

guararapes  
GUARARAPES CONFECÇÕES S/A

riachuelo **R**  
patrocinadora oficial da moda



3q13 results

## RESULTS OF THIRD QUARTER 2103 (3Q13)

**São Paulo, November 7 2013** – Guararapes Confeções S.A. (BM&FBOVESPA: GUAR3 - ON and GUAR4 -PN), **the largest apparel group in Brazil** and the parent company of the retail chain Lojas Riachuelo, reports its results for the third quarter of 2013 (3Q13).

Except where stated otherwise, the financial and operating data are presented on a consolidated basis and in Brazilian Reais, pursuant to Brazilian Corporate Law.

### Stock Price (11/06/2013)

**GUAR3: R\$102.72**

**GUAR4: R\$94.99**

**Market Capitalization**

**R\$6.2 billion**

### Conference Call

Friday (11/08/2013)

In Portuguese

8:00 a.m. (US ET)

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### Operating and Financial Highlights

- ✓ **Same store sales** of Riachuelo grew **10.1%** in the quarter and **7.4%** in 9M13;
- ✓ **Consolidated Net Revenue** was up **17.1%** in 3Q13 and **13.7%** in 9M13;
- ✓ **Gross Consolidated Products Margin** expanded **1.6 p.p.** in the quarter, reaching **54.3%** in 3Q13 and **54.5%** in 9M13;
- ✓ **Operating expenses per store** fell **5.7%** in 3Q13 while **operating expenses per m²** fell **1.8%** in the quarter;
- ✓ **Adjusted EBITDA** totaled **R\$184.6 million** in the quarter, **39.7%** up on 3Q12. In 9M13, growth was **14.7%** to **R\$476.8 million**;
- ✓ **Adjusted EBITDA Margin on consolidated net revenue** expanded **3.0 p.p.** in 3Q13 to **18.4%** in the quarter and **17.7%** in 9M13;
- ✓ **Net Income** totaled **R\$89.4 million** in 3Q13, **51.7%** up on 3Q12 and **R\$212.6 million** in 9M13, up **9.2%**;
- ✓ The Company reached **22.6 million Private Label cards** with **2.2 million branded cards**.

Financial Highlights (R\$ Million)	3Q13	3Q12	Chg.(%)	9M13	9M12	Chg.(%)
Gross Revenue	1,304.1	1,096.4	18.9%	3,493.4	3,032.5	15.2%
<b>Net Revenue</b>	<b>1,001.7</b>	<b>855.4</b>	<b>17.1%</b>	<b>2,694.2</b>	<b>2,370.4</b>	<b>13.7%</b>
<b>Gross Profit</b>	<b>592.7</b>	<b>492.8</b>	<b>20.3%</b>	<b>1,600.1</b>	<b>1,391.6</b>	<b>15.0%</b>
Gross Margin	59.2%	57.6%	1.6 p.p.	59.4%	58.7%	0.7 p.p.
Gross Margin - Products	54.3%	52.7%	1.6 p.p.	54.5%	52.9%	1.6 p.p.
<b>EBITDA Adjusted</b>	<b>184.6</b>	<b>132.2</b>	<b>39.7%</b>	<b>476.8</b>	<b>415.8</b>	<b>14.7%</b>
Adjusted EBITDA margin on Consolidated Net revenue	18.4%	15.4%	3.0 p.p.	17.7%	17.5%	0.2 p.p.
Adjusted EBITDA margin on Consolidated Net revenue from products	23.1%	19.9%	3.2 p.p.	22.4%	22.8%	-0.4 p.p.
<b>Net Income (Loss)</b>	<b>89.4</b>	<b>58.9</b>	<b>51.7%</b>	<b>212.6</b>	<b>194.7</b>	<b>9.2%</b>
EPS (R\$)	1.43	0.94	51.7%	3.41	3.12	9.2%



## Guararapes Confeções

The parent company is responsible for the industrial division of the Group, whose entire output is sold through Riachuelo, reflecting the full integration between retail and industry.

### Production

In the third quarter of 2013, **Guararapes produced 11.4 million pieces** against the 11.8 million items recorded for 3Q12. In the first nine months of 2013, production came to **30.2 million pieces**, a **3.1%** decline against the same period of 2012. This is the result of enhanced development of fashion items, which in turn reflects the Company aim of meeting consumer demand for more sophisticated pieces developed in line with actual Riachuelo requirements. To illustrate value generation by the factories, Guararapes **turned over R\$814.6 million** for Riachuelo in 9M13.

## Lojas Riachuelo

The **2013/14 Spring Summer Collection** features a mix of classic inspirations with others for a more modern look. The ruins of Petra were the main backdrop for the campaign.

Women's clothing features prints inspired by Asian tiles while the perfect combination of black and white was revisited with optical and geometric prints. Major trends over recent seasons, military and ethnic inspired clothes crossed paths in prints over military green and embroidery.

Men's wear features two distinct inspirations: Navy, with nautical symbols, reference to yacht clubs and fine fabrics, and safari, with ethnic and tribal references. New to the Pool Blue line, fullprints come with tropical plant and animal prints.

**Net revenue from products** totaled **R\$799.8 million** in the third quarter of 2013 – **20.6%** up on the R\$663.4 million recorded for the same period in 2012. In the “same-store” criterion, **10.1%** growth was posted. For the first nine months of the year, net revenue from products came to **R\$2,127.6 million**, **16.9%** more than in the same period of 2012. In the “same-store” criterion, this revenue increased by **7.4%**.

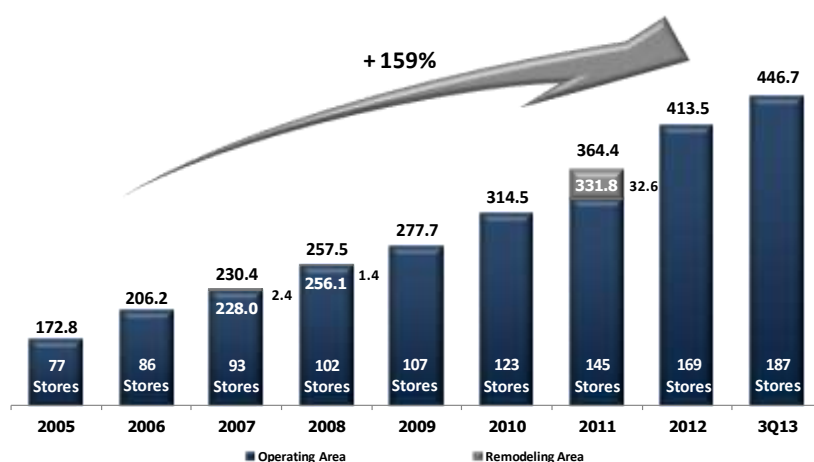
**Consolidated gross margin for products** continued to expand throughout the quarter, passing the 52.7% posted in 3Q12 to reach **54.3%** in 3Q13, an increase of **1.6 p.p.** In the first nine months of 2013, this margin totaled **54.5%**, a **1.6 p.p.** upturn.

The increase in gross margin was driven by the expansion of Guararapes product margins with strict cost control in production, increased development of fashion pieces at proprietary plants and major investments in style and product teams.

