

## Q1 2020 Earnings Call

### Company Participants

- Claudio Oliveira, Unknown
- Gabriel Mariotto, Business Analytics
- Gustavo Sousa, CFO
- Jean Leroy, IR
- Paulo Caffarelli, CEO

### Other Participants

- Mario Pierry, Analyst
- Neha Agarwala, Analyst
- Tito Labarta, Analyst

### Presentation

#### Operator

Good afternoon, everyone, and thank you for waiting. Welcome to Cielo First Quarter of 2020 Results Conference Call. With us here today, we have Mr. Paulo Caffarelli, Gustavo Sousa and Jean Leroy. This event is being recorded.

(Operator Instructions)

This event is also being broadcast live via webcast and may be accessed through Cielo website at [ri.cielo.com.br/en/](http://ri.cielo.com.br/en/) where the presentation is also available. Participants may view these slides in any order they wish. The replay will be available shortly after the event is concluded.

Those following the presentation via the webcast may post their questions on your website. They will be answered by the IR team after the conference is finished.

Before proceeding, let me mention that further statements are based on the beliefs and assumptions of Cielo management on the informations currently available to the company. They involve risks and uncertainties because they relate to future events and therefore, depend on circumstances that may or may not occur. Investors and analysts should understand that conditions relate to macroeconomic conditions, industry and other factors could use cause results to differ materially from those expressed in such forward-looking statements.

Now I'll turn the conference over to Mr. Paulo Caffarelli. Please, Mr. Paulo, you may begin your presentation.

## Paulo Caffarelli

Welcome, everyone. Before discussing the results -- financial results Cielo's first quarter 2020, I'd like to begin by highlighting the critical moment that the world and Brazil has been going through since the beginning of the year due to the events [ph] of the COVID-19 outbreak, the Brazilian retail sector has been greatly impacted by lockdown or (inaudible) or by both (inaudible) and health competent authorities.

Addressing the performance of retail market in Brazil, (inaudible) that Cielo Retail index which captures data from COLT's retail sector has detected [ph] a decline of more than \$20 million to \$30 million [ph] in retail revenues, especially since the March '19, when the impact became more prominent.

In this sense, we observed that some sectors were more affected than others. The strongest impact was exclusive in services, which accounts for 6% of domestic GDP.

The sector most impacted was tourism, while the weakest impact was observed in nondurable goods, especially in supermarkets. As our business is strictly correlated with (inaudible) activities, our TPV was also strongly impacted, affecting our quarterly performances.

Also Cielo rose [ph] around 40% of the group's revenue. We are extremely committed in support of the retail sector that still [ph], we are offering a line of BRL5 billion for the anticipation of receivables in today's payment operation, our (inaudible) here in Brazil.

Concerning our clients, we are supporting them by a sponsor [ph] waiver for prior volume commitment, as we believe that is similar (inaudible) to maintain the health of sales activity as before the COVID-19 outbreak.

On the other hand, we are inviting prospects to work with Cielo, free of a season charges during this pandemic period. Additional to that, we are also testing partnerships with two companies, one is Sebrae, which is Brazilian service provider to micro and small businesses, in order to deploy content for commercial establishments, and the other is Loggi, which is a private delivery company in Brazil in order to facilitate product distribution.

Aiming at [ph] helping and reinforcing social distancing measures, we are providing more remote payment access such as Super Link, which, by the way, have already increased (inaudible) payments. And further on, during the Q&A session, we may deep dive into details about these initiatives that are the same of our business in the short and immediate future.

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Some excess actions targeting, they have an impact bars and restaurants sector (inaudible). We entered into a partnership with Ambev for the early release of funds to more than 50,000 commercial establishments.

Finally, we have been able to use of the emergency [ph] aid, mainly the corona voucher received by 65 million [ph] Brazilians, full cash economic of federal [ph] for using e-commerce payments.

