

Q2 2019 Earnings Call

Company Participants

- Fabio da Silva Abrate, CFO, IRO

Other Participants

- Analyst
- Gustavo Oliveira
- Joseph Giordano
- Robert Ford
- Tobias Stingelin

Presentation

Operator

Good afternoon, and thank you for waiting. Welcome to the B2W Digital Earnings Call for the Second Quarter of 2019. We have Mr.Fabio Abrate, Finance and Invest Relations Officer for B2W; and Mr.Carlos Padilha, Finance and Investor Relations for B2W for Lojas, earlier with us today.

We suggest you access the company's support presentation at ri.b2w.digital to help you follow this call. We would like to inform you that this call is being recorded and the participants will only be listened to the conference call during the company's presentation. We will then have the Q&A session, when further instructions will be provided. (Operator Instructions) The conference call replay will be available after closing for one week.

Before we proceed, we would like to clarify that statements made during this call regarding B2W's business prospects, projections, operational and financial goals, reflect beliefs and parameters of the company's Board of Directors and provide information available, which are not guarantee of performance. They involve risks, uncertainties and assumptions as they are related to future events, and therefore depending on circumstances that may not occur. Investors must understand that general economic outlook, industry conditions and other operational factors may affect B2W's future performance and lead to results that differ considerably from those expressed in the statements made during this call.

We will now like to hand this call over to Mr.Abrate, who will begin the presentation. Mr.Abrate, you can begin.

Fabio da Silva Abrate {BIO 17940993 <GO>}

Good afternoon, ladies and gentlemen. I would like to thank you all for attending this call. I would like to wish you a Happy Father's Day, and that's coming Sunday.

And we will now begin the presentation on Slide three, where we will show the highlights of this quarter. Total GMV reached of BRL3.9 billion with the growth 21.8%, compared to 10.8% growth in the market according to EBIT, resulting in our market share a gain of 2.7 percent point, going from 27% in the second quarter of 2018 to 29.7% in the second quarter of 2019. Marketplace keeps on growing fast with GMV reaching BRL2.3 billion, growing 51.4% and with 58.7% participation in total GMV, an increase of 11.5 percentage point, compared to the second quarter of 2018. In this quarter, 5,500 new sellers connecting marketplace, and we also connected 5,900 Sellers in B2W--B2W Entrega I'm sorry.

On Slide 4, cash flow was positive and BRL6.4 million in this quarter. The best result over the last nine years in a second quarter. These result represent a growth of BRL40.3 million compared to cash consumption of BRL33.9 million recorded in the second quarter of '18. In this manner, we reiterate our goals for 2019 to achieve positive cash flow.

And Slide five, we would like to highlight the marketplace growth with the GMV of BRL9.3 billion over the last 12 months, with a growth of 57.3%. The robust performance of marketplace is these result of the joint efforts of B2W and Sellers to offer the best value proposition for customers. In the this setting B2W keep supporting Sellers, so that they can keeps on growing and have their operations going at sustainable manner to encourage entrepreneurship and allowing new companies to start.

We will now comment on operational highlights for this quarter. On Slide seven, we'd like to highlight B2W Marketplace Summit that took place in July 2019. The event included two days of immersion into the B2W Marketplace universe with over100 speakers talking about different topics, such as Management, Sales Techniques and Innovation and others. The Summit had more than 6,000 participants among sellers, suppliers, strategic partners and the developers. Over the course of the event, important novalties are launched, such as O2O for Marketplace, app VOE for crowdshipping, Drone Delivery, Americanas Lockers and B2W Analytics.

Moving on to Slide eight, we will see a Seller based progression. In the second quarter of 2019, we have expanded seller in the platform we have a new record of more 5,500 Sellers connected. Since the beginning of this operation at the end of 2014, B2W connected more than 31,000 Sellers. For 2019, we would like to reinforce our goals of reaching more than 40,000 Sellers, we would like to highlight that we have very strict selection criteria for sellers in our platform, reputation and quality of our partners are important factors in evaluation and are in line with our goals of creating the best marketplace in Brazil. In this manner, B2W includes the best Sellers in the market in reliable platform, in which customers can purchase the product they want we have information about origin and quality.

