

## Q1 2020 Earnings Call

### Company Participants

- Raoni Lapagesse, Head, Investor Relations

### Other Participants

- Gustavo Oliveira, Analyst
- Joseph Giordano, Analyst
- Luiz Guanais, Analyst
- Robert Ford, Analyst
- Ruben Couto, Analyst
- Thiago Macruz, Analyst
- Tobias Stingelin, Analyst

### Presentation

#### Operator

Good afternoon, and thank you for standing by. Welcome to B2W Companhia Digital Conference Call to discuss Q1 2020 Financial Results. Here today with us are, Mr. Raoni Lapagesse, B2W Digital IRO; and Mr. Fabien Picavet, IRO at Lojas Americanas. It's important to remember that today's event is supported by a PPT presentation available at [ri.b2w.digital](http://ri.b2w.digital). We'd like to inform you that today's call is being recorded. And at this time, all participants are in a listen-only mode. After the presentation, we will open for questions when additional instructions will be provided. (Operator Instructions)

The recording of this event will be made available for a 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 operating projections and goals represent the beliefs and assumptions of the company's management as well as information currently 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 Digital future performance and could lead to results that differ materially from those expressed in such forward-looking statements.

Now, let me turn the call over to Mr. Raoni. You can proceed sir.

## Raoni Lapagesse {BIO 20391786 <GO>}

Good afternoon, everyone. Thank you for attending our Q1 conference call. This quarter, that's our new three-year strategic plan. Our goal is to keep on speeding up growth and generating cash. However, it's unique quarter, given the effects of the COVID-19 pandemic. Before we start our presentation, I'd like to thank our team for their commitment and enthusiasm to better serve our customers. Results represent today and all the actions we've taken in so little time, faced with adverse circumstances. They were only possible because we have a dedicated team to provide the services our customers need safely and timely. It's an honor to represent this team here today.

Let me start my presentation with Slide 2. As of early February, we instituted a crisis committee to monitor the impact of the pandemics to promote quick and swift action, to prioritize necessary measures, to preserve the health of our customers and employees, and to ensure the role of the company is properly performed.

There are four pillars; help people, optimize operations, robust cash management, communication and collaboration. Important measures have been taken, as I'll state them throughout the presentation. They include several internal initiatives and in partnership with external agents.

We have over BRL45 million in donations, providing logistics services, building a hospital in Rio de Janeiro, a field hospital in Rio. We are -- we have donated ventilators, thermometers and other items.

On Slide 4 are highlights. So the GMV reached BRL4.6 billion, up 27.3%. Marketplace amounted to BRL2.6 billion, up 24.5%, accounting for 59.8% of the total GMV. We have an assortment of 31.7 million items, 55.4 thousand sellers connected to the platform. We keep on reaching our goals to make available to our customers, everything they need with an ever more complete assortment.

On to Slide 5, we have operational highlights for the quarter. Traffic was up 45%, when compared to Q1 2019. Transactions based on the number of orders were up 35%, that is the consequence of higher frequency of purchases and new customers. We have BRL17 million active customers, adding 2 million new customers in the past 12 months. O2O initiatives amounted to BRL530 million GMV, up 85%. Ship from store is now connected to every physical store of Americanas, a 10-fold increase in the number of orders when compared to Q1 2019.

On to Slide 6 now. This is the traffic growth for the first quarter of this year. The number of visits reached 659 million, a 45% increase when compared to Q1 last year. We have more traffic share of 4.5 percentage point increase.

On to Slide 7, the increase of downloads of our apps, they amounted 12 million in the quarter.

On Slide 8, I'll show you some of our mobile platform highlights. In late March, our apps had an installed base of 31 million and the monthly active users reached 23 million throughout the first quarter. 82% of our traffic was mobile, half of it directly from the app.

