1Q22 Grupo Exito Results Conference call

Operator: Welcome to the Grupo Éxito's first quarter 2022 results conference call. My name is Sylvia and I'll be your operator for today's call. At this time, all participants in a listen only mode. Later, we will conduct a question-and-answer session. During the question-and-answer session, if you have a question, please press zero (0) one (1) on your touchtone phone. Please note that this conference is being recorded.

I would like to invite all participants to submit your questions first in the Q&A box in the webcast presentation in order to ask questions on the phone conference at the end of the call. Please include full name and company. Only these questions will be taken into consideration for the live Q&A session accordingly. Your question can also be read by us if instructed by you. I will now turn the call over to Maria Fernanda Moreno, Investor Relations Manager. Mrs. Moreno, you may begin.

Maria Fernanda Moreno: Thank you, Sylvia, and good morning to everyone. Thank you for joining us today for Grupo Éxito's first quarter call. At this time, I'm pleased to present our Chief Executive Officer, Mr. Carlos Mario Giraldo, and Chief Financial Officer, Mr. Ruy Souza.

Now, please move to slide number three to see the agenda. We will cover Grupo Éxito's financial and operating highlights, performance by country and consolidated financial results for the first quarter operations in Colombia, Uruguay and Argentina. The call will conclude with a Q&A session. Thank you for your attention. I will now turn the call over to Mr. Carlos Mario Giraldo.

Mr. Carlos Mario Giraldo: Thank you very much to you all for being present for this call about our Q1 results.

I will go to slide number four and speak about the main highlights of the quarter. Definitely, it was historic retail growth in the sales of Grupo Éxito, with a total same-store sales growth of 20.6%, driven by innovation in our format, by omni-channel penetration of double digit. Even with open stores, it maintains a top LatAm double-digit share, and by the contribution of our complementary businesses. Our EBITDA grew by 15.8%, with a margin of 7.7%. If we adjust this EBITDA by the development fees and sale of real estate property and exclude it from the base and from this first quarter, the increase in the EBITDA will be 35%, which maintains a very good trend of profitable growth for the organization, as we have seen in the previous quarters of last year.

If we go to slide number five, we speak about our ESG initiatives, our environmental, social and governance. First, speaking about our social initiatives, I would highlight that we continue to work in the zero malnutrition vision for Colombia, supporting the first age of children in Colombia in nutrition. This first quarter, we supported 24,000 children with a total investment of COP 3,800 million. Also in the social part, we were granted with the Gold Seal of Equipares, which is a program by the Ministry of Work, which recognizes the companies which are leading the trend in equality of gender in Colombia, not only in their policy, but also in the practice, in the company.

We launched, jointly with the Colombian government, a brand which is called "Paissana", which was developed by Éxito but has been donated to the Colombian State so that it will be an umbrella brand for all the products that come from the territories of reincorporation in Colombia. Éxito will build this brand with corners in the most important stores of the country but it will be available for any other retailer and even for export in the future. It tries to give value to this production coming from the *campesinos*, from the peasants, in the different reincorporated areas of Colombia.

In the environmental side, I would highlight that we continue to lead recycling in Colombia with almost 5,000 tons in this first quarter, both of carton and of plastics, and that we launched with the Ministry of Environment and with Celsia a program to be able to introduce 1 million trees into different areas, of course, in Colombia. This is open to our customers and we are inviting our customers to redeem directly trees. More than 50,000 trees have already been redeemed. This is important because it gives notoriety, visibility to this environmental importance of Colombia within the concrete goal of having more than 180,000 trees in the following four years.

In the governance part, the main point is our buyback share program, which has been already announced and will be executed in the following months, where the main governance highlight is that all shareholders will receive equal treatment and the valuation to establish the price of the buyback will be done with the support of a third-party independent evaluator.

