viavarejo

2016 Results

February 22, 2017 – Via Varejo S.A., Brazil's largest retailer of electronics, home appliances and furniture, announces its **results** for the fourth quarter (**4Q16**) and full year **2016**.

On November 1, 2016, the Company consolidated for the first time the results of both the online and offline businesses. To facilitate understanding of the numbers presented in this report, we have prepared the pro forma comparisons of the quarters and year in a homogeneous way. For both periods, we considered that the online and offline businesses were consolidated, three months for quarterly information and twelve months for annual information.

2016 Highlights

- **Continued market share gain in the offline business: same-store sales (-1.9%) performed better than the market (PMC-IBGE), which contracted 7.5% in 2016;**
- **Online business sees recovery in gross merchandise value (GMV): despite the 10.4% decline, this represents a sequential improvement in the quarter of more than 50% and, 36% higher than the performance registered in the year;**
- **Gross margin expanded in both channels to reach 31.4% (growth of 364bps)**
- **Combined Adjusted EBITDA reached R$1.0 billion (Combined EBITDA Margin of 4.3%), even though the online business is still not profitable.**
- **Solid net cash position of R$3.7 billion at the end of the year, despite the consolidation of net debt of the online business.**

Management Comments

The fourth quarter of 2016 was an important period of consolidation of the Company's long-term strategy since, in addition to the approval of the business combination of Cnova Brasil by the noncontrolling shareholders of Via Varejo and Cnova NV, the Company concluded the operational integration of its online and offline businesses. The business integration process was an essential step in giving life to the multichannel platform planned with the business combination. In this context, we concentrated our efforts this quarter on the integration of our logistics operation, which was successfully concluded. Also, all employees of Cnova Brasil started working at the head office of Via Varejo in São Caetano do Sul, São Paulo.

We launched our multichannel commercial strategy during Black Friday and Christmas, showing that the multichannel approach is already a reality at the Company. The traffic on our websites through mobile devices increased 16% in the quarter. Our click & collect, which has existed since 2013, has been improved and Via Varejo has become the only company in the market to offer in-store pick-up within just a few hours after the order is placed on our website. Our current volume is more than 80 thousand sales per month and it is growing continuously.

R$ million	Announced	Status	Roll-out
One-off Sinergies	**~325**	✓	**Captured in Dec,2016**
Inventory Sinergies	~325	✓	
Annual Sinergies	**~245**	✓	**During 2017**
Logistic Integration	~123	✓	
Human Resources	~24	✓	
Multichannel	~56	✓	
Working Capital	~42	✓	

Still on the business combination, when we announced the transaction, we estimated approximately R$570 million in potential synergies, of which R$325 million referred to inventory synergy, considered one-off, and R$245 million annually in cost and expense synergies. The one-off inventory synergy of R$325 million was captured in December and the action plans to capture the R$245 million in annual synergies have already been implemented. We started 2017 with an optimized cost and expense structure and prepared for the full operation of both businesses.

Over the course of 4Q16, we also announced an additional R$390 million in cash relating to advances of commissions on service agreements and financial products at both businesses:

- Agreement with Bradesco Cartões to offer the Casas Bahia co-branded card on casasbahia.com.br, in the amount of R$60 million;
- Agreement with Tempo USS to offer multi-assistance services in online and offline operations, in the amount of R$60 million, with an additional R$45 million if certain targets established in the agreement are met; and
- Agreement with Zurich Minas Brasil Seguros in the amount of R$270 million to offer the following products: (i) insurance against robbery, theft and accidental breaking of cell phones, for both channels and banners; and (ii) loan insurance, personal injury and residential insurance for both channels of the Pontofrio banner.

R$ million (pro-forma)	4Q16	4Q15	%	2016	2015	%
Offline - Ajusted SSS	(1.7%)	(15.2%)		(1.9%)	(16.4%)	
Online - GMV change	(10.4%)	(11.3%)		(16.3%)	12.9%	
Net Revenue	**6,933**	**6,936**	**0.0%**	**23,215**	**25,432**	**(8.7%)**
Gross Margin	33.0%	25.9%	716bps	31.4%	27.8%	364bps
Adjusted EBITDA[1]	**541**	**163**	231.4%	**1,007**	**1,178**	**(14.6%)**
Adjusted EBITDA Margin	7.8%	2.3%	547bps	4.3%	4.6%	-25bps
Financial Results	(359)	(355)	0.9%	(1,067)	(877)	21.7%
Adjusted Net Earnings	**13**	**(474)**	**na**	**(750)**	**(384)**	**95.2%**
Net Cash				3,756	5,981	(37.2%)

