



Conference Call

Fourth Quarter of 2019

VIVARA

CONFERENCE CALL

Tuesday, March 24, 2020.

English

Time: 9:00 a.m. (New York)

Phones

Other countries: +1 (412) 717-9627

Code: Vivara

Portuguese

Time: 10:00 p.m. (Brasília)

Phones

Brazil: +55 (11) 3181-8565

Code: Vivara

Connection Data

Access the conference call via Webcast at: ri.vivara.com.br

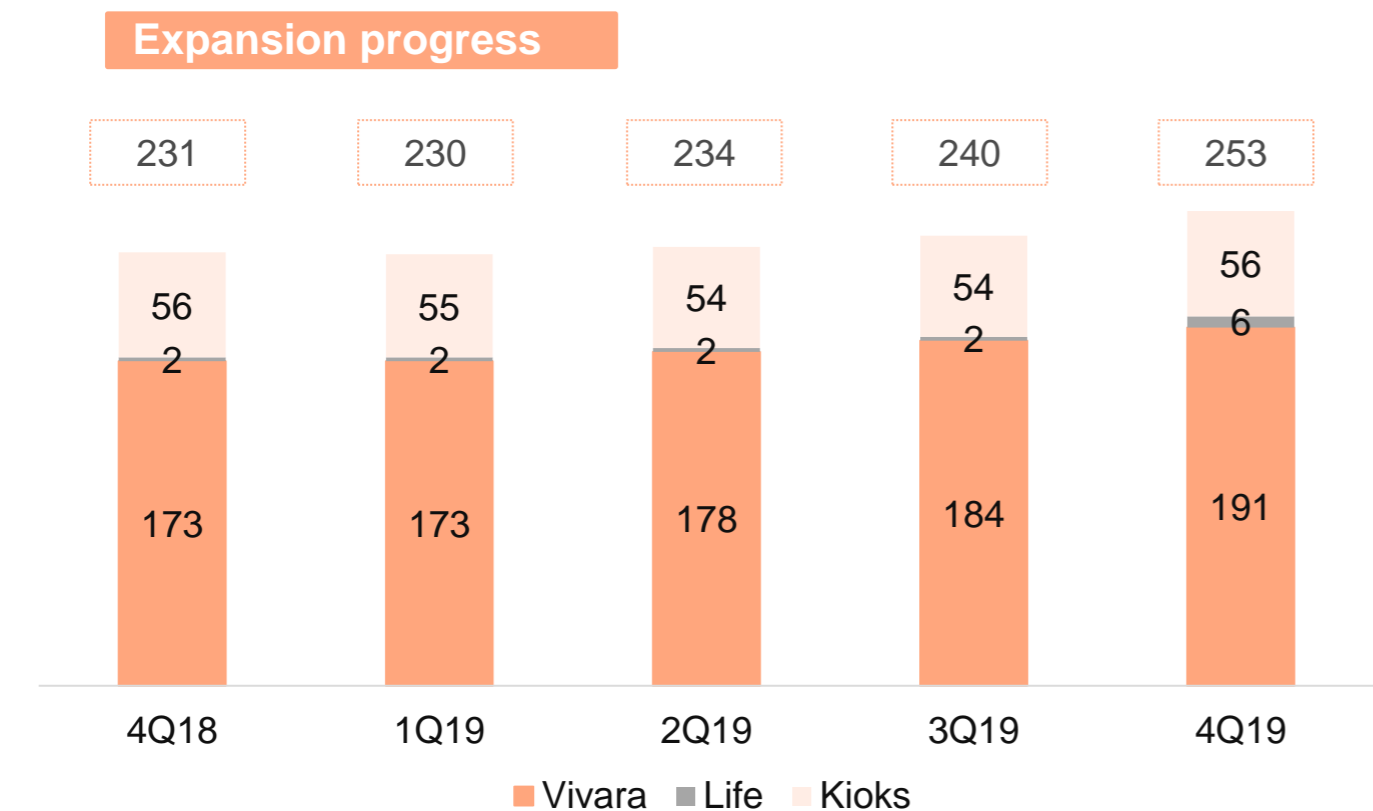
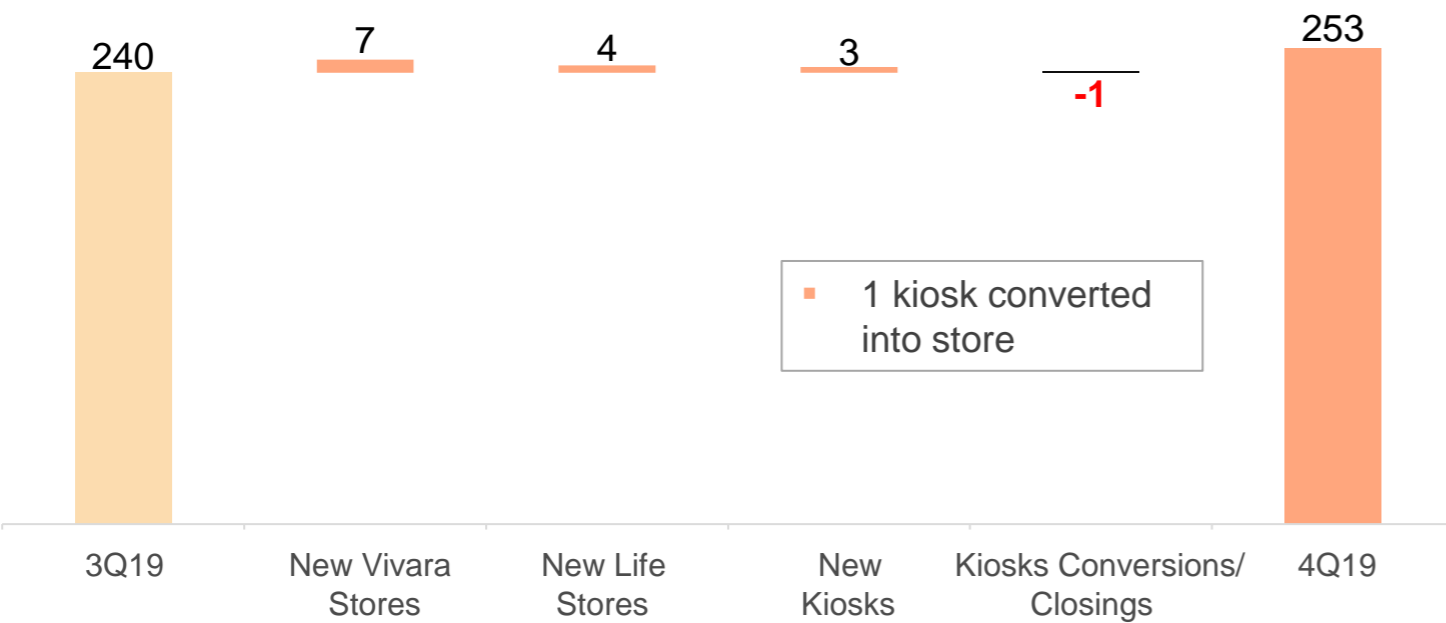
QUARTER HIGHLIGHTS

