

Y 2014 Earnings Call

Company Participants

- Fabio Abrate, Investor Relations Officer

Other Participants

- Andrea Teixeira, Analyst
- Franco Bilardo, Analyst
- Irma Sgarz, Analyst
- Joao Mamede, Analyst
- Tobias Stingelin, Analyst

Presentation

Operator

Good afternoon and thank you for standing by. Welcome to the Conference Call of B2W Companhia Digital to announce the results regarding the fourth quarter and the full year of 2014. Today, here with us we have Mr. Fabio Abrate, IRO of B2W and Mr. Murilo Correa, IRO of Lojas Americana. We suggest that for you to follow best our conference call, to use the support presentation available at the address, www.b2wdigital.com. We inform that this event is being recorded and all participants will be connected in listen-only mode during the company's presentation.

Then, we're going to start our question-and-answer session when further instructions will be provided. (Operator Instructions) A replay of this event will be available right after it's end for one week. Before proceeding, we would like to clarify that statements that maybe made during this conference call pertaining to be B2W's business prospects, operational and financial projections and goals, 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 lead to results that are materially different from those expressed in such forward-looking statements.

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

Fabio 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 discuss the results of the fourth quarter and the business year of 2014. We invite you all to start our presentation on slide number two. In 2014, B2W Companhia Digital presented a sales growth of 31%, recording a gross revenue of BRL9.1 billion. The results that we have reached led us for the 10th quarter in a row, growth at levels above the market with gains of 4.7 percentage points, in market share in the period, reaching 26.5% of market share at the end of 2014.

The year of 2014 started with the announce of the capital increase in the amount of BRL2.38 billion, with the objective of improving the Company's capital structure, and giving more flexibility in the execution of its investment plan. In February, we launched [B] Seller, the most concrete tool for e-commerce management, combining back-office solutions and online store. [B] Seller, is the result of the combination of companies that we acquired, Uniconsult and Ideais. [B] Seller is an accelerator for Marketplace, offering to sellers the most state-of-the-art technology.

In June, we announced the acquisition of Direct, Brazil's largest and best carrier, specializing in the delivery of small packages. Along with Click-Rodo carrier, specializing big packages that we acquired in 2013, make it possible for B2W to operate with a unique distribution platform, offering faster delivery services. In October, in line with our strategy of being closer to our customers, we opened four new distribution centers, when we expanded our distribution center in Rio de Janeiro.

With these movements, B2W increased by 50%, its total storage capacity and today we have nine distribution centers located in Sao Paulo, Rio de Janeiro, Minas Gerais, Pernambuco and Santa Catarina. In November, we launched Digital Finance in partnership with Cetelem of the Group BNP Paribas. Digital Finance offers, credit cards and other financial services in the websites Americanas.com and Shoptime, replicating the very successful model that we developed in Submarino Finance.

2014 was the year of B2W's consolidation, and it's the first in customer service in Brazilian Internet. Along the year we won the main customer service awards, and we presented the best indicators of performance in the specialized websites that received customer opinions and complaints. In the fourth quarter of 2014, we had a net profit of 21 million. However, we stress that in the first years of operation phase when it is mandatory to go on investing in the fundamental pillars of the business to capture the countless opportunities in e-commerce in Latin America, with the commitment of generating value to our shareholders in the long-term.

After a year full of significant accomplishments continues in revolution. We're actually excited for the year of 2014. The year of 2014 will start with expansion of our freight menu to 100% of Brazilian cities offering deliveries in half of the conventional time to more than 60% of our assortment. Through the service customer, we'll have up to three options of delivery, express, staffing and economic. The distribution of all light and heavy goods is performed by B2W distribution unit, which is the result of the acquisitions of Click Rodo and Direct. The creation of B2W distribution unit has also made it possible for the

companies to start storage, and distribution services BF, B2W fulfillment, for all marketplace sellers.

After the success of the pilot project into October 2014. Another accomplishment earlier this year was the launch of Marketplace on Shoptime marketplace, which was already available at Americanas.com and Submarino has completed one year of operation with greater evolution development of our unique platform to meet all their needs of sales people in terms of technology and logistics enabling B2W to expedite the growth of this business model.

