



Conference Call

First Quarter of 2020

VIVARA

CONFERENCE CALL

Friday, May 15, 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

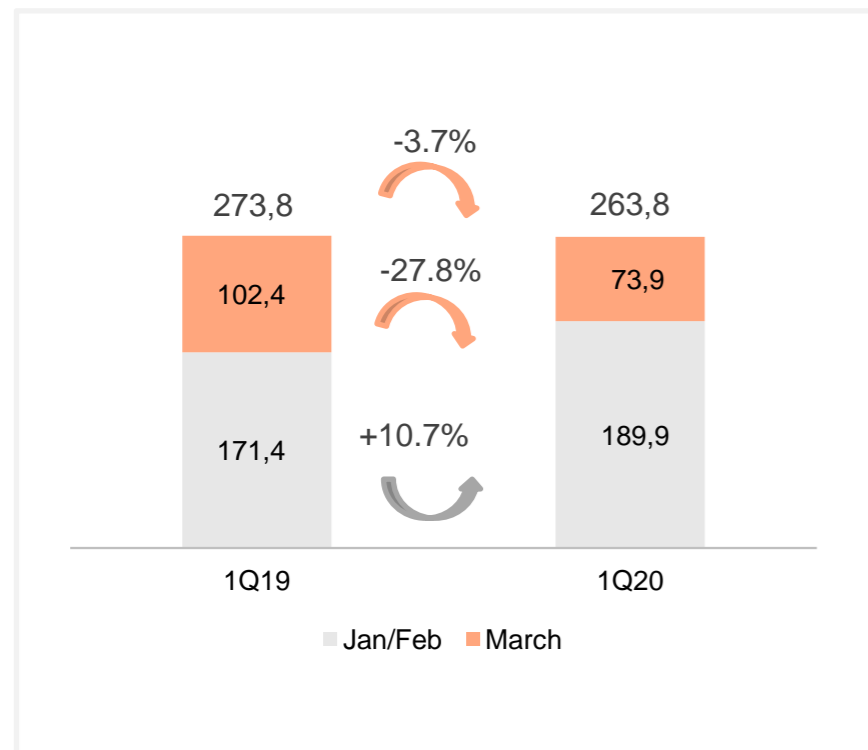
Strong Balance Sheet with High Liquidity

- **Gross Revenue (net of returns)** in the quarter was **R\$263.8 million** and was impacted by the closure of all the physical stores starting March 20. E-commerce revenue in the quarter grew **29.5%**.
- Gross Margin of **66.5%**
- Adjusted EBTIDA of **R\$ 29.8 millions** (margin EBITDA of 14.4%)
- Net income was **R\$ 19.0 milhões** (net margin of 9.2%)
- Inauguration of **12 points of sale** in the quarter: 10 Vivara stores and 2 Life stores
- Solid balance sheet with high liquidity, closure the quarter with cash of **R\$472.9 million** and **R\$278.9 million** in credit card receivables.
- Launch of the Company's first **Sustainability Report**



OPERATING REVENUES

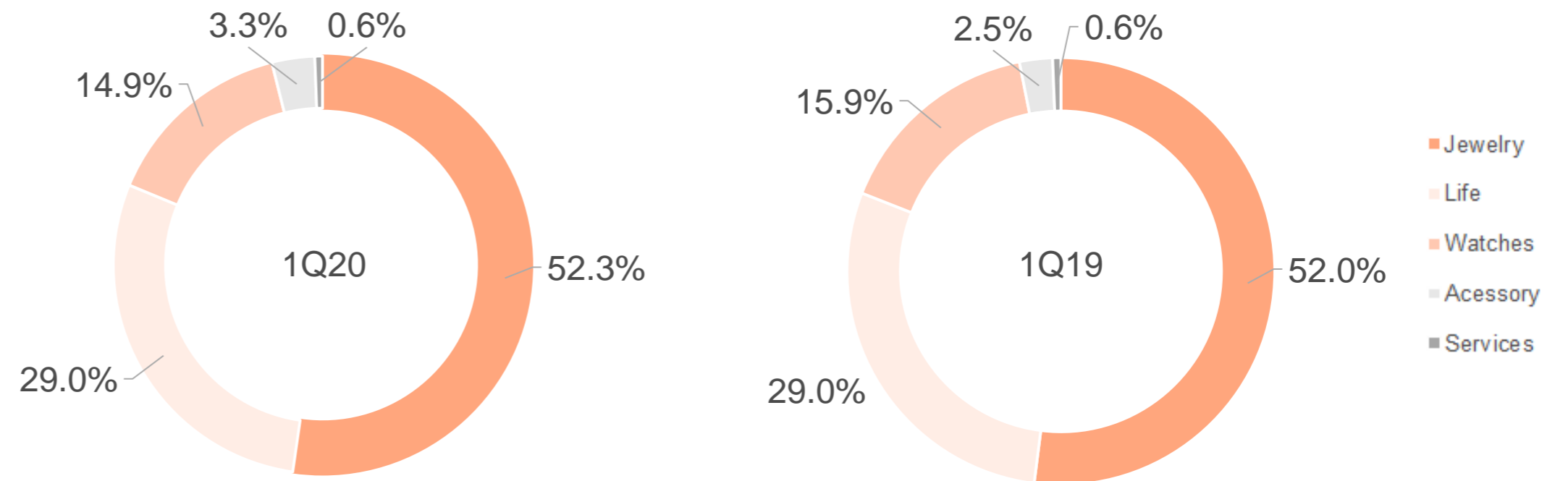
(R\$, 000)



