Grupo Éxito – 1Q25 Results Conference Call Transcription

May 15, 2025

Fernando Carbajal

Gracias. Buenos días a todos. Good morning. Welcome to Grupo Éxito's Q1 2025 results. Thank you for joining us. I am very happy to be here today. This is my first time presenting Grupo Éxito's quarterly results and it's a pleasure for me to be here with all of you.

I decided to partner up with Carlos and the rest of the team to transform Grupo Éxito and deliver significant value for our customers and shareholders.

Now, I would like to introduce Tatiana Yepes, our finance head for Grupo Exito in Colombia. Tatiana will help us guiding this session, so let me hand it over to Tatiana.

Tatiana Yepes

Thank you, Fernando, for your introduction. Good morning, everyone. Thank you for joining us today for Grupo Exito first quarter 2025 results.

Please note that this conference is being recorded. At this time, all participants have been placed on mute to prevent any background noise.

It's my pleasure to introduce Mr. Carlos Calleja, CEO of Grupo Exito; Mr. Carlos Mario Giraldo, General Manager for Colombia; Fernando Carbajal, CFO of Grupo Exito; and myself, Tatiana Yepes, head of finance for Colombia.

Please move to slide #2 to acknowledge the notes on forward-looking statements.

Moving to slide 3, we have the agenda. We will begin with words from our CEO, Mr. Carlos Calleja, followed by an update on the ADS and BDR delisting process. Then, we have the review of the financial and operational highlights to continue with our financial performance for the first quarter of 2025.

The call will end with key takeaways and a Q&A session. For the Q&A session, all participants can send their questions in English or Spanish through the chat available at the bottom of the screen. Please indicate your full name and company name.

Thank you for your attention. I will now turn the call over to Mr. Carlos Calleja.

Carlos Calleja

Thank you, Tatiana.

Before I start, I want to congratulate Fernando and Tatiana for assuming new roles within the organization. Fernando, our CFO, and Tatiana, who is leading the finance team in Colombia, have stepped up and I'm really excited and proud of them. So happy that you both are joining us here.

Carlos Mario, great to see you, as always.

I've prepared some words, as I always do, to give you a sense of where we are and how we're thinking. Then I'll pass it over to Carlos Mario and Fernando for more details.

Good morning, everyone. Thank you for joining us today for the presentation of our first-quarter results.

For over a year now, our team has worked tirelessly to deliver robust, consistent results. We are looking to ensure profitable operations across Colombia, Uruguay, and Argentina.

The numbers from this first quarter confirm we're on the right path, and we're excited to share our progress with you. Through steadfast dedication and strategic focus, we are witnessing positive momentum build.

This first quarter of 2025 marks a milestone: we achieved the highest net profit for a first quarter in the company's past decade. With 93,147 billion pesos, we've not only returned to positive territory after last year's negative result, but we also surpassed the total net profit of 2024.

This success builds on the strong performance trend we've sustained, driven by a dynamic commercial strategy that fuels sales growth, maintains solid margins, and enforces rigorous cost and expense control across every level of the company.

We're also making steady progress on our delisting initiative from the New York and Brazil stock exchanges, hitting key milestones as shared with the market.

While Carlos Mario Giraldo and Fernando Carbajal will dive into the details shortly, I'd like to stop at a few highlights before handing it over to them.

Our commercial strategy, built on targeted savings initiatives, an expanded product assortment and unified brands and formats, is a true win-win.

In Colombia, this approach has driven a 90 basis point gain in market share for the same square meters. Suppliers are seeing sales growth, and customers benefit from the consistent savings and an enhanced shopping experience.

For Q1 2025, Grupo Éxito posted revenues of 5.4 trillion pesos, reflecting a 3.9% increase excluding exchange rate effects and a 5.6% rise in same-store sales. This is super relevant because, as you know, our focus is on our current platform and on strengthening it. So, a 5.6% rise in same-store sales is a solid number.

