viavarejo



RESULTS

4Q19

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RESULTS 4Q19

March 25, 2020 – Via Varejo S.A., Brazil's largest retailer of electronics, home appliances and furniture, announces its **consolidated results** for the fourth quarter of 2019 (4Q19). On January 1, 2019, the Company started adopting the accounting standards CPC 06(R2) (IFRS 16) – Leases. The balances and transactions, including those related to the comparison period in 2018, already reflect the effects of the adoption of said standard. For more information, please see Note 3 and 18 to the financial statements.

4Q19* Highlights

- **Reversal of loss of R$ 282 million to Net Operating Income of R$ 78 million.**
- **Gross margin of 30.2%, up 370 bps from 4Q18 with operating gross profit in the quarter amounted to R$2.3 billion.**
- **EBITDA margin of 8.0%, up 380 bps from 4Q18 with operating adjusted EBITDA of R$605 million.**
- **We ended the quarter with cash, including unsold credit card receivables, of R$4.4 billion.**
- **Largest Black Friday in Brazil, with a total sale of R $ 1.1 billion in one day, 48% of which in the Online channel.**
- **Robust growth of 68% in 1P on Dec/19 and 29% in 4Q19.**
- **Robust growth of 69% in 3P on Dec/19 and 58% in 4Q19.**
- **Exponential growth of active users in Apps (MAU) since June/19 from 1.4 million to 5.3 million in Dec/19.**
- **Most downloaded App on Black Friday.**

***The highlights and comments in this release are based on the Company's operating results.**

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Message from Management

As we prepared this report and consolidated the results of the fourth quarter of 2019, Brazil and the world are going through an unprecedented situation in their history. A pandemic has spread across in a highly connected world. It is a unique moment that demanded rapid and swift measures never seen before. In this scenario, Via Varejo, prioritizing the health of its employees, proposed to let employees in the risk groups and others to work from home, followed the guidelines established by state and municipal government authorities, it stopped production at Bartira and closed all physical stores, keeping e-commerce in operation through online channels, seeking to meet the needs of our customers and the Brazilian people during this difficult time that the whole society is going through. We will also keep our service channels active, both online and by phone, thus maintaining direct and transparent communication with our customers.

In this scenario suddenly troubled by external factors, we need to turn to the strong assets that have been with us since the beginning of our transformation journey, our clients, our brands, our stores, our people, and our logistics. More than ever, we need to continue on this journey, we need to continue with our turnaround plan. A clear, detailed plan that started in August 2019. A plan made in stages, which we call ***"doing retail once again", "doing retail with excellence"*** **and** ***"go beyond retail".*** In 9 months, we managed to implement all the initiatives we had set out to "doing retail once again". We improved our stores, the customer experience and internal engagement. We turned the platforms stable and functional, improved delivery times, supplier relations, cash flow generation and, of course, started to attract talent in this new journey. For this and more, we are confident that we are already going through the positive cycle between doing retail once again and doing retail with excellence.

Initially at the **brick-and-mortar stores**, we changed the incentives and negotiating power of salespeople, as well as the training model (PROVE). We made everything easier, simpler and more intuitive. There is clear improvement since the change, both in the motivation and drive of our team and in business performance. We are investing in the infrastructure at existing stores to offer a better buying experience and a better working environment (air conditioning , cleanliness, painting, remodeling of facades and new layouts, among others). The Via+ is already processing 70% of physical sales . Soon, there will also be news: apart from new credit functions, it will offer the assortment of our sellers, that is, we will have more than 20,000 sellers offering products from our partners. Via+ it will also be available as an app at the hands of each salesperson, through a mobile tool in which consumers can make their payments much faster.

We sharpened our focus on ***Payment Books***: in this quarter, we once again observed growth in the share of payment books, in line with the Company's strategy. We created conditions for credit approval by

category, and a dashboard containing options that will allow salespeople to classify the client's proposal based on down payment (R$), installment amount (R$) and number of installments.

We are Brazil's ***largest furniture retailer*** and the growth of in furniture was 8% higher than in 4Q18.

In ***e-commerce*** we gave top priority to stabilize and expand our operating capacity. As we all know, we organize Brazil's largest Black Friday! We are confident that the 1P recovery process has been completed and we are going ahead with our platform transformation project. The 1P reported sharp growth of 29% in the period compared to the same period last year. This year, we already notice an acceleration. The Marketplace (3P) continues to grow significantly, growing 58% in 4Q19. We will also keep complete focus on the online retail business, which increased its share by 500 bsp in 4Q19.

