

Y 2019 Earnings Call

Company Participants

- Unidentified Speaker

Other Participants

- Gustavo Oliveira
- Helena Villares
- Irma Sgarz
- Joseph Giordano
- Robert Ford

Presentation

Operator

Good afternoon, and thank you for standing by. Welcome to B2W Digital Company's Q4 2019 Financial Results Teleconference. Here today with us is Mr.Ronnie Apches[ph], B2W IRO; and Mr.Fabio da Silva Abrate, Lojas Americanas IRO. To allow for a better follow-up of this webcast, we would like to suggest that you use the PPT available at ri.b2w.digital. This event is being recorded and all participants are now in a listen mode only. Next we will open for questions-and-answers when further instructions will be provided. (Operator Instructions). The webcast's replay will be available after it ends for a week.

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

Now I'd like to turn it over to Mr.Ronnie Apches[ph]. Please sir, you can proceed.

Unidentified Speaker

Good afternoon, everyone, and thank you for your participation in our call to announce the results for Q4 '19. This quarter is especially significant because it is the time when we conclude our three-year strategic plan from '17 to '19. I'll start on Slide number 3 with the quarter's highlights.

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In the fourth quarter 2019, total GMV reached BRL6.647 billion, a growth of 30.9%. Marketplace saw a growth of 47.2%, reaching BRL4.267 billion, accounting for 64.2% of the company's total GMV. Also noteworthy is that the results was driven mainly by exceptional Black Friday event we had. For the ninth year in a row, we're leaders in traffic and sales during that seasonal event. Using the EBIT figures as a reference, we had about 40% of market share on Black Friday. Customers once again chose our platform for their purchases. They trust our reputation, the quality of our delivery, and the service that we provide at B2W. In the quarter, we also reached important operating results with the addition of 8,100 new sellers and 9.8 million new items.

On Slide number 4, we'll be addressing the highlights of 2019. Total GMV reached BRL18.778 billion, a growth of 25.1%. Marketplace reached BRL11.589 billion, up 49.7%, and accounting for 61.7% of the company's total GMV. We closed the year with an assortment of BRL29.5 million SKUs, 46,800 sellers become active at the platform. We have thus exceeded our initial objective of closing the year with 20 million SKUs and 40,000 sellers.

Now moving on to Slide number 5, we can see our cash generation flow. Q4 2019, we generated BRL479 million in cash, a growth of BRL265 million when compared for the same quarter of 2018. In 2019, cash generation totaled BRL190 million, up BRL429 million. The company has best closed the year with a net cash position of about BRL1 billion. The results from 2019 show that we have reached and accomplished an important balance in our business, which allows us to grow and generate cash at the same time.

On the next slide, we'll highlight our three-year plan main accomplishments in 2017 through 2019.

On Slide number 7, we can see that after a year of transition from sales of 1P to 3P in 2017, we've picked up speed in growth, closing the three-year plan with a CAGR of 80% in GMV as opposed to 12% of growth of e-commerce in Brazil. We have thus been able to associate the transformation of the company's cash generation profile we gained in market share.

On Slide number 8, we show other highlights of the same period. Total GMV moved from BRL12 billion in 2016 to about BRL19 billion in 2019. Marketplace moved from BRL2 billion of GMV to about BRL12 billion, with a stake in total GMV moving from 18% in 2016 to 62% in 2019. The numbers around sellers and SKUs grew exponentially for the last three years. Total connected sellers to our platform moved from 4,7 to 46,800 . The number of SKUs moved from 2.7 million to 29.5 million, a growth which was tenfold between 2016 and 2019 under both indicators. Lastly, cash generation moved from a consumption of BRL1.6 billion in 2016 to a positive cash generation of BRL190 million in 2019. That sharp growth is driven by the digital platform we put together as you can see on Slide number 9 going forward.

In 2016, we showed for the first time our digital platform, which has been going through constant transformation and allow the company to move from e-commerce to a hybrid business model, which is the best possible combination of 1P, 3P, and digital solutions. Likewise, our -- just as our digital platform is attractive for customers, it has also become

attractive to strategic partners as -- such as suppliers and marketplace sellers generating a network cascading effect, which led to a virtuous and powerful cycle. The combination of digital platform with our financial model, which is very optimistic about this new cycle starting 2020 and going through 2022. Our dream is to more than double our size as we continue to generate cash as well.