Profitable Growth

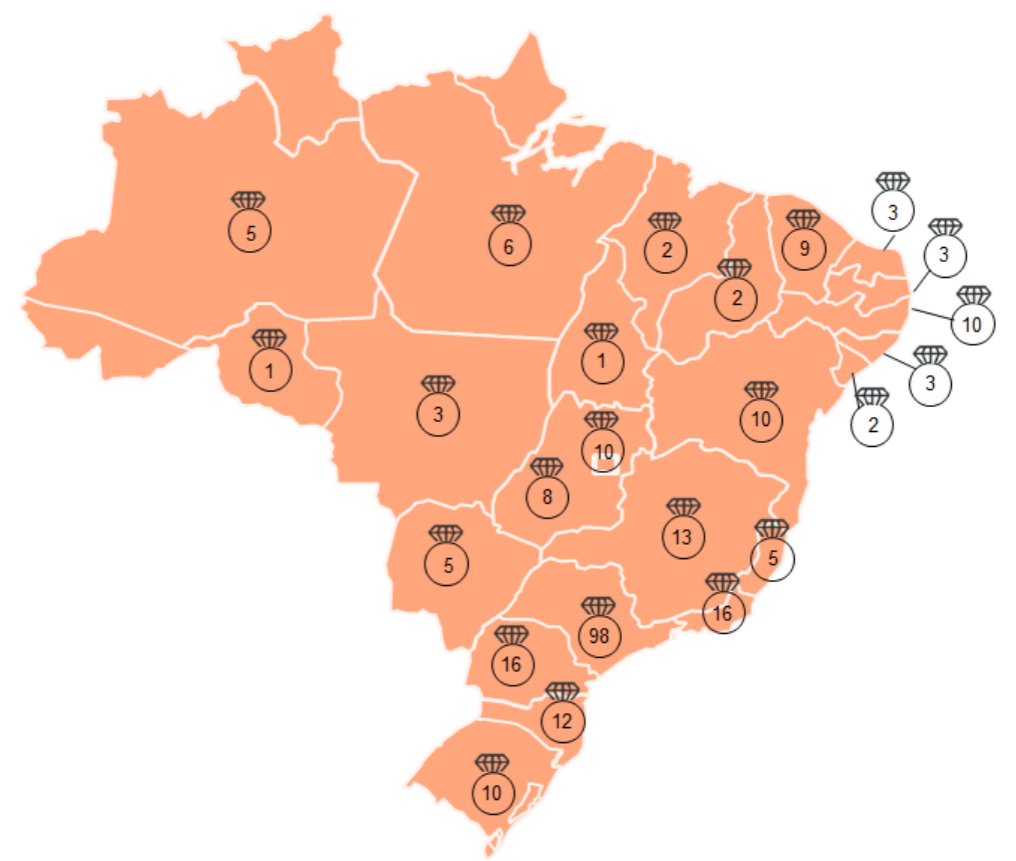
- **14** new stores
- Net Revenue of **R\$ 407.3 million**, with an increase of 8.5% (SSS +7.4%)
- Gross Margin of **72.4%**
- Adjusted EBITDA of **R\$ 118.8 million** (EBITDA margin of 29.2%)
- Net Income of **R\$ 92.7 million** (Net margin of 22.7%)



