viavarejo



RESULTS

2Q19

CASAS BAHIA pontofrio extra .com.br bartira

August 14, 2019 – Via Varejo S.A., Brazil's largest electronics, home appliances and furniture retailer, announces its **consolidated results** for the second quarter of 2019 (**2Q19**). On January 1, 2019, the Company adopted the accounting standards CPC 06(R2) (IFRS 16) – Leases, which clarifies the difference between operating and finance lease. The balances and transactions, including for the comparison period in 2018, already reflect the impacts of the adoption of said standard. For more information, please see Note 2-a to the quarterly financial statements (ITR).

2Q19 Highlights

- **Via Varejo has new leaders in its management.**
- **Consolidated gross sales revenue was R$ 7.0 billion in 2Q19, down 4.3% from the same period last year.**
- **Gross sales revenue from brick-and-mortar stores reached R$ 5.7 billion in the quarter, advancing 1.9% compared to 2Q18.**
- **Invoiced GMV in the Online Business reached R$1.6 billion, down 15% from 2Q18, while marketplace penetration was 20.8 % (vs. 11.8% in 2Q18).**
- **In the quarter, gross profit amounted to R$ 1.7 billion, with gross margin of 28%.**
- **In 2Q19, adjusted EBITDA was R$388 million, with EBITDA margin of 6.4%.**
- **We ended the quarter with net cash, including unsold credit card receivables, of R$ 1.1 billion.**

Management's Comments

"You don't make a sale, you plant it." This is saying by Samuel Klein, founder of Casas Bahia, and perfectly describes the current moment at the company: at the end of the second quarter of 2019, we sowed the seeds of a new Via Varejo. With a fully renovated leadership consisting of people who have always worked in and have in-depth knowledge of the segment, with the energy and focus to transform the business and with the commitment to recover the company's historical operating performance and customer focus, besides preparing the company to resume sustainable growth and transform it digitally.

Our new Executive Board is composed of Roberto Fulcherberguer, CEO, Abel Ornelas, COO, Orivaldo Padilha, CFO & IRO, Sergio Leme, CAO and Helisson Lemos, CDO. We are very pleased with the team that we brought together to run the company. This team will return to doing the retail business in a simple manner – sourcing well, selling well and enchanting customers in the platform they choose.

We are, once again, a fully independent Company. We are at the center of our decisions and will have full autonomy to plan our long-term strategy, including our relationship with industry.

We ended 2Q19 increasing gross sales revenue from brick-and-mortar stores by 1.9%, while Online GMV decreased 15.0% from the same period last year. Consolidated gross sales revenue was R$7.0 billion, down 4.3% from 2Q18. Consolidated gross profit was R$1.7 billion, for gross margin of 28.0%. Adjusted EBITDA reached R$388 million, with EBITDA margin of 6.4%. In the period, we reported net loss of R$154 million.

Though we are still in a challenging quarter, we are fully confident of the company's capacity to reverse its results. At the stores, we acted quickly and changed the incentives for the sales team. We made everything easier, simpler and more intuitive. We already see a clear improvement since the change, both in terms of team motivation and in business performance. We are also investing in the structures of existing stores in order to provide a better buying experience to our customers and a better working environment.

We also believe that there is significant room for transformations and recoveries in the Furniture segment. We see tremendous opportunities for resuming growth, especially by capturing above-average margins for the Company and capturing significant synergies with our Plant - the largest in Brazil and with the Bartira brand. Moreover, furniture is a product that is intrinsically connected with payment books, further increasing the profitability of the operation.

Making dreams come true has been, and will always be, the goal of our Company. That is why we partnered with Airfox to launch banQi, a digital bank that will meet all the daily needs of our customers: paying bills, recharging their transport card and pre-paid phones, making deposits and withdrawing

money at the stores, transferring money, contracting streaming services, hiring transport through apps, using prepaid cards, taking out insurance, monitoring and using the Casas Bahia digital payment book and, in the future, taking out loans and other services. Brazil is going digital and so are our customers. And Via Varejo will closely follow this transformation by offering the best retail experience across all platforms and realizing the dreams and wishes of our consumers.