Now going to slide number three, we present the main highlights for the fourth quarter and for the business year of 2014, consolidated numbers. In this period, significant results have been reached and we highlight the following. In the fourth quarter, the gross revenue grew 32% reaching BRL3,120 million. In the year, the growth of 31%, reaching BRL9,095 million. In the fourth quarter, the gross profit grew 29% reaching BRL647 million, and in the year the growth was 28%, reaching BRL1,929 million. The net income reached BRL21 million in the fourth quarter of 2014. And the Company closed the year deleveraged 0.6 times EBITDA with a net cash of BRL315 million.

Now on slide number four, we highlight that with the results of the fourth quarter of 2014, when we grew 32%, we have reached the 10th quarter in a row of growth at levels above the market, with an impressive gain of market share in the period, demonstrating consistency in our strategy and in our results.

On slide number five, we highlight the evolution of the market share of B2W Digital over the past 10 quarters period, during which the Company intensified its investments, to create the best digital experience on the Internet and started growing consistently again quarter- after-quarter. Between the second quarter of 2012, and the fourth quarter of 2014, the market share of B2W grew 4.7 percentage points, growing from 21.8% in the second quarter of 2014 to 26.5% in the fourth quarter of 2014.

As compared to our competitor number two, in the same period, B2W increased its difference by 3.9 percentage points, reaching its distance of 8.6 percentage points in market share at the end of the fourth quarter of 2014. As you can see on the chart to the right, B2W's market share is 26%, whereas the market share of number two competitor is 17.9%.

On slide six we highlight the reach results of B2W, when we see the past 12 months of period where the Company registered a gross revenue of approximately BRL9.1 billion. This is a growth of 31%. And adding BRL2.1 billion in sales of the business --consolidating its leading position in e-commerce in Brazil and in Latin America.

On slide seven, we highlight the strong and the participation of mobile devices and traffic and orders that are placed in the brands that B2W Digital. On the fourth quarter of 2014, the share of mobile devices and traffic reached 24%, vis-a-vis 11% that were presented in the fourth quarter of 2013. This represents an evolution of 13 percentage points. On the fourth quarter of 2014, the participation of mobile devices, and placed orders reached

12% compared to the 6% of the fourth quarter of 2013, which represents an evolution of 6 percentage points. This evolution is a result of the joint effort with technology companies that were that have great expertise in this area.

On slide eight, we are showing the evolution of our own brands in the company. Until 2012, B2W Digital operated with for own brands, through the Shoptime, Fun Litchen, La Cuisine, Life Zone and Casa & Conforto. In 2013, we launched four new brands, Newme, Meemo, Topdesk and Orb that are exclusively available in the site americanas.com, Submarino and Shoptime. These markets are respectively related to the categories of beauty, health, pet shop, stationery and furniture.

Throughout 2014, we launched our first own brand of fashion luk. We also launched fun clean, cleaning products and electronics. In the beginning of 2014, we launched first that offers a product line that encompasses all the stages of child development, the operation of our own brands allow us to offer our clients a greater assortment an exclusive products, and this also positively contributes to the company's margins.

On slide nine and ten, we highlight the distribution unit B2W that has a unique structure to face the challenges to receive to store, and deliver door by door in Brazil. We currently have nine DCs that are exclusive and totally built for e-commerce and with the two main carriers of (inaudible)media, of Direct and Click Rodo.

Now let me go to slide 11, we would like to announce the expansion of the freight menu for a 100%, of the Brazilian cities offering deliveries in half of the conventional terms for more than 60% of our assortment. B2W Digital is the only e-commerce Company that offers different delivery dates for all types of items, be it small or great size. Currently deliveries are available in three model, Express, Fast and Economic in the three main sites of the companies, Americanas.com, Submarino and Shoptime. These services are a result of the Distribution Unit, B2W that has a completely controls the last mile.

On slide 12, we have the [BFF] B2W Fulfillment, a storage service and a distribution service to the Marketplace. The creation of the Distribution Unit B2W also allowed the Company to initiate a storage service offer, as distribution for all of the sales of Marketplace. This way a sales agent can use the best delivery and storage service of Brazilian internet [ph] taking advantage of our scale to leverage sales and to improve the level of service offered to the customer.

