# 3Q11 EARNINGS RESULTS

Grupo Pão de Açúcar and Globex Utilidades

November 4, 2011



# AGENDA – 3Q11 EARNINGS RESULTS

## GPA FOOD

- Supermarkets
- Cash & Carry
- Hypermarket
- Proximity
- Gas Stations and Drugstores

## ELECTRONICS

- Specialized Stores
- E-commerce
- B2B

# GPA CONSOLIDATED – 3Q11 HIGHLIGHTS: GROSS SALES AT R$ 12.6 BILLION



**>GROSS SALES: R$ 12.6 billion + 58.2% vs. 3Q10**

Same store Growth
- GPA Food[1]: 8.5%
- Globex: 10.7% and inclusion of Casas Bahia in comparison base[2]



**>GROSS PROFIT: R$ 3.1 billion +76.1% vs. 3Q10**

Margins
- GPA Food[1]: 26.4% +0.4 p.p. vs. 3Q10
- Globex: 29.6% +1.5 p.p. vs. 2Q11



**>EBITDA: R$ 722 million +46.5% vs. 3Q10**

Margins
- GPA Food[1]: 7.4%, stable from 3Q10
- Globex: 5.4% +1.0 p.p. vs. 2Q11

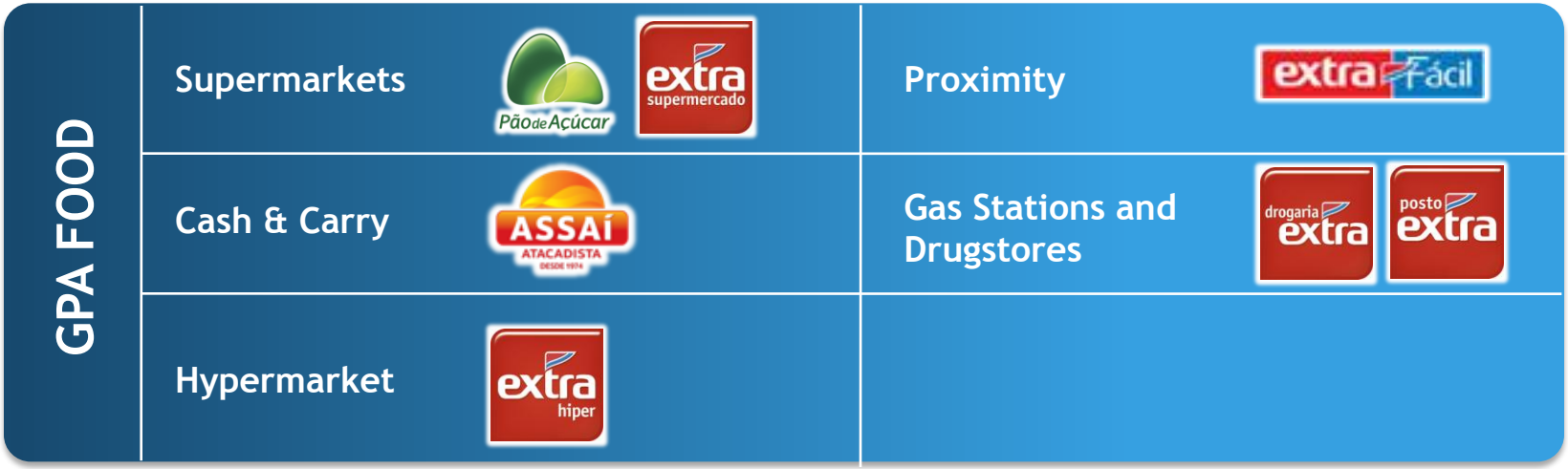
*The figures presented in this document already reflect the IFRS change in 2010 and 2011 and it changes Company's already published figures.*

*Globex's numbers are not comparable between 2Q11 and 2Q10 due to the consolidation of Casas Bahia as of November, 2010.*

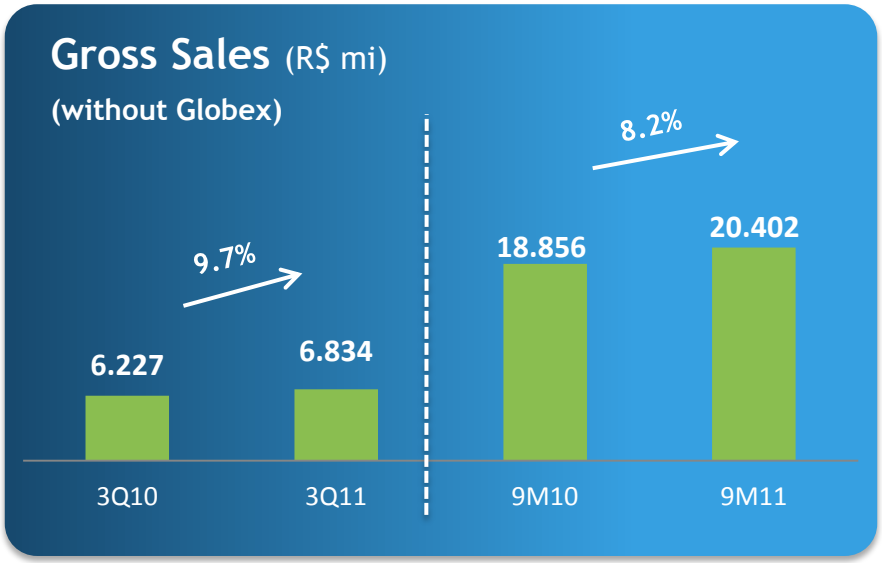


[1] Refers to GPA consolidated without Globex
[2] As from 3Q11, Casas Bahia operations have become part of the same-store sales base. Globex signed a association agreement with Casas Bahia in July 2010.

