

Y 2015 Earnings Call

Company Participants

- Fabio da Silva Abrate, Chief Financial Officer and Investor Relations Officer

Other Participants

- Guilherme Assis, Analyst
- John Mamede, Analyst
- Olivia Petronilho, Analyst
- Robert Ford, Analyst
- Unidentified Participant

Presentation

Operator

With us today we have Mr. Fabio Abrate, B2W Digital CFO and IRO; and Murilo Correa, Lojas CFO and IRO. We would like to inform you that this conference is being recorded and all participants will be in listen-mode only during the company's presentation. After the company's remarks are completed, there will be a question-and-answer session, when further instructions will be given. (Operator Instructions)

It is also important to mention that this event is supported by a presentation that can be seen for the period of one week at www.b2wdigital.com.

Before we proceed, we clarify that eventual statements which might be made during this conference call relative to B2W business perspectives as well as projections, operational and financial goal. Our forecast is based on the management's expectation and currently available information. Future considerations are not guarantee of performance. They involved risks, uncertainties and assumption, since they refer to future events and that depend on circumstances that may or may not occur.

Investors should understand that general economic conditions, industry conditions and other operating factors could affect the future performance of B2W and lead to materially different results from those expressed in future conditions.

Mr. Fabio Abrate. Please, you may proceed.

Fabio da Silva Abrate {BIO 17940993 <GO>}

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Good afternoon ladies and gentlemen, I thank you for attending our teleconference. We will -- through the presentation comment on the achievements of business plan three years; the results of our fourth quarter 2015; commercial and operational highlights; and the investments made.

We will start our presentation on slide three. 2015 Digital B2W concluded the business plan of three years 2013 to 2015. We build the best and most complete digital platform in Latin America with the customer at the center of the company's strategy. In this space, we invested in logistics, technology and shopping experience. These investments were aimed at creating a platform to connect people, businesses, product and services.

These investments generated significant returns in market share gained from 20% in the first half of the year 2012 to 27% in the fourth quarter of 2015. The development of marketplace reaching 10% share of total GMV in the fourth quarter in less than two years of operation. Leading the migration to mobile devices 39% of traffic in the fourth quarter, and most importantly new customer.

Over 6 million new clients since first half of the year of 2012.

In addition, the four new B2W sites are e-commerce only in Brazil, such as since 2014 the highest level of reputation in customer service according to the website complaint company; Complain here, another public indicator. As a result the company has more than doubled in size since the past three years, leaving a GMV of 5.4 billion in 2012 to 11.3 billion in 2015.

Slide four, we will comment the development of main indicators of the 4Q 2015 compared to the 4Q of 2014. The last quarter, despite the challenging macroeconomic environment we have achieved important results. GMV has reached 3.7 billion growth of 18.5% resulting in a gain of 0.7 percentage points in market share, reaching 26.8%. Marketplace is still in fast development, growing 582% and reaching 10% share of total GMV.

Traffic for mobile devices has obtained 38.7% of total visits, which present an increase of 14.3 percentage points. In the past 12 months we have gained more 1.6 million new customers.

In slide five, we will discuss the consistent growth of our GMV. With the growth of 19% of GMV in the 4Q15, we reached the 14th consecutive quarter -- consecutive growth above the market. Gaining market share and consolidating the leading position of B2W Digital. The compound annual growth of the company over the last three years was 28%.

Slide six, although detailed the evolution of market share of B2W. As a result of the investments in the last three years, market share of B2W expanded 6.9 percentage points from 19.9% in the first half of 2012 to 26.8% in the 4Q, 2015. Thus the distance on B2W to the second player increased by 2.9 percentage points to 11.5 percentage points, increase in this distance happened more from -- as of the first quarter to the fourth quarter 2015.

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On slide seven, we will mention the advances in the sales and marketing front. Strong B2W sales performance is the result of excellence in the operation and management of commercial variable. Success in sales, especially in major events of Black Friday and Christmas depends on a number of factors such as the assortment required by customer, appropriate inventory levels, conditions and sponsor [ph] payment, delivery time, among others.

Some highlights were; inventory management, B2W operate stock-out rate below under 10% and recorded a growth of 8% in 4Q15 as compared to 4Q14. Assortment, 60% expansion in the 4Q15. Efficiency delivery time, productivity gains of 11% in 4Q, improvement in processes and the implementation of lines and -- which resulted in improvement in delivery times.

