GRUPO CARREFOUR BRASIL (CRFB3)
Q3 2019 RESULTS

November 6, 2019

ANOTHER QUARTER OF SOLID AND SUSTAINABLE GROWTH, DRIVEN BY THE STRENGH OF OUR ECOSYSTEM

Gross Sales* +8.9% in Q3

Adj. EBITDA +7.2% in Q3 Pre-IFRS16

Adj. Net Income +14.7% in Q3 Pre-IFRS16

Q3 AND 9M 2019 FINANCIAL HIGHLIGHTS

- **Gross sales up 8.9%*, R$15.1 billion including petrol in Q3 with solid performance in all divisions:**
  - **Atacadão:** Solid growth of +9.0% at Atacadão, driven by expansion (+6.9%)
  - **Carrefour Retail:** Best quarterly LfL performance in five years: +8.8% in Q3, driven by successful commercial and omnichannel initiatives, resulting in market share gains in hypermarkets for the third consecutive quarter (+250bps in Q3) and 4.3% growth in tickets
  - **Banco Carrefour:** Remarkable growth in billings (+30.6%), driven by record growth of Carrefour card (+22.5%) and continued increase in Atacadão card billings
- **Adjusted EBITDA up 7.2% to R$1.1 billion** (pre-IFRS 16) in Q3; stable margin of 7.7% while investing in omnichannel initiatives. In 9M, adjusted EBITDA was 11.9% higher at R$3.1 billion pre-IFRS 16 (7.6% adj. EBITDA margin, +14bps)
- **Adjusted Net income, Group share**, **up 14.7% to R$448 million** pre-IFRS 16 (net margin of 3.3%) in Q3. In 9M, adjusted net income, Group share, grew 13.9% to R$1.3 billion pre-IFRS 16 (net margin of 3.2%)

ACCELERATION IN THE CONSTRUCTION OF OUR OMNICHANNEL ECOSYSTEM

- **Robust e-commerce momentum continues:**
  - GMV total growth up 44.2%, representing ~11% of Carrefour Retail's total sales ex-petrol (8.2% in Q3 18). Non-food e-commerce represents 26% of non-food sales (including GMV). Marketplace growth strongly outpaced own sales and accounted for ~23% of total GMV (16.1% in Q3 18)
  - Food e-commerce more than doubled market share in Q3, while becoming the most-searched food retailer brand on Google, in line with our strategy to become the leader in this segment
- **New touchpoints to connect customers to the Grupo Carrefour ecosystem:**
  - 12 new Atacadão stores in 9M (+3 openings in Q3), on track to achieve annual target of 20 openings;
  - Rappi delivery service now available in 126 points of sale in 26 cities, up from 88 in Q2. Drives are operating in 28 locations, including the first drive outside of São Paulo, in Curitiba
  - Click & Collect now available in 5 stores for food purchases. For non-food 1P, Click & Collect already represents over 19% of sales, compared with ~10% in Q2
  - Partnerships to enhance our value proposition: Super Nosso in supermarkets, 49% stake in fintech Ewally

FURTHER ADVANCES IN THE ACT FOR FOOD CAMPAIGN TO PROMOTE THE FOOD TRANSITION FOR ALL

- **Healthy food aisles in 74 hypermarkets**: ~3,000 organic and healthy product SKUs, (+27% y/y) and 2,500+ SKUs of private label products, which represented 13% of total food net sales in 3Q (+300 bps y/y)

Noël Prioux, CEO of Grupo Carrefour Brasil, declared:

"Grupo Carrefour Brasil's third-quarter performance provides a new demonstration of the strength of our omnichannel ecosystem. We posted solid sales growth in all divisions, despite a challenging environment marked by a slowdown in food inflation. Carrefour Retail posted its best quarter in five years, attesting to the success of our commercial initiatives and the steady ramp-up of e-commerce. Atacadão continued to grow, driven by expansion, while Banco Carrefour recorded remarkable growth in billings. We are well-positioned to benefit from new measures to stimulate consumption. The recent announcement of our partnership with Super Nosso in supermarkets and the acquisition of 49% of fintech Ewally are new steps in our strategy to build an interconnected ecosystem to drive profitable growth."

**Excluding petrol*

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Q3 and 9M 2019 OPERATING HIGHLIGHTS PRE-IFRS 16

	CONSOLIDATED			ATACADÃO			CARREFOUR RETAIL			BANCO CARREFOUR			GLOBAL FUNCTIONS		
In R$ million	**Q3 19** *pre-IFRS 16*	Q3 18 *reported*	Δ%	**Q3 19** *pre-IFRS 16*	Q 18 *reported*	Δ%	**Q3 19** *pre-IFRS 16*	Q3 18 *reported*	Δ%	**Q3 19** *pre-IFRS 16*	Q3 18 *reported*	Δ%	**Q3 19** *pre-IFRS 16*	Q3 18 *reported*	Δ%
Gross sales	15,143	13,968	8.4%	10,316	9,467	9.0%	4,827	4,501	7.2%						
Gross sales ex petrol	14,442	13,256	8.9%	10,316	9,467	9.0%	4,126	3,789	8.9%						
Net sales	**13,776**	**12,738**	**8.1%**	**9,378**	**8,614**	**8.9%**	**4,398**	**4,124**	**6.6%**						
Other revenues	907	747	21.4%	33	33	0.0%	115	95	21.1%	759	619	22.6%			
Total Revenues	14,683	13,485	8.9%	9,411	8,647	8.8%	4,513	4,219	7.0%	759	619	22.6%			
Gross profit	3,059	2,772	10.4%	1,420	1,335	6.4%	1,132	1,027	10.2%	507	410	23.7%			
Gross Margin	*22.2%*	*21.8%*	*44 bps*	*15.1%*	*15.5%*	*-36 bps*	*25.7%*	*24.9%*	*+84 bps*						
SG&A Expenses	(2,003)	(1,788)	12.0%	(790)	(691)	14.3%	(937)	(847)	10.6%	(240)	(218)	10.1%	(36)	(32)	12.5%
SG&A of Net Sales	*14.5%*	*14.0%*	*50 bps*	*8.4%*	*8.0%*	*+40 bps*	*21.3%*	*20.5%*	*+77 bps*						
Adj. EBITDA	**1,062**	**991**	**7.2%**	**632**	**646**	**-2.2%**	**199**	**185**	**7.6%**	**267**	**192**	**39.1%**	**(36)**	**(32)**	**12.5%**
Adj. EBITDA Margin	***7.7%***	***7.8%***	***-7 bps***	***6.7%***	***7.5%***	***-76 bps***	***4.5%***	***4.5%***	***+4 bps***						
Adj. Net Income, Group share	**448**	**391**	**14.7%**												
Adj. Net Income Margin	***3.3%***	***3.1%***	***19 bps***												

	CONSOLIDATED			ATACADÃO			CARREFOUR RETAIL			BANCO CARREFOUR			GLOBAL FUNCTIONS		
In R$ million	**9M 19** *pre-IFRS 16*	9M 18 *reported*	Δ%	**9M 19** *pre-IFRS 16*	9M 18 *reported*	Δ%	**9M 19** *pre-IFRS 16*	9M 18 *reported*	Δ%	**9M 19** *pre-IFRS 16*	9M 18 *reported*	Δ%	**9M 19** *pre-IFRS 16*	9M 18 *reported*	Δ%
Gross sales	44,582	40,523	10.0%	30,200	26,882	12.3%	14,382	13,641	5.4%						
Gross sales ex petrol	42,534	38,394	10.8%	30,200	26,882	12.3%	12,334	11,512	7.1%						
Net sales	**40,505**	**36,901**	**9.8%**	**27,430**	**24,424**	**12.3%**	**13,075**	**12,477**	**4.8%**						
Other revenues	2,548	2,188	16.5%	100	101	-1.0%	330	280	17.9%	2,118	1,807	17.2%			
Total Revenues	43,053	39,089	10.1%	27,530	24,525	12.3%	13,405	12,757	5.1%	2,118	1,807	17.2%			
Gross profit	8,929	7,991	11.7%	4,224	3,716	13.7%	3,246	3,053	6.3%	1,459	1,222	19.4%			
Gross Margin	*22.0%*	*21.7%*	*+39 bps*	*15.4%*	*15.2%*	*+18 bps*	*24.8%*	*24.5%*	*+36 bps*						
SG&A Expenses	(5,850)	(5,243)	11.6%	(2,322)	(2,016)	15.2%	(2,723)	(2,537)	7.3%	(696)	(600)	16.0%	(109)	(90)	21.1%
SG&A of Net Sales	*14.4%*	*14.2%*	*+23 bps*	*8.5%*	*8.3%*	*+21 bps*	*20.8%*	*20.3%*	*+49 bps*						
Adj. EBITDA	**3,097**	**2,768**	**11.9%**	**1,908**	**1,706**	**11.8%**	**535**	**530**	**0.9%**	**763**	**622**	**22.7%**	**(109)**	**(90)**	**21.1%**
Adj. EBITDA Margin	***7.6%***	***7.5%***	***+14 bps***	***7.0%***	***7.0%***	***-3 bps***	***4.1%***	***4.2%***	***-16 bps***						
Adj. Net Income, Group share	**1,280**	**1,124**	**13.9%**												
Adj. Net Income Margin	***3.2%***	***3.0%***	***12 bps***												

Q3 and 9M 2019 OPERATING HIGHLIGHTS POST-IFRS 16

The *IFRS16 – Leases* standard is applicable as from January 1, 2019. Under IFRS 16, all leases are to be brought onto the statement of financial position by recognizing a right-of-use asset and a lease liability corresponding to the present value of the lease payments due over the reasonably certain term of the lease. IFRS 16 therefore affects the presentation of lease transactions in the income statement, with rental expense replaced by a depreciation expense and interest expense. As provided by the standard, Grupo Carrefour Brasil decided to transition to IFRS 16 using the simplified retrospective approach, without restating the 2018 consolidated financial statements. See Appendix VII for further details.