In the **1P** and **3P** platforms, we put into practice more than 100 improvement packages to ensure stability and performance. This hygiene, aligned with accurate data usage and better communication with clients, started producing excellent results, which include higher sales conversion and loyalty. An exceptional example was the growth rate in monthly active users (MAU) of the Casas Bahia and Ponto Frio apps since the beginning of June 2019, from 1.5 million active users to 5 million at the end of 2019. In January 2020, we reached 7.6 million active users, 5 times growth. In September 2019, Via Varejo reversed the trend of declining visits to the Online channel (desktop, mobile and app) and actually registered an increase. If we compared Dec/19 and Dec/18, the number of visits in these digital channels went up by 50%. In the app, growth was higher, jumping more than 175%. In Feb/20 versus same period a year ago, the growth in app visits was further astonishing – around 300%.

In **marketing**, we once again have a significant media presence. We took a smart decision to combine customized actions on TV, such as sponsoring soccer and soap operas, with digital projects specially designed to serve diverse consumers in different regions with different messages, thus, using much more our database.

Regarding ***logistics***, the integration of physical and online inventories was concluded. We ended 4Q19 with 26% of products on the online channel being picked up in stores, remembering that we did a freezing of Click&Collect for Black Friday. In December, as the platform responded very well, we posted strong improvement, reaching 31% of sales at Click&Collect, available in 100% of stores. In deliveries, we made excellent progress in delivery times: 24-hour deliveries jumped from 7% to 26%, and 48-hour deliveries rose from 28% to 47% nationwide. In the second half of the year, we will capture gains with the installation of Manhattan (WMS), that will reduce costs and increase the level of service at the Distribution Centers (DCs). Another excellent news was the doubling of the volume of goods shipped in the 60 mini-hubs, which shows that we are on the right track to position our products closer to our customers. This year we should increase from 60 to 120 mini-hubs.

In 4Q19, total GMV (B&M and e-commerce) expanded by 7.3%, while Online GMV increased 35% in relation to the same period a year ago. Consolidated gross revenue was R$8.9 billion, up 3.9% from 4Q18. Consolidated gross profit was R$2.3 billion, with gross margin of 30.2% and growth of 15.2%. Adjusted EBITDA reached R$605 million, with EBITDA margin of 8.0%, growth of 91.4%. Excluding the effect of IFRS 16, adjusted EBITDA was R$445 million, and adjusted EBITDA margin was 5.8%. In the period, we posted net income of R$78 million after excluding non-recurring effects.

We inaugurated ten (10) stores in 4Q19, bringing the total store count to 1,071. In 2020, we are continuing the strategy of opening stores in the North and Northeast regions and in regions with high growth potential where we still do not operate, while continuously assessing the performance of our store mix. At existing stores, even after replacing around 7,000 computers, 20,000 chairs and more than 600 interventions in air-conditioning equipment, we will maintain investments in renovations.

The Company continued its efforts to strengthen relations with financial partners and insurers, reinforcing existing relationships and also attracting new partners interested in participating. We concluded the extension to Dec/21 of a debt that would mature in Feb/20 by issuing a debenture in Dec/19, with a 2-year maturity, strengthening the partner confidence in the project and ensuring greater liquidity. We also continued inventory adjustments and the optimization of working capital. We ended the quarter with R$4.6 billion in inventory and 77 days of coverage, lower than R$4.8 billion in 4Q18. We thus remain committed to improving financial liquidity, which, combined with other ongoing operating initiatives, has provided the much needed breather to continue Via Varejo's turnaround.

Lastly, we believe that to overcome the turbulence created by this external scenario, it will take great adaptability, enormous agility and a lot of embedded experience. The changes made in these 9 months of transformation prove Via Varejo's ability to adapt to changes. The speed with which we transformed our business certifies the agility we have today. Our team, all with experiences and successes in crisis scenarios, in retail and in various sectors, gives us the confidence to continue with the transformation. We are sure to have the strategy, the energy and the perfect team to overcome them. At the same time, the 2020 agenda is still very positive. There have been many achievements so far, but believe us: our journey is just beginning

The Management

Airfox and banQi

Making dreams come true has been and will always be our Company's goal. That is why we approved the the option to purchase 80% of Airfox, (technology partner based in Boston, USA), which could reach 100%. This partnership created **banQi**, our digital wallet that is capable of meeting all the daily needs of our customers: paying bills, prepaid card, public and private transportation, recharging prepaid phones, depositing and withdrawing money at stores, bank transfers, monitoring and using the Casas Bahia digital payment book, sign up for streaming services, , contracting insurance, and, in the future, taking out loans and other services. With the acquisition, we now have Airfox, as our digital lab, whose mission and commitment will be to develop new technological solutions for the Company.

Conclusion of Investigation

As disclosed to the market through Material Fact notices on Nov. 13, 2019 and Dec. 12, 2019, by the end of September and the beginning of October 2019, the Company had received anonymous reports of alleged accounting irregularities. Once it became aware of the allegations, the Company promptly set up an Investigation Committee, which hired specialized external consultants to carry out an independent investigation into the matter ("Independent Investigation"). The investigation was initially divided into two phases, depending on the investigated periods, and later a third phase was added in order to deepen the analysis related to certain findings of the second phase.