On July 1, the merger of Cnova (e-commerce) with Via Varejo was approved, which enables us to deliver products bought online through any of our 1,066 stores, 26 distribution centers and/or 63 mini hubs. Customers can also return products bought online at the brick-and-mortar stores, which will improve the customer experience. We will provide our brick-and-mortar with an excellent digital environment, and our digital environment with excellent brick-and-mortar stores. We expect to be more competitive and capture gains with the changes that we implementing.

We opened twenty-four (24) stores in 2Q19. During the period, we closed two (2) underperforming units. In 2019, we will continue the strategy of opening stores especially in the Northern and Northeastern regions and in regions with high growth potential where we still do not operate, while constantly assessing the performance of our stores.

Finally, we wish to highlight the positive trend we have seen in these first 45 days and are continuing the rollout of the newly defined strategy, in a process of gradual and consistent recovery over the coming periods.

The Management

Operating Performance

Highlights	2Q19	2Q18	%	6M19	6M18	%
Gross Revenue	**7.006**	**7.322**	**(4,3%)**	**14.365**	**14.800**	**(2,9%)**
Net Revenue	**6.024**	**6.446**	**(6,5%)**	**12.354**	**13.042**	**(5,3%)**
Gross Margin	28,0%	29,6%	(161bps)	27,8%	31,4%	(360bps)
Adjusted EBITDA[1]	**388**	**633**	**(38,7%)**	**901**	**1.247**	**(27,7%)**
Adjusted EBITDA Margin	6,4%	9,8%	(338bps)	7,3%	9,6%	(227bps)
Net Earnings	**(154)**	**14**	**na**	**(196)**	**78**	**na**
Net Cash with receivables not discounted[2]	1.061	2.091	(1.030)	1.061	2.091	(1.030)

(1) Excluding other operational revenues and expenses

(1) 2018 Adjusted by IFRS 16

Operation	2Q19	2Q18	%	6M19	6M18	%
Bricks and Mortar - Gross Rev SSS (%)	**(0,7%)**	**3,9%**		**(1,3%)**	**6,2%**	
Net GMV (y/y % growth)	**(15,0%)**	**7,3%**		**(7,0%)**	**8,6%**	
Net GMV	1.550	1.824	(15,0%)	3.273	3.519	(7,0%)
Net Marketplace GMV	322	216	49,1%	687	440	56,2%
Marketplace Penetration (% GMV)	20,8%	11,8%	893bps	21,0%	12,5%	849bps
Click'n Collect Penetration (% GMV)	26,6%	31,9%	(530bps)	27,2%	30,7%	(350bps)

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

Revenue performance

Net Sales - R$ million	2Q19	2Q18	%	6M19	6M18	%
Bricks and Mortar	5.673	5.567	1,9%	11.563	11.440	1,1%
Online	1.286	1.676	(23,2%)	2.703	3.199	(15,5%)
Wholesale	46	80	(41,7%)	99	161	(38,4%)
Gross Revenue	**7.006**	**7.322**	**(4,3%)**	**14.365**	**14.800**	**(2,9%)**

Brick-and-Mortar stores

"Same-store" sales in 2Q19 decreased 0.7%. Gross sales revenue from brick-and-mortar stores grew 1.9% in relation to 2Q18, driven by new store openings, in line with the Company's expansion strategy, registering an increase compared to 1Q19 (1.9% vs 0.3%).

Online

Billed GMV amounted to R$1.6 billion in the quarter. The instability of tools in the Online channel (websites and apps) and the integration of Cnova impacted the channel's performance in the period. Billed GMV from the marketplace grew 49.1% in the period, thanks to the strategy of continuous expansion in the number of sellers and, consequently, a wider offering of products.

Gross sales revenue from the Online channel decreased 23.2% in 2Q19 compared to 2Q18. The higher marketplace penetration contributed to a change in the sales mix, which explains the higher variation in sales revenue in relation to GMV.

