LOJAS RENNER S.A.

RENNER CAMICADO YOUCOM realize

1Q18 Results

May 03, 2018

B3: LREN3; USOTC:LRENY

CONFERENCE CALL ON RESULTS

May 04, 2018

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

Access in Portuguese:
+55 11 3127-4971 or
+55 11 3728-5971

Access in English:
+1 516-300-1066
Password: Lojas Renner

Replay: +55 11 3127-4999
Password in English: 68826172

Access webcast here.
*The call will be held in Portuguese with simultaneous translation in English.

Highlights of the Quarter

May 03, 2018 – LOJAS RENNER S.A. (B3: LREN3; USOTC: LRENY), the largest fashion retailer in Brazil, announces its results for the first quarter 2018 (1Q18).

Consolidated Information (R$ MM)	1Q18	1Q17	Var.
Net Revenue from Merchandise Sales	1,398.8	1,234.7	13.3%
Growth in Same Store Sales (%)	6.3%	9.1%	-
Gross Profit from Merchandise Sales	786.2	671.6	17.1%
Gross Margin from Retailing Operation (%)	56.2%	54.4%	1.8p.p.
Operating Expenses (SG&A)	(615.0)	(536.9)	14.6%
SG&A as a % of Net Revenue from Merchandise Sales (%)	44.0%	43.5%	0.5p.p.
Ajusted EBITDA from Retailing Operation	146.7	111.4	31.7%
Ajusted EBITDA Margin from Retailing Operation (%)	10.5%	9.0%	1.5p.p.
Financial Products Result	102.8	79.1	30.0%
Ajusted Total EBITDA (Retail + Financial Products)	249.5	190.4	31.0%
Ajusted Total EBITDA Margin (%)	17.8%	15.4%	2.4p.p.
Net Income	111.4	67.0	66.4%
Net Margin (%)	8.0%	5.4%	2.6p.p.
ROIC LTM (%)	20.6%	20.8%	-0.2p.p.

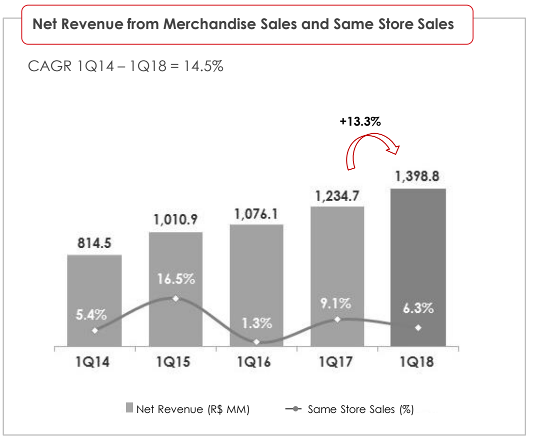
Highlights of the Quarter

Net Revenue +13.3% SSS +6.3%	▪ Good sales performance in early 2018 ▪ Correct execution of operations and adequate assortment of inventory ▪ Improved customer traffic through the stores
Gross Profit +17.1% Gross Margin +1.8 p.p.	▪ Commercial and inventory management ▪ Positive effect of the exchange rate hedge contracted on imported products
EBITDA Margin Retailing +1.5 p.p.	▪ Control of expenses
Financial Products Result +30.0%	▪ Stronger revenue flows, principally from Meu Cartão business ▪ Stability in delinquency levels
Net Margin +2.6 p.p.	▪ Growth in Total Adjusted EBITDA ▪ Lower Financial Expenses
Capex R$ 94.1 MM	▪ Rollout of 4 stores, one of which a Renner unit and a further 3 in the Youcom format ▪ Increased investments in IT systems and equipment

Businesses Breakdown

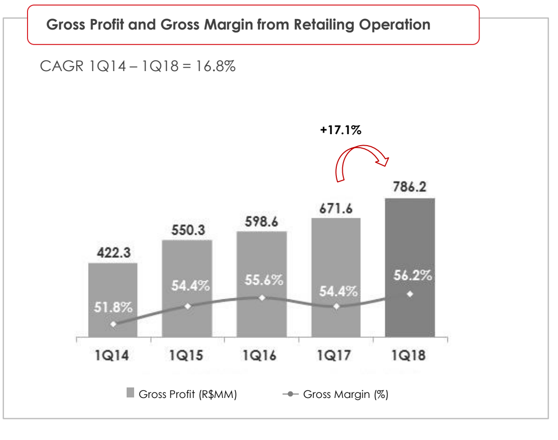
Businesses Breakdown	1Q18	1Q17	Var.
RENNER			
Stores in Operation	326	303	23
Net Openings	-4	3	-
Selling Area (thousand m²)	595.1	542.1	9.8%
Net Revenue (R$ MM)	1,268.5	1,129.1	12.4%
Gross Margin (%)	56.5%	54.4%	2.1p.p.
CAMICADO			
Stores in Operation	98	84	14
Net Openings	0	-1	-
Selling Area (thousand m²)	42.1	36.7	14.8%
Net Revenue (R$ MM)	101.6	85.4	18.9%
Gross Margin (%)	52.7%	54.8%	-2.1p.p.
YOUCOM			
Stores in Operation	85	64	21
Net Openings	1	5	-
Selling Area (thousand m²)	13.5	9.4	44.7%
Net Revenue (R$ MM)	28.7	20.2	42.0%
Gross Margin (%)	56.0%	53.5%	2.5p.p.

