Q2 2016 Earnings Call

Company Participants

- Carlos Lazar, IR Director
- Frederico Brito, CFO
- Rodrigo Galindo, CEO

Other Participants

- Ricardo Rezende, Analyst
- Rodrigo Gastim, Analyst

Presentation

Operator

Good morning, ladies and gentlemen. And thank you for waiting. At this time, we would like to welcome everyone to Kroton Educacional Second Quarter 2016 earnings conference call.

We would like to inform you that this event is being recorded and all participants will be in a listen-only mode during the Company's presentation. (Operator Instructions)

Also, today's live webcast, both audio and slide show, may be accessed through Kroton Educacional's Investor Relations website, at www.kroton.com.br/ir, by clicking on the banner "2Q16 Webcast." The following presentation is also available to download on the webcast platform.

The following information is available in Brazilian reais in accordance with Brazilian corporate law and Generally Accepted Accounting Principles, BR GAAP, which now conforms with International Financial Reporting Standards, IFRS, except where otherwise indicated.

Before proceeding, let me mention that forward-looking statements are based on the beliefs and assumptions of Kroton management and on information currently available to the Company. They involve risks, uncertainties. And assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future.

Investors should understand that general economic conditions, industry conditions. And other operating factors could also affect the future results of Company and could cause results to differ materially from those expressed in such forward-looking statements.

Now, I'll turn the conference over to the CEO, Mr. Rodrigo Galindo, who will begin the presentation. Mr. Galindo, you may begin your conference.

Rodrigo Galindo {BIO 17238232 <GO>}

Good morning, everyone. Welcome to the quarterly earnings conference call of Kroton Educacional for the Second Quarter of 2016. With me today is our IRO, Carlos Lazar. And our CFO, Frederico Brito.

Let's start on slide 4, which shows the performance of Kroton's margin since 2010, which once again reinforces the Company's capacity to reinvent itself and capture efficiency gains in a daily basis.

The main lines of the results posted very positive performances, even during this more challenging economic scenario in Brazil, with EBITDA margin expanding from 42.7% in the first half of last year to 46.6% in the first half of this year, or by 390 basis points.

On the chart on the right, you can see that the net margin expanded from 35.9% to 40.1%, for a strong margin expansion of 420 basis points.

And during the quarter, cash generation after CapEx was BRL613 million, reflecting the normalization of the FIES payments in the year of 2016.

During today's presentation, it will become clear that the financial performance was achieved intelligently through higher efficiency in our costs and expenses. But at the same time ensuring value creation in the future by maintaining projects that ensure our quality and our growth in the long term.

I will invite now our IRO, Carlos Lazar, to continue the presentation and present our operational and financial results.

Carlos Lazar {BIO 17238206 <GO>}

Thank you, Rodrigo. So let's move to slide 5, where I want to comment some behavior of the two indicators that tend to show the main impacts in the adverse macroeconomic scenario, which are year dropouts and delinquency.

On dropouts, looking only at the on-campus undergrad business, we saw that although the numbers in the quarter show a deterioration compared to the Second Quarter of last year and instability compared to the prior quarter, the dropout rate in the quarter is basically in line with the level of the past years, showing that the set of projects to better manage dropouts is playing a critical role in keeping this indicator under control.

In the distance learning business, it's a very small increase, 0.4percentage points, in the same comparison. It's also in line with the increase observed in the First Quarter of the year.

We continue to believe that these upward trends will continue over the course of this year. But we are strengthening all the initiatives under our retention projects to minimize the increase as much as possible.

Another important indicator, the delinquency indicator, has also remained stable in the DL segments and increased slightly in the on-campus segment, also very similar to the conservative approach that we adopted since the start of 2016 to better reflect our expectations for delinquency given the deterioration in the macro scenario as I mentioned before.

While this indicator delivers more constants that even in scenarios of instability, we are taking advantage of internal opportunities to capture efficiency gains, which is significantly mitigating the effects of the crisis.

Turning to slide 6, let's comment on the average net tickets. As in previous quarter, we commented that the average ticket had been impacted by the one-off commercial actions implemented in the new enrollment process for the first semester and that in the Second Quarter of this year the average ticket should represent the amount of monthly tuitions, excluding this impact.

