Q2 2021 Earnings Call

Company Participants

- Orivaldo Padilha, Vice President of Finance and Investor Relations Officer
- Roberto Fulcherberguer, Chief Executive Officer

Other Participants

- Analyst
- Joseph Giordano
- Victor Saragiotto

Presentation

Roberto Fulcherberguer {BIO 17276995 <GO>}

(Call Starts Abruptly) -- (Foreign Language) -- completing the suite of services for (inaudible) and our omni-channel approach. We've already launched 19 of the 120 stores and we will be launching the 120 this year.

We are already in the phase producing the stores and all of them are set up to meet the e-commerce demands in 1PR3P [ph]. And so our store is not a POS-only, and so it's a relationship spot. And as a logistical hub, an accelerator for the sales online in each location are over 20,000 sales reps in stores really became an important lever strengthening our strategy omni-channel. In this quarter we -- they were responsible for over 2.1 (inaudible). Based on these advantages, we will accelerate our growth even more, including other professionals from the platform with the speed and efficiency. So, it's really -- we are accelerated entering the game. We are really excited with what's coming around.

So now I would like to start with the presentation on the slide. Before I start talking about the first slide, which brings in our results, I would like to initially make a remark, which is after we launched our earnings, that everyone's talking about our EBITDA.

And I just wanted to highlight that the month of April, we had almost the entire amount of our stores closed. Now this EBITDA that we're looking at this month is not our recurring EBITDA. This EBITDA is coming from what we were able to achieve in a strong recovery with -- regardless of the stores closed.

And what's different here in the last quarter is that this month of April, we do not have the government support with the corona voucher to help with the payment for the employees. So this is an expense, we didn't have last year. And this year we had it without the stores open. And so in the same way, the rental negotiations do not come in the same period of the previous year. Because it was more intermittent in the periods with the closings.

But I would like to mention that this EBITDA we are noticing in this quarter is not a recurring EBITDA. We continue to post really liking profitability. We are more towards 7 and 7.5, which is what we were doing, then the 6.2 that we're demonstrating now.

And so now about the highlights here in this quarter. We are already for the past seven quarters demonstrating the major consistency in the execution and gaining market share. In this second quarter, despite having the stores closed in April, we added a record with over BRL4 billion in GMV versus the second quarter of 2020.

And I want to remind you that in the second quarter last year, online for the company was really strong because of stores -- physical stores were closed. So we were able to reach a total BRL11.4 billion in GMV -- gross GMV, which is an increase of 51% compared to the second quarter last year.

This performance represents strong acceleration when compared to the growth in the first quarter, which is 27%. We were able to add a lot of growth into the second quarter. 65% of the total GMV came from digital sales. So we had growth of 7% in 1P and 85% in 3P. So 65% of the company's GMV is already operating digital.

So here's some relevant data on the second quarter according to the Compre & Confie data. Online sales grew 36% compared to an evolution of 17% in the market. So we continue to grow more than double what the market growing. As we had already disclosed, we are able to -- we went back to exchange data with Ebit. And so they reviewed our customer base that represented an increase of 10% in total amount of the market.

And in the next slide, we can see the share. In the Ebit and of the firm Compre & Confie last seven quarters' business growth was greater than what the market is growing at. And it's demonstrated our strategy and our strong focus on growth and market aim.

In this quarter, that was very challenging due to the social restrictions and the closing of stores. We had the option to expand our investments in order to attract new customers and promote various new categories that entered our ecosystem. We could have done this through cashbacks, prepaid, reductions and discounts or combination of all of these factors, So we decided to expand the activation of new customers.

And in our perspective, we were very successful. We had positive growth, gains in share. We grew double of the market growth. And we added 4 millions of new customers in our active customer base. Now about the third quarter. Now what's going on is, in July for example, the market based on the Compre & Confie data, the market grew 8.5%. Via in the month of July grew 43.9%, based on Compre & Confie data. And the market without Via grew 3.4%.

So in the month of July, we continued this trend of growth, gaining market share above the market level. So up until the 10, which is what we have defined here, the total market with Via is growing 25.7%, Via grows 66.1%. And the market without Via grows 20.4%. So we gain 4.1 points share in the month of July compared to last year, and we gain 3.7 market share until the accumulated amount in August 10 on based on data of Compre & Confie. So we continued also in the third quarter with an excellent pathway of growth.

Now about online. It is an important lever, performance online and it is prepared and incentivized to sell products for 1P and 3P. The one interesting data is that about 30% of the customers that use vendedor online are new customers through Via. And we also have been able to reactivate many customers. 30% of the customers at our service are customers from our inactive customer base. So we're activating this a lot. It's a very important and powerful tool to add on new customers and activate customers that are inactive.

And so this is an important differential for the increase in GMV in 1P and 3P, the customer acquisition and also return. And so it already -- it was just for 18% of the sales on marketplace. So this is a big difference platforms that are just pure marketplaces or digital have the sales rep. So we are heading towards a lot of places that people don't go to. So this is one of the big rental.

And I'm going to be demonstrating this with other differentials as well. At Via Investor Day, we mentioned we would be delivering a lot of commerce on the first semester. We've delivered and already represent another important tool that all of our sales team online as well.

So I would like to ask now to share video talking about our live commerce.