In the following slides, I'll be talking about AME, the FinTech and the mobile platform of the Americanas universe. On Slide 9, this is the highlight of the Ame development. The results are outstanding just two years, reaching 7.5 million downloads. Today, Ame has over 40 features and it's present in over 1,700 American stores on top of the Americanas.com, Submarino and Shoptime, Sou Barato and over 1.6 million store owners in the physical and the digital world.

On Slide 10, this is a partnership with Ame and BR Distribuidora to integrate payment platforms. This agreement is one of the important partnerships that are helping us to expand our presence in the physical and digital worlds, 8000 gas stations and 3,000 BR Mania stores and LUBRAX, plus received swift, safe and secure payments. This partnerships reduces the impacts of the pandemic. Millions of customers can now make payments with no physical contact on whatsoever using the Ame assets.

On Slide 11, I'll be talking about what AME is doing to mitigate the pandemics effects. This is a crucial app for people. It's mandatory to be solitary right now. Using the #AmeFazerSuaParte, this is a hub of donations associating over 70 NGOs, UNICEF, Doctors Without Borders, AACD and several other institutions. We've collected donations through 35 live streaming, using several musical genres with millions of views on YouTube, providing positive impacts and the media and among influencers. On top of that, Ame is a safe means to conduct transactions. We believe that payments using QR code will gain even more traction after the quarantine is over.

On Slide 13, let me talk about the changes we've noticed in customer behavior during the pandemic. Phase 1 started March 15th, with the start of social distancing measures. Many people tried to buy health-related products, hand sanitizer, masks and gloves and home office items such as notebooks. That makes sense. Most companies established home office activities.

During the second phase, starting on March 28, people begin to adapt working from home and as Easter came closer, the digital world became even more relevant. The third phase that started on April 11, people looked for home improvement items such as TV sets and closets. Children, leisure, toys, tablets were on the rise too. Our capacity to collect and process data on a large scale. Using analytics, those characteristics helped us adapt quickly.

On Slide 14, we'll show you the engagement indicators during this period. As you can see, all engagement indicators have improved throughout the three phases. During Phases 2 and 3, it's more important. Bounce rate reduced 2 percentage points. Time on site grew 22% and 24%, respectively. Page view increased 22% in both phases. The development or the evolution of these indicators showed that people are looking for different products on our websites.

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On Slide 16, these are the measures we have taken quickly to meet customers' needs during the pandemics and the changes in the purchase behaviors. The campaign ##WhatYouNeedNow, OqueVocePrecisaAgora, expanding items such as hand sanitizers, personal hygiene, cleaning materials, baby care, food items, beverages among others.

We established special operations with Lojas Americanas for Easter, so that customers could maintain the tradition of buying Easter eggs. We had the largest online Easter, over 1.5 million Easter eggs sold using Ship from Store and pegue na loja hoje collected at store. We connected Americanas Mercado, integrating the supermarket -- Now supermarket as a mini app, customers can purchase every supermarkets item online using fresh produce -- including fresh produce. The operation has been available in some areas in Sao Paulo and will be expanded to other areas.

On Slide 17, we show this -- the campaign to support local stores to help small and micro sellers, increasing the visibility and boosting their sales, giving credits through seller. We have introduced the initiative called Sell with Us (Foreign Language), helping new sellers to sell essential products and small owners that have their stores closed. In April, we had over 20,000 new sellers that have joined us. The boost of Ship from Store helped us establishing the campaign, purchase and received today. Customers can now pick thousands of stores from physical stores of Americanas and other partner sellers to purchase and receive that item on the same day.

On Slide 18, there is another important measure that was taken. We've have improved O2O initiatives, reaching a GMV of BRL530 million in the first quarter, up 85%. Click and Collect customers purchase online and collect at the physical store reached 9,000 connected points in over 5,000 cities in Brazil. We have the largest pickup points network in the country.

Click and Collect Now allows customers to purchase online and collect the product up to one hour. It's been available in 100% of our physical stores in Americanas. We have over 170,000 orders in Q1. Ship from Store purchases come -- can purchase online and get that product delivered in up to two hours. It's been expanded to over 1,700 physical stores in every state in the country.

