

## Q2 2014 Earnings Call

### Company Participants

- Fabio da Silva Abrate, Investor Relations Officer

### Other Participants

- Andrea Teixeira, Analyst
- Guilherme Assis, Analyst
- Gustavo Oliveira, Analyst
- Irma Sgarz, Analyst
- Ricardo Boiati, Analyst
- Tobias Stingelin, Analyst

### Presentation

#### Operator

Good afternoon, and thank you for standing by. Welcome to the Conference Call of B2W Digital Company to announce their results about the second quarter of 2014. Today, here with us, we have Mr. Fabio Abrate, IRO of B2W and Mr. Murilo Correa, IRO of Lojas Americanas.

For optimal audio quality, you should use the support presentation that is available at the address [www.b2wdigital.com](http://www.b2wdigital.com). This will make it possible for you to follow the conference call. We inform that this event is being recorded and all participants will be connected in listen-only mode. Then we're going to start the Q&A session when additional instructions will be provided. (Operator Instructions)

A replay of this conference call will be available right after its end for one week. Before proceeding, we would like to clarify that statements made during this conference call pertaining to B2W business prospects, operational and financial projections and targets, our beliefs and assumptions of the company's management and are based on information currently available.

Forward-looking statements are not guarantee of performance. They involve risks, uncertainties and assumptions because they refer to future events and therefore, depend on circumstances that may or may not occur. Investors should understand that general economic conditions, industry conditions and other operating factors may affect the future performance of B2W Digital and may need the results that will be materially different from those expressed in such forward-looking statements.

Now we would like to turn the conference over to the speaker, who is going to start the presentation. Please Mr. Fabio Abrate, you may start.

**Fabio da Silva Abrate** {BIO 17940993 <GO>}

Good afternoon, ladies and gentlemen. I thank you all for your presence in our conference call where we are going to announce the results of the second quarter of 2014. Now I invite you all to start our presentation on slide number two. In the second quarter of 2014, B2W represented a sales growth of 38% with a growth revenue of BRL1.891 billion. With the result that we've reached in this quarter, the company presented for the eighth quarter in a row, a growth at levels above the market with expressive gain of market share in a period.

B2W announced on June 14, 2014, the acquisition of Direct, the biggest and best logistics operator for e-commerce in Brazil, specialized in deliveries of small items. The acquisition was approved by CADE, The Administrative Council for Economic Defense on July 8, 2014. In 2013, the company already had acquired Click-Rodo, also a logistics operator, specialized in deliveries for e-commerce, focusing on large items. With these two acquisitions, B2W raised its level of logistics services, counting with the leading last mile carriers in the Brazilian Internet.

Another very important initiative was the launch in June this year of the marketplace operation in Americanas.com, the largest and most complete store in Brazilian Internet. The initiative integrates offers from different stores expanding assortment and thereby, making it possible to purchase many different products in a single transaction. Now the customers may enjoy the benefits of marketplace in Submarino and Americanas.com.

On August 13, 2014, the Board of Directors of B2W Digital approved a capital increase was BRL2.380 billion, considering that at the level of the exercise of the preference right and the apportionment of subsequent leftovers 100% of the new shares were subscribed. The capital increase has the objective of improving B2W capital structure to permit the company to continue to invest in the pillars of its business, expediting its growth and consolidating its market leadership position.

As a consequence of the mobilization of the entire company and offering, the best shopping experience B2W Digital was classified by the Internet retainers, a special yearly publication on e-commerce as the company with the largest variation of sales growth in dollar of Latin America in 2013, in addition to being for the second year in a row, the largest e-commerce platform in Latin America are the important achievements where the company was chosen as the e-commerce of the year for 2013 with the award The Most Important Retail, the main recognition for a management excellence in retail in Brazil.

And also in two categories in that Quality Excellence - B2C E-commerce.

Americanas.com won the Most Dear Diamond Store and Submarino was the winner in Best Diamond Store.

