



Study for potential spin-off of Cash&Carry business from GPA

Market Announcement

September 2020

Presenting the proposed transaction

Creation of 2 fully independent companies



Objective: Unleashing the full potential of the cash & carry and diversified retail businesses through the creation of 2 fully independent companies, each operating on a stand-alone basis, leaders in their respective markets, representing a significant value creation opportunity for GPA's shareholders



Implementation: Transfer of Assaí's stake in Éxito to GPA immediately followed by the spin-off of Assaí to GPA's shareholders on a pro-rata basis



Resulting structure: Two independent listed companies, each with exceptional business outlooks and solid equity stories

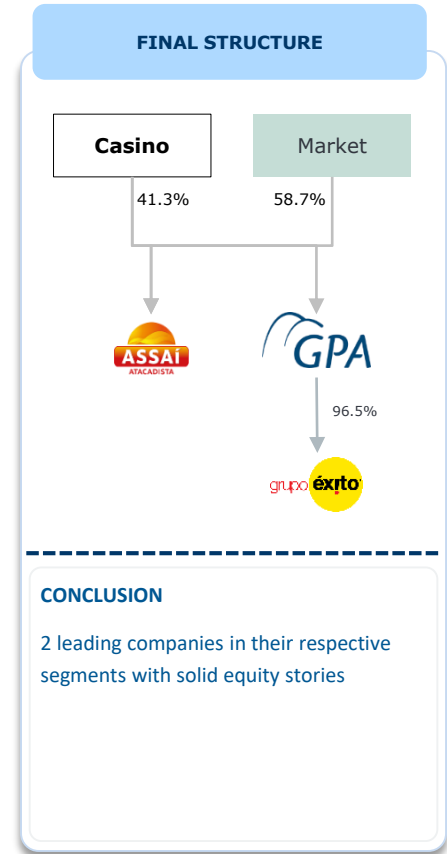
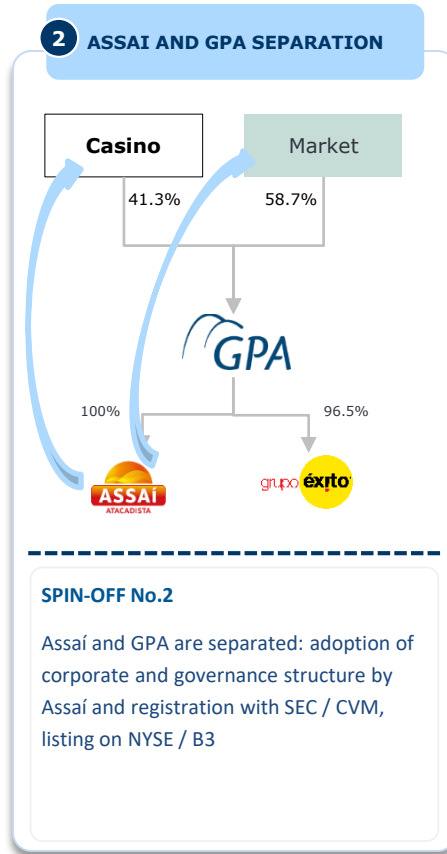
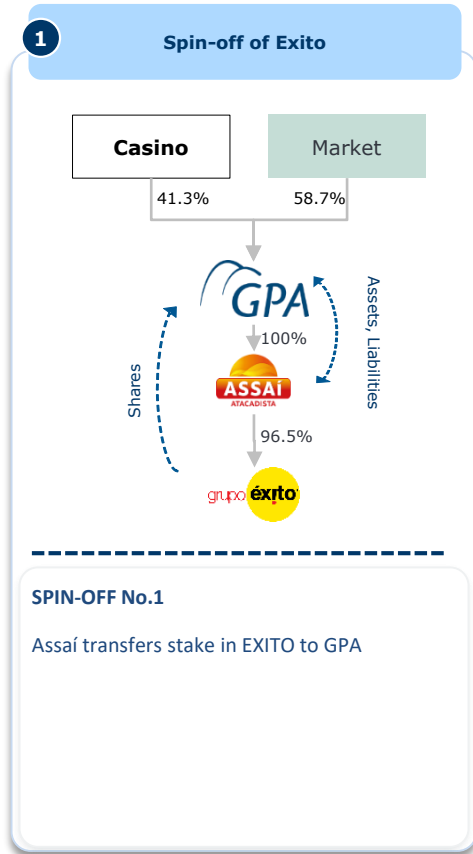
- Focus on each company's respective business model and market opportunities
- Separate management teams fully dedicated to the implementation of strategies best adapted to each market segment
- Increased visibility into each entity's positioning, strategic initiatives, and performance
- Increased efficiency in capital allocation
- Direct access to the capital markets and funding alternatives taking into account each company's business model and prospects
- Both companies compliant with the highest governance standards of B3-Novo Mercado and NYSE listings