We have 17,000 [ph] delivery people. It's also available in 400 stores of our Marketplace Sellers. In Q1, that was up 10 times when compared to Q1 last year, accounting for over 25% of O2O earnings, as the results of the changes in customer behavior and our quick actions to better serve them.

In April, we've witnessed exponential growth, as we can see now in the following slides. On Slide 20, traffic was up 78% from 169 million visits in April '19 to 297 million in April 2020. Our app downloads were 313% from 1.3 million in April last year to 5.6 million in April this year.

On Slide 21, we can see the fast expansion of our customer base and the purchase basket. The base of active customers is up 3 million from 15 million of April last year to 18 million now. In April alone, when compared to March 2020, we are up over 1 million new

customers. Also in April '20, we've seen growth of 108% of customers that ordered two or more times online.

As a consequence, our sales performance was unprecedented in April, as we can see in the number of orders you see on Slide 22. The number of orders went up 35% and it's now 83% in April this year when compared to the same period last year.

Finally, on Slide 23, we can see that this strong growth of numbers was boosted by long-tail categories. Easter category grew 751%, food and beverages 530%. Toys was up 299%, and stationery 248%. These were the highlights of our performance in Q1 2020.

Now let's start the Q&A, so that we can answer any questions you may have. Thank you.

## Questions And Answers

### Operator

(Operator Instructions) First question from BTG Pactual.

### Q - Luiz Guanais

Good afternoon, Roani. Good afternoon, Fabien. I have two questions. First, you've talked about traffic in April. So if you can please elaborate on that. We have been talking about this acceleration for many categories. So, this is my first question.

Second question is related to the last slide you shared about the different categories. So can you talk about grocery projects? I'd like to understand how this is performing, not only in the first, but also now in general, please.

### A - Raoni Lapagesse {BIO 20391786 <GO>}

Hi, Luiz. Good afternoon. Thank you for attending the call. As to the first question, growth in Q1, performance was very strong, as I said, unprecedented. The number of orders was great at BRL35 million to 83% in April. Let me give you some color. I cannot give you monthly data on sales. But the average ticket, given the growth in these categories is almost 10%. You can have some understanding of the picture now. But when you look at this expressive growth in April, let me point out that this has been growing throughout the month. So towards the end of the month, the growth was even highest. And the quality of that growth, as I've been saying, was very positive. Our approach as to the changes in customer behavior was to first understand what customers were looking for and how we could adapt using analytics. The digital world requires that analytics very strongly. You need to use data. And then we were able to quickly respond and anticipate customers' needs. I believe that this current scenario will promote significant change in customer behavior. In Brazil, the change from offline to online had been happening gradually because of the challenges that are procured to Brazil.

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But when we look to other countries, that shift was faster, just like in China, for example. The digital revolution there had a very clear inflection point and then sped up as of 2003, when the SARS pandemics generated that change in customer behavior. I believe that what we have been seeing in Brazil now based on the numbers of April, new categories growth, new users, those things help us understand that this is the inflection point in Brazil. Companies that are agile enough, committed to meeting customer needs will come out stronger as the pandemics.

After the pandemic, we should go to that new normal and that new normal will be more digital. I'm certain that B2W is the company that is best positioned for this new scenario. We have a hybrid model that has been proven to be very important. We have our proprietary platform, something that has been important. And we are integrated with over 1,700 Americanas stores. These competitive advantages are becoming even more important within the Americanas world, the O2O operations, the integration. We have been able to offer unique solutions, therefore, to better serve these customers and their new demands.

In conclusion, I think it's just important to once again talk about shift from store. We grew very rapidly from 300 stores to 1,700 stores very quickly. And that changed our delivery standard. We're not counting deliveries. Indeed, we are now using hour as a metric. Let me give you some data to exemplify what I'm saying. In April, we delivered over a million orders in a matter of few hours, over a million orders in the same-day delivery. These elements help you understand how we have expanded, how much we've grown in the digital world.