This was effectively verified in the quarter, with the average ticket in the on-campus business increasing by 10% compared to the Second Quarter of last year. To neutralize this seasonal effect, we believe that the best thing to do here is to analyze the tickets in the six-month periods, with the average tickets in the on-campus segment increasing to BRL693 in the first half of 2015 to BRL753 in the first half of this year, an increase of 9%.

In the DL segments, the average ticket increased from approximately BRL243 in the Second Quarter to BRL266 in the 2Q16; so, an increase also of 9% and 14% higher than in the First Quarter of this year, actually which also were supported by (inaudible) one-off campaign offering discounts and extensions of the enrollment process carried in that quarter.

In comparison with in the half, in the six-month periods, the average ticket in DL business was stable in relation to the first half of last year. And here, the basic reason that impacts this number is the Uniasselvi divestments, as well the weaker performance of the LFG business and the different mix of new enrollments due to the expansion of the 100% distance learning courses.

For the second half of the year, we continue to expect the on-campus to follow the path that we are seeing in the first half and the DL business to recover from the levels seen in the second half of last year, of 2015.

So once again, we made very solid progress in these three indicators -- dropouts, delinquency. And prices -- which, in our view, is essential and confirms that we have adopted effective strategies and to for continuing minimizing effects of the crisis.

Moving to slide 7, let's comment briefly in the opportunities for capturing efficiencies and growth in both short and long term. And here is a very important slide, because we show several of the opportunities that we have in front of us that will help and support our performance over especially 2017.

Looking to the short term, we know that we see some pressure from graduation of many classes from many students from FIES who enrolled basically in 2013 and 2014 that should adversely affect the student base as well some of the financial indicators. So let's reinforce that we are confident that we're going to be able to mitigate or even maybe neutralize these impacts with new opportunities created internally, four of them that I want to even highlight in this part of the presentation.

First, the permanent projects that I mentioned before that began to be implemented last year and already had showed some success to mitigate the effects of the economic crisis. So we are reinforcing these projects and even accelerating some of the initiatives.

Second, the efficiency gains captured by the operational research tool, whose performance has improved each semester. So we still have something to capture here.

Third, the new opportunity in the strategic sourcing projects, which has been delivering very significant reductions in costs and expenses as we saw again in this quarter.

And fourth and last, identifying gradual stasis for increasing the percentage of interactive courses, interactive subjects, in the coming years, adopting distance learning methodology into the on-campus business.

So those are the most important ones. And so, we remain optimistic on the long term, with the focus also in some projects that should prove to be very important for us to continue posting consistent growth in our top line.

As part of this, we have the first greenfield being opened now in the second half enrollment process. It's located in (inaudible), which began to show mid gains since now and should also continue to grow over the last years.

We also have three other units in the final phase of approval and some pending approvals from the Ministry of Education in about 41 greenfield projects of on-campus units, 275 distance learning centers, plus some projects that we have, some analysis that we have, already in-house to increase, enlarge the offer of premium DL programs and also given as for more DL centers in the short term.

So of course we have a huge new opportunity that is emerging now: in July, the merger with Estacio, the agreement for combining these two big companies, which of course follows a highly (inaudible) and offer effective potential for capturing synergies and efficiencies all over again. By the end of this presentation Rodrigo will comment in some more details about next steps and how important is this operation for the Company.

Let's finish the parts of the financial performance of the business during the Second Quarter. For it, I would invite you to go to slide 9, when we're going to be analyzing the on-campus performance.

Net revenue here in the Second Quarter grew 2% year over year, driven mainly by the students' base growth and the high average tickets.

The gross income was BRL736 million, growing 6% year over year, with a gross margin expanding 2.1percentage points driven by the ongoing capture of the efficiency gains at the units, which includes the initial impacts also of the new academic model, as I mentioned before. And the rollout of the operational research software since the second semester of last year, as I also mentioned before.

The operating income before marketing expenses increased 6% year over year, with operating margin reaching almost 53%.

Turning to slide 10, you can see the performance of the distance learning segments. And here, in the quarter the net revenue was almost BRL270 million, growing 6% year over year, driven mainly by the students' base growth and the higher average ticket in the undergrad segment.

The gross income in this business posted a solid growth of 16%, with a gross margin expanding almost 7.6percentage points, achieving 85.5%, which is explained by the efforts to reduce the faculty expenses with the converts of the content delivery model plus the sales model, especially in Anhanguera units going to a more similar structure as we have in the Unopar units.