As said on Slide number 10, we are ever more prepared and motivated to transform customer's experience, offering everything at anytime, anywhere, which will direct our decisions to maintain, retain our current customers and attract new clients and customers. The convenience for customers addressing different occasions for consumption will guide our growth base and will drive or will be driven from the intensive use of algorithms, data and analytics, aiming at improving the digital experience of our customers. The focus will be to become even more relevant in customers' everyday lives. Everything, anytime, anywhere can be translated into a continuous increase in the offer of product and services, improving and expanding our availability, and delivering whatever the customer wants.

With that, we have the objective of reaching over 100,000 SKUs and over a 150,000 sellers at the end of 2022. To accomplish the training of growth, we continue to invest in the creation of a complete ecosystem, which includes our mobile platform, LET'S, O2O initiatives and Ame, as we'll detail as we move forward in the presentation.

On Slide 12, we show the evolution of our mobile platform, which already accounts for more than 80% of traffic. We closed the year with an installed base of 31 million apps and an MAU of 22 million. I'd like to highlight that in 2020, we ranked #1 among the most downloaded apps, both under Android and iOS platforms.

On Slide 13, we highlight LET'S, our shared management platform for logistics for both Americanas and B2W. Currently we operate 18 distribution centers located in 7 states, on top of 200 hubs, 1,700 physical stores for Americanas, an asset-light platform to distribute, which counts with more than 5,000 connected vehicles. With that, LET'S is the largest transporting company of e-commerce in Brazil in B2W. LET'S operates 100% of our 1P deliveries, besides offering logistics solutions for 95% of the marketplace sellers, in 2019. Over 50% of all purchases made at our site, 1P and 3P were delivered in up to two days.

On slides 15, 16 and 17, we highlight the growth of our initiatives for O2O for both Americanas and B2W, which have been helping to improve customer experience and have been growing significantly as well in the past 12 months. Also our initiatives combined exceeded BRL2 billion in GMV, a growth of 153%.

On Slide 15, we highlight the Click and Collect. In 2019, we became the largest pickup point network in Brazil, with over 8,000 connected points, including Americanas stores, seller's outlets, and partnered outlets. We operate in over 5,000 cities in Brazil, and we offer access to service to 99% of all Brazilians.

On Slide 16, we highlight the (Foreign Language), which is available across the 1,700 stores of Americanas, allowing customers to buy online and collect the product in up to an hour. That purchase mode is quickly growing and has reached, in December, the level of 100,000 orders being placed.

Moving on to Slide 17, with highlight ship from store mode, which is available in over 100 cities in 13 states, totaling 300 implemented stores. This service allows customers to buy online from the closest store, and allows them to receive that in up to two hours at the address where they have chosen.

On the next slides, we'll be talking about Ame, our FinTech and mobile platform for the Americanas universe. With only 18 months in operation, Ame has shown impressive results, having reached 6.5 million downloads in the year, on last year, Ame became more relevant within the Americanas universe, increasing its presence in B2W brands. And on finalizing the rollout to the 1,700 physical stores. On Black Friday, Ame sold over BRL800 million in TPV accounting for 17% of all online sales across Brazil. Throughout the year, we also sped up our growth strategy outside the platform, the so-called OFF-US. That trend includes some important partnerships as shown on the next slide, Slide number 20.

The idea is to speed up our presence in the physical world and in the online universe. Ame has established partnerships with different credit cards and different retail technology platforms, including the Cielo, Stone, Mastercard, Linx and Vtex. Currently, Ame already operates in over 1.5 million commercial outlets. In December, we signed a partnership with Banco do Brasil for credit card offerings. This partnership is one of the initiatives aiming at development our business plan to provide credit for both customers and store owners.

This way and as observed on Slide number 21, Ame has been moving forward with its strategy to become a one-stop app in the market. For that, we need to have a complete app, servicing all needs of the customers and some retail store owners, they we have already made available 35 features, allowing us to be present throughout the day for clients and customers. So 2020, we're really excited about Ame's development and we'll have more new things coming in our road map for that functionality.

