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Operator: Good Morning my name is Richard and I'll be your conference operator today, at this time I would like to welcome everyone to the Grupo Éxito 4Q16 and FY2016 conference call, all lines will be placed on mute to prevent any background noise after the speaker remarks there will be a question and answer session thank you for your attention. Maria Fernanda Moreno will begin the conference today Ms. Moreno you may begin your conference.

Maria Fernanda Moreno: Thank you Richard and good morning everyone we appreciate you're joining us today for Grupo Éxito's call at this time I'm pleased to present our Chief Executive Officer Mr. Carlos Mario Giraldo and our chief financial officer Mr. Manfred Gad and Mr. Jose Loaiza GPS International Business. We will be following the following presentation that is available on our website and the via link provided with the conference call detail if you look at the agenda on the slide No 2 you can see that we will be covering Grupo Éxito's operating highlights financial results and strategy outcomes for the fourth quarter and full year 2016. We will be then calling on the company's business outlook for 2017 before concluding with the Q/A session. Thank you for your attention now I will turn the call over to Mr. Carlos Mario Giraldo

Carlos Mario Giraldo: Thank you very much for the overview at the beginning of this conference I will start with slide No 4. Really 2016 was a key year for the consolidation of our Éxito Latin-American South American retail and real estate operation ,after 15 months of working together in the integration and consolidation of the Colombian, Brazil, Argentinian, and Uruguay operation we can say that in this full year, there are 19 initiatives going on in integration and synergies with a recurrent operational run rate capture for the year of \$USD 25 M in synergies such as the normal purchasing of input food and non-food the Cash and Carry entry into Colombia ,the Allies entry into Brazil , the textile model into most of the countries and real state synergies within others. We continued the expansion in the key format which are trendy in the region as the Cash and Carry with 14 openings ,the allies to the traditional channel both in Colombia and in Brazil with a 102 *Alliados* in Brazil and the Proximity format In the Commercial Strength of the organization hypermarket

special strength in all the countries in the four countries but I have to highlight the Éxito hypermarkets in Colombia and the extra hypermarkets come back into Brazil with a market share gains in the last 9 months of the year and with an increase in sales in the last Q that have not been seen in previous Qs our customer satisfaction in Colombia came to a top level with 4.35 points /5 per Éxito given by our customers through Invamer Gallup and 4 points for the Carulla customers. In the financial highlights, we have Ebitda growth both in Colombia and in Uruguay for the full year even in a challenging macro-economic environment. We have also the good news of the Profitable on-line business in Colombia for the first-time mid-single digit Ebitda and sales that continued growing in a double digit every year and a consistent holding deleverage which went from 3.8 NFD/Ebitda to 3.1 surpassing the expectations that we had. In Corporate Governance Achievements, we continued with the adoption of OECD Corporate Governance Guidelines which are captured by *Codigo País* in Colombia. And one of the most important moves was audit and conflict of Interest committees are today exclusively conformed by Independent Board members. Finally, in Sustainability Achievements we remained included in the DJS Index for Emergent Markets. And there are key advances in our nutrition vision for Colombia for zero nutrition as up 2030 and the local purchasing to local food, meet vegetables suppliers all over the country. Going to slide No 5 we can see that in Capex for the year we had a total consolidated Capex investments of around 2 billion COP with 70% to expansion and 30% to maintenance and out of that the Colombian Capex came to 564.000 million Colombian pesos which is one of the highest in the whole history of the company 38% of it going to real estate expansion and the rest to maintenance fundamentally to retail expansion. There it is important to highlight steps taken towards the corporate simplification process that is initially, the Integration of Cnova Brazil into Via Varejo to create a whole unit of non-food virtual and physic. And then the Announcement of the Divestment process of Via Varejo in order to focus our force our strength, our expansion and our future in the food business in Brazil that is to choose one of the 2 battlefields, in that battlefield which has the highest potential and which is normally resilient in all economic moments and to become clearly the food retailer leader in Southamerica with a non-food content that is contained in our hypermarkets. We launched our Viva Malls as a real estate vehicle as we announced in alliance with Fondo Inmobiliario Colombia (FIC) that acquired 49 % it is controlled by Éxito and the valuation was of COP\$1.6Bn with a Cap Rate between 8.7% and 8.8%. Going to slide No 6 this is a key slide because it shows, how in the different countries we are pursuing a joint vision and a best practice exchange, especially in commercial strategies which have impacted the sales of the most important business units in the different countries. Let me mention first, the 1, 2, 3 savings of the month strategy which was initially originated in Argentina and gave Argentina two full years of market share gains, it was taken later to Colombia and to Brazil first to Brazil it included a very clear promotion of key more than 1,000 SKUs every 15 days and it has been key in the recuperation in the combat of extra to in the growth gain. The textile model, coming from Colombia from the Éxito DNA in textiles is being taken to Argentina and to Brazil to 8 stores as a total and would be taken to 30 more stores in Brazil this year it is key because the percentage of participation on the textile business. The other units in the other countries becomes near to what it is in Éxito it means more traffic into the non-food business but also an increase in the growth margin in the hypermarkets. Finally, without entering in details we have the unbeatable prices of "O mais Barato" strategy in Brazil for the basic selected SKUs of basic food having the best price in the market and the fresh product concentration in shrinkage and in the generation of margins in all the countries. Going to slide No 7, we speak about expansion strategy only to say that for the full year up to 2016 we had 76 openings arriving to a total of 1.576

