

# LOJAS RENNER S.A.



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## 1 Q20 Results

May 21, 2020

B3: LREN3; USOTC:LRENY

### **VIDEO CONFERENCE ON RESULTS**

May 22, 2020

1:00 p.m. (Brazil) / 12 noon (US-EST)

[Webcast in English](#)  
[Webcast in Portuguese](#)

The video call will be held via webcast only, in Portuguese with simultaneous translation into English.



# Summary of measures taken

## PILLAR 1

### PRESERVATION OF HEALTH AND LIFE

- Administrative head office teams working on a home office basis
- Temporary reduction in DC and Customer Call Center teams
- Temporary closure of all stores in Brazil, Uruguay and Argentina
- Greater sanitization, social distancing and use of mask for activities still in operation
- Transportation made available to the Customer Call Center and Distribution Center teams

## PILLAR 2

### PRESERVATION OF JOBS

- Use of vacation time
- Compensatory time mechanism
- Commitment not to terminate for at least 60 days
- Provisional Measure employed for suspending labor agreements in the case of currently inactive employees
- Provisional Measure employed for proportionally reducing working hours and salaries by 25% for management and employees

## PILLAR 3

### PRESERVATION OF FINANCIAL HEALTH

- Reduction of CAPEX
- Reduction of payout to 25%
- Reduction of Operating Expenses.
- Loans taken for reinforcing cash position (R\$ 2b)
- Review of order book and procurement
- Supporting suppliers anticipating receivables
- Supporting suppliers in triangulations and access to bank credit
- Supporting suppliers in alternatives for labor, legal and tax issues

## PILLAR 4

### SUPPORT FOR HOSPITALS AND COMMUNITIES

- Donation of R\$ 4.1 million
- Donation of 1.3 million face masks and PPEs
- Support for hospitals in RS, SC and SP states
- Donation to a state of Rio de Janeiro fund to support healthcare-related activities
- Donation of resources to low income communities
- Support for a minimum income for scavengers and seamstresses residing in the community close to the corporate headquarters
- Association with Eretz.bio, Hosp. A. Einstein's startup incubator (inovacaodobem.com)
- Donation of masks for needy communities

# Four phases of the crisis

## **PHASE 1 SAFETY**

(from March to April 7<sup>th</sup>)

- Occupational safety team
- Special attention with high risk groups
- Reduce speed as much as possible
- Review procedures, operations, processes, plans, projects and actions in the light of the new scenario
- Revise the financial plan
- Reinforce the cash position
- Enhance communication with all stakeholders

## **PHASE 2 GAINING MOMENTUM AGAIN**

(from April 8<sup>th</sup> to 23<sup>rd</sup>)

- Measures for gradually ramping up volumes
- Initial acceleration in online business
- Accelerating strategic digital transformation, innovation and sustainability projects
- Preparing bricks and mortar stores for a gradual plan of reopening adapted to the new scenarios
- Implement new procedures for preserving health
- A secure resumption to supplying the stores

## **PHASE 3 BEGINNING OF THE RECOVERY**

(from April 24<sup>th</sup>...)

- Continue evaluating and implementing new measures whenever necessary
- Accelerate on-line operations, maximizing omni-channel synergies and expansion of inventory availability
- Begin the gradual reopening of the bricks and mortar stores
- Begin the gradual resumption of remaining activities, still prioritizing home office working in the administrative and back office areas.

## **PHASE 4 TAKING OFF AGAIN**

- Continue evaluating and implementing new measures whenever necessary
- Accelerate on-line operations maximizing omni-channel synergies and expansion of inventory availability now to the full
- Operate all bricks and mortar stores and expand;
- Begin the gradual resumption of remaining activities, still prioritizing home office working in the administrative and back office areas.

# Accelerated innovations



## STRATEGIC PROJECTS

- **STRUCTURAL PROJECTS:** acceleration of the main initiatives
- **RFID:** start of implementation of the second phase
- **NOVO CD:** maintenance of the construction and the initial schedule



### SHIP FROM STORE:

Available in +50 stores in the country's principal capitals and with the outlook for extending to a further 100 cities



### MINHA SACOLA (MY BAG):

Platform for announcing Renner articles through publication of links in social networks, blogs or sites, with commission for the subscribed sales person



### SALES VIA WHATSAPP

Test using instore inventory, with same-day delivery and higher average ticket value



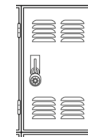
### DRIVE THRU

Available at 120 Renner stores in 21 states and the Federal District



### ECOMMERCE

Fine tuning of the virtual fitting room and recommendations



### LOCKERS

With 41 contracted units and a further 600 forecasted by the end of 2020



### CONTENT

Webinars, courses and articles with themes of interest to our followers



### REALIZE

New forms of extra-store payment and initiatives for communicating more effectively through digital means

# Structural projects – initiatives status



## **CUSTOMER SINGLE VIEW**

- Data Lake with unified information and business areas exploring information
- Store channels receiving and feeding single view
- Beginning of usage of unified information for the development of marketing campaigns
- Customer service center using customers information on a single platform, with single access
- Omni recommendation engine available on stores and e-commerce



## **DATA DRIVEN DECISION ON PRODUCT LIFECYCLE**

- Continuity of items allocation by AI, with no human intervention
- Maintenance of the plan to double the volume of allocated items through AI
- Utilization of AI for prediction of sales adjusted to the new scenario



## **OMNI TRANSFORMATION**

- RFID implemented in 100% of the stores completed in Brasil
- Tags implementation on perfumery, cosmetics and accessories categories
- Change of antennas for the new tag system – under implementation
- Checkout system (POS) update for RFID – under implementation
- Ship from Store on +50 stores
- Click & Collect in 100% of the stores and drive thru option with utilization of store's inventories
- Mobile Sales through the mobile device in 100% of the stores
- Digital Sale of the E-commerce in 100% of the stores
- Digital Payment – checkout using customers mobile
- Lockers in public areas
- Same Day Delivery (RJ) e Next Day Delivery (SP)

## Quarter Highlights 1Q20

Consolidated Information (R\$ MM)	1Q20	1Q19	Var.
Net Revenue from Merchandise Sales	1,550.2	1,650.3	-6.1%
Growth in Same Store Sales	-10.7%	12.7%	-
Gross Profit from Merchandise Sales	858.9	911.9	-5.8%
Gross Margin from Retailing Operation	55.4%	55.3%	0.1p.p.
Operating Expenses (SG&A) <sup>1</sup>	(662.7)	(609.6)	8.7%
SG&A as a % of Net Revenue from Merchandise Sales	42.7%	36.9%	5.8p.p.
Ajusted EBITDA from Retailing Operation	90.3	218.6	-58.7%
Ajusted EBITDA Margin from Retailing Operation	5.8%	13.2%	-7.4p.p.
Financial Products Result	20.7	97.7	-78.8%
Ajusted Total EBITDA (Retail + Financial Products)	110.9	316.3	-64.9%
Ajusted Total EBITDA Margin	7.2%	19.2%	-12.0p.p.
Net Income	10.4	161.6	-93.6%
Net Margin	0.7%	9.8%	-9.1p.p.
ROIC LTM	17.8%	23.2%	-5.4p.p.

<sup>1</sup> To facilitate analysis, Depreciation and Amortization expenses including Lease Depreciation have been excluded from the above table.

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