

## B2W DIGITAL ANNOUNCES GMV GROWTH OF 25% IN 2Q18 AND POSITIVE CASH GENERATION IN THE LAST 12 MONTHS

*The Marketplace continues to grow rapidly and reached GMV of R\$ 1.5 billion (+85.3%) in 2Q18, representing a 47.2% share of Total GMV*

**Rio de Janeiro, August 9:** B2W Digital (B3: BTOW3), the largest and most beloved digital company in Latin America, today announces its results for the second quarter and first half of 2018.

KEY INDICATORS	2Q18	2Q17	Delta	1H18	1H17	Delta
Total GMV (R\$ MM) <sup>1</sup>	3,201	2,561	25.0%	6,304	5,061	24.6%
Marketplace (R\$ MM)	1,511	816	85.3%	2,951	1,588	85.9%
Marketplace Participation (% of GMV)	47.2%	31.9%	+15.3 p.p.	46.8%	31.4%	+15.4 p.p.
# Sellers (New) thou	3.3	1.0	2.3	5.7	1.3	4.4
# Sellers (Base) thou	15.4	6.0	9.4	15.4	6.0	9.4
B2W Entrega (# Sellers) thou	11.3	1.4	9.9	11.3	1.4	9.9
B2W Entrega (% of Seller base)	73.4%	23.3%	+50.1 p.p.	73.4%	23.3%	+50.1 p.p.
Mobile (% of Traffic)	66.8%	52.5%	+14.3 p.p.	66.0%	51.5%	+14.5 p.p.

<sup>1</sup>Reflecting adjustments to CPC 47 / IFRS 15 and CPC 48 / IFRS 9, as indicated on page 7 (Financial Highlights section).

### MESSAGE FROM MANAGEMENT

Following the transition (2017) of the three-year Strategic Plan (2017-2019), the Company's 2018 initiatives are focused on growth of Total GMV through a hybrid digital platform model (1P + 3P + Services), with continued growth of the Marketplace. As a reflection of these actions, the second quarter of 2018 was marked by the acceleration of Total GMV growth, market share gain (+25% for B2W vs. +13% of the market, according to e-bit) and continued reduction of cash consumption.

The Marketplace continues to grow rapidly, reaching R\$ 5.9 billion of GMV in the LTM (up 95.2%). The Marketplace represented 47.2% of Total GMV in 2Q18, and is expected to represent more than 50% for 2018. Another highlight was the accelerated pace of entry pace of new Sellers in 2Q18 (+3.3 thousand), growing 3.3 times vs. 2Q17 (+1.0 thousand).

As a result of the evolution of the business model, the Company presented another quarter of significant evolution in the cash generation trajectory, reducing cash consumption by R\$ 328 MM in 2Q18, which totaled R\$ 34 MM (reduction of 91% in relation to the R\$ 362 MM recorded in 2Q17). With the result achieved in 2Q18, the Company presented positive cash generation of R\$ 42 MM in the LTM (evolution of R\$ 1.7 billion vs. cash consumption in the same period of the previous year).

The focus on the customer continues to be the main *driver* of all the Company's activities and investments. In this context, LET'S, a shared management platform for the logistics and distribution assets of B2W and Lojas Americanas, continues to build a model of flexible *Fulfillment (Flexible Fulfillment Platform)* in order to maximize the competencies of each company and capture opportunities for a cross-platform operation. The *O2O - Online to Offline* initiatives announced in 1Q18 continue to accelerate, boosting continuous service level improvement and Total GMV growth. In 2Q18, we launched the *Fast Delivery* program and *Direct Collect*, the largest *start-up* for *first mile* logistics in the country (see LET'S section on page 3).

In June 2018, IF – "Innovation and Future", officially launched AME Digital, B2W's digital payments account, which will revolutionize the way people relate to money. The Ame Digital app has recorded a volume of 5 thousand downloads / day, and in the last 60 days, more than 300 thousand accounts have been opened. Throughout 2018, this new business unit of the Company will continue to gain representation, with a fantastic roadmap of new services and functionalities to be launched.

Lastly, B2W Digital was selected as the most innovative Company in Brazil in the "Commerce" category for the Valor Inovação Brasil award, promoted by Valor Econômico newspaper and consulting firm PwC Strategy.



## 2Q18 HIGHLIGHTS

- **B2W Digital reduced cash consumption by 91% in 2Q18.** Cash consumption in 2Q18 totaled R\$ 33.9 MM, down R\$ 328.4 MM from R\$ 362.3 MM in 2Q17.
- **B2W Digital reported positive cash generation of R\$ 41.7 MM in the last twelve months (LTM).** This is a significant evolution compared to a cash consumption of R\$ 1,656.4 MM recorded in the same period of the previous year.
- **B2W Marketplace connected more than 3.3 thousand new Sellers in 2Q18,** exiting from a base of 12.1 thousand Sellers in March / 2018 to more than 15.4 thousand Sellers in June / 2018. The Seller base increased by 2.6x from 2Q17 to 2Q18 (from 6.0 thousand to 15.4 thousand Sellers).
- **B2W Entrega connected more than 3.6 thousand Sellers in 2Q18,** totaling a base of 11.3 thousand Sellers and representing 73.4% of Sellers connected to the Marketplace.
- **LET'S launched *Fast Delivery* program,** which will reduce delivery times by 50% (on average) for 1P items and 3P items (for sellers connected to B2W Entrega). The *Fast Delivery* establishes a new format for the Freight Menu:
  1. **"Click & Collect Now"**: product is picked and available for in-store pickup within 1 hour (Brazil Nationwide)
  2. **"Click & Collect"**: product is picked and available for in-store pickup within 48 hours (Main Capitals)
  3. **"2 Hours"**: delivery in up to 2 hours (Capitals: SP and RJ)
  4. **"Same Day"**: delivery in up to 8 hours (Capitals: SP and RJ)
  5. **"Next Day"**: delivery in up to 24 hours (Capitals: SP and RJ)
  6. **"2 Days"**: delivery in up to 48 hours (Capitals: SP, RJ, MG, PR, SC, RS, and PE)
  7. **"Standard"**: delivery within 7 days (Brazil Nationwide)
- **LET'S launched *Direct Collect*, the largest first mile start-up in the country.** *Direct Collect* will retrieve products sold by Marketplace Sellers (Medium and Small). The new service will allow more sellers to be connected to B2W Entrega, reducing delivery times, improving the shopping experience, and increasing sales.
- **IF – "Innovation and Future" officially launched AME Digital, the B2W digital payment account.** The Ame Digital app has registered 5 thousand downloads / day, and in the last 60 days, more than 300 thousand accounts have been opened. Throughout 2018, this new business unit of the Company will continue to gain representation, with a fantastic roadmap of new services and functionalities to be launched.
- **B2W Digital was elected the most innovative Company in Brazil in the "Commerce" category.** The Marvin technology (*open source* system of artificial intelligence) won the Valor Inovação Brasil award in the "Commerce" category. The award is promoted by Valor Econômico newspaper and PwC Strategy consultancy. Marvin is instrumental in enhancing B2W's *Last Mile*, *Buy Box*, *Pricing*, Product Search (SEO) systems, among others.