(Audio-Video Presentation)

So now we're going to talk about the evolution. So this represents we've been having in our marketplace. So how -- what have mentioned in the call and what we've been repeating ever since Investor Day is that 2021 is the year of marketplace this year. So last year in June, we had 6,000 sellers. We reached -- we had 10,000 sellers in the end of December.

We started the '21 with 10,000 sellers. We reached 59,000 sellers. And now in June, we've already -- in July we've already reached 70,000 sellers. And were already so mentioned at Investor Day and we confident we would reach between 70,000 to 90,000 sellers this year. Well, we're already moving at strong pace towards this evolution.

So we went from 3 million last year, and we are already -- we already have 31 million SKUs in our platforms. So we've connected our first international, NocNoc, which allows for the sale of imported products from Asia into U.S., and we will have good news as well on the crossborder and online sales.

We can also highlight that we are not only a sales rep for electronics, we're very close to have the infinite shelf which really helps with the recurrence of customers. And the sales in our marketplace 85%, reaching 22% of additional sales, almost double the numbers in 2020.

In six months of 2021, we've made 85% of revenue introduced last year in 3P. This step-forward in our marketplace and our capacity to generate demand and especially our capacity for levering. The marketplace is another important platform add-on to our ecosystem. And together with our strong potential in 1P, our omnichannel approach, our buy-now-pay-later and our logistics really leverage more and more of our recurrence and the acquisition of new customers.

So in the next chart, we can observe some examples of increases sales in long tail categories in 1P and 3P. The biggest amount of sellers and the increase in the assortment and biggest amplitude in categories along with a new strategy and commercial structure dedicated to the marketplaces that are added out with the initiatives that are going to come within this year such as the 3P and for the sellers. Together really places us in an equal position this year in this market.

And we are definitely speeding this leadership in the market. On the next slide, we can talk about another strong point, which is our platform of financial solutions. With that evolution of indicators. We've added more customers SCD and so our portfolio will be the reinforced by the SCD license that we received for banQi, which also fill in a gap for credit granting that's really underdeveloped by the fintechs in the Brazilian market.

And our banQi really using this whole experience, buy-now-pay-later that this company has been building throughout this year. So we have the biggest case of buy-now-pay-later in Brazilian market, which really brings action in our opportunity.

So if we take a look at this slide and we talk about the opportunity that we've been bringing in service in our -- simply that shows the trend for this payment method in the American market. We know there are major players for BNPL abroad like Klarna, Afterpay and others.

Have installments and very few installments and must note interest. And at the end of the day, this is a like a Pay Now. It's like a buy-now-and-pay-later, which is basically what we've already done for many years, and of course, customized to the needs in result.

The main message here guys is not the potential for penetration for the buy-now-pay-later in the American market, but the conclusion of this study on the benefits of this to add to the ecosystem. This too brings in high rate of conversion. It increases the volume of spending. It increases the numbers of customers, increases the recurrence, and it reduces the customer acquisition cost. So everything that the platform's normally searched for these kind of tools can add on to. So on the next Slide, as we take a look at our numbers here and our history. No, these kind of tools can add on to.

So on the next slide, we take a look at our numbers here and our history. No other players in Brazil have the legitimacy and tradition and experience to offer credit as Via does. We're really a pioneer and leader in the buy-now-pay-later modality. Here of note, Casas. We are on this pathway for over six decades.

And now I would like to call you on a video that will talk about what this story is all about.

(Audio-Video Presentation)

Well, as you've seen, we certainly have a long history and potential that can be developed that we are exploring very well.

On this slide here, we can see and prove the main benefits in recurrency, frequency, loyalty and including customers in our base. The increase in the penetration to 31% represents a growth of 56% compared to the share we had it at buy-now-pay-later in 2020. So we continue to intensify this tool and expanding more of its share.

In recurrence, this we can notice in the graph on the right that 51% of the customers that perform this, uses payment method with us continue to be loyal. They generate recurrence, they have a new customer credit journey even before the current journey is kept in an interactive manner in our ecosystem. So this adds on another 350,000 new customers per month.

So everything we had seen in that McKinsey study, we can see reflected here in our reality. When you think a look at the slide, on left side, we can see the evolution of our credit in the physical stores and the distribution of customers that are pre-approved per region in the last 12 months. We are adding more and more customers that are pre-approved into our ecosystem.

On the right side, we notice the major capacity to add new customers coming from our digital credit platform. As an example, you can see the northeast region. This is the second line. And we've stored in 82 municipalities, and through online credit, we were already able to reach 361 municipalities where we do not have stores. So here it's pure add of new customers and major recurrence.

So in total, 1,500 municipalities that we've never had physical presence with an transfer improvement in this number in the next quarter. So we are at a question with the production our digital payment booklet in our buy-now-pay-later system.

So once again, we're talking about inclusion here. And in the next chart, it's really interesting to take a look at the slide. If we consider the market -- Brazilian market now in the last bar, approximately this number varies a bit, but 10% Brazil buys online.

In the buy online, 63% buys through credit cards and 37% through debit or like a barcode bill and pays. And so when we listen to our customers, what we identify 41% customers are rejected or have their credit canceled or they don't have necessary limits to perform a purchase.

15% consider that credit cards are expensive or not interested in. And 44% who has already worked on this online journey with us, be clear that without the digital, buy-now-pay-later system and they would not be able to have access to this card.

