viavarejo

RESULTS

1Q20

Fundação Casas Bahia

COVID-19 Emergency Actions

Articulation	→	Governments, communities, entities, companies, partners
Agility	→	Definition of actions in a few days
Management	→	Strategic Vision of Sustainability / CSR + business performance with purpose
Reputation	→	"10th most remembered brand in the pandemic" Source: Instituto Croma Insights

R$ 5.3 million in donations on several fronts:

- R $ 1 million for the Women Entrepreneurial Emergency Fund (F.E.M.E) for 2,000 women entrepreneurs from communities in Rio and SP and support to the Periphery Entrepreneurial Fund for granting credit
- R $ 3 million for Sandy and Junior's Live, in which the Foundation doubled the total collected by the public and rounded the donation to 1000 tons of food for more than 6,105 Institutions registered at Mesa Brasil, from SESC-DF
- 4 thousand basic baskets, 300 kits of hygiene and cleaning products, beds and mattresses, appliances and electronics for communities, hospitals and municipal, state and federal governments
- Logistics to repair more than 90 hospital respirators in partnership with ABC automakers
- Logistics for fabrics for the manufacture of 62 thousand masks from the Donate Mask project

Online Highlights - 1Q20

Total GMV of R$ 7.8 billion, 27% of which in the Online channel, with growth of 800 bps above

Robust growth in Online:

- **1P – growth:**
  + 52% in 1Q20 and +60% in March/20

- **3P – growth:**
  +27% in 1Q20 and +37% in March/20

Exponential growth of active users in apps, from 1.5 million in June/19 to 8.0 million in Mar/20. In April/20 reached 11.2 million

Financial Highligths – 1Q20

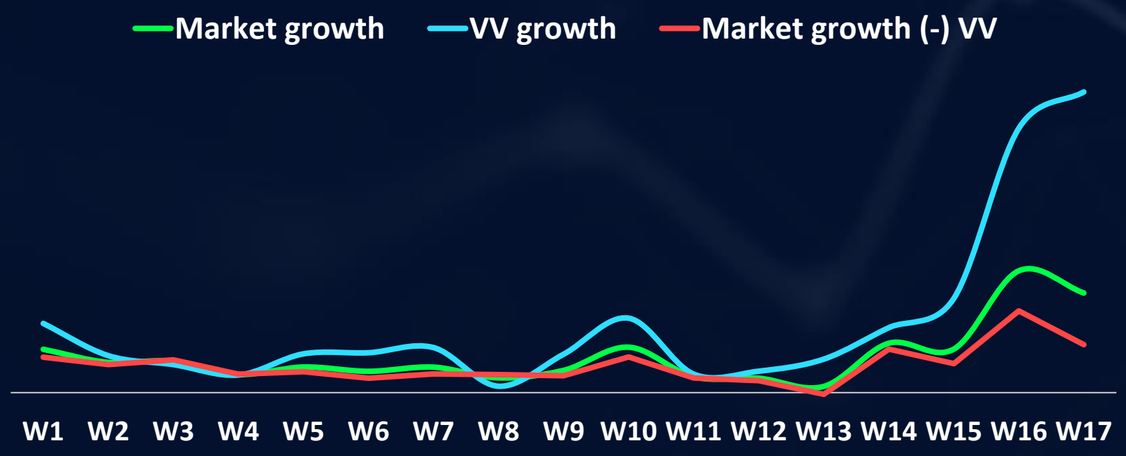
- Reversal of loss of R$50 million to Net Income of R$13 million in the period or Net Income of R$100 million, estimated without COVID-19 effects
- Gross margin of 30.7%, up 3.1 p.p. from 1Q19, with Gross Profit reaching R$1.9 billion in the quarter, 11.5% growth vs. 1Q19
- Adjusted EBITDA Margin of 9.8%, advancing 170 bps from 1Q19, with Adjusted EBITDA of R$621 million, 22% growth vs. 1Q19
- Total GMV growth of R$7.8 billion, with 27% in the Online channel, up 800 bps from 1Q19. In March/20 Online channel
- We ended the quarter with cash, including undiscounted credit card receivables, of R$2.9 billion

Market-share

EXPRESSIVE INCREASE

GfK : *Online Share vs* Via Varejo *Online*

- in the 13th week VV grew 43% and market (-) VV -2%
- in the 14th week, VV grew 83% and market (-) VV 56%
- in the 15th week, VV grew 120% and market (-) VV 37%
- in the 16th week, VV grew 337% and market (-) VV 104%
- in the 17th week, VV grew 383% and market (-) VV 61%



Compre&Confie: Market-share Evolution - Total *Online*

- in the 13th week VV grew 148% and market (-) VV 24%
- in the 14th week, VV grew 178% and market (-) VV 43%
- in the 15th week, VV grew 208% and market (-) VV 38%
- in the 16th week, VV grew 308% and market (-) VV 96%
- in the 17th week, VV grew 307% and market (-) VV 76%

