Q1 2012 Earnings Call

Company Participants

- Claudio Roberto Ely, CEO, IR Director
- Eugenio de Zagottis, IR, VP

Other Participants

- Guilherme Assis, Analyst
- Irma Sgarz, Analyst

Presentation

Operator

Good morning, ladies and gentlemen. At this time, we would like to welcome everyone to the Raia Drogasil conference call to discuss its results for the First Quarter of 2012.

The audio for this conference is being broadcast simultaneously through the Internet at the website www.raiadrogasil.com.br. In that address, you can also find the slideshow presentation available for download. We inform that all participants will only be able to listen to the conference during the Company's presentation.

After the Company's remarks are over, there will be a Q&A period. At that time, further instructions will be given. (Operator Instructions)

Before proceeding, let me mention that forward-looking statements are being made under the safe harbor of the Securities Litigation Reform Act of 1996. Forward-looking statements are based on the beliefs and assumptions of Raia Drogasil management, and on information currently available to the Company.

Forward-looking statements are not guarantees of performance. 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 Raia Drogasil, and could cause results to differ materially from those expressed in such forward-looking statements.

Today with us are Mr. Claudio Roberto Ely, CEO, Mr. Eugenio de Zagottis, Investor Relations and Corporate Planning Vice President and Mr. Leonardo Correa, Investor

Relations Officer. Now I'll turn the conference over to Mr. Claudio Roberto Ely. Sir, you may begin your conference.

Claudio Roberto Ely {BIO 15364128 <GO>}

Welcome to the Raia Drogasil presentation to -- relative to the First Quarter of 2011, and Eugenio will run the presentation.

Eugenio de Zagottis {BIO 7193695 <GO>}

Good morning, everyone. First of all, I'd like to thank you all for attending this conference about our First Quarter of 2012. Now first of all, I'd like to mention that we're very happy about the results we're now presenting.

In our view, they are very good results, and based on very solid fundamentals, especially on the revenue side. We still don't see synergies in these numbers. So this is like a baseline for what is to come ahead.

We ended the quarter with 75 stores in operation. We opened nine new stores during the quarter. We had gross revenues totaling BRL1.3 billion, a growth of 22.4% over the previous year. And this was fueled by a same-store sales growth of 14.8%.

Our gross margin was of 25.4% in the quarter. This represented an expansion of 1.2percentage points, when compared to last year. And we reached an EBITDA of BRL61.4 million, an increase of 37.5% over the previous year, which represented also an EBITDA margin of 4.8%, a 0.6percentage point margin expansion over the 1Q11.

Our net income in the quarter amounted to BRL27.5 million. That represented 2.1% of net margin. These are all adjusted numbers. They do not reflect nonrecurring expenses that have been detailed through the report.

On page four, I'd like to give more details on our store development program. This has been sort of a slow quarter in terms of store openings, as we only opened nine stores. And things are really now starting to pick up. Today, we already have 793 stores in operations. So we have already opened eight stores since the closure of the First Quarter.

And we believe for this quarter alone, we can open -- we'll be opening more than 30 stores. So things are really starting to accelerate right now. In terms of prospection, things are really good, as we have already something like 90 contracts already signed for. And we remain absolutely confident in terms of fulfilling our new store guidance of 130 stores. We're absolutely on track.

Every year in the First Quarter, we had a slower quarter. And things start picking up. And in the end, the second half of the year is where the real peak happens. So we're on track, even though I recognize the store openings, they were timid in this First Quarter.

It's also important to mention that few, only 65% of our stores are mature. So we have a lot of maturation potential from stores that have been open over the last three years. And this will be a very interesting fuel for our growth in the coming years.

On page five, I'd like to talk about our national presence, and in terms of how we're doing in our main markets. We're getting prepared to open the stores in the three new markets that we're entering, Mato Grosso, Mato Grosso do Sul, Raia. We're excited about this opportunity, and we're working to start opening the stores relatively soon.

As far as the existing markets, our national market share increased by 0.5percentage points. The main highlight was Sao Paulo, our main market, where we increased market share from 18% to 20.7%. So we're very often asked about this, if Sao Paulo is already matured, if we can keep on growing Sao Paulo. And I think this is a big statement showing the opportunity that we still have at Sao Paulo, this great market, that they know in which we are leaders, but we still have a lot to do here.