Distance learning operating income before marketing expenses rose 15% year over year, to BRL187 million, with a margin of 70.1%, expanding by 5.5percentage points.

Turning to slide 11, you see the performance of the K-12 business in the Second Quarter. Net revenue grew 14% year over year, with the main drivers being the expansion of the K-12 associated schools and the anticipation of the delivery of the textbooks collections for the second half of the year.

The gross income grew 14%, with gross margin stable at 51.6%, reflecting the higher costs from anticipation of the calendar of textbooks collection sales.

The operating result was BRL19 million, with operating margin expanding 6.7percentage points year over year, to 41%.

On slide 12, you can see our corporate and selling and marketing expenses. Corporate expenses were BRL62.6 million, corresponding to 4.5% of the net revenue, practically unchanged from the year before, which reinforces here the importance of the restructuring in the workforce announced and committed during this first half. But also the lower costs resulting from the new wave of (inaudible) -- meaning all the waves of the strategic sourcing process that is profiled in these results.

Selling and marketing expenses (inaudible) increased 0.9percentage points year over year, reflecting the anticipation of the expenses related to the intake process of the second semester. And as a result, we expect direct expenses as a ratio of the revenue to return over the course of this year to a level close that what we saw in 2015, reflecting the optimization of costs with agencies and media vehicles that was implemented over the last year.

Turning to slide 13, we can see also the adjusted EBITDA in the quarter, excluding Uniasselvi from the period. And the performance also in the first six months of this year. Well adjusted EBITDA in the quarter was BRL633 million, increasing 9% year over year, with EBITDA margin expanding 2.4percentage points, reaching more than 45%.

In the year to date, adjusted EBITDA, excluding Uniasselvi, was BRL1.2 billion, growing 12% in the same six-month period of last year. This year's performance confirms the ongoing efforts to capture operating efficiency gains and also the control in terms of costs and expenses in the whole operation.

Bear in mind that the EBITDA is adjusted by non-recurring events, which came to BRL45.5 million in the quarter and were mainly related to expenses with the reduction in faculty shifts to capture efficiency gains in the on-campus operations, as well as expenses with the restructuring of the on-campus units which accounted -- involved the closing of eight campuses and the transfer of these students to a close campus with more quality, more infrastructure.

On the other hand, we had also a capital gain once again from the Uniasselvi divestments, which had a positive impact on the non-recurring items of BRL72 million in the year to date.

So non-recurring items came at BRL84 million (sic; see press release, "BRL27 million").

Well the last slide of this part of the presentation is slide 14, with the net income numbers. These numbers are adjusted not only by the non-recurring events but also by the amortization of intangible assets related to acquisitions.

In the quarter, the net income was BRL562 million, with net margin of 40.4%, expanding 3.5percentage points year over year. In the year to date, net income was BRL1.1 billion, with a net margin expanding also more than 4percentage points, reaching 40.2%.

I will now invite our CFO, Frederico Brito, to continue the presentation.

Frederico Brito {BIO 16674822 <GO>}

Thank you, Carlos. Good afternoon, everyone.

Moving to slide 16 and before getting into the numbers, I would like to tell you we analyze over the next pages our working capital, our CapEx, our net debt. And our free cash flow. So on page 16, we start looking at

PDA. And before deep diving into the numbers, I would like to reinforce an important messages; these messages has been reinforcing over the last quarters.

And the first important thing is the three main indicators for provisioning for delinquency remain very robust despite the much more challenging macroeconomic scenario. So there are mainly three indicators that we look.

The first indicator is a high coverage ratio. If you look at our balance sheet, we still have and we continue to have a high coverage ratio for our accounts receivable. And this coverage ratio was again increased in this quarter when we compare to the previous quarter.

The second indicator that is very important is the level of our consolidated provisioning was in line with our expectations. You can see a slight increase in the PDA. But not relevant and that we are still considering to be basically conservative in all PDA provisioning that we adopt, both in on-campus and on distance learning.

And the third indicator, if you look at our accounts receivable they remain stable despite the increase in the accounts receivable from FIES that we've been explaining over the last quarters and are related with the delay in the payments from the government in 2016. Despite that and our private installment product, our average receivable time for our paying students is stable or decreasing.

So the combination of a high coverage rate for our accounts receivable, stable PDA levels. And average receivable terms that are stable or decreasing for paying students provide us very comforts that we are provisioning in adequate levels.