On slide 13, we would like to highlight the most complete platform of Brazilian Internet Marketplace. We have the best value for the operation in the Marketplace through a unique platform that supports sales agents in the three main pillars of the business, technology, logistics and customer service. In technology, we created the [B] Seller, the most complete tool to manage e-commerce, combining back-office solutions and online stores.

Now, in the logistic pillar, we have created B2W Fulfillment, providing our sales people, the best storage service and delivery in Brazil. In customer service, B2W centralized all the

FINAL

problem resolution in its own call center. And the customer service of B2W is considered one of the best e-commerce service in Brazil.

When we see slide 14, we ratify the consolidation of B2W, as number one in customer services. In the past year the investment, in technology, and logistics allowed the Company to reach its positive position. The evolution in our operation directly reflected in a reduction of 50% of number of complaints in the last three years, 2012, 2013, 2014, a period where we doubled our size. Our sales were BRL4.7 billion in 2011 and now they're around BRL9.1 billion at the end of 2014. In this period, we also gained in efficiency. We improved the cost of problem solution at a 75% rate. This will be between 2012 and 2014, the company saved a BRL117 million.

Now on slide 15, we would like to highlight the strategy and the investment plan that we've announced for the periods between 2013 and 2015. In the year 2015, we'll represent the last stage of our investment plan of three years in technology, innovation and logistics. We have completed the two first years very successful, but we are absolutely sure that there is still a great deal to do in order to reach the target, because we want to be closer to our customers to offer the best purchase experience, the best delivery service and best service.

On slide 16 we would like to reinforce our vision of being the biggest and the dearest digital company in Latin America. Finally, we would like to thank the dedication of all the associates that are part of the best and the most successful digital team of Latin American that once again have made a difference.

We would like to thank our suppliers for their partners, our shareholders for their trust and mainly our customers for their preference. These have been the main comments regarding our performance of the fourth quarter of the year 2014. Now I would like to hold the Q&A session in order to clarify any doubts you may have, so that you have the opportunity to participate. Please be brief in your comments.

Questions And Answers

Operator

Ladies and gentlemen, now we will initiate our Q&A session. (Operator Instructions) Our first question Andrea Teixeira, JP Morgan.

Q - Andrea Teixeira {BIO 1941397 <GO>}

Good afternoon. And thank you for this opportunity. I have two question. One is the pace of growth of 30% in the first quarter of the year is where you could consider a pace that is a bit more accelerated. Although, you have a good market share, that would be around 20. I hope not. Or perhaps slower than 20, 15%. And Fabio, I would like to better understand and congratulations for Black Friday. But the effect that this had in the margin, would it be reasonable to assume 20% of sales came from Black Friday? And this means that you would have -- your effect would be 17 basis points, because of this promotion of Black Friday. Thanks very much.

A - Fabio Abrate {BIO 17940993 <GO>}

Okay Andrea, thank you very much for your participation here. Now, regarding our growth pace, we have no indicator currently that tells us that we will grow less than what we have grown up till the moment. So what is important is the prospect of the market growth in 2015. The indicators point out to a growth between 16% and 20% in the market and our prospective is to continue growing above the market, and gaining more market share, as we have been gaining in the past.

And this is something that we have shown in the past 10 quarters. Now regarding the last quarter of 2014, as a matter of fact, we grew strongly in sales. We grew 32%, something that positively contributed to close our year -- in the year, we grew 30%, we gained share, not only in the quarter, but also throughout the year. Therefore, it is important to highlight that in the past quarter, we had two great events that took place; Black Friday, as you mentioned, and Christmas. And at the end of the line, we try to balance margin and sale, of course, within a competitive environment.

Black Friday is the main e-commerce event, and it has strongly grown year-after-year. Now it is a highly promotional event. And the Company has to be prepared to deal with this event under -- taking into account all points during the last Black Friday. And one day we sold the equivalent of one month when we participated with more than 40% of the share in the event. This is just for you to have an idea of how important this event is, not only within the quarter, but mainly within the year, how important it is.