## STRATEGIC INITIATIVES TO LEVER THE DIGITAL PLATFORM

- **Comercial and Marketing**
  - **Market Share:** In 2Q18, the Company's GMV growth was 25.0% vs. 13.2% growth of the market (according to the e-bit). B2W's market share expanded 2.6 pp in 2Q18, from 24.4% in 2Q17 to 27.0% in 2Q18.
  - **Assortment:** The number of items (SKUs) offered on the sites totaled 6.4 million exiting 2Q18, growing 78% vs. 2Q17, driven by Marketplace.
  - **Marketing:** With the exponential growth in the number of items (SKUs) offered, the focus has been on improving the visibility of the assortment across our websites, and demonstrating to our customers the wide product offering and vast selection that can be found across our brands (one-stop-shop).
    - In line with this initiative, we intensified marketing actions throughout 1H18, focusing on showcasing the Company's assortment. These actions generated excellent volumes, with increased traffic, purchase frequency, as well as expanding the number of items in the customers' shopping basket.



- Other important marketing actions, which drove record volume across assortments on the Marketplace, were the special campaigns for the World Cup, including, “Dá um Upgrade, Dá um americanas.com” (Upgrade on Americanas.com) and “Botão Vermelho” (Red Button), starring former Brazilian National team player Rai and Coach Joel Santana.
- **Prime:** The only program in Brazil where the customer can choose from more than 1.2 million products with unlimited free shipping, and without minimum purchase value requirements. In addition, the customer can take advantage of exclusive offers and dedicated customer service.
  - B2W Prime is available for all 2,479 cities in the South and Southeast regions of Brazil.
  - Prime customers continue to show high engagement with our brands as seen through 3 times higher page views per user, 5 times higher spend, and across 3 times more categories than customers who have not yet joined the program.
  - Throughout 2Q18, the number of Marketplace Sellers participating in the Prime program grew 27%. To participate in the program, the Seller must be integrated with B2W Entrega, the logistics and distribution services of B2W.
  - In Aug/2018, Americanas Prime will offer a “free trial” for new subscribers. The customer can join the Prime program up front or at the time of purchase of an eligible product, and will receive a complimentary 30 day subscription to the Program. During this period, the customer can take full advantage of Prime and can cancel the service at any time. At the end of the 30 days, the contract is extended for a period of one year and the amount of R\$ 79.90 is charged to the credit card or Ame Digital account.

#### • Evolution of the Marketplace

- **Marketplace GMV:** In 2Q18, the Marketplace registered growth of 85.3%, reaching GMV of R\$ 1,511.4 million and representing 47.2% of total GMV.
- **Sellers:** In 2Q18, the B2W Marketplace connected more than 3.3 thousand new sellers, exiting from a base of 12.1 thousand Sellers in March / 2018 to more than 15.4 thousand Sellers in June / 2018. The Sellers base increased by 2.6x from 2Q17 to 2Q18 (from 6.0 thousand to 15.4 thousand Sellers).
- **Assortment:** The B2W Marketplace assortment grew by 82%, going from 3.3 million items in 2Q17 to 6.0 million items at the end of 2Q18.

#### • LET’S – Logistics and Distribution

The Shared management platform for the logistics and distribution assets of B2W and Lojas Americanas. LET’S is building a model of flexible *Fulfillment (Flexible Fulfillment Platform)* to maximize each company’s competencies and capture every opportunity of cross-platform operations. In this sense, several initiatives are already underway, including the acceleration of the following important fronts:

- **O2O (Online to Offline)**
  - **Lojas Americanas on the Marketplace:** In 4Q17, Lojas Americanas was connected to B2W’s Marketplace, making its products available for delivery in the states of RJ, SP and MG. In 2Q18, the assortment available in the program increased by 67%, reaching more than 10 thousand items (vs. 6 thousand in 1Q18). By the end of 2018, deliveries will be extended to all Brazilian states.
  - **Click & Collect:** Currently available in 580 stores (vs. 400 stores in 1Q18), including the assortment of Sellers connected to B2W Entrega. The operation will be present in 800 stores by the end of the year, being the only model of *Click and Collect* with presence in all the states of Brazil.
  - **Click & Collect Now (Every Store as a Seller):** The initiative enables any physical store to be a seller on the B2W Marketplace, with product withdrawal (store inventory) within 1 hour after purchase online. Throughout 2018, all of the current 1,329 Lojas Americanas locations, plus those that will be open by the end of the year, will be connected to the program.
- **Fast Delivery:** The program, launched in June/2018, will reduce delivery times by 50% (on average) for 1P items and 3P items (for sellers connected to B2W Entrega).



The *Fast Delivery* establishes a new format for the Freight Menu:

- **“Click & Collect Now”**: product is picked and available for in-store pickup within 1 hour (Brazil Nationwide)
  - **“Click & Collect”**: product is picked and available for in-store pickup within 48 hours (Main Capitals)
  - **“2 Hours”**: delivery in up to 2 hours (Capitals: SP and RJ)
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  - **“Next Day”**: delivery in up to 24 hours (Capitals: SP and RJ)
  - **“2 Days”**: delivery in up to 48 hours (Capitals: SP, RJ, MG, PR, SC, RS, and PE)
  - **“Standard”**: delivery within 7 days (Nationwide)
- **Launch of *Direct Collect***: The largest *first mile start-up* in the country. *Direct Collect* will retrieve products sold by Marketplace Sellers (Medium and Small). The new service will allow more sellers to be connected to B2W Entrega, reducing delivery times, improving the shopping experience, and increasing sales.
  - **B2W Entrega (Delivery)**: The platform that operates and controls Marketplace deliveries. Currently the sellers connected to B2W Entrega have 5 types of service: *Fulfillment (storage + delivery)*, *Pick Up – Large Operations* (product withdrawal from the Seller DC + *delivery*), *Direct Collect* (product withdrawal from the Seller, limited to 5 orders per day + *delivery*) *Drop Off Hub* (Seller delivers to one of the Direct Hubs + *delivery*) and *Drop Off in Store* (Seller delivers to one of the Lojas Americanas locations + *delivery*).

