BRAZILIAN DISTRIBUTION CO COMPANHIA BRASILEIRA DE DISTR CBD
Form 6-K
March 29, 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 March, 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 _X_ 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 _X_

(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 _X_

(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 _X_

Companhia Brasileira de Distribuição

CNPJ/MF 47.508.411/0001-56

NIRE 35.300.089.901

São Paulo, March 23, 2018.

Management Proposal for the Extraordinary and Annual Shareholders' Meeting to be held on April 27, 2018

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1. INFORMATION ON THE MATTERS OF THE RESOLUTION

Dear Shareholders,

The management of Companhia Brasileira de Distribuição ("Company") hereby presents to the Shareholders the following proposals to be subject of resolution of the Extraordinary and Annual Shareholders' Meeting of the Company to be held on April 27th, 2018, at 16:00 hours, at its headquarters at Avenida Brigadeiro Luís Antonio, nº 3.142, City of São Paulo, State of São Paulo:

At the Annual Shareholders' Meeting:

I. Comments on the accounts of the Executive Board and analysis, discussion and vote on the Management Report and the Financial Statements of the Company related to the year ended December 31, 2017;

II. Proposal for allocation of profit related to the fiscal year ended December 31, 2017;

III. Ratification of the global compensation of the Management and Fiscal Council of the Company, in case the shareholders request it to be set up;

IV. Proposal for election of the members of the Board of Directors of the Company; and

V. Proposal for investment plan for the fiscal year 2018.

At the Extraordinary Shareholders' Meeting:

I. Proposal for amendment and consolidation of the Company's Bylaws.

For further information on the matters, please see the proposals below. The Company prepared this Management Proposal, in conformity with corporate governance and transparency's good practice, aiming at guiding and clarifying to all its Shareholders on matters to be deliberated, the Investors Relations department remaining at your entire disposal to answer any additional queries.

São Paulo, March 23, 2018.

The Management

Companhia Brasileira de Distribuição

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1. INFORMATION ON THE MATTERS OF THE RESOLUTION 6

2. AT ANNUAL SHAREHOLDERS' MEETING

I. Comments from the Management on the Company's Financial Standing

The Management proposes to approve the accounts of the Executive Board, the Management Report, the Financial Statements and the Independent Auditors' Report for the fiscal year ended December 31, 2017, which obtained favorable opinions from the Fiscal Council and the Audit Committee of the Company, as (a) disclosed on February 20th, 2018 on the websites of the Company, the Brazilian securities exchange commission (*Comissão de Valores Mobiliários* or "CVM") and the Brazilian stock exchange (B3 S.A.), and (b) published on February 22, 2018 in the *Diário Oficial da União do São Paulo* and the newspaper *Folha de S. Paulo*.

In accordance with the dispositions of article 9, item III, of the Instruction CVM No. 481, of December 17, 2009, as amended ("ICVM 481"), the Company hereby presents the item 10 of the *Formulário de Referência* in accordance with the terms of the Instruction CVM No. 480, of December 7, 2009, as amended ("ICVM 480"):

Exhibit to the Management Proposal – the Company's Financial Standing

10.1 General financial and equity conditions

Introduction

The following comments should be considered together with the Company´s individual and consolidated financial statements for the year ended December 31, 2017, issued on February 19, 2018, including Notes to the financial statements, as well as other financial information contained herein.

In the Company´s consolidated financial statements of December 31, 2017 and 2016, due to the ongoing divestment of the interest held by the Company in Via Varejo S.A. ("Via Varejo") as announced in Note 32, the operations of Via Varejo are treated as discontinued operations. Accordingly, net sales and other income/expense lines were adjusted retrospectively from January 1, 2015, as defined in CPC31, approved by CVM Resolution 598/09 - Sale of non-current assets and discontinued operations, equivalent to IFRS 5. Consequently, the following comments do not include the performance of Via Varejo.

(i) general financial and equity conditions

Although 2017 was a challenging year, it brought important signs of improvement in the business environment. Although the effects from macroeconomic indicators are still incipient, the Company ended the year with important advances in its Business Units resulting from the strategic management of the portfolio, the more pragmatic use of the Company's database and the continued discipline employed in financial management and streamlining of structures.

In 2017:

- gross revenue came to R$48.439 billion and net revenue came to R$44.634 billion, for an exceptional performance considering the economic recession, marked by sharp deflation, especially in the food category. Staying focused on higher-return formats through store openings, closures and, especially, conversions, proved the right strategy. The Company ended the year with important market share gains in all measurements conducted by Nielsen during the year.

- EBITDA adjusted by "Other Operating Income and Expenses" and excluding non-recurring effects came to R$2.217 billion, improving 16.8% from 2016. At GPA Food, EBITDA was R$2.341 billion, advancing 22.3% on 2016, with margin of 5.2% (vs. 4.6% in 2016).

o Multivarejo: Adjusted EBITDA was R$1.312 billion with margin of 5.0% in 2017, expanding 20 bps compared to 2016, basically due to gross margin expansion, reflecting the new commercial actions implemented throughout the year, and discipline in expense control, even with improved service quality at stores;

o Assaí: Adjusted EBITDA grew 68.0% to R$1.029 billion, with margin of 5.6% (+140 bps from 2016), which underscores the format's efficacy in a context of strong organic growth and food deflation.

- The financial result was negative at R$730 million, down 19.2% from 2016. The ratio of net financial result to net revenue decreased from 2.2% in 2016 to 1.6% in 2017, chiefly due to the lower gross debt cost by around R$200 million explained by the decline in the CDI rate from an average rate of 14.0% in 2016 to 10.0% in 2017.