Regarding our team, we provide a reliable infrastructure that is available for our more than 3,000 employees, around 90% of our staff has been working remotely for almost a month. We have also adopted our staff to new market reality, allocating most of the sales force in our remote sales as well as having parts of our staff on vacation. We see the current scenario is a unique moment for the global economy and digital transformation and consequently, Cielo itself.

We are quickly learning to adapt our operation to build new market reality. Our sense of urgency is extremely [ph] high as never before. So we are very optimistic about the adaptability of our Cielo's team.

This sense of survival and agility [ph] is a key differential at this time. Now we start to talk about our vision for Cielo's main figures in the first quarter of 2020. And at the end of this presentation, we will be available to answer your questions. Thank you so much. Gustavo, please.

### **Gustavo Sousa** {BIO 17683157 <GO>}

Thank you, Caffarelli. Good morning, everyone. Most of Caffarelli's comments are summarized on Slide 3 of this presentation. With that, I ask you to move please to Slide 4.

Slide 4 shows the impact of COVID. The charts compare March volumes versus February. In the first chart, we see a 21.1% monthly decrease on ICVA, the Brazilian retail activity index compiled by Cielo with decreases close to 50% on the fourth and fifth weeks of March. The second chart shows that Cielo's TPV decreased 11.2%, also indicating steeper drops in the last weeks of the month.

The third chart shows that Cateno had a decrease in volume with a 9.5% contraction.

Moving on to Slide 5, as we can see the different sectors suffered different impacts from COVID. Non-durable Goods, this sector is heavily influenced by supermarkets and drug stores, and we saw an increase of 3.2%. Durable Goods, which includes apparel, furniture and building materials, we saw a decrease of 33.7%. And in the Service sector, where we have tourism and restaurants, we saw a decrease of 46%.

In all of these segments, we saw a steeper contraction on the last weeks of March.

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Now moving to Slide 6, where we present the main volume metrics on Cielo. On the first graph to our left, we see that Cielo expanded its volume year-on-year by 1.9%. COVID is directed a double-digit growth trajectory. Cielo presented year-over-year growth of 12% and 13% in the third quarter of '19 and in the fourth quarter of '19.

Even with the impact of COVID, Cielo continued its strategy to focus on retail clients. In the first quarter, Cielo's retail and entrepreneurial volume had a year-over-year growth of 11% versus a 2% decrease in large accounts. Our client base totaled 1.472 million clients, a 6.9% growth over the last 12 months and a 6.7% quarterly contraction. This decrease is explained by Cielo's more conservative strategy on subsidies for equipment sales.

We had a natural client base churn, but with fewer overhead because (technical difficulty) -

**Jean Leroy** {BIO 17084785 <GO>}

Gustavo.

**Gustavo Sousa** {BIO 17683157 <GO>}

Yes.

**Jean Leroy** {BIO 17084785 <GO>}

Gustavo, we are not hearing very well. Could you talk maybe a little bit not so close to the microphone, maybe.

**Gustavo Sousa** {BIO 17683157 <GO>}

Okay. Let me talk about this chart in the middle again. Is this a little bit better, Jean?

**Jean Leroy** {BIO 17084785 <GO>}

Yes, a little bit better, yes.

**Gustavo Sousa** {BIO 17683157 <GO>}

Okay. All right. So our client base totaled 1.472 million clients. That is 6.9% growth over the last 12 months and a 6.7 quarters contraction. The reason for this decrease is Cielo's more conservative approach to equipment subsidies on equipment sales. So we had a natural churn of our client base, but a low ads [ph] because of lower subsidy.

In the chart, in our right shows credit volume paid in two days. You can see that in this first quarter, we went back to the level of 20% penetration. And also, we saw a 1.9% growth in volume year-over-year.

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## Paulo Caffarelli

Can you talk about specifically about credit volume and receivables in the upcoming slides?

