

BRAZILIAN DISTRIBUTION CO COMPANHIA BRASILEIRA DE DISTR CBD

Form 6-K

February 20, 2018

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## 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 February, 2018

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 ☒

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**São Paulo, February 19, 2018 - GPA** [B3: PCAR4; NYSE: CBD] announces its results for the fourth quarter. Due to the ongoing divestment of the interest held by GPA in Via Varejo S.A., as announced in the material fact notice of November 23, 2016, the operations of Via Varejo are treated as discontinued operations. Accordingly, net sales and other profit or loss accounts were adjusted retrospectively, as required under IFRS 5/CPC 31, approved by CVM Resolution 598/09 – Non-current assets held for sale and discontinued operations. The following comments refer to the results of continuing operations. All comparisons are with the same period of 2016, except where stated otherwise.

## **4Q17 and 2017 RESULTS**

**Net sales in 2017 advanced 8.2%<sup>(1)</sup>; growth of 27.8%<sup>(1)</sup> at Assaí**

**Adjusted EBITDA<sup>(\*)</sup> at GPA Food of R\$2.3 billion in the year (+22.3%), with margin expansion from 4.6% to 5.2%**

**Operating expenses diluted by 60 bps compared to 2016**

**Net income attributable to controlling shareholders of the Company was R\$619 million, reversing the loss in 2016**

### **Operating highlights**

- Net sales in 2017 totaled R\$26.2 billion, with same-store growth of 0.7%<sup>(1)</sup> and market share gain of 60 bps in the year (Nielsen data);
- My Discount Program reached over 4 million downloads within just 7 months of launch, with the total loyal customer base expanding from around 12 million to 14 million;
- Adjusted EBITDA margin<sup>(\*)</sup> reached 5.0% in 2017, expanding 20 bps compared to 2016, mainly due to the improvement in gross margin, which was supported by the new commercial dynamics implemented throughout the year and by the disciplined control of expenses, which even so was accompanied by improvement in service quality at stores.
- In 4Q17, adjusted EBITDA margin<sup>(\*)</sup> stood at 4.7%, impacted by: (i) strong food deflation (around 110 bps) while other expense items continued to be affected by inflation; (ii) additional expenses due to the fire at the Osasco DC (about 15 bps); (iii) renovation of 50 Pão de Açúcar stores, of which 11 were full renovations, which affected the sales performance of stores with a significant weight in the banner's sales (about 10 bps).

### **Multivarejo:**

**Assaí:**

- Gross sales reached R\$20.1 billion in the year, with strong growth of 28.0%<sup>(1)</sup> in total sales and of 11.4%<sup>(1)(2)</sup> in same-store sales, despite the scenario marked by intense deflation. During the year, the banner registered consistent growth in customers and sales volume, accompanied by market share gains;
- Sales also were boosted by the enhanced commercial dynamics, such as 'Assaí Anniversary' and the launch of Black Friday, with performance particularly good in the category General Merchandise;
- In less than 3 months, approximately 100,000 Passaí cards were issued at 75 stores, resulting in a 50% higher average ticket, due to the attractive value proposition for customers (wholesale prices as of the first unit);
- Adjusted EBITDA margin<sup>(\*)</sup> stood at 5.3% in 4Q17, which demonstrates the format's efficiency during a period of strong organic growth and food deflation. In 2017, Adjusted EBITDA margin stood at 5.6%, expanding 140 bps from 2016, while nominal Adjusted EBITDA<sup>(\*)</sup> grew 68.0%;
- Assaí ended the year with 126 stores, with a record 20 new stores in the period, 5 of which via organic expansion and 15 via conversions from Extra Hiper, the latter improving sales by a factor of 2.5x;
- Assaí accounted for 41.3% of the sales of GPA Food, up 640 bps from 2016.

*<sup>(1)</sup>In 4Q17, the calendar adjustment was -30 bps at GPA Food, with -70 bps at Multivarejo and -20 bps at Assaí. In 2017, the adjustment was -50 bps at GPA Food, with -70 bps at Multivarejo and -50 bps at Assaí. <sup>(2)</sup> Includes converted stores, which contributed 310 bps in 2017. (\*) Excludes non-recurring effects, as detailed in the section "Operating Performance by Business."*

## Financial Highlights

- Financial result corresponded to -1.6% of net sales, improving 60 bps from 2016;
- Net income attributable to controlling shareholders of R\$619 million, with margin of 1.4%, supported by the 91.0% increase at Assaí, as well as by the recovery in Multivarejo, where the net loss was reversed to positive;
- Solid financial position: Net debt<sup>(3)</sup> fell R\$162 million from 2016, while the net debt<sup>(3)</sup>/ EBITDA ratio declined to -0.15x, from -0.32x in 2016.

## Outlook

- **Strategic priorities:** Our strategy for 2018-2020 is to foster sustainable and robust growth in our food operations by leveraging our multi-channel and multi-format presence to offer every Brazilian consumer the best and most innovative offerings and services.
- **Economic environment and business evolution:** The sharp drop in food prices during 2017, combined with the still-high unemployment and challenging level of consumer spending, adversely affected the retail industry's performance. However, GPA has outperformed the industry average (Brazilian Supermarkets Association - ABRAS and Monthly Retail Survey conducted by IBGE) since 3Q16, capturing market share gains at Extra Hiper and Assaí during all measurements by Nielsen over the year, while keeping market share stable in other banners.

*<sup>(3)</sup> Includes non-discounted credit card receivables of R\$414 million in 4Q17 and R\$241 million in 4Q16.*

## MESSAGE FROM MANAGEMENT

The year 2017 proved challenging, but brought important signs of improvement in the business environment, while GPA continued to build on the efforts that it began three years ago. Although the effects from improving macroeconomic indicators are still incipient, we ended the year with important progress at our business units resulting from the strategic management of our store portfolio, the more pragmatic use of our database and the continued discipline employed in our financial management and streamlining of structures.

The results for the year attest to this effective management: net sales advanced 8.2%<sup>(\*)</sup> to R\$44.6 billion, a performance to be celebrated given the still-recessionary economy marked by strong deflation, especially in food categories. Staying focused on higher-return formats through store openings, closures and, especially, conversions, proved the right strategy, which generated profitability gains<sup>(\*\*)</sup> of 20 bps at Multivarejo and of 140 bps at Assaí.

The Cash & Carry format has been making a strong contribution to this improvement in results, growing 123% in the last three years, with this performance gaining even greater significance once we consider the 6.3% contraction in the country's GDP during the period. Assaí is Brazil's fastest growing cash-and-carry chain, according to Nielsen, with gross sales in the year growing 28.0%<sup>(\*)</sup> to R\$20.1 billion, leveraged by the expansion plan, with a total of 20 store openings in the period, of which 15 were conversions and five new stores. At Multivarejo, which remained heavily affected by food deflation, the highlights were the stable margins at Pão de Açúcar a banner in which we have embarked on an important store renovation project, with 50 units renovated in 2017, and improvement at Extra Hiper driven by the performance of non-food categories. We also ended the year with important market share gains in all measurements conducted by Nielsen during the year.

In our ongoing digital transformation process, we launched the My Discount platform at Multivarejo, which in just seven months already has reached 4 million downloads through the applications of the Pão de Açúcar Mais and Clube Extra loyalty programs. The total base of loyal customers expanded from 12 million to 14 million, with this representing just one phase of a process in which we increasingly want to forge personal relationships with consumers to ensure their needs and convenience. Attentive to the transformations in consumer relations, the Company's digital transformation process will remain a priority driver in 2018.

GPA's achievements in 2017 reflect the capacity of our team. In a complex economic environment for the country, we reinforced important pillars in our people management, which led to an increase in the engagement index. Well qualified teams at the company's many different levels are raising it to the level of excellence, as shown by a study conducted by LinkedIn in 2017 that indicated GPA as the first preference of Brazilian consumers.

From the standpoint of sustainability, we made important advances in the issues of cultural and social diversity, with the realization of our first Diversity Week, in which we debated

viewpoints on diversity in the corporate and retail environment. At the event, we signed the “10 Commitments to LGBT Rights,” which we consider an important advance in the promotion of gender equity at GPA. All initiatives remain closely aligned with the principles of the United Nations Global Compact.

The results achieved in the last year demonstrate the scale of the deliveries defined in our strategic planning. All of what we have accomplished so far and what we are planning for 2018 leave us feeling more confident, believing in a recovery in the country’s macroeconomic scenario. We maintain our commitment to the continued sustainable growth of our businesses, with a total focus on our customers and best management practices in all of our businesses.

*(\*) Growth adjusted by calendar effect. (\*\*) EBITDA adjusted by Other Operating Income and Expense and non-recurring effects on gross margin.*

## 4Q17

| (R\$ million) <sup>(1)</sup>                                         | 4Q17           | 4Q16           | Δ              | 4Q17           | 4Q16           | Δ              | 4Q17           | 4Q16           | Δ              |
|----------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Gross Revenue</b>                                                 | 13,595         | 12,741         | 6.7%           | 13,595         | 12,741         | 6.7%           | 7,689          | 8,109          | -5.2%          |
| <b>Net Revenue</b>                                                   | 12,510         | 11,740         | 6.6%           | 12,510         | 11,740         | 6.6%           | 7,066          | 7,484          | -5.6%          |
| Gross Profit                                                         | 3,104          | 2,701          | 14.9%          | 3,104          | 2,701          | 14.9%          | 2,122          | 2,014          | 5.4%           |
| <b>Gross Margin</b>                                                  | <b>24.8%</b>   | <b>23.0%</b>   | <b>180 bps</b> | <b>24.8%</b>   | <b>23.0%</b>   | <b>180 bps</b> | <b>30.0%</b>   | <b>26.9%</b>   | <b>310 bps</b> |
| <b>Selling, General and Adm. Expenses</b>                            | <b>(2,161)</b> | <b>(1,991)</b> | <b>8.5%</b>    | <b>(2,161)</b> | <b>(1,991)</b> | <b>8.5%</b>    | <b>(1,580)</b> | <b>(1,551)</b> | <b>1.9%</b>    |
| <b>% of Net Revenue</b>                                              | <b>17.3%</b>   | <b>17.0%</b>   | <b>30 bps</b>  | <b>17.3%</b>   | <b>17.0%</b>   | <b>30 bps</b>  | <b>22.4%</b>   | <b>20.7%</b>   | <b>170 bps</b> |
| EBITDA <sup>(2)</sup>                                                | 756            | 467            | 62.0%          | 795            | 483            | 64.8%          | 395            | 254            | 55.3%          |
| <b>EBITDA Margin</b>                                                 | <b>6.0%</b>    | <b>4.0%</b>    | <b>200 bps</b> | <b>6.4%</b>    | <b>4.1%</b>    | <b>230 bps</b> | <b>5.6%</b>    | <b>3.4%</b>    | <b>220 bps</b> |
| Adjusted EBITDA <sup>(2)(3)</sup>                                    | 931            | 726            | 28.2%          | 971            | 742            | 30.8%          | 568            | 494            | 14.8%          |
| <b>Adjusted EBITDA Margin</b>                                        | <b>7.4%</b>    | <b>6.2%</b>    | <b>120 bps</b> | <b>7.8%</b>    | <b>6.3%</b>    | <b>150 bps</b> | <b>8.0%</b>    | <b>6.6%</b>    | <b>140 bps</b> |
| Net Financial Revenue (Expenses)                                     | (206)          | (251)          | -17.8%         | (206)          | (251)          | -17.8%         | (199)          | (229)          | -13.1%         |
| <b>% of Net Revenue</b>                                              | <b>1.6%</b>    | <b>2.1%</b>    | <b>-50 bps</b> | <b>1.6%</b>    | <b>2.1%</b>    | <b>-50 bps</b> | <b>2.8%</b>    | <b>3.1%</b>    | <b>-30 bps</b> |
| Net Income (Loss) - Controlling Shareholders - continuing operations | 215            | (8)            | n.a.           | 254            | 9              | n.a.           | 0              | (138)          | n.a.           |
| <b>Net Margin- continuing operations</b>                             | <b>1.7%</b>    | <b>-0.1%</b>   | <b>180 bps</b> | <b>2.0%</b>    | <b>0.1%</b>    | <b>190 bps</b> | <b>n.a.</b>    | <b>-1.8%</b>   | <b>n.a.</b>    |
| Net Income (Loss) -continuing and discontinued operations            | 297            | (38)           | n.a.           | 258            | (23)           | n.a.           | 4              | (170)          | n.a.           |
| <b>Net margin-continuing and discontinued operations</b>             | <b>2.4%</b>    | <b>-0.3%</b>   | <b>270 bps</b> | <b>2.1%</b>    | <b>-0.2%</b>   | <b>230 bps</b> | <b>0.1%</b>    | <b>-2.3%</b>   | <b>240 bps</b> |