On March 18, 2020, the Independent Investigation was concluded, with the Investigation Committee reporting its findings to the Company's management. On March 25, 2020, the final report prepared by the independent advisors was presented to the Board of Directors. On March, 25, 2020 the Company promptly disclosed a Material Fact notice, providing information about the conclusion and key findings to the market. Based on the findings of the Independent Investigation, the Company management identified and quantified, together with its current and previous independent auditors, certain adjustments to its financial statements for 2019 fiscal year, which were detailed in the 1° notes of the Financial Statements.

Reconciliation of Non-Recurring Events in 4Q19:

Conciliation	Audited	Non Recurring Adjustments	Operational	IFRS 16	Operational Ex- IFRS 16
R$ milhões	**4T19**	**Var.**	**4T19**	**Var.**	**4T19**
Net Revenue	7.613	(13)	7.600		7.600
COGS	**(5.372)**	**90**	**(5.282)**	**5**	**(5.287)**
Depreciation COGS	**(26)**		**(26)**	**(11)**	**(15)**
Gross Profit	2.215	77	2.292	(6)	2.298
SG&A	**(2.311)**	**582**	**(1.729)**	**155**	**(1.884)**
Equity Income	15		15		15
Other Revenues/Expenses	**(771)**	**731**	**(40)**	**14**	**(54)**
Depreciation and Amortization	**(202)**		**(202)**	**(103)**	**(99)**
Financial Results	**(185)**	**(22)**	**(207)**	**(70)**	**(137)**
Taxes	**364**	**(416)**	**(52)**	**3**	**(55)**
Net (loss) Income	(875)	(953)	78	(6)	85
EBITDA			**565**		**391**
Adjusted EBITDA			**605**		**445**

Non-Recurirng Adjustments - 4Q19	R$ Million
Contingencies	1.314
Credits (ICMS PIS/COFINS)	(19)
Investigation Expenses	13
Cnova Provision	(16)
Impairment Property & Equip. and Intangible Assets	76
EBT Impact	**1.369**
Tax	(416)
Total Impact	**953**

Operating Performance

Highlights	4Q19*	4Q18	%	2019*	2018	%
Gross Revenue	**8.875**	**8.544**	**3,9%**	**29.848**	**30.583**	**(2,4%)**
Net Revenue	**7.600**	**7.519**	**1,1%**	**25.642**	**26.928**	**(4,8%)**
Gross Margin	30,2%	26,5%	370bps	28,9%	29,8%	(87bps)
Adjusted EBITDA[1]	**605**	**316**	**91,4%**	**1.736**	**2.046**	**(15,2%)**
Adjusted EBITDA Margin	8,0%	4,2%	375bps	6,8%	7,6%	(83bps)
Net Earnings	**78**	**(282)**	**na**	**(479)**	**(291)**	**64,5%**
Net Cash with receivables not discounted[2]	2.213	4.442	(2.229)	2.213	4.442	(2.229)

(*) 4Q19 and 2019 operational values
([1]) Excluding other operational revenues and expenses
([1]) 2018 Adjusted by IFRS 16

	4T19	4Q18	%	2019*	2018	%
Bricks and Mortar - Gross Rev SSS (%)	**(0,6%)**	**0,0%**		**(2,6%)**	**3,6%**	
Total GMV (e-commerce & Stores)	**9.363**	**8.728**	7,3%	**31.207**	**31.084**	0,4%
e-commerce GMV	**2.272**	**1.684**	**34,9%**	**6.357**	**6.007**	**5,8%**
e-commerce GMV (1P)	1.724	1.338	28,8%	4.659	4.962	(6,1%)
Marketplace GMV (3P)	548	346	58,3%	1.698	1.045	62,5%
e-commerce Penetration (%)	24,3%	19,3%	0.497bps	20,4%	19,3%	0.105bps
Marketplace Penetration (% e-commerce GMV)	24,1%	20,6%	0.357bps	26,7%	17,4%	0.932bps
Click'n Collect Penetration (% e-commerce GMV)	26,0%	31,1%	(510bps)	27,2%	31,2%	(400bps)

*Click and Collect under the Billed GMV criterion and eligible products.

Sales Performance

Net Sales - R$ million	4Q19*	4Q18	%	2019*	2018	%
Bricks and Mortar	7.091	7.043	0,7%	24.849	25.077	(0,9%)
Online	1.784	1.417	26,0%	4.894	5.183	(5,6%)
Wholesale*	0	84	na	104	323	(67,8%)
Gross Revenue	**8.875**	**8.544**	**3,9%**	**29.848**	**30.583**	**(2,4%)**

(*) No longer channel

Brick-and-Mortar stores

Gross sales at brick-and-mortar stores grew 0.7% vs. 4Q18. Same-store sales in 4Q19 had stability, presenting variation of (0.6%), but are already recovering compared to 3Q19.