- Net income attributable to controlling shareholders was R$619 million, with net margin of 1.4%, reversing the net loss of R$482 million in 2016.

- The Company´s financial capacity presented as a solid one. Net debt, including unsold receivables, decreased by R$162 million vs. 2016. The ratio of net debt to EBITDA decreased from -0.32 in 2016 to -0.15.

- Consolidated shareholders' equity amounted to R$13.292 billion, increasing R$695 million.

For more information, see item 10.1.h.

(ii) capital structure and eventual redemption of shares

	GPA CONSOLIDATED				
(R$ million)	**12.31.2017**	**12.31.2016**	**VA**	**12.31.2015**	**VA**
Liabilities (Current and Non-Current)	34,636	32,620	72.1%	33,889	71.7%
Total Shareholders' Equity	13,292	12,597	27.9%	13,352	28.3%
Total Liabilities and Shareholders' Equity	**47,928**	**45,217**	**100.0%**	**47,241**	**100.0%**

Above is the Company’s capital structure for the periods mentioned, considering as a percentage of equity, the amount resulting from total consolidated shareholders’ equity divided by total liabilities (current and non-current) and shareholders’ equity, and as a percentage of debt capital, the amount resulting from the sum of current and noncurrent liabilities divided by total liabilities (current and non-current) and shareholders' equity:

Debt

	GPA Consolidated			
(R$ million)	**12.31.2017**	**12.31.2016**	**Comparable 12.31.2015**	**12.31.2015**
Short Term Debt	**(1,250)**	**(2,957)**	**(1,130)**	**(1,506)**
Loans and Financing	(770)	(2,389)	(1,092)	(1,469)
Debentures	(481)	(568)	(38)	(38)
Long Term Debt	**(3,309)**	**(2,912)**	**(3,577)**	**(3,997)**
Loans and Financing	(775)	(1,008)	(2,680)	(3,100)
Debentures	(2,534)	(1,904)	(897)	(897)
Total Gross Debt	**(4,559)**	**(5,869)**	**(4,707)**	**(5,504)**
Cash	**3,792**	**5,112**	**3,699**	**11,015**
Net Cash (Debt)	**(767)**	**(757)**	**(1,008)**	**5,511**
EBITDA	**2,341**	**1,618**	**2,319**	**2,680**
Net Cash / EBITDA	**-0.33x**	**-0.47x**	**-0.43x**	**2.06x**
Payment Book (CDCI)	-	-	-	(2,475)
On balance Credit Card Receivables unsold	414	241	136	664
Net Debt incl. unsold Credit Card Receivables	**(354)**	**(516)**	**(873)**	**3,700**
Net Debt incl. Unsold Credit Card Receivables / EBITDA	**-0.15x**	**-0.32x**	**-0.38x**	**1.38x**

The Company believes that the current capital structure, measured mainly by the ratio of net debt to EBITDA, presented a lower level of leverage, ending December 2017 with net debt / EBITDA ratio of 0.33 times, compared to 0.47 times at the end of 2016. Net debt, including receivables not sold, totaled R$354 million in December 2017, improving by R$162 million from the same period in 2016.

Cash position and receivables not sold reached R$3.792 million and R$414 million respectively, for a total of R$4.2 billion in cash and cash equivalents, in addition to approximately R$1.1 billion in pre-approved/confirmed credit lines.

Gross debt decreased R$1.310 billion to R$4.559 billion in the period. Of this total, around R$2.0 billion refers to the issue of debentures pegged to Agribusiness Receivables Certificate (CRA) at a coupon of 97.5% of the CDI rate and maturing in 2019 (1st issue) and of 96% of the CDI rate and maturing in 2020 (2nd issue).

There is no assumption of share redemption.

(iii) ability to pay financial commitments

The Company's executive officers believe that the cash flow and the funds currently available fully ensure the Company to pay all its short- and long-term financial commitments.

(iv) sources of financing for working capital and investments in non-current assets utilized by the Company

The Company raised funds in 2017, 2016 and 2015 through: (A) financial agreements that represent: (i) Brazilian reais denominated loans with obligation to payment principal and DI (interbank deposit)-pegged interest rates; (ii) foreign currency-denominated loans, which are immediately and fully "swapped," with Brazilian reais denominated payment obligations with DI-pegged interest rates, through swap operations; and (iii) loans with the Brazilian Economic and Social Development Bank ("BNDES"), denominated in reais plus annual interest payments; (B) funding on capital markets, through the issue of debentures, promissory notes and agribusiness receivables certificates; (C) cash generation through its operations; and (D) anticipation of receivables.

In 2016, there were also suppliers in the then consolidated Via Varejo that associated with financial institutions, by transferring the costs of lengthening the maturity, although still within acceptable commercial terms. Due to the specific characteristics of the transaction, the balance of R$1.055 billion was reclassified to an account of trade accounts payable – partnership. For the purpose of preparing the consolidated financial statements as on December 31, 2017 and 2016 and considering the application of CPC 31/IFRS 5, the assets and liabilities of Via Varejo now presented net in the line "assets held for sale" and "liabilities related to assets held for sale".

In 2017, 2016 and 2015, we had no difficulties in obtaining loans or refinancing its current debt.

(v) sources of financing for working capital and investments in non-current assets that the Company plans to utilize to cover liquidity deficiencies

In the opinion of the Group's executive officers, the funding sources used in the fiscal years ended December 31, 2017, 2016 and 2015 are adequate, and will continue to be used by the Company as sources of financing, if necessary.

(vi) debt levels and debt characteristics, as well as if the issuer has complied with these restrictions

i. Relevant loans and financing agreements

The tables below present the Company's debt with financial institutions and the funding transactions performed on capital markets on December 31, 2017, 2016 and 2015.

