

Q1 2019 Earnings Call

Company Participants

- Raoni Lapagesse, Companhia Digital

Other Participants

- Joseph Giordano, Senior LatAm Healthcare Analyst
- Julia Fagãlves, Analyst
- Luiz Felipe Poli Guanaes, Research Analyst
- Pedro Fagundes, Research Analyst

Presentation

Operator

(Interpreted) Good afternoon. And thank you for standing by. Welcome to the B2W Companhia Digital Conference Call to discuss results regarding the First Quarter of 2019. Here today with us is Mr. Raoni Lapagesse responsible for Investor Relations with B2W; and Mr. Carlos Padilha, CFO and Investor Relations Officer with Lojas Americanas.

For a better follow-up of the conference call, we suggest using the supporting presentation that is available at ri.b2w.digital. Please be informed that this event is being recorded. (Operator Instructions) The replay of this event will be available soon after it is over for a period of 1 week.

Before proceeding we would like to clarify that any forward-looking statements made during this conference call regarding B2W's business prospects, financial and operational projections and goals constitutes the beliefs and premises of the company's management as well as information currently available. Forward-looking statements are no guarantee of performance as they refer to future events, they involve risks, uncertainties and assumptions and therefore depend on circumstances that may or may not occur. Investors should understand that general economic conditions as well as industry conditions and other operating factors may affect the future performance of B2W Digital and lead to results that differ materially from those expressed in such consideration.

Now we would like to turn over to the speaker who will start the presentation. So Mr. Raoni Lapagesse, you may proceed.

Raoni Lapagesse {BIO 20391786 <GO>}

(Interpreted) Thank you for attending our conference call. First, I'd like to introduce myself. I'm going to represent the company in this conference call. My name is Raoni Lapagesse. And I'm going to replace Fabio Abrate, who will not attend the conference for personal reasons.

Before the comments on the results of the First Quarter, I would like to start the presentation on Slide 2, noting that 2019 will mark the conclusion of the 3-year strategic plan, 2017, 2018 and 2019.

Investments made in the last years in logistics, technology and customer service to meet the challenges of e-commerce in Brazil enabled us to accelerate the hybrid digital platform model combining 1P, 3P and services with continuous growth of the Marketplace and consistent evolution in cash generation. The structured digital platform always focused on the customer, prepared the company for a new phase of growth, profitability and value generation.

On Slide 3, we highlight the B2W digital platform whose purpose is to connect people, businesses, products and services. The combination of the most beloved brands of the Brazilian Internet with proprietary vertical elements of technology, logistics, payments and financial services, create a virtuous cycle. The strong traffic of our brands is highly attractive to the sellers, contributing to the expansion of the assortments in our sites attracting more and more customers.

On Slide 4, we present some of the main indicators of B2W platform. The traffic of our site continues to grow and reached a total of 2.3 billion visits in the time frame of the last 12 months.

Our active customer base is 15 million. We reached 35 million downloads with 11 million active users in the monthly active users, the MAU. The B2W Marketplace reached 25.5 (sic) (25,500) connected sellers in March 2019, which contributed to the strong expansion of our assortment, which reached 9.1 million items at the end of the quarter.

And the most relevant of all is our total focus on the customer, which recognized us as year-after-year the best shopping site on the Brazilian Internet, Americanas.com features NPS of 8.4, the best in the major operations categories. In addition, our brands have the RA 1000 seal of excellence in customer service.

Turning to Slide 5, we highlight the top priorities for 2019: accelerated marketplace growth, consolidation of our leadership in mobile platforms; increasing engagement and lifetime value of the customer; acceleration of the O2O online to off-line bringing us closer to the customer, allowing them to buy what they want, when, where and how they want; ever faster deliveries; revolutionize the way people interact with money through A-M-E AME; offer the best shopping experience. We therefore -- we stress our objective to grow twice the market and achieve positive cash generation in 2019.

On Slide 7, we will discuss the First Quarter results. Total GMV reached BRL 3.6 billion with growth of 15.3% versus 12.9% of the market. This result is in line with the expected growth

for the year. It's important to note that in 1P, we had a period of adjustments after the end of the tax incentive law for companies that invest in innovation. At that time, we tried to strike the best balance to give competitive offers to customers without compromising the profitability of the operation.

