

## Y 2020 Earnings Call

### Company Participants

- Marcio Cruz Meirelles, President, Chief Executive Officer
- Raoni Lapagesse, Investor Relations Officer

### Other Participants

- Danniela Eiger
- Gustavo Oliveira
- Irma Sgarz
- Joseph Giordano
- Luiz Guanais
- Richard Cathcart
- Thiago Macruz
- Tobias Stingelin

### Presentation

#### Operator

Good afternoon, everyone and thank you for standing by. Welcome, everyone to B2W's Companhia Digital's Audio Conference to Discuss Results Relative to the Fourth Quarter 2020. Today with us, we have Mr. Raoni Lapagesse, the company's IRO. In order to follow the conference we suggest you resort to the support slide deck which can be found at [ri.b2w.digital](http://ri.b2w.digital). This event is being recorded. And all participants will be connected in listen-only mode during the company's remarks. After that, we'll have a Q&A session when further instructions will be provided. (Operator Instructions) A replay facility of this event will be made available right after its closing for one week.

Before moving on, we'd like just to be sure that forward-looking statements made during the call concerning the company's business outlook as well as operating and financial targets are based on the company's assumptions and beliefs and also based on the information currently available. Such forward-looking statements are no guarantee of performance. As they refer to future events, they involve risks, uncertainties and assumptions and thus depend on circumstances that may or may not materialize. Investors should have in mind that general economic conditions, industry conditions and other operating factors might affect the future performance of B2W Digital and thus lead to results that will differ considerably from those expressed in these forward-looking statements.

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I'd like now to turn the conference over to our speaker who will start the presentation. Please Mr.Lapagesse, you may carry on.

## **Raoni Lapagesse** {BIO 20391786 <GO>}

Good afternoon, everyone. Thank you for participating in our earnings call for the fourth quarter 2020. Today with me, I have Mr.Marcio Cruz, the company's CEO. I'll go through the year's highlights starting on Slide number 2, and then I'll turn it over to Marcio.

2020 was a year that can be told, reported in several different ways. We started our three-year strategic plan from 2020 through 2022 which has its main purpose to be even more relevant than the clients' day-to-day activities. And this slide is still in January, we achieved a new category as we acquired Supermercado Now. All of a sudden, we faced a challenging scenario due to the COVID-19 pandemic. Facing that customers' behavior changed completely and fast. But we are a digital company that allowed us to be even more agile seeking innovative solutions to better meet clients' needs.

Putting in practice, our motto of offering everything, anytime, anywhere, we have expanded our assortment and started delivering essential products on the very same day in after three hours across different -- 700 different cities. For retailers who had to close their doors, we launched a new operation, Marketplace Locale, digitizing small business in small neighborhoods and allowing them to continue to sell through our website.

Innovations did not stop there. We make entertainment with sales bringing the Live Commerce phenomenon to Brazil. We have also optimized our capital structure with the capitalization of BRL4 billion. And we -- due international market of debt issuing bonds at the tune of USD500 million, we are very proud of everything we've done throughout the year, especially proud of our team. The amount of actions executed in such short period of time in light of so adverse circumstances, it was only made possible to a highly qualified team, which dedicated to the most to ensure clients would receive essential items in a safe, fast way. Those actions were key for us to achieve important results in 2020.

Moving on to the next slide, we highlight the results of the fourth quarter. GMV reached BRL9.2 million -- BRL9.2 billion, a growth of 38.2% when compared to the fourth quarter in '19 and the same period, net revenue reached the amount of BRL3.3 billion, up 50%. Adjusted EBITDA, which BRL386 million, which accounts or represents a growth of 51.7% vis-a-vis the fourth quarter of 2019. So the adjusted EBITDA margin reached 11.6% in the fourth quarter of 2020.

The net result came out positive at BRL16 million, reverting a net loss of minus BRL22.3 million in the same period of the previous year. In the quarter, we reached a cash generation of BRL718 million, a growth of 50%.

On Slide number 4, we will comment on the results for the whole year 2020. Total GMV reached BRL27.7 billion, a growth of 47.6% when compared to 2019. In the same period, net revenue reached BRL10.1 billion, a growth of 52% when compared to the previous

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period this year. Adjusted EBITDA reached BRL950 million, a growth of 58.3%. So adjusted EBITDA margin reached 9.4% in 2020, a growth of 0.4 percentage points when compared to 2019. Net result reached an evolution or growth of 48%. In 2020, we reached a cash generation level of BRL306 million, up 61%. Those numbers show the strength of our digital platform, which is combining growth, profitability and cash generation.

