

TRANSCRIPT – Q3 21 VIDEOCONFERENCE

GRUPO CARREFOUR BRASIL

Operator:

Good morning, everyone, and welcome to the 3Q21 earnings results from Grupo Carrefour Brasil. With us today from Grupo Carrefour Brasil are CEO Stephane Maquaire, CFO David Murciano, and IRO Natalia Lacava, as well as other members of the Company who will begin the Company's presentation.

We would like to inform you that this conference is being recorded and will be made available at the Company's IR website, where the respective presentation is also available. If you need simultaneous translation, the tool is available under the interpretation globe on the bottom side of the screen. If you choose to hear the interpretation, by clicking the icon, you may choose the language of your choosing, Portuguese or English. Those listening the conference in English also have the option to mute original audio.

During our Q&A session, we kindly ask that you send your questions using the Q&A button on the bottom side of your screen. As a standard practice, your name will be announced so that you ask your question live. At that moment, a request to activate your microphone will pop up on your screen. If you wish to not open your microphone live, please, write 'no microphone' at the end of your question, so our operator can read it out loud.

Information contained in this presentation, as well as any statement made during this video conference relative to business prospects, operational targets and projections, as well as financial targets from Grupo Carrefour Brasil are only based on beliefs and assumptions from the Company's management, as well as information currently available. Forward-looking statements are no guarantee of performance. They involve risks, uncertainties and assumptions seeing as they refer to future events and therefore rely on circumstances that may or may not come to pass. Investors must understand that general economic conditions, the state of the market and other operational factors may affect the Company's future performance and lead to materially different results from those expressed in said forward-looking statements.

Should any problem or technical glitch arise within this platform, or call will continue after a short break via telephone, using the numbers that were informed in the Company's IR website, as well as in the Zoom chat.

I will now turn the floor over to the Company's CEO, Stéphane Maquaire, to begin the presentation. Mr. Maquaire, please, you may proceed.

Stéphane Maquaire:

Good morning, everyone, and thank you for being with us once again for our 3Q21 earnings release.

First of all, I would like to say that I am very happy to join the Carrefour Brasil team and have the opportunity to lead one of the Group's most significant operations, as well as to be able to continue Noël's successful work. I would also like to thank the outstanding teams I have been exchanging knowledge with for their impeccable operation.

Our consolidated earnings for this quarter demonstrate the Group's execution capacity, with growth rates and market share gains. We remain price leaders in the cash and carry market, which is very important to us, and we were able to both grow organically and to also integrate

the Makro stores at a record pace. In 9M, we were able to deliver 36 stores, and a level of sales per sqm that was expected only for the second year of our operation in these stores. As a result, our margin ramp up has been really fast.

Our NPS, which is also very important to us, continues to progress in all formats, and in retail, we have been able to significantly outperform the market. Despite the challenges posed by having last year as a basis for comparison, our sales in the food segment remain close to what we saw at the high of the pandemic, and we continued to dilute our SG&A.

This acceleration we experienced in the physical world became exponential in the digital world, and our digital numbers are really substantial. In two years, our food sales increased 5x, and Atacadão is growing more relevant every day. We already have a fully integrated B2B marketplace, serving 90% of Brazilian cities. On the retail side, in-store picking is starting to ramp up and gained traction as a result of our decentralized inventory management, and that has reduced delivery times as well as logistic costs.

Last but not least, the acceleration that the physical and digital worlds have delivered was made even stronger by our banking service. The sharp recovery in our bank, with growing sales and high revenue, in addition to a robust portfolio, mirrors our solid retail and cash and carry structures. And not only that, but digital acquisitions have gained relevance, now accounting for 1/3 of the total, which opens a door for us to attract customers outside our ecosystem. New products, which are purchased digitally 88% of the time, have also gained relevance and helped us to cross the physical borders of our stores. As a result, our off-us revenue grew 31%, driven by Atacadão, establishing a very powerful ecosystem that feeds back into itself and protects itself from more challenging scenarios.

All of this makes me very confident that our Group's next cycle will be a huge success.