Brasilia has also been an exciting market for us. We have come up from 14.4% to 15.2% of market share. Our operations are really now starting to pick up. And we are very happy with how we're gaining market, and gaining visibility in this market.

Another recent market that has great results is Espirito Santo. We have come up from 7.7% to 8.6%. Then Parana, this is not on our recent market, but we -- last year, we entered into the countryside where we have now, in the countryside of Parana, something like 23 stores. We have more stores still coming. And as a result, our market share in Parana went up from 5.8% to 6.5%.

Then Santa Catarina, this is a market that we entered, something like one year now our first stores. We now have 16 stores already opened. And through this year, there are a lot more stores to be open in Santa Catarina. And we already show 1.7% of market share for this new operation. So I think this is -- these are good numbers. And this shows the advancements achieving in our business operations.

On the next page, I'd like to delve further into the quality of our growth. We increased revenues by 22.4% of the quarter. And the main had -- this was fueled mainly by mature store growth of 10.8%. We have to consider that because this is a leap year in which February has an extra day, this has impacted positively our comps by 1.2%. But even if we take out this 1.2% out of the 10.8%, I believe a 9.6% is a really, really good number for mature store growth.

So we're really happy about this number. And this has been really the main figure to sustain this 22.4% total growth. It's important to point here that the growth that we recorded for mature stores came on top of our relatively easy comp base of 3.8% in the First Quarter of last year. Over the next quarters, we will be dealing with tougher comp bases than this.

So I really believe this is the peak for the year. I wouldn't expect to see numbers like this repeating on the next quarters. But I still believe we could be somewhere between 7.5%

and 9%, something like that. So we still have good growth ahead, good growth ahead of inflation for our mature stores. But I believe in this quarter, because of the easier comp of last year, I believe this was a peak.

When we depict the growth by brand on page seven, we see that higher, and Drogasil converge to the same level. A higher increase, mature stores by 10.9% versus 10.7% for Drogasil. I'd like to record here that the stellar growth that Drogasil presented -- Drogasil started last year with soft comps.

I know a lot of people got worried about that. And just understand the transitory aspect of that growth, because Drogasil was really opening stores on the existing market of (profile) cannibalization, that initially Drogasil was also suffering to some extent from the acceleration of Drogar Raia in Sao Paulo.

And now, that these factors have been left behind. We see Drogasil can catch up in a very, very strong way. Raia is at the same level of Drogasil. But Raia is doing this type of growth over a higher comp base. Raia recorded in the First Quarter of last year, 6.7% of mature store growth. This is still somewhat below the double-digit figure that will be faced -- that Raia will be facing from the next quarter onwards. But this is already a meaningful comp. And still, we recorded a strong growth over that.

So it's clear that after Raia did its IPO, and Raia was a levered company in order to sustain growth before the IPO. So after the IPO, we were able to invest a lot in operating improvements at Raia. We increased the inventories of the stores, and reduced stock-outs. We now invested I'll say a sizeable amount of Raia to increase headcount at our stores. And this number clearly shows that we're on the right way.

So even with higher comps, Raia has great momentum ahead. We always remember that Drogasil has significantly higher mature store revenues than Raia has. So Raia has the opportunity of somewhat of bridging that gap.

One interesting point to mention here, is that despite the fact that Raia and Drogasil are exactly the same point in mature store growth, when it looks, same stores and total growth, then Raia stacks up. The issue here is that Raia has more maturation momentum than Drogasil, because Raia opened more stores in the recent years.

So we would expect Raia to keep going still over Drogasil in terms of total growth. But as far as mature stores, Drogasil has now -- we'll still have easier comps for most of the year. Raia will be facing tougher comps. So we'll see how it plays out.

On page eight, talking about our product mix. Generics was once again the highlight of the quarter. We increased generics by 34.5%. If we compare generics for the duration of the First Quarter with last year's, we achieved a 1percentage point growth of generics over our total sales mix. So this is very important figure. This is a figure that has helped us in expanding our growth margins.

It's interesting also that Raia, we stayed in generics at the same level the Fourth Quarter. And I believe that we'll still have good generics growth ahead of us. There are a lot of new products losing patents. But we have to be clear here that the top products have already came off patent. So I wouldn't expect to add another 100 basis points for generics penetration next year. But still, we will see generics grow hopefully as a part of the total mix. And that will keep helping our margins.