Gross Profit and Adjusted Ebitda excluding non recurring effects <sup>(\*)</sup>

| (R\$ million) <sup>(1)</sup>                                            | 4Q17         | 4Q16         | Δ               | 4Q17         | 4Q16         | Δ               | 4Q17         | 4Q16         | Δ               |
|-------------------------------------------------------------------------|--------------|--------------|-----------------|--------------|--------------|-----------------|--------------|--------------|-----------------|
| Gross Profit Excl. non recurring effects <sup>(*)</sup>                 | 2,755        | 2,701        | 2.0%            | 2,755        | 2,701        | 2.0%            | 1,887        | 2,014        | -6.3%           |
| <b>Gross Margin Excl.non recurring effects<sup>(*)</sup></b>            | <b>22.0%</b> | <b>23.0%</b> | <b>-100 bps</b> | <b>22.0%</b> | <b>23.0%</b> | <b>-100 bps</b> | <b>26.7%</b> | <b>26.9%</b> | <b>-20 bps</b>  |
| Adjusted EBITDA Excl. non recurring effects <sup>(2)(3)(*)</sup>        | 582          | 726          | -19.9%          | 621          | 742          | -16.3%          | 332          | 494          | -32.8%          |
| <b>Adjusted EBITDA Margin Excl. non recurring effects<sup>(*)</sup></b> | <b>4.7%</b>  | <b>6.2%</b>  | <b>-150 bps</b> | <b>5.0%</b>  | <b>6.3%</b>  | <b>-130 bps</b> | <b>4.7%</b>  | <b>6.6%</b>  | <b>-190 bps</b> |

<sup>(1)</sup> Sums and percentages may present discrepancies due to rounding. All margins were calculated as a percentage of net sales. <sup>(2)</sup> Earnings before interest, tax, depreciation and amortization. <sup>(3)</sup> EBITDA adjusted by Other Operating Income and Expenses. <sup>(\*)</sup> Excludes non-recurring effects: In Assai, R\$114 million were recognized in credits fully related to 9M17, and therefore non-recurring in the quarter, but recurring in the year. In Multivarejo, R\$246 million

*in tax credits were recognized in 4Q17, related to prior fiscal years, as well as -R\$10 million related to the impact from the write-off of inventories and deductible payments associated with the fire at the Osasco Distribution Center in December 2017.*



## 2017

| (R\$ million) <sup>(1)</sup>                                         |              |              |                | Food Business |              |                | Multivarejo  |              |                | As           |              |
|----------------------------------------------------------------------|--------------|--------------|----------------|---------------|--------------|----------------|--------------|--------------|----------------|--------------|--------------|
|                                                                      | 2017         | 2016         | Δ              | 2017          | 2016         | Δ              | 2017         | 2016         | Δ              | 2017         | 2016         |
| <b>Gross Revenue</b>                                                 | 48,440       | 44,969       | 7.7%           | 48,440        | 44,969       | 7.7%           | 28,370       | 29,233       | -3.0%          | 20,070       | 15,700       |
| <b>Net Revenue</b>                                                   | 44,634       | 41,454       | 7.7%           | 44,634        | 41,454       | 7.7%           | 26,195       | 26,967       | -2.9%          | 18,440       | 14,400       |
| Gross Profit                                                         | 10,704       | 9,520        | 12.4%          | 10,704        | 9,520        | 12.4%          | 7,763        | 7,350        | 5.6%           | 2,941        | 2,300        |
| <b>Gross Margin</b>                                                  | <b>24.0%</b> | <b>23.0%</b> | <b>100 bps</b> | <b>24.0%</b>  | <b>23.0%</b> | <b>100 bps</b> | <b>29.6%</b> | <b>27.3%</b> | <b>230 bps</b> | <b>15.9%</b> | <b>15.0%</b> |
| <b>Selling, General and Adm. Expenses</b>                            | (7,778)      | (7,451)      | 4.4%           | (7,778)       | (7,451)      | 4.4%           | (5,860)      | (5,957)      | -1.6%          | (1,918)      | (1,400)      |
| <b>% of Net Revenue</b>                                              | <b>17.4%</b> | <b>18.0%</b> | <b>-60 bps</b> | <b>17.4%</b>  | <b>18.0%</b> | <b>-60 bps</b> | <b>22.4%</b> | <b>22.1%</b> | <b>30 bps</b>  | <b>10.4%</b> | <b>10.0%</b> |
| EBITDA <sup>(2)</sup>                                                | 2,341        | 1,618        | 44.7%          | 2,465         | 1,634        | 50.8%          | 1,462        | 1,021        | 43.2%          | 1,003        | 600          |
| <b>EBITDA Margin</b>                                                 | <b>5.2%</b>  | <b>3.9%</b>  | <b>130 bps</b> | <b>5.5%</b>   | <b>3.9%</b>  | <b>160 bps</b> | <b>5.6%</b>  | <b>3.8%</b>  | <b>180 bps</b> | <b>5.4%</b>  | <b>4.0%</b>  |
| Adjusted EBITDA <sup>(2)(3)</sup>                                    | 2,920        | 2,185        | 33.6%          | 3,044         | 2,201        | 38.3%          | 2,015        | 1,520        | 32.6%          | 1,029        | 600          |
| <b>Adjusted EBITDA Margin</b>                                        | <b>6.5%</b>  | <b>5.3%</b>  | <b>120 bps</b> | <b>6.8%</b>   | <b>5.3%</b>  | <b>150 bps</b> | <b>7.7%</b>  | <b>5.6%</b>  | <b>210 bps</b> | <b>5.6%</b>  | <b>4.0%</b>  |
| Net Financial Revenue (Expenses)                                     | (730)        | (903)        | -19.2%         | (730)         | (903)        | -19.2%         | (682)        | (809)        | -15.7%         | (48)         | (100)        |
| <b>% of Net Revenue</b>                                              | <b>1.6%</b>  | <b>2.2%</b>  | <b>-60 bps</b> | <b>1.6%</b>   | <b>2.2%</b>  | <b>-60 bps</b> | <b>2.6%</b>  | <b>3.0%</b>  | <b>-40 bps</b> | <b>0.3%</b>  | <b>0.0%</b>  |
| Net Income (Loss) - Controlling Shareholders - continuing operations | 482          | (71)         | n.a.           | 606           | (55)         | n.a.           | 66           | (338)        | n.a.           | 540          | 200          |
| <b>Net Margin- continuing operations</b>                             | <b>1.1%</b>  | <b>-0.2%</b> | <b>130 bps</b> | <b>1.4%</b>   | <b>-0.1%</b> | <b>150 bps</b> | <b>0.3%</b>  | <b>-1.3%</b> | <b>160 bps</b> | <b>2.9%</b>  | <b>2.0%</b>  |
| Net Income (Loss) -continuing and discontinued operations            | 619          | (482)        | n.a.           | 573           | (133)        | n.a.           | 33           | (415)        | n.a.           | 540          | 200          |
| <b>Net margin-continuing and discontinued operations</b>             | <b>1.4%</b>  | <b>-1.2%</b> | <b>260 bps</b> | <b>1.3%</b>   | <b>-0.3%</b> | <b>160 bps</b> | <b>0.1%</b>  | <b>-1.5%</b> | <b>160 bps</b> | <b>2.9%</b>  | <b>2.0%</b>  |

## Gross Profit and Adjusted Ebitda excluding non recurring effects (\*)

| (R\$ million) <sup>(1)</sup>                                            |              |              |               | Food Business |              |               | Multivarejo  |              |               |              |              |
|-------------------------------------------------------------------------|--------------|--------------|---------------|---------------|--------------|---------------|--------------|--------------|---------------|--------------|--------------|
|                                                                         | 2017         | 2016         | Δ             | 2017          | 2016         | Δ             | 2017         | 2016         | Δ             | 2017         | 2016         |
| Gross Profit Excl. non recurring effects <sup>(*)</sup>                 | 10,000       | 9,232        | 8.3%          | 10,000        | 9,232        | 8.3%          | 7,059        | 7,131        | -1.0%         | 2,941        | 2,941        |
| <b>Gross Margin Excl. non recurring effects<sup>(*)</sup></b>           | <b>22.4%</b> | <b>22.3%</b> | <b>10 bps</b> | <b>22.4%</b>  | <b>22.3%</b> | <b>10 bps</b> | <b>26.9%</b> | <b>26.4%</b> | <b>50 bps</b> | <b>15.9%</b> | <b>14.9%</b> |
| Adjusted EBITDA Excl. non recurring effects <sup>(2)(3)(*)</sup>        | 2,217        | 1,897        | 16.8%         | 2,341         | 1,913        | 22.3%         | 1,312        | 1,301        | 0.8%          | 1,029        | 1,029        |
| <b>Adjusted EBITDA Margin Excl. non recurring effects<sup>(*)</sup></b> | <b>5.0%</b>  | <b>4.6%</b>  | <b>40 bps</b> | <b>5.2%</b>   | <b>4.6%</b>  | <b>60 bps</b> | <b>5.0%</b>  | <b>4.8%</b>  | <b>20 bps</b> | <b>5.6%</b>  | <b>4.9%</b>  |

(1) Totals and percentages may present discrepancies due to rounding. All margins were calculated as a percentage of sales. (2) Earnings before interest, tax, depreciation and amortization. (3) EBITDA adjusted by Other Operating Income and Expenses. (\*) Excludes non-recurring effects: In Multivarejo, R\$714 million in tax credits were recognized in 2017 related to prior fiscal years and -R\$10 million were recognized related to the impact of write-off of inventories and deductible losses associated with the fire at the Osasco Distribution Center in December 2017.

## SALES PERFORMANCE

### Multivarejo

At Multivarejo, net sales in 4Q17 amounted to R\$7.1 billion, with same-store sales declining 0.6%<sup>(1)</sup>. Performance was adversely affected by the following factors:

- Stronger deflation in food-at-home categories, which accelerated from -4.5% in 3Q17 to -5.1% in 4Q17, with deflation more intense in Christmas seasonal products;
- Continued migration of customers to other channels due to the economic scenario.