Revenue Breakdown

R$ million	2Q19	2Q18	%	6M19	6M18	%
Merchandise	6.175	6.454	(4,3%)	12.699	13.037	(2,6%)
Freight and Assembly Services	99	93	6,5%	200	194	3,1%
Services	303	336	(9,8%)	616	685	(10,1%)
CDC/Credit Cards	429	439	(2,3%)	850	884	(3,8%)
Gross Revenue	**7.006**	**7.322**	**(4,3%)**	**14.365**	**14.800**	**(2,9%)**
Freight, Services, CDC/Credit Card and Assembly	831	868	(4,3%)	1.666	1.763	(5,5%)
% Total Gross Revenue	**11,9%**	**11,9%**	**1bps**	**11,6%**	**11,9%**	**(31bps)**

In 2Q19, sales of goods combined with the lower approval rate of payment books and cards (in 2018), which are recognized as revenue on an accrual basis, generated a negative impact on the Company's total gross revenue.

The stability of the basic interest rates and inflation, and the improved level of consumer confidence, drove the demand for credit in 2Q19. In this scenario, the Company intensified its efforts to expand the Payment Book operations, whose share of sales grew during the period.

Breakdown of sales by payment means:

Sales by means of payment	2Q19	2Q18	%	6M19	6M18	%
Cash/Debit Card	20,9%	23,4%	(249bps)	22,2%	24,3%	(204bps)
CDC (Payment Book)	11,9%	10,7%	121bps	11,6%	10,9%	70bps
Co-branded Credit Card	12,2%	11,7%	56bps	11,8%	11,6%	18bps
Third-party Credit Card	55,0%	54,3%	72bps	54,5%	53,3%	116bps

Gross Profit

Net Sales - R$ million	2Q19	2Q18	%	6M19	6M18	%
Bricks and Mortar	5.526	5.249	5,3%	11.138	10.700	4,1%
Online	498	1.197	(58,4%)	1.216	2.342	(48,1%)
Net Revenue	**6.024**	**6.446**	**(6,5%)**	**12.354**	**13.042**	**(5,3%)**

Gross margin ended 2Q19 at 28.0%, down 161 bps from 2Q18, due to lower total revenue and the end of the "Lei do Bem" tax incentive, which resulted in a higher tax rate.

Selling, General and Administrative Expenses

R$ million	2Q19	2Q18	%	6M19	6M18	%
SG&A	(1.353)	(1.321)	2,4%	(2.641)	(2.942)	(10,2%)
% Net Revenue	(22,5%)	(20,5%)	(197bps)	(21,4%)	(22,6%)	118bps

In 2Q19, selling, general and administrative expenses increased slightly, corresponding to 22.5% of net sales revenue (vs. 20.5% in 2Q18). In the six-month period, these expenses decreased 10.2%. The focus was on reducing expenses, especially those that do not affect sales and the level of service of our operations, with a significant reduction in occupancy, outsourced services and personnel expenses.

Adjusted EBITDA

EBITDA - R$ million	2Q19	2Q18	%	6M19	6M18	%
EBITDA	315	516	(39,0%)	752	1.090	(31,0%)
EBITDA Margin	5,2%	8,0%	(278bps)	6,1%	8,4%	(227bps)
Other Operational (Expenses) Revenues	73	117	(37,6%)	149	157	(5,1%)
Adjusted EBITDA	**388**	**633**	**(38,7%)**	**901**	**1.247**	**(27,7%)**
Adjusted EBITDA Margin	**6,4%**	**9,8%**	**(338bps)**	**7,3%**	**9,6%**	**(227bps)**
IFRS 16	(199)	(180)	10,6%	(402)	(358)	12,3%
Adjusted EBITDA without IFRS 16	189	453	(58,3%)	499	889	(43,9%)
Adj. EBITDA Margin without IFRS 16	3,1%	7,0%	(389bps)	4,0%	6,8%	(278bps)

2Q18 aligned with the new parameter of other operating income (expenses) disclosed in 4Q18.

Adjusted EBITDA reached R$388 million in 2Q19, down 38.7% from 2Q18, with adjusted EBITDA margin of 6.4% in the period. The decrease reflects lower total revenue and the end of the “Lei do Bem” tax incentive, which resulted in a higher tax rate. Excluding the effects of IFRS 16, adjusted EBITDA was R$189 million, with adjusted EBITDA margin of 3.1%.

