

BRAZILIAN DISTRIBUTION CO COMPANHIA BRASILEIRA DE DISTR CBD

Form 6-K

July 24, 2013

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of July, 2013

Brazilian Distribution Company
(Translation of Registrant's Name Into English)

Av. Brigadeiro Luiz Antonio,
3142 São Paulo, SP 01402-901
Brazil
(Address of Principal Executive Offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F)

Form 20-F Form 40-F

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b) (1)):

Yes No

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b) (7)):

Yes No

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes No

2Q13 Earnings Release

Net income up 35.8% to R\$ 327 million

São Paulo, Brazil, July 23, 2013 - Grupo Pão de Açúcar [BM&FBOVESPA: PCAR4 (PN); NYSE: CBD] and **Via Varejo** [BM&FBOVESPA: VVAR3] announce their results for the second quarter of 2013 (2Q13). The results are presented in the segments as follows: **GPA Food**, formed by supermarkets (Pão de Açúcar, Extra Supermercado and PA Delivery), hypermarkets (Extra Hiper), neighborhood stores (Minimercado Extra), cash-and-carry stores (Assaí), GPA Malls & Properties, gas stations and drugstores; and **GPA Consolidated**, formed by GPA Food and Viavarejo (Casas Bahia and Pontofrio brick-and-mortar stores) and Nova Pontocom's e-commerce operations: Extra.com.br, PontoFrio.com.br, Casasbahia.com.br, Barateiro.com.br, PartiuViagens.com.br, e-Plataforma and Atacado Pontofrio). More information on the results of the subsidiary Via Varejo S.A. can be found in its respective earnings release disclosed on this date.

GPA Consolidated

Gross sales revenue reached R\$ 14.919 billion

§ Gross sales revenue totaled R\$ 14.919 billion, up 10.4% over 2Q12. In 1H13, excluding the effect of early Easter, sales increased by 10.1%;

§ 33 new stores added 29,000 square meters to sales area in the period. Sales area increased 2.2% year-to-date;

§ Same-store growth reached 7.3%, benefited by Viavarejo's same-store growth increase;

§ EBITDA at R\$ 609 million, impacted by Other Operating Expenses and Revenues amounting to R\$ 350 million in the period. The EBITDA adjusted by these effects increased 20.6%, with margin at 7.2%;

§ Sales, general and administrative expenses as percentage of net sales revenue decline in all operations. In GPA Consolidated, it declined from 20.5% to 19.5% in 2Q13.

GPA Food

Gross sales revenue up 8.8% in 2Q13, with adjusted EBITDA margin at 7.0%

§ Gross sales revenue, excluding real estate projects, totaled R\$ 7.984 billion, up 8.8% over 2Q12;

§ Increase in expansion pace: 29 new stores in 2Q13. Sales area increased 2.9% year-to-date;

§ Same-store growth of 4.8% in food categories, due to the early Easter, which was in 1Q13;

§ EBITDA at R\$ 253 million, impacted by Other Operating Expenses and Revenues of R\$ 260 million in the period. EBITDA adjusted by these effects would be R\$ 512 million, with EBITDA margin at 7.0%.

(R\$ million) ⁽¹⁾	GPA Consolidated						GPA Food (ex. real estate projects)			Viavarejo		
	2Q13	2Q12	Δ	1H13	1H12	Δ	2Q13	2Q12	Δ	2Q13	2Q12	Δ
Gross Sales Revenue	14,919	13,512	10.4%	29,904	27,172	10.1%	7,984	7,339	8.8%	6,936	6,075	14.2%
Net Sales Revenue	13,383	12,037	11.2%	26,766	24,185	10.7%	7,321	6,622	10.6%	6,062	5,318	14.0%
Gross Profit	3,550	3,229	9.9%	7,084	6,473	9.4%	1,812	1,693	7.0%	1,739	1,438	20.9%
Gross Margin	26.5%	26.8%	-0.3 p.p.	26.5%	26.8%	-0.3 p.p.	24.7%	25.6%	-0.9 p.p.	28.7%	27.0%	1.7 p.p.
EBITDA	609	801	-24.0%	1,471	1,577	-6.7%	253	483	-47.7%	356	220	61.5%
EBITDA Margin⁽²⁾	4.5%	6.7%	-2.2 p.p.	5.5%	6.5%	-1.0 p.p.	3.4%	7.3%	-3.9 p.p.	5.9%	4.1%	1.8 p.p.
Adjusted EBITDA	958	794	20.6%	1,829	1,565	16.9%	512	474	8.1%	446	222	100.5%
Adjusted EBITDA Margin	7.2%	6.6%	0.6 p.p.	6.8%	6.5%	0.3 p.p.	7.0%	7.2%	-0.2 p.p.	7.4%	4.2%	3.2 p.p.