Online

Invoiced GMV stood at R$2.2 billion in the quarter, growing 35%. The stability of tools in the online channel (websites and apps), the introduction of a package with 100 improvements and the successful marketing initiatives were crucial for the excellent result, which was reflected in Brazil's largest Black Friday, especially 1P, which reversed the downward trend of 9M19 and rose 29% in 4Q19, reaching R$1.7 billion. We continue to see clear improvement in the performance of e-commerce this year.

Invoiced GMV of 3P grew 58.3% in the period, thanks to the strategy of continuous expansion in the number of sellers, a larger product offer and improved service levels.

Gross sales from the online channel grew 26% in 4Q19 compared to 4Q18. This was due to improvements in delivery times, improvements in the platform and the product offering, as well as strong growth of the 3P.

Moreover, we would like to remind that we closed the Wholesale throughout 2019.

Breakdown of Revenue

R$ million	4Q19	4Q18	%	2019	2018	%
Merchandise	8.020	7.637	5,0%	26.541	27.102	(2,1%)
Freight and Assembly Services	119	122	(2,5%)	422	415	1,7%
Services	277	365	(24,1%)	1.143	1.362	(16,1%)
CDC/Credit Cards	459	420	9,3%	1.742	1.704	2,2%
Gross Revenue	**8.875**	**8.544**	**3,9%**	**29.848**	**30.583**	**(2,4%)**
Freight, Services, CDC/Credit Card and Assembly	855	907	(5,7%)	3.307	3.481	(5,0%)
% Total Gross Revenue	**9,6%**	**10,6%**	**(98bps)**	**11,1%**	**11,4%**	**(30bps)**

In 4Q19, sales of goods combined with a higher penetration of financing of goods generated a positive impact on the Company's total gross sales. The stability of the basic interest rate and inflation, improved consumer confidence and the Company's new strategy benefited the growing demand for credit in 4Q19. In this context, the Company intensified its efforts to expand the Payment Book operation, whose share of sales and revenue grew in the period by 50 bps and 9.3%, respectively. At the stores, the share of Payment Book stood at 14.4% in 4Q19, up 160 bps from 4Q18.

Breakdown of sales by payment means:

Sales by means of payment	4Q19	4Q18	%	2019	2018	%
Cash/Debit Card	24,0%	23,7%	30bps	22,4%	24,0%	(160bps)
CDC (Payment Book)	10,8%	10,3%	50bps	11,3%	10,6%	70bps
Co-branded Credit Card	12,0%	12,2%	(20bps)	11,9%	11,6%	30bps
Third-party Credit Card	53,2%	53,8%	(60bps)	54,5%	53,7%	80bps

Gross Profit

R$ million	4Q19*	4Q18	%	2019*	2018	%
Operational Gross Profit	2.292	1.990	15,2%	7.420	8.027	(7,6%)
Operational Gross Margin	30,2%	26,5%	370bps	28,9%	29,8%	(89bps)

(*) 4Q19 and 2019 operational figures

In 4Q19, the operational gross profit increased 15.2% and ended with operational gross margin at 30.2%, up 370 bps from 4Q18, driven by our successful strategy at the stores and the commercial department as soon as the new management took charge. On Black Friday, we finally ended the slow turnover inventories.

Selling, General and Administrative Expenses

R$ million	4Q19*	4Q18	%	2019*	2018	%
SG&A Operacional	(1.729)	(1.738)	(0,5%)	(5.913)	(6.192)	(4,5%)
% Net Revenue	(22,7%)	(23,1%)	41bps	(23,0%)	(23,0%)	(5bps)

(*) 4Q19 and 2019 operational figures

In 4Q19, operational selling, general and administrative expenses declined 0.5% even with Total GMV (Stores and e-commerce) growing R$635 million. The improvement was due to a reduction with personnel expenses and allowance for doubtful accounts.

Adjusted EBITDA

EBITDA - R$ million	4Q19*	4Q18	%	2019*	2018	%
Adjusted EBITDA without IFRS 16	605	316	91,4%	1.736	2.046	(15,2%)
Adj. EBITDA Margin without IFRS 16	8,0%	4,2%	375bps	6,8%	7,6%	(83bps)

(*) 4Q19 and 2019 operational figures

Operating adjusted EBITDA reached R$605 million in 4Q19, up 91.4% from 4Q18, with operating adjusted EBITDA margin of 8.0% in the period. Excluding IFRS 16, adjusted EBITDA Margin was 5.8%.

