017

Corporate Structure



GPA CEO
Ronaldo Iabrudi

Corporate

Businesses



HR and Sustainability
Antonio Salvador



CFO
Christophe Hidalgo



MULTIVAREJO CEO
Luis Moreno



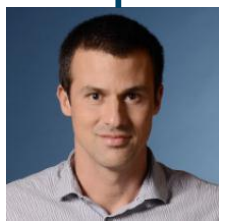
GPA MALLS
Luiz Henrique Costa



ASSAÍ
Belmiro Gomes



VIA VAREJO
Peter Estermann



CNOVA BRAZIL
Flávio Dias



Glossary

Company's Business Units: The Company's business is divided into two segments – Retail and Cash & Carry (See Slide 8)

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.

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

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 and Operating Income. Management uses this measures 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.

Adjusted Net income : Measure of profitability calculated as Net Income Controlling Shareholders from continuing operations excluding Other Operating Income and Expenses and excluding the effects of Income and Social Contribution Taxes. Also excluded are the effects of nonrecurring direct income tax. Management uses this metric in its analyses given its belief that it eliminates any nonrecurring expenses and revenues and other nonrecurring items that could compromise the comparability and analysis of results.



Investor Relations Team

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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 20 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 with brick-and-mortar stores and e-commerce operations divided into three business units: Multivarejo, which operates the supermarket, hypermarket and Minimercado store formats, as well as fuel stations and drugstores under the Pão de Açúcar and Extra banners; Assaí, which operates in the cash-and-carry wholesale segment; GPA Malls, which is responsible for managing the Group's real estate assets, expansion projects and new store openings; and Via Varejo's discontinued operations, with its bricks and mortar electronics and home appliances stores under the Casas Bahia and Pontofrio banners, and the e-commerce segment.

Forward-looking statements: The forward-looking statements in this presentation are based on current assumptions and projections of the Company's management, which could differ materially from actual results, 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.