Net Revenue



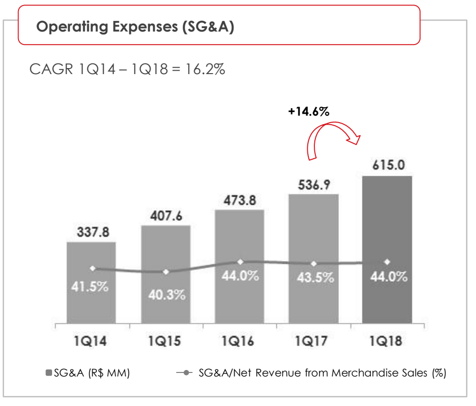
- The year began with a good sales performance.
- The correct execution of the operations and the adequate assortment of inventory in the early months of the year were conducive to a continued good level of sales, despite above temperatures for the final weeks of March in some regions.
- In addition, customer traffic flows through the stores continued to improve.
- Camicado and Youcom continued to contribute positively with increases in Net Revenue of 18.9% and 42.0%, respectively.
- Consequently, once more Lojas Renner exceeded the government statistics office's (IBGE) Monthly Retailing Survey index based on data already published (of +2.5% and -3.9% in January and February, respectively).

Gross Profit



- The growth of 1.8 p.p. in the Gross Margin from the Retailing Operation is a reflection of the commercial and inventory management as well as the positive effect of the exchange rate hedge contracted on imported goods.
- Even after adjusting for the positive effect of the exclusion of ICMS from the calculation base for PIS and Cofins charges, Gross Margin widened by 0.9p.p. year-on year.
- At Youcom, more efficient commercial management with fewer markdowns benefited gross margin which increased by 2.5 p.p. in the quarter.
- Conversely, at Camicado, the reduced mix of imports due to postponements in receiving these products as well as the schedule for stock-taking activities, which favored margins in 1Q17, saw a 2.1 p.p. reduction in gross margin for the period.

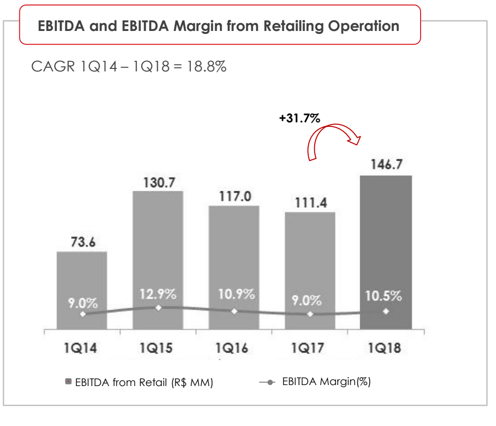
Operating Expenses (SG&A)



Operating Expenses (R$ MM)	1Q18	1Q17	Var.
Operating Expenses (SG&A)	**(615.0)**	**(536.9)**	**14.6%**
% Over Net Revenue from Merchandise Sales	**44.0%**	**43.5%**	**0.5p.p.**
Selling Expenses	(457.6)	(402.4)	13.7%
% Over Net Revenue from Merchandise Sales	*32.7%*	*32.6%*	*0.1p.p.*
General and Administrative Expenses	(157.4)	(134.5)	17.1%
% Over Net Revenue from Merchandise Sales	*11.3%*	*10.9%*	*0.4p.p.*
Other Operating Expenses	**(24.7)**	**(23.3)**	**5.9%**
Management Remuneration	(3.1)	(2.8)	9.5%
Tax Expenses	(12.4)	(11.4)	8.4%
Employee Profit Sharing	(8.5)	(9.7)	-12.5%
Recovery of Tax Credits	2.7	0.0	-
Other Operating Revenues/ (Expenses)	(3.5)	0.6	-
Total Operating Expenses	**(639.7)**	**(560.2)**	**14.2%**

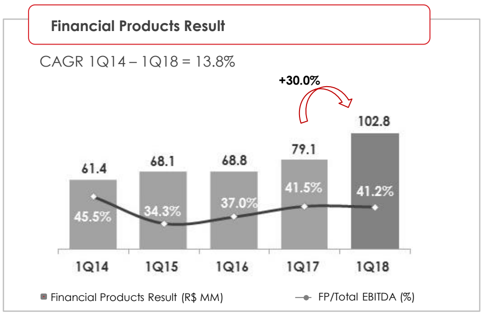
- Operating Expenses in the quarter posted an increase principally due to the rate of new store openings and the bolstering of structures necessary to support the business model. In addition, work in progress on digital and multichannel initiatives at the Company also had an impact on expenses.
- Nevertheless, Operating Expenses for the quarter reflected the Company's efforts in budgetary control despite the fact that the period is one which is less representative in terms of sales relative to the year as a whole with a more robust expense structure from the previous year.

Adjusted EBITDA from the Retailing Operation



- The increase of 1.5 p.p. in the EBITDA Margin from the Retailing Operation was largely a consequence of the increase in Gross Margin from Merchandise Sales as well as the constant effort to control expenses in the period.