On Slide number 5, we highlight our cash generation throughout the past five years. As a result of the growth of our business models, we have reached cash -- positive cash generation for the second consecutive year in 2020. Cash generation came out at BRL306 million accounting for an evolution of BRL1.9 billion vis-a-vis cash consumption filed in 2016. We are extremely motivated and confident that we will accelerate our growth even further maintaining the commitment of -- to generate cash.

On the next slide, we will comment on the operating highlights for 2020. On Slide number 7, we highlight the evolution of our active client or customer base which reached BRL21.4 million in 2020. This period, we have compared 5.5 million new customers expanding our active buys in a year the equivalent of five years of growth combined. Those numbers contemplate only the digital platform. When we look at the Universo Americanas as a whole, we have over 46 million active customers and a total base of over 80 million registered customers.

On Slide 8, we'll comment on the acceleration of our purchase frequency. As a result of our high frequency operations, the number of clients -- customers in two or more orders in the fourth quarter saw a growth of 53% when compared to the same period of the previous year. The increase in purchase frequency is one of the priorities of our strategic plan -- our three-year strategic plan.

On Slide number 9, we see the evolution of the sellers and assortment base. The B2W Marketplace connected over 40,500 sellers in 2020, totaling a base of 87,300 thousand sellers in December. That was a year with the highest number of connected sellers since the creation of the Marketplace back in 2015. This way we managed to exponentially expand the offering assortment, which more than doubled when compared to 2019 with the addition of another 57.7 million items throughout the year, totaling 87.7 million offers available through our websites and apps.

On Slide number 10, now we highlight the performance of Americanas Mercado, the largest marketplace in Brazil. We still -- we're still moving on in the category with the growth of GMV of ninefold in the fourth quarter when compared to the fourth quarter of 2019. The category has consolidated as the largest under B2W for this item that we sell. The expansion of the operation continues to move on including strategic partnerships with companies such as Carrefour, Group Big and Makro allowing for the integration of another 1,100 stores across 18 states in the country focusing on offering a complete experience and 100% digital for supermarket purchases including fresh projects. We offer an end-to-end platform to our partners, including Software-as-a-Service solutions, payments, picking, customer service and delivery or same-day delivery.

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On Slide 11, we highlight the LET'S, the main long track in the Brazilian market, which through intensive use of technology operates in an asset-light way in a multi-mode platform, which executed over 49 million deliveries in 2020. Throughout the year, we continue to expand our logistics network, opening five new fulfillment centers totaling 22 across 12 states, 22 fulfillment centers.

LET'S also operates with 200 hubs and over 5,000 stores connected to the ship-from-store mode creating a unique footprint which allows us to deliver faster and offering better experience to customers. In the fourth quarter of last year, we consolidated as the fastest delivery company in Brazil with 1.1 million orders delivered in up to three hours which accounts for 11.5% of our total deliveries. Our delivery coverage in 24 hours. And switched over 1,000 cities, with same-day deliveries reaching 40% of the total order volume in the fourth quarter.

On Slide 12, we will comment on our O2O initiatives, online to offline. In 2020, those initiatives totaled BRL3.7 billion GMV, a growth of 95% when compared to 2019. The Infinite or endless Shelf is available across all 1,707 Americanas stores in the fourth quarter. The operation saw a leverage ticket of approximately 20 times that of the physical stores. We closed the year with 11,169 Click-&-Collect points-of-sale, including stores, partner points and lockers.

The pegue na loja hoje is available across all Americanas stores and in 4.5 thousand seller stores totaling over 6,200 points-of-sale across the country available for pickup in about -- in up to an hour. A ship from store is already available at over 5,000 stores including Americanas stores and also seller's stores. At the end of 2020, we have increased our -- of -- our assortment and started delivery of large-sized items such as TV sets and microwave ovens.

The ship from store is operated by Ame Flash, our proprietary platform of crowd shipping, which counts with over 20,000 connected delivery people.

On Slide 13, we present the mobile highlights. As a result of our investments in mobile platforms in 2020, our apps totaled 62 million downloads. The Americanas app was the most downloaded app in the category of purchases in Brazil. In the fourth quarter, our apps totaled 39.7 million users -- or active users per month, the MAU indicator.

