

Q3 2015 Earnings Call

Company Participants

- Eduardo Fischer Teixeira de Souza, Chief Executive Officer Region II
- Leonardo Guimaraes Correa, Chief Financial Officer and Investor Relations Officer
- Rafael Nazareth Menin Teixeira de Souza, Chief Executive Officer Region I
- Ricardo Paixao, Investor Relations and Financial Planning Director

Other Participants

- Daniel Gasparete, Analyst
- Daniel Malheiros, Analyst
- Enrico Trotta, Analyst
- Guilherme Capparelli, Analyst
- Gustavo Cambauva, Analyst
- Luiz Mauricio Garcia, Analyst
- Marcelo Motta, Analyst
- Nicole Hirakawa, Analyst
- Unidentified Participant

Presentation

Operator

Good morning and welcome to the conference call for analysts and investors of MRV Engenharia e Participacoes SA on the Earnings of the Third Quarter 2015. Today with us are CEOs, Rafael Menin and Eduardo Fischer; Leonardo Guimaraes, CFO and Investor Relations Officer; Ricardo Paixao, Investor Relations Director and Financial Planning; and Matheus Torga, Executive IR Manager.

We would like to inform you that this event is being recorded. And that during the Company's presentation, all participants are going to be in listen-only mode. Later on, we are going to start the Q&A session for analysts and investors alone, when further instructions will be provided. (Operator Instructions) The audio is being simultaneously webcast on the Company's Investor Relations website.

Before going on, we would like to let you know that any statements made during this conference call relative to MRV business outlook, projections, operating and financial goals are based on the company's management beliefs and assumptions will rely on information currently available. Forward-looking statements involve risks, uncertainties and assumptions, since they relate to future events and therefore depend on circumstances that may or may not occur.

Investors should understand that general economic conditions, industry conditions and other operating factors may affect the future performance of MRV and lead to results that will materially differ from those in such forward-looking statements.

Now we are going to turn the call to Mr. Rafael Menin, CEO that will start the presentation. Please Mr. Rafael Menin you may go on.

Rafael Nazareth Menin Teixeira de Souza {BIO 16905756 <GO>}

Good morning, everyone. Welcome to our conference call to present MRV earnings for the 3Q 2015. The first point, I would like to comment on is the official launch of the Minha Casa Minha Vida 3 program. We received very positively the continuity of the program, as well as the new parameters that were proposed.

In our opinion, we will positively benefit from the new limits for town be it from the increase of prices or higher superability of the ventures that are electable to the workers' compensation fund. Adjustment of the credit holders' income rates that particularly number 3 was very positive. Once it increased the potential demand that is electable to the workers' compensation funds. With that clients will have a better interest rates that are not more appealing compared to what they have with savings resources.

Also, I would like to talk about energy efficiency. Our activities have been evolving substantially. We're improving our construction techniques and investing in the automation of our construction sites. Project management implementation of improvement is a daily focus of our production team. With that we are evolving direction with excellent discrepancy between construction works and improving productivity and quality.

And also crisis bring opportunities and this is no different. We have been able to negotiate better the main materials and also reduce the cost of service in several activities. These effects are seen by the level of production that we have been reporting, increase of gross margin, and also strong cash generation.

With regards to our subsidiaries Prime and MRL, as we mentioned in the second quarter 2015, we have an important number of units in the Minha Casa Minha Vida program increasing the units sold compared to license. However, results continue to be bad because of the volume of cancellations in the period with sales below original prices corrected by (inaudible) and contingencies.

The Minha Casa Minha Vida 3 program, especially in the north of Rio de Janeiro in Brasília regional offices will have an important growth to recur indicators in this region. Since we have identified and addressed the problems, we are convicted that the results for 2016 will be better in view of the results of the new constructions, that are very close to that of MRV.

Thank you very much. And I'm going to turn the call over to Eduardo Fischer.