In 2017, the net sales of R\$26.2 billion were adversely affected by the closure of 17 hypermarkets in the period, 15 of which were converted to Assaí. This optimization of the store portfolio resulted in a contraction in Multivarejo's sales area of approximately 5%. Same-store sales growth reached 0.7%<sup>(1)</sup>.

*(1) In 4Q17, the adjustment was -30 bps at GPA Food, with -70 bps at Multivarejo and -20 bps at Assaí. In 2017, the adjustment was -50 bps at GPA Food, with -70 bps at Multivarejo and -50 bps at Assaí.*

Extra Hiper continued to deliver good performances among Multivarejo banners in both the quarter and the year. Same-store sales growth benefited from the dynamic non-food categories (Electronics/Home Appliances, General Merchandise and Apparel), that remained in the double digits.

For the second straight quarter, Pão de Açúcar posted sales volume growth. However, sales were affected by the following factors:

- Full renovation of 11 stores, which significantly affected sales performance during the 90 days of renovation;
- Light renovation of another 39 stores, affecting sales during 45 days;
- Food deflation, especially in the categories Perishables (-24.2%) and Basic Groceries (-9.1%);
- Deflation in Christmas products (-7.7%).

Extra Super remained the banner most affected by food deflation, especially in the basic Perishables category, which registered the sharpest deflation.

Proximity formats, specifically Extra Minimercado, underwent simplification and transformation of their model, with adjustments made to their value proposition. There was a short-term impact due to the significant decrease in promotional activity. The objective of optimizing expenses was achieved, with significant improvement in productivity and a sharp reduction in logistics costs.

## Assaí

Assaí's net sales amounted to R\$5.4 billion in the quarter, advancing 28.2%<sup>(1)</sup> vs. 4Q16. On a same-store basis, Assaí's net sales advanced 10.7%<sup>(1)(2)</sup>, still pressured by strong food deflation, especially in the Staples, Dairy and Meat categories (the food at home component of the IPCA inflation index went from 11.9% in 4Q16 to -5.1% in 4Q17).

On the other hand, sales volume growth accelerated in relation to 3Q17 and 4Q16, accompanied by higher customer traffic and continued market share<sup>(\*)</sup> gains, despite the competitive scenario.

In the quarter, both same-store and new stores sales were driven by commercial initiatives (grand openings, Assaí Anniversary and Black Friday, the latter a first at the banner), with the highlight the category General Merchandise.

In the year, Assaí posted gross sales of R\$20.1 billion and net sales of R\$18.4 billion, advancing 28.0%<sup>(1)</sup> and 27.8%<sup>(1)</sup> compared to 2016, respectively. Sales performance was driven substantially by the 20 store openings in the year (15 conversions and 5 organic) and by the banner's entry into two new states (Minas Gerais and Piauí).

Stores converted improved their sales by a factor of around 2.5x in relation to Extra Hiper, confirming the project's effectiveness and the format's acceptance at the stores selected.

In 4Q17, Assaí accounted for 43.5% of total net sales, up 730 bps on the prior-year period. In 2017, Assaí accounted for 41.3% of GPA Food's total net sales, up 640 bps from 2016.

*(1) In 4Q17, the adjustment was -30 bps at GPA Food, with -70 bps at Multivarejo and -20 bps at Assaí. In 2017, the adjustment was -50 bps at GPA Food, with -70 bps at Multivarejo and -50 bps at Assaí.*

*(2) Includes the stores converted from Extra Hiper to Assaí, which in 4Q17 contributed 210 bps to Food and 530 bps to Assaí. In 2017, this contribution was 110 bps and 310 bps, respectively.*

*(\*) Nielsen data.*



## OPERATING PERFORMANCE BY BUSINESS

### Tax Credits – ICMS Substitution Tax (ICMS ST)

In 2017, the Company and its subsidiaries became entitled to reimbursement of ICMS ST based on the difference in presumptive profit and taxable profit margin. This new tax framework produced two effects:

- **Recurring credits** estimated at 60 bps each quarter, with approximately 60 bps at Multivarejo and 60 bps at Assaí. Depending on the competitive dynamics in each period, these amounts may be transferred to investments in pricing.
- **Non-recurring credits**, as follows:

- (i) Multivarejo – Recognition in 4Q17 of R\$246 million in tax credits related to prior fiscal years, complementing the amount recognized in 2Q17;
- (ii) Assaí – Recognition of R\$114 million in credits wholly related to 9M17, making them non-recurring in the quarter, though recurring in the year.

The Company estimates that the balance of tax credits will be monetized at a faster pace than recurring credits are generated, which could enable the Group to: (i) record any new credits at Multivarejo; and (ii) fully or partially reverse the provision of R\$369 million accrued at Assaí in 2Q17, if the Company is able to implement monetization plans at a faster pace. Note that the above credits refer exclusively to the state of São Paulo, with opportunities to recognize any new tax credits in states other than São Paulo.

### Multivarejo

#### 4Q17

**Gross Profit** came to R\$2,122 million. Two non-recurring effects in the quarter were recognized:

- Tax credits related to the reimbursement of ICMS, which had a positive impact of R\$246 million (+350 bps);
- Impact related to the write-off of inventories and the deductible payment associated with the fire at the Osasco Distribution Center in December 2017, in the amount of -R\$10 million (-15 bps).

Adjusted for these two non-recurring effects, **gross margin stood at 26.7%**, virtually stable in comparison with 4Q16.

Multivarejo continued to implement efficiency initiatives, as mentioned in prior quarters, and captured gains in personnel and electricity expenses. However, selling, general and administrative expenses corresponded to 22.4% of net sales, increasing in relation to 4Q16, mainly due to:

- Effect of deflation on food sales (approximately 110 bps), while other expense items continued to be affected by inflation;
- Additional expenses associated with the fire at the Osasco DC (around 15 bps);
- Renovation of 50 Pão de Açúcar stores, with 11 full renovations, which affected the sales performance of stores with a significant weight in the banner's sales (approximately 10 bps).

Other Operating Income and Expenses came to R\$173 million, comprising mainly the following:

- Write-off of fixed assets related to the Osasco Distribution Center due to a fire, in the amount of R\$61 million, net of the initial estimates of damages receivable;
- Provisioned tax contingencies in the amount of R\$77 million related to past risks (2004 to 2008);
- Other positive and negative impacts, including the write-off of property, plant and equipment, in the aggregate amount of R\$35 million.

**Adjusted EBITDA, excluding non-recurring effects, amounted to R\$332 million, with margin of 4.7%.** This margin level mainly reflects the impact from food deflation on net sales, and consequently the lower dilution of expenses as a ratio of net sales.

## 2017

The year's highlights at Multivarejo were:

- Profitability increased by 20 bps, despite a scenario of channel migration and transfer of volumes due to the conversion of 15 hypermarkets into Assaí stores.
- 60 bps gain in market share on same-store sales basis during the year (source: Nielsen);
- Digital transformation and customization of customer relations, reaching over 4 million downloads;
- Launch of new commercial concepts for non-food categories (store-in-store).

**Gross margin** adjusted for non-recurring effects (tax credits and distribution center impact) **reached 26.9%**, expanding 50 bps compared to 2016, mainly due to new commercial dynamics implemented throughout the year and the closure of Extra Hiper stores.



**Selling, general and administrative expenses** decreased 1.6% compared to 2016, mainly due to the productivity gains at stores arising from the initiatives implemented, which included:

- (i) Optimization of headcount based on two complementary programs:
  - Variable compensation at stores: wage incentive for store employees based on productivity gains;
  - Multi-Role Program: employees trained to perform roles other than their main function depending on customer traffic, which reduced waiting lines at checkouts and improved customer satisfaction indicators;
- (ii) Increased productivity of the logistics operation, with significant increases in cross-dock and backhaul transport;
- (iii) Rollout of Green Yellow's energy efficiency projects.

**Adjusted EBITDA, excluding non-recurring effects, amounted to R\$1,312 million, with EBITDA margin of 5.0%**, expanding 20 bps compared to 2016 due to the results mentioned above.

## Assaí

### 4Q17

Gross Profit came to R\$982 million, with margin of 18.0%. Excluding non-recurring effects related to ICMS ST, **gross margin** stood at 15.9%, virtually stable compared to 4Q16, despite the opening of 11 stores in the quarter, including 8 conversions.

**Operating expenses** increased to 10.7% of net sales, slightly higher than in 4Q16, basically explained by the strong pace of organic expansion and of conversions in the quarter, as well as the higher share of individual consumers, which result in higher operating costs.

**Adjusted EBITDA, excluding non-recurring effects**, grew 16.5% to R\$289 million. **Margin** stood at 5.3% due to the results for gross margin and expenses described above.

### 2017

**Gross profit, adjusted by non-recurring effects**, amounted to R\$2.9 billion, with margin of 15.9%, expanding 140 basis points from 2016.

The main factors explaining this performance were:

- Assaí's solid commercial initiatives;
- Development of additional categories to offset the deflationary impact;
- Maintenance of low shrinkage levels;
- Maturation of stores;

- Higher share of individuals;
- New tax framework.

**Operating expenses** corresponded to 10.4% of net sales, virtually in line with 2016, due to the maturation of 15 stores in the new format (efficiency gains), even with the accelerated expansion, with 20 store openings in the year (including conversions).

In 2017, **adjusted EBITDA, excluding non-recurring effects**, grew 68.0% to R\$1,029 million. Adjusted margin stood at 5.6%, with strong expansion of 140 bps compared to 2016.

## FINANCIAL PERFORMANCE

### Financial result

In the quarter, the Company's financial result amounted to R\$206 million, or 1.6% of net sales, improving 50 bps from 4Q16. The reduction is mainly explained by the lower interest rate in the period (CDI fell from 13.8% in 4Q16 to 7.5% in 4Q17).

In 2017, the financial result amounted to R\$730 million, or 1.6% of net sales, down 60 bps on the prior year, basically due to the reduction in gross debt cost of around R\$200 million, given the decline in the CDI rate from an average of 14.0% in 2016 to 10.0% in 2017. In general, the other components of the financial result remained stable as a ratio of net sales compared to the same period last year.

## **Net income**

In 4Q17, net income from continuing and discontinued operations attributable to controlling shareholders was R\$297 million, with net margin of 2.4%.

In the Food segment, net income from continuing operations, attributable to controlling shareholders, amounted to R\$254 million in 4Q17.

In 2017, net income from continuing and discontinued operations attributable to controlling shareholders was R\$619 million, reversing the loss posted in 2016.

In the Food segment, net income from continuing operations attributable to controlling shareholders amounted to R\$606 million in 4Q17, mostly contributed by Assaí.

## **Earnings per share**

Diluted EPS was R\$1.04855 per common share and R\$1.14962 per preferred share in the quarter. In the year, diluted EPS was R\$2.18073 per common share and R\$2.39074 per preferred share.

## **Net Debt**

Net debt, adjusted for non-discounted receivables, amounted to R\$354 million, an improvement of R\$162 million from a year earlier. The net debt / EBITDA ratio improved from -0.32x in 4Q16 to -0.15x in 4Q17.

