

## Q3 2020 Earnings Call

### Company Participants

- Eduardo Fischer, Chief Executive Officer
- Rafael Menin, Chief Executive Officer
- Ricardo Paixao Pinto Rodrigues, Chief Financial Officer

### Other Participants

- Enrico Trotta, Analyst
- Gustavo Cambauva, Analyst
- Jonathan Country, Analyst
- Jorel Guilloty, Analyst
- Nicole Inui, Analyst
- Thais Alonso, Analyst
- Ygor Altero, Analyst

### Presentation

#### Operator

Ladies and gentlemen, good morning, thanks for waiting. And welcome to the conference call for analysts and investors of MRV regarding the earnings of the third quarter 2020. Today with us are our CEOs, Rafael Menin and Eduardo Fischer, as well as our CFO and IR Officer, Ricardo Paixao. We would like to let you know that all participants are going to be in listen-only mode during the Company's presentation, then we'll start the Q&A session when further instructions will be provided. (Operator Instructions).

Now we are going to turn the call to Mr. Rafael Menin, this Company's CEO. Please Mr. Menin, You may go on.

#### Rafael Menin {BIO 16905756 <GO>}

Good morning, everyone. It is a pleasure once again to be with you in our MRV earnings release. Today Fischer, myself and I are in the same room and we are all wearing masks, so our voices going to be a bit muffled. So let me talk a bit about the Company, to talk a bit about the past, then we get to the present and the future of the Company. We had a first cycle after the IPO of -- which was from 2007 to 2013, which was a cycle of exponential growth. We went from 30 to 160 cities. So it was no penny [ph] growth. Very differently from other listed companies and have been quite profitable despite all difficulties we could grow 100% a year at MRV really trail the cycle quite successfully. And then there was another cycle which was very important from '13 to '18, when we

deleveraged the Company, we invested on people, processes and IT infrastructure and also on a very robust back office.

With that, the Company became very prepared and mature to operate in the huge geographic area with a huge volume, 40,000 apartments a year which until then was volume that no other player in Brazil had performed. But more important was the cycle that started in 2019, that was a cycle whose characteristic was an expansion of our product portfolio in the same geographic regions, important growth in our digital agenda, again very robust agenda and a very different from what you know the industry is talking about.

Our agenda comprises the entire cycle of relationship with our customers, which starts at the time of sale, band monitoring construction, turning the key and more important than that is how we interact and really interact with our customers, while they are already living in our units, which is the most valuable time and which we are investing more and more in terms of money, efforts and human resources to really change the housing experience of our clients.

Also worth noting is EHS, which is a subsidiary in another country with a much lower capital cost, that quarter-on-quarter has been gaining a higher relevance in our future strategy. And why are we so optimistic about our project as I said, it started back in 2019 and it's gaining more and more momentum. We believe that Brazil and also the US, both countries will have quite well-behaved interest rates for the next two, three years and that transforms completely, especially in Brazil, which is a country that has slipped with high interest rates. It transforms completely our market and opens avenues of opportunities. Luggo [ph] that is a company that depends on lower interest rates and this is something that we are seeing today.

Housing that meets the needs of the market. So this is a company that's being quite successful. We see no competition at least not in the close future. We are really in Blue Ocean here. AHS, it's the same thing, we have the capacity of generating assets with good yield with low interests, -- the ratio between interests and what we sell and what we get from the market makes us be in very unique positioning in the American market, because it's a completely vertical company that brings with it the know-how that was acquired by MRV in the last 40 years.

We want AHS to get to 5,000 units by 2025. And in MRV we have for some time now an operation of 40,000 units. So certainly AHS will have a competitive edge in the cycle of growth that started again last year with the joining of MRV.

In fact, we completed the operation in the first quarter this year and AHS will certainly benefit from this know-how of working at such a large scale and such large geography as we have been doing. So this is what we see our MRV, a corporation Group has a unique capacity of generating high-quality assets, we already operate in 170 cities in two different countries.

Now I'm going to turn to Kaka that is going to talk a bit more about our financial and operational indicators, and then we open for your questions. Thank you.