Going to slide number six, we speak about the Colombian commercial performance and the strong dynamics that we are living in Colombia. Sales in Colombia increased by 20% in same-store sales. And even there is an important inflation in the country, our volumes went up 7.4%, which shows the strength of the commercial strategy of the company. This comes in the middle also of same-store sales market share gains during the first quarter. It is important to highlight that while the country has, until March, a 12-month full inflation a little above 25%, the inflation of Éxito to the market is 15.9%. This is more than 9 points below the Colombian full inflation. This makes us competitive in pricing, but at the same time, it takes us to protect the acquisitive capacity of our customers. In the 12 months, we have opened 57 stores and, as we said, we will be opening near to 60 stores during the year, including six stores that we will operate and that belonged to La 14 in the Valle region in the past.

Going to slide number seven, we will be looking in detail to the growth in the different segments and brands of the company. The interesting thing is that we see a very stable growth in the three segments and there is no segment that underperforms. For example, in the premium segment, Carulla had a growth of 15.7%; in the mid-market segment, our Éxito brand showed a growth of 20.4%, and the low-cost segment that includes our brands cash&carry Surtimax, Super Inter and Aliados has shown a growth of 23%, a little above the rest of the segment and probably answering to market trends. Surtimayorista within this low segment as the highest growth, with a very strong 41% same-store sales that we believe will go forward at least during the next months.

If we go to slide number eight, we speak about our innovation formats. As you know, we have been consistent in the last years by doing a WOW innovation in the hypermarket, which is one of the important innovations for hypermarkets in the world. An innovation for our premium Carulla brand through the FreshMarket and for Super Inter through the Vecino, very popular supermarket proposition. As a whole, our innovation formats now account for one third of the total sales of the company. That is, after these years it has become absolutely material.

Looking at Éxito WOW, now the Éxito WOW stores sum up 29.5% of the share of the Éxito sales. All stores that have been opened for more than 24 months have a growth which is 30 percentage points above the rest of the Éxito stores. So, it has a high impact in growth and an ROI of 31%. So, it's a very profitable growth proposition.

Looking forward, we have a potential in the next five years to take into the WOW concept a potential 131 stores. That is 32 stores with a full WOW concept for big hypermarkets and 99 stores with a mid-size economic but very aspirational proposition in other hypermarkets of Éxito.

Looking at Carulla FreshMarket, it now accounts for nearly 46% of the share of Carulla. So, it will be the first brand and format to arrive to more than half of the sales under the innovation format. It has a potential in the following five years of conversion of 58 stores, 16 full-size Carullas and 42 mid-size Carullas. Those Carulla FreshMarkets that have been open for more than 24 months have a growth of 12.6 percentage points above the rest of the Carulla stores and as a whole, the FreshMarket has an ROI of 10%.

Our Super Inter "Vecino" has now a 47% share of all Super Inter sales. We have a potential of 40 more Super Inter stores, and 30 new Super Inter stores in the following years, and it has also a growth of 12.9 percentage points of those stores under the Vecino concept if we compare the first quarter of 2022 against the first quarter of 2021. We still do not have Super Inter stores with more than two years because it was the newest of our innovation propositions.

It's also important to speak about cash&carry. Cash&Ccarry is now arriving to its fifth year as a format in the company and our Surtimayorista cash&carry is accounting now near to 5% of the total Éxito sales. Really, it will be one of the most important expansion formats for the company given the good success it is having, both with end consumers and with professional hotel restaurants and mom-and-pop customers. We have a potential of 75 cash&carries, as we see it today, in the following five years. And as a whole, those that were converted from other brands have 2.1 times the sales per square meters that they had against the previous brand, if we look a period of 24 months. The ROI of cash&carry is very positive with a 13.7%, given especially that it is a format with a low investment for square meter.

If we go to slide number nine, we speak about omni-channel, omni-customer strategy. [audio drop – 0:15:36.4]

I will continue. I hope you're hearing me. So, in this omni-channel strategy, what I was saying is that the growth of 8.8% is very interesting if we understand now that it comes in a moment where all the physical stores are open. We had a total of 2.6 million deliveries for the quarter, and the share of sales in omni-channel were 9.6% in food and 16% in non-food. The food share is in the top of the Latin American format for food sales in omni-channel alternatives. That is, last mile, E-commerce, WhatsApp, and Click & Collect, as we combine all these forms of alternatives for our customers.