- **Connected Sellers**: B2W Entrega reached more than 11.3 thousand sellers at the end of 2Q18, representing 73.4% of the total base of sellers and participating in more than 60% of orders placed on Marketplace. At the end of 2017, B2W Entrega was integrated into the Prime loyalty program, allowing sellers to make their items available to members of the program.

## • Mobile and Technology

- **Traffic**: During 2Q18, the traffic from mobile devices accounted for 66.8% of total visits, an increase of 14.3 p.p. compared to 2Q17.
- **Apps**: 3.1 million downloads in 2Q18, up 192% compared to 2Q17 and totaling more than 24 million downloads since inception.
- **WhatsApp**: In order to be closer to customers, B2W has launched a new WhatsApp customer support channel, promoting innovative and friendly communication throughout the main stages of purchase. In a recently conducted survey, 95% of the clients approved of the initiative and stated they want to continue receiving communications via WhatsApp, in addition to praising the interactive communication and the presence of our brands in the channel.
- **Artificial Intelligence**: As a result of 2 years of research and development, B2W created Marvin, an artificial intelligence (AI) system. In late 2017, the decision was made to make Marvin an open source AI system for the global developer community, allowing for a robust and innovative platform to use the technology and in turn accelerate the knowledge of Marvin. Marvin is instrumental in enhancing B2W's *Last Mile*, *Buy Box*, *Pricing*, and *Product Search (SEO)* systems, among others.

## • Digital Services

- **B2WAds**: The B2W Marketplace native ads platform connected 345 new Sellers during 2Q18, totaling a base of more than 2,000 advertisers. B2WAds allows Sellers to have greater visibility of their products within B2W sites and drive increased sales.
  - B2WAds launched the *Supplier* module in 2Q18, allowing suppliers to sponsor their products on B2W sites, driving sales across 1P and 3P.
- **BIT Services**: Provides complete technology solutions to support the operations and sustainable growth of Marketplace sellers and major online operations



- Sieve: Pricing Intelligence – Online Stores
- Site Blindado: Security and Virtual Credibility
- Infoprice: Pricing Intelligence – Offline Stores
- Admatic: Digital Marketing
- Skyhub: Marketplace Integration

## • Financial Services

- **Credit Promotion:** In 2Q18, B2W and Cetelem's *joint venture* (Submarino Finance and Digital Finance) recorded volume of R\$ 905.1 million in approved transactions, representing an increase of 17% compared to 2Q17. In the same period, the receivables portfolio for these operations was R\$ 1.34 billion, up 22% compared to 2Q17.
  - As of June 30, 2018, the operations registered 2.8 million cards issued (1.786 million for Submarino Finance and 1.015 million for Digital Finance, which includes Americanas.com, Shoptime and Sou Barato).
  - The operation of the Credit Promoter is profitable for B2W. Net income in 1H18 was 2 times higher than in 1H17.
- **BNDES Card:** The BNDES Card is offered as a means of payment on the B2W Empresas website (corporate sales), which became the first e-commerce website to accept the Card. The BNDES card has R\$ 54.7 billion in pre-approved credit. In Apr/2018, the BNDES card has also become a payment option to buy items from Marketplace at B2W Empresas. At the end of 2Q18, the assortment available for purchases with the BNDES card at B2W Empresas site was 18.4 thousand items (growth of 3.7 times vs. 5 thousand items at the end of 1Q18).

## • Customer Service

- B2W Digital's main brands are regarded as industry benchmarks in customer service, having received the highest levels of evaluation given by the Reclame Aqui website.
- Americanas.com was the grand prize winner of the E-BIT award, being elected the "Loja Diamante Mais Querida" in Mar/2018.
  - The average score given by customers on Reclame Aqui website for B2W's brands is 7.0 while the main competitors have an average score of 5.0.
  - 72% of customers who registered complaints on Reclame Aqui website indicated their intent to buy again from B2W's brands, while only 55% of customers indicated that they intended to buy again on the main competitors' websites.
  - The average solution rate of B2W's brands on Reclame Aqui website is 89%, while the average solution rate of competitors' brands is 80%.
  - These achievements are the result of the Company's commitment in optimizing the quality of service and attentiveness offered to its customers.

## • Digital Talent

- **The Developer's Conference:** B2W participated in "The Developer's Conference" in Florianópolis with a lecture about Marvin, an *open source* platform for artificial intelligence. The conference brings together the main IT communities in Brazil and is organized into thematic tracks that address specific issues such as IoT, Cloud Computing, BigData, Java, .NET, Mobile, Testing, Architecture, DevOps and more than 50 different themes.
- **Product Tank Meetup:** In May/2018, B2W hosted at the BIT RJ the "Product Tank Meetup", an event with 100 participants, who together with other people from 95 cities in the world gathered to participate in "World Product Day", exchanging experiences and knowledge for the development of new products.
- **Qcon SP:** B2W Digital participated in QCon São Paulo - International Development Conference - and presented the case of Marvin, B2W's *open source* artificial intelligence platform that simplifies the process of exploring and deploying Machine Learning models.
- **Applied Data Science:** In Feb/2018, the researcher Michael Brodie (MIT) presented in the software auditorium of BIT (B2W – Innovation and Technology), RJ, to all the software engineers of the Company. The presentation was focused on an Applied Data Science project, a topic which originated in his book



in partnership with Professor Michael Stonebreaker (also of MIT). The presentation featured an analysis of B2W's position on the subject and a comparison of B2W against several of the largest global companies. Finally, the presentation included mechanisms for how the Company can benefit from the approach used by other companies.