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Now going to slide number three, you can see the main highlights, consolidated for the second quarter of 2014. In this period, important results were achieved, of which we highlight. The gross revenue increased 38% reaching BRL1.891 billion. The growth -- the net revenue increased 36% reaching BRL1.649 billion. The gross profit increased 30% reaching BRL413 million. The adjusted EBITDA increased 33% reaching BRL116 million. SG&A presented a reduction of 1 percentage point, reaching 18% of the net revenue. The net working capital went down by 38 days reaching 39 days -- 37 days, I'm sorry on June 30, 2014.

On slide four, we highlight the results of the second quarter of 2014 when we grew 38% in spite of the strong comparison basis, because we had grown 24% in the second quarter of 2013, and for the eighth consecutive quarter in a row, we grew above the market with expressive market share expansion, showing consistency in our strategy and in our results.

On slide number five, we highlight the results reached by B2W Digital over the past 12 months period, during which the company had a growth revenue of approximately BRL7.9 billion, a growth of 31% and adding BRL1.9 billion in sales to the business, consolidating the leader position in e-commerce in Brazil and Latin America.

On slide number six, we highlight that on August, 13, 2014, the Board of Directors of B2W Digital approved the company's capital increase worth BRL2.380 billion considering that during the period in terms of exercising the preference rise 95.200 million shares were fully subscribed corresponding to 100% of the operation's value. In this manner, the capital increase has been completed and subscription receipts would be converted into shares in up to four day -- work days after the approval.

These effects relative to the capital increase can be best seen along the second half of this year. On June 30, 2014, the effects in the company's financial statements were partially reflected, reducing the company's leverage to the level of 0.7 in terms of net debt EBITDA ratio. The capital increase has the objective of improving B2W's capital structure allowing the company to invest in its business spirit [ph] expediting its growth and consolidating its market leadership.

On slide seven, we highlight that on June 14, 2014, B2W announced the acquisition of Direct. And in July 8, 2014, this transaction was approved by CADE. In 2013, we had already acquired Click-Rodo, a logistic operator, also specialized in e-commerce deliveries. And with these two acquisitions, B2W raised its -- significantly its service levels with the two leading last mile carriers specializing in e-commerce in Brazil.

Moreover, the company has strategic alliances with other carriers in the country with which it operates, assuring a joint commitment of offering the best service level to our customers. It's still in terms of logistics B2W Digital in line with the investment plan announced will open at least seven new distribution centers until the end of 2015. In this manner, we advance more and more in our objective of being closer to our customers, consolidating our position of the best service in the Brazilian Internet.

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Now on slide number eight, we highlight the B2W Digital has been classified by Internet Retailer, a yearly publication specializing in e-commerce as the company with the largest dollar sales growth in Latin America in 2013. The growth of \$641 million in the sales is more than twice greater than the growth presented by the second one in the ranking. Additionally, the company has been classified by the same publication as the largest e-commerce in Latin America for the second year in a row with a total sales of approximately \$2.8 million.

On slide nine, we highlight the launch of marketplace in Americanas.com, the largest store in the Brazilian Internet. This initiative is in line with the strategy of our offering and increasingly better shopping experience, integrating offers from different stores expanding the website assortments and making it possible to buy different products in a single transaction.

Now B2W customers may enjoy the benefits of marketplace in Submarino and Americanas.com. Sellers may use the platform even more to leverage the sales of their products having access to the widest and most qualified customer traffic, the best service and in prior technological logistic structure that only B2W e-commerce leader in Latin America may offer.

On slide 10, we highlight that B2W was chosen as e-commerce of the year by the award The Most Important Retail, the main recognition of excellence in retail management in Brazil. The choice was based on the analysis of growth, efficiency and consistency of the companies according to the global methodology of high-performance business by Accenture.

Now on slide 11, we highlight the position of B2W Digital as the best customer service on the Brazilian Internet after winning the awards, Customer Service Awards in 2013, B2W continues to evolve in the same -- in the main service indicated and was the winner in two categories in the quality excellence award, B2C E-commerce and Americanas.com won as The Most Dear Diamond Store and Submarino won the best Diamond Store by receiving the best assessments from customers in a survey conducted by E-bit. Another major accomplishment was the Seal RA1000 by SouBarato. Now B2W's main brands Americanas.com, Submarino, Shoptime and SouBarato have the RA1000 Seal, the highest reputation of the website Reclame Aqui.