food stores in the 4 countries with 566 in Colombia, 904 in Brazil, 79 in Uruguay; and 27 in Argentina for a total area of near to 2.8 million sqm. In the real estate expansion it was a historic expansion with 75.000 sqm of GLA (Growth Leasing Area) in 2 shopping malls including Viva B/quilla the most important shopping mall to the North of Colombia and the 6th largest in the whole country and in Argentina with an additional 15 thousand sqm arriving to a total of 160 thousand sqm which makes part of an aggressive plan of increasing GLA in real estate in Argentina and centering our position as the first commercial real estate operator outside of Buenos Aires. Slide No 8 speaks about the strong sales performance in Colombia finally we had a sales growing a total 6.9% that compares favorably against the inflation and against the increase of commerce of 2% for the whole year and we have to highlight that it was the Éxito brand and the Éxito hypermarket which leded this increase in sales with a 7.4% increase in sales and 5.3% sales for store growth. Éxito sales outperform the retail market and Éxito hypermarket rebound is not only based on the food content but also on the non-food specially the textile aggressive strategy of everyday low price that we are having in our market with 80% increase in sales for the whole year. I hand the word to Manfred Gard and I will come back for the final remarks.

Manfred Gard: Thank you Carlos Mario and Good Morning everyone we will start on slide No 9 with the highlights of the operating performance in Colombia. During 2016 net revenues switch 11.4 Billion COPS increasing 7.5% over the year a growth way above 5.25 inflation. Gross margin gain 20 basis points mainly due to the productivity improve and the contribution of the complementary business such as credit insurance travel and real estate. Even this considering external factors like the high inflation during the year, the transportation strike and the effects of el “Niño”. SG&A showed 60 basis points throughout the year mainly from utilities occupancy costumes wages .Finally, the Colombian operation shows a recovery in the Ebitda of 833 thousand million COP and a margin of 7.3% very healthy and very competitive margin when comparing it to other Latin-American TOS moving forward to slide No 10 and starting with the review of the performance of our international operations I’ll start with Brazil, here it is important to say that during the first half of 2016 the food segment in Brazil started the implementation of the commercial strategy as an initiative to improve the top line performers and levering on our budget proposal and our strong grant positioning there are those short and I will say specially in the last 2 quarters that show the recovery of the food segment finishing the year with a sales growth of 11.4% in local currency above general inflation and reaching 36.2 billion COP same for sales whose return period was 6.7%. Our SG&A Cash and Carry format continued with stable digit growth with almost till 6% yearly growth and 10% more than 80% both in local currencies. Now SG&A represents over 36% of the total food sales net in Brazil. On the other hand, *Multivarejo* benefit from a strong recovery of the hypermarket brand extra in the last 2 quarters reverting the beginning of the year trend and finishing strong in the fourth quarter at around 5% net for sales while *Pao de azucar* remained Brazilian versus competition very stable in terms of sales just to finalize the proximity growing sales above inflation, the *Allies Compre Bem* that is a model started by the Colombian model finished the year with over 100 stores .Moving forward to the slide 11 in COP the Proforma net revenues improved in 27.5% in the 4Q16 and 18.5% in the year within 30.6 billion. Proforma growth margin of 23% and here it is important to say that the contracting margin compared with the 2016 is by a price investment strategy and the promotion activities implemented specially at *Multivarejo* that shows increase volumes and market shares and also the bigger way of *Assai* in sales, makes the difference. In terms of SG&A a much-disciplined control of expenses tends to show results in the last 2 quarters partially