So now moving to the information that we have on page 16, you can see here the PDA. So we can deep dive here in PDA as a percentage of net revenues.

Starting on the left-hand side, on on-campus postsecondary business, where we include all portfolios of students -- out of pocket, FIES. And also PEPs -- you can see that PDA was 6.5%, which is an increase of 1.5percentage points over last year.

If we isolate FIES and PEP -- so, if you look at the PDA only for paying students face to face -- you can see an increase of 6.5% to 6.9%. And if you compare to last quarter -- so, First Quarter 2016 -- you can see an increase of 0.2percentage points.

So this increase is marginal but, again, reflects our conservative approach to PDA and also our expectations for the future in terms of macro scenario.

If you look at distance learning, in red, you can see stability in our PDA. So we are pretty much maintaining the PDA levels of the First Quarter 2016, at 7.5%.

And finally, the provisioning in the primary and secondary education decreased 0.3percentage points compared to the Second Quarter last year. And this is pretty much related with the change in the calendar of textbook collection sales that Carlos mentioned previously.

So I want to emphasize here, which is the most important, that we are maintaining exactly the same conservative approach and the same conservative practices not only on provisioning but also on revenue recognition.

Despite that, we are also benefiting from all synergies and efficiency gains in terms of collection. Our collection performance is improving quarter by quarter. And part of that performance increase is related to synergies at (inaudible) but also efficiency gains in collection at Kroton. So that also mitigates part of the deterioration that we can observe in the macroeconomic scenario.

So if you move now to page 17, we can see the accounts receivable net already of PDA. Our total accounts receivable was at 30th of June, 2016, of BRL1.8 billion, from which BRL1.5 billion is related to on-campus, BRL217 million related to distance learning. And BRL40 million related to primary and secondary.

This balance is 6% lower than in the previous quarter. So from First Quarter 2016 to Second Quarter 2016, we have a decrease of 6% in our accounts receivable.

If we isolate the FIES accounts receivable, which is the largest amount -- it represents about BRL1153 million, which is 64% of our total accounts receivable -- and here, what I want to mention is two things. First, a good part of our short-term FIES was already paid in the 3rd of August, on the 25% of the balance that was not paid in 2015; 25% was already paid in August 3. This represents about BRL190 million.

All the repurchases from FIES that were scheduled for this year were paid on time and on the correct amounts. And for the future, we accumulate also on the balance that was not paid in 2015 about BRL550 million, from which a part will be paid in 2017 and a part will be paid in 2018.

So the important thing here in FIES, which is the most important chunk of our accounts receivable, is repurchases are happening on time with the correct amounts. We are also being paid on the amounts that were not paid in 2015. And therefore, we should expect a decrease in these accounts receivable from FIES throughout the year.

Moving now to page 18, we can understand how these accounts receivable translates into average receivable term. Starting on the on-campus postsecondary business, we have a total increase in 28 days in our consolidated average term from last year. This is mainly explained by an increase in FIES and also PEP, which is our own financing product.

On the second indicator -- so, looking only at ex-FIES -- you can see an increase of 27 days. Excluding -- only looking at FIES, you can see an increase of 35 days, from 124 days to 159 days. And finally, the fourth indicator on on-campus, you can see only the paying students, which is excluding FIES and excluding PEP. The good news here is we are seeing a decrease of two days, from 83 days last year to 81 days on this quarter.

So pretty much the increase that we have in average receivables term face to face is related to FIES or PEP. If we exclude FIES and PEP, we have a decrease of two days in paying students.

Looking at distance learning, we have an increase of four days. If we exclude LFG, this increase would be one day. So stability.

And on primary and secondary business, we have an increase of nine days. And this is again related to a higher increase on sales from the second semester that happened in June.

Moving to page 20, we can see CapEx, capital expenditures. Total investments, looking at recurring investment in the quarter, of BRL100 million. This is 7.2% of net revenues. And this is related to projects to expand physical spaces, maintain existing units, development of content and systems, software licenses. And also strategic projects.

Including special projects and greenfields on the quarter, CapEx was BRL112.5 million, which is 8.1% of net revenue. And you can see here an acceleration of the investments in the Second Quarter compared to the First Quarter.

