



CENTAURO

**INSTITUTIONAL
PRESENTATION**

September 2019



1. Centauro at a Glance

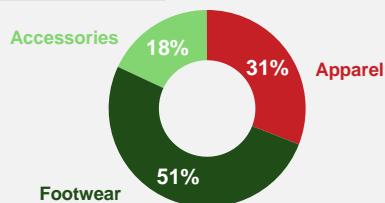
Centauro at a glance



Leading sporting goods

retailer in Latin America

- Revenue breakdown 1H19



Omnichannel

with a solid digital platform and a countrywide presence through 194 well-located stores

% of Net revenues
2Q19

80.8% 19.2%

Omnichannel as a %
of digital revenues
2Q19

54.9%



Customer-centric approach

in all we do

Expressive NPS
evolution

83%
as of 2Q19

+8 p.p YoY

- NPS considered as a KPI for performance and bonuses



Our numbers

Gross revenue LTM¹: **R\$ 2,966 million**

Recurring EBITDA LTM^{1,3}: **R\$ 287.7 million**

Recurring EBITDA margin² LTM^{1,3}: **12.1%**

Source: Company and Euromonitor

Note: The results presented are based on figures excluding the effect of IFRS 16.

(1) LTM as of June 2019; (2) Margin over net revenues; (3) Figures excluding the effect of PIS/COFINS. Considering the effect of PIS/COFINS EBITDA LTM was R\$363 million and EBITDA Margin LTM was 15.2%.

Customer-centric strategy



An outside-inside approach to design our services, stores and products



Financial Performance – 1H19



+9.9% gross revenues

Growth in 1H19



+24.3% Digital¹

Net revenue growth in 1H19



2.7% SSS B&M

+7.5% SSS ex-World Cup³

+14.7% vs. 1H17



50.5% gross margin

+0.7 bps vs. 1H18



+119.3% EBITDA²

Growth in 1H19

+30.3% EBITDA ex-PIS/COFINS⁴



17.5% EBITDA margin²

+8.8 bps vs. 1H18

10.4% EBITDA margin ex-PIS/COFINS⁴

Source: Company

Note: The results presented are based on figures excluding the effect of IFRS 16.

(1) Considers marketplace revenues; (2) Accounting figures. Growth in 2018 for Adjusted EBITDA was: 32% / margin increase in 2018 for adjusted EBITDA was 150 bps vs 2017;

(3) Ex -World Cup eliminates the effects of sales products related to Brazilian soccer team and other teams, as well as official soccer balls, in the periods; (4) Figures excluding the effect of PIS/COFINS.



2. Investment Highlights

Investment highlights



Centauro: the preference in sporting goods

Sporting goods: highly attractive segment

Fast-growing and profitable omnichannel platform

Customer-centric strategy

Highly experienced management team

Significant opportunities for top-line growth and profitability improvement

1

2

3

4

5

Sporting goods is an attractive retail segment...

Sporting goods retail beats out general merchandise across all key aspects

Highly attractive market

Sporting goods



General merchandise/electronics



Categories

Replacement cycle

3-4 months

36-72 months¹

Gross margin

40-50%

20-30%

Exposure to pricing war

Low

High

Exposure to weight / Volume

Low

High

Capacity to use / leverage stores as DCs

High

Low

Shopping malls predominance

Still low penetration in Brazil...

2017 GLA penetration (sqm per 1,000 inhab.)



19%

Contribution of **shopping malls** to retail sales in Brazil

...and intrinsic to Brazilian Culture

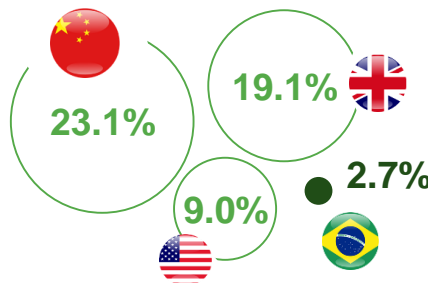


Safety is still a major concern
Further comfort and convenience to retailers and shoppers