EXPANSION



Geographic Presence



Distribution by region

Southeast	55%
South	16%
North	5%
Northeast	18%
Midwest	11%



New stores by region

Southeast	57%
South	14%
North	0%
Northeast	29%
Midwest	0%

OPERATING REVENUES

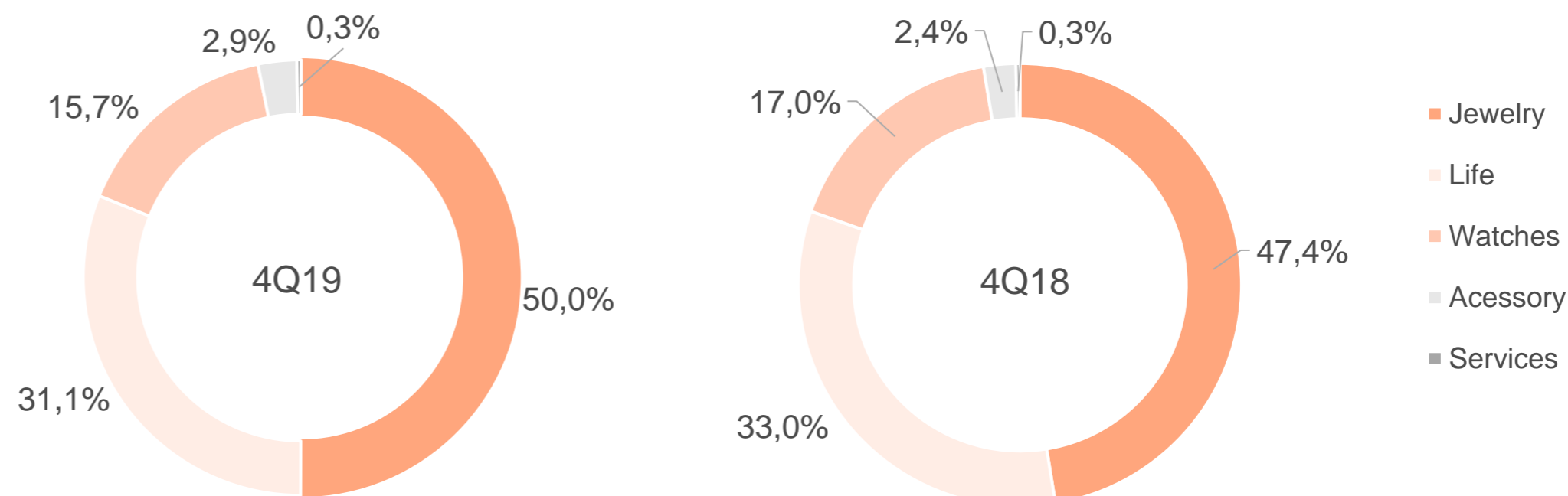
(R\$,



REVENUE BY CHANNEL

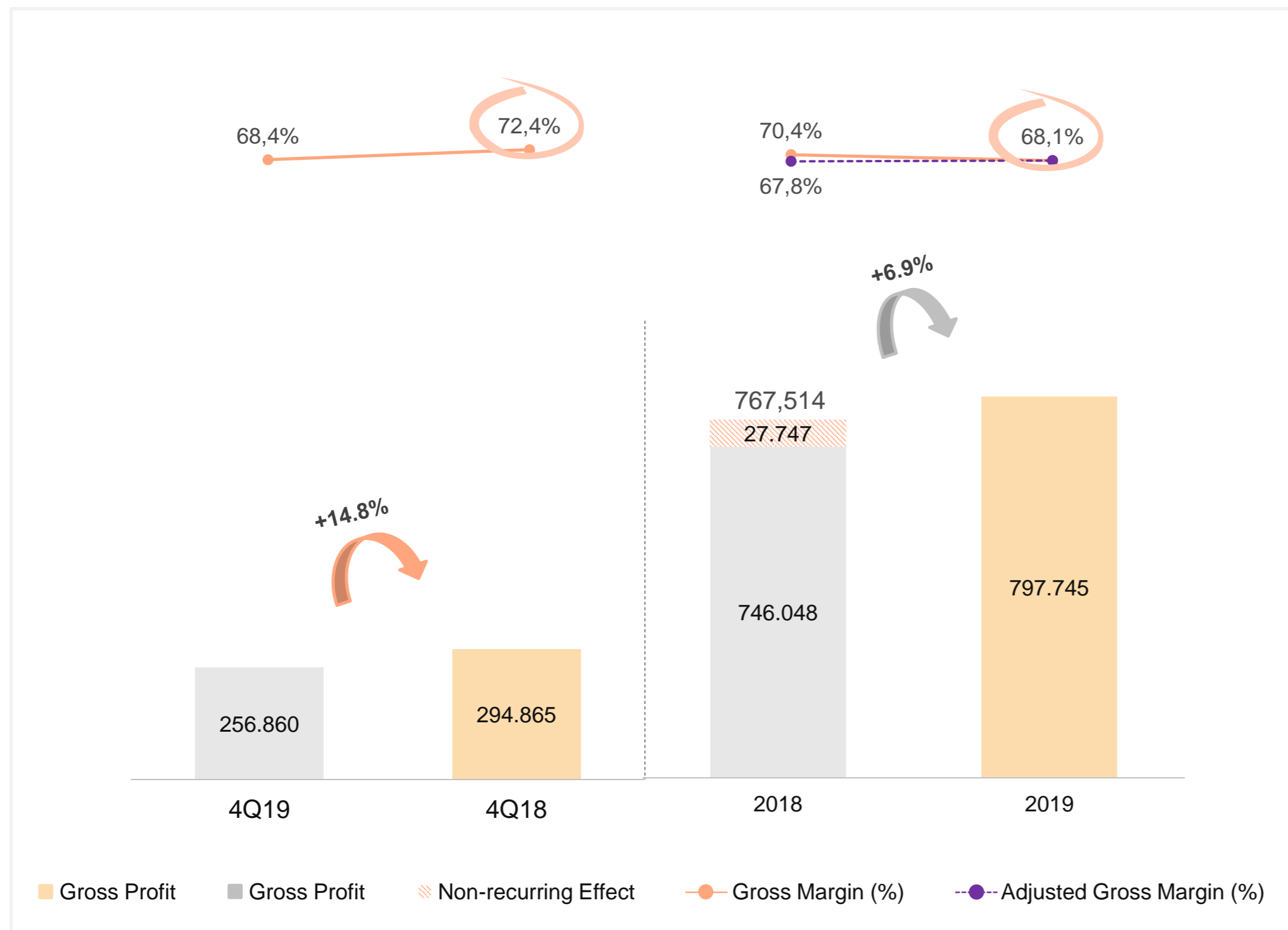
Revenue per channel (R\$, 000)	4Q19	4Q18	Δ %	2019	2018	Δ %
Gross Revenue (net of return)	521,571	485,427	7.4%	1,489,872	1,356,972	9.8%
Physical Stores	475,085	436,209	8.9%	1,360,492	1,234,197	10.2%
E-commerce	41,785	36,661	14.0%	106,254	88,074	20.6%
Others	4,701	12,557	-62.6%	23,126	34,701	-33.4%
Deductions	(114,293)	(110,075)	3.8%	(318,512)	(297,386)	7.1%
Net Revenue	407,278	375,352	8.5%	1,171,360	1,059,586	10.5%