Financial Performance

Net Financial Results - R$ million	2Q19	2Q18	%	6M19	6M18	%
FinancialRevenues	**13**	**7**	**85,7%**	**31**	**24**	**29,2%**
Financial Expenses	**(262)**	**(296)**	**(11,5%)**	**(517)**	**(552)**	**(6,3%)**
Debt Financial Expenses	(13)	(14)	(7,1%)	(26)	(30)	(13,3%)
CDC Financial Expenses	(59)	(65)	(9,2%)	(119)	(137)	(13,1%)
Credit Card Receivables' Discounting Exp	(94)	(125)	(24,8%)	(180)	(194)	(7,2%)
Interest on Leasing debts	(96)	(92)	4,3%	(192)	(191)	0,5%
Financial Results pre monetary	**(249)**	**(289)**	**(13,8%)**	**(486)**	**(528)**	**(8,0%)**
% Net Revenue	(4,1%)	(4,5%)	35bps	(3,9%)	(4,0%)	11bps
Monetary Variation	(27)	(14)	95,7%	(48)	(28)	71,4%
Net financial results	**(276)**	**(303)**	**(8,8%)**	**(534)**	**(556)**	**(4,0%)**
% Net Revenue	(4,6%)	(4,7%)	11bps	(4,3%)	(4,3%)	(6bps)

In 2Q19, net financial result was R$276 million, up 8.8% from 2Q18, equivalent to 4.6% of net revenue.

Net Income (Loss)

R$ million	2Q19	2Q18	%	6M19	6M18	%
EBT	(166)	21	na	(185)	156	na
% Net Revenue	(2,8%)	0,3%	na	(1,5%)	1,2%	(269bps)
Taxes	12	(7)	(271,4%)	(11)	(78)	na
Net Earnings	**(154)**	**14**	**na**	**(196)**	**78**	**na**
Net Margin	**(2,6%)**	**0,2%**	**(277bps)**	**(1,6%)**	**0,6%**	**(218bps)**

The Company posted net loss of R$154 million in 2Q19, as against net income of R$14 million in 2Q18, reflecting the lower total revenue and the end of the "Lei do Bem" tax incentive, which resulted in a higher tax rate.

Financial Cycle

R$ million	06.30.2019	06.30.2018	(+/-)
(+/-) Inventory	**4.966**	**5.400**	**(434)**
Days of Inventory[1]	104	108	(4 days)
(+/-) Suppliers[2]	**6.976**	**7.560**	**(584)**
Total Days of Suppliers[1]	146	151	(5 days)
Working Capital Change	**2.010**	**2.160**	**(150)**

(1) Days of CoGS

(2) Suppliers +Suppliers ('Forfait')

We closed 2Q19 with a decrease in inventories and suppliers, with a variation of R$150 million in the financial cycle.

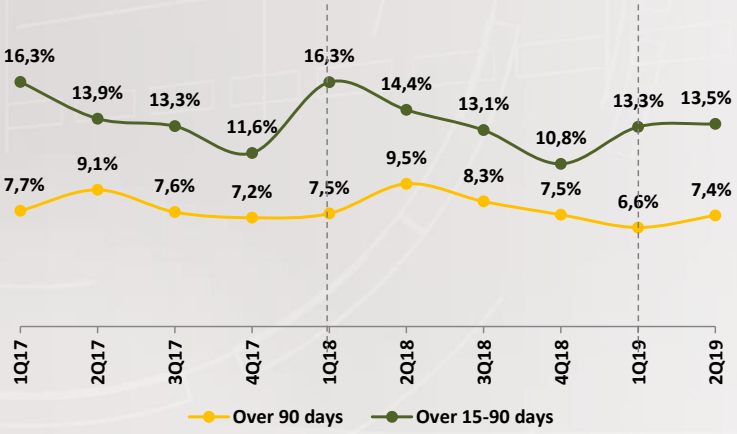
Debt

R$ million	06.30.2019	06.30.2018	(+/-)
Cash and Cash Equivalents	238	945	(707)
On Balance Credit Card Receivables Not Discounted[1]	1.750	1.496	+254
Financial Debt	(927)	(350)	(577)
Net Debt with CC Receivables not Discounted	**1.061**	**2.091**	**(1.030)**
LTM Adjusted EBITDA	1.337	2.140	
Net cash/LTM EBITDA	0,8x	1,0x	

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

We ended the quarter with adjusted Net Cash of R$1,061 million, including the unsold receivables portfolio of R$1,750 million. The variation compared to 2Q18 is related to lower operating cash generation, mainly affected by sales performance and the lower average payment term.