Attractive e-commerce environment

Room for growth in e-commerce

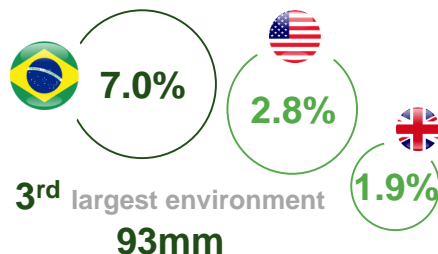
2017E Retail e-commerce Sales Share (%)



Retail **E-commerce** sales had posted **significant figures** recently and Brazil has **just started** its movement toward **digitalization**

Brazilian market is expanding in a fast pace

16-17 YoY Digital Shoppers Growth (%)



3rd largest environment
93mm

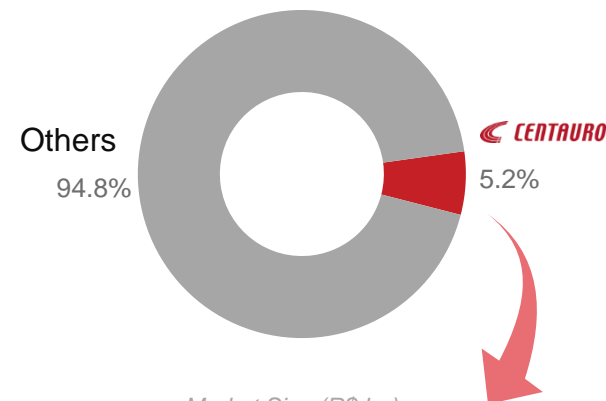
...and is **growing faster** than countries such as **US** and **UK**

Highly fragmented market

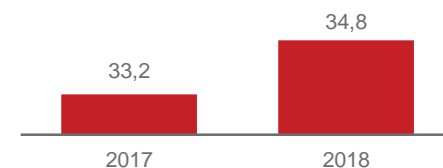
Unique position to expand...



... in a highly fragmented market

Market share ¹

Market Size (R\$ bn)





Omnichannel Platform



Stores / mini DCs



2 Distribution centers



194 Stores
operating
as mini DCs



**OMS integrated
Inventory**

Present in **24 states** and in the **97 most relevant cities**

Reaches **39% of Brazilian population** and **52% of national income**

Same day delivery and standard delivery carriers developed and integrated to **omnichannel systems**

Omnichannel integration providing **8x** increase
in inventory available to digital customers