As to the second part of your question, market, or the grocery category, this is the largest category in retail. But when you move on to the online world, it's only 1% of the total. We truly believe in the long-term potential of this category. Grocery online sales -- our online grocery sales will grow dramatically. We've seen that curve growth. The demand is six times greater than that of the first part of the year. It's difficult to operate.

When you deep down -- go deep down in grocery sales, over 50% of purchases is made up of fresh produce. We've been trying to operate in the grocery store world, but other players sell just a few items; dry items, hygiene, cleaning products. So the major challenge to scale that category in the online world has to do with the purchase experience and assortment.

We acquired Now Supermarket earlier this year. Now in April have integrated the operation at Americanas.com, including Americanas grocery stores or supermarkets.

In Sao Paulo, some areas, we are rolling that out to other regions as well. And using the Supermarket Now in our mini app, we can have that competitive advantage. We have the complete assortment of the category and experience that it is completely adapted to the digital world by expanding. We'll have a supermarket category that will give customers convenience, same-day delivery. And from a local operation, we are very excited and the decision to acquire the supermarket has been proven correct.

## Q - Luiz Guanais

Perfect. Thank you very much.

## A - Raoni Lapagesse {BIO 20391786 <GO>}

Thank you.

## Operator

Our next question comes from Mr. Gustavo Oliveira, UBS.

## Q - Gustavo Oliveira {BIO 15129435 <GO>}

Hi, Raoni. Thank you very much for taking my question. I'd like to have a better understanding about the mix, 1P and 3P. If I understood correctly, 3P increased a lot in this first quarter. So it seems to me that this was down at the beginning of the year. And perhaps, you have seen the impact probably at the end of this quarter. So if you can please elaborate on that and also how do you see the balance between 1P and 3P, so that we also understand about your cash? It seems to me that it's coming from the increase in 3P. Thank you.

## A - Raoni Lapagesse {BIO 20391786 <GO>}

Good afternoon, Gustavo. Thank you for your questions. Let me address the 1P, 3P mix. This is one of the greatest competitive advantages we have. This was very successful in Q1 during the pandemic, as you brilliantly put. There were operational difficulties, stock-out, working capital challenges. However, we were very nimble how to provide support when needed.

In working capital, we had new models, cash to seller. We offered more grace periods or the payback, given them some more flexibility in those intermediate payments. So, our logistics was put to help sellers. More than ever, we've been helping sellers at this point in time. Because they will be -- they are more vulnerable at this point in time. And the platform can provide that support. Solutions during the pandemic, of course, will help them further down the road. When you look at the April numbers, we've seen the growth in 3P. When you look at the first quarter, you had a growth of 1P, that was key to meet the demand the sellers could not meet. When you look at the second quarter in April, early May, it's still strong, but 3P has grown exponentially. The Marketplace growth has been driving growth in April. So the combination of 1P and 3P is actually our major competitive advantage in our platform.

As to the second question about the cash consumption, BRL650 million for the quarter, it has to do with the seasonality of the business, the first quarter. It's when you have less cash generation in the business. This is historical, given the seasonability or the seasonality rather of major events and has to do with our decision of having a higher inventory coverage.

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When you look at inventory levels of B2W now, back on March 2020 compared to March 2019, that number went up over BRL300 million, an almost 100% increase of our cash consumption. But we believe this is a time in which such measure is necessary and we are comfortable with our cash position. Our cash position is very comfortable right now.

We can, of course, go on to the offense. Excuse me. Let me complement that. When you look at the year, our plans haven't changed. The three-year plan and our year plan 2020, '21 and '22 is to speed our growth, keeping on generating cash. When you look at the year, there are no changes whatsoever. This is just a shift for the first semester, so that we have inventory levels that are higher, given these circumstances.