Eduardo Fischer Teixeira de Souza {BIO 17580321 <GO>}

Thanks, Rafael. Good morning, everyone. Well in line with what Rafael said, we had one more quarter with constant operation evolution. I would like to start talking about a record cash generation. We generated R\$258 million in the quarter, and almost R\$560 million in the year. It's important to highlight that we are being able to deliver very expressive numbers of cash without reducing the size of operation. This number presented are already a result of a reduction of our cycle started with the simultaneous sales project last year.

As for the production area, we are again showing growth in units produced compared to the same quarter of last year. More important than this growth are productivity gains and cost gains that we have been able to achieve in the area. Along the year, we have been capable to produce with a lesser number of people, in addition to being able to have expressive reductions from our suppliers. The results of this increase of efficiency can be seen in the evolution of our gross margin that is also growing, despite the adverse scenario the industries going through.

In the commercial area, we continue with our normal pace of launches and sales, despite the continuity of strictness of banks in granting credit, we have been able to keep a high level of sales, focusing even more in our strategy to launch, undertaking better electable within Minha Casa Minha Vida program. We also count on the advantage of our geographic dispersion, robust sales team and unique knowhow in our market.

Talking a bit about cancellations, we continue to engage efforts to decrease and settle possible liabilities. Therefore, we are continuing the strategy to accelerate cancellations of contracts that are not going to be immediately transferred, once again putting them for sale in this simultaneous sales project. Finally, with the proximity [ph] of the launch and the start of the Minha Casa Minha Vida 3 program, we are highly positive about our commercial performance in the coming months.

As for real estate credit, we have another quarter of very good performance. The area has been working as the monitor and it has lots of affinity with the commercial area which enables us to have performance gains quarter-on-quarter. We canceled almost 8,200 units in the third quarter, 20,000 units all over the year. It's important to talk about the good performance of the credit area because the degree of complexity in this operation in 19 different states cannot be underestimated, and it is a huge competitive advantage.

Finally, I would like to talk about another highlight. In October, we signed a commitment term with MPCON which is the Association of consumers' public prosecutors' office in order to make the contracts grow uniform between contracts -- company and clients. This is another landmark in the relationship of the company with the market and also a major step to mitigate possible liability and reduce future losses. We are very happy to say that actions taken in the past are already yielding results in line with what we have planned.

Thank you. And I'm going to take the call back to Leonardo.

Leonardo Guimaraes Correa {BIO 15387486 <GO>}

Good morning, everyone. I will start emphasizing that MRV continues and will continue to generate cash. And while we have an uncertainty environment, the company will keep discussing its balance sheet. The natural consequence is a decreasing leverage. In some point, mid next year, the company will have a negative net debt. Our strategies resulted to have high growth cash because of the same reasons explained before. We are financially conservative. At the right moment, this excess cash will be returned to shareholders.

I'm going to expand a bit for the debt. We can measure our debt in two categories, construction and corporate. Construction is (inaudible) at present year, that is zero percent a year. And corporate connected to CDI costs 15.6% a year. Our efficiency in the transfer of clients has a consequence not being able to withdraw a higher volume of resources in the financing of the construction. Therefore, we have a higher volume of cheap debt. Anyway, what I would like to say is that the weighted cost is below CDI, and it's another differential in our operations, especially in moments of finance interest as we are living in Brazil. To close the idea of debt, MRV has its credit rating reaffirmed by S&P and Fitch. And this is the highest in the construction market in the Brazilian sector.

The following message is not new, it's about our cash cycle. We continue to improve our operations in all senses construction costs, that also in the performance of the signing of contract transfer and registration of clients. Improvements are happening progressively reinforcing our balance sheet in order we demand less capital per unit launched. This optimization process is no longer -- is not finished yet, and it will help us in our generation of cash. Also Urbamais and LOG, LOG has activities that is very much related to the level of economic activity, and therefore we are decreasing the pace of LOG resulted [ph] to the economic reality. Operations are doing fine with vacancy levels going down. Our geographic diversity and less competition gives us a competitive edge.

And Urbamais is accelerating its growth, so the land bank is maturing and we are into sustaining launches. We are in line with lesser competition. In 2016, we'll have a contracted sales volume that is much higher than 2015 and we are going to contribute and generate value to MRV.

