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Q1 2011 Earnings Call

Company Participants

- Eduardo Alcalay, Chief Executive Officer
- Rogério Melzi, Chief Financial Officer and Investor Relations Officer

Other Participants

- Analyst

Presentation

Operator

Good morning, ladies and gentlemen. Thank you for standing by and welcome to Estácio's Conference Call to discuss the First Quarter of 2011 Results.

This event is also being broadcast simultaneously on the Internet via webcast, which can be accessed on the company's IR site www.estacioparticipacoes.com.br/ir together with the respective presentation and earnings release.

We would like to inform that during company's presentation, all participants will only be able to listen to the call. We will then begin the Q&A session, when further instructions will be given. [Operator Instructions]

This conference call contains forward-looking statements that are subject to known unknown risks and uncertainties that could cause the company's actual results to differ materially from those in the forward-looking statements. Such statements speak only as of the date they were made and the company is under no obligation to update them in light of new information of future development.

I will now turn the conference over to Mr. Eduardo Alcalay, CEO. Please Mr. Eduardo, you may proceed.

Eduardo Alcalay {BIO 1817259 <GO>}

For 2011, I will start the presentation with the highlights of the quarter and then hand over to Rogério Melzi, our CFO, who will comment in deeper detail our results. And after that, we will go in to the Q&A session.

Let's start with slide number two on the presentation, which is available on our website. First, I'd like to highlight the success of our admissions process in the first quarter of the year with total enrollments growing by 24% from the same period of last year. That is

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more than 73,000 new students enrolled in our on-campus and distance learning programs. This was a record result, which led our total students base to grow by more than 11% to more than 240,000 students. And our net revenues for the period grew by 7.7% reaching to R$176 million in the quarter.

Our EBITDA margin expanded almost 2 percentage points in relation to the first quarter of last year, mainly due to the net revenue growth in the period as a result of the very positive intake process. The efficient management of our direct cost and the dilution of our general and administrative expenses, which register gains in nominal terms also when compared to the first quarter of 2010.

It's important to note also that we concluded a very significant acquisitions in the post-secondary education segment in the quarter, namely Faculdade Atual in the North and FAL and FATERN in the North East. I say that they are significant, because they trigger our strategy already announced of market consolidation and positioning, Estácio as a leading player especially in areas with high growth and higher than average growth as the North East and the North of Brazil in the post-secondary education market.

We also announced the acquisition of Academia do Concurso, the leading provider of preparatory courses for civil service exams in the city of Rio de Janeiro. Academia had registered enrollment in short duration courses of over 29 students in 2010. This acquisition is also important and represent Estácio's entry in this very promising and also high growth segment with great synergies with our main business, especially by putting together a distance learning platform for future growth and nationalization of the Academia do Concurso business model.

Let's go into slide number three; there we show our consolidated net revenues growing by 7.7% for the quarter, mainly due to the increase of our average tickets on the On-Campus segment as well as the expansion of our student base. Our recurring EBITDA, as I mentioned, was 21% higher than the first quarter of 2010 reaching almost R$48 million in the period and representing a 1.9 percentage points expansion in our EBITDA margin. EBITDA growth was one of the main factors responsible for the growth in net income as well.

And now with that, I will hand over to Melzi, who will comment in more detail our results. Please Melzi.

Rogério Melzi

Thank you, Alcalay. Good morning, everyone. It's good to be back with you.

Again, we'll begin my comments on slide number four, which we'll talk about our enrollment performance for the quarter. And I'd like to start by saying that we are very very satisfied with our intake performance in this first quarter of 2011.

It was actually the second time in a row that our enrollment cycle for On-Campus programs posted record high growth, which resulted this time in 25.8% growth over the

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same period last year. While it is important to notice that our enrollment actually went upto April 17 this year and this happened due to a better academic trend in the region here. And obviously, this helped us somehow to achieve this result. And these results by the way clearly demonstrates in our view, an increasing recognition above the high quality of our products as well as the success of our marketing strategies.

It also makes us believe that our managerial tools are resulting in more and more commitment from our people, who are now more and more involved with our company's goals and therefore they're putting more effort in helping us to get students in.

On the other hand, our distance-learning operation showed an increase of roughly 20% year-over-year already, and this is extremely mainly by the academics calendar that we defined for the year, which forced us to end our intake efforts by March 23rd, so in the other way as compared to the on-campus programs.

Since we operate with four intake programs over the year for distance-learning, however, this should not affect our results since there is a natural carry over to the segment answer period, which is already in course.