	CONSOLIDATED			ATACADÃO			CARREFOUR RETAIL			BANCO CARREFOUR			GLOBAL FUNCTIONS		
In R$ million	**Q3 19** *post-IFRS 16*	Q3 18 *reported*	Δ%	**Q3 19** *post-IFRS 16*	Q3 18 *reported*	Δ%	**Q3 19** *post-IFRS 16*	Q3 18 *reported*	Δ%	**Q3 19** *post-IFRS 16*	Q3 18 *reported*	Δ%	**Q3 19** *post-IFRS 16*	Q3 18 *reported*	Δ%
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Net sales	**13,776**	**12,738**	**8.1%**	**9,378**	**8,614**	**8.9%**	**4,398**	**4,124**	**6.6%**						
Other revenues	907	747	21.4%	33	33	0.0%	115	95	21.1%	759	619	22.6%			
Total Revenues	14,683	13,485	8.9%	9,411	8,647	8.8%	4,513	4,219	7.0%	759	619	22.6%			
Gross profit	3,064	2,772	10.5%	1,421	1,335	6.4%	1,136	1,027	10.6%	507	410	23.7%			
Gross Margin	*22.2%*	*21.8%*	*48 bps*	*15.2%*	*15.5%*	*-35 bps*	*25.8%*	*24.9%*	*+93 bps*						
SG&A Expenses	(1,948)	(1,788)	8.9%	(774)	(691)	12.0%	(899)	(847)	6.1%	(239)	(218)	9.6%	(36)	(32)	12.5%
SG&A of Net Sales	*14.1%*	*14.0%*	*10 bps*	*8.3%*	*8.0%*	*23 bps*	*20.4%*	*20.5%*	*-10 bps*						
Adj. EBITDA	**1,129**	**991**	**13.9%**	**650**	**646**	**0.6%**	**247**	**185**	**33.5%**	**268**	**192**	**39.6%**	**(36)**	**(32)**	**12.5%**
Adj. EBITDA Margin	***8.2%***	***7.8%***	***+42 bps***	***6.9%***	***7.5%***	***-57 bps***	***5.6%***	***4.6%***	***+103 bps***						
Adj. Net Income, Group share	**437**	**391**	**11.9%**												
Adj. Net Income Margin	***3.2%***	***3.1%***	***11 bps***												

	CONSOLIDATED			ATACADÃO			CARREFOUR RETAIL			BANCO CARREFOUR			GLOBAL FUNCTIONS		
In R$ million	**9M 19** *post-IFRS 16*	9M 18 *reported*	Δ%	**9M 19** *post-IFRS 16*	9M 18 *reported*	Δ%	**9M 19** *post-IFRS 16*	9M 18 *reported*	Δ%	**9M 19** *post-IFRS 16*	9M 18 *reported*	Δ%	**9M 19** *post-IFRS 16*	9M 18 *reported*	Δ%
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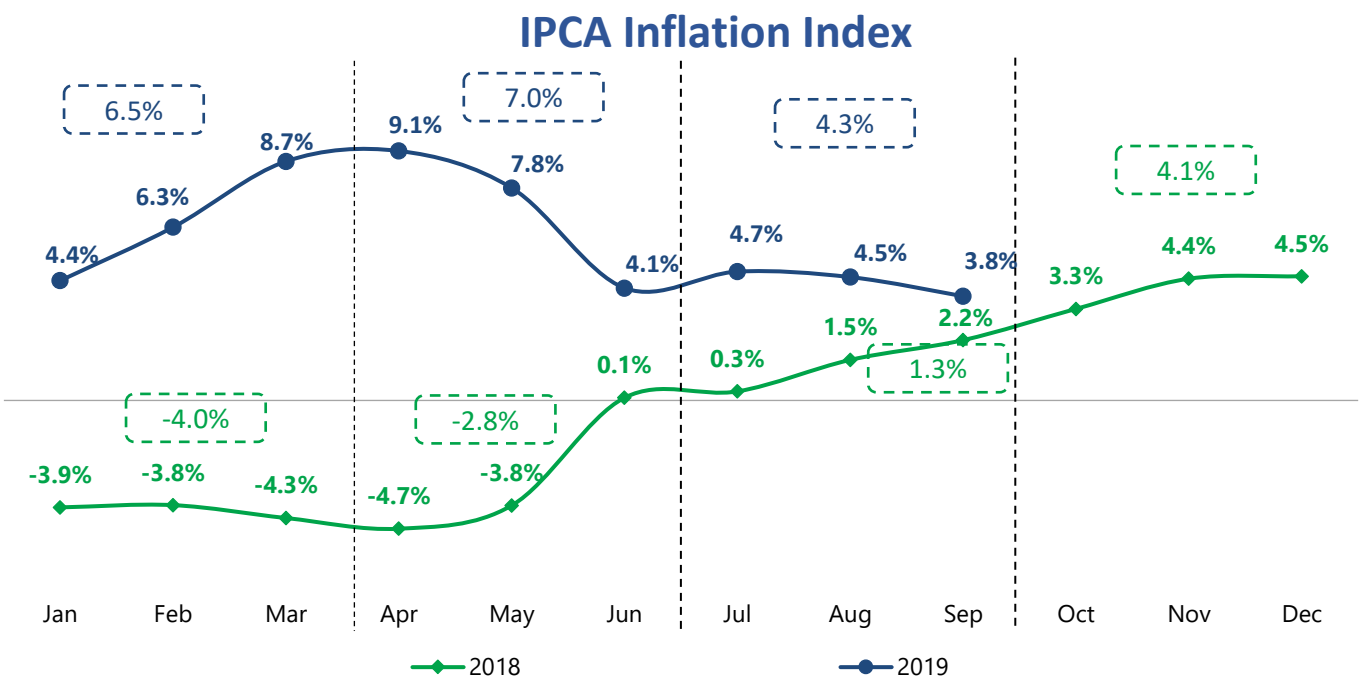
Net sales	**40,505**	**36,901**	**9.8%**	**27,430**	**24,424**	**12.3%**	**13,075**	**12,477**	**4.8%**						
Other revenues	2,548	2,188	16.5%	100	101	-1.0%	330	280	17.9%	2,118	1,807	17.2%			
Total Revenues	43,053	39,089	10.1%	27,530	24,525	12.3%	13,405	12,757	5.1%	2,118	1,807	17.2%			
Gross profit	8,944	7,991	11.9%	4,226	3,716	13.7%	3,259	3,053	6.7%	1,459	1,222	19.4%			
Gross Margin	*22.1%*	*21.7%*	*+43 bps*	*15.4%*	*15.2%*	*+19 bps*	*24.9%*	*24.5%*	*+46 bps*						
SG&A Expenses	(5,693)	(5,243)	8.6%	(2,278)	(2,016)	13.0%	(2,612)	(2,537)	3.0%	(694)	(600)	15.7%	(109)	(90)	21.1%
SG&A of Net Sales	*14.1%*	*14.2%*	*-15 bps*	*8.3%*	*8.3%*	*5 bps*	*20.0%*	*20.3%*	*-36 bps*						
Adj. EBITDA	**3,289**	**2,768**	**18.8%**	**1,957**	**1,706**	**14.7%**	**676**	**530**	**27.5%**	**765**	**622**	**23.0%**	**(109)**	**(90)**	**21.1%**
Adj. EBITDA Margin	***8.1%***	***7.5%***	***+62 bps***	***7.1%***	***7.0%***	***+15 bps***	***5.2%***	***4.3%***	***+82 bps***						
Adj. Net Income, Group share	**1,251**	**1,124**	**11.3%**												
Adj. Net Income Margin	***3.1%***	***3.0%***	***4 bps***												

OPERATING PERFORMANCE BY SEGMENT

The Brazilian macro-economic environment remained challenging in Q3, marked by high unemployment (11.8% according to latest IBGE data) and a slowdown in food inflation to 4.3% versus 7% in Q2. Kantar's most recent survey showed household income increasing at a slower pace than inflation, impacting purchasing power, particularly among lower-income consumers. This resulted in a decrease of 2.1% in sector volumes and 4.5% in units, indicating a contraction in the purchasing frequency, according to Kantar.