I'm going now to open for Q&A.

Questions And Answers

Operator

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

Q - Enrico Trotta {BIO 16742911 <GO>}

FINAL

Good morning. Thanks for the presentation. I have two questions. First, I would like to understand the gross margin of the quarter. Going back to what you said, you had expressive growth of gross margin in the third quarter and you mentioned that you have been saving some cost in terms of material and labor. So if you could break down of the gross margin that you had in the quarter, how much comes from the savings of cost that you're having on construction sites and what do you see in terms of recurring growth margin levels given the mix that you have that comes from new projects, more recent units that are being launched and will probably impact your margin?

So I would like to know the impact of the gross margin, how come the amount that comes from savings and what you expect from now on if this level can be considered recurring or not yet?

The second question, we'll hear a lot about the Minha Casa Minha Vida program, the prices have been defined, but there are still some uncertainty. Is it 2 million units, 3 million units? So, I would like to understand your expectation for when this will indeed be effective and when you're going to start into the Phase III of the program? Thank you very much.

A - Rafael Nazareth Menin Teixeira de Souza {BIO 16905756 <GO>}

Hello. This is Rafael speaking. As per your first question, gross margin. Gross margin is a combination of sales prices and costs. Sales prices we have been reporting for some quarters now that they have gone up last year a lot more than inflation rates, this year in line with inflation, perhaps a bit below. But what was more important was the reduction of expenses where we have been able in recent quarters to improve the performance and kind of balance the performance of our regional offices.

We opened new towns in terms of operations, of course new operations are not as good as mature operations. But as we go to the second and third phase of each new town, performance goes up and added to that, we know that crisis have opportunities as I mentioned before. So, we have been able to negotiate materials, relevant services with much better prices than we had in the past.

And with that, we have evolved in the level of our work. And in terms of cost per unit produced, one year ago we had inflation of 6%, 7% and our cost was basically the same. Nominally we had no evolution of costs in the last 12 months so that reflects in the gross margin, in this quarter we had an improvement there and this has been going on for some quarters. We had gross margin of 25% about two years ago and from then on we have been recovering slowly, but consistently. And looking into the future, we believe there is room for us to increase gross margin.

Of course we cannot give you any specific guidance, this is not an indicator that we disclose, but we see room for improvement in gross margin. Nothing highly relevant, but there is room for us to show improvement. The second question is going to be answered by Eduardo.

FINAL

A - Eduardo Fischer Teixeira de Souza {BIO 17580321 <GO>}

Well, the Minha Casa Minha Vida Program, we have been waiting for some kind of development for about 12 months. Now, the business starts to show some color. Of course we still depend on some bureaucracy depressing of norms, but we are expecting that by the turn of the month. That okay, we would be able to start signing contracts by the end of the year.

Our expectation is that we are going to start 2016 already working inside the program. And that for us, we have been talking about the benefits of the market of Minha Casa Minha Vida 3, and for us it is a very positive impact. In many of the towns we operate in with this increase of levels, we can have huge benefits. And in some cities we can even suit units that are not eligible today into the program. So, we are very positive about the program. And now we know that it's just about to be completed, we expect to start 2016 already with the program going on.

Q - Enrico Trotta {BIO 16742911 <GO>}

Just a follow-up for the first question about gross margin. Would you tell me the impact of what kind of savings brought to the gross margin and also you're talking about project that were launched in the last 12 months to 6 months that are on construction or that are being delivered now?

A - Eduardo Fischer Teixeira de Souza {BIO 17580321 <GO>}

Well, Enrico, savings come from all projects. Of course when you have a development that is more in the beginning, it will go through a larger number of stages that have a possibility to have reductions. But in terms of percentage that comes from renegotiations or savings, I don't have the numbers, but I would say 50-50, 50% of the gains comes from each one of the items that we evolved.

Q - Enrico Trotta {BIO 16742911 <GO>}

Okay. Thank you very much. Have a good day.

A - Rafael Nazareth Menin Teixeira de Souza {BIO 16905756 <GO>}

Have a good day, you too.