In slide number ten, we see some of the initiatives in omni-channel strategy. Our apps of Éxito and Carulla now have 1.7 million downloads, and they are absolutely a priority for us. Our marketplace has a share of 22% of non-food. The Click and Collect service, that is, when we have a purchase from our customers in any of the different means: e-commerce, marketplace, over the app or WhatsApp, etc. and it’s delivered at the store that the customer selects, which is a real competitive advantage against pure players of e-commerce, both in food and non-food that we can now account for one fourth of the total sales in omni-channel for the company. The last mile initiative with our partner Rappi, a service we called Turbo. This service now accounts for 30% of the total sales that we do in alliance with Rappi in food.

Going to slide number 11, we speak about monetization, that is, how we profit from our square meters of stores and also from the visit of our customers both off and online. Here, what is important to say is that Tuya, our financial service, accounts 2.8 million credit cards and the loan portfolio accounts for COP 4.1 billion with a very dynamic increase of 36%. Tuya Pay now has near to 1 million customers and it is the only digital wallet [audio drop - 20:14]. And the banking service has become very important for Tuya. Alliances with banks for Alkosto, for Viva Airlines, for Transmilenio in Bogotá [audio drop -20:31] …. Issue or redeem Puntos Colombia and pay for that service. We have now in Puntos Colombia 5.7 million active [audio drop - 21:08] against the customers that we had in the same quarter last year. Puntos Colombia now has a low double-digit EBITDA margin, which is very positive at this point.

I will turn the call to Ruy Souza, our CFO, and then come back for conclusions.

Ruy Souza: Thank you, Carlos Mario. Thank you for being with us. [audio drop 21:52]. One is regarding development fees and property commercialization. And the other is about [audio drop 22:20] administrative fees that we have within the business. The total gross leasable area for the whole business is 763,000 square meters with regards to shopping malls and commercial galleries. The occupancy rate for Q1 closing was [interference - 22:41].

Sorry for the technical problems.

Okay. So, getting back to slide 12, I was talking about the real estate business, mentioning that the total gross leasable area for the whole business is 763,000 square meters, with regards shopping malls and commercial galleries. The occupancy rate for the Q1 closing was 93%, almost reaching pre-pandemic levels, and revenue from rentals and administrative fees grew 34% versus last year. And we also had during the first quarter of 2022 COP 26,000 million of revenues from both property sales and COP 33,000 million of development fees during this first quarter of the year.

As part of our real estate business, we have the investment vehicle called Viva Malls that accounts for 568,000 square meters within 18 assets. This is part of the total business which I was mentioning, that has 763,000 square meters. For Viva Malls, we will begin to disclose the figures from now on. We've almost completed five years by the end of 2021 and now it is enough mature to start to speak about the main figures. So, beginning 2021, just for you to have the full year perspective, Viva Malls had COP 289,000 million of revenues and COP 183,000 million of EBITDA, which is a comparable margin to the market of 79% when we adjust the dealing of common areas expenses. Viva Malls, during 2021, represented almost 12% of the recurring EBITDA of the company. For the first quarter, the performance of Viva Malls was very positive. Revenues grew 21.3% and EBITDA grew 51.2%. Here, it's important to mention that all the property taxes for the whole year is accounted and accrued on the Q1. This is why the Q1 margin is below the full-year margin that we expect actually that this year will be comparable or above 2021.