([1]) Excluding other operating revenues and expenses

In the offline business, during 4Q16 the Company continued to gain market share in a market that was reducing. While the Monthly Trade Survey (PMC-IBGE) for furniture and electronic appliances pointed to a decrease in sales, of 8.7%, 3,3% and 5.7% in October, November and December, respectively, same-store sales of Via Varejo performed better, declining only 1.7% in the quarter. For 2016, the survey pointed to a decline in the market's nominal revenue in 2016 of 7.5%, while the Company's sales declined 1.9% compared to 2015. This positive performance is associated with: (i) the differentiated portfolio of products in our stores, made possible by a healthy cash position; (ii) the competitiveness of our selling prices compared to the total market; (iii) diversified payment methods, such as payment book and co-branded cards; (iv) the investment in improving the quality of sale and after-sale processes, especially through the MOVVE Project (Operating Excellence Project implemented by Via Varejo in 2016), which introduces processes and methods in our stores with the aim of increasing the productivity of our sales force; (v) the improved service level in our logistics processes, which includes greater availability of products at the stores and a process that is considered a benchmark in the retail market, which ensures 80% of deliveries within 5 days all across Brazil and within 2 days in major state capitals and cities; and (vi) the incomparable strength of our brands.

For the online business, with the integration concluded, we sought greater balance in 4Q16 between sales volume and profitability, and defined the Company's multichannel pricing strategy. As a result, GMV in the online channel recovered strongly, decreasing 10.4% in 4Q16 compared to a decline of 24.2% in 3Q16, with a positive trend of continuation of GMV recovery in 2017. As for annual performance, the numbers still show a decline due to a highly atypical 9M16 for the Company, with investigations, changes in top management and replacement of the ERP system, all of which affected sales and deliveries.

With regard to combined operating results, this quarter, after the favorable conclusion of our legal and financial advisors, we decided to use the credits related to the Lei do Bem. As such, we recognized these credits in 4Q16, of which R$406 million refer to 9M16. We expect to monetize these tax credits by the end of 2018.

Pro forma gross margin closed 2016 at 31.4%, 364bps higher than in 2015. This improvement was substantially due to: (i) the result of implementing the multichannel commercial strategy; and (ii) correct pricing and definition of assortment. In 4Q16, gross margin stood at 33.0%, up 716bps from 4Q15.

Adjusted EBITDA margin in 2016 was 4.3%, slightly below the 2015 result. In 4Q16, the adjusted EBITDA margin was 7.9% or R$541 million.

In 2017, Via Varejo will continue to concentrate its efforts on: (i) increasing the operating efficiency of its stores with the MOVVE Project; (ii) continuing to capture synergies resulting from the integration of the online and offline businesses; (iii) improving the service level for clients in both channels; and iv) constantly monitoring the cost and expense structure.

We are very confident in 2017. We notice important changes in the macroeconomic scenario, such as the reduction in the basic interest rate which, apart from its potential to drive the recovery in consumption, also contributes to a significant reduction in our financial expenses, where we should save approximately R$80 to R$100 million for each percentage point reduced. In addition, the recovery of consumption coupled with: (i) the integration of the online and offline businesses, already concluded; (ii) the Company's initiatives in 2016 to increase operating efficiency; and (iii) the strict control over expenses, will enable a significant increase in profitability for both businesses due to the possibility of operating leverage.

Board of Executive Officers

Operating Performance

Net Sales Performance

Via Varejo - "same store sales"	4Q16	2016
Offline (Payroll adjustment)	(1.7%)	(1.9%)
Online (GMV change)	(10.4%)	(16.3%)

The strategy in 4Q16 can be divided into three phases: (i) promotional events in October and November to anticipate Black Friday sales; (ii) during Black Friday, with higher competitiveness in low-turnover products and prioritizing profitability in other products; and (iii) December with strong volume of sales, prioritizing margin. Hence, despite a more challenging market compared to 4Q15, the level of profitability was similar to last year's for the offline business and significantly higher for the online business.

The mobile category remains the top performer, with double-digit sales growth and a higher contribution to the sales mix in both the offline and online channels. Sales of television sets and seasonal products also increased their share of total sales in the quarter.

As discussed in previous quarters, in 2016 the Company successfully achieved an adequate balance between sales volume, market share gains and profitability. This correct equation led the Company's same-store sales outperform the market by 560bps, according to the PMC-IBGE survey.

R$ million	4Q16	4Q15	%	2016	2015	%
Merchandise	6,194	6,241	(0.8%)	20,497	22,888	(10.4%)
Freight	38	27	41.8%	145	92	57.2%
Services	289	305	(5.3%)	1,096	1,017	7.7%
CDC/Credit Cards	385	345	11.6%	1,400	1,370	2.2%
Assembly	27	18	52.7%	78	65	20.1%
Net Revenue	**6,933**	**6,936**	**(0.0%)**	**23,215**	**25,432**	**(8.7%)**

Also, in 2016 we continued to implement our sales and profitability strategy using our portfolio of products and financial services as a means to mitigate the decline in sales of goods. Revenue from payment books, cards, services, assembly and freight increased 6.4% from 4Q15 and increased its share of the revenue mix by 64bps, going from 10.0% to 10.7% of net revenue. This increase was due to contractual renegotiations made by the Company since 2013, as well as changes in the monitoring policies regarding the achievement of targets and incentives to the sales force.