# 3Q11 GPA FOOD RESULTS



# GROSS SALES OF R$ 6.8 BILLION, SAME-STORE SALES UP 8.5% IN 3Q11







## > Same-store sales growth

> 8.5% in **3Q11**, indicating faster pace as compared with previous periods

> Higher than the 2nd player for the **13th consecutive quarter**

Conversion of 93 CompreBem and Sendas into Pão de Açúcar, extra hiper, extra supermercado

+

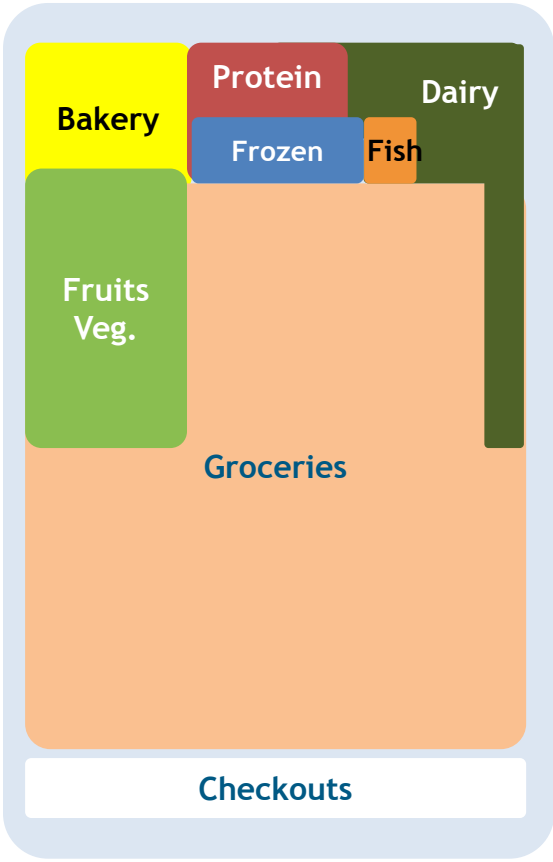
Maturation of stores opened in 2010 and store format adaptation

ASSAÍ ATACADISTA

**Banners posted same-store sales growth above 15%**

# CHANGE IN STORES FORMAT WITH IMPROVED ASSORTMENT OF HIGHER VALUE-ADDED PRODUCTS

CompreBem Sendas → Conversion → extra supermercado

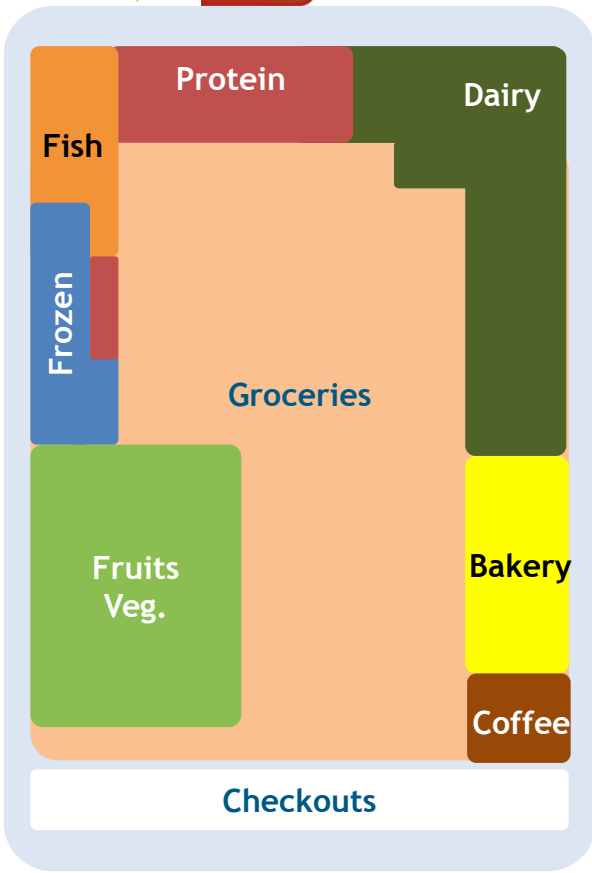



**Jun/10: conversion process begins**

- 221 stores

**Ago/11**

- Increased exposure of higher value-added products
- 93 converted stores in July-August
- SSS >15% since 4Q10