**Q - Gustavo Oliveira** {BIO 15129435 <GO>}

Very clear. Thank you very much.

**A - Raoni Lapagesse** {BIO 20391786 <GO>}

Thank you.

## Operator

Our next question, Thiago Macruz, Itau BBA.

**Q - Thiago Macruz** {BIO 16404924 <GO>}

Hello, everyone. Good afternoon. I have a question about the business Marketplace. Can we assume that considering this acceleration, you've observed that you had some costs going down? And I'd like to understand if that actually happened. If the scenario changes towards these categories, what impact did it have on your digital strategies? So if you can share some color, please. Thank you.

**A - Raoni Lapagesse** {BIO 20391786 <GO>}

Hi, Thiago. Thanks for attending the call. Yes, that's right. I talked about the quality of growth in my first answering. We are not having sales. No, we have seen behavior changes generating more traffic, a level of engagement, just like I've shown you. Number of page views, every engagement index is positive. Traffic is cheaper. The cost of acquiring customers is smaller and that increases organic traffic.

Our traffic was up 45% in Q4, 78% in April. Our time to share -- or the traffic share was over 5 points in the first quarter. When you look the app numbers, that's a huge difference. No one had more app downloads than B2W in the shopping category. We are in the top five downloads in every categories throughout the entire year, 12 million downloads in 2020 alone. When you look in April, it's 5 million, a 300% growth when compared to last year. Customers are more connected to Americanas, having our app in the palm of their hands that helps every economic aspect you can think of.

**Q - Thiago Macruz** {BIO 16404924 <GO>}

Perfect. Thank you very much.



**A - Raoni Lapagesse** {BIO 20391786 <GO>}

Thank you.

**Operator**

Our next question, Tobias Stingelin, Citibank.

**Q - Tobias Stingelin** {BIO 18290133 <GO>}

Good afternoon, Raoni. Thank you very much for providing us more details. Considering the new sellers that on-boarded in April, these are owners of a very small, small stores, is it brick and mortar stores? So, can you please talk a little bit about that? How that is changing? How that gives visibility to this group?

Second question, you have talked about analytics, you have talked about processing information. So if we go over this growth in April and per region, is this growth concentrated in some areas? How do you read this type of change? How do you see, comparing this also accelerated traffic? Thank you.

**A - Raoni Lapagesse** {BIO 20391786 <GO>}

Hi, Tobias. Thank you for your questions. As to the first comment is the sellers connection, this is one of the highlights. 8,000 new sellers were connected in Q1, a new record. When you look at the history, we have been breaking records every quarter, over 50,000 sellers connected now. And in April, what we did was, we introduced a campaign, Sell It or Sell With Us, (Foreign Language), open to every seller profile. There are several retail players that will have challenges ahead. Once they start selling with us, they will keep on selling.

The world will come out more digital after the pandemic and the Marketplace as more important. We've seen players connect or different players connecting to our marketplace. Within that program, we have different approaches. There are some smaller sellers and we help them. They may have one or two stores. They're having a hard time right now. But they're major retailers as you know, that have to close stores. And we are connecting them. Every seller profile has been connected, and that's a trend from now on. We are connecting more and more sellers, different profiles because this is going to be a one-stop platform at the end of the day.

The second comment you made, the use of analytics. Sales are very strong in every region in April. What I can tell you is our measures with Lojas Americanas being local, being closed, that's the major highlight. The shift from store is just amazing. The growth is exponential. You can purchase something at this point in time, that is difficult, time and you get it delivered safely in two hours. We can be second to none and we are, of course, contributing to the lives of people. This is -- this has been exponential growth. But the highlight is through the integrated initiatives with Lojas Americanas.

**Q - Tobias Stingelin** {BIO 18290133 <GO>}

And from the regional standpoint, do you see that consistent over the country? Or what about areas with less restrictions?

**A - Raoni Lapagesse** {BIO 20391786 <GO>}

I can't give you any detail. But when you look at growth, it's been strong throughout the country across the board.