Operating Data	3Q13	3Q12	Chg.(%)	9M13	9M12	Chg.(%)
Consolidated Net Revenue (R\$ MM)	1,001.7	855.4	17.1%	2,694.2	2,370.4	13.7%
Consolidated Net Revenue from Products (R\$ MM)	799.8	663.4	20.6%	2,127.6	1,820.1	16.9%
All-store nominal growth over the previous year	20.6%	13.9%		16.9%	14.9%	
Same-store nominal growth over the previous year	10.1%	5.6%		7.4%	6.2%	
Number of stores under remodeling in the Period	2	0		12	1	
Total number of stores at the end of the period	187	152	23.0%	187	152	23.0%
Sales area in thousand m <sup>2</sup> at end of the period	446.7	378.4	18.0%	446.7	378.4	18.0%
Net revenue per m <sup>2</sup> (R\$ per m <sup>2</sup> )						
Net revenue per average sales area in the period	1,826.2	1,771.1	3.1%	4,947.0	4,900.1	1.0%
Average Ticket of the Riachuelo Card (R\$)	143.0	131.2	9.1%	139.6	130.6	6.8%
Total number of Riachuelo Cards (MM)	22.6	21.2	6.6%	22.6	21.2	6.6%
% of total sales using the Riachuelo Card	44.3%	49.0%	-4.6 p.p.	45.5%	50.2%	-4.7 p.p.
% of sales through interest-bearing plans (0+8)	8.6%	9.5%	-0.9 p.p.	8.9%	10.8%	-1.9 p.p.
Total Net Personal Loan Portfolio (R\$ MM)	133.5	110.9	20.4%	133.5	110.9	20.4%
Number of employees						
Guararapes + Riachuelo + TCV + Midway Mall	39,249	37,488	4.7%	39,249	37,488	4.7%

The **Guararapes products** accounted for **38.1%** of Riachuelo's total sales in the third quarter. In 9M13, **32.8%** of total Riachuelo sales were of **Guararapes products**. It is worthy of note that this dynamic is designed into Company planning for the coming years, since growth in retail operation is set to outpace the Group's production capacity, increasingly focused on production of fashion items with greater added value.

**Sales Area (thousand m<sup>2</sup>) at end of period**

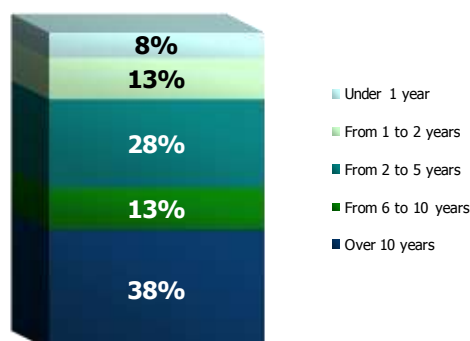


During the quarter, the Company opened **9** stores, bringing the total to **187 stores** and a sales area of **446,700 m<sup>2</sup>** at the end of September. In October and November, the Company opened **nine more stores**, totaling **27** stores opened in 2013, as shown below.

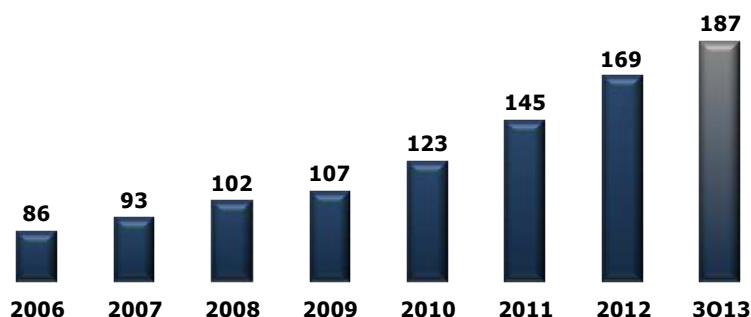
New Stores 2013	Opening	Sales Area (m²)
1 - Linhares/ES - Shopping PátioMix Linhares	April 10	1,222
2 - Pouso Alegre/MG - SerraSul Shopping	April 16	1,377
3 - São Paulo/SP - Shopping Metrô Tucuruvi	April 18	2,380
4 - Niterói/RJ - Plaza Shopping Niterói	April 30	1,090
5 - Sobral/CE - North Shopping Sobral	May 3	1,533
6 - Londrina/PR - Boulevard Londrina Shopping	May 3	1,821
7 - Marabá/PA - Shopping Pátio Marabá	May 7	2,136
8 - Teresina/PI - Teresina Shopping	June 6	2,567
9 - Presidente Prudente/SP - Prudenshopping	June 6	2,012
10 - Betim/MG - Metropolitan Shopping Betim	July 10	1,880
11 - São Paulo/SP - Shopping Frei Caneca	July 16	1,653
12 - Macapá/AP - Amapá Garden Shopping	July 30	2,424
13 - Manaus/AM - Shopping Ponta Negra	August 08	2,401
14 - Campo Grande/MS - Shopping Bosque dos Ipês	August 15	1,578
15 - Limeira/SP - Shopping Nações Limeira	September 12	1,826
16 - Arapiraca/AL - Pátio Arapiraca Garden Shopping	September 25	2,315
17 - Sorocaba/SP - Shopping Cidade Sorocaba	September 27	1,370
18 - Ribeirão Preto/SP - Shopping Iguatemi Ribeirão Preto	September 30	1,994
19 - Pelotas/RS - Shopping Pelotas	October 03	2,172
20 - Chapecó/SC - Shopping Pátio Chapecó	October 15	1,223
21 - São Bernardo do Campo/SP - Golden Square Shopping	October 22	624
22 - Rio de Janeiro/RJ - Parque Shopping Sulacap	October 24	2,168
23 - Santo André/SP - Atrium Shopping Santo André	October 29	1,356
24 - Goiânia/GO - Passeio das Águas Shopping	October 30	2,327
25 - Fortaleza/CE - North Shopping Jóquei	October 30	1,727
26 - Maceió/AL - Parque Shopping Maceió	November 07	1,974
27 - Porto Velho/RO - Porto Velho Shopping	November 07	2,274
<b>Total Sales Area 2013</b>		<b>49,424</b>
<b>Average Stores Area 2013</b>		<b>1,831</b>

The expansion process reflects the Riachuelo goal of winning new markets and consolidating its regional status through inauguration and refitting of stores. It is worth remembering that the **maturing** period for a new store is approximately **five years**, a relevant aspect in definition of the growth pace of Company sales. At the end of the third quarter of 2013, **41%** of Riachuelo's sales area was **between one and five years old**.

#### Sales Area Period - 3Q13



## Number of Stores



## Midway Financeira

Midway Financeira S.A. was incorporated in January 2008 and began operations in July of the same year. It was created to offer financing to consumers of the products and services of its parent company, Lojas Riachuelo, seeking the financial resources best suited to their purchasing needs.

As of August 2008, all new operations related to the Riachuelo card (non-interest-bearing installment sales, interest-bearing installment sales, *Saque Fácil* cash withdrawals, personal loans and financial products) were booked by Midway Financeira.

Midway Financeira's income statement, showing where each line is allocated in the Company's consolidated income statement, is presented below.