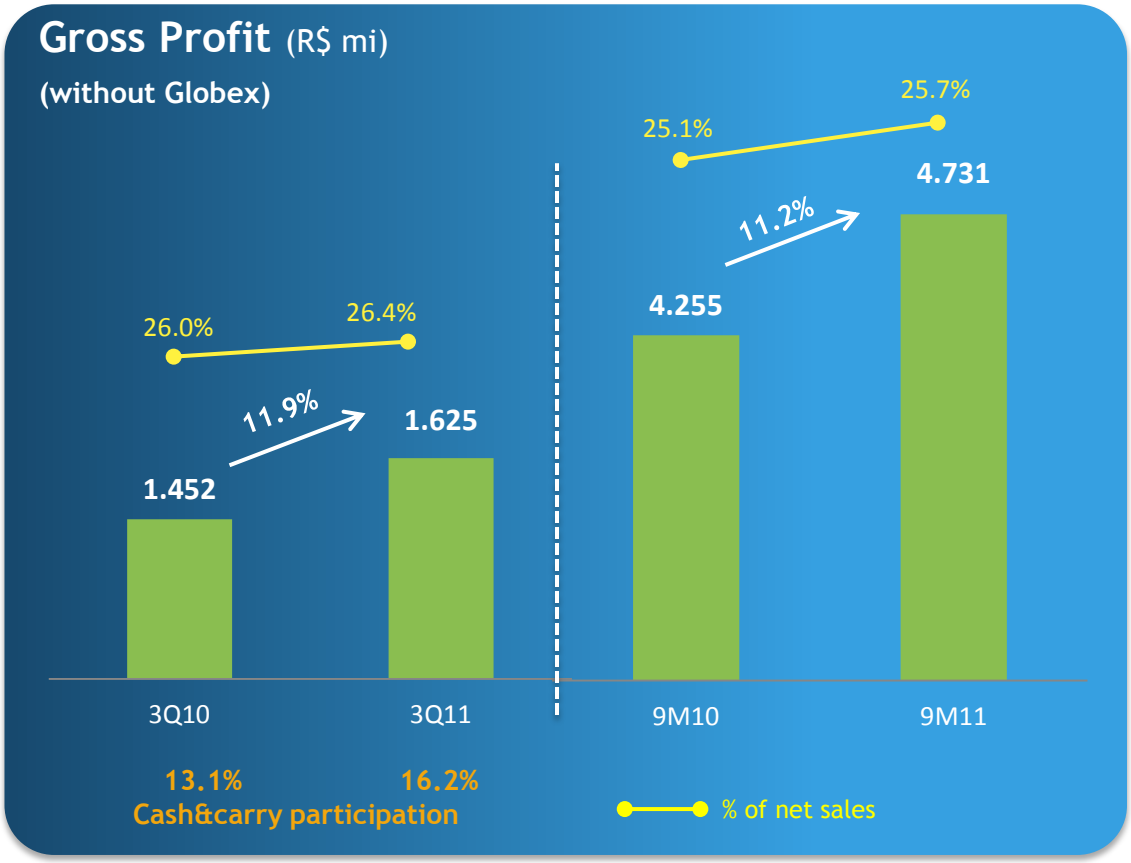



New layout favors categories with higher value-added

Merchandise

Perishables

# GROSS PROFIT UP 11.9%, MARGIN UP 0.4 P.P.




## > Gross margin increase due to improved sales mix

> Change in Brazilians' consumer habits leads to purchase of higher value-added products

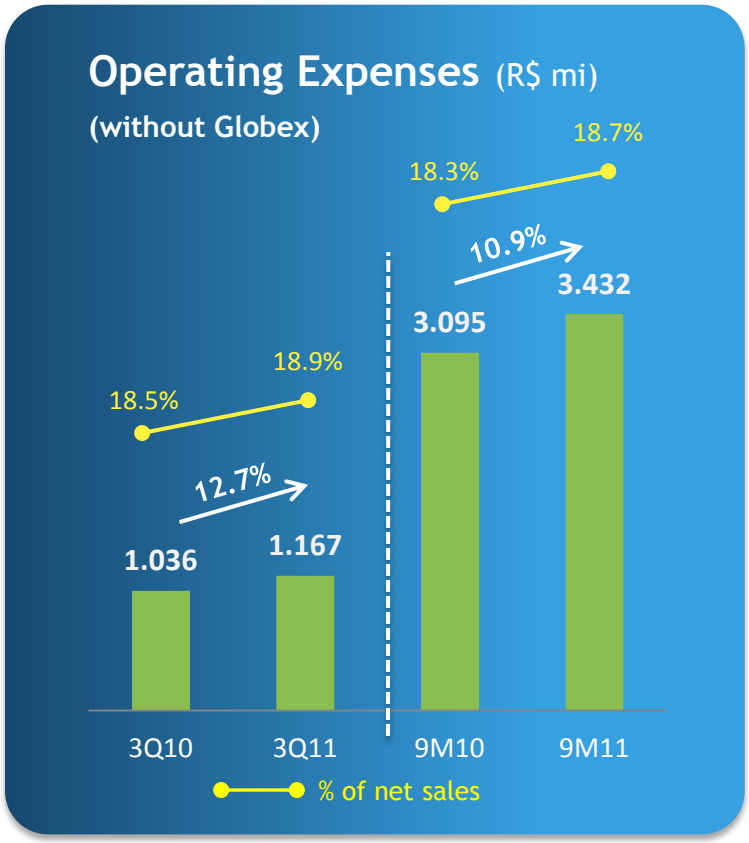
## > Despite higher participation of cash&carry in sales

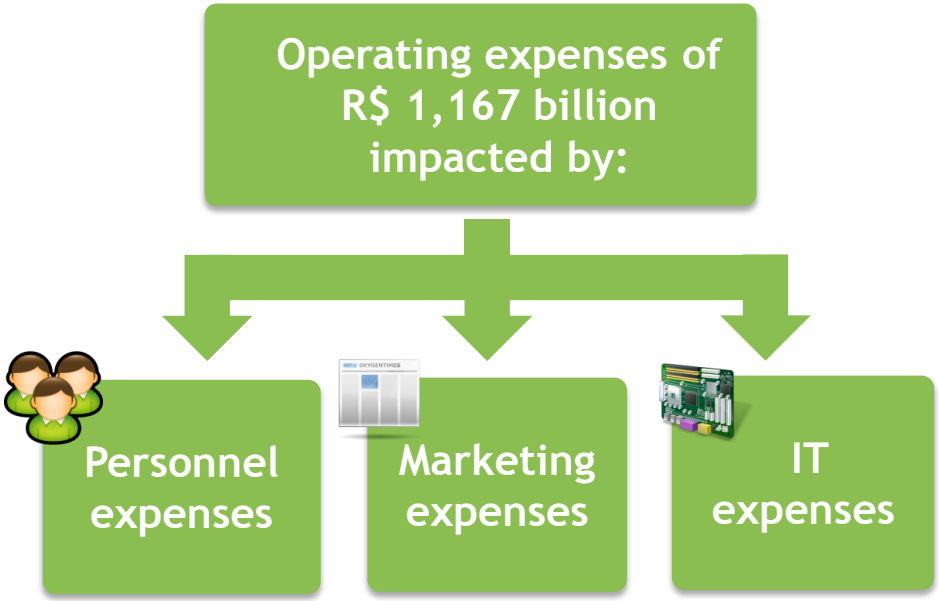
> Segment margin lower than that of retail