offsetting the gross margin contraction. The strategy is to continue the same line in costs and expenses and ensure the company is prepared until the full economy rebound. In recurring Ebitda margin ended at 5%. Now, please move on to the slide 12 we are going to talk about Uruguay during 2016 the 5 slowdowns it's on their main commercial and tourist commercial partners Brazil and Argentina. Sales grew almost 11% in local currency partially benefit from the opening of 14 new Devoto express stores and expenses show for the period grew 8.3% above the inflation. Net revenues reached 2.4 billion COP and a growth of 11% over the year basis. Inflationary prices both in cost and expenses were offset by improved productivity during the year as you can see on the table bar and the recurrent Ebitda reached 188 thousand million COP with a 7.9 margin in 2016 demonstrating consistent growth and a profitable level. Moving onto slide 13 last year was particularly challenging for Argentina it was a transition year both in political and economic matters and with an inflation over 40% even in that scenario Pro forma sales grows 20% in local currency as sales benefit from food sales specially the fresh line while the non-food had a normal weak performance on the market conditions however, the launch of the textile model in Argentina coming from Colombia has sub created a momentum in the country sales. Net revenue reached 1.4 billion COP gaining in the market share given the possible effect of the commercial strategy that specially contributed to the performance of the hypermarkets. And as you see on the table given effects variation growth came at -11% in COP also the real estate business proved as the natural edge from our Argentinian operations of sales in inflationary prices effective results from the real estate business SG&A growth the low inflation and that it sustain from discipline stand control. And the recurring Ebitda which almost reached 70 thousand million COP and a margin of 4.8. Please look at slide 14 to have a look at the consolidated financial results top line consolidated Net results reached 61.6 Billion COP % passing a 14.5 year over year pro forma growth I think these results show the commercial strength of the group across 4 countries going down to SG&A at present sales remain flat in 2016 versus the same period last year reflecting productivity efforts and other market initiatives that cause the inflationary trendy in the region that caused higher salaries but higher occupancies plus higher utilities. Recurring Ebitda reached 2.9 billion COP and a margin of 5.6 % Mainly challenged by the Brazilian operation, margin in Colombia and Uruguay remained strong while Brazil and Argentina showed signs of recovery over the last 2 quarters I will say this public by November of last year Grupo Éxito along with *Grupo Pau de azucar* announced this intention to invest in this non-food business in Brazil therefore all results from Via Varejo and Cnova are displayed in our consolidated financial statement on the IAP .When we see the Net income from continuous operation it was 212 thousand million COP out of which about 100 thousand million is attributable to Grupo Éxito and the remainder 112 its attributable to the minority interest. After the subtraction of our sharing the Net income for discontinued operation the Net Income attributable to Grupo Éxito is 43, 5 thousand million COP. Moving forward to the next slide I would like to show you the bridge between the first quarter results and the turn over that happened over the 4th quarter comparing the results of the 4th with the results of the 3rd with 170million COP loss during the 4th quarter the four countries contributed with strong operating earnings in totally 604 thousand million COP after we subtracted Net financial results tax tuition , real state and discontinued operation the net income add 43.5 thousand million after a Net profit for the 4th quarter of 191 thousand million COP. On Feb 27th this last Monday the Board of Directors of Grupo Éxito management team proposed a dividend pay-out ratio consistent with Grupo Éxito track record of 60% of the Net income attributable to Grupo Éxito obviously as you know this proposal is subject to the approval by the General CEO of this meeting to be held on March 31st. Now, on slide 16 we

showed the landing of the debt ratio, net financial debt at holding level reached almost 3 Bn COP as of the end of December 2016, this represents an improvement of over 600 thousand million COP in Net debt adjusted Ebitda indicator came down from 3.8 times at the end of 2016 to 3.1 times at the end of last year this was often deal with the job after our guidance of 3.2 times. The company's strategies to achieve these targets rely on assure the releasing of around 200 million dollars mainly from working capital optimization increase of productivity and cash optimization at the holding level among other initiatives. I think it is important to highlight a reduction of over 5 days in inventories coming from continuous and sustainable initiatives in operational sector. Finally, on slide 17 you have a holding on the cash flow, at the holding level the cash increased by COP \$288.000 M to 1.1 billion COP. higher operational cash flow working capital improvement and increased dividends from subsidiaries largely offset debt amortization and a higher cost of debt. I think at this point I am going to turn the call over to Mr. Jose Loaiza for a follow up of the company's international strategy and the synergies snapshot.