Excluding the effects of that loss, the growth of total GMV would have been 25% in the First Quarter 2019. After the adjustment period throughout the year, we will have a gradual recovery of 1P, which added to the strong growth of 3P, will result in the acceleration of total GMV.

The Marketplace is self-developing with GMV reaching BRL 2.2 billion, growing 52.2%. In participation of 3P, total was 61.2%, a new record. Throughout the First Quarter 2019, 3,600 new sellers were connected, a total of 25,500 sellers on the platform. B2W Entrega, or delivery, connected 4,000 new sellers and closed the quarter serving 22,500 sellers, which represents 88.2% of the total base.

Now turning to Slide 8, we'll comment on the evolution in cash generation. In the First Quarter 2019, cash consumption was BRL 385.2 million, a reduction of BRL 92.3 million versus the First Quarter 2018. This result is in line with the expected curve demonstrating that we are on the right track to achieve positive cash generation for the year.

On Slide 9, we highlight the Marketplace evolution that recorded a GMV of BRL 8.5 billion in the last 12 months growing (63.3%). The strong performance of the Marketplace is a result of the combined work of B2W and sellers to offer the best value proposition to customers.

From the outset in 2014, the B2W Marketplace operates with open APIs allowing for fast and effective integration with leading platforms and ERPs on the market. Through APIs, sellers simplify the management of key business, variables, product, pricing, inventory and freight and manage multichannel management, sales in the marketplace and in their own stores. Currently, more than 120 million orders are placed a day. In addition to the -- B2W continues to support the sellers so that they can grow in a sustainable manner within the platform encouraging entrepreneurship and also enabling the emergence of new businesses (to business).

Now we'll discuss the operational highlights of the quarter, beginning with Slide 11, where we highlight the growth of the B2W's seller base. Since the beginning of the operation at the end of 2014, the B2W Marketplace has connected more than 25,500 sellers. This rapid evolution reflects the high level of attractiveness of our digital platform. By 2019, we have strengthened our intention to reach more than 40,000 sellers.

However, we remain strict in selecting who sells in our platform, the reputation and the quality of our partners are important evaluation factors and are aligned with our goal of creating the best marketplace in Brazil. Therefore, B2W Marketplace brings together the best sellers of the market in a reliable platform where customers can buy their products knowing their origin and quality.

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In Slide 12, we highlight the evolution of the assortment. Over the last four years, we have observed an exponential growth in the assortment of products offered to customers from 1.1 million SKUs in the First Quarter of 2015 to 9.1 million SKUs in the First Quarter of 2019. The expansion of assortment is a fundamental pillar of our value-generation cycle and consolidates the perception that in our brands, customers can buy anything. By 2019, we want to reach 20 million SKUs.

In line with this strategy, on Slide 13, we highlight the development of Americanas Mundo, the B2W's cross-border operation, which allows customers to purchase products from anywhere in the world. Launched in March 2019, the operation continues to develop rapidly and already has an assortment of more than 410,000 SKUs. The operation also allows B2W to enter asset-light in a competitive way, that is without any heavy stock, into any -- into new product categories providing a differentiated assortment for our customers. Cross-border is also an opportunity to offer lower average ticket items, generating more transactions and increasing purchase frequency.

On Slide 14, we highlight the important O2O initiatives of Lojas Americanas and B2W, which have been enhancing the customer buying experience with increasingly representative results. The physical and online experience allows us to offer the best of both worlds. Over the past 12 months, more than 1.5 million customers have made purchases through these initiatives.

The Click & Collect operation today is already available in 1,250 stores of Lojas Americanas in all states of Brazil. We have also started a pilot project with pickup points at 8 B2W Marketplace sellers' physical stores. The Click & Collect Now operation makes it possible to collect products from the stock from the store within 1 hour after the online purchase and is already available in all 1,500 Americana stores.

Lojas Americanas has also been expanding their operations as a seller in the B2W Marketplace. In March 2019, we have registered order from customers in more than 3,500 municipalities, proving the capacity to increase the capillarity of the stores present in 603 cities today.