in R\$ thousand

Midway Financeira - Income Statement	3Q13	3Q12	Chg. (%)	9M13	9M12	Chg. (%)	Location in the consolidated Income Statement
<b>Financial Service Revenues</b>	<b>201,494</b>	<b>191,241</b>	<b>5.4%</b>	<b>564,114</b>	<b>549,146</b>	<b>2.7%</b>	
Financial Revenue from interest-bearing sales, late fines and interest on areas	144,807	147,266	-1.7%	419,296	424,203	-1.2%	Gross revenue
Revenue from Personal Loans and Saque Fácil	29,075	26,818	8.4%	81,345	74,361	9.4%	Gross revenue
Revenue from Financial Product Commissions	15,946	13,994	13.9%	45,072	41,204	9.4%	Gross revenue
Revenue from Commissions from Branded Cards	11,667	3,162	268.9%	18,401	9,379	96.2%	Gross revenue
<b>Allowance for Doubtful Accounts</b>	<b>(55,579)</b>	<b>(56,826)</b>	<b>-2.2%</b>	<b>(141,106)</b>	<b>(132,472)</b>	<b>6.5%</b>	
Personal Loans and Saque Fácil Provision For Doubtful Accounts (PDA)	(6,121)	(5,605)	9.2%	(16,519)	(14,242)	16.0%	Provision For Doubtful Accounts (PDA)
Interest-bearing and Non-interest Bearing Sales Provision For Doubtful Accounts (PDA)	(49,458)	(51,222)	-3.4%	(124,588)	(118,231)	5.4%	Provision For Doubtful Accounts (PDA)
<b>Discounts in Loan Operations</b>	<b>(42,022)</b>	<b>(46,257)</b>	<b>-9.2%</b>	<b>(122,268)</b>	<b>(117,624)</b>	<b>3.9%</b>	
Expenses with Card Brand Fees	(1,079)	(2,220)	-51.4%	(3,131)	(3,652)	-14.3%	Cost of Goods and Services Sold
<b>Gross Revenue from Financial Operations</b>	<b>102,814</b>	<b>85,937</b>	<b>19.6%</b>	<b>297,609</b>	<b>295,398</b>	<b>0.7%</b>	
Revenue From Services Rendered to Riachuelo	7,073	6,242	13.3%	18,901	17,645	7.1%	Other Operating Income/Expenses
Other Operating Income	3	10	-74.1%	22	83	-73.7%	Other Operating Income/Expenses
Taxes Expenses	(11,171)	(10,234)	9.1%	(30,908)	(29,606)	4.4%	Deductions
Operating Expenses	(50,873)	(46,614)	9.1%	(147,821)	(137,103)	7.8%	General and Administrative Expenses
<b>Operating Result</b>	<b>47,845</b>	<b>35,341</b>	<b>35.4%</b>	<b>137,803</b>	<b>146,416</b>	<b>-5.9%</b>	
Revenue From Securities	6,712	5,725	17.2%	17,764	19,571	-9.2%	Financial Revenues (Expenses)
Expenses From Securities	(6,927)	(7,637)	-9.3%	(19,012)	(26,245)	-27.6%	Financial Revenues (Expenses)
Non-operating Result	129	0	33617.8%	147	9	1464.4%	Other Operating Income/Expenses
<b>Earnings Before Income Tax</b>	<b>47,760</b>	<b>33,429</b>	<b>42.9%</b>	<b>136,702</b>	<b>139,752</b>	<b>-2.2%</b>	
Income and Social Contribution Taxes	(18,568)	(12,936)	43.5%	(53,527)	(54,933)	-2.6%	Income and Social Contribution Taxes
Profit Sharing Plan	(780)	(780)	0.0%	(971)	(1,120)	-13.3%	Other Operating Income/Expenses
<b>Net Income (Loss)</b>	<b>28,412</b>	<b>19,713</b>	<b>44.1%</b>	<b>82,205</b>	<b>83,699</b>	<b>-1.8%</b>	

**Financial Operating Revenue** totaled **R\$201.5 million** in 3Q13. As a result of the Riachuelo card's smaller share of the Company's sales, the fewer interest-bearing installment sales and the implementation of the 0 + 10 interest-free installment payment plans through December 2012, financial income from interest-bearing installment sales did not grow this quarter. In the first nine months of the year, Financial Operating Revenue stood at **R\$564.1 million**.

**Revenue from Personal Loans** grew **8.4%** from R\$26.8 million in 3Q12 to **R\$29.1 million** in 3Q13. In the first nine months of 2013, this revenue line totaled **R\$81.3 million**, **9.4%** up on the R\$74.4 million presented in 9M12. It should be noted that the increase in **Revenues with Commissions from Co-Branded Cards** in 9M13 derives from revenues with annuities paid by cardholders and additional cardholders that have completed two years with the co-branded card.

**Operating Expenses** increased by just **9.1%** against 3Q12. From January to September 2013, Operating Expenses totaled **R\$147.8 million**, **7.8%** up on the R\$137.1 million recorded in the same period of 2012, a result of strict control of branded card transactions and increased private-label card issue. To facilitate understanding, administrative and other operating expenses are consolidated under "Operating Expenses".

Over the course of the third quarter, the Company continued to manage its portfolio of provisions for doubtful accounts (PDA) in order to maintain the **PDA/Portfolio Volume** ratio at **levels appropriate** for the degree of risk in its operations. To better illustrate the PDA constitution process, the table below provides a breakdown of the portfolio by overdue time period and respective amounts provided for, and also compares the PDA/Volume ratio for the portfolio with minimum levels required pursuant to Resolution 2682 of the Central Bank of Brazil (BACEN).

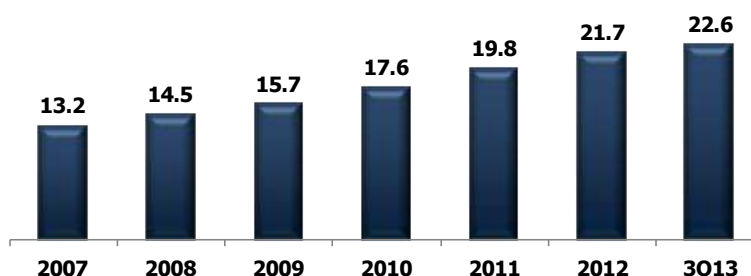
September 2013 ( R\$ Thousand)					PDA (%) Minimum Required by Central Bank	
Period of Overdue (days)	Risk	Portfolio	PDA Balance	PDA Balance (%)	Risk	PDA Balance (%)
performing	A	824,350	18,196	2.2%	A	0.5%
15-30	B	59,975	2,351	3.9%	B	1.0%
31-60	C	50,963	4,078	8.0%	C	3.0%
61-90	D	33,147	4,492	13.6%	D	10.0%
91-120	E	29,086	10,292	35.4%	E	30.0%
121-150	F	24,526	15,064	61.4%	F	50.0%
151-180	G	23,851	21,663	90.8%	G	70.0%
181-360	H	177,893	177,893	100.0%	H	100.0%
September 2013 Total		1,223,791	254,030	20.8%		
Up to 180 days		1,045,898	76,137	7.3%		
Coverage ratio (overdue more than 90 days) *						99.5%
PDA X Minimum Required by Central Bank						112.8%

\* Total PDA for credits overdue by more than 90 days (E-H)

As shown, Midway Financeira has a balance of provisions exceeding the minimum level established by the Central Bank for all portfolio volume bands (A-H). As such, the Company closed out the period with a **PDA balance of 12.8% higher than the minimum required by BACEN** with sufficient **total provision** to cover **99.5%** of credits overdue by more than 90 days. The **stock of provisions** continued above calculations, closing out the period at **7.3%** of the portfolio overdue by up to 180 days.

The **Basel Index** ended 3Q13 at **43.3%**. This index is an international indicator created by the Basel Committee on Banking Supervision, which recommends a minimum total capital/risk-weighted asset ratio of 8%. In Brazil, the minimum required ratio is 11%, in accordance with the prevailing legislation (CMN Resolution 3,490/07 and BACEN Circular Letters 3,360/07 and 3,477/09).

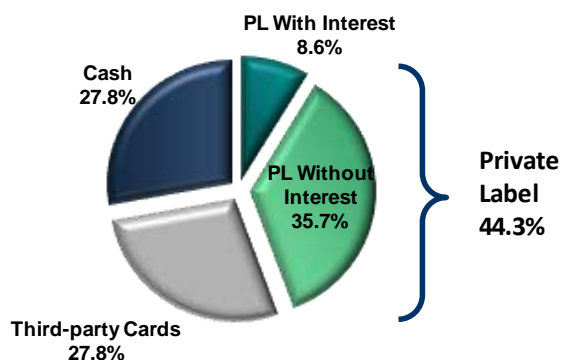
Amount of Cards Issued (Million)



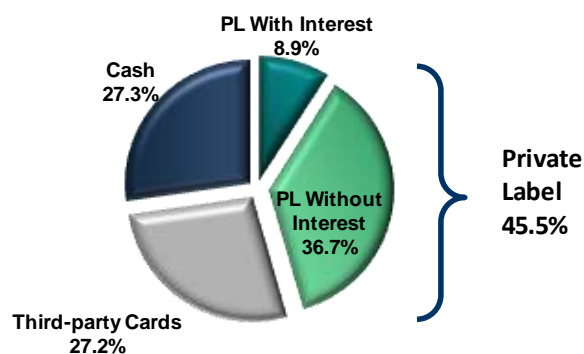
The total card base achieved the milestone of **22.6 million private-label cards**, with **312,800** units issued in the third quarter of 2013 alone. The **average ticket for the Riachuelo Card** totaled **R\$143.03** in the quarter, **9.1%** up on the R\$131.16 recorded for 3Q12. Considering the first nine months of the 2013, the average ticket came to **R\$139.58**, a **6.8%** upturn over the R\$130.65 reported in 9M12.