REVENUE BY CHANNEL

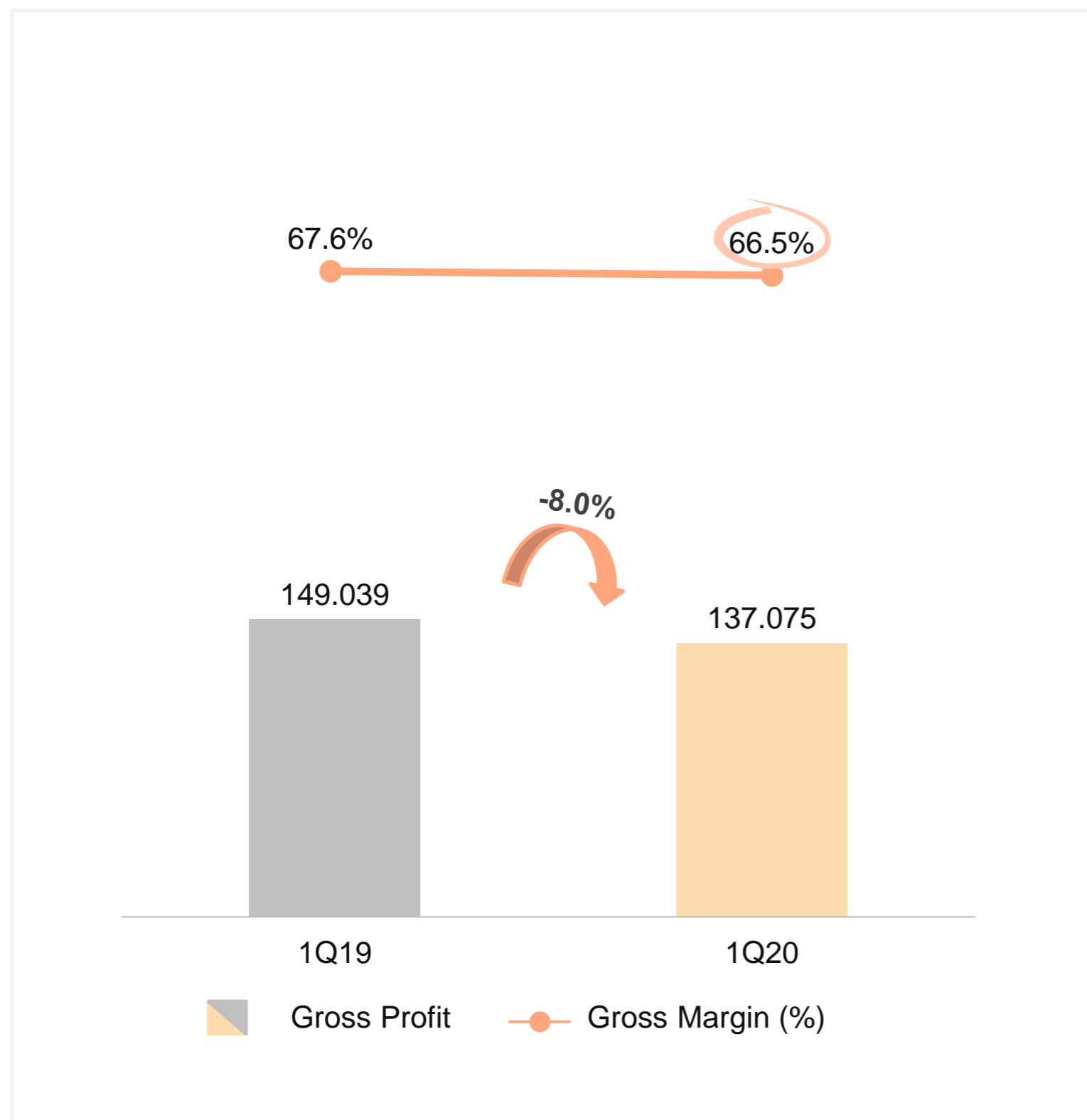
Revenue per channel (R\$, 000)	4Q20	4Q19	Δ %
Gross Revenue (net of return)	263,829	273,842	-3.7%
Physical Stores	238,249	251,672	-5.3%
E-commerce	22,260	17,185	29.5%
Others	3,321	4,985	-33.4%
Deductions	(57,598)	(53,425)	7.8%
Net Revenue	206,231	220,417	-6.4%
SSS (physical stores)	-10.0%	9.4%	na
SSS (physical stores + e-commerce)	-7.4%	9.5%	na