In this challenging environment, **Grupo Carrefour Brasil's consolidated sales reached R$15.1 billion including petrol in Q3 19**, growing by a strong 8.9% excluding petrol, driven mainly by our continued strategy of expansion in Cash and Carry and strong LFL growth in our Retail division, demonstrating the power of our omnichannel ecosystem.

This quarter included a favorable calendar impact of 0.3% (0.5% for Atacadão and -0.1% for Carrefour).

In Q3, Grupo Carrefour Brasil posted robust sales growth of 3.8% on a like-for-like basis (ex-petrol), largely driven by very strong 8.8% growth in the Retail business, **the highest quarterly increase in the last five years.** At Atacadão, the like-for-like performance is a reflection of the decrease in food inflation, the persistently challenging macro-economic environment and a tough comparable base in July given last year's truckers' strike.

Like-for-Like ex-calendar	Q1 18	Q2 18	Q3 18	9M 18	Q1 19	Q2 19	Q3 19	9M 19
Atacadão	0.5%	4.5%	6.2%	3.8%	6.8%	7.6%	1.8%	5.3%
Carrefour ex-petrol	0.1%	0.8%	2.5%	1.1%	6.1%	8.0%	8.8%	7.7%
Carrefour (inc. petrol)	0.1%	2.1%	3.0%	1.8%	4.2%	6.4%	7.2%	5.9%
Consolidated ex-petrol	**0.4%**	**3.4%**	**5.1%**	**3.0%**	**6.6%**	**7.7%**	**3.8%**	**6.0%**
Consolidated inc. petrol	**0.5%**	**3.6%**	**5.1%**	**3.1%**	**5.8%**	**7.3%**	**3.5%**	**5.5%**

	Q3 19				9M 19			
	Gross Sales (R$MM)	LFL	Expansion	Total Growth	Gross Sales (R$MM)	LFL	Expansion	Total Growth
Atacadão	10,316	1.8%	6.9%	9.0%	30,200	5.3%	7.2%	12.3%
Carrefour (ex-petrol)	4,126	8.8%	0.2%	8.9%	12,334	7.7%	-0.5%	7.1%
Carrefour (inc. petrol)	4,827	7.2%	0.2%	7.2%	14,382	5.9%	-0.4%	5.4%
Gross sales (ex-petrol)	**14,442**	**3.8%**	**5.0%**	**8.9%**	**42,535**	**6.0%**	**4.9%**	**10.8%**
Gross sales (inc. petrol)	**15,143**	**3.5%**	**4.8%**	**8.4%**	**44,582**	**5.5%**	**4.6%**	**10.0%**

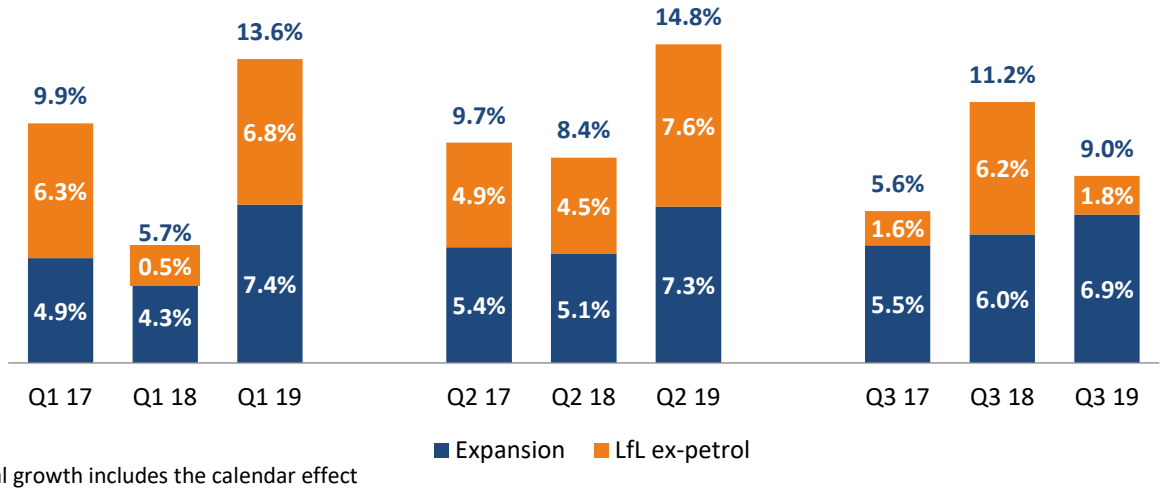
With 19 openings in the last 12 months, expansion accounted for a further 5.0% of sales growth in Q3, including 3 new Atacadão stores in Q3. Our expansion strategy continues, with a greater emphasis on Cash & Carry. In Q3, Grupo Carrefour Brasil's total store network reached 679 stores.

Atacadão: Expansion strategy supports 9.0% total growth in Q3 and 12.3% in 9M

Atacadão's gross revenues reached R$10.3 billion, representing total growth of 9.0%, reflecting our continued strategy of expansion in higher-profitability formats. Despite a challenging environment and deceleration in food inflation, especially in commodities, LfL grew by 1.8% in the quarter. Excluding July, which benefited in 2018 from a sales boost linked to the truckers' strike, Q3 LfL would have reached 2.7%.

Expansion contributed an additional 6.9% growth to total sales (vs. 6.0% in Q3 2018), with 3 new openings across different Brazilian regions in Q3, reaching 19 openings over the last 12 months. This brings the total store network to 178. We are on track to reach our target of 20 new stores in 2019. The acceleration in the pace of expansion decided early last year is expected to impact positively our LfL in the near future as those stores mature.

Expansion continues to drive Atacadão sales growth*



(*) Total growth includes the calendar effect

In 9M, gross profit was 13.7% higher pre-IFRS 16, for a gross margin of 15.4%, 18bps higher year-on-year. In Q3, gross profit pre-IFRS 16 was up 6.4% to R$ 1.42 billion, with gross margin at 15.1% in Q3 (down 36 bps), virtually in line with the previous quarter. This reflects:

(i) a tough comparable base as Atacadão's gross margin still benefited from a positive exceptional impact in July from the May truckers' strike, (ii) a market contraction; and (iii) continuous attention to market competiveness, with a strategic decision to maintain our price leadership.

Our SG&A expenses increased 14.3% in Q3 and 15.2% 9M19, mainly linked to expansion-related expenses. SG&A as a percentage of sales represented 8.4% in Q3 19 vs 8% in Q318.

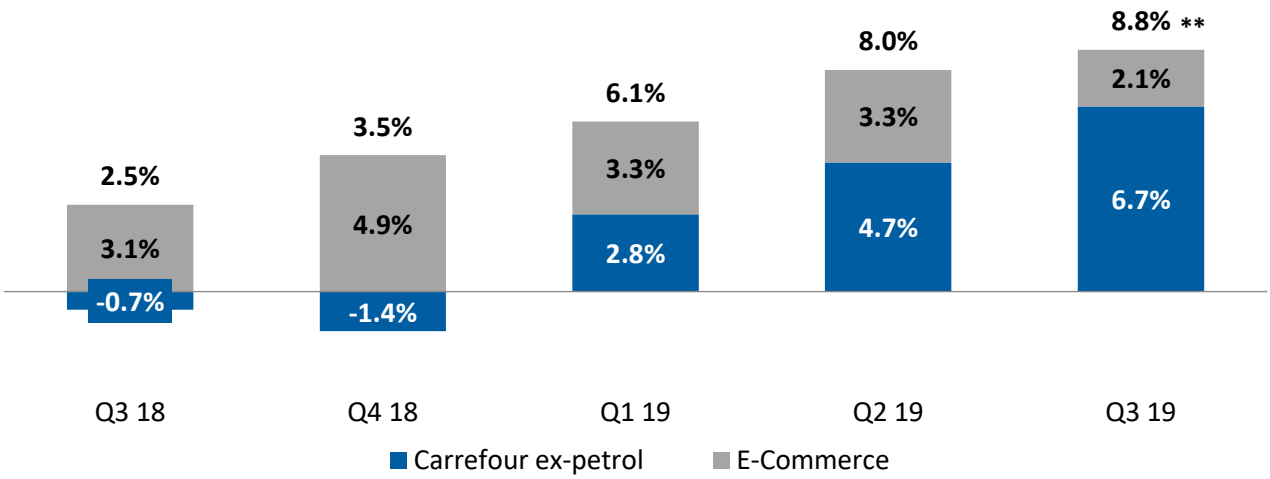
Adjusted Ebitda margin pre-IFRS 16 remained strong at 6.7% in Q3 (-76bps), with adjusted Ebitda pre-IFRS 16 at R$632 million. In 9M, Atacadão´s adjusted EBITDA pre-IFRS 16 was up 11.8% to R$1.9 billion (7.0% adjusted EBITDA margin, broadly stable year-on-year).

Carrefour Retail: Strong acceleration in LfL to 8.8%, demonstrating the success of our initiatives

Carrefour Retail's sales further accelerated in Q3 by a very strong 8.9% (ex-petrol): Carrefour LfL sales ex-petrol were up 8.8% (or 10.1 % including the marketplace), compared to 8.0% in Q2 and 2.5% in the year-ago quarter. This was the highest quarterly increase in the last five years, with total sales of R$4.8 billion, including petrol.