In 2010, Midway Financeira began to offer the branded card to its customers in partnership with Visa and MasterCard, and at the end of September 2013, the Company had issued a total of **2.2 million co-branded cards**.

Distribution of Sales – 3Q13



Distribution of Sales –9M13



The **Riachuelo Card** accounted for **44.3%** of sales in 3Q13 against 49.0% in 3Q12. In 9M13, the Riachuelo Card's share of sales was **45.5%**, versus 50.2% in 9M12. The **proportion of interest-charged installment sales** in total sales reached **8.6%** in 3Q13 against 9.5% recorded for 3Q12. In the first nine months of 2013, this type of sales accounted for **8.9%** of total sales.

The reduction was due to the cardholder base building period at recently inaugurated stores and the growing penetration of branded cards in all income brackets. Bear in mind that during the maturation phase of a new unit, it is natural to have a higher concentration of purchases using third-party cards or even cash, since a significant percentage of clients do not yet have a private-label card.



## Performance of Financial Operations

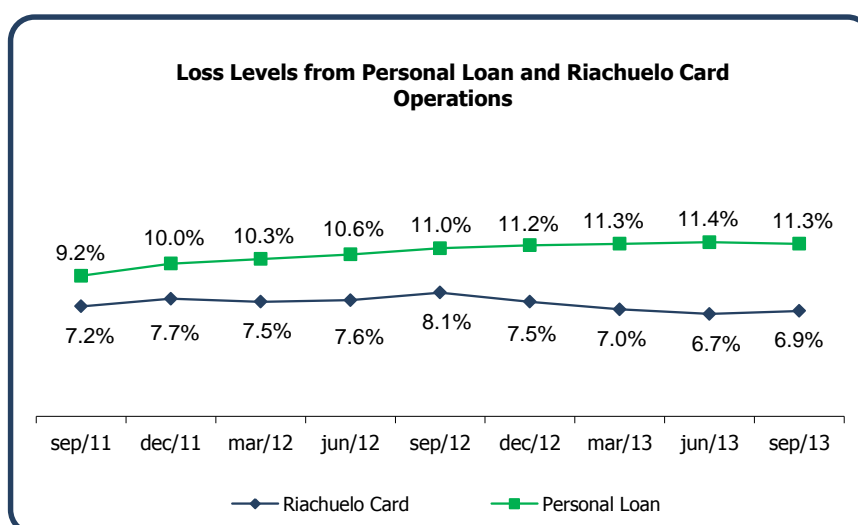
As shown in the following table, **EBITDA from Financial Operations** totaled **R\$39.9 million** in 3Q13, representing **21.6%** of Adjusted EBITDA on Consolidated for the Group. In 9M13, **EBITDA from Financial Operations** stood at **R\$117.5 million**, accounting for **24.7%** of Adjusted EBITDA on Consolidated for the Group.

in R\$ thousand

EBITDA from Financial Operations	3Q13	3Q12	Chg. (%)	9M13	9M12	Chg. (%)
<b>Gross Revenue</b>	<b>201,494</b>	<b>191,241</b>	<b>5.4%</b>	<b>564,114</b>	<b>549,146</b>	<b>2.7%</b>
Financial Revenue from Interest-Bearing Sales, Fines & Timely Interest Payments	144,807	147,266	-1.7%	419,296	424,203	-1.2%
Revenue from Personal Loans and Saque Fácil	29,075	26,818	8.4%	81,345	74,361	9.4%
Revenue from Commissions on Financial Products	15,946	13,994	13.9%	45,072	41,204	9.4%
Revenue from from Comissions from Branded Cards	11,667	3,162	268.9%	18,401	9,379	96.2%
Tax Expenses	(11,171)	(10,234)	9.1%	(30,908)	(29,606)	4.4%
<b>Net Revenue</b>	<b>190,323</b>	<b>181,006</b>	<b>5.1%</b>	<b>533,206</b>	<b>519,541</b>	<b>2.6%</b>
<b>Costs</b>	<b>(43,102)</b>	<b>(48,477)</b>	<b>-11.1%</b>	<b>(125,399)</b>	<b>(121,276)</b>	<b>3.4%</b>
Discounts on Loan Operations	(42,022)	(46,257)	-9.2%	(122,268)	(117,624)	3.9%
Expenses from Registration and Collections Charges	(1,079)	(2,220)	-51.4%	(3,131)	(3,652)	-14.3%
<b>Gross Profit</b>	<b>147,222</b>	<b>132,529</b>	<b>11.1%</b>	<b>407,808</b>	<b>398,264</b>	<b>2.4%</b>
<b>PDA Expenses</b>	<b>(55,664)</b>	<b>(56,889)</b>	<b>-2.2%</b>	<b>(141,496)</b>	<b>(132,703)</b>	<b>6.6%</b>
PDA Expenses (Riachuelo)	(85)	(63)	36.2%	(389)	(230)	69.1%
PDA Expenses	(55,579)	(56,826)	-2.2%	(141,106)	(132,472)	6.5%
<b>Financial Transaction Contribution Margin</b>	<b>91,558</b>	<b>75,640</b>	<b>21.0%</b>	<b>266,312</b>	<b>265,562</b>	<b>0.3%</b>
Operating Expenses	(50,873)	(46,614)	9.1%	(147,821)	(137,103)	7.8%
Other Operating Income/Expenses	(777)	(770)	1.0%	(949)	(1,037)	-8.5%
<b>EBITDA from Financial Operations</b>	<b>39,907</b>	<b>28,256</b>	<b>41.2%</b>	<b>117,542</b>	<b>127,422</b>	<b>-7.8%</b>
% Adjusted EBITDA on Consolidated	21.6%	21.4%	0.2 p.p.	24.7%	30.6%	-6.0 p.p.

**Expenses with losses and PDA** totaled **R\$55.7 million** in 3Q13 and **R\$141.5 million** in 9M13. The current provision level (7.3%) takes into account Company expectations for the performance of its loss level over the coming months. It is worthy of note that such expenditure includes losses from operation of the branded store cards.

The following chart shows loss level trends in Riachuelo card (private label + branded) and personal loan operations. The ratios indicate the percentage overdue by more than 180 days in relation to total expected receivables in each period.



The **Riachuelo Card loss level**, including branded cards, fell from 6.7% in June 2013 to **6.9%** in this third quarter of 2013, in line with company expectations and consistent with current provision levels. The **loss level for personal loan transactions** reached **11.3%** at the end of September 2013. **The portfolio for such transactions**, including charges, **rose by 17.9%** against the same period in 2012, totaling **R\$160.4 million** at the end of September 2013 (R\$133.5 million not including charges).

## Midway Mall and Own Stores

The Midway Mall is located at the most important junction in Natal (Rio Grande do Norte), formed by Avenida Senador Salgado Filho and Avenida Bernardo Vieira, two of the city's main thoroughfares. It is also highly accessible, located only 15 minutes from the city's main districts, ensuring that the entire city perimeter is within its catchment area.

Inaugurated on April 27, 2005, and currently with nearly all of its gross area leased, the mall comprises 231,000 m<sup>2</sup> spread over three floors, with 13 anchor stores, satellite stores, a food court and several service outlets. The third floor, expanded in 2010, includes a seven-screen movie theater (Cinemark), five new anchor stores, various satellite stores and a complete gourmet area with renowned city restaurants.

Also on the third floor, the Midway Mall houses the Teatro Riachuelo, the most modern and comprehensive performing arts venue in Brazil's Northeast. Inaugurated in December 2010, it can hold up to 3,500 spectators, depending on its configuration. The project exemplifies the mall's consolidation of leisure, entertainment and the arts, providing the public with a wide range of shows and performances, through a specialized management team in partnership with highly experienced segment operators.