REVENUE BY CATEGORY



GROSS PROFIT AND GROSS MARGIN

(R\$, 000 and %)



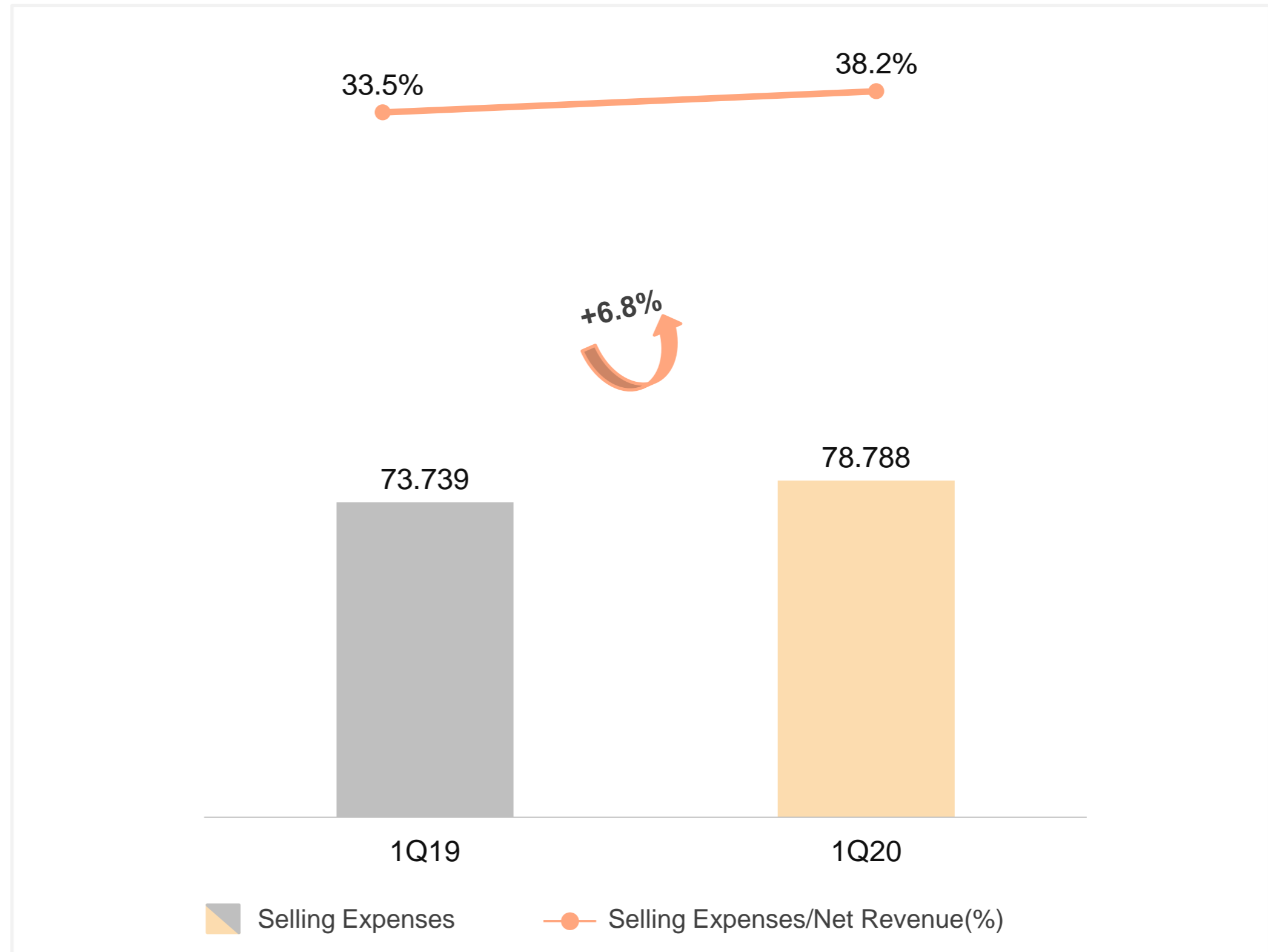
- Increased factory structure;
- Termination of factory employees in March;
- Reclassification of factory expenses from 4Q19 - from G&A to costs;
- Lower factory cost dilution, due to lower revenue.