## **Ricardo Paixao Pinto Rodrigues** {BIO 21232785 <GO>}

Hi, everyone. It's a pleasure to talk to you about the results of MRV. In this third quarter, I would like to give you a few numbers in operations. We have a historical record of net sales, almost BRL2 billion with growth of 41% year-on-year and 8% compared to the second quarter of 2020. This quarter was also marked by a recovery of launches. We got a total of BRL1.9 billion of launches for 18,000 units, 1% growth year-on-year and double the number, we achieved in the second quarter 2020. Also, the sales over supply reaching 21%, the best number since 2014. We also had the transfer-- record transfer of credit to the banks, 13%, a growth of 5% compared to the second quarter and double last year, an evolution of 21% units produced in the quarter compared to the second quarter '13 [ph] with 9500 units.

As demand and sales are very high since the beginning of the year, the Company started several works in the third quarter 2020. And we have other constructions to start in the fourth quarter.

A bit about the financial highlights, we had the largest operating revenues of the Company in our history BRL1.76 billion, which is 12% higher the same period last year. Also, the largest cash generation in the Company vision with more than BRL300 million in the quarter making net debt payout ratio to 3.3% obviously positively impacting all our covenants. And an increase in net income of 27% compared to 2020 and in line with the same period last year.

Also, we had-- we raised BRL500 million with five-year time bullet, going back to our average term of debt for 24 months in a very comfortable position. Now I'm going to talk about the numbers of our subsidiaries. Luggo have been increasing land bank with 21,000 units. We also had 72 million launches and BRL22 million net sales in the period. Luggo in the closing of between the second and third quarter, we had the third development sold, but -- in only five months for us to reach 95% occupancy.

And then we had the rental after our final development with 32% of our units leased. In AHS, we have one project completed, now with seven projects and we are for sale. And now I'm going to open for your questions. Thank you very much.

## **Questions And Answers**

### **Operator**

Thank you. We will now start the Q&A session. (Operator Instructions). Our first question comes from Enrico Trotta from Itau BBA. Please Enrico, you may go on.

### **Q - Enrico Trotta** {BIO 16742911 <GO>}

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Hello, Rafael, Ricardo. Good morning. Thanks for your presentation. I have two questions. First, if you could give us a bit more color about the cost pressures in the sector for us to understand the trend of gross margin. Your EBITDA margin is basically flat. So I would like to know what you see in terms of cost pressures for MRV, also the Minha Casa Minha Vida program, Casa Verde e Amarela is a bit more difficult for us to passing on the pressure for cost. So if you could talk a bit about that. I know that you were a bit more outside the Minha Casa Minha Vida that Casa Verde e Amarela can perhaps offset costs.

The second question is a bit about the competitive scenario market share. You are saying about market share in Minha Casa Minha Vida and Casa Verde e Amarela, I would like to know where you're gaining share? And also how you see the competitive scenario, more specifically in Sao Paulo, given there are lots of players talking about growing and being super excited about the market. These are my questions. Thank you very much.

### **A - Eduardo Fischer {BIO 17580321 <GO>}**

Enrico, this is Fischer. Good morning. Okay. So let's start with your first question. Cost pressures, what do we see today in the Company? Well indeed, the industry is very much active and what is going on is a crisis of supply in some materials and we saw two movements. First, because there was a material delay, which really did not impact our production and then a certain pressure for an increase of prices that is happening again in some isolated materials. Of course, we are engaging our best efforts to gain productivity efficiency internally several projects going on for us to offset somehow those.

So I do not see at least not in the short-term that we are going to have a negative impact that will cause us to have a problem to recover margins, of course, that our scale helps. And we have a better purchasing power. And so we are the last to suffer the more adverse impact. So there is some pressure, but I do not think that this will lead us to lose margins for the coming years. And I think that in the first quarter of next year, this pressure kind of going to give away. So I think we are going back to the normal environment.

As for gross margins, we talked a lot about that in the last two quarters. So what happened, along the pandemic, we had a more robust sales effort. And with that, we had a slow drop in a -- a low drop in sales -- in margins. I'm sorry. And of course, this is something that is going to be seen in our balance sheet for some time.

I do not see a major variation of margins in companies in the industry, it shouldn't happen. The regulatory agency should not allow for that. But anyway, we see at the margins of that are a consequence of a more aggressive sales efforts during the pandemic, and that should be seen for another perhaps two quarters, still inside 2021 and as of them, you will see margins going up probably as of the second half of next year and I don't see it going further down. This is basically what you're going to see in terms of margins.