Proposed transaction in a nutshell

The proposed transaction is comprised of two main implementation steps

Illustrative Step plan

Overview



Creating 2 leading listed companies in the retail arena



Strong Equity Stories, Solid Business Cases, Unique Positioning



minuto
Pão de Açúcar



extra

éxito

DIVERSIFIED AND WIDELY KNOWN BANNERS WITH STRONG GROWTH OPPORTUNITIES IN E-COMMERCE AND DIGITAL

- **Main business units: Multivarejo, Exito, Malls, Ecommerce and Apps, James, Stix, Cheftime, Gas stations, Drug stores, FIC stake, CD stake**
- **Multivarejo and Exito** represent a leading diversified platform in the Brazilian and LatAm retail segment with widely known banners, significant market share, attractive margins and return on capital
- **Well positioned to benefit from the boom in online grocery shopping in LATAM** and continue to develop its digital/omnichannel ecosystem with strong leadership position in online grocery market, huge consumer base and loyalty programs, and unique digital assets
- **Building of a strong retail ecosystem allowing long term growth opportunities** with solid presence in both Online and B&M leading assets, brands and solutions, connecting retail and financial products and services nationwide



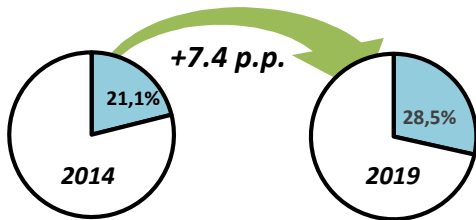
PURE PLAYER IN THE CASH&CARRY MARKET, LEADING THE BOOMING EXPANSION OF THE FORMAT IN BRAZIL

- **Main business units: Assaí, FIC stake**
- **Undisputed track record in the high growth Cash & Carry segment in Brazil**, with further opportunities to expand in Brazil into new and existing geographies. Strong ability to implement fast and successful organic expansion on a nation-wide basis, with continuous gains in market share. Expertise in the operation of stores of various sizes that serve different consumer types in all types of cities
- **Solid and sustainable cash generation profile**, with highly profitable operations and additional improvements in the EBITDA margin expected in the next few years due to the accelerated maturation of the store portfolio. Low recurring cash necessity to operate with stores that are simple and have low (re)investment needs, and a favorable working capital / supply dynamics. Very moderate investment needs for expansion in light of existing logistics and distribution network.
- **Additional high growth opportunities** such as the business potential of its 30+ mn customers' monthly flow, further penetration of financial services and wholesale-distribution platform
- **Highly desirable asset** with an underlying "compounder growth story" generating significant scarcity value

Assaí Strong Momentum and Growth Profile



Continuous *Mkt Share*⁽¹⁾ gains even in a more competitive environment

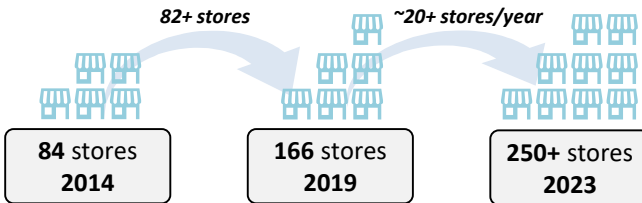


Assaí Financial Performance

- **Strong expansion track record** in the last 5 years, with number of stores x2 since 2014, national presence with operations in 23 states and potential to open at least 20+ organic stores per year in the coming years
- **Prominent pure player of the Cash&Carry business**, with 28.5% of market share and R\$ 34 bn of gross sales in 2Q20 LTM
- **Expressive improvement of profitability** along the time with accelerated maturation of portfolio, with R\$ 2.2 bn of EBITDA in 2Q20 LTM
- **Strong cash generation** with R\$ 1.8 bn of operational cashflow in 2Q20 LTM