On Slide nine, we would like to highlight the progression of our assortment. Over the last four years, we have experienced an exponential growth in product assortment going from

1.5 million of SKUs in second quarter of 15 to 12.1 million exiting in the second part of 2019. Assortment expansion is a vital pillar of our value generation cycle that consolidates the perception that in our brands, customers can buy everything. Up to the end of 2019, our goal is to achieve more than 20 million active.

In line with this strategy in Slide 10, we would like to highlight the development of Americanas Mundo, a cross Border operation from B2W that allow customers to purchase products from everywhere in the world. It was launched in March 2019, the operation kept growing fast and already has an assortment of more than 4.5 million SKUs. The operation also allow you B2W to be competitive without carrying leftovers in new product categories. The Cross Border is an opportunity to offer average items with a lower average ticket with a higher number of transactions and higher frequency of purchase by customers.

On Slide 12, we would like to highlight the important initiatives of O2O and Lojas Americanas the B2W. With the concept of Everything, Anytime, Everywhere, these initiatives are transforming the experience of our customers who now have multiple options of purchase and delivery, and can choose the more convenient manner according to their consumption desires.

And Slide 13, we would like to highlight the O2O approach, it's aimed at allowing customers to purchase what they want, as they want, where they want, when they want.

And on some Slide 14, we would like to highlight the progression of O2O. Over the last 12 months, more than 2 million customers have purchased via the joint initiative of Lojas Americanas and B2W. Largest service is Lojas Americanas and B2W Marketplace. Up to the second quarter of 2019, we had already recorded orders from customers from more than 3,800 cities. The Click and Collect is purchase online and get the products in physical stores this program is available in 1,315 Lojas Americanas in all states of Brazil also, this model is already available in 102 physical stores of Sellers in the B2W.

The Click and Collect program, and Click and Collect Now allows customers allows customers to collect their products and their own stock in the store for free after one hour after the online purchase, and this is available in all our 1,518 Lojas Americanas stores.

LASA Entrega, Ship from Store, is when clients purchase online products that are in the closest Lojas Americanas stores and get this products in hand up to two hours, and this program is available in 12 cities in 82 stores.

On Slide 15, we would like to highlight the integration of O2O and marketplace initiative, transforming sellers, stores and flexible fulfillment centers. In this manner, the Click and Collect, Click and Collect Now and Ship from Store initiatives can be extended to more than 15,000 physical stores of B2W Sellers.

On Slide 16, we will highlight the launching of VOE, V-O-E, a crowdshipping platform for independent deliveries. The solution is aimed at accelerating O2O initiatives by

connecting different models, such as motorcycle, bicycles and others, so that delivery can be achieved in up to two hours from physical Lojas Americanas stores and Sellers.

Of Slide 18, we would like to highlight the function of Ame, AME, i.e., which is one of the most important initiative, which is a mobile business platform that Lojas Americanas and B2W Digital are developing together. With little more than one year in operation, the Ame app already has more than 3.2 million downloads. Ame has been growing in B2W brands by optimizing discount offered to our customers records and more spending.

On Slide 19, we would like to highlight the fast expansion of Ame and the physical world. Lojas Americanas by investing in proprietary technology to expand acceptance and improve a purchase experience of clients in the stores. Ame acceptance has been growing in a short period of time from six stores, pilot stores, at the end of 2018 in October, to 774 stores at the end of June 2019. Over the course of 2019, Ame will be present in all Lojas Americanas physical stores and in other shopkeepers.

On Slide 20, we would like to show the progression of products and services available in Ame. We have highlight for the launches that occurred over the second quarter of 2019. Ame customers can now buy credits for Cabify and for public transport by recharging Bilhete Asnico in Beta version. In Beta version we have also launched service marketplace, the sale of gift cards, digital gift cards and the possibility to cash out in Lojas Americanas over the course of the second semester As part of the business plans, and now we will have an incredible roadmap of novelties that will represent an important contribution for the future over Lojas Americanas and B2W.