Net Financial Revenue (Expenses)	(300)	(285)	5.2%	(554)	(620)	-10.7%	(129)	(121)	7.0%	(170)	(164)	3.9%
% of net sales revenue			-0.2 p.p.			-0.5 p.p.						
	2.2%	2.4%		2.1%	2.6%		1.8%	1.8%	0.0 p.p.	2.8%	3.1%	-0.3 p.p.
Company's net profit	77	245	-68.6%	352	407	-13.6%	(18)	142	-113.0%	95	5	1667.4%
Net Margin	0.6%	2.0%	-1.4 p.p.	1.3%	1.7%	-0.4 p.p.	-0.3%	2.1%	-2.4 p.p.	1.6%	0.1%	1.5 p.p.
Adjusted Net Income	327	241	35.8%	610	400	52.6%	172	136	26.6%	155	7	2112.5%
Adjusted Net Margin	2.4%	2.0%	0.4 p.p.	2.3%	1.7%	0.6 p.p.	2.4%	2.1%	0.3 p.p.	2.6%	0.1%	2.5 p.p.

(1) Totals and percentage changes are rounded off and all margins were calculated as percentage of net sales revenue.

(2) Earnings before Interest, Taxes, Depreciation, Amortization

For better comparability of results, the following comments do not include the results of the real estate projects implemented by the Company in 2Q12 in partnership with construction companies, which generated non-recurring revenue of R\$ 98 million.

Sales Performance

(R\$ million)	Gross Sales Revenue						Net Sales Revenue					
	2Q13	2Q12	Δ	1H13	1H12	Δ	2Q13	2Q12	Δ	1H13	1H12	Δ
GPA Consolidated (ex-real estate projects)	14,919	13,414	11.2%	29,904	27,074	10.5%	13,383	11,939	12.1%	26,766	24,087	11.1%
GPA Food (ex-real estate projects)	7,984	7,339	8.8%	16,132	14,710	9.7%	7,321	6,622	10.6%	14,703	13,278	10.7%
Retail	6,425	6,197	3.7%	13,147	12,436	5.7%	5,887	5,579	5.5%	11,965	11,200	6.8%
Cash and Carry	1,558	1,142	36.4%	2,985	2,273	31.3%	1,434	1,043	37.5%	2,738	2,078	31.8%
GPA Non Food	6,936	6,075	14.2%	13,771	12,364	11.4%	6,062	5,318	14.0%	12,062	10,809	11.6%
Viavarejo - bricks and mortar stores	5,873	5,236	12.2%	11,757	10,633	10.6%	5,113	4,552	12.3%	10,256	9,232	11.1%
Nova Pontocom	1,062	840	26.5%	2,014	1,731	16.4%	949	765	24.1%	1,806	1,577	14.6%
Real Estate Projects	-	98	-	-	98	-	-	98	-	-	98	-

Gross 'Same-Store' Sales Revenue

	2Q13	1H13
GPA Consolidated	7.3%	7.0%
Food	4.8%	7.2%

Non-food	9.3%	6.8%
-----------------	------	------

Consolidated gross sales revenue totaled R\$14.919 billion, up 11.2% over 2Q12. GPA Food's gross revenue increased 8.8% and Viavarejo's increased 14.2%.

The Company's focus on expansion enabled the inauguration of 33 new stores in the quarter, of which 23 Minimercado Extra, four Casas Bahia three Assaí, two Pão de Açúcar and one drugstore. During the quarter, over 29,000 square meters were added to the GPA Consolidated's sales area, which represents an increase of 1.0% over the end of March. From January to June, the area growth was at 2.2%. The company reaffirms its commitment to the area expansion guidance of above 6% for GPA Food and between 2% and 3% for Viavarejo for 2013. Such guidance does not consider the settlement agreement (*Termo de Compromisso de Desempenho - TCD*) with Brazil's antitrust agency CADE (*Conselho Administrativo de Defesa Econômica*) -more information about TCD on page 7. Another highlight in the quarter was the performance of Nova Pontocom, which once again posted double-digit growth.

In 1H13, excluding the effect of early Easter, gross sales totaled R\$ 29.904 billion, up 10.5% over 1H12.

Same-store sales increased 7.3% in 2Q13, driven by the accelerated same-store growth of Viavarejo in the past quarters.

Sales of the Group's food categories posted same-store growth of 4.8%, impacted by the early Easter in 2013, which was celebrated in the first quarter. The Company estimates that the impact of the early Easter in the sales growth, in 2Q13, was approximately 300 basis points. Considering the calendar effect, same-store sales would increase by 7.8%, above inflation. Considering the six-month period, in which the calendar effect is not valid, same-store growth was 7.2%, which represents a real growth of 0.5% i.e. deflated by the IPCA inflation index for the last 12 months.

Minimercado Extra and Assaí banners posted double-digit growth in same-store sales.