Also in March 2019, Lojas Americanas and B2W launched the LASA Entrega pilot plan enabling customers to purchase products from the nearest LASA physical store online and receive their purchases at their addresses within 2 hours. On May 2019, the pilot that was only initially available in São Paulo has also -- will also be expanded to stores in Rio de Janeiro.

On Slide 15, we'll comment on the evolution of B2W delivering a platform that operates and controls Marketplace delivery. This service was launched in March 2017 and it already has 22,500 connected sellers, representing 88.2% of the total base.

B2W deliveries operated by LET'S, a shared management platform for logistics and distribution assets of LASA and B2W. LASA is also responsible for the operation of the fast delivery program, which halved delivery times for B2W. Currently, 50% of all platform

deliveries are already delivered within two days. In the states of São Paulo and Rio de Janeiro, this indicator already reached 70% of deliveries.

On Slide 16, we highlight that B2W continues to be recognized for the best customer service at Reclame Aqui complaint website we continued to show the best evaluations. B2W's 1P has an average rating of 8.3, while the competition has a rate of 7.3 in complaints. In the 3P, B2W has an average score of 7.6, while the competition has an average score of 6.2.

In addition, in order to be closer to our customers, in May 2018, we launched a new relationship channel through WhatsApp, promoting an innovative and even more friendly communication system with our customers. Currently, 53% of orders already can be tracked using this tool and every month 4.5 million messages are sent with information about the orders.

Turning to Slide 17, we highlight the rapid expansion of AME. AME is one of the first IF initiatives that has come to revolutionize the way people deal with money. With just 11 months of operation, the number of downloads of AME apps totals 2.1 million. And customers can now pay for their purchases with the app on all B2W sites.

In addition, Lojas Americanas continues to invest in proprietary technology to increase acceptance and involve and evolve this customer shopping experience with AME stores. So AME's acceptance has increased in a short period of time from 6 pilot stores at the end of October 2018 to 650(sic) (657) stores today. And we're also developing features that are unique to the physical world such as Cash in LASA in March 2019. Throughout 2019, AME will be present in all physical stores of Lojas Americanas and also in other physical stores.

Now turning to Slide 18, we highlight the new features and products of AME that have been released in May 2019, of which we highlight the Cash-in with the payment slip, interactive map with the location of the commercial establishments that accept AME, a logistics portal which allows the establishments that accept AME to manage all the information about its sales. And personal credit at AME that allows the client to contract loans through the app in a simple fast and a 100% digital form. The contracted amount is credited directly to the AME account.

In 2019, as part of a business plan, AME will have an incredible road map of news making an important contribution to the future of Lojas Americanas and B2W.

Finally, I would like to take this opportunity to thank our team for their enthusiasm and dedication. I'd also like to thank our suppliers for the partnership, the Marketplace vendors for choosing our platform, our shareholders for trusting us and above all, our customers for their preference. These were the main comments regarding our performance in the First Quarter of 2019.

Now I would like to open the Q&A session to clarify any questions you may have.

Questions And Answers

Operator

(Interpreted) (Operator Instructions) Our first question comes from Mr. Luiz Guanais from BTG Pactual.

Q - Luiz Felipe Poli Guanais {BIO 19933939 <GO>}

(Interpreted) I have 2 questions. The first is, could you make some comments on the evolution of GMV, especially for 1P, how -- what can we expect for the semesters to come? And how can we mitigate the effect of that tax incentive law?

And still related to the second question, could you provide further details about AME road map? And what are the discussions for the equity structure? What can we expect for the future?

A - Raoni Lapagesse {BIO 20391786 <GO>}

(Interpreted) Luiz, thank you very much for your question and for attending our conference call. In relation to the first question related to GMV, I think it's important to say that we are very confident. We believe we're going to continue growing twice as the size of the market. And when we look at this growth, it's important to understand the moving parts. We have the operations of 1P and 3P. So our operation is hybrid. 3P is an operation, which is not so much concentrated. We have 9.1 million of SKUs in the assortment of the company, out of which 8 million come from the Marketplace. So 3P has this characteristic of not being so concentrated and offering a larger assortment to the client. When we look at the 3P operation, we see that we grew by 52% this quarter. And we see that this pace is going to continue along the year.