The table below shows the evolution of the mall's revenue and EBITDA. Note that revenue and expenses related to shopping mall operations are booked under 'Gross Revenue' and 'General and Administrative Expenses', respectively.

Midway Results (R\$ Thousand)	3Q13	3Q12	Chg.(%)	9M13	9M12	Chg.(%)
Rental and Key Money Net Revenue (R\$ '000)	12,345	11,650	6.0%	35,416	32,711	8.3%
<b>EBITDA (R\$ '000)</b>	<b>11,695</b>	<b>10,911</b>	<b>7.2%</b>	<b>33,314</b>	<b>30,168</b>	<b>10.4%</b>
EBITDA Margin	94.7%	93.7%	1.1 p.p.	94.1%	92.2%	1.8 p.p.
GLA (thousand m <sup>2</sup> )	65.7	65.7	0.0%	65.7	65.7	0.0%
EBITDA/GLA (R\$/m <sup>2</sup> )	178.1	166.1	7.2%	507.2	459.3	10.4%
<b>NOI (R\$ '000)</b>	<b>12,932</b>	<b>11,363</b>	<b>13.8%</b>	<b>36,798</b>	<b>31,794</b>	<b>15.7%</b>
NOI Margin	95.5%	93.9%	1.6 p.p.	94.7%	93.2%	1.4 p.p.

Midway Mall (R\$ Thousand)	3Q13	3Q12	Chg.(%)	9M13	9M12	Chg.(%)
Gross Revenue - Midway Mall	13,545	12,105	11.9%	38,866	34,102	14.0%
Rents	12,885	11,461	12.4%	36,959	32,296	14.4%
Assignment of Rights	660	644	2.5%	1,907	1,806	5.6%

In addition to mall operations, the Group also owns a large number of the properties where its stores are located – of the 187 active Riachuelo stores at the close of September 2013, **46** were installed on properties owned by the Group, i.e., owned sales area of **119,400 m<sup>2</sup> (27%)** out of a total of **446,700 m<sup>2</sup>**. In conjunction with its two distribution centers and six production facilities, the company currently owns around **800,000 m<sup>2</sup>** of gross built-up area.

	Quantity	(%)
<b>Own Stores</b>	<b>46</b>	<b>25%</b>
Mall Stores	8	4%
Street Stores	38	20%
<b>Rented Stores</b>	<b>141</b>	<b>75%</b>
Mall Stores	137	73%
Street Stores	4	2%
<b>Total Stores</b>	<b>187</b>	<b>100%</b>

#### Street stores located on own properties

State	No. of Own Stores	Sales Area (m <sup>2</sup> )	Total Area
Alagoas	1	1,968	3,135
Amazonas	1	3,101	5,282
Ceará	1	2,562	4,129
Distrito Federal	2	3,901	6,746
Goiás	2	3,888	5,972
Maranhão	1	3,886	4,319
Minas Gerais	1	2,895	7,849
Mato Grosso do Sul	2	4,109	6,423
Mato Grosso	1	2,310	4,766
Pernambuco	1	7,176	13,316
Pará	2	2,765	5,619
Piauí	1	3,830	5,905
Paraná	5	10,761	21,307
Rio Grande do Norte	2	7,902	12,089
Rio Grande do Sul	1	1,996	3,055
Sergipe	1	3,202	5,481
São Paulo	13	25,534	58,160
<b>Total Street Stores</b>	<b>34</b>	<b>91,786</b>	<b>173,553</b>

#### Mall Stores located on own properties

State	No. of Own Stores	Sales Area (m <sup>2</sup> )	Total Area
Amazonas	1	2,941	4,172
Distrito Federal	1	2,660	3,926
Espírito Santo	1	3,409	4,560
Pernambuco	1	3,276	4,446
Rio de Janeiro	1	4,128	5,384
Rio Grande do Norte	1	6,556	10,230
São Paulo	2	4,649	7,639
<b>Total Mall Stores</b>	<b>8</b>	<b>27,619</b>	<b>40,357</b>

<b>Total Own Stores</b>	<b>42</b>	<b>119,405</b>	<b>213,910</b>
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#### Guarulhos Distribution Center

Guarulhos DC land area	187,223
Total Built-up Area	85,171

#### Natal Distribution Center

Total Built-up Area	57,552
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#### Riachuelo São Paulo Head Office

Headquarters land area	45,030
Total Built-up Area	42,312

## TCV

Transportadora Casa Verde (TCV) is responsible for part of the Group's logistics and, thanks to the investments in recent years, particularly in technology, TCV ensures that the Company's products are delivered to the Riachuelo stores in a timely and efficient manner.

## Grupo Guararapes - Consolidated

The company's consolidated results include the results of the parent company and its subsidiaries.

### Net Revenue

**Consolidated net revenue** totaled **R\$1,001.7** million in the third quarter of 2013, **17.1%** up on the R\$855.4 million in the same period of 2012. In the first nine months of the year, **consolidated net revenue grew** from R\$2,370.4 million in 2012 to **R\$2,694.2 million** in 2013, a **13.7%** increase. Consolidated net revenue is made up of Midway Financeira net revenue (R\$190.3 million in 3Q13), Midway Mall net revenue (R\$11.6 million in 3Q13) and net revenue from products (R\$799.8 million in 3Q13).

### Gross Profit and Gross Margin

Over the third quarter, **consolidated gross profit** grew by **20.3%**, rising from R\$492.8 million in 3Q12 to **R\$592.7 million** in 3Q13. In 9M13, **consolidated gross profit** reached **R\$1,600.1 million**, **15.0%** up on the R\$1,391.6 million recorded in 9M12. The **consolidated gross margin** in the period reached **59.2%**, **1.6 p.p.** more than the 57.6% posted for 3Q12. In the first nine months of the year, the **consolidated gross margin** totaled **59.4%**, a **0.7 p.p.** increase over the 58.7% posted in 9M12.

Excluding Midway Financeira and Midway Mall figures, **consolidated gross profit from products** reached **54.3%** in 3Q13, **1.6 p.p.** up on the same period in 2012. In 9M13, this margin came to **54.5%**, up 1.6 p.p. in the period as shown in the table below.

(R\$ Thousand)	3Q13	3Q12	Chg. (%)	9M13	9M12	Chg. (%)
<b>Consolidated Net Revenue</b>	<b>1,001,678</b>	<b>855,366</b>	<b>17.1%</b>	<b>2,694,164</b>	<b>2,370,428</b>	<b>13.7%</b>
(-) Net Revenue - Midway Financeira	(190,323)	(181,006)	5.1%	(533,206)	(519,541)	2.6%
(-) Net Revenue - Midway Mall	(11,566)	(10,945)	5.7%	(33,403)	(30,809)	8.4%
<b>(=) Consolidated Net Revenue of Products</b>	<b>799,789</b>	<b>663,415</b>	<b>20.6%</b>	<b>2,127,554</b>	<b>1,820,078</b>	<b>16.9%</b>
<b>Consolidated Gross Profit</b>	<b>592,740</b>	<b>492,801</b>	<b>20.3%</b>	<b>1,600,112</b>	<b>1,391,583</b>	<b>15.0%</b>
(-) Gross Profit - Midway Financeira	(147,222)	(132,529)	11.1%	(407,808)	(398,264)	2.4%
(-) Gross Profit - Midway Mall	(11,566)	(10,945)	5.7%	(33,403)	(30,809)	8.4%
<b>(=) Consolidated Gross Profit of Products</b>	<b>433,952</b>	<b>349,327</b>	<b>24.2%</b>	<b>1,158,901</b>	<b>962,510</b>	<b>20.4%</b>
<b>Consolidated Gross Margin of Products</b>	<b>54.3%</b>	<b>52.7%</b>	<b>1.6 p.p.</b>	<b>54.5%</b>	<b>52.9%</b>	<b>1.6 p.p.</b>

### Operating Expenses

**Sales expenses** totaled **R\$285.4** million in the quarter, an **18.3%** rise against the R\$241.3 million in 3Q12. **General and administrative expenses** grew by **4.6%**, rising from R\$82.7 million in 3Q12 to **R\$86.5 million** in 3Q13. In the first nine months of 2013, **sales expenses** stood at **R\$779.4 million**, an **18.0%** increase, and **general and administrative expenses** came to **R\$258.0 million**, **9.0%** up on the R\$236.7 million posted in 9M12.