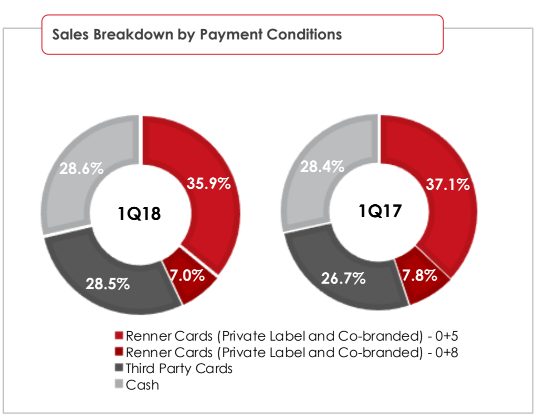
Financial Products Result

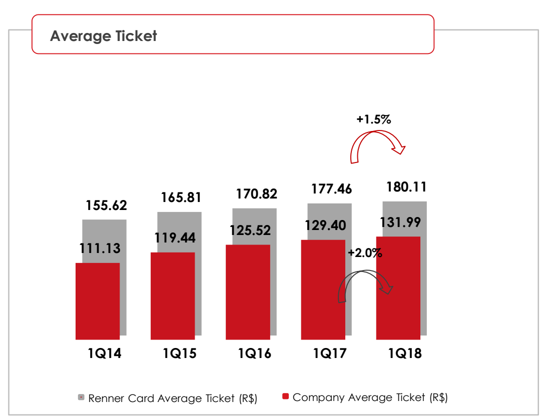


Financial Products Result (R$ MM)	1Q18	1Q17	Var.
Revenues, Net of Funding and Taxes	**222.7**	**174.2**	**27.8%**
Renner Card (Private Label)	73.1	83.7	-12.6%
Co-branded Card Meu Cartão	126.5	65.2	94.1%
Quick Withdrawal and Insurances	23.1	25.4	-8.9%
Credit Losses, Net of Recoveries	**(57.4)**	**(46.4)**	**23.8%**
Renner Card (Private Label)	(20.0)	(18.7)	6.7%
Co-branded Card Meu Cartão	(37.9)	(23.6)	60.7%
Quick Withdrawal	0.4	(4.1)	-
Operating Expenses *(Cards and Other Products)*	**(62.5)**	**(48.8)**	**28.1%**
Financial Products Result	**102.8**	**79.1**	**30.0%**
% of Company's Total Adjusted EBITDA	41.2%	41.5%	-0.3p.p.

- The increase in the Financial Products Result was largely a reflection of stronger revenues generated in the quarter and Company's control of delinquency.
- Revenues were driven by Co-branded Meu Cartão business and by lower funding costs, notwithstanding the reduction in late payment fees on Meu Cartão and Saque Rápido operations from October 2017 following BACEN's publication of Resolution 4558. The increase in revenues from Meu Cartão is due to the greater use of this product as well as the incorporation of revenues from payments via booklet and from withdrawals now included in this portfolio. Consequently, revenues from Private Label and Saque Rápido business fell during the period.
- Credit Losses were higher, principally due to the recent increase of 86.5% in the Meu Cartão portfolio and the greater provisioning for the total portfolio in compliance with the IFRS 9* rule as from January. Among other rules, this introduces a conceptual alteration in parameters by incorporating the on due portion of the portfolio as well as the past due portfolio as subject to provisioning.
- In line with revenue trends, growth in Operating Expenses reflected the costs of processing Meu Cartão due to increased volumes, improved credit recoveries and operating overheads at Realize CFI.

Payment Conditions and Average Ticket



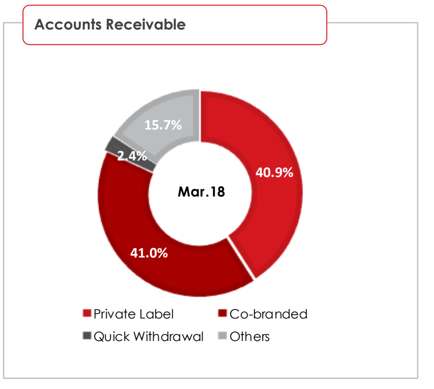


- At the end of March, Renner cards issued totaled 29.2 million, accounting for 42.9% of merchandise sales in 1Q18, against 44.9% in the same quarter in 2017, mainly a reflection of greater customer caution in relation to payment of interest and installment purchases in the light of the current economic scenario.