Now, moving on to slide number 13 to review our main highlights in terms of financial performance in Colombia, I would like to highlight that the EBITDA grew 8.4% or a strong 31.7% when we adjust the development fees in property sales from both years. In Colombia, during the Q1, the sales performance was once again boosted by the innovative formats together with the contribution of omni-channel, which persists even with the reopening of brick-and-mortar stores to full potential. The Colombian perimeter posted 20.8% of net sales growth and an impressive 7.4% of volume growth. The gross margin evolution was -162 basis points, which is explained by a roughly stable margin [audio drop – 27:01] segment and lower income from the real estate development [audio drop – 27:08] we can see that the evolution, the growth was below the sales evolution, which leads to an improvement of 130 bps in terms of rate, leading EBITDA to 7.4% margin, having 2 bps below 2021 but [audio drop – 27:31] above 2020 and 80 bps above 2019, which is a very good perspective. When we see the EBITDA evolution versus last year, [audio drop – 27:47] is explained by a positive contribution from the retail business of COP 30,000 million [audio drop - 27:55] from the ordinary or complementary businesses. [audio drop - 28:03] … The real estate development activity, which is why we are talking about adjusting the EBITDA evolution in the first time.

So, moving to slide 14 now, talking about Uruguay. The main highlight here is that EBITDA margin grew 84 bps to a solid 11.4% margin, which is also above the fourth quarter of 2020. In Uruguay, net revenues grew [audio drop - 28:48] thanks to a same-store sales growth in local currency of 11.8%, which is also above local inflation. This was boosted by a better tourist season compared to last year, although this is still below pre-pandemic levels and it was also boosted by the omni-channel evolution in Uruguay, which was a plus 10.5% growth and also by the consistent contribution of the FreshMarket stores in that country.

In terms of gross margin, you can see that it was pretty much stable and the top line performance contributed to the expenses dilution and improvement in terms of rates by 87 bps. That explains basically the evolution in terms of EBITDA. The EBITDA for the Uruguayan perimeter reached COP 86,000 million for the first quarter.

Now, going on to slide number 15, we see that Argentina also posted a strong EBITDA margin evolution of 244 basis points from improved retail and real estate performances. EBITDA margin for the first quarter was also above 2020, which means that the business is fully recovered from the pandemic situation. In terms of same-store sales in Argentina, we posted a 63.1% growth in local currency, which is above inflation and for the third consecutive quarter. In real estate, we also had a good performance during the first quarter and the occupancy rate reached almost 90%. The gross margin for the quarter improved 84 basis points thanks to higher volumes and higher contribution from the real estate and expenses grew below sales and improved 149 basis points in terms of rate. In terms of EBITDA, the results for the quarter was a positive COP 7,000 million compared to zero last year.

To review our consolidated results, let's move on to slide number 16. The main highlight is obviously the EBITDA evolution. EBITDA grew 15.8% or 35 when we adjust from the real estate development fees from both years. The EBITDA evolution is explained, as I was mentioning in the Colombian perimeter, by a positive COP 57,000 million contribution from the retail business, a positive COP 24,000 million from the ordinary activity of the complementary businesses, and COP 33,000 million reduction from the real estate development activities. And this is how we explain the evolution from COP 310,000 last year to 355,000 million this year. It is also important to mention that when we compare to the previous three years, the margin for the first part of 2022 was 7.7%, 30 bps below last year. However, 120 above 2020 and 7 bps above 2019.

As I mentioned before, net revenues grew above inflation in all three countries to a consolidated growth of 20.5% and gross margin presented a decrease of 109 bps due to the reduction on the development fees while in expenses we see an improvement of 110 basis points. Finally, the net group share results reached a solid COP 65,000 million for the first quarter, boosted by a positive operational performance and impacted by a few elements that we will review on the next slide.

So, please move on to slide number 17. Okay. So, the net result evolution from the COP 85,000 million last year to the COP 65,000 million this year is mainly explained by the positive contribution from the operational results amounting to COP 36,000 million. Second, a reduction in terms of non-recurring expenses amounting COP 7,000 million versus last year. Third, roughly stable financial expenses, despite the higher repo rates, thanks to negotiation efforts. Fourth, higher tax related both to the operational improvements and to the tax reform impact. And last, fifth, temporary effects on Tuya provisions that are impacting our income from associates. This is explained by a strong loan portfolio growth that Carlos Mario showed us being plus 36%, even with a low level of non-performing loans and this is why we believe this is just a temporary effect.