Slide eight, a rapid development of market place. Marketplace has over 2,500 sellers connected to the platform in only two years of operation. Throughout 4Q15 B2W established important new partnership with Samsung, Acer, Vaio, Claro, Cosmetics, Spicy and PetLove, among others. With the integration on Shopgram, marketplace sellers can now sell into new channels such as Whatsapp and Instagram beside Shopgram sellers can now also offer their products on the largest and most beloved brands on the Brazilian market. Americanas.com, Submarino and Shoptime. On Black Friday 2015, marketplace showed a strong performance with growth of 700% compared to the past year reaching in November GMV equivalent to 15 days of sale.

Slide nine, will present the evolution of the logistics and distribution platform aiming at being closer to the customer. Digital B2W operate 11 DCs throughout Brazil with the total storage area of 500,000 square meters with 142 hubs strategically located throughout the country. In two years of operation the share of the distribution unit of B2W and the company's deliveries increased from less than 5% to 70% at the end of the year, 2015.

Beside, throughout 4Q15 B2W developed a new transport software, TMS; increasing the technological capacity of tracking goods sold and improving communication of the delivery process to clients. The completion of the requests until the arrival at destination.

Slide 10, we will present the leading position of B2W in the migrations to mobile e-commerce. Traffic of mobile devices reached 38.7 of total visits in 4Q15 growing 14.3 BP compared to 4Q14. During Black Friday, Americanas.com app was the most downloaded from the app store in Google Play. In November all the company's app combined have been downloaded 1 million times, four times higher than the previous month.

Slide 11, we highlight our digital services platform. As a result of integrating 11 companies, nine technology companies and two carrier specializing e-commerce, B2W services offers complete solutions in the technology and logistics vertical to support the operations of marketplace sellers and online major brand operations. With the creation of B2W services, B2W Digital now have several gateways to companies and brands looking for technology solutions, logistics and distribution as well.

First, during the second-half of 2015, the level of cross selling within B2W services doubled. Ambev, L'Oreal, Apple, Microsoft, Johnson & Johnson and Sephora are examples of new customers of B2W services.

Slide 12, we highlight our financial services platform. Throughout 2015, B2W credit card operations, Submarino Finance and Digital Finance recorded volume of BRL2.5 billion in approved transactions representing an increase of 50% as compared to 2014. The trade receivables portfolio exceeded the 1.0 billion mark, representing an increase of 40% year-on-year. At the end of 2015, operations recording a total of 1.9 million cards issued.

The expertise gained from Submarino Finance over the 10 years of operation, expedited the learning curve in digital finance generating better results. The financial activation rates of customer base of Digital Finance have reached level 75% higher than those observed at the beginning of Submarino Finance operation.

On slide 13, we highlight the rate evolution and customer service level of the past three years. The four Digital B2W brands are considered the best in customer serving having the Seal RA 1000, the highest level of reputation of the size complained here since 2014. In 4Q15 Digital B2W came back to win the main customer service awards in e-commerce such as the awards season -- awards complained here.

On slide 14, we highlight our most important asset. The biggest and best trained team in Latin America. In November 2015 Digital B2W sponsor the EmTech, the most important meeting in the world in the emerging technologies and innovation organized by MIT Technology Review magazine in Rio de Janeiro.

The B2W also participated in the award (inaudible) for less than 35 years, jury, panel which is considered the world's largest reference in discovering talents and project which use technology to solve society's major problem. In 2015, B2W also opened an advanced office for research and innovation at MIT in Boston, USA with the aim of developing disruptive project. Though, therefore being closer to the centers of excellence in digital technology in the world.

Going to slide 15, we reiterated our commitment to sustainable development. For the second consecutive year B2W Digital will obtain the certification of the Corporate Sustainability Index, ISE of BM&FBOVESPA. The company is the first and only enterprise in e-commerce of the Index.

Going to slide 16, we highlight that the investment cycle in the last three years since allowed the company to present a major evolution also in financial metric, increasing operating cash flow and reducing the future need for investment. Thus CapEx as a percentage of GMV decreased from 12% in 2013 to 7% in 2015, while CapEx, coverage ratio by EBITDA in the same period increased from 60% to approximately 80%.

As we have seen throughout this presentation, investments generated significant returns in market share gains in the development of those marketplace in leading migration for mobile devices and more importantly in acquiring new customers. In the next five years,

2016 to 2022 B2W will continue investing in the digital platform, that connects people, product, services and business maximizing all of its business front with a goal to generate free cash flow and value to its shareholders.