82+ stores

~20+ stores/year

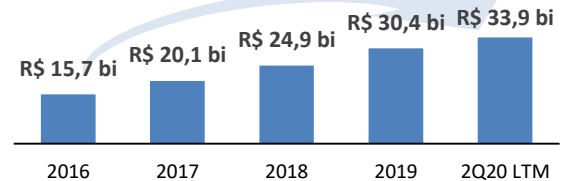


Year	2016	2017	2018	2019	2016-2019: +20% growth
Sales/sqm (R\$ k)	3,5	3,8	4,0	4,2	

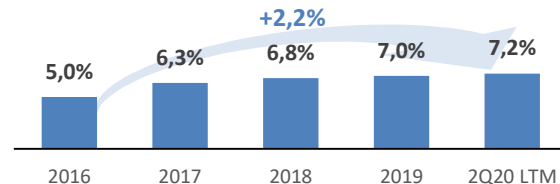
Total Sales Area:	2016 421 k sqm	2019 713 k sqm
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Consistent gross revenue evolution

CAGR 16'-2Q20': 24%+



Solid EBITDA⁽²⁾ post IFRS16 margin expansion



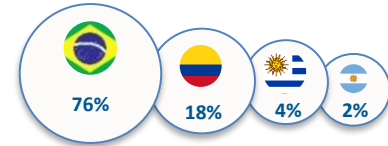
(1) Source: ABRAS, Nielsen, IDRetail.

(2) EBITDA post IFRS16 for 2016 and 2017 are estimates based on published EBITDA and IFRS16 adjustment of +74bps from 2018.

GPA Unique positioning in its core markets



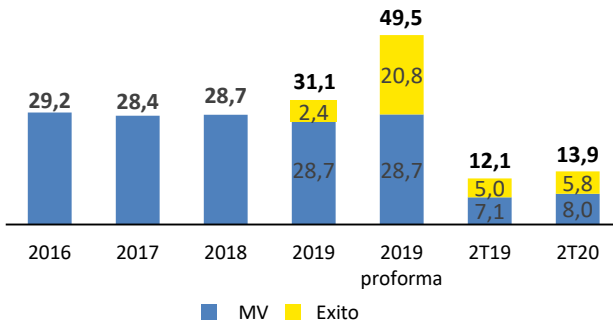
Multi-format-segment-geography



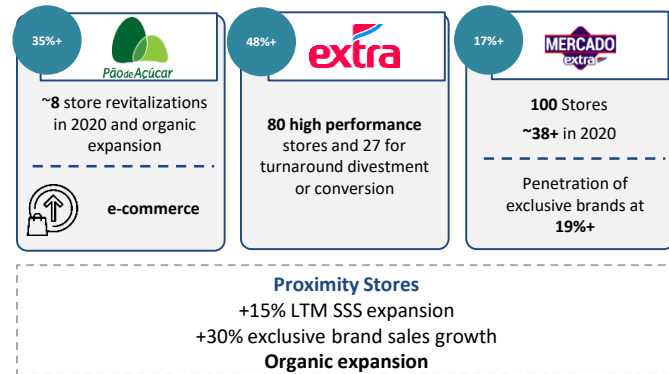
High growth omnichannel platform; leading e-commerce, App and loyalty initiatives

E-commerce growth
270%+ on Sales
2Q20 vs 2Q19

Resilient GPA+Exito Net Sales Evolution even in a challenging LatAm environment



Focus on highly profitable banners and solid performance stores with increasing private label content



(1) Source: ABRAS, Nielsen, IDRetail.