I will now turn the floor over to David, who will detail our financials. David?

David Murciano:

Thank you, Stéphane, and good morning, everyone.

On slide three, I am going to briefly go over our consolidated figures for the 3Q.

First, I would like to highlight our total gross sales, which totaled R\$20.8 billion this quarter, up 8% from one year earlier. This increase occurred over a very challenging basis and was largely driven by Atacadão, whose like for like growth was 2.7%, once again showing the strength of our model in challenging environments.

Also, according to Nielsen, Grupo Carrefour gained 50 bps of market share in the year to date, underscoring our superior performance compared to the market.

The combination of strong sales, continued bank growth, healthy performance of new Atacadão stores and the ability to make timely purchases led to a 30 bps increase in our gross margin, as well as 11% EBITDA growth year-over-year. Our operational efficiency was also preserved, and even as our expansion accelerated, our SG&A to sales ratio remained unchanged versus last year. And if we compare it to 2019, the decline was quite significant, 190 bps.

Our adjusted net income was R\$621 million this quarter, up by a strong 42% on a two-year comparison basis.

Our leverage and indebtedness remain at very healthy levels, and our net book that was about 1.3x our EBITDA, even after settling the Makro stores acquisition and an upfront payment for Grupo BIG. We still have R\$2.5 billion in unsold receivables.

Finally, reinforcing our solidity and robust balance sheet, yesterday, our Board of Directors approved the advance payment of part of our dividends relating to 2021. That is R\$866 million, which will be paid in two installments of R\$433 million in November and December of this year via dividends and interest on capital.

Moving on the slide four, I will talk about our operations, starting with Atacadão, whose growth this quarter continue to accelerate, while still maintaining profitability.

We are the only cash and carry player with a presence in all Brazilian states. So far in 2021, we have opened 36 new stores. Our solid balance sheet and outstanding M&A integration capacity has allowed us to continue accelerating our organic store expansion plan. We opened seven new organic stores in the 3Q alone and expect to open nine more in the 4Q, ending the year with 44 new stores, as we mentioned before.

Over to slide five, as a result of this rapid advance, our growth sales were up 14.3% in the 3Q, with like for like sales up 2.7% and expansion of 11.6%.

The earlier than expected maturity of these new stores, combined with the high inflation environment we have been facing since last year, has highlighted one of the main features of the Atacadão model this quarter: the ability to analyze the market and its trends. That, together with our purchasing power, has allowed us to make very opportune purchases. As a result, we saw our gross margin increase by 15.5% over the quarter. And I would like to enforce that, even with our gross margin gains, we remained price leaders and 3% more affordable than the player #2 in September.

I would also like to highlight the continued decline in our SG&A to sales ratio. Despite the year-over-year increase generated by our accelerated expansion, we had an improvement by 30 bps versus the 2Q. And if we look at the 1Q21, the improvement was by 50 bps, reinforcing the accelerated maturing of these stores I mentioned earlier.

All of this led to a record EBITDA of R\$1.1 billion in the 3Q, an 11% increase year-over-year, with a 7.8% margin, a level very similar to last year's.

On slide six, we are going to talk about retail performance. As you already know and have seen in our numbers, 2021 has been a very challenging year for our industry, particularly the non-food segment. Even so, we have continued to show structural improvement.

Food products remained extremely resilient during the quarter, with sales holding up at last year's levels and like for like sales growing by 15% compared to 2019. Private label products stood out again and penetration reached 18% in the quarter, showing their relevance against a backdrop of high inflation. Total gross sales were down 8% year-over-year, with the impact being mostly felt in non-food products. Compared to the same period of 2019, gross sales showed a 9% increase.

Structural improvements continue to bring enhancements in as SG&A, which showed a nominal decrease by R\$54 million compared to 3Q20.

Our EBITDA in the quarter was R\$244 million, with a 5.1% margin.

Now moving on to slide seven, I will talk about our digital initiatives, the accelerators of our ecosystem.