On the next slide, I'll take the opportunity to update you on the initiatives which we introduced in December on our Investors Day. As for the opening of new DCs, three of the seven which were announced have already been opened. Throughout 2020 other four DCs will be open in the states of Paran, Espirito Santo, and Bahia. We already have an office in the city of Shenzhen in China. And this year, we'll open a second office in Hong Kong.

Last month, we started the rollout of the Ame Pro, a PDC and ERP mobile solution with the launch of the light version, a self-service model in which the store owner downloads the app and already has access or immediate access to the full solution. About our partnerships.

We are now concluding the integration with Stone. And until the end of the first quarter. Ame will be available in over 400 stores -- 400,000 stores. The credit card with Banco do Brasil is still in the development phase and will be launched in the first half of 2020.

Pedala and Courri companies are already integrated to our operations both for LET'S and Ame Flash, allowing the use of new delivery possibilities, right now in the city of Rio and So Paulo only.

Another highlight we showed in December was our dream of reaching 100 million items by the end of 2022. As we said back then, we have closed the year last year with 29.5 million SKUs which leaves us very confident that we'll reach the proposed challenge. On top of that Americanas has six stores under the digital model already at work. This new model is highly integrated with other O2O initiatives, with a highlight for pick up at the store and through the assisted sales of all the assortments made available y B2W.

Lastly before we move on to the Q&A, on Slide 23, I'd like to thank our team for the dedication and enthusiasm. Having the best people around is an essential part of our strategy. In January 2020, we were certified by the Great Place to Work, an important acknowledgment, but we continue to evolve and engage and to reach increasingly more challenging targets always with a focus on the client. We have built throughout the years a corporate digital team, with a technological DNA and which breeds innovation. Our team is the best possible combination of young people, young talent and experience.

The 13 acquisitions of companies we conducted between 2013 and 2015, we're responsible for the acquisition of many new talents. We are proud of all the successful onboarding processes and of the high retention index we have on all those bright minds. Currently we have over 1,500 developers who are building the B2W of the future, in the past years have reinforced our EVP, employee value proposition, emphasizing our brand, which is already, as recognized as other global technological companies. These were the main highlights, I mean comments I had relative to our performance in the fourth quarter of last year.

We now have time for some Q&A, and then we will address questions you may have. Thank you very much.

Questions And Answers

Operator

(Question And Answer)

Thank you. Ladies and gentlemen, we will now start our Q&A session. (Operator Instructions). Our first question comes from Thiago Macruz from Itau. Please you can proceed.

Q - Helena Villares {BIO 21333811 <GO>}

Hello. Actually, this is Helena. Thank you very much. First question we have is actually related to KPIs. Can you share anything about KPIs logistics? We have seen many initiatives in which we have the impression that the logistics is really improving, but we'd like to have a better understanding about how much of that converts into sales. So, can you now change the time frame so far from 48 to 24 hours?

And the second point, we would like also to better understand Ame Digital. We understand you are now sorting out some KPIs according to some points of sales. But what is on and off platform? So that we have a better understanding also about its penetration outside your platform? Thank you very much.

A - Unidentified Speaker

Hi, Helena, good afternoon. Thank you for participating and thank you for your questions as well. As to your first question about our logistics initiatives, I think our main focus now is geared towards breaking down delivery times for both 1P and 3P. It's important to mention that our main challenge today is at 3P, we have been working towards building our logistic network, as I mentioned throughout the presentation, that results on a combination from different DCs. Today, we have 18 DCs, a combination of that with hubs, the use of brick and mortar Americanas stores for pickup locations, so that O2O integrated vision has provided one of our main competitive advantages. So on top of having a proprietary network in terms of logistics, which was put together dedicated to e-commerce. We also have under the Americanas Universe, all the penetration that all the physical stores have and that's unique to the business. When you look at this on a combined kind of the stores, physical stores plus B2W, that's our main competitive advantage when we compare with the competition. So we started using that to favor 1P. And today, 100% of the 1P deliveries are operated by LET'S. And throughout, the years, we have been able to manage to build that. also earn in the 3P.