Operator

Our next question comes from Gustavo Cambauva from BTG Pactual. Please, you may go on.

Q - Gustavo Cambauva {BIO 17329406 <GO>}

Good morning, everyone. I have a question with regard to your portfolio of receivables after the delivery of keys. When we look at it quarter-on-quarter, it went up by almost 50 million. So, my question is first quarter you have been delivering something close to 1 billion and this increase gives an idea that you are financing after keys more than 5% of

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units for all the clients. Is this what you have been doing? Does the calculation makes sense because I can only see inventory, but not flows? You received something so perhaps it's even more than that. But on average have you been financing post-delivery of keys about 5% of your clients? This is my first question and I have a second one later on.

A - Rafael Nazareth Menin Teixeira de Souza {BIO 16905756 <GO>}

Well, thinking in terms of average, a bit less than that. What happens is that we still have higher volume of cancellations relative to units with a higher focus, and therefore when we are going to resell those cancellations, we have to work with a higher level of pro-soluto of credit. This line now in terms of volume with comparison to sales, we are going close to stability, growth is very, very low. And this is another contribution that we are going to have that is positive in that all these cancellations -- all the cancellations are going to be eliminated. And even if we have some cancellations, they are going to be in the very beginning or initial phase of construction. So, this evolution will contribute positively to the Company as a whole.

Q - Gustavo Cambauva {BIO 17329406 <GO>}

Okay. So my question was about timing of receivable -- of receiving this amount and arrears because if you think of growth quarter-on-quarter, it's quite large. If you just think after keys that you have no collateral, if you think of 5% is almost half of your net margin. So, how are you receiving that and what level of comfort you have in continuing to grow this business as it?

A - Rafael Nazareth Menin Teixeira de Souza {BIO 16905756 <GO>}

Well, as I mentioned, growth now in terms of relationship of ratio compared to sales volume is much lower, and as a consequence, the more units you transfer to clients, there is a natural following of these numbers. As far as default rates, rates are going up. We do not disclose the percentage, but there's some kind of delay we already account for that as default rates. But we are quite comfortable with the portfolio. We have a very high turnover. Every quarter we have a high level of receiving new entrants so we have a very dynamic portfolio.

Q - Gustavo Cambauva {BIO 17329406 <GO>}

If you allow me just one more question. You said that it's probably not going to go up. What level do you think should be considered stable?

A - Rafael Nazareth Menin Teixeira de Souza {BIO 16905756 <GO>}

I think the portfolio will grow by 5%, 10%, but not more than that in terms of inventory and amounts that we see today.

Q - Gustavo Cambauva {BIO 17329406 <GO>}

Okay, very clear. Thank you very much.

Operator

Our next question comes from Nicole Hirakawa from Credit Suisse.

Q - Nicole Hirakawa {BIO 18242556 <GO>}

Hello. Good morning, everyone. I have two questions. The first is the potential impact of the Minha Casa Minha Vida 3 program on Company ventures. You did say that would be positive and we say 30% of your inventory would be units from the SFH. Do you have any preliminary study showing how much this could account for contracts in the Minha Casa Minha Vida program 3 and those units that are out of that another 70%, do you think that they could also be a subject to price readjustments?

And my other question is about the interest that were capitalized in inventory, we see that this amount has gone up in this quarter, we have a stable operation. I would like to know why this line has increased and what is the dynamic for that? Thank you very much.

A - Eduardo Fischer Teixeira de Souza {BIO 17580321 <GO>}

Hello. This is Fischer. Well, going to the Minha Casa Minha Vida 3 program, basically what we do is to follow what are the benefits we can get from that. First, several towns that today have a ceiling that is very close to the current limit will automatically benefit from the program, which is huge.

The second thing that our units that today are outside the program, but when the ceiling goes up, they're going to be fit for the program. These two movements alone answering your question may lead the 70% to up to 90% immediately. So, the impact was its highly positive and -- positive and immediate. So an objective answer, we should have an increase that is immediate. Another impact and the second point that you mention is that when you do that, my speed of sales growth, it is multiplied by four, by five. So, our expectation is huge with regard to that. I think that I've answered your question. As for capitalized interest, I'm going to turn the call to Mr. Paixao to answer your question.