Slide 14, we present a fast evolution of the Ame, our FinTech and also our mobile platform under the Americanas Universe. The number of downloads grows steadily exceeding the level of 17 million throughout the year, established several strategic partnerships, spinning out the acceptance outside of the platforms. And totaling approximately 3 million establishments, or 3 million outlets.

This way, the total volume of payments TPV reached BRL5.9 billion in the fourth quarter, a growth of 202% vis-a-vis the same period in 2019. In addition to being a payment platform and a powerful loyalty store, Ame continues to be significant tool to -- for our growth and to expand our model to other businesses.

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Along those lines on Slide 15, we highlight important acquisitions that have been made in this period. And December 2020, Ame made two important acquisitions to speed up our financial platform, a Bit Capital and Parati. Bit Capital is an open banking platform, which is modular and based in blockchain and open APIs. And which offers solutions to native integration to the financial ecosystem in a very simple and safe way. Bit Capital also offers solutions to integrate with the Pix, our instantaneous payment system managed by our Central Bank. Parati has direct access to the Brazilian payment systems and also to instantaneous payment systems and operates as a Bank-as-a-Service and as a RegTech, integrating FinTechs to the bank system or to the banking system.

Now I turn the conference over to Marcio, who will go on with the presentation.

### **Marcio Cruz Meirelles** {BIO 17267724 <GO>}

Thank you, Raoni. Good afternoon, everyone. It's a pleasure to be here with you. Well, the year 2020 was quite challenging for all of us, totally unpredictable and that required a very high ability from all of us to be fast on the trigger as a company. That scenario also brought about important changes in the behavior of our customers. They are all increasingly after digital streamline solutions. And all of that combined with the opportunities we identified allowed us to accelerate our strategic plan as we start 2021. I am talking about our three-year strategic plan that is especially true for 2021 and this was communicated in our Investor Day late last year for us to really accelerate our growth.

I'd like to share with you a balance of 2020 in credit balance. And then comment on the challenges and priorities for 2021. So as a positive highlight number one, our team, the amount of actions we were able to put in place decisions we made throughout the year amidst adverse situation. That was only made possible because of our highly skilled qualified and engaged team for that to happen.

We made a series of decisions. We were, of course, we put health first. Our number one priority was the safety and the health of our team and our customers, and we implemented several initiatives even when compared to other benchmark companies and competitors, and we managed to increase our team's engagement. And as a consequence, when you look at numbers, we once again were acknowledged as a great place to work. And we improved our score when we want to compare 2019 with 2020.

Also the recommendation, the acknowledgment from customers, once again, I have appointed our brands as the number one, the most loved brands on the internet. We had the best impact as both in 1P and 3P. 3P where the first marketplace to be recognized with RA 1000 for the Americanas.com. That was an important milestone for us, which also reflects the acknowledgment from customers that of course is driven by several actions we put in place throughout the year to improve customers' experience. And to end, we brought about more convenience, more speed.

And the third point is our capital structure even within a very unlikely scenario. We were able to optimize our capital structure with two important operations. Number one, our capital raising of BRL4 billion, which was quite well successful. And number two, we

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issued debt internationally with a 10-year bond at the tune of USD500 million, very important as well, that allowed us to take on a new growth path. Also as a positive highlight, we -- it's already on cash generation, our commitment, once again, we close our strategic plan for 2019 generating BRL219 million cash. Last year, the objective was to grow and generate cash, BRL306 million last years. So that's also an important positive point as we continue on our growth with profitability back. In other words, sustainable growth.

On the next slide, I have also identified areas where we could have done better. We are already addressing those points. So we started late in the year. Number one was growth. Even though we grew 48% above our plan and above market, we see opportunities there as well. We can grow even further when we look at the other players in the markets that we have defined as a metric to grow above the average posted by our top competitors, but the top players in the market have identified, as I said, several opportunities for us to do that.

Number two, our performance in the Marketplace front. As we see it, it could have grown even more. It grew slightly below what we were expecting. We are focused on improving our activeness with sellers and also on improving their experience within our platform. That has been our focus as we started the year. We have implemented a new version of our Marketplace platform with new rules and we already see the results of that. We are not providing a better experience for sellers and customers as well.

Number three, something could have done better as well as we see it. It has to do with user experience. We have been expanding our assortment exponentially. This was said, we have exceeded 87 million items that we offer in our assortment. And that, of course, it brings along the challenge of offering a good experience for customers. They have to be able to find those items and make a purchase. So that's something we are focusing our attention and we need to change level, right? We need to bring a user experience which has a lot less attrition, which is more fluid.