Sales by means of payment	4Q16	4Q15	%	2016	2015	%
Cash/Debit Card	31.9%	21.4%	1048bps	28.9%	27.6%	132bps
CDC (Payment Book)	11.9%	9.9%	205bps	11.7%	11.6%	11bps
Co-branded Credit Card	12.4%	9.4%	296bps	12.4%	10.8%	167bps
Third-party Credit Card	43.8%	59.3%	-1549bps	47.0%	50.1%	-310bps

As by means of payment, we continue to promote the most lucrative methods for the Company in both channels. For cash payments, we encourage sales through promotions, which helps improve working capital efficiency. In payment books, we significantly improved the contribution margin of this financial product and the Company. Furthermore, our initiatives to promote our co-branded card have been producing results. In 2016, we increased by 21.1% the number of approvals of new co-branded cards and enabled receipt of credit card applications through our websites, which resulted in an increase in their share of private label cards compared to third-party cards. This payment method provides us with additional revenue from the use of these cards, reduction of transaction costs, sale of receivables and loyalty of our customers to our brands.

Gross profit

R$ million	4Q16	4Q15	%	2016	2015	%
Gross Profit	2,289	1,793	27.7%	7,293	7,063	3.3%
Gross Margin	33.0%	25.9%	716bps	31.4%	27.8%	364bps
"Lei do Bem" 9M16	406	0	na	0	0	na
Tax Relief on Payroll	0	36	na	0	182	na
Adjusted Pro-Forma Gross Profit	**1,883**	**1,829**	**2.9%**	**7,293**	**7,245**	**0.7%**
Adjusted Pro-froma Gross Margin	**28.8%**	**26.2%**	**261bps**	**31.4%**	**28.3%**	**313bps**

Consolidated gross margin closed 2016 at 31.4%, 364bps higher than in 2015. This improvement was due to: (i) the significant increase in the share of financial services and products in net sales and the results of the offline business in the period; (ii) the improved commercial strategy of the online business. In 2016, in the offline business, the Company focused on reaching a balance between price, sales volume and market share, which contributed positively to maintaining the gross margin stable compared to 2015. In the online business, with the implementation of the multichannel commercial strategy, gross margin improved significant, which was notably concentrated in 4Q16 and which continued to the 1300 bps increase in profitability.

In 4Q16, gross margin stood at 33.0%, up 716 bps from 4Q15. Margin expansion in 4Q16 was largely due to the same effects mentioned in the previous paragraph. There was also the impact of tax credits relating to the Lei do Bem.

Selling, general and administrative expenses

R$ million	4Q16	4Q15	%	2016	2015	%
SG&A	(1,771)	(1,676)	5.7%	(6,376)	(6,097)	4.6%
% Net Revenue	(25.5%)	(24.2%)	-139bps	(27.5%)	(24.0%)	-349bps
Tax Relief on Payroll	0	(51)	na	0	(285)	na
Adjusted SG&A	**(1,771)**	**(1,727)**	**2.6%**	**(6,376)**	**(6,382)**	**-0.1%**
% Adjusted Pro-forma Net Revenue	**(25.5%)**	**(24.7%)**	**-83bps**	**(27.5%)**	**(25.3%)**	**-219bps**

In 2016, the increase in expenses lagged inflation in the period, attesting to management's strict efforts. Pro forma SG&A was strongly affected by the 9M16 performance of the online business, which carries the effects of ERP implementation in the first half, leading to loss of sales and increase in legal expenses related to lawsuits as a result of difficulties faced in the existing logistics processes.

With the economic recession that we have seen since 2015, Via Varejo significantly reduced SG&A expenses in 2015 and 2016, establishing a limit for this cut while projecting: (i) the consumer market returning to normal in the medium term; (ii) maintenance of leadership in the segment; (iii) the future growth planned for our business; and (iv) the maintenance of service quality in our sales and after-sales process.

In this context, at the current level of net revenue, relative SG&A loses its significance since expenses are mostly fixed, offering the Company high operating leverage and consequently high growth potential for profitability through the dilution of expenses when sales pick up once again.

The average salary increases (collective bargaining agreements) negotiated with the respective unions, of 8.6%, are concentrated in 4Q16 and minimize the positive impact of the Company's cost cutting efforts.

EBITDA

EBITDA (R$ million)	**4Q16**	**4Q15**	**%**	**2016**	**2015**	**%**
EBITDA	469	44	954.0%	612	872	-29.8%
EBITDA Margin	6.8%	0.6%	612bps	2.6%	3.4%	-79bps
Other Operating Revenues (Expenses)	(72)	(104)	(30.6%)	(394)	(203)	93.9%
Tax Relief on Payroll	0	(15)	na	0	(103)	na
Adjusted EBITDA	**541**	**163**	**231.4%**	**1,007**	**1,178**	**-14.6%**
Adjusted EBITDA Margin	**7.8%**	**2.3%**	**547bps**	**4.3%**	**4.6%**	**-25bps**

In 2016, EBITDA margin adjusted for other operating income and expenses was 4.3%, slightly lower than in 2015, attesting to the efforts made by the Company's Management to maintain the balance between sales volume, market share growth and profitability. Despite the lower dilution of operating expenses, as previously discussed, especially in the online business in 9M16, the commercial strategy of maintaining gross margin in the offline business and gross margin growth in the online business significantly to the Adjusted EBITDA margin.