The outperformance of our Retail business reflects the success of several initiatives, including: (i) further investments in our e-commerce, which continues to contribute to our LfL growth, especially in non-food; (ii) the repositioning of our hypermarket prices with better segmentation and data analysis to maximize volumes; (iii) commercial initiatives to improve our competitive advantage; (iv) reduction of 50% in out-out-of-stock levels and (v) food transition initiatives, which have supported our multiformat growth and improved customer experience.

Carrefour Retail sales performance*

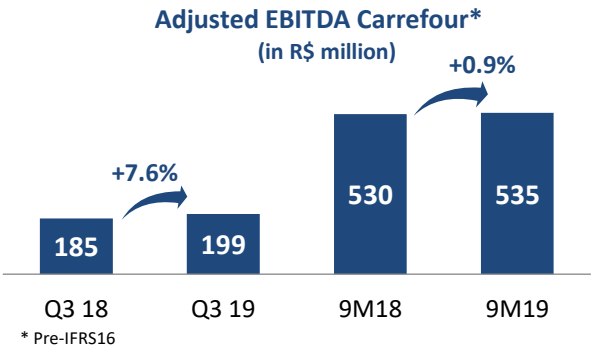


*Ex-petrol.
**6.7% and 2.1% do not represent LfL of each segment but its contribution to the overall 8.8% LfL in Q3

Carrefour Retail's gross margin in Q3, pre-IFRS 16, was up 84bps to 25.7% (and 25.8% post-IFRS). This improvement reflects (i) Efficiency gains on logistics costs; (ii) optimized promotional investment through our CRM; (iii) sale of additional services in consumer electronics (ie. extended guarantee); and (iv) maturation of our non-food e-commerce operation, with a greater contribution of our Marketplace to total e-commerce sales. In 9M, gross margin grew both at Carrefour Retail's stores and in e-commerce.

In Q3, pre-IFRS 16, distribution costs (SG&A) were at 21.3% of net sales, compared with 20.5% last year. The increase reflects (i) investments linked to the roll-out of Carrefour Retail's omnichannel strategy, especially the ramp-up of side store openings and distribution center migration; (ii) marketing investments related to our Act for Food strategy; (iii) investments linked to the strong growth in appliances, especially in-store salesforce to support a better shopping experience; and (iv) energy cost inflation of 12%.

EBITDA pre-IFRS 16 in physical stores in the Retail division grew in double digits, enabling investments in new initiatives and food e-commerce. This resulted in adjusted EBITDA pre-IFRS 16 of RS199 million, up 7.6%, with stable margin year-on-year of 4.5%. In 9M, adjusted EBITDA pre-IFRS 16 was R$535 million, up 0.9%.



Multi-format

In a very challenging environment, our hypermarkets posted solid growth, as evidenced by our higher LfL in Q3 of 8.8%. This resulted for the third consecutive quarter in solid market share gains, of 250bps in Q3, the biggest gain since the start of the historical Nielsen series, and an increase of 4.3% in tickets in our stores.

The many actions taken since 2018 translated in Q3 2019 into a much more favorable sales trend in food categories and in a sharp acceleration in non-food categories, especially from a stronger focus on appliance campaigns. LfL sales at hypermarkets have been improving consistently every quarter, reflecting the efficiency of those commercial initiatives combined with our omnichannel initiatives such as Click & Collect, Drive and our delivery partnership with Rappi, whose contribution to our in-store Lfl is already ~15%.

In line with Carrefour Group's strategy of being the leader in the food transition for all, we continued to develop our commercial offer of healthy and organic products. Healthy food aisles were implemented in 74 hypermarkets. We now have ~3,000 organic and healthy product SKUs, an increase of 27% y/y, and more than 2,500 SKU's of private label products, which represented 13% of total food net sales in 3Q, an increase of 300 bps y/y.

Our proximity strategy continues to show progress, notably the Express format which continues to enjoy double-digit LfL sales growth for the fourth consecutive quarter and recorded additional market share gains in Q3.

E-commerce and Digital initiatives

Robust e-commerce momentum continued, with GMV total growth up 44.2%, representing ~11% of Carrefour Retail's total sales excluding petrol (versus 8.2% in Q3 18) or 26% of Carrefour's non-food sales (including GMV). Marketplace growth strongly outpaced own sales and accounted for ~23% of total GMV (versus 16.1% in 3Q 18).

The number of visitors and orders continued to grow strongly versus last year. In Q3 our marketplace reached 3,182 sellers and over 3 million SKUs.

Our food e-commerce more than doubled market share in Q3, while becoming the most-searched food retailer brand on Google, supporting our strategy to become leaders in this segment.

The Rappi partnership remains on track and the service is now available in 126 points of sale in 26 cities, up from 88 in Q2. Drives are operating in 28 locations, and in September we opened the first drive outside of São Paulo, in Curitiba (Paraná state). We continue to expand Click & Collect, now available in 5 stores for food purchases. For non-food 1P, Click & Collect already represents over 19% of sales, compared with ~10% in Q2.

Average delivery time is improving for food, as expected, due to the operational ramp-up of side stores (5 side stores in 3 cities), which have dedicated inventories, allowing us to reach a 98% complete order index (versus 91% last year) and a 39% y/y improvement in our app grade, an important accomplishment in terms of service level.

During the quarter, 1P total growth reached 32.3%, slightly affected by the distribution center migration in September. Excluding September, total growth would have been 48%, in line with previous quarters.

	Q3 19 (R$MM)	LFL	Q3 18 (R$MM)	Total Growth	9M 19 (R$MM)	LFL	9M 18 (R$MM)	Total Growth
1P	345	31.1%	261	32.3%	1,064	46.3%	725	46.6%
3P	103	106.3%	50	106.3%	282	144.0%	116	144.0%
E-commerce	**449**	**43.0%**	**311**	**44.2%**	**1,346**	**59.7%**	**841**	**60.0%**
Retail	3,780	7.2%	3,528	7.2%	11,271	5.0%	10,787	4.5%
Carrefour + GMV (ex-petrol)	**4,229**	**10.1%**	**3,839**	**10.2%**	**12,617**	**9.0%**	**11,628**	**8.5%**

Banco Carrefour: Remarkable growth in billings in Q3, Atacadão cards already account for 28% of total

In Q3, Banco Carrefour posted another strong performance in billings and portfolio growth: Total billings rose by 30.6% year-on-year to about R$8.4 billion, an increase of R$2.0 billion year-on-year and +7.2% sequentially.

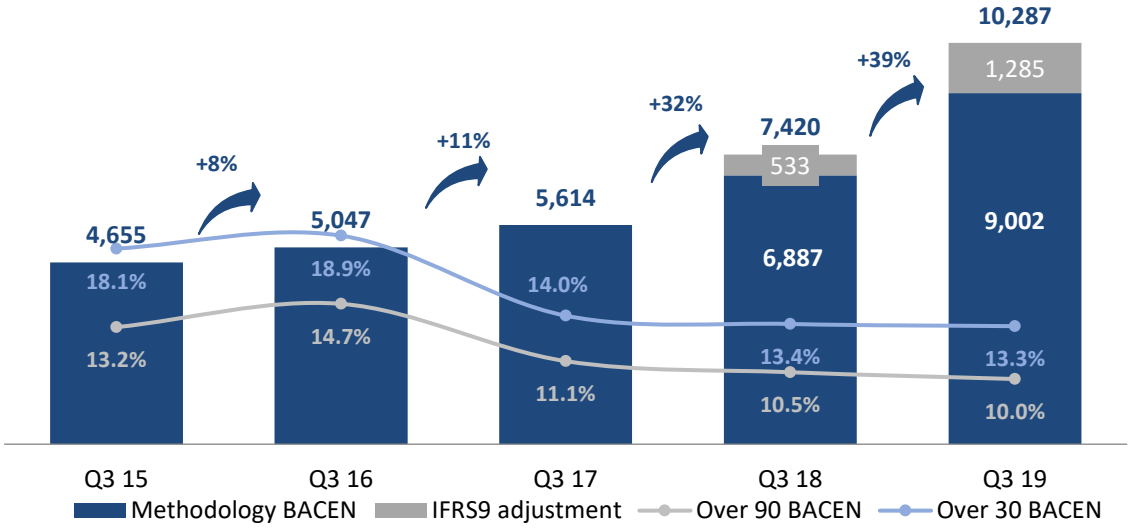
Carrefour credit card billings reached a remarkable growth rate in Q3 and were up 22.5% to R$5.9 billion (+5.9% sequentially), reflecting numerous investments we made in our operation, especially in our products, channels and teams. Atacadão credit card billings reached R$2.3 billion, up 57.0% in Q3 and 11.9% sequentially, showing the potential of this market.

Banco Carrefour's credit portfolio rose by a robust 38.6% to R$10.3 billion (+ R$2.9 billion) in Q3, continuing its solid performance.