Gross Profit (R\$, 000) and Gross Margin (%)	1Q20	1Q19	Δ %
Net Revenue	206,231	220,417	-6.4%
Total costs	(69,156)	(71,378)	-3.1%
Acquisition of input, raw materials and products	(61,579)	(67,156)	-8.3%
% Net Revenue	-29.9%	-30.5%	60 bps
Factory Expenses	(7,577)	(4,222)	79.5%
% Net Revenue	-3.7%	-1.9%	-180 bps
Personal	(6,258)	(4,222)	48.2%
% Net Revenue	-3.0%	-1.9%	-110 bps
Factory expenses (freight, energy, water, telephone and rent)	(762)	-	na
% Net Revenue	-0.4%	0.0%	-40 bps
Depreciation	(557)	-	na
% Net Revenue	-0.3%	0.0%	-30 bps
Gross profit	137,075	149,039	-8.0%
<i>Gross margin %</i>	<i>66.5%</i>	<i>67.6%</i>	<i>-110 bps</i>

SELLING EXPENSES

(R\$, 000 and %)

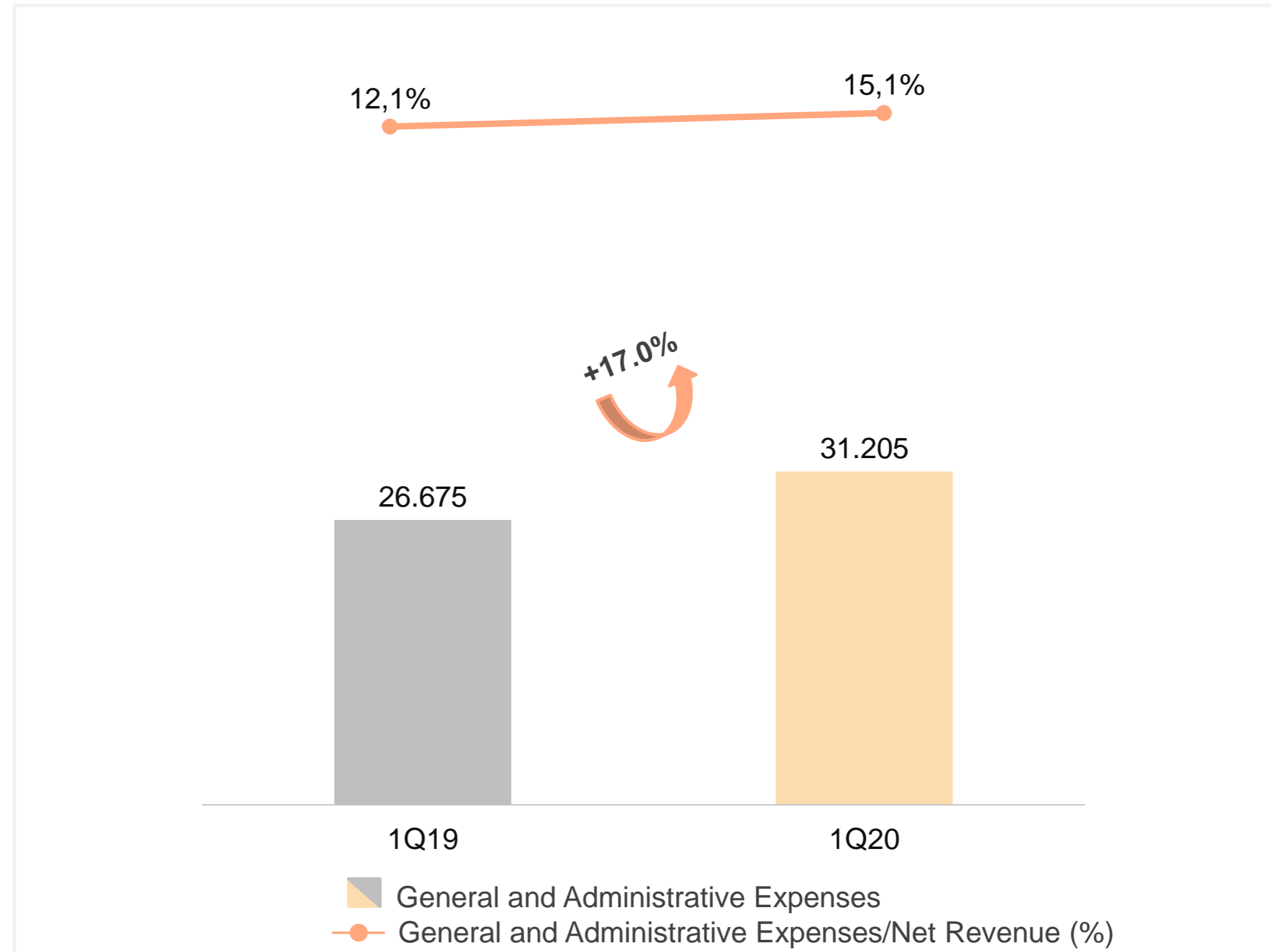
- **Personal** - Increase in the number of employees due to the opening of new stores, and under maturation;
- **Freight** – Increased of e-commerce operation;
- **Outsourced services** - pre-operating expenses for new stores and consultancies related to the e-commerce operating;