Every year, we learn a lot with this event. We have identify new opportunities for the upcoming years. So this improves our platform that as a matter of fact supported brilliantly all sales, it supported all the deliveries and our customers received excellent service in wholesale. Now this is only possible, it's important to highlight this, because of all of the investments that have been done in the Company in order to support the scalability and at the end of the line, the financial model prove to be very favorable. So this type of scale it properly reacted to this and as you were able to observe, we reached a breakeven point in the last line.

Q - Andrea Teixeira {BIO 1941397 <GO>}

And just to clarify the margin as it represented an extra level. The margin for this quarter will be better, right? It will not be as good as the first quarter last year, but it will still be strong. And your promotions down your sale. I think it was good for all retailers and now we'll figure that yours too, so you might still have the margin effect year-on-year, but not as strong, as it was in the fourth quarter. Is my understanding accurate?

A - Fabio Abrate {BIO 17940993 <GO>}

Hi, Andrea. Indeed, the fourth quarter was -- and there are lot of pressure, but we believe that we have managed to find the financial balance, especially in terms of sales and margin. As to the first quarter, I cannot give you any guidance, but this is a market that it is and still is very competitive. But our goal is to grow above the market level with a good profitability when we analyze the financial model as a whole.

Q - Andrea Teixeira {BIO 1941397 <GO>}

And one last question about your debt. If we account for the capital increase, the debt still increases. How should we understand, B2W's financial debt from now on? Do you think you'll still can't discount the volume of receivables that you are discounting? Since the first quarter 2011, you already had a profit, but this is an extra gain for us to see from now into the future. And so thinking about the CapEx, we would see the same level of leverage that we saw in the fourth quarter.

A - Fabio Abrate {BIO 17940993 <GO>}

Hello Andrea, thank you once again. In fact the net debt has been evolving along quarters very much, because of the evolution of our capital increase operation. We saw the first effect in the second quarter, and then in the third quarter and we saw the full effect in snapshot when we close the business year with a positive net cash of 315 million and our balance was deleveraged almost 1.5 times the EBITDA. When you look at the gross debt, we made many payments as we had agreed. And we also observed some good opportunities to take debt, especially from BNVS [ph]. That is supporting us for our three-year plan, but the net cash is very important, it reflects 100% of the capital increase that we performed or that we executed during the year.

And we closed the year, with the Company deleveraged close to 1.5 times the EBITDA. So we have a very important tool to operate the seasonality of our business. As you know, our business is seasonal and the cards today, represents about 60% of our sales and we use the card as a tool to balance the seasonality. So that we manage the Company on the everyday operations. Thank you, Andrea.

Operator

Our next question comes from Irma Sgarz from Goldman Sachs.

Q - Irma Sgarz {BIO 15190838 <GO>}

Good afternoon. I have two questions. And the first regards your investments and looking at the CapEx for 2015. And talking about an investment cycle, and in the past you said, it was more or less 1 billion that would be spent over three years. But obviously, you already spent close to 1 billion in 2014. So I would like you to share more details with us with CapEx, especially for 2015 onwards. And the second question is related your accounts payable.

In Q4, there was a strong drop that -- it had been going up over the past few years, but in Q4 there was a drop for this year. And then my question is whether this is related to negotiations you've made with your suppliers or to, it is the result of a stronger cash position. So that you have more promotional plans? So I would like to understand how you think about it? And how you would think about this from now onwards?

A - Fabio Abrate {BIO 17940993 <GO>}

Hi, thank you for your participation. As to your first question, our investment plan announced for three years in the past, we indicated minimum investments around BRL1

FINAL

billion. We invested 714 million in the first year, 812 million in the second year. So our outlook for 2016 is to go on investing. We believe that it is very important to expedite many of the initiatives that are going on in the company today. And these initiatives has made it possible for us to operate our business to scale of our business.

And especially in the future, these initiatives will provide us with more assortment and will improve the shopping experience. And certainly will improve our profitability. And the main example being marketplace. And we have already indicated in our last two calls, a gradual reduction in the volume of our investments in terms of its percentage of the net revenue. So this is our plan for 2015. And more and more as our EBITDA grows, and we hope that once again in 2015, we are very successful in our nominal EBITDA, as we work in 2014 when we grew 27%.