So there's a study in the market that demonstrates this level of population without access to credit, represents an adjustable market in the next five year of 486 billion. You can check out the size of market in this level of population. And the good news to review is that we know exactly how to interact with population, and very few can reach to this level in the way we do. So I think almost one of our exclusivity in presenting retail.

On the next slide, our banQi portfolio will be strengthened by the license we just shared which is SCD that offer service cap in access to credit, it's very underexplored fintechs operating in the Brazilian market.

On this slide here, we bring in some other KPIs that banQi has that demonstrates the growing trend of performance where we're growing very strongly in the amount of dollar. We've already reached 2.6 million accounts opened in banQi.

We really scale up the number of transactions so at BRL120 million in TPV. The banQi transactions are already been very relevant in the transaction for our e-commerce and transaction that were start. So really in this journey, they're very strong with banking. And we are going to continue to accelerate a lot from now on with the guaranteeing of SCD and we're going to start providing personal credit, with this whole background that the company with access and the capacity to grant credit with no risk.

So on this side, we are presenting the TPV of the co-branded cards in the chart. We acquired -- we purchased in the end of April. We have partnerships with Bradesco at Casas Bahia and Itau at Ponto. And over 2.5 million customers with cards that generated BRL1.5 billion in TPL the number.

In the Celer network, that was -- which we acquired, TPV in the second quarter reached BRL325 million and the seller already performed over 5 million transactions. It's already present over 33,000 POSs and it's already relating to over 255 fintechs. In the earnings call for the third quarter, we will provide details of how Celer is evolving and how it's really integrated with banQi to have a very powerful journey with our individual investors and also with our entrepreneurs and entities and company.

So our financial service platform is composed by three verticals: products, credit products for access to retail products. So this is our buy-no-pay-later with the co-branded card, digital account really intense including customers when the customer expand the relationships through new credit offers such as personal loans where we've just started and want that function in marketplace to start off the banking. As well as our entry in -- with legal entities together with seller with offering credit and bank accounts and credit to small micro entrepreneurs.

So our platform is really robust. And in the third quarter, we're going to provide a lot of details on this integration between banQi and the Celer. So about another asset that's very important in logistics. So our logistics has been ramped in a very consistent manner. We have been able to deliver in the entire country and we have light and heavy transportation. This is a very important differential. It's really easy to transport light items in Brazil. But we already deliver 24-hours in 2,500 cities. And on the same day, we already deliver to 65 cities.

So half of all of our digital sales are already delivered through our stores. We understand that omnichannel is vital to operate quickly and efficiently in the zone. We're going to demonstrate the benefits of the logistical costs we've been gaining in this quarter. So we were able to deliver in 100% of Brazil as I've already mentioned, and in 2,500 cities, in 24 hours.

So now as we talk about our journey that's having a customer really at the center of our business, we are expanding our offer services using our own network, which already represents 51% of our deliveries. So it was something the market was curious about, understand what kind of the shared [ph] and each of the network in our business and now we're presenting here. We've already implemented the switch omnichannel products. So customers that buy online, they can perform the change during an internal stores.

Once again, this is a very important benefit here. The sites performing the collection of this item when we have this choice. And I think it's worth it to test in marketplace proper. And really have the return to check out how this happens. Normally person contacts with the seller and find the solution for this return. In our case, there's already pretty much imprinted in our business model. And we upgrade it. So seller can already perform the drop-off at our store, so it's really an advanced in our network, servicing sellers more and more.

Delivery model is already tested and ready to scale upon. And through our last-mile platform as that called, we can really do deliveries out of Via's ecosystem and perform the collection, better for spot with the delivery. We are ready of this and we have over 300,000 delivery guys in spot. Our performance as of now in the fourth quarter as I've already mentioned with the seller and opportunity open us. And we address end cycle in our service level logistic out of the company.

So now, a bit about the numbers from customers. Customers are always at the center of our strategy in the company. So we continue to advance in our strategy. So -- looking to everyone here at Via really embraced this with a launch of different offers for entertainment and content due to encouraged recurrence and loyalty. So the first results already show into PF, is an increment of 18% in our active customer base to 26 million in the second quarter.

The access through the app represents 50% of the online sales, which is strong revolution compared to last year. And if we were to add up the Mpay, which is also in the mobile, we already have 75%. And our revenue per customer in our apps, ARPU grew 60%. So we've already experiments customers adding on other items into the card. And customers really are adding more and more items to card, and that's reflected here in our A. [ph]

Our next slide is of the initiative for loyalty, recurrency for customers (inaudible) adding up to the offer of SKUs in a number of sellers in our marketplace. And our buy-now-pay-later includes some of the factors that really explain the strong increase in the average expenses, our customer with on and off, as well as mobile channel customers. We see strong evolution in all of the modality in regards to the previous year.

On the right graph, you can see that our customer base has also been going through major rejuvenation. And with this, we've been able to attract a younger audience. We've had growth of 72% in the customers between 8 and 24. And 14% among customers that are 25 to 34, which is really in line with our strategy designed here on BF.

So major success with CB Play in April, we were able to just launch on-demand to customers that provide unlimited access of streaming services, including songs and series. And at the end of the year, all of the customers that technology products at Ponto for TVs, cellphones, tablets, TV and desktop console. So with the engagement and the content between entertainment and increasing customer base we've announced in July, the hiring of the creative head for games, which is one of the best Free Fire gamers in the world.