And lastly, we talk about fast deliveries. Of course, that's a point where we want to establish a new reference. We're focusing on the three-hour delivery. Those deliveries already account for a significant number in our revenue, 11% in the last quarter. And now we're talking about improving speed for 1P and 3P delivery speed using our logistics network and also the over 1,700 Americanas store that we have spread across all states so that they can really offer customers a service level which is much better in a much shorter period. So we're going to be using all the tools we have available to us, being on the fulfillment for O2O deliveries, especially for those very fast deliveries because they bring a very high level of satisfaction on part of the customers.

On the next slide, based on all those point that we identified as opportunities, we have optimized our growth algorithm. It has three main pillars, which are quite important: number one, purchase experience for our client -- customers; number two, loyalty -- customer loyalty that increases recurrence and purchase. And number three, we need -- should be telling that story to our customers. We need to be closer to them to be present in their mind and reinforcing those messages around services that I've mentioned. So we have those seven variables. We have already had a chance to comment on that, and talk

about them to you. So all the actions are somewhat guided by that algorithm that you see on the screen. And for that to be deployed in a very efficient way, we are investing in people, we're investing in training and we're also investing in bringing people on board from outside of the company. And we have, as I said, investing on the intensive use of data and possibly strategic acquisitions, which are also part of this growth algorithm, both on the long tail front and also as an enabler.

As a result of those initiatives on the next slide, Slide number 20, we have our growth. We moved from a growth of 38% in the fourth quarter of last year to a growth of 83% in January, we have already reached a growth level of 90% in February of this year. That growth already represents those initiatives, the decisions we made to get on a faster track for 2021.

Now moving on to the last slide of the presentation, this is our -- the backbone of our strategic plan and it's increasingly more relevant in our customers day-to-day. That means we need to be increasingly present in different consumption journeys and moving forward in the long tail and offering increasingly more convenience to our customers, being faster, investing more and service levels. Just to reinforce one of the points I mentioned, we continue to focus on a faster growth and also unsustainable growth. Growth with sustainability and cash generation. We're extremely confident going forward for 2021. The first two months are a sign that we can be confident that we are on the right track and we'll continue to move forward on that direction.

I'd like to take the opportunity to thank our team especially for their hard work, dedication, engagement and also our suppliers, sellers, marketplace, shareholders, and especially our customers. So when I give the floor over to Raoni for him to continue with the presentation. Thanks.

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

Thank you, Marcio. So these were the main remarks we had for the fourth quarter. And now we will move on to the Q&A session to address any comments or questions you may have. Thank you.

## Questions And Answers

### Operator

(Question And Answer)

Ladies and gentlemen, we'll now start the Q&A session. (Operator Instructions) We have a question from Luiz Guanais of BTG Pactual.

### Q - Luiz Guanais

Thank you. Good afternoon, Raoni and Marcio. I have two questions, about the last points you have discussed. Could you expand on sellers and the new commissioning policy? So

we look at the numbers in February and whether these initiatives have been already captured?

Now my second question Marcio, is about the speeding up that we have seen in January and February. Thank you.

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

Luiz, thank you for your question. This is Raoni. So the first point of your questions. The second question is to Marcio, so I'll turn it over to him.

Now as for your first point, the new policies. When we decided to speed up our growth pace, we analyzed all the variables for this growth and marketplace. It's a very important unit in our business and in our growth plan. For sustainable growth of marketplace, we have to be close to sellers in the last few years back in 2015. We have seen the inputs took into account sellers' feedback. We are building this business together. Sellers are our partners. With all the change that we have put into practice, these are based on demands that were brought by these -- the sellers. So canceling for instance and other changes that can make sellers' activity more predictable, so that they may become more competitive on our platform, also a free freight policy on marketplace that of course as long as it's sustainable attached to improved service levels. So this exchange with sellers we really believe that this is a business we will build together. So this is a great amazing vision that is now reflecting in the growth rhythm that we have seen in January and February. This was highlighted in our press release.

Our growth in January and February was driven by our new marketplace growth level. Of course, there's a lot to improve from now on. Everything that we have done, of course, is not completely reflected on these results. This is a continuous improvement process. We want to improve the experience of sellers. And inside, we will keep working together on this journey, offering more assortments with a better service level. This is our new journey. And we will have lots of new things to make marketplace increasingly more competitive with an increasingly better service level for our customers.