Moving to slide number 18, regarding our cash and debt situation at holding level, I'd like to mention that the financial debt position improved by COP 57,000 million, even with the anticipation of the dividend payments of COP 531 per share when compared to last period. And the cash flow generation to shareholders improved from COP 397,000 million regarding the LTM of December 2021 to COP 567,000 million regarding the LTM of March 2022.

Now, before turning the call back to Carlos Mario, I would like to give you an update on the share buyback proposal that more than one month ago the general shareholders meeting instructed the board to regulate. So, at this moment the board is elaborating the procedure and coordinating the process. The process is very important to mention that involves a valuation made by an independent third party with widely accepted methodologies. The buyback will also guarantee equal conditions for all shareholders in terms of price, terms and procedure, regardless of their stake of the company. And the process, if approved by the general shareholders meeting, will take approximately 20 days from the approval.

In this moment, I would like to give floor to Carlos Mario to go on with our main conclusions for the first quarter. Thank you.

Carlos Mario Giraldo: Thank you, Ruy.

If we go finally to slide number 20, we have the conclusions for the quarter. As you can see, it's a quarter which has a solid retail performance with operating efficiencies in our costs and an EBITDA growth of 15.8% from a consistent customer-centered strategy. This growth would be 35% if we do not take into consideration the non-recurrent real estate income.

At the consolidated level, we have profitable sales of plus 21.9% and same-store sales are plus 20.6%, above CPI levels across all countries and with volume expansion.

We have a consistent contribution to sales coming from our strategies of innovation in formats, omni-channel penetration, and traffic monetization. The solid recurring EBITDA growth of 15.8% comes from the solid top line growth, our operating efficiencies, and the real estate contribution. It is 35% growth in EBITDA, as I said before, when adjusting by development fees of real estate and property sales in both periods.

The net result contribution from retail is adjusted by the effect of tax rates and a higher provision of Tuya from improved commercial performance, from the growth that Tuya had, and also it's impacted the net result by the interest rate hike.

Viva Malls also continue to be a key lever for the company's results, contributing 11.9% in 2021 and 8.4% in 2022 in the first quarter. And clearly, we see a consistent advance in all our ESG strategic pillars.

If we go to Colombia, sales are boosted by a share of innovation, 33.5% omni-channel penetration, 11.8% share in sales and volume gains of 7.4%. EBITDA growth by 8.4% reflected a solid retail performance and internal efficiencies. EBITDA is plus 31.7% when adjusting by development fees of real estate and property sales in both periods.

In Uruguay, it remains as the most profitable operation as margin, with 11.2% EBITDA margin, and it had an improved consumer trend and strict expense control. And in Argentina, real estate and operating efficiencies led EBITDA margin to reach 2.4%, plus 244 basis points, and to maintain a stable cash position.

This will be our presentation for today and we will open it now to the Q&A session.

Operator: Thank you. We will now begin the question-and-answer session. First, we'll go with the audio questions and then we'll read and answer questions coming from the Web. If you have a question, please press zero (0) one (1) on your touchtone phone. If you wish to be removed from the queue, please press zero (0) two (2). If you are on a speakerphone, you may need to pick up the handset first before pressing the numbers. Once again, if you have a question, please press zero (0) one (1) on your touchtone phone.

And once again, it's zero (0) one (1) on your phone.

And our first question comes from Alonso Aramburu. Please go ahead.

Alonso, please go ahead.

Carlos Mario Giraldo: Alonso, I would suggest if you have a problem with the voice, that you write the message and we will take the question. Meanwhile, we can go forward with those questions that we have received by writing.

Operator: Perfect. And the first question from the web is from Julian Ausique, from Davivienda Corredores. "Good morning to everyone. Thanks for having my questions. First question, could you give us more color about the advances on the share buyback plan? Second, can you explain a little bit more into inflation pressure you had during the quarter? And what is your expectation and sense for the rest of the year and how would you face those pressures? And lastly, what do you mean a presentation by GSA, buyback program part?"