Finally, we would like to thank the dedication of all of our members and associates, who are part of the best and most successful Digital family and once again have made all the difference. We also thank our suppliers for the partnership, our shareholders for their trust and confidence and mainly to our customers for their preference. These were the main comments on our performance in the fourth quarter of 2015.

Now I would like to open the session of Q&A to clarify any doubt. So that everyone have the opportunity to participate. We would ask you to be brief in your comments.

Questions And Answers

Operator

Ladies and gentlemen, we are now going to start the Q&A session. (Operator Instructions) Our first question comes from John Mamede from Santander.

Q - John Mamede

Fabio, good morning. I have two questions. I would like to understand the dynamics of expense reduction. I would like to know if there is a relationship with cut in the freight cost. And this is something that we have seen some quarters ago and we have seen this movement. And also I would like to know about the highest level of commercial discount? And I know that one thing is related to the other. So, may be you will -- you will give more discounts and controlling freight costs.

I would like to understand the dynamics. This would be my first question and in relation to the macro environment, I understand we have a favorable environment in terms of e-commerce which is far from being matured, I know that there is room for growth and something happened last year and I will understand that we expect that 8% growth and it's the first time ever below two digit. And I know you're going to -- have gains in distribution because of the investments made.

I would like to know, if there is any changes that you made to the business plans, are you expecting any lower growth and if it's -- in case if that's you are going to gain in market share. I would like to know if this is going to require greater commercial effort, I would like to know, is this is the way we should be thinking about the situation?

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

John, thank you very much for taking part in the call. In relation to your first question, expense reduction related to sales process. It comes from the operation efficiency that we have been investing in a company. We have been able to balance the growth within operating efficiency, which is quite significant.

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As you know, we acquired two main carriers for e-commerce in the Brazilian market and three years ago we didn't have this -- and we depended on third-parties suppliers and we've moved from 5% share in the total of our deliveries to 70% at the end of 2015. So, this is a significant growth that we recorded based on this front. The company has did expertise related to the process of distribution of products.

In relation to your second question, the commercial discounts. They are all part of the market dynamics, when we observe the P&L of the fourth quarter, we believe that we managed to balance all variables, meaning that we've reached the growth of GMV of 19% and when we look at the cash generation, which is most important measure for the nominal EBITDA, it grew 10.2% which was higher than the growth revenue which was 10.1%.

So, we believe that even considering the challenging economic scenario that we have, the competition out there, we managed to balance the growth of revenues and the margins.

In relation to the scenario ahead of us, as I said 2015 was not an easy year to us, it was full of surprises along the way. And 2015 doesn't seem to be any better, it's a market that we decided to compete and we already do our best and continue growing above the market -- gaining market share.

Q - John Mamede

Wonderful, Fabio. I have an quick -- another quick question. You sold the Ingresso.com business, I would like to know that 206 million is the full price, and I would like to understand the normalization of those line. How can we understand this excluding this value and discounting all the taxes related to this, how do we stand?

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

Thank you very much for the question. I'm going to give a global view of the effect, when we sold Ingresso and Viagens and what would be the value related to B2W. So on an annualized basis, when we sold Ingresso in the -- line had a positive effect of 233 million, as stated with the sale of -- the value of the sale and write-off of the investments and all the premiums and taxes, all these related to the sale.

So, we had a positive of 233 million, in relation to Viagens the effect was not positive, it was negative 146 million in relation to the price adjustments, considering the sales, bringing the price to present value and also other write-offs, operating write-off and other items related to the contract, that needed to be closed.

So, the value related to B2W is 45 million negative which is in line of the year 2014. When we add all those three effects combined Ingresso, Viagens and B2W, we reached a positive effect of 42 million in the line of other operating expenses. This happened in the fourth quarter, if we consider the 45 million and exclude taxes, it would be in revenue or income without those items.

Yes, most effects happened in the fourth quarter of the year.

Q - John Mamede

Thank you very much, Fabio.

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

Thank you.

Operator

The next question comes from Tobias from Bank Credit Suisse.

Q - Unidentified Participant

Good afternoon, Fabio. This is Morale speaking. I would like to listen, what you -- happened with the fiscal loss. I would like to know if you are adopting more conservative measures. I would like to understand the previous scenario and now you're talking about growing the market.

I would like to know if you use this is an conservative manner and what we should do in terms of top line growth and also in terms of margin. In spite of the growth that we would imagine -- would expect on the margin, we can see gross margins which are stable. I would like to know, how you see your variables in the long run? This is my first question.

