

## Q1 2019 Earnings Call

### Company Participants

- Fabio Adegas Faccio, Chief Product Officer
- José Galló, CEO, MD & Director
- Laurence Beltrão Gomes, Chief Financial Officer and Investor Relations Officer
- Unidentified Speaker

### Other Participants

- Analyst
- Gustavo Oliveira
- Joseph Giordano
- Julia Fagá
- Luiz Felipe Guanaís
- Thiago A. Bortoluci
- Tobias Stingelin

### Presentation

#### Operator

Good afternoon, ladies and gentlemen, and thank you for waiting. At this time, we would like to welcome everyone to Lojas Renner's conference call to discuss the results of the first quarter of 2019. We would like to inform you that this call is being recorded and translated simultaneously. The slide presentation can be found on the internet at [www.lojasrenner.com.br](http://www.lojasrenner.com.br) in the Investor Relations section at the webcast platform and the MZiQ platform.

I would like to remind you that we would be accepting questions to the speakers via telephone and via platform. We would like to inform you that participants will be in listen-only mode during the company presentation and afterwards, we will have a Q&A session when further instructions will be given. (Operator Instructions).

We would like to recommend that questions coming from journalists may be taken by our press conference -- or press office by the number 55(11)3165-9586.

Before proceeding, we would like to mention that forward-looking statements that might be made during the call in relation to the business perspectives of the company, operating and financial targets and projections are beliefs and assumptions of Lojas Renner's management and information currently available to the company. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties

and assumptions as they relate to future events, and therefore, they depend on circumstances that may or may not occur. Investors should understand that general economic conditions, the industry conditions and other operating factors may also affect the future results of Lojas Renner and may cause results to differ materially from those expressed in such forward-looking statements.

Now I would like to turn the conference over to Mr. José Galló, Chairman of the Board of the company. Mr. Galló, you may begin.

## **José Galló**

Good afternoon, everyone. This is Galló. I'm here with Fabio; Laurence; and the new officer, Paula, that you're all familiar with; and our Controller, Agliardi.

Before turning the floor over to Fabio, I would like first of all to thank everybody for having all the investors that have elected the ticket for the Board of Directors of the company, and also thank more particularly our shareholders that have been following us during so many years of the Capital Market in these almost 30 years, 27 years that I have been within it.

We were able to change the regional retail network with only eight stores into this biggest retail -- fashion retailer in Brazil, with international presence. And it is important to say that it was our culture of enchantment and our principles and values that led us in this trajectory of consistent results. So we're adding value for all our shareholders. These are the business drivers here at Renner. And I am sure that they will be continued both by Fabio as well as the wonderful team that we have and they will be continuing to deliver shopping experiences that exceed the expectations of our customers.

I understand that our competitive advantages are very important and the culture of enchantment, which is a strong difference that Renner has, and because there are just a handful of retail companies in the world that have this combined with all the products and services that we deliver and that are consistent with this new reality. And the new behavior of our customers will continue to be the focus of our work within the new cycle that we are living now.

And in order to continue all that, as it should be, we prepared ourselves over five years in a highly structured succession process and that not only identified Fabio, but also accelerated the development of the company's leaders as a whole for the execution of our new cycle which is a digital cycle. And I am sure that everything was very well planned and our transition was very smooth. And with no hurdles and it was very good, not for Fabio alone but for me as well. And very often people ask me, how are you? And I say, I'm very well because it's interesting when you have time to prepare your successor, in a way, you prepare yourself as well.

For the meantime, I would say, and I will continue here as Chairman of the Board and always supporting the strategic decisions and always in the philosophy that I have already

mentioned very often to all of you and placing as a guardian of our culture. And you may count on me in this next step.

And here I end my participation and I'm going to leave this room in order to leave Fabio and the team very well at ease.

And Fabio, I wish you all the best in the world.

### **Fabio Adegas Faccio** {BIO 19664887 <GO>}

Thank you, Galló, and good afternoon everybody. And I thank Galló for his more than 27 years and everything that he did for us and that certainly will continue to do as the head of the Board of Directors helping us in our strategic decisions.