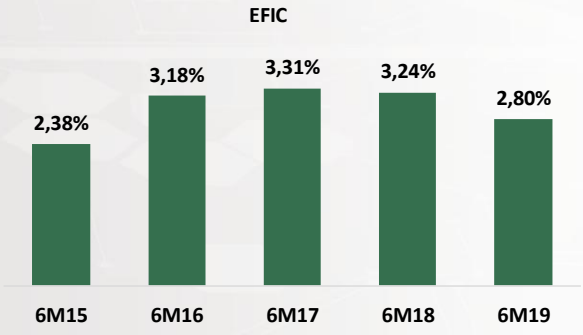
Payment book defaults: Overdue more than 90 days (%) and EFIC (%)



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

The EFIC, which represents the percentage of on time receivables portfolio posted to loss, is at the lowest level in the last three years for the period.

In 2Q19, approximately 90% of the credit decisions were taken through the automated system.



Investments

In 2Q19, Via Varejo's investments totaled R$102 million and went mainly to new store openings and technological upgrades, as shown below:

R$ million	2Q19	2Q18	%	6M19	6M18	%
Logistics	6	6	(6,1%)	16	14	16,0%
New Stores	30	21	41,0%	54	33	64,3%
Stores Renovation	14	27	(47,8%)	29	42	(31,4%)
IT	44	93	(53,1%)	92	159	(42,4%)
Others	9	10	(7,5%)	15	15	0,6%
Total	**102**	**157**	**(34,9%)**	**206**	**263**	**(21,7%)**

Store Activity by Format

Casas Bahia	03.31.2019	Opening	Closure	06.30.2019
Street	631	21	0	652
Shopping Malls	179	3	0	182
Kiosk	9	0	1	8
Consolidated (total)	**819**	**24**	**1**	**842**
Sales Area ('000 m2)	**936**	**5**	**0**	**941**
Total Area ('000 m2)	**1.284**	**9**	**0**	**1.293**

Pontofrio	03.31.2019	Opening	Closure	06.30.2019
Street	114	0	0	114
Shopping Malls	106	0	0	106
Kiosk	5	0	1	4
Consolidated (total)	**225**	**0**	**1**	**224**
Sales Area ('000 m2)	**141**	**0**	**0**	**138**
Total Area ('000 m2)	**188**	**0**	**0**	**184**

Consolidated	03.31.2019	Opening	Closure	06.30.2019
Street	745	21	0	766
Shopping Malls	285	3	0	288
Kiosk	14	0	2	12
Consolidated (total)	**1.044**	**24**	**2**	**1.066**
Sales Area ('000 m2)	**1.077**	**5**	**0**	**1.079**
Total Area ('000 m2)	**1.472**	**9**	**0**	**1.477**

IFRS 16 – 2Q19 and 2Q18

IFRS 16	without IFRS 16		with IFRS 16	without IFRS 16		with IFRS 16
R$ million	**2Q19**	**Var.**	**2Q19**	**2Q18**	**Var.**	**2Q18**
Net Sales	6.024		6.024	6.446		6.446
Cost of Goods Sold	**(4.342)**	**49**	**(4.293)**	**(4.549)**	**51**	**(4.498)**
Depreciation (Logistic)	**(17)**	**(27)**	**(44)**	**(15)**	**(24)**	**(39)**
Gross Profit	1.665	22	1.687	1.882	27	1.909
SG&A	**(1.503)**	**150**	**(1.353)**	**(1.450)**	**129**	**(1.321)**
Equity Income	10		10	6		6
Other Operating Income (Expenses)	**(83)**	**10**	**(73)**	**(122)**	**5**	**(117)**
Depreciation and Amortization	**(70)**	**(91)**	**(161)**	**(72)**	**(81)**	**(153)**
Net Financial Income (Expense)	**(183)**	**(93)**	**(276)**	**(214)**	**(89)**	**(303)**
Income Tax	**12**	**0**	**12**	**(10)**	**3**	**(7)**
Net Income (loss)	(152)	(2)	(154)	20	(6)	14
EBITDA	**106**	**209**	**315**	**331**	**185**	**516**
Adjusted EBITDA	**189**	**199**	**388**	**453**	**180**	**633**