The second question, you mentioned the freight cost and now you launched the Prime of fixed price of BRL80 [ph], I know that this was successful with Amazon, where they lost money for a period of time when they did that. So, how do you see Prime, how do you think the investment are going to be in the future. So any information in this regard would help us a lot?

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

Tobias, thank you very much for taking part in the call. And thank you very much for the question. In relation to the provision that we made for the income tax and social contribution deferred and relation to the business plan we believe that no changes have been made. What we have been reporting along the previous quarters even in the note of deferred taxes, we still have this belief and according to our business plan and/or estimates of growth and evolution of the margins. We expect that we are going to realize probably all this amount up to 2021 as considering the more challenging macroeconomic scenario that we saw in 2015.

We did some sensibility analysis using growth premises, which are much more conservative. And all these analysis showed us that a reasonable scenario to consider would be to have write-off or provision of 144 million and consider -- and based on this analysis, which is very conservative is a stress test analysis by the way. And this will be an amount that wouldn't be cut-off after 2025, 10 years from now, which is a maximum limit that we use for the role.

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So we would not be able to set it off, but this doesn't change at all our business plan and what we believe in terms of the company's growth, sales and margin growth. I would like to remind you that this provision is based on accounting, it has no effect on the cash and when the company has income that can be taxable, we will be able to revert this provision. What I mean to say is that this will not affect our fiscal credit and belief, and this will be held on reversal.

Q - Unidentified Participant

You say that nothing has changed but you decided to be conservative. So was it the auditor that makes those changes. So was it based on the analysis of the auditor. Is this how we should read it because it seems to be a bit -- without consistency.

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

I do not see any -- I see consistency here but we are being very conservative. Our EBITDA remains without any changes and we re-evaluated considering the worst case scenario that indicates that we should do the reversal and this is what we did.

Q - Unidentified Participant

Okay. Wonderful. And in relation to the pricing, the freight?

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

Okay. In relation to the Prime. In December, we launched pilot project that offers the client higher or superior experience and the client would stay on fixed price on an annual basis. So freight would be free, the delivery will be fast. If that will close more than a 100,000 items of our assortments and the client will take part of some promotional events which are exclusive of our company. And we -- here we will also have a dedicated service, it's in the beta version, it's only for Sao Paulo, it has promotional price of 0.79 and 0.90 cents per year.

I like to remind you that we launched this Prime pricing, considering the investments that we made in all logistics platform and distribution platform and this is a very important point you can see there and we are making headways within this platform. Today we hold 70% of all the deliveries of the company, and we have freight in menu that allowed us to create this menu with six options of delivery to the clients. And more recently, we launched the Prime, which is in the beta version.

Q - Unidentified Participant

Do have any estimate, how this is going to work out in the business plan. Do you believe that this is going to help your sale, do you think you're going to have any loss in the beginning?

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

Our expectation is very high in relation to the Prime. We are not going to lose money with this operation and the client who have been using this have a very positive performance in

terms of average ticket and purchase.

Q - Unidentified Participant

Although your average go [ph] by 70% of deliveries. And you mentioned that you are going to grow less this year, but you made some changes? I think you continue as verticalized as you are. Are you going to continue investing in trucks and in logistics as well?

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

Thank you, Tobias. All our operation of distribution and logistics is assets life. We have, it's like -- we do not use trucks, we are going to continue verticalizing in considering the Brazilian scenario. And our expectation is that we are going to move from the 70% to reach 100%. We are going to have all the deliveries controlled by us.

Operator

The next question comes from Guilherme Assis from Brazil Plural.

Q - Guilherme Assis {BIO 16143141 <GO>}

Good afternoon, Fabio. Thank you very much for taking my question. Fabio, I would like to understand more about the taxes on revenue. We saw that on the fourth quarter, there has been an increase from -- I see that the gross revenue that was reported all the discount and returns and net revenue. I would like to understand if there is any impact of such taxes. I would like to know if there was any impact and why then the change happened. And what can we expect -- should we expect the discounts are going to continue?

I saw that you commented on the release that you are prepared systems and you're ready to the changes of taxes on e-commerce with no impact on operations? I would like to confirm if there was no impact, I would like to understand whether we should expect any impact on the results of the first quarter, and that was my question. Thank you.

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

Thank you, Guilherme for taking part and also for the question. The effect of the -- on the gross revenue and the net revenue in the last quarter comes from the 92 agreement because it's now has a different regime of debit and credit. So we have a higher pressure in tax line and also the GMV line. So this was the effect that we observed specifically in the last quarter.