We continue to develop concepts and grow in the digital world. Our food GMV has increased 5x in two years, and here I would like to stress Atacadão's digital channel, which is already a reality. 56% of our digital sales came from Atacadão in the 3Q. On a sequential basis, Atacadão digital channel grew 113%, primarily driven by our own platform. The Atacadão marketplace also now serves 90% of Brazilian cities, bringing convenience and affordable prices to our customers.

Total GMV grew 52% in two years, and we continue to develop concepts to further improve the online shopping experience. In-store picking within our stores is already available in 32 of our hypermarkets, and we should end the year having this model available in 60 stores. Improving the price points of this channel, as well as our logistics.

On slide eight, with regards to our bank, we had another quarter of solid performance.

Revenues grew 26% year-over-year, with the Atacadão card growing 42%, benefiting from strong momentum in the segment. We also had strong results both in on-us and off-us revenues, which grew 31%, clearly showing the presence of our credit cards in the lives of our customers outside our ecosystem. And this becomes even more relevant as we accelerate our entry into other banking products and create opportunities to expand our customer base.

New products were also significant this quarter, with insurance revenue growing by 30% year-over-year.

Total revenue continues to follow the same trend we saw during the 2Q and reached R\$854 million, an increase by 38% from the 3Q20.

The over 30 and over 90 delinquency rates remained subdued at levels below those of 2019, reinforcing the quality of our credit portfolio.

The efficiency ratio, which measures how efficient the bank's expenses are being managed, reached 34.2% this quarter, up 865 bps from 3Q20, showing the benefits of a leaner structure.

EBITDA over this quarter reached R\$187 million, a significant increase when compared to the same period of 2019, when EBITDA was negative. Year to date, the bank's EBITDA grew by 34%, which makes us really happy.

On slide nine, I would like to talk about the advances we have made on the ESG front during this quarter.

Continuing with the commitments we made to combat structural racism, this quarter, we launched two hiring programs specifically targeted to black people. First of all, the Internship program focused on career development, in which we hired 18 black youths; and the second, Talents of the Future, a program for which applications are still open and which is focused on leadership inclusion. We also concluded the public calls for proposals we launched in the 2Q, having selected 40 organizations and projects.

On the racial literacy front, we developed a series of publicly available content in partnership with Silvio de Almeida to discuss structural racism, its presence and organizations, and how to reeducate ourselves to combat it.

More than 30,000 of the Group's employees have already undergone racial literacy training, and I would like to invite everyone to access this content, which is available at naovamosesquecer.com.br.

Focusing on helping society in general during this moment of economic distress in the country, this quarter, we donated over 890 tons of food. In addition to that, last week we announced a price freeze on private label products until January 10th, 2020, once again showing our commitment to offering high quality products at affordable prices to everyone.

On the environmental front, I would like to stress the launching of 100% traceable and deforestation free beef that we had this quarter.

And lastly, on the governance front, I would like to highlight that this quarter we launched the new Code of Conduct that includes improvements in a number of points, and on which we have already trained 65% of our employees.

Having said all of this, I now turn the floor back to Stéphane for his final remarks.

Stéphane Maquaire:

Thank you very much, David. In conclusion, on slide 10, I just wanted to reinforce the stepping-stones of our strategy for the coming years.

First of all, we would like to work more transversely to ensure customer-centricity with the use of technology, data, and also to simplify some of our structures to gain more agility. Agility is a focal point for us, so that we can make them more fluid and also accelerate our decision making.

Second, we want to ensure digital leadership both in B2B and B2C using our unique network in Brazil to become the best 'fintail' in the country.

And lastly, we want to reinforce our national footprint, accelerating the opening of Atacadão stores and integrating the Big Group stores as well.

It is a huge challenge, but I am very excited and convinced that it is necessary, considering the momentum in retail right now. In addition to that, the assets of the Carrefour Group are extremely valuable and more than enough for us to stay ahead in our transformation. It is now in our hands to really change and continue to stay in the lead.

Thank you very much for your attention, and we can now move on to the Q&A session.