So our CapEx coverage rates has been improving year-after-year. And this will be no different in 2016. Now passing on to your second question, we believe that we've been doing a good work with our working capital. And as you said, we've been evolving and when we look at the three variables jointly, we've been improving our inventory even with four new distribution centers and our distribution center in Rio, and also in receivables. Our evolution is noteworthy, we have a better balance between installment sales and cash sales and also one once we grant credit to our customers, we hope it doesn't impact our sales in terms of suppliers.

Our suppliers, are our main partners, they provides all that goods for us to make available to our customers in our websites. And undoubtedly, we've been expediting and fostering this relationship. So what happened in terms of suppliers was the effect of a better relationship with our suppliers and maybe even -- because we know that credit is becoming more limited in our country. So considering that we still have difficult macroeconomic scenario in 2015. Are you going to use the same policy in terms of the day to pay, in order to manage your relationship to suppliers. Well, in fact we will try to -- we will continue thinking about between the three variables.

So if you do the math in terms of net working capital considering the balance of the inventories, suppliers, and accounts receivable the credit card discounted, we have evolved when you look at 2014 comparing it to 2013. We improved the balance by BRL120 million, so balance is the key word here.

Q - Irma Sgarz {BIO 15190838 <GO>}

Thank you very much.

Operator

Our next question comes from Mr. Franco Bilardo from Morgan Stanley.

Q - Franco Bilardo

Hello, good afternoon to everyone. My first question is a follow-up on the question about pressure on margins. When we look at the breakdown of the EBITDA margin, especially

Bloomberg Transcript

considering the subsidiaries, we see that the pressure on the margin came almost all from the subsidiaries. I'm right to look at it like this. The thinking that in terms of e-commerce, you have been able to improve your net margin, but the subsidiaries have some pressures.

And I would like to understand where this pressure comes from, is it the impact of consolidation of Direct into your financial demonstration, is it sort of affecting your numbers. So this was my first question. Thank you.

A - Fabio Abrate {BIO 17940993 <GO>}

Hi, Franco. Thank you for your participation. So you're very accurate in what you've seen. And the controlling company, when you look in terms of EBITDA margin we have evolved and we evolved 0.4 percentage points in the quarter, and looking at the year as a whole, we have 0.3 percentage points, which was very good. When we look at consolidated numbers, we indeed suffered a pressure that was slightly greater, but very much because of our business related to ticket sales and travel. And then as you know industries that are completely different or its very different analysis. 2014 in the two industries suffered, especially in terms of ticket, we had a weak in terms of concerts and big events, for example, we didn't have rock and real [ph] that we will have in 2015. And in terms of movies, there was no major movie launch. In terms of B2W travel, B2W, it was very much affected, because of the exchange rates. This effect is not at all related to the acquisition of Direct's.

Q - Franco Bilardo

Thank you very much. My second question regards marketplace. Can you share with us any indicators of how much marketplace accounts for GMV or the net income? How many sellers you already have in the platform? And also how much B2W fulfillment may increase the commission that you charge in marketplace? If I'm not mistaken, they are around 12% - 11% or 12%. Thank you.

A - Fabio Abrate {BIO 17940993 <GO>}

Hello, Franco. Thank you for your second question. Actually marketplace is an operation that we are very excited with. It's completed one year of life in Submarino and Americanas.com. It's about six months old. And we're very happy that we also launched that in short time. As the GMV has been growing at a very intense pace, just for you reference, it grew 50 times over the past 12 months. And also as a reference, we started the operation with 10 sales people in late 2013, and today we have more than 500 sales people. It was the first year of operation.

This was a very important year for us to understand and especially, for us to identify and how we could offer the best value proposition to our sales people considering everything that we've been doing in terms of technology, logistics and service. Considering everything that we're paying from the operation, we identify that there was a major opportunity in terms of putting marketplace sales people within B2W's ecosystem, offering our technology platform [B] Seller. And now our logistics platform BSS, B2W fulfillment. And then after the creation and development of these two platforms, we are

ready to expedite marketplace 2015 and to go on investing intensity on this operation. And more than bringing sales people, who currently operate online. We also want to be the gateway for new people who do not yet operates online. So, we want to offer to them state-of-the-art logistics technology and service technology. And I can share with you, news we have just integrated into our platform to important partners that together will provide us access to more than 8,000 online stores.