As Galló said a while ago, our transition was very smooth and I'm sure that the description for this new phase is a continuity and evolution. I have been with Renner for 20 years already. I started as a trainee then I went through different levels in the store operations, reaching the position of store director. And afterwards after a period leading the logistics team, I was appointed COO not only for the stores, but also expansion architecture, engineering, card channels and e-commerce.

In the last couple of years besides e-commerce, I held the position of products officer and which encompasses not only the procurement part, but also style, research, visual merchandising, management of suppliers and quality. And I understand that all the accumulated experience and the participation that I had in the main strategic definitions and projects will be essential for this new journey.

As everybody knows, besides the organic expansion of stores in Brazil and abroad, we are focused on the increase in productivity of our stores and the execution of our new business cycle. Focus on digital initiatives that drive the other initiatives by means of the three large structural projects that we have. The first one is focus on the unique vision of the client. This project will allow us to better understand the needs of our clients and be more assertive in our service as well as in all contact points as well as in the decisions and communications at the -- in the end-to-end relationship with our brands and driving our sales.

In the second target, we are working on the digitation -- or digitalization of the product lifecycle. Maybe this is not very receptable to all of you, but certainly, this is one of the most transformational projects in the sense of contribution to our results and improvement of our processes. And by means of this project, we will improve all the processes since the development of collections up to the availability to the client with use of data and technology in order to have the best fashion products when and where the client wants and with the highest possible efficiency in our whole chain.

And we also have the third one. We are very advanced in the integration of the online and off-line channels and we already have many initiatives implemented in-stores in order to increase the speed and productivity of our teams, thereby improving client service.

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We have click and collect implemented in all stores in Brazil ever since last year, and still within this year, we will be rolling out the LFID to the same number of stores and we will start implementing the inventory management system, with the first pilot that will allow us to offer, in 2020, the omni experience to our clients. And they will be able to access the whole inventory of the stores in order to make their online shopping and we will be able to reduce the delivery time and also the cost of delivery and generate even more sales at the same inventory levels.

And these projects are already a reality within Renner. And combined, they will bring us a healthy growth with even more exciting experiences for our clients and as a consequence highly competitive margins, operating margins. And we continue to be committed with responsible fashion by means of the four strategic pillars, responsible suppliers and coefficient management, sustainable products and services and engagement of our stakeholders, making the theme even more present in the lives of all the stakeholders with which we have a contact. And recently, we strengthened some management areas and we appointed Henry Costa to our statutory directory and that has a very wide-ranging experience in the company, more than 20 years of wide-ranging experience and capacity to head this area.

You may be sure that we are focused on the strategy of the new business cycle and with results to deliver exceptional results by means of the enchantment culture that will be strengthened by the digital journey.

Now I would like to give the floor to Laurence, who will talk about the results that we disclosed yesterday.

### **Laurence Beltrão Gomes** {BIO 15361799 <GO>}

Good afternoon, everybody. This is Laurence. I would like to make a few remarks about our performance in the first quarter of 2019. The first quarter was marked by the continuation of the good pace of sales that we had in the fourth quarter of '18, with the correct execution of operations and good acceptance of the fall collection.

We saw a growing traffic in our stores. And we had growth in our revenues of 18% and same-store sales growing by 12.7%. And this percentage was better than what we expected and higher than the main market indicators, which proves our consistent gain of market share. Regarding the gross margin, in the first quarter of '19, we had a drop of 90 bps due to the effect of the exchange rate on imported items.

And in relation to operating expenses, I would like to draw your attention to the IFRS 16 effect. And as you were able to see, we had a reduction of 4.6% in operating expenses. Nevertheless, if we exclude the effects of the new accounting rules, we would have an increase of 10.8% in this item, much lower than the 18% sales growth. And this performance was observed mainly in selling expenses, due to the effective control over our budget and a higher control of both productivity and higher growth of sales during the period. But the retail EBITDA in the first quarter of '19 grew by 49%, with a 270 bps expansion in the margin due to the strong operating leverage and the recovery of tax

credits of BRL29.4 million. And combined they more than offset the exchange rate pressure on the gross margin, and the negative effect of BRL9.8 million, having to do with the implementation of IFRS 16. And net of this effect, EBITDA growth in retail operations would have been 55.7%.