Helena Villares, Itaú BBA:

Hello, everyone, and thank you for taking our questions. We have two questions here at Itaú. First of all, we would like to know about the margin, which was a lot higher than we expected. So if you could please add some color, and perhaps break it down a little bit more, with regard to this sequential improvement from 2021, how much of it comes from Atacadão and how much of it comes from the operation? And if that is the case, if most of it comes from the operation, what was the margin that reflects Atacadão?

And the second question is also related to Atacadão, but we want to hear about the operations. We know that in some stores you take payments in credit cards, some third parties, and we want to know how that pilot is going. What have you learned so far, and how the initiative is going to look like moving forward? Thank you.

Stéphane Maquaire:

Thank you, Helena. I will be answering your first question and then let the second one for David. Our Atacadão business is a high tonnage business. It is a mass business. All of that is

to say that we are looking at the long term sequence as opposed to only the sequence of the past few quarters. And when we look at that, the development in this seems very interesting.

Now, more specifically about our gross margin for Atacadão, considering the last two quarters of 2019 and also 2020, we remain virtually on the same level, at around 15, 15.5 EBITDA during this last six months. Also, naturally, this quarter, we have the opportunity of a trading to achieve this result, and much of this improvement was also because of the ramp up in some of our Makro stores.

But once again, in terms of our rates, what we are seeking is an overall result, but also a larger tonnage with Atacadão. And always trying to respond to the specific circumstances of that month or that week.

So, David, if you could please take the second question.

David Murciano:

With regard to your second question about cards, we rolled out other brands of credit cards other than Atacadão. That started in 2Q and is now concluded. That was in late 2Q, early 3Q. And we have been very happy with the results and sales, and we are recovering significantly with those sales, and we are saying to our customers that they are able to use those cards. We are seeing them use our cards more often and purchasing higher figures as well.

The fact that our stores are accepting other cards does not really affect our operations that much. We remain with the same share, which is still unchanged. We are also accepting vouchers at this point, and we believe that has helped to recover our sales as well.

So obviously, we have some sales in cash and some in card, but we have recovered many of our customers in that sense. That also has to do with our rollout because it was progressive in the entire country.

Another thing I would like to say is that there was no deterioration in SG&A, because accepting cards has a cost, but we were able to see that cost be offset thanks to other improvements in SG&A. So the fact that we accept other cards has ultimately a positive impact on the EBITDA, bottom line.

Helena Villares:

Thank you.

Danniela Eiger, XP:

Thank you for hearing my question. First of all, I would like to hear about Atacadão, and more specifically about Makro. One thing that caught my eye is the fact that stores are already with the EBITDA that is in line with what you posted in your consolidated margins. Do you see any chance of that exceeding in the next quarters? Or do you think that they have reached maturity in terms of profitability?

And my second question has to do with retail, more specifically. You mentioned this competitive momentum that is very challenging in non-food products, and that also goes to what you said about the basis of comparison. And you mentioned Extra being very aggressive because they have to sell their inventories by 4Q, and we are already seeing many players coming into this market with food products as well. So it is becoming very aggressive.

I would like to hear from you how do you see retail in that sense, seeing that your stores have more of a cash and carry or hypermarket profile as opposed to a more retail profile. I would like to understand what you understand in that sense, both in the near term and the long term.

Stéphane Maquaire:

Thank you for your questions, Danniela. About Makro, granted, we are right on top of what we expected with the ramp up in sales of in these stores, but we still have substantial room to reach the maturity level that we see in other stores of Atacadão's unique ecosystem.

We are at a very healthy situation because of the advance in sales within the stores, but we still have space to obtain higher sales in these stores. That is what we see. And that is with the other stores that we have to open with Atacadão. And we still have a number of years to reach maturity in those other stores as well.

About your second point, with regard to retail, the answer is, in retail, we are very well positioned, and we are very customer focused. We are well positioned when we look at the price levels that we operate with, and we also have new initiatives, such as the price freeze that we conducted. We know that this is a very challenging situation because of inflation for most Brazilian citizens.