We have a piece of data saying that 95% of our B2W sellers are already using at least one of the solutions provided by LET'S. And when we look at the sellers, France, using LET'S solutions. We have two main KPIs, delivery times, cost of delivery, which on average provide benefit of around 50% when you compare that with market solutions both in date and cost. And number two, when we improve the quality of service provided, we shared with you some of that during our Investor Day back in December for the past three years. Our 3P grade converge towards our 1P grade. In other words, we have the same level of service for both fronts that's unique in the market and it was only made possible because of our network.

Looking forward, we are ready to make a big leap. When we look at O2O, so ship from Store, for example, which are already present in over 300 stores, we can deliver to customers in under two hours, that's really transformational in our business and in our industry, transformational for our customer base, serviced by B2W and LASA. So we have a series of initiatives we have been talking about lately which without a doubt will transform delivery dates into those -- they'll no longer be counted in the number in terms of days, but in terms of minutes.

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As to your second question for Ame. It's quite a strategic for us the ON US and off us[ph]. It's important to remember Ame has been operating for only 18 months, it's a very recent endeavor but which has delivered quite significant results. As I said, close to 5 million downloads in the 18 months. So, we're not breaking that number down. But what I can share with you is the BRL800,000 in TPV during Black Friday, also an impressive number accounts for 17% of all transactions made in e-commerce on Black Friday and Brazil, very impressive.

In 2019, we focused in bringing relevance to Ame under the Americanas Universe ON-US. And last year, we started other partnerships as I said to speed up that movement and increase AME's participation of off us, so far this year, 2020, you can be sure that we're going to be going even faster and increasing our presence outside the Americanas Universe, which now sits at 1.5 million stores, which we're work Ame and we expect that number to grow exponentially in the coming months. Okay. Thank you.

Q - Helena Villares {BIO 21333811 <GO>}

Your answer was very clear. Thank you.

A - Unidentified Speaker

Well, thank you.

Operator

Our next question comes from Joseph Giordano from JPMorgan.

Q - Joseph Giordano {BIO 17751061 <GO>}

Good morning, everyone. Good morning, Ronnie [ph], for accepting my question. Actually, I have some questions. While we see an increased integrated operation between Americanas and B2W, not only in logistics, but how much of the company's GMV is coming from this combination between Americanas and B2W?

So I believe that LASA is probably the major seller of this company. And also we see an increase in assortment of the company, also coming from Americanas. So I'd like to ask you to please talk about the growth within marketplace. And also, can you please quantify that a little bit? I believe that this is a little bit above the company's leverage. And finally, can you please talk a little bit about your strategy in China private labels? And also how can that have an impact on Americanas growth? And also considering some exclusive sellers from B2W to LASA?

A - Unidentified Speaker

Joseph, good afternoon, thank you for your questions. As to your first point about the O2O, it's the first time we share, the data in our release that total GMV coming from those operations exceeded BRL2 billion in 2019. So we can see it's becoming an increasingly relevant when we look year-on-year. All those initiatives grew by 153% in terms of GMV, Lojas Americanas on Black Friday was the largest seller in number of SKUs

and it's important to mention that how our assortment complements within, so we have a lower ticket, so in GMV we are not the main seller. But when you look at the number of items, the number of tickets we rank way up, and that only service to reinforce the beauty of this integrated universe.

A lot of synergy. And when we look at our customer base, we see many opportunities. So I do believe we have moved to a different level last year. And for the next cycle, 2020, '22, we expect to have a high level of integration. And we made it a point of announcing that on our Investor Day. We do believe we're going to be changing to a different level or moving customer experience to a different level. Because opportunities there are quite relevant, quite clear.

When we talk about giving access to an item within two hours to the customers, we are also including the possibility of the endless possibilities that we have with Ame. So we will be increasingly more relevant in customers purchasing everyday habits. So instead of buying a beer in kind of with money, they'll be using Ame. They might buy online and pick the merchandise at a gas station, at a post office location. So there are endless possibilities and many combinations. So, the Americanas Universe as a whole is positioned in a very unique place in the market, a place that nobody has access to. So the next cycle has to do with the best use we can make of that favorable position.

