

El Corte Inglés and Alibaba Group to Explore Close Cooperation

- *As part of the collaboration between Europe's leading department store and global technology company Alibaba, the parties will explore new business opportunities within a "digital retail" and omnichannel common framework*
- *Possible joint initiatives and projects will span multiple areas of interest from global commerce and delivery & supply infrastructures, to cloud computing and innovation, to smart payments*

Madrid, Spain and Hangzhou, China, November 29, 2018 – El Corte Inglés, Europe's largest department store in turnover, and Alibaba Group, leading global technology company, today announced the signing of a letter of intent to develop a close cooperation in the fields of commerce and retail, cloud computing services, digital innovation and smart payments. The two companies kicked off this collaboration framework outlining areas in which their respective business units and affiliates, including Tmall, Alibaba Cloud, Alipay and AliExpress, will cooperate and develop a number of relevant initiatives.

As part of this comprehensive arrangement, the two companies have agreed to explore a number of cooperation initiatives in order to progress their respective omnichannel plans by combining and getting the best of both physical and online worlds – powered by digital innovation.

Main joint initiatives and projects to be explored include:

Cloud computing and innovation

- El Corte Inglés will have the opportunity to access a comprehensive suite of technology solutions made available by Alibaba Cloud, the cloud computing arm of Alibaba Group – encompassing big-data analytics for real-time business decision making, and artificial intelligence capabilities offering customer personalisation for enhanced relationship management.

Commerce

- El Corte Inglés will have the chance to leverage Alibaba B2C marketplaces, including Tmall and AliExpress, in order to offer its products and goods to Alibaba's users in China and worldwide via, among others, a namesake flagship store. The ultimate goal would be to enable Alibaba's consumers to access a wider range of great Spanish and international brands commonly sold in El Corte Inglés department stores, including a number of the most iconic and finest "made in Spain" goods.
- AliExpress will consider establishing a number of physical points at El Corte Inglés shopping centres to recreate a unique and engaging shopping experience while promoting some of its latest products available to Spanish shoppers. This would follow a pioneering initiative that saw AliExpress opening a pop-up store in the El Corte Inglés' Sanchinarro shopping centre in Madrid earlier this month for Alibaba's 11.11 Global Shopping Festival – also known as Singles' Day.
- Both companies may also explore close cooperation regarding delivery & supply infrastructure and channels. In this sense, Alibaba may benefit from the Spanish company's logistics knowledge and capabilities in the country, and explore the use of its distribution centres as collection points for online purchases made through AliExpress.

Smart payments

- In March 2018, El Corte Inglés signed an agreement with Alipay, the world's leading mobile and lifestyle platform operated by Ant Financial, a related company of Alibaba Group, to bring seamless

payment experience to Chinese tourists visiting Spain. This may now expand, as El Corte Inglés will cooperate to develop new initiatives to create new shopping experiences for Chinese visitors.

According to **Victor del Pozo, CEO of El Corte Inglés**, “this agreement will allow us to combine both the physical and online worlds, in order to offer the best shopping experience to our customers. Together, we are writing the future and placing ourselves at the forefront of trade and technology. El Corte Inglés owns department stores in the best locations of the main cities of Spain and Portugal, and is granted with the confidence and trust of national and international customers. All of this, joined to Alibaba’s technology, will allow us to offer a proposal of unbeatable value.”

Rodrigo Cipriani Foresio, Managing Director for Italy, Spain, Portugal and Greece at Alibaba Group and business development General Manager of Tmall in Europe, commented: “We are delighted to have signed this comprehensive letter of intent with a leading international retailer such as El Corte Inglés, involving four of our business units. We are looking forward to joining forces with them to provide consumers in China and worldwide with the greatest products and experience. As a global technology company, digital transformation and innovation in all fields are fundamental drivers of Alibaba’s mission of making it easy to do business anywhere, with the ultimate goal of better serving our consumers and stakeholders worldwide, today and tomorrow. Hence, we are confident that the expertise and skills brought by both companies will generate incredible value and opportunities as the cooperation takes shape.”

About El Corte Inglés

El Corte Inglés is Europe’s biggest chain of department stores and a reference in retail in Spain. Since it opened in 1940, the Group has remained faithful to its belief in customer service and a constant quest to meet society’s tastes and changing needs. It set out to be an establishment where the customer could find all sorts of products and services. El Corte Inglés has created a pioneering and unique business model and purchasing style, based on its slogan “the store for all your purchases”. Its business success has led it to a policy of diversifying and creating new formats, launching into the sale of a large variety of consumer products.

Alibaba Group

Alibaba Group’s mission is to make it easy to do business anywhere and the company aims to achieve sustainable growth for 102 years. For fiscal year ended March 31, 2018, the company reported revenues of US\$39.9 billion.

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