Flipping out to slide number five, we can see that at the end of the first quarter of 2011, we had 241,400 post-secondary students, which implies a growth of 11.6% over the first quarter of 2010. Increase was due to the expansion in the base of undergraduate and graduate students enrolled in on-campus programs, which increased by 5.3%, and obviously resulted from the success of our enrollment efforts I just talked about. But also from the acquisitions of Faculdade Atual and FAL Faculdade de Natal, which added around 7,000 students to our base.

Our distance-learning student base almost doubled on the year-over-year basis, expanding around 80% compared with the same quarter 2010, reaching almost 31,000 students at the end of the quarter.

Going onto slide number six, which talks about revenues, our net operating revenue in the quarter was R$275.8 million, which is 7.7% bigger than revenues in first quarter 2010. This increase was obviously caused by the growth in our students base, but also by price increases applied to keep our prices inline with inflation.

Talking a bit about our average tickets, it is very important to tell you that for calculating the average tickets in the first quarter of 2011, we have to use the base date of March 31st to be inline with revenues. And we also must exclude the acquisitions in the period to bring more years to a comparable base. In this scenario, we can see that our attritions rose by 5.3% year-over-year, reflecting price increases due to inflation, and I will see better mix of courses with fewer associate degree students.

The average distance learning ticket increased by 2.8% continuing to be impacted by intensive enrollment campaigns to experimenting our student base as we learn more and more about this segment.

Moving now to slide number six, while we talk about cost, and again I would like first to highlight the ratio of cash cost to net revenue, which showed an efficiency gain of 0.8 percentage points, mainly due to the efficient management of third party services and leasing expenses as well as to infrastructure related cost. It is also very important to point out, however that our performance in personnel cost is actually very good one.

As you can see, even including INSS, which is our labor related taxes contributions, our ratio to net revenue remains stable at 47.2% on a year-over-year basis. For this to be possible, we had to put a lot effort and to achieve many gains into personnel line, thus offsetting the effects from the increase in INSS due to the less step up of the labor tax here at this classroom.

Also worth mentioning that our text book material cost to net revenue increased by 0.3 percentage points as more students are coming in the new academic model. We expect a further increase in this line already in the second quarter, because a reasonable part for admissions took part in March and early April, which result in some carryover for the next quarter.

On slide number eight now, we'll talk a bit about our selling, general and administrative expenses excluding depreciation and non-recurring expenses. And once more, I want to call your attention to personnel cost, because again, we were able to maintain this cost as a percentage of net revenues, almost flat. Despite the pressures coming from the increase in labor taxes, the same increases as I mentioned before. And also from the fact that in first quarter 2010, we had larger vacations period, which drives labor cost naturally down. Meaning again in order to be able to remain flat, there is a lot of efforts and a lot of efficiency gains, otherwise this line would be showing a growth against last year.

All the general and administrative expenses represented 6.6% of net revenue in the quarter implying a margin gain of 1.5 percentage points when compared with the first quarter of last year. This better performance happened based on our continuous effort to apply budgeting and managerial tools such as the zero base budgeting and what we call here the metrics control, which are helping us to hold inflation through efficiency and better negotiations. But are also based on gains due to reversals up provisions for contingencies.

On the other hand, sales, advertising expenses represented 8.6% of net revenue in the quarter due to higher expenses with marketing campaigns in the quarter to support the enrollment period at the beginning of 2011 academic year. These results again demonstrate our commitment to the strategy of controlling process with the utmost discipline, so that it can reinvest our funds, our savings into advertising without affecting our margins. In other words, we continue to generate in-house savings wherever possible, so that it can increase our external investments, which is a highly sustainable strategy that a view have returns realized over the medium and long terms.

Flipping to slide number nine now, we talk about the number of days of receivables, which reached this quarter 55 days. There is an increase when compared to the first quarter of last year, and this is pretty much due to determination of our policy of granting discounts

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to students for pre-pay and their monthly tuition payments happening July 2010. I believe most of you remember that. It is also worth to notice that as we have been telling you all, this is inline with our expectations of keeping our days of receivables between 45 and 55 days, because we believe we should not be very concerned up to the point when this reaches 60 days or more.

At the same time, receivables did increase. But based on the two drivers that give us a reasonable comfort with our portfolio of receivables. First one, is an increase in the fees. You all know the government funding problem. These receivables rose by R$6 million in the quarter. And again because they are -- they actually consist of credits that will be at some point used against taxes. They do not represent any kind of risk to Estácio.