REVENUE BY CATEGORY



GROSS PROFIT AND GROSS MARGIN

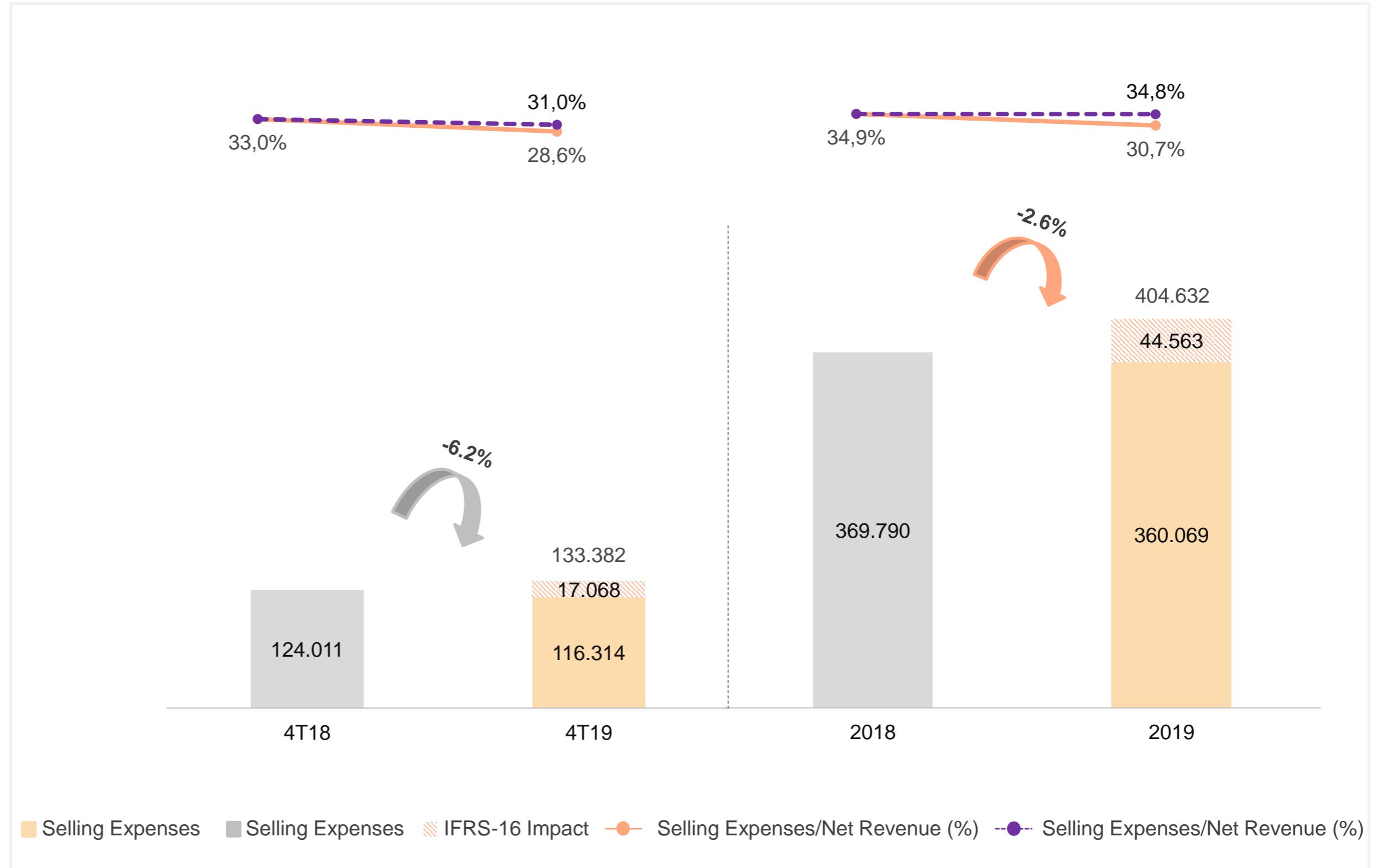
(R\$, 000 and %)