Our retail and real estate businesses in Colombia, alongside a stellar performance in Uruguay, have been key drivers, offsetting challenges in Argentina where low consumption posed significant hurdles.

In Colombia, operations accounted for 74% of the group's consolidated revenues, with a 2.6% growth in the quarter. Meanwhile, Uruguay and Argentina contributed 1.4 trillion pesos in revenues, making up 26% of the group's total.

Our consolidated recurring EBITDA reached 371 billion pesos, a 24.7% increase from last year. I'd say that's another solid number, close to 25% year-over-year EBITDA growth.

This translates into a 114 basis point improvement relative to sales, excluding exchange rate effects. This reflects the strength of our commercial strategy, particularly in Colombia and Uruguay, underpinned by more efficient operations and disciplined cost and expense management across the region.

Uruguay's vibrant tourism season drove revenues of 1.1 trillion pesos, showcasing strong commercial dynamics.

In Argentina, despite a tough macroeconomic environment, we're actively stabilizing and transforming the business to reach breakeven and, ultimately, God willing, profitability. We're optimizing every aspect of the operation to ensure efficient, sustainable growth. I was down in Argentina a few weeks ago focusing on this.

On the financial front, we made notable strides in our debt structure. Grupo Exito reduced financial costs by 14 basis points this quarter, and we continue to lower our absolute debt levels.

With that, I'll pass the floor over to Carlos Mario Giraldo and Fernando Carbajal to walk you through some of the details.

Carlos Mario Giraldo

Thank you, Carlos, and good morning to all of you.

Let's go to slide #6, where we will give you an update on the delisting of the ADS in the U.S. and BDRs in Brazil.

The rationale, as you know, has been to have a more efficient structure and to gradually concentrate the float in the Colombian Stock Exchange.

By the end of March, we had a 13.2% float distributed in the following way: 9.3% in Brazil, 2.6% in Colombia, and 1.3% in the United States.

By April 30, this has changed in an important way, and now we have 9.7% in Colombia, up from 2.6% before. This is following the very successful sale of the remaining ADS to Colombia and the movement of Brazilian holders. The remaining float in Brazil today is 3.5%.

Let's go to slide #7 so that we can see that the delisting of the ADS and the discontinuation of the BDRs is proceeding as expected.

First, the ADS:

On January 1, the effective day of termination of the program.

On March 3, the process of selling the remaining ADS began.

On May 5, the settlement of the ADS sale was announced by JP Morgan.

On May 8, the payment to ADS holders was completed.

So, the ADS process was successfully completed.

Now for the BDRs in Brazil:

On April 16, the CVM and B3 approved the voluntary discontinuation of the BDR program.

Between April 22 and May 22, BDRs holders had up to 30 days to inform the depositary, Itaú, about the surrender of their BDRs for cancellation and conversion into common shares in the Colombian Stock Exchange.

As you have seen, some of this in an important way have started to happen

From May 7 to August 25, there is a 90 day period for the sale of remaining BDRs not submitted for cancellation.

From September 5 to September 8, the payment to BDR holders will be made, and the request for deregistration will be submitted to B3.

Let's go to slide #9 to speak about the consolidated operational results, and then the results by country

Grupo Éxito, at a consolidated level, had a very positive result in Q1, thanks to a consistent commercial strategy, leading to top-line revenue growth of 3.9% excluding foreign exchange effects, and same-store sales up by 5.6%.

Recurring EBITDA grew by a solid 24.7% (ex-FX), with a margin of 6.9%, an improvement of 114 basis points.

Total of 604 stores: of which 488 in Colombia, 92 in Uruguay, and 24 in Argentina and in the last 12 months, we opened, converted, or remodeled 45 stores.

Now going to Colombia: Revenue was up 2.6%, and 4.7% in same stores sales. Recurring EBITDA grew by 28.4%, reaching a margin of 5.7%, an improvement of 114 basis points.