And finally, I would like to make use of this opportunity to thank our team for their work and dedication. I would like to thank our supplier for their partnership. Marketplace Sellers for choosing our platform, our market shareholders for their trusting us, and in particular, our customers for their preference. These were the most important highlights of the second part of 2019 regarding our performance.

And I would like to open for the Q&A session for clarification of your doubts. We request you to be brief in your comments so that all can participate.

Questions And Answers

Operator

(Question And Answer)

Ladies and gentlemen, we'll start the Q&A session. (Operator Instructions) Our first question comes from Mr.French from [ph]

Q - Analyst

Good morning, everyone. My question has to do with only digital, you did mention about the progress of other functionalities, what we can relate going forward, I'd like to have

some more on color the services marketplace, I this will help the company expand its digital portfolio, if you could explore that up a little bit I'd appreciate it. Thank you.

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

Good afternoon, thank you for your question for participating in our call. AME has been expanding up its user base as I mentioned, then already have 3.2 million downloads in only two months and then have been continue to improving the user experience for both for B2W's brands, trying to create a industries through Lojas Americanas sites. And at LASA, we already available at 774 stores as we mentioned, and on top of paying for their purchases, customers can also work with cash-in and cash-out possibilities by using the points of sale.

In line with this strategy of taking the company towards a mobile platform option we are also speeding up our launches of new functionalities of which could highlight the purchase of ride sharing credits for apps as the cabify example for public transportation, people can load the public transportation cards in the first half of the year with service market place also advanced and we saw the sale of digital gift cards and also the possibility that working with cash out at points-of-sale at LASA. So this is just the first step of the platform in terms to come across as a broader platform for the merchandise and services -- service that can be either financial or not.

In this context of increasing user frequency for AME app, we see a big opportunity and has been happening through more optimized ways in both granting discounts. To have already -- little with our key functionality, which was the cashback option. In addition to be able to make purchases using AME app, we can actually transform that business into something bigger to the next level and include the series of other services and functionality so that AME could offer possibilities to customers from the time they get out from the bath to the time they go back to bed at night.

Whatever their needs might be, another important point about the platform is that they start with the year 2019 with a high acceptance we have than other brands- our own brands and in that respect we launched a specific solution for merchandise, which has been gaining significant traction in the past few months and an important landmark for this industry was the definition of the corporate structure, that was quite important. So, we'll have the creation of the new company in the coming weeks, by the end of August and this will allow us to speed business plan even further with new partnerships, which are already in a very advanced negotiation phase, just about ready to be implemented, this will be announced in the near future.

Q - Analyst

Very good Fabio. Thank you.

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

Welcome to you.

Operator

The next question comes from Thiago Macruz from Itau.

Q - Analyst

Thank you for taking my question, this is speaking. The results surprised us positively, and I'd like to have some more color on the. What category has increased most or decreased the within the one we're seeing. Second question would be about the performance of the App. We saw a very interesting growth in terms of active users for the app and the question is, have you been analyzing data to identify migration of customers. Customers who are now migrating to the app from the physical stores? Have you identified the higher frequency of those users using the app? Those are my two questions. Thank you.

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

Well, thank you for -- and thank you for your participation and for your questions as well. As for the result in Q2. Mentioned, I think we were able to deliver good results in Q2. We have accelerated total GMV by almost 50% in other words, grown twice as much as the market did, which was our objective, driven mainly by the growth in marketplace, which grew above 50% and also with a strong contribution of a normalized 1p early on the year.

As we mentioned, we have been working hard at something 1p which has been continuous ongoing in term of watching it closely and regionally of fighting issues and we are now seeing the benefits of that work. When we first migrated back in 2017 from 1P to 3P for those categories we understood made no sense infused through the marketplace option, from that point on time, we started looking at those issues for many more expert point of view and we concentrated the number of categories where we understood what's the best option and compare it to the sellers option, we have a great relationship with the providers with the suppliers, and we are now as I said seeing the benefits of all that hard work.