Taking **administrative** and **sales expenses** together, growth in the quarter was **14.8%**, reaching **R\$371.9 million**, representing **37.1%** of net revenue and below the 37.9% in 3Q12. In 9M13, these expenses totaled **R\$1,037.4 million**, a **15.7%** increase, or **38.5%** of net revenue, versus 37.8% in 9M12. Increased expenses in the period were a consequence of a higher volume of spending on new store inaugurations over the course of 4Q12.

The significant cost control in the period is evident by excluding the effects of expenses incurred with the stores opened as of 4Q12 and the pre-operational expenses from the stores opened in 2013. Thus, the upturn in operating expenses would be just **7.9%** in 3Q13 and **8.5%** in 9M13.

**Operating expenses per m<sup>2</sup>** declined by **1.8%** in the period, while **operating expenses per store** were down **5.7%** compared to the same period in the previous year. In the first nine months of 2013, **operating expenses per m<sup>2</sup>** decreased by **0.1%**, while **operating expenses per store** fell by **3.5%** against the same period of 2012.

*Em R\$ mil*

Operating Expenses (R\$ thousand)	3Q13	3Q12	Chg. (%)	9M13	9M12	Chg. (%)
Selling Expenses	(285,374)	(241,271)	18.3%	(779,401)	(660,237)	18.0%
General and Administrative Expenses	(86,524)	(82,749)	4.6%	(258,016)	(236,696)	9.0%
<b>Total Operating Expenses</b>	<b>(371,898)</b>	<b>(324,020)</b>	<b>14.8%</b>	<b>(1,037,417)</b>	<b>(896,933)</b>	<b>15.7%</b>
Total Operating Expenses / Consolidated Net Revenue	37.1%	37.9%	-0.8 p.p.	38.5%	37.8%	0.7 p.p.
<b>Total Operating Expenses per Store</b>	<b>(2,038)</b>	<b>(2,160)</b>	<b>-5.7%</b>	<b>(5,828)</b>	<b>(6,040)</b>	<b>-3.5%</b>
<b>Total Operating Expenses per Store per m<sup>2</sup></b>	<b>(849)</b>	<b>(865)</b>	<b>-1.8%</b>	<b>(2,412)</b>	<b>(2,415)</b>	<b>-0.1%</b>

## Operating Income

In addition to apparel sales, the Company includes Midway Mall and Midway Financeira as part of its core operations.

In the third quarter of 2013, **Adjusted EBITDA** came to **R\$184.6 million**, a **39.7%** upturn on the R\$132.2 million figure recorded in 3Q12. The **Adjusted EBITDA margin** on consolidated net revenue from products grew 3.2 p.p. in the quarter to **23.1%** in 3Q13 (**18.4%** when calculated on consolidated net revenue for the Company). In the first nine months of 2013, **Adjusted EBITDA** totaled **R\$476.8 million**, **14.7%** more than in the same period of 2012. The **Adjusted EBITDA margin** on consolidated net revenue from products stood at **22.4%** in 9M13 (**17.7%** when calculated on total net revenue).

EBITDA Reconciliation (R\$ thousand)	3Q13	3Q12	Chg. (%)	9M13	9M12	Chg. (%)
<b>Net Income (Loss)</b>	<b>89,413</b>	<b>58,935</b>	<b>51.7%</b>	<b>212,622</b>	<b>194,701</b>	<b>9.2%</b>
(+) Income and Social Contribution Taxes	27,362	14,938	83.2%	69,065	62,200	11.0%
(+) Financial Revenue (Expense)	6,584	6,816	-3.4%	23,738	14,660	61.9%
(+) Depreciation and Amortization (Expenses + Costs)	45,902	38,531	19.1%	130,831	111,329	17.5%
<b>EBITDA</b>	<b>169,261</b>	<b>119,220</b>	<b>42.0%</b>	<b>436,256</b>	<b>382,891</b>	<b>13.9%</b>
(+) IR Tax Benefits	15,366	12,931	18.8%	40,530	32,896	23.2%
<b>EBITDA Adjusted</b>	<b>184,627</b>	<b>132,152</b>	<b>39.7%</b>	<b>476,786</b>	<b>415,787</b>	<b>14.7%</b>
Adjusted EBITDA margin on Consolidated Net revenue	18.4%	15.4%	3.0 p.p.	17.7%	17.5%	0.2 p.p.
Adjusted EBITDA margin on Consolidated Net revenue from products	23.1%	19.9%	3.2 p.p.	22.4%	22.8%	-0.4 p.p.

\* The Company now reconciles EBITDA in line with CVM Instruction 527, i.e. EBITDA = net income plus income taxes, the net financial result, amortization, depreciation and depletion. Also, in accordance with paragraph 4 of the same Instruction, we opted to use ADJUSTED EBITDA because we understand that the adjustment related to "income tax benefits" contributes to the Company's gross cash generation, since it does not represent any cash outflow.

The performance shown above is the result of the growth rate of same-store sales; increase in the gross margin on products in the period; strict control of operating expenses since the last financial year which has offset some of the impact caused by additional expenses from new stores, and improved financial operation performance in the quarter.

## Net Income

**Consolidated net income** rose from R\$58.9 million in 3Q12 to **R\$89.4 million** in 2Q13, posting a **51.7%** upturn. In the first nine months of 2013, **consolidated net income** stood at **R\$212.6 million**, 9.2% up on the R\$194.7 million recorded in the same period of 2012.

The **net margin on net revenue from products** was **11.2%** in 3Q13 (**8.9%** when calculated on total net revenue for the Company), compared to 8.9% (6.9% if calculated on the Company's total net revenue) in 3Q12. In 9M13, **net margin on net revenue from products** came to **10.0%** (**7.9%** if calculated on total Company net revenue), versus 10.7% (8.2% if calculated on the Company's total net revenue) in 9M12.

## Net Debt

At the end of September 2013, **Cash and Cash Equivalents** reached the mark of **R\$311.9 million**. **Loans and financing** came to a total of **R\$745.4 million**, of which R\$510.7 million corresponds to financing obtained from the Brazilian National Economic and Social Development Bank (BNDES). As such, the Company closed the third quarter of 2013 with **R\$433.5 million in net debt** – **18.8%** up on the R\$365.0 million recorded in 3Q12.

Indebtness (R\$ Thousand)	09/30/2013	06/30/2013	09/30/2012
Cash and Cash Equivalents	311,880	257,146	266,509
Loans and Financing	(745,400)	(778,277)	(631,473)
Short Term	(160,276)	(171,933)	(153,775)
Long Term	(585,124)	(606,344)	(477,698)
<b>Net Debt</b>	<b>(433,520)</b>	<b>(521,131)</b>	<b>(364,964)</b>
<b>Net Debt/EBITDA (LTM)</b>	<b>0.6</b>	<b>0.7</b>	<b>0.6</b>

## Investments (CapEx)

Between January and September 2013, Group **investments** in fixed assets totaled **R\$272.3 million**, well up on the R\$165.3 million in 9M12. Of total investment in the period, **R\$253.4 million (93%)** was allocated to Riachuelo, with **R\$132.7 million** going towards new store openings and a further **R\$31.4 million** on the process of refitting branches.