Financial Performance

Net Financial Results - R$ million	4Q19*	4Q18	%	2019*	2018	%
FinancialRevenues	**13**	**23**	**(43,5%)**	**59**	**56**	**5,4%**
Financial Expenses	**(246)**	**(265)**	**(7,2%)**	**(1.076)**	**(1.125)**	**(4,4%)**
Debt Financial Expenses	(43)	(9)	na	(104)	(67)	55,2%
CDC Financial Expenses	(58)	(61)	(4,9%)	(238)	(260)	(8,5%)
Credit Card Receivables' Discounting Expenses	(37)	(94)	(60,6%)	(311)	(391)	(20,5%)
Interest on Leasing debts	(108)	(101)	6,9%	(423)	(407)	3,9%
Financial Results pre monetary	**(233)**	**(242)**	**(3,7%)**	**(1.017)**	**(1.069)**	**(4,9%)**
% Net Revenue	(3,1%)	(3,2%)	16bps	(4,0%)	(4,0%)	1bps
Others	48	(25)	na	55	(78)	na
Ajustes 4T19	(22)	0	na	(22)	0	na
Operational Net financial results	**(207)**	**(267)**	**(22,4%)**	**(984)**	**(1.147)**	**(14,2%)**
% Net Revenue	(2,7%)	(3,6%)	83bps	(3,8%)	(4,3%)	42bps

(*) 4Q19 and 2019 operational figures

In 4Q19, operating net financial result was R$207 million, up 83 bps from 4Q18, equivalent to 2.7% of net revenue.

Net Income (Loss)

R$ million	4Q19*	4Q18	%	2019*	2018	%
LAIR Operacional	130	(416)	na	(635)	(424)	50%
% Receita Líquida	1,7%	(5,5%)	724bps	(2,5%)	(1,6%)	(90bps)
Imposto de Renda Operacional	(52)	134	(138,5%)	155	133	na
Lucro Líquido (Prejuízo) Operacional	**78**	**(282)**	**na**	**(479)**	**(291)**	**64,5%**
Margem Líquida Operacional	**1,0%**	**(3,7%)**	**477bps**	**(1,9%)**	**(1,1%)**	**(79bps)**

(*) 4Q19 and 2019 operational figures

The Company registered operating net income of R$78 million in 4Q19, compared to loss of R$(282) million in 4Q18.

Financial Cycle

R$ million	2019	2018	(+/-)
(+/-) Inventory	**4.565**	**4.781**	**(216)**
Days of Inventory[1]	77	78	(1 dias)
(+/-) Suppliers[2]	**7.925**	**9.073**	**(1.148)**
Total Days of Suppliers[1]	133	149	(16 dias)
Working Capital Change	**3.360**	**4.292**	**(932)**

(1) Days of CoGS

(2) Suppliers + Suppliers ('Forfait')

We closed 4Q19 with a reduction in inventories and suppliers, resulting in a variation of R$932 million in the financial cycle. Once again, we significantly reduced inventories (reduction of R$216 million vs. 4Q18 due to the Company's successful strategy on Black Friday). In the suppliers account, we reduced the deadlines, in days, as per the strategy adopted by the new management.

Debt

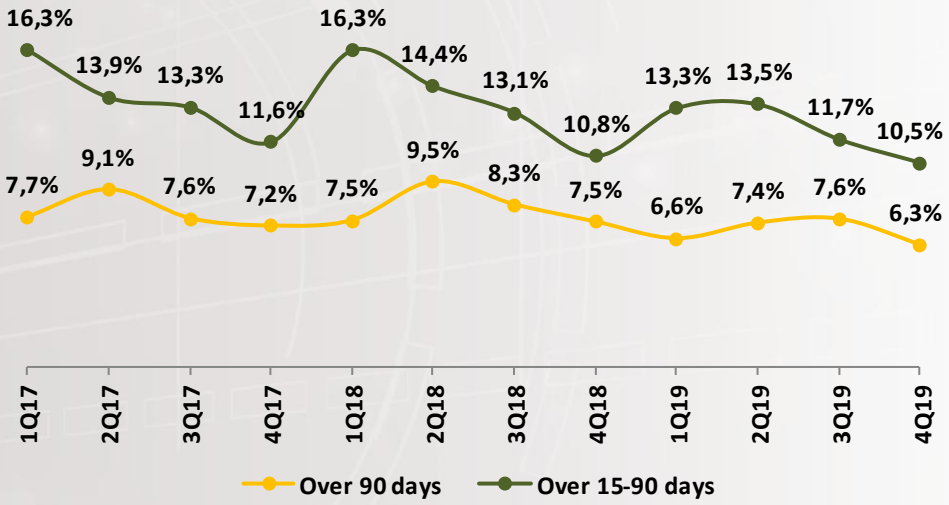
R$ million	2019	2018	(+/-)
Cash and Cash Equivalents	1.364	3.711	(2.347)
On Balance Credit Card Receivables Not Discounted[1]	3.004	1.656	+1.348
Financial Debt	(2.155)	(925)	(1.230)
Net Debt with CC Receivables not Discounted	**2.213**	**4.442**	**(2.229)**
LTM Operational Adjusted EBITDA	1.736	2.046	
Net cash/LTM Operational EBITDA	1,3x	2,2x	

(1) Credit Card Receivables Short Term and Long Term, 2018 Adjusted by IFRS 9

We ended the quarter with Total Cash of R$4.4 billion and Net Cash of R$2,2 billion, including the unsold receivables portfolio of R$3.0 billion. The variation of R$2.2 billion compared to 4Q18, despite the reduction in inventory, is related to lower operating cash generation in 9M19 and the lower average term of payments.