- **Brazil Conference at Harvard and MIT Hack Brazil:** B2W supported and participated in the fifth edition of the Brazil Conference at Harvard and MIT. Held by the Brazilian student community in Boston to promote the meeting with leaders, this mission was to find innovative solutions for the future of Brazil. We also supported HackBrazil, a competition for innovation and technology, which nominated five finalists to take part in the final on April 6 and 7, 2018 in Boston, Massachusetts.
- **Hackathon:** As a stimulus to the development of entrepreneurial technological projects with the potential to create new businesses, we promoted in July / 2018, the 4th edition of the IronBIT event, where important initiatives were developed through the practice of hackathon (programming marathon). In the 4th edition of the event, there were over 240 entries and 45 innovative projects developed.

- **Corporate Governance and Sustainability**

- **Transparency:**
  - B2W is among the most transparent companies in Brazil for the quality of its financial statements, being one of the winners of the "Transparency Trophy" at the 21st ANEFAC (Associação Nacional dos Executivos de Finanças).
  - Transparency: For the fifth consecutive year, in line with best market practices and following the Global Reporting Initiative (GRI) international guidelines, we have released B2W Digital's Annual 2017 Report. For the first time, the document followed the integrated reporting format and was audited by a third party company, advances that reinforce our commitment to the consistency and transparency of socio-environmental and economic information.
- **Communication with the Market:** Reflecting the search for efficiency in communication with the market and in the best practices of Investor Relations, B2W was selected in two categories in the Latin America Executive Team 2017 ranking, promoted by Institutional Investor Magazine. The Company ranked among the top 3 companies in the categories "Best IR by Team, Small Cap" (Consumer/Retailing) and "Best IR Professionals Small Cap" (Consumer/Retailing).
- **IBOVESPA:** The Company's shares (BTOW3) were included with a participation of 0.334% in the theoretical portfolio of the Ibovespa, which became effective on May 7, 2018. The index is considered the most important indicator of performance of the Brazilian stock market.
- **ISE:** For the fourth consecutive year, B2W was selected to the Corporate Sustainability Index (ISE) 2018, the B3 S.A. – Brasil, Bolsa, Balcão.
- **Social Projects:** B2W will support another 8 projects listed on the BSE Social Investment Exchange (BVSA) and will reinforce its partnership with Galpão Aplauso to offer the logistics operator course to young residents of Barueri, Itapevi and surrounding areas.
- **Ethics:** In April 2018, B2W became a signatory of the Integrity and Anti-Corruption Business Pact, an initiative developed by the Ethos Institute, which aims to unite companies and promote a more ethical and rational market and to eradicate bribery and corruption.
- **Awards:** The result of the work carried out by B2W can be recognized through market benchmarks, which attest to the credibility and strength of the brands. In 2018, Americanas.com ranked first in the "Online Sales" category at the Marcas Mais do Estadão Awards. In the Reputation Pulse, the Company won first place in the category "Electronic Commerce" and the Chico Mendes Socioambiental award recognition for "Green Seal Certification".

## FINANCIAL HIGHLIGHTS

The financial information serving as the basis for the comments below refer to 2Q18, and are in compliance with international financial reporting standards (IFRS), the standards issued by the Securities and Exchange Commission of Brazil (CVM), as well as the listing regulations of the Novo Mercado and in Brazilian reais (R\$). Definitions for adjusted financial metrics can be found in Annex III and Annex V.

Beginning in January 2018, the Company's income statements reflect the new accounting practices implemented by CPC 47 / IFRS 15 and CPC 48 / IFRS 9. In order to maintain the comparability of results (2Q18 vs 2Q17), the income statement for the quarter ended June 30, 2017 (2Q17) was restated. The reconciliation for all quarters of 2017 results is available on the website [ri.b2w.digital](http://ri.b2w.digital).

The main effects of the new accounting practices are on GMV and Gross Revenue, which are presented net of conditional discounts (previously accounted for in the financial result) and deducted from sales with related parties (without effects on Adjusted EBITDA).

With the change in accounting for conditional discounts, Adjusted EBITDA is reduced by the same amount as the positive effect observed in the Financial Result, without change in Net Income.

Accordingly, Total GMV for 2Q17 was adjusted by R\$ 193.2 MM, from R\$ 2,753.8 MM (presented in 2Q17) to R\$ 2,560.6 MM. Gross Revenue in 2Q17 was adjusted by the same amount, from R\$ 2,022.1 MM (presented in 2Q17) to R\$ 1,828.9 MM. Adjusted EBITDA for 2Q17 was adjusted by R\$ 58.4 MM (conditional discounts in 2Q17), from R\$ 136.6 MM (presented in 2Q17) to R\$ 78.2 MM, while Financial Income presented a positive adjustment in the same amount, going from R\$ -214.8 MM (presented in 2Q17) to R\$ -156.4 MM.

- **GMV Total:** In 2Q18, total GMV was R\$ 3,201.2 million, an increase of 25.0% when compared to the R\$ 2,560.6 million recorded in 2Q17.

B2W's Marketplace continues to grow rapidly and reached GMV of R\$ 1,511.4 million in 2Q18 (85.3% growth), representing 47.2% of total GMV.

- **Gross Revenue:** In 2Q18, gross revenue totaled R\$ 1,842.6 million, compared to R\$ 1,828.9 million recorded in 2Q17.
- **Net Revenue:** In 2Q18, net revenue totaled R\$ 1,476.4 million, compared to R\$ 1,474.6 million in 2Q17.
- **Adjusted Gross Profit:** In 2Q18, adjusted gross profit totaled R\$ 422.4 million, compared to R\$ 323.8 million recorded in 2Q17. Adjusted gross margin expanded 6.6 pp, from 22.0% in 2Q17 to 28.6% in 2Q18.
- **Adjusted Selling, General and Administrative (SG&A) Expenses:** In 2Q18, adjusted expenses totaled R\$ 341.8 million vs. R\$ 245.6 recorded in 2Q17.
- **Adjusted EBITDA:** Adjusted EBITDA, with the realization of changes in accounting practices, reached R\$ 80.6 million, compared to R\$ 78.2 million recorded in 2Q17. Adjusted EBITDA margin varied from 5.3% in 2Q17 to 5.5% in 2Q18, an increase of 0.2 pp.
- **Net Financial Result:** In 2Q18, net financial income was R\$ -134.9 million, representing a 13.7% reduction in relation to the R\$ -156.4 million recorded in 2Q17.
- **Net income:** In 2Q18, net income was R\$ -108.8 million, representing a 2.7% reduction in relation to the R\$ -111.8 million recorded in 2Q17.