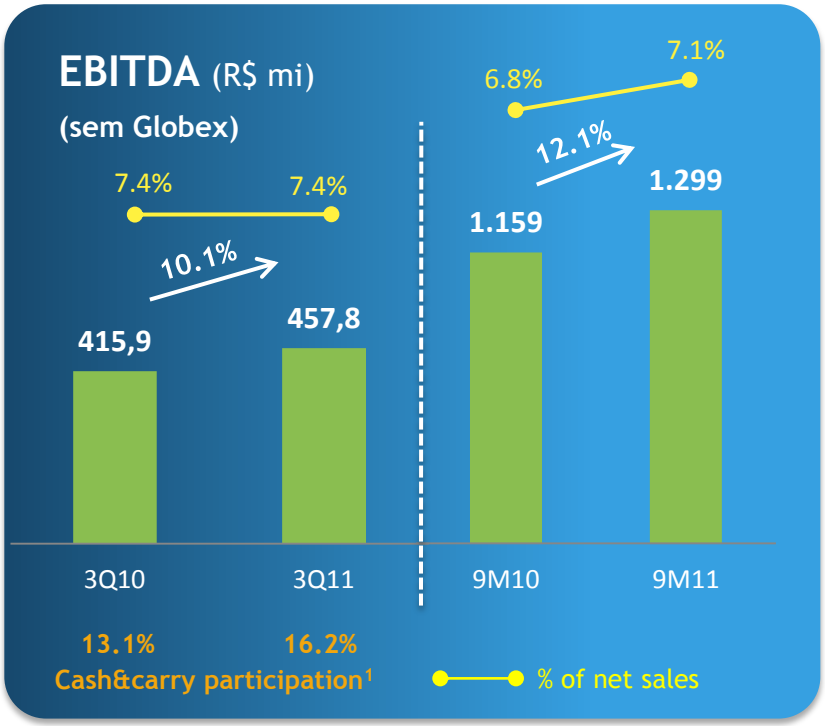
[1] Participation of the cash&carry operation in GPA Food's gross sales

# OPERATING EXPENSES OF R$ 1.2 BI IN 3Q11



# EBITDA MARGIN AT 7.4% IN 3Q11




> **Up 10.1% over 3Q10:**

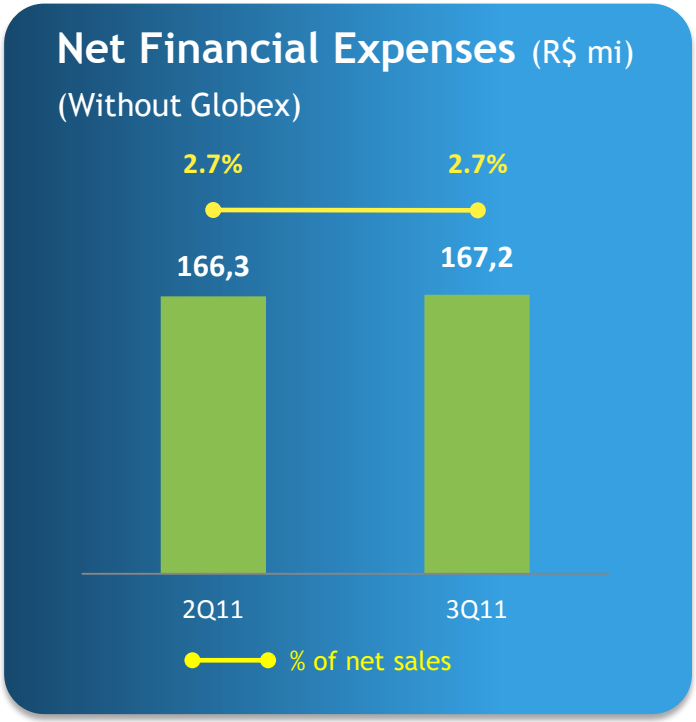
> Margin stable at 7.4% despite higher participation of cash&carry in sales (13.1% in 3Q10 vs 16.2% in 3Q11)

> **Gross margin growth coupled with improved sales mix, associated with strict control of expenses**



[1] Participation of cash&carry operation in GPA Food's gross sales

# NET FINANCIAL EXPENSES STILL ACCOUNT FOR 2.7% OF NET SALES




> **The R$ 167.2 million net financial expenses in 3Q11 were comprised of:**
>
> > Interest on the net bank debt totaling R$ 84.2 million
>
> > Discounted receivables cost of R$ 34.1 million
>
> > Other assets and liabilities restated by the CDI interbank rate totaling R$ 48.9 million

**Level of 2.7% of net revenue stable despite 14% increase in SELIC rate in the period[1]**

**Effective SELIC rate in the period increased to 3.0% from 2.8%**



[1] End of period

# GLOBEX 3Q11




*Due to the consolidation of Casas Bahia's results as of November, 2010, we use the 2Q11 as a reference for better comparison.*

*The "profit sharing" expense, which was previously after "operating profit before income tax", is now included in "general and administrative expenses" , as part of the adjustment s to the new accounting standards (IFRS).*

# 3Q11 GLOBEX HIGHLIGHTS



RAPHAEL KLEIN

## Resumption of synergy gain process



> **Creation of single operating platform**

  > Improved inventory management, delivery schedule and real-time route tracking

> **Conclusion of truck fleet renewal**

  > 332 trucks were replaced in the quarter

## Expectations ahead of Holiday season and 4Q11




> **Maintaining growth despite the more challenging scenario**

> **15 new stores in 4Q11**

# 3Q11 NOVA PONTOCOM HIGHLIGHTS



QUIROGA

## Performance

> **Growth higher than the market with profitability**

- > Focus on profitability and cash, even in fiercer competition scenarios
- > Highlight on CasasBahia.com.br sales