And this will be important going forward for the second half of the year where we have our main seller's event. Next week we have Americanas.com anniversary to celebrate and we have all the indications that it was a very promising event. After that we have Back Friday, the largest and most important event of the year and then Christmas. And our platform is running really well we are ready to roll and we're moving strong towards our target of growing at least twice as much as the market in 2019.

As for your second question, the app question, we have been increasing our share within the whole of the company, it accounts for something like 75% of the traffic on the internet, talking about the app and an accounts for 50% of all sales. So, we see a migration from where we are from the website to the app we have been working with our developers to make the app easier and more friendly to navigate and also increasingly lighter and that's what Apps are all about. Once you have the app downloaded in your cell phone. There is a process linked to loyalty, which leads to a higher purchase frequency. So we'll see a positive uptrends within this mobile dynamics as a whole within those B2W.

Q - Analyst

Okay, very clear. Thank you very much.

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

Well, thank you, Finch.

Operator

Next question comes from Joseph Giordano from JPMorgan.

Q - Joseph Giordano {BIO 17751061 <GO>}

Good afternoon, everyone. Fabio thank you for taking my questions, I have two the question about the progression of marketplace, we see a very important growth in the number of sellers and the platform itself has been growing, GMV growing at 50% rate. What I'd like to ask is the following, when we look at this marginal growth. Americanas Mundo, B2W, that Americanas Mundo gain and relevance. What's for share, what's the stake Americanas Mundo in that sale, also in terms of frequency, because we have some categories and some items which are aspirational, which have a --sight competitive when compared to the market value.

And the second question about marketplace. I'd like to know about the ecosystem around Entrega option. You add those 3,000 sellers to the platform in the last quarters. I would like to see how is they going to play out items of consumers by their B2W, when you have a sellers with an inventory at the distribution center, then we have the whole logistic process to be carried out, How is this going to be playing out going forward.

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

Joe, thank you for both question. As for the first one yes, you're right. Marketplace has been growing quite fast and we've managed to maintain a growth rate of above 50% and we expect to maintain that, rule number in that space in the coming quarters and that of course is driven by the progress of the platform itself.

We have managed to attract more sellers, as we mentioned. And we did that in a way that sellers been selling also advance within the platform, we have been offering field services so everything we put together early on for B2W and IP today it can be offered to sellers in the marketplace, specifically about logistics, which is your second question. We also have all the intelligence, services, advertising, we have our own commercial knowhow which is very-very important. The knowhow we have been acquiring throughout for or the years in negotiating with suppliers and so on. So now we are bringing sellers around the table to plan --sellers plan items plan, SKU helping them buy from suppliers as well.

So, it's not one single factor to explain that a fact in marketplace. It is a sum total of field initiatives that led us after sales have a very mature marketplace, reaching a number of BRL 9.3 million, exceeding -- surpassing other online competitor. As for the cross-border option, it is part of our strategy and marketplace. That actually opens up a new avenue for

FINAL

growth and profitability. As you saw, all our initial expectations have been exceeded, we launched it in March and now by the end of June, we already have 4.5 million SKUs out of which, 2 million or half were added to the platform in June so cross-border market, which was dominated by international players, B2W was not part of that market before, and Americanas Mundo as you ask allows us to get into that market in a very competitive way and very assets light if you will and contributing to aspirational categories, as you also mentioned.

In particular, those with a lower average ticket but of course generates leads to a higher number of transactions and also helps increase purchase frequency on the part of customers. So all those numbers are very positive around the marketplace and also around cross-border. So your second question about B2W Entrega which is our server logistics -- servers logistics and distribution service for sellers at the marketplace. So ship to store go ship to store numbers have been growing fast, we are talking about -- 90% of all sellers base 90% are already using the ship to store or Entrega function.

And one of the options includes the B2W fulfillment, which has been performing quite well, then sellers now, they already changed level right off the back because we provide a complete fair solution and that at the end of the day, translates in better payment terms. Expedition and shipping happens in a shorter period, we have a priority list and the expedition list and then of course results in lower delivery time. So everybody is happy at the end of the day, customers, sellers, they sell more at a better service and at the end of the day, -- it's also good for B2W of course, because we're able to meet all the needs of all the stakeholders in the process.