Jose Loaiza: Thank you Manfred and thank you everyone on the slide No 18 you may see the time line of the integration process is being almost 18 months and we think we are at full speed we shared with you before that we expected to reach during 2016 between USD \$50 M and 25M USD\$ and we are pleased to tell you that we landed in the upper end of that target delivering last year 25M \$USD .In the next slide we are going to mention only a few of the projects that are under way word mentioned . Going to slide No 19 We saw 2016 as having the purchases synergies both in food and non-food as the champion synergies. We successfully renegotiated our regional agreement as a Latam platform with the big multinational corporations that gave us benefits in 2016 and those benefits will be fully captured on a recurrent basis in 2017 and on. Also, we have consolidated a solid process of buying commodities together, we are talking here about apples, salmon, olive oil, wine among others and in the port we were able to buy over 300 hundred containers all together more than doubling the amount that we did in the 3rd quarter also we gave the chance to the best vendors to export their products to the other countries they are not operating in that basically give us the chance to improve our commercial condition with them as we enlarged our volumes and also be the preferred retail platform. Going to slide No 20 you may see some images of the replication of the textile business model in all the geographies than Colombia, we finish the year in Libertad Argentina with 4 stores full deployed the same quantity in Brazil but the message here is that the textile synergy is just beginning 2017 will be the year of grow in this initiative and completed Libertad by year end above our expectation we are talking about 15 hypermarket will do other 30 extra hypermarkets in Brazil and we will grow very short with the 11 stores that carry the category in Uruguay. So, we have big expectations this year with these synergies. Going to next slide Carlos Mario Ruiz talked about it we have our SurtiMayorista in Colombia with early promissory results and with the expectation to open more this coming year and as Manfred share it is a reality the implementation of the *Alliados Compre bem* platform in Brazil finishing the year over 100 Alliados and with the expectation to reach the benchmark of 500 at year end. On slide 22 just to give you the final example, of synergies we are very pleased from what we are achieving in Argentina with the know-how of the Colombian team we renewed two of our shopping galleries in the country talking about Salta and Chaco we added 15,000 additional GLA reaching 160,000 in total this initiative we continue this year and our expectation is to reach in the middle term the 200 GLA for the country. So, we are pretty confident about the commitment of all the countries in this process it has a very closely follow up by the top managers CEOs of every single country and our expectation

this year for the amount of synergies is to lead double what we got in 2016. So, obviously, I will turn now the call to Carlos Mario for the final remarks.

Carlos Mario Giraldo Thank you Jose, let's go to the slide No 23, is always good to look at the guidance we gave at the previous year and see how we delivered on it. And it important to see here than in most of the aspects not also we delivered but exceeded on the guidance. Let begin by Colombia, we said we had a growth by 5 single digits and the growth came to 7.5% that the Capex would be between 300 thousand MCOP and 350 thousand MCOP and really it came in retail and maintenance to 350 thousand and additional to that came the real estate Capex in a very, very active and dynamic year with 215, 000 \$ COP Mostly in shopping malls like B/quilla, La Ceja and Envigado. In Brazil, we will talk about a low single digit grow of the top line and it reached to 11.7% of course with a big impose coming from Assai but also with the positive contribution from Extra hypermarkets. We spoke about Capex of 1.5 M that came to 1.2 billion with focus as expressed before, in Assai and *Pau de azucar* which are the most trendies' formats one in the base of the pyramid in the popular and institutional market and the other one in the premium market. For Uruguay, we spoke about proximity as the axis for expansion and we developed 14 proximities towards which gave market share to Disco group in Uruguay and in Argentina the focus was in the expansion of GLA to a wide TO 50 thousand sqm in GLA in a 3-year plan we continued to look at this 3-year plan to a wide of to 200 thousand sqm of GLA and during the year 2015 were delivered in 2 shopping galleries. Going to slide No 25 we can see that we spoke about a consolidation of the region a consolidation of management and the structure of Éxito for the Latam operation. Really, I am not going to go on all the details you can see it on the slide but I would try to highlight the entrance into the management team of Manfred Gard as CEO of the organization and also the leadership of Luis Moreno in Multivarejo which has been key for the turnaround of the Multivarejo and the extra brand in Brazil. We spoke about effective run rate operational impact of synergies between 20 and 25 M USD and we came 5m dollar of synergies contributions and finally we spoke net financial debt to Ebitda coming from 3.8 to 3,2and it was exceed by 3 basis points as it was said by Manfred. Looking to 2017 guidance slide No 26 first about the Latin American platform we are expecting run rate benefits from synergies at least as 50M USD doubling the contribution of 2016 doubling the contribution of 2016 new synergies coming into the scenario one is the loyalty program taken from Colombia to the rest of the countries but basically to Brazil where is a very important part of the strategy of Multivarejo supply chain and franchise of best synergies practices can give a lot of value to the operational margin of the different countries special in brazil. Going to Colombia, in Colombia we are speaking about 35.000 sqm of sales areas to be added to retailing at least to SurtiMayorista stores after the good success of the first SurtiMayorista in Bogota, near to the Central Mayorista of Corabastos we will continue expanding our Aliados not only adding a number of Aliados to the 1300 we have but also deepening the contribution to the sales that we had to this Additional channel players. In Viva Malls, we are planning an expansion above 120thousand sqm in GLA by 2018. In Brazil, Cash and carry will have between 6 and 8 of openings of Assai Store openings from scratch we will have at least 15 conversions from Extra Hypermarkets that have not been performing in the best way and that are in the correct area for a SG&A proposition this following the big success that we have had from the last 2 conversions that were done in the last Q of 2016. This is a very interesting differentiator in Brazil where no brand has the opportunity that *Grupo Pua de azucar* had to do this type of conversions and to create a multiple of sales out of this type of conversion proximity will grow to 10 *Minuto Pao de Açúcar* and 5 Pao de Açúcar super market stores