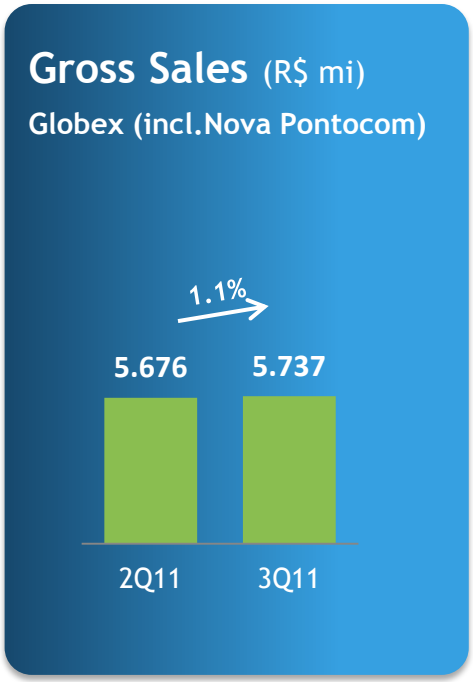
## Operations

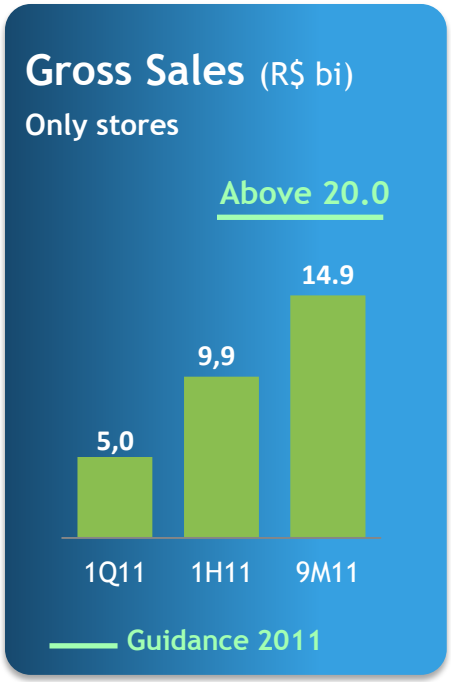
> **Nova Pontocom totally ready for Christmas season**

- > Increase of logistics and customer service differential
- > 3 new distribution centers (DCs) (~160 thousand $m^2$)
- > Migration of Ponto Frio Wholesale DC to RJ
- > Stronger integration with carriers
- > Introduction of 7 new categories
- > Service quality and diamond category in e-bit award
- > Customer support centralized at CBCC

GLOBEX

# GROSS SALES OF R$ 5.7 BI IN 3Q11, SAME-STORE SALES UP 10.7%




**3Q11 gross same-store sales highlights (vs. 3T10)**

Stores: 9.5%

E-commerce[2]: 31.4%

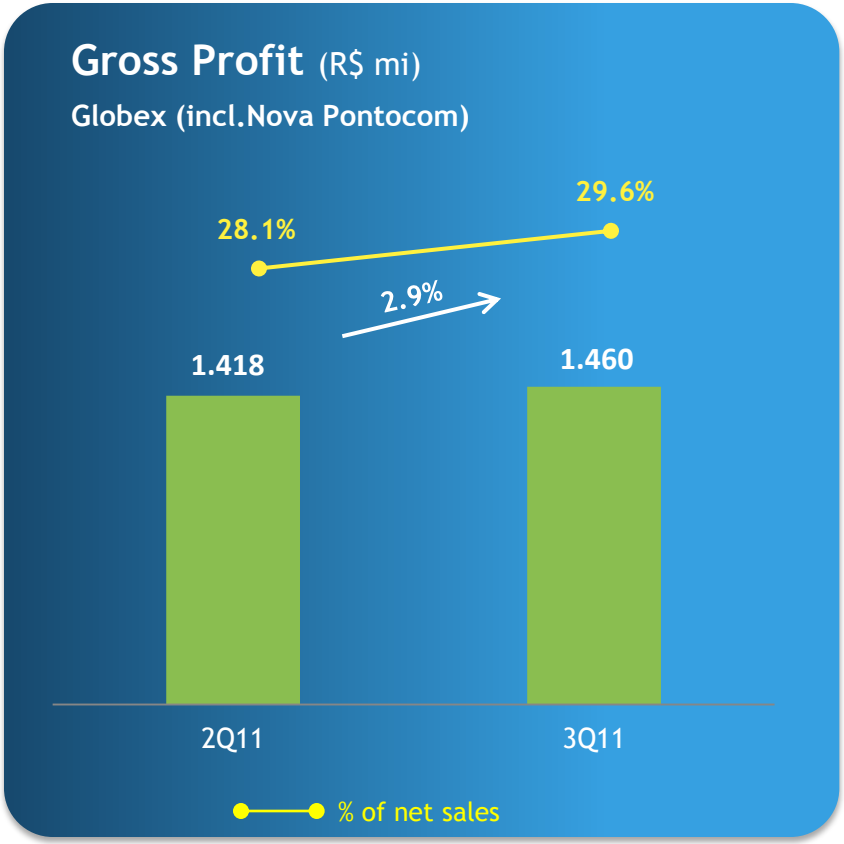
> **Same-store sales growth vs. 3Q10:**
>
> > E-commerce up 31.4%, with site CasasBahia.com.br standing out

> **Sales growth even with impact from integration of operations:**
>
> > Wholesale Ponto Frio distribution center migration
>
> > Ponto Frio front-office system replacement



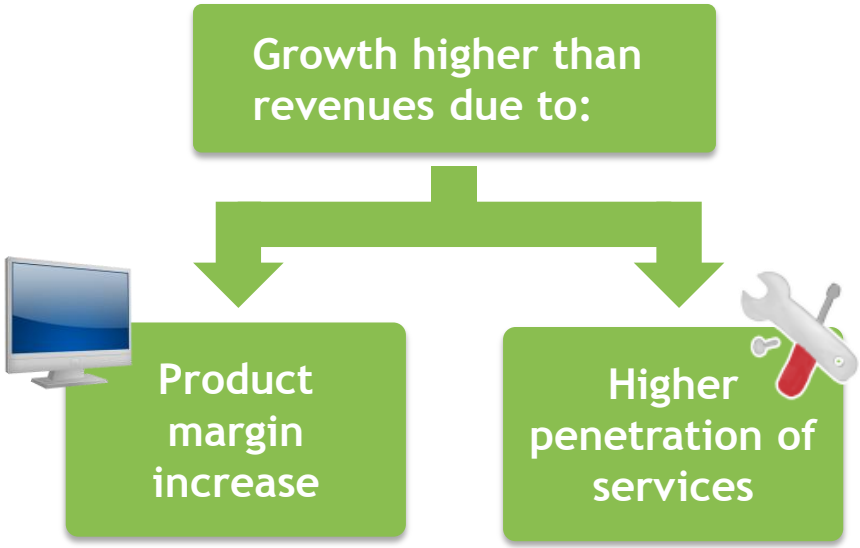
[1] As from 3Q11, Casas Bahia operations have become part of the same-store sales base.
[2] Excludes the cash&carry operations