### **A - Marcio Cruz Meirelles** {BIO 17267724 <GO>}

Thank you very much for your question. Now for the change in trajectory in the fourth quarter and then January and February. How do I see this? I have some highlights. First, I made a very important decision. We made the decision to grow. This was the first step. And then there was planning. We needed a plan in order to grow. And growth means in 1P and 3P. So when we want to make 1P grow, you need of course to arrange that with our providers and raise our inventory levels. In 3P, likewise, we planned in order to grow with sellers. So we started to deploy many measures we've been studying before. Including the new marketplace policies, we heard from sellers a lot and this is a very common practice to listen to them to get their feedback. And at the end of the day, we really want to evolve, develop and grow together with sellers. This is our goal. And these were the points that we addressed in the new version of our platform and this has been translated into growth, especially after February.

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When we look at January and February, there was this growth that was even above our expectations and plans with less investment -- slightly less investment than we have planned. And this is great. It means, we're on the right track in terms of growth from now on. All these changes that were -- that have been implemented I've just given you a few examples, they're also driven by our 2020 achievements. As Raoni mentioned, we have evolved our customer base, over 5 million active customers on our base and many more recurrent customers.

When you look GMV growth, it's not comparable to items sold. So they're buying more from us. There's more recurrence on our platform and these are assets and strengths that we are carrying over to 2021 not to mention the expansion of our logistics network in order to offer better services. So we have anticipated the opening of warehouses or distribution centers. We've also increased our consumer base at Ame's, which makes the platform again increase its recurrence level. So these were all driven by the new measures we have taken with more rapid growth. And of course, when you have a scalable platform with such as ours that's ready to grow, so when you to connect all these dots, a platform that has a lot of capacity to grow. Of course, this is an expected result accelerated growth in January and February. That's it.

### Q - Luiz Guanais

That's okay. Thank you very much, Marcio.

### Operator

Thank you. The next question, Gustavo Oliveira, UBS.

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

Thank you for taking my question. I need to understand how US made the impact of all these incentives and changes that you've been explaining everything you have in your pipeline. So what could be the impact of these on your profitability both gross and EBITDA margins? You have this greater mix in 3P. Of course it helps. But I don't know about the other efforts or even 1P. And what was arranged with suppliers whether suppliers are also participating in this. So maybe you can understand the impact on the gross margin and on the EBITDA margin. Thank you.

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

Gustavo, this is Roni. Thank you for participating. Well Gustavo, we don't have guidance, I cannot give you a number. But as Marcio said in the previous answer, this growth has been a result of our use of everything we have built along 2020. 2020 was a very important year beyond GMV and our assets. So our platform and our business model are more mature. So we can now better calibrate our growth vis-a-vis profitability. The greatest highlight last year is that we grew and remained profitable. So we need to do some internal fine-tuning to invest more in speeding up growth, but also being committed to cash generation. So this is also related to EBITDA. We don't have guidance. But when we look at 2021, we will keep our commitment of having stronger growth levels and also preserving cash generation levels.

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

Thank you very much.

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

Thank you.

**Operator**

The next question is from Danniela Eiger of XB Investment.

**Q - Danniela Eiger** {BIO 20250080 <GO>}

Hello. Good afternoon. Thank you for taking my question. I have one that's a follow-up on the growth in January and February. How does that compare to the market? Can you also give us some more color on the change that might have occurred in this category? If consumers are looking for new categories on your platforms, we have seen great performance on electric -- household appliances and electronics. Have you seen any change in behavior in these categories? And number two, how do you see this growth throughout the year combined with your competition? You said you wanted to grow above the major players. So how do you see your competition's reactions to your policy changes? Do you see any change in the competition landscape?

And the second is about the incentives you've made Americanas with these seven variables, how long do you expect this policy to continue? Is this for a short period of time? In other words if customers adopt your program, they have a grace period, how does that work? Can you explain your initiative?

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

Danniela, thank you for participating in our conference call. Your first point about growth and market. I don't think we should be discussing the market growth as a whole. The market uses some sources to predict growth, but when we look at the market as a whole, wherever you look, there is deceleration. There's some slowing down, but we are doing the opposite. We're speeding up. So we have a lot of market share, especially considering our performance in January and February.

As for the competition and the reaction of our competitors, well, this is a competitive market. When you consider Latin America, that's where e-commerce grows faster, the fastest and Brazil accounts for 50% of this market. So there is competition in this market and we want to be a winning player in this market. But that's not very different from what has happened before. This market has been competitive for a while, as Marcio mentioned, in the first question.