In R$ million	3Q19	3Q18	Δ	9M19	9M18	Δ
Billings Carrefour credit card	5,936	4,846	22.5%	16,771	14,026	19.6%
Billings Atacadão credit card	2,349	1,496	57.0%	6,244	4,013	55.6%
Other products*	119	93	28.8%	360	269	33.6%
Total billings	**8,404**	**6,434**	**30.6%**	**23,375**	**18,309**	**27.7%**
Total Credit portfolio	10,287	7,420	38.6%	10,287	7,420	38.6%

*Other products include personal loans and payment of bills using the card

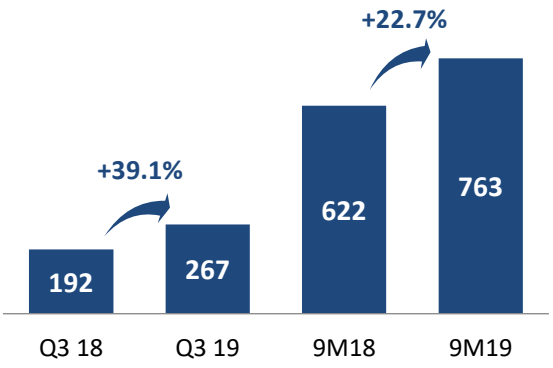
The quality of our loan portfolio remains healthy. On a comparable basis (Bacen methodology), loans overdue by more than 90 days ("over 90") totaled 10.0% of the total portfolio in Q3, 50bps lower year-on-year. Loans overdue by more than 30 days ("over 30") were 10bps lower year-on-year at 13.3% of the total portfolio in Q3. On a comparable basis, credit risk provision stood at R$1 billion, up 15.4% year-on-year, as a result of strong growth in Atacadão's portfolio. The coverage ratio represented 11.5% of the total portfolio in Q3.



Provision	676	845	800	897	1035
Coverage Ratio	14.5%	16.8%	14.2%	13.0%	11.5%

In Q3, **adjusted EBITDA stood at R$267 million**, a strong increase of 39.1% year-on-year, demonstrating the success of new business initiatives. EBITDA growth accelerated significantly versus Q2 (+19.4%). The additional income generated by new customers generated by new initiatives should gradually offset the initial investment and revenue gap. The Atacadão credit card reached breakeven in Q3 last year and is now increasingly contributing to our consolidated EBITDA.

Adjusted EBITDA Banco Carrefour*
(in R$ million)



* Pre-IFRS16

CONSOLIDATED FINANCIAL RESULTS

All 2019 numbers below are post-IFRS16.

In R$ million	Q3 19	Q3 18	Δ	9M 19	9M 18	Δ
Gross Sales	**15,143**	**13,968**	**8.4%**	**44,582**	**40,523**	**10.0%**
Net Sales	13,776	12,738	8.1%	40,505	36,901	9.8%
Other Revenues	907	747	21.4%	2,548	2,188	16.5%
Total Net Revenues	**14,683**	**13,485**	**8.9%**	**43,053**	**39,089**	**10.1%**
Gross Profit	3,064	2,772	10.5%	8,944	7,991	11.9%
Gross Margin	**22.2%**	**21.8%**	**48 bps**	**22.1%**	**21.7%**	**43 bps**
SG&A Expenses	**(1,948)**	**(1,788)**	**8.9%**	**(5,693)**	**(5,243)**	**8.6%**
SG&A Expenses as % of net sales	14.1%	14.0%	10 bps	14.1%	14.2%	-15 bps
Adj. EBITDA	**1,129**	**991**	**13.9%**	**3,289**	**2,768**	**18.8%**
Adj. EBITDA Margin	8.2%	7.8%	42 bps	8.1%	7.5%	62 bps

In Q3, gross sales were up 8.4% to R$15.1 billion. Other revenues grew by 21.4% in Q3, reflecting the acceleration in our sales performance across all formats including Banco Carrefour. In 9M, gross sales were up by 10.0% to R$44.6 billion. The strong performance led to gross profit of R$3.0 billion, 10.5% higher in Q3 2019, and gross margin of 22.2%, 48bps higher year-on-year. In 9M, gross profit was 11.9% higher at R$8.9 billion for 22.1% gross margin, 43bps higher, reflecting better margins across all formats.

Post-IFRS 16, consolidated SG&A expenses remained almost unchanged as a percentage of sales both in Q3 and 9M, reflecting our ability to improve efficiency in order to compensate all the investments in Cash & Carry store openings and omnichannel initiatives.

Consolidated adjusted EBITDA was 13.9% higher in Q3 at R$1.13 billion for 8.2% margin, a 42 bps increase year-on-year, thanks to better operating leverage and the power of our ecosystem, which strengthens the resilience of our business model. In 9M, adjusted consolidated EBITDA was 18.8% higher at R$3.3 billion for 8.1% EBITDA margin, 62bps higher.

Other Income and (Expenses)

In R$ million	Q3 19	Q3 18	Δ	9M 19	9M 18	Δ
Restructuring costs	(16)	(14)	14.3%	(62)	(49)	26.5%
Net gains or losses on asset sale	0	(7)	n.m.	(5)	(56)	n.m.
Income and expenses related to litigations	21	(38)	n.m.	(778)	(49)	n.m.
Other income (expenses)	**5**	**(59)**	**n.m.**	**(845)**	**(154)**	**n.m.**

n.m. – non-material

Other income and expenses reached R$5 million in Q3. Over 9M, they were a negative R$845 million. The vast majority of the impact is related to the ICMS tax credits on basic products (Cesta Básica) provision as per the Material fact issued on May 12, 2019. The unfavorable ruling against the Company is still subject to appeal. There has been no significant cash impact to date and the final cash impact will depend on the final legal outcome and timetable of the legal proceedings

Net Debt Profile and Net Financial Result

Loans amounted to R$2.9 billion at end-September, up from R$2.5 billion in September 2018 and from R$ 1.9 billion in December 2018. The first application of IFRS 16 resulted in an additional lease debt of R$920 million, classified within our gross debt. Including discounted receivables, our gross debt was R$6 billion and net debt was R$ 5.3 billion (or R$ 4.4 billion excluding the Lease Debt). The annual increase reflects: (i) our assertive strategy to increase electronics stocks, which allowed us to grow at high rates; (ii) market opportunities to increase stocks at Cash & Carry (iii) the anticipation of Dividends and Interest on capital, which consumed R$833 million over the last 12 months.

In R$ million	Sep.19 Post-IFRS 16	Sep.18 Reported	Δ	Sep.19 pre-IFRS 16	Δ vs Sep.18	Dec. 18	Δ vs Sep.19.
Loans	(2,941)	(2,485)	18.4%	(2,941)	18.4%	(1,913)	37.8%
Lease debt	(920)	-	-	-	-	-	-
Gross Debt	**(3,861)**	**(2,485)**	**55.4%**	**(2,941)**	**18.4%**	**(1,913)**	**101.8%**
Discounted receivables	(2,158)	(1,477)	46.1%	(2,158)	46.1%	(2,198)	-1.8%
Gross Debt (including discounted receivables)	**(6,019)**	**(3,962)**	**51.9%**	**(5,099)**	**28.7%**	**(4,111)**	**46.4%**
Cash and cash equivalents	697	1,666	-58.2%	697	-58.2%	4,942	-78.9%
(Net Debt) Net Cash	**(5,322)**	**(2,296)**	**n.m.**	**(4,402)**	**91.7%**	**831**	**n.m.**

Grupo Carrefour Brasil holds only local debt and no intercompany loans with Carrefour Group. None of our loans are subject to financial covenant clauses. Our Standard & Poor's credit rating remains "brAAA" (stable outlook) for both Atacadão S.A and Banco CSF.

As per our financial information of September 2018, the impacts from foreign exchange gains and losses and derivative financial instruments are now presented in cost of goods sold. In Q3 18 the accumulated amount, comprising 9 months, was reclassified. Normalizing that effect, net financial result increased to R$ 109 million on a higher debt position combined with an increase in interests on provisions related to basic products provision booked in Q2.

In R$ million	Q3 19 post-IFRS 16	Q3 18	Δ	Q3 19 pre-IFRS 16	Δ
Cost of bank debt, gross	(44)	(40)	10.0%	(44)	10.0%
Interest expenses on leases (IFRS 16)	(26)	-	n.m.	-	n.m.
Cost of discounted credit card receivables	(33)	(22)	50.0%	(33)	50.0%
Financial Revenue	2	9	-77.8%	2	-77.8%
Cost of Debt, Net	**(101)**	**(53)**	**90.6%**	**(75)**	**41.5%**
Net interests on provisions and judicial deposits	(23)	(5)	360.0%	(23)	360.0%
Others	(11)	(19)	-42.1%	(11)	-100.0%
Net financial result comparable	**(135)**	**(77)**	**75.3%**	**(109)**	**41.6%**
Net financial result reported	**(135)**	**(120)**	**12.5%**	**(109)**	**-9.2%**

n.m. – non-material

In R$ million	9M 19 post-IFRS 16	9M 18	Δ	9M 19 pre-IFRS 16	Δ
Cost of bank debt, gross	(130)	(121)	7.4%	(130)	7.4%
Interest expenses on leases (IFRS 16)	(78)	-	n.m.	-	n.m.
Cost of discounted credit card receivables	(95)	(74)	28.4%	(95)	28.4%
Financial Revenue	12	34	-64.7%	12	-64.7%
Cost of Debt, Net	**(291)**	**(161)**	**80.7%**	**(213)**	**32.3%**
Net interests on provisions and judicial deposits	(38)	(76)	0.0%	(38)	0.0%
Others	(48)	(21)	200.0%	(48)	100.0%
Net financial result reported	**(377)**	**(258)**	**46.1%**	**(299)**	**15.9%**

N.m. – non-material

Income Tax

In R$ million	Q3 19	Q3 18	Δ	9M 19	9M 18	Δ
Income Before Taxes	729	617	18.2%	1,285	1,784	-28.0%
Income and Social Contribution Tax	(224)	(225)	-0.4%	(702)	(620)	13.2%
Effective Tax Rate	30.7%	36.5%	-570 bps	54.6%	34.8%	1,990 bps

Income and social contribution tax expenses remained broadly stable at R$224 million in Q3 and were up 13.2% to R$702 million in the nine months. The effective tax rate in Q3 reached 30.7% and 54.6% in 9M, impacted by the provision effect related to pending litigation regarding tax credits on basic items.