# GROSS PROFIT OF R$ 1.5 BI IN 3Q11, MARGIN UP




> **3Q11 margin up 1.5 percentage point over 2Q11**

> Margin increases despite higher participation of e-commerce in sales mix



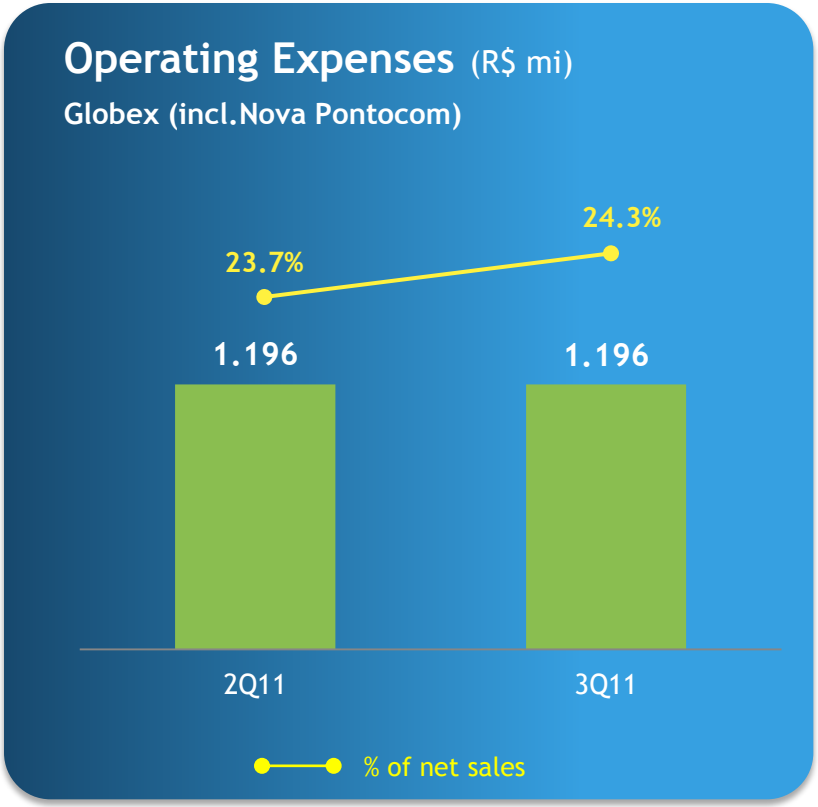
# OPERATING EXPENSES STABLE FROM 2Q11

> Maintenance of expense levels in absolute terms

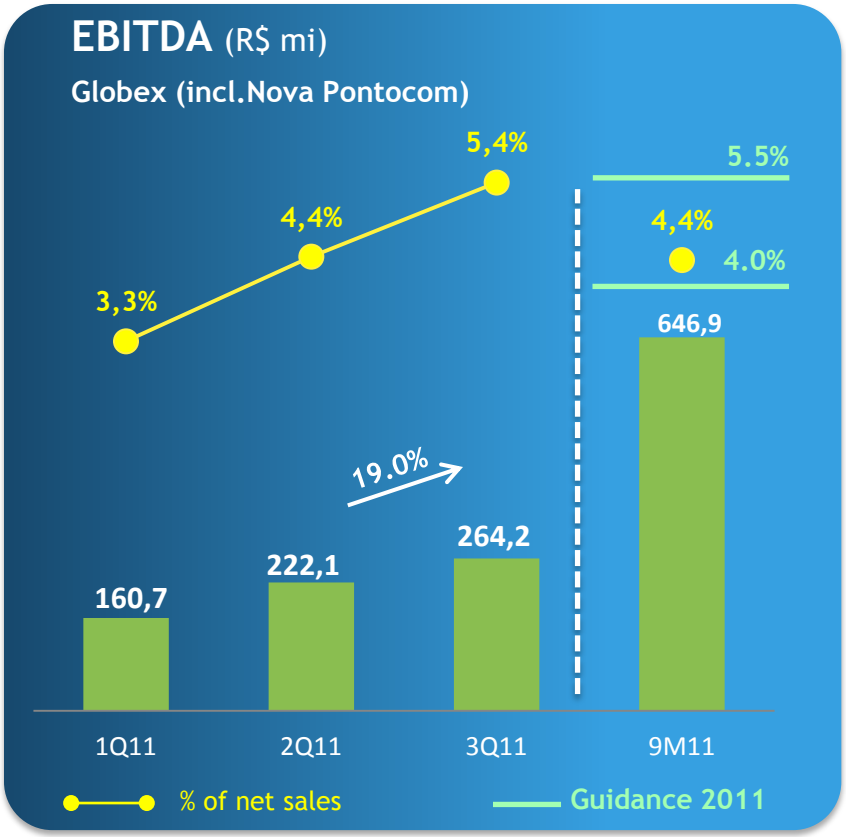


General and Administrative Expenses down 10.2% over 2Q11

> Expense synergy gain process picks up in 4Q11 and 1H12



# EBITDA TOTALS R$ 264 MI IN 3Q11, WITH INCREASE IN EBITDA MARGIN TO 5.4%

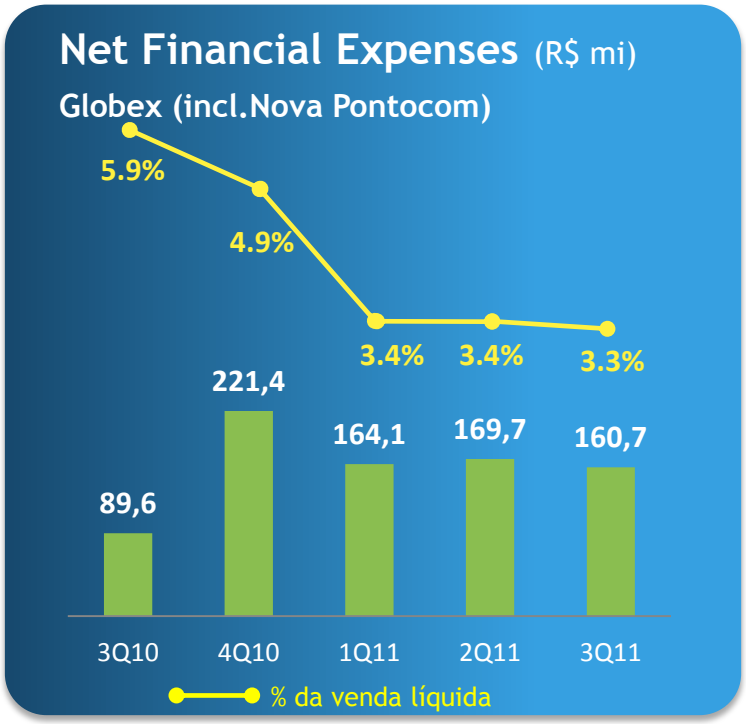