Second, we also increased our credit card receivables by other R$11 million when compared to first quarter 2010. And again this represents a much lower risk of the four, when compared to other payment means that Estácio used to apply this way.

Moving on slide number 10, which graphically shows the growth in EBITDA and EBITDA margin resulting from the factor that we commented in the previous slides. You all can see that recurring EBITDA in the first quarter was R$47.9 million with a recurring margin of 17.4% implying an expansion and margin expansion actually of 1.9 percentage points over the same quarter last year.

This margin expansion happened pretty much because of net revenue growth in the period, which more than compensated the additional adjustment in advertising. Also due to efficient management of direct cost as in due to dilution of general and administrative expenses.

I'd like to underline, that we keep firmly committed to increase profitability in a sustainable way, medium-term, long-term, increasing margins and improving quality that will help us to attract and keep more and more students.

Going to slide number 11, talking a bit about our cash flow, where we consider our recurring operating cash flow, which is pretty much a bit less the working capital requirements and maintenance CapEx, which was R$20.6 million in the quarter. Once again we were able to fully finance our working capital and CapEx by using our own operation cash flow.

The R$37.2 million illustrated in the cash balances, mainly related to expansion decisions. Both in terms of organic expansion, there is a CapEx of around R$6 million in that. And also due to acquisitions totaling a value of R$27.2 million related to the acquisitions of Atual and FAL Natal.

Also important to tell you that among this R$20 million, there is a organic CapEx of R$10 million, 50% of this total related to a decision -- discretionary decision of course to change our entire computing infrastructure in all of our campuses. And again when we do that, we are talking about clarity, about students exception, about allowing our students to run the new academic model in a good way.

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With that, I will pass the call back to Alcalay, who will talk about our outlook.

Eduardo Alcalay {BIO 1817259 <GO>}

Okay, thanks Melzi.

And just on the issue of quality, I'd like to highlight on page number 12 of our presentation. The outcome of the last more than a 100 programs per campuses evaluated on on-site visits by our regulator, officials of Ministry of Education. And half of those visits granted three to those courses, and the other half was granted four or five, which is the maximum rates in terms of quality evaluation, which clearly reflects our -- the fruits of our efforts and commitment in investing in quality of our infrastructure, our services and mostly our curriculums and our faculty quality towards students. So this is an evidence of the commitments of quality that we've been undertaking and conditions for our future sustainable long-term growth of our business.

Going in to page 13, I will highlight the major drives for our outlook going forward. Quality as always remains very important and key driver there. And focusing on the quality of our content, our curriculums, the quality of our tools and process, our admissions process, evidence very very clearly the success and the efficacy of our commercial and advertising strategy with the great success and new all-time high record for admissions in this quarter. Our tools and all the access by our students for all our content and services, graphic material as part of the tuitions we are going towards another front now, the second semester by the tablets being delivered by our law programs students in the Rio de Janeiro state.

Technology is always a very key component as a competitive advantage against our competitors helping us to better distribute our content and services to our students as well as a very good high level student service platform to our main public target.

Efficiency gains, as this quarter clearly demonstrates already, we've been able to escalate to grow our business and expand margins as our perspectives and as our commitment for next years and we will remain to do so based both on the organic growth expanding our already existing basis. As well as the last point here, the consolidation strategy. We are very focused that we have a very solid pipeline of possible acquisitions. We remain very disciplined in terms of price and in terms of the quality of the businesses that we want to acquire quality as complementarity, alignment with our philosophy and market strategy, and we are very very positive and enthusiastic with the outlook ahead of us.

So with that, I will like to open for you and going to the question-and-answer session please.

Questions And Answers

Operator

Ladies and gentlemen, we will now begin the Q&A session. [Operator Instructions]

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Our first question comes from Kadoujo Honaki, Private Capital. Please go ahead

Q - Analyst

Hey guys. Good morning

A - Eduardo Alcalay {BIO 1817259 <GO>}

Good morning.

Q - Analyst

I have about five questions. I will just go through them in no particular order. Number one: what is your EBITDA margin expansion goal or full year 2011. The April 17, date -- how many students were enrolled in those for 17 days of April; that's number two? Number three: how sustainable is the price increase and average ticket? I know it's -- it was 5.3%. I think it's going to come down a little bit, I just don't know how sustainable it's going to be.