- **Cash Management:**

- **Cash Generation:** Reduction of R\$ 328.4 MM in cash consumption in 2Q18. Cash consumption in 2Q18 totaled R\$ 33.9 MM, a reduction of 91% compared to the R\$ 362.3 MM recorded in 2Q17. In the last 12 months, cash generation was positive R\$ 41.7 MM, a significant evolution compared to cash consumption of R\$ 1,656.4 MM in the year ago period. As a way of capturing all effects, cash generation / consumption is measured by the variation of net debt in relation to the previous quarter, always disregarding possible impact of capital increase operations.



- **Working Capital:** Improved 20 days (2Q18 vs. 2Q17), mainly due to the strong acceleration of 3P (Marketplace).

It is important to remember that Marketplace (whose credit card transactions are approved on the B2W platform and make up the gross balance of receivables) does not demand Working Capital (B2W is an intermediary and receives a commission on realized sales).

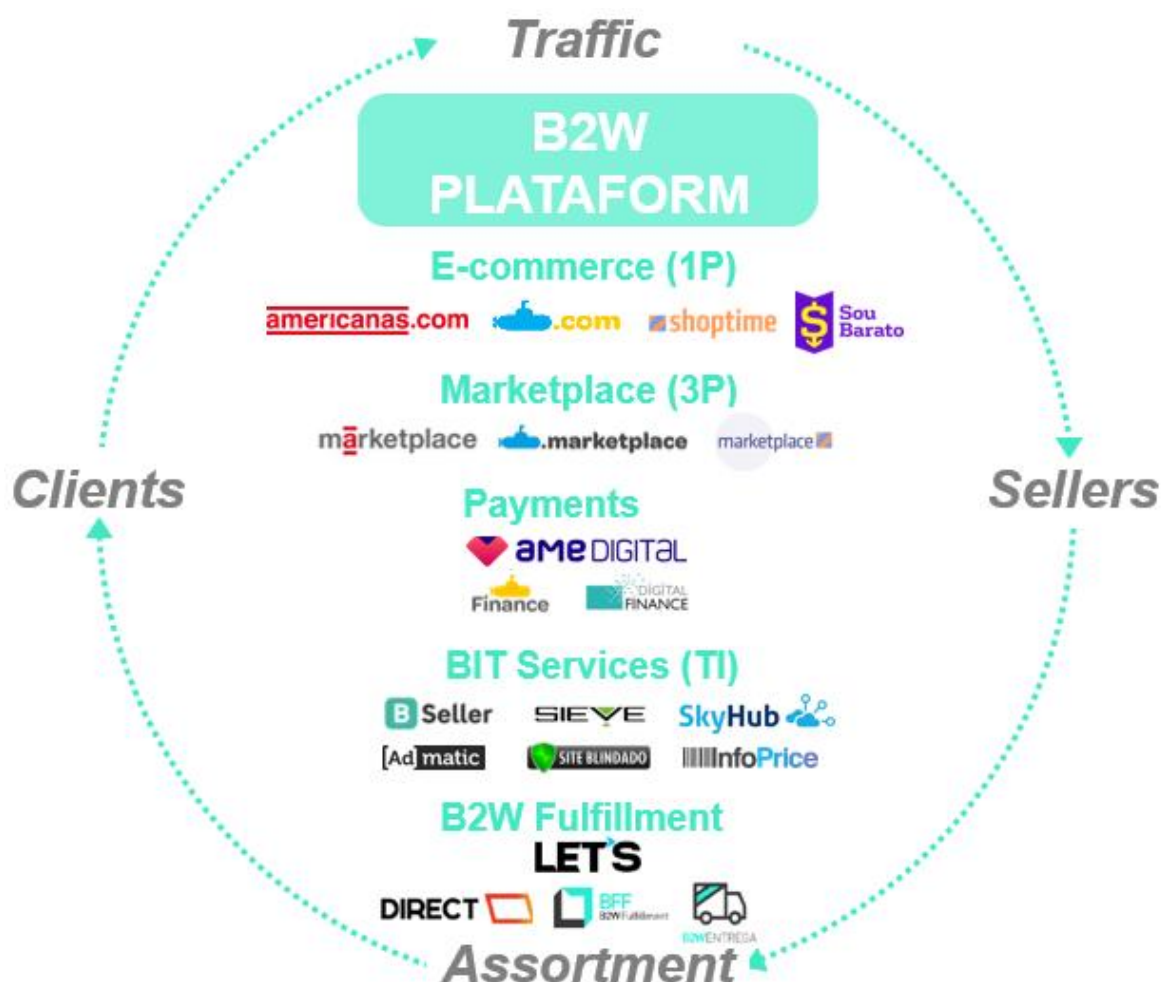
- **CAPEX:** B2W uses its cash generation prioritizing investments that present optimal returns to shareholders. Accordingly, consolidated investments in property, plant and equipment and intangible assets (development of websites and systems) in 2Q18 totaled R\$ 72.5 million, representing 2.3% of total GMV, compared to R\$ 65.5 million in 2Q17, representing 2.6% of total GMV. In 1H18, CAPEX totaled R\$ 150.0 million, representing 2.4% of Total GMV. In 1H17, CAPEX totaled R\$ 161.1 million and represented 3.2% of total GMV.
- **Indebtedness:** B2W's cash balance on 06/30/2018 totaled R\$ 4,957.5 million, covering 3.2x the Company's short-term indebtedness, which totaled R\$ 1,533.7 million.

## ANNEX I: ABOUT B2W DIGITAL

B2W Digital is the leader in Latin America and its purpose is to **CONNECT PEOPLE, BUSINESS, PRODUCTS AND SERVICES IN A DIGITAL PLATFORM.**

The Company has the largest and most beloved Internet brands (Americanas.com, Submarino, Shoptime and Sou Barato) and the fastest growing Marketplace operation. The platform built over the years allows B2W to also offer technology, logistics, distribution, customer service and payments.