Debt breakdown, including: (i) Loans and Financing; (ii) Debentures; and (iii) payment books / consumer finance – CDCI, exclusively for the consolidated balances of Via Varejo in 2015.

In R$ million

	Weighted Average rate	**12.31.2017**	**12.31.2016**	**12.31.2015**
Debentures				
Debentures, CRA and promissory note	99.84% of CDI	**3,015**	2,472	935
		3,015	2,472	935
Loans and financing				
Local currency				
a. BNDES	TJLP + 3.60 per year	**-**	-	82
b. BNDES	3.73% per year	**8**	7	16
c. BNDES	3.91% per year	**37**	44	51
IBM	CDI - 0.71% per year	**-**	-	95
Working capital	104.48% of CDI	**19**	258	1,131
Working capital	TR+9.80% per year	**125**	135	131
Working capital	105.58% of CDI	**266**	1,044	111
Working capital	15.57% per year	**-**	-	-
Advancing of receivables	109% of CDI	**-**	-	4
Financial lease		**195**	215	264
Swap contracts	101.40% of CDI	**(19)**	(10)	2
Borrowing cost		**(4)**	(6)	(9)
		627	1,687	1,878
Foreign currency				
Working capital	USD + 2.34% per year	**297**	165	1,549
Working capital	USD + 3.26% per year	**367**	1,196	1,655
Working capital	EUR + 1.99% per year	**200**	172	208
Swap contracts	105.59% of CDI	**(7)**	89	(247)
Swap contracts	101.20% of CDI	**62**	88	(475)
Borrowing cost		**(1)**	-	-
		918	1,710	2,690
Total Debt		**4,560**	5,869	5,503
CDCI	15.57% per year	**-**	-	2,475

Total Debt	**4,560**	5,869	7,978

The assets and liabilities of Via Varejo now presented net in the line "assets held for sale" and "liabilities related to assets held for sale”.

Maturity schedule of loans and financing recognized as non-current liabilities.

Year	
From 1 to 2 years	1,892
From 2 to 3 years	1,298
From 3 to 4 years	40
From 4 to 5 years	24
After 5 years	66
Subtotal	**3,320**
Borrowing costs	**(11)**
Total	**3,309**

Direct consumer credit – CDCI

Refers to direct consumer credit through an intervening party (CDCI), which can be paid in up to 24 installments. However, the most utilized term is substantially less than 12 months. In 2017 and 2016, this balance is not presented because the assets and liabilities of Via Varejo are now presented net in the line "assets held for sale" and “liabilities related to assets held for sale”.

Financing of working capital, swap and direct consumer credit - CDCI

Financing of working capital

The Company and its subsidiaries raise loans and financing with major financial institutions to meet cash needs for investments.

The Company is required to maintain certain debt financial covenants. These ratios are calculated based on consolidated financial statements of the Company prepared in accordance with accounting practices adopted in Brazil, in the respective issuing Company as follows: (i) net debt (debt minus cash and cash equivalents and trade accounts receivable) not greater than equity and (ii) consolidated net debt/EBITDA ratio (debt less cash and cash equivalents and accounts receivable) lower than or equal to 3.25. On December 31, 2017, the Company complied with these ratios.

Swap contracts

In terms of foreign currency, the Company contracts swap operations to exchange liabilities denominated in U.S. dollar or other foreign currency and fixed interest rates for Real pegged to CDI floating interest rates. The average annual CDI rate was 10.00% in 2017 (14.00% in 2016 and 13.23% in 2015).

Debentures, promissory note and agribusiness receivables certificates

The Company is required to maintain certain debt financial covenants in connection with the issues made. These ratios are calculated based on consolidated financial statements of the Company prepared in accordance with accounting practices adopted in Brazil, in the respective issuing Company as follows: (i) net debt (debt minus cash and cash equivalents and trade accounts receivable) not greater than equity and (ii) consolidated net debt/EBITDA ratio lower than or equal to 3.25. On December 31, 2017, the Company complied with these ratios.

In R$ million

	Type	Issue Amount	Outstanding debentures	Issue	Maturity	Annual financial charges	Unit price	12.31.2017	12.31.2016
Parent Company									
12th issue of Debentures - CBD	No preference	900	900,000	09/12/2014	09/12/2019	107.00% of CDI	1,023	**921**	939
13th issue of Debentures - CBD (CRA)	No preference	1,012	1,012,500	12/20/2016	12/20/2019	97.5% of CDI	1,001	**1,014**	1,017
14th issue of Debentures - CBD (CRA)	No preference	1,080	1,080,000	04/17/2017	04/13/2020	96.00% of CDI	1,015	**1,096**	-
2nd issue of Promissory note CBD	No preference	500	200,000	08/01/2016	01/30/2017	108% of CDI	2,651	**-**	530
Borrow ing cost								**(16)**	(14)
Control/Consolidated – short and long term								**3,015**	2,472
Current Liabilities								**481**	568
Long-Term Liabilities								**2,534**	1,904

<u>*Finance Lease Obligations*</u>

Finance lease agreements, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are allocated between finance charges and reduction of lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the income statement. Leased assets are depreciated over their estimated useful life or lease term, whichever is shorter.