As far the competitive scenario and gain of market share, what resize [ph] that indeed in the second quarter -- in the very middle of the pandemic, several competitors, especially the smallest, -- the kind of held a bit their positioning and let the market took a halt. And we did gain market share. We want to keep it. The scenario is changing, the small, mid-size competitors that had taken a break are coming back, but in a tougher scenario,

because we did occupy some of these spaces and they will have to compete with us back. So we do see a bit more of a competitive scenario compared to three, four months ago, particularly in some markets, the England state of Sao Paulo, is a bit more competitive market traditionally. So we see it happen.

But again when you think of supply and demand, well, we continue at levels that were reached during the pandemic. So we're challenged today is for [ph] launches to keep at a high pace. The fourth quarter should be a strong quarter of launches for us to keep the market share that we were able to accomplish. This is our strategy. I hope I have answered all your questions.

**Q - Enrico Trotta** {BIO 16742911 <GO>}

Yes. It's perfect. Fischer. Thank you very much. Have a good day.

**Operator**

Our next question comes from Gustavo Cambauva from BTG Pactual. You may go on.

**Q - Gustavo Cambauva** {BIO 17329406 <GO>}

Hello, everyone. Good morning. I have a few questions as well. Well, first with regards to your gross margin if you could elaborate a bit, what kind of margin you have by segment? So you have SBPE, you have Luggo, so -- and also growth outside Minha Casa Minha Vida if you think this is something that is going to pull margin up or if the margin for your products is similar to what you have in Minha Casa Minha Vida.

And the second question is about your land bank. Well, you do voice expectation of 8,000 units have in one side has the other but in terms of land bank, you have about two-thirds in Minha Casa Minha Vida one-third outside. So I would like to know if you're seeking for new land for these products outside Minha Casa Minha Vida. If you are finding a bit harder to buy land or not and what capital you would have to invest to bring land banks a 50-50 which is your launch -- target in terms of launch? Thank you very much.

**A - Eduardo Fischer** {BIO 17580321 <GO>}

Hi Gustavo. Good morning. Well, let's start to gross margin. Well, the gross margin in the economy -- economical segment is about 30%, although we are reporting slightly lower margins, historically, this is what we have 32% about this magnitude. We expect to recover this margin in the economical segment as of the second quarter -- second half of next year. And I think that at some point we are going to get from 22% to this level that we believe is quite suitable.

As for the segment that we call low-mid, that is one tier above Minha Casa Minha Vida, the margin is slightly higher, given that we do not have price limits. So we have a bit more competitiveness amongst banks, private banks work at the segment even with the transfer of clients during construction which is very important. So we believe that these developments can have margins slightly above Minha Casa Minha Vida.

Then in the Luggo segment, gross margin is lower, but on the other hand, we do not have sales expenses, so the return so far is similar to what we have with Minha Casa Minha Vida.

And then this is an area that we have a higher gross margin, but the trade-off is that we have longer cycles. AHS, again gross margin very similar to Minha Casa Minha Vida. You are thinking of selling units with a gross margin of approximately 29%, and again sales expansion -- expenses are lower. So I would say the return that we have on AHS in our portfolio, AHS is a company that is going to bring the highest contribution margin, the highest return on investment.

Land bank for us to get to the 80,000, what happened in the last four or five years is that we bought about 80,000 units a year basically Minha Casa Minha Vida. And we launched about 40,000. So the land bank is quite robust. Today, we have a land bank perhaps a bit above optimum in Minha Casa Minha Vida. But on the other hand, we have a slightly lower land bank in the other segments. So the dynamics from now on is going to be to buy a little less compared to what is going to be launched in Minha Casa Minha Vida and to buy a bit more then we will launch in the other segments.

So in terms of total capital allocation, I don't think we are going to see any important change compared to the last three years, because we are going to allocate less capital in the economical segments and a bit more capital in the other segments. As our competition, indeed, we have some cities, Sao Paulo being the main one, the metropolitan region of Sao Paulo is the region with the most competition.

Elsewhere in Brazil, low competition in terms of land, the companies that were recently listed all of them except for one are focused on the metropolitan region of Sao Paulo. So we don't see the competition going up elsewhere. Even in the Luggo segment and this new line that we are expanding, we chose 30 Brazilian cities to work in those two segments and the competition in most cities is quite low. So I believe we are quite well-positioned to serve this new wave of Brazil.