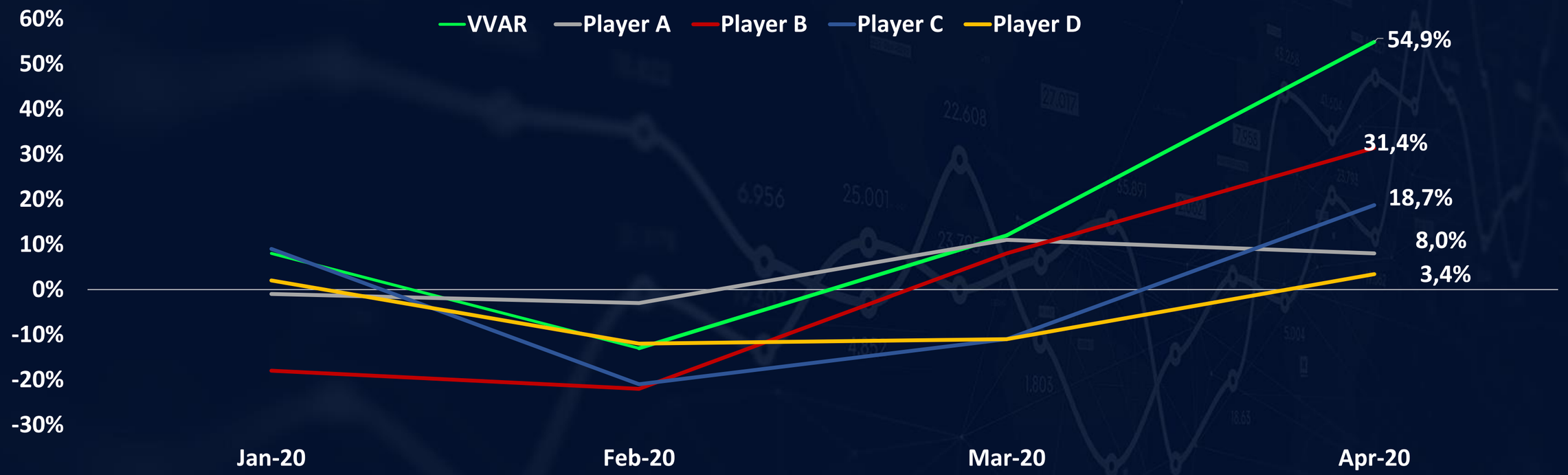


Source: GfK (Market-share survey of the online market in the categories in which VV works) and; Compre&Confie (Market-share survey of the online market comprehensively).)