### DIGITAL PLATFORM AND B2W VIRTUOUS CYCLE:



## ANNEX II: FINANCIAL STATEMENTS

### EXCLUDING THE EFFECTS OF B2W DIGITAL'S TRANSPORTATION SUBSIDIARIES

B2W - Companhia Digital						
Income Statements <sup>1</sup>						
(in million of Brazilian reais)	Consolidated Period ended on June 30			Consolidated Period ended on June 30		
	2Q18	2Q17 Restated	Variation	1H18	1H17 Restated	Variation
<b>Gross Merchandise Volume (GMV)</b>	3,201.2	2,560.6	25.0%	6,304.3	5,060.7	24.6%
<b>Gross Sales and Services Revenue</b>	1,842.6	1,828.9	0.7%	3,652.6	3,637.5	0.4%
Taxes on sales and services	(366.2)	(354.4)	3.3%	(699.6)	(707.9)	-1.2%
<b>Net Sales and Services Revenue</b>	<b>1,476.4</b>	<b>1,474.6</b>	<b>0.1%</b>	<b>2,953.0</b>	<b>2,929.6</b>	<b>0.8%</b>
Cost of goods and services sold	(1,054.0)	(1,150.8)	-8.4%	(2,131.2)	(2,298.7)	-7.3%
<b>Gross Profit</b>	<b>422.4</b>	<b>323.8</b>	<b>30.4%</b>	<b>821.8</b>	<b>630.9</b>	<b>30.3%</b>
Gross Margin (% NR)	28.6%	22.0%	6.6 p.p.	27.8%	21.5%	6.3 p.p.
<b>Operating Revenue (Expenses)</b>	<b>(446.3)</b>	<b>(327.1)</b>	<b>36.5%</b>	<b>(884.1)</b>	<b>(682.3)</b>	<b>29.6%</b>
Selling expenses	(315.2)	(228.2)	38.1%	(611.0)	(473.5)	29.0%
General and administrative expenses	(26.6)	(17.4)	52.9%	(62.8)	(36.8)	70.5%
Depreciation and amortization	(104.5)	(81.5)	28.2%	(210.4)	(172.0)	22.3%
<b>Operating Result before Net Financial Result and Equity Accounting</b>	<b>(23.9)</b>	<b>(3.2)</b>	<b>637.3%</b>	<b>(62.4)</b>	<b>(51.4)</b>	<b>21.3%</b>
<b>Net Financial Result</b>	<b>(134.9)</b>	<b>(156.4)</b>	<b>-13.7%</b>	<b>(255.5)</b>	<b>(372.1)</b>	<b>-31.4%</b>
Financial revenues	109.9	131.9	-16.7%	234.5	258.0	-9.1%
Financial expenses	(244.8)	(288.2)	-15.1%	(489.9)	(630.1)	-22.2%
Other operating income (expenses)	(5.9)	(6.0)	-1.7%	(16.9)	(12.3)	37.4%
Income tax and social contribution	55.9	53.9	3.7%	110.7	147.2	-24.8%
<b>Net Result</b>	<b>(108.8)</b>	<b>(111.8)</b>	<b>-2.7%</b>	<b>(224.0)</b>	<b>(288.5)</b>	<b>-22.4%</b>
Net Margin (% NR)	-7.4%	-7.6%	0.2 p.p.	-7.6%	-9.8%	2.2 p.p.
<b>Adjusted EBITDA</b>	<b>80.6</b>	<b>78.2</b>	<b>3.0%</b>	<b>148.0</b>	<b>120.5</b>	<b>22.8%</b>
Adjusted EBITDA Margin (% NR)	5.5%	5.3%	0.2 p.p.	5.0%	4.1%	0.9 p.p.

<sup>1</sup>Reflecting adjustments to CPC 47 / IFRS 15 and CPC 48 / IFRS9, as indicated on page 7 (Financial Highlights section)

 Effects of the consolidation of B2W Digital's transportation subsidiaries.

### NON-EXCLUDING THE CONSOLIDATION OF B2W DIGITAL'S TRANSPORTATION SUBSIDIARIES

B2W - Companhia Digital						
Income Statements <sup>1</sup>						
(in million of Brazilian reais)	Consolidated Period ended on June 30			Consolidated Period ended on June 30		
	2Q18	2Q17 Restated	Variation	1H18	1H17 Restated	Variation
<b>Gross Merchandise Volume (GMV)</b>	3,201.2	2,560.6	25.0%	6,304.3	5,060.7	24.6%
<b>Gross Sales and Services Revenue</b>	1,842.6	1,828.9	0.7%	3,652.6	3,637.5	0.4%
Taxes on sales and services	(366.2)	(354.4)	3.3%	(699.6)	(707.9)	-1.2%
<b>Net Sales and Services Revenue</b>	<b>1,476.4</b>	<b>1,474.6</b>	<b>0.1%</b>	<b>2,953.0</b>	<b>2,929.6</b>	<b>0.8%</b>
Cost of goods and services sold	(1,112.7)	(1,187.4)	-6.3%	(2,235.3)	(2,391.2)	-6.5%
<b>Gross Profit</b>	<b>363.7</b>	<b>287.2</b>	<b>26.6%</b>	<b>717.7</b>	<b>538.4</b>	<b>33.3%</b>
Gross Margin (% NR)	24.6%	19.5%	5.1 p.p.	24.3%	18.4%	5.9 p.p.
<b>Operating Revenue (Expenses)</b>	<b>(387.6)</b>	<b>(290.5)</b>	<b>33.4%</b>	<b>(780.1)</b>	<b>(589.8)</b>	<b>32.3%</b>
Selling expenses	(256.5)	(191.6)	33.9%	(506.9)	(381.0)	33.0%
General and administrative expenses	(26.6)	(17.4)	52.9%	(62.8)	(36.8)	70.5%
Depreciation and amortization	(104.5)	(81.5)	28.2%	(210.4)	(172.0)	22.3%
<b>Operating Result before Net Financial Result and Equity Accounting</b>	<b>(23.9)</b>	<b>(3.2)</b>	<b>646.9%</b>	<b>(62.4)</b>	<b>(51.4)</b>	<b>21.4%</b>
<b>Net Financial Result</b>	<b>(134.9)</b>	<b>(156.4)</b>	<b>-13.7%</b>	<b>(255.5)</b>	<b>(372.1)</b>	<b>-31.4%</b>
Financial revenues	109.9	131.9	-16.7%	234.5	258.0	-9.1%
Financial expenses	(244.8)	(288.2)	-15.1%	(489.9)	(630.1)	-22.2%
Other operating income (expenses)	(5.9)	(6.0)	-1.7%	(16.9)	(12.3)	37.4%
Income tax and social contribution	55.9	53.9	3.7%	110.7	147.2	-24.8%
<b>Net Result</b>	<b>(108.8)</b>	<b>(111.8)</b>	<b>-2.7%</b>	<b>(224.0)</b>	<b>(288.5)</b>	<b>-22.4%</b>
Net Margin (% NR)	-7.4%	-7.6%	0.2 p.p.	-7.6%	-9.8%	2.2 p.p.
<b>Adjusted EBITDA</b>	<b>80.6</b>	<b>78.2</b>	<b>3.0%</b>	<b>148.0</b>	<b>120.5</b>	<b>22.8%</b>
Adjusted EBITDA Margin (% NR)	5.5%	5.3%	0.2 p.p.	5.0%	4.1%	0.9 p.p.