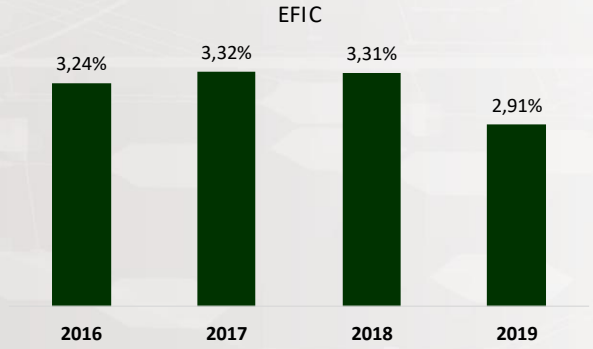
Payment book defaults: Overdue more than 90 days (%) and EFIC (%)

In our payment book portfolio, payments overdue more than 90 days reached the lowest level in 2 years for the period. We continue to invest in risk control processes and systems and in improving our customer experience.



EFIC, which is the percentage of regular payments portfolio to loss, is at the lowest level in the last four years for the period.

In 4Q19, we maintained approximately 90% of the credit decisions were taken through the automated system.



Investments

In 4Q19, Via Varejo's investments totaled R$114 million and mainly went to opening new stores and technological upgrades, as follows:

R$ million	4Q19	4Q18	%	2019	2018	%
Logistics	7	17	(61,3%)	28	44	(36,2%)
New Stores	18	63	(72,1%)	97	133	(27,5%)
Stores Renovation	13	12	4,9%	54	80	(32,8%)
IT	69	111	(37,6%)	225	377	(40,3%)
Others	8	6	28,9%	33	29	11,5%
Total	**114**	**209**	**(45,6%)**	**436**	**664**	**(34,3%)**

Store Activity by Format

Casas Bahia	12.31.2018	09.30.2019	Opening	Closure	12.31.2019
Street	619	660	8	0	668
Shopping Malls	179	182	2	0	184
Kiosk	9	3	0	0	3
Consolidated (total)	**807**	**845**	**10**	**0**	**855**
Sales Area ('000 m2)	**924**	**938**	**7**	**0**	**946**
Total Area ('000 m2)	**1.261**	**1.286**	**12**	**0**	**1.298**

Pontofrio	12.31.2018	09.30.2019	Opening	Closure	12.31.2019
Street	124	112	0	0	112
Shopping Malls	98	101	0	0	101
Kiosk	6	3	0	0	3
Consolidated (total)	**228**	**216**	**0**	**0**	**216**
Sales Area ('000 m2)	**141**	**134**	**0**	**0**	**134**
Total Area ('000 m2)	**188**	**180**	**0**	**0**	**180**

Consolidated	12.31.2018	09.30.2019	Opening	Closure	12.31.2019
Street	743	772	8	0	780
Shopping Malls	277	283	2	0	285
Kiosk	15	6	0	0	6
Consolidated (total)	**1.035**	**1.061**	**10**	**0**	**1.071**
Sales Area ('000 m2)	**1.065**	**1.072**	**7**	**0**	**1.079**
Total Area ('000 m2)	**1.449**	**1.466**	**12**	**0**	**1.478**

Operational Information *

Consolidated Income Statement

R$ million	4T19*	4Q18	Δ	2019*	2018	Δ
Gross Sales	**8.875**	**8.544**	**3,9%**	**29.848**	**30.583**	**(2,4%)**
Net Sales	**7.600**	**7.519**	**1,1%**	**25.642**	**26.928**	**(4,8%)**
Cost of Goods Sold	**(5.282)**	**(5.484)**	**(3,7%)**	**(18.041)**	**(18.730)**	**(3,7%)**
Depreciation (Logistic)	(26)	(45)	(42,2%)	(181)	(171)	6,0%
Gross Profit	**2.292**	**1.990**	**15,2%**	**7.420**	**8.027**	**(7,6%)**
Selling Expenses	(1.517)	(1.434)	5,8%	(5.158)	(5.158)	(0,0%)
General and Administrative Expenses	(212)	(304)	(30,2%)	(755)	(1.034)	(27,0%)
Equity Income	15	19	(21,1%)	47	40	16,3%
Other Operating Income (Expenses)	(40)	(265)	(85,0%)	(503)	(539)	(6,6%)
Total Operating Expenses	**(1.753)**	**(1.984)**	**(11,6%)**	**(6.369)**	**(6.691)**	**(4,8%)**
Depreciation and Amortization	(202)	(155)	30,3%	(702)	(613)	14,4%
Earnings before Interest and Taxes - EBIT	**337**	**(149)**	**na**	**349**	**723**	**na**
Net Financial Income (Expense)	**(207)**	**(267)**	**(22,4%)**	**(984)**	**(1.147)**	**(14,2%)**
Earnings before Income Tax	**130**	**(416)**	**na**	**(635)**	**(424)**	**49,6%**
Income Tax	(52)	134	na	155	133	17,0%
Net Income (loss)	**78**	**(282)**	**na**	**(479)**	**(291)**	**64,5%**