The total amount recorded from lease agreements classified as financial lease are listed below:

		Consolidated	
	12.31.2017	**12.31.2016**	**12.31.2015**
Financial lease liability –minimum lease payments:			
Up to 1 year	**51**	**41**	**44**
1 - 5 years	**117**	**144**	**157**
Over 5 years	**27**	**30**	**63**
Present value of financial lease agreements	**195**	**215**	**264**
Future financing charges	**185**	**207**	**238**
Gross amount of financial lease agreements	**380**	**422**	**502**

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ii. Other long-term relations with financial institutions

Currently, the Company has no relevant long-term relations with financial institutions referring to the fiscal years ended December 31, 2017, 2016 and 2015, in addition to those already described in item 10.1 (f) of the *Formulário de Referência*.

iii. Level of subordination in Company's debt

The Company's executive officers inform that the level of subordination in the Company's debt is determined in accordance with the provisions set forth by the legislation in force.

iv. Possible restrictions imposed on indebtedness limits and new debt contracting, the distribution of dividends, the sale of assets, the issue of new securities and the sale of controlling interest, as well as if the issuer has complied with these restrictions

BNDES

Agreements signed with the BNDES (Finame) are subject to "Provisions Applicable to BNDES Agreements", which borrowers of the BNDES, through a financial agent: without previous authorization from BNDES, including the Company, may not: (i) give priority to other credits; (ii) amortize shares; (iii) issue debentures above the established limit; (iv) issue profit-sharing bonds; (v) taking on new debt; and (vi) sell or encumber permanent assets, in observance to the reservations expressly mentioned in the "Provisions Applicable to BNDES Agreements."

Debentures, promissory note and agribusiness receivables certificates

The debentures issued are not convertible into shares and hold no guarantee.

These debentures are amortized according to the issue. The methods of amortization are as follows: (i) annual installments (12^{th} issue of CBD) as of the 4^{th} anniversary of the issue; (ii) semiannual interest payments; and (iii) payment exclusively on maturity with semiannual interest payments (13^{th} and 14^{th} issues of CBD). For further information on the issues of debentures by the Company, please see item 18 of the *Formulário de Referência*.

The 12^{th}, 13^{th} and 14^{th} issues are entitled to early redemption at any time, in accordance with the terms and conditions envisaged in the indenture.

On December 20, 2016, CBD held the 13^{th} issue of simple, non-convertible unsecured debentures, in a single series, which were privately placed with Ares Serviços Imobiliários Ltda., which, in turn, assigned and transferred to Ápice

Securitizadora S.A., which acquired the debentures and Agribusiness Receivables Certificates (CRA) in order to link them to the 2nd series of the 1st issue of agribusiness receivables certificates. The proceeds will be used exclusively to purchase fresh agricultural products, fruits and vegetables, dairy products, poultry and other animal proteins directly from rural producers and/or rural cooperatives.

On April 17, 2017, CBD held the 14th issue of simple, non-convertible unsecured debentures, in a single series, which were privately placed with Ares Serviços Imobiliários Ltda., which, in turn, assigned and transferred to Ápice Securitizadora S.A., which acquired the Debentures and Agribusiness Receivables Certificates (CRA) in order to link them to the 7th series of the 1st issue of agribusiness receivables certificates. The proceeds will be used exclusively to purchase fresh agricultural products, fruits and vegetables, dairy products, poultry and other animal proteins directly from rural producers and/or rural cooperatives.

The Company is required to maintain certain debt financial covenants in connection with the issues made, except in the case of Nova Pontocom. These ratios are calculated based on consolidated interim financial information of the Companyprepared in accordance with accounting practices adopted in Brazil, as follows: (i) net debt (debt minus cash and cash equivalents and trade accounts receivable) not greater than equity and (ii) consolidated net debt/EBITDA ratio (debt less cash and cash equivalents and accounts receivable) lower than or equal to 3.25. On December 31, 2017, the Company was in compliance with these ratios.

Other covenants

Some loans agreements and financing instruments entered into by CBD and its subsidiaries envisage early maturity of the debt in the event of transfer of control, including:

- loan and financing agreements in domestic and foreign currencies;
- indenture of issue of debentures of CBD;
- machinery and equipment financing agreements (FINAME);
- Contract of Adhesion to System of Protection Against Financial Risks – Derivatives (swap, forwards and options).

The provisions applicable to BNDES contracts also forbid any changes in the effective control, whether direct or indirect, without prior express authorization from BNDES.

(vii) limits of the financing already contracted, percentages already used

Though the Company does not have any fixed financing agreement contracted, on December 31, 2017, it had loan agreements amounting to R$1.150 billion.

As mentioned in the financial statements disclosed by the Company in 2017, the agreements were entered into as per market practices and are valid through 2018.

(viii) relevant changes in each item of the financial statements

There are no items that significantly altered the financial statements for 2015, 2016 and 2017, except for the effects of applying CPC 31 - Non-current assets held for sale and discontinued operation (IFRS5). In 2017, certain external factors beyond the Company's control, mainly related to the macroeconomic scenario, caused the sale process not to be concluded within the initially planned timeframe of one year. The plan to sell Via Varejo remains the same and, jointly with its financial advisors, the Company revised the next steps and estimates as highly probable the conclusion of the process over the course of 2018. As a result, the net income of Via Varejo (and its subsidiary Cnova Comércio Eletrônico S.A. – "Cnova Brasil") after taxes is disclosed in a single line in the income statement and the balances of assets and liabilities as held for sale and discontinued operations. The effect of assets and liabilities available held for sale on December 31, 2017 was R$22.939 billion (R$20.303 billion on December 31, 2016) and R$17.824 billion (R$15.632 billion on December 31, 2016), respectively. The effect of the result from discontinued operations was a gain of R$383 million on December 31, 2017 (loss of R$1.005 billion on December 31, 2016).