Now, hygiene, personal care, we grew 24.6%. We increased its share in the mix by 0.6percentage points. So it's a significant increase over last year. And it's quite interesting that despite the fact that the Fourth Quarter is a very seasonally favorable quarter for hygiene, personal care, we managed to be in terms of mixed contribution, ahead of the Fourth Quarter.

As we mentioned in last quarter's conference call, in the Fourth Quarter, we had unfavorable weather that penalized HPC growth. And here, it was probably the other way around. Here, the summer, that didn't happen. In the end of the year, it happened, in the beginning of this year. So we are at probably at light peak in hygiene, personal care. But you'll still hygiene, personal care overgrowing the rest of the mix, going forward.

On page nine, talking about gross margins, we increased gross margins by 1.2percentage points over the First Quarter of last year. However, we are here comparing two different things, because the 24.2% was still under an older -- was the beginning of the new purchasing strategy. And the benefits of the purchase strategy hadn't fully materialized.

So the Company was running at a base level of 26%. And this quarter, we had 0.8percentage point reduction. If we compare to the Fourth Quarter, we got back to the level of the Third Quarter. It's important to mention that because we were doing the whole quarter, doing several rounds of negotiations with our main suppliers, we had some postponement in specific trade allowances.

So this is trade allowances that couldn't be collected in the First Quarter of the year. But because of the new agreements, they specified the type of margins that we are dealing with. This money is coming back over the next quarters. So but it's also true that the Fourth Quarter was, in extent, a peak in gross margins.

Not considering synergies here, that they haven't -- not kicked in until the First Quarter here. I believe the baseline for the Company is 26%, something around 26%. And now, starting the Second Quarter, this is really when the synergy shows up. Most of the large negotiations have been concluded. There's still some to finish.

And we're now looking more towards smaller suppliers in which we have a big opportunity to improve terms as well. So we expect a strong Second Quarter. And this will be the first time we'll see the purchase in synergies kicking in, and making for a difference.

In terms of cash cycle, this was an increase over last year. Last year, we recorded 49 days in the First Quarter, versus 62 days in this quarter. What happened is that in the First

Quarter of last year, the new purchasing model, its effect on working capital was not fully incorporated. So that if you see the Second Quarter, we were -- last year, we went up for 49 to 54. And now, we are at 62%.

I think there are a couple factors here to consider. This is the forward-buying quarter. So it's always a quarter that we run with higher working capital employed. We opened recently two new distribution centers that are not running at their capacity. So they drag some efficiency from cash cycle.

But we believe that we have a lot of opportunities to reduce somewhat our cash cycle over the next two quarters. So because of opportunity purchases, we believe our entry levels are now very high. And we will strive towards reducing the days of inventories over the next two quarters, and therefore, improve our cash cycle and our cash position.

On page 10, talking about sales expenses, we have a 0.7percentage point increase over the First Quarter of last year. Out of this 0.7%, 0.4% is credited to the headcount increase we did at Droga Raia, and we'll give details on the next page.

0.2% was the expenses from the two new distribution centers in Goias and Rio de Janeiro that are not yet running at their capacity. So their expenses are not fully absorbed. Then we have also inflationary pressures. So this is how sales expenses went up. The bulk of these happened through the year. It's pretty much a carryover from the Fourth Quarter to the First Quarter.

Really, the news on the First Quarter is the Rio distribution center. The Goias one was already -- had already opened early in mid last year. So here is a specific pressure for the quarter. Looking forward, we're happy where we are now with headcount. There may be tweaks here up and down, but we are not foreseeing any major increases in headcount. So going forward, I feel we will certainly have a more favorable trend of sales expenses than what we saw last year.

Having said that, I believe that the headcount increase that we did at Raia was absolutely instrumental to reach the type of revenue growth for mature stores that we recorded at Raia. So if you look here on page 11, we increased average headcount per store by 2.3 persons per store in one year. This is quite significant. This is expensive. This is a drag on short-term profitability, but it's done. And now since it's done, we're now capturing the benefits, which is accelerated growth for Raia.

We're now having much better service standards at our stores, much better customer satisfaction. And we believe this is an important element for us to boost revenues per store, and to close partially at least the gap in revenues per store, Drogasil. Revenue per store is by far the most important metric in this business. So everything we do that was improving revenues per store, certainly it pays off in due time.