Resulting in a broad solutions portfolio

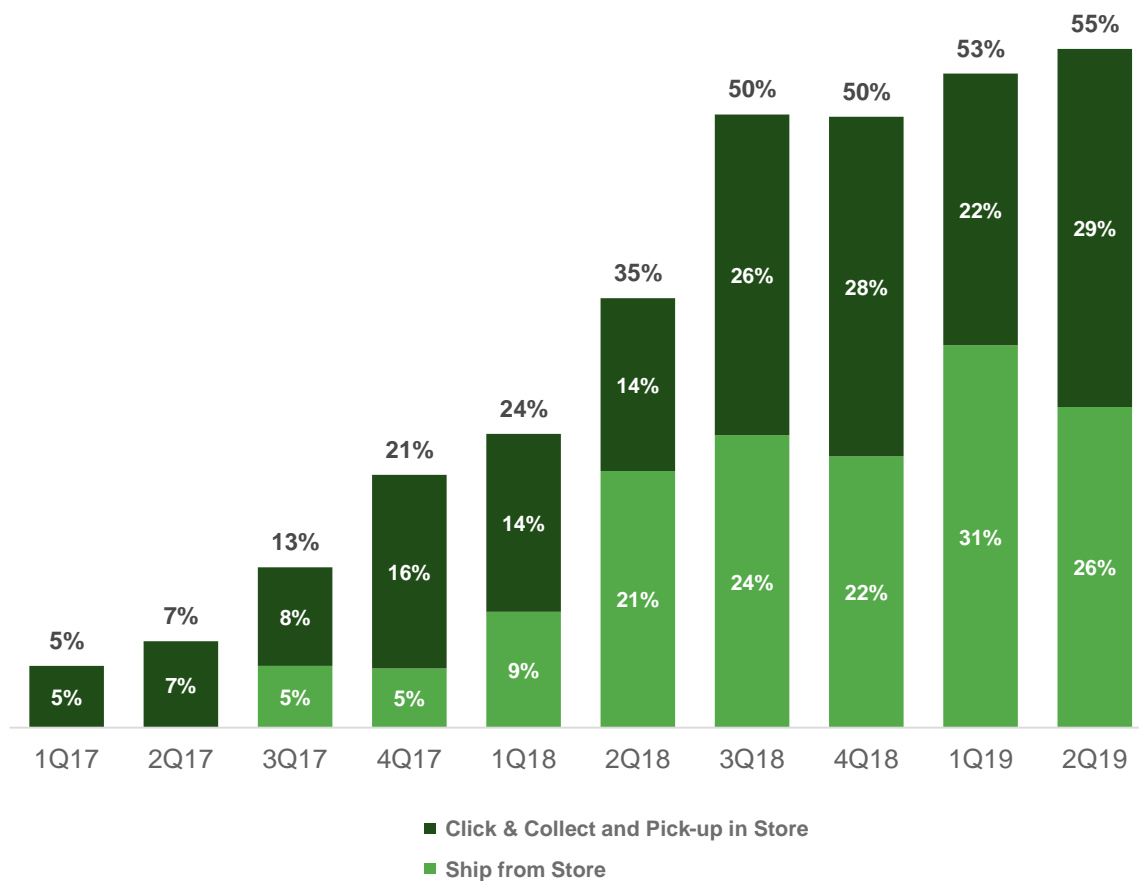
**Ship from
store
(standard
and express)**

Click and collect

**Buy
Online -
Exchange in
store**

Mega Loja

Omnichannel as a % of Digital Revenue



Source: Company

Digital P&L

- **40-50% margin business**
- **Reduced Freight Costs**
 - Click & Collect: no cost
 - Ship from Store: Paid by customer
 - Returns through stores
- **Low Marketing cost**
 - 84% brand awareness
 - Emails collected in store

Channel Reinforcement

- **Digital sale increase** with stores openings
- Click & Collect leads to impulse **buying at stores**

Digital Initiatives

- Website with **Geolocation**
- **RFID**
- **Private fleet**

New B&M model bringing Omnichannel platform to the store and focusing on the customer experience

Renewed Experience (G5)

G5 Store

VS

Old Generation Store

62% of our current stores were not reformed in the **last 8 years**

Previous format stores have presented historical **sales increase post remodeling**

Design based on the customer journey: **find, choose, try, pay**

~72% of CAPEX sponsored by malls and suppliers in 2018

3 refurbishments and
2 new G5 stores in 1H19

21 G5 stores out of 194 stores



Changing internal culture and behavior, improving analytics and bringing data and services to enhance client experience in the sports environment

Experiences / Innovation

Area dedicated to Innovation

- Interviews with **internal areas** looking for **Innovation opportunities**
- **Experimentation** through investment in **technology**
- **Agility** in the implementation of improvement projects

Innovation Mindset

- Personal Trainer



- Retail as a service

- Assistance



Data Science

Big Data
and
BI 2018

Clients

Efficiency

People

- **Dynamic pricing** on products from our digital platform
- Reduction of inventory rupture through **Data Science**
- Optimization of our **CRM Data Base**

Constantly innovating to offer the assortment and partnerships our customers want

Partnerships and Initiatives for a Differentiated Assortment

Exclusive Assortment and Segmentation¹



+Several other models

CENTAURO



Main Competitors



Differentiated assortment making Centauro more relevant on Google Search results

Partnerships



First sporting goods retailer ever to offer FCB licensed products and other partnerships with soccer teams, as exclusive B&M authorized retailer and exclusive products