In 4Q16, Adjusted EBITDA margin stood at 7.8%, up 547 bps from 4Q15. The impact of tax credits related to 9M16 on EBITDA margin was R$406 million.

The nature of other operating income and expenses substantially refers to expenses with restructuring activities in both the online and offline operations, including the costs of business integration and additional impacts from the investigation carried out in 1H16 at Cnova Brasil.

Financial Performance

R$ million	4Q16	4Q15	%	2016	2015	%
Operating Financial Revenues	**33**	**52**	(37.3%)	**150**	**164**	(8.5%)
Operating Financial Expenses	**(380)**	**(375)**	1.4%	**(1,174)**	**(1,077)**	9.0%
Debt Financial Expenses	(94)	(41)	127.4%	(264)	(147)	80.3%
CDC Financial Expenses	(94)	(79)	18.5%	(356)	(324)	10.0%
Credit Card Receivables' Discouting Expenses	(192)	(254)	(24.5%)	(553)	(607)	(8.8%)
Financial Results Operacional	**(347)**	**(322)**	7.7%	**(1,024)**	**(913)**	12.1%
% Adjutes Pro-forma Net Revenue	(5.0%)	(4.6%)	-36bps	(4.4%)	(3.6%)	-82bps
Others	(12)	**(33)**	(64.7%)	**(43)**	**37**	(217.5%)
Net Financial Results	**(359)**	**(355)**	0.9%	**(1,067)**	**(877)**	21.7%
% Adjusted Pro-forma Net Revenue	(5.2%)	(5.1%)	-5bps	(4.6%)	(3.4%)	-115bps

In 2016, the operating financial result was higher than in 2015, mainly impacted by the capital structure of the online business.

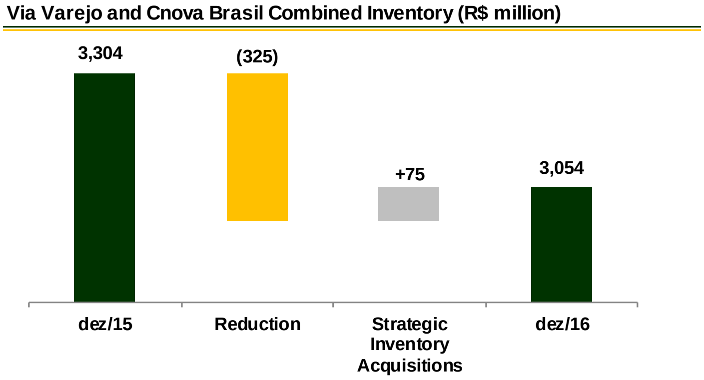
Also, in 2015, the line “Others” was impacted by the booking of one-off and non-cash monetary restatements (revenues) of recoverable taxes in the amount of R$137 million, and the non-cash monetary restatements of contingency provisions, especially labor provisions, recognized in the period.

Net Income

Considering the pro forma numbers for the quarter and the year, which were prepared homogenously, i.e. three months of both the online and offline businesses for 4Q16 and twelve months for fiscal year 2016, the Company would have reported Net Income of R$13 million in 4Q16 and Net Loss of R$750 million in 2016.

For the audited reported number, in 2016, the Company posted Net Loss of R$95 million, impacted by the consolidation of two months of the online business. In 4Q16, also considering the consolidation of two months of the online business, the Company posted Net Income of R$75 million.

Working Capital



With the integration of the logistics processes at the online and offline businesses, the synergy in inventories announced at the time of the business combination was captured in the amount of R$325 million. In addition, to maximize the Company's profitability considering its solid cash position, we adjusted the supliers' payment terms of the online operation to those of the offline business since the online and offline operations have already been consolidated. As a result, in 2016 there was a reduction of R$1,260 million in the balance of suppliers account.

R$ million	2016	2015	(+/-)
(+/-) Inventory	3,054	3,304	250
(+/-) Suppliers	6,107	7,367	(1,260)
Working Capital Change	**9,161**	**(4,063)**	**(1,010)**