A - Ricardo Paixao {BIO 19698260 <GO>}

Hello. As for the interest, what we see is that because our inventory went up, the amount of capitalized interest also increases. Overall, we should be close to the amount that we saw in this quarter.

Q - Nicole Hirakawa {BIO 18242556 <GO>}

Okay. Thank you very much.

Operator

Our next question comes from Riccetto Lisboa from Votorantim. You may go on.

Q - Daniel Malheiros {BIO 18660708 <GO>}

Good morning, everyone. This is Daniel Malheiros. I think that most of my questions have been answered. But I would like to have a bit more color in terms of your expectations for cash generation. This quarter was very good. Do you think that you're going to continue the trend and should we expect any extraordinary dividend payout to try to balance that?

A - Rafael Nazareth Menin Teixeira de Souza {BIO 16905756 <GO>}

Hello. Good morning. Cash generation as our indicators continue to be quite balanced, that is launch in line with sales, in line with production, in line with transfer to banks; it's natural that we have a high volume of cash generation. That shows that we have a balanced profitable operation.

So looking into the future, we do not see any changes that are significant in terms of cash generation. The dynamics are going to be the same. Of course we have some volatility; a bit more one quarter, a bit less the other; but this is quite expectable and we believe that it's going to be very good cash generation. That will make the Company able to reduce its leverage, have a more and more robust cash, and for that this is very important at a time of a bit more depressed economy, a more restrictive credit market.

So, we are quite well protected and strong in times like this. As for dividends, this is something that we are not at the point to decide now. What is important now is to make money, generate high cash. And I think if we are going to make a buyback program or if we're going to pay dividends, this is something that the Company has to decide in the future. I don't think it's time to discuss that now. We have to concentrate on the generation of cash to make the Company more and more robust and as the clouds kind of dissipate in Brazil the economy gets better, we can be a bit more aggressive, and therefore working on a lesser capital structure. I think that's the dynamics of the Company.

Q - Daniel Malheiros {BIO 18660708 <GO>}

Okay. Thank you very much.

Operator

Our next question comes from Daniel Gasparete from Merrill Lynch. You may go on.

Q - Daniel Gasparete {BIO 17999254 <GO>}

Good morning, everyone. Thanks for the call. My question is similar to Daniel's question. You talked about the stability of cash generation. In this quarter specifically, did we have any benefits due to the large volume of increase of revenue that you had last quarter? This level of 350 million, do you think this is a level that we should see from now on or should we go back to more recent quarters which is still high? Second question has to do with again the Minha Casa Minha Vida program. How do you see that? Is there a potential for an impact on demand? Thank you very much.

A - Rafael Nazareth Menin Teixeira de Souza {BIO 16905756 <GO>}

FINAL

Well, as I mentioned in the previous question, we expect cash generation to continue of course with some volatility. When you look into cash generation vis-a-vis Company revenue, indeed it was a bit high this quarter, but on the other hand we have a backlog that still has to be consumed. We have lots of units that have a bit higher focus that haven't been transferred yet. And then there are two things to happen, part of this backlog is going to be canceled and we talked about that. And once again resold in the simultaneous sales program and part is going to be transferred to banks regularly.

So until we have the consumption of this backlog, we are going to expect cash generation that is a bit stronger. When the backlog is consumed, then we are going to have cash generation that's close to Company income. So, that's the dynamics. I believe we are going to have perhaps three, four quarters generating more cash than profit on average. Again we can have some volatility quarter-on-quarter, but on average this is what we see from here on. And when the backlog gets to its optimum level, then profit is going to convert to cash generation and it's going to be proportional to our -- I don't know if I understood your question.

Q - Daniel Gasparete {BIO 17999254 <GO>}

Yes. How about the Minha Casa Minha Vida 3?

A - Rafael Nazareth Menin Teixeira de Souza {BIO 16905756 <GO>}

Eduardo is going to say that.