Excluding the impacts of non-recurring items, the effective tax rate would be 32% in 2019, as shown in Appendix IV.

Net Income and Adjusted Net Income, Group Share (post-IFRS16)

In R$ million	Q3 19	Q3 18	Δ	9M 19	9M 18	Δ
Net income, group share	430	355	21.1%	377	1,024	-63.2%
Adjusted net income, Group share	**437**	**391**	**11.8%**	**1,251**	**1,124**	**11.3%**
Adj. Net margin	**3.2%**	**3.1%**	**10 bps**	**3.1%**	**3.0%**	**4 bps**

In Q3 19 adjusted net income post-IFRS 16 reached R$437 million or 3.2% of net sales, up 11.8% year-on-year excluding other income and expenses (see Appendix II for detailed calculation on adjusted net income). In 9M 19 adjusted net income increased by 11.3% to R$1.25 billion post-IFRS 16.

Operating Working Capital

In Q3 2019, our operating working capital requirements were R$346 million vs R$135 million in Q3 2018 on a working capital variation concentrated in receivables, compensating a slight rise in days of inventories.

In Reais million	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18
(+) Accounts Receivable (*)	575	552	673	552	642
(+) Inventories	6,029	5,419	6,217	5,132	5,178
(-) Suppliers (**)	(6,259)	(6,590)	(7,183)	(9,804)	(5,685)
(=) Working Capital - WC Merchandise	**346**	**(618)**	**(293)**	**(4,120)**	**135**

(*) Commercial receivables excluding receivables from property and from suppliers, that were classified net from suppliers debt

(**) Suppliers related to business, excluding suppliers of tangible and intangible assets, and net from discounts to be received from suppliers

In days	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18
(+) Accounts Receivable	5	5	6	5	6
(+) Inventories	49	44	53	44	46
(-) Suppliers	(51)	(54)	(61)	(85)	(51)
(=) Working Capital - WC Merchandise	**3**	**(5)**	**(2)**	**(36)**	**1**

Working capital ratios above are calculated using Cost of Goods Sold

CAPEX

In R$ million	Q3 19	Q3 18	Δ	9M 19	9M 18	Δ
Expansion	187	266	-29.7%	778	824	-5.5%
Maintenance	83	63	32.0%	190	144	31.6%
Remodeling	41	20	104.3%	96	40	139.9%
IT and other	74	43	71.5%	181	120	50.8%
Total Capex (ex IFRS 16)	**385**	**392**	**-1.8%**	**1.245**	**1.128**	**10.4%**
Right-of-use assets (IFRS 16 non-cash transaction)	75	-	n.m.	218	-	n.m.
Total Capex Post-IFRS 16	**460**	**392**	**17.3%**	**1.463**	**1.128**	**29.7%**

n.m – non-material

In the first nine months of 2019, we invested a total of R$1.25 billion, of which expansion-related capex accounted for about 62% of the total, mainly for investments in new Atacadão stores.

STORE NETWORK – Q3 2019

In Q3, we opened three Cash & Carry stores, one Express store and one gas station. We now operate 679 stores for total sales area of 1,958,894 m2.

N° of stores	Dec. 18	Openings	Sep. 19
Cash & Carry	166	12	178
Hypermarkets	100	0	100
Supermarkets	50	2	52
Convenience Stores	120	3	123
Wholesale	27	0	27
Drugstores	124	0	124
Gas Stations	74	1	75
Group	**661**	**18**	**679**

Sales area	Dec.18	Sep.19	Δ Change Sep.19 vs Dec.18
Cash & Carry	1,056,539	1,124,107	6.4%
Hypermarkets	704,876	704,876	0.0%
Supermarkets	68,008	68,655	1.0%
Convenience Stores	22,009	22,466	2.1%
Drugstores	7,851	7,851	0.0%
Gas Stations	30,485	30,939	1.5%
Total sales area (m^2)	**1,889,769**	**1,958,894**	**3.7%**

APPENDIX I – Consolidated Income Statement post-IFRS 16

In R$ Million	Q3 19 post IFRS 16	Q3 18 pre IFRS 16	IFRS 16 Impact	9M 19 post IFRS 16	9M 18 pre IFRS 16	IFRS 16 Impact
Gross sales	**15,143**	**13,968**	**-**	**44,582**	**40,523**	**-**
Net sales	**13,776**	**12,738**	**-**	**40,505**	**36,901**	**-**
Other revenue	907	747	-	2,548	2,188	-
Net operating revenue	**14,683**	**13,485**	-	**43,053**	**39,089**	-
Cost of goods sold, service and financial operations	(11,619)	(10,713)	-	(34,109)	(31,098)	-
Gross Profit	**3,064**	**2,772**	**5**	**8,944**	**7,991**	**15**
Gross Margin	22.2%	21.8%	-	22.1%	21.7%	-
SG&A expenses	(1,948)	(1,788)	55	(5,693)	(5,243)	157
Adjusted EBITDA	**1,129**	**991**	**67**	**3,289**	**2,768**	**192**
Adjusted EBITDA Margin	8.2%	7.8%	-	8.1%	7.5%	-
Depreciation and amortization	(257)	(188)	(44)	(743)	(552)	(123)
Net income from equity accounted company	-	-	-	(1)	-	-
Other income (expenses)	5	(59)	-	(845)	(154)	-
EBIT	**864**	**737**	**16**	**1,662**	**2,042**	**49**
Net financial expenses	(135)	(120)	(26)	(377)	(258)	(78)
Income before income tax and social contribution	**729**	**617**	**(10)**	**1,285**	**1,784**	**(29)**
Income Tax	(224)	(225)	-	(702)	(620)	-
Net income	**505**	**392**	-	**583**	**1,164**	-
Net income, Group share	**430**	**355**	**(11)**	**377**	**1,024**	**(29)**
Net Income - Non-controlling interests (NCI)	**75**	**37**	-	**206**	**140**	-

* Impacts related to forex gains or losses and derivatives instruments were accounted for as cost of goods sold starting in September 2018. Therefore, in Q3 2018 and 9M 2018 this effect was accounted in financial results as a non-recurring effect.

APPENDIX II – Adjusted Net Income Calculation post-IFRS 16

The adjusted net income to provide a better view of the recurring net income performance. It is calculated as Net Income less Other income and expenses and the corresponding financial and income tax effect.

In R$ million	Q3 19	Q3 18	Δ	9M 19	9M 18	Δ
Net income, Group share	**430**	**355**	**21.1%**	**377**	**1,024**	**-63.2%**
(+/-) Other income (expenses)	(5)	59	-108.5%	845	154	448.7%
(+/-) Financial results (non recurring)	0	(7)	-100.0%	0	(7)	-100.0%
(+/-) Tax income on other income (expenses) items	12	(16)	-175.0%	29	(47)	-180.6%
Net income, Group share, adjusted	**437**	**391**	**11.9%**	**1,251**	**1,124**	**11.3%**
Net margin	**3.2%**	**3.1%**	**10 bps**	**3.1%**	**3.0%**	**4 bps**

Other income and expenses includes tax gains and provisions for depreciation and expenses related to the gains. Adj. Net income is the Net Income adjusted for other operating income and expenses and their respective income tax impacts.