IFRS 16 – Year-to-Date

IFRS 16	without IFRS 16		with IFRS 16	without IFRS 16		with IFRS 16
R$ million	**6M19**	**Var.**	**6M19**	**6M18**	**Var.**	**6M18**
Net Sales	12.354		12.354	13.042		13.042
Cost of Goods Sold	**(8.935)**	**103**	**(8.832)**	**(8.967)**	**102**	**(8.865)**
Depreciation (Logistic)	**(33)**	**(54)**	**(87)**	**(33)**	**(48)**	**(81)**
Gross Profit	3.386	49	3.435	4.042	54	4.096
SG&A	**(2.940)**	**299**	**(2.641)**	**(3.198)**	**256**	**(2.942)**
Equity Income	20		20	12		12
Other Operating Income (Expenses)	**(169)**	**20**	**(149)**	**(172)**	**15**	**(157)**
Depreciation and Amortization	**(136)**	**(180)**	**(316)**	**(138)**	**(159)**	**(297)**
Net Financial Income (Expense)	**(348)**	**(186)**	**(534)**	**(371)**	**(185)**	**(556)**
Income Tax	**(9)**	**(2)**	**(11)**	**(84)**	**6**	**(78)**
Net Income (loss)	(196)	0	(196)	91	(13)	78
EBITDA	**330**	**422**	**752**	**717**	**373**	**1.090**
Adjusted EBITDA	**499**	**402**	**901**	**889**	**358**	**1.247**

Accounting Information

Audited Income Statement

R$ million	2Q19	2Q18	Δ	6M19	6M18	Δ
Gross Sales	**7.006**	**7.322**	**(4,3%)**	**14.365**	**14.800**	**(2,9%)**
Net Sales	**6.024**	**6.446**	**(6,5%)**	**12.354**	**13.042**	**(5,3%)**
Cost of Goods Sold	**(4.293)**	**(4.498)**	**(4,6%)**	**(8.832)**	**(8.865)**	**(0,4%)**
Depreciation (Logistic)	(44)	(39)	12,8%	(87)	(81)	7,4%
Gross Profit	**1.687**	**1.909**	**(11,6%)**	**3.435**	**4.096**	**(16,1%)**
Selling Expenses	(1.155)	(1.101)	4,9%	(2.301)	(2.463)	(6,6%)
General and Administrative Expenses	(198)	(220)	(10,0%)	(340)	(479)	(29,0%)
Equity Income	10	6	66,7%	20	12	66,7%
Other Operating Income (Expenses)	(73)	(117)	(37,6%)	(149)	(157)	(5,1%)
Total Operating Expenses	**(1.416)**	**(1.432)**	**(1,1%)**	**(2.770)**	**(3.087)**	**(10,3%)**
Depreciation and Amortization	(161)	(153)	5,2%	(316)	(297)	6,4%
Earnings before Interest and Taxes - EBIT	**110**	**324**	**(66,0%)**	**349**	**712**	**(51,0%)**
Financial Revenue	22	23	(4,3%)	52	63	(17,5%)
Financial Expenses	(298)	(326)	(8,6%)	(586)	(619)	(5,3%)
Net Financial Income (Expense)	**(276)**	**(303)**	**(8,9%)**	**(534)**	**(556)**	**(4,0%)**
Earnings before Income Tax	**(166)**	**21**	**na**	**(185)**	**156**	**na**
Income Tax	12	(7)	na	(11)	(78)	(85,9%)
Net Income (loss)	**(154)**	**14**	**na**	**(196)**	**78**	**na**