When we look ahead 2016, we have this effect as well as others effects. Namely, the end of MP [ph] so there were, that included smartphones and telephones. So there was tax incentive of fees and cost in taxes and we do not have this incentive anymore. And now the 87 constitutional amendment was enacted that regulate all the charging of ICMS.

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And now considering regressive curve -- part of it is going to be charged in the state of origin and part in the state of destination. This point related to the amendment, is a very major change in the e-commerce business. And we talked a lot about the top six last quarter, so we are ready to operate according to this rule as of January 1, 2016. So all our systems are 100% adapted to this, which is something really positive because this was not easy, it's a very complex rule.

But on the other hand we can also offer the system to the sellers of our marketplace, because we are facing the same difficulties and they are facing the same challenges that B2W has in the dynamics of e-commerce, and also in this difficult scenario. So we are -- so this MP is going to be over, we have the agreement and to make things even more challenging 21 states of Brazil increased their tariff rate -- tax rate.

So your observation in relation to the dynamics of this growth and net revenues started in the fourth quarter 2015 all have removed faster in 2016.

Q - Guilherme Assis {BIO 16143141 <GO>}

So the impact is going to be higher.

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

Yes. That's right.

Q - Guilherme Assis {BIO 16143141 <GO>}

As a follow-up, as far as I understood the non-impact of the fourth quarter is because the discount was higher. So that you would have your CMV favored. What we saw in the gross margins did not -- was not recorded. I have another question. With the change of e-commerce, ICMS, tax. Do you lose any fiscal incentive of any distribution incentive?

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

Guilherme, thank you very much for your new question. Well, in fact you're right, when you mention the agreement 92, and if the swap is not increasing GMV. But you are going to increase the taxes line. So the effect of now -- the effect that we observed in the gross margin of the company, especially in the fourth quarter 2015 when we compare to the same quarter of the previous year. It's associated with the sale of the operations of Ingresso and Viagens, that contributed to the gross margins because the two operations were with fewer margins. But the whole effect was negative, considering the EBITDA margin and the gross margin.

In order to better analyze the effect in terms of margin in the fourth quarter of this year, in that way if we look at the EBITDA straight away. And we grew 10.2% in EBITDA and expanded EBITDA margins by 0.3 from 7% to 7.3% in the fourth quarter this year. This is the best way to analyze the performance of the company in the last quarter because we have this unbalance between the gross revenue and EBITDA is because of the divestment disposal of the assets.

All our logistic strategy is not based on fiscal benefits. So everything that we have built in the past three years is to get ever closer to the customer, reduce the distance between the company and the final clients. So there is no loss considering the new rules that need to be applied, in relation to any fiscal incentive that the company may have.

Q - Guilherme Assis {BIO 16143141 <GO>}

Okay, thank you.

Operator

Next question Robert Ford, Bank of America Merrill Lynch.

Q - Robert Ford {BIO 1499021 <GO>}

Good morning, everybody. My question is on intellectual rights. Do we have exclusive rights on the word Prime. And I would like to notice regarding the Prime offer?

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

Bob, good afternoon. Thank you for your questions. Sorry for the delay. But in step we can use the brand without any problem.

Q - Robert Ford {BIO 1499021 <GO>}

Do you have exclusive rights, anyone can use it or is it your exclusive rights?

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

Bob, the name is not exclusive, and other brands in Brazil not related to e-commerce that can use and do use the word Prime.

Q - Robert Ford {BIO 1499021 <GO>}

Thank you.

Operator

The next question comes from Robert Brown, Goldman Sacks.

Q - Unidentified Participant

Well, good afternoon. This is (inaudible), I have two questions. The first, I would like to understand your mind in terms of the competitive environment for this year. In your results -- in the result of one of your competitors, there was some comments in terms of rationality in the 4Q last year. And I would like to know if this is in texture for section and we would think in the competitive environment likewise in this way or this was another situation one-off, since your competitor had an outsourcing problem. Therefore, I would like to understand this competitive dynamic is better.

In terms of working capital, I would like to understand, if one of your supplier is having any problem with the macro scenario operating problems. I would like to understand how you are seeing the dynamics of suppliers in the 1Q. And even more throughout the end -- throughout the year? Thank you very much.

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

Well, thank you Pedro [ph]. Regarding your first point, the competitive environment goes on quite fierce like always. The last three years have been tough, growth in terms of our competition and the 1Q was not different. Therefore, we were able to grow, balancing the main variables of our business. As to our competition we have seen all and the other result is difficult. So see, I cannot mention the results of others and from now on we will follow on our strategy, 2016 doesn't seem to be a simple year, 2015 was not easy either. But our company is very well structured when you compare the end of 2012 to the end of last year.