And so he is with FLUXO and this contributes to our the strategy in create content for gamers and costumers at Casas Bahia. He is already a leader in this game. And this will reinforce even more of presence in the segment. Games and consoles and equipment were there categories that most grew, where we gained market share in the first semester this year.

And this announcement of the partnership really grew, generated a lot of sales and sharing about the social network in the second quarter we also highlight in the main social media about engagement. And in the we were able to reach the highest level of engagement. Here we're not only talking about retailers, online pay, but we're talking about all the brands in Brazil, overcoming levels that the network has, for example. We're strong in our strategy to add new customers and increase engagement in these customers.

All of the advances in customer experience and this has been our focus (inaudible) have been appearing in our improved NPS scores with ongoing evolution. So in the same way, our assessment in managing we have been very positive in the last six months.

Finally, online picture, all of this evolution which has going on in Via, would not be possible without Via Hub, which has demonstrated major part of the execution. There were over 1,300 deliveries in the second quarter, focused on increase of G&P and customer satisfaction. These 1,300 deliveries represent 2.5 times more than the average we had last year. And this really -- this confidence continue, and the delivery of all the strategic plans that we've demonstrated at Investor Day.

So now I wanted to put the task on Orivaldo, and he will provide some details on the numbers again. And then I'll be back a bit more ahead for a Q&A session as well. Thank you very much.

Orivaldo Padilha {BIO 21118157 <GO>}

Good afternoon everyone and thank you so much. We'll simply go over some of the highlights of our performance honestly. And so Slide 35 presentes, besides the quarter for the semester compared to the previous period. And the first highlight is the growth in the gross GMV, 51% as Roberto mentioned.

And in the semester 38 -- which is also very important highlight in the net revenue 49% in the second quarter and 33% in the second semester. The gross margin and EBITDA have a drop compared to last year, basically due to many different elements, especially the duration on the stores closed in both quarters as well.

Last year there was a benefit as Roberto mentioned, with contract -- labor contracts and rentals. This quarter was different in terms of growth and different periods and different locations. And this also broadened importance in the dilution of expenses. So the gross margin was also representing a small drop in the accounting gross margin. Operation is stable in the quarter, so we ended with 30,60. And there was a benefit here in last year.

And the EBITDA margin will drop 12%, BRL485 million against BRL555 million in previous year. And in the first half BRL1,176 million with the drop of 9%. And net income had trend. And we grow from BRL65 million last year to BRL132 million with full credit as well, as mentioned in this quarter. And growth of 103%. So all of these factors bring in a lot of difficulties this quarter. We believe we have a net margin as well added. And in the quarter, we ended with BRL312 this year, a growth of 3 times.

And in the next slide we are providing some details of the gross margin, EBITDA margin and the net margin. In this case, so the operational EBITDA margin is growing 54.5% [ph] and in the quarter, in the semester BRL139 million to BRL1.69 billion. The net income from last half year to BRL45 million in this quarter. And operational losses of BRL163 million with profits of BRL109 million in this quarter.

To make the comparability a little better and have more of a profound analysis on the operational business of the company. In this quarter, we eliminated these bench effect with the fiscal incentives on sale. And as was mentioned that is a characteristic of highly operational. And definitely the co-credit that comes to sale product. And so we deduct with the fact that the incentive individuals quarter, we present especially in the last line a net income of BRL132 million or some adjustment of BRL87 million it goes to BRL45 million with a net margin of 170 to 060.

On the next slide, this got a better with the composition of these amounts, are now the explanation here of the main variables. And the gross profit in this quarter compared to same period. And the first here was the closing of the physical stores. So the penetration and volume in the section of the portfolio, the payment booklet. And we also lose some services and extended warranty and family services, which brings in an impact order of about 2 percentage points in drop.

And we had some as well with increment of the commercial margin. And so we call it not a fiscal credit. And it's in the tax that be doubled. And they didn't have pay in 2021, and which is totally constant online commerce. And so this way, we can compensate this again on the commercial margins. And we have a significant gain to BRL2.419 billion to the net revenue growth. So it's important to mention as well as the quarter with COVID with post close as Roberto mentioned.

Basically resumed in the month of Mothers Day. The normalized margin is positive about 32%. We were considered these stores open and the payment. So the payment of this year is difficult to SG&A, equivalent to consider the operational expenses and the operational expenses in 2021. We had an impact of approximately 108 million, because of stores were closed during that period, approximately 40, 45 days. And was 1.50 above on expenses.

And to grow GMV online, we've really leveraged many different elements in our digital business. And better chance to make more investments in social media, marketing, reinforcing the post-sale structured call centers and others as well as delivery, as well as our technology teams that was internalized, we had new business opportunities integrated to the business which represented 1.4% and at 0.30% for banQi.

So the contrary is shown game and productivity using our potential logistics and also the pickup from stores and mini hubs. And first, 1.7% for all the other expenses back office and fixed costs. There are recurring expenses also with the stores open and would be closer to were to 24.50% and 25.50%.

And finally, with the same comparisons of last year with the net income, we said that we left from BRL100 million and the BRL76 million to BRL132 million EBITDA 0.20 [ph] in improvement. And we have on games depreciation, basically due to the dilutions due to the growth of sales, because you have to add-on very little assets physically in the past 12 months.