## Gustavo Sousa {BIO 17683157 <GO>}

On Page 7, we have a table with a summary of our financials. Our net operating revenue totaled BRL2.8 billion, that's a 2% increase year-over-year. Our EBITDA reached BRL474 million. That's a 30.7% increase year-over-year, and our net income totaled BRL167 million, and that's a 69% decrease year-over-year.

Going to Page 8, where we see the year-over-year comparison in our left of Cielo's revenue yields. We see that we had a contraction of 0.15 percentage points, which is related to price adjustments that Cielo promoted throughout the last quarters. We also see at the bottom of the slide, that by the end of March, 83% of Cielo's retail client base was repriced, and this represents 92% of Cielo's retail volume.

On the quarterly comparison, we see a small price contraction that is offset by the mixed effect and also by the fact that the incentive, the rebates that we pay to our controlling shareholders are no longer accounted for in the revenue. They became a cost item starting in the first quarter of this year.

On Page 9, we see some of the highlights that we will approach in this presentation, all of them related to how we are handling this crisis. We will talk about the sales force, prepayment products, digital solutions, IT and operations and also about liquidity and leverage.

On Page 10, we see how we're trying to optimize our sales force to continue serving our clients. So we came up with specific offerings for our clients related to this crisis. We also developed virtual visits that can be done, of course, by phone calls, but also via chat apps via video apps and so on. We promoted a greater focus on prepayment products. And in the locations where we have tougher social distancing measures, we anticipated the vacations of our employees.

Currently, are out [ph] of our total retail sales force, 35% are on vacations. And even with such a large portion of our personnel of our sales force on vacations, we are able to conduct a 20,000 daily visits and those visits, of course, are mostly virtual.

Another highlight that we have for this period is the increase in penetration of Receba Rapido, which is our automatic prepayment product on the Retail Entrepreneur segment on the newer vintages. So on the first quarter vintage, we have a penetration of 89%.

On Page 11, we see Cielo's strategy for prepayment products. We have talked about this in our previous earnings call of the fourth quarter, where we explained that Cielo is prioritizing capital allocation towards the segment with greater returns. This means that

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we are decreasing penetration in large accounts that we can see on the chart in our left, and we are increasing penetration on the Retail and Entrepreneur segment.

On the previous slide, we saw the penetration on the newer vintages is getting close to 90%. So that in the total portfolio of the Retail and Entrepreneur segment, we are now at 28% penetration.

On Page 12, we show a few digital solutions that Cielo offers to its clients, which are very important given the current crisis. So first, we saw an increase of digital channels of close to over 50%.

We have 28 self-service items that can be digitally accessed by our clients. Our app has a very good rating of 4.4 stars on the app stores. We also developed exclusive features such as payments via a link and also partnerships for delivery, and we are prioritizing client support via website.

On Page 13, we see some of those solutions. So the first of them is Cielo Super Link. By using this link, our clients can send payment links to their clients via social networks and chat apps. We also started a partnership with Loggi, a logistics company, so that our clients can use a digital payment solution and work with a partner to deliver their products.

And additionally, we started a partnership with Liuv [ph], which is focused on the food services sector, which enables orders and payments via app.

On Page 14, we see some of the impact in the adaptation that Cielo had to do to be fully operational during this period of crisis. So first of all, we adapted to 100% of the guidance and measures established by the Brazilian Health Ministry. Our customer service is working remotely and able to operate 24 hours around the clock and in home office.

Our operations and technology are maintaining the same level of availability that we had before the crisis. Our field services saw no disruption in this crisis. And we maintained our project development teams focused on digital solutions throughout this period.

On Page 15, we have some of the measures related to crisis management and risk management. So our HR team is (inaudible) confirm any suspected coronavirus cases among employees and the relatives with a dedicated medical team.

We also started a trigger of business continuity plan and started to monitor and test our critical suppliers constantly. In light of the different impact of the crisis in different sectors, we implemented reviews of negotiation parameters with some clients in segments.