FINAL

To the increase in margin, this is an operation of fewer margins and you can gradually add value as you offer new services. So, the new services that we are presenting now are [B] Seller, and Fulfillment. And at the end of the day, we believe that our sales people will have a much better service that emerge more competitive costs. So this will be a win-win situation, where B2W will gain greater margins, but sellers will have a much better service level at much more competitive cost than they have today.

Q - Franco Bilardo

But is there some type of objective that you have for marketplace, I don't know medium term, long-term that may 10% or 20% of total volume of the side or do you have a long-term guidance that you could share with us. Thank you very much for your answer once again.

A - Fabio Abrate {BIO 17940993 <GO>}

Franco, now regarding the long-term share, we're not giving you a guidance, but we believe that the operation may and will become very relevant inside your business.

Q - Franco Bilardo

Thank you very much.

Operator

Next question Mr. Mamede from Santander.

Q - Joao Mamede {BIO 15265292 <GO>}

Good afternoon. Two points here. Number one would be a follow-up on Andrea's question and Franco mentioned again, I would like to talk about the dynamic of the sales behavior and profitability, because we don't see only margin, but we see the line of commercial discount, this has been dropping and now it has been increasing when you compare year-by-year and you see the fourth quarter. We do understand that this is highly related to the Black Friday growth, because it was very important, and it is important in Brazil. But I would like to know more how should we deal with this line from hereon. It was dropping, its rising again, you've reached a level when we consider the pre-period. The level that you consider sustainable, I believe that this is a level that from here on, we cannot give so much discount because, otherwise this will strongly impact our sales when we see the figures, not of the quarter of the year 2014, this is a reasonable number that we should take into account for the future.

Could you please comment about this, and this would be my first question.

A - Fabio Abrate {BIO 17940993 <GO>}

Joao, thank you very much for your participation. I believe that you properly observe this point, going back to the fourth quarter is an extremely promotional event and then within an extremely competitive environment. And the financial discounts, as a matter of fact, are the tool that we use in order to streamline our growth within a balance contact between sales growth and profitability.

Now, when we see the year as a whole, we -- if I am not only will drop 8% in this point, in this line when see -- when we compare 2014 with 2013. And if you want to go beyond this point, if we add the discount, we discount this in margin, we may have evolved in gross margin 0.8 percentage points. So when we combined -- when we combine sales growth, we grew 30.7% in the year consolidated results now. In the margin view, when we include all of the discounts, I believe that we have evolved 1 percentage point.

So I believe that we have found a break-even point that is highly satisfactory, when we think about this combination of sales margin. Nevertheless we are never satisfied. Therefore, if we made progress in 2014, vis-a-vis 2013. Yes, we will continue learning and of course, we will try to evolve this variable in 2015.

Q - Joao Mamede {BIO 15265292 <GO>}

Okay. So perfect. Just another follow-up regarding this question, what I would like to better understand is that the company's mix has been changing of our service and service participation with marketplace has been growing with the sales percentage. Don't you believe that this line may drop, as the other services has gained more importance?

A - Fabio Abrate {BIO 17940993 <GO>}

Well, this is a good observation. And I believe that as the new initiatives mature and start gaining more relevant within the entire aspects, not only as variables but as a financial model. They will evolve the marketplace operation, for instance, and we have good international references of how well they contribute with our margin was going to its first year of life. So as it gains strength as we continue investing in it, and as the business continue to growing. Well I believe this is a financial model that tends to evolve significantly.

Q - Joao Mamede {BIO 15265292 <GO>}

Now, another quick point here. I know that you don't have exchange exposure, but I would like to know the supply chain, if beside the supply chain, if there is an impact, I would like to know if your suppliers are renegotiating prices due to the depreciation of the currency vis-a-vis, the dollar?