SELLING EXPENSES

(R\$, 000 and %)

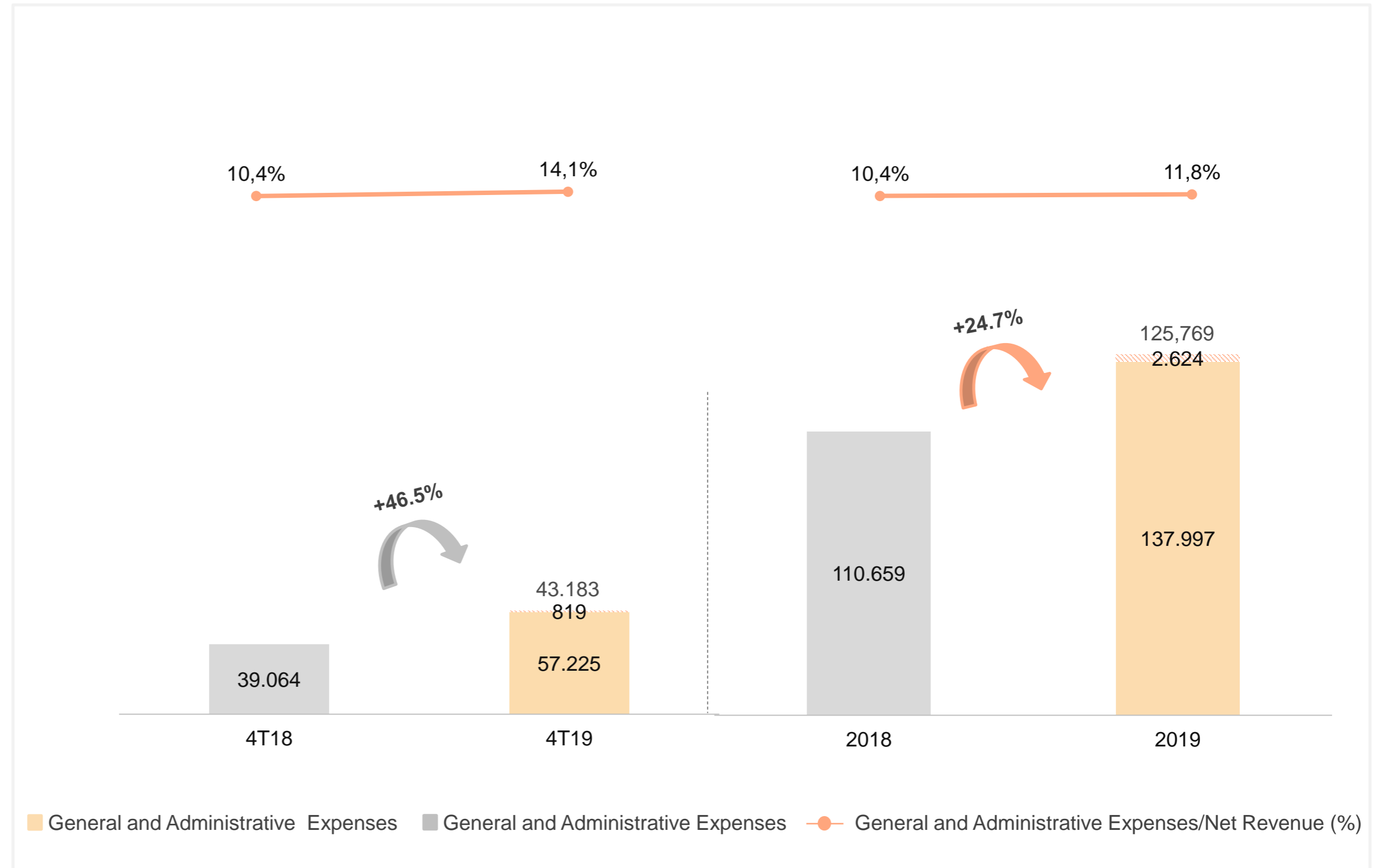
- **Personal** - Increase in the number of employees due to the opening of new stores, under maturation;
- **Freight** - Higher freight expenses, mainly as a result of the rise in e-commerce activities;