We changed the -- our payment of dividends and JCP from a quarterly perspective to a yield repayment in order to preserve cash. And we're also designing different resumption -- activity resumption plan to return to normal activity as soon as the governmental authorities on the different location established if that's the case.

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On Page 16, we see in our left, we have a view of the debt amortization and other obligation amortization payments that we have for this year on the second quarter, a little above BRL3 billion on the third quarter, also a little above BRL3 billion.

We highlighted Cielo on its consolidated cash position as north of BRL6 billion. And we also have investments also counting on third-party quotas from our receivables funds of BRL8.7 billion dedicated to the receivables activity. This has a short term, an average term of 57 days and can be managed to provide liquidity to Cielo. So that even when we look at the most pessimistic scenarios of the durations of this crisis, we see Cielo going through it with no constraints in terms of facing its debt and any type of other obligation.

We closed the quarter with a leverage of 1.62x and moving to the last slide. I don't see if you maybe have a problem in my presentation, but we have a slide that summarizes the Cielo sustainability practices.

With that, I open to the Q&A session. Thank you.

## Questions And Answers

### Operator

(Operator Instructions) Our first question comes from Mario Pierry, Bank of America.

#### Q - Mario Pierry {BIO 1505554 <GO>}

Two questions. Gustavo, you mentioned, right, that you're focused -- much more focused on Retail, that your Retail volumes were actually improved by 11% and you had a drop of 2% on large accounts. So I'm trying to understand then, are you gaining market share in Retail? Or are you growing in line with the industry? And I think that in the large accounts, you are losing market share.

And if you can comment a little bit about your strategy in the Micro-merchant segments because, right, we saw a sharp drop in your client base. You mentioned that you're no longer subsidizing POS terminals. So I think there's a big change in your strategy in the Micro-merchant segment. So if you can comment a little bit on that as well. I would appreciate. And then my second question is related to your net revenue yields.

As you showed, right, you had a significant improvement. Part of this is related to the lower rebates that you renegotiated with the banks. So -- and then you also mentioned, right, that you have already repriced 90% of your volume. But given this benefit that you had on your yields, is there -- are you thinking about passing on some of these benefits to your clients in order to continue to gain share in the Retail segment?

#### A - Gustavo Sousa {BIO 17683157 <GO>}

Thank you very much, Mario. So starting on your first question, we -- yes, we're very likely because of this decrease in large accounts. We're very likely losing share in this segment. I

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don't have a view for you on what the share on the Retail segment is going to look like, but I'm going to reproduce a comment that Renata Greco [ph], our Head of the Retail segment made on the previous call, the call with Portuguese.

So I made this comment to you that Retail grew by 11% year-over-year. This same number on the fourth quarter was 18%. In the first 15 days, in the first two weeks of March, when Renata [ph] looks at her growth numbers year-over-year, she was at high double-digit growth.

So before the crisis, I believe we were positioned to maintain or even gain some market share on the Retail. After the crisis, I don't know. I don't know what the impact is going to be in our competitors as well.

On the Entrepreneur segment, because of the -- of this policy of much lower subsidies, it's likely that we are going to lose share. We are trying to develop alternative ways to sell equipment without subsidizing as much, but that's not in place yet, but it's likely that we're going to lose share on entrepreneurs.

In terms of the revenue you -- question in the context. Even though, we can do a mathematical relationship of the decrease in incentives with the new negotiation, decrease in rebates for the banks and price. Those are two independent decisions.

So what I can tell you in terms of pricing, is that throughout the fourth quarter and the first quarter, we saw still some repricing at Cielo as though we indicated those numbers of 93% of the volume, 92%, I'm sorry, of the volume of retail being repriced.

So right now, when we look at the prices that are practiced by Cielo and its main competitors, I believe we are aligned, Mario. I don't think that a Cielo has to do further movements in terms of prices in order to become even more competitive. We have a very good service offering. We have adequate prices. So we believe we have the right tools to compete in this segment.