In Uruguay, revenue increased 5.3% excluding FX effects. Same-store sales were up 5.6%, and EBITDA in a very positive growth of 28.7%, ending with the strongest margin of the group that is 14.3%, a growth of 260 basis points.

In Argentina, revenue grew 18.9% excluding FX impact, that is below inflation. The EBITDA margin decreasing from a positive 0.9% to -2.9%.

Going to slide #10 we speak about net income, as Carlos said before, we had for the Q1 a record net income for a first quarter in lasts years: near to 93,000 million Colombian pesos, coming from a negative quarter las year of -37.8 thousand million pesos.

If we convert this to U.S. dollars at the current exchange rate, it shows a variation, between one quarter and the other, of 31 million dollars.

The main drivers for this were operational results growth, fewer non-recurring events, better financial results, and a positive Tuya credit business performance.

Gross debt decreased while cash levels remained stable, excluding the factoring effect recorded in previous years.

CapEx at 46,000 million pesos, with 56% of this in Colombia, dedicated to retail and real estate.

We had a closure of underperforming stores in Colombia, 9 stores in the last quarter. Revenue contribution by country remains at 74% Colombia, Uruguay 20% and Argentina 6%

slide #11 we speak about the Colombian sales, the gradual recovery driven by non-food. As you know, food grew 1.9% and non-food by 5.5%, showing in non-food, especially in big appliances, the confidence of the consumer, something that we are seeing going forward at least during the month of April.

Comparable sales in Colombia rose 4.7%. the share by banner was Éxito banner 70%, Carulla 19% and Low-cost banners and other revenues 11%

Omnichannel share remains stable at 13.6%, that is near to the equivalent of 125 million U.S. dollars, which show the market reality in Colombia of omnichannel activity.

On slide 12, the Colombian strategy is based clearly on differentiation, as Carlos Calleja said, focused on enhancing customer experience, portfolio expansion, and with the company of a very strict cost control that you can see in the expenses that we are seen in the results.

Let me get to some detail of this strategy, first, the gradual banner unification from towards Éxito and Carulla, until now we have intervened 40 stores. The sales of this stores since intervention have grown by 9.2% and we continue with this implementation and aiming to this rest of the year between 10 and 16 of these implementations.

The best assortment at national level has been already established. That means more than 30% SKU's in average per store. We have done a massification of this assortment to all regions in Colombia and up to date, the new assortment and new products represent 5.1% of sales in consumer goods.

Let me speak about the unbeatable price products, which is very important for the price reality and the price perception, near to 1000 products including the best brands national and international global brands, with the promise of having, in these products, the best price in each city where they are present. As a whole, they grow 10.1% against the first quarter of last year and those represented by national brands, which is an innovation that was done in unbeatable price products grow by 45%.

Moving to complementary businesses, let's start with real estate, the most important one in terms of contribution.

Let's speak about the complementary businesses to retail in Colombia. Starting with real estate, which is clearly the most important complementary business in contribution. As a whole, we have as GLA 807,000 square meters with a very high occupation level of 97.5%. They are represented by 33 assets, shopping malls or commercial galleries, of which seventeen of the most important were contributed to a vehicle of Viva Malls of which Exito holds 51%.

Viva Malls is today the #1 shopping mall operator in Colombia with 580,000 square meters. The valuation of Viva Malls at 100 Percent in December of last year was 3.7 Billion Colombian pesos that is growing by 10.9%.

Viva Malls had in the first quarter our revenue growth of 16% and then EBITDA of 47,000 million Colombian pesos growing by 25%.

Let's go to slide #14 to review the performance of our credit business Tuya and the Puntos Colombia loyalty coalition.

Going to slide #14, we see that good performance of both businesses Tuya credit business and puntos Colombia loyalty coalition. Tuya has a very important comeback; it has had a profits in all the months of the first quarter. As of today, it has 1.3 million cards, 1.9 billion outstanding portfolio and has been graded by AAA by Fitch.