Visits

EXPRESSIVE INCREASE

Similar Web: Market Growth



Source: Similar Web

EXPONENTIAL

GROWTH IN OUR APPs

VISITS GROWTH YoY

+345% 1Q20

+450% Mar/20

+ 7.5x

MILLIONS OF ACTIVE MONTHLY USERS

1,5M in Jun/19

11,2M in Apr/20

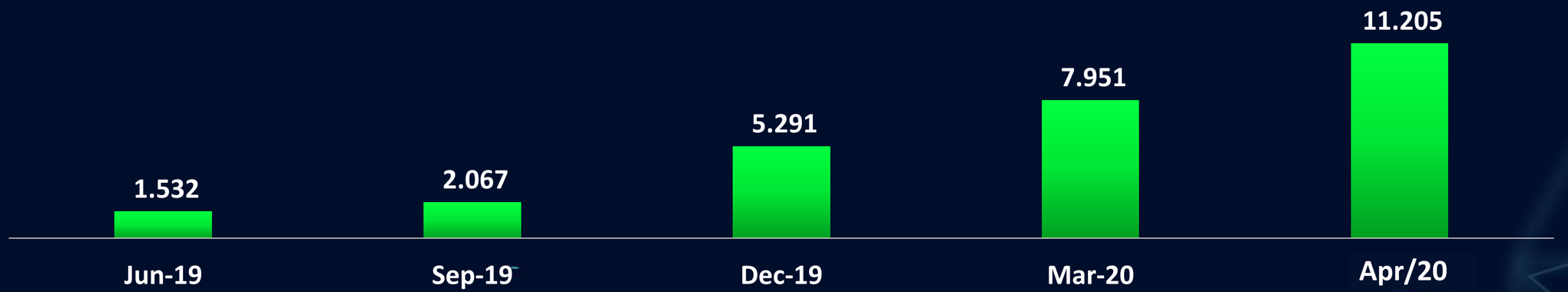
SALES

9% GMV 1Q19

18% GMV 1Q20

22% GMV 1Q20

MAU



Other Highlights

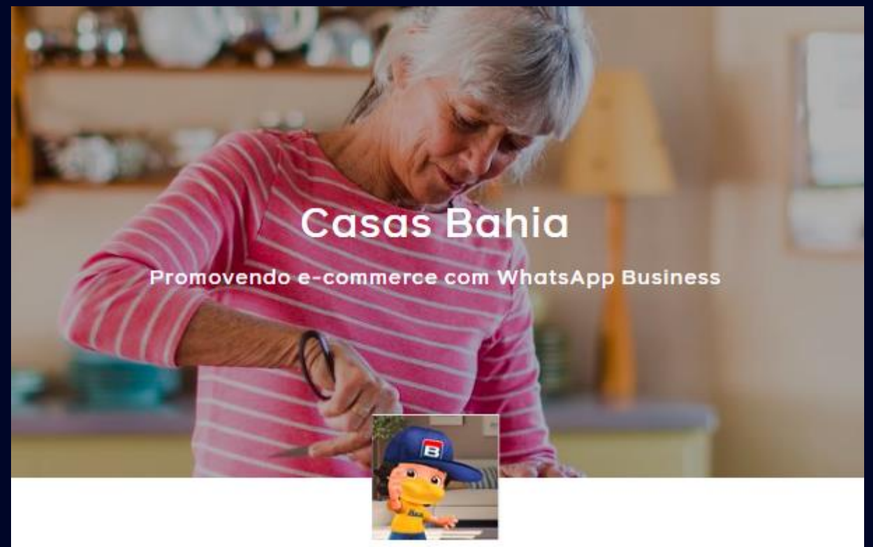
- Achievement of 70% of the Budget
- Creation of online sellers (“TEXT ME ON WHATSAPP). 20% stake in GMV since launch
- Launch of CDC Digital, for direct sales in e-commerce
- Payment of 62% of CDC installments in April, with a grace period. Payments were via digital or lottery / agencies, reminding that 94% of customers to pay at the store
- Bartira factory started exporting to the USA

CAPEX

- Technology initiatives will be maintained in R$ 300 million/year. Expansion and reforms had frozen investments

TEXT ME ON WHATSAPP

Innovate creation of online sellers (“TEXT ME ON WHATSAPP). 20% stake in GMV since launch



CASO DE SUCESSO

Com o fechamento das lojas físicas por conta da pandemia do novo coronavírus (COVID-19), a Casas Bahia recorreu às Páginas de suas lojas regionais no Facebook para fazer campanhas de cliques para o WhatsApp que as ajudassem a continuar vendendo.

O OBJETIVO

Da loja física para o online

Com as medidas tomadas para conter a COVID-19, como quarentena e fechamento de lojas, a Casas Bahia, que estava em pleno processo de aceleração digital, encontrou-se diante de um desafio: levar todos os esforços das lojas físicas para o online – e continuar vendendo somente pelo digital.

Humanizamos o e-commerce, digitalizamos nossa força de vendas, e o mais importante, criamos um serviço relevante para os clientes. O WhatsApp é uma ferramenta que chegou pra digitalizar o brasileiro e mesmo quem ainda não tenha realizado uma compra online, se sente confiante e assistido pelo vendedor, que faz uma verdadeira curadoria ajudando na melhor decisão e nas etapas da compra.

Ilca Sierra

Diretora de Marketing e Comunicação, Via Varejo

O SUCESSO

Humanizando o e-commerce

Com a digitalização de todas as suas lojas físicas e a implementação do WhatsApp Business como principal canal de venda, a campanha levou milhões de consumidores para o e-commerce.

- 30 milhões de pessoas viram os anúncios[1]
- mais de 30 mil campanhas promovidas[2]
- mais de 800 contas de anúncios[3]

A SOLUÇÃO

Contando com o WhatsApp Business



* Portuguese only

RESULT

1Q20 w/o COVID-19 w/ IFRS16

	1Q2020 Accounting	Covid Impact	1Q2020 Adjusted	Var. vs adjusted Abs	Var. vs adjusted %
› Gross Sales (Physical Stores+GMV)	7,840	726	8,566	+198	+2%
› Gross Profit (%NR)	1,948 30.7%	161	2,110 30.4%	+5 -50 bps.	+0% -2%
› SG&A (%NR)	-1,386 -21.9%	-64	-1,450 -20.9%	+148 +260 bps.	-9% -11%
› Adjusted EBITDA (%NR)	621 9.8%	97	718 10.3%	+171 +230 bps	+31% +29%
› Financial Results	-318 -5.0%	34	-284 -4.1%	-15 -10 bps	+5% +3%
› Net Revenue	13 0.2%	87	100 1.4%	+67 +100 bps	+205% +199%