Financial expenses had a strong impact as well, and were about BRL236 million, 3% as a result of the capitalization of the company with a follow-on in June last year. Obviously it is considered a full year with the account. Here we have very well returns and supporting -- this result is strongly benefited by the fiscal incetives as well. As I mentioned, it's not a credit that nearly tackle the strong operational characteristics. And that's why it's completely related to the sale of products in our 1P.

On the next slide, we present our position financially, and our cash flow in the quarter. And here, I want to highlight that performance in the cash this quarter. Despite the pandemic, we brought in important improvement in our working capital. As we mentioned many times, we had investment in the last three quarters and inventory also due to the risk with the lack of supply the period of the second wave.

Since last year, we are already under recovery period with a normalization of the working capital, it's one of the initial effect. Third and fourth quarter will represent the full normalization this quarter as well. We've presented the beginning of the monetization process of fiscal credit, which was a major product the market want. It was ending year and also the cash assumptions was due to the acceleration of our investments in this quarter of BRL184 million.

So also about last 12 months and the cash flow. Here you can see a strong cash generation of about BRL766 [ph] million in last 12 months, despite the investments made in working capital and despite the effect of the stores closed due to the pandemic. And here I just want to highlight in the year the beginning of the monetization process and acceleration of the investments by about BRL607 million.

In the Slide 43, we have the CapEx metrics, totally BRL366 million and BRL227 million in technology, BRL58 million in expansion. And we must say that we're accelerating the profit expansion and improvement in our physical stores. And also investment in our infrastructure.

And now to the last part in our presentation is Q&A. With our cash position, we have a solid cash position of BRL6.7 billion, and here also with our debt amortization curve really balanced and to expense EBITDA in the company. So thank you.

Questions And Answers

Operator

(Question And Answer)

So now, we are heading to the Q&A session now. And I believe our first question comes from the analyst from Credit Suisse, Victor. Victor, you may proceed.

Q - Victor Saragiotto {BIO 19504427 <GO>}

Thank you. Roberto mentioned some questions that we had about the margins, the EBITDA margin. And one of the main questions was about the evolution of the take rate. The company had a double-digit take rate. This number dropped to 7% in the first quarter, now 5% in the second quarter. So I want to understand why this has dropped, and why you guys are imagining this dynamic, I think the market is creating a lot of theories because of the company's stance and also concern with competition. So if you could maybe talk about this, that would help us a lot.

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

Thank you, Victor. First, about the margin. I believe that I've already kind of mentioned the answer, but the main impact here from this quarter, with the store closing. And so, if we were to take a look at the margins as per product, there are not major problems. There was an absence of production in the payment book, and more acceleration also generating a bit more of a margin, because we had about one month of our store sale.

In regards to take rate, we already declared a strategy to have the evolution of the marketplace, providing the possibility for the sellers to experiment within out platform. So we're following exactly the track that have been designed. We are not changing this. So, if we had not had the store closing, then we would have had a really interesting quarter and the margins, and people wouldn't be concerned about how you increase the marketplace, and you have the margin of the company dropped. But that wasn't the effect, it's not that we can't do this one day, we want to. But that was not affected in this period.

As I had mentioned, the take rate is not our main target here in marketplace. Our main target is the revenue we bring in through the payment book and through logistical services. And the relations that the banQi will have with all of this ecosystem. So we are investing and building in a major marketplace platform, and the take rate is one detail in this thing. So in a quarter, normally where everything is open, the take rate doesn't really mean much. But if you rely only on the take rate out of your problem for sure, for us this won't be a problem.

Okay. Thank you, Victor.

Operator

Thank you, Victor. I also have a quick announcement here. (Operator Instructions) And so the next question comes from (inaudible) from Citi.

Q - Analyst

Thank you. Good afternoon. Thank you so much for the results and particularly for the call. Taking advantage of this discussion here, on the services that you guys are going to be providing to the salary, what you can see from the logistical perspective, especially you mentioned that the fulfillment should be operational in the fourth quarter. I think it will be interesting if you could maybe cover a bit of the notion of this platform, and how much you expect to reach and penetration in your seller base when it becomes operational, and understand how it can influence your take rate effectively.

So a second point here also would be about the international partnership, right, and categories you guys are adding on. I think it would be interesting to understand how you guys consider this relevance in the partnerships in the future. What kind of categories can influence your mix and your assortment up ahead? I think that would also be interesting. Thank you.

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

Thank you so much for that question. About penetration, we had a good acceleration here in an increment in the sellers. So we have 70,000 sellers. We have about 50%, the sales -- the numbers has been capped at about 50%, despite this quick acceleration of onboarding that we had, and maintained about 50% of the sellers have already used the service. That goes from using our chart all the way to giving our logistical network. And now we are already at the phase where it can really begin to drop-off here at any of our stores, and we can perform the delivery.

Important to mention here is that, if we were to take a look at the players in the market, the reference there now -- it's almost four years to reach 20% penetration in portfolio. So it's not something that we're going to have from today. We plan to -- we make this -- we do this a lot with sellers, demonstrating that we can do things that are a lot quicker than the average in the market. So we will have excellent offers for fulfillment to the sellers. And as I already mentioned, it's going to be a different kind of fulfillment. It won't be limited to our own platform. Our proposal is to really be the operator for the seller for any marketplace that they're selling on. So I think transition around this among competition and performance delivery. Our proposal here is to become the logistical partner of the seller for any sale they do in any kind of ecosystem. And besides this, we will also start fulfillment on few other categories as well, that maybe are not in our ecosystem yet.