A - Fabio Abrate {BIO 17940993 <GO>}

Well, yes. The exchange rate has suffered a bit in the past month. Now the exchange rate like any other component of the cost is negotiated, are life is to buy, store and sell. So we

have already undergone periods in the past where the exchange rate was in this level, we were able to survive, where here and let's go forth. So let's continue doing what we have always done, negotiating properly, bringing supplier to our side and giving good services to our customers.

Q - Joao Mamede {BIO 15265292 <GO>}

Okay. So thank you, Fabio.

A - Fabio Abrate {BIO 17940993 <GO>}

Thank you.

Operator

The next question Tobias Stingelin, Credit Suisse.

Q - Tobias Stingelin {BIO 18290133 <GO>}

Good afternoon, Fabio. Just a follow-up on Andrea's question. I didn't see no sales slowdown in the first quarter. You said it's 20%, you want to go more than 20%, because you want to gain market share. But I have seen no slowdown, so I believe you're about 20%, 20% something percent. And we have heard different things from the market perhaps that this affects more the market than you. If you could help us to understand correctly, your answer regarding this question. And also the CapEx, you were clear to say that you're finalizing a cycle of invest, but you're still looking for new opportunities.

Do you believe that you will have a new investment plan or that your logistics, you're going to open three new DCs, are you -- where you are? Can we assume that you have reached an optimum point? So you already have a platform that you decide, you will have no more acquisitions, no more investments still be yet.

A - Fabio Abrate {BIO 17940993 <GO>}

Thank you very much for your question. In reality, regarding our sales growth, I was I date myself on market expectations, so point out a growth of 16%. So they're point out to 17%, other point out to 20% growth. Now our expectation, our strategy here continues to grow, is to continue growing above the market level at a fast pace, because we want to present advantages when compared to our competitors. This were the trends that we have followed.

Q - Tobias Stingelin {BIO 18290133 <GO>}

But you said the market is growing 17%, 20% during the first month of the year, is this what you mean?

A - Fabio Abrate {BIO 17940993 <GO>}

Well, the market as a whole, slow down during the first quarter. Nevertheless on our side, I believe, as I said, we continue -- we're at a good pace and we will continue growing at a

FINAL

pace that exceeds the pace of the market is growing. That is very important for a model as you were able to observe in the last quarter of the year. So as this business gain scale and momentum, the financial model as a whole evolve properly and you link everything to your next question, that is regarding our CapEx.

Number one, we have a whole year before us. So there are many things to do throughout the year 2015. We have at least three DCs to inaugurate and our investment plans. At the end of the year or throughout the year, we will review this investment plan and we will continue doing everything that is necessary to have a highly structured business and to support the sales regarding and our future expectations.

Q - Tobias Stingelin {BIO 18290133 <GO>}

I believe I understood your answer. Let me tell you something about the market, the market has slowed down. This is a fact if you follow up, for example, the data. January, February, there was a slowdown in the market, what is -- why are they like this? That's the macro, what is your understanding of what's happening in the market?

A - Fabio Abrate {BIO 17940993 <GO>}

Well, I think it's too early to say what is happening in this area. There is no doubt that this will not be -- but there is no doubt that this will be-- will not be an easy year. But we are optimistic, we don't want to participate in this crisis. We decided to continue investing and to continue strongly and what we believe, we strongly believe in our country.

Q - Tobias Stingelin {BIO 18290133 <GO>}

Thank you very much.

Operator

So we bring our Q&A session to an end. Now I would like to turn it over to Mr. Fabio Abrate for his final statements. Please Mr. Fabio.

A - Fabio Abrate {BIO 17940993 <GO>}

Well, I would like to thank everybody for participating in this webcast conference call. I would like to take the opportunity to invite you to see our great sales in Americanas.com of electrical appliances, Submarino in 24 hours of IT products and Showtime, go to Sou Barato. We have also ticket and travel site and everything with the safety and comfort that B2W can give you. Our team of Investor Relations is that your disposal to clarify any questions you may have. Good afternoon to everyone.

Operator

B2W conference call digital company have come to an end. We would like to thank everybody for their participation and have a very good afternoon.

FINAL

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.

Bloomberg Transcript