<sup>1</sup>Reflecting adjustments to CPC 47 / IFRS 15 and CPC 48 / IFRS9, as indicated on page 7 (Financial Highlights section)

## BALANCE SHEET

<b>B2W - Companhia Digital</b>		
Balance Sheet		
(in million of Brazilian reais)		
<b>ASSETS</b>	<b>Consolidated</b>	
	<b>6/30/2018</b>	<b>3/31/2018</b>
<b>CURRENT ASSETS</b>		
Cash and banks	2,642.5	2,556.5
Marketable securities	2,151.8	2,327.6
Accounts receivable	213.2	328.8
Inventories	871.2	1,053.3
Recoverable taxes	472.4	477.0
Prepaid expenses and other accounts	580.6	532.8
<b>Total Current Assets</b>	<b>6,931.7</b>	<b>7,276.0</b>
<b>NON CURRENT ASSETS</b>		
Deferred income tax and social contribution	1,071.3	1,012.7
Recoverable taxes	1,072.8	1,151.1
Escrow deposits and other receivables	124.0	117.9
Plant, property and equipment	445.8	457.1
Intangible assets	2,949.4	2,970.8
<b>Total Non-Current Assets</b>	<b>5,663.3</b>	<b>5,709.6</b>
<b>TOTAL ASSETS</b>	<b>12,595.0</b>	<b>12,985.6</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Suppliers	1,143.2	1,329.3
Loans and financing	1,525.5	1,667.0
Debentures	8.2	4.2
Salaries and social contribution	59.0	52.5
Taxes payable	39.7	38.5
Deferred income tax and social contribution	4.8	3.8
Other accounts payable	253.9	263.9
<b>Total Current Liabilities</b>	<b>3,034.3</b>	<b>3,359.2</b>
<b>NON-CURRENT LIABILITIES</b>		
Loans and financing	5,201.4	5,197.7
Debentures	200.0	200.0
Related parties	287.2	222.8
Provision for contingencies and other accounts payable	182.2	211.3
<b>Total Non-Current Liabilities</b>	<b>5,870.8</b>	<b>5,831.8</b>
<b>SHAREHOLDERS' EQUITY</b>		
Capital	5,709.2	5,709.2
Capital reserves	60.6	56.5
Equity valuation adjustment	(0.9)	(0.9)
Accumulated income (losses)	(2,078.6)	(1,969.8)
Minority interest	(0.4)	(0.4)
<b>Total Shareholders' Equity</b>	<b>3,689.9</b>	<b>3,794.6</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>12,595.0</b>	<b>12,985.6</b>

## CASH FLOW STATEMENT

B2W - Companhia Digital			
Cash Flow Statement			
(in million of reais)		Consolidated	
Operating Activities	6/30/2018	6/30/2017	Variation
Net Result for the Period	(224.0)	(288.5)	(64.5)
Adjustment to the Net Result:			
Depreciation and amortization	211.7	173.4	(38.3)
Deferred income tax and social contribution	(117.6)	(158.0)	(40.4)
Interest, monetary and currency changes	257.9	280.9	23.0
Others	(39.9)	(12.3)	27.6
Adjusted Net Result	88.1	(4.5)	(92.6)
Change in Working Capital:			
Accounts receivable	281.3	498.3	217.0
Inventories	338.6	543.3	204.7
Suppliers	(682.5)	(1,505.3)	(822.8)
Change in Working Capital:	(62.6)	(463.7)	(401.1)
Change in Assets:			
Prepaid expenses	3.8	10.3	6.5
Escrow deposits	(14.7)	(8.4)	6.3
Recoverable taxes	(5.2)	36.4	41.6
Other accounts receivable (current and non-current)	(100.1)	(173.7)	(73.6)
Change in Assets:	(116.2)	(135.4)	(19.2)
Change in Liabilities			
Salaries and social security charges	6.6	(2.0)	(8.6)
Recoverable taxes (current and non-current)	(8.2)	(39.8)	(31.6)
Other liabilities (current and non-current)	(9.8)	(114.6)	(104.8)
Accounts payable/receivable (related companies)	160.3	65.3	(95.0)
Change in Liabilities:	148.9	(91.1)	(240.0)
Interest Expense on Loans and Debentures	(207.6)	(171.4)	36.2
Paid Income Tax and Social Contribution	(3.3)	(2.0)	1.3
Cash Flow from Operating Activities	(152.7)	(868.1)	(715.4)
Investing Activities			
Marketable securities	927.2	(57.0)	(984.2)
Purchases of property, plant and equipment assets	(5.7)	(2.1)	3.6
Intangible assets	(144.3)	(159.0)	(14.7)
Value paid for the acquisition of subsidiaries	(2.5)	(26.0)	(23.5)
Cash Flow from Investing Activities	774.7	(244.1)	(1,018.8)
Financing Activities			
Funding	1,203.7	1,767.6	563.9
Payments	(652.7)	(396.2)	256.5
Capital increase in cash	-	1,210.0	1,210.0
Cash Flow from Financing Activities	551.0	2,581.4	2,030.4
Change in cash balance	1,173.0	1,469.3	296.3
Beginning Cash Balance	1,469.5	224.2	(1,245.3)
Ending Cash Balance	2,642.5	1,693.5	(949.0)



## ANNEX III: NOTE REGARDING THE FINANCIAL STATEMENTS

### **Effects in the consolidation of B2W Digital's transportation subsidiaries**

Click-Rodo and Direct (subsidiaries of B2W Digital) provide merchandise distribution services to the Company, generating an elimination effect in consolidated gross revenue and selling, general and administrative expenses (distribution expenses), according to the present accounting rules.