So I see our strength within our retail operations with supermarkets and hypermarkets, and the answer will always involve our ability to really look and hear our customers well. We may, based on that, change our mix of products and really harness all the opportunities that this moment is offering. We believe that our supermarkets and hypermarkets are responding very well to this situation.

Above that, we have our unique strength within our ecosystem with retail and cash and carry stores. The opportunity to integrate the Big Group with other markets yet also provides the opportunity to look at our stores every two years and see which of them should change or be converted into other formats.

At this point, we have no initiative that could allow us to think that we could really switch any of these stores into Atacadão, for example. But the answer is, we are looking and hearing our customers, and we want to respond to their specific situation. And we also have the strength of our ecosystem, which allows us to really follow the movements of our customers within the Brazilian market moving forward.

David Murciano:

I would just like to add to what you said, Stéphane. In our case, unlike other players in the hypermarket industry, we also have our bank and our credit cards, which also contribute significantly to our overall sales and overall revenues.

And as Stéphane said in our introduction, this is something that feeds into itself. Our market adds value to the bank and the bank adds value to the hypermarkets. And that in addition to other synergies we have with Atacadão as well. In the near term, we are not seeing that. We know that that offers long term advantages as well.

Danniela Eiger:

OK, that was very clear. Thank you.

Ruben Couto, Santander:

Good morning. Thank you for taking my questions. I would just like to go back to the Atacadão margins issue. As you said, this was a very positive performance, even outperforming what everyone was expecting. Do you expect this to continue in the next quarters? If you could please expand a little bit on that.

And on another topic, you also said that you have noticed over the past few months a down trade effect, especially because of inflation. Do you believe that this trend has accelerated in the past few months, or do you believe it is already leveling off? I just wanted to understand where we are on this cycle as inflation, especially food, and inflation is not accelerating as steeply as everyone expected. Thank you.

Stéphane Maquaire:

Thank you, Ruben, for your questions. On your first question, about our margin levels with Atacadão EBITDA, as we said earlier, we are monitoring it month by month and week by week, seeing our trade in opportunities and the state of the market, seeking to address our volumes and our mass margin as well.

Over the quarters of 2019 and 2020, the levels sort of floated. So we remained in 15.5, 15.8 over these past six months, and our EBITDA as well. So we are going to continue to be focused on that vision, and then we will see what level of margins we will be able to deliver. That is for your first question.

On your second question, truth be told, in Brazil, we have much higher inflation than we have seen in the past few years, and after a few months of inflation, this is a very challenging scenario for our customers in Brazil.

In terms of purchasing power, our work is to always seek new opportunities with promotional sales or different product sizes, perhaps smaller packages or a different assortment of products. So we have a number of choices to respond to this situation.

We are seeing some leveling off in inflation at the current level. So if we look at the past few months, September, October and November compared to last year, we have the opportunity to seize this stabilization, which seems to be starting now, and we will always be looking into what we can do to really respond to that situation.

We have already mentioned our price freeze initiative, which was very well received by our customers and across the Board, because we feel responsible as well for this type of situation. In the last few weeks, in terms of volume in retail, we see a more positive trend starting to show. So we have opportunities right now during this challenging time.

Ruben Couto:

Thank you.

Nicolas Larrain, JPMorgan:

Good morning, and thank you for taking my question. Could you please talk a little bit about the competitive environment in cash and carry, considering the high food inflation? And also, if you could talk a little bit about how you are seeing the recovery of B2B in cash and carry, that would be great. Thank you.

Stéphane Maquaire:

Since the last quarter, we have been preparing to respond to this reopening of B2B stores. So we have a few initiatives on this side, and looking at every step in B2B, we have a strong opportunity. The fact that we have a footprint in every state in the country, and also our wholesale business, which is present in every state. So we have a very interesting prices, better than the competition in Atacadão, both on B2B and on B2C.

That is our greatest asset with Atacadão, and we will always be working with that, and we will continue to improve our market share with Atacadão across the segments that we operate on.

So we are going step by step, as I said, but we see B2B at the forefront, or even ahead of the reopening after the pandemic.