will be open. We will continue in the process of divestment of Via Varejo to focus on the food segment. As it has been repeatedly said. In Uruguay, we will increase between 10 to 15 Devoto Express stores opened in the areas around the areas of *Montevideo and Punta del Este*. In Argentina, in real estate expansion there would be additional 35k sqm in the following 2/3 years. Let's go to the final slide, in the final slide we speak about the perspectives for 2017 first speak about Sales in Colombia we think that sales in Colombia are going to be difficult in the first part of the year, that this is a reflection of the low expectations on consumer which were in the lowest moment in January of this month and also from the impact coming from the increase in the DIT taxes which have affected the confidence of consumer. However, we believe that this will be picked up in the second part of the year with a lower inflation which is a consistent trend and also with the decrease in the interest rates which we expect will accelerate as the inflation rate is controlled and which has been down 50 basis points in the last 3 months. We will continue with a very positive traffic monetization which has been key for the resilient model of *Éxito* and for the Gross Margin of the company and we will of course continue promoting the complementary business of the company as credit cards, insurance travel, financial transactions, etc... In the midterm, we expect that the economic recovery of Brazil and Argentina will come the expectations are to have a slight positive impact of both economies which is very positive coming from many years of negative trend especially 2 years of negative accumulated GDP of near to between 7 and 8 in Brazil. This is mid-term but we begin to see as we saw in the last Q a gradual but consistent recovery in the sales operations in both countries. I will say not only because of the confidence recovery but especially because of the decisions that have been taken in the strategy for the commercial proposition especially in the Extra format and in the Assai expansion in Brazil. We have key commercial activities in Brazil, to continue improving *Grupo Pau de Azucar* customer traffic and market share levels as it has been seen in the recent months Via Varejo sales proceed would be taken to strengthen GPA food profile, here we are choosing between 2 battlefields and we think that the food battlefield has a lot of potential in Brazil, in many states where we still are weak and that with this proceed we will expand much more our *Assai and Pau de Azucar brand*. We will make a lot of focus in all the countries in cost and expense control activities and this target the SGNA which are key in the competitiveness of the different operations for this year and we will be expanding in high expand formats as the Assai given the investment that we did by sqm and also the *Pau de Azucar* or the *Éxito* format in Colombia or the *Alliados*. We will also, we expect the valuation of Via Varejo of GPA in 2016 which you see 228% in the share Via Varejo, and 31% in the GPA will contribute to the value of the share of *Éxito* which we think is of course absolutely key for our shareholders. In summary, we believe that the recovery will not be instantaneous will not be immediate that is a gradual recovery that in Colombia we are going to work a lot in productivity to be able to face the short term difficulty in consumer expectations that we believe in the second semester of the last months of the year will be much stronger we think that Brazil has taken the right decision in expansion, in conversion in commercial strategies around Extra that margin investment that have been done would be levelled as has been said by GPA in its recent conference that we have a very interesting opportunity to expansion in the real estate that complementary to other business to give monetization to the traffic of this organization and our synergies and integration to focus on food growth will continue in a very consistent way. These are our final remarks I again thank you for being present and we are ready for the Q/A session.

Operator: At this time I would like to remind everyone in order to ask a question simply press star and the number 1 on your telephone keypad if you like to retire your question press the pound key

we will hold for just a moment to start the Q/A raster. The first question comes from Antonio Hernandez please go ahead.