A - Eduardo Fischer Teixeira de Souza {BIO 17580321 <GO>}

This is Fischer. We do not have all the rules to find that. We are monitoring that are positive points, some that are not so positive in the new program for our operation. You have an increase of subsidies so the final impact is going to be very positive. The social factor as we have seen will not have such large impact so it's not a concern for now.

Q - Daniel Gasparete {BIO 17999254 <GO>}

Okay. Thank you very much. Have a good day.

Operator

Our next question comes from Luiz Mauricio Garcia from Bradesco. You may go on.

Q - Luiz Mauricio Garcia {BIO 17432519 <GO>}

Good morning, everyone. My first question is with regard to the equivalents line. I think that you talked about Prime, Company's expectation to reduce Prime losses until it goes back to zero, but I would like to know about other controlling companies altogether. Prime represented some part of the losses there, but I would like to know if you have reduced exposure to other joint ventures and if we should expect the same trend that is six months and if just by not having this loss, you would have a return on investment that would be above the 15%?

And another point is when do you expect new prices for Minha Casa Minha Vida to be in effect? Do you think it's going to be in December? Seasonally the fourth quarter is not as good, but now if we have the Minha Casa Minha Vida program, we could have a higher impact on this quarter?

A - Rafael Nazareth Menin Teixeira de Souza {BIO 16905756 <GO>}

Well, in terms of our JVs as a whole, we had a much larger number of partners in the last 18 months or a bit more than that. We decided to close some of them. We stayed with Prime and MRL, one in the northeast; but economically speaking major exposure. These are the JVs that we have that we are going to continue with. We already mentioned Prime, a major development in Brazil is completed now so we won't have any more surprises in terms of flows or any kind of adjustment. MRL has been using a good result and its impact is much lesser than Prime anyway and in 2016 the contribution of this line is going to be high. And when I mean contribution, I say to decrease this negative contribution that we had before that is not going to be true for 2016.

Q - Daniel Gasparete {BIO 17999254 <GO>}

So, your expectation is to zero this line. Of course you have the positive contribution of LOG that goes up as well. But do you think that by the end of next year you're going to zero this line?

A - Rafael Nazareth Menin Teixeira de Souza {BIO 16905756 <GO>}

What we think is that I'm not going to give you a date or a number, but it is going to be more and more positive. LOG is going to give more and more positive contribution. So I think that we are going to have also a decreasing negative contribution and by the end of next year we are going to have a completely different scenario. I cannot say more as for the accumulated at the year, but that is what I can tell you.

A - Eduardo Fischer Teixeira de Souza {BIO 17580321 <GO>}

This is Fischer. Just to answer about the Minha Casa Minha Vida program. As I mentioned before, our expectation is start to roll out in December, but we have to wait. If that is true, in December we can start reaping the fruits in the strategy I mentioned before. So, this is our expectation and if it happens, it's going to be great.

Q - Daniel Gasparete {BIO 17999254 <GO>}

Okay. Thank you.

Operator

Our next question comes from Guilherme Capparelli from Citibank. You may go on.

Q - Guilherme Capparelli {BIO 21476330 <GO>}

Good morning. My question is the recognition of revenues in the coming quarters. Since the second quarter you are having savings of cost that increased your net revenues. But

think on average net sales in the past year, you should have a deceleration. Do you think that this is something that we are going to see in the fourth quarter or do you think this is something more for the year of 2016?

A - Ricardo Paixao {BIO 19698260 <GO>}

This is Ricardo. An important variable that you're not taken into consideration is the drop in cancellation. Because we are expecting a considerable drop in cancellation, our net revenue tends to go up instead of being maintained and even decrease. So, we are keeping the same level of sales and construction. If we decrease cancellations, revenues will go up and this is what we should expect for next year.

Q - Guilherme Capparelli {BIO 21476330 <GO>}

Just a follow-up. How much would be sustainable because even in 2016 if you go above the net sales, how long could you keep that?