Income Statement

Fiscal Years Ended December 31, 2017, 2016 and 2015

Income Statement - Consolidated	12M17	HR 2017 x 2016	12M16	HR 2016 x 2015	12M15	12M15 (originally released)	AH 2015 x 2014
R$ - Million							
Gross Sales Revenue	**48,439**	**7.7%**	**44,969**	**11.7%**	**40,242**	**77,054**	**6.0%**
Net Sales Revenue	**44,634**	**7.7%**	**41,454**	**11.4%**	**37,198**	**69,220**	**5.8%**
Cost of Goods Sold	**(33,877)**	**6.3%**	**(31,878)**	**13.6%**	**(28,066)**	**(52,793)**	**8.8%**
Depreciation (Logistic)	**(54)**	**-1.8%**	**(55)**	**-3.5%**	**(57)**	**(141)**	**34.3%**
Gross Profit	**10,703**	**12.4%**	**9,521**	**4.9%**	**9,075**	**16,286**	**-3.0%**
Selling Expenses	**(6,804)**	**3.6%**	**(6,567)**	**10.9%**	**(5,922)**	**(11,313)**	**9.5%**
General and Administrative Expenses	**(972)**	**10.0%**	**(884)**	**15.4%**	**(766)**	**(1,717)**	**15.5%**
Equity Income	**(60)**	**-200.0%**	**60**	**-25.9%**	**81**	**112**	**3.7%**
Other Operating Income (Expenses)	**(579)**	**2.1%**	**(567)**	**175.2%**	**(206)**	**(684)**	**55.1%**
Total Operating Expenses	**(8,415)**	**5.7%**	**(7,958)**	**16.8%**	**(6,813)**	**(13,602)**	**11.9%**
Depreciation and Amortization	**(779)**	**10.2%**	**(707)**	**8.8%**	**(650)**	**(961)**	**17.3%**
Earnings before interest and Taxes - EBIT	**1,509**	**76.3%**	**856**	**-46.9%**	**1,612**	**1,723**	**-55.0%**
Financial Income	**181**	**-21.6%**	**231**	**-34.7%**	**354**	**776**	**12.6%**
Financial Expenses	**(911)**	**-19.7%**	**(1,134)**	**1.1%**	**(1,122)**	**(2,429)**	**10.7%**
Net Financial Income (Expenses)	**(730)**	**-19.2%**	**(903)**	**17.6%**	**(768)**	**(1,653)**	**9.8%**
Income Before Income Tax	**779**	**-1757.4%**	**(47)**	**-105.6%**	**844**	**70**	**-97.0%**
Income Tax	**(297)**	**1137.5%**	**(24)**	**-89.5%**	**(229)**	**(346)**	**-53.0%**
Net income (loss) from continuing operations	**482**	**-778.9%**	**(71)**	**-111.5%**	**615**	**(276)**	**-117.4%**
Net income (loss) from discontinued operations	**383**	**-138.1%**	**(1,005)**	**12.8%**	**(891)**	**-**	**-**
Net Income - Company	**865**	**-180.4%**	**(1,076)**	**289.9%**	**(276)**	**(276)**	**-117.4%**
Minority Interest - Noncontrolling	**246**	**-141.4%**	**(594)**	**9.8%**	**(541)**	**(541)**	**-243.5%**
Net Income - Controlling Shareholders[(1)]	**619**	**-228.4%**	**(482)**	**-281.9%**	**265**	**265**	**-78.0%**
EBITDA - Earnings before depreciation, amort., interest and Taxes	**2,342**	**44.7%**	**1,618**	**-30.2%**	**2,319**	**2,825**	**-40.5%**
% Net Sales Revenue							
Gross Profit	**24.0%**	**1.0 p.p.**	**23.0%**	**-1.4 p.p.**	**24.4%**	**23.5%**	**-2.2 p.p.**
Selling Expenses	**15.2%**	**-0.6 p.p.**	**15.8%**	**-0.1 p.p.**	**15.9%**	**16.3%**	**0.5 p.p.**
General and Administrative Expenses	**2.2%**	**0.1 p.p.**	**2.1%**	**0.0 p.p.**	**2.1%**	**2.5%**	**0.2 p.p.**

Equity Income	**-0.1%**	**-0.2 p.p.**	**0.1%**	**-0.1 p.p.**	**0.2%**	**0.2%**	**0.0 p.p.**
Other Operating Income (Expenses)	**1.3%**	**-0.1 p.p.**	**1.4%**	**0.8 p.p.**	**0.6%**	**1.0%**	**0.3 p.p.**
Total Operating Expenses	**18.9%**	**-0.3 p.p.**	**19.2%**	**0.9 p.p.**	**18.3%**	**19.7%**	**1.1 p.p.**
Depreciation	**1.7%**	**0.0 p.p.**	**1.7%**	**0.0 p.p.**	**1.7%**	**1.4%**	**0.1 p.p.**
EBIT	**3.4%**	**1.3 p.p.**	**2.1%**	**-2.2 p.p.**	**4.3%**	**2.5%**	**-3.3 p.p.**
Net Financial Income (Expenses)	**1.6%**	**-0.6 p.p.**	**2.2%**	**0.1 p.p.**	**2.1%**	**2.4%**	**0.1 p.p.**
Income Before Income Tax	**1.7%**	**1.8 p.p.**	**-0.1%**	**-2.4 p.p.**	**2.3%**	**0.1%**	**-3.4 p.p.**
Income Tax	**0.7%**	**0.6 p.p.**	**0.1%**	**-0.5 p.p.**	**0.6%**	**0.5%**	**-0.6 p.p.**
Net Income - Company	**1.9%**	**4.5 p.p.**	**-2.6%**	**-1.9 p.p.**	**-0.7%**	**-0.4%**	**-2.8 p.p.**
Minority Interest - noncontrolling	**0.6%**	**2.0 p.p.**	**-1.4%**	**0.1 p.p.**	**-1.5%**	**-0.8%**	**-1.4 p.p.**
Net Income - Controlling Shareholders	**1.4%**	**2.6 p.p.**	**-1.2%**	**-1.9 p.p.**	**0.7%**	**0.4%**	**-1.4 p.p.**
EBITDA	**5.2%**	**1.3 p.p.**	**3.9%**	**-2.3 p.p.**	**6.2%**	**4.1%**	**-3.2 p.p.**