**Q - Mario Pierry** {BIO 1505554 <GO>}

That's clear. Just -- yes, go ahead. Go ahead.

**A - Paulo Caffarelli**

Mario -- no, no. Just to add one thing. In terms of micro [ph] couple years, I have told you before in the other conference that we are avoiding to pay [ph] some videos with the POS because if you analyze when you sell POS, for instance, if you sell banks, you can activate to get fixed [ph].

The other part, the money that we put within the operation, we don't have more deals. In this case, we are avoiding this, you can see some competitors from Cielo that are doing the same thing, and we intend to maintain to remain in this market, but we could do this with some partnership with the retail bank in Brazil, for instance.



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**Q - Mario Pierry** {BIO 1505554 <GO>}

Okay. Just in like if we think about your market share by segment, right, like you said, you're losing market share in large corporates, retail, you don't know, but maybe you're gaining a little bit of market share.

**A - Claudio Oliveira** {BIO 16986340 <GO>}

No, no, no. Sorry, can I interrupt you [ph]. Just to complete that information. When we are talking about retail, we are a little bit above of our ICVA, means that we are gaining share in this segment a little bit just to complete the answer, sorry.

**Q - Mario Pierry** {BIO 1505554 <GO>}

Perfect. No. No. So that was my question. So you are able now to gain market share in retail, even though your prices in line with the industry. So I guess, people are seeing that an improvement in your service, right? Is that why you think you're gaining market share? Because if you no longer competing with prices, right? If your prices are aligned and you're able to gain market share. What do you think explains this?

**A - Gustavo Sousa** {BIO 17683157 <GO>}

Mario, Gustavo here. I think it's a combination of the sales force changes that we promoted last year and they are mature now. Also of more competitive prices and a better service offering. So it's a combination of those three.

Let me take the opportunity to ask our speakers from Cielo that are not speaking right now to put their phones on mute because I'm getting a lot of comments here on our chat that the sound quality is not great.

**Operator**

Our next question comes from Tito Labarta, Goldman Sachs.

**Q - Tito Labarta** {BIO 20837559 <GO>}

A couple of questions. I guess, just in terms of understanding the -- your volume growth if you could help us maybe give us some exposures to -- like the different sectors that are closed, like I don't know if you have data, like in terms of what percentage of your merchants have been closed because of the lockdown, what percentage are open and how just sort of exposure to different sectors could impact your volumes?

And then second question, in terms of, I guess, costs and expenses, right? We saw -- cost went up quite a bit because of the sale of the POS machines. Is there something you can do here to help sort of reduce costs a bit? And did the expenses fall quite a bit. Is there more room to reduce expenses given the current environment?

**A - Gustavo Sousa** {BIO 17683157 <GO>}

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Tito, Gustavo here. I'm going to start on question number two. While our team here checks if Gabriel Mariotto is available to answer question number one, okay?

And I'm sorry to be coordinating this as we go here because we're not all together in the same room. So starting --

### **A - Gabriel Mariotto**

I'm here Gustavo, when you want.

### **A - Gustavo Sousa {BIO 17683157 <GO>}**

Okay. So right, I'll start with question two, and Gabriel will jump in for question one, but after I'm done here.

So Tito, on the cost front, yes, this is a priority for us, and we will continue to show progress on that. I'm going to just do a small step-by-step analysis here. That I'm going to focus on the year-over-year, the first quarter of this year versus first quarter of last year performance of costs and expenses from Cielo.

If we do the same adjustments on the quarterly evolution, we'll see the same thing. So first of all, costs at Cielo Brasil, and I do Cielo Brasil and not Cielo consolidated just to exclude the effect of the FX on merchant E and also the effect of M4 [ph], one of our subsidiaries.