GENERAL AND ADMINISTRATIVE EXPENSES

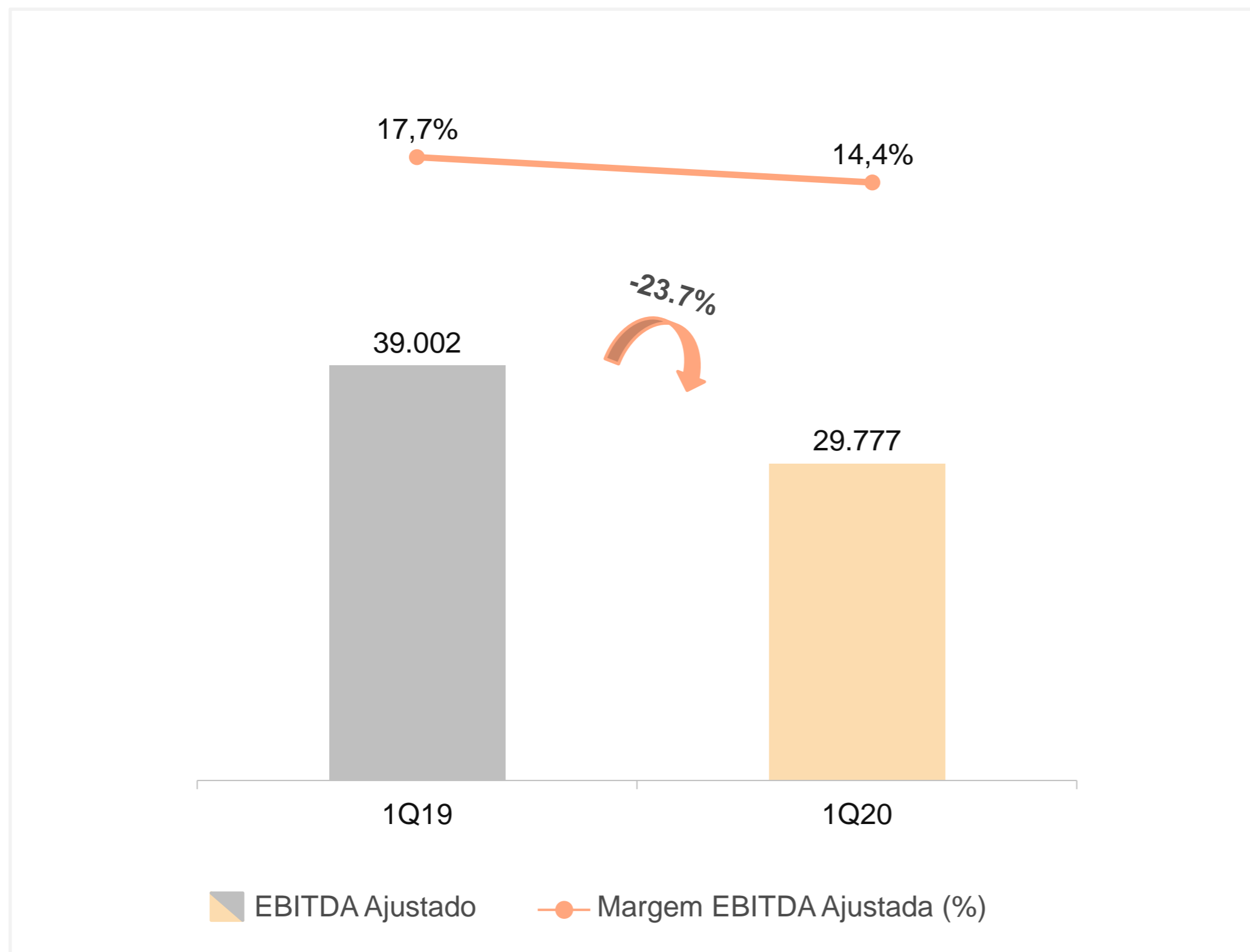
(R\$, 000 and %)