Q - Analyst

Hey, Roberto. Thank you so much.

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

Thank you [ph] Zuan for the question.

Operator

Now I will ask -- let's invite Bob from Bank of America. You can submit your question, Bob. Bob might have some problem with his connection. So we're going to continue here as we head off to the next question. It seems he was able to connect. We passed it on to Gabriel from Itau. You can --

Q - Analyst

Thank you, guys. Thank you for the presentation. If I could, I have a question. My question is about the financials in the business. So we've noticed that there's significant growth in the portfolio year-on-year. We know that this is an average for the stores but also the online payment book as demonstrated. And so especially in the online, we want to understand the results embedded to this front, and how the default has been behaving in this part of the portfolio. And the main interesting lever for growth in this part of the financial business for credit. We would be interesting to understand the size you expect to have in this portfolio and the practical impact of banQi's approval can be for this kind of expectation.

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

Thank you, Gabriel. Well, just about the credit granting journey, it has been scaling up and also measuring a little bit. And we really have to lower phasing as a result, which is why we're already exponentially growing even more. This is very similar to the doing half in the physical store. So the levels of default that you know in the physical journey and the online journey is very similar. There were even cases where it's smaller than the physical journey. In the online journey, we have a customer that is choosing to perform this a few times plus, and we are a topper with the levels that are more competitive and to generate less default.

So, unless it's now -- well, we're already noticing some harvest on what we're seeing in the store. Yes, so the practical impact of banQi is coming in SDD. Yes. The practical impact of this represents starting of credit granting for customers, which is disconnected from the sales of product. This credit will be filling the customer wallet virtually, and they'll consume wherever they feel they should, and however we continue to be best. And so we started a little before this. We were using another player before this, while we couldn't. But now with SDD, we are doing everything internally. So the first measurements are really in a good way and they're really exciting. So we're really happy. And with the default, we're -- and as we're done with the payment book, we launched this and gained volume and confidence that we really have the adequate models going.

We will also have in this concession a scale up on this, so the results are that we will probably have the biggest credit granting for Class C, because this know-how that we have in here with buy, especially all of this understanding of the consumption profile as a result, we are having to banQi. So, we believe we have the biggest credit ranking customer. So, next year, we'll enter this credit card journey. I think you will have their own card that starts from next year. On reality, we're already measuring the evolution and portfolio and adding on the ability as we see this kind of confident.

Q - Analyst

Very helpful. Thank you for your answers.

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

Thank you, Gabriel.

Operator

Well, our next question comes from Joseph Giordano from JPMorgan. You may continue.

Q - Joseph Giordano {BIO 17751061 <GO>}

Hello, and good afternoon everyone. Thank you for answering my question. So just a two here. I wanted to explore the evolution of the marketplace. I understand that you're trying to have more of a different kind of approach, getting some business funds with sellers that have more stability. So I want to understand the percentage in the marketplace sales that come from the bigger partnership. And also understand a bit of the take rate reality. When you take a look at other players, it expands already a bit. I don't know if there's like an issue in the industry. And I want to understand if you see this as a long-term factor or --

So, on the topic, we wanted to cover two very important topics. You mentioned digitization of the payment book of banQi. And I wanted to understand the capacity that's pre-approved at the bank. I know you guys have like BRL4.5 billion. And I wanted to understand the size that this portfolio have. And try to understand how it will be operating the P&L, because IFRS have just provisions based on losses -- risk loss. And also finally the expansion strategy, the company heading towards the Northeast. And I want to understand how you guys are evaluating the performance of the new stores. I understand it may be a little early to measure this, but any kind of insight would be great. Thank you.

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

Just on the sellers, we are not going to be strategically talking about how the general relation and personality is between the sellers. What I can say is the following. In the market, you have prepaid, cash back. Here, is just the prepaid. Discounted to the seller that were interested in accelerating into our platform, so that we can experiment our platform. This is happening basically from the lowest yield sellers, the sellers that are -- logistics sales were really not messing much with take rate. So we are now seeing that the smallest yield sellers having a big volume, which really leads us to surpass more of an internal assortment and greater recurring items with customers. So as I mentioned, it's a strategy wise, each one in the market has the strategy. And for quite a while, they would ask me why I didn't have cash back. And for quite a while, and why.

But now, our strategy is to have the take rate -- an investment take rate with sellers as a strategy to keep the relationship with the seller, due to the fact that in our perspective, maybe this is not a biggest source of revenue or is benefit to sellers who are actually in our ecosystem. I understand that we have other strong points here. If they are well developed, they generate strong profitability in the relationship with sellers regardless of the take rate.

Up ahead, we decide to grow or not. And it's a decision we're going to have to take a bit more up ahead. It's really early. We just had a strong upside in the amount of sellers as lot of those enter still. And this month of July, we ended up with 11,000 sellers. In August, we accelerated this a lot, who are wanting to join our base and understanding the differentials that we will provide to the seller. So I don't know if that answers that one. It sounds like I won't be able to present as an answer here.