Earnings before Interest and Taxes - EBIT	**337**	**(149)**	**na**	**349**	**723**	**(51,7%)**
Depreciation (Logistic)	26	45	(42,2%)	181	171	6,0%
Depreciation and Amortization	202	155	30,3%	702	613	14,4%
Earnings before Interest, Taxes, Depreciation, Amortization-EBITDA[1]	**565**	**51**	**na**	**1.232**	**1.507**	**(18,2%)**
Other Operating Income (Expenses)	40	265	(85,0%)	503	539	(6,6%)
Adjusted EBITDA	**605**	**316**	**91,4%**	**1.736**	**2.046**	**(15,2%)**

% of Net Sales Revenue	4T19*	4Q18	Δ	2019*	2018	Δ
Gross Profit	**30,2%**	**26,5%**	**3,7 p.p.**	**28,9%**	**29,8%**	**(0,9 p.p.)**
Selling Expenses	(20,0%)	(19,1%)	**(0,9 p.p.)**	(20,1%)	(19,2%)	**(0,9 p.p.)**
General and Administrative Expenses	(2,8%)	(4,0%)	**1,2 p.p.**	(2,9%)	(3,8%)	**0,9 p.p.**
Equity Income	0,2%	0,3%	**(0,1 p.p.)**	0,2%	0,2%	**0,0 p.p.**
Other Operating Income (Expenses)	(0,5%)	(3,5%)	**3,0 p.p.**	(2,0%)	(2,0%)	**0,0 p.p.**
Total Operating Expenses	(23,1%)	**(26,4%)**	**3,3 p.p.**	**(24,8%)**	**(24,8%)**	**0,0 p.p.**
Depreciation and Amortization	(2,7%)	(2,1%)	**(0,6 p.p.)**	(2,7%)	(2,3%)	**(0,4 p.p.)**
Earnings before Interest and Taxes - EBIT	**4,4%**	**(2,0%)**	**6,4 p.p.**	**1,4%**	**2,7%**	**(1,3 p.p.)**
Net Financial Income (Expense)	**(2,7%)**	**(3,6%)**	**0,9 p.p.**	**(3,8%)**	**(4,3%)**	**0,5 p.p.**
Earnings before Income Tax	**1,7%**	**(5,5%)**	**7,2 p.p.**	**(2,5%)**	**(1,6%)**	**(0,9 p.p.)**
Income Tax	(0,7%)	1,8%	**(2,5 p.p.)**	0,6%	0,5%	**0,1 p.p.**
Net Income (loss)	**1,7%**	**(3,7%)**	**5,4 p.p.**	**(1,9%)**	**(1,1%)**	**(0,8 p.p.)**

EBITDA	**7,4%**	**0,7%**	**6,7 p.p.**	**4,8%**	**5,6%**	**(0,8 p.p.)**
Adjusted EBITDA	**8,0%**	**4,2%**	**3,8 p.p.**	**6,8%**	**7,6%**	**(0,8 p.p.)**

([1]) EBITDA, Ajdusted EBITDA and EBIT are not revised by External Audit.

Balance Sheet

Assets

R$ million	2019	2018
Current Assets	**12.452**	**13.552**
Cash and Cash Equivalents	1.364	3.711
Accounts Receivables	5.112	3.768
Credit Card	2.922	1.627
Payment Book	2.196	2.073
Others	228	307
Accounts Receivables B2B	206	223
Allowance for doubtful accounts	(440)	(462)
Inventories	4.565	4.781
Recoverable Taxes	1.050	1.060
Related Parties	139	132
Expenses in Advance	54	33
Financial Instruments - fair value hedge	2	0
Other Assets	166	67
Noncurrent Assets	**11.972**	**11.124**
Long-Term Assets	**5.573**	**4.798**
Accounts Receivables	366	217
Credit Card	82	29
Payment Book	333	224
Allowance for doubtful accounts	(49)	(36)
Recoverable Taxes	2.794	2.519
Deferred Taxes	1.467	888
Related Parties	123	190
Financial Instruments	43	0
Judicial Deposits	629	964
Other Assets	151	20
Investments	**145**	**108**
Right of Use Asset	**1.369**	**1.444**
Property and Equipment	**3.640**	**3.401**
Intangible Assets	**1.245**	**1.373**
TOTAL ASSETS	**24.424**	**24.676**