When we look at 1P operation, specifically, we can see that the quarter was quite different. On January 1, we had the end of that law of tax incentive. And so we had a decision focused on cash-generation and value-generation strategy to strike a balance. So we are going to -- we want to grow and gain market share above that of the market. But we -- at the same time, we'll generate cash and expand the market.

And when we look at the First Quarter considering the scenario after the loss was over, we saw that the performance of the company was very positive. We grew 15.3% versus 12.9%, that was the growth of the market. We expanded 4.8 in the gross margin, reaching 31.8%.

And in cash burn or cash consumption -- by the way, the First Quarter has pressure on the cash typically. But even so our evolution was quite positive where the consumption is about BRL 300 million. So we've been, after this balance, considering all the variables. And it's also important to stress that when we exclude the effects of the law of good -- the tax incentive law, our growth would have grown at a level that would be enough for us to grow twice the market. But -- so we believe that we are going to be able to deliver the growth estimated for 2019.

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And Luiz, it is also important to understand the curve. Throughout the time, at first we have to consider the end of the law requiring adjustments to the prices. So that we can preserve the profitability of the company. And we are going to see that the market will make its proper adjustments. And at the same time, new products will be launched and the prices do not need any adjustments.

So we have some launches in the First Quarter. For example, yesterday, we launched the Samsung M10. And I would also like to congratulate our commercial team because we are the exclusive distributors. For 24 hours, we were able to launch the product exclusively. There was a target that we agreed with the supplier to sell at a certain number of products. And we were able to reach that target in 6 hours. So gradually, this is going to make its own adjustments. And we, again, are very confident that we are going to continue to grow as expected for the year.

In relation to your second question related to AME, A-M-E, the first point for us to consider is that AME is an initiative of IF. It was one of the first initiatives of IF, which is innovation and future. And as you all know, it has the mission of building disruptive businesses. And AME was born as an operation that has the combination of Lojas Americanas and B2W. And these companies have been investing in their competencies for payment methods. And we understand that the best for AME is to provide the synergy -- synergistic platform. But we understand that for the client, the best thing to gain value is to do things combined. So B2W and Lojas Americanas are investing together on the platform. And they are making all the necessary adjustments so that AME can continue growing at a very fast rate.

So it's important to say that when you look at the combination of stores and B2W, we can see that internally we have competencies that we -- are not found in the market. B2W has the most beloved brand in the market. Lojas Americanas has a fantastic capillarity of 1,500 stores throughout the Brazilian territory. Our client base is very diverse, very rich. So the idea is to add all those competencies to the favor of AME. And obviously, when we do that, we will have -- we will generate value to the clients and to the shareholders of both companies.

So we are about to complete restructuring of AME as a business, AME as a service is a product at present. So we are about to complete the AME as a business and each company will have its share depending on how much value it's been adding to AME operation. As soon as this business is -- structure is completed, we are going to announce this to the market.

Operator

(Interpreted) Our next question comes from Mr. Joseph Giordano, JPMorgan.

Q - Joseph Giordano {BIO 17751061 <GO>}

(Interpreted) I have some questions related to the multichannel integration for the group. The first question is to understand the progress, the status of the pilot of the Click & Collect involving the seller. I would like to understand that in addition to the Click & Collect

operation, could we consider adding general merchandise of the company as a whole and therefore, expanding the multichannel points of the company?

The second question also related to integration about AME. We have the automatic terminal that was created by Lojas Americanas that is powered by AME. I would like to understand what is the rollout status of this initiative for the retailers that can add to the adherence to AME initiative?

A - Raoni Lapagesse {BIO 20391786 <GO>}

(Interpreted) Joseph, thank you very much for taking part in this call. Answering your first question related to the integrations of B2W with the stores and what we have been referring to as O2O, online to offline, we have some highlights to share with you.

First of all, we have to understand that this is an integrated view of the businesses. Combining the best of the both worlds, as I've said in the previous answer, we have a single initiative when we consider the stores in the B2W considering the structure and the capillarity. And by means of the O2O approach, combined with this shared vision, we can sell different products to different clients by means of different channels. We do not have to prioritize one to the other. We can grow all the business in -- businesses in a combined manner.