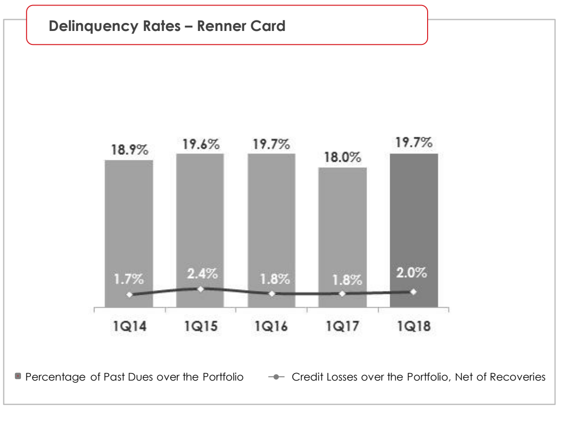
Accounts Receivable

Accounts Receivable (R$ MM)	Mar.18	Dec.17	Mar.17
Renner Card (Private Label) - Total Portfolio (Adjusted to Present Value)	**992.4**	**1,181.2**	**1,033.4**
Renner Card (Private Label) - Net Portfolio	**887.6**	**1,078.9**	**937.5**
On Due Receivable	815.6	1,068.6	876.1
Overdue Receivable	195.3	146.9	185.8
Present Value Adjustment	(18.5)	(34.3)	(28.4)
Allowance for Losses to the Realizable Value	(66.6)	(53.1)	(47.5)
Others	(38.2)	(49.3)	(48.4)
Meu Cartão (Co-Branded) - Total Portfolio (Adjusted to Present Value)	**1,066.5**	**1,063.4**	**571.9**
Meu Cartão (Co-Branded) - Net Portfolio	**888.1**	**917.8**	**550.8**
On Due Receivable	822.2	841.3	458.7
Overdue Receivable	249.2	229.8	115.1
Present Value Adjustment	(4.9)	(7.8)	(2.0)
Allowance for Losses to the Realizable Value	(178.4)	(145.5)	(21.0)
Quick Withdrawal - Total Portfolio	**63.1**	**71.9**	**140.8**
Quick Withdrawal - Net Portfolio	**52.8**	**60.3**	**107.2**
Fees and Transactions Receivable	63.1	71.9	140.8
Allowance for Losses to the Realizable Value	(10.3)	(11.6)	(33.6)
Total Third-Party Credit Card Companies	**334.0**	**583.5**	**265.1**
Other Accounts Receivable	**5.9**	**3.8**	**0.5**
Total Credit Portfolio, Net	**2,168.3**	**2,644.3**	**1,861.2**

- As of March 31, 2018, Customer Accounts Receivable were 16.5% higher than the position in March 2017 due to growth in sales and the increase in the Meu Cartão portfolio.



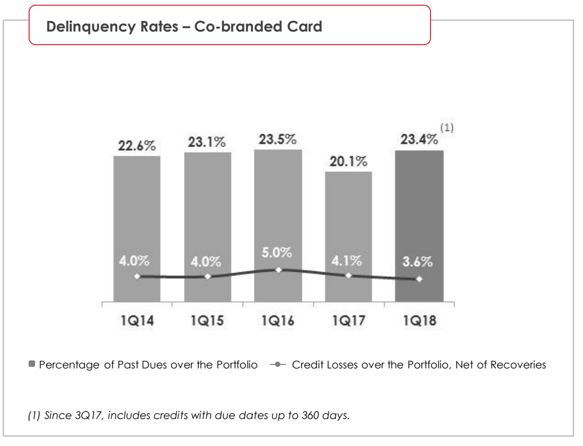
Delinquency Rates – Renner Card



- At the end of March 2018, the Renner Card portfolio amounted to R$ 992.4 million, 4.0% less than in March 2017, largely due to customer purchases using Meu Cartão – booklet model - in Renner stores, this now incorporated into the Meu Cartão portfolio.
- In terms of delinquency, greater percentage of losses and overdues are a reflection of the reduction in portfolio total and a lower representativeness of new credit concessions in relation to the overall portfolio.
- In addition, the percentage of losses was also impacted by increased portfolio provisioning. As already mentioned, as from January this year, provisioning of the on due portion of the portfolio is required as per IFRS 9 ruling.

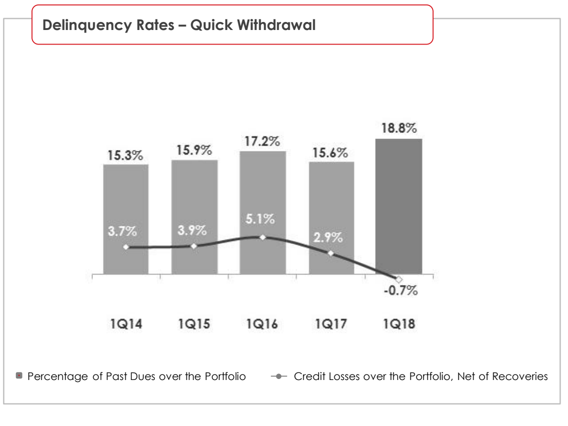
**The International accounting standard, published by IASB (International Accounting Standards Board), in effect since January 2018, introduces, among other rules, a change in the concept of parameters for provisioning (provisioning for the still on due portion of the portfolio in addition to the past due portfolios).*

Delinquency Rates - Meu Cartão (Co-branded)