GENERAL AND ADMINISTRATIVE EXPENSES

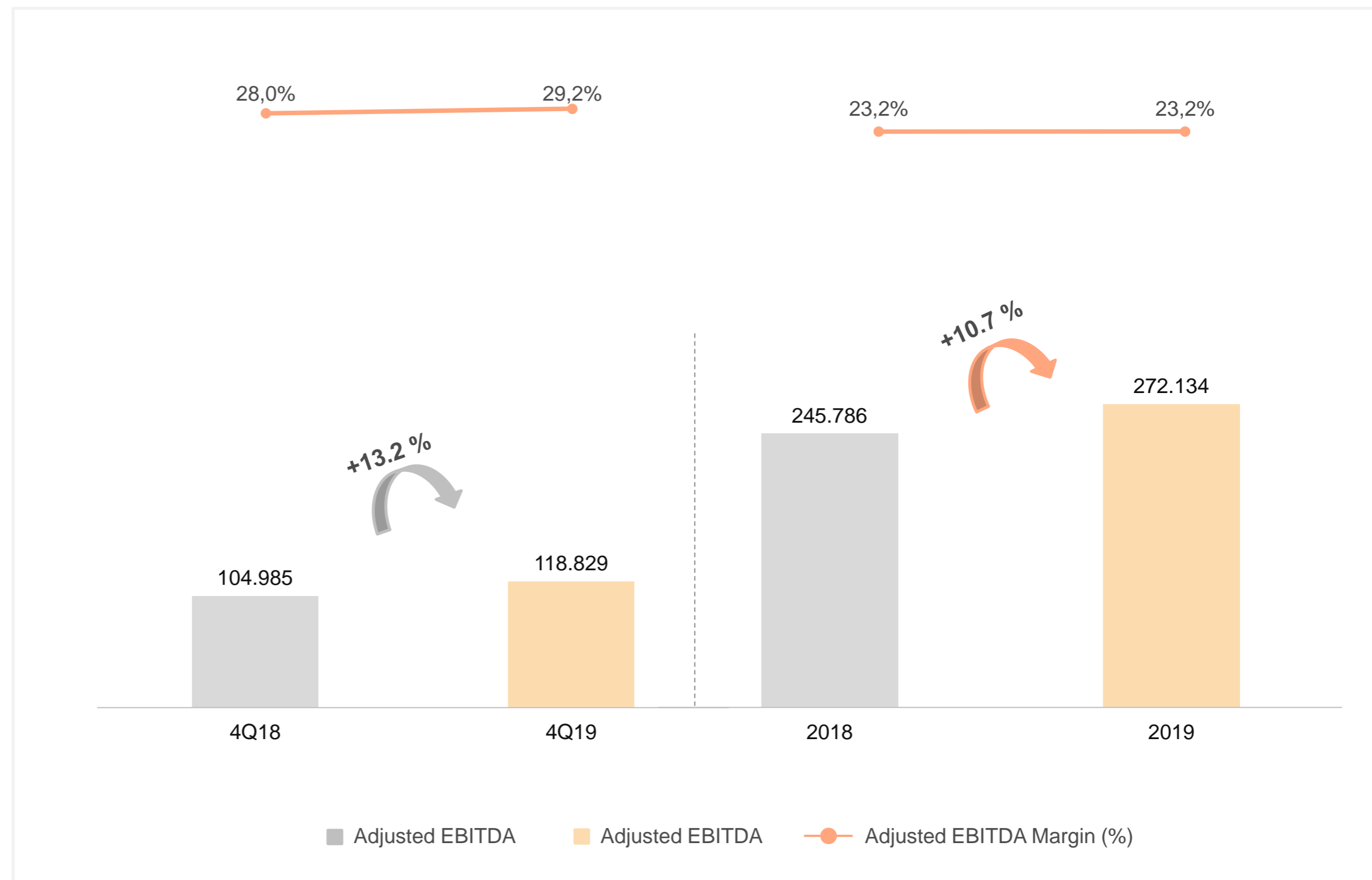
(R\$, 000)

- **Outsourced services** - Hiring of consulting firms to support the roll-out of the omnichannel strategy.
- **Personal** - Reinforcement of strategic areas and new Corporate Governance structure



ADJUSTED EBITDA AND EBITDA MARGIN

(R\$, 000 and %)



* Adjusted EBITDA include rental expenses, which are no longer accounted as operating expenses, after the adoption of IFRS 16, and also the non recurring effects, as shown in the slides 14 and 15.