** Impacts related to forex gains or losses and derivatives instruments were accounted for as cost of goods sold starting in September 2018. Therefore, in Q3 2018 and 9M 2018 this effect was accounted in financial results as a non-recurring effect.*

APPENDIX III –Adjusted EBITDA Reconciliation post-IFRS 16

In R$ million	Q3 19	Q3 18	Δ	9M 19	9M 18	Δ
Net income	**505**	**392**	**28.8%**	**583**	**1,164**	**-49.9%**
(+) Income tax and social contribution	224	225	-0.3%	702	620	13.3%
(+) Net financial results	135	120	12.7%	377	258	46.2%
(+) Depreciation and amortization	257	188	36.9%	743	552	34.7%
(+) Supply chain depreciation and amortization	13	7	76.4%	39	20	91.4%
(=) EBITDA	**1,134**	**932**	**21.7%**	**2,444**	**2,614**	**-6.5%**
(+/-) Other (income) expenses	(5)	59	-108.5%	845	154	448.7%
(=) Adjusted EBITDA	**1,129**	**991**	**13.9%**	**3,289**	**2,768**	**18.8%**

** Impacts related to forex gains or losses and derivatives instruments were accounted for as cost of goods sold starting in September 2018. Therefore, in Q3 2018 and 9M 2018 this effect was accounted in financial results as a non-recurring effect.*

APPENDIX IV – Adjusted Income Tax

	Q3 2019 (post IFRS 16)	Other income (expenses)	Net income, Group share, adjusted
Income before income tax and social contribution	**729**	**5**	**734**
Income and Social Contribution Tax	(224)	12	(212)
Effective Tax Rate	*31%*		*29%*
Net income	**505**	**17**	**522**
Net Income - Non-controlling interests (NCI)	75		75
Net income, Group share, adjusted	**437**	**17**	**454**

	9M 2019 (post IFRS 16)	Other income (expenses)	Net income, Group share, adjusted
Income before income tax and social contribution	**1,285**	**845**	**2,130**
Income and Social Contribution Tax	(702)	29	(673)
Effective Tax Rate	*55%*		*32%*
Net income	**583**	**874**	**1,457**
Net Income - Non-controlling interests (NCI)	206		206
Net income, Group share, adjusted	**1,251**	**874**	**2,125**

Appendix V - Consolidated Balance Sheet post-IFRS 16

In R$ Million	September 2019	December 2018
Assets		
Cash and cash equivalents	402	4,647
Marketable securities	290	286
Accounts receivable	946	901
Consumer credit granted by our financial solutions company	7,419	6,266
Inventories	6,029	5,132
Tax receivables	512	358
Income tax and social contribution recoverable	56	41
Derivative financial instruments	9	-
Prepaid expenses	108	60
Other accounts receivable	178	207
Current assets	**15,949**	**17,898**
Accounts receivable	5	6
Consumer credit granted by our financial solutions	395	317
Marketable securities	5	9
Tax receivables	3,423	2,434
Deferred tax assets	454	485
Prepaid expenses	29	20
Judicial deposits and collateral	2,364	2,231
Other accounts receivable	27	28
Investment properties	411	416
Investments in equity accounted companies	76	75
Property and equipment	11,977	10,472
Intangible assets and goodwill	2,291	2,286
Non-current assets	**21,457**	**18,779**
Total assets	**37,406**	**36,677**

In R$ Million	September 2019	December 2018
Liabilities		
Suppliers	6,733	10,423
Borrowings	1,087	17
Lease debt	129	-
Consumer credit financing	5,838	4,637
Tax payable	264	273
Income tax and social contribution payables	118	252
Payroll, vacation and related charges	739	651
Dividends payable	203	58
Deferred income	15	12
Other accounts payable	399	421
Derivative financial instruments	0	2
Current liabilities	**15,525**	**16,746**
Borrowings	1,854	1,896
Lease debt	791	
Consumer credit financing	217	433
Deferred tax liabilities	528	473
Provisions	3,963	3,047
Provisions (tax liabilities)	447	
Deferred income	19	20
Other accounts payable	14	15
Non-current liabilities	**7,833**	**5,884**
Share capital	7,636	7,627
Capital reserve	2,177	2,174
Income reserve	2,953	3,513
Net effect of acquisition of minority interest	(282)	(282)
Retained earnings	377	
Equity evaluation adjustment	5	1
Shareholders' equity, Group share	**12,866**	**13,033**
Non-controlling interests	**1,182**	**1,014**
Total liabilities and shareholders' equity	**37,406**	**36,677**

APPENDIX VI – Banco Carrefour Income Statement

In R$ million	Q3 19	Q3 18	Δ	9M 19	9M 18	Δ
Net operating revenues	**759**	**619**	**22.6%**	**2,118**	**1,807**	**17.2%**
Risk Charges	(252)	(209)	20.2%	(659)	(585)	12.6%
Gross profit	**507**	**410**	**23.8%**	**1,459**	**1,222**	**19.4%**
SG&A expenses	(240)	(218)	10.0%	(694)	(600)	15.7%
Adjusted EBITDA	**267**	**192**	**39.2%**	**765**	**622**	**22.9%**
Depreciation and amortization expenses	(8)	(5)	55.4%	(25)	(16)	54.9%
Adjusted EBIT	**259**	**186**	**39.0%**	**741**	**606**	**22.2%**
Other revenues (expenses)	(13)	(14)	-5.0%	(41)	(43)	-5.0%
Net Financial results	(6)	(5)	22.4%	(20)	(19)	0.9%
Income tax	(85)	(91)	-6.1%	(260)	(257)	1.1%
Net income (100%)	**154**	**76**	**102.1%**	**420**	**286**	**46.7%**

Overdue Portfolio Analysis

Methodology BACEN

In R$ million	September 19		June 19		March 19		December 18		September 18	
Total Portfolio	9,002	100.0%	8,430	100.0%	7,947	100.0%	7,690	100.0%	6,887	100.0%
On time payments	7,633	84.8%	7,150	84.8%	6,767	85.2%	6,610	86.0%	5,840	84.8%
Over 30 days	1198	13.3%	1095	13.0%	1039	13.1%	963	12.5%	926	13.4%
Over 90 days	903	10.0%	793	9.4%	756	9.5%	747	9.7%	720	10.5%
Provisions for loan losses	1035.08	11.5%	946	11.2%	933	11.7%	938	12.2%	897	13.0%
Provisions for loan losses / over 90 days	115%		119%		123%		126%		125%	

IFRS9

In R$ million	September 19		June 19		March 19		December 18		September 18	
Total Portfolio	10,287	100.0%	9,529	100.0%	8,836	100.0%	8,382	100.0%	7,420	100.0%
On time payments	7,560	73.5%	7,077	74.3%	6,711	76.0%	6,564	78.3%	5,793	78.1%
Over 30 days	2,510	24.4%	2,218	23.3%	1,942	22.0%	1,669	19.9%	1,470	19.8%
Over 90 days	2,147	20.9%	1,845	19.4%	1,596	18.1%	1,400	16.7%	1,218	16.4%
Provisions for loan losses	2,588	25.2%	2,339	24.5%	2,114	23.9%	1,931	23.0%	1,795	24.2%
Provisions for loan losses / over 90 days	121%		127%		132%		138%		147%	

APPENDIX VII – IFRS 16

The standard IFRS16 – Leases is applicable as from January 1, 2019. Under IFRS 16, all leases are to be brought onto the statement of financial position by recognizing a right-of-use asset and a lease liability corresponding to the present value of the lease payments due over the reasonably certain term of the lease. IFRS 16 therefore affects the presentation of lease transactions in the income statement, with rental expense replaced by a depreciation expense and interest expense. **As provided by the standard, Grupo Carrefour Brasil decided to transition to IFRS 16 using the simplified retrospective approach, without restating the 2018 consolidated financial statements.** The effects in our 2019 P&L are detailed in the table below:

	CONSOLIDATED			ATACADÃO			CARREFOUR RETAIL		
In R$ million	**Q3 19** Before IFRS 16	IFRS impact	**Q3 19** post- IFRS 16	**Q3 19** Before IFRS 16	IFRS impact	**Q3 19** post-IFRS 16	**Q3 19** Before IFRS 16	IFRS impact	**Q3 19** post-IFRS 16
Gross sales	15,143		15,143	10,316		10,316	4,827		4,827
Gross sales ex petrol	14,442		14,442	10,316		10,316	4,126		4,126
Net sales	**13,776**		**13,776**	**9,378**		**9,378**	**4,398**		**4,398**
Other revenues	907		907	33		33	115		115
Total Revenues	14,683		14,683	9,411		9,411	4,513		4,513
Gross profit	3,059	5	3,064	1,420	1	1,421	1,132	4	1,136
Gross Margin	*22.2%*		*22.2%*	*15.1%*		*15.2%*	*25.7%*		*25.8%*
SG&A Expenses	(2,003)	55	(1,948)	(790)	16	(774)	(937)	38	(899)
SG&A of Net Sales	*14.5%*		*14.1%*	*8.4%*		*8.3%*	*21.3%*		*20.4%*
Adj. EBITDA	**1,062**	**67**	**1,129**	**632**	**18**	**650**	**199**	**48**	**247**
Adj. EBITDA Margin	***7.7%***		***8.2%***	***6.7%***		***6.9%***	***4.5%***		***5.6%***
D&A included in Gross Margin	(7)	(7)	(14)	(2)	(1)	(3)	(5)	(6)	(11)
D&A not included in SG&A Exp.	(213)	(44)	(257)	(97)	(11)	(108)	(108)	(32)	(140)
Financial result	(109)	(26)	(135)						
Adj. Net Income, Group share	**448**	**(11)**	**437**						
Adj. Net Income Margin	***3.3%***		***3.2%***						