The cash balance stood at R\$3,792 million and the non-discounted receivables balance was R\$414 million, for total available resources of R\$4.2 billion, as well as the preapproved/confirmed credit facilities of R\$1.1 billion.

## Capital expenditure

In 4Q17, capital expenditure in the Food segment amounted to R\$354 million. The Group set a new record for the number of conversions from Extra Hiper into Assaí in a single quarter with the opening of eight stores, as well as the opening of five new stores (3 Assaí, 1 Pão de Açúcar and 1 Minuto Pão de Açúcar) and renovations of 50 Pão de Açúcar stores.

In 2017, capital expenditure in the Food segment amounted to R\$1,355 million, 9% more than in the previous year. The highlight was the conversion project, which involved 15 stores in the year, as well as the opening of five new Assaí stores, three Pão de Açúcar stores, six Minuto Pão de Açúcar stores, two Extra drugstores and two gas stations.

## II. Latin American Synergies

Continuation of the process to capture synergies in Latin America, highlights to:

- 32 Extra Hiper stores renovated with the new apparel concept in 2017, with the initiative continuing to advance in 2018;
- Joint negotiations of equipment and services, which reached US\$15 million at GPA in 2017;
- Renovation of 5 Pão de Açúcar stores inspired by the Fresh Market model in Uruguay;
- Sharing of good practices in perishables and transfer of know-how in shrinkage control continued to help reduce shrinkage in 2017 and should continue to do so in 2018;

In 2017, LATAM synergies continued to produce positive results, with recurring savings in capacity utilization of over US\$70 million within GPA.

### III. Outlook

Strategic priorities: our strategy for 2018-20 is to support the sustainable and robust growth of our food operations, drawing on our multi-channel and multi-format presence to offer each Brazilian consumer the best and most innovative offerings and services. The pillars of this strategy are:

- Continued organic expansion and optimization of the store portfolio focusing on accelerating the performance of higher-return formats and concepts: opening around 20 Assaí stores (including conversions), gradually implementing the new concept for Pão de Açúcar stores and expanding the store-in-store concept at the Extra Hiper and Pão de Açúcar banners;
- Accelerating the adjustment and repositioning of the offering of retail formats to better meet the new consumption habits arising from the growing penetration of the wholesale channel and of e-commerce;
- Innovating and advancing the digital transformation related to customer contact ('My Discount' and 'Express Checkout') and our operations;
- Expand the offering of financial services, especially at Assaí, leveraging the expertise of our joint venture with Banco Itaú

#### Guidance for 2018:

- **Same-store sales growth:** Assaí above inflation and Multivarejo in line with food inflation, with continued market share gains
- **EBITDA Margin(\*):** Higher profitability in both businesses
- **Multivarejo:** Considering EBITDA Margin(\*) of 5.0% in 2017, for 2018 the Company expects expansion of around 50-60 bps, driven mainly by:
  - Food deflation, which should continue in 1H18 and recovery gradually in 2H18, contributing around 30 bps;
  - Additional expenses with the fire at the Distribution Center, which are non-recurring (e.g., hiring of additional trucks, temporary staff, etc.), and with store closures/renovations, with a positive effect of 10 bps;
  - Operating efficiency gains mainly in logistics and shrinkage, contributing around 20 bps;
  - Other possible upsides:
    - Recovery in sales due to higher customer loyalty (increased personalization of our programs) and optimization of the sales policy;

- Maturation of projects for optimizing and repositioning the portfolio;
- Implementing new concepts: Pão de Açúcar renovations and Store-in-Store at Extra and Pão de Açúcar.

□ **Assaí:** for 2018, the expectation is an improvement of 20-30 bps supported by lower deflation, the maturation of stores and the building of customer loyalty through financial services with an attractive value proposition.

- **New framework for PIS COFINS and ICMS ST taxes:** The credit inventory will be monetized as a faster pace than recurring credits are generated, which will enable the Group to: (i) record any new credits at Multivarejo; (ii) fully or partially reverse the provision of R\$369 million accrued at Assaí in 2Q17, if the Company is able to implement monetization plans at a faster pace; and (iii) recognize eventual tax credits for states other than São Paulo;
- **Optimization of working capital and reduction in financial result** corresponding to around 1% of net sales;
- **CAPEX:** approximately R\$1.6 billion, with a focus on opening 20 Assaí stores (including conversions) and on the ongoing plan to renovate around 20 Pão de Açúcar stores in the year;
- **LATAM synergies:** should surpass US\$85 million in savings for the Brazil perimeter.  
(\*) *EBITDA adjusted by Other Operating Income and Expenses, excluding non-recurring effects.*

IV. Additional Information

**4Q17 Results Conference Call and Webcast**

Tuesday, February 20, 2017  
10:30 a.m. (Brasília) | 8:30 a.m. (New York) | 1:30 p.m. (London)

**Conference call in Portuguese (original language)**

+55 (11) 3193-1001 or (11) 2820-4001

**Conference call in English (simultaneous translation)**

+1 (646) 828-8246

Webcast: <http://www.gpari.com.br>

**Replay**

+55 (11) 3193-1012 or +55 (11) 2820-4012  
Access code for audio in Portuguese: 1897102#  
Access code for audio in English: 8622189#

<http://www.gpari.com.br>

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**About GPA:** GPA is Brazil's largest retailer, with a distribution network comprising over 2,000 points of sale as well as electronic channels. Established in 1948 in São Paulo, it has its head office in the city and operations in 20 Brazilian states and the Federal District. With a strategy of focusing its decisions on customers and better serving them based on their consumer profile in the wide variety of shopping experiences it offers, GPA adopts a multi-business and multi-channel platform consisting of brick-and-mortar stores and e-commerce operations, divided into three business units: Multivarejo, which operates the supermarket, hypermarket and Minimercado store formats, as well as fuel stations and drugstores under the Pão de Açúcar and Extra banners; Assaí, which operates in the cash-and-carry wholesale segment; GPA Malls, which is responsible for managing the Group's real estate assets, expansion projects and new store openings; and Via Varejo's discontinued operations, with its bricks and mortar electronics and home appliances stores under the Casas Bahia and Pontofrio banners, and the e-commerce segment.

**Disclaimer:** Statements contained in this release relating to the business outlook of the Company, projections of operating/financial results, growth prospects of the Company and market and macroeconomic estimates are merely forecasts and are based on the beliefs, plans and expectations of Management in relation to the Company's future. These expectations are highly dependent on changes in the market, Brazil's general economic performance, the industry and international markets, and hence are subject to change.

## Glossary

**Food Segment:** Represents the combined results of Multivarejo and Assaí, excluding equity income (loss) from Cdiscount, which is not included in the operating segments reported by the Company. It includes retail and wholesale activities of products in general, including - but not limited to - food products, clothing, hygiene, medicines, fuels, furniture, consumer electronics and domestic utilities. Such activities are carried out both in physical and virtual establishments.

**Discontinued Activities:** Due to the ongoing divestment of the interest held by GPA in Via Varejo S.A., the operations of Via Varejo are treated as discontinued operations. Accordingly, net sales and other profit or loss accounts were adjusted retrospectively, as required under IFRS 5/CPC 31, approved by CVM Resolution 598/09 – Non-current assets held for sale and discontinued operations.

**Growth and Changes:** The growth and changes presented in this document refer to variations from the same period last year, except where stated otherwise.

**EBITDA:** EBITDA is calculated in accordance with Instruction 527 issued by the Securities and Exchange Commission of Brazil (CVM) on October 4, 2012.

**Adjusted EBITDA:** Measure of profitability calculated by excluding Other Operating Income and Expenses from EBITDA. Management uses this measure in its analyses as it believes it eliminates nonrecurring expenses and revenues and other nonrecurring items that could compromise the comparability and analysis of results.

**Adjusted Net Income:** Measure of profitability calculated as Net Income from continuing operations excluding Other Operating Income and Expenses and excluding the effects of Income and Social Contribution Taxes. Also excluded are the effects of nonrecurring direct income tax. Management uses this metric in its analyses given its belief that it eliminates any nonrecurring expenses and revenues and other nonrecurring items that could compromise the comparability and analysis of results.

**Earnings per share:** Basic earnings per share are calculated based on the weighted average number of outstanding shares of each category during the year, and treasury shares.

Diluted earnings per share are calculated as follows:

□ Numerator: profit for the year adjusted by dilutive effects from stock options granted by subsidiaries.

Denominator: the number of shares of each category adjusted to include potential shares corresponding to dilutive instruments (stock options), less the number of shares that could be bought back at market, if applicable. Equity instruments that will or may be settled with the Company and its subsidiaries' shares are only included in the calculation when its settlement has a dilutive impact on earnings per share.

**CONSOLIDATED FINANCIAL STATEMENTS****1. Balance Sheet**

| (R\$ million)                                      | Consolidated  |               |               | Foot          |
|----------------------------------------------------|---------------|---------------|---------------|---------------|
|                                                    | 12.30.2017    | 09.30.2017    | 12.30.2016    | 12.30.2017    |
| <b>Current Assets</b>                              | <b>33,219</b> | <b>27,320</b> | <b>31,651</b> | <b>10,295</b> |
| Cash and Marketable Securities                     | 3,792         | 1,266         | 5,112         | 3,791         |
| Accounts Receivable                                | 632           | 1,040         | 543           | 639           |
| Credit Cards                                       | 334           | 837           | 241           | 334           |
| Sales Vouchers and Others                          | 223           | 165           | 209           | 230           |
| Allowance for Doubtful Accounts                    | (4)           | (3)           | (2)           | (4)           |
| Resulting from Commercial Agreements               | 79            | 40            | 95            | 79            |
| Inventories                                        | 4,822         | 4,634         | 4,641         | 4,822         |
| Recoverable Taxes                                  | 597           | 395           | 674           | 597           |
| Noncurrent Assets for Sale                         | 22,961        | 19,614        | 20,303        | 22            |
| Expenses in Advance and Other Accounts Receivables | 417           | 371           | 378           | 424           |
| <b>Noncurrent Assets</b>                           | <b>14,708</b> | <b>14,417</b> | <b>13,566</b> | <b>14,736</b> |
| Long-Term Assets                                   | 3,448         | 3,026         | 2,137         | 3,470         |
| Accounts Receivables                               | 80            | -             | -             | 80            |
| Credit Cards                                       | 80            | -             | -             | 80            |
| Recoverable Taxes                                  | 1,747         | 1,350         | 632           | 1,747         |
| Deferred Income Tax and Social Contribution        | 121           | 162           | 170           | 121           |
| Amounts Receivable from Related Parties            | 25            | 22            | 17            | 48            |
| Judicial Deposits                                  | 762           | 789           | 661           | 762           |
| Expenses in Advance and Others                     | 713           | 702           | 657           | 713           |
| Investments                                        | 198           | 298           | 339           | 198           |
| Property and Equipment                             | 9,138         | 9,186         | 9,182         | 9,138         |
| Intangible Assets                                  | 1,924         | 1,908         | 1,908         | 1,929         |
| <b>TOTAL ASSETS</b>                                | <b>47,928</b> | <b>41,737</b> | <b>45,217</b> | <b>25,031</b> |

|                            | Consolidated  |               |               | Foot          |
|----------------------------|---------------|---------------|---------------|---------------|
|                            | 12.30.2017    | 09.30.2017    | 12.30.2016    | 12.30.2017    |
| <b>Current Liabilities</b> | <b>28,992</b> | <b>23,054</b> | <b>27,582</b> | <b>11,380</b> |