So we are ready to face any type of scenario whether economic or competition wise. In terms of working capital, we have about quite well throughout the last quarter. Working like we have been saying in our last call. The last quarter for the company is very, very important and our two main sales events of the year, the Black Friday and Christmas. And we were really prepared for the two advance we mentioned that as well. So, we put volume into the house, we have very good businesses which cut-out with our suppliers and from now on this is the dynamic we hope to go on.

Our suppliers, our partners we have full trust and confidence in them and vice versa and for 2016 we hope to increase more and more this relationship and bring very good businesses into the company. And marketplace is here to help whether in terms of assortment and this operation has slightly over one year and in one year we have obtained the GMV next to BRL1 billion in 2015, starting from zero and in slightly less than one year we obtained 1B.

So our expectation are great, so we hope to go on balancing these two dynamics very well, but to the commercial dynamic with marketplace and expediting our business. Our business goals on growing above the market and gaining in market share.

Q - Unidentified Participant

Well, thank you very much. Great.

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

Thank you very much, Pedro

Operator

Next question comes from Lesia Kahera [ph], Morgan Stanley.

Q - Unidentified Participant

Well. Good afternoon. My question is on financial results. Specifically on the conditional discounts. These discounts were ahead of relevant increased in the last Q which represented 4.2 of sales. And in the other nine months of the year being very close to 3%. But this (inaudible) due to Black Friday and Christmas or whether the higher (inaudible) it's better to have to be more aggressive and to discount slightly less the trade account receivable?

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

Well, thank you Lesia for your questions. Well, there was no major change in the structure or significant structural changes in terms of our discount policy. We always try to find the best balance between cash sales and our card sales, credit card sales. If you look separately the Buyer's Bill of credit card. We evolve -- when we compare December 2015 to December 2014, we grew eight days. So this is part of the business, commercial dynamic prices in business terms. In payment terms whether in installments or cash but there was no significant change when comparing to the first nine months of the year.

Q - Unidentified Participant

Well. Thank you. Great.

Operator

Next question from Olivia Petronilho, JP Morgan Bank.

Q - Olivia Petronilho {BIO 19090195 <GO>}

Good morning. Thank you for my question. Well, I have two of them. The first one the CapEx level. Well, there was an increase quite a lot compared to the revenue and I want to know is this level is more stable from now on or if you think you're going to have a reduction on this. The second on mobile, if you think there is going to be an improvement in this?

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

Hi Olivia. Thank you very much for your questions. We've closed a very, very important investment cycle in the last three years. We invested quite a lot in our platform, so today we have a very, very robust much more robust platform in terms of logistics, technology and distribution and throughout the last three years we came reducing our CapEx in percentage of GMV.

In 2013 it had a 12% relevance it went to 9% in 2014, in 2015 it got to 7%. From now on we have the expectation of going on investing in our business, in our platform. However, since smaller amounts both in absolute amounts, as well as in relative amounts.

As to your second point mobile, mobile for us is an extremely important initiative. Our company today is already mobile first. So whatever we do, we do thinking on mobile. 40% of our traffic is already in mobile devices sold. It is indeed very relevant and important for us, one of our -- the acquisitions we have in the last three years is specializing mobile and

this is the business we're learning how to do. This is relatively new for us, it has been gaining participation and share and it's important for our future growth.

Q - Olivia Petronilho {BIO 19090195 <GO>}

Great. In terms of acquisition. Can we go on expecting services platform acquisition beside what you have been done, what you have done in the last few years?

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

Well, thank you. We are always looking at all the opportunities in the horizon that can aggregate to our platform and better our clients. So no possibilities are set away, set aside in this moment. We're always looking at everything that can make sense to our business and add to the general value for our shareholders.

Q - Olivia Petronilho {BIO 19090195 <GO>}

Great. Excellent. Thank you.

Operator

Thank you. At this time we close the Q&A. We now would like to turn the floor over to Mr. Fabio Abrate for final comments. You may proceed, sir.

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

I would like to make use of this opportunity to invite you to check the most loved brands of Internet Americanas.com, Submarino, Shoptime and Sephora. If you have additional question, our Investors Relations team is available. Thank you and good afternoon everyone.

Operator

Our conference is closed. Thank you for participation. Good afternoon, and thank you for using Chorus Call.

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