As to your second question, that's a very recent initiative, it was launched in March. It has already shown positive results that cross-border strategy. We have over 13 million connected items in our assortment at the end of 2019. That's an operation that we're talking about which has less than a year and many of the things going forward would be announced. But it's important to mention that it complements B2W's assortment base. Just to give you an idea. When you look at BTW's average ticket, it's up -- it's over BRL300. When you compare that with the cross-border average ticket, which is at BRL100, so it's a new item which is complementary to another item. And that, of course, reflects our customer base. For example, in November, the most -- the highest sold item was a cross-border item and the cross-border operation was the one that brought in the highest number of new customers. So we're very, very happy with this operation, and we have no doubt that it will be a very important contributor to our dream of increasing the company.

I'd like to ask you to repeat your final question, please. I forgot what it is?

Q - Joseph Giordano {BIO 17751061 <GO>}

Operations in China. Sir, can you please comment if you're going to have also some exclusive assortment. And will that be in conflict with Americanas' number? So what can you share about it? Thank you.

A - Unidentified Speaker

Okay. Thank you. In China, we have opened an office in Shenzhen, a second office will be established in Hong Kong this year, and we're not focusing only on cross-border operations, the intention is to have a basis in China, a very important country, especially in

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terms of supply chain. So when we look at our own brand items and important items, the operation in China gains a lot of relevance, it'll help us survey new items and reinforce our strength in those products. And as for the cross-border front, the idea is to identify new sellers and bring them in.

So that's a point for us to bring more new talents and we see a lot of potential in working with a remote office in Asia and they're working 24 hours a day, and we're also very happy and excited with that, but it still would be early to give you a more extensive follow-up. But, the strategic decision was that to reach 1P and reinforce the connection of new sellers and bring them into the platform as well as new suppliers.

Q - Joseph Giordano {BIO 17751061 <GO>}

Thank you. So, can you please clarify then to be an O2O? I think there is the click and collect and there is part of it that is having LASA as it's seller. So can you please try to quantify that for us?

A - Unidentified Speaker

Thank you, Joseph. Yes. It's quite strategic, right? We cannot disclose those numbers. But at the end of the day, it's important to emphasize, we have multiple combinations to access. Just as a reminder, today, we have pick up at the store. A customer might buy something online using B2W website and then pick up the product up in up to an hour from one of the Americanas store. We have that shift from store model already operational in over 300 stores, where customers receive products in roughly two hours at the address they have selected. With the ship from store we have been building our own proprietary platform, the cloud flash. And the third model is the click & collect. We closed the year with the highest or largest pickup point network in Brazil over 8,000 pickup points, 5,000 cities, and we have the endless shelf approach, which are shelves within Americanas stores, where they can find B2W's assortment in great availability. And we are also rolling out the O2O for the sellers' stores, because based on our data, sellers -- 80% of the sellers also have physical stores. I won't be able to give you any more numbers, any more color on that, but when you combine all of that, we are talking about BRL2 billion GMV in 2019, a growth of 153% and that's just the beginning. Again for the next cycle with the new O2O initiatives, we expect to have an even stronger relationship with our customers.

Q - Joseph Giordano {BIO 17751061 <GO>}

Okay, thank you, Ronnie.

A - Unidentified Speaker

Thank you.

Operator

Now, Gustavo Oliveira from UBS has a question.

Q - Gustavo Oliveira {BIO 15129435 <GO>}

Hello. Thank you. I'd like to continue this conversation about China. So, what impact do you see in this inner supply chain? And what impact has coronavirus on that? Are you monitoring that? And also you already have a penetration. You already see the contribution of course, further in your business. So what impact would that have in growth? Today, it may be still low but I'd like to understand what you foresee in the future? How do you foresee the future?

A - Unidentified Speaker

Gustavo, good afternoon. Thank you for your question. As to the coronavirus situation, the first point you raised, we have been following up on that very closely. First and foremost, we empathize with all the victims, it's not just or not nearly a business issue. Real people have been affected, human beings have been affected. And but when we look at the impact on business, the current scenario is still not very much or very predictable, especially in terms of the fact that the coronavirus might have on the chain from end-to-end.