We have a more pure number to look at when you look at OpEx at Cielo Brasil. So costs at Cielo Brasil in this year-over-year comparison grew by BRL122 million, and that's close to 18% growth. If we exclude the subsidies that you mentioned, and we are running at a pace of subsidy amortization of close to BRL70 million, and that's a decision that was made in the past, and we will live throughout 2020 with the amortization of that -- of those investments. I can't provide efficiency there.

So when I take this out of the equation, and also when I exclude the impact of the new cost item, which is the non-incentive contract that we repaid contract with the banks, we had an increase in costs at Cielo of BRL25 million. That's a 3.8% increase, which is in line with transaction growth at Cielo, which was a 3.4% increase.

When I look at the expenses at Cielo, which were presented a growth -- I'm sorry, presented a contraction of EUR44 million, and that's a 13% contraction. We already see the first impact of the work that we are doing on the efficiency front.

By combining Cielo Brasil's costs and expenses, doing those adjustments of excluding subsidies and rebates to the banks, we see a BRL20 million decrease in expenses plus cost, and that's roughly a 2% contraction. If we do the same rationale for the fourth quarter, we'll see a similar contraction, actually a greater contraction, and we'll keep seeing this with all the measures that will be implemented throughout the year, Tito.

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So yes, there is room to keep improving efficiency. With that, Gabriel, if you could please jump in, in terms of what we are seeing in a number of stores that are open, closed and so on. Please, Gabriel.

## A - Gabriel Mariotto

Okay. So what was -- just a quick -- before that, just a quick comment about the ICVA that we are receiving a lot of questions. So I will use this space here just to say that the ICVA represents the retail activity in Brazil as a whole. Important here, the term retail here does not refer to the Retail segment in terms of size of clients as opposed to large accounts.

Here we're talking about the retail sector of the economy. And the ICVA comprehends all type of payments in the sense that we move mathematically the biases of our pure data mainly market share variation and card penetration. So it's not -- ICVA is not a proxy of the cards market. Let alone a proxy of Cielo's performance.

We are seeing that last year, for example, ICVA, ICVA was growing on an average of 7% and according to Amex, the card market was in the high teens, just to give an example. That said, we are releasing those daily results, and we see in terms of volume, this drop of, as Gustavo said before, 21% up to March.

But now it went worse in the end of March, but then it got a little better. So in April, now we are more or less around 40%, 35% a drop in sales and volumes. But I know you asked about the stores that were open -- that are open. Yes, we are tracking this too, we are tracking the index. We're tracking is taking the stores that would be normally open. Of course, if you take every day, not all stores are selling every day. But if we take this normal percentage of stores that sell every day as the 100%, now we are around 75%.

We've been -- when I (inaudible) is the Retail, again, the Retail as a whole, Cielo's numbers to represent the Retail. But at the end of March, we got low to six -- sorry, 50%, the number of stores that were opened was around half and then we have now three quarters of the stores that are selling at least something. We're not saying that they are selling the same amount, but they are selling at least something indicating that they are working, they are open. If they are not open physically, they are selling online.

So that said, we are gradually -- the retail activity is gradually coming back. We don't know if it will continue. As we said before, it's very difficult to make any forecast, but since the last week of March, up to now, this activity index of the retail is recovering gradually.

## Q - Tito Labarta {BIO 20837559 <GO>}

Okay. That's helpful. So just to make sure I understood the last part so you said at one point 50% of stores were closed and not selling anything so now 75% are selling at least something, even if they're not fully opened are selling at least something online?

## A - Gabriel Mariotto

Yes. 75% of the stores that would be normally open in regular days.

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**Q - Tito Labarta** {BIO 20837559 <GO>}

Right. So it's down from 50% to 75%, right? Versus 50%, now 25%.

**A - Gabriel Mariotto**

Yes.

**Operator**

Our next question comes from Neha Agarwala, HSBC.