Gathering women and sports through exclusive collections and other partnerships such as Lauf, Memo, Vestem, Colcci Fitness



Several exclusive niche brands such as Brooks, and others

Private label



(2nd most sold brand)



Gains in scale and strategic relevance

Marketplace

Strategically complementary to our portfolio with **sport-related products and categories** that we do not offer

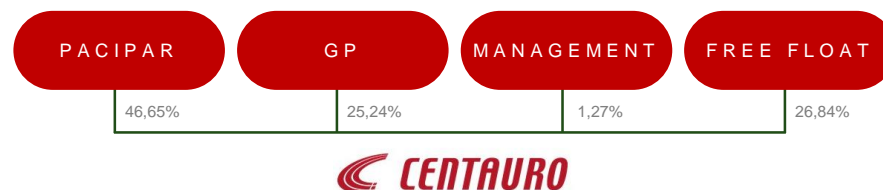
315 sellers offering **120 thousand SKUs** in 2018

Take rate of **22.1%** in 2018

Management team aligned to the company's new cycle of growth

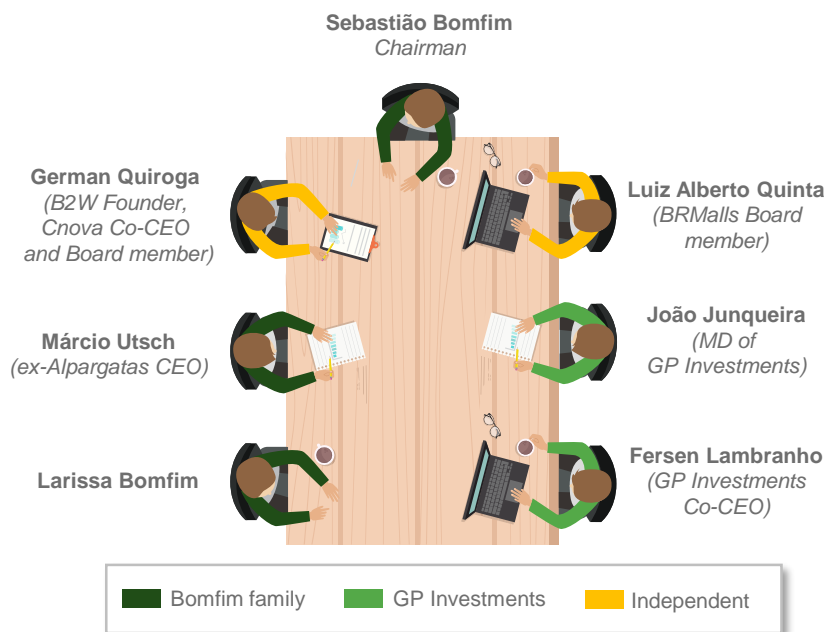
Top-notch management team

- ✓ Long-term incentives based on stock option plan
- ✓ Team committed and aligned with the company's future
- ✓ Thoroughly organized and goal-oriented management system



	Years at Centauro	Years of Experience	Previous Experience
Pedro Zemel CEO	6	15	GP Investments booz&co.
José Salazar Finance & IR	3	31	tempo Sadia  
Cláudio Assis Products & Logistics	29	29	
Gustavo Furtado Growth	6	16	tricae NOKIA  SIEMENS
Olivia Gryscek People & Management	-	15	    
Thiago Rebelo Store Operations	4	17	 Walmart 

Board of directors





Transformation
of existing
stores in
G5 Stores



**Opening of
New G5 Stores**



**Enhance
Omnichannel
Strategy**

(New digital Interface,
RFID and Improved
logistic efficiency)



**Operational
Leverage**

Increase in Revenues
enhancing margins



Innovation

New business
optionality

A full-page background image featuring a cyclist in a red and white jersey and a red helmet, riding a mountain bike on a dirt trail. The image is overlaid with a large, semi-transparent red circular graphic that frames the cyclist. The text '3. Financial summary' is positioned to the right of the cyclist, underlined.