Q - Joseph Giordano {BIO 17751061 <GO>}

Okay, Fabio. Thank you very much.

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

Well, thank you --

Operator

Next question comes from Gustavo Oliveira from UBS.

Q - Gustavo Oliveira {BIO 15129435 <GO>}

One additional question if I may. A question about fulfillment, you did mentioned performance has been quite positive. Last year, if I recall well, you opened a new distribution center, which was quickly filled Do you expect a need of additional CapEx, on the fulfillment front, and if you could give us an estimate of how much would that entail for 2019 and 2020.

A second follow-up question is about AME Digital--A-M-E Digital. From what I understood, you said that by the end of August, you'll have a license from a payment entity and from then on you'll be able to give a little bit more detail in terms of revenues, the economic indicators for the business that I understand and you did mention, you're going to

announced something. Are you talking about some strategy for the fund that operation? And the one last question, you've been talking -- you haven't been talking a lot about the prime option, that we realize there's been a consistent growth in prime users. Could you give us some more color on why that is happening?

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

Well, thank you Gustavo for and your questions. For B2W fulfillment, 2Q we have 11 distribution centers, 200 hubs, when then we look at the platform from end-to-end, we've got about 15 distribution centers. So we have been trying to strike a balance between what we are turning over and the distribution centers and also we wish to breakdown between the different categories of deliveries that we have, so by the end of 2019 and including 2020 as you asked, so we do not have -- we do not expect to be opening new distribution centers.

As for the AME app in your second question. As I mentioned in the previous answer, we have given an important step towards changing our corporate structure. So in the coming weeks, a company will be created we will have a new corporate identity number and that would unlock a series of new opportunities, which include an opportunity to request licenses from the central bank that can only start once we have a company, which is operational just to clarify your question. As for the funding question, this operation is a lot of B2W to 57.33 to breakdown the percentage points, all funding needs for AME will be supported by both companies -- following their respective stakes. As for the third question about the prime option, the prime has been growing throughout the years?

It is an operation which started under the Submarino brand. It was limited to a few items, to a few cities and then we proceeded to expand to other brands. We include assortment, we included sellers from the marketplace and it has no learning curve with prime and very soon we hope to be able to announce a positive change in this program and that's as much as I can tell you right now. But I can assure it'll be good news for the market and for the customers.

Q - Gustavo Oliveira {BIO 15129435 <GO>}

Okay. So one last question if I may, out of those 12 million SKUs that you already have for - the end of this year, how much of that is covered by prime?

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

Around 2 million SKUs.

Q - Gustavo Oliveira {BIO 15129435 <GO>}

Okay. Thank you.

Operator

Next question is from --.

Q - Analyst

Good morning. I would like to go back to a previous question about the fulfillment. You've talked a lot Fabio about assortment division growing categories, but can you give us some examples? I don't really know what has changed between both quarters of this year, just to clarify what has changes? And my second question. Can you give an update about credit seller how this is being adopted? What's the size of the portfolio and how it is growing? And I would like to know how it talks to personal loan by AME? Because they have a credit initiative that may come to be concentrated in AME. And I would like to know what's going to happen in this area, so could you give us an update?

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

Thank you for your question -- And as regards that I think it's important to understand the movement that happened in 2017, from a deep analysis of the company assortment it's our final contribution margin including all variables, --financial variables to come in 1P or 3P particularly, and at that time, we decided to move it to within our sales--1p to 3p to try to do what we make sure there will be a better balance in terms of distribution and this is the process, that occurred mostly in 2017, but it's a continuous process of planning Now what we saw between the first and second quarter is that in fact, we had an adjustment of regarding the lot of goods, which is an excellent benefit that we had, particularly regarding telephone, rather.

Then this benefit has another at the beginning of this year in 2nd of January, we could not only get content and this had a negative impact of the 1P growth in the first quarter, but we have done the adjustment that are required in this category and we've seen an expansion in the second quarter that took us back to growing in terms of total GMV of about more than 20% growth and a very good rhythm in the market. So this is the movement that we had regarding 1P and this is what we have been doing with the help of specialists.