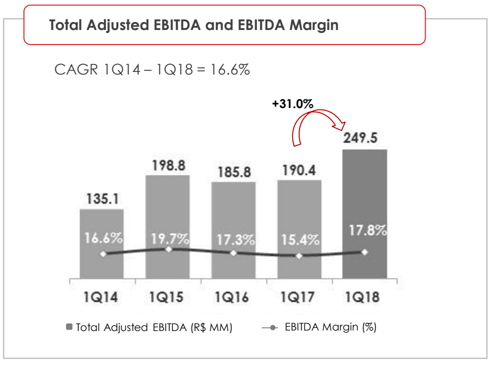
- In March 2018, Meu Cartão recorded a total of 3.5 million cards issued, representing a portfolio of R$ 1,066.5 million versus R$ 571.9 million in the first quarter of 2017.
- This growth is partially explained by the increase in the use of the product since the unification of credit limits for purchases within and outside Renner.
- The portfolio was also impacted by recognition in this portfolio of sales via booklet and withdrawals transacted with Meu Cartão as well as the lengthening in duration for financing invoices payable in installments following the publication of Central Bank Resolution 4549, which since April 2017 introduced changes to revolving credit lines.
- Losses from Meu Cartão, Net of Recoveries, were lower in relation to 1Q17, principally due to stronger portfolio growth.
- Conversely, the Percentage of Past Dues increased. Since 3Q17, write-offs of this product – previously after 180 days past due - now take place after 360 days, in line with a BACEN resolution. In comparable basis the percentage would have fallen from 20.1% to 16.0%.

Delinquency Rates – Quick Withdrawal (Saque Rápido)



- The total Saque Rápido portfolio reported an outstanding of R$ 63.1 million at the end of March 2018 (R$ 46.0 million when adjusted to present value), 55.2% less than the same period in 2017 (R$ 140.8 million), as a result of stricter restrictions on the granting of loans - introduced in 2015, improved efficiency in collections and the migration of withdrawals via Meu Cartão into this portfolio.
- Worthy of mention is that as from November 2017, new personal loan agreements are now channeled through Realize CFI.
- Losses, Net of Recoveries were negative, in large part due to greater recoveries of credits written off in relation to a significantly larger portfolio from previous periods.
- The increase in the Portfolio's Percentage of Past Dues is above all the result of a reduction in portfolio size with a lesser representativeness of new loan concessions in relation to total portfolio.

Total Adjusted EBITDA



EBITDA Reconciliation (R$ MM)	1Q18	1Q17
Net Income	**111.4**	**67.0**
(+)Income and Social Contribution Taxes	44.7	12.1
(+)Financial Result, Net	13.9	24.9
(+)Depreciation and Amortization	73.8	79.1
Total EBITDA	**243.9**	**183.2**
(+) Stock Option Plan	5.1	6.9
(+) Result on Write-Off and Provision for Impairment of Fixed Assets	0.5	0.4
Total Adjusted EBITDA*	**249.5**	**190.4**
Total Adjusted EBITDA Margin*	17.8%	15.4%

Pursuant to Article 4 of CVM Instruction 527, the Company has chosen to show its Adjusted EBITDA as in the above table in order to provide the information that best reflects the gross operational cash generation from its activities. These adjustments are based on: a) the Stock Option Plan – corresponding to the fair value of the respective financial instruments recorded "pro rata temporis", during the period services are rendered and offset by the Equity Capital Reserve and thus not representing a cash outflow; b) Statutory Participations are of a contingent nature and are related to the generation of profits pursuant to Article 187 of Law 6.404/76; and c) the Write-off or Sale of Fixed Assets refer to results accounted for this end, therefore having no cash impact.

- The growth of 2.4 p.p. in Total Adjusted EBITDA Margin was the result of the improved EBITDA Margin from Retailing as well as growth in the Financial Products Result in the quarter.

Free Cash Flow

Cash Flow (R$ MM)	1Q18	1Q17	Var.
Total Adjusted EBITDA	**249.5**	**190.4**	**59.1**
(+/-) Income and Social Contribution Taxes/Others	(176.2)	(141.3)	(34.8)
Operating Cash Flow	**73.3**	**49.1**	**24.2**
(+/-) Changes in Working Capital	**(223.1)**	**(125.9)**	**(97.3)**
Accounts Receivable	442.0	347.8	94.3
Operating Financing (Financial Products)	5.6	8.6	(2.9)
Inventories	(173.0)	(138.5)	(34.5)
Suppliers	(247.4)	(198.0)	(49.4)
Other Accounts Receivable/Payable	(250.4)	(145.7)	(104.7)
(-) Capex	**(94.1)**	**(66.5)**	**(27.6)**
(=) Free Cash Flow	**(243.9)**	**(143.3)**	**(100.7)**

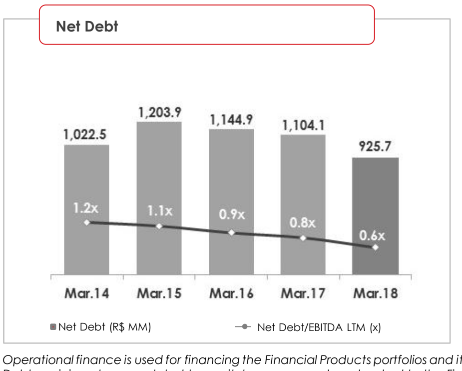
- The reduction in the generation of Free Cash Flow in the quarter was due mainly to the greater need for working capital for payments of taxation and suppliers for higher volumes transacted in 4Q17 compared with 4Q16, settlement of which is in 1Q.