HR = Horizontal Review
(1) Sums and percentages may present discrepancies due to rounding

Adjusted EBITDA excluding non recurring effects							
Earnings before depreciation, amort., Interest and Taxes - EBITDA	**2,342**	**44.7%**	**1,618**	**-30.2%**	**2,319**	**2,825**	**-40.5%**
Other Operating Income (Expenses)	(579)	2.1%	(567)	175.2%	(206)	(684)	55.1%
Non recurring effects on gross margin	704	144.3%	288	n.a.	-	-	n.a.
Adjusted EBITDA Excl. non recurring effects	**2,217**	**16.9%**	**1,897**	**-24.9%**	**2,525**	**3,509**	**-32.4%**

Comments on variations between December 31, 2017 and December 31, 2016

Net sales

In 2017, the Company's consolidated net sales exclusively from continuing operations increased 7.7%, from R$41.454 billion in 2016 to R$44.634 billion in 2017. These sales were generated by GPA Food operations, which is composed of Multivarejo and Assaí.

ü Assaí: the banner contributed significantly, with growth of 27.3% in 2017, leveraged by the expansion plan, totaling 20 openings (15 store conversions and 5 inaugurations).

ü Multivarejo: net sales decreased 2.9% from 2017, impacted by sharp deflation in the period, in addition to the closing of 17 hypermarkets since the beginning of the year, 15 of which were converted into Assaí. This optimization of the store portfolio resulted in a contraction in Multivarejo's sales area of approximately 5%.

Gross Profit

In 2017, gross profit totaled R$10.703 billion, up R$ 1,182 billion or 12.4% from December 31, 2016. Gross margin reached 24.0%, for expansion of 100 bps from 2016. The highlights by business were:

ü Multivarejo: Gross profit came to R$7.8 billion, up 5.6% from the prior year, with gross margin of 29.6%. The improvement compared to 2016 was due to: (i) New commercial actions implemented throughout the year; (ii) closure of Extra Hiper stores; and (iii) non-recurring effects of R$704 million, of which R$714 million related to Tax credits arising from the refunding of ICMS ST tax, offset by R$10 million related to write-off of inventory and deductibles resulting from the fire at the Osasco Distribution Center in Dec/2017.

ü Assaí: gross profit amounted to R$2.9 billion, with gross margin of 15.9%. The improvement compared to 2016 was due to: (i) solid commercial dynamics; (ii) development of other categories to offset the deflationary impact; (iii) Maintenance of low shrinkage levels; (iv) maturation of stores; (v) Higher share of individuals; and (vi) new tax framework.

Operating Income (Expenses)

Selling, general and administrative expenses increased from R$7.451 billion in 2016 to R$7.776 billion in 2017, or 4.4%, lagging the growth in net sales. As a ratio of net revenue, dilution increased from 18.0% in 2016 to 17.4% in 2017, despite the sharp food deflation that affected net sales, while the other components of expenses continued to be impacted by inflation. The highlights by business were:

ü Multivarejo: Selling, general and administrative expenses decreased 1.6% compared to 2016, mainly due to the productivity gains at stores arising from the initiatives implemented, which included:

(i) Multi-function Program: employees trained to perform different functions based on customer traffic in stores, an initiative that significantly reduced wait times in checkout lines and improved customer-satisfaction indicators;

(ii) Variable compensation in stores: wage incentive for store employees based on productivity gains;

(iii) Rollout of energy efficiency projects: Multivarejo ended the year with over 90% of stores (hypermarkets and supermarkets) with new investments in lighting, refrigeration and automation that captured savings in energy consumption.

ü Assaí: operating expenses stood at 10.4% of net revenue, virtually in line with 2016, due to the maturation of stores in the new format (efficiency gains), even with the accelerated expansion, with 20 store openings in the year.

Other Operating Income (Expenses)

In 2017, other Operating Income and Expenses came to an expense of R$579 million, up 2.1% from 2016, and were mainly related to the write-off of property and equipment due to: (i) closure of stores and conversion of Extra Hiper stores into Assaí; (ii) write-off of fixed assets related to the Distribution Center in Osasco due to the fire; and (iii) restructuring expenses due to measures adopted by the Company to adjust its structure of expenses, comprising all operating and administrative areas.

Depreciation and Amortization

Depreciation and amortization amounted to R$779 million in 2017, up 10.2% from R$707 million in 2016. This increase was mainly due to depreciation and amortization of the new investments made in 2017.

Net Financial Result

In 2017, the net financial result was an expense of R$730 million, down 19.2% from 2016. The ratio of net financial result to net revenue decreased from 2.2% in 2016 to 1.6% in 2017, or 60 bps, chiefly due to the lower cost of gross debt by around R$200 million on the decline in the average CDI rate from 14.0% in 2016 to 10.0% in 2017. In general, all the components of the financial result remained stable as a percentage of net sales compared to the same period the previous year.

Net Income (Loss)

Net income attributable to controlling shareholders, considering continuing and discontinued operations, came to R$619 million in 2017 reversing the net loss of R$482 million in 2016.

Comments on variations between December 31, 2016 and December 31, 2015

Continuing and discontinued operations

Until October 31, 2016, the Company disclosed the net results of subsidiaries in the e-commerce segment abroad (mainly Cdiscount France) after taxes in a single line in the statement of income (similar to on December 31, 2015) and the assets and liabilities balances also as held for sale and discontinued operations. As of this date, the balances of assets and liabilities were written off against shareholders' equity and the e-commerce operations abroad were booked as equity income due to the significant influence held by the Company.