Antonio Hernández: Hi good morning, Hi Carlos Mario thank you for taking up my call could you please provide more information about how to continue the operations for Via Varejo in fact specifically every quarter of 2016 we have the impact of these discontinuous operations for the full year and how is this impact distributed among the different quarters. Thanks.

Manfred Gard: His this is Manfred I will answer your question, first of all the announcement of the divestment of Via Varejo occurred during the first quarter of 2016 therefore, under our operations we always needed to start showing At a discontinuous operation at of that time off. Regarding to the next 2 quarters in the first quarter we haven't sold Via Varejo we will still show the discontinuous operation upon our PNL.

Antonio Hernández Ok Sir but then, I mean in terms of full year sales in the 2016 they were already impacted by this discontinuous operations I mean Via Varejo is now in the line of discontinuous operations so, going backwards in terms of how the impact of this discontinuous operation that information won't be disclosed on after quarter basis before the fourth quarter then?

Manfred Gard: Inclusively PNL was happened in the 4th quarter is that all the consolidated figures as it revenues, cops ,expenses , financial interest all them sum up in a net income from Via Varejo and Cnova added at the end of our PNL so when you see in the line of our PNL that is from Net income from continuous operation that shows the consolidated figures of the Colombian operation, the Argentinian operation , the Uruguayan operation and the food segment operation of Brazil as therefore those numbers add up to that line does not include anything regarding the averages. We have wrapped up figures on the line called net income from discontinuous operation and that captures all the figures from the average.

Antonio Hernández: Ok, ok and another question I have Do you have a guidance on Capex or any distribution between the differences of regions for 2017?

Carlos Mario Giraldo: for the moment, what we can advance is that Capex guidance for Colombia in which we are going to be investing around 300 thousand M COP that guidance for Colombia at this moment, and the guidance for Argentina and Uruguay we will do it in a following conference but it would be nearly around what we said will be required for 15thousand sqm of GLA in Argentina and between 10 and 15 proximities stores in Uruguay plus maintenance costs.

Antonio Hernández: Ok Thanks.

Operator: Thank you the next question comes from Andres Soto from Santander please go ahead.

Andres Soto: Thank you for the presentation my question is regarding cash flow generation and use of this cash flow, during 2016 we showed an improvement in working capital and how sustainable is this improvement and if you look at 2017 could you please give us some guidance on what are you expecting in terms of deleveraging are you anticipating to use some of your cash flow generation to pay down debts or this is going to be mostly used for the GLA expansion in Colombia as we see now?

Manfred Gard: Hello Andres this is Manfred again as you mention 2016 was a good year for cash flow generations. What we are expecting right now is as you see in 2016 we did huge effort of lowering our leverage to a more returnable level and that's part of the normal cycle after a huge acquisition at the top in 2016 in the Brazilian and Argentinian operations and up to now what we see is that cash flow generation for 2017 is in good shape we are not giving a particular guidance on the way to proceed during this year. One, taking into account that we did the huge effort in 2016. Second, because we want to be cautious regarding as Carlos Mario said the impact of the between the first 2 quarters of 2017 increase of taxes in Colombia. But, nevertheless we still continue improving our working capital that was shown last year comes from a sustainable actions and initiatives and as I mentioned before we have over 5.5 less days in inventories that was coming along with the lower supplies shortage on the stores so I think at the end what this shows this is part of the company's strategy to continue its operation strategy.

Andres Soto: Thank you Manfred when I look at your numbers in 2016 I see that 85% of your operating income coming from Colombia, Uruguay and Argentina was dedicated to pay financial expenses in Colombia so, it makes sense as you used some of this excess cash flow generation but you are in pay down debt can you give at least an idea about what you are planning? Or is going to be mostly focus on expansion?

Carlos Mario Giraldo: Andres, this is Carlos Giraldo, I think that the reason of why we want to be cautious in guidance is because first we are maintaining our Capex and that's key and very important for our Colombian market and second that it depends a lot on the dividends that we will be getting from other operations and third that it depends a lot also in the reduction of the interest rate both in Brazil and in Colombia. And you have seen in Brazil, there has been a key beginning of reduction on interest rate 125 basis points in 2 months in Colombia 50 basis points in 3 months but we still don't know if this will continue at a higher rate and that will also have a very important impact in the degree, in the way in which we will have these indicators.

Andres Soto: Ok thank you Carlos Mario.

Operator: Thank you our next question will come from Maria Barriga from Davivienda Corredores please go ahead.