When we look at January and February, we have grown more than we had expected with less incentive, less investment, less capital allocation than we have expected. In other words, we have been able to grow more from the assets we had built. So when we look at 2020, 2020 was not a race. It was just a starting point for a marathon that brought a very

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high level -- much higher than expected in terms of retail participation. As a result, we can now focus on sustainable growth. This is very important, and this is linked directly to the other two points you've raised.

When you look at the categories in B2W, there has been growth in high-frequency categories. Market for instance, we acquired now Supermercado, and we have achieved amazing results, but then, there are other categories where we have been making strides as well. So growth has been high quality and high frequency in line with our strategy of being relevant in our customers' daily lives and that necessarily includes purchases. Now your third point which is connected to the other two about incentives including free shipping or free freight. That's not a temporary change. This change is being constructed in an organized fashion, it's well-structured and it is as a result sustainable. These are new policies that don't have a term they should be perpetual especially when it considers free shipping these are co-participation policies that come as a result of improved service levels. So that means a better purchasing experience with faster delivery. So everything fits in these three elements, these three points are covered by our company strategy to speed up growth using the pillars that have been erected in the last few years and also keep committed to generating cash.

**Q - Danniela Eiger** {BIO 20250080 <GO>}

That was very clear. Thank you.

## Operator

Thank you. The next question comes from Thiago Macruz of Itau.

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

Hi, everyone. Good afternoon. My question is about digital. You have given us more information about this operation. Now I need to understand what are the levers of growth for this business in 2021 and how the action that was taken last year? How can that help you in this journey?

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

Hi Thiago, thank you for participating. Well, we are really happy about Ame's result. 2020 with a year of significant growth. With Ame, Universo Americanas has now more customer journeys. In other words, we are now participating more on our journey, our customers' journeys and experience that has brought many assets to the company. We ended the year with 17 million downloads. That's a very significant number. In quarter four, we reached a TPV of BRL5.9 million. This is a result of growth not only on our platforms, where Ame is a powerful platform, but also in what we call funds in 2020. We had landmark growth in Ame's network, acceptance network with many partners including ABR. We're really happy to have this partner, which has a high use frequency weekly use of the Ame app. So we have been able to bring all these elements into our Universe. And Ame has, of course, yielded these amazing results that were reported in quarter four.

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When you look ahead and we should remember that Ame has been there for two years only, it's a very recent initiative. So we look at these high figures, we may even forget. It's been operational for two years only, but our business plan includes of course the addition of new segments and new business models. We are building a financial platform within Ame and we made these two highly strategic acquisitions of BIT Capital and Parati. And when we look ahead, we are now living in moment of open banking bit acceleration, Pix accelerating. And Ame already was Pix-alated. So in open banking and with Pix payment and the modernization of methods of payment, Ame will have a crucial role in the modernization of the Brazilian Financial System.

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

That was extremely clear. Thank you very much, Raoni.

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

Thank you.

**Operator**

The next question comes from Irma Sgarz with Goldman Sachs.

**Q - Irma Sgarz** {BIO 15190838 <GO>}

Good morning, everyone. Thank you for taking my question. Sorry if this question was asked before. I'd like to explore the logistics issues that you are -- what are you considering for delivery logistics fulfillment. So when you look at 2021 and '22, how do you see the balance between fulfillment cross docking, shipping in the total mix of your GMV? And how are you in terms of unit shipping costs? Do you see a decrease upcoming or is this a moment it which you will invest increase your space and technology maybe investing in routes with loads that are not with trucks -- that are not totally full? Maybe I need to understand all these points, logistics points. Thank you.

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

Hello. Thank you very much for participating. Well, I think we have made strides in logistics throughout 2020. Universo Americanas -- well, we have a very powerful multimodal platform. Our distribution center combined with hubs and stores that have now playing -- that are now playing an active role in our distribution operations, especially when we're talking about super-fast delivery, that's three hour delivery, which has been one of our priorities. When we look at all these elements in 2020, we have made great strides.

There are two figures that help us express this, the participation of delivery up to 24 hours and that accounts for 40% of the total deliveries in Q4 and when we think about super-fast delivery. And in Brazil, there's no other company delivering in up to three hour, we have reached a level of 11% of the total orders in quarter 4% or 11.5%. They were delivered in up to three hours. When you consider all this multimodal platform and logistics structure, there are two major factors: technology; LET'S long track. We don't have trucks, We have built a long-track platform. In other words, we connect all the delivery

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companies, truckers, people that even use their own private cars or bicycles or even walking. So this is a multi-modal operation using technology for structuring routes and also to go from online 1P and 3P. We want them to be as close as possible to our customers to one of our stores, Lojas Americanas, one of our partners on marketplace. So there are many possible combinations that can be made. And we use data to provide better logistics.