RESULT

1Q20 Accounting w/ IFRS16

	1Q 2019 Accounting	1Q 2020 Accounting	Var Abs	Var %
› Gross Sales (Physical Stores+GMV)	7,613	7,840	+227	+3%
› Gross Profit (%NR)	1,747 27.6%	1,948 30.7%	+201 +314 bps	+12% +11%
› SG&A (%NR)	-1,291 20.4%	-1,386 21.9%	-95 -147 bps	+7% +7%
› Adjusted EBITDA (%NR)	510 8.1%	621 9.8%	+111 +174 bps	+22% +22%
› Financial Results	-262 -4.1%	-318 -5.0%	-56 -90 bps	+21% +21%
› Net Revenue	-50 -0.8%	13 0.2%	+63 +100 bps	n/a n/a

RESULT

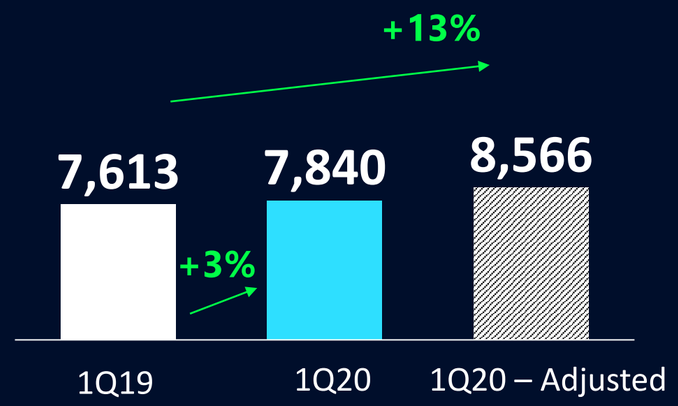
1Q20 w/o COVID-19 vs 1Q19 Op.

	1Q2019	1Q2020	VarAbs	Var%
› Gross Sales (Physical Stores+GMV)	7,613	8,566	+953	+13%
› Gross Profit (%NR)	1,747 27.6%	2,110 30,4%	+363 +280 bps	+21% +10%
› SG&A (%NR)	-1,291 -20.4%	-1,450 -20.9%	-159 -0,05 bps	+12% +2%
› Adjusted EBITDA (%NR)	510 8.1%	718 10.3%	+208 +0.22 bps	+41% +28%
› Financial Results	-262 -4.1%	-284 -4.1%	-22 +10 bps	+8% -1%
› Net Revenue	-50 -0.8%	100 1.4%	+150 +220 bps	n/a n/a

#RESULT 1Q 2020

GROSS REVENUE

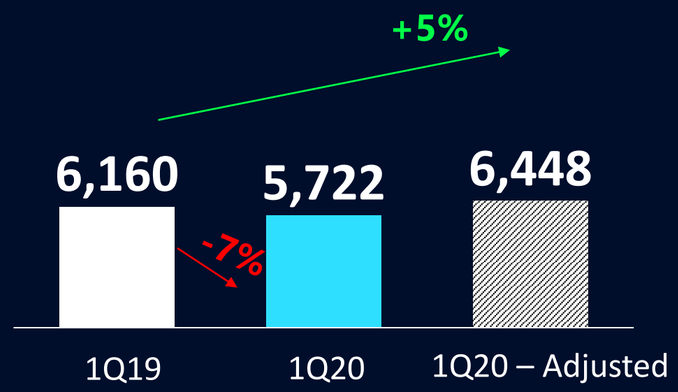
TOTAL GMV (Physical Stores + GMV e-commerce)



Resumption of Online contributing to the **growth of Gross Revenue**

Without the COVID-19 impact, we would have **sales growth of + 13%**

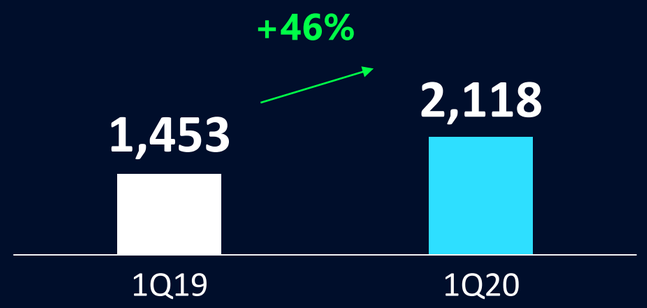
GROSS REVENUE (PHYSICAL STORES)



Physical Stores highly impacted by the **COVID-19 Pandemic**

Without the COVID-19 impact, we would have **sales growth of + 5%**

GMV (1P + 3P)

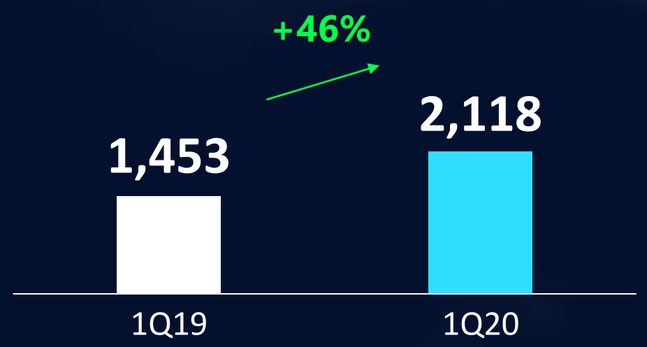


Aggressive growth of Online (1Q20 with 46% growth vs. 35% growth in 4Q19)

