

BRAZILIAN DISTRIBUTION CO COMPANHIA BRASILEIRA DE DISTR CBD

Form 6-K

July 25, 2018

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of July, 2018

Brazilian Distribution Company

(Translation of Registrant's Name Into English)

Av. Brigadeiro Luiz Antonio,
3142 São Paulo, SP 01402-901

Brazil

(Address of Principal Executive Offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F)

Form 20-F Form 40-F

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b) (1)):

Yes No

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b) (7)):

Yes No

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes No

São Paulo, July 24, 2018 - GPA [B3: PCAR4; NYSE: CBD] announces its results for the 2nd quarter of 2018. Due to the ongoing divestment of the interest held by GPA in Via Varejo S.A., as announced in the material fact notice of November 23, 2016, the operations of Via Varejo are treated as discontinued operations. Accordingly, net sales and other profit or loss accounts were adjusted retrospectively, as required by IFRS 5/CPC 31, approved by CVM Resolution 598/09 – Non-current assets held for sale and discontinued operations. The following statements are related to the results of continuing operations. All comparisons are with the same period in 2017, except where stated otherwise.

2Q18 RESULTS

GPA Food:

- **Gross sales revenue of R\$12.8 billion, up 9.9%, driven by the accelerated growth at Multivarejo and the solid performance of Assaí, despite a relevant food deflation;**
- **Adjusted EBITDA^(*) reached R\$679 million (+25.5% vs. 2Q17), with margin expanding from 5.1% to 5.8%, maintaining a strong pace of growth;**
- **Net income attributed to controlling shareholders of R\$462 million 2.4 times higher than 2Q17 profit. Ex-tax credits, profit reached R\$ 185 million, reversing the loss of the same period of the previous year;**
- **Maintenance of solid financial structure, with a leverage ratio of around 1 time EBITDA.**

Multivarejo:

- § **Gross sales revenue of R\$7.0 billion**, with solid **same-store sales growth excluding the calendar effect of 5.3%**. Sales improved significantly across all banners, supporting a market share gain of 100 bps in the quarter;
- § **Gross margin^(*)** remained stable at 28.1%, striking a good balance between successful promotional campaigns and price competitiveness;
- § **Operating expenses** as a percentage of net revenue decreased from 23.9% to 23.1% in 2Q18, due to the ongoing efficiency gains, led by productivity gains in stores;
- § **Adjusted EBITDA^(*)** of R\$358 million, up 18.6%, as a result of the significant evolution of sales and greater operational efficiency. EBITDA margin^(*) stood at 5.6%, expanding 90 bps.

Assaí:

□ **Gross sales revenue of R\$5.7 billion**, up 22.8%, maintaining the banner's strong performance. This growth translated into a market share gain of around 200 bps in the quarter;

□ **Gross margin^(*) reached 16.4%**, mainly due to the successful organic expansion and the consequent rapid maturation of the stores opened in recent years;

Adjusted EBITDA margin^(*) reached 6.1%, expanding a robust 50 bps;

□ **Net income reached R\$412 million** (R\$ 168 million ex tax credits), registering strong growth of 4.3 times vs 2Q17 (or 1.8 times ex tax credits)

(R\$ million)⁽¹⁾	2Q18	2Q17	Δ	2Q18	2Q17	Δ	2Q18	2Q17
Gross Revenue	12,772	11,623	9.9%	12,772	11,623	9.9%	7,030	6,945
Net Revenue Ex. tax credits ^(*)	11,730	10,663	10.0%	11,730	10,663	10.0%	6,452	6,390
Gross Profit Ex. tax credits ^(*)	2,684	2,489	7.8%	2,684	2,489	7.8%	1,816	1,812
Gross Margin Ex. tax credits^(*)	22.9%	23.3%	-40 bps	22.9%	23.3%	-40 bps	28.1%	28.3%
Adjusted EBITDA Ex. tax credits ^{(2)(3)(*)}	648	505	28.3%	679	541	25.5%	358	302
Adjusted EBITDA Margin Ex. tax credits^(*)	5.5%	4.7%	80 bps	5.8%	5.1%	70 bps	5.6%	4.7%
Net Income - Controlling Shareholders - continuing operations	431	160	169.9%	462	196	136.1%	50	99
Net margin - continuing operations	3.7%	1.5%	220 bps	3.9%	1.8%	210 bps	0.8%	1.6%
Net Income (Loss) - Controlling Shareholders - continuing operations ex. tax credits ^(*)	153	(177)	n.a	185	(141)	n.a	16	(237)
Net Margin - continuing operations ex. tax credits^(*)	1.3%	-1.7%	300 bps	1.6%	-1.3%	290 bps	0.3%	-3.7%

(1) Sums and percentages may present discrepancies due to rounding. All margins were calculated as a percentage of net sales. (2) Earnings before interest, taxes, depreciation and amortization. (3) EBITDA adjusted by Other Operating Income and Expenses.

() Excluding tax credits, as detailed in the section "Tax Credits" on page 4.*

Outlook:

GPA's performance in **2Q18** enabled it to reaffirm its **guidance for 2018**:

§ **Same-store sales growth:** above inflation at Assaí and in line with food inflation at Multivarejo, with continued market share gains;

§ **Adjusted EBITDA margin:** 5.5%-5.6% at Multivarejo and 5.8%-5.9% at Assaí;

§ **Financial Result:** around 1% of net sales;

§ **LATAM synergies:** should surpass US\$85 million in savings for the Brazil perimeter.

"We closed the second quarter of the year with great prospects for the GPA business. Driven by the assertiveness of the new promotional dynamics and adjustments made in the operation of the Multivarejo business, we registered a significant acceleration of the sales level, with gains in market share and improved profitability in all brands. This result reaffirms a new trend of revenue for the business. Assaí continues to deliver consistent sales growth, with market share evolution, coupled with a solid result."

Peter Estermann – Chief Executive Officer, GPA

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Gross Revenue	12,772	11,623	9.9%	12,772	11,623	9.9%
Net Revenue Ex. tax credits ^(*)	11,730	10,663	10.0%	11,730	10,663	10.0%
Gross Profit Ex. tax credits ^(*)	2,684	2,489	7.8%	2,684	2,489	7.8%
Gross Margin Ex. tax credits^(*)	22.9%	23.3%	-40 bps	22.9%	23.3%	-40 bps
Selling, General and Adm. Expenses	(2,037)	(1,969)	3.5%	(2,037)	(1,969)	3.5%
% of Net Revenue	17.4%	18.5%	-110 bps	17.4%	18.5%	-110 bps
Other Operating Revenue (Expenses)	(90)	(307)	0.0%	(90)	(307)	-7057.7%
% of Net Revenue	0.8%	2.9%	-2 bps			