



LOJAS RENNER S.A.



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3Q19 Earnings Conference Call

B3: LREN3; USOTC:LRENY

October 25, 2019
1:00 p.m. (Brazil) / 12 noon (US-EST)

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The Conference Call will be held in Portuguese
only with simultaneous translation in English.

Adoption of IFRS 16 – Main Impacts

BALANCE SHEET SEP.19		3Q19 RESULTS	9M19 RESULTS
 Assets – Right of Use: +R\$ 1,906.0MM		 SG&A (Occupation Expenses): - R\$ 101.5 MM	- R\$ 298.2 MM
 Liabilities - Leasing: +R\$ 1,969.0MM		 Lease Depreciation: + R\$ 98.4 MM	+ R\$ 283.6 MM
		 Financial Expenses of Leasing (AVP): + R\$ 14.7 MM	+ R\$ 48.1 MM
		 Adjusted EBITDA: - R\$ 11.6 MM - 0.6 p.p.	- R\$ 33.4 MM - 0.6 p.p.
		 Net Income: - R\$ 7.6 MM - 0.4 p.p.	- R\$ 22.1 MM - 0.4 p.p.

Highlights of the Period

Consolidated Information (R\$ MM)	3Q19	3Q18	Var.	3Q19 Proforma	Var.	9M19	9M18	Var.	9M19 Proforma	Var.
Net Revenue from Merchandise Sales	1,931.9	1,711.5	12.9%	1,931.9	12.9%	5,601.6	4,890.3	14.5%	5,601.6	14.5%
Growth in Same Store Sales	8.3%	6.9%	-	8.3%	-	9.9%	5.1%	-	9.9%	-
Gross Profit from Merchandise Sales	1,049.9	929.1	13.0%	1,049.9	13.0%	3,101.4	2,737.6	13.3%	3,101.4	13.3%
Gross Margin from Retailing Operation	54.3%	54.3%	0.0p.p.	54.3%	0.0p.p.	55.4%	56.0%	-0.6p.p.	55.4%	-0.6p.p.
Operating Expenses (SG&A) ¹	(668.3)	(684.2)	-2.3%	(769.8)	12.5%	(1,939.0)	(1,987.0)	-2.4%	(2,237.2)	12.6%
SG&A as a % of Net Revenue from Merchandise Sales	34.6%	40.0%	-5.4p.p.	39.8%	-0.2p.p.	34.6%	40.6%	-6.0p.p.	39.9%	-0.7p.p.
Ajusted EBITDA from Retailing Operation	257.1	260.3	-1.2%	268.7	3.2%	826.5	759.9	8.8%	859.9	13.2%
Ajusted EBITDA Margin from Retailing Operation	13.3%	15.2%	-1.9p.p.	13.9%	-1.3p.p.	14.8%	15.5%	-0.7p.p.	15.4%	-0.1p.p.
Financial Products Result	103.3	86.6	19.2%	103.3	19.2%	292.1	270.7	7.9%	292.1	7.9%
Ajusted Total EBITDA (Retail + Financial Products)	360.4	347.0	3.9%	371.9	7.2%	1,118.5	1,030.7	8.5%	1,152.0	11.8%
Ajusted Total EBITDA Margin	18.7%	20.3%	-1.6p.p.	19.3%	-1.0p.p.	20.0%	21.1%	-1.1p.p.	20.6%	-0.5p.p.
Net Income	189.3	194.2	-2.6%	196.9	1.4%	586.0	580.4	1.0%	608.1	4.8%
Net Margin	9.8%	11.3%	-1.5p.p.	10.2%	-1.1p.p.	10.5%	11.9%	-1.4p.p.	10.9%	-1.0p.p.
ROIC LTM	21.0%	22.2%	-1.2p.p.	21.5%	-0.7p.p.	21.0%	22.2%	-1.2p.p.	21.5%	-0.7p.p.

¹ In the Income Statements for the fiscal year ending December 31, 2018, the expenses with Depreciation and Amortization, Tax Expenses and Management Compensation, previously shown in "Other Operating Income", were reclassified as Sales, General and Administrative Expenses. To facilitate analysis, Depreciation and Amortization expenses, including Lease Depreciation, have been excluded from the above table.

Operational Highlights – 3Q19

Net Revenue +12.9% SSS +8.3%	▪ Good pace of sales with positive customer response to the Spring-Summer collection ▪ Greater customer traffic through the stores ▪ Adequate inventory assortment
Gross Profit +13.0% Stable Gross Margin	▪ Correct comercial management ▪ Good quality of inventory
EBITDA Retail Margin -1.9 p.p. (Excl. non comparables +0.2 p.p.)	▪ Lower recovery of tax credits ▪ Impact of IFRS 16 adoption ▪ Higher provisioning for Profit Sharing Program
Financial Products Results +19.2%	▪ Stronger generation of revenue, mainly Meu Cartão (co-branded card) ▪ Good quality of the overall credit portfolio
Net Margin -1.5 p.p. (Excl. non comparables +1.0 p.p.)	▪ Reduction in retailing EBITDA ▪ Higher effective rate of Income Tax (tax credit which benefited 3Q18)
Capex R\$ 259.0 MM	▪ Building of a new DC in São Paulo ▪ Roll out of 8 stores (6 Renner and 2 Ashua)