Financial Result, Net

Financial Result, Net (R$ MM)	1Q18	1Q17	Var.
Financial Revenue	**10.7**	**18.6**	**-42.4%**
Gains on Cash Equivalents	10.2	18.5	-44.7%
Other finance revenues	0.5	0.2	222.0%
Financial Expenses	**(25.3)**	**(39.5)**	**-35.9%**
Interest on Loans, Borrowings and SWAP	(19.6)	(33.5)	-41.5%
Other Finance Expenses	(5.8)	(6.0)	-4.5%
Exchange Variation, Net	**0.7**	**(0.3)**	**-**
Hedge Operations (NDF), Net	**0.0**	**(3.8)**	**-**
Financial Result, Net	**(13.9)**	**(24.9)**	**-44.3%**

- The Financial Result Net in the quarter was lower, above all due to reduced Financial Expenses in the light of the decline in funding costs and the reduction in outstanding debt.

Net Debt

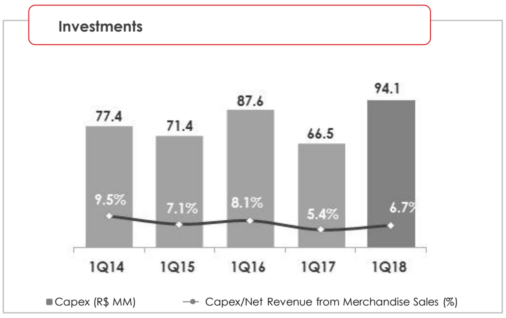


Net Debt (R$ MM)	Mar.18	Dec.17	Mar.17
Borrowings and Financing	**(1,107.4)**	**(1,104.5)**	**(1,205.3)**
Current	(386.0)	(379.6)	(488.6)
Noncurrent	(721.3)	(725.0)	(716.8)
Operational Financing	**(703.1)**	**(697.5)**	**(804.2)**
Current	(130.1)	(127.4)	(386.4)
Noncurrent	(573.1)	(570.1)	(417.9)
Cash and Cash Equivalents and Financial Investments	**884.9**	**1,142.2**	**905.5**
Net Debt	**(925.7)**	**(659.8)**	**(1,104.1)**
Net Debt / Total Adjusted EBITDA (LTM)	*0.60x*	*0.45x*	*0.82x*

Operational finance is used for financing the Financial Products portfolios and its variation is reflection of the financed volumes of these products.
Debt servicing charges related to capital management are booked to the Financial Result, Net. Conversely, the costs of Operational Financing relative to the volume of Financial Products – are reflected in the Operational Result.

- On March 31, 2018, the Company reported Net Debt 16.2% lower than at March 31, 2017, reflecting the results reported in the past 12 months and the management of working capital.
- Corporate debt was comprised of debentures, loans from the Brazilian Development Bank - BNDES, Banco do Nordeste and FINEP and working capital lines and is the result of the Company's capital management decisions.

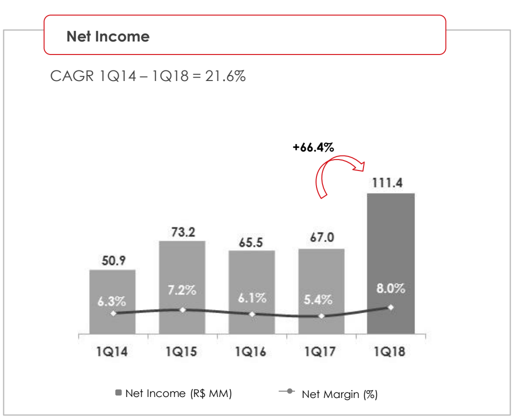
Investments (Capex)



CAPEX Summary (R$ MM)	1Q18	1Q17
New Stores	30.3	22.5
Remodeling of Installations	26.3	21.4
IT Equipament & Systems	35.0	14.5
Distribution Centers	1.5	2.4
Others	1.1	5.7
Total	**94.1**	**66.5**

- Of the total amount invested in fixed assets during the quarter, 60% was dedicated to the opening of new stores and modernizations and 37% to IT systems.
- In line with its expansion plan, the Company inaugurated a further 4 stores in the quarter, 1 Renner unit and 3 in the Youcom format. Lojas Renner is constantly revising and reevaluating the profitability of its operations and in this light, 5 Renner stores and 2 Youcom units were closed during the period. At quarter-end, the Company had 509 retail units in operation with a total sales area of 650.7 thousand m^2.
- Of this total, Renner operated 326 stores and Youcom, 85 units with sales areas of 595.1 thousand m^2 and 13.5 thousand m^2, respectively. In turn, Camicado had 98 stores with a sales area of 42.1 thousand m^2.
- Depreciation and Amortizations totaled R$ 73.8 million in 1Q18, 6.7% less than 1Q17, due to the reduction in depreciation rates from December 2017 following the revision of the useful life of the fixed assets under CPCs 04 and 27.
- Additionally, in the second half, the Company will open 3 physical stores under the Ashua brand as part of the process of greater integration and synergy between the online and offline operations. Ashua Plus & Curve Size was launched in 2016 and currently sells exclusively via the e-commerce channel, offering high quality fashion products which enhance the curves of the female body.