Sales of the Group's non-food categories, which include Viavarejo and the non-food categories of Extra Hiper, posted same-store growth of 9.3%, spurred by Viavarejo's performance. The bricks-and-mortar stores posted 'same-store' sales growth of 9.5%, fueled by the effective marketing campaigns combined with the commercial strategy, in addition to sales related to Mother's Day. **Nova Pontocom** posted growth of 26.5% in the quarter, thanks to a price repositioning strategy in its different banners. In real terms, considering the inflation in the electronics, furniture and mattress categories in the past 12 months, as released by the Brazilian Institute of Geography and Statistics (IBGE), weighted by the product mix of the bricks-and-mortar stores and Nova Pontocom, gross revenue sales grew 8.7%.

In the second half of June, popular uprisings in Brazil forced the Company to shut certain stores for some hours at specific periods. The Management believes that the impacts on sales and other expenses were minor and did not significantly affect the 2Q13 performance.

Grupo Pão de Açúcar, through its banners Casas Bahia, Pontofrio and Extra Hiper, participate in the federal government's "Minha Casa Melhor" program, launched in June, which offer the beneficiaries of the "Minha Casa, Minha Vida" program **special credit facility to acquire furniture and home appliances**. All of the Company's businesses that sell the items included in the product basket subsidized by the credit facility are committed to meeting the demand of these new consumers.

Operating Performance

	GPA Consolidated (ex. real estate projects)					
	2Q13	2Q12	Δ	1H13	1H12	Δ
Gross Sales Revenue	14,919	13,414	11.2%	29,904	27,074	10.5%
Net Sales Revenue	13,383	11,939	12.1%	26,766	24,087	11.1%
Gross Profit	3,550	3,131	13.4%	7,084	6,375	11.1%
Gross Margin	26.5%	26.2%	0.3 p.p.	26.5%	26.5%	0.0 p.p.
Selling Expenses	(2,249)	(2,037)	10.4%	(4,536)	(4,098)	10.7%
General and Administrative Expenses	(365)	(416)	-12.3%	(768)	(854)	-10.1%
Equity Income	4	(3)	-	13	2	484.7%
Other Operating Revenue (Expenses)	(350)	7	-	(358)	12	-
Total Operating Expenses	(2,960)	(2,449)	20.9%	(5,650)	(4,937)	14.4%
% of Net Sales Revenue	22.1%	20.5%	1.6 p.p.	21.1%	20.5%	0.6 p.p.
Depreciation (Logistic)	18	21	-14.1%	37	40	-9.2%
EBITDA ^{(1) (2)}	609	703	-13.4%	1,471	1,478	-0.5%
EBITDA Margin	4.5%	5.9%	-1.4 p.p.	5.5%	6.1%	-0.6 p.p.
Adjusted EBITDA ⁽³⁾	958	696	37.6%	1,829	1,467	24.7%
Adjusted EBITDA Margin	7.2%	5.8%	1.4 p.p.	6.8%	6.1%	0.7 p.p.

(1) As of 4Q12, the results of Equity Income and Other Operating Income (Expenses) were included along with Total Operating Expenses in the calculation of EBITDA. Thus, the calculation of EBITDA complies with Instruction 527 dated October 4, 2012, issued by the Securities and Exchange Commission of Brazil (CVM).

(2) As from 1Q13, the depreciation recognized in the cost of goods sold, essentially consisting of the depreciation of distribution centers, began to be specified in the calculation of EBITDA.

(3) The explanation is available on page 11.

The Company's **gross margin increased by 30 basis points**, reflecting the price repositioning in food retail, which was supported by a reduction in expenses. As in 1Q13, Assaí banner adopted more competitive prices in the new stores, in line with the banner's strategy to generate traffic.

In terms of operational efficiency gains, the highlight was the reduction in the ratio between Viavarejo's selling, general and administrative expenses and net revenue, from 23.1% in

2Q12 to 21.5% in 2Q13, due to the gains of synergy from the Productivity Plan and the higher rationalization of staff, marketing and IT expenses.

In 2Q13, the Company incurred in Other Operating Expenses and Revenues of R\$ 350 million. It is worth mentioning the provisions for tax risks (R\$ 163 million), effects related to the association between Pontofrio and Casas Bahia (*) (R\$ 67 million), restructuring expenses and results from fixed assets (R\$ 51 million) and provisions related to labor claims and others (R\$ 69 million).

EBITDA totaled R\$ 609 million, due to the recognition of Other Operating Expenses and Revenues, as mentioned above. **Adjusted EBITDA, which excludes such Other Operating Expenses and Revenues, would be R\$ 958 million, up 37.6%, with adjusted EBITDA margin 7.2%.**

In Viavarejo, the further gains of synergies and the implementation of new processes and elimination of operating expenses resulted in an EBITDA growth of 61.5%.

The six-month analysis, which excludes the calendar effect of Easter and the expense mentioned above, EBITDA increased by 24.7%, to R\$ 1.829 billion.

(*) Refers to the effects related to the project by external consultants especially hired to analyze the accounting entries related to the association between Pontofrio and Casas Bahia.

GPA Food (Retail and Cash-and-carry stores)