**Q - Neha Agarwala** {BIO 17722501 <GO>}

I wanted to talk about the decline in the number of clients during this quarter. Would you see most of the decline is coming from the Micro-merchant segment due to lower POS subsidies. Or is it a combination of the different segments? And if you could break it down for us, that would be very helpful.

And how do you think this total number of clients would evolve in the coming quarters? Did we see any impact of merchant mortality in 1Q or not yet?

**A - Gustavo Sousa** {BIO 17683157 <GO>}

Thank you. Neha, I'm going to start with your second question. So no, we did not see an impact of client mortality yet. It's still too early to tell. Bear in mind that we have a number of ways of following this. One of them is the one that Gabriel just mentioned, which is stores that are open or closed. So we're still monitoring this type of normalcy in terms of operations, but we haven't started to see an initiation of permanent closures, let's say.

And bear in mind that other metrics that we have, they indicate client activity over the last 30 or 90 days. So this is why it's still too early to talk about client mortality at this point.

The reduction that we saw in client base is a combination of a number of things. So first of all, we are seeing a reductions in a few large accounts, but that's not impactful when we look at the total numbers.

Most of this reduction of clients comes from lower ads [ph] of entrepreneurs because of this policy of providing much less subsidies for equipment sales. But also, I turn back to a point that what we have been being vocal about since the third quarter of the last year, which is -- and now let me go back even further before the third quarter. On the first quarter of 2019, we announced the creation of the hunters, a new sales force with the sole goal to reach new clients.

Initially, on the first quarter, in the second quarter, those employees had an incentive and their goals very much attached to the number of clients. So we saw a big pickup in terms of net adds, but they brought in clients that had an average size and average yearly TPV [ph] below our expectations.

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With that, starting on the third quarter, we changed their goals so that they would bring a fewer clients for Cielo, but clients with a greater volume. And we have been indicating that over time, we would see this change but still a continuation in terms of growth of volume but perhaps a hit on the client base, which is specifically what we saw now.

So client base being impacted mostly by fewer ads of entrepreneurs because of lower subsidies, but also the growth that we saw on Retail, which was an 11% growth, being brought in with fewer clients of a greater size, okay?

**Q - Neha Agarwala** {BIO 17722501 <GO>}

And what is your forecast for the year? And how do you see the net adds evolving for the rest of this year?

**A - Gustavo Sousa** {BIO 17683157 <GO>}

Neha, that's very hard to say given the current crisis. So I'm sorry not to give you an objective answer, but it all depends on the duration of the crisis.

What I can tell you, and going back to a comment that Renata Greco has made on this call. Before the crisis, we were seeing strong growth on the retail. We were growing, if we look over the last 12 months ending in the first two weeks of March, before the steepening of the crisis, we were growing at high double-digit growth in terms of TPV on the Retail. But now with the impacts of the crisis, I'm afraid, I don't have a good projection of how both TPV and client base will perform throughout the year.

**Operator**

(Operator Instructions)

**A - Jean Leroy** {BIO 17084785 <GO>}

I believe, we're okay. We don't have further questions. I would like maybe to pass the floor to Caffarelli and Gustavo to end up the call. Thank you.

**A - Gustavo Sousa** {BIO 17683157 <GO>}

Perhaps Caffarelli has a trouble there in the connection. This is Gustavo here. So I would like to thank everyone for participating in this call. Our Investor Relations department is always available to clarify any further questions or doubts you may have. I thank you very much. And please, everyone, stay safe. Thank you.

**A - Paulo Caffarelli**

Gustavo, I'm here. Just to reinforce, thank you all for your participation. If you guys have any doubt, please do not hesitate to contact directly Cielo, okay? Have a good evening. Bye-bye.

**A - Jean Leroy** {BIO 17084785 <GO>}

I was just thanking everyone to participate. Thank you.

## Operator

That does conclude Cielo's conference call for today. Thank you very much for your participation, and have a nice day.

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