Net Income and Dividends



- The growth in Net Margin during the period was the result of a higher Total Adjusted EBITDA, reduced Net Financial Expenses as well as lower depreciation expenses.
- In 1Q18, Lojas Renner credited shareholders with dividends in the form of interest on capital of R$ 51.9 million, corresponding to R$ 0.0730 per share considering 711,735,331 common shares, from which treasury stock has been excluded.
- Worthy of mention is that in April, the Company paid out a total remuneration to shareholders (dividends and interest on capital) for fiscal year 2017, amounting to R$ 293.2 million.

Consolidated Income Statement

In R$ thousand

Income Statement	1Q18	1Q17	Var %
Net Operating Revenues	**1,628,285**	**1,415,324**	**15.0%**
Net Revenues from Sales of Goods	1,398,819	1,234,684	13.3%
Net Revenue from Financial Products and Services	229,466	180,640	27.0%
Costs of Sales and Services	**(619,422)**	**(569,556)**	**8.8%**
Cost of Goods	(612,639)	(563,126)	8.8%
Cost of Financial Products and Services	(6,783)	(6,430)	5.5%
Gross Profit	**1,008,863**	**845,768**	**19.3%**
Operating Expenses	**(838,808)**	**(741,732)**	**13.1%**
Selling	(457,562)	(402,368)	13.7%
General and Administrative	(157,440)	(134,489)	17.1%
Losses on Receivables, Net	(57,423)	(46,366)	23.8%
Other Operating Results	(166,383)	(158,509)	5.0%
Financial Products Expenses	(62,474)	(48,784)	28.1%
Other Operating Results	(103,909)	(109,725)	-5.3%
Operating profit before Financial Results	**170,055**	**104,036**	**63.5%**
Total Financial Result, Net	**(13,881)**	**(24,934)**	**-44.3%**
Financial Revenue	12,273	19,324	-36.5%
Financial Expense	(26,154)	(44,258)	-40.9%
Profit Before Income & Soc. Cont. Taxes	**156,174**	**79,102**	**97.4%**
Income and Social Contribution Taxes	(44,732)	(12,126)	268.9%
Profit for the Period	**111,442**	**66,976**	**66.4%**
Earnings per Share - Basic R$	0.1562	0.0954	63.7%
Earnings per Share - Diluted R$	0.1545	0.0946	63.3%
Number of shares outstanding at End of Year (in thousands)	713,235	643,551	-

Consolidated Balance Sheet

In R$ thousand

Assets	Mar.18	Dec.17	Mar.17
TOTAL ASSETS	**7,026,755**	**7,547,658**	**6,251,926**
Current Assets	**4,360,150**	**4,907,941**	**3,890,929**
Cash and Cash Equivalents	788,850	1,059,873	905,490
Financial Investments	96,005	82,360	-
Trade Accounts Receivable	2,168,299	2,644,258	1,861,232
Inventories	1,096,172	923,176	920,794
Recoverable Taxes	133,218	140,273	127,100
Derivative Financial Instruments	3,381	6,917	80
Other Assets	55,641	45,818	60,420
Prepaid Expenses	18,584	5,266	15,813
Non-current Assets	**2,666,605**	**2,639,717**	**2,360,997**
Judicial Deposits	10,012	10,615	10,524
Recoverable Taxes	80,330	80,331	64,915
Deferred Income Tax and Social Contribution	207,201	199,211	142,727
Other Assets	8,302	9,299	10,619
Prepaid Expenses	326	353	-
Investments	46	46	46
Fixed assets	1,822,018	1,813,627	1,636,648
Intangible	538,370	526,235	495,518

Liabilities and Shareholders' Equity	Mar.18	Dec.17	Mar.17
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**7,026,755**	**7,547,658**	**6,251,926**
Current Liabilities	**2,382,238**	**2,941,712**	**2,341,067**
Borrowings, Financing and Debentures	386,029	379,553	488,567
Financing - Financial Services Operations	130,059	127,396	386,351
Finance Lease	9,387	9,890	7,016
Suppliers	594,833	842,254	481,747
Obligations with Credit Card Administrators	484,260	524,581	313,797
Rentals Payable	48,496	59,393	46,605
Taxes and Contributions Payable	146,026	470,989	107,755
Social Charges and Labor Legislation Obligations	244,078	233,338	190,879
Statutory Obligations	225,954	180,933	198,022
Provision for Civil and Labor Risks	39,191	35,996	33,829
Derivative Financial Instruments	3,136	3,137	33,338
Other Obligations	70,789	74,252	53,161
Non-current Liabilities	**1,376,119**	**1,382,500**	**1,240,045**
Borrowings, Financing and Debentures	721,344	724,972	716,776
Financing - Financial Services Operations	573,078	570,109	417,861
Finance Lease	53,357	58,896	63,746
Taxes Obligations	11	11	11
Provision for Tax Risks	26,164	26,083	38,412
Other Accounts Payable	2,165	2,429	3,239
Shareholders' Equity	**3,268,398**	**3,223,446**	**2,670,814**
Capital	2,556,896	2,556,896	1,178,368
Treasury Stocks	(27,857)	(27,857)	(27,857)
Capital Reserves	101,469	94,285	306,349
Profit Reserves	596,022	596,022	1,216,985
Retained Value Adjustments	3,519	4,100	(21,997)
Retained Earnings Accumulated	38,349	-	18,966