NET INCOME AND NET MARGIN

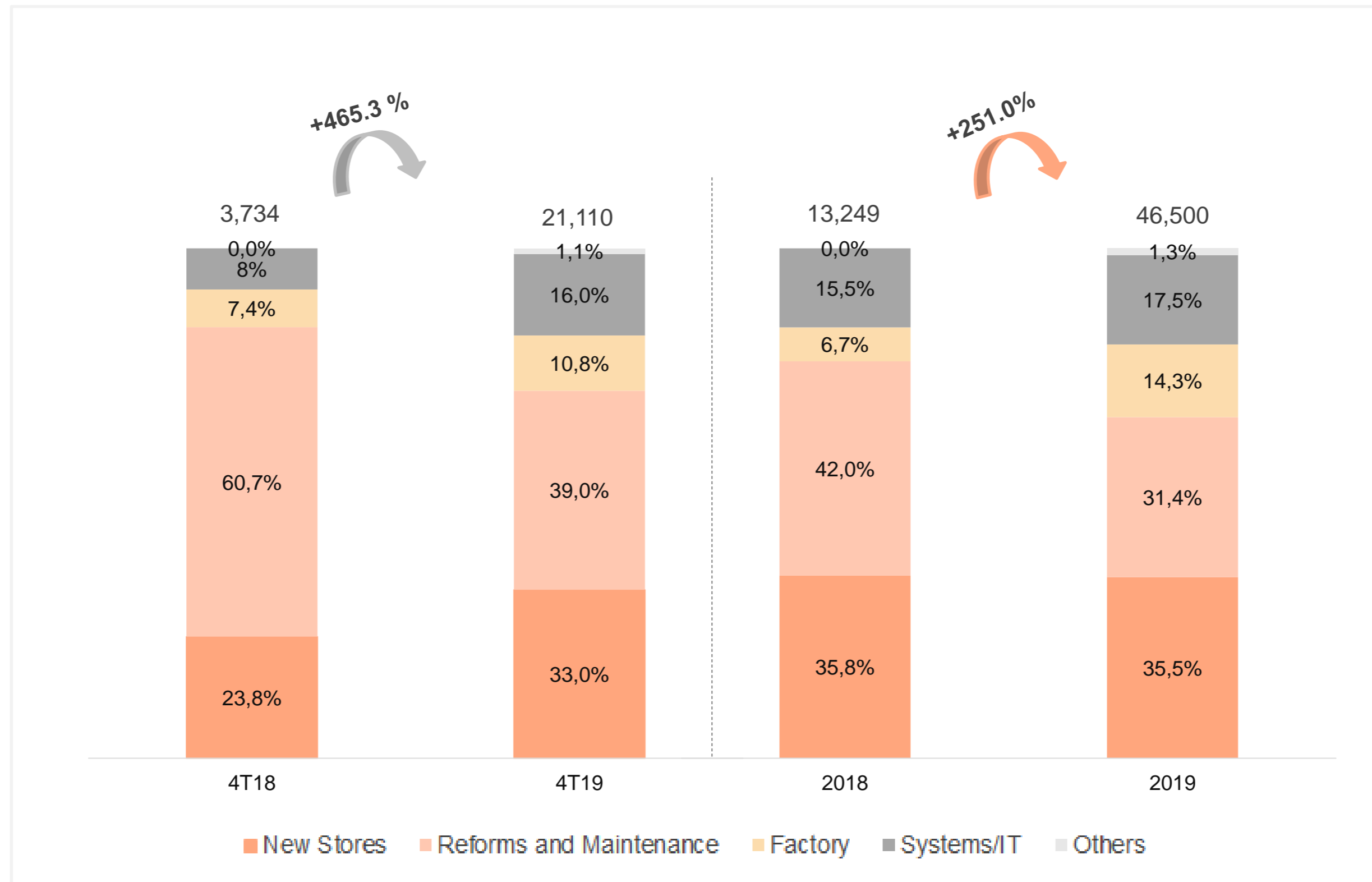
(R\$, 000 and %)

Net Income (R\$, 000)	4Q19	4Q18	Δ %	2019	2018	Δ %
Net Income	92,648	81,774	13.3%	318,251	198,435	60.4%
<i>Net Margin (%)</i>	<i>22.7%</i>	<i>21.8%</i>	<i>100 bps</i>	<i>27.2%</i>	<i>18.7%</i>	<i>840 bps</i>
Non-recurring effect	14,862	-		(101,262)	(18,313)	-453.0%
Recurring Net Income	107,510	81,774	31.5%	216,989	180,122	20.5%
Net IFRS16 Effect	(2,007)	-	na	7,717	-	na
Adjusted Net Income	105,502	81,774	29.0%	224,706	180,122	24.8%
<i>Adjusted Net Income Margin (%)</i>	<i>25.9%</i>	<i>21.8%</i>	<i>410 bps</i>	<i>19.2%</i>	<i>17.0%</i>	<i>220 bps</i>



CAPEX

(R\$, 000)



OPERATING CASH GENERATION

(R\$, 000)

Cash Flow (R\$, 000)	3Q19	3Q18	Δ %	2019	2018	Δ %
Net Income	92,648	81,774	13.3%	318,251	198,435	60.4%
(+/-) Income and Social Contribution Taxes/Others	(15,337)	1,609	-1053.0%	(148,543)	22,268	-767.1%
Adjusted Net Income	77,311	83,384	-7.3%	169,708	220,703	-23.1%
Working Capital	(113,097)	65,267	-273.3%	(172,820)	(64,963)	166.0%
Trade receivables	(239,521)	(50,177)	377.4%	(212,308)	(36,197)	486.5%
Inventories	18,251	75,181	-75.7%	1,654	(77,897)	102.1%
Trade payables	6,193	(33,779)	118.3%	(9,848)	(7,519)	31.0%
Recoverable taxes	(812)	14,064	-105.8%	(12,226)	54,349	-122.5%
Taxes payable	44,465	36,438	22.0%	14,170	(17,169)	182.5%
Other assets and liabilities	58,327	23,539	147.8%	45,738	19,470	134.9%
Cash from Management Operating Activities	(35,786)	148,651	-124.1%	(3,112)	155,740	-102.0%
Capex	(21,110)	(3,734)	465.3%	(46,500)	(13,249)	251.0%
Free Cash Generation	(56,896)	144,916	-139.3%	(49,611)	142,491	-134.8%
Cash from Management Operating Activities	(35,786)	148,651	-124.1%	(3,112)	155,740	-102.0%
Δ Prepayment of receivables	119,956	(76,215)	257.4%	188,898	1,741	10751.5%
Cash from Management Operating Activities - Adjusted	84,170	72,436	16.2%	185,786	157,481	18.0%