On slide 12, we announced the launch of the innovative tool, Make an Offer. The tool makes it possible for customers to negotiate online the price of the product they want. Using this technology, customers may make price proposals for products of different categories, which will be accepted, denied or going to receive a counter-proposal from the website. Make an Offer is the another initiative of Submarino to raise the shopping experience of its customers providing through the Internet or bringing into the Internet the possibility of a negotiation, something that was only possible in physical stores in the past.

Now on slide 13, we reinforce B2W strategy investment plan. The year of 2014 represents to the company the second phase in our three-year investment plan with full focus on

technology, innovation and logistics.

Lastly, on slide 14, we enforce our vision of being the largest and dearest digital company in Latin America. In this manner, we would like to thank the dedication of all associates who once again have made the difference in our part of the best and most successful digital team in Latin America. We also thank our suppliers for the partnership, our shareholders for their trust and especially our customers for their preference. These were the main comments regarding our performance in the second quarter of 2014.

Now I would like to open for the questions-and-answers session to answer any questions you may have, so that everyone has the opportunity to participate, we kindly request you to be brief in your questions.

## Questions And Answers

### Operator

Ladies and gentlemen, we will now begin the question-and-answer session. (Operator Instructions) Our first question comes from Andrea Teixeira, JP Morgan.

### Q - Andrea Teixeira {BIO 1941397 <GO>}

Hello, good afternoon. Thank you. You mentioned in your comments the injection of capital and the more gradual effect, if you will. So in that effect, from now on how much do you expect to discount in terms of receivables, considering the time frame that you have and its being reduced? And along those lines, my second question is the changing the mix, right, because now after the World Cup, can you see that the market is back to normal or what is the percentage of sales, there are no longer of electronics -- is to be 55% or 60% of electronics. Thank you.

### A - Fabio da Silva Abrate {BIO 17940993 <GO>}

Good afternoon, Andrea. Thank you for joining us today. So regarding an increase in capital, what we can see, considering June 30th is some partial effect. I'd like to remind you that the operation was concluded in July and August. So now in July, we have 100% of the resources in our cash, but on June 30, the resources were just partially reflected. The receivables for us are a capital source just as any other, but obviously with specific characteristics, as you very well know, the receivables are a more short-term capital, consequently of better cost.

So the company is constantly assessing all -- something possibilities there it has and that should remain the same from now on. So should we have a need for capital? Of course, receivables will remain the best possibility for B2W.

Regarding the second question, yes, indeed, in this quarter, what we saw was a strong effect, because of the World Cup and a meaningful event for Brazil. And consequently for the company, we had a substantial increase in our sales, which contributed to our strong growth of 38% and on top of the base that was already strong, because last year we

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grew by 24%. But these events tends to drive the sales of electronics and other categories that has a lower margin.

And consequently, there was some pressure in our growth margin, but it's important to mention that everything was pursuant to our expectations and what we had planned and expected for this quarter. And I'd like to take the opportunity to thank our team for their perfect performance, considering the event. And it's important to concede the reduction in the gross margin, considering other events that were meaningfully in the quarter, especially an increase in the participation of spot sales, we had an increase of 2% in terms of the cash sales in this quarter and more and higher concession of discounts.

We were very assertive in this task without affecting our customers, of course. And the -- considering the growth market with the evolution of the working capital, because of this higher participation of cash sales and also adding the evolution in the expenses that we have offset the contraction of the gross margin.

We understand that we had a very good quarter and from now on, we expect to continue evolving except for this quarter, which had a very strong seasonal effects. But it's important to remember during the last seven quarters, except for this one, we had been growing a lot in terms of sales and evolving our gross margin in all of them. So there is nothing ahead of us that will show us that this trend will be reversed. So we expect to maintain market share and of course, continuing the main indicators of our business, the gross margin. And we expect to continue reducing our main expenses and a less leverage balance, because now we have the reflection of 100% of capital increase.

**Q - Andrea Teixeira** {BIO 1941397 <GO>}

And considering the gross margin, can we already see an effect of the acquisition of marketplace and what are you doing in order to attract more customers to marketplace, what is the main benchmark in terms of technology? Could you elaborate on that pace, because you had a substantial increase, so if you could elaborate on that and if we can see the effect on the gross margin in the next quarters?