In regard to banQi and also the expansion in the North and Northeast. Especially in the North, this is a region that is not very occupied by us, we are present there. And as we start entering, we're going to see a boom in physical growth, with the exponential growth in the online in this market we're entering. Entering this market has very exponential online sales we've already had in this market. So considering that the stores are not only same-store for us, and it will gain logistical ablation. And our logistics has been really associated in this market, where we're entering, continue that with the minimum sales or operate through the store, the large mile takes place through the store. So, we're going to enter about 150 cities in a one-year range. So it's a significant expansion. It's going to be a new market growth, new sellers, new oxygen. And we really have a lot of market share to take in these markets we're entering, then a real success due to the fact that it has a (inaudible) to expand this already recognized nationally.

When we open up the store, the question is not calling new customers, but it's the customers why we took so long to get here. So customers like this relationship with us, and we reached the market re-taking in all the differentials that were already narrated to you of all the attributes that we have such as Buy Now Pay Later. And made our primarily 1P, now 2P as well. The online sales rep interacting with this level. And our different occupancies in the market. We really had a lot of this --

Now banQi actually, as I mentioned, it will be the credit distributor in our business. So we talked about the payment book and logistic service. So, the Buy Now Pay Later that we see a broad -- I'm going to forget that composition that there is interest fee and very few in common. So if we consider the players, they add this in the retailers and it becomes a payment method. And so, our banQi will be a credit asset framework for other players out of our ecosystem. And here, the seller, their work is fundamental because in the next call, I think we will be really comfortable on presenting the strategy with the results on the personal loan, and also in regards to the volume of financing in this modality. When we had the follow-on, we addressed BRL300 million for this modality. And so we will begin with this BRL300 million. There are many possibilities of how we can be funding this. So, you already have this BRL300 million allocated in this ramp-up in the personal loan segment.

So do you want to add anything else? I think it's important to talk about this credit line we have with the pre-approved with banQi. I don't know if the question was just about your modality for personal loans that we've been providing to banQi

or if it's the entire Via as a whole. In the current model, before we had the license, payment book was only possible in the DTCI modality with (inaudible). But now with this license, we can also have the operation within banQi.

Regard to up ahead. We believe this will be multiplied by 8 and then 10. And we call Buy Now Pay Later is already pretty old and the digital modality is a lot easier. So it's a high level of acceptance and with high penetration in digital, and high acceptance also among the younger guys that are re-navigating on the internet. So the modality for personal loan is really similar to the payment book. So we consider revenue per scale and throughout the context. And the forecast should be a little bit greater. And how should we raise very similar, raise similar as to what we have in the payment footprints.

We had some peaks in the third quarter last year also due to the pandemic. And then it was never lower or above 5%. So we are very confident in this. And with the fit that we're able to operate in the finance, we're really comfortable with this color ahead of the business here. And we started a process to register the approvals. The license amount, we have 250,000 interested customers have already been approved. So they were basically signed up for that, and we already have this better analyze as we granted credit. So we don't think it's going to be very different than what we already know about in profitability. But once again, we're going to be scaling up and measuring this with all the necessary forms already. And so as I mentioned, bank grow their distributor through their payment footprint, and will report to the Central Bank as well as all the other institutions' report.

Q - Analyst

Thank you very much, everyone.

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

Thank you, Joseph.

Operator

Now we're going to continue here. We have some other questions in line. And now I'll call (inaudible) from Goldman Sachs to submit his questions.

Q - Analyst

Hi, there. Good afternoon. Thank you for the call. You guys talked a bit about the offer from the payment for both the customers, and also for the sellers, what are the new steps to expand the operating services in the marketplace? But I wanted to know what are other additional services. Announced later that you continue to -- important to expand this offer. And the second question here would be, maybe you've already talked about this in the physical stores, how have you been moving along with interest sales compared to 2019? Is it already a little more normalized? Thank you very much.

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

Well, moving to that question, we have a lineup of systems and services going to be added in banQi, that's a pretty big. BanQi has a payment means for all new sellers and entrepreneurs that we have here in Brazil. And so, there's possibility of having a little small device at retailers. And so this can be embedded with our credit and other services. And so we are developing this entire process, and also control the back office. It's a pretty long list here, additional elements that we're going to be adding on. But at this time, we are really focused on this credit fund evolving. And in the third quarter, we (inaudible) with the presentation we're going to be working on with sellers. But we also have cemented supplier management to the sellers, all of these to -- there's a lot of stuff coming from retail. So, we're going to be launching the ads platform. So, this is also an important step I'll be discussing during the Investor Day.

I don't remember everything. We signed a lot in the Investor Day about the next set for the company. We have the design for next payments ready. And so the technology team is really accelerated. And with the development of this platform and more and more -- is becoming more precise to be developed, because everything has been developed. We're going to be entering with micro services in the cloud. And so, this is just a good development and is generating the strong accelerated transformation we're seeing. So I think those are the two points.

Q - Analyst

And yes, I think you can maybe just talk about -- thanks for the answers. If you could talk about the physical stores. And give us an understanding how you've been seeing the performance in the third quarter.

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

Yes. It's a high digit compared to 2019. Also remember that in 2019, we have the second quarter pretty much we do not expect. And so, it was like below 20. And with all of this in e-commerce, we have same-store sales growth as well compared to 2019

Q - Analyst

Great. Thank you, Roberto.