Carlos Mario Giraldo: Yes, I will take the first two questions. Thank you. In the share buy plan, what we would say is that we are in the process of ending the valuation done by a third independent party. This would be the support for the Board of Directors to make a recommendation to the General Assembly to establish the price for the buyback. As you know, we have a reserve of around COP 340,000 million for this buyback and the process and the timing will be developed during the months of May and June, very probably.

With respect to inflation pressures, we have inflation pressures at two levels, and I want to distinguish both. One is the consumer inflation in prices, especially in food. Here, as I said before, as of March, 12-month food inflation in Colombia is the highest in the last years. It is at 25.3%. However, the inflation of Éxito to the market is at 15.9%. That is 9.5 points below the inflation in the country. This comes from a very important productivity effort of the company to protect the acquisitive capacity of our customers and, of course, the competitivity of our brands in the market, in a moment where this is the main concern for customers. We do it through working with our unbeatable products. They are low price, first priced products and being very productive with those suppliers, which are mostly private brand suppliers. We do it also by anticipating purchases before there are increases in prices. The inventory is a little bit high for the moment, but we think that it is worthwhile in this very important moment. And we do it also through the efficiency of our supply chain. Obviously, there is also an impact of inflation in our costs, especially coming from salaries. 10% increase in Colombia, energy costs, double digit, and internal supply costs, which are also high. Especially, but really, we have been able to cover them through productivity initiatives. Looking forward, we think that inflation in food will gradually go down, especially when we compare in the second semester, where inflation in food was already high. So, the comparative base will be different, but we will continue working to maintain our price position in a very competitive point. We think it is key in this historic moment of the country. Those would be the answers.

Operator: Thank you. Our next question comes from Guilherme Vilela from JPMorgan. "My first question is on how the company is perceiving the competitive environment across the regions it operates, with special attention to Colombia? And the second question is if there are new opportunities for consolidation, such acquisition of stores for competitors? Thanks again."

Mr. Carlos Mario Giraldo: Could you repeat the first question, please?

Operator: Sure. "How is the company perceiving the competitive environment across the regions it operates, with special attention to Colombia?"

Carlos Mario Giraldo: Okay. So, first let me make a comment about Uruguay, which is important. In Uruguay, competition is very stable. We continue to have a market share of around 43%, and our most important competitors continue to be Ta-ta, MultiAhorro and Tienda Inglesa and we continue developing at the same rhythm of the market. So, our performance will be more a matter of the development that we will see in the local market.

In Argentina, we have been at the level of competition with a stable market share. As you know, we are concentrated outside Buenos Aires and our strategy especially to strengthen our real estate business has been paying off.

In Colombia, as you know, the competitive scenario is very strong. The interesting thing is that both last year and in the first quarter of this year, we were gaining same-store sales market share. Of course, it has to do with a combination of innovation, of omni-channel penetration through last mile service in food and at the same time of a very competitive price position. We believe that the company has a good proposition against even the important phenomenon of discounters in Colombia through our unbeatable products, through our cash&carry, our Aliados strategy going to mom-and-pops. And at the same time, the strength of our private brands, especially Ekono and Frescampo, which go to this low-cost segments of the population. And we believe that by the massification of our last mile service, we will be able to arrive to many, many places through our proximity digital proposition, which is different from our proximity physical proposition.

In the competitive scenario in non-food, Éxito is performing very well both in its textile business and its digital electro business.

When we speak about consolidation alternatives, we are open to explore other consolidation alternatives. Of course, we cannot speak about that, but the financial position of the company permits to explore those consolidation alternatives. Of course, we want to be selective and we want to make choices that add to our profitable growth, as we have done with the six very important stores of La 14, which will begin to operate under our brands during the quarter three and quarter four of this year, all of them converted into Éxito WOW proposition.

Operator: And the next question, "What about the repurchase program? When? And GPA will participate or it's going to be only for the rest of the stock remaining at minority stockholders? And what is the outlook or the perspective about income for the year?"