The most relevant aspect for profitability is the improvement in non-performing loans under 30 days by 590 basis points, as a result of this and other actions that have been taken, the profits for the first quarter of Tuya were near to 8.8 thousand million Colombian pesos compared with the -23.7 million Colombian pesos in the first quarter of last year.

Puntos Colombia, you have to remember that it is the first brand in loyalty programs in Colombia according to Kantar, it is present in near to one of each three household in Colombia with a very important and growing penetration. Today it has 8 million customers with habeas data to use their data and with frequent use of points, redemption of points growing by 13% and it has within the coalition more than 5.700 allied brands.

I will now give the word to Fernando Carbajal to go through the financials.

Fernando Carbajal

Thank you, Carlos Mario. I want to share a few highlights, so we will start with an overview of the financial growth model for the company, OK.

During the last year, the company has been consistent with the implementation of commercial and operational strategies that we believe will bring an improvement in our client's experience, but also in our financial results.

In Q1, there is a consistent improvement in the main financial KPIs and the result of that we are getting a positive net income, which as Carlos mentioned before, is an important milestone for the group. The highest net profit for the first quarter in the past decade.

Net revenue grew by 3.9% when excluding FX effects, growing across all geographies.

While we are winning market share in Colombia plus 19 Bps and Uruguay plus 70 Bps same store sales. Also, in gross profit improved by 52 Bps as result of balance between sales growth and sustainable profit margins, an amplified commercial strategy, efficiencies in logistic cost and shrinkage levels. Margin in Q1 landed at 25.6%. In addition, we have a reduction in cost and expenses improved by 61 Bps, thanks to efficiency across the region. As a result of that, we have an EBITDA margin improvement of 114 Bps.

Finally, the company also worked in its financial cost improving the debt position. In addition, we are getting improvement in Tuya. So, all these benefits are allowing us to reach 1.7% of the net result matching which is 244 Bps better than Q1 2024. These results are the financial pillar for transforming Grupo Exito into a consistently high performing business.

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Let me check with you a few highlights about the source of growth. So, despite challenging market condition or revenue grew 3.9% excluding FX driven by; 2% of the growth came from Colombia operation driven by a moderate performance of the food segment, the recovery in non-food category mainly for a high single digit growth in electronic and stable performance in other revenues. Another 1% growth came from the Uruguay operation, where net revenues in local currency group by 5.3% driven by commercial dynamic and outstanding tourist season. The remaining 1% of the growth came from the operation in Argentina with a net revenue growth of 18.9%, below the country inflation and under the scenario of slow consumption.

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Let me complement some comments about Colombia. In Colombia, as you can see on the graphics, net revenue for the quarter hit 4 billion Colombia pesos growing 2.6%. Meanwhile, recurring EBITDA reached 227.000 million Colombian pesos, increasing around 28%, improving by 114 Bps, which is a margin of 5.7% of net revenues.

(Next slide.)

In Q1 2025, expenses in Colombia decreased by 2.2%, despite a 5.2% inflation rate and a significant increase in the minimum wage.

This marked the third consecutive quarter of declining expenses. These results reflect the success of our cost control initiatives, which generated savings of 100 billion pesos in the quarter.

These were driven by structural simplification, IT efficiencies, and operational optimization.

To summarize: the company has a strong and disciplined focus on cost and expense control. This is part of our DNA and a core part of our daily operations.

The improvement in EBITDA was driven by three factors: The first one, sales. Like for like sales grew 4.7%, confirming that the company is in the right direction aligning with the strategy implemented. Gross profit at 21.8%, driven by a balance between sales growth and sustainable profit margin, alongside the reduction in logistic costs and the contribution of the real estate business. And finally, general expenses with outstanding performance decreased 2.2% during the quarter and improved 95 Bps thanks to ongoing cost control action plans detailed in the next slide.

(Next slide.)