#RESULT 1Q 2020

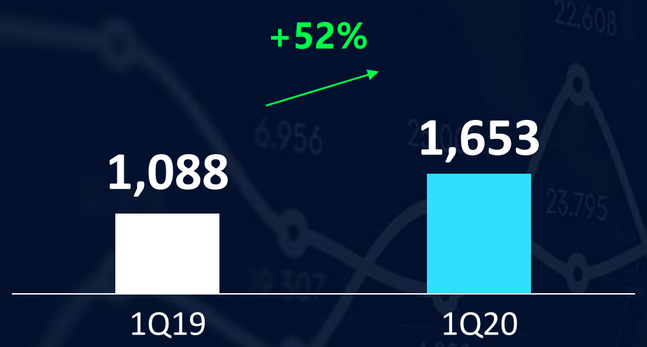
GMV (1P + 3P)

NET GMV



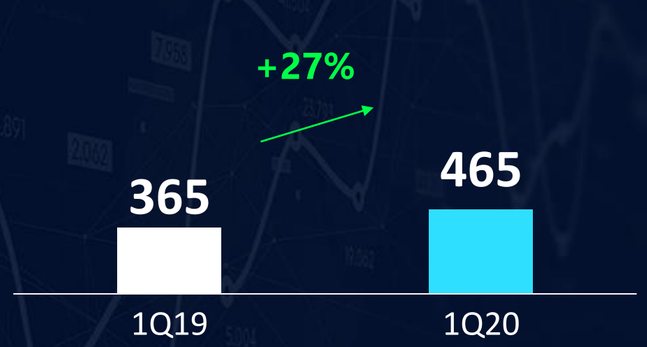
Aggressive growth of Online
(1Q20 with 46% growth vs. 35% growth in 4Q19)

GMV 1P



1P growth exceeds 3P
(1Q20 with 52% growth vs. 29% growth in 4Q19)

GMV 3P

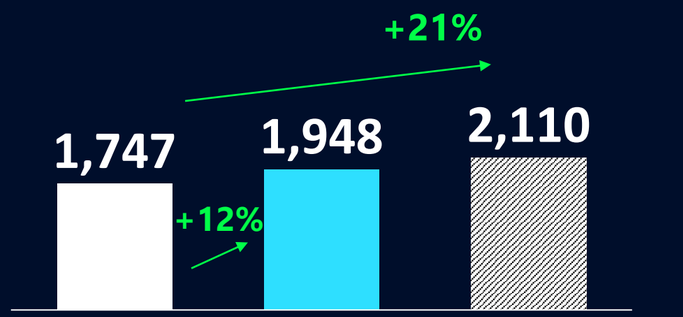


3P keeps **growing (27%)**

#RESULT 1Q 2020

GROSS PROFIT, EXPENSES and Adjusted EBITDA

GROSS PROFIT



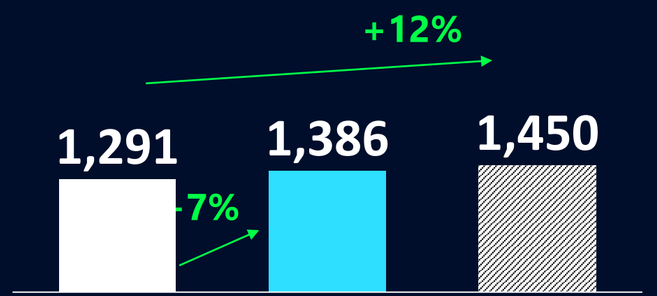
%NR	1Q19	1Q20	1Q20 - Adjusted
	27.6%	30.7%	30.4%

Increase of R$ 201 million in gross profit and **+310 bps on the Margin in function of**

+260 bps merchandise;

+70 bps credit

SG&A

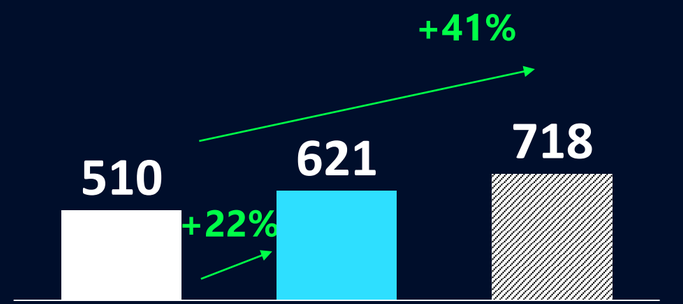


	1Q19	1Q20	1Q20 - Adjusted
	20.4%	21.9%	20.9%

Increase of R$ 95 million in SG&A and 150 bps (%NR)

Mainly due to higher expenses with Mkt.