3. Financial summary

Summary of historical performance

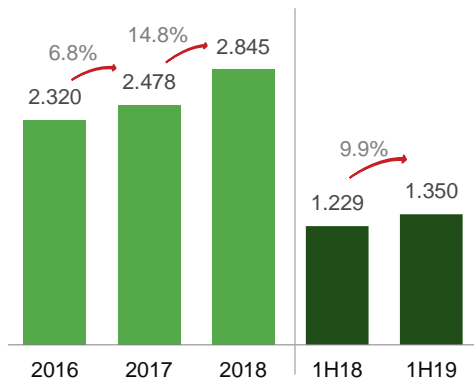


Consolidated gross revenue

R\$ mm

SSS
(cons.)

7.9% 14.8% 15.2% 6.9%

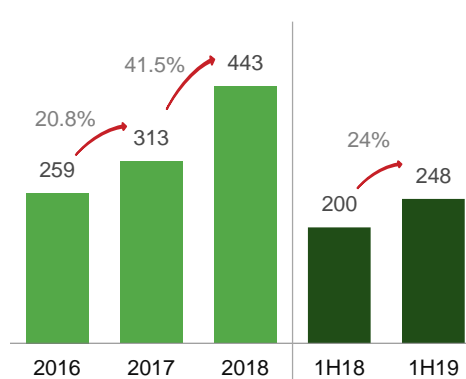


Digital gross revenue¹

R\$ mm

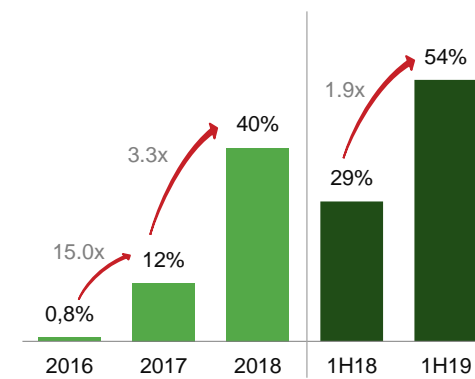
% of total

11.2% 12.6% 15.6% 16.2% 18.4%



Omnichannel as % of digital sales

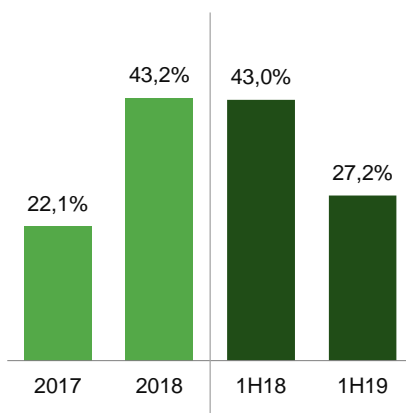
%



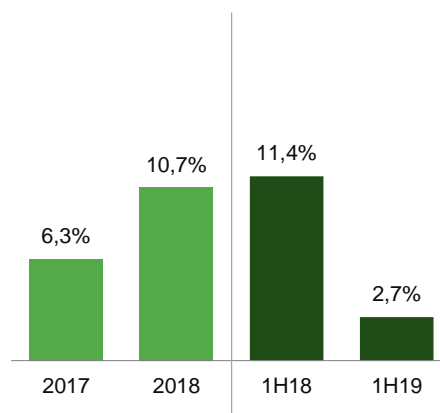
Yearly SSS growth by segment

%

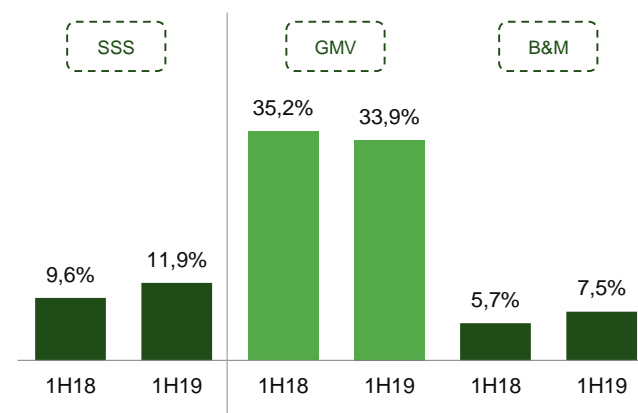
GMV Digital



SSS B&M



SSS Ex-Worldcup



Source: Company

Note: The results presented are based on figures excluding the effect of IFRS 16.