Investments (R\$ Thousand)	3Q13	(%)	3Q12	(%)	9M13	(%)	9M12	(%)
New Stores	49.1	62%	46.9	61%	132.7	49%	86.3	52%
Remodelings	4.1	5%	0.3	0%	31.4	12%	7.4	5%
IT	11.7	15%	4.3	6%	22.3	8%	11.1	7%
General Rebuilding	3.0	4%	3.7	5%	10.3	4%	7.9	5%
Other	5.7	7%	12.6	16%	56.8	21%	26.0	16%
<b>Total Riachuelo</b>	<b>73.6</b>	<b>93%</b>	<b>67.8</b>	<b>88%</b>	<b>253.4</b>	<b>93%</b>	<b>138.7</b>	<b>84%</b>
Guararapes	5.6	7%	9.1	12%	18.9	7%	26.6	16%
<b>Total</b>	<b>79.2</b>	<b>100%</b>	<b>76.9</b>	<b>100%</b>	<b>272.3</b>	<b>100%</b>	<b>165.3</b>	<b>100%</b>

### Guidance 4Q13

In 4Q13, the Company expects more significant growth in same-store sales in line with the performance of the first nine months of 2013. In respect of the gross margin for products, the Company believes continued year-on-year expansion is likely.

The expansion process of the company contemplates 38 new stores for 2013, on which 20 units for 4Q13. During October to November were already opened 09 new units. Note that this quantity may be changed to above according to the malls schedule.

The reported data are hypothetical and does not constitute a promise of performance.

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## About Guararapes-Riachuelo

Guararapes is the **largest fashion group in Brazil** and parent company of the Lojas Riachuelo retail chain, with **196 stores** nationwide.

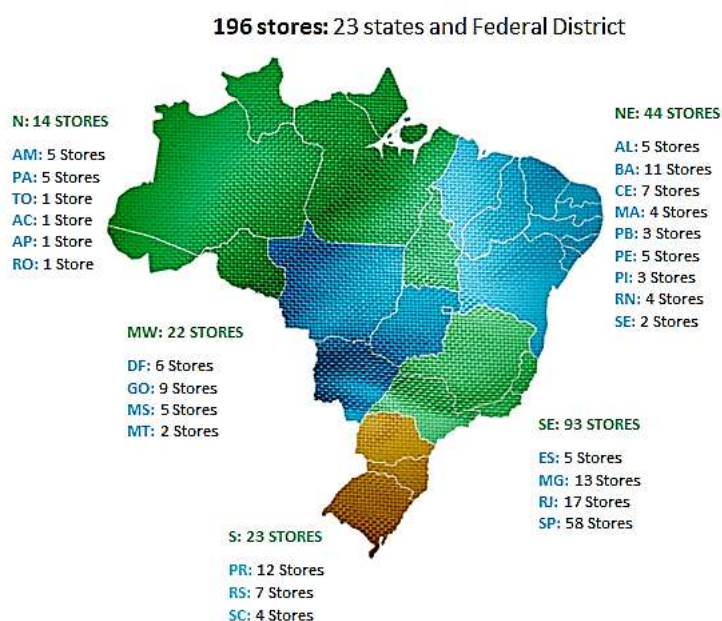
In developed countries, large companies account for between 30% and 40% of the retail textile market, whereas in Brazil the sum of the biggest firms accounts for less than 10%. The main competitive advantage of small companies is the informality of their operations.

However, big chains have expanded due to scale gains, investments in product quality, and their positioning as sellers of fashion, as well as their fast inventory turnover, allowing them to adapt rapidly to the season's trends.

In recent years, Guararapes has invested heavily in its support operations by modernizing its facilities, opening distribution centers in Natal and Sao Paulo and implementing IT in the financial and operational management of its operations.

One of the Company's most important advantages is the integration between its retail and manufacturing operations, a model that has proved highly successful since it permits a rapid response to changes in the market.

The **Riachuelo card base** is one of the Company's core assets as it establishes long-term relationships with a growing customer base, which currently numbers close to **22.6 million**, including **2.2 million branded card** holders (September 2013). Another of the Company's main operations is financial services, which offer customers interest-charged installment sales, personal loans, insurance and other financial products.



*This release contains forward-looking statements relating to the prospects of the business, operating estimates and financial results, and those related to growth prospects of Guararapes Confecções S.A. and its subsidiaries. These are merely projections and as such are based exclusively on the expectations of Guararapes' management concerning the future of the business and its continuous access to capital to finance the company business plan. Such forward-looking statements depend heavily on changes in market conditions, government regulations, competitive pressures and the performance of the Brazilian and international economies and the industry, and therefore are subject to change without prior notice.*



## Consolidated Financial Statements

in R\$ thousand

Income Statement	3Q13	3Q12	Chg. (%)	9M13	9M12	Chg. (%)
Gross Revenue	1,304,085	1,096,397	18.9%	3,493,355	3,032,463	15.2%
Gross Revenue - Products	1,089,826	893,756	21.9%	2,892,387	2,451,117	18.0%
Gross Revenue - Midway Financeira	201,494	191,241	5.4%	564,114	549,146	2.7%
Gross Revenue - Midway Mall	12,765	11,400	12.0%	36,854	32,200	14.5%
Deductions	(324,463)	(260,183)	24.7%	(853,305)	(709,273)	20.3%
ICMS tax benefits	22,055	19,153	15.2%	54,114	47,238	14.6%
<b>Net Revenue</b>	<b>1,001,678</b>	<b>855,366</b>	<b>17.1%</b>	<b>2,694,164</b>	<b>2,370,428</b>	<b>13.7%</b>
Net Revenue - Products	799,789	663,415	20.6%	2,127,554	1,820,078	16.9%
Net Revenue - Midway Financeira	190,323	181,006	5.1%	533,206	519,541	2.6%
Net Revenue - Midway Mall	11,566	10,945	5.7%	33,403	30,809	8.4%
Cost of Goods and Services Sold	(408,938)	(362,565)	12.8%	(1,094,051)	(978,845)	11.8%
COGS - Products	(365,837)	(314,088)	16.5%	(968,653)	(857,569)	13.0%
Costs - Midway Financeira	(43,102)	(48,477)	-11.1%	(125,399)	(121,276)	3.4%
Costs - Midway Mall	-	-	-	-	-	-
<b>Gross Profit</b>	<b>592,740</b>	<b>492,801</b>	<b>20.3%</b>	<b>1,600,112</b>	<b>1,391,583</b>	<b>15.0%</b>
Gross Profit - Products	433,952	349,327	24.2%	1,158,901	962,510	20.4%
Gross Profit - Midway Financeira	147,222	132,529	11.1%	407,808	398,264	2.4%
Gross Profit - Midway Mall	11,566	10,945	5.7%	33,403	30,809	8.4%
Gross Margin	59.2%	57.6%	1.6 p.p.	59.4%	58.7%	0.7 p.p.
Gross Margin - Products	54.3%	52.7%	1.6 p.p.	54.5%	52.9%	1.6 p.p.
Gross Margin - Midway Financeira	77.4%	73.2%	4.1 p.p.	76.5%	76.7%	-0.2 p.p.
Selling Expenses	(285,374)	(241,271)	18.3%	(779,401)	(660,237)	18.0%
General and Administrative Expenses	(86,524)	(82,749)	4.6%	(258,016)	(236,696)	9.0%
Provision for Doubtful Accounts	(55,664)	(56,889)	-2.2%	(141,496)	(132,703)	6.6%
Depreciation and Amortization Expenses	(40,825)	(31,552)	29.4%	(114,281)	(91,373)	25.1%
Other Operating Expenses/Income	(993)	348	n.m.	(1,495)	988	n.m.
<b>EBIT</b>	<b>123,359</b>	<b>80,689</b>	<b>52.9%</b>	<b>305,425</b>	<b>271,562</b>	<b>12.5%</b>
Financial Revenue (Expense)	(6,584)	(6,816)	-3.4%	(23,738)	(14,660)	61.9%
<b>Earnings Before Income Tax and Social Contribution</b>	<b>116,775</b>	<b>73,873</b>	<b>58.1%</b>	<b>281,687</b>	<b>256,902</b>	<b>9.6%</b>
Income and Social Contribution Taxes	(27,362)	(14,938)	83.2%	(69,065)	(62,200)	11.0%
<b>Net Income (Loss)</b>	<b>89,413</b>	<b>58,935</b>	<b>51.7%</b>	<b>212,622</b>	<b>194,701</b>	<b>9.2%</b>
Depreciation and Amortization (Expenses + Costs)	45,902	38,531	19.1%	130,831	111,329	17.5%
<b>EBITDA</b>	<b>169,261</b>	<b>119,220</b>	<b>42.0%</b>	<b>436,256</b>	<b>382,891</b>	<b>13.9%</b>
IR Tax Benefits	15,366	12,931	18.8%	40,530	32,896	23.2%
<b>Adjusted EBITDA</b>	<b>184,627</b>	<b>132,152</b>	<b>39.7%</b>	<b>476,786</b>	<b>415,787</b>	<b>14.7%</b>
Adjusted EBITDA margin on Consolidated Net revenue	18.4%	15.4%	3.0 p.p.	17.7%	17.5%	0.2 p.p.
Adjusted EBITDA margin on Consolidated Net revenue from products	23.1%	19.9%	3.2 p.p.	22.4%	22.8%	-0.4 p.p.
Total Common Shares	31,200	31,200		31,200	31,200	
Total Preferred Shares	31,200	31,200		31,200	31,200	
<b>EPS</b>	<b>1.43</b>	<b>0.94</b>	<b>51.7%</b>	<b>3.41</b>	<b>3.12</b>	<b>9.2%</b>