Earnings before Interest and Taxes - EBIT	**110**	**324**	**(66,0%)**	**349**	**712**	**(51,0%)**
Depreciation (Logistic)	44	39	12,8%	87	81	7,4%
Depreciation and Amortization	161	153	5,2%	316	297	6,4%
Earnings before Interest, Taxes, Depreciation, Amortization-EBITDA[1]	**315**	**516**	**(39,0%)**	**752**	**1.090**	**(31,0%)**
Other Operating Income (Expenses)	73	117	(37,6%)	149	157	(5,1%)
Adjusted EBITDA	**388**	**633**	**(38,7%)**	**901**	**1.247**	**(27,7%)**

% of Net Sales Revenue	2Q19	2Q18	Δ	6M19	6M18	Δ
Gross Profit	**28,0%**	**29,6%**	**(1,6 p.p.)**	**27,8%**	**31,4%**	**(3,6 p.p.)**
Selling Expenses	(19,2%)	(17,1%)	**(2,1 p.p.)**	(18,6%)	(18,9%)	**0,3 p.p.**
General and Administrative Expenses	(3,3%)	(3,4%)	**0,1 p.p.**	(2,8%)	(3,7%)	**0,9 p.p.**
Equity Income	0,2%	0,1%	**0,1 p.p.**	0,2%	0,1%	**0,1 p.p.**
Other Operating Income (Expenses)	(1,2%)	(1,8%)	**0,6 p.p.**	(1,2%)	(1,2%)	**0,0 p.p.**
Total Operating Expenses	**(23,5%)**	**(22,2%)**	**(1,3 p.p.)**	**(22,4%)**	**(23,7%)**	**1,3 p.p.**
Depreciation and Amortization	(2,7%)	(2,4%)	**(0,3 p.p.)**	(2,6%)	(2,3%)	**(0,3 p.p.)**
Earnings before Interest and Taxes - EBIT	**1,8%**	**5,0%**	**(3,2 p.p.)**	**2,8%**	**5,5%**	**(2,7 p.p.)**
Net Financial Income (Expense)	**(4,6%)**	**(4,7%)**	**0,1 p.p.**	**(4,3%)**	**(4,3%)**	**0,0 p.p.**
Earnings before Income Tax	**(2,8%)**	**0,3%**	**(3,1 p.p.)**	**(1,5%)**	**1,2%**	**(2,7 p.p.)**
Income Tax	0,2%	(0,1%)	**0,3 p.p.**	(0,1%)	(0,6%)	**0,5 p.p.**
Net Income (loss)	**(2,6%)**	**0,2%**	**(2,8 p.p.)**	**(1,6%)**	**0,6%**	**(2,2 p.p.)**

EBITDA	**5,2%**	**8,0%**	**(2,8 p.p.)**	**6,1%**	**8,4%**	**(2,3 p.p.)**

Adjusted EBITDA	**6,4%**	**9,8%**	**(3,4 p.p.)**	**7,3%**	**9,6%**	**(2,3 p.p.)**

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

Balance Sheet

Assets

R$ million	06.30.2019	06.30.2018
Current Assets	**10.598**	**10.774**
Cash and Cash Equivalents	238	945
Accounts Receivables	3.775	3.545
Credit Card	1.726	1.466
Payment Book	2.077	2.202
Others	274	265
Accounts Receivables B2B	159	216
Allowance for doubtful accounts	(461)	(604)
Inventories	4.966	5.400
Recoverable Taxes	1.229	570
Related Parties	103	133
Expenses in Advance	160	51
Other Assets	127	130
Noncurrent Assets	**10.729**	**10.594**
Long-Term Assets	**7.777**	**7.894**
Accounts Receivables	222	181
Credit Card	24	30
Payment Book	237	186
Allowance for doubtful accounts	(39)	(35)
Recoverable Taxes	2.413	2.806
Deferred Taxes	856	696
Related Parties	100	320
Financial Instruments	23	-
Judicial Deposits	942	961
Other Assets	94	20
Investments	**123**	**93**
Property and Equipment	**1.427**	**1.373**
Right of Use Asset	**3.127**	**2.910**
Intangible Assets	**1.402**	**1.234**
TOTAL ASSETS	**21.327**	**21.368**