Nicolas Larráin:

That was very clear, Stéphane. Thank you.

Andrew Ruben, Morgan Stanley:

Thank you very much for the question. The question is on loyalty. You mentioned some of the cost headwinds, but I am curious about the benefits. How do you measure the traction of loyalty, and how do you think about the balance between loyalty costs and benefits looking into 2022? Thank you.

Stéphane Maquaire:

Thank you, Andrew. I will answer in Portuguese so that we do not mix languages here. That was a great question. Our loyalty program, obviously, we are monitoring that constantly and monitoring the benefits both for us and for our customers. But what we see with this program is that the share of wallet for the customers who joined the program is a lot higher, actually higher than the cost for the loyalty program.

So I really see no problem with the loyalty program. I think this, to me, is more about needing to push the loyalty program within our retail ecosystem. We have a sales share of about 35% with this program, so we need to push and go a lot stronger on that topic.

It is not as much about whether we have benefit or whether it costs more, but we believe the benefits outweigh the costs. It is more about how we can make more customers join the program, and how can we see the more accessible level so that every customer can access this loyalty program and enjoy the discounts.

David Murciano:

Just to compliment on Stéphane's answer, two additional points: the first one is that, on top of the impact on sales, on customer's loyalty that Stéphane just mentioned, we also have a huge impact, as you may understand, on database. We are feeding our database, and we know that it has a lot of value. So this is not today in the P&L, but we know it is a strong asset that we are building. That is the first point.

And also, to be much more complete and to have the reading of the impact on the P&L, if you compare our P&L this year versus last year, or even versus 2019, you see that the marketing cost decreased, because we rebalanced, of course, the cost of the promotions that we used to have. Part of it, of course, not everything, but part of it, we rebalanced to the loyalty program. So we have, on top of what Stéphane said, those additional benefits.

Andrew Ruben:

Very helpful. Thank you both.

Renan Ulrich, Infinity Investment Club:

Good morning. I just want to hear from you with regard to the change in C level, whether that will imply any change in strategy. And with regard to indebtedness, what is the highest level that the Group considers still comfortable?

Stéphane Maquaire:

Thank you, Renan. I am going to take the first part of your question, and then David should take the second part. Truth be told, we saw some change in our C level. Something we need to do from time to time, whenever we enter a new phase, and we are entering a new stage now, integrating the Big stores and how it will impact the Brazilian market, we are preparing for that and waiting for the CADE decision, the antitrust authority.

But, as I said, we will continue to work closely with clients and make customers even more front and center in our decisions. We will work to gain agility, and that also includes other items in our strategy, which we developed last year in an effort to accelerate our activities, accelerating our expansion with the integration of Big, and also with the Atacadão stores.

So it is about continuing our acceleration, but we do not expect to see significant changes in our strategy. We will always try to seek the best people to add even more strength to our organization.

Thank you for the first question. I will turn over to David now.

David Murciano:

With regard to leverage, we still have a lot of room to grow our debt. Our debt level is very solid, 1.3x our EBITDA, which is very healthy, one of the best in the market. So there is room to grow that, and we have already settled Makro and part of Big, the two significant acquisitions. So that level will go up, but we know that once it does, we will remain in a very comfortable position because there is still room for that. We cannot say what the highest level for our debt would be, but we still see room for that to grow.

Also, our dividend levels have been raised from 25% to 45% because we have that capacity and we are very confident about our cash generation capacity, so there is no problem there.

Renan Ulrich:

Great. Thank you for the opportunity.

Rodrigo Boselli, 3R Investimentos:

Good morning, and thank you for the opportunity, I have two questions. First, I would like to know what you expect in terms of the Big acquisition.

And the second is whether you see the ability to convert some wholesale stores into the Sam's model.

Stéphane Maquaire:

Thank you for your questions, Rodrigo. About your first question, we really have to wait for the antitrust authority to deliver its judgment, and we have to wait for their pace. There has been no noise surrounding that acquisition that we are completing, but in terms of what the prospects are, we really have to wait. We have to see until April or May of next year, or even sooner than that.