And then, of course, our distributed logistics network. When you look at 2020, we opened five new fulfillment centers. So we currently have 22 fulfillment centers in 12 Brazilian states. And we have 200 hubs, so our network has grown considerably in 2020 and we want this network to serve our marketplace in 2021, so fulfillment will also grow. So fulfillment also means co-participation in our free shipping initiative. So a seller that embraces fulfillment, so they get 60% free shipping that is offered in 3P. And this is also related to service level. So those that provide better service levels working with B2W, they get a greater share in free shipping and also faster delivery. These are the elements we have making our priority, and we have been, of course getting great results and they will be a priority in 2021 and '22. So when you look at logistics we have two priorities: those that deliver in up to three hours and those that deliver in up to 24 hours. These are the two fronts we are addressing and working on.

So by working together, we increase the volume of deliveries from 3P and that is added into our platform. And that at the end of the day is really helpful, because logistics at the end of the day is about volumes. So the higher the volume, the better -- or the denser the roots are and this means greater capacity to reinvest in terms of free shipping and that creates a virtuous circle with all these elements.

**Q - Irma Sgarz** {BIO 15190838 <GO>}

Perfect. Thank you.

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

Thank you.

**Operator**

The next question, Tobias Stingelin, Citibank.

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

Good afternoon, Marcio and Raoni. You have been investing a lot in this market category that is doing so well in terms of recurrence. Now what about the economics, how are the economics of this business evolving?

My second question. Ame is doing really well as well. You've mentioned its growth. How about ONES, OJAS, Ame, please? Thank you.

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

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Hi Tobias. Thank you for participating. As for your first point about the market, this is a marketplace business, so supermarkets. Now in Americanas Mercado, we have the largest supermarket marketplace operation in Brazil with complete assortment we have an end-to-end platform for our partners. So we have software as a service, integration, picking, delivery. As a result, we can offer 100% assortment of our partner supermarkets, with a purchase model that's completely fluid smooth without friction. And we also follow a marketplace model. So our market operation is one in which we provide these solutions to improve the experience of our partner retailers and partner supermarkets and they pay a rate that is aligned with our marketplace operation. So in terms of economics, there's not much of a difference between the market platform and our more conventional marketplace operation.

About your second point about Ame, we don't want TPV. This is strategic of Ames. Ame has been operating for two years, slightly more. And the numbers, our figures are really amazing. And TPV of first is something that's not the right momentum share.

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

A question about first quarter, can you tell us about 1P and 3P?

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

Tobias, this is not the right moment to disclose this information. We will be discussing the first quarter of course, but our marketplace has been growing significantly above 1P. This is the platform that has grown the most. As a result of everything we've discussed and all the changes that have been made as we said, there will be more change upcoming. We believe this is a continuous improvement business. But marketplace is on a different growth level and there's a large gap as compared to 1P. And we're doing fine. It's growing well. And everything that was put into practice has led to a higher growth level on marketplace.

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

Okay. Do you have anything to share with us about same-seller sales?

**A - Marcio Cruz Meirelles** {BIO 17267724 <GO>}

Well, that's another strategic information. In addition to same seller sales, we have to remember that in 2020, we had a gigantic growth on our sellers' base since the operation was launched in 2020. In 2015 we have the largest number of sellers in connection with us last year, 90 -- almost 90,000 sellers and it's still growing fast this year. So not only the sellers in our base, but the whole seller experience should be considered. Many small sellers need our solutions, and they needed it during a pandemic and they needed to digitize fast. So they see B2W as a crucial platform for their growth and digitization process. And this is our focus. As for seller base breaks, we still prefer to keep that with us.

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

Okay. Thank you. Good afternoon.

## Operator

The next question, Joseph Giordano, JPMorgan.

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

Good morning, everyone. Can you explain more about fintech and Ame which has been grown? So how much can you talk about this incentivized TPV and whether it's linked to any cash back as incentive? And the second point about your strategy to accelerate your sellers and they're lot in. How are you leveraging yourselves and your seller credit tool, especially considering what we have seen in the first quarter, and do you believe the company is becoming exclusive in its seller base? Thank you.