ADJUSTED EBITDA



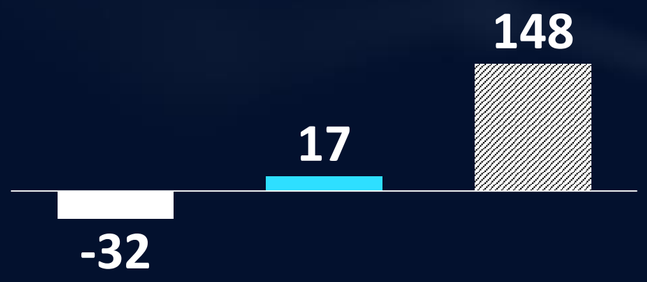
	1Q19	1Q20	1Q20 - Adjusted
	8.1%	9.8%	10.3%

Expressive increase in Adjusted Ebitda of 170 bps

#RESULT 1Q 2020

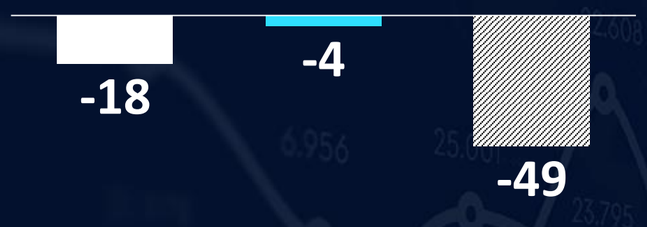
EBIT, Income Tax and Net Income

EBIT



%NR	1Q19	1Q20	1Q20 – w/o COVID
	-0.5%	0.3%	2.1%

INCOME TAX



	1Q19	1Q20	1Q20 – w/o COVID
	-0.3%	-0.1%	-0.7%

NET RESULT



	1Q19	1Q20	1Q20 – w/o COVID
	-0.8%	0.2%	1.4%

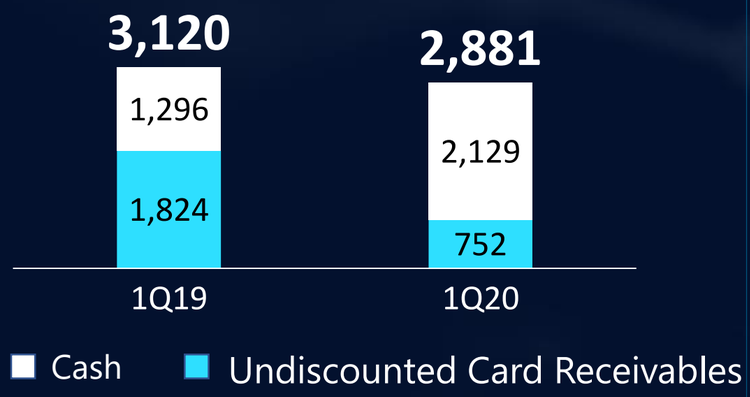
R$ 49 million increase in EBIT and **+80 bsp in Margin**

+ R$ 63 million in Net Income

#RESULT 1Q 2020

CASH AND DEBIT

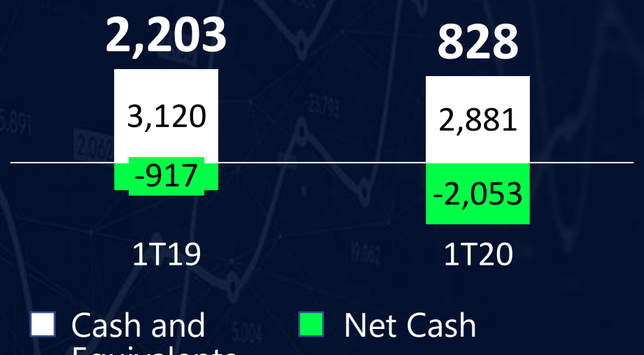
CASH AND EQUIVALENTS



BANK DEBIT



NET CASH



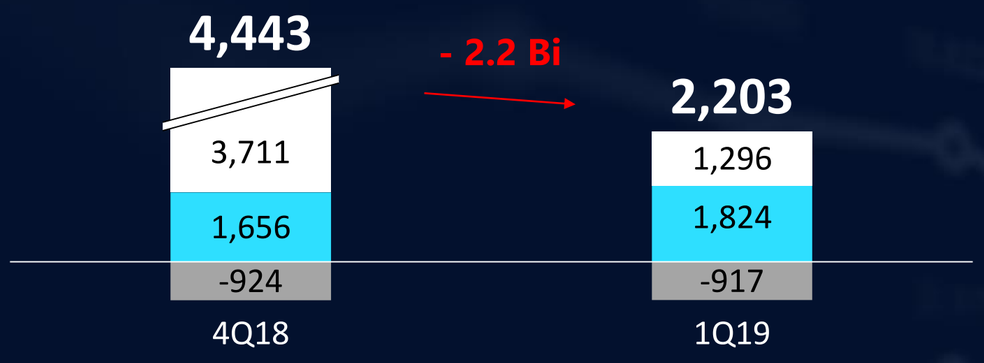
In a COVID19 scenario, the **Company opted to increase liquidity**