**Q - Gustavo Cambauva** {BIO 17329406 <GO>}

Thank you very much. Have a good day everyone

**A - Eduardo Fischer** {BIO 17580321 <GO>}

Regards Gustavo.

**Operator**

Our next question comes from Nicole Inui from Bank of America. Nicole, you may go on.

**Q - Nicole Inui** {BIO 17757166 <GO>}

Thank you. Good morning. Thanks for the call. I have two questions. First, going back to funding. You mentioned that you are going to pick up funding in the next quarters. So I

would like to know for the fourth quarter and next year, how much you're planning to launch in the programs? And my second question is about AHS, I know that you're already expanding to other states, you are in Georgia and Texas, I would like to know what is the stage of these projects and do you have plans to expand to other states and which ones? Thank you.

**A - Ricardo Paixao Pinto Rodrigues** {BIO 21232785 <GO>}

Hi, Nicole. This is Ricardo speaking. Well, first, with regard to launches next year, what we see, launches outside Minha Casa Minha Vida are going to gain momentum. So we expect approximately 25% of launches outside Casa Verde e Amarela, 75% inside, again using the workers' compensation fund. And then several other lines, the new brand, low-mid, Luggo and AHS, all the other lines except for the ones that operate with the workers' compensation fund.

AHS, what we see is that we are in South Florida, which is an excellent market. We are expanding now to Dallas, Texas, and also to Georgia. So I would say the next two, three years, we are going to be focusing on these markets, probably getting a bit musculature in those cities that we are going in and then we might go on to other two, three, states, but a bit further on the line.

**Q - Nicole Inui** {BIO 17757166 <GO>}

Okay. Thank you very much.

**Operator**

Our next question comes from Ygor Altero from Santander. You may go on.

**Q - Ygor Altero** {BIO 21419045 <GO>}

Good morning, everyone. Thanks for your presentation. Also, two questions on my side. First to talk about sales, your sales continue to be quite strong, hitting records in the third quarter. So I would like to know what you see in terms of trend for the fourth quarter? And then if you could talk about the different performance. The performance in the different regions, if you could break down your performance especially outside the Sao Paulo market. Second, I would like to know the evolution of your pro soluto portfolio. We know that unemployment is a threat for the coming months. So I would like to know how do you see this portfolio in the future?

**A - Eduardo Fischer** {BIO 17580321 <GO>}

Hello. This is Fischer once again. Okay. Sales, well, as I mentioned in the previous question, what we see today is that the strong demand, the stronger demand that came up during the pandemic is here to stay. So we see a number of leads at a very high level, so the trend has not changed. There is a special talent of ours, which is to supply the company with enough inventory to capture this demand, perhaps this is our greatest challenge all the tools that we created in technology to capture clients faster to have a much more fluid faster sales has been working well.

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We did it well in the third quarter and we want to launch even more in the fourth quarter. So to beat the challenge, the demand continues to be quite strong. So I do not see why we should lower our pace of sales, because again, high demand and more supply.

Pro soluto, well, this is something that we are always talking about, we have engaged all efforts including technological efforts for that, when our client comes in you know, we analyze all their ratings with artificial intelligence to grant credit as responsibly as possible, so we see the behavior of our pro soluto getting better and we have really engaged all efforts for set [ph]. And another thing that is important this diversification of products, income, funding is also going to be very important in this aspect. You get client with a better income, with a more special funding, and it leads to better behavior. We grant less pro soluto and we have less delinquency, so a long time as our strategy to diversify our portfolio starts to gain momentum and Kaka [ph] talked about what we expect to launch for next year that is going to be a positive effect in -- on our balance sheet. So just to mention the two variables I mentioned, there is lots of work to do. But we think that the management of this portfolio is going to be quite positive. So those two pillars are going to take us to a better place in the future. Okay.

**Q - Ygor Altero** {BIO 21419045 <GO>}

Perfect. Thank you.

## Operator

(Operator Instructions) Our next question comes from Jorel Guilloty from Morgan Stanley.

**Q - Jorel Guilloty** {BIO 18291521 <GO>}

Good morning, everyone. Thanks for your call. I also have two questions. The first is your cash position. I would like to know your likelihood of paying higher dividends vis-a-vis your [ph] results or if you're going to keep cash AHS or other initiatives?

And the second question, I would like you to talk about again the different regions, we know that Sao Paulo is a strong market today. Is there any other region that you see a strong demand. So could you give us a bit color on that. Thank you.