Business Breakdown

Businesses Breakdown	3Q19	3Q18	Var.	9M19	9M18	Var.
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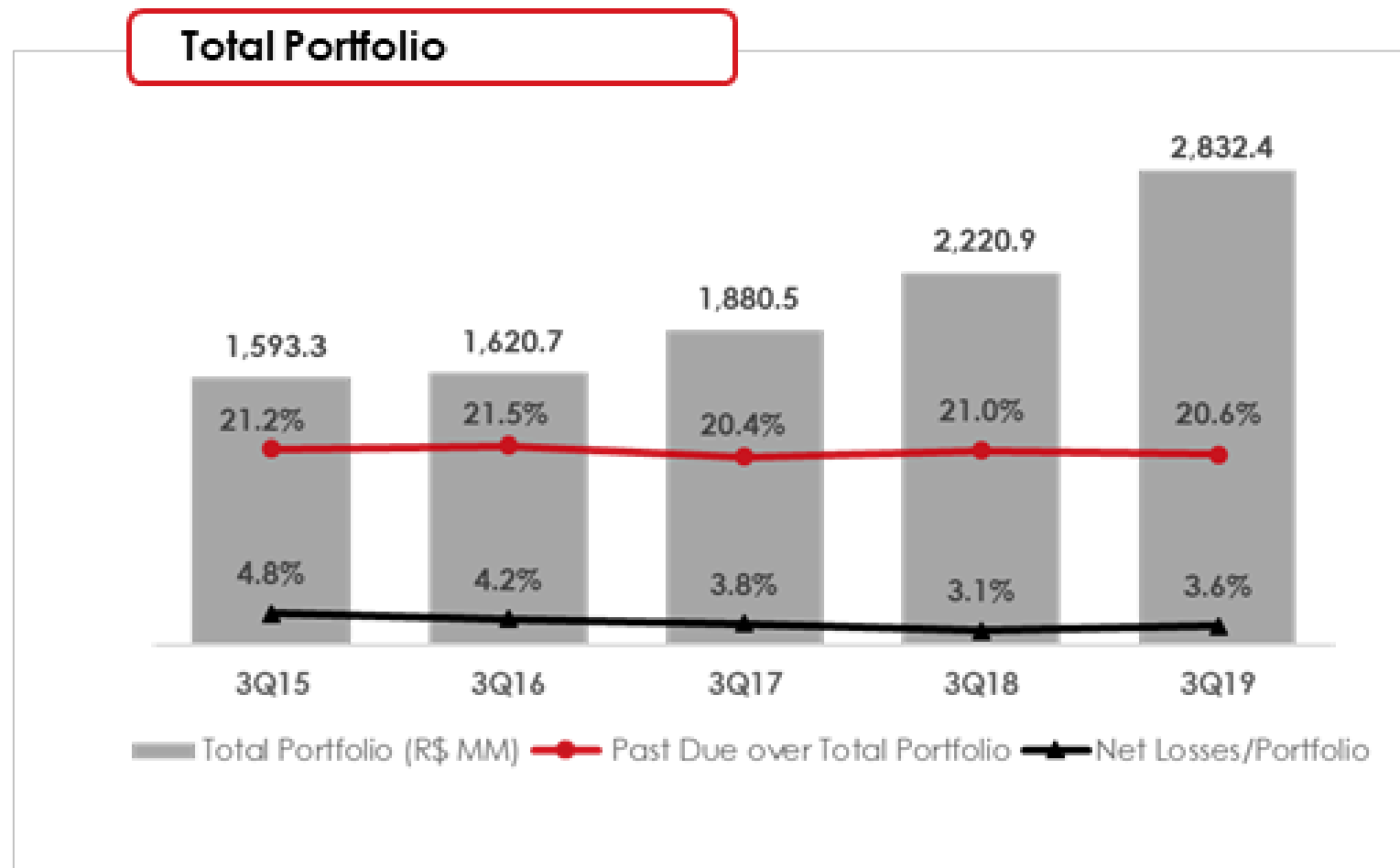
Stores in Operation	368	340	28	368	340	28
Net Openings ²	8	6	-	14	10	-
Selling Area (thousand m²)	659.4	613.2	7.5%	659.4	613.2	7.5%
Net Revenue (R\$ MM)	1,767.6	1,551.9	13.9%	5,118.7	4,447.3	15.1%
Gross Margin	54.4%	54.3%	0.1 p.p.	55.4%	56.2%	-0.8 p.p.

Stores in Operation	113	107	6	113	107	6
Net Openings ²	0	6	-	5	9	-
Selling Area (thousand m²)	48.4	46.4	4.4%	48.4	46.4	4.4%
Net Revenue (R\$ MM)	116.6	121.0	-3.7%	347.3	336.7	3.2%
Gross Margin	51.0%	53.3%	-2.3 p.p.	52.5%	52.1%	0.4 p.p.

Stores in Operation	96	90	6	96	90	6
Net Openings ²	-1	-2	-	2	6	-
Selling Area (thousand m²)	15.8	14.6	8.4%	15.8	14.6	8.4%
Net Revenue (R\$ MM)	47.8	38.5	24.0%	135.6	106.3	27.6%
Gross Margin	60.4%	57.2%	3.2 p.p.	60.6%	57.9%	2.7 p.p.

¹ Includes Ashua stores.

² Closings: 1 Youcom in the 3Q19 and 2 in the 3Q18. In the 9M19, 3 Camicado and 2 Youcom
In 9M18, 5 Renner and 6 Youcom



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All variations as well as roundings presented herein are calculated on the basis of numbers in thousands of Reais.