A - Orivaldo Padilha {BIO 21118157 <GO>}

We consider in the release, because it's an indicator that we most understood as comparable to 2019. If we can finish it in 2020 and 2021, if you consider those stores closed. If you compare that against 2019, we consider the productivity of the sales also, we grew 11% compared to 2019 in the second quarter of 2021. That was on page 22 of the release, and you can see that this is positive, despite having about 20% online at that time. Now we have above 60%.

Q - Analyst

Thank you, Padilha.

Operator

So now, we're going to call on the question from the phone. (inaudible) on the call. If you could open up the streaming, so you can submit your questions.

Q - Analyst

You hear me?

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

Yes, we can hear you.

Q - Analyst

So, thank you so much for answering my question. I wanted to ask a question about, (inaudible) with a lack of interest overall, semiconductors among many industries. And have you guys noticed any kind of challenge? You replaced the inventory with the iconic equipment. You had mentioned that a big amount of the sales came from foreign connected gain. And semiconductor is also having some issues with China, with interconnection, and have you noticed any kind of challenge with this? If yes, do you have any idea of how this could impact the next quarter? And also, have you guys had any difficult in the reception of the customers?

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

Okay. Guillerme [ph], in regards to the first client, we normally have a major strategy operating in 1P, and we have a logistical end-to-end capacity product. And so we already performed major anticipation in regards to what we're going to be buying. And we've done this last year, for this year as well. We are suffering a bit less. And so due to the major anticipation that we have with the industry. Until last year, we had pretty much the volume of this entire year. So it's the differential we have, we know how to play the game, right? And we have a scaling capacity to do this. We have more than 1.2 million square meters in the physical center. And another 1.5 million square meters in logistics, suppliers been expanding this level of inventory. So some organizational problems, I can say that we have nothing that affected the entire category. But they have like 10 items in that category. We may have problems with one or two items. But we have another three item for the sale.

So about the transfer, we have already performed all of the site transfers. Those sales in the second quarter already considered this transfer. So we noticed that we do not -- will not be very centered in this area, we're able to scale sale. So we have an advantage of quicker financial service area, which is the main (inaudible). So I can kind of offer with some installments. And in our case, up until now, I've already considered the numbers in July and August. So up until now, we've been operating even with these many transfers.

Operator

Thank you very much. We had some more, we'll had to drop-off, which are the appointments. And also because of the extended schedule, I'm going to read a question that was submitted by email. So one of the analysts asked this. And he's from Morgan Stanley. And he submitted it here, so we'll answer the question. And then we'll have the question that were submitted.

Basically, people are interested in new ways, logistics as a service, that we're going to be opening the overall market and our logistical platform. And then you asked about how request doing the services, and what kind of customer we are considering at this kind of service? And if we have to perform any other investments in the platform to be able to offer this?

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

All right. So, the development is going pretty well. And what we want here is some complementarity to provide more scale with the reduction in costs. And we're already providing these services to some other retailers as well within segments than the 1P segment. And so this is already happening. I'd say that we've already gone pass that stage of success and already we've transformed the reality. As I mentioned, we already have a ready platform to scale up issue with the receipts and the payment upon delivery. And so this allows us to operate with any kind of thing. So, we don't necessarily need a pathway for the delivery companies to perform the delivery. We already have the solution at large, which is already ready. We're going to say we're going to do this. We may consider it. So, we're going to search for scale and productivity in our logistical network. So we have a big differential. And with the national logistical network, as we mentioned, half of it is already our own network. And so we want to consider all -- the finance of others and have profitability as well through this service.

Operator

Thank you. Roberto, it seems like we don't have any other questions now in the queue. So, I'll pass on the word of fact to you for your final remarks.

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

I wanted to thank you all. And we are really happy with the services we're providing to the 80,000 sellers. We already have 31 million SKUs. So a team that we purchased here is to do in seven months. So digital is very (inaudible) company, but the company is already digital. And our growth is already as a digital company. So, really had the same growth in 3P. We had a growth CAGR that come from an analytical company. We already had a growth pay just as a digital company. Our NPS is also growing more than 13 points compared to the previous year. And maybe the most relevant data here in all the situation is that we're gaining market share in a very consistent manner every quarter.

So, it's not like we will be a reality, it is already a reality. We are already a digital player that's been gaining a lot of share upon other digital players. So our platform certainly has an important differential that really bring in a major advantage. So, we expect that the market had some -- understand that we are already a digital company that's really moved at a growth CAGR of a digital company. And that's why we are already following this path. And we have a lot more evolving. I make this very clear in Investor Day, where we're heading through. And so, we have an entire journey to go through with our fintech and with financial services. One advantage that we only have is for the incomparable. If you consider that for the marketplace that we told a while back, get one relevant player, but go a bit credit granting -- reference player is at basically. So, we're way ahead, no one is close to what we had, and much more making the marketplace to way come back in. That's not complex versus temporal, but it's not that complex, we were able to build it quickly.

Now building this relationship with President, we were able to grant a lot of credit to their customer base, and we have a very low fall rate across three years, and maybe billions in losses. And this is we've already built. So I just wanted to mention that we are really focused here on following with major (inaudible) in a very motivated and it's following the journey through the transformation.

I want to thank you.