## Consolidated Balance Sheet

in R\$ thousand

Assets	09/30/2013	06/30/2013	09/30/2012
<b>Current Assets</b>	<b>2,264,417</b>	<b>2,227,025</b>	<b>2,016,806</b>
Cash Equivalents	311,880	257,146	266,509
Credits	929,219	941,533	845,584
Credits-Branded	249,326	230,030	175,380
Inventories	674,415	700,610	641,385
Deferred or Recoverable Taxes	72,071	67,469	60,434
Other Credits	27,507	30,236	27,513
<b>Non Current</b>	<b>2,063,748</b>	<b>2,008,809</b>	<b>1,818,664</b>
<b>Long Term Assets</b>	<b>206,464</b>	<b>195,812</b>	<b>188,911</b>
Deferred or Recoverable Taxes	195,569	184,817	179,342
Judicial Deposits	10,894	10,995	9,569
<b>Permanent Assets</b>	<b>1,857,285</b>	<b>1,812,997</b>	<b>1,629,753</b>
Investments	208,150	210,265	216,068
Property, plan and equipment	1,596,162	1,557,434	1,373,600
Intangible	52,973	45,298	40,084
<b>Total Assets</b>	<b>4,328,166</b>	<b>4,235,834</b>	<b>3,835,469</b>

Liabilities	09/30/2013	06/30/2013	09/30/2012
<b>Current Liabilities</b>	<b>839,246</b>	<b>819,723</b>	<b>778,536</b>
Suppliers	191,459	221,493	200,643
Loans and financing	160,276	171,933	153,775
Dividends Payable	829	992	716
Wages, Benefits and Provisions	145,824	126,957	162,026
Taxes, Charges and Contributions	105,608	86,038	98,189
Liabilities from assigned credits	173,093	150,158	111,378
Other accounts payable	62,157	62,151	51,809
<b>Non Current</b>	<b>749,657</b>	<b>766,212</b>	<b>625,072</b>
<b>Long Term Liabilities</b>	<b>749,657</b>	<b>766,212</b>	<b>625,072</b>
Loans and financing	441,278	462,300	377,539
Taxes and Contributions	71,199	72,367	74,515
Provision for eventual liabilities	82,271	76,490	61,496
Loans with related parties	143,846	144,043	100,160
Other	11,062	11,011	11,363
<b>Shareholders' Equity</b>	<b>2,739,263</b>	<b>2,649,899</b>	<b>2,431,861</b>
Paid-in Share Capital	2,300,000	2,300,000	2,000,000
Profit Reserve	277,763	187,216	265,914
Asset Valuation Adjustment	161,499	162,683	165,946
<b>Total Liabilities</b>	<b>4,328,166</b>	<b>4,235,834</b>	<b>3,835,469</b>

## Consolidated Cash Flow

in R\$ thousand

Cash Flow Statement - Indirect Method	3Q13	3Q12	9M13	9M12
<b>Cash flows from operating activities</b>				
Net income for the period	89,413	58,935	212,622	194,701
Recording of provision for doubtful accounts	13,840	26,670	15,446	45,031
Depreciation and amortization	45,902	38,531	130,831	111,329
Proceeds (loss) from sale of property, plant and equipment	(54)	(53)	(231)	(1,753)
Deferred income tax and social contribution	(7,610)	(11,499)	(21,897)	(31,128)
Provision for inventory losses	2,694	215	3,437	664
Provision for labor, tax and civil risks	2,587	(112)	5,968	3,628
Interest and monetary and exchange variation expenses	18,085	15,715	47,754	41,569
Interest on securities	(3,579)	(1,516)	(9,411)	(10,430)
Other	(102)	(387)	(484)	158
<b>Changes in assets and liabilities</b>				
Trade accounts receivable	(20,821)	(17,417)	97,446	12,583
Inventories	23,502	(36,509)	(140,289)	(83,771)
Recoverable taxes	(8,912)	(22,808)	(23,868)	(45,648)
Other assets	2,729	11,694	(5,808)	(3,428)
Escrow deposits and others	101	(113)	(467)	(1,349)
Trade accounts payable	(30,033)	5,244	(36,317)	(21,474)
Payroll, provisions and social contributions	18,867	28,907	10,138	27,266
Income tax and social contribution	35,832	26,246	97,986	93,104
Value-added tax on sales and services – ICMS	6,086	(5,062)	(39,297)	(47,143)
Payables to card managers	22,934	11,981	25,279	31,324
Other liabilities	6	3,238	(4,294)	13,828
<b>Cash provided by operating activities</b>	<b>211,466</b>	<b>131,898</b>	<b>364,543</b>	<b>329,064</b>
Payment of interests	(10,746)	(12,430)	(36,064)	(36,049)
Payment of income tax and social contribution	(22,349)	(15,473)	(131,177)	(82,898)
<b>Net cash provided by operating activities</b>	<b>178,371</b>	<b>103,995</b>	<b>197,302</b>	<b>210,118</b>
<b>Cash flows from investing activities</b>				
Available-for-sale securities	-	(159,289)	-	(159,289)
Redemption of securities	-	169,945	-	169,945
Acquisition of property for investment	(1,059)	(2,159)	(3,336)	(2,587)
Acquisition of property, plant and equipment	(78,169)	(71,493)	(268,972)	(157,139)
Acquisition of intangible assets	(11,072)	(1,526)	(22,188)	(6,556)
Proceeds from sale of property, plant and equipment	164	505	804	11,859
<b>Net cash used in investing activities</b>	<b>(90,136)</b>	<b>(64,017)</b>	<b>(293,692)</b>	<b>(143,767)</b>
<b>Cash flows from financing activities</b>				
Dividends paid	(11)	(105)	(75,862)	(75,938)
New loans and financing	6,196	2,025	95,045	63,489
Repayment of loans and financing	(40,035)	(35,618)	(117,642)	(97,641)
New loans from related parties	-	-	42,441	42,441
Repayment of loans from related parties	(3,183)	(1,261)	(5,888)	(3,631)
<b>Net cash used in financing activities</b>	<b>(37,032)</b>	<b>(34,959)</b>	<b>(61,906)</b>	<b>(71,280)</b>
<b>Increase (decrease) in cash and cash equivalents, net</b>	<b>51,203</b>	<b>5,018</b>	<b>(158,296)</b>	<b>(4,929)</b>
Cash and cash equivalents at the beginning of the period	87,740	100,757	297,239	110,705
<b>Cash and cash equivalents at the end of the period</b>	<b>138,943</b>	<b>105,775</b>	<b>138,943</b>	<b>105,775</b>