(1) Digital gross revenue is comprised of Traditional, Ship from Store, Click & Collect, Marketplace, Logistic and other revenues; considers gross revenues net from returns

(2) Omnichannel sales volume is comprised of Ship from Store and Click & Collect orders

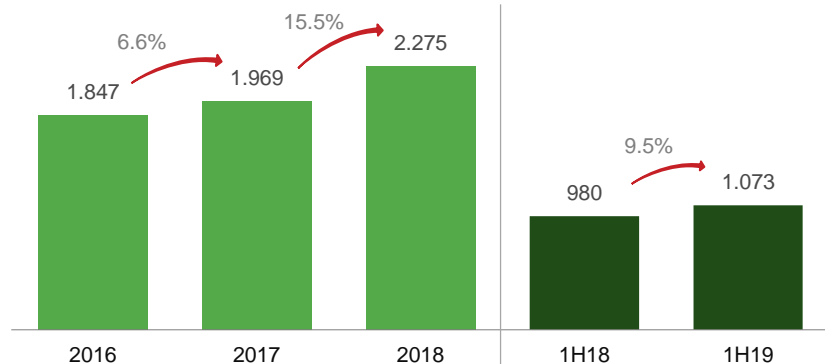
(3) Ex -World Cup eliminates the effects of sales products related to Brazilian soccer team and other teams, as well as official soccer balls, in the periods.

Summary of historical performance (Cont'd)