Increase in bank debt by R$ 1.1 billion

#RESULT 1Q 2020

CASH AND DEBT

NET CASH 1Q19



NET CASH 1Q20



Cash | Undiscounted Card Receivables | Debt

Improvement in cash consumption, (+ 769 MM) higher operating cash generation due to best working capital management in the period

BALANCE SHEET

CDCI BALANCE SHEET

ASSET	mar/20	LIABILITIES	mar/20
Receiving short term	3,153	CDCI short term	3,329
Receiving long term	396	CDCI long term	429
Total Accounts Receivable	3,549	Total Payable	3.758
Interest to be appropriated Short Term	-900	Interest to be appropriated Short Term	-99
Interest to be appropriated Short Term	-75	Interest to be appropriated Short Term	-7
Total Interest to be Appropriated	-975	Total Interest to be Appropriated	105
Total Interest to be Appropriated	2,574	Total Interest to be Appropriated	3,652

ITR page 24

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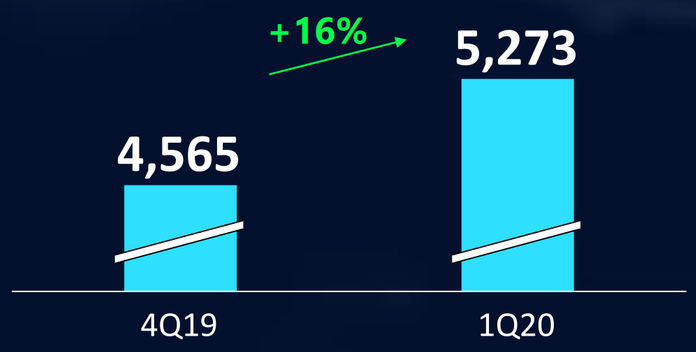
* The balance of unearned interest R$ (975) million is within the total accounts receivable R$ (3,549) million
(-) PCLD - R$(409) million

#RESULT 1Q 2020

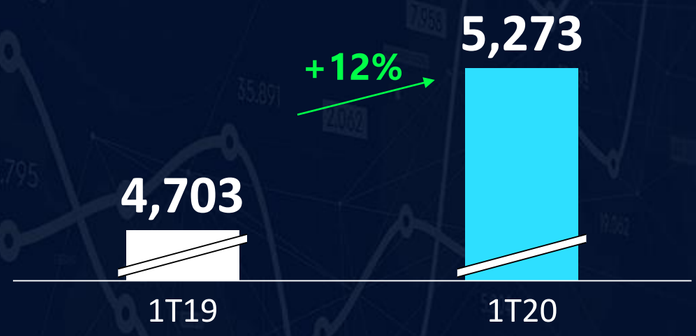
INVENTORY 2020

INVENTORIES VS 4Q19



In a COVID-19 scenario, **the Company opted to strengthen its Inventory position as a strategic differential**

INVENTORIES VS 1Q19



In a COVID-19 scenario, the **Company opted to increase inventory coverage by 17 days** from 93 days in 1Q19 to 110 days in 1Q20

EVOLUTION OF THE PLATFORM

DIGITALISATION

NEXT 60 DAYS

TEAM

- New leadership formed and more talent coming
- **1,200 employees in TECH (BRA) + banQui team (USA)**

ONLINE

- New apps in up to **june** focused on usability and speed

OFFLINE

- **Physical stores in digital:**
  - Via+ with Recommendations and Marketplace
  - Infra: new mobile POS
  - New Expirience: Use of wifi, customized credit offer and new sales journey

MARKETPLACE

- Significant improvement for **Sellers**

POSITIVE CYLE OF DIGITALISATION

viavarejo

1 Stores Renovation
Improved experience and sales
+250 open stores
+Online Saller

2 Platform Stability
+ Conversion
+ Flow
GMV + 46% growth
+Market Share

3 Marketing and Communication
+ Customer (visits +450% in the APP) Mar/20
+ 20% sales on App
+ 8M active users (MAU) Mar/20
+11M active users (MAU) Apri/20
+11M active users
+Social Media Engagement

4 Credit and Payment Book
More financed sale
+ 110 bps in stores
+Digital CDC (Online Sale)

5 Commercial and Products
+310bps on Gross Margin
Renewed inventories

6 Delivery Deadline
Inventory integration and execution improved delivery times
24H - 28% | 48H - 47%
Mini Hubs: from 60 to 180 Mini Hubs
Acquisition of AsapLog