Now talking about the performance of Financial Products. So the results dropped by 4.9 percentage as explained by the higher provisioning for losses and stability of revenues of the private label due to the lower participation of interest-bearing sales and the lower interest rates when compared to the first quarter of '18.

Talking about delinquency, even with the growth of 22% of the total portfolio driven by co-branded, Meu Cartao, we had a lower percentage of past dues and the weight of the net loss was stable in the overall portfolio. This result coming from financial products was already expected, and it does not change our growth perspective, healthy growth perspective for 2019. Thus, the total adjusted EBITDA was higher by 27%, reaching BRL316 million in 1Q '19, going up 140 bps in margin going from 17.8% to 19.2%. And net of the effect of the IFRS 16, the EBITDA margin would have expanded 200 bps, reaching 19.8%.

I would like to highlight our net income that reached BRL162 million in the quarter, a 45% growth. And the increase of 180 bps in our net margin in the first quarter of '19 was due basically to the better operating results in the period. Net of the IFRS 16 effect, net income would have grown 51%. Thus the ROIC of the last 12 months expanded to 220 bps reaching 23.2%. And these were our main remarks, and now we would like to be available to you during the Q&A session. Thank you very much and we will start now our Q&A session.

## Questions And Answers

### Operator

(Question And Answer)

Questions in Portuguese should be asked first and then afterwards, we will have time to ask questions in English. (Operator Instructions). Our first question comes from Mr.Giordano from JPMorgan. Joseph, you may proceed.

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

Good afternoon everyone and thank you very much for taking my question and welcome Fabio to your first conference call. I have two questions. My first question relates to the trend in gross margin throughout the year. There are some favorable items, and I think the base for the second quarter will be the most difficult one. I would just like to understand what was the base effect here last year, so that we can have a better idea of how you will perform in the future? And then you have SG&A and then I think that you've grown about 9%. And I would just like to understand whether this work, once I adjust it by store opening should be like my basis for the year or whether you have any other structural projects that should be coming along the way and that should probably affect the calculation?

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## A - Laurence Beltrão Gomes {BIO 15361799 <GO>}

Joseph, this is Laurence. Thank you very much for participating. In terms of the gross margin, I believe that the greatest effect comes from hedging. The comparison basis is last year so the hedge will vary, it's much higher when compared to the hedge of the first quarter of last year.

Now in terms of the exchange rate, I think, this is just the first quarter, so our hedge is less favorable. We believe that all of the initiatives that we've been implementing in all of the actions and investments in terms of products, and store operations and also the fact that we're having more skillful teams have given us more assertiveness. And as a consequence, we are now focusing on lower markdowns for this year.

With that, we believe that it is possible. It is a challenge as well, but it's possible to take for a more stable margin in 2019. In terms of SG&A, I think that there has been continuous work in the area of productivity, particularly in the store. This has been very efficient work that we've been conducting and it's also important to say that this was very much caused by the sale that came above our expectations. Most of the -- this percentage or this reduction in the operating leverage, most of it comes from the delay or the fact that we will pay some expenses further in the future. But we are committed to deliver a very good operating leverage despite all of the projects that we are currently working on, structural projects that we mentioned before not only those that Fabio mentioned, but also projects related to the expansion of the company in Argentina, the opening of stores in Argentina because that will incur further expenses, not necessarily revenue.

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

Just a follow-up question. So when you refer to the fact that you would have a flat gross margin for this year, when we look at the results of the other quarters, maybe it will be more reasonable for us to think in some sort of distortion in the retail EBITDA margin, does that make sense?

## A - Unidentified Speaker

Well, I think we have some non-comparable items like if you look at profit sharing, profit sharing of last year, maybe this is one of the main aspects, but this will certainly depend on the pace of sale. I think that we can have some operating leverage, also maintaining a very strict control of our expenses and having a smarter utilization of all our resources and projects. And through all that, we will be able to mitigate that margin difference or that difference that we had in profit sharing last year and this year.

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

Okay, perfect, thank you very much.

## Operator

Next question is from Luiz Felipe Guanais from BTG Pactual. You may proceed sir.