Carlos Mario Giraldo: I will take the first one and Ruy the second one. The buyback share proposition is directed to all the shareholders of the company in equal price, equal conditions, equal terms. Obviously, we do not have any information about acceptance because it still has not been officialized the price and the period. That will come in the future. So, we have no special information about that different from saying that it is an equal opportunity and equal rights to all the shareholders of the company, majority shareholders and minority shareholders. I will take the second part of the question to Ruy.

Ruy Souza: Hello and thanks for the question. I would like to start by mentioning in terms of revenues, the expectation for the second quarter is pretty much the same as we had during the first quarter in terms of commercial activity that will lead us to have a very strong first semester. The second semester will have some pressures in terms of inflation of the other side, because we are forecasting a deceleration in terms of inflation. This could affect consumption. But nevertheless, with this strong first semester, we expect that we can have a sales and revenues evolution for the year close to double digit, maybe a little bit below.

In terms of EBITDA, if we take into account the evolution and the performance for the first quarter and adjust it for the development fees, you can see that the growth in terms of cash and margin was very positive. We have the same level of expectation [audio drop – 52:59]. There's no development fees for the following quarters and that will be probably a little bit below in terms of margin when comparing to 2021, but above 2020 and 2019 and final accounting figures for 2022. This is pretty much the outlook that we gave a few months ago and we are maintaining that.

Operator: And we have another question. "The amount of the buyback program is 396.442 or 416.442 billion?"

Carlos Mario Giraldo: To put it in simple terms, it is around USD 82 million.

Operator: Thank you. Our next question comes from Juan Uribe. "Could you please give more details over the advances made by the company on the buyback program? Do you have a set schedule?"

Carlos Mario Giraldo: The schedule will depend on the moment in which the board has the valuation it needs and takes the decision to make a recommendation to the shareholders meeting. We have a term also between the moment we call the shareholders meeting and its real meeting and then the period that we give for the shareholder decision. We calculate that this will take probably all the month of May and an important part of June. But we still do not have exact dates.

Operator: And our next question comes from Daniel from BTG Pactual. "Can you please give us more color about your EBITDA and margin expectations for 2022? Are we going to see levels similar to the ones on 2021? In addition, can you give us an update on the total CapEx expected for the year?"

Ray Souza: Daniel, this question is pretty much the same. The expectation is that EBITDA margins for 2022 will be close but a little bit below last year due to this reduction on development fees. Nevertheless, the EBITDA margin expected for 2022 is above 2020 and 2019, which are more comparable. And in terms of CapEx, the expectation for this year is to have around 60 to 70 refurbished open stores in Colombia and around five to seven in Uruguay. This is an increase when we compare to last year of around 20% of additional projects that should be reflected in our CapEx in terms of cash.

Operator: We have no further questions at this time. I will now turn the call over for final remarks.

Carlos Mario Giraldo: Thank you very much to you all for being here and being so active with your questions. I would like to say and to recall that this is the highest growth for a Q1 in many, many years of 20% in same-store sales. That is a result of clearly a high demand in the market, market share gain and a consistent [audio drop – 56:57].

Excuse me. I lost the call for some seconds, so I will recall in the last remarks that this is the highest historic growth quarter in many years with more than 20% in same-store sales. That answers to a market share gain, to a strong market demand, and to the consistency in innovation and participation of complementary businesses that we want to advance in our main purpose, the superior purpose of our company and our employees to nourish opportunities to Colombia, which is reflected in our social initiatives and our environmental initiatives. That customer is in the center and this we cannot forget it. And it is in the center also of advancing with all these strategies I spoke about, and we see a positive vision looking forward with an acceleration of expansion for a total CapEx of around USD 120 million and more than 35,000 square meters of new retail that will be added this year. And in addition to those stores that will go to the WOW, FreshMarket and Vecino proposition.

I thank you very much and we thank you very much for your participation and look forward to the next call for the second quarter results.

Operator: Thank you. Ladies and gentlemen, this concludes today's conference. Thank you for participating. You may now disconnect.