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

Thank you, Joseph. As for your first point about cash back at Ame and incentivized. There are two different business at Ame. There's (inaudible), that's a loyalty platform. So cash back is just a replacement. Replacement that is more traditional discount models by a much more powerful possibility which is cash back. When we look at cash back as we have already discussed in our last Investor Day, when we see all the sales leverage that has been brought to the platform, it was 11 times. We look at the most traditional discount models, you couldn't lot these customers in. You provided -- gave them their discounts. And they could use it the way they wanted. Now with the cashback model, we have been - I mean on our platforms and Universe Americanas platforms, our customers have been much more frequent, active and recurrent. And this is the beauty of cash back. You shouldn't be cash back as an expense but rather as investment, in fact, optimized investment considering the investment we've done before -- we've made before.

The data we've been sharing with you shows Ame's power as a powerful loyalty program, even more efficient than before. Ame has been growing in many different segments. In some segments, we have cash back at the start. When we look at that investment in terms of CAC and LTV, Ame's LTV is wonderful. So it makes a lot of sense to invest this much. At the outset, as clients are more recurrent within the -- on the app and use more initiatives. And even now as we also we've also built a complete financial platform having this customer in house is extremely valuable. So this CAC is really low when you consider this with a very powerful LTV from now on. So we're really happy with cash back results as for seller lock-in and seller credit.

We're not really concerned or much concerned about seller lock-in. What we need to be concerned is to make sellers happy selling with us. If they sell with other platforms, okay. Brazil's e-commerce has been growing considerably. There's enough room for several platforms, but we want us to be our seller's favorite platform. The platforms that will help them grow. This is what we want B2W to be for them. And we have been improving their sellers' experience with us, and we want to have lots of new things to make them -- well to keep them engaged with us. So we want to help them.

Last year for instance, during the crisis, we went to help our sellers to have higher investment capacity in their own operations, inventory. So we have other solutions like fulfillment and also technology solutions, pricing solutions, data analytics solutions. We

want to engage sellers. We want that B2W's platform be their benchmark for growth in the next few years. This is what we want.

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

Thank you.

**Operator**

Thank you. The next question is from Richard Cathcart from Bradesco.

**Q - Richard Cathcart** {BIO 16457807 <GO>}

Good afternoon, everyone. Thank you for taking my question. First, I'd like to ask about marketplace and the delivery of meals, restaurant food. I need to understand how this will evolve. And if you're thinking about having that more specific action taken for this category for it to compete with iFood. And the second category is -- maybe you can explain better. I believe last year things were harder. But maybe you can tell us more about what will be with the marketplace in this category?

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

Thank you Richard for participating. As for your first point about delivery, well, there are two strategic points. First, increasing relevance, fee delivery. These are high frequency segments in the market. So we have been working hard in food delivery. We have entered into some partnerships last year, and this was our first step into understanding how this category works, and then to expand not only iFood but also drug store, convenience stores. So we saw many opportunities when it comes to high frequency activities, and high frequency and also fast delivery, people that cannot wait. Customers that want to get that in less than an hour. And this is directly linked to our focus on the three hour delivery strategy or in convenience stores, up to one hour to achieve this. We have working on Ame Flash operations. We have over 20,000 connected delivery partners. So it can grow organically or not inorganically. We'll keep growing in high frequency delivery categories.

Like the second point about cross-border, although we had a lot of challenges last year, it grew 200%. So that was a good performance. It was a great focus on sorting in terms of our customers' value proposal, what they couldn't be done if was keeping delivery times. It's usually a 40-day period. It's too long. So we started B2W delivery. And as a result we reduced these delivery terms by half, so rather than 40, 20 days. And this is really fast for this segment and the focus will continue to decreasing delivery times. Cross-border has a great advantage unlimited assortment of special products. So whenever we have new products, there's very good acceptance. We saw that on Black Friday, but also on Singles' Day, November 11. And then there's another operation that's another focus. I mean, we provide everything anytime anywhere. So cross-border helps us achieve this.

**Q - Richard Cathcart** {BIO 16457807 <GO>}

Thank you. Thank you for your answer.

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## Operator

Thank you. We have now closed the Q&A session. I'd now like to turn it over to Mr.Lapagesse for his final remarks.

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

Thank you, everyone for participating in our earnings release. If you have additional questions, our Investor Relations team is at your disposal. Thank you very much. Have a great afternoon.

## Operator

B2W's conference call is now closed. Thank you very much for participating. Have a great afternoon.

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