**Q - Tobias Stingelin** {BIO 18290133 <GO>}

Perfect. Thank you very much.

**A - Raoni Lapagesse** {BIO 20391786 <GO>}

Thank you, Tobias.

## Operator

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

**Q - Robert Ford** {BIO 1499021 <GO>}

Good afternoon, Raoni, Fabien. I hope you and your families are well, and thank you very much for taking my question. I was thinking about the growth of demand and the sales mix, considering this social distancing. And if they are extended, so what are you doing if that happens? It seems to me that we also see this investment on Ame Digital. Can you please talk about that a little bit now and about return on investment on Ame? Thank you.

**A - Raoni Lapagesse** {BIO 20391786 <GO>}

Good afternoon, Robert. Thank you for your questions. Thank you for attending. I hope you and your family are well as well. And of course, that is true for everyone in the call today. As to the first question, I've stated during the presentation, we witnessed scenario changes during the three different phases. In Brazil, more restrictive measures have been discussed. Lockdown has been implemented in a few cities, and we are very quick using data analytics to understand what's going on and being fast in the output, action, mode, data.

Using data to help us change and adapt. We cannot talk about a Phase 4 or 5 now, but our focus is to remain being nimble in adapting to any consumer change in their behavior. Lojas Americanas, of course, will be quickly adapting in the mix stores that are open to help the population purchase what they need.

Online is a very important channel for every type of product. We haven't seen any problems in restrictions for the cargo transit. But of course, we are paying attention to what's going on and we will take the necessary measures to keep on operating regardless the scenario we are faced with. As to Ame, Ame keeps on growing substantially. 7.5 million downloads, it's an operation that is less than two years old.

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We had been expanding all of us [ph], both in the digital and physical worlds. That change in behavior will speed up contactless payments. We've seen that in other countries. In Europe, the number of contactless payments went through the roof. And this is a trend that will catch on here too. I have no doubt that Ame will have an even faster rollout in its business plans. We've been trying to keep customers engaged and do our homework. We have a donation hub, over 70 NGOs that benefited from it. In our live streaming, we had over 35 live streams. Millions of people who've attended it [ph]. We've been showing the features that customers can use.

There are several features customers can pay their bills using the app. They don't have to go to bank. Customers are engaged. And any individuals and corporations unlike Ame is here to make the lives of people easier and we're doing our part during this difficult time.

**Q - Robert Ford** {BIO 1499021 <GO>}

Thank you very much. It's very clear, Raoni.

**A - Raoni Lapagesse** {BIO 20391786 <GO>}

Thank you, Bob.

**Operator**

Our next question, Joseph Giordano, J.P. Morgan.

**Q - Joseph Giordano** {BIO 17751061 <GO>}

Hello. Good morning, everyone. Thank you for taking my questions. Good afternoon, Raoni. My question is about logistics. What does the company need to do in order to adapt for delivering the smaller items? And also I'd like to have a better understanding about your net cost of this new goods with a lower average ticket and the impact it has on your operating costs.

And finally, you've talked about the growth you've observed. And what about the competition because everybody has realized this is a trend. So, what about competition pricing?

**A - Raoni Lapagesse** {BIO 20391786 <GO>}

Hi, Joseph. Thank you for your question. Let me answer the first question, logistics. Of course, the first thing we did was to ensure the safety of our employees. Those that are in the streets and in our facilities as well, so that supply is not interrupted. We took several measures in our DCs, providing hand sanitizers, PPEs, more working shifts, reducing the number of people that work simultaneously and we have 200 hubs, not only the DCs. We have mitigation and safety measures in place. This was our first concern. When we look -- when you talk about logistics for customers, as I said in the previous answer, we haven't seen any challenges as to the lockdowns.