|                                             |               |               |               |               |
|---------------------------------------------|---------------|---------------|---------------|---------------|
| Suppliers                                   | 8,129         | 5,495         | 7,232         | 8,134         |
| Loans and Financing                         | 770           | 901           | 2,389         | 770           |
| Debentures                                  | 481           | 517           | 568           | 481           |
| Payroll and Related Charges                 | 639           | 647           | 614           | 639           |
| Taxes and Social Contribution Payable       | 300           | 211           | 254           | 300           |
| Dividends Proposed                          | 78            | (0)           | -             | 78            |
| Financing for Purchase of Fixed Assets      | 116           | 33            | 116           | 116           |
| Rents                                       | 128           | 89            | 110           | 128           |
| Acquisition of minority interest            | -             | -             | 7             | -             |
| Debt with Related Parties                   | 153           | 167           | 147           | 355           |
| Advertisement                               | 26            | 26            | 43            | 26            |
| Provision for Restructuring                 | 3             | 3             | 4             | 3             |
| Advanced Revenue                            | 146           | 56            | 224           | 146           |
| Non-current Assets Held for Sale            | 17,824        | 14,642        | 15,632        | -             |
| Others                                      | 198           | 267           | 242           | 204           |
| <b>Long-Term Liabilities</b>                | <b>5,644</b>  | <b>5,611</b>  | <b>5,038</b>  | <b>5,644</b>  |
| Loans and Financing                         | 803           | 808           | 1,008         | 803           |
| Debentures                                  | 2,534         | 2,532         | 1,904         | 2,534         |
| Financing for Purchase of Assets            | -             | -             | 4             | -             |
| Deferred Income Tax and Social Contribution | 394           | 364           | 317           | 394           |
| Tax Installments                            | 566           | 681           | 540           | 566           |
| Provision for Contingencies                 | 1,108         | 1,038         | 1,177         | 1,108         |
| Advanced Revenue                            | 22            | 16            | 24            | 22            |
| Others                                      | 218           | 170           | 64            | 218           |
| <b>Shareholders' Equity</b>                 | <b>13,292</b> | <b>13,072</b> | <b>12,597</b> | <b>8,007</b>  |
| Capital                                     | 6,822         | 6,818         | 6,811         | 5,428         |
| Capital Reserves                            | 355           | 355           | 331           | 355           |
| Profit Reserves                             | 3,156         | 3,025         | 2,718         | 2,224         |
| Minority Interest                           | 2,959         | 2,875         | 2,737         | (0)           |
| <b>TOTAL LIABILITIES</b>                    | <b>47,928</b> | <b>41,737</b> | <b>45,217</b> | <b>25,031</b> |

## 2. Income Statement - 4Q17

15

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| R\$ - Million                                                                         | 4Q17           | 4Q16           | Δ             | 4Q17           | 4Q16           |
|---------------------------------------------------------------------------------------|----------------|----------------|---------------|----------------|----------------|
| <b>Gross Revenue</b>                                                                  | <b>13,595</b>  | <b>12,741</b>  | <b>6.7%</b>   | <b>13,595</b>  | <b>12,741</b>  |
| <b>Net Revenue</b>                                                                    | <b>12,510</b>  | <b>11,740</b>  | <b>6.6%</b>   | <b>12,510</b>  | <b>11,740</b>  |
| <b>Cost of Goods Sold</b>                                                             | <b>(9,391)</b> | <b>(9,025)</b> | <b>4.1%</b>   | <b>(9,391)</b> | <b>(9,025)</b> |
| Depreciation (Logistic)                                                               | (14)           | (14)           | 2.2%          | (14)           | (14)           |
| <b>Gross Profit</b>                                                                   | <b>3,104</b>   | <b>2,701</b>   | <b>14.9%</b>  | <b>3,104</b>   | <b>2,701</b>   |
| Selling Expenses                                                                      | (1,881)        | (1,760)        | 6.9%          | (1,881)        | (1,760)        |
| General and Administrative Expenses                                                   | (280)          | (231)          | 21.3%         | (280)          | (231)          |
| <b>Selling, General and Adm. Expenses</b>                                             | <b>(2,161)</b> | <b>(1,991)</b> | <b>8.5%</b>   | <b>(2,161)</b> | <b>(1,991)</b> |
| Equity Income <sup>(2)</sup>                                                          | (26)           | 2              | n.a.          | 13             |                |
| Other Operating Revenue (Expenses)                                                    | (175)          | (260)          | -32.5%        | (175)          | (260)          |
| Depreciation and Amortization                                                         | (204)          | (185)          | 10.3%         | (204)          | (185)          |
| <b>Earnings before interest and Taxes - EBIT</b>                                      | <b>538</b>     | <b>268</b>     | <b>100.9%</b> | <b>577</b>     | <b>268</b>     |
| Financial Revenue                                                                     | 46             | 63             | -26.9%        | 46             | 63             |
| Financial Expenses                                                                    | (252)          | (314)          | -19.6%        | (252)          | (314)          |
| <b>Net Financial Result</b>                                                           | <b>(206)</b>   | <b>(251)</b>   | <b>-17.8%</b> | <b>(206)</b>   | <b>(251)</b>   |
| <b>Income (Loss) Before Income Tax</b>                                                | <b>332</b>     | <b>17</b>      | <b>n.a.</b>   | <b>371</b>     | <b>17</b>      |
| Income Tax                                                                            | (117)          | (25)           | 376.5%        | (117)          | (25)           |
| Net Income (Loss) Company - continuing operations                                     | 215            | (8)            | n.a.          | 254            | (8)            |
| Net Result from discontinued operations                                               | 194            | (22)           | n.a.          | 4              | (22)           |
| <b>Net Income (Loss) - Consolidated Company</b>                                       | <b>408</b>     | <b>(29)</b>    | <b>n.a.</b>   | <b>258</b>     | <b>(29)</b>    |
| Net Income (Loss) - Controlling Shareholders - continuing operations <sup>(3)</sup>   | 215            | (8)            | n.a.          | 254            | (8)            |
| Net Income (Loss) - Controlling Shareholders - discontinued operations <sup>(3)</sup> | 82             | (30)           | n.a.          | 4              | (30)           |
| <b>Net Income (Loss) - Consolidated Controlling Shareholders<sup>(3)</sup></b>        | <b>297</b>     | <b>(38)</b>    | <b>n.a.</b>   | <b>258</b>     | <b>(38)</b>    |
| Minority Interest - Non-controlling - continuing operations                           | -              | (0)            | n.a.          | -              | (0)            |
| Minority Interest - Non-controlling - discontinued operations                         | 111            | 8              | n.a.          | -              | 8              |
| <b>Minority Interest - Non-controlling - Consolidated</b>                             | <b>111</b>     | <b>8</b>       | <b>n.a.</b>   | <b>-</b>       | <b>8</b>       |
| <b>Earnings before Interest, Taxes, Depreciation, Amortization - EBITDA</b>           | <b>756</b>     | <b>467</b>     | <b>62.0%</b>  | <b>795</b>     | <b>467</b>     |
| <b>Adjusted EBITDA <sup>(4)</sup></b>                                                 | <b>931</b>     | <b>726</b>     | <b>28.2%</b>  | <b>971</b>     | <b>726</b>     |

**% of Net Revenue**

|                                                                                     | <b>4Q17</b>  | <b>4Q16</b>  | <b>4Q17</b>  | <b>4Q16</b>  |
|-------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|
| <b>Gross Profit</b>                                                                 | <b>24.8%</b> | <b>23.0%</b> | <b>24.8%</b> | <b>23.0%</b> |
| Selling Expenses                                                                    | 15.0%        | 15.0%        | 15.0%        | 15.0%        |
| General and Administrative Expenses                                                 | 2.2%         | 2.0%         | 2.2%         | 2.0%         |
| <b>Selling, General and Adm. Expenses</b>                                           | <b>17.3%</b> | <b>17.0%</b> | <b>17.3%</b> | <b>17.0%</b> |
| Equity Income <sup>(2)</sup>                                                        | -0.2%        | 0.0%         | 0.1%         | 0.0%         |
| Other Operating Revenue (Expenses)                                                  | 1.4%         | 2.2%         | 1.4%         | 2.2%         |
| Depreciation and Amortization                                                       | 1.6%         | 1.6%         | 1.6%         | 1.6%         |
| <b>EBIT</b>                                                                         | <b>4.3%</b>  | <b>2.3%</b>  | <b>4.6%</b>  | <b>2.3%</b>  |
| <b>Net Financial Revenue (Expenses)</b>                                             | <b>1.6%</b>  | <b>2.1%</b>  | <b>1.6%</b>  | <b>2.1%</b>  |
| <b>Income Before Income Tax</b>                                                     | <b>2.7%</b>  | <b>0.1%</b>  | <b>3.0%</b>  | <b>0.1%</b>  |
| Income Tax                                                                          | -0.9%        | -0.2%        | -0.9%        | -0.2%        |
| Net Income (Loss) Company - continuing operations                                   | <b>1.7%</b>  | <b>-0.1%</b> | <b>2.0%</b>  | <b>-0.1%</b> |
| <b>Net Income (Loss) - Consolidated Company</b>                                     | <b>3.3%</b>  | <b>-0.2%</b> | <b>2.1%</b>  | <b>-0.2%</b> |
| Net Income (Loss) - Controlling Shareholders - continuing operations <sup>(3)</sup> | 1.7%         | -0.1%        | 2.0%         | -0.1%        |
| <b>Net Income (Loss) - Consolidated Controlling Shareholders<sup>(3)</sup></b>      | <b>2.4%</b>  | <b>-0.3%</b> | <b>2.1%</b>  | <b>-0.3%</b> |
| Minority Interest - Non-controlling - continuing operations                         | 0.0%         | 0.0%         | 0.0%         | 0.0%         |
| <b>Minority Interest - Non-controlling - Consolidated</b>                           | <b>0.9%</b>  | <b>0.1%</b>  | <b>0.0%</b>  | <b>0.1%</b>  |
| <b>EBITDA</b>                                                                       | <b>6.0%</b>  | <b>4.0%</b>  | <b>6.4%</b>  | <b>4.0%</b>  |
| <b>Adjusted EBITDA <sup>(4)</sup></b>                                               | <b>7.4%</b>  | <b>6.2%</b>  | <b>7.8%</b>  | <b>6.2%</b>  |

(1) Includes the result of Malls and Corporation

(2) Cdiscount's equity income is considered in the Consolidated and not in the Retail and Cash and Carry segments.

(3) Net Income after non-controlling shareholders

(4) Adjusted EBITDA by excluding the Other Operating Revenue (Expenses), thereby eliminating nonrecurring income expenses and other nonrecurring items.