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

Good afternoon everyone. I would like to know whether you can already see some productivity increase coming from the multi-channel approach and what is the contribution of multi-channel vis-a-vis the rollout of other projects of the company like push and pull?

**A - Laurence Beltrão Gomes** {BIO 15361799 <GO>}

I think that we already have some figures. We are still in the early stages of deployment, but sales from ecommerce, I can say that 30% of it is store pickup. From that pickup volume, 10% of that generates additional sales. From additional sales, the average ticket from additional sales is 20% higher than the average ticket of this company. Therefore, I can clearly say that there is some synergy and we do believe that we are still in the infant stages of the total integration of our turnaround.

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

Excellent, Laurence. And I just have a follow-up question related to other projects of the company. One, when Fabio said earlier on, and you talked about digitalization, is it possible to see any contribution from this multi-channel approach and this online movement through push and pull. Because that causes the expansion of your customer base and you have more information about consumer purchasing behavior.

**A - Fabio Adegas Faccio** {BIO 19664887 <GO>}

Hi, this is Fabio. Thank you for your question. In fact, we will have gains, yes, but it is still very soon to tell because we are still capturing information. There are some more elaborate models like using some algorithms. So certainly, this will bring about future gains. However, we are still running pilot projects, and therefore, they do not have a relevant impact in our current numbers.

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

Thank you very much.

**Operator**

The next question from Thiago Bortoluci. You may proceed sir.

**Q - Thiago A. Bortoluci** {BIO 17950069 <GO>}

Good morning. From -- I'm from Goldman Sachs. I have two questions. First of all a question to Laurence I think. My question is whether -- is about whether you will have to -- whether we should consider any operating rates that have not been mentioned thus far or whether they will be related to some other projects related to SG&A?

Well, still about RFID, what will be the benefit that you can already see coming forward by 2020? And where do you see better potential and what are the possibilities, other possibilities to use this technology? And the second question is whether you can talk about store traffic and same-store sales, whether there is an overall improvement in

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traffic in the malls or that was probably due to good execution and more assertiveness in the stores and or whether you were able to have better sales conversion coming from the traffic in the stores?

### **A - Laurence Beltrão Gomes** {BIO 15361799 <GO>}

Hi, this is Laurence. In terms of all the expenses and the impact coming from the implementation of the projects, these have all been contemplated in our numbers, our margin expectations and in sales operations. So they've all been duly mapped out. We also believe, like when we talk about all of the other projects, once they're all combined, they contribute to competitiveness of the company because of the fact that we will maintain our competitiveness.

Throughout our history, we've been posting consistent growth and we are also growing with profit in operating margins. There has been a consistent growth. Therefore, we believe that the combination of all the projects and all of the improvements will allow Renner to continue to improve its value perception. And also gradually as it has been throughout our history, we will continue to gradually expand our operating margin slowly but very consistently. Now in relation to same-store sales in Q1, I think 60% was fixed, and I briefly mentioned that before but what we have -- what we've done in previous years is that we've been investing in product development.

We are investing in store operations and making our teams more professional and better equipped. And also, we're focusing on the communication flow between the store and the product areas. Therefore, we believe that this performance is mostly due to internal factors due to the fact that we are improving our operation and our procurement area. And this also reflects some past projects that can certainly explain this gain in share in our performance in Q1.

### **Q - Thiago A. Bortoluci** {BIO 17950069 <GO>}

Thank you.

### **Operator**

Next question from Julia Fagá from Itaú. You may proceed ma'am.

### **Q - Julia Fagá**

Good afternoon. First of all, we would like to look at SG&A briefly. You talked a little bit about it, but I just want to understand that breakdown a bit better. And whether you probably delayed something for the second quarter and what would be the impact of that. And then going to the digital world, we know that your API has performed very well. Could you share with us what that means and whether -- what led you to that situation and what kind of benefits we should expect from this? Or maybe omnichannel sales; that was something you also mentioned.

### **A - Laurence Beltrão Gomes** {BIO 15361799 <GO>}



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Julia, this is Laurence. Thank you for participating on our call. I'll start by answering your first question and then Fabio will follow on, answering the second question. About SG&A, basically that's related to our calendar or even marketing issue and things that were postponed to the second quarter. There's nothing relevant. There is nothing that needs -- that merits any attention in relation to SG&A. There's nothing new.