**A - Fabio da Silva Abrate** {BIO 17940993 <GO>}

Andrea, thank you for your third question. Actually, marketplace for us is a recent initiative, it was launched in Submarino at the end of last year and now it's going to be launched in Americanas.com in July. So these effects of marketplace in our results are still very shy, so to speak. But what we expect to achieve, based on this operation, they are very optimistic. We have been investing greatly in that business and our comparative base is always the previous month, because this operation is less than a year old. But we've been growing considerably with the increase in the number of partners and stores, substantially months after months, especially against our main competitors.

And we have a process that is very stringent for the choice of our sellers. But we have excellent advantages of -- as you very well know, our traffic is highly qualified, so people who access our website, they actually mean to shop. And we own the three, the top three brands in terms of credibility on the Brazilian Internet and we have the best value to offer.

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We have the best technological platform and it's very easy to use it and we have the best seller to offer, which is a complete solution. I would dare say that it's a complete ecosystem for online sales and we used all the process of back office control to create that and we have a very robust logistics structure and the customer service area. So I can say that B2W website has the best value proposition to offer to our sellers. As I said, it's a fast growing operation, it grew three digits months after months. We have high expectations and we understand that in the future, this business will have a very strong contribution to our results.

**Q - Andrea Teixeira** {BIO 1941397 <GO>}

Thank you, Fabio. Congratulations.

**A - Fabio da Silva Abrate** {BIO 17940993 <GO>}

My pleasure. Thank you.

## Operator

Our next question comes from Ricardo Boiati from Bradesco.

**Q - Ricardo Boiati** {BIO 16528742 <GO>}

Good afternoon, Fabio. I would like to delve into the discount concession, you've made some comments on that. But of course, I was surprised by the low level of discounts granting, considering the percentage of revenues, the lowest level since 2011 although, we had an increase in payments -- in cash payments. And you mentioned how assertive you've been in granting discounts.

So I would like you to elaborate on the granting of discounts, if you have any specific tools that you have been using and I would like you to elaborate on your approach considering the different categories and what do you expect to happen in the future, if the revenue can be sustainable from now on? Thank you.

**A - Fabio da Silva Abrate** {BIO 17940993 <GO>}

So Ricardo, you have excellent points. Yes, indeed, we have a very powerful tool to analyze all the payments, whether it is regarding cash payments or credit inventory installments. But the key point for us to mention is that we always aim to be extremely competitive, seeking to supply our clients with the best possibilities in terms of payment whether it is in terms of freight or installments, but year after year we've had a very strong evolution, of course, because we have learned greatly. We have enhanced tools that enable us to analyze the different categories and all the different items, so -- day by day, because it's a fast changing business. And now we are ready to conduct an efficient analysis and a swift analysis to respond in terms of competition and offer our clients the best offers and also we expect to continue evolving ahead and --

**Q - Ricardo Boiati** {BIO 16528742 <GO>}

Bloomberg Transcript

Okay, great. Thank you, Fabio. So even against this scenario (inaudible) that would encourage players, not only you but the competition to grant more discounts to encourage clients to pay -- not pay installments, but do you think the competition is following the company's practice, given the leadership position of B2W or do you think we can still have room to gain more efficiency in this operation or do you think it's going to be standardized now?

**A - Fabio da Silva Abrate** {BIO 17940993 <GO>}

Ricardo, thank you for your second question. Actually, this is a market policy for discount granting. It was never really correlated to CDIs. But now regardless of the CDIs, or the room for improvement that we still have, we work relying on our experience and we can always see the level of discount that we can grant, considering the different items and categories and that's what we have been enhancing year after year. And regardless of the CDI, we expect to continue evolving, we have the capabilities to do so. So that this experience is less and less costly vis-a-vis our results.

**Q - Ricardo Boiati** {BIO 16528742 <GO>}

Thank you.

**Operator**

Your next question comes from Mr. Guilherme Assis.

**Q - Guilherme Assis** {BIO 16143141 <GO>}

Thank you. I have a question regarding the acquisition of Direct. I would like you to talk about the negative margin, because I want to understand, after the consolidation of Direct, if you intend to continue operating for third-parties? If so, do you expect to change anything in terms of the price policy of Direct to consider your competitors or do you intend to keep that as an exclusive service for B2W?