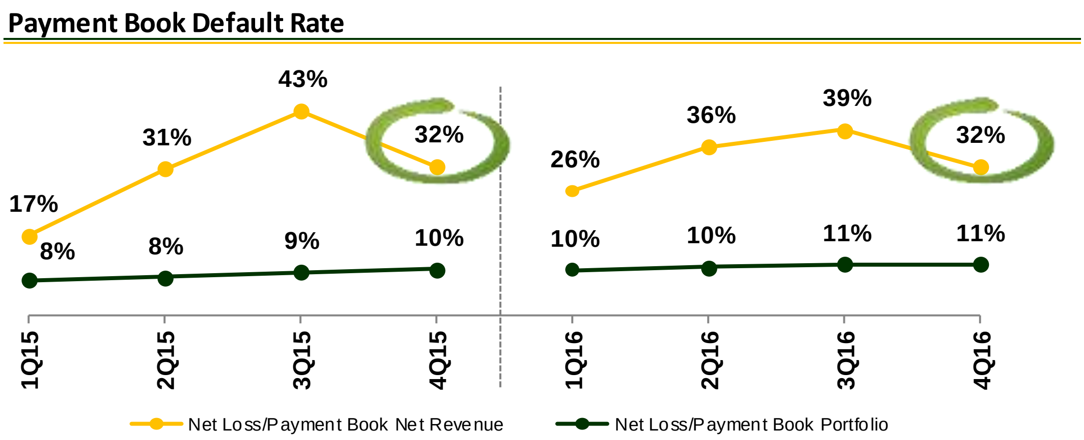
Cash Position

R$ million	12.31.2016	12.31.2015	%
Loans and Financing (ex CDC)	(937)	(797)	17.6%
Cash and Cash Equivalents	4,030	6,677	(39.6%)
Credit Card receivables not discounted	663	101	na
Net Cash	**3,756**	**5,981**	**(37.2%)**
Net Cash / EBITDA (LTM)	3.7x	7.6x	

We closed the year with a strong net cash position of R$3,756 million, which includes the unsold receivables portfolio. The reduction of R$2,225 million in net cash in the period was due to the following factors: (i) payment of loan between Cnova Brasil and Cnova N.V. in November 2016, and the price adjustment resulting from the corporate reorganization involving Cnova N.V. and the Company, totaling R$588 million; (ii) reduction in supplier payment terms compared to 2015, with an impact of R$1,193 million; (iii) operational cash burn of the online business.

We also highlight the better performance of net revenue from financial intermediation, which, despite the unchanged penetration of this payment method compared to 2015, registered an increase in consumer financing charges to match the perceived increase in funding costs and the highest absolute levels of default and losses.

Payment book defaults



Our CDCI portfolio has been improving in terms of receivables overdue, despite the sharp deterioration of the market, thanks to streamlined processes and the development of risk control systems. The new centralized credit approval system enables the company to approve more clients, with lower credit risk, which has been positively contributing to the profitability of the portfolio over the quarters.

Pro-forma Capital Expenditure

In 4Q16, Via Vireo's capital expenditure totaled R$58 million, broken down as follows:

R$ million	4Q16	4Q15	%	2016	2015	%
Logistics	3	15	(82.4%)	20	40	(49.6%)
New Stores	0	10	(100.0%)	5	110	(95.0%)
Stores Renovation	25	50	(49.1%)	76	112	(32.4%)
IT	25	42	(40.3%)	90	159	(43.7%)
Others	4	3	44.8%	8	20	(62.4%)
Cash Events	**58**	**120**	**(52.1%)**	**199**	**441**	**(55.0%)**
Technology Leasing	0	0	na	7	20	(65.0%)
Intangible Acquisitions	65	0	na	65	0	na
Non-cash Events	**65**	**0**	**na**	**66**	**20**	**231.9%**
Total	**123**	**120**	**2.1%**	**265**	**461**	**(42.5%)**

Store Activity by Format

Casas Bahia	12.31.2015	Conversion	Opening	Closure	12.31.2016
Street	597	7	2	(17)	589
Shopping Malls	163	-	2	(2)	163
Consolidated (total)	**760**	**7**	**4**	**(19)**	**752**
Sales Area ('000 m2)	**934**	**6**	**4**	**(18)**	**926**
Total Area (mil m2)	**1,268**	**8**	**4**	**(24)**	**1,256**

Pontofrio	12.31.2015	Conversion	Opening	Closure	12.31.2016
Street	147	(7)	2	(19)	123
Shopping Malls	107	-	2	(9)	100
Consolidated (total)	**254**	**(7)**	**4**	**(28)**	**223**
Sales Area ('000 m2)	**166**	**(6)**	**2**	**(19)**	**144**
Total Area (mil m2)	**222**	**(8)**	**3**	**(26)**	**191**

Consolidado	12.31.2015	Conversion	Opening	Closure	12.31.2016
Street	744	-	4	(36)	712
Shopping Malls	270	-	4	(11)	263
Consolidated (total)	**1,014**	**-**	**8**	**(47)**	**975**
Sales Area ('000 m2)	**1,100**	**-**	**6**	**(37)**	**1,069**
Total Area (mil m2)	**1,490**	**-**	**7**	**(50)**	**1,447**