**A - Rafael Menin** {BIO 16905756 <GO>}

Okay. Your audio was chopping [ph] a bit, but I think the first question was about the payout of dividends. Okay. Well, the Company is well known for being an excellent dividend payer. We always try to pay out 50% dividends -- 50% dividend payout compared to the net income of the previous year. Last year, we had a payout of 75%. This year, we expected to pay out 50%, but because of the pandemic, we discussed in the Board and we decided to pay the minimum mandatory dividend.

But in view [ph] of what's going on is strong cash generation, although, we do have some uncertainty for the future, which should go for a payout of 50%. I do not want to commit that we are going to -- especially for the fourth quarter this year, but probably for the first quarter next year, I think we can go back for the payout of additional dividends.



As for the capital to be allocated in AHS, well, we continue with the initial plan that was approved \$70 million to invest in the beginning of next year AHS, I don't know if you were in the call, but we have expectations of having less in AHS assets in the short term. So we're probably going to have a sales stress [ph] for next year.

So with sales and the allocation of capital that we agreed from start, we are going to continue with the plans of growing with AHS. And this is Rafael. Good morning. As for your second question with regard to sales activities, what we see is that sales are really picking up, we do not have any market that is really outperforming or underperforming specifically. In Minha Casa Minha Vida, we see very good performance, but demand continues high. So -- again, there is not a one special city that will outperform or underperform all the others. Performance is quite well balanced and strong everywhere.

**Q - Jorel Guilloty** {BIO 18291521 <GO>}

Thank you.

## Operator

Our next question comes from Thais Alonso from Citibank.

**Q - Thais Alonso** {BIO 21979935 <GO>}

Good morning. Congratulations for your results. I would like to ask about Urba. What are your prospects for the future and what is the potential size it has in the future?

And the second question is about the new brands to be launched. Could you talk a bit about this new product, what is going to be like, is its focus on the workers' compensation fund segment?

**A - Rafael Menin** {BIO 16905756 <GO>}

Hi, Thais. This is Ricardo once again, starts with Urba. What we did in fact is that we grew Urba's land bank in the last quarter already targeting our growth plan. This is quite aggressive growth plan, we expect to launch next year from 3,000 to 4,000 units and we see the potential of this business as very high. So within our internal business plan, this is not guidance, it's just our business plan. We estimate to get to 15,000 lots per year in the next five years. So this increasing land bank now meets our expectations to increase launches for next year and for the coming years. But we want to stabilize at 15,000 in five years. And some of Urba projects are already close to the launch. So there are -- the things that are underdesign, they are much closer to launch, which is important for us to meet our short-term growth plan.

In the long-term plan, mix is more advanced projects with land to be acquired to change what kind of usage they can have.

**A - Eduardo Fischer** {BIO 17580321 <GO>}

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And this is Fischer to talk about the new brand, which is to be launched soon. We believe there is a vacant space at an income level that we started to operate when we went one notch up Minha Casa Minha Vida. I'm talking about property from 450,000 to 500,000 in the Sao Palo market for example.

With this new interest rate demand, this is a huge market with strong repressed demand because of years of high-interest rates. And that might have a huge potential. So we are working on that, we are exploring this market, trying to understand it better since we started with initiatives outside Minha Casa Minha Vida, we understood we had the capacity of creating and trust [ph] your partner which is important. Operationally speaking, we are going to take all MRV know-how in production scale to a higher income range.

And we believe that we'll complement very well our platform as a whole. We had a breakdown of that in our release, and with that, we are going to get most income ranges in Brazil within my view from 2 minimum age [ph] to 11 minimum age MRV has some kind of product for them. And we are going to do that within industrial [ph] basis. So we are not going to do it and personalized as it is and we are going to work with specific cities, we listed some cities in which we can work this product and we decided to create specific brands for that which is going to be something soon. And we are going to continue with our strategy to expand our platform. So that's the idea. We are very much encouraged what we developed inside shows that it's quite interesting business including in terms of margins and it's probably going to be aligned, that is going to grow in the coming years. Thank you.

## Operator

(Operator Instructions) Our next question comes from Jonathan Country [ph] from JPMorgan.

## Q - Jonathan Country

Hello, everyone, and congratulations on your results. I have two questions. One about ROIC. If you think that you're going to recover the numbers in the past, in the first quarter of next year, in line with what you said in terms of gross margin? And then I would like to know what's going on in your portfolio for next quarter? Thank you very much.