Number four what is the split of new enrollment drop-out graduations for your undergrad students and they have a lot number there in your -- they combine graduate and undergraduate. I'm just trying to figure out for undergrad. And finally number five, how much did you pay for Academia, and what was their margin acquisition date, EBITDA margin. Thank you.

A - Rogério Melzi

This is Melzi. Let me talk to you about your second and third question, then Alcalay will help with the others. As for your question about number of students that actually came after march 31, this is around 2,500 students. The point is that, at the same time you have to consider that there is already a dropout happening, because we started our classes in end of January, beginning of February. We are already -- by this point in time, we are already in midway to the terms. So, you have to match this, okay don't forget that.

So question number three, price increases so far is very sustainable, because we are pretty much following inflation, so there is nothing we can -- we've been try to do so far at least in order to go beyond inflation. There is a lot of inflationary pressure in Brazil, so if anytime we see that inflation will be above our expectations, we maybe able to come back and revisit our strategy and even try to bring some of the price increases still this year. But again it will depend a lot on our perception against inflation. So far, this has been absolutely sustainable and inline with our strategy.

A - Eduardo Alcalay {BIO 1817259 <GO>}

Yeah on the, on EBITDA, our margin expansion target, Kadoujo, we remained to focus on the 200 basis points of EBITDA margin expansion for the year, okay. On the Academia do Concurso acquisition, we paid 15, R$16 million for the property. And in terms of our EBITDA multiple, if that's what you ask...

Q - Analyst

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I asked for the EBITDA margin, Eduardo, EBITDA margin it was generating on those 10 million.

A - Eduardo Alcalay {BIO 1817259 <GO>}

Yeah, so that's what I was about to say. It is about 15 to 20% EBITDA margin, meaning 1.5 to 2 million EBITDA, so meaning a between seven and nine times EBITDA. And this is the EBITDA as this, this business being small as you can see relatively to our size and relatively to what we can do with that is a EBITDA, which we can expand significantly going forward, specially with growth and growth towards other places and cities out of Rio de Janeiro, especially through the distance-learning platform.

Academia, there is no distance learning whatsoever, it's only on-campus based programs in two sites in Rio de Janeiro. We're already working to roll out the distribution of distance learning programs, which is the big chunk of this market already. So, greater growth potential going forward, so this acquisition in terms of IRR to work considering the next three, five years is highly, highly attractive.

In terms of your fourth question, Kadoujo, please help us -- could you repeat that? I didn't get it.

A - Rogério Melzi

I think I got it, he's asking about the split between undergrad and grad students. Kadoujo, Flavia will send to you this detail, but I can tell you that total number of on-campus students is roughly 10 to 11,000 graduate students. And as for intakes, it's pretty small number, because the enrollment process for graduate students actually goes through the second quarter. So, almost 100% of those intakes come from undergrad programs.

Q - Analyst

Got it.

A - Rogério Melzi

Okay. That's it, right? We covered all the five questions.

Q - Analyst

Okay. Thank you, I appreciate it. Thank you very much.

A - Eduardo Alcalay {BIO 1817259 <GO>}

Pleasure.

Operator

[Operator Instructions} Our next question comes from Matthias Gallas of Black Creek Investment. Please go ahead.

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Q - Analyst

Hello good morning. I'd like to now how many students were receiving FIES assistance in the first quarter of this year and last year, and how do you see the FIES evolving going forward?

A - Eduardo Alcalay {BIO 1817259 <GO>}

Hi Matthias. We had a little bit more than 8,000 students under the FIES programs as of March this year. That represents a 25% growth from last quarter, which is interesting, but nothing very, very sort of extraordinary as we already expected, we have been and talking a little bit about present and past of FIES, and then I will jump into future expectations.

Up until now, we already were talking to you guys, investors and analysts that FIES had significant obstacles ahead of it in order really to start showing great significant results overall in the market. It's us and the overall for secondary private education industry. Because it has, it has one very tough distribution capabilities being distributed only by Caixa Econômica, which had no focus and efforts whatsoever to do that distribution in the good way.

It also put together a set of conditions for the students to be eligible for the FIES, which represented big, big obstacles for those students wanting to do FIES. So, that is why so far still a very small percentage of our overall base, less than 5% -- and the FIES programs. We have been talking to -- and to the government over the last year about those obstacles, about those difficulties having to be raised or eliminated, and we have great recent news about that. The government has heard us, and they've just announced we met the Minister and the Secretary, which is the Deputy Minister last week and they already communicated to us and this will become official by a decree from them the next week or so.