Unaudited Pro forma Accounting Information

Unaudited Pro-forma Balance Sheet

Assets

R$ million	12.31.2016	12.31.2016
Current Assets	**10,708**	**13,065**
Cash and Cash Equivalents	4,030	6,677
Accounts Receivable	2,782	2,096
Credit cards	663	101
Payment Book	1,966	1,876
Other	282	229
Accounts Receivable from B2B	213	130
Allowance for doubtful accounts	(342)	(240)
Inventories	3,054	3,304
Recoverable Taxes	581	656
Amounts Receivable from Related Parties	132	201
Noncurrent Assets Held for Sale	-	7
Expenses in Advance and Other Accounts Receivable	129	124
	-	-
Noncurrent Assets	**6,819**	**5,858**
Long-Term Assets	**3,980**	**3,007**
Accounts Receivable	182	98
Credit cards	32	-
Payment Book	172	110
Allowance for doubtful accounts	(22)	(12)
Recoverable Taxes	2,317	1,782
Deferred Income Tax and Social Contribution	295	266
Amounts Receivable from Related Parties	549	426
Judicial Deposits	615	415
Expenses in Advance and Other Accounts Receivable	22	20
Investments	**144**	**122**
Property and Equipment	**1,438**	**1,500**
Intangible Assets	**1,257**	**1,229**
TOTAL ASSETS	**17,527**	**18,923**

Liabilities and Shareholders' Equity

R$ million		
Current Liabilities	**12,057**	**12,439**
Taxes and Social Contribution Payable	477	494
Suppliers	5,618	7,367
Suppliers ('Forfait')	489	-
Loans and Financing	802	375
Payment Book (CDCI)	2,730	2,309
Fiscal Obligations	600	502
Dividends	-	4
Debt with Related Parties	188	167
Advanced revenue	336	265
Other	817	956
	-	-
Long-Term Liabilities	**2,662**	**2,888**
Loans and Financing	135	422
Payment Book (CDCI)	272	165
Debt with Related Parties	1	-
Deferred Income Tax and Social Contribution	14	6
Provision for lawsuits	906	572
Provision for Investment Losses	-	-
Advanced revenue	1,326	1,188
Other	8	536
	-	-
Shareholders' Equity	**2,808**	**3,596**
Capital	2,895	2,895
Capital Reserves	(886)	(143)
Profit Reserves	799	894
Cumulative translation adjustments	-	(50)
LIABILITIES AND SHAREHOLDERS' EQUITY	**17,527**	**18,923**

Unaudited Pro-forma Income Statement

R$ million	4Q16	4Q15	Δ	2016	2015	Δ
Gross Sales	**7,472**	**7,976**	**(6.3%)**	**26,605**	**28,937**	**(8.1%)**
Net Sales	**6,933**	**6,936**	**(0.0%)**	**23,215**	**25,432**	**(8.7%)**
Cost of Goods Sold	**(4,644)**	**(5,143)**	**(9.7%)**	**(15,922)**	**(18,369)**	**(13.3%)**
Depreciation (Logistic)	(17)	(21)	(21.0%)	(59)	(77)	(22.7%)
Gross Profit	**2,289**	**1,793**	**27.7%**	**7,293**	**7,063**	**3.3%**
Selling Expenses	(1,494)	(1,452)	2.9%	(5,528)	(5,304)	4.2%
General and Administrative Expenses	(277)	(224)	24.1%	(849)	(793)	7.0%
Equity Income	7	11	(35.7%)	30	33	(9.2%)
Other Operating Income (Expenses)	(72)	(104)	(30.6%)	(394)	(203)	93.9%
Total Operating Expenses	**(1,837)**	**(1,770)**	**3.8%**	**(6,740)**	**(6,267)**	**7.5%**
Depreciation and Amortization	(53)	(50)	7.6%	(201)	(205)	(2.0%)
Earnings before Interest and Taxes - EBIT	**399**	**(26)**	**(1620.9%)**	**352**	**591**	**(40.4%)**
Financial Revenue	86	70	24.0%	364	359	1.5%
Financial Expenses	(445)	(425)	4.7%	(1,432)	(1,236)	15.9%
Net Financial Income (Expense)	**(359)**	**(355)**	**0.9%**	**(1,067)**	**(877)**	**21.7%**
Earnings before Income Tax	**40**	**(382)**	**(110.5%)**	**(715)**	**(286)**	**150.2%**
Income Tax	(27)	(93)	(70.7%)	(35)	(99)	(64.4%)
Net Income	**13**	**(474)**	**(102.7%)**	**(750)**	**(384)**	**95.2%**
Earnings before Interest, Taxes, Depreciation, Amortization-EBITDA	**469**	**44**	**954.0%**	**612**	**872**	**(29.8%)**