- **Personal** - Reinforcement of strategic areas and new Corporate Governance structure
- **Outsourced services** - consultancies to support the long-term strategy;



ADJUSTED EBITDA AND EBITDA MARGIN

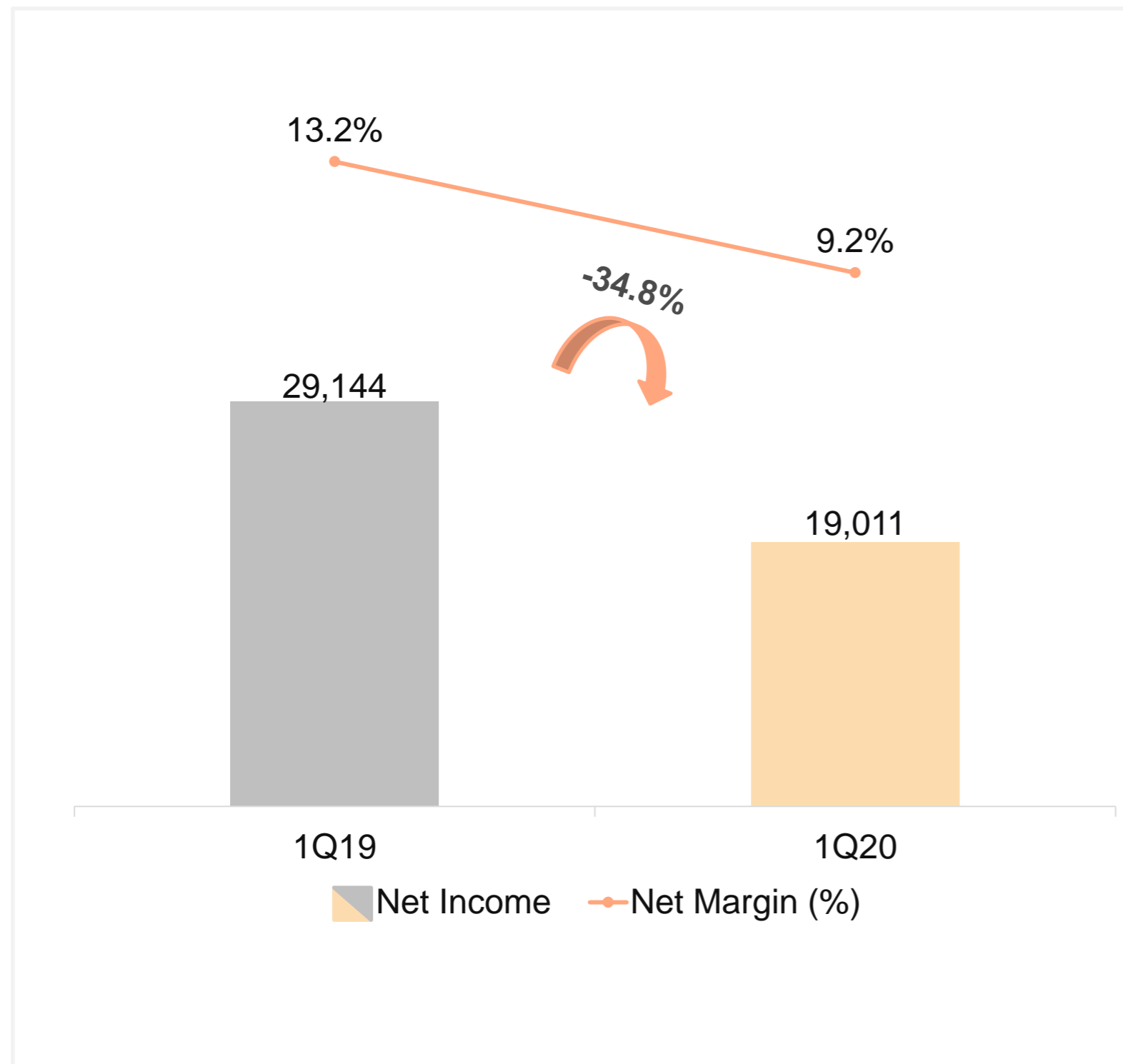
(R\$, 000 and %)