And about your second question, with the strength of our ecosystems, we can do that with no problems related to debt. We can also make some changes in our stores between all the different formats.

With regard to the Big Group's integration, once again, we will have more opportunities to do that. The Sam's Club format provides a very substantial opportunity for growth, and we will be looking into those opportunities and the opportunities provided by the different store formats we now have.

We could think of any store in any format that could be converted into any other format of any store. That is all to say that it is about the ecosystem. Many of our stores will change within the ecosystem, and we are open to any opportunity. There is no problem in saying "no, this format will be only received in a few stores". We will be looking at every store individually and every opportunity that we have in terms of conversion.

So based on our analysis, what the customer profile is and what we need there, that will be what we base our transformation decision on.

Rodrigo Boselli:

Thank you for your answer.

Felipe Reboredo, Citibank:

Good afternoon. Our question here from Citi has to do with what you expect in terms of margin and profitability on the retail side next year? Can we expect margins more similar to those of 2020, or do you work with a more conservative vision for next year? What should we be expecting? Thank you.

Stéphane Maquaire:

Thank you for your question, Felipe. About retail, 2020 was really a spectacular year for retail, both for us and the competition. So we do not see 2020 as a standard that we should be looking for.

Looking to 2020, we are now facing a very high inflation environment. That is the same situation in several other countries. It is a problem with the Carrefour Group globally. And despite inflation, we have been able to perform well. So in 2022, we do not see any significant challenge to continuing the same performance in sales, and attracting more customers into our stores. This has to do with the fact that the market is changing, and we expect to be able to continue with our sound performances, always looking at two things: clients, sales and volumes, and only after our margins and our rates as a conclusion of this entire process that really starts with the client.

Felipe Reboredo:

Just to make it clear, if I may ask a second question, about Makro stores, do you still see an opportunity to increment their sales and margins? Or are they already reaching the average Atacadão results?

Stéphane Maquaire:

Felipe, as we said, we are ramping up. So to make it clearer, these stores, and this is very normal, are doing better than what we expected for the ramp up. So right now, those stores are below the average for Atacadão stores. So we will have to wait a lot longer, maybe years, so that we have the same profitability levels of a new store, so that they are on the same level of other stores.

Also, we do not have all Makro and Atacadão stores operating at the same levels. So it is a range of different situations across the country, especially on Atacadão stores.

Felipe Reboredo:

Thank you.

Operator:

With no further questions, we now conclude our Q&A session. We would now like to turn the floor over to the Company for their final remarks.

Stéphane Maquaire:

I would like to thank everyone for the questions. They are very important for us to understand the topics that you are looking at, and looking at the ecosystem, looking at you, looking at our customers, first of all, and looking at Brazilian society with all the themes that we are working on. For example, ESG is something that we always have to reinforce.

I have with me a very strong and energetic team, with a lot of will to move forward regardless of all possible challenges we may be facing. That is a really important strength, their capacity to execute within the Carrefour Group is really remarkable. And we will be facing whatever situation that may come up. So I would like to thank everyone for joining us, and we will be seeing each other soon. Thank you.

David Murciano:

Thanks, everyone.

Natalia Lacava:

Thank you.

Operator:

The 3Q21 earnings conference from Grupo Carrefour Brasil is now concluded. The Investor Relations department is available for any further question you may have. I would like to thank all participants and wish them all a good day.

"This document is a transcript produced by MZ. MZ uses its best efforts to guarantee the quality (current, accurate and complete) of the transcript. However, it is not responsible for possible flaws, as outputs depend on the quality of the audio and on the clarity of speech of participants. Therefore, MZ is not responsible or liable, contingent or otherwise, for any injury or damages, arising in connection with the use, access, security, maintenance, distribution or transmission of this transcript. This document is a simple transcript and does not reflect any investment opinion of MZ. The entire content of this document is sole and total responsibility of the Company hosting this event, which was transcribed by MZ. Please, refer to the Company's Investor Relations (and/or institutional) website for further specific and important terms and conditions related to the usage of this transcript"