Consolidated gross profit is reduced in proportion to the positive effect observed on selling, general and administrative expenses, but no effect on Adjusted EBITDA and Adjusted EBITDA Margin.

### **Adjusted EBITDA**

On October 4th, 2012, Brazilian Securities Exchange Commission (CVM) enacted Instruction 527/12, regarding the voluntary disclosure of non-accounting information such as EBITDA. The Instruction aims to standardize the disclosure, in order to improve the understanding of this information and make it comparable among publicly listed companies.

In order to maintain consistency and comparability between previous periods, we present the reconciliation of EBITDA.

In 2Q18, Adjusted EBITDA was R\$ 80.6 million Including other operating income and expenses, EBITDA, according to CVM Instruction 527/12, would be R\$ 74.7 million in 2Q18 (5.1% of NR) vs. R\$ 72.2 million in 2Q17 (4.9% of NR).

## ANNEX IV: INDEBTEDNESS

Consolidated Indebtedness - R\$ MM	6/30/2018	6/30/2017
Short Term Debt	1,525.5	775.4
Short Term Debentures	8.2	15.0
<b>Short Term Indebtedness</b>	<b>1,533.7</b>	<b>790.5</b>
Long Term Debt	5,201.4	4,415.3
Long Term Debentures	200.0	200.0
<b>Long Term Indebtedness</b>	<b>5,401.4</b>	<b>4,615.3</b>
<b>Total Debt (1)</b>	<b>6,935.1</b>	<b>5,405.8</b>
Cash and Equivalents	4,794.3	3,357.5
Credit Card Accounts Receivables Net of Discounts	163.2	28.8
<b>Total Cash (2)</b>	<b>4,957.5</b>	<b>3,386.4</b>
<b>Net Debt (Cash) (2) - (1)</b>	<b>1,977.6</b>	<b>2,019.4</b>
<b>Cash Generation (Consumption) <sup>1</sup></b>	<b>(33.9)</b>	<b>(362.3)</b>
<b>Average Maturity of Debt (days)</b>	<b>794</b>	<b>854</b>

The level of leverage of B2W (net debt / EBITDA) is not used for covenants purposes in the Company's loan and financing agreements.

<sup>1</sup> Excludes capital increase effects

Accounts receivable are mainly composed of credit card receivables, net of the discounted value, which have immediate liquidity and can be considered as cash. The breakdown of B2W's accounts receivable is demonstrated in the following table:

Consolidated Accounts Receivable Reconciliation - R\$ MM	6/30/2018	6/30/2017
Gross Credit Cards Receivables	3,439.9	2,520.8
Discounted Receivables	(3,276.7)	(2,491.9)
<b>Credit Card Receivables - Net of Discounted Amount</b>	<b>163.2</b>	<b>28.8</b>
Present Value Adjustment	(2.7)	(0.8)
Allowance for Doubtful Accounts	(35.8)	(26.7)
Other Accounts Receivable	88.5	133.2
<b>Net Accounts Receivable - Consolidated</b>	<b>213.2</b>	<b>134.5</b>



## ANNEX V: DEFINITIONS

- **Adjusted EBITDA:** Operational earnings before interest, taxes, depreciation and amortization and excluding other operational revenues/expenses and equity accounting.
- **Adjusted Gross Profit:** Gross profit excluding the effects of the consolidation of B2W Digital's transportation subsidiaries.
- **Adjusted Selling, General, and Administrative (SG&A):** SG&A excluding the effects of the consolidation of B2W Digital's transportation subsidiaries.
- **GMV (Gross Merchandise Volume):** Sales of own merchandise, sales realized on the Marketplace, and other revenues (excluding commissions from Marketplace sales), after returns and including taxes.
- **Marketplace Participation:** Marketplace sales as a percentage of total consolidated GMV.
- **Market Share:** Total sales on B2W sites, including those made on the Marketplace, divided by total market sales (source: e-Bit).
- **Net Debt (Cash):** Calculated as the sum of short-term and long-term indebtedness, less the sum of cash & equivalents and credit card accounts receivables (net of the discounted balance).
- **New Customers:** Increase in active customer base during the trailing 12 months.
- **Working Capital:** Calculated as the sum of days of trade accounts receivable (using GMV as a basis) and inventory days, minus vendor days, considering GMV and CMV in the last 12 months.

## INFORMATION ABOUT THE WEBCAST AND THE CONFERENCE CALL

Conference calls with simultaneous translation into English, followed by a bilingual Q&A session, will be held as followed:

**B2W**  
DIGITAL

### Eventos 2T18

#### Divulgação de Resultados

09 de agosto de 2018 (quinta-feira)  
após fechamento da Bolsa

#### Teleconferência com Webcast

(em português - tradução simultânea para inglês)

10 de agosto de 2018 (sexta-feira)  
12:00h (Horário de Brasília)

Acesso: +55 (11) 3193-1001  
ou +55 (11) 2820-4001

Código: B2W

Link para Webcast:

[www.b2wdigital.com/  
webcast2T18](http://www.b2wdigital.com/webcast2T18)

Replay: Até 16 de agosto de 2018

Acesso: +55 (11) 3193-1012  
ou +55 (11) 2820-4012  
Código: 5831269#

Palestrante:

Fábio Abrate - CFO e DRI

Equipe de Relações

com Investidores  
ri@b2wdigital.com  
+55 (21) 2206-6000

### 2Q18 Events

#### Earnings Release

August 09th, 2018 (Thursday)  
after Bovespa's trading hours

#### Conference Call and Webcast

(in Portuguese - simultaneous translation into English)

August 10th, 2018 (Friday)  
11:00 a.m. (Eastern Time)

Connection: +1 646 828-8246  
ou +1 786 924-6977

Code: B2W

Link to Webcast:

[www.b2wdigital.com/  
webcast2Q18](http://www.b2wdigital.com/webcast2Q18)

Replay: Until August 16th, 2018

Access: +55 (11) 3193-1012  
or +55 (11) 2820-4012  
Code: 0764991#

Speaker:

Fábio Abrate - CFO and IRO

Investor Relations Team

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