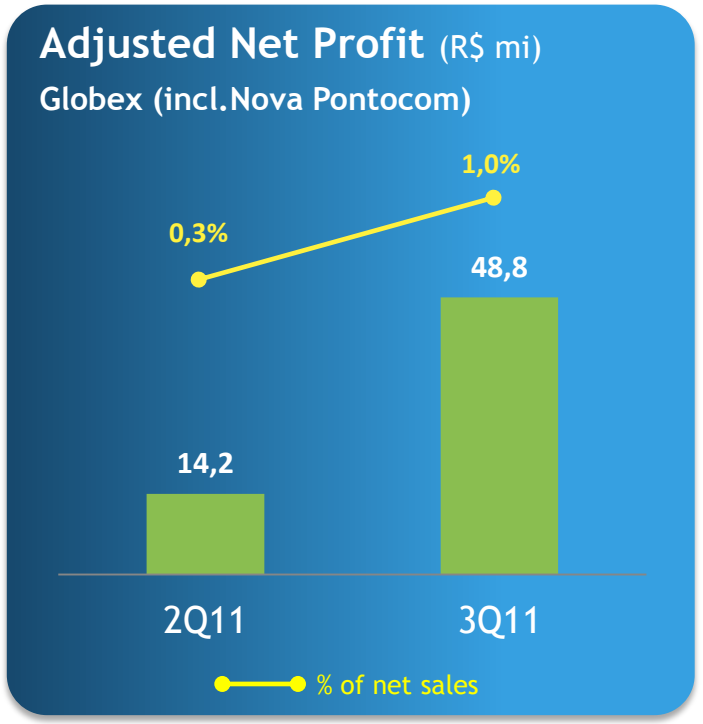

> **In 3Q11, 1.0 percentage-point increase in margin over previous quarter**
>
> > Margin increase due to improved gross margin in the period
>
> > Stable expenses



**9M11 margin already within 2011 guidance bracket**

# FINANCIAL EXPENSES/NET SALES DECLINE, ADJUSTED NET PROFIT INCREASES



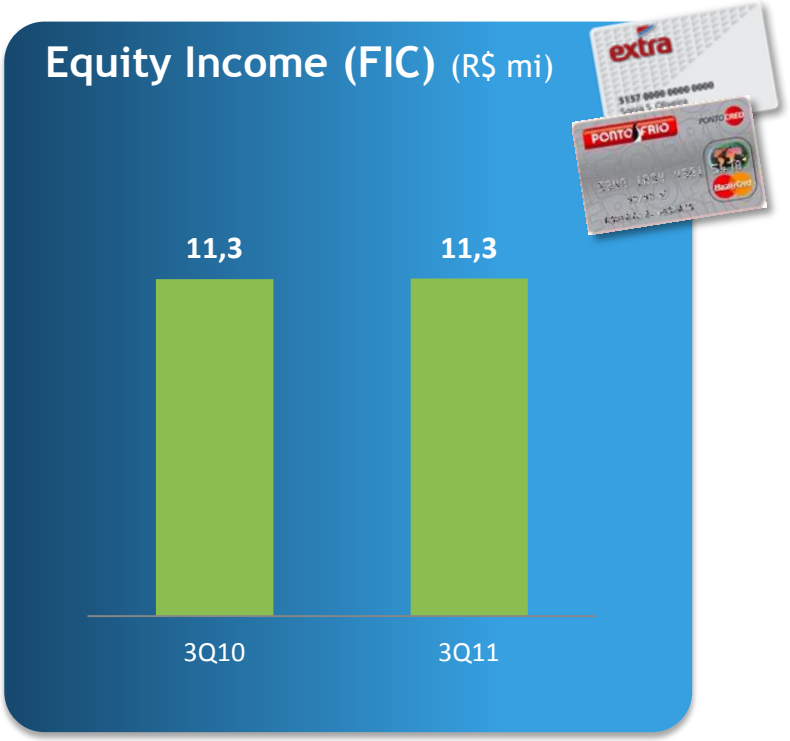

Globex: guidance (3.5%-4.5%) will be beaten in 2011

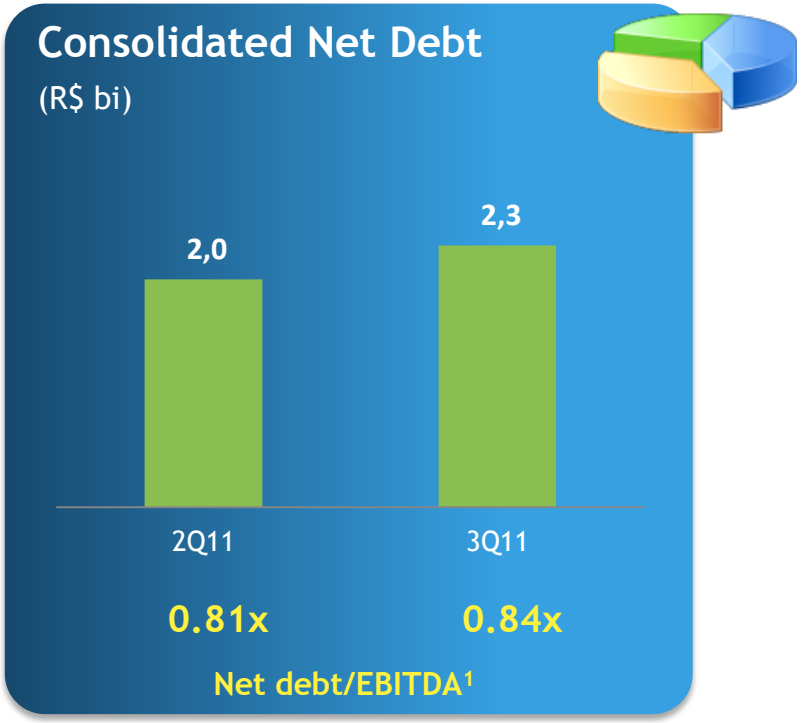
- Net profit adjusted by expenses with integration increases to R$ 49 milion in 3Q11
  - Margin at 1.0%