INDEBTEDNESS

(R\$, 000)



Cash and cash equivalents and Securities	2019	9M19	Δ %	1H19	Δ %
Borrowings and financings	270,354	280,413	-3.6%	215,445	25.5%
Cash and cash equivalents and Securities	435,844	88,320	393.5%	85,371	410.5%
Net Debt	(165,490)	192,093	-186.2%	130,074	-227.2%
Adjusted EBITDA LTM <i>(last twelve months)</i>	272,134	258,296	5.4%	245,786	10.7%
Net Debt/Adjusted Ebitda	- 0.6x	0.7x	na	0.5x	na

APPENDIX

IFRS 16 AND NON-RECURRING EVENTS

Financial Statements (R\$,000)	4Q19	IFRS 16 Impact	Impact	4Q19 pro forma	4Q18	Δ %
Net Revenue	407,278	-	-	407,278	375,352	8.5%
Gross Profit	294,865	(166)	-	294,699	256,860	14.7%
<i>Gross Margin (%)</i>	<i>72.4%</i>	-	-	<i>72.4%</i>	<i>68.4%</i>	<i>390 bps</i>
Operational Expenses	(187,294)	(7,961)	14,862	(180,394)	(155,932)	15.7%
Sales	(116,314)	(17,068)	-	(133,382)	(124,011)	7.6%
General and Administratives	(57,225)	(819)	14,862	(43,183)	(39,064)	10.5%
Depreciation and Amortization	(13,000)	9,926	-	(3,074)	(3,236)	-5.0%
Share of profit (loss) of subsidiaries	0	-	-	0	(126)	100.0%
Other Operating Expenses (Revenues)	(755)	-	-	(755)	10,505	-107.2%
(=) Profit (Losses) Before Financial Results	107,571	(8,127)	14,862	114,305	100,928	13.3%
Financial Result	(6,417)	6,120	-	(297)	(11,339)	-97.4%
(=) Operating Income	101,154	(2,007)	14,862	114,008	89,589	27.3%
Income and Social Contribution Taxes	(8,506)	-	-	(8,506)	(7,815)	8.8%
(=) Net Income	92,648	(2,007)	14,862	105,502	81,774	29.0%
<i>Net Margin (%)</i>	<i>22.7%</i>	-	-	<i>25.9%</i>	<i>21.8%</i>	<i>410 bps</i>

IFRS 16 AND NON-RECURRING EVENTS

Financial Statements (R\$,000)	2019	IFRS 16 Impact	Impact	2019 pro forma	2018	Impact	2018 Pró-forma	Δ %
Net Revenue	1,171,360	-	-	1,171,360	1,059,586	-	1,059,586	10.5%
Gross Profit	797,745	(453)	-	797,292	746,048	(27,747)	718,301	11.0%
<i>Gross Margin (%)</i>	<i>68.1%</i>	-	-	<i>68.1%</i>	<i>70.4%</i>	-	<i>67.8%</i>	<i>30 bps</i>
Operational Expenses	(436,119)	(16,664)	(88,796)	(541,580)	(488,539)	-	(488,539)	10.9%
Sales	(360,069)	(44,563)	-	(404,632)	(369,790)	-	(369,790)	9.4%
General and Administratives	(137,997)	(2,624)	14,862	(125,759)	(110,659)	-	(110,659)	13.6%
Depreciation and Amortization	(45,495)	30,522	-	(14,973)	(15,203)	-	(15,203)	-1.5%
Share of profit (loss) of subsidiaries	(247)	-	-	(247)	(464)	-	(464)	-46.7%
Other Operating Expenses (Revenues)	107,690	-	(103,658)	4,032	7,578	-	7,578	-46.8%
(=) Profit (Losses) Before Financial Results	361,626	(17,117)	(88,796)	255,712	257,509	(27,747)	229,762	11.3%
Financial Result	(2,461)	24,834	(48,735)	(26,362)	(36,074)	-	(36,074)	-26.9%
(=) Operating Income	359,165	7,717	(137,532)	229,350	221,435	(27,747)	193,688	18.4%
Income and Social Contribution Taxes	(40,914)	-	36,270	(4,645)	(23,000)	9,434	(13,566)	-65.8%
(=) Net Income	318,251	7,717	(101,262)	224,706	198,435	(18,313)	180,122	24.8%
<i>Net Margin (%)</i>	<i>27.2%</i>	-	-	<i>19.2%</i>	<i>18.7%</i>	-	<i>17.0%</i>	<i>220 bps</i>

DISCLAIMER

This report contains forward-looking statements related to business prospects, estimates of operating and financial results and the growth prospects of Vivara S.A.. These are merely projections and, as such, are solely based on Management's expectations. Such forward-looking statements are substantially dependent on domestic and international market conditions, the Brazilian economic performance and industry and, therefore, are subject to change without notice. All variations presented herein are calculated based on numbers in thousands of reais, as well as rounded figures.

This report includes accounting and non-accounting data such as operating and pro forma financial information and projections based on Management's expectation. Non-accounting data has not been reviewed by the Company's independent auditors.

INVESTOR RELATIONS

Otavio Lyra – IRO and Strategic Planning Officer
Melina Rodrigues – IR Manager
Andressa Nunes – IR Analyst

E-mail: ri@vivara.com.br
Phone: 11 3896-2736

VIVARA