Consolidated Cash Flow – Indirect Method

In R$ thousand

Statement of Cash Flows - Indirect Method	1Q18	1Q17
Cash Flows from Operating Activities		
Profit for the Year	**111,442**	**66,976**
Adjustment to Reconcile Net Income to Cash and Cash Equivalents Provided by Operating Activities		
Depreciation and amortization	73,848	79,114
Loss on write-off of fixed assets, net	602	524
Gross costs of debentures structuring (deferral)	179	178
Interest expense on loans, debentures and lease	21,585	35,609
Share purchase option plan ans restricted share plan	8,458	8,821
Provision for tax, civil and labor risks	3,276	1,229
Income and social contributions taxes	44,732	12,126
Net foreign exchange variation	(712)	64
Reversals for adjustment to net realizable value	(33,866)	(15,724)
Provision (Reversals) for loss on assets	44,313	(45,867)
	273,857	**143,050**
Changes in Assets and Liabilities		
Reduction in Trade Accounts Receivable	431,280	379,771
Increase in Inventories	(171,325)	(108,134)
(Increase) in Other Assets	(13,551)	(3,639)
Increase in Financing - Financial Services Operations	5,632	8,577
Reduction in Suppliers	(247,940)	(198,768)
Reduction in Taxes and Contribution Payable	(184,731)	(157,771)
Increase in Social Charges and Labor Legislation Obligations	9,466	10,649
Reduction in Rent Payable	(10,897)	(9,003)
(Reduction) Increase in Obligations with Card Administrators	(40,321)	21,906
Reduction in Other Liabilities	(3,727)	(9,373)

Statement of Cash Flows - Indirect Method	1Q18	1Q17
Cash Provided by Operating Activities	**47,743**	**77,265**
Payment of Income Tax and Social Contribution	(179,383)	(145,641)
Payment of Interest on Borrowings, Financing and Debentures	(34,171)	(35,989)
Net Cash Used in Operating Activities, Before Financial Investments	**(165,811)**	**(104,365)**
(Increase) in Financial Investments	(13,645)	-
Net Cash Used in Operating Activities	**(179,456)**	**(104,365)**
Cash Flow from Investing Activities		
Purchases of Fixed Assets	(69,150)	(50,995)
Purchases of Intangible Assets	(24,954)	(15,496)
Proceeds from Disposal of Fixed Assets	133	-
Net Cash Used in Investing Activities	**(93,971)**	**(66,491)**
Cash Flows from Financing Activities		
Buyback Shares	-	(8,836)
Borrowings Obtained	35,000	333,380
Amortization	(19,885)	(132,949)
Payment of Structuring Costs of Borrowings and Debentures	-	(1,013)
Lease Consideration	(5,902)	(3,396)
Interest on capital and dividends paid	(6,910)	(6,667)
Net Cash Generated (Applied) by Financing Activities	**2,303**	**180,519**
Effect of exchange rate changes on cash and cash equivalents	101	946
Increase (Reduction) in Cash and Cash Equivalents	**(271,023)**	**10,609**
Cash and Cash Equivalents at the Beginning of the Quarter	1,059,873	894,881
Cash and Cash Equivalents at the End of the Quarter	**788,850**	**905,490**

About Lojas Renner S.A.

The Company was incorporated in 1965 and has been listed since 1967. A pure, widely held company since 2005, with a 100% free float, Lojas Renner was deemed the first Brazilian corporation. Renner's equities are traded under the LREN3 symbol on B3's Novo Mercado, the highest level of Corporate Governance, and via ADRs on the US OTC market under the LRENY symbol. As of March 29, 2018, the closing price of the LREN3 share was R$ 34.35, the Company reporting a market capitalization of R$ 24.5 billion.

Lojas Renner is the largest fashion retailer in Brazil, in March 2018 with 326 Renner stores (including three stores in Uruguay), 98 Camicado units and 85 Youcom stores, in addition to its online platforms and the exclusive e-commerce brand, Ashua.

Renner designs and sells quality apparel, footwear and underwear for women, men, adolescents and children under 17 private labels of which 6 represent the Lifestyle concept, each one reflecting a style of being and dressing. Lojas Renner also sells accessories and cosmetics under two proprietary brands as well as offering specific items bearing third party labels.

In May 2011, Renner acquired Camicado, a company in the home decor segment and in 2013, launched Youcom, a new business model focused on the younger generation in a specialized store environment. The Company also owns Realize CFI, a financial institution which supports Renner's retail business, through the management of the financial products offered.

The target customers of Renner and Camicado are women between the ages of 18 and 39 who are in the medium-high consumption groups in Brazil. Conversely, Youcom caters for the younger consumer between the ages of 18 and 35.

Lojas Renner offers its customers fashion products in various styles with quality and competitive prices in practical and pleasant shopping environments.

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All variations as well as roundings presented herein are calculated on the basis of numbers in thousands.