**A - Fabio da Silva Abrate** {BIO 17940993 <GO>}

Good afternoon, Guilherme. Thank you for joining us today. Going straight to your point, actually nothing is going to change in the trade [ph] costs. We're going to comply with all the contracts that we have with our clients, but considering the scale, the higher the turnover the better. But the most interesting point, considering the acquisition is how powerful it is combined with our business. So this is completely in line with our strategy of coming closer to our client and providing them with the best shopping experience online. We are very glad about this acquisition and we have a partner that shares the value with us and they are very excited.

They are a carrier, Direct is a carrier that was born to cater to e-commerce. Unlike other carriers, they have just to adopt themselves to e-commerce, but this one was borne to cater to e-customers. And they have all the capabilities to compile with deadline and deliveries and as we're seeing, their processes are robust and they have a strong focus on innovation, just like B2W.



So we don't see any negative impact, quite the opposite. We can only see positive impact now with Direct, and of course, we see a great number of opportunities. It's important to bear in mind that we bought another carrier last year April, the Click-Rodo and we had this kind of experience -- sorry, Click-Rodo. And this experience now after acquiring Click-Rodo has been very positive, so what -- we have high expectation towards Direct now.

**Q - Guilherme Assis** {BIO 16143141 <GO>}

Another question with regard to Click-Rodo, which I think is a good benchmark, what are their operations like today? Do you operate for third-parties with a positive EBITDA, how do you manage to get that, is it through scale?

**A - Fabio da Silva Abrate** {BIO 17940993 <GO>}

Guilherme, thank you for the compliment. Actually Click-Rodo today operates only for B2W. It's been designed originally with that aim. When we bought Click-Rodo, it already provided services exclusively to B2W, it never had any other customers differently from Direct. But I repeat all customers that Direct has that are contracts -- and we need to respect all contracts to follow them. So this combination of Click-Rodo specializing in large packages with Direct specializing in small packages. To us, this provides even greater power for us to compete in this market, so that we may continue to offer the best service level to our customers.

**Q - Guilherme Assis** {BIO 16143141 <GO>}

Thank you.

**Operator**

Excuse me, our next question comes from Ms. Irma Sgarz from Goldman Sachs.

**Q - Irma Sgarz** {BIO 15190838 <GO>}

Good afternoon. I have three brief questions. First, if you could give us an update about the post-World Cup sales evolution in the first months in the third quarter and there was a sharp drop and a strong dilution in personnel expenses. Could you give us more color with -- is it efficiency initiatives? Can you tell us what drove this expense line to drop year-on-year, as compared to sales?

And the third question, total investment for 2014. Could you give us an update on how much you are expecting to spend both in organic growth and acquisitions, the total amount for investments and also in fixed assets this year. So you've already spent 424 million in the first half of the year on the acquisition of Direct, is another 127 million, so what is the total amount, could you share that with us?

**A - Fabio da Silva Abrate** {BIO 17940993 <GO>}

Good afternoon, Irma. Thank you for your participation. With regards to sales, we grew 30% in the first half and 38% in the second. And we are going on a very strong pace and our intent is to go on growing strongly with evolution with all other indicators of the

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company and to continue to gain market share. It won't change in terms of what happened over the past eight quarters.

As to your second question, SG&A as a whole in this quarter went down 1 percentage point as a natural reflects of the company's scale gains and also as a result of our investments we are making, an improvement of our processes. It's important to remember the company already has operational leverage and it's been presenting that over the past four quarters. So this is all part of our whole dynamics and we're working continuously to have productivity gains. The companies that were recently acquired have brought lots of knowledge to us and have helped us in terms of the development of systems in that direction.

As to your third question about our CapEx, I think it's important to mention that the company's CapEx is fully aligned with our strategic plan, all the results that we have obtained over the past few years are the result of those investments, also public customer service indexes. And we think that the right time for us to invest is now, so that we may face the local, international competition, so that we have all the necessary conditions to capture the opportunities in the market to continue to grow and to gain market share in a sustainable way, which is very important.