* Adjusted EBITDA include rental expenses, which are no longer accounted as operating expenses, after the adoption of IFRS 16.

NET INCOME AND NET MARGIN

(R\$, 000 and %)



Net Income (R\$, 000)	1Q20	1Q19	Δ %
Net Income	19,011	29,144	-34.8%
<i>Net Margin (%)</i>	<i>9.2%</i>	<i>13.2%</i>	<i>400 bps</i>
IFRS16 Impacts	3,554	1,674	112.2%
Adjusted Net Income	22,565	30,819	-26.8%
<i>Adjusted Net Margin (%)</i>	<i>10.9%</i>	<i>14.0%</i>	<i>310 bps</i>



CAPEX

(R\$, 000)



Investments (R\$, 000)	1Q20	1Q19	Δ %
Total Capex	14,188	4,172	240.1%
New Stores	9,633	1,145	741.0%
Reforms and Maintenance	2,495	1,712	45.7%
Factory	1,009	320	215.2%
Systems/IT	1,034	948	9.1%
Others	17	47	-63.1%
<i>CAPEX/Net Revenue (%)</i>	<i>6.9%</i>	<i>1.9%</i>	<i>420 bps</i>

OPERATING CASH GENERATION

(R\$, 000)

Cash Flow (R\$, 000)	1Q20	1Q19	Δ %
Net Income	19,011	29,144	-34.8%
(+/-) Income and Social Contribution Taxes/Others	5,120	(1,805)	383.6%
Adjusted Net Income	24,131	27,339	-11.7%
Working Capital	8,741	(47,805)	118.3%
Trade receivables	143,949	33,831	325.5%
Inventories	(35,630)	(11,456)	211.0%
Trade payables	(11,636)	(9,857)	18.0%
Recoverable taxes	666	10,081	-93.4%
Taxes payable	(50,206)	(44,410)	13.0%
Other assets and liabilities	(38,402)	(25,993)	47.7%
Cash from Management Operating Activities	32,872	(20,466)	260.6%
Capex	(14,188)	(4,172)	240.1%
Free Cash Generation	18,684	(24,638)	175.8%

Cash from Management Operating Activities	32,872	(20,466)	260.6%
Δ Prepayment of receivables	(35,786)	57,200 na	
Cash from Management Operating Activities - Adjusted	(35,786)	36,734	-10.5%



INDEBTEDNESS

(R\$, 000)



Net Debt	1Q20	2019	Δ %
Borrowings and financings	298,913	270,354	10.6%
Cash and cash equivalents and Securities	472,789	435,844	8.5%
Net Debt	(173,876)	(165,490)	-5.1%
Adjusted EBITDA LTM <i>(last twelve months)</i>	262,910	272,134	-3.4%
Net Debt/Adjusted Ebitda	- 0.7x	- 0.6x	na

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 – CFO and Investor Relations Officer
Melina Rodrigues – IR Manager
Andressa Nunes – IR Analyst

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

VIVARA