	CONSOLIDATED			ATACADÃO			CARREFOUR RETAIL		
In R$ million	**9M 19** Before IFRS 16	IFRS impact	**9M 19** post- IFRS 16	**9M 19** Before IFRS 16	IFRS impact	**9M 19** post-IFRS 16	**9M 19** Before IFRS 16	IFRS impact	**9M 19** post-IFRS 16
Gross sales	44,582		44,582	30,200		30,200	14,382		14,382
Gross sales ex petrol	42,534		42,534	30,200		30,200	12,334		12,334
Net sales	**40,505**		**40,505**	**27,430**		**27,430**	**13,075**		**13,075**
Other revenues	2,548		2,548	100		100	330		330
Total Revenues	43,053		43,053	27,530		27,530	13,405		13,405
Gross profit	8,929	15	8,944	4,224	2	4,226	3,246	13	3,259
Gross Margin	*22.0%*		*22.1%*	*15.4%*		*15.4%*	*24.8%*		*24.9%*
SG&A Expenses	(5,850)	157	(5,693)	(2,322)	44	(2,278)	(2,723)	111	(2,612)
SG&A of Net Sales	*14.4%*		*14.1%*	*8.5%*		*8.3%*	*20.8%*		*20.0%*
Adj. EBITDA	**3,097**	**192**	**3,289**	**1,908**	**49**	**1,957**	**535**	**141**	**676**
Adj. EBITDA Margin	***7.6%***		***8.1%***	***7.0%***		***7.1%***	***4.1%***		***5.2%***
D&A included in Gross Margin	(19)	(20)	(39)	(6)	(3)	(9)	(13)	(17)	(30)
D&A not included in SG&A Exp.	(620)	(123)	(743)	(278)	(30)	(308)	(319)	(91)	(410)
Financial result	(299)	(78)	(377)	0	0	0	0	0	0
Adj. Net Income, Group share	**1,280**	**(29)**	**1,251**						
Adj. Net Income Margin	***3.2%***		***3.1%***						

Lease commitments, related to rent, disclosed in note 33 of our Financial Statements (DF) to the individual and consolidated financial statements ending in December 2018 and in September, 2019 were

determined based on non-cancellable leases and on the term of real estate assets that takes into account the existence of legal or contractual provisions for termination before the expiration of the contracts, and therefore, are not fully representative of the rental debt that will have to be recognized in the application of IFRS 16.

In R$ Million	**September 2019 Post - IFRS 16**	*Impacts IFRS 16*	**September 2019 Pre - IFRS 16**	**December 2018**
Assets				
Property and equipment	11,977	911	11,066	10,472
Intangible assets and goodwill	2,291	(21)	2,312	2,286
Non-current assets	**14,268**	**890**	**13,378**	**18,779**
Total assets	**37,406**	**890**	**36,516**	**36,677**

In R$ Million	**September 2019 Post - IFRS 16**	*Impacts IFRS 16*	**September 2019 Pre - IFRS 16**	**December 2018**
Liabilities				
Lease debt	129	129	-	-
Current liabilities	**15,525**	**129**	**15,396**	**16,746**
Lease debt	791	791	-	-
Non-current liabilities	**7,833**	**791**	**7,042**	**5,884**
Retained earnings	377	(30)	407	-
Shareholders' equity, Group share	**12,866**	(30)	**12,896**	**13,033**
Total liabilities and shareholders' equity	**37,406**	**890**	**36,516**	**36,677**

CONFERENCE CALL DETAILS

QUARTERLY EARNINGS CALL:

Portuguese/English

(simultaneous translation)

November 7 2019 (Thursday)

10:00 am – Brasília

08:00 am – New York

01:00 pm – London

02:00 pm – Paris

Brazil dial-in:

+55 (11) 3137-8052

Portuguese Webcast

International dial-in:

USA: +1 786 837-9597
UK: +44 20 3318-3776
France: +33 9 8009-3462
Access code: Carrefour Brasil

English Webcast

Replay

(available for 7 days):

+1 888 959 5986

Replay Access:

Code: 8011

Password: #191

GLOSSARY

Like for Like: LFL sales compare gross sales in the relevant period with those in the immediately preceding period, based on gross sales provided by comparable stores, which are defined as stores that have been open and operating for a period of at least twelve consecutive months and that were not subject to closure or renovation within such period. As petrol sales are very sensitive to market prices, they are excluded from the LfL computation. Other retail companies may calculate LFL sales differently from us, and therefore, our historical and future LFL sales performance may not be comparable with other similar metrics used by other companies.

Gross sales: Total revenues from our customers at the Group's stores, gas stations, drugstores and on our e-commerce platform.

GMV: Gross Merchandise Volume refers to all online sales (own sales + marketplace sales) as well freight revenues. It excludes marketplace commissions, but includes sales taxes.

Net sales: Gross sales adjusted for taxes levied on sales (in particular PIS/COFINS and ICMS).

Other revenue: Comprises revenue from our Financial Solutions segment (including bank card fees and interest from consumer credit activities), shopping mall rents and commissions related to other services provided in the stores, fast cash and handling fees.

Gross Profit Margin: Gross profit divided by net sales for the relevant period, expressed as percentage.

EBITDA: Net income (for the year or for the period) adjusted for "financial result, net", "income tax and social contribution" and "depreciation and amortization". EBITDA, Adjusted EBITDA and Adjusted EBITDA margin are not measures of financial performance under Brazilian GAAP or IFRS, and should not be considered as alternatives to net income or as measures of operating performance, operating cash flows or liquidity. EBITDA, Adjusted EBITDA and Adjusted EBITDA margin have no standardized meaning, and our definitions may not be comparable with those used by other companies.

Adjusted EBITDA: EBITDA adjusted for the income statement line item "other income and expenses" (comprising losses on disposals of assets, restructuring costs, income & expenses related to litigations, and tax credits recovered related to prior periods).

Adjusted EBITDA Margin: Adjusted EBITDA divided by net sales for the relevant period, expressed as a percentage.

Adjusted Net income: Net Income, excluding Other Income and Expenses and the corresponding financial and income tax effect.

Net Income Margin: Net income for the year divided by net sales for the relevant period, expressed as a percentage.

Global Functions: Central costs in relation to our central functions and headquarters. These comprise the activities of (i) the cost of our holding divisions, (ii) certain expenses incurred in relation to certain support functions of our parent company which are allocated to the various segments proportionately to their sales, and (iii) cost allocations from our parent company, which are not specific to any segment.

Net Promoter Score (NPS): management tool used to gauge customers' satisfaction. Depending on their satisfaction level, customers are classified as "Promotors", "Passives" or "Detractors"; NPS is calculated as the difference between Promotors and Detractors.

Free Cash Flow: net cash provided by our operating activities, less interest received from short-term investments, plus cash used in changes in judicial deposits and judicial freeze of deposits (and opposite), and unrealized interest income from marketable securities, less cash provided from the disposal of non-operational assets, less cash used in additions to property and equipment, less cash used in additions to intangible assets.

FMCG: Fast-moving consumer goods

Investor Relations

Sébastien Durchon
Vice-President of Finance (CFO) and Director of Investor Relations

Natalia Lacava
Investor Relations Director

Ludimila Aielo
IR Coordinator

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About Grupo Carrefour Brasil

Grupo Carrefour Brasil has been present in Brazil for over 40 years and is the market leader in food distribution and retail. By operating a multiformat and omnichannel platform, it combines retail and cash & carry operations, as well as financial solutions for its clients through Banco Carrefour. We also manage our real estate and portfolio of galleries and shopping centers through our real estate division - Carrefour Property.

The Group is present in every state of Brazil, which allows us to meet the different needs of its millions of customers across the country. In 2018, we developed even more our omnichannel strategy with the set up of 10 Drives and click and collect in all hypermarket stores. In traditional retail, we operate with several formats of stores: Carrefour (hypermarket), Carrefour Bairro and Carrefour Market (supermarket), Carrefour Express (convenience store) and Atacadão (cash & carry and delivery wholesale) as well as Supeco (compact wholesale cash&carry). Additionally, we offer complementary services to our food distribution business with gas stations and drugstores services branded as Carrefour and Atacadão.

We are the largest retailer in Brazil and operate more than 670 points of sale. With sales of R$ 56.3 billion in 2018 and more than 84,000 employees, the company is one of the largest private employers in the country and one of the 20 largest listed companies on the Brazilian stock exchange (B3).

In the world, Carrefour Group operates in more than 30 countries. Over the next five years it plans to implement a new transformation strategy “Carrefour 2022” plan to enable its customers to consume better by becoming the world leader in the food transition for all. In addition, the Group aims to become the omnichannel universe of reference by investing in its growth formats, becoming the leader in food e-commerce and leveraging the power of its brand. In 2018, its global sales totaled € 84.9 billion

Disclaimer

This document contains both historical and forward-looking statements on expectations and projections about operational and financial results of the Company. These forward-looking statements are based on Carrefour management's current views and assumptions. Such statements are not guarantees of future performance. Actual results or performances may differ materially from those in such forward-looking statements as a result of a number of risks and uncertainties, including but not limited to the risks described in the documents filed with the CVM (Brazilian Securities Commission) in particular the Reference Form. The Company does not assume any obligation to update or revise any of these forward-looking statements in the future.