So when we look at the semester, total core CapEx was BRL185.7 million, which is 7% of net revenues. And this is a level that is lower than last year and is within our guidance for the markets, which is 7.5% of net revenues. So we are accelerating our investment. But throughout the year we should maintain the level of CapEx in about 7.5% of net revenues.

And I want to reinforce here one important point, which is despite our austerity in terms of budget, we did not fail to make any strategic investment. And this includes all projects for the new academic programs, greenfields, new distance learning centers. And other important projects. So all relevant investments are maintained.

Looking at page 21, we can see net debt. We ended the quarter with BRL934 million in cash. This is a very strong cash position.

Considering only financial debts, the Company ended the period with a net cash position of BRL228.5 million positive. And considering also short-term and long-term obligations, such as taxes and contributions paid in installments or other obligations related to acquisitions, we end the quarter with a net debt of pretty much zero; so, BRL88,000 negative. This is also very relevant.

And remember also that if we include other accounts receivable that are liquid, both on short and medium term, which includes all FIES installments that were already paid in August and the 75% outstanding balance that will be paid in 2017 and 2018. And if we also include the second parts of Uniasselvi payments for the sale of Uniasselvi, we would have a pro forma net debt cash positive of BRL1.2 billion.

So this is a very important message. Our balance sheet is very strong. And we end up the quarter with a very strong cash position and a very solid capital structure.

Moving to page 23, we can see our operating cash generation is one of the main highlights of the quarter. We are presenting here a very strong cash flow generation. Different from 2015, in 2016 all FIES payments are regularized. So we are receiving them on time.

And we can see here BRL718 million of positive operating cash flow before CapEx. After recurring CapEx, we have BRL613.2 million. And this is a very strong EBITDA to cash generation of 93%. And if we include all other investments such as special projects, we end the quarter with a generation of BRL609 million, which is 92.3% of EBITDA margin. This is very strong. And we should continue benefiting from a strong cash generation throughout the year in line with what we presented in the first semester of 2016.

So now, I'll pass the word back to Rodrigo for his closing remarks.

Rodrigo Galindo {BIO 17238232 <GO>}

Thank you, Fred. Let's go to the last part of today's presentation for my closing remarks and my comments on the recent transaction with Estacio.

We believe that the signing of the merger protocol was a major strategic move for the Company and will bring many benefits for students, for employees, shareholders. And all stakeholders for both companies. And the best notice is we embarked on this challenge with a very stable operation. The first semester of 2016, it was the best semester in the operational perspective in the history of the Company. And we are very well prepared to carry out the integration with complete success.

One of the next steps will be the shareholder meetings to approve the merge, which will be held on Monday, August 15. Soon after the meetings, we will proceed with the filing for analysis for the process by CADE, the antitrust body in Brazil.

Following the same processes that we adopted in Anhanguera, we will start implementing actions to planned integration and examine and analyze the synergies. And for that, we will create a clean team, observing all antitrust rules.

We are confident that all of the expertise that we have acquired in our various past mergers and acquisitions will make the difference in yet another integration process with

Estacio and will create very important new opportunities for our Company and inaugurate a new chapter in Kroton's history.

Let's go to slide 26. On this last slide, I want to comment another important project that we have in the Company and some specific highlights in the Second Quarter.

The first semester of 2016 was more stable in terms of operational in Kroton's recent history. And the second semester was off to an even better start. This makes us comfortable to move ahead with the planning of integration as soon as we have the authorization by CADE.

The second thing is the admission process for the second semester is going very well and should be concluded by end of September/early October. That means we still have a long process. We still have more than one month to conclude the process. But until now, the process is going very well.

We remain focused on delivering our 236 projects that we have currently underway at the Company, especially the projects related to academic quality, which are advancing in a solid manner. Specifically, the implementation of KLS 2.0, our academic model, that is going very well. Actually, we are being able to anticipate the implementation of KLS. That means that we are offering more quality for our students with more efficiency.

Very important progress is also being made in our (employability) platform, the Canal Conecta, which in the second semester of this year will be available in the entire distance learning business at Unopar. We are certain that (with maturation) and the national rollouts of Conecta, this program will soon become one of the largest job platforms in the country, creating enormous career opportunities for our students.

These projects demonstrate that the Company's efforts to further improve its academics, operational. And financial results and always with an eye on the long term.