Maria Barriga: Hello thank you very much for the presentation I have 2 questions; the first one is regarding Via Varejo sales when we would have the transaction completed and the second one is regarding the guidance for synergies as we have seen in previous quarters that your guidance was around USD 160M so with this divestment do you expect the same level or a reduced level in reaching synergies? Thank you.

Carlos Mario Giraldo I will begin with the first one about Via Varejo sales, I want to be very cautious because you know these processes have to be confidential in order to be successful. And in a GLA process you know when it begins but you don't know when it ends and that is much as I can say at this moment and what I can say it is a discontinuous operation which means it is a key decision to go forward with this concentration in the food business and the second thing I want to make emphasis on the specific importance of this Brazil is a huge country and we are in 2 very important markets ; food market and non-food in both we have very dynamic competitors so to concentrate all the resources in the most resilient markets where we have the most powerful brand and where we have the most friendly format in order to expand and continue there I think it is the right decision

and I think is going to be very good not only for the financial health of the operation but also for the growth perspective of the operation I give the word to José Loaiza to refer to the synergies planning.

José Loaiza: Thank you for your question concerning to the guidance for this year we expect to get at least double we got in 2016 it is USD \$50M we said in previous calls that our long term goal of this whole process is to get the benchmark of USD 160M it is correct saying that with the potential sale of Via Varejo we'll lose some synergy potential but as Carlos Mario said we have come up with new initiatives like loyalty in Brazil , tri Colombia and Brazil ,supply chain best practices in Colombia and Brazil that gives us the confidence to make that up to keep the goal of the USD 160M .

Maria Barriga: Jose, thank you very much. Thank you.

Operator: Thank you our next question comes from Adina from SNUSHE

Adina from Snuche: Yes, hello thanks a lot for the call I have basically 3 questions just for a better understand what the difference between Ebtida is and recurrent Ebitda what do you include in them or what do you exclude. And the second question is do you expect a further reduction in debt in 2017 specially at the stand alone Éxito level in Colombia and the final question is; is there any plan to reduce dividends PO ratio in order to reduce debts?

Carlos Giraldo: Excuse me could you please repeat the third one please.

Adina from Snuche: Yes, the 3rd question is do you have any plan to reduce dividends PO ratio in order to reduce your debts levels

Carlos Mario Giraldo: Ok, I will refer to the 3rd one and then handed it to Manfred for the first two. For the moment the policy of the Board of Directors to make the proposal to the General Assembly is to stick to what has been the track record and the policy in the past which has been to distribute half of the net profit that the company has, obviously is not myself that has to give to that projection because is a collective decision that board of directors and afterwards in the general assembly but for the moment what I would say is that we are keeping for this year the general policy that the company has had in the past.

Adina: Thank you

Manfred Gard : For the 2 questions, the main differences between Ebtida and recurrent Ebitda I need to explain them for the different countries, if we start with Colombia what you have are the proceeds from attain from insurance rate that we have , we have for example charges in terms of restructuring when you go to Brazil you have the restructuring of the company and expenses due to some closing and we also have in Brazil some tax provision, and I think this is pretty much the parallel of the difference on recruiting items that happens mainly because as we mentioned specially in Brazil, during the macro environment some adjustments have been made in the company. On the second question pretty much like to what I said to Andres it was that last year we took huge steps for reducing our debts at this stage today what we want to do is to be more opportunistic and try to see the interest rate going down and trying to see how much of that we that we can size and actually produce any reduction but as for now where being cautious as we said before first to see what happens in the first half in Colombia and move accordingly.

Adina: Thank you

Operator: Thank you our next question comes from German Zuñiga from Bancolombia please go ahead.

German Zuñiga: Good Morning Carlos Mario, Manfred and Jose thank you for taking my question the first one is related with the Ebitda margin which presents a contraction against the fourth quarter of 2016 we would like to know have you had seen the market performance in 2017 up to date taking into account that the confidence in the minimum levels and the cash performance within the increasing in DHE and the second question is regarding Via Varejo sales profits you know that GPA has a financial position in cash and the debt of Ebtida ratio is quite low around 3 times we would like to know what would be the purpose of these resources and also if you have considered that this is the right moment for the transaction when the Brazilian economy has begun a recovery stage. Thank you so much.