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The increase in the number of orders is nothing new to us. We operate with higher numbers overnight and way more concentrated on a single weekend. So, we used to working that way. Our network is flexible enough to operate at the peak with twice as many cars out on the streets. So nothing new. It may be new to others, but we've been used to doing this.

As to the delivery cost is Ship from Store. So it's a local delivery cost go down. It's a three kilometer radius. From 300 stores to 1,700 stores, it accounts for 25% of sales in O2O. Lower costs, and on top of that, you have a new logistics standard, same-day delivery. Customers can get their products in a matter of hours, a few hours.

When you look at the data, I mentioned, and I would like to emphasize that again. In April, we had over 1 million deliveries on the same day. This is a huge competitive advantage in logistics. And that helped sellers as well, Joseph. 60% of our sales come from sellers. So there is no point in having the 1P operation working great, but if sellers are getting hurt, so we need solutions for them as well.

So, we have increased the number of sellers in our operation, about 500. In fulfillment, it's now 600 in April. It's over 700 sellers, having their inventories in our DCs with cross-docking with direct collect, the service we provide to medium sized sellers. And we are now offering to smaller sellers. So the platform is flexible. And that's the answer. That has been our competitive advantage.

That connects to your second question. What do you see in the competition? We are in a very unique situation. Physical retailers are concerned with other things now. They are migrating sales from one channel to the next, trying to reduce damages and our focus is to help customers to provide great service, to understand their changes and behavior. And how they are buying from home. And we can adapt. That's our focus. Our focus is not on what competitors are doing. Our focus is on how we can transform that purchase behavior into something better. The world will be more digital after all this and we will become more relevant to customers.

**Q - Joseph Giordano** {BIO 17751061 <GO>}

Thank you very much, Raoni.

**A - Raoni Lapagesse** {BIO 20391786 <GO>}

Thank you.

**Operator**

Next question, Mr. Ruben Couto, Santander.

**Q - Ruben Couto** {BIO 20636571 <GO>}

Good morning, everyone. Let's talk about competition. Everybody is now focusing on e-commerce because of this crisis. So can you please share some color on what we can

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expect for the next quarters and also the impact of FX? If you need also to -- how you are going to manage that? And also as for Marketplace, do you see competition becoming more aggressive? So considering market share and Marketplace and competition, please.

**A - Raoni Lapagesse** {BIO 20391786 <GO>}

Hi, Ruben. I've talked about the competition in my previous answer, but let me give you some more elements to that discussion. We have more market share. We've gained market share. When you look at traffic data, our market share gain is with quality. The only point in gross margin was the mix from 1P to 3P, that was down in the first quarter when compared to last year. But that was offset with the expenses. When you look at the EBITDA margin, it grew more than what we had grown in Q4.

There are no trend changes or no scenario changes. When you look at April, we keep on the same pace. The margins won't change. We keep on working hard. I've shown you a few traffic data, which indicates that we keep on gaining market share, the market as a whole group. EBIT showed that the market grew 59% in April. But we are growing more faster than the others and gaining market share and with a lot of quality. More engagements, and as a consequence, a very positive trend in margins as we've seen in the first quarter.

**Q - Ruben Couto** {BIO 20636571 <GO>}

And what about the competition. Have you changed anything because of the pressure?

**A - Raoni Lapagesse** {BIO 20391786 <GO>}

Nothing worth mentioning.

**Q - Ruben Couto** {BIO 20636571 <GO>}

Thank you very much.

**A - Raoni Lapagesse** {BIO 20391786 <GO>}

Thank you.

**Operator**

With that, we close our Q&A session. Now, I'd like to turn it over to Mr. Raoni for his final thoughts.

**A - Raoni Lapagesse** {BIO 20391786 <GO>}

Thank you for attending our results call. Given the uncertainties and the number of concerns, despite of all that, we are optimistic that this will be over soon and we will come out stronger as a society. Stay safe. Thank you and good afternoon.

**Operator**

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And we [ph] close this conference call. Thank you very much for staying with us and for using Chorus Call. Thank you.

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