A - Ricardo Paixao {BIO 19698260 <GO>}

Considering the sales that we had now of this year was 8%, 10% in amounts what we had last year, this effect is more than offset by the drop of cancellations that we are expecting for next year. So, in fact a new sustainable level of revenues is higher than what we are presenting today. I'm not saying that we are going to show this result in the next two quarters, but it is something to be seen in future quarters.

Q - Guilherme Capparelli {BIO 21476330 <GO>}

Okay. Thank you very much.

Operator

Our next question comes from Marcelo Motta from JPMorgan. You may go on.

Q - Marcelo Motta {BIO 16438725 <GO>}

Good morning. It's a quick question. If you could talk in other operating expenses and income. This is a line that is a bit higher since mid-last year. Of course you have the expenses that were non-recurring, something related to contingencies and probably this is going to be kept high for the coming quarters. What do you think this is going to be? The two or three quarters beginning of Q1 2017, until the end of 2016; what do you expect?

A - Eduardo Fischer Teixeira de Souza {BIO 17580321 <GO>}

This is Fischer. Well, indeed the answer of your question is what you asked. We had an increase of expenses, we had a review of our base with a more conservative view. We have been doing that to improve our results and we think that we are going to have this level for the next two quarters. What is important to mention and I think that it's important for you to know is that MRV has been engaging all efforts to improve those areas.

We have been following several actions. We have been working with our consumers. We told you about the agreement that we are signing with the public prosecutor's office. So all those actions will reflect not immediately, but along for the coming quarters and years. So from now on, I think that we are going to start reaping the benefits of actions that we took in the past instead of lowering numbers. So, I think that for the next two quarters we are going to see the amount very close to what we see today.

Q - Marcelo Motta {BIO 16438725 <GO>}

Okay. Thank you very much.

Operator

(Operator Instructions) Our next question comes from (inaudible). You may go on.

Q - Unidentified Participant

Good morning, everyone. I have a question that is a bit more focused on LOG. You have an indebtedness of 234 million. I just want you to comment on that if you're going to sell assets, you're going to have an investment from new shareholders, or just a combination of all that you mentioned.

A - Rafael Nazareth Menin Teixeira de Souza {BIO 16905756 <GO>}

We are looking into all opportunities in the sale of assets. We in fact have completed the rollout of several liabilities; we advanced some maturities that were for 2016, and we're part of this process. And with that we are managing the debt. Our objective is to have our debt that's approximately 50% of the net worth of LOG.

Q - Unidentified Participant

Okay. Thank you very much.

Operator

Thank you. Q&A session is now closed. We are going to turn call back to Rafael Menin for his final considerations. Mr. Menin, you may go on.

A - Rafael Nazareth Menin Teixeira de Souza {BIO 16905756 <GO>}

Well, first of all, I'd like to thank you very much for attending this call. MRV is very pleased with its results, and I think that we have to leave a note of optimism. Looking to the future, Minha Casa Minha Vida is going to be a very important program for us, and despite the turbulence of the country, we are still seeing a market with demand, little competition. Our geographic dispersion enables us to work in markets in a more precise manner and we are very optimistic about 2016.

The Company's mature, its regional offices are closer and closer to our benchmarks. So we are ready to take another step. We think that with the Minha Casa Minha Vida 3 program and a bit more launches, we are going to be able to deliver results that are even

better than what we have so far. I'm going to turn the call now to Fischer for his final consideration.

A - Eduardo Fischer Teixeira de Souza {BIO 17580321 <GO>}

Well, that's it. We are very pleased with the Company's operational evolution. We have been talking about that for some time now. We had bad results in the past and consistently we see the results of actions taken in the past. And we have also to work very hard to minimize our liabilities. As I mentioned along the call, this will reflect in the future and we are going to have a healthier operation when these possible liabilities are minimized. And that's it. We are very optimistic for 2016. Minha Casa Minha Vida 3 Program may close the year at a very high note as Rafael mentioned and let us start 2016 with a very good prospect. Thank you very much and see you next time.

Operator

Thank you. The conference call on the earnings of the third quarter 2015 for MRV is now closed. We thank you very much for attending and wish you a very good day.

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