On page 12, we have, I think, great news here in G&A in this quarter. If you look on the left chart, in terms of absolute amounts, we have remained almost exactly at a flat level for three consecutive quarters. If we compare this quarter with last quarter, we reduced G&A by BRL700,000.

And this is the effect, first, of unifying our management teams, both top managers and middle management. And this resulted in something like 10 to 12 people being let go. And so there was a savings associated with that. Also, we have a freeze in new hirings, even at the corporate level, even as a replacement of people who, for some reason, are going -- even as a replacement for turnover.

Any hires of the corporate structure must be explicitly approved by Claudio. So this is very important for us, because we'll be able to tie it to -- we are putting two companies together. Certainly, we have -- most areas are now very comfortable in terms of headcount.

And we will be diluting. We don't imagine any cost-cutting, anything radical because we're growing so fast. And we need to sustain that growth. But we would have dilution. And I think this is the first real signal of that. So we were very pleased with this figure.

On page 13, summarizing our EBITDA. We achieved 4.8% in EBITDA margin the First Quarter. It's always important to remember that the First Quarter is always the lowest margin in the year, because January is vacation in Brazil. February is a short month. We have Carnival the First Quarter. So the First Quarter has lower revenues.

And because the bulk of our expenses are fixed, what happens is that dilution of expenses is much tougher on this quarter. But looking on relative terms, I think this is a very good starting point. And we are very positive in terms that we'll be expanding margins, and showing very strong numbers over the next quarters.

In terms of net income, we increased it by 25.6% over the First Quarter of last year. Our net margin remained flat, even though we had a significant operating improvement. We get -- we were penalized by terms of net financial revenue, loss compared to last year because we are now very heavy on working capital. And certainly, that costs us in terms of financial revenues. So as we get down in terms of inventory levels, we then progressively will be improving this year.

As a result of that same process that I already mentioned, working capital investment, we have a total cash consumption in the quarter of BRL154 million. Besides the working capital, we maintained a very strong level of investments. We spent BRL38.5 million in CapEx. This is -- the bulk of this is new store openings. So we only opened nine stores, but there are several more stores that we're already working on them over the First Quarter to be opened now over the next three quarters.

Then on page 16, talking about our stock performance. We are obviously very pleased about that. We have multiplied our share prices Drogasil's IPO by 3.7%, and while IBOVESPA only increased by 10% over that period. An investor that invested in Drogasil IPO in 2007, has achieved up to now an average annual return of 30.8%. And those investors who went at Raia's IPO in the end of 2010, they have an annualized return of 63% since Raia's IPO.

To sum up, I would like to give a brief update on things that are happening to this quarter. We have very good news in terms of recollection of tax credits. As you know, we have collected big amounts of tax credit in the state of Sao Paulo. And this month, for the first time, we manage to start recollecting taxes. So we have BRL5 million that -- and this is an interesting process.

What happens, we transfer our tax credit to a supplier. The government does a transfer in the system. Then the supplier, instead of paying the invoice -- one of the invoices that we should pay, that invoice is dropped in the same amount. So we have already transferred BRL5 million in credit to a supplier.

We haven't seen the cash yet, because the invoice hasn't been due yet. But by the time this invoice gets matured, gets the payment time, then we have the benefit. And from now on, we'll be able to increase this number. But now this BRL5 million is a small figure. But it's a very important signal for us.

We have a clear path for doing BRL40 million in tax recollections over that system. And now, we expect to become tax collectors ourselves over the next month or months. And this will allow us to compensate for the remaining part.

All in all, over the next -- over this year and next year, we have BRL120 million to BRL130 million that we expect to be recollected, and that will contribute to our cash cycle. And will really be made into cash. So this is one great news. It's a small step, but absolutely in the right direction.

Second good news I'd like to share is on private label. We're now prepared to launch Pluii, our main private label line at Drogasil in July of this year. So everything's getting ready to do a big launch at Drogasil.

We're introducing this month a completely new line of pricing for private label, in vitamin supplements that is named Be Well. Just like in good plain English, Be/Well. And we'll launch initially five SKUs, multivitamins, Omega3, calcium, and things like that. So this is a project that is competing -- will be competing on price. And I could tell you that is very high value-added. And that hasn't been particularly well executed by our suppliers. So we are very optimistic about what Be Well can do.