That the most important obstacle for the FIES to grow will be raised meaning that each and every student needs to have DNM test, which is a sort our SAT test like the one you have in the U.S. That is a big obstacle, because 70%, 80% of overall industry applicants, they don't have DNM, because they are working adults, working already and they have graduated from secondary school for three years ago, and that's why they don't have DNM and this represents 80% of applicants.

So, this has been raised; and with that, FIES from now on, I think, will start growing as we would like and as everybody would expect. So going forward more and more, I think FIES will be a growing leverage behind further penetration into the C class of higher education. So, we are very focused on now with the avenue ahead of us better paved and cleaner without those obstacles.

We are more and more focus with our commercial efforts, our communications both to incoming student as well students, who are already with us and want to better finance their tuition. We are pretty much focused on strengthening the enrollments through FIES as an additional potential leverage. Because it's very good to see a very high record result in new enrollments and that still with no significant whatsoever participation on FIES in that result. So when FIES really starts working pretty positively, we could do even more.

Q - Analyst

All right, thank you, Eduardo.

Operator

Our next question comes from Mitul Gandhi of HNC Capital. Please go ahead.

Q - Analyst

Hi, thanks for taking my question. My question is along with lines of acquisitions. And I wanted to get your view on how important that role plays in your group strategy. And also as your peers and -- strategy; how the price paid for those acquisition target is expect to change as well.

A - Eduardo Alcalay {BIO 1817259 <GO>}

Yeah. Mitul, the acquisition is an important part of our growth and margin expansion even though our margin expansion strategy is not fully dependent on that. I would say that less than 20% of our margin expansion potential resides on in acquisition for the next few years, but yes growth is important, and we expect to do important acquisition going forward around 20% to 25,000 students each year for the next four years, and that's why we are working very hard on that.

We have a totally focused and dedicated M&A team, working on that. I am personally involved in that strategy as well. And the initial results have already been there with the four acquisitions that we concluded over the last five months. There is -- with the screening of the overall Brazil, we've prioritized that screening by the areas of higher interest that we have, and that means interesting new areas as well as areas where we already are. And we have lots of advantages in adding on better or adding on more maps to our already existing businesses. And this represents São Paulo state, Midwest, North and Northeast. We are already present in those areas. As you know we are sort of a nation-wide player and we gained a lot by adding new maps to where we already operate, like the one that we have done in Natal in the Northeast. We had 2.5 thousand students here. We multiplied that by almost four with the two acquisitions that we did in Natal.

In terms of competition and prices, yes, there is competition out there. Kroton and Anhanguera are all over the place. Frankly speaking, so far, the effect of that competition in terms of prices and difficulties on doing deals, so far is not a point of concern to me. The market is very big. The market is very big and there is a very sort of ample offer of targets there. Target has been suffering a lot in under the context of a highly demanding regulator, which has been turning the lights of this medium and small players very, very, very difficult and also competition. Companies like us which come out there with a greater product offering, greater strategy. We are stealing market share of those guys, so more and more these guys comes to us, more open to doing a transaction.

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So, so far, I am not concerned with competition and prices. And again in light of competition and prices, we always exercise our discipline. We always sort of a walk away of a deal, which does not bring in value creation to the company and to our shareholders. We monitor and we evaluate acquisitions here on IRR attractiveness basis. We don't look too much at enterprise value push to then whatsoever. We look at IRR considering the potentials of that business going forward, and we always exercise that discipline in some sense.

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Q - Analyst

Great. Thanks for taking questions.

A - Eduardo Alcalay {BIO 1817259 <GO>}

Okay.

Operator

[Operator Instructions]. We have one more question from Mitul Gandhi of HNC Capital. Please go ahead.

Q - Analyst

Thanks again. Also wanted to understand your view on CS, and how that is expected to change the drop-outs going forward? And any other benefits you may have -- projected in your business plan in terms of provision for doubtful accounts?

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A - Eduardo Alcalay {BIO 1817259 <GO>}

Yeah. That is a great issue. We have -- we run already at the lowest provision for doubtful accounts in the industries. We run in average at the 4, 4.5% of revenues, which is the lowest, but the lowest and you always have to look at PDA together with these receivables, which needs to be very much under control, but you can have a very low PDA and have big, big 90, 85 days of receivables. So that is the trap, right?

Those 90 days of receivables sooner or later will hit you in the face and translate into higher PDA losses down into your P&L. We have very much under control good quality receivables, 55 days ranging between 45 and 55 days over the last two years. And we have a very under control PDA provision that is a result of great quality and very disciplined credit exposure management.