The most important of this integrated view is that the client has the freedom to purchase what he wants, when he wants, how he wants. At the end of the day, the client is single. And we have to be prepared to meet the requirements of the client. And this is the purpose of our initiatives.

As you said, one of our initiatives is the one you commented on. But I'm going to mention other operations of O2O that are also progressing very quickly. The first one is the kiosk and in Americanas Lojas, we have kiosks. And it's -- the importance of kiosk is the idea of finite shelf -- infinite shelves. So the client is able to purchase anything, not only the items available at the stores for immediate consumption. So as to say you can purchase 60,000 items on the (start) or the person also has the option of purchasing the other products by means of the kiosk. This is the infinite shelf, a concept that gives complement to the assortment of product.

In relation to O2O, we have the seller and the Marketplace. And we want to increase the capillarity of Lojas Americanas. Lojas Americanas has a fantastic capillarity with 1,500 stores throughout the country. But it cannot be present physically in all cities. And by B2W - with the sellers of B2W, it has been able to expand its reach. So as we shared with you during the presentation, last quarter we sold items to 3,500 cities, more than 6x the number of the cities where we have a physical store.

Now move to another store, we have the other operations called Click & Collect. So the customer purchases online and can pick up that item at the most convenient store. This is another example of the benefit of the capillarity of the wide network of Lojas Americanas, it -- its presence in all states, in 1,500 Lojas Americanas stores. So that you can see the speed, in the First Quarter of the previous year, we were present only in 400 stores. But

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today, we are already present in 1,250 stores. And in the First Quarter of 2019, we have announced another pilot project that also offers at stores -- of sellers of our Marketplace as pickup points. With that, we can provide customers with more options of locations for customers to pick up the product.

Another important part I'd like to share with you is a variation of Click & Collect. We call it pickup at the store today. So the customer purchases online an item of store -- of -- that is in the stock of that store. And the client can pick up that product at that store within 1 hour. That's a model that is present in all 1,501 stores of Lojas Americanas. We believe there is a high potential for that model because you can pick up that item within 1 hour, immediate availability, no freight cost. This is a model that's very likely to increase.

And finally, we have a pilot project for the LASA Entrega. So the customer purchases online an item that is part of the store's stock. But instead of going to the store and pick it up, we send that product from the store to the customer's house within 2 hours. So we need to have that stock close to the customer, close to the store. So that the delivery can be done very quickly. And the freight cost is optimized. This service was initially available in the city of São Paulo. But now it has been expanded to Rio de Janeiro.

So Joseph, I just mentioned some initiatives related to your question. And I can tell you that results are very promising. We have observed an increase in purchase frequency. There is an increase in flow book off-line -- in online and off-line. We can expand the delivery area, you can optimize freight. Or if the customer picks up the product at the store, there is no freight. And when you combine all these platforms and services together, this has accounted for more than 1.5 million customers that have used these convenience services in the past month using this integrated approach.

Now moving to your -- the second point of your question relating to the road map of Digital AME. We have been expediting our efforts. This initiative started less than a year ago, in June. We have already reached more than 2.1 million downloads of the app. It has gained leverage and also new functionalities and products very quickly.

Indeed, what we've been doing at AME's road map has to do with our vision of being an ecosystem with full financial services and payments. Let me remind you what we've done so far and I'm also going to tell you what we plan to do for the future regarding AME's road map.

At AME today, you can use this app to pay for all brands of B2W. You can also use the app to pay in 657 stores of Lojas Americanas. In AME transactions, the cash back is a very important driver. That's a benefit to customers and that's one way of those companies optimizing their offers. It's a win-win approach. We also allowed our customers to cash-in using credit card and to get transfers from other AME users and also transfer money to other AME users.

In the beginning of this year, we launched an option to pay store owners. So not only using AME in B2W. But also to other sellers online around the world. And we have recently launched cash-in through your current account. So instead of transferring money from your

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cash accounts from your banks to AME. And also Cash-in LASA. So you can deposit money using the point-of-sales of the store. And also recharging your cellphone with more credit. So you have a lot of functionalities, a lot of features available to all AME users.

We have also launched other features in a better version, it is being observed by a task group and over time it will be rolled out.