Then we have a more commodity line that used to be made called (Higher Needs). We are changing its name only to Needs. Then we are also preparing the launch of Needs at Drogasil. Needs' starting as a primary care type of lines, something like cotton swabs or nail polishing, things like that, very basic stuff. And this can be a platform for any low-priced product that we can launch.

In terms of the expansion, we remain absolutely committed to open 130 stores this year. We are very comfortable that we can do that. So despite, a slower quarter start opening, things already starting to pick up and we are absolutely on track.

And finally, we are progressing also on the integration. Our purchasing team is already unified. Our whole management team is already unified. We have finished system selection. We're now preparing the Raia system, and we are enriching the Raia system with a lot of Drogasil features, so that we can over this -- still to see a start the roll-up of Raia systems Drogasil.

We believe the IT integration will take us to best part, part of this next year. So it's not a quick thing. It's a very demanding effort to have people focus almost full-time on that. But the good thing is that we are very well-structured so that the integration is not a limited factor for our growth. And this is very good.

So this is what we have to present. And we'll now open for your questions. Thank you very much.

Questions And Answers

Operator

Ladies and gentlemen. this will begin our question-and-answer session. (Operator Instructions) Our first question will come from Guilherme Assis of Raymond James. Please go ahead.

Q - Guilherme Assis {BIO 16143141 <GO>}

Hi. Good morning, everyone. So I have actually a question regarding the ramp-up in the selling expenses. I understand that you have been investing to increase the level of services at the stores, and also both in terms of the staff per store, at the Raia stores, and also, in terms of the products, right, with the investment in distribution center.

But if you look in terms of the percentage of revenues, this quarter, the selling expenses represented about 19%. And in the past, like about two, three years ago, used to see a number close to 15% and 16%, both for Drogasil and Raia separately.

I'd like to know if, with the ramp-up in the sales per store, that you expect to have with these investments, you expect to get back to these kinds of levels of sales per -- of selling expenses as a percentage of sales? And when do you expect to get that benefit, and start to see these numbers come down? That's my question. Thank you.

A - Eugenio de Zagottis {BIO 7193695 <GO>}

Thanks for your question. On a non-guidance basis, as you know, we don't give specific guidance on figures. It's important to mention that growth is a huge drag on expense dilution. So it's impossible to compare our figures now with our figures of three, four years ago, or two years ago.

We are opening this year 130 stores. We opened last year 99 stores. And the first month of a new store, it has only 50% of the expected revenues of maturity. But it already has 90% of the expenses fully incorporated. So we certainly expect sales expense dilution, but not in the short term. We are opening 130 stores this year and maybe next year, maybe the other year. So we will remain our expense base pressure.

And I think it's good. Because with the type of (rates) you have -- we have for new stores, nothing adds more value to the business than opening stores. And this is a necessary consequence. Just for you to understand, if we stop growing at all, and allow the time for every store to mature, we will have 1% of extra EBITDA margin in our numbers.

What I believe -- having said that, this year was a big pressure year because of the headcount increase. I don't expect that to happen this year. I really expected that for the whole year, it should remain flattish, slightly upwards, or slightly downwards. But no major activity here. If we are successful stay very high comps, then it should start going down.

But when you look at G&A, this is where I think we're starting to see good results, and coming from the merger, not hiring anymore people, all the structure unification that we did allow us to have less people in the middle and top management teams, and the better experience here. All in all, I think that line that will make a difference in our lives is the gross margin.

We are very convinced that we have a strong year. We are seeing very strong Second Quarter figures, very happy in terms of revenues. This month, for example, we are very happy in terms of the gross margins of the Second Quarter. This is when we start to see the synergies. And we believe we can expand margin significantly already this year. But the magic won't happen at the sales expenses.

Q - Guilherme Assis {BIO 16143141 <GO>}

Okay. So just for me to understand, because your plan is to open around 130 stores per year for the next say three to four, five years. Right? And when do you expect to get some dilution on these investments that are making selling expenses level with this kind of growth? Do you expect to get any dilution when you're growing like this, or do you expect only to see that happening after this big growth plan that you have?