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Net Sales

The Company's consolidated net sales, including only continuing operations, increased 11.4% in 2016, from R$37.198 billion in 2015 to R$41.454 billion in 2016.

The Group's main revenues arise from the Company foods' operations, comprised by Multivarejo and Assaí, as shown below:

Net Revenue

(R$ million)	**2016**	**2015**
Food Business	**41,454**	**37,198**
Multivarejo (1)	26,967	26,744
Assaí	14,487	10,453

(1) Extra and Pão de Açúcar banners: supermarket stores, hypermarket, proximity, gas stations, drugstores and food e-commerce, in addition to revenue from leasing of commercial centers

The growth in net sales in 2016 was driven by the expansion of higher-return formats, with the opening of 30 new stores, of which 13 were in the Assaí banner (including 2 conversions from Extra Hiper), 14 Minuto Pão de Açúcar, 2 Pão de Açúcar and 1 Minimercado Extra.

As in 2015, the year 2016 was marked by the worsening economic scenario, which resulted in the migration of customers from the traditional retail format to the cash-and-carry wholesale format. As a result, Assaí's sales grew by a significant 38.6%, which translated into an important gain in market share, driven by the maturation of stores opened in recent years, the double-digit growth in customer traffic and accelerated expansion.

In Multivarejo, the new commercial action launched at Extra resulted in a progressive improvement in sales during the year and market share gains in volume in the last 9 measurements (April to December 2016). Pão de Açúcar continued to shows its resilience, with same-store sales and market share remaining stable during the course of the year: The Proximity format registered sales growth above inflation and launched the 'Aliados Compre Bem' project, a business model based on neighborhood stores, by which the Company partners with independent retailers in order to expand the format's reach.

Gross Profit

In 2016, gross profit totaled R$9.521 billion, up R$446 million or 4.9%. Gross margin reached 23.0%, lower than in 2015, reflecting the commercial actions launched mainly at Extra and the higher share of Assaí in the sales mix. The highlights by business were:

ü Multivarejo: Gross margin reached 27.3% in the year, compared to 28.2% in 2015, reflecting the new commercial strategy focused on price competitiveness launched in 1Q16, especially at Extra, which resulted in sales growth during the year and market share gains;

ü Assaí: Gross margin increased by 30 basis points, from 14.7% to 15.0%, mainly related to the economies of scale in its operations.

Operating Income (Expenses)

In 2016, the Company continued its efforts to optimize expenses and improve efficiency throughout the year across all business segments, which resulted in a nominal increase in selling, general and administrative expenses in line with the growth in net sales. Selling, general and administrative expenses increased from R$6.688 billion in 2015 to R$7.451 billion in 2016.

ü Multivarejo: Focus on rationalizing expenses in both the operating and administrative areas. As a result, selling, general and administrative expenses increased by 6.6% in the year, in line with the inflation during the period (IPCA of 6.3%); Considering expenses related only to stores, growth was only 1.2%, with electricity and personnel expenses remaining practically stable throughout the year despite the inflation / wage increase during the period, thanks to energy efficiency projects and streamlining of store processes, respectively;

ü Assaí: Despite the opening of 13 stores during the year (including two Extra Hiper conversions) and the higher share of individual consumers, which resulted in higher operating costs, the ratio of selling, general and administrative expenses to net sales (10.3 % in 2016 vs. 10.5% in 2015) declined 20 bps.

Other Operating Income and Expenses

In 2016, other operating income and expenses came to an expense of R$567 million, up 175% from 2015 (considering only continuing operations). The increase is mainly due to the R$353 million increase in provision for tax contingencies made in the year for lawsuits related to income tax, ICMS and PIS/Cofins.

Depreciation and Amortization

In 2016, depreciation and amortization totaled R$707 million, up 8.8% from R$650 million reported in 2015. This increase was chiefly due to depreciation and amortization of the new investments made in 2016. The lower percentage increase in depreciation in 2016 was due to 18% lower investments than in 2015.

Net Financial Result

In 2016, the net financial result was an expense of R$903 million, up 17.6% from 2015. Despite the hike in the interest rate, expenses with sale of receivables and the cost of debt remained stable, and the main effect was due to lower yield from cash due to the lower balance during the year, as well as lower revenue from other changes in equity accounts. As a ratio of net sales, net financial result increased by just 10 basis points, from 2.1% in 2015 to 2.2% in 2016, practically stable compared to the previous year, despite a more challenging macroeconomic scenario.

Net Income (Loss)

In 2016, with the economic crisis worsening, the results of the Company's continuing operations were impacted by lower operating income, higher financial expenses and higher other operating expenses. Note that discontinued operations underwent an effective reorganization on October 31 and did not capture the effects of synergies during the year.