So the payment of slips -- of a bank slip using AME, you can also cash out AME to your bank cash account. So sending money from your digital account to your bank account and (AME Plus), which is a profile AME for small merchants so that they can process payments using the app too. And we have also announced in the First Quarter personal loans -- personal credit option so that customers can take a loan through a direct deposit on their -- on the account. It's fully digital and very quick.

And that helps us focus into the future, we believe that we'll find new features that will turn AME into a complete ecosystem for financial payments. So until the half of this year, we will have the scope of AME Plus because AME Plus is based on the fact that we contact the owners of -- store owners so that they can join us. But we will go into (open sea). So to speak. So that anyone can connect to it. And in this period, we're also going to make available cash out at LASA. So the customers can go to the point of -- to the (PPD) to the terminal of the store to take money as if it were an ATM. So with that we're going to expedite the integration of AME with other platforms.

We also have another vision connecting that with mass transportation options such as buses, metro system and also individual transportation systems, such as taxis and similar apps. With that, we can increase the daily use of the AME system by customers. So if customers can pay for their bus fare, for example, you can use the AME system trial today, that will increase customers' engagement with the AME app. There are several road maps and features that we plan to implement in the future.

Let me say that the road map for the future is going to be leveraged and expedited and Lojas Americanas and B2W will make an effort to offer the best of the company so that this growth can be accelerated.

Q - Joseph Giordano {BIO 17751061 <GO>}

(Interpreted) I'd just like a follow up related to Click & Collect. Could you tell me about the size of the assortment that is available to Click & Collect and Click & Collect Now?

A - Raoni Lapagesse {BIO 20391786 <GO>}

(Interpreted) Click & Collect Now is based on the store inventory. So you can buy it online and if it's available on the inventory, the customer will pick it up. So it's immediate availability. The Click & Collect when you go and pick up at the store, we will send the product to the store and the customer picks it up there. So it's the full assortment of 1P and the assortment of 3P that is connected to B2W Entrega, the delivery system. So once it is connected it's the same level of service we have for 1P. 88% of sellers are connected to the B2W Entrega system.

Operator

(Interpreted) Our next question comes from Julia FagÃ¡ from ItaÃ°..

Q - Julia FagÃ¡ Alves {BIO 19238681 <GO>}

(Interpreted) You said that there is going to be some improvement due to the sale of cellphones. But on the supplier side how have they behaved in the past? Are they taking part in any investment in terms of price as a reaction to the incentive law?

Another question related to AME associated with the guideline that was issued by the Central Bank of open banking, was it -- were you caught by surprise, was there anything additional in terms of preparation since you launched this initiative of personal credit? Maybe this can be a segment that has more upsides, maybe.

A - Raoni Lapagesse {BIO 20391786 <GO>}

(Interpreted) Julia, thank you very much for taking part in this call. In relation to your first question that is the coparticipation in the law of good. Nobody wants to pay this bill. And we have to find the best for our customer. So it's not true that the suppliers are willing to pay for that. With the law of good, we had the period of adjustments. At first, some companies would hold back and some of them needed to pass through the amount because this is our strategy. Then we saw that the market adjusted by itself because there is no way we can hold all the effects by yourself. So what we have been observing along the half of the year is new launches. So there has been an acceleration in the new launches and they help us apply or use new prices and therefore minimize the impact.

The reaction of the supplier is always of a partnership. So all we want to sell more and sell better. So we are always trying to optimize this. I mentioned a very interesting partnership that we had with Samsung. So we want to get closer to the supplier as partners and try to accommodate and share the effects of the -- such as that law.

So we manage to make adjustment to this and therefore, we grew. We had an evolution in the margin. And we also had an evolution in the cash flow. And during the year, as this transitional effect wears off, we are going to have a natural adjustment of the IP and the behavior of GMV. So we will continue to grow in the market.

In relation to your second question, I would like to clarify something about this personal credit. So this is an initiative that was established with a partner. So we have a partner who is going to loan this credit so that there is not going to be any impact related to the regulations of the Central Bank. So this money is going to be invested in our platform. And I have this financial service that may be capillarized to other services.