Our first measure was to reinforce our inventory, we have been doing this since early in the year, especially in terms of smart phones and other electronics. We have heard that some suppliers have shut down, so our first initiative was to reinforce that inventory. We do not expect any material impact in the short run especially because we were getting ready for it early on. But at the mid to the long run, it's difficult to predict, as I said. We are following up on that, but I don't think anybody has an answer of what or how that might play out in the economy as a whole. So again, we have reinforced our inventory, so for the first quarter and early second quarter, we are well positioned to provide and supply in terms of assortments.

As for the cross-border issue, as I said, it's a very recent operation. It was launched early last year. Our main vision is to work in terms of complementing our inventory is to meet a new demand that we saw emerge from customers, so it is quite complementary to what we already do. We have seen very positive results so far, as I mentioned just now. But when you talk about the impact on cross-border that the coronavirus on cross-border, the main impact is on delivery dates.

Once again, we have been working hard around the situation. The first initiative was to expand delivery dates and delivery terms. Cross-border customers already expect a longer delivery term. So it's, if you will, easier to accommodate all those anxiety. So the effect of the cross-border on the whole is not very significant. Our vision as for the cross-border front is more geared towards the long run. We were quite diligent. We have increased delivery terms, and we are quite confident that the effect on the company's total GMV, won't be major.

Q - Gustavo Oliveira {BIO 15129435 <GO>}

All right. Thank you. I have a second question, Can you please give us an update on the Fenecon[ph], I do not to know if you have already had this meeting, they are talking to

operators. And also what are your expectations regarding regulations? Regarding also taxation? So, how are you standing for this negotiation?

A - Unidentified Speaker

Thank you, Gustavo, for your second question. As for the Fenecon[ph] issue, in September, we are quite favorable in providing more transparency to marketplace transactions. We see that as very positive for our customers, for sellers, for B2W, for all stakeholders involved. It's important to operate legally. We have been very active in those discussions and we are totally in agreement with the TAVR's decisions and understand is when we look at the marketplace, of course, it is a very recent model in Brazil. So we are moving towards having a single proposition. And we are close to getting there. A proposal which will be supported by us and the authorities and class associations that represents retail and e-commerce.

From the very beginning of the marketplace operation, we have developed a series of controls to assure a good quality service to clients, especially in terms of technology and verification processes, not only for products, but for invoices and so on today, we have 100% of control end-to-end. We require invoices on 100% of sellers through APIs. We can check if that's being done. We have also put together a compliance committee for our marketplace with the objective of insuring the legitimacy of all sellers and all the items which are sold through our platform. So we are totally in agreement with that. And we do believe it's going to be an important step for the maturation of commerce in Brazil. We need to see those measures in place in Brazil to have a marketplace where everybody's working on the same playing field legally and that's it.

Q - Gustavo Oliveira {BIO 15129435 <GO>}

So the single preposition that you just mentioned, do you believe that this is going to be implemented next month? Or is it already being negotiated? Can you please address the content of this negotiations?

A - Unidentified Speaker

Gustavo, it's not our proposition or proposal. I cannot give -- so because of that, I cannot give you a timeline. But the main focus is that we have reached a common sense involving class associations and the government. So again, it is only normal to have discussions around that, it's a new process, so there are conflicts of interest, different opinions. But we have reached a common understanding. So from now on going forward, we understand that, that proposition or proposal will play out in a very positive way.

Q - Gustavo Oliveira {BIO 15129435 <GO>}

Thank you

A - Unidentified Speaker

Well, thank you.

Operator

Our next question comes from Robert Ford, Bank of America Merrill Lynch.

Q - Robert Ford {BIO 15127836 <GO>}

Good afternoon, Ronnie[ph]. So what's your take on food market, considering the acquisition of the Now supermarket? And also what kind of model are you considering for these new categories?

A - Unidentified Speaker

Hi, Robert. Thank you for your question. And thank you for participating. And also thank you for your good words on our results. We are also very happy with the numbers we have presented. It was quite transformational as I said, for the whole company, we're all very motivated to start this new cycle 2020 through 2022. With those results, we have moved to a different level, no doubt.