Now Julia, about your question about omni and the digital cycle and the integration between off-line and online, we are doing a lot of things. But we still have a lot more to do. The growth of the API is way above the market growth due to several factors. We improved our platform in terms of the API. We have national coverage and great popularity, and this also adds a lot to our results. But we still have a lot more to do. There are further improvements that can be done, and all of these issues related to the digital cycle, and very soon, we will be able to access the inventories and operate that inventory to our customers. So that we can lower our costs by doing that and also improve the service to customers. And by the same token, we will increase profitability.

Therefore, we will invest more in that area. But there is still a lot more to be done, and certainly, that will add better services to our customers and better returns to our company.

### Q - Julia Fagá

Great, Thank you very much.

### A - Laurence Beltrão Gomes {BIO 15361799 <GO>}

Thank you for your question.

### Operator

Next question from Gustavo Oliveira from UBS. You may proceed sir.

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

Good afternoon everyone. Thank you for taking my question. I have a follow-up regarding same-store sales. Laurence, you said that some things are seeing some internal improvement, but you also said that the numbers were above your expectations for the quarter. Was that -- what was it that surprised you, the average ticket or what?

### A - Laurence Beltrão Gomes {BIO 15361799 <GO>}

Gustavo, thank you for your question. It was traffic, store traffic.

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

Okay, great. And my last question is about working capital. As of 2015, the cash conversion cycle has been at the margin. But I think there was a reversal this quarter. I think that the trend changed a bit. I don't know whether this will be more stable or whether you're able to reverse that. How are you projecting your cash conversion cycle maybe through digital operation or integration of inventory? Do you think that by 2020, we will be able to see a significant improvement in working capital?

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**A - Laurence Beltrão Gomes** {BIO 15361799 <GO>}

I think that we do believe that for next year, we will see inventory increase very similar to the sales increase numbers. The issue of working capital is such that we don't see any changes in relation to what could be coming from this new digital cycle. We don't have anything. Our working capital requirement or even cash flow, in this regard, the levels are still very healthy. There is nothing that would cause any changes to the current numbers. CapEx will be at very similar levels as well. Now in relation to the effect of RFID, that may lead us to improvement in turnover. And maybe the operation as a whole will be able to generate more sales with the same level of inventory.

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

In addition to these comments, I think that in general, do you see the possibility -- you said before. You talked about flat gross margin and EBITDA margin should probably increase by the end of 2020, or do you think that it should continue to grow in the coming years?

**A - Laurence Beltrão Gomes** {BIO 15361799 <GO>}

That's possible. We believe in that possibility.

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

Okay, thank you.

**Operator**

(Operator Instructions). Our next question is from Mr. Tobias Stingelin from Citibank. You may proceed sir.

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

Thank you, thank you. Good afternoon. Galló is not here anymore, but congratulations, Galló. I think we all learned a lot. Investors also made a lot of money, so thank you very much. Looking forward, I know that you have a new position, you have structuring projects and you have a very clear idea of what the company has to do in the next few years even looking in the long run. But looking from your position now, what are your priorities? I know that you're sitting in a different position now, so what is your main priority? And I have another question for Fabio.

**A - Fabio Adegas Faccio** {BIO 19664887 <GO>}

Tobias, this is Fabio. I'll have to answer both questions because Galló was only here for the opening because he just wanted to thank you. And I don't think whether the call was cut off, but he just announced that he was leaving the room. He only said the opening remarks and right after the opening remarks, he left this room, but I will convey your compliments to him. I will just try to convey his view. He will continue to support us in all of the strategies that we have in mind, and he as a member of the Board and together with the other Board members, they will give us their full support. And certainly he has a lot of knowledge and it's very good for all of us.

The strategic decisions, the ones that he has mentioned before, they are part of a team effort, Galló, myself and all of the other officers, we are all very much aligned with the next moves and the next scenarios envisioned by the company. So those executives and Board members are quite along.