Liabilities and Shareholders' Equity

R$ million	2019	2018
Current Liabilities	**15.733**	**15.325**
Suppliers	7.278	8.652
Suppliers ('Forfait')	647	421
Loans and Financing	1.655	303
Payment Book (CDCI)	3.289	3.054
Fiscal Obligations	198	163
Taxes and Social Contribution Payable	401	535
Defered revenues	369	401
Related Parties	119	154
Onlending of third parties	515	540
Leasing debts	609	548
Other Debts	653	554
Long-Term Liabilities	**8.113**	**7.352**
Loans and Financing	500	622
Payment Book (CDCI)	457	346
Defered Revenue	1.266	1.605
Provision for lawsuits	1.865	977
Tax Obligations	25	30
Leasing debts	3.974	3.752
Deferred Income Tax	6	6
Liabilities with Related Parties	0	5
Other Liabilities	20	9
Shareholders' Equity	**578**	**1.999**
LIABILITIES AND SHAREHOLDERS' EQUITY	**24.424**	**24.676**

Cash Flow (R$ million)

R$ million	2019	2018
Net Income (loss)	(1.433)	(291)
Adjustment:		
Depreciation and Amortization	883	785
Equity Income	(47)	(40)
Deferred Income Tax and Social Contribution	(576)	(125)
Interest and Exchange Variation	681	741
Provision for lawsuits	1.906	707
Allowance for doubtful accounts	585	630
Gain (loss) with fixed and intangible assets	229	74
Provision for Obsolescence and Retail Loss	40	78
Deferred Revenue	(368)	(300)
Write-off of right of use and lease liability	37	(13)
Tax recovery in the period	(108)	-
Share-based Payments	15	11
Others	(3)	7
	1.841	**2.264**
Asset (Increase) Decreases		
Accounts Receivable	(2.072)	(629)
Inventories	176	(472)
Taxes to Recover	82	(558)
Related Parties	(9)	115
Judicial Deposits	367	19
Expenses in Advance	(21)	21
Other Assets	(92)	(1)
	(1.569)	**(1.505)**
Liabilities Increase (Decreases)		
Suppliers	(1.154)	874
Fiscal Obligations	35	- 13,00
Payroll and Charges	(137)	(19)
Onlending of third parties	(25)	30
Deferred Revenue	- 4,00	928
Lawsuits	(1.137)	(900)
Other debts	(58)	144
	(2.480)	**1.044**
Asset and Liabilities - Others (Increase) Decreases		
Dividends Received from subsidiaries	10	12,00
Income Tax Paid	(5)	(160)
	5,00	**(148)**
Net Cash (used) in Operating Activities	**(2.203)**	**1.655**
Cash Flow from Investment Activities		
Acquisition of fixed and intangible assets	(472)	(628)
Sale of Property and Equipment	16	38
Financial Instruments	(40)	-
Net Cash (used) in Operating Activities	**(496)**	**(590)**
Cash Flow from Financing Activities		
Proceeds from borrowings	7.615	5.818
Repayments of borrowings	(6.057)	(5.539)
Payments of Interest	(305)	(334)
Payments of Dividend	-	(15)
Payments of Dividend	(497)	(429)
Payments of Dividend	(415)	(417)
Capital Increase	4	3
Net Cash (used in) Financing Activities	**345**	**(913)**
Cash and Cash equivalents at the Beginning of the Period	3.711	3.559
Cash and Cash equivalents at the End of the Period	1.364	3.711
Change in Cash and Cash Equivalents	**(2.347)**	**152**

EARNINGS CONFERENCE CALL AND WEBCAST:

March 26, 2020

2 p.m. (Brazil) / 1 p.m. (New York) / 5 p.m. (London)

Portuguese / English (simultaneous translation):

+55 (11) 2188-0155 / +1 (646) 843-6054

Webcast: http://ri.viavarejo.com.br

Replay: +55 (11) 2188-0400 - Code: Via Varejo

Glossary:

Invoiced GMV (Gross Merchandise Value): Amount transacted in Brazilian real on our website, including the amount of 1P and 3P.

1P: Products in the Company's inventory sold through the Online platforms.

Marketplace or 3P: Products of partners ("sellers") offered for sale on our websites.

Click&Collect (Retira Rápido): Products purchased Online that are picked up by customers from our stores or from partner stores.

Same-Store Sales: Revenue from stores operating for more than 12 months.

Via+: Web-based sales system that unifies all the tools we developed in recent months that aid in selling products and services.

WMS: *Warehouse Management System.*

Mini Hub: stores tha serve as shipping centers for customers.