**2.1 Income Statement – 2017**

| <b>R\$ - Million</b>                                                        | <b>2017</b>     | <b>2016</b>     | <b>Δ</b>      | <b>2017</b>     |
|-----------------------------------------------------------------------------|-----------------|-----------------|---------------|-----------------|
| <b>Gross Revenue</b>                                                        | <b>48,440</b>   | <b>44,969</b>   | <b>7.7%</b>   | <b>48,440</b>   |
| <b>Net Revenue</b>                                                          | <b>44,634</b>   | <b>41,454</b>   | <b>7.7%</b>   | <b>44,634</b>   |
| <b>Cost of Goods Sold</b>                                                   | <b>(33,877)</b> | <b>(31,878)</b> | <b>6.3%</b>   | <b>(33,877)</b> |
| Depreciation (Logistic)                                                     | (54)            | (55)            | -2.7%         | (54)            |
| <b>Gross Profit</b>                                                         | <b>10,704</b>   | <b>9,520</b>    | <b>12.4%</b>  | <b>10,704</b>   |
| Selling Expenses                                                            | (6,804)         | (6,567)         | 3.6%          | (6,804)         |
| General and Administrative Expenses                                         | (974)           | (884)           | 10.2%         | (974)           |
| <b>Selling, General and Adm. Expenses</b>                                   | <b>(7,778)</b>  | <b>(7,451)</b>  | <b>4.4%</b>   | <b>(7,778)</b>  |
| Equity Income(2)                                                            | (60)            | 60              | n.a.          | 64              |
| Other Operating Revenue (Expenses)                                          | (579)           | (567)           | 2.1%          | (579)           |
| Depreciation and Amortization                                               | (779)           | (707)           | 10.2%         | (779)           |
| <b>Earnings before interest and Taxes - EBIT</b>                            | <b>1,508</b>    | <b>856</b>      | <b>76.2%</b>  | <b>1,632</b>    |
| Financial Revenue                                                           | 181             | 231             | -21.6%        | 181             |
| Financial Expenses                                                          | (911)           | (1,134)         | -19.7%        | (911)           |
| <b>Net Financial Revenue (Expenses)</b>                                     | <b>(730)</b>    | <b>(903)</b>    | <b>-19.2%</b> | <b>(730)</b>    |
| <b>Income Before Income Tax</b>                                             | <b>778</b>      | <b>(47)</b>     | <b>n.a.</b>   | <b>902</b>      |
| Income Tax                                                                  | (297)           | (25)            | n.a.          | (297)           |
| Net Income (Loss) Company - continuing operations                           | 482             | (71)            | n.a.          | 606             |
| Net Result from discontinued operations                                     | 383             | (1,005)         | n.a.          | (32)            |
| <b>Net Income (Loss) - Consolidated Company</b>                             | <b>865</b>      | <b>(1,077)</b>  | <b>n.a.</b>   | <b>573</b>      |
| Net Income (Loss) - Controlling Shareholders - continuing operations(3)     | 482             | (71)            | n.a.          | 606             |
| Net Income (Loss) - Controlling Shareholders - discontinued operations(3)   | 137             | (411)           | n.a.          | (32)            |
| <b>Net Income (Loss) - Consolidated Controlling Shareholders(3)</b>         | <b>619</b>      | <b>(482)</b>    | <b>n.a.</b>   | <b>573</b>      |
| Minority Interest - Non-controlling - continuing operations                 | -               | (0)             | n.a.          | -               |
| Minority Interest - Non-controlling - discontinued operations               | 246             | (594)           | n.a.          | -               |
| <b>Minority Interest - Non-controlling - Consolidated</b>                   | <b>246</b>      | <b>(594)</b>    | <b>n.a.</b>   | <b>-</b>        |
| <b>Earnings before Interest, Taxes, Depreciation, Amortization - EBITDA</b> | <b>2,341</b>    | <b>1,618</b>    | <b>44.7%</b>  | <b>2,465</b>    |
| <b>Adjusted EBITDA <sup>(4)</sup></b>                                       | <b>2,920</b>    | <b>2,185</b>    | <b>33.6%</b>  | <b>3,044</b>    |

**% of Net Revenue**

|                     | <b>2017</b>  | <b>2016</b>  | <b>2017</b>  |
|---------------------|--------------|--------------|--------------|
| <b>Gross Profit</b> | <b>24.0%</b> | <b>23.0%</b> | <b>24.0%</b> |
| Selling Expenses    | 15.2%        | 15.8%        | 15.2%        |

|                                                                                     |              |              |              |
|-------------------------------------------------------------------------------------|--------------|--------------|--------------|
| General and Administrative Expenses                                                 | 2.2%         | 2.1%         | 2.2%         |
| <b>Selling, General and Adm. Expenses</b>                                           | <b>17.4%</b> | <b>18.0%</b> | <b>17.4%</b> |
| Equity Income <sup>(2)</sup>                                                        | -0.1%        | 0.1%         | 0.1%         |
| Other Operating Revenue (Expenses)                                                  | 1.3%         | 1.4%         | 1.3%         |
| Depreciation and Amortization                                                       | 1.7%         | 1.7%         | 1.7%         |
| <b>EBIT</b>                                                                         | <b>3.4%</b>  | <b>2.1%</b>  | <b>3.7%</b>  |
| <b>Net Financial Revenue (Expenses)</b>                                             | <b>1.6%</b>  | <b>2.2%</b>  | <b>1.6%</b>  |
| <b>Income Before Income Tax</b>                                                     | <b>1.7%</b>  | <b>-0.1%</b> | <b>2.0%</b>  |
| Income Tax                                                                          | -0.7%        | -0.1%        | -0.7%        |
| Net Income (Loss) Company - continuing operations                                   | <b>1.1%</b>  | <b>-0.2%</b> | <b>1.4%</b>  |
| <b>Net Income (Loss) - Consolidated Company</b>                                     | <b>1.9%</b>  | <b>-2.6%</b> | <b>1.3%</b>  |
| Net Income (Loss) - Controlling Shareholders - continuing operations <sup>(3)</sup> | 1.1%         | -0.2%        | 1.4%         |
| <b>Net Income (Loss) - Consolidated Controlling Shareholders<sup>(3)</sup></b>      | <b>1.4%</b>  | <b>-1.2%</b> | <b>1.3%</b>  |
| Minority Interest - Non-controlling - continuing operations                         | 0.0%         | 0.0%         | 0.0%         |
| <b>Minority Interest - Non-controlling - Consolidated</b>                           | <b>0.6%</b>  | <b>-1.4%</b> | <b>0.0%</b>  |
| <b>EBITDA</b>                                                                       | <b>5.2%</b>  | <b>3.9%</b>  | <b>5.5%</b>  |
| <b>Adjusted EBITDA <sup>(4)</sup></b>                                               | <b>6.5%</b>  | <b>5.3%</b>  | <b>6.8%</b>  |

(1) Includes the result of Malls and Corporation

(2) Cdiscount's equity income is considered in the Consolidated and not in the Retail and Cash and Carry segments

(3) Net Income after noncontrolling shareholders

(4) Adjusted EBITDA by excluding the Other Operating Revenue (Expenses), thereby eliminating nonrecurring income

### 3. Financial Result

|                                                                    | Consolidated |              |                |              |                |                |
|--------------------------------------------------------------------|--------------|--------------|----------------|--------------|----------------|----------------|
| (R\$ million)                                                      | 4Q17         | 4Q16         | Δ              | 2017         | 2016           | Δ              |
| <b>Financial Revenue</b>                                           | <b>46</b>    | <b>63</b>    | <b>-26.9%</b>  | <b>181</b>   | <b>231</b>     | <b>-21.6%</b>  |
| <b>Financial Expenses</b>                                          | <b>(252)</b> | <b>(314)</b> | <b>-19.6%</b>  | <b>(911)</b> | <b>(1,134)</b> | <b>-19.7%</b>  |
| Cost of Debt                                                       | (71)         | (188)        | -62.3%         | (498)        | (705)          | -29.4%         |
| Cost of Receivables Discount                                       | (51)         | (62)         | -17.1%         | (144)        | (163)          | -11.9%         |
| Restatement of Contingent Liabilities and Other financial expenses | (130)        | (63)         | 106.0%         | (269)        | (266)          | 1.2%           |
| <b>Net Financial Revenue (Expenses)</b>                            | <b>(206)</b> | <b>(251)</b> | <b>-17.8%</b>  | <b>(730)</b> | <b>(903)</b>   | <b>-19.2%</b>  |
| <b>% of Net Revenue</b>                                            | <b>1.6%</b>  | <b>2.1%</b>  | <b>-50 bps</b> | <b>1.6%</b>  | <b>2.2%</b>    | <b>-60 bps</b> |

In the financial statements of GPA as of December 31, 2017, due to the ongoing divestment of the interest held by GPA in Via Varejo S.A. as announced in the material fact notice of November 23, 2016, the operations of Via Varejo are treated as discontinued operations. Accordingly, net sales and other profit and loss accounts were adjusted retrospectively, as required under IFRS 5/CPC 31, approved by CVM Resolution 598/09 – Sale of non-current assets and discontinued operations.

### 4. Net Income

|                                  | Consolidated |            |              |              |              |              | Food Business |            |              |              |              |              |
|----------------------------------|--------------|------------|--------------|--------------|--------------|--------------|---------------|------------|--------------|--------------|--------------|--------------|
| (R\$ million)                    | 4Q17         | 4Q16       | Δ            | 2017         | 2016         | Δ            | 4Q17          | 4Q16       | Δ            | 2017         | 2016         | Δ            |
| <b>EBITDA</b>                    | <b>756</b>   | <b>467</b> | <b>62.0%</b> | <b>2,341</b> | <b>1,618</b> | <b>44.7%</b> | <b>795</b>    | <b>483</b> | <b>64.8%</b> | <b>2,465</b> | <b>1,634</b> | <b>50.8%</b> |
| Depreciation (Logistic)          | (14)         | (14)       | 2.2%         | (54)         | (55)         | -2.7%        | (14)          | (14)       | 2.2%         | (54)         | (55)         | -2.7%        |
| Depreciation and Amortization    | (204)        | (185)      | 10.3%        | (779)        | (707)        | 10.2%        | (204)         | (185)      | 10.3%        | (779)        | (707)        | 10.2%        |
| Net Financial Revenue (Expenses) | (206)        | (251)      | -17.8%       | (730)        | (903)        | -19.2%       | (206)         | (251)      | -17.8%       | (730)        | (903)        | -19.2%       |