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

Okay. So let me wish you the best of luck again. And as I'm already talking to you from all the projects in your pipeline, I know you have quite a few. What is your priority? I know that everything is a priority, but is there any project that in the next three to six months will take more of your time? Is it RFID or what is taking more of your time?

**A - Fabio Adegas Faccio** {BIO 19664887 <GO>}

In fact, this is all part of the digital cycle. Well we work here technically because we have people who take ownership for each front. In my case, we have some executives in charge of different areas and each one works with different topics. In terms of RFID, this is something that is quite advanced. We are now in the rollout phase. We started the rollout this month and we will do some more throughout the year. So this is more like an execution phase and it certainly merits a lot of our attention as well. And in terms of the other projects, some of them are still running on the pilot phase and others are being deployed at the moment and some are already in the execution phase. But if I could mention our priority, that will be the digital cycle.

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

Thank you. Thank you once again. In terms of Argentina more specifically, how is the status of that? Are you putting together the teams and what is the status of that project?

**A - Laurence Beltrão Gomes** {BIO 15361799 <GO>}

Tobias, this is Laurence. The project is according to schedule. We are already getting the teams together, drafting contracts, we are getting ready to open the stores before the end of the year. We intend to open three stores by the fourth quarter of this year. So everything is running according to schedule.

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

Okay, great. Thank you very much.

**A - Unidentified Speaker**

I think we received a question via webcast, and the question is about share of -- loss of share in the private label, whether we see any possibility of changing the model of the car or probably offering some advantage related to co-branding that has a lower cost. This is the question, but the answer to that question is that, well, first of all, we understand that these are two complementary products. The private label is the entry gate. That's where we initiate the relationship, but the co-brand card is a loyalty tool or is a relationship tool. That brand, we have a more intense participation in the lives of our customers and that finally helped them to solve problems, issues or through other things. And we have a road map of initiatives. We are working diligently in that regard. We restructured our teams.

Now we are migrating the issuer. In April, we are doing the migration from private label to Realize, so as of April 12th, all transactions coming from private label are now being conducted by Realize. So there are some initiatives in progress and we are working on them. I would rather not elaborate more on that but we are revitalizing the private label in order to improve the purchasing experience. The card is important and there is a very important connection between our customers and our Renner card. That's the idea at the moment.

## Operator

Our next question from Elena Rivaldi from Bradesco Bank. You may proceed ma'am.

## Q - Analyst

Good afternoon and thank you very much for answering my question. In fact, I just want to hear something about financial services. You are introducing digital wallet and many other initiatives on the financial front. I would like to know whether you have any projects in that regard and what could be expected until the end of the year? I just want to understand whether this private label connection, in my understanding, should improve the results of Realize.

## A - Laurence Beltrão Gomes {BIO 15361799 <GO>}

Elena, thank you for your question. This is Laurence. Last year, we started to introduce several digital initiatives in the area of Financial Products. Today, almost 100% of all of the activities related to maintenance and acquiring of credit et cetera is done digitally. We have an app for the credit card and initiation occurs through biometrics. Customer can have a digital credit card through their mobile phones.

We have service 24X7 and customers that are delinquent can also use the portal offers to negotiate their debt. The portal offers several -- about 15 negotiation initiatives. If none of them is accepted by the customer, they can come up with a counteroffer. And through a robot or artificial intelligence, the proposal from the customer can be accepted or not, and this gives a lot more flexibility to our financial area. We increased the level of agreement by almost 30%. But this I believe is a plus. As I talked about our product portfolio and as part of the product roadmap, we want to revitalize our co-brand cards and the means to do the revival of the products is through digitalization.

Now in terms of the migration, there is no relevant effect if the change is almost flat in terms of migrating to Realize. So the effect is almost neutral.

## Q - Analyst

Okay, thank you.

## Operator

We now conclude the Q&A session. I would like to give the floor to the officers of the company for their final remarks.

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## A - Fabio Adegas Faccio {BIO 19664887 <GO>}

Well, thank you all very much for your attention. We are always available to provide additional information to our IR team. Have a good afternoon and a very good weekend.

## Operator

Lojas Renner's conference call has now concluded. Thank you very much for participating and have a very good afternoon.

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