## A - Rafael Menin {BIO 16905756 <GO>}

Hi, Jonathan, this is Rafael speaking. Okay. First, ROIC, we see a recovery of ROI because of our growth Minha Casa Minha Vida performing well. So we are going to have growth dilution of expenses that is going to have an impact on our ROI. The second stage of growth is going to come from the recovery of our gross margin. As I mentioned in the beginning of the call, this is probably going to get better as of the third quarter 2021, and our target is to get close to 32%, which is our historical average gross margin.

So by getting to 32% and further diluting expenses, certainly ROI is going to go back to what it was two, three years ago and even expand further.

I'm going to turn to Ricardo Paixao to answer your question in terms of provisions.

### **A - Ricardo Paixao Pinto Rodrigues {BIO 21232785 <GO>}**

Well, Jonathan, provisioning, as you know when the pandemic started, we were quite conservative and increased our provisioning because we didn't know what was going to happen in the future. What we see is that delinquency is lower than what we had expected. And then with there are some uncertainties in the macroeconomic scenario, we don't know what the economic activity is going to be like next year, everybody expect it to be better than this year, of course, but we don't know how it will behave. So we are having a higher provisioning being conservative until we know what the macroeconomic scenario is going to be like.

### **Q - Jonathan Country**

Okay. Thank you very much.

### **Operator**

We are now closing our Q&A session. For the final remarks, I'm going to turn the call to Mr. Eduardo Fischer. Please Mr. Fischer, you may go on.

### **A - Eduardo Fischer {BIO 17580321 <GO>}**

Well, thank you very much. I would just like to highlight two points that I think are quite important in our strategy. Rafael in his opening talked about investment in technology and what MRV did in past years in terms of robust investments not only financially, but also in terms of headcount.

I would like to say that this is a very relevant point in our strategy. In the past five years, we have been investing a lot year-on-year on digital processes and quite often what shows is the customer digital journey, which is important to us and it's very strategic, but it encompasses the whole company process. It starts with the acquisition of Land banks, we have active prospecting of the market, defining and screening the most important plans and providing the information to our real estate prospectus. It goes through sales, concession of credit, portfolio everything performed automatically and increasingly precise.

And it gets to construction, we went to provide disclosure of this in our release, we have an innovation center in Belo Horizonte in partnership with SENAI since last years, we have a test important investments in construction technology. We are about to complete our first development in Campinas with a new production -- a construction process. We are quite optimistic with regard to productivity gains and financial gains as well. It's already being in a rollout phase to the whole of the platform, so the development in Campinas already has interesting reputability. We are going to adopt that in 30 other developments in Brazil, an investment that started 3 years ago, and it might be MRV's new construction process in very while. It has to do with investments in the supply chain that today works with pre-defined distribution groups, huge potential, everything developed in MRV innovation areas and it goes to the front end to provide services in the post-construction

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time, raising problem statistics, knowing exactly who is going to provide services to whom, to be as efficient as possible. Again all that built in the last three years with heavy investments in technology.

I know the market very well and we are certainly the Company that most invests and is more avant-garde in different areas of technological innovation. And an excellent example of that is Luggo. Luggo grew inside MRV as a start-up and is becoming a business that will add great value to the Company. So MRV, think about the operational spectrum is the Company that most invests that is in the avant-garde of innovation in civil construction, not only Brazil but everywhere. So we are very proud of that.

And another point that I'm frequently asked, especially in the coming months is our role in ESG that has gain importance, especially in times of pandemic. We are an active part of the society in which we operate for more than 30 years it has been so. We have robust investments, we have an institute that already worked with more than 30,000 illiterate [ph] about, we are making investments to help the communities in which we are inserted during the pandemic, the whole company groups, we are signatories of the global impact.

We are the only Company in East [ph], which has the stock market Sustainability Index, this is part of our target, we are a truly engaged Company and we have been so for a long time. So in a time that you know everybody's talking about that we are a company of reference not only in Brazil but elsewhere.

So those are the two things that I would like to talk, they are important pillars of our long-term strategy, a Company that is focused on the future and these two aspects that I mentioned are very important for our long-term strategy. Thank you very much. It was a pleasure to have here and meet you again next quarter. Thank you.

## Operator

MRV's conference call is now closed. We thank you very much for joining and wish you a good day.

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