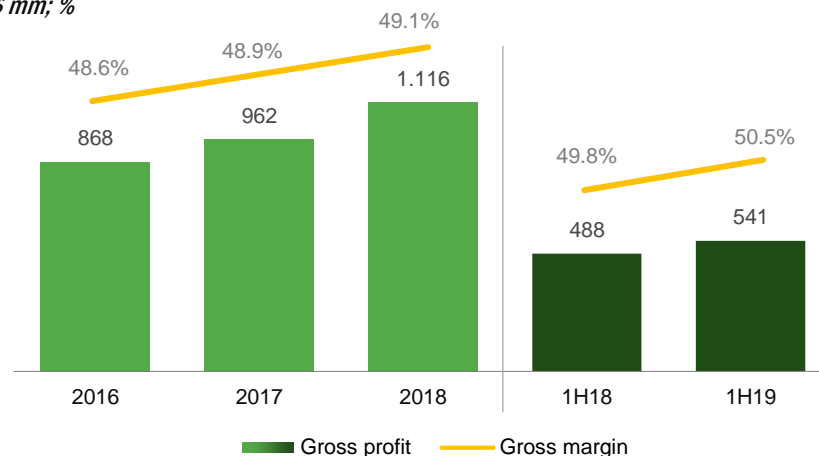
Net revenues

R\$ mm



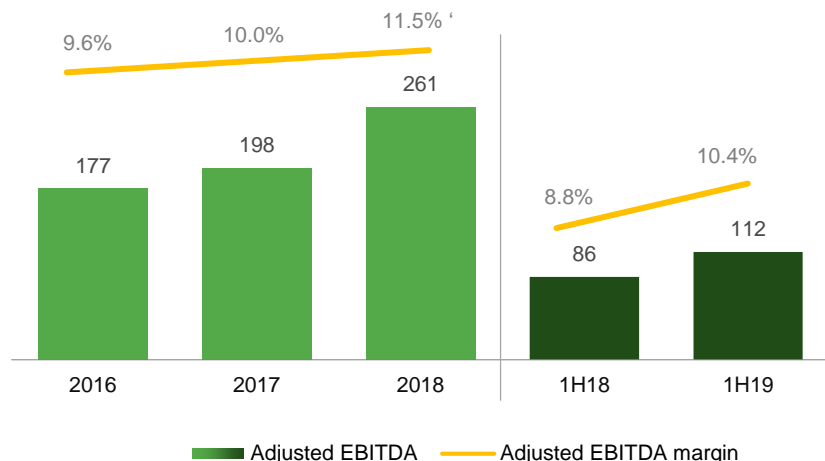
Gross profit and gross margin

R\$ mm; %



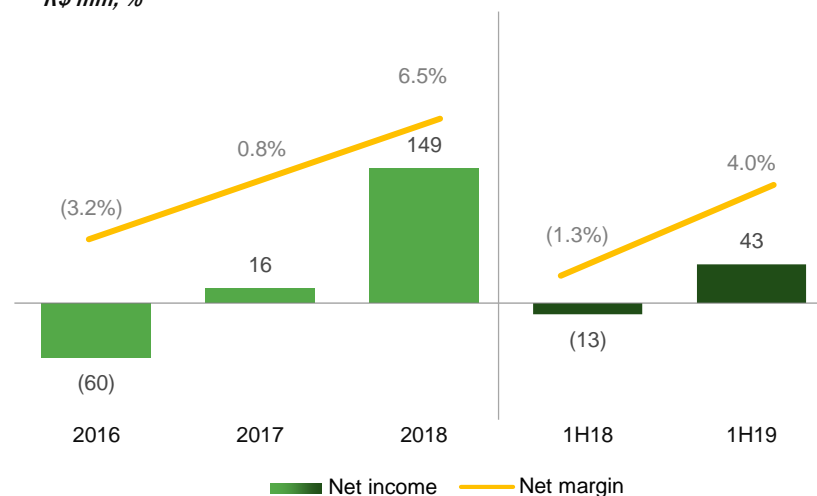
Adjusted EBITDA and adjusted EBITDA margin

R\$ mm; %



Net income and net margin

R\$ mm; %



Source: Company

Note: The results presented are based on figures excluding the effect of IFRS 16.

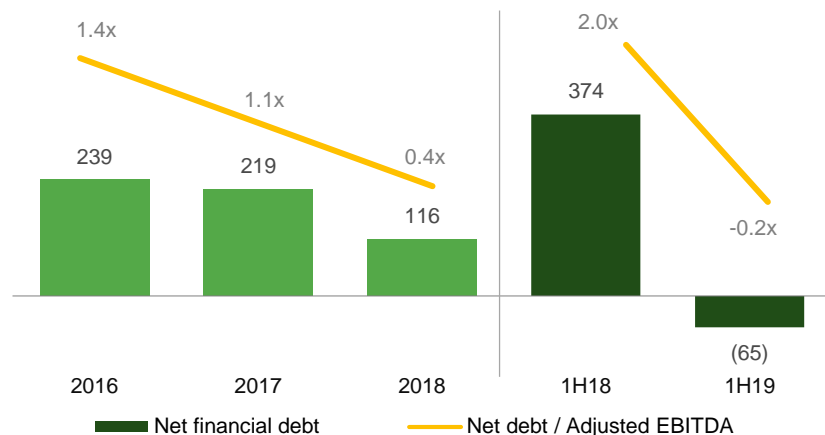
(1) EBITDA 2017 excludes non-recurring expenses of R\$32.8 mm; (2) Net income 2017 adjusted by PRT tax effect, non-recurring operating expenses and non-recurring financial expenses;

(2) The EBITA and net income presented are based on values excluding the PIS/Cofins effect. Without this effect, the EBITDA in 1H19 would be R\$188 mm (EBITDA margin of 17.5%) and the net income would be R\$121 mm (net margin of 11.3%)