|                                                                                        |            |             |             |            |                |             |            |             |             |            |              |             |
|----------------------------------------------------------------------------------------|------------|-------------|-------------|------------|----------------|-------------|------------|-------------|-------------|------------|--------------|-------------|
| <b>Income (Loss) before Income Tax</b>                                                 | <b>332</b> | <b>17</b>   | <b>n.a.</b> | <b>778</b> | <b>(47)</b>    | <b>n.a.</b> | <b>371</b> | <b>33</b>   | <b>n.a.</b> | <b>902</b> | <b>(31)</b>  | <b>n.a.</b> |
| Income Tax                                                                             | (117)      | (25)        | 376.5%      | (297)      | (25)           | n.a.        | (117)      | (25)        | 376.5%      | (297)      | (25)         | n.a.        |
| <b>Net Income (Loss) Company - continuing operations</b>                               | <b>215</b> | <b>(8)</b>  | <b>n.a.</b> | <b>482</b> | <b>(71)</b>    | <b>n.a.</b> | <b>254</b> | <b>9</b>    | <b>n.a.</b> | <b>606</b> | <b>(55)</b>  | <b>n.a.</b> |
| Net income from discontinued operations                                                | 194        | (22)        | n.a.        | 383        | (1,005)        | n.a.        | 4          | (32)        | n.a.        | (32)       | (77)         | -58.2%      |
| <b>Net Income (Loss) Consolidated Company</b>                                          | <b>408</b> | <b>(29)</b> | <b>n.a.</b> | <b>865</b> | <b>(1,077)</b> | <b>n.a.</b> | <b>258</b> | <b>(23)</b> | <b>n.a.</b> | <b>573</b> | <b>(133)</b> | <b>n.a.</b> |
| Net Income (Loss) - Controlling Shareholders - continuing operations                   | 215        | (8)         | n.a.        | 482        | (71)           | n.a.        | 254        | 9           | n.a.        | 606        | (55)         | n.a.        |
| Net Income (Loss) - Controlling Shareholders - descontinuing operations                | 82         | (30)        | n.a.        | 137        | (411)          | n.a.        | 4          | (32)        | n.a.        | (32)       | (77)         | -58.2%      |
| <b>Net Income (Loss) - Controlling Shareholders - Consolidated</b>                     | <b>297</b> | <b>(38)</b> | <b>n.a.</b> | <b>619</b> | <b>(482)</b>   | <b>n.a.</b> | <b>258</b> | <b>(23)</b> | <b>n.a.</b> | <b>573</b> | <b>(133)</b> | <b>n.a.</b> |
| Other Operating Revenue (Expenses) and non-recurring tax credits                       | 70         | (260)       | -32.5%      | 134        | (280)          | 2.1%        | 70         | (260)       | -32.5%      | 134        | (280)        | -148.0%     |
| Income Tax from Other Operating Revenues (Expenses) and from non-recurring tax credits | (15)       | 57          | -126.8%     | (39)       | 45             | -187.2%     | (15)       | 57          | -126.9%     | (39)       | 45           | -186.6%     |

|                                                                                                     |             |             |                |             |             |               |             |             |                |             |             |               |
|-----------------------------------------------------------------------------------------------------|-------------|-------------|----------------|-------------|-------------|---------------|-------------|-------------|----------------|-------------|-------------|---------------|
| <b>Adjusted Net Income (Loss) - Controlling Shareholders - continuing operations <sup>(1)</sup></b> | <b>159</b>  | <b>195</b>  | <b>-18.4%</b>  | <b>387</b>  | <b>163</b>  | <b>136.6%</b> | <b>199</b>  | <b>212</b>  | <b>-6.0%</b>   | <b>511</b>  | <b>179</b>  | <b>184.5%</b> |
| <b>Adjusted Net Margin - Controlling Shareholders</b>                                               | <b>1.3%</b> | <b>1.7%</b> | <b>-40 bps</b> | <b>0.9%</b> | <b>0.4%</b> | <b>50 bps</b> | <b>1.6%</b> | <b>1.8%</b> | <b>-20 bps</b> | <b>1.1%</b> | <b>0.4%</b> | <b>70 bps</b> |

*(1) Net Income adjusted for "Other Operating Income and Expenses," and excluding non-recurring tax credits, thus eliminating nonrecurring income and expenses, excluding the effects of Income and social contribution taxes.*

*In the financial statements of GPA as of December 31, 2017, due to the ongoing divestment of the interest held by GPA in Via Varejo S.A. as announced in the material fact notice of November 23, 2016, the operations of Via Varejo are treated as discontinued operations. Accordingly, net sales and other profit and loss accounts were adjusted retrospectively, as required under IFRS 5 / CPC 31, approved by CVM Resolution 598/09 - Sale of non-current assets and discontinued operations.*

## 5. Indebtedness

(R\$ million)

|                                                                                     | 12.31.2017     | 12.31.2016     |
|-------------------------------------------------------------------------------------|----------------|----------------|
| <b>Short Term Debt</b>                                                              | <b>(1,250)</b> | <b>(2,957)</b> |
| Loans and Financing                                                                 | (770)          | (2,389)        |
| Debentures and Promissory Notes                                                     | (481)          | (568)          |
| <b>Long Term Debt</b>                                                               | <b>(3,309)</b> | <b>(2,912)</b> |
| Loans and Financing                                                                 | (775)          | (1,008)        |
| Debentures                                                                          | (2,534)        | (1,904)        |
| <b>Total Gross Debt</b>                                                             | <b>(4,559)</b> | <b>(5,869)</b> |
| <b>Cash and Financial investments</b>                                               | <b>3,792</b>   | <b>5,112</b>   |
| <b>Net Debt</b>                                                                     | <b>(767)</b>   | <b>(757)</b>   |
| <b>EBITDA<sup>(1)</sup></b>                                                         | <b>2,341</b>   | <b>1,618</b>   |
| <b>Net Debt / EBITDA<sup>(1)</sup></b>                                              | <b>-0.33x</b>  | <b>-0.47x</b>  |
| On balance Credit Card Receivables not discounted                                   | 414            | 241            |
| <b>Net Debt incl. Credit Card Receivables not discounted</b>                        | <b>(354)</b>   | <b>(516)</b>   |
| <b>Net Debt incl. Credit Card Receivables not discounted / EBITDA<sup>(1)</sup></b> | <b>-0.15x</b>  | <b>-0.32x</b>  |

*In the financial statements of GPA as of December 31, 2017, due to the ongoing divestment of the interest held by GPA in Via Varejo S.A. as announced in the material fact notice of November 23, 2016, the operations of Via Varejo are treated as discontinued operations. Accordingly, net sales and other profit and loss accounts were adjusted retrospectively, as required under IFRS 5 / CPC 31, approved by CVM Resolution 598/09 - Sale of non-current assets and discontinued operations. However, said technical standard does not require restatement of the balance sheet in such situations. For better comparison between the periods, a column presenting comparable results for March 2016 was added to the above table on debt.*

<sup>(1)</sup> EBITDA for the last 12 months.



**6. Cash Flow - Consolidated (including Via Varejo)**

| STATEMENT OF CASH FLOW                                 |                |                |
|--------------------------------------------------------|----------------|----------------|
|                                                        | Consolidated   |                |
| (R\$ million)                                          | 12.31.2017     | 12.31.2016     |
| <b>Net Income (Loss) for the period</b>                | <b>865</b>     | <b>(1,076)</b> |
| Adjustment for reconciliation of net income            |                |                |
| Deferred income tax                                    | (38)           | (113)          |
| Loss (gain) on disposal of fixed and intangible assets | 247            | 203            |
| Depreciation and amortization                          | 833            | 1,089          |
| Interests and exchange variation                       | 947            | 1,272          |
| Equity Income                                          | 34             | (81)           |
| Provision for contingencies                            | 675            | 1,080          |
| Share-Based Compensation                               | 24             | 29             |
| Allowance for doubtful accounts                        | 722            | 609            |
| Provision for obsolescence/breakage                    | (1)            | 44             |
| Gains resulting from sale of subsidiaries              | -              | (94)           |
| Deferred revenue                                       | (394)          | (372)          |
| Other Operating Expenses                               | (723)          | -              |
|                                                        | <b>3,191</b>   | <b>2,590</b>   |
| <b>Asset (Increase) decreases</b>                      |                |                |
| Accounts receivable                                    | (2,115)        | (1,259)        |
| Inventories                                            | (1,505)        | 107            |
| Taxes recoverable                                      | (321)          | (709)          |
| Dividends received                                     | 309            | -              |
| Other Assets                                           | (60)           | 118            |
| Related parties                                        | 153            | (470)          |
| Restricted deposits for legal proceeding               | (366)          | (218)          |
|                                                        | <b>(3,905)</b> | <b>(2,431)</b> |
| <b>Liability (Increase) decrease</b>                   |                |                |
| Suppliers                                              | 3,059          | (1,486)        |
| Payroll and charges                                    | 103            | 134            |



|                                                               |                |                |
|---------------------------------------------------------------|----------------|----------------|
| Taxes and Social contributions payable                        | (127)          | 55             |
| Other Accounts Payable                                        | 148            | (279)          |
| Contingencies                                                 | (447)          | (415)          |
| Deferred revenue                                              | (8)            | 660            |
| Taxes and Social contributions paid                           | (119)          | (132)          |
|                                                               | <b>2,609</b>   | <b>(1,463)</b> |
| <b>Net cash generated from (used) in operating activities</b> | <b>1,895</b>   | <b>(1,304)</b> |
| Acquisition of property and equipment                         | (1,402)        | (1,265)        |
| Increase Intangible assets                                    | (311)          | (279)          |
| Sales of property and equipment                               | 121            | 55             |
| Cash provided on sale of subsidiary                           | -              | 137            |
| Cash on discontinuity of subsidiary                           | -              | (47)           |
| Net cash of discontinuity - Cdiscount                         | -              | (621)          |
| <b>Net cash flow investment activities</b>                    | <b>(1,592)</b> | <b>(2,020)</b> |
| <b>Cash flow from financing activities</b>                    |                |                |
| Increase of capital                                           | 11             | 5              |
| Funding and refinancing                                       | 7,789          | 8,082          |
| Payments of loans and financing                               | (9,785)        | (7,481)        |
| Dividend Payment                                              | (101)          | (4)            |
| Acquisition of society                                        | (8)            | (79)           |
| Intercompany loans                                            | -              | 952            |
| <b>Net cash generated from (used) in financing activities</b> | <b>(2,094)</b> | <b>1,475</b>   |
| Monetary variation over cash and cash equivalents             | -              | (24)           |
| <b>Increase (decrease) in cash and cash equivalents</b>       | <b>(1,791)</b> | <b>(1,873)</b> |
| Cash and cash equivalents at the beginning of the year        | 9,142          | 11,015         |
| Cash and cash equivalents at the end of the year              | 7,351          | 9,142          |
| <b>Change in cash and cash equivalents</b>                    | <b>(1,791)</b> | <b>(1,873)</b> |

**6.1. Simplified Cash Flow Statement – Consolidated (including Via Varejo)**

| (R\$ million)                                                    | Consolidated |                |                |                |
|------------------------------------------------------------------|--------------|----------------|----------------|----------------|
|                                                                  | 4Q17         | 4Q16           | 2017           | 2016           |
| <b>Cash Balance at Beginning of Exercise</b>                     | <b>1,805</b> | <b>4,044</b>   | <b>9,142</b>   | <b>11,015</b>  |
| <b>Cash Flow from Operating Activities</b>                       | <b>6,140</b> | <b>5,777</b>   | <b>1,895</b>   | <b>(1,304)</b> |
| EBITDA                                                           | 1,273        | 398            | 3,630          | 1,618          |
| Cost of Sale of Receivables                                      | (227)        | (347)          | (896)          | (1,072)        |
| Working Capital                                                  | 5,247        | 4,679          | (561)          | (2,638)        |
| Assets and Liabilities Variation                                 | (153)        | 1,047          | (278)          | 788            |
| <b>Cash Flow from Investment Activities</b>                      | <b>(489)</b> | <b>(1,078)</b> | <b>(1,592)</b> | <b>(2,020)</b> |
| Net Investment                                                   | (489)        | (456)          | (1,592)        | (1,489)        |
| Acquisition / Sale of Interest and Others                        | -            | 46             | -              | 137            |
| Cash on discontinuity of subsidiary                              | -            | (668)          | -              | (668)          |
| <b>Change on net cash after investments</b>                      | <b>5,651</b> | <b>4,699</b>   | <b>303</b>     | <b>(3,324)</b> |
| <b>Cash Flow from Financing Activities</b>                       | <b>(105)</b> | <b>445</b>     | <b>(2,094)</b> | <b>1,475</b>   |
| Dividends Payments and Others                                    | (101)        | -              | (101)          | (4)            |
| Net Payments                                                     | (4)          | 445            | (1,993)        | 1,479          |
| <b>Change on Net Cash</b>                                        | <b>5,546</b> | <b>5,144</b>   | <b>(1,791)</b> | <b>(1,849)</b> |
| <b>Exchange Rate</b>                                             | <b>-</b>     | <b>(46)</b>    | <b>-</b>       | <b>(24)</b>    |
| <b>Cash Balance at End of Exercise</b>                           | <b>7,351</b> | <b>9,142</b>   | <b>7,351</b>   | <b>9,142</b>   |
| <b>Cash includes "Assets held for sale and op. Discontinued"</b> | <b>3,559</b> | <b>4,030</b>   | <b>3,559</b>   | <b>4,030</b>   |
| <b>Cash t as balance sheet (excluding Via Varejo)</b>            | <b>3,792</b> | <b>5,112</b>   | <b>3,792</b>   | <b>5,112</b>   |