A - Eugenio de Zagottis {BIO 7193695 <GO>}

I think we can have small dilutions. But we won't have huge dilutions as long as we are opening 130 stores a year. Of course, that 130 stores this year, is happening over 100-store base. Next year is over 900-store base. The next year will be over 1,000-plus store base. So the effect of the openings to start (dimming) progressively. But I don't think we'll see any quick fix in sales expenses on the short term. But we'll see big improvement in gross margins, and probably improvements in G&A dilution as well.

Q - Guilherme Assis {BIO 16143141 <GO>}

Okay. That's helpful. Thank you, Eugenio.

Operator

And our next question will come from Irma Sgarz of Goldman Sachs. Please go ahead.

Q - Irma Sgarz {BIO 15190838 <GO>}

Yes, hi. Good afternoon. Just follow-up question on -- we discussed the previous call, the share of beauty, personal care, and generics. I wondered if you could elaborate a little bit about what is happening on the side of OTC now with OTC coming back out, outside the counter, at least in the state of Sao Paulo.

Do you expect the share of OTC to be recovering a little bit again, or is that not expected to have much of an effect? Is it more marginal because you only place it really on the aisle caps and the checkout counters?

Then my second question is regarding market share gains in the state of Sao Paulo, which were really quite pronounced. Do you think this was more functional from opening of new stores, or was it actually the gains that you had in terms of productivity, for example, in the Raia stores, that helped you steal some market share there from your closer competitors? Thank you.

A - Eugenio de Zagottis {BIO 7193695 <GO>}

Irma, thanks for the question. I don't expect any recovery from OTC. The best thing about the sales mix is that it cannot be over (100). So if we have categories going up, we have to have something going down. Some things that are going down are branded and OTC. So this will keep up being the story, which doesn't mean that we -- but even with smaller contribution to the mix, we want OTC to grow as much as possible.

But I don't think this is a category that is very exciting right now in terms of growth. Certainly, we now have more flexibility in terms of product placement at our stores. We like to have OTC behind the counter. This is an explicit choice of having HPC, better merchandise in the store, and expensive OTC. If we bring OTC to cover the expense of HPC, we believe HPC is really the transformational category for us.

It's the category that's regaining huge share from supermarkets, that category we excite consumers about. It's a category that builds consumer loyalty. This is the transformational category for the store. So the choice is to put hygiene, personal care ahead of OTC. It was to do the best can in OTC.

What we can do on a promotional basis, is when we have good negotiations of certain product lines, bring those certain product lines. For example, vitamins is a line that is certainly bringing it forward. So there are things that we can do to improve OTC. But they won't make OTC stop bringing share in the product mix, because by definition, as generics and HPC go up, so the rest must go down. So I guess this answers the first question.

In terms of the market share gains in Sao Paulo, I believe the improvement of the current operation, especially the Raia side, after the IPO, has a very powerful effect on the improvement. Raia had high stock-outs before the IPO. As you know, we were a level company. We had to cut corners, that should be -- which grow the way we did.

So as we're able -- to add inventories to the stores, we have a huge improvement. And this huge improvement is showing up in our market share. Also, the expansion, the state has been very successful. But at least we're opening 30 stores, over 500. Certainly, the truth relies much more on the increasing portfolios as opposed to the new stores.

Q - Irma Sgarz {BIO 15190838 <GO>}

Very helpful. Thank you, Eugenio.

A - Eugenio de Zagottis {BIO 7193695 <GO>}

Thank you.

Operator

(Operator Instructions) And I'm showing no additional questions. I would like to turn the call back over to the Company for their final remarks.

A - Eugenio de Zagottis {BIO 7193695 <GO>}

Well I'd like to thank you all for following this conference call. We are very excited about how things are happening. We're excited about the revenue trends that we have. We're excited about the margin trends that we have. So this is a very powerful combination. High revenues, high margins, this is what has the power of -- transform our numbers.

I think the whole company is now very motivated. We're starting to see the benefits of the merger. A lot of things that are already being shared from Raia Drogasil and vice versa. So I believe this was truly a transformational merger. We're working very aligned as a single company. And I think we have a very promising future ahead of us.

And I believe this year should be a strong year. If you have no surprises, we expect a strong year here. So this is all we had. And again, thank you very much for your support. Thank you very much for following this call.

Operator

Ladies and gentlemen. the conference has now concluded. We thank you for attending today's presentation. You may now disconnect your lines.