Debt profile and cash flow generation

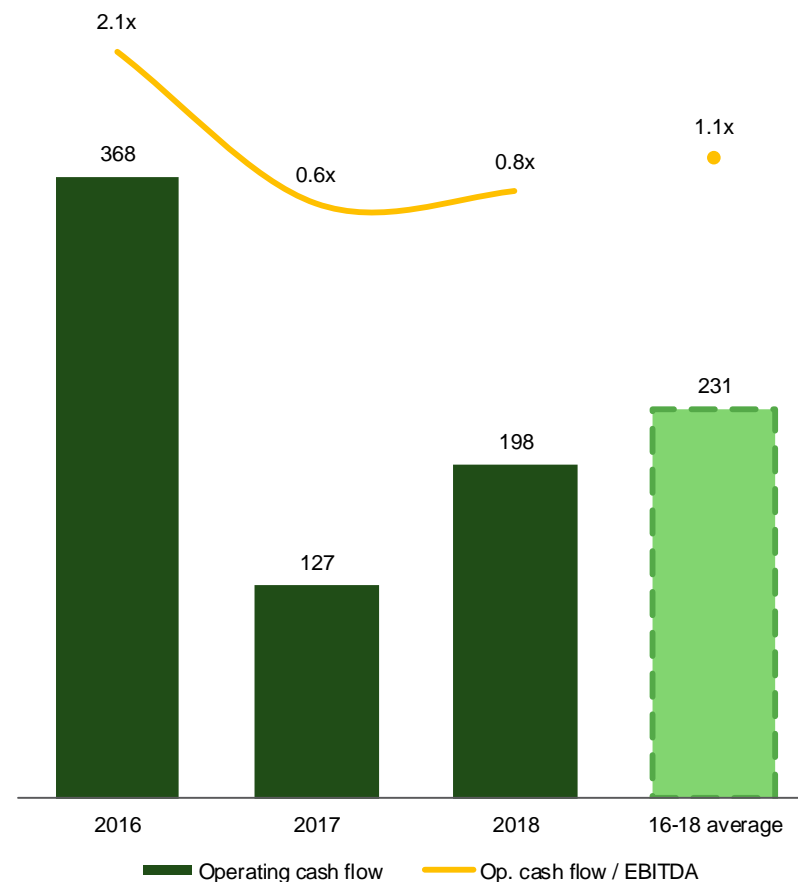
Net debt ¹ and net debt ¹ / Adjusted EBITDA

R\$ mm; x



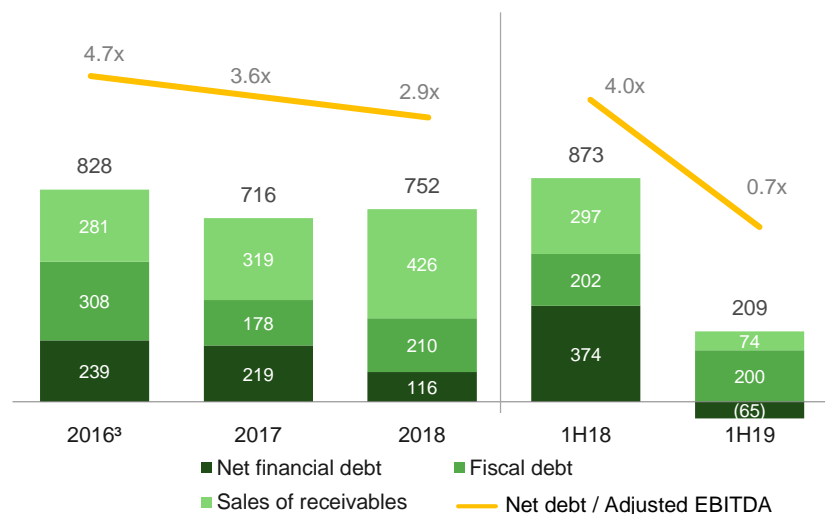
Operating cash flow and Op. cash flow to adjusted EBITDA ratio

R\$ mm; %



Total net debt ²

R\$ mm; x



Source: Company

Note: The results presented are based on figures excluding the effect of IFRS 16.

(1) Includes only financial debt; (2) Includes financial debt, fiscal debt and sales of receivables; (3) Does not consider Lione's debt as incorporation occurred in 2017