Q - Julia FagÃ¡ Alves {BIO 19238681 <GO>}

(Interpreted) Okay. Perfect. Could you provide more clarifications about this partner? Is there any exclusive basis when you established this partnership?

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A - Raoni Lapagesse {BIO 20391786 <GO>}

(Interpreted) Yes. It's the vision of the financial marketplace, there is no reason why we should have an exclusivity. We are going to welcome new partners provided they can offer better conditions. This was the first partners that we had but we can bring other partners that can offer different financial product as well.

Operator

(Interpreted) Our next question comes from Mr. Pedro Fagundes, Bradesco BBI.

Q - Pedro Fagundes {BIO 20029197 <GO>}

(Interpreted). I have a question in relation to the increase in the number of SKUs. Could you provide some more details in relation to this? If there is any specific category that you are going to focus on, if this is going to increase your relevance? And to -- about this topic, do you believe that the platform is ready to gain relevance in any of those products, which have specific experience such as clothing?

A - Raoni Lapagesse {BIO 20391786 <GO>}

(Interpreted) Pedro, thank you for your question and for your participation in the conference call. In relation to assortment, as you said, we have been expanding quite quickly. As you saw in our presentation, we have 9.1 million SKUs and (8,000) IP. So the Marketplace allows us to have an accelerated expansion of the assortment of the company. So the idea is to offer everything to the client so that the client can see its wishes. So the Marketplace helped us a lot in this growth.

Important point is that the growth via Marketplace because it's an asset-light, I don't have to have heavy stocks. And this is one way to accelerate the expansion. And therefore, we have been sharing with you already what our objective is for the year. So we have a target to reach 20,000 SKUs up to the end of the year. Today, we stand at 9.1 million. We are going to move very fast in this direction, bringing in new sellers and helping the sellers who are already working with us so that they can grow with us with the platform.

And above all, when we look at the expansion of assortment, we have announced along this year that we are going to enter the business of cross-border. So cross-border has this vision of offering differentiated product to our clients, offering items that we did not have available on our website in order to expand the assortment. And regardless whether the seller is in Brazil or in United States or in China, the idea is to provide a broader assortment to our client. So everything we do has the focus of providing better services and products to our clients. And in this cross-border operation that we started in March and in -- in a very short while, we have scaled quite a lot. We have more than 4,000 items only across -- 400,000 only in cross-borders. Today, we work with IP at the rate of 300,000 items. So we can see how fast we moved. And we are likely to move even faster using this cross-border operation.

And in Brazil, it involves BRL 12 billion. And this amount is not included in the BRL 60 billion accounts that we mentioned when we mentioned the e-commerce that we usually use as

a reference. It's a market that historically is dominated by international players, the local player that provides stronger movement in this operation for this type of product and these type of operation.

And Pedro, we have some very interesting advantages in the cross-border operation considering the clients. So I can offer, as I said before, a differentiated assortment, lower average ticket and it has the service provided by Americanas.com. We understand that it's going to be well assisted and we can also offer the possibility of paying in installments. So we understand that the e-commerce clients are very interested in installments. So they can purchase imported items in installments.

So this is our view. And in fact the cross-border, when we consider Brazil, is one of the main categories, it's fashionable. And it's in the clothing and fashion. We can work on an asset-light basis. And our structure is very well structured. And the strategy will meet this challenge. So provide service to the clients in the most asset-light manner as possible. And we're going to provide an ever-broader assortment to the clients in a nonstop shop.

Operator

(Interpreted) We have now closed the Q&A session. I would like to turn over to Mr. Raoni Lapagesse. You may proceed, sir.

A - Raoni Lapagesse {BIO 20391786 <GO>}

(Interpreted) I'd like to thank you for your participation in our teleconference. And I would like to invite you to check the best offers at Americanas.com, Submarino, Shoptime and Sou

Barato. And also I'd like to wish you a very nice Mother's Day that we're celebrating next Sunday. If you have any questions, our Investor Relations' team is at your disposal. Thank you. Good afternoon.

Operator

(Interpreted) The B2W conference call has ended. Thank you very much. And thank you for using Chorus Call. Good afternoon.

(Statements in English on this transcript were spoken by an interpreter present on the live call.)

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