*In the financial statements of GPA as of December 31, 2017, due to the ongoing divestment of the interest held by GPA in Via Varejo S.A. as announced in the material fact notice of November 23, 2016, the operations of Via Varejo are treated as discontinued operations. Accordingly, net sales and other profit and loss accounts were adjusted retrospectively, as required under IFRS 5/CPC 31, approved by CVM Resolution 598/09 – Sale of non-current assets and discontinued operations. **Held-for-sale assets and the corresponding liabilities were reclassified only on the reporting date, i.e. December 31, 2016, and therefore all of the above changes in balance sheet accounts include Via Varejo, although the closing cash position has been reconciled to reflect only continuing operations.***

## 7. Capex

| (R\$ million)                                | Food Business |            |              |              |              |             |
|----------------------------------------------|---------------|------------|--------------|--------------|--------------|-------------|
|                                              | 4Q17          | 4Q16       | Δ            | 2017         | 2016         | Δ           |
| New stores, land acquisition and conversions | 209           | 171        | 22.6%        | 583          | 474          | 23.1%       |
| Store renovations and Maintenance            | 135           | 103        | 31.3%        | 444          | 563          | -21.1%      |
| Infrastructure and Others                    | 101           | 88         | 13.9%        | 302          | 368          | -17.9%      |
| <b>Non-cash Effect</b>                       |               |            |              |              |              |             |
| Financing Assets                             | (91)          | 24         | n.a          | 26           | (163)        | n.a .       |
| <b>Total</b>                                 | <b>354</b>    | <b>386</b> | <b>-8.1%</b> | <b>1,355</b> | <b>1,241</b> | <b>9.1%</b> |

## 8. Breakdown of Sales by Business

| (R\$ million)                     | BREAKDOWN OF GROSS SALES BY BUSINESS |               |               |               |              |               |               |               |               |              |
|-----------------------------------|--------------------------------------|---------------|---------------|---------------|--------------|---------------|---------------|---------------|---------------|--------------|
|                                   | 4Q17                                 | %             | 4Q16          | %             | Δ            | 2017          | %             | 2016          | %             | Δ            |
| <b>Multivarejo</b>                | <b>7,689</b>                         | <b>56.6%</b>  | <b>8,109</b>  | <b>63.6%</b>  | <b>-5.2%</b> | <b>28,370</b> | <b>58.6%</b>  | <b>29,233</b> | <b>65.0%</b>  | <b>-3.0%</b> |
| Pão de Açúcar                     | 1,955                                | 14.4%         | 1,945         | 15.3%         | 0.5%         | 7,249         | 15.0%         | 7,304         | 16.2%         | -0.7%        |
| Extra <sup>(1)</sup>              | 4,807                                | 35.4%         | 5,209         | 40.9%         | -7.7%        | 17,561        | 36.3%         | 18,306        | 40.7%         | -4.1%        |
| Convenience Stores <sup>(2)</sup> | 298                                  | 2.2%          | 312           | 2.4%          | -4.6%        | 1,164         | 2.4%          | 1,215         | 2.7%          | -4.2%        |
| Other Businesses <sup>(3)</sup>   | 630                                  | 4.6%          | 642           | 5.0%          | -1.9%        | 2,394         | 4.9%          | 2,408         | 5.4%          | -0.6%        |
| <b>Cash &amp; Carry</b>           | <b>5,906</b>                         | <b>43.4%</b>  | <b>4,632</b>  | <b>36.4%</b>  | <b>27.5%</b> | <b>20,070</b> | <b>41.4%</b>  | <b>15,736</b> | <b>35.0%</b>  | <b>27.5%</b> |
| Assaí                             | 5,906                                | 43.4%         | 4,632         | 36.4%         | 27.5%        | 20,070        | 41.4%         | 15,736        | 35.0%         | 27.5%        |
| <b>Food Business</b>              | <b>13,595</b>                        | <b>100.0%</b> | <b>12,741</b> | <b>100.0%</b> | <b>6.7%</b>  | <b>48,440</b> | <b>100.0%</b> | <b>44,969</b> | <b>100.0%</b> | <b>7.7%</b>  |

| (R\$ million)                     | BREAKDOWN OF NET SALES BY BUSINESS |               |               |               |              |               |               |               |               |              |
|-----------------------------------|------------------------------------|---------------|---------------|---------------|--------------|---------------|---------------|---------------|---------------|--------------|
|                                   | 4Q17                               | %             | 4Q16          | %             | Δ            | 2017          | %             | 2016          | %             | Δ            |
| <b>Multivarejo</b>                | <b>7,066</b>                       | <b>56.5%</b>  | <b>7,484</b>  | <b>63.8%</b>  | <b>-5.6%</b> | <b>26,195</b> | <b>58.7%</b>  | <b>26,967</b> | <b>65.1%</b>  | <b>-2.9%</b> |
| Pão de Açúcar                     | 1,788                              | 14.3%         | 1,783         | 15.2%         | 0.3%         | 6,659         | 14.9%         | 6,711         | 16.2%         | -0.8%        |
| Extra <sup>(1)</sup>              | 4,385                              | 35.1%         | 4,781         | 40.7%         | -8.3%        | 16,110        | 36.1%         | 16,776        | 40.5%         | -4.0%        |
| Convenience Stores <sup>(2)</sup> | 277                                | 2.2%          | 290           | 2.5%          | -4.7%        | 1,085         | 2.4%          | 1,131         | 2.7%          | -4.1%        |
| Other Businesses <sup>(3)</sup>   | 617                                | 4.9%          | 630           | 5.4%          | -2.1%        | 2,341         | 5.2%          | 2,349         | 5.7%          | -0.3%        |
| <b>Cash &amp; Carry</b>           | <b>5,444</b>                       | <b>43.5%</b>  | <b>4,255</b>  | <b>36.2%</b>  | <b>27.9%</b> | <b>18,440</b> | <b>41.3%</b>  | <b>14,487</b> | <b>34.9%</b>  | <b>27.3%</b> |
| Assaí                             | 5,444                              | 43.5%         | 4,255         | 36.2%         | 27.9%        | 18,440        | 41.3%         | 14,487        | 34.9%         | 27.3%        |
| <b>Food Business</b>              | <b>12,510</b>                      | <b>100.0%</b> | <b>11,740</b> | <b>100.0%</b> | <b>6.6%</b>  | <b>44,634</b> | <b>100.0%</b> | <b>41,454</b> | <b>100.0%</b> | <b>7.7%</b>  |

(1) Includes Extra Supermercado and Extra Hiper.

(2) Includes Minimercado Extra and Minuto Pão de Açúcar sales.

(3) Includes Gas Station, Drugstores, Delivery sales and revenues from the leasing of commercial galleries.

## 9. Breakdown of Sales (% of Net Sales)

|                     | Food Business |       |       |       |
|---------------------|---------------|-------|-------|-------|
|                     | 4Q17          | 4Q16  | 2017  | 2016  |
| <b>Cash</b>         | 50.7%         | 51.9% | 50.7% | 51.8% |
| <b>Credit Card</b>  | 38.9%         | 38.0% | 38.9% | 38.3% |
| <b>Food Voucher</b> | 10.4%         | 10.1% | 10.4% | 9.9%  |

**10. Store Activity by Banner**

| STORE OPENINGS/CLOSINGS BY BANNER      |              |           |            |             |            |              |
|----------------------------------------|--------------|-----------|------------|-------------|------------|--------------|
|                                        | 12/31/2016   | Opened by |            | Closed to   |            | 12/31/2017   |
|                                        |              | Opened    | conversion | Closed      | conversion |              |
| Pão de Açúcar                          | 185          | 3         | -          | (2)         | -          | 186          |
| Extra Hiper                            | 134          | -         | -          | (2)         | (15)       | 117          |
| Extra Supermercado                     | 194          | -         | -          | (6)         | -          | 188          |
| Minimercado Extra                      | 207          | -         | -          | (24)        | -          | 183          |
| Minuto Pão de Açúcar                   | 77           | 6         | -          | (1)         | -          | 82           |
| Assaí                                  | 107          | 5         | 15         | (1)         | -          | 126          |
| Other Business                         | 231          | 4         | -          | (36)        | -          | 199          |
| Gas Station                            | 76           | 2         | -          | (6)         | -          | 72           |
| Drugstores                             | 155          | 2         | -          | (30)        | -          | 127          |
| <b>Food Business</b>                   | <b>1,135</b> | <b>18</b> | <b>15</b>  | <b>(72)</b> | <b>15</b>  | <b>1,081</b> |
| <b>Sales Area ('000 m<sup>2</sup>)</b> |              |           |            |             |            |              |
| Food Business                          | 1,814        |           |            |             |            | 1,811        |
| <b>#of employees ('000)</b>            |              |           |            |             |            |              |
| Food Business                          | 91           |           |            |             |            | 91           |

**11. Data by Format on 12/31/2017**

| FIGURES PER FORMAT ON 12/31/2017 |                     |                                |
|----------------------------------|---------------------|--------------------------------|
|                                  | Number of<br>Stores | Sales Area<br>(sq meter x1000) |
| <b>Multivarejo</b>               | <b>955</b>          | <b>1,305</b>                   |
| Pão de Açúcar                    | 186                 | 240                            |
| Extra Hipermercado               | 117                 | 717                            |
| Extra Supermercado               | 188                 | 215                            |
| Convenience Stores               | 265                 | 65                             |

|                         |              |              |
|-------------------------|--------------|--------------|
| Other Business          | 199          | 67           |
| <i>Gas Station</i>      | 72           | 58           |
| <i>Drugstores</i>       | 127          | 10           |
| <b>Cash &amp; Carry</b> | <b>126</b>   | <b>506</b>   |
| Assaí                   | 126          | 506          |
| <b>Food Business</b>    | <b>1,081</b> | <b>1,811</b> |

23

**SIGNATURES**

Pursuant to the requirement of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMPANHIA BRASILEIRA DE DISTRIBUIÇÃO

Date: February 20, 2018

By: /s/ Ronaldo Iabrudi

Name: Ronaldo Iabrudi

Title: Chief Executive Officer

By: /s/ Daniela Sabbag

Name: Daniela Sabbag

Title: Investor Relations Officer

**FORWARD-LOOKING STATEMENTS**

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

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