It's also important to remember that B2W is only seven years old, it's still growing and our main objective is to be as close as possible to our customers, providing the best digital experience. And we believe that continue to invest in our business is the best way to add value to our shareholders. As you know very well, there are many ongoing initiatives that are very important to our customers and that contributes very much to the company's financial health. We have marketplace and we have just launched in Americanas.com, we have our fashion category that we launched in the middle of last year. It's a category that has been growing a lot in the Internet and now we have this category too, we have been making very intense offers and we need to grow in that category.

We have our own brands, our private label and that has strong presence in short time. And now we have our own private labels that we are launching in our website in the last year -- in the last call we announced the launch of four private labels and we operate and have store, we operate (inaudible) advantage kilometers program.

So -- and all the mobile parts that we've been improving all our sites, developing apps, we are still investing very strongly in that direction. We have the Seller, our web service product that we launched in February of this year that provides a full solution to our partners, a solution that is fully integrated with marketplace initiative, so we have another seven distribution centers to open.

So we're still investing very strongly, because we do believe that it's really cheaper to do this now and the best way to add value and create value to our shareholders in the mid and long-term. We have expedited investments in the first half of this year. As you have been able to notice, especially if you compare to last year and we believe that a good number to help us in modeling would be to operate in terms of net revenue, one point better than last year.

**Q - Irma Sgarz** {BIO 15190838 <GO>}

Thank you. Just one last question. Are there any operations that are not considered core in your business. For example, ticket services, travel, something that is not necessarily part of your core strategy and at the right time you might potentially give up those operations?

**A - Fabio da Silva Abrate** {BIO 17940993 <GO>}

Thank you, Irma. All our businesses are very important to B2W. They all belong to our core business.

**Q - Irma Sgarz** {BIO 15190838 <GO>}

Thank you very much.

**Operator**

Excuse me, our next question comes from Mr. Gustavo Oliveira from UBS.

**Q - Gustavo Oliveira** {BIO 15129435 <GO>}

Good afternoon, Fabio and everyone. The question regards the oscillations that we are seeing in the working capital accounts. I would like to talk about your inventory levels. So something very good that your inventory levels went down significantly. It's one of the lowest inventory levels that we've seen over the past two years. So they are already at the matured state. So I would like to understand those changes and if we combine this to accounts payable that dropped too, could I ask you if you're having any problems in negotiation with any suppliers in terms of payment terms and times and is that why your inventory levels are so low. My concern is, are you going to be able to keep such high sales once your inventory level is so low.

**A - Fabio da Silva Abrate** {BIO 17940993 <GO>}

Well, thank you for your participation. Actually, we've been evolving in working capital for a long time. Especially, with regards to inventory levels, this is a reflex of the best practices that we have been adopting in our company and also the maturation of the distribution centers that we opened late last year. So last call you've asked me, we are always working to improve and there is no kind of obstacle. And we always think of improving all the variables in terms of working capital.

So when you look and you combine the three variables, we are effectively evolving a lot. We evolved 38 days as compared to the same quarter last year and we have all been all lines, including inventory, which was the other subject of your question. So we have no concern with regards to any of those three variables. All of them are doing very well, thank you. And we are working very strongly to continue to evolve, both in terms of inventory levels, suppliers and accounts receivable.

**Q - Gustavo Oliveira** {BIO 15129435 <GO>}

How do you imagine the evolution in the second half of the year? Are you going to open new distribution centers, so should we expect inventory levels to go up as before or do you think the effect would not be so negative?

**A - Fabio da Silva Abrate** {BIO 17940993 <GO>}

Gustavo, I think it's an important point that you have mentioned and regardless of seasonality, we will always try to continue to evolve and looking at the three variables together, so we still have another seven distribution centers to open. Of those seven, we are going to open three of them this year. And then there's a process, so on -- upon kickoff, we have higher inventory levels, but then it starts to mature and we've over again inventory levels go down. So we don't have any concern in any of the three lines of working capital. If we lose inventory, we could compensate in some other line and vice versa.

I would like to remind you that we've been making great developments or improvements in accounts receivable. We've been selling more cash, sales with fewer discounts and when we're selling with cards, we are being more assertive. We are selling less with credit card and few installments. And our sales growth reflects that in fact, our customers are very satisfied with us and we've been managing to improve our working capital items, including the receivables.