% of Net Sales Revenue	4Q16	4Q15	Δ	2016	2015	Δ
Gross Profit	**33.0%**	**25.9%**	**716bps**	**31.4%**	**27.8%**	**364bps**
Selling Expenses	(21.5%)	(20.9%)	-61bps	(23.8%)	(20.9%)	-295bps
General and Administrative Expenses	(4.0%)	(3.2%)	-78bps	(3.7%)	(3.1%)	-54bps
Equity Income	0.1%	0.2%	-5bps	0.1%	0.1%	0bps
Other Operating Income (Expenses)	(1.0%)	(1.5%)	46bps	(1.7%)	(0.8%)	-90bps
Total Operating Expenses	**(26.5%)**	**(25.5%)**	**-98bps**	**(29.0%)**	**(24.6%)**	**-439bps**
Depreciation and Amortization	(0.8%)	(0.7%)	-5bps	(0.9%)	(0.8%)	-6bps
Earnings before Interest and Taxes - EBIT	**5.7%**	**(0.4%)**	**613bps**	**1.5%**	**2.3%**	**-81bps**
Net Financial Income (Expense)	**(5.2%)**	**(5.1%)**	**-5bps**	**(4.6%)**	**(3.4%)**	**-115bps**
Earnings before Income Tax	**0.6%**	**(5.5%)**	**608bps**	**(3.1%)**	**(1.1%)**	**-196bps**
Income Tax	(0.4%)	(1.3%)	95bps	(0.2%)	(0.4%)	24bps
Net Income	**0.2%**	**(6.8%)**	**702bps**	**(3.2%)**	**(1.5%)**	**-172bps**
EBITDA	**6.8%**	**0.6%**	**612bps**	**2.6%**	**3.4%**	**-79bps**

Audited Accounting Information

Audited Consolidated Balance Sheet (R$ million)

Assets	12.31.2016	12.31.2015
Current Assets	**10,708**	**10,671**
Cash and Cash Equivalents	4,030	5,580
Accounts Receivable	2,782	1,915
Credit cards	663	46
Payment Book	1,966	1,876
Other	282	233
Accounts Receivable from B2B	213	-
Allowance for doubtful accounts	(342)	(240)
Inventories	3,054	2,578
Recoverable Taxes	581	296
Amounts Receivable from Related Parties	132	179
Noncurrent Assets Held for Sale	-	7
Expenses in Advance and Other Accounts Receivable	129	116
	-	-
Noncurrent Assets	**6,819**	**5,617**
Long-Term Assets	**3,980**	**3,008**
Accounts Receivable	182	98
Credit cards	32	-
Payment Book	172	111
Allowance for doubtful accounts	(22)	(13)
Recoverable Taxes	2,317	1,782
Deferred Income Tax and Social Contribution	295	286
Amounts Receivable from Related Parties	549	408
Judicial Deposits	615	414
Expenses in Advance and Other Accounts Receivable	22	20
Investments	**144**	**122**
Property and Equipment	**1,438**	**1,407**
Intangible Assets	**1,257**	**1,080**
TOTAL ASSETS	**17,527**	**16,288**
Liabilities and Shareholders' Equity		
Current Liabilities	**12,057**	**9,468**
Taxes and Social Contribution Payable	477	465
Suppliers	5,618	3,783
Suppliers ('Forfait')	489	1,055
Loans and Financing	802	370
Payment Book (CDCI)	2,730	2,309
Fiscal Obligations	600	489
Dividends	-	4
Debt with Related Parties	188	95
Advanced revenue	336	265
Other	817	633
	-	-
Long-Term Liabilities	**2,662**	**2,574**
Loans and Financing	135	415
Payment Book (CDCI)	272	165
Debt with Related Parties	1	-
Deferred Income Tax and Social Contribution	14	27
Provision for lawsuits	906	554
Provision for Investment Losses	-	225
Advanced revenue	1,326	1,188
Other	8	-
	-	-
Shareholders' Equity	**2,808**	**4,246**
Capital	2,895	2,895
Capital Reserves	(886)	507
Profit Reserves	799	894
Cumulative translation adjustments	-	(50)
LIABILITIES AND SHAREHOLDERS' EQUITY	**17,527**	**16,288**

Audited Consolidated P&L (R$ million)

	4Q16	4Q15	2016	2015
Gross Sales	**7,146**	**6,197**	**22,293**	**21,818**
Net Sales	**6,665**	**5,461**	**19,819**	**19,268**
Cost of Goods Sold	**(4,459)**	**(3,816)**	**(13,113)**	**(13,095)**
Depreciation (Logistic)	(16)	(16)	(46)	(58)
Gross Profit	**2,206**	**1,645**	**6,706**	**6,173**
Selling Expenses	(1,405)	(1,202)	(4,814)	(4,440)
General and Administrative Expenses	(265)	(132)	(630)	(502)
Equity Income	(7)	(110)	(187)	(185)
Other Operating Income (Expenses)	(61)	(79)	(185)	(166)
Total Operating Expenses	**(1,738)**	**(1,523)**	**(5,816)**	**(5,293)**
Depreciation and Amortization	(48)	(41)	(177)	(173)
Earnings before Interest and Taxes - EBIT	**420**	**81**	**713**	**707**
Financial Revenue	75	60	280	335
Financial Expenses	(394)	(343)	(1,056)	(962)
Net Financial Income (Expense)	**(319)**	**(283)**	**(776)**	**(627)**
Earnings before Income Tax	**101**	**(202)**	**(63)**	**80**
Income Tax	(26)	36	(32)	(66)
Net Income	**75**	**(166)**	**(95)**	**14**
Earnings before Interest, Taxes, Depreciation, Amortization-EBITDA	**484**	**138**	**936**	**938**