As regards to the second question, is the credit seller this is more a solution that we can offer our sellers from the very beginning of marketplace in 2016. We already offered one financial product and this was the discount that was given. And over time we noticed the need of sellers regarding these sort of products so only the examples no longer enough, for sellers to grow within our platform and this is why we developed Credit seller. It's operation is going to complete one year in the near future and the results have been very surprising.

In particular, with the sales that has been helping sellers to sell more. So basically sellers will optimize the use of with this cash to purchase more merchandise. And now that there are certain amount of increase the volume of products that they already are operate with. They also end up in promotions, competitiveness and price and some of them use this money to invest in structure, because our sellers grow, they need to reformulate their structure, they need more people more training. So basically these financial resources are for these aims.

And what we see is that this is one important point for our revenues and these help us to accelerate marketplace, and sellers are then going to be able to sell more and this is a

case in marketplace. We have an analysis done in the first year to evaluate the results those sellers that have used this service and comparing to sellers that did not, so we compared bananas to bananas And those used the financial benefits have had a sales growth of about 40 points more than those who did not and this is a very positive result obviously this is an argument, that we can use just as part of the sellers or sellers that didn't have the opportunity to contract this service.

Finance, as regards to that there will be the personal loan within AME. This credit seller is for companies and there is no credit or people through AME. So they are talking about people. And for us, this is a complementary approach and another important point is that the expertise that we have gained by acquiring credits for companies that we will be being offered to sellers in marketplace. Based in the near future, will also be directed to motion up earning, these are complementary approaches using complimentary channels, which are very good.

Q - Analyst

Good Fabio, can you tell me something about the size of the portfolio of credit sellers?

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

This is a very strategic point for us we generally -- we still do disclosing this sort of data.

Q - Analyst

Thank you.

Operator

The next question is from Tobias Stingelin, Citibank.

Q - Tobias Stingelin {BIO 18290133 <GO>}

Good afternoon, Fabio. The first question, I would like understand the growth you had -- this type of performance that you had in 1P, you had as result of several and there's is something we didn't see over the last few years, so drop of several margin in the second quarter. Is this related to categories that you have included or just the -- is it just the participation of a big greater participation that has decreased this 3p margins would like to understand a sequential drop in the credit margins?

And the second question is that you had the good performance as a company and we have seen that in the second half of the year the expenditure should drop, because the last year, you have started a more robust investment process should we really expect this to happen in the second semester of the year? And the third question is about our sellers.

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

Tobias, thank you for your participation. As regards, we have seen an extension of good percent -- good margin in 2.2 percent point and we reached a balance between 1P and 3P in the first quarter. We had a greater percent progression, we saw that in the first quarter

marketplace was experiencing a greater representativeness within our total GMV. So I think we should think about a in and we have a greater participation of 1P and this has represented BRL33 million more in the second quarter compared to BRL9 million of the progression of 2019 compared to 2018. So the effect is what we saw in our expectation over the course of the year should keep on progressing as regards the company's growth margin.

Q - Tobias Stingelin {BIO 18290133 <GO>}

I think I interrupted, the sequential drop is -- you had a growth in the year, but this is the first time it dropped sequentially, with marketplace growth. So we read is that 1P is what has a greater impact, is that -- am I correct?

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

Yes, you are talking about mix. But I prefer to emphasize that the margin is still extending in percent basis and we analyze the nominal we have BRL 33 more compared to BRL 9 million that was in the first part -- in the first quarter as regard to mix.

Q - Tobias Stingelin {BIO 18290133 <GO>}

So if 1P is improving -- you are improving your 1P performance, so 1P is growing to grow and it's going marketplace, but what that mean is that this growth margin has growth compared to the first, year is this going to increase again sequentially this 30.8% will go to whatever figure that is. What I can tell you about the gross margin, again if first compare 2019 and 2018 regardless of the balance that we have between 1P and 3P I think the expectation is to have margin extension.

Okay, thank you.