**Q - Gustavo Oliveira** {BIO 15129435 <GO>}

Of the inventory you already have, all the distribution centers that are more mature, what is the inventory level that you have?

**A - Fabio da Silva Abrate** {BIO 17940993 <GO>}

Well, it depends, Gustavo. Today, we have seven distribution centers scattered throughout Brazil. Our largest distribution center is in Sao Paulo. So in Sao Paulo, we probably have a higher inventory level where we have the longest fail. And then we need more working capital, where there is high inventory level. And in CDIs that all over Brazil, we have an inventory level with a better case. So this is more or less liberal [ph], but the beauty of the business is the combination of all factors and then we manage to show evolution as compared to last year.

**Q - Gustavo Oliveira** {BIO 15129435 <GO>}

Thank you very much, Fabio.

**A - Fabio da Silva Abrate** {BIO 17940993 <GO>}

Thank you, Gustavo.

**Operator**

And your next question comes from Tobias Stingelin from Credit Suisse.

**Q - Tobias Stingelin** {BIO 18290133 <GO>}

Good morning, Fabio. I would like to understand the following. I know you cannot mention specific figures, but could you tell us what justifies all this growth, if you manage to increase the conversion rates. Just give us an idea in terms of conversion and its growth year-to-year and its evolution and how you've been monitoring that vis-a-vis the competition? And the second question, I was doing some calculations regarding the CapEx, probably you're talking about BRL800 million and BRL900 million, is that right?

**A - Fabio da Silva Abrate** {BIO 17940993 <GO>}

Tobias, yes, thank you for joining us today. Actually, there isn't a specific driver for our growth. Of course, we've been growing for the last eight quarters, it's an evolution of the main indicators of the company, including traffic, conversion and the item that our customers desire and their affordability, a very effective logistics system. We really keep our promise to the customers we have been very fast at addressing the problems, so there isn't a specific effect that is responsible for our sales growth.

But rather a combination of all the main drivers of this business. And that what is leading us to grow consecutively, we are consistent in everything that we've been doing in the company and we have achieved gains considering a very strong customer base and all that is reflected in our sales growth.

**Q - Tobias Stingelin** {BIO 18290133 <GO>}

But I understand you have a combination of factors, but is there a single one that stands out?

**A - Fabio da Silva Abrate** {BIO 17940993 <GO>}

Well, if we could highlight one indicator, it would be that of new customers, it's being growing strongly.

**Q - Tobias Stingelin** {BIO 18290133 <GO>}

And what do you put it down to I mean, this growth in terms of new customers, what is driving this growth, where are they coming from?

**A - Fabio da Silva Abrate** {BIO 17940993 <GO>}

I think new customers are a natural reflection of everything that we have been doing in the company. The expansion of the Internet, of course, we have to consider new entrants and they rely only on our brands, which is excellent. And I believe it's a flow that has been coming naturally vis-a-vis everything that we've been doing for our customers. I cannot put it down to a single factor.

**Q - Tobias Stingelin** {BIO 18290133 <GO>}

Okay. Thank you. And what about the CapEx?

**A - Fabio da Silva Abrate** {BIO 17940993 <GO>}

Yes. Now moving on to your second question. Yes, I think that really our intention is to be one point lower than what we had last year. In terms of figures, yes, your calculations were accurate, yes.

**Q - Tobias Stingelin** {BIO 18290133 <GO>}

Yes, thank you again.

**Operator**

Excuse me. That concludes today's question-and-answer session. I would like to invite Fabio for his closing statements.

**A - Fabio da Silva Abrate** {BIO 17940993 <GO>}

So, I would like to thank you all for joining us today in this teleconference and webcast. And I would like to take the opportunity to invite you to enjoy today's Book Day on Americanas.com and our sixth birthday and I'd like you to -- invite you to also enjoy the super sale of our -- on our kiosks, Americanas.com from today until Sunday and also visit the SouBarato and also our team with Investor Relations is there at your service so to have any further questions. Thank you and good afternoon.

**Operator**

That concludes the conference call for today. Thank you very much for your participation. Have a good day and thank you for using Chorus Call.

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