Obviously FIES, and as you may know on important part of drop outs are explained by students don't having the financial means to keep on with changes tuition and that translates into -- some time that translates into receivables losses and PDA.

So certainly FIES is a big positive leverage for reducing drop outs, keeping students with us throughout the entire term of his programs and obviously not turning into PDA. So, that is certainly a leverage there as well as new students coming more and more to the market in a bigger amount. But in spite of all of that, Mitul, quite frankly, we do not factor in any possible gains in PDA in our future numbers coming from FIES. And if you ask why we do that is because if somehow a high level of uncertainty in terms of how much that will be and the timing in which that will happen, we know that it will happen. We are pretty much working very hard to explore that advantage.

But frankly speaking is in some ways and something, which is so much sort of out of our control, because there are lots of external variables operating in that thing that we prefer to be disciplined and conservative and not tell you that well, x percentage points of my EBITDA is going to come from lower PDA because of FIES. This is too much if, if, if. So, prefer not to do so. So, when you look at when we will say that we are focused on bringing in 200 basis points of EBITDA margin gain, that absolutely the things under our control and FIES grow of more admission and FIES positive effect on lower PDAs, it's all going to be pluses that we would have and we will explore going forward.

Certainly, I am very very positive specially after last week, when we met the Minister, and he talked about his plans and his commitment for leveraging the FIES program. I am very, very optimistic about we accelerating the level of growth for the next two, three, four years in the overall industry. And certainly we are going to be there taking the lion's share of that movement. But frankly speaking, we prefer to not to factor that in elements of future FIES wins in that figure in that direction.

Q - Analyst

Okay, great. Thanks so much for the clarification. If I may just ask a follow-up on that conservation you had with the government, could you maybe just provide a little bit more color on obstacle that they were referring to in terms of the text, and if you can quantify any -- you mentioned the benefits of the significant increase and maybe quantify your preliminary views on that benefit?

A - Eduardo Alcalay {BIO 1817259 <GO>}

Absolutely. We met the Minister for two full days in a Congress here in Brazil the other day. And we had very deep and ample discussions with him. The main obstacle that is about to be eliminated is the following. Today the FIES the way it is all students, both already students wanting to get into FIES to renew their enrollment or new students, all of them need to have and this is 2011 onwards. Last year, it was not there; 2011 onwards, all student need to have done the ENEM test. It is a test that they need to do when they get out of school, they get out of high school, okay?

So, in order to be eligible for the FIES, you need to have this exam to get the FIES according to the current FIES rules. Last year, because this was announced last year, right on that date, I told the Ministry saying look at the reality of our post-secondary education industry in Brazil; between 70 and 80% of all applicants in the post- secondary admissions process, 70 to 80% of these guys are not kids school -- just got out of high school. 70 or 80% of those guys are working adults, guys with 20, 25 even some times 30 years of age, who left high school for quite some time and these guys 70 to 80% of applicants, they don't have the ENEM, because five, four even three years ago, they were not obliged to do so. So, you are putting a condition for the FIES, which 80% of the targets group there applicants do not meet that conditions.

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So, we are not going to have a substantial amount of FIES students out there right. And they were sensitive to that. And they finally agreed to raise that requirement. So, they are about to make that official in decree from the ministry. They just raised that requirement; so from now on, we are basically multiplying by five. The amount of potential FIES students in each admission process, because only 20% has that condition and now 100% of potential new students will meet that condition.

So that is a big change and that is why we are positive about the positive impacts of that. In order to better understand those news and so forth, Daniel Gewehr from Santander, he was in that Congress and he has just published a paper on that the news that he heard on that Congress directly from the Minister. So, it's interesting if you could access that Santander research notes.

Q - Analyst

Sure, I will. Thanks so much. That is very helpful.

A - Eduardo Alcalay {BIO 1817259 <GO>}

Thank you.

Operator

There seems to be no further questions. I would like to turn the floor over to Mr. Eduardo Alcalay for his closing remarks.

A - Eduardo Alcalay {BIO 1817259 <GO>}

Okay. Thank you very much for participating in our conference call. As usual, our Investor Relations department is available here to clarify further questions. And we hope to see you soon and meet you in our subsequent calls and events.

So, once again, thank you very much and have a great day; bye, bye.

Operator

This concludes Estácio's conference call. You may now disconnect. Have a good day.

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