7 Expansion
70-90 Strengthening stores
On / Off
Under review 2020

8 People
Strong talent attraction and cultural redesign

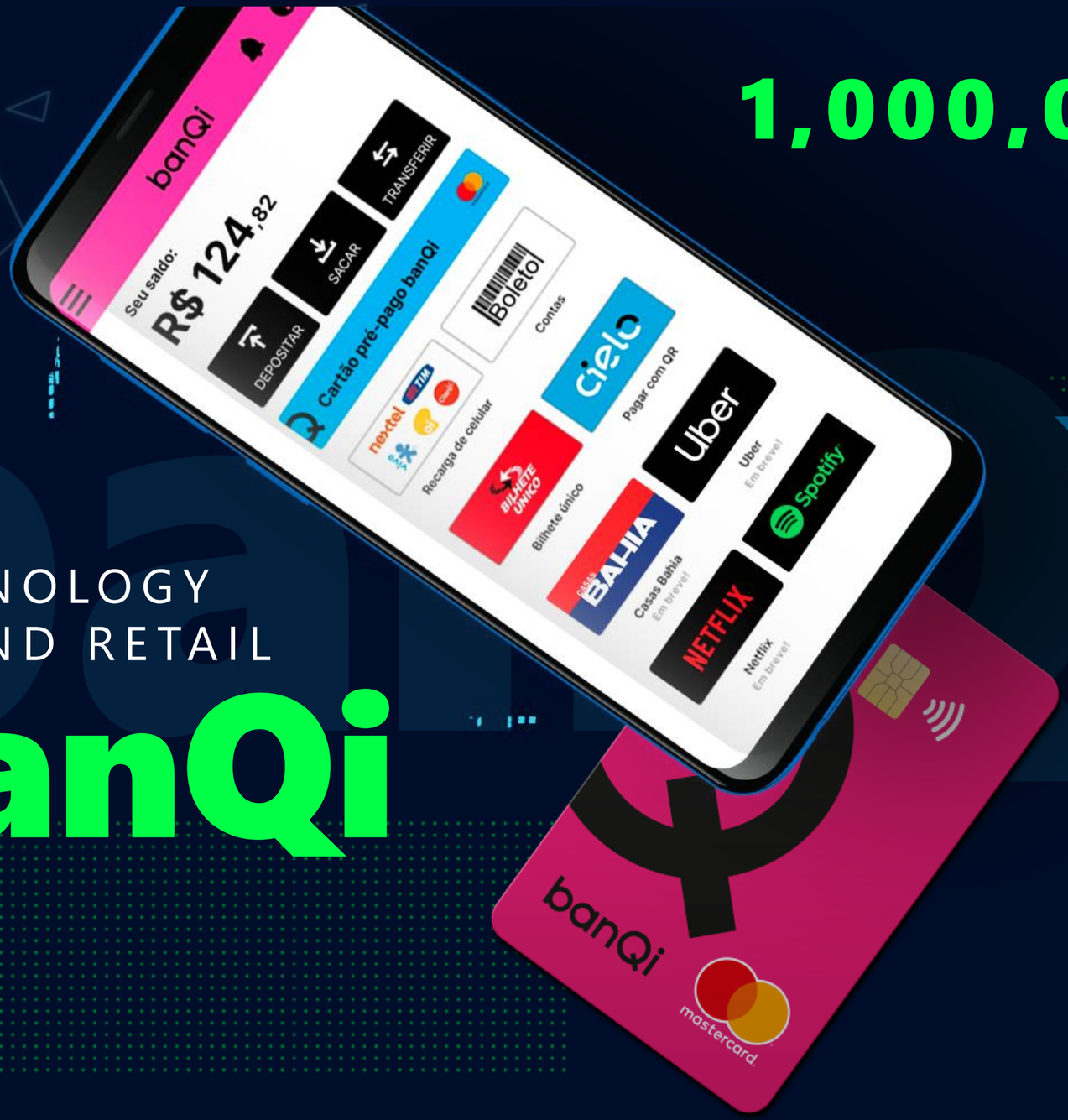


customer

TECHNOLOGY
BEYOND RETAIL

banQi

1,000,000 downloads!



DIGITAL WALLET

- Working as Super App
- National Rollout started
- Today in 511 stores
- Accounts opened +100%
- Coupons added to the app + 117%
- Payment of slips via app +110%

AsapLog

- 3P will gain agility and we will serve our customers much more quickly and efficiently
- We expect an increase in sales from our marketplace as sellers will have the same price, freight cost and delivery terms as Via Varejo
- Management of 180 mini-hubs, with a 50% reduction in delivery time and a drop of more than 50% in the cost of the last mile
- Active in 35 mini-hubs