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

As regard to your second question. Expenditures, we tend to analyze a percentage of total GMV. So over the course of the first quarter of 2018 we had higher volume of investments to provide an assortment for customers compared to 2018, where this represent a 10.2% of the total GMV and this has dropped over the second semester of 2018 and over the course of the first semester of 2019 so this 10.2% that we saw last year are now less than 9%, so 8.9% to be more precise to what we have communicated which is the trend of our G&A. There is something that we are really seeing and it's reflecting in the extension of EBITDA nominal and EBITDA margin.

As regards your third question the same-store sales of sellers. We do not disclose this sort of information, that results having very positive. And sellers have plenty of opportunity within the B2W platform. And it takes some time to mature this sort of things for these develop and to understand how I will have a complete view of the opportunities that are available for operation in a broader scale and we tend to support sellers in different fronts and in this manner, we are able to extract over time some value and or in and greater value from sellers so to speak. So we keep on growing in a very good rhythm, in same-store sales so this is a combination of growing more with our previous sellers and connect larger number of new sellers to our platform.

Q - Tobias Stingelin {BIO 18290133 <GO>}

Thank you very much, Fabio.

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

Thank you, Tobias. Good afternoon.

Operator

The next question is from Robert Ford, Bank of America.

Q - Robert Ford {BIO 15127836 <GO>}

Congratulations, and thank you for taking my question. Fabio, just to clarify, how do you expect to escalate B2W as part of your platform there were several competitive efforts. Do to expect you have a growth boosted by greater functionality. Financing, financing or sources, see the partnership that will contribute you to gain sale?

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

Thank you for your participation. We have been creating traction in the first moment through earnings in what we call B2W brands and also within Lojas Americanas, we have more than a bit more than 12 months of operation. And our business base is growing fast, the next step is Mundo as you have alluded to and we have several merchants operating with our solution, which is a AME plus and something it has been created about three weeks ago, we expect to accelerate even more the, AME performance which includes an expansion to Mundo Franchise. And as customers in this platform --with the client in the platform it's much easier to reach acceptance by merchants in the Mundo --

So, we are creating this company as I have mentioned, we should be ready to start up to the end of August, and we are in an advance state of negotiation with other partners. So, the creation of this company is hallmark that will help us to accelerate in our entry in Mundo franchise. As regards Financing, I have talked about it in the previous question. The most important a new source is a companies, or partners lojas Americanas and B2W partners. Which was a even proportion and if we understand it at some time it will make sense to accommodate other investors, who will think about it.

But the idea is to what is the perspective of knowledge. We have lot of good people, all around the world working very well with sort of initiative. And based on my commentary I could decide to bring a strategic partner with our business.

Q - Robert Ford {BIO 15127836 <GO>}

Thank you very much.

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

Thank you.

FINAL

Bloomberg Transcript

Operator

We will now close the Q&A session. I'd like to turn the conference back over to Mr.Abrate, for his final remarks. Please Mr.Abrate, you may carry on.

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

I'd like to thank you all for participating in our earnings call and I would like to invite you all with largest internet fest, the party a festival for Americanas.com, which will start next Monday, August the 13th we will be celebrating 20 years of the brand on the internet in 90 years of Lojas Americanas you have any additional questions or comments our IR team remains available. Thank you and have a nice day everyone.

Operator

B2W's conference call is now over. Thank you all for participating. Have a nice day. And thank you for using chorus call.

This transcript may not be 100 percent accurate and may contain misspellings and other inaccuracies. This transcript is provided "as is", without express or implied warranties of any kind. Bloomberg retains all rights to this transcript and provides it solely for your personal, non-commercial use. Bloomberg, its suppliers and third-party agents shall have no liability for errors in this transcript or for lost profits, losses, or direct, indirect, incidental, consequential, special or punitive damages in connection with the furnishing, performance or use of such transcript. Neither the information nor any opinion expressed in this transcript constitutes a solicitation of the purchase or sale of securities or commodities. Any opinion expressed in the transcript does not necessarily reflect the views of Bloomberg LP. © COPYRIGHT 2022, BLOOMBERG LP. All rights reserved. Any reproduction, redistribution or retransmission is expressly prohibited.

FINAL

Bloomberg Transcript