In Q1 2025, expenses in Colombia decreased by 2.2% despite the 5.2 inflation rate, with the high increase in the minimum wage. This marked the third consecutive quarter of declining expenses. This result reflects the success of ongoing cost control initiative, which deliver $100.000 million Colombian pesos in saving during the quarter, driven by structural simplification, IT efficiencies and other operation optimization.

Let me recap here, the company has a strong and disciplined control over cost and expenses for us is an important process, it is part of the DNA of the company is part of the daily operation we have. OK.

Let me share some highlight about Uruguay. Uruguay continues to deliver a sustained strong performance in both commercial and financial results. Gross was driven by food category growing 4.6%. Nonfood category with outstanding performance growing 9.3%, Omnichannel grew by 11.3% and Fresh Market grew 9.2% with a 54 share of the net sales. However, the companies remain focused on identifying improvement opportunities and as a result, two stores were renovated, increasing their sales area by 50%, and their sales by 36% since the intervention. On the other hand, some convenience unperforming store were closed.

In Uruguay, net revenue for the first quarter is 1 billion Colombian pesos, growing 1.7%, recurring EBITDA reached around 24%, this represents a margin of 14% of that net revenue. Net revenue in local currency grew 5.3%, where the sales performance was driven by commercial dynamic, stable political and economic environment and the contribution from the 33 Fresh Market stores which grow around 9.2% versus Q1 2024. Also, gross profit increased by 11% excluding Forex effect and margin rose to 38% which is an improvement around 197 Bps versus same period last year. All of that driven by the surge of the sale during the tourist season, and improve the shrinkage control. General expenses improved 54 Bps due to implementation of the cost control action plan.

So, finally Uruguay EBITDA margin continues as the most profitable business unit for Grupo Exito.

Now let's talk a little bit about Argentina. So, Argentina continued operating under challenging macroeconomic environment, in response, the company is improving its commercial plan, structuring a linear operation and maintaining the real estate contribution. Under this strategy, too many stores were renovated to optimize retail spaces, while three underperforming wholesale stores were closed. Also, the company implemented expenses control initiatives, aiming to mitigate inflationary pressures. OK

In the real estate business unit where the company operates 14 shopping centers, the results were positive with occupancy rate that rose to 95% and EBITDA margin of 81%.

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From financial perspective, Argentina's financial result, which despite efforts in the commercial strategy and expense control, continue reflecting a negative EBITDA. Net revenue for the quarter reached 0.3 billion Colombia pesos, growing 3.7%, while recurring EBITDA was negative at around 8.000 million Colombian pesos. When we see the different P&L lines, net revenue in local currency grew 18.9% where the retail performance was impacted by the slower consumption, while the real estate business remained resilient. The growth in real estate was 100%, supported by improved commercial activity and strong occupancy rate which is around 95%.

Gross profit increased by 15% excluding forex effect during Q1-25, but -180 basis point below the same period last year. The contraction of the margin is a result of the lower consumption trend and the price investment. Finally, the general expenses grew 14% during the quarter due to inflationary pressure, despite the cost control effort. So as a result of that, Argentina reported an EBITDA margin of a -2.7%, which is -351 Bps less than Q1 2024. In Argentina, we are taking the right step to transform the Argentine operation in a cost efficient and profitable business, but this is something we are working really hard with the team. We are expecting to have a better performance in the coming months.

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After explaining the main drivers of each country's result, we can summarize in the following points. Net revenue for the quarter grew by 3.9% when excluding forex effect, in LFL at 5.6%, which is a good percentage of internal growth. Gross profit in general efficiency grows a total of 114 Bps improving in EBITDA margin reaching 6.9% of the net revenue, and net result reached around 93,000 million Colombian pesos during the Q1 2025, compared to a negative result in the same period last year.

This turnaround was driven by improved operational performance, lower financial costs, reduced non-recurring expenses and positive contribution from Tuya in Colombia, resulting in a Net margin of 1.7% to 244 basis points versus Q1 2024.

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Let me share with you a few highlights about cash. Cash levels were impacted by working capital requirements affected by the cancellation of special factoring operation to reduce the financial cost and get a P&L benefit during the year. Gross debt decreased by 0.2 billion Colombian pesos when we compare with Q1 2024. So, at the bottom of the slide, we can also see a decrease of 18% in gross debt when we compare it with Q3 2024, where we have the highest debt last year. And finally, as result of that, net financial debt was slightly impacted, but the company is committed to ensure liquidity and protect the cash flow.

(Next slide – Conclusion.)

To conclude, let me summarize the key messages from the group. First one, we have started the year with a strong performance, setting a solid foundation for continued momentum. Also, we are delivering solid results through a consistent commercial strategy focus on customer experiences. We are committed to creating value for all customers providing as the best alternative for everyday purchases. We are working to unlock value through a solid commercial margin and effective cost reduction initiative. We are maintaining a disciplined approach to cost and expense control, ensuring operational excellence. As I said before, cost control is part of the DNA of the group, we have a robust and discipline process to ensure the success of this process.

Also, we're increasing investment with responsibility and discipline, ensuring the best-in-class return, and finally the Q1 2025 performance, reinforce our confidence in achieving significant milestones in the rest of the year. However, we have good results in Q1, but it's not enough for us yet. So, we are working really hard with the rest of the team to capitalize on all the opportunities that we are identifying and the operation to get better results for the rest of the year. Last but not least, thank you to all the dedicated team in Grupo Exito for the hard work and for these results.

This is my part so, many thanks. Carlos, over to you.

Carlos Calleja

Thank you, Carlos Mario. Thank you, Fernando. Great presentation.

I have a few words prepared to close before we go to Q&A.

Thanks to the unwavering commitment of our teams and the collaboration of our suppliers, we are witnessing a clear shift in performance: higher sales, improved margins, and growing profits at Grupo Éxito.

We're confident that 2025 will continue this positive trajectory, and we look forward to sharing more successes with you.

Our teams across the region are working closely to drive continuous improvement in all our operations. In Colombia, we're focused on sustaining our upward trend. In Uruguay, we're maintaining the group's highest margins. And in Argentina, we're tackling complex challenges with targeted strategies to strengthen the business.

Rest assured, our interests, governance, and strategy are fully aligned with the goals of our stakeholders, especially our shareholders and investors. The road ahead demands our full dedication, passion, and focus. And you have our commitment to deliver the best outcomes for you and the company, both now and in the future, with God's help, as I like to say.

We'll keep pushing forward relentlessly, pursuing initiatives that drive value in the short, medium, and long term. I want to pause for a sec. Fernando referred to this earlier. For all investors with us or those thinking about investing, we're definitely motivated by the numbers we're seeing and we are seeing a shift in performance, but we're not satisfied. We know we can do better and the message to the entire team is that we can't get complacent. There's a lot more work to do and a lot more road to travel to get to where we think we can get.

As a matter of fact, we believe that you never get to where you think you can get. Perfection is impossible, but you have to look to reach it every day, and that makes us better today than yesterday and will make us better tomorrow than today.

There's no ceiling to what we can achieve, and that's our mentality.

So yes, we're optimistic and positive about what we're achieving, but that only drives us to do better, and that's the message I want to give to the market, to our current investors, and to those who are possibly looking to invest alongside us.

Let me close with a message of optimism, confidence, and hope for the communities we serve in Colombia, Uruguay, and Argentina. We believe every customer deserves the best, regardless of where they live or how wealthy they are, whether it's the best neighborhood, the best price, the best product assortment, the best service, or the most convenient shopping experience.

We're committed to creating opportunities that unlock the potential of our employees, suppliers, customers, and partners.

Thank you again for being with us today. It's been a pleasure, as always.

We're now ready to open the floor for questions. Please feel free to share.

Tatiana Yepes

Thank you, Carlos. This concludes the presentation for this call. We are now open for the Q&A session.

I'd like to remind all participants that you can submit your questions in English or Spanish via the chat function at the bottom of your screen. Please include your full name and company name and I will read your questions aloud.

Nicolas Larrain

Hi, this is Nicolas Larrain from JP Morgan. I don't know if you can hear me well.

Tatiana Yepes

Yes, Nicolas, go ahead.

Nicolas Larrain

Perfect. Thank you. Thanks, Tatiana, Carlos, and the team for the presentation. I have two specific questions.

The first is regarding Uruguay. With the strong improvements in gross margins there, we have also seen that tourism, particularly from Argentina, has been helping many retailers across LATAM. I wanted to understand how recurring do you see this gross margin expansion in Uruguay. I understand that you've been making operational improvements, so I'd like to know how much of the recurring profitability you expect to be sustainable, and how much is attributed to the higher tourism we saw.

My second question is about Tuya. We saw positive results this quarter, and I was under the impression that it might take longer to see this recovery. I wanted to understand if there was any one-off item, maybe some reversion of provisions or something that helped particularly in this quarter.

That would be my two questions. Thank you again.

Carlos Calleja

Thank you, Nicolas. Great to have you, as always.

Regarding Uruguay, yes, Uruguay did have a stellar vacation season, as you said, which definitely helped top-line sales. But I wouldn't say that's a non-recurring thing going forward.

We're actually, and in terms of the work we have done to try and strengthen the business. A lot of the work last year was done because of the dimension in size of the operation in Colombia.

So, we started focusing, end of last year and early this year, more on the "Cono Sur" because we had more bandwidth. You can't go into everything at once. We worked very hard on Colombia last year, and you're starting to see the results.

Uruguay even though is a nice business. We love the business, we also think it can deliver more in terms of value to shareholders, to investors. The team there has accepted the challenge and it's an agreement

I would say Uruguay, as of late last year and early this year, is in a process of improvement, and we hope to make it stronger. We're working with suppliers on a new methodology, we're implementing administration by categories, which is more professional and sophisticated than what they had before. It's something we do in El Salvador and Colombia as well.

So, we see opportunities to improve margins and how we manage inventory and the value proposition to attract customers and sales. So, I would say that Uruguay in terms of our plans is below where we think we can take it and we're actively moving it in that direction. I don't know if that helps with your Uruguay question at all.

Fernando Carbajal

Let me complement Carlos' answer, Nicolas.

We are starting to implement the same cost control program in Uruguay that we have in Colombia, so we expect to generate savings and benefits as the year progresses.

We're working really hard to capitalize on these opportunities and improve efficiency, especially in logistics.

Carlos Calleja

That's right. That's our thoughts. We look to drive sales, strengthen margins and find efficiencies and we see opportunities in Uruguay across all I would say relative to what we may have found in terms of bringing costs down to in Colombia, Uruguay there may not be as much "Fat" in the organization to use those words that they tend to use in the United States, but we do see definitely opportunities for efficiencies and are working actively for that.

Regarding Tuya, I don't want to say the Tuya business has fully turned around.

The first months of the year have been positive, and what we've asked from our side, remember that it's a 50/50 operation between Bancolombia and Grupo Éxito, we want to stay in positive territory if we can, in terms of monthly results. What drives Tuya's results is how much do you invest to grow the portfolio, because you have to invest in the business in terms of growing the credit card portfolio again. It's definitely a healthier business, all indicators say that it has improved.

If we were super aggressive with growth, it could affect results. But as owners, we prefer to be a bit less aggressive on growth to keep results as positive as possible going forward.

I don't want to say every month will be net income positive, but we're working to make sure that the business is as profitable as possible and slowly restrengthen itself.

Nicolas Larrain

Perfect. That's very clear. Thank you, Carlos. Thank you, Fernando.

Fernando Carbajal

My pleasure.

Tatiana Yepes

there are no further questions.

Fernando Carbajal

I think we can conclude, Carlos.

Carlos Calleja

Excellent. Thank you, everyone, for joining us. It's been a pleasure. We'll see you on the next call.