% of Net Sales Revenue	**4T16**	**4T15**	**2016**	**2015**
Gross Profit	**33.1%**	**30.1%**	**33.8%**	**32.0%**
Selling Expenses	-21.1%	-22.0%	-24.3%	-23.0%
General and Administrative Expenses	-4.0%	-2.4%	-3.2%	-2.6%
Equity Income	-0.1%	-2.0%	-0.9%	-1.0%
Other Operating Income (Expenses)	-0.9%	-1.4%	-0.9%	-0.9%
Total Operating Expenses	**-26.1%**	**-27.9%**	**-29.3%**	**-27.5%**
Depreciation and Amortization	-0.7%	-0.8%	-0.9%	-0.9%
Earnings before Interest and Taxes - EBIT	**6.3%**	**1.5%**	**3.6%**	**3.7%**
Net Financial Income (Expense)	**-4.8%**	**-5.2%**	**-3.9%**	**-3.3%**
Earnings before Income Tax	**1.5%**	**-3.7%**	**-0.3%**	**0.4%**
Income Tax	-0.4%	0.7%	-0.2%	-0.3%
Net Income	**1.1%**	**-3.0%**	**-0.5%**	**0.1%**
EBITDA	**7.3%**	**2.5%**	**4.7%**	**4.9%**

Audited Cash Flow (R$ million)	2016	2015
Net Income for the period	**(95)**	**14**
Adjustment for Reconciliation of Net Income		
Deferred Income Tax	(23)	(12)
Depreciation and Amortization	223	231
Interests and Exchange Variation	455	329
Equity Income	187	185
Provision for lawsuits	511	143
Gain (loss) with fixed and intangible assets	25	18
Share-Based Payments	9	9
Allowance for doubtful accounts	573	552
Provision for Obsolescence and Retail Loss	102	62
Deferred Revenue	(211)	(99)
Other	6	4
	1,762	**1,436**
Asset (Increase) Decreases		
Accounts Receivable	(1,326)	(116)
Inventories	34	344
Taxes recoverable	(465)	(194)
Other Assets	45	(10)
Net Related Parties	(269)	151
Judicial Deposits	(193)	(76)
Received Dividends	8	36
	(2,166)	**135**
Liabilities (Increase) Decreases		
Suppliers	104	706
Payroll and Charges	100	132
Lawsuits	(313)	(242)
Deferred Revenue	359	689
Income tax paid	-	(76)
Other Liabilities	(115)	(195)
	135	**1,014**
Net Cash (used) in Operating Activities	**(269)**	**2,585**
Cash Flow fom Investment Activities		
Acquisition of fixed and intangible assets	(151)	(352)
Sale of Property and Equipment	15	12
Net Cash (used in) Investment Activities	43	-
Acquisition of subsidiary	(47)	-
Cash Flow from Financing Activities	**(140)**	**(340)**
Proceeds from borrowings	4,365	4,617
Repayments of borrowings	(4,585)	(5,098)
Payment of interest	(377)	(409)
Dividends Payment	(3)	(223)
	-	-
Debt Amortization with Cnova N.V.	(541)	-
Net Cash (used in) Financing Activities	**(1,141)**	**(1,113)**
	-	-
Cash and Cash Equivalents at the Beginning of the Period	5,580	4,448
Cash and Cash Equivalents at the End of the Year Period	4,030	5,580
Change in Cash and Cash Equivalent	**(1,550)**	**1,132**

EARNINGS CONFERENCE CALL AND WEBCAST

February 23, 2017
11am (Brazil) / 9am (NY) / 2pm (London)

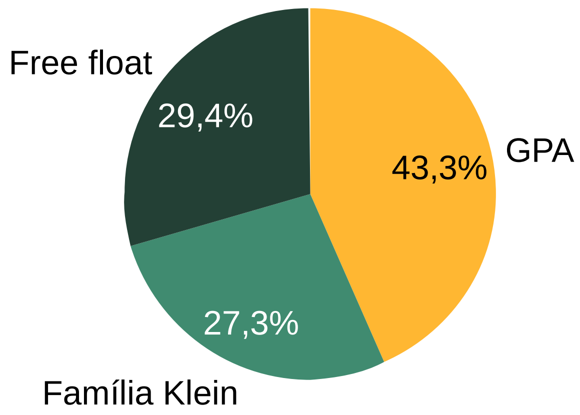
Portuguese:
+55 (11) 2188-0155
English (simultaneous translation):
+1 (646) 843-6054

Webcast: http://www.viavarejo.com.br/ri
Replay
+55 (11) 2188-0400 - Code: Via Varejo

The Company ended the quarter with 52,168 employees, 46,029 of whom were employees based on the full-time equivalent (FTE) criterion[1].

Ownership Structure

The capital stock of Via Varejo is divided into 1,291 million shares, of which 656 million are common shares and 635 million are preferred shares. GPA is the controlling shareholder, holding 43.3% of total stock and 62.6% of the common stock. Free float corresponds to 29.4% of all the shares issued by Via Varejo.



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