I should also note that we approved the distribution of dividends of BRL173 million, which represents 35% of the distributable net income, amending the same payout ratio as in the First Quarter of this year.

And finally, I'd also like to thank the market for its support and recognition, which gave Kroton first place in the Valor New award and first place in four categories of the IR Magazine award, including Grand Prix for that IR program.

Once again, thank you for participating in today's call. And now, we will begin the question-and-answer session. Thank you.

Questions And Answers

Operator

(Operator Instructions) Rodrigo Gastim, BTG Pactual.

Q - Rodrigo Gastim {BIO 19694950 <GO>}

I'd just like to know if you could share with us what's your perception of how the current macro outlook continues to impact your intake cycle? I know that there is still some weeks to go for this mid-year intake process. But do you already start to show an improvement in demand for education, an increase in confidence levels from students? If you could share some thoughts on this matter, I would really appreciate.

A - Rodrigo Galindo {BIO 17238232 <GO>}

This is Rodrigo speaking here. Yes. We have seen some recovery signals in the last weeks. We still have more than one month to conclude the process. So it's too early to understand what will happen in the end of the day. But we are comfortable with the process until now.

In the on-campus business, we are a little bit above our daily targets. In distance learning, we are almost in line with our basic targets. And week by week, we are seeing a recovery on the performance, an improve of the performance.

So yes, we are seeing some signals of recovery. Until now, we are very comfortable. Let's wait for the last 40 days to understand how strong could be this recovery.

A - Frederico Brito {BIO 16674822 <GO>}

And Rodrigo, just to complement, on veterans as well. What we see on our renegotiation process and on the re-enrollment process also for veterans is also ahead of our expectations. So also positive signs on that front.

Q - Rodrigo Gastim {BIO 19694950 <GO>}

That's excellent. Thank you, Rodrigo. Thanks, Fred.

Operator

(Operator Instructions) Ricardo Rezende, HSBC.

Q - Ricardo Rezende {BIO 16469276 <GO>}

My question is related to optimization of your campus. You just mentioned your campuses during the quarter. Do you expect to implement this in other locations, as well? Or, was this more of a one-off measure?

A - Rodrigo Galindo {BIO 17238232 <GO>}

Ricardo speaking again. Just to confirm your question, you are talking about the eight units that we closed in the first semester of 2016?

Q - Ricardo Rezende {BIO 16469276 <GO>}

Yes. That's right. If it's a one-off? Or, do you expect to replicate that in other locations, as well?

A - Rodrigo Galindo {BIO 17238232 <GO>}

Actually, we are always seeing opportunities in our operation all time that we have more than one campus in one city. Semester by semester we analyze the occupancy ratio. And if you have opportunity to make classes, to reduce costs, we will do this.

We have some more -- a few more units that we decided don't make this integration in this first semester and we can decide to do in the second. But it's a live analysis. We do this analysis semester by semester. So we don't have any concrete plans now to make any close of units. But we can discuss this in the semester and we have -- it's possible that we do again in the second semester or in January of 2017.

Q - Ricardo Rezende {BIO 16469276 <GO>}

Okay. Great. Thank you. And maybe another question. Related to the dropout rates, you mentioned that you are still expecting some deterioration there. Given the macro outlook and history, are you seeing a deceleration on the deterioration? Or, it's still too early to call a bottom in deterioration?

A - Carlos Lazar {BIO 17238206 <GO>}

Carlos speaking. Well I think we saw not a huge deterioration at all in the first half. It was basically returning to historical levels than we had before.

I think that the second half we probably will continue to see some pressure in dropouts and also in delinquency there. But I think as of next year, we're probably going to be seeing a better evolution of these indicators, because I think that by that time I think the crisis will be more restricted. So I would think we have more also with the benefits with the retention plans and everything else that we have in terms of initiatives here in the Company.

I think by next year we're probably going to be, let's say, looking to return to the level that we were even before this year.

Q - Ricardo Rezende {BIO 16469276 <GO>}

Okay. Great. Thank you.

Operator

(Operator Instructions) This concludes the question-and-answer session. At this time, I would like to turn the call back to Mr. Rodrigo Galindo for any closing remarks.

A - Rodrigo Galindo {BIO 17238232 <GO>}

I'd like to thank you, everybody, for participation on this call. And our IR area is available for more questions. Thank you.

Operator

This does conclude today's presentation. You may disconnect your line at this time. Have a nice day.