# 3Q11 CONSOLIDATED RESULTS



# EQUITY INCOME AND DEBT



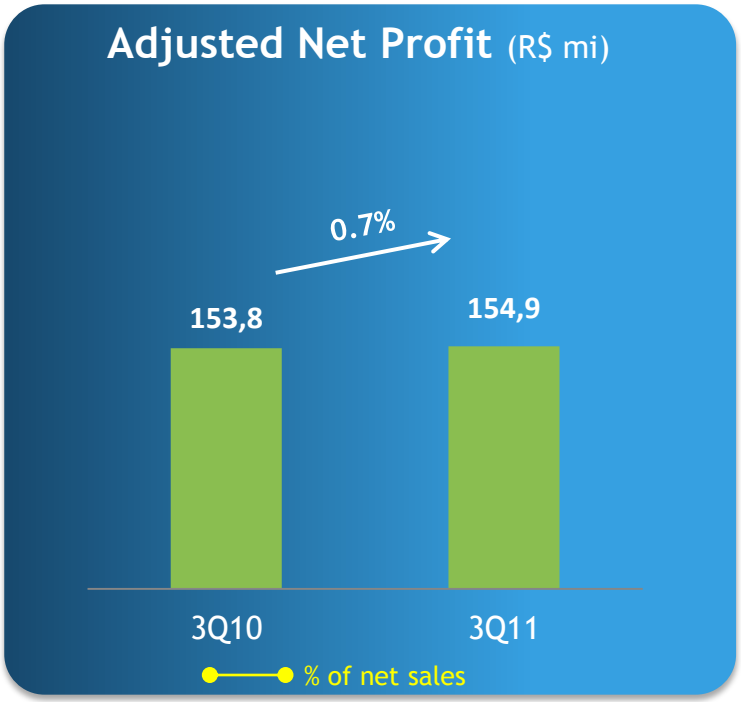



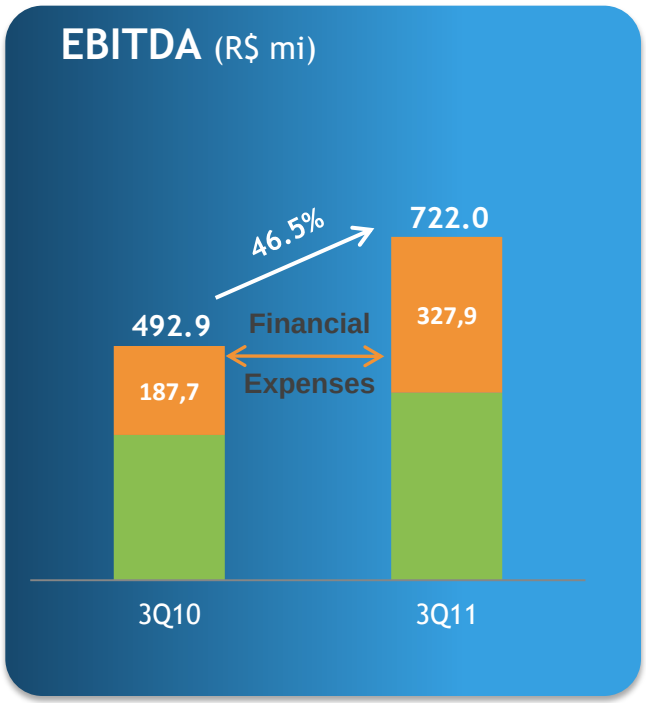

- **8.1 million clients**
- **FIC result at same level as in 3Q10**
  - Financeira Itaú CBD was responsible for the means of payment used in 8.9% of GPA's sales in 3Q11
- **Net debt/EBITDA declines to 0.84x**
  - 3Q11 net debt at similar level as in 2Q11



[1] EBITDA for the last 12 months

# NET PROFIT AND EBITDA




- **Adjusted net profit of R$ 154.9 million in 3Q11**
  - Up 0.7% vs. 3Q10, despite increase in Selic (to 12.25% p.y. from 10.25%[1])
- **Growth despite increase in financial expenses**

[1] End of period.

## GPA CONSOLIDATED

# 3Q11 CAPEX

| | AMOUNT INVESTED | STORES |
|---|---|---|
| GPA FOOD | R$ 325.0 mi<br>**New stores and pieces of land**<br>R$ 28.4 million<br>**Renovation and conversions**<br>R$ 201.2 million<br>**Infrastructure**<br>R$ 95.4 million | **93 conversions**<br>> 74 Extra Supermercado<br>> 5 Pão de Açúcar<br>> 14 Extra Hipermercado<br>**+ 1 Pão de Açúcar**<br>**+ 1 Extra Hipermercado** |
| | 9M11: R$ 780.0 million invested | 9M11: +5 stores, 128 conversions |
| GLOBEX | R$ 108.0mi<br>**New stores and pieces of land: R$ 17.3 million**<br>**Renovation and conversions: R$ 7.6 million**<br>**Infrastructure:**<br>**> Fleet: R$ 36.1 million**<br>**> IT: R$ 32.4 million**<br>**Others: R$ 14.5 million** | **4 new Casas Bahia stores** |
| | 9M11: R$ 225.9 million invested | 9M11: +14 traditional stores |

# INVESTOR RELATIONS CONTACTS


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## > FORWARD -LOOKING STATEMENTS

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