Carlos Mario Giraldo: Thank you so much I will go to the first one, different to the Ebtida margin at the end in Colombia it was 7.3% even though it was slighter slower than last year it is a very strong Ebtida margin and if you consider the competitive scenario in Colombia I would say is at the top of the margins in Colombia and you have to see the figures that you see in many of the players show that they are losing money and we keep our margins and mainly you will see that margin was not impacted by growth margin because of the complementary business contribution by expenses and in expenses Colombia has very particular circumstance as Manfred was saying we had el Niño phenomenon, which was very strong in utilities and in the section of most important cost for the company after later costs we had a high inflation in fact on later cost etc.. but today we are working a lot on GNA to try to level those margins Number 2 about what we are seeing is the trend as I said I want to be cautious because consumer confidence will be getting down I don't know how much that would last I think it is very difficult for anyone to say I think that the fundamentals of the Colombian economy are right that we still have positive coming from expo increasing that's a new trend that we are seeing from industries continuing to grow from investment in infrastructure, from inflation going down and from interest rates going down, you know that interest rates when they go down the impact is not immediate but is a lasting impact so this is much as I would say on this aspect. As for Via Varejo of course, it is going to be a decision taken jointly by us in the Board of Directors of GPA about the use of proceed but what I would say from Éxito point of view today is that we want to strengthen GPA we want also resources to be dedicated to the food business of GPA and that would be the best decision in the interest of all the shareholders of GPA including Éxito. Number 2 I think the assignment is a right time because of course Via Varejo get the benefits form the recovery but the good thing is that at the same time that makes attractive the process of going to make this type of transactions and the other thing is that benefit of recovery will not only be good for Via Varejo but also for the food business of GPA and if you take all these sources and you invest them in fully concentrated in a good strategy one business as the food business the full benefit of that recovery will be taken by the Brazilian food operation.

German Zuñiga: Ok I appreciate it thank you very much.

Operator: This is the end of the questions at this time Mr. Giraldo do you have any closing remarks?

Carlos Mario Giraldo: Yes, I want to thank you very much for being in this conference first. I want to thank you for your questions. What I would say is that Éxito has done important steps forward

from the past originally when it was a small local company and it when to the hypermarket more than 60 years ago. Second, in 2001 it acquired Cadenalco a retail national leader and of course it had to invest and had to have some debts in order to do these steps forward and now these steps to become food leader in South America it has taken a lot of work to make the integration and to have synergies I want only you to see what you can see is clear the synergies are there and one expectation that investor had is to see if it is possible to have cross boundaries synergies is a reality and it is a reality because it is not only about taking merchandise from one place to the other one but about taking business models which are successful from one place to another and to have one coordination and one management model for that coordination. The second message that I have is about a Brazil. Brazil, is the most important country in South America it has high percentage of the economy of this south continent and it has gone to 2 continuous years of GDP reduction its historic in Brazil the effect of this year it won't be a very important growth year for Brazil but that at least it would level and I think that after when one economy recovers whoever is highlighted to take the right decisions in the right moment and clearly I believe that in GPA we are taking the right decisions .let's review them, first we are promoting the growth of Assai it is today the most dynamic brand today in the Brazilian market it has 13 new stores it grew 38% it improved its margin, it reduced its costs . Second, we are continuing with that expansion but at the same time we are doing conversion from low performing Extra stores into high performing Extra stores. Third, we are keeping our Fortrex of our *Pau de Azucar* brand and Finally we are expanding the extra commercial propositions after taking the decision in the low moment of the economy to strengthen the brand in a big investment of our customers and the good thing is that customers have answers and you can see it by the growth in terms of sales of 5% of this hypermarket brand in the last part of the year I think that Brazil will come back and surely will come back as a country and when it comes back that Éxito will have its investments concentrated there in the good brands in the good moment of the country the right expansion and with a company that is going to be strengthen financially form a profit form the non-food is a very interesting expectation of course I cannot tell you the exact moment and the exact month when it can happen but what I can tell you is that is a good decision is a right decision and safety. And Finally, what I would say is that Argentina has gone through transition period , a very dynamic transition period with inflation above 40% and our operation has been strong because of real state and because of productivity today I think it is going to a lowering of inflation and that's a fast sign of Argentina and finally in Colombia a we are going to a short term reduction in demand because of tax law and because of the consumer today but I believe that the economy is in the long way strong that we are taking the right decision against competition that we are not doing crazy things because the business has to be profitable and I think that is a good decision to open stores just for the fact of opening stores even if they lose money for a long range that we will keep that track record and that positive look to the future while strengthening monetization of business plus strengthening real estate and equal continuing with a very clear projection of the strategies decisions that the company has towards the market and that is executing internally. Thank you very much and look forward to the next meeting

Operator: This is the end of today's conference call you may now disconnect.