To answer your question specifically about the Now supermarket chain. It's very much in line with our strategy which is a strategy where we aim to offer a complete assortment to customers. Our topic and our theme, as you know is everything, anytime, anywhere. We see a very low level of participation of e-commerce and supermarkets. There are other categories, which might be similar with that profile. In other words categories which have low penetration and high potential. They're all targets for us. We have been working hard to increase our presence in those long tail categories. Marketplace has been instrumental in that. It helped us add assortment to the platform. So when we look -- in my presentation I mentioned that when I look at the numbers within three years, we have increased tenfold our assortment items over 10 million SKUs. And we want to reach over 100 million in the next three years. So the supermarket category is part of all the context. And it has this feature, which is high frequency of purchase. For e-commerce in Brazil, we're talking about two times a year. When you look at supermarkets, for Now, the Now supermarket, it's 10 times as frequent as that.

So that's one of the reasons, one of the drivers that led us to make the decision of buying, of acquiring that operation, the Now supermarkets, so we are starting this operation with know high, know-how, speed, experience. We are very happy with the team. We are now onboarding the supermarket to our americanas.com platform, where we are conducting some usability tests right now to be able to define a rollout timeline. So we expect now to follow a very organic growth path all using our platform. The platform, the B2W platform will allow them to grow very fast. And the potential there is because we have these logistics assets the Now supermarket, they had a cloud shipping platform. We have our own cloud shipping platform, the Ame Flash. We have made acquisitions, Pedala and Courri to speed up Ame Flash. And on top of that we have LET'S, which has national penetration and with the necessary know-how in delivering different types of products. In other words, logistics integration is key for us to be able to operate in those categories. And we are quite happy with the acquisitions. And so it's part of our broader objective of reaching the number of 100 million SKUs by 2022.

Q - Robert Ford {BIO 15127836 <GO>}

Well, thank you and congratulations once again.

Operator

Our next question comes from Sgarz of Goldman Sachs.

Q - Irma Sgarz {BIO 15190838 <GO>}

Well, good afternoon, everyone. Thank you very much. The cash flow has changed. We can say that you have achieved the target that you had set. But I'd like to ask you to please to clarify or elaborate on how do you see this revolution moving forward? There are many opportunities out there in the market when we think about e-commerce in Brazil. But at the same time, we see some tensions also in the environment. So considering the strong results you have shared, so, I'd like to ask you to elaborate on what is your take for cash flow in 2020? And also for your CapEx, not only for 2020, and also for 2021? Thank you very much.

A - Unidentified Speaker

Hi, Irma. Good afternoon. Thank you for your questions and comments. As for your first point, cash, we did have quite a significant evolution in the company's financial model, which combined with our digital platform, gives us our vast but very optimistic as we look forward to the next three years. For that cycle 2020-2022, our two main priorities will be to speed up growth as we continue to generate cash. Those are the company's two main focus. To reach that, we have of course several initiatives in place and throughout time, we will give you more detail as we move forward. But once again, our defined priorities which is to speed up growth and to continue generating cash, as with the CapEx for the period. Of course, we need to continue to invest in the platform, especially in the O2O initiatives and in the Ame front. When we look at the CapEx relative to the investments in building that platform, it tends to grow phenomenally. But as a percentage of GMV, it'll tend to become lower. The CapEx, throughout those three years, well we will start the cycle this year in a more robust, position because we need to make investments. And throughout the cycle, CapEx is likely to fall both nominally and also as a percentage of GMV. So that's how we see CapEx going forward.

Q - Irma Sgarz {BIO 15190838 <GO>}

Thank you very much.

A - Unidentified Speaker

Thank you.

Operator

So with that, we will close the Q&A session. Now, I'd like to turn it over to Mr. Raoni for his final considerations, final comments.

A - Unidentified Speaker

I'd like to thank you all for participating in our call. If you have any questions or comments, our IR team remains available to address those. Thank you, everyone. Have a nice day.

Operator

With that, we close the B2W webcast. We'd like to thank you all for your participation. Have a great afternoon and thank you for using Chorus Call. Thank you.

FINAL

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