Four main pillars of the project

Solid business and strategic rationale

Increased Strategic Focus



- **Fast market transformation** calls for strategic decision agility and **different investment needs for each segment**

GPA - Diversified Retail: changing consumer trends, e-commerce and omnichannel

- Focus investment to strengthen Multivarejo's and Exito's leadership in Food e-commerce
- Reinvent physical stores, focusing on customer experience differentiation and increase in quality of services offered to clients

ASSAÍ - C&C: growth and consolidation

- Assaí's strong brand recognition and best in class operations support accelerated growth and expansion
- Opportunity to strengthen leadership through footprint expansion and consolidation of local markets

Improved Operational Efficiency



- Eliminate holding inefficiencies with minimal negative impact on economies of scale given the distinct operating models of each business
- **GPA - Diversified Retail:** main focus on quality of products and services, convenience and overall customer experience
- **ASSAÍ - C&C:** focus on supply chain, attractive pricing, lower number of SKUs, basic service needs
- No joint purchases, due to distinct product mix and different commercial dynamics
- Two business units already operating with fully separated and autonomous management teams

Four main pillars of the project

Solid business and strategic rationale

Funding and Capital Allocation



- **More efficient allocation of resources** – Increased flexibility to prioritize investments and deploy capital (organically and through M&A)
- Segregation of business units enabling faster development of each company's strategy through **direct access to capital markets**
- Clearer understanding of standalone business and company strategies by investors and creditors: opportunity to **access more attractive funding**

Shareholders & Stakeholders



- Business units' segregation is in the best interest of shareholders and stakeholders, creating the **possibility to more efficiently allocate resources to each investment thesis**
- Value unlocking due to increased visibility into each business, with **intrinsic value to be recognized based on the attributes and performances of each company separately**
- **Both companies to be listed on the Novo Mercado and NYSE, providing shareholders with the highest levels of corporate governance**

Tentative implementation timeline and governance

The overall process could last around 6 months and will follow strong governance standards

Key Execution Steps



- Studies supporting the transaction and preparation for Assai SEC/CVM registration + B3/NYSE listing
- GPA BoD (and Committees, etc.) approval of the whole transaction and call of the GSM; Transaction full announcement and disclosure
- Assai and GPA GSM to approve (i) the carve out of Exito from Assai and transfer of Exito to GPA and (ii) the spin-off of Assai and its registration as a publicly held company and listing
- Assai registration with SEC/CVM and listing on B3/NYSE
- Assai starts trading at B3/NYSE

Required Governance



- The transaction implementation and listing depend on the conclusion of the studies and on the necessary approvals, including shareholders and creditors, and regulators
- The implementation will be decided by all GPA shareholders at a General Shareholder Meeting by a majority of 50% of all shareholders

Transaction expected to be fully implemented by first quarter 2021

Special Note regarding Forward-looking Statements:

This presentation contains forward-looking statements. Statements that are not historical facts, including statements regarding the beliefs and expectations of the Company, business strategies, future synergies and cost savings, future costs and future liquidity, are forward-looking statements. The words “will,” “will be,” “should,” “could,” “may,” “should be,” “could be,” “may be,” “estimates,” “has as an objective,” “targets,” “target,” “goal,” “anticipates,” “believes,” “expects,” “forecasts,” “intends,” “plans,” “predicts,” “foretells,” “projects,” “points to” and similar expressions, as they relate to the Company, are intended to identify forward-looking statements and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, tendencies or results will actually occur. Such statements reflect the current views of management of the Company, and are subject to a number of risks and uncertainties. Such statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, corporate approvals, operational factors and other factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations. All forward-looking statements attributable to the Company, its affiliates, or persons acting on its behalf, are expressly qualified in their entirety by the cautionary statements set forth in this paragraph. Undue reliance should not be placed on such statements. Forward-looking statements speak only as of the date they are made. Except as required under the Brazilian or the U.S. federal securities laws or the rules and regulations of the Brazilian Securities Commission (*Comissão de Valores Mobiliários*), the U.S. Securities and Exchange Commission or of regulatory authorities in other applicable jurisdictions, none of the Company or its affiliates have any intention or obligation to update or to publicly announce the results of any revisions to any of the forward-looking statements to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements.