ALMACENES EXITO, S.A.

Moderator: Maria Fernanda Moreno, IRM
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Operator: This is conference # 83373602.

Good morning. My name is Lourdes and I will be your conference operator today. At this time, I would like to welcome everyone to the Grupo Exito Second Quarter 2015's Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session.

Thank you for your attention. Ms. Maria Fernanda Moreno will begin the conference today. Mrs. Moreno, you may begin your conference.

Maria Fernanda Moreno: Thank you, Lourdes, and good morning everyone. From Grupo Exito I am pleased to present our Chief Executive Office, Mr. Carlos Mario Giraldo; and Chief Financial Officer, Mr. Filipe Da Silva. Today's agenda has shown on slide number 3, we'll provide the following topics.

Grupo Exito's consolidated financial results for the second quarter and first half 2015 under IFRS, and a follow-up on the company's strategy, the call will finalize with a Q&A session.

There is a presentation available on our website that complements the information that we will provide to you today. There was also a link included in the invitation that we distributed via email.

Please note that this presentation may contain forward-looking statements regarding expected development and expectations regarding future events. For that reason, the company does not accept responsibility for any violations or further information provided by official sources. Thank you for your attention. At this point, I will turn the call over to Mr. Carlos Mario Giraldo for his comments.

Carlos Mario Giraldo: Thank you, Maria. On behalf of Almacenes Exito, thank you all for participating in today's conference call. We sincerely appreciate your interest in Grupo Exito. Before making reference to the deal we just announced to the market, I'm going to go into the financial results for the second quarter and first half of 2015 as per slide number 4.

I would like to recall that as of the beginning of 2015, Colombian companies are now required to report in IFRS. Therefore, quarterly financial results are expressed under IFRS to make all the figures comparable.

Net revenues rose by 16.4 percent during the second quarter, while growth was 22.2 percent during the full first half of 2015. Gross profit rose 26.8 percent in the second quarter and was 27.1 percent higher, compared to the first half of 2015. Recurring operating income increased by 24.6 percent during the second quarter, while experiencing a first half 2015 increase of 15.8 percent to reach a margin of 5.2 percent and 4.5 percent, respectively.

Net income increased by 71.3 percent in the second quarter with a margin of 5.4 percent, mainly benefited by the adjustment from the sale of our pharmacies to Cafam, regarding which we will comment later on. Net income grew by 19.6 percent during the first half of 2015 and reached 3.8 percent margin.

The results reflected recurring EBITDA growth of 22.2 percent to a margin of 7.1 as a percentage of net revenues during the second quarter, while the first half 2015 EBITDA margin was 6.4 percent. Non-recurring EBITDA rose by 53.8 percent to a margin of 9.2 as a percentage of net revenues during the second quarter, while it rose 20.5 percent in the first half 2015 to a margin of 6.9 percent.

As we can observe on this slide, the company's second quarter 2015 results showed a clear improvement particularly when compared to the first quarter of the year, which was impacted by extraordinary payments of the wealth valorization and CREE taxes on the page and by one-time IFRS adjustments such as that done for the loyalty program.

One slide, on slide number 5, consolidated net revenues increased 16.4 percent during the second quarter of 2015 to a total of COP2.9 billion versus the figure reported for the same quarter of 2014.

Consolidated sales grew by 16.8 percent in second quarter '15 and did not include in the 2014 base Disco Group sales, as the company did not have sole control over this unit at that time. It also excluded Super Inter sales of nearly 7 percent as the operations was acquired by Grupo Exito in third quarter '14.

Moreover, sales were impacted by a negative calendar effect of 4.9 percent derived from moving the promotion compared to the last year's base. Taking into account all of the above, and despite a degraded consumer confidence trend, sales grew by near to 5.5 percent, completely in line with the company's guidance. The sales mix showed up 24 percent share in non-food categories and 76 percent in the food category.

Let’s move now to discuss the performance of our business units, segmented by Colombia and international. In accordance with IFRS requirements, the Colombian segment includes four business units; Exito, Carulla, Discount and Others. The international segment comprises the information pertaining to Uruguay.

Sales in Colombia during second quarter '15 represented nearly 85 percent of total sales and posted 5.1 percent growth versus the same period of last year. Sales included a net overall same-store sales decrease of 1 percent, mainly derived from a negative calendar effect of 4.9 from moving the Exito promotion.

Accumulated same-store sales in Colombia at the first half of 2015 posted a minus 1.4 percent growth. The sales mix share in the food category in Colombia was 75 percent and rose by 13 percent versus last year, while non-food categories experienced a 25 percent share and fell nearly 13 percent, reflecting the negative consumer confidence trend that prevailed during that period.

Down the slide, we can observe that as food sales continued performing well in Colombia, there was a clear benefit on the outcome of brands highly concentrated on this category such as Carulla and the Discount brands.

On the contrary, the Exito brand was affected by a higher mix in the non-food category. In Exito segment, second quarter '15 sales decreased by 7.8 percent versus the same period of last year, and posted 8.1 percent same-store sales decrease, which included a negative calendar effect of 6.1 percent from moving the anniversary and back-to-school events to the first quarter of 2015.

The non-food category continued to experience a negative impact, one sales compared to a very dynamic first half 2014, which was influenced by the World Cup. These affected electro-digital and textile categories sales mainly.

During the second quarter of 2015, consumption continued to be influenced by the devaluation of the peso, as well as higher inflation levels. Cumulated same-store sales to first half 2015 posted for Exito a minus 2.5 percent growth. In the Carulla segment, second quarter sales increased by 2.3 percent versus the same period last year and posted a positive 0.8 percent same-store sales growth. Accumulated same-store sales at first half posted 0.25 percent growth for Carulla.

The Discount segment contributed to the sales performance growing 130 percent during the second quarter and included sales from both the Surtimax and Super Inter brands, while the most important impact came from the consolidation of Super Inter.

Discount posted a positive 2.8 percent same-store sales growth during the second quarter and same-store sales growth of 5.2 percent in the first half of 2015.Sales from the international segment, which is the Uruguay operation, grew by 205 percent versus the same period last year, and represent nearly 15 percent of consolidated results and included the consolidation of Disco Group's sales in 2015, which was not included in the 2014 base.

Sales in Uruguay posted an overall same-store sales increase of 10.8 percent in terms of local currency, same-store sales for the first half of 2015 grew 11.2 percent. Thus, Uruguay continued performing positively and showed higher internal consumption figure than Colombia.

The sales mix in the country showed a 15 percent share in non-food categories, with a decrease of 1 percent versus last year. The sales mix share in the food category was 85 percent and rose by 13 percent versus last year. Moving on slide number 6, gross profit grew by 26.8 percent and margin increased by 210 basis points to 25.8 percent during the second quarter of 2015 versus the same period last year.

On top of the positive calendar effect and the Uruguayan consolidation impact, which explained the 90 basis points improvement compared to 2014, the margin has increased due to that greater contribution by the real estate and credit card businesses, which have registered excellent results in 2015. During the first half, gross profit grew by 27.1 and the margin increased 90 basis points to 25.5 percent.

Continuing down the slide; selling, general and administrative expenses were 20.6 percent as a percentage of net revenues during the second quarter of 2015 and 21 percent for the first half of 2015. In second quarter, at the SG&A level that diluted effect of the anniversary promotion on expenses, the Disco consolidation and the Super Inter consolidation had a negative impact of 120 basis points. Excluding these elements, our efficiency and productivity programs are clearly delivering positive results, mainly due to energy savings, back-office operations among other savings.

Moreover, beginning on the first half of the year, it is important to recall that there were tax impacts which altered SG&A's performance. Slide number seven shows that recurring operating income increased by 24.6 percent during the second quarter of 2015, compared to the same period of last year and was 5.2 percent as a percentage of net revenues.

Thus, despite a slowing of consumption in Colombia, Exito has been able to deliver strong results in an ROI improvement of 7.2 percent to a margin of 5.1

percent. The Uruguay operations also posted strong performance figures, with a margin that rose from 4.1 percent to 6.3 percent as a percentage of net revenues.

Recurring operating income increased by 15.8 percent during the first half of 2015, compared to the same period of last year, and was 4.5 percent as a percentage of net revenues. This, even though it included the negative effect of the loyalty program and the valorization tax accrued during the first quarter of this year, both nearly COP19,200.

Moving down the slide, you can see that recurring EBITDA grew by 22.2 percent during the second quarter compared to the same period in 2014 to COP210,000 million and the margin rose to 7.1 percent. During the first half of 2015, recurring EBITDA grew by 14.1 percent compared to the same period of 2014 to a COP310,000 million, with a margin of 6.4 percent.

The non-recurring EBITDA margin was 9.2 percent during the second quarter and was benefited by a positive non-recurring income of COP60,200, derived from the sale of our pharmacies to Cafam, both under the Carulla as well as that Exito brands. I would like to recall that we finalized the process with Cafam as per relevant information published last May 27, 2015, thereby concluding our ownership over its commercial establishments in Bogota.

On-recurrent EBITDA margin of 6.9 percent in the first half of 2015, compared to the same period of last year, and included a negative effect of the annual wealth tax that was completely accrued in first quarter 2015. These materially affected operating income by nearly COP60,000 million, offset by the income from the revaluation of the Grupo Disco investment by nearly COP30,000 million and the aforementioned deal with Cafam.

As you can see in slide number 8, second quarter results showed a net income increase of 71.3 percent when compared to the same period of 2014, and margin that strengthened from 3.7 percent to 5.4 percent as a percentage of net revenues. Net income also increased by 19.6 percent in the first half 2015, compared to the same period 2014, and experienced a margin of 3.8 percent as a percentage of net revenues.

To conclude this part of the call, I want to mention that the company showed a very positive second quarter 2015 result, with clear improvements in both operational and EBITDA margins, as well as an important evolution in net results.

Before moving to the discussion of the company's strategic and outlook, I would like to mention that an extraordinary shareholders' meeting took place in the past June 11. At this meeting, the Board of Directors for 2015-2016 period was designated were Mr. Luis Fernando Alarcon, Independent Member was appointed Chairman and the other eight members that were elected in the last General Shareholders' meeting were ratified.

Moreover, on the 30th of June, Grupo Exito and Bancolombia signed a share purchase agreement, whereby Exito will acquire 50 percent of the outstanding shares of (Tuya. Tuya) is the vehicle to manage our credit card business jointly with Bancolombia, to which we have developed consumer credit products during the past decade. In recent years, this business has demonstrated to be an important element on the differentiation at commercial level, offering profitability diversification.

As a result, we consider that this transaction is a natural step to confirm our participation at the shareholder level. Considering the fundamental and commercial terms of the alliance remain unchanged, up on the fulfillment of all necessary conditions, there are no significant financial effects expected to the extent that the transaction corresponds to a restructuring of the forum Exito participates in the alliance. The concept is subject to certain precedent conditions among the authorization required by the financial superintendent of Colombia.

Let’s move on now to comment on the other activities and businesses developed by Grupo Exito in second quarter, which are depicted in slide number 9.

On the slide, you can see the extent of our expansion strategy, which has been focused on growth in high traffic areas all over the country and Uruguay, applying the formats that best fit in each of the markets in which we operate.

We opened seven stores in Colombia and five stores more were converted. In Uruguay, we are glad to share with you the opening of the first two convenience stores in the country under the (Devoto) brand. As a result, at June 2015, we reached a total number of 544 stores in Colombia and 56 in Uruguay for a total footprint of 600 stores.

Regarding the integration of Super Inter, the outcome has been in accordance with our expectations. Grupo Exito continues working on levering synergies from purchasing conditions, strengthening of the industrialized consumer goods mix, as well as the centralization of operational activities and best practices.

All of this aimed towards strengthening EBITDA margins for Super Inter by between 200 to 300 basis points over that three-year period.

Specifically, we are focusing on rollouts of Super Inter's meat business model throughout the coffee region, which have posted very positive sales and profitability levels during the first weeks of operations. Here, there is a real strength coming from Super Inter, which we are going to roll out not only in the coffee region, but in the following quarters to other regions of Colombia.

Moreover, as of the second quarter 2015, Grupo Exito continued strengthening other activities such as Aliados project in order to develop that (discount format).To-the-date we have reached over 1,100 partners or Aliados. The Aliados program represents a key long-term strategy to penetrate the remaining almost 50 percent in form of consumer goods market in Colombia.

Moving now to comment on the performance of complementary activities, the company continues its real estate expansion with the construction of Viva Barranquilla, Viva Waiijra, Viva Las Palmas and Viva La Ceja, to add approximately 70,000 square meters of gross leasable areas.

The company continues its real estate strategy to develop its 2015 between 30,000 square meters to 40,000 square meters of gross leasable areas in shopping centers throughout (various feed) sales. Approximately 400,000 square meters of gross leasable areas are expected to be completed by 2017;

and by 2019, we think that we will arrive to (near to 600,000) square meters. The retail expansion expected for 2015 is near to 3 percent in sales area with the opening of between 30 to 40 stores.

Exito is privatizing the opening of those stores that are dynamic and profitable in order to minimize the cannibalization effect on same-store sales. We are also focusing on the premium market and in mid-sized cities. Other complementary businesses such as credit, insurance and travel also performed as expected during the second quarter 2015, with positive outcomes versus last year.

Please move now to slide number 10 to finalize this part of the presentation. I would like to share with you the transaction highlights of the most important international venture ever undertaken by Grupo Exito. The company will become the leading South American retailer by entering two more countries, Brazil and Argentina.

This part of the presentation describes the transaction and includes the strategic rational, the deal structure, a brief description of the assets, and finally, the value creation opportunity for the company and its shareholders.

If you go to this presentation, and you go to slide number 3, we will speak about the key transaction highlights and its strategic rationale, its financial terms and transaction structure, which also refers to the value creation opportunities for the company and its shareholders.

The rationale behind this transactions is for Grupo Exito to take a major step in its international development and to create a unique retail platform in South American retail arena. Grupo Exito will enter into share purchase agreement with Casino regarding the acquisition in cash of 50 percent stake in the company holding the ordinary voting shares owned by Casino in Grupo Pao de Acucar, GPA for $1,540 million or COP4.4 trillion, which implies a premium of 20.6 percent on the three-month average share price.

In addition, Grupo Exito plans to acquire 100 percent stake in Libertad for $270 million or COP772 trillion to our 2014 sales multiple of 0.55 times. Regarding the governance structure, there will be equal representation at the

Board level for the company with specific casting votes that gives it the possibility to consolidate the results.

There are also clear opportunities and cost synergies optimization and significant value creation for Exito's shareholders with an optimized financial structure. This deal has been done with strict compliance with governance rules.

The transaction has been recommended to the general assembly of shareholders by the independent Board members of the Exito Board, where the Board members which have a conflict of interest abstain to cast their vote. Extraordinary General Meeting to approve will be convened for the 18th of August.

The closure of the deal is expected to be done by the end of August 2015.Going to slide number 4, it depicts how Grupo Exito has the opportunity to become the largest South American retail group with unmatched geographical footprint and a leading market position through the acquisition of two important assets in the region, Grupo Pao de Acucar in Brazil and Libertad in Argentina.

The company will add significant expansion of geographical footprint from two to four countries, and will reach over (280 million) people in the largest economies, totaling 80 percent of the GDP of the continent in both countries, covering 75 percent of the South American population.

It also ratifies Grupo Exito's leading positions in all the markets; number one in Colombia, number one in Uruguay, number one in Brazil in food and non-food, and number three in commercial real estate in Argentina; having a leading position in that region, of course, of Argentina.

The aforementioned deal is a major step in the international expansion of Grupo Exito, after which the company will be ratified as the platform of expansion in Latin America by fully consolidating the operations of Columbia, Uruguay, Brazil and Argentina.

Moreover, acquiring Libertad and fully consolidating GPA will position Exito as the leading South American retail group and the first Columbian company by sales. In slide number 5, it depicts that combined three synergies and outcome for the new consolidated Exito as of December 2014.

It shows over $33 billion in sales, EBITDA of $2.7 billion, with a consolidated margin of 8 percent. Moreover, you can see that there are also benefits at the operating level as income will reach $2.2 billion, with a margin of 6.6 percent. All these financials calculations is based, I repeat, in full-year 2014 figures. Slide number 6 shows how doing this transaction will further strengthen Grupo Exito key strategic pillars.

First, Grupo Exito will have a stronger international profile, with presence in four countries versus two countries today with leading positions. Secondly, there will be an acceleration in its omni-channel expansion through a greater exposure to Cnova.

And also, there will be a further regional development of the real estate business which we had proven to be very successful in Colombia and increasingly successful in Cordoba, Argentina and the surrounding regions.

Third, we see a stronger commercial development with significant cross-fertilization opportunities, by working more closely with Grupo Pao de Acucar for instance with the business unit of Cash & Carry, which is highly successful in the Brazilian territory. In addition, we foresee that our operational excellence activities will be reinforced by synergies and exchange of best practices within the group companies.

Finally, the company will benefit from the exchange of people and knowledge around LatAm operations and will have significant opportunities to join corporate social responsibility programs. In slide number 7, this slide shows the governance structure of the deal, which ensures a 50 percent ownership between Exito and Casino of the French holding company, historically owning 99.9 percent of the GPA's voting shares.

Accordingly, the composition of the Board of Directors of GPA will reflect the new ownership structure and equal representation at Board level with the appointment of three representatives nominated by each party and up to five independent directors. Thus, management of Exito and GPA will work together to accelerate the development and attain synergies through a dedicated committee.

The final outcome of the transaction is that Grupo Exito will own 18.8 percent of the economic shares of GPA and the voting rights needed to fully consolidate. Let's speak now about the compelling strategic rationale behind the deal. Going to slide number 9, it shows how Exito will enjoy a match geographical footprint in different and very valuable positions in the market.

The company will be present in four countries in South America, representing 80 percent of the GDP and 75 percent of the total population. Moreover, Grupo Exito will be the leading South American retail group with over $33 billion sales and ($2.7 billion) of EBITDA as of consolidated vision end 2014, with leadership positions in its key market.

Number one in food and non-food in Brazil, number two in e-commerce in Brazil, number one in food in Colombia, number one in food in Uruguay, strong regional position in retail in Argentina, and number three in commercial real estate player nationally in Argentina. Through its presence in four countries, Exito will be exposed to both Mercosur and Andean countries, providing future access even to the Pacific alliance of which Columbia forms -- is an important member.

Let's move to slide number 10. Here -- there is a description showing the pyramid of the population of most LatAm countries, and how a multi-brand and multi-format strategy will fit each of the markets. Clear segmentation and accurate market approach will warranty properly exposure within this markets.

If you look at the pyramid, you can see that, as a consolidated vision, Exito Group with the presence in these four markets will address in a leading manner the most important segment of the consumer base. If you look at the pyramid, you will see that at the superior extreme, where we have the premium consumers, we would have brands as Pao de Acucar in Brazil, as a Carulla in Colombia, and as Disco and (Devoto) in Uruguay.

Then comes the mid-market, which is the biggest part of the market today and generator of a lot of the income where you find the Extra brand in Brazil, you find the Libertad brand in Argentina and, of course, the leading brand in Colombia, Exito.

And if you go to the popular segment, which is clear and key in South America today because of the development of the emerging consumer and because of the base of the pyramid importance, you will find as high Assai as a Cash & Carry, second player in Brazil, but with a very important dynamic and getting market share; and then you will see Surtimax and Super Inter, the discount format in Colombia, which have been performing very well and which are an alternative for expansion in other countries.

So, this slide shows that there is a full comprehensive portfolio of brands that addresses in a very adequate way, the current structure of the consumer pyramid in the LatAm and South American region. Moving to slide number 11, we can see a complementation to the previous slide and shows how the transaction creates a platform covering all the consumers, and totaling number of 2,500 stores.

You can see how the group has an adequate representation in hypermarkets in all the countries, in supermarkets with Carulla and Exito in Colombia, with Extra and Pao de Acucar in Brazil, and with (Devoto) and Disco in Uruguay, with Cash & Carry and discounters with Super Inter and Surtimax in Colombia, and Assai in Brazil, with specialized non-food stores, with Pontofrio and Casas Bahia in Brazil, with convenience stores, with Carulla, Express and Exito Express in Colombia, and with that convenience store portfolio in Brazil.

And then, with the recently opened convenience stores in Uruguay, which are not present here yet, and some convenience stores in Argentina through Libertad.

Then, you will see that we will add a total number of 537 stores in Colombia, 1,902 stores in Brazil, 54 stores in Uruguay and 27 stores in Argentina; for a total number of 2,520 stores.

Moving to slide number 12, it shows the omni-channel strategy, which has been a centerpiece of the Exito strategy and which is clearly strengthened which did consolidation figure, because we still continue with a combination of the brick and mortar stores, as we saw in the previous slide, the e-commerce (profiliancy) talents and assets, which is clearly strengthened with this consolidation, especially in Brazil with the presence of Cnova; and where you have a great facility with a click and collect opportunity and home delivery in different markets. Going to slide number 13, it shows how Grupo Exito's growth profile will be significantly enhanced through a better geographically and business diversification.

The company's business profile will be much more balanced and the share of e-commerce in the group revenues will go from 2 percent to 11 percent on a full-year 2014 pro forma basis. Grupo Exito will also acquire strong positions in Brazil, a country which lags behind Colombia in terms of modern retail penetration, and that's very interesting to see how regardless of the huge size of Grupo Pao de Acucar in Brazil, the opportunity is even bigger, because it is one of the countries of the continent with the lower penetration of modern retail.

Regarding Argentina, the country is expected to recover in the next month, and there is a significant improvement potential in the dual retail and especially in the real estate model of Argentina.

I will move to a very important chapter in which I will make some emphasis, which is the strong value creation potential to Exito's shareholders. As you can see in slide number 15, there are three key synergic areas that we have identified to work on the regard to commercial development, purchasing and SG&A savings.

Margin on additional revenues is estimated to be of $65 million and will stream from the development across the operations of Cash & Carry, textile and premium proximity. Purchasing synergies relate to food and non-food, national brands and private labels are estimated at $50 million. Finally, cost and CapEx synergies are worth $45 million and are expected from shared services centers from marketing expenses, productivity gains and non-COGS goods procurement.

The total value of synergies and product development opportunities are estimated and expected to reach $160 million per year, in a recurrent basis upon full implementation of the estimated business plan. Synergies will be related directly to GPA by 55 percent, while 45 percent of synergies will benefit the Grupo Exito perimeter formed by Grupo Exito Colombia by Uruguay and Argentina.

As the figure were speaking about a total number near to 50 basis points of the whole perimeter, where a little over 36 basis points will go to that GPA perimeter and 130 basis points to Exito Uruguay and Argentina.

Next slide is very important, because it speaks about things that we have need not valued, most of them are not valued in money, but which are of great importance and it is the synergies in knowledge, in sharing best practices, in cross-fertilization for the (obtention) of growth. Here, we will see that, for example, Cash & Carry coming from Brazil can benefit a lot Colombia, Argentina and Uruguay.

Textile business now have coming from Colombia for hypermarkets can benefit Brazil and Argentina. Differentiated premium proximity concepts exist in today in Colombia and Brazil through Carulla and Pao de Acucar can benefit each other through the sharing of best practices and value-added proposition -- value and product proposition. Discount proximity expertise coming from Colombia in Surtimax and Super Inter can go to Brazil and Argentina.

Real estate and business model having a special strength in Colombia through the Viva brand and business model can be taken to Brazil and Argentina and to Uruguay, and e-commerce accelerated sales development, which is absolutely clear in Brazil through Cnova, could continue nurturing the Colombian current strategy and also entering Argentina and Uruguay.

The identification and monitoring of synergies will be delivered by a specific synergies committee comprising key executive officers of each company to assist on an effective implementation of the synergies. And we will be engaging also a high level international consulting company to strengthen this implementation and to make sure that it moves forward.

On slide number 17, it depicts the source of additional revenues from alignment on best practices on the following activities.

Textile sales development from Exito's expertise to GPA and Libertad, exchange of best practices regarding premium concepts between GPA and Exito's proximity banners, transfer of loyalty programs' knowledge from Exito to GPA food operations, insurance know-how applied to extended warranty, not only in the know-how but also in the purchasing capacity with these service suppliers, data-mining synergies, development of new concepts, such as catch and carry in Colombia, Argentina and Uruguay.

Thus, synergies from best practices will bring USD $400 million of additional revenues with a margin effect estimated in $65 million.

Slide number 18 refers to the expected purchasing synergies both in food and non-food categories. These are clear synergies which have been already obtained, for example, in Brazil, between the different banners, and they come, clearly, from the improvement of purchasing conditions with suppliers in national and private-label brands.

This is especially important in the strong purchasing position that GPA and especially Via Varejo have in non-food appliances and hard-line products. Moreover, there are other synergies expected from suppliers coming from (inaudible) related to accessing new markets. Purchasing synergies related to these activities are estimated in around $50 million.

Then going to slide number 19, it depicts the synergic plan through SG&A savings. Cost synergies will come from the creation of shared-service centers, standardization and centralization of non-COGS purchasing, administrative expenses and improvement of marketing and advertising purchasing.

This is very standard in the world between most multinationals, and here is a one-at-a-time opportunity to do it at the continental level by Exito by -- in the consolidation of these four countries. Synergies expected from these areas are worth $45 million.

Moving to slide number 20, it shows this transaction will clearly bring additional value to shareholders through four different levels as follows: enhancement of growth profile, profitability improvement, optimization of financial structure, leaving room for growth opportunities, (robust) run-rate synergies delivering additional value creation.

As a result, this transaction is significantly accreted on Exito's earnings per share and expected to generate more than 5 percent accretion to Exito 2016 earnings per share, before synergies, 30 percent, taking into account the full implementation of the synergies in a pro forma basis.

As for return on equity, the improvement will be also significant, since Exito will reach 9.5 percent, including synergies versus the 6.5 percent as of today.

Slide number 21 depicts the transaction-financing structure. As you can see, this transaction will be financed by a mix of Exito's existing available cash on the balance sheet. US dollars 350 million, living within Exito, the normal cash that we need for the rest of the operations and current CapEx compromise and commitments and newly issued debt of US dollars 1,600 mission provided by a syndicate, including three leading Colombian banks and one international bank.

That envisaged structure is of a 10-year amortizing loan of US dollars 700 million of US dollars 700 million, a 18-month bridge loan of US dollars 730 million and a 12-month revolving credit facility of US dollars 170 million, the estimated financing cost is a very competitive rate of 6.8 percent in Colombian pesos.

Exito will (optimize) its capital structure with a consolidated pro forma leverage of .2 times post-transactions to be compared with minus 3.6 times pre-transaction, leaving room for future growth opportunities.

In slide number 22, there's a detailed description of the steps and procedures that are being applied and that are being used to approve the transition, following strict corporate governance standards not only in the way of doing it, of studying it and approving it, but also in the value to assure that it's announced-length value and it's a market value, which is fair to all the shareholders of Exito.

Strict corporate governance standards have been applied, given that it is a transaction between related parties. The first one have been governance -- very strict rules regarding approval of the transaction. At the audit committee of the broad, at the governance committee of the board, it has been clearly and deeply reviewed, and the governance steps, the valuation and the fairness opinion received by bank of America, Merrill Lynch, have been very important criteria for going forward with the transaction.

At this committee, there has been only the approval given by the independent members of the board without the members of the board that have any conflict of interest.

At the board level, the transaction was submitted to the general assembly of shareholders. It was submitted with a positive recommendation to be approved, and this recommendation was both, in a unanimous way, by the five independent board members and without the participation of the -- of the conflicted members.

Finally, the valuation was advanced by a study done by (Rothschild), who was a common financial advisor to Casino and to Exito. And on top of it, we have a clear and clean fairness opinion from Bank of America Merrill Lynch, who was an independent external financial advisor engaged by Grupo Exito.

In slide number 23, we can show the timetable of this transaction, which was unanimously recommended, as I said, by the independent board members and who -- yesterday, July 29th. The execution of the deal is subject to its approval at the extraordinary shareholders meeting to be held on August 18, 2015, and the acquisition process is suspected to be completed by the end of August 2015.

To conclude, I think that this is a highly beneficial deal for Exito shareholders and for Exito as a whole, looking forward to its economic, to its retaining, to its real state and to its full business strategy.

First, because key strategic move has been performed in this way by Exito by consolidating a leading South American retaining group and by giving a clear sign that the commitment that we had with shareholders of moving towards expansion in other countries without losing focus in Colombia is being (complied).

This obviously is a step forward. But there should be more step forwards (sic) in the future in the expansion in South America and in Latin America in general, bearing in mind that Exito has been designed as a platform for this purpose.

Second, we put together strong brands, strong formats, differentiated formats, and on top of that, an e-commerce position, which is very important in Brazil, clearly leader in Colombia and with opportunity in countries. And this will give us the ability to continue penetrating these markets and in the future, future coming markets.

On top of that and what is a key concern about the deal, there’s shareholder value creation, which is the most important thing we have to assure in these kinds of deals.

First, through synergies, which have been closely reviewed by management teams and which explained in detail the 160 million, which combined revenues, cost reduction and very clear and partially captured in the past purchasing synergies. It also includes cross-fertilization among the countries with a permanent steering committee to assure that it will be done.

Earnings-per-share accretion has been identified before synergies around -- between 5 and 6 percent and after synergies of around 30 percent. There’s an improvement on return on equity. There's an improvement of the growth profile of Grupo Exito as a whole, and it is all being done in a very sound financial structure, both in a consolidated vision but also in a cash creation vision.

Acquisition has been done with the strongest and strictest governance rules, assuring approval by independent members and assuring market conditions which prevail for all the shareholders of Exito and with the fairness opinion granted by Bank of America Merrill Lynch as independent counsel engaged by Exito.

The deal has an implied multiple between six and seven times EBITDA and compares favorably with any major transaction in retail that has been done in the region.

Finally -- but it is a final that it is very important we combine the force of people, of talented people in Brazil, of talented people in Argentina, in Uruguay, with a talent also of Exito. We put together a force of excellent management teams to assure a very interesting future to the shareholders.

This is a game-changer. This is an important game-changer for Grupo Exito, and it is a game-changer which is at the end and its our big commitment going to benefit the shareholders of this company to whom we do our commitment and our work.

So this is our presentation, and of course, we are open to any kind of questions that you might have.

Operator: At this time, I would like to remind everyone, in order to ask a question, simply press star then the number one on your telephone keypad. If you would like to withdraw your question, press the pound key.

We'll pause for just a moment to compile the Q&A roster.

Your first question comes from the lines of (Andres Otto, Santander).

Andres Soto: Thank you, Carlos Mario, for the presentation.

My first question is regarding leverage. You mentioned during the presentation that you expect consolidated net debt to EBITDA to be at 0.2 times counting the numbers of 2014. I have a slightly higher estimate for 2015, but it's still a very comfortable deposition.

How are you planning to deploy this financial strength going forward? Is it to continue pursuing acquisitions outside these countries, or are you -- for the time being, are you planning to focus on consolidating your recent GPA acquisition.

Carlos Mario Giraldo: Thank you, Andres.

For the time being, we have to focus in this consolidation, of course, second, in capturing synergies, and third, in continuing development without losing focus, our retail and real-estate strategy in Colombia. And that will be done.

Answering to your question, the financial structure keeps an important space, first, to continue with retail expansion in Colombia and to continue with real-estate construction in Colombia but also to look for new opportunities.

I cannot say if these opportunities will be taken forward in -- in the short term or in the medium term, but what I can say is that we have been looking at them and that we will continue to pursue this way. It's to (inaudible) that it's not only Exito today; it's -- it's a joint of many management teams and it's a joint also of the financial capacity of important retaining companies in South America.

Andres Soto: Thank you, Carlos Mario.

My second question is regarding the communication that you filed with the local regulator. You mentioned that Casino is -- will consider acquiring shares from subsidiaries in Latin America in the -- in the next coming months.

I will like to have additional details on what this -- this means. This -- this opens the possibility to buying out minorities at Exito level?

Carlos Mario Giraldo: What -- what we did here was to take from Casino communication its expressed -- its expressed will to be able to acquire shares of -- of -- of the listed companies, especially GPA and Exito, if the market conditions are present for that.

Andres Soto: Okay. Thank you very much.

Operator: Your next question comes from Mr. Antonio Gonzales from (Aquis).

Antonio Gonzales: Carlos Mario, congrats of this transaction.

I'd like to make two questions. First one, just very technical, what's the date for the payments once the transactions close, is it a bullet payment or is it a staggered payment, and at which FX rate are you making it? Is it a dollar payment, or is it the equivalent to Colombian pesos considering any FX rate?

And then the second question, just as a follow-up to the previous question. I'd like to understand from a financial standpoint, how do you come up with the optimal amount that you can buy from Casino stake in CBD? Is it 18 percent, because that's what Casino is willing to sell now, because at the end of the day, where I'm trying to go is, if the multiples are pretty accretive, as you obviously already mentioned.

And as it was mentioned already in the previous question, leverage is quite low, that same financial rational could apply if you buy, I don't know, 20 percent, 30 percent, 40 percent incremental stake in CBD, now why not take it to a higher level, from our financial standpoint it continues to make sense.

Carlos Mario Giraldo: Thank you, Antonio. You're being quite aggressive in your questions. And what I can say is, clearly I share your view that this is highly accretive to the shareholders of the company.

By taking 18.8 percent of the capital of GPA, what we do is to arrive to 50 percent of the voting shares, which after having some casting votes, gives a consolidation opportunity to Exito and also leaving opportunity and sharing work with GPA's management to capture synergies. So it puts us in that position to create value and we thought that for the time being, this is a right position to be and the right share to take that point.

And the other is that when we look at the adequate financial structure of Exito for the moment, this is an adequate level of acquisition to obtain and to protect also the possibility of Exito of compliance with its expansion in Colombia, with its expansion in real estate and with other acquisition opportunities that we might have. About the payment schedule, I'm going to pass the word to Filipe Da Silva, our CFO.

Filipe Da Silva: So, as mentioned by Carlos Mario, closing is expected to be done at the end of August. And I would say, the payment we've done at the same time, OK, for production. Regarding FX introduction it's done in USD. And so, you are right, we have to deal with the trade of USD, and it's what we have been doing and we will do in the next coming weeks to ensure the payment -- the proper payment to the seller.

Male: Sorry, if I just may, and sorry, if it was too aggressive, that was not intentional. But just to see if I capture the message correctly.

Opportunistically, if valuation is there, et cetera, is it reasonable to assume that a few years down the road after deleverage and without, I guess, compromising the growth projects in Colombia, you would be willing to buy more, assuming that Casino is willing to sell. Is that correct?

Carlos Mario Giraldo: When I say aggressive, it is because, I think it is quite big what we have done. And you were speaking about doing it even bigger. About going forward with acquiring more shares of GPA, I have no comments as of this stage. There is a lot of work to be done before that.

Operator: Katina Metzidakis, Deutsche Bank.

Katina Metzidakis: Good morning and congratulations on the -- well, on the second quarter results and on the tremendous deal. I had a question really sort of more strategic, wondering if eventually the company would be opened to some sort of US listing, sort of similar to what Cnova has done. My second question really just regarding the build out we saw this quarter in Uruguay. Just to understand a little bit more about what's happening there, what the plans are.

And I guess similarly, when you talk about expansion further in South America, is it South America or are we also considering -- are you also still considering potentially a move into Central America, which I believe Casino's CEO had said something about this. I saw Bloomberg headline earlier today. So those two questions.

Carlos Mario Giraldo: I will go in order. US listing, I have no comments about that at this very moment. I would say as before that we have still a lot of work to do in the consolidation of the current deal. Number two, Uruguay; Uruguay is going very well.

It is one of the Latin American countries which has been clearly resilient to the phenomenon of affection of consumer demand in many of the other countries. The sales in a like-for-like basis are going up between 11 percent and 12 percent.

There has been some additional competition from non-food players with no impact for the moment on our operations. And both Disco and Devoto are operating very well and with good increase in sales and with excellent stability. And the good thing is that other than the synergies that we captured in the past in loyalty programs, in productivity, which are clearly expressed in the results, as we said four years ago, and it has been delivered it to the shareholders.

Other than that, we said that we were going to start to do things with new formats. And we already opened at this moment three proximity stores, we are planning to open at least seven more during the year under the Devoto Express.

And I believe that by the end of the year, we should have opened an e-commerce strategy in the country. So things are moving and they are moving in the right direction. About going forward from South America further to the North, I think it's a possibility that we cannot exclude. Central America is very, very interesting; and not only Central America, but the Caribbean countries and they are very related to the customer type that we have in places like Colombia.

Operator: Gustavo Oliveira, UBS.

Gustavo Oliveira: You mentioned a lot of your synergies related to operating synergies, but none of them are related to financial synergies that you may accomplish in the group. Could you please comment on that?

And also, still on the synergies, it seems that most of them are based on what you call cross-fertilization opportunities, which in my view may be accomplished in the group even without this transaction happening. So the question is, why you need this transaction to accomplish all the synergies and why you don't have any financial synergies in your business plan?

Carlos Mario Giraldo: Financial synergy is earnings per share accretion with…

Gustavo Oliveira: No. I was talking more funding growth, like you've taken advantage of different funding costs between countries, among several countries and use this opportunity if that's possible.

Carlos Mario Giraldo: I'm going to leave that question to the CFO and I'm going to go to the second one. In the region, we have done some efforts of capturing synergies and they have been very well leaded by the Casino Group. There is a global sourcing, which has done the first global negotiations, especially with food multinational suppliers and we have that in place.

But really to get deep, to put to work the teams, to identify this cross-fertilization, you have to put together the LatAm teams.

And I think what Casino has part also, is that having it closer, having it with one leading company which has a stake, an economic stake in that, the synergy will be captured is the right way to do it.

So it is going to combine teams from the different countries. It creates Exito also the urge to capture value and we are going to do it being close to the market and having teams of LatAm extraction, who are also close culturally to what we want to obtain.

Filipe Da Silva: Regarding your -- the synergy on the financial side; on the first stage we have refocused on the operational one. So today, I cannot tell you anything about our financial synergies. It's something that we could explore in the next coming months. And if we identify opportunities, of course, we will do it, OK?

Gustavo Oliveira: And the last question is still on the synergies. You mentioned that there is a 55 percent breakdown going to GPA and 45 percent staying with Exito shareholders.

Are we going to see how -- as a shareholder of CBD, how can we be certain that the synergies are actually going to flow through the restructure? And are you guys going to make the shareholders' agreements more public, so that we can actually believe in this 55 percent benefit directly benefiting the CBD shareholders?

Carlos Mario Giraldo: That's a very good question. And first of all, when you get 55 percent of benefits through Grupo Pao de Acucar shareholders, Exito is 18.8 percent of that. So you get a share of that.

And number two, these synergies are going to be done on a very arm's length basis, given the fact that we have different group of small shareholders, of minority shareholders. So, there has to be, for example, some consideration paid from the one that receives the benefit to the other for granting that benefit.

And we will have a committee -- special committees that will study what is the fair share of the synergies between the companies. Let me put you an example, which is clear. If Viva Waiijra, for example, given its great negotiation conditions with the suppliers of electronics and of appliances, is going to grant or it's going to put in place and to share some purchasing conditions with Libertad, with a (giant) in Uruguay and with Exito in Colombia and with the e-commerce business in Colombia, there should be some consideration and some benefit for Viva Waiijra.

What we will do is, of course, given publicity to this agreement, once that they have reached, but it's an important part of that.

There are strict compliance rules in all the group Casino companies that make clear that if there is a kind of conflict of interest, it will be well addressed. And that's also the rule that we will have, not only in the synergy steering committee, but also in the independent committees that will review these transactions.

Operator: Your next question comes from (Juan Serono from Korbino).

(Juan Serrato): I have two questions. I will like to know a little bit more of guidance on same-store sales on Colombia, this is about the results guidance for this year.

And regarding the transactions, maybe I want to hear a little about the main risks on the operations you are acquiring, especially in Brazil. What do you see in the short-term in this region and how could this impact the results of GPA this year?

Carlos Mario Giraldo: First of all, in same-store sales for Exito; we are seeing an ongoing trend of an affection of non-food sales, especially. Food sales are increasing well, but non-food is not, so we think that we will be in the range of minus 1.5 to plus 1 according to what happens in the second semester. But it would not be a great year in same-store sales.

And what we have done, as you can see, in the second quarter, we're doing a lot of work internally in productivity, in good negotiations, in real estate business, in other complementary business, and in having a profitability approach to warranty that the profit is there. And as for the second semester, that was obtained fortunately.

Speaking about Brazil risk, and risks in general of the transaction; the first thing is to say that given the fact that they are well known companies, Libertad by having being within the Group Casino for many years, and also GPA by being a highly public company, the execution risks are clearly limited, they are minimum, I would say, zero. And then, about business risks; of course, each country has a different reality.

But if you look at what has been done, Exito is getting very, very favorable multiples; multiples, which you have not seen in any other major transaction in the region. Of course, they reflect in the valuations that have been made in this year, et cetera, the current situation of both Argentina and Brazil.

And I look forward, is the Brazil is Brazil, it's a huge country. It's the most important country in South America, it's the fifth country in the world, and it will eventually recover, and then the non-food sales which are the ones being affected today will go forward. But also that Brazil has a lot of strength in Pao de Acucar sales, which are there and they are going well.

In Assai sales which are great; and in the rest of the food sales, it as a defensive sector even in the moment in which a country is affected. So really we believe that this is a window of opportunity for Exito, getting in very attractive market. And only look at this, by this, Exito is going to be present in four of the five countries with the higher income per capita in South America, with the only exception of Chile.

Second, it's going to be present in the three biggest economies of South America; Brazil and there is an argue between Argentina and Colombia, but let's say they are tight, they are the three most important economies in the region. So, strategically, this is a huge importance for Exito.

And the third thing, which I want to put on the table is that up to date, Exito is very successful in Colombia. We have been, we are 44 percent of the market share. But looking forward, OK, we have expansion opportunities; OK, we have complementary businesses, the real estate business has a huge opportunity; but in acquisitions in Colombia, we have already done what's up to acquire. We cannot acquire Olimpica or other big operations, because of anti-trust issues. So we have to look where else to grow.

And looking to grow for companies that are currently well-known within the group, where risks of execution are zero, and countries with a huge potential and that with an earnings per share accretion for the shareholders and for --

with a clear upside under current valuation standards. I mean, I think that's the right way to move.

Operator: Jose Restrepo, Serfinco.

Jose Restrepo: I have one question regarding the transaction or the acquisition. In the past few years during the conference call, you have mentioned that you have been seeking several opportunities to expand your footprint in the region. And I wonder what happened with those opportunities? Why Casino decided to reorganize its operation in Latin America, instead of entering into other markets?

Carlos Mario Giraldo: And first of all, I would say that in the past, we have done Cafam, we have done Super Inter, we just ended paying Super Inter this first quarter and that was a transaction which brings sales of more than $400 million as of closing of last year. Second, as we are looking at other opportunities and we continue looking at other opportunities.

But the third thing is that you don't buy the first thing that comes around, and I think you have been patient with Exito. You have always said that we were inefficient in our balance sheet and we are proving that we are moving, but moving big.

And this is a big, big opportunity, which does not exclude as we go forward with looking the other opportunities, but we are very strict that they don't only give you growth for the sake of growth, but that they give EPS accretion to the shareholders and that they give synergic possibilities and that they make sense under the current strategy of Exito.

Operator: David Villan, AdCap Colombia.

David Villan: I have two questions, regarding to the transactions. How much money do you have right now in cash, in dollar in the balance? Did you already do the both of dollars or are you planning to do it in the next weeks, the first question. And just to clarify the transaction, if possible to include credits in order to complete the total amount of the attribution? And the mix of Cash & Carry, how could be it?

Filipe Da Silva: So, regarding your first question about the Exito's exposure. As I mentioned previously, I confirm that the production we repaid in USD. And so we have -- and we will act to ensure this payment.

So we have already passed, as mentioned by Carlos Mario, part of the financing has been raised in USD. And still of course, we will and we have already talking on to buy dollars to ensure the payments, OK. Regarding your second part of question, please, could you repeat it, please?

David Villan: Yes. It's about the mix of the amount of the acquisition. How is the mix, maybe Cash & Carry, how could be it to do the acquisition?

Filipe Da Silva: Regarding the split, so we have -- I will talk in pesos Colombian. So we have used COP1 trillion of our cash balance -- cash in the balance.

And the remaining part has been done in financing. So through long-term loan, bridge loan and revolving credit facility, OK. We have three -- I would say, three parts and we have split the financing into three sort of loan in order to give us flexibility in the future.

Operator: Mr. Giraldo, do you have any closing remarks?

Carlos Mario Giraldo: Yes, I would have a big remark. This is a historic move for Grupo Exito. It's a game-changer, I was making a personal reflection. And Grupo Exito has very important moments in its history.

I think the first one was 60 something years ago, when Gustavo Toro, the Founder, went from a small store in the center of Medellin to the (inaudible) store existing, he took it over, and he made the first hypermarket in Colombia.

Then when in the '90s, Exito, as a middle-size company, acquired in the stock market Cadenalco, which was the market leader in Colombia. Later, eight years ago when -- there was the acquisition of Carulla Vivero, which was the number second in the market, and it gave us access to a premium brand like Carulla.

I would also say that the entering of the Casino Group into the participation in the shares of Exito and then as controller shareholder has given us lots of benefits with the e-commerce know-how, real state know-how, proximity know-how and also the development of private brands to mention, which I think are the four most important. And today, this is the big step.

This is the biggest step forward, taking Exito from being a Colombian company with a small position in South America, in Uruguay, to make it the leader through a consolidation view in the South America arena. Synergies are there to capture and it is our responsibility.

Value creation is our main focus and that's our responsibility with the shareholders. Synergies can take us even to an accretion of around 30 percent to an improvement of earnings per share and obviously to an improvement of the margins.

I believe that working together with the management teams of Brazil, of Argentina, of Uruguay, and our own management teams, is going to create a winning team in South America, and we continue with the vision of looking for new opportunities in the rest of the region. And as it was asked, that does not exclude important opportunities in Central America and the Caribbean.

So to you, thank you very much for being present in this meeting, for your questions. And this is an invitation to come together with us in this exciting journey that we are starting.

Operator: This concludes today's conference call. You may now disconnect.

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