Liabilities and Shareholders' Equity

R$ million	06.30.2019	06.30.2018
Current Liabilities	**13.690**	**13.772**
Suppliers	6.788	7.446
Suppliers ('Forfait')	188	114
Loans and Financing	925	346
Payment Book (CDCI)	3.004	3.120
Fiscal Obligations	85	120
Taxes and Social Contribution Payable	415	445
Defered revenues	406	412
Related Parties	94	115
Onlending of third parties	517	571
Leasing debts	846	810
Other Debts	422	273
Long-Term Liabilities	**5.787**	**5.201**
Loans and Financing	2	4
Payment Book (CDCI)	335	291
Defered Revenue	1.436	926
Provision for lawsuits	842	1.000
Tax Obligations	29	39
Leasing debts	3.112	2.927
Deferred Income Tax	6	6
Other Liabilities	25	8
Shareholders' Equity	**1.850**	**2.395**
LIABILITIES AND SHAREHOLDERS' EQUITY	**21.327**	**21.368**

Audited Cash Flow (R$ million)

R$ million	06.30.2019	06.30.2018
Net Income (loss)	(196)	78
Adjustment:		
Depreciation and Amortization	403	378
Equity Income	(20)	(12)
Deferred Income Tax and Social Contribution	11	46
Interest and Exchange Variation	359	438
Provision for lawsuits	221	254
Allowance for doubtful accounts	304	315
Gain (loss) with fixed and intangible assets	32	51
Provision for Obsolescence and Retail Loss	56	44
Deferred Revenue	(166)	(138)
Write-off of right of use and lease liability	3	(5)
Share-based Payments	3	8
Others	(1)	2
	1.009	**1.459**
Asset (Increase) Decreases		
Accounts Receivable	(301)	(82)
Inventories	(249)	(1.065)
Taxes to Recover	(63)	(408)
Related Parties	38	272
Judicial Deposits	36	1
Expenses in Advance	(127)	(19)
Other Assets	(134)	(28)
	(800)	**(1.329)**
Liabilities Increase (Decreases)		
Suppliers	(2.048)	(599)
Fiscal Obligations	(75)	(3)
Payroll and Charges	(121)	(109)
Onlending of third parties	(23)	(125)
Deferred Revenue	-	100
Lawsuits	(371)	(393)
Other debts	(111)	(273)
	(2.749)	**(1.402)**
Asset and Liabilities - Others (Increase) Decreases		
Dividends Received from subsidiaries	5	-
Income Tax Paid	(4)	(154)
	1	**(154)**
Net Cash (used) in Operating Activities	**(2.539)**	**(1.426)**
Cash Flow from Investment Activities		
Acquisition of fixed and intangible assets	(255)	(267)
Sale of Property and Equipment	1	21
Financial Instruments	(23)	-
Net Cash (used) in Operating Activities	**(277)**	**(246)**
Cash Flow from Financing Activities		
Proceeds from borrowings	2.455	2.457
Repayments of borrowings	(2.525)	(2.812)
Payments of Interest	(137)	(181)
Payments of Dividend	-	(15)
Payments of Dividend	(258)	(200)
Payments of Dividend	(192)	(191)
Net Cash (used in) Financing Activities	**(657)**	**(942)**
Cash and Cash equivalents at the Beginning of the Period	3.711	3.559
Cash and Cash equivalents at the End of the Period	238	945
Change in Cash and Cash Equivalents	**(3.473)**	**(2.614)**

EARNINGS CONFERENCE CALL AND WEBCAST:

August 15, 2019

2 p.m. (Brazil) / 1 p.m. (New York) / 6 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:

Click&Collect (Retira Rápido): Purchases made Online that are picked by customers at our stores or our partner stores.

GMV (Gross Merchandise Value): Amount transacted in Brazilian real on our website, including the Marketplace (third-party products).

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

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

Via Única/CRM "Single Path": Project in partnership with Accenture to create a single database (Brick-and-Mortar Stores, Online and Payment Book), segmented by the profiles of our more than 60 million customers.

Via+: Web-based Sales System that unifies all the tools we developed in recent months (compensation model, Via Única/CRM and Online channel catalog).


viavarejo