(R$ million)	2016	2015	”
EBITDA	**1,618**	**2,319**	**-30.2%**
Depreciation (Logistic)	(55)	(57)	-2.5%
Depreciation and Amortization	(707)	(650)	8.6%
Net Financial Income (Expenses)	(903)	(768)	17.6%
Income (Loss) before Income Tax	**(47)**	**844**	**-105.6%**
Income Tax	(25)	(229)	-89.3%
Net Income (Loss) - Company	**(71)**	**615**	**-111.6%**
Net Margin	**-0.2%**	**1.7%**	**-190.0%**
Net Income - Controlling Shareholders	**(482)**	**265**	**-281.9%**
Net Margin - Controlling Shareholders	**-1.2%**	**0.7%**	**-190.0%**
Other Operating Income (Expenses)	(567)	(205)	176.3%
Income Tax on Other Operating Income (Expenses) and Nonrecurring Income Tax	123	51	142.6%
Adjusted Net Income (Loss) - Controlling Shareholders - continuing operations (1)	**373**	**769**	**-51.5%**
Adjusted Net Margin - Controlling Shareholders	**0.9%**	**2.1%**	**-120bps**

(1) Net Income adjusted by “Other Operating Income and Expenses”, thus eliminating nonrecurring income and expenses

The net loss attributable to controlling shareholders was R$482 million in 2016. Considering only continuing operations, net income attributable to controlling shareholders, adjusted by Other Operating Income and Expenses, amounted to R$373 million. The highlights by business were:

ü Multivarejo: The decrease compared to 2015 reflects the lower gross margin due to investments in price competitiveness; the impact of economic deterioration on sales and the increase in financial expenses. Accordingly, adjusted net income totaled R$53 million in 2016.

ü Assaí: adjusted net income of R$336 million, up 95% from the previous year, reflecting the success of the format and the disciplined control of expenses, combined with store maturation.

Balance Sheet

<u>Fiscal Years Ended December 31, 2017, 2016 and 2015</u>

Balance Sheet – Consolidated Assets

GPA CONSOLIDATED

(R$ million)	**12.31.2017**	**VA**	**AH 2017 x 2016**	**12.31.2016**	**VA**	**AH 2016 x 2015**	**12.31.2015**	**VA**	**AH 2015 x 2014**
Current Assets	**33,220**	**69.3%**	**5.0%**	**31,651**	**70.0%**	**26.8%**	**24,960**	**52.8%**	**3.9%**
Cash and Cash Equivalents	3,792	7.9%	-25.8%	5,112	11.3%	-53.6%	11,015	23.3%	-1.2%
Accounts Receivable	632	1.3%	16.4%	543	1.2%	-83.1%	3,210	6.8%	1.1%
Inventories	4,822	10.1%	3.9%	4,641	10.3%	-48.2%	8,965	19.0%	7.2%
Recoverable Taxes	596	1.2%	-11.6%	674	1.5%	-37.6%	1,080	2.3%	33.8%
Noncurrent Assets held for sale	22,961	47.9%	13.1%	20,303	44.9%	135253.3%	15	0.0%	-31.8%
Prepaid Expenses and Other Accounts Receivables	417	0.9%	10.3%	378	0.8%	-44.0%	675	1.4%	34.2%
Noncurrent Assets	**14,708**	**30.7%**	**8.4%**	**13,566**	**30.0%**	**-39.1%**	**22,281**	**47.2%**	**4.5%**
Accounts Receivables	80	0.2%	na	-	0.0%	-100.0%	98	0.2%	-6.7%
Recoverable Taxes	1,747	3.6%	176.4%	632	1.4%	-74.4%	2,467	5.2%	15.3%
Financial Instruments	28	0.1%	*na*	-	0.0%	*na*	-	0.0%	*na*
Deferred Income Tax and Social Contribution	121	0.3%	-28.8%	170	0.4%	-58.1%	406	0.9%	-17.3%
Amounts Receivable from Related Parties	25	0.1%	47.1%	17	0.0%	-94.5%	309	0.7%	-1.3%
Judicial Deposits	762	1.6%	15.3%	661	1.5%	-33.8%	999	2.1%	16.6%

Prepaid Expenses and Others	685	1.4%	4.3%	657	1.5%	-2.7%	675	1.4%	0.3%
Investments	198	0.4%	-41.6%	339	0.7%	-16.7%	407	0.9%	-4.5%
Property and Equipment	9,138	19.1%	-0.5%	9,182	20.3%	-11.5%	10,377	22.0%	7.0%
Intangible Assets	1,924	4.0%	0.8%	1,908	4.2%	-70.8%	6,543	13.9%	1.5%
TOTAL ASSETS	**47,928**	**100.0%**	**6.0%**	**45,217**	**100.0%**	**-4.3%**	**47,241**	**100.0%**	**4.2%**

Balance Sheet – Consolidated Liabilities

LIABILITIES

						GPA CONSOLIDATED			
(R$ million)	**12.31.2017**	**VA**	**AH 2017 x 2016**	**12.31.2016**	**VA**	**AH 2016 x 2015**	**12.31.2015**	**VA**	**AH 2015 x 2014**
Current Liabilities	**28,992**	**60.5%**	**5.1%**	**27,582**	**61.0%**	**9.1%**	**25,273**	**53.5%**	**5.4%**
Trade Payables	8,128	17.0%	12.4%	7,232	16.0%	-53.4%	15,508	32.8%	15.8%
Trade Payables - structured program	-		0.0% na	-	0.0%	-100.0%	1,055	0.0%	*na*
Loans and Financing	770	1.6%	-67.8%	2,389	5.3%	-36.7%	3,776	8.0%	-3.7%
Debentures and promissory note	481	1.0%	-15.3%	568	1.3%	1394.7%	38	0.1%	-98.6%
Payroll and Related Charges	640	1.3%	4.2%	614	1.4%	-40.0%	1,023	2.2%	18.4%
Taxes and Social Contribution Payable	301	0.6%	18.5%	254	0.6%	-69.4%	830	1.8%	-4.3%
Dividends Proposed	78	0.2%	*na*	-	0.0%	*na*	-	0.0%	-100.0%
Financing for Purchase of	116	0.2%	0.0%	116	0.3%	1.8%	114	0.2%	15.2%

Fixed Assets Leasing		128	0.3%	16.4%	110	0.2%	-27.2%	151	0.3%	31.3%
Acquisition of Companies	-		0.0%&n							