

Q2 2020 Earnings Call

Company Participants

- Eduardo Fischer Teixeira de Souza, CEO & Member of Executive Board
- Rafael Nazareth Menin Teixeira de Souza, Chief Executive Officer
- Ricardo Paixao Pinto Rodrigues, Chief Financial Officer and Investor Relations Officer

Other Participants

- Andre Mazini, Analyst
- Jorel Guilloty, Analyst
- Marcelo Motta, Analyst
- Unidentified Participant

Presentation

Operator

Ladies and gentlemen, good morning and thank you for waiting. And welcome to the conference call for Analysts and Investors of MRV for the Earnings of the Second Quarter 2020, Rafael Menin and Eduardo Fischer, the Executive -- CFO and IRO, Ricardo Paixao, We inform that all participants will be in listen-only mode during the presentation of the company. After that we will start the Q&A session when further instructions will be given. (Operator Instructions)

I would like to hand the floor over to the President and CEO Rafael Menin. Please you may continue.

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

Good morning, everyone. Thank you again for attending this call. Let's start talking about our sales in the second quarter. We are quite pleased with the performance of the company. We had a second quarter way up compared to what we talked about in the beginning of the pandemic hit, record sales despite this very difficult period with all stores closed. So this is an indicator that deserves our attention.

Our digital platform was scaled quickly as a result of the investment, we've been doing for a long time. And so in this year of 2020, we're going to allot BRL100 million to this digital agenda. This is something we're strongly focused on and in the next quarters we will deliver quite innovative solutions for our customers.

The second highlight is the cash generation. We've generated BRL215 million, going back to our historical levels. The transfer system was interrupted several times since the beginning of last year and the second quarter transfers went back to their regular levels. Caixa bank made several important changes that expedited the system especially in this moment with the restriction of movements, and we expect this model to continue in terms of cash generation volume from now on, since we don't see, for the third quarter, any restrictions to transfers.

The third point that's very important as we mentioned in the release, it talks about the multifunding platform. MRV is currently seen today as a company that has a national operation. We are operating all over the country. We've been operating with very high levels for a long time, 40,000 units produced for many years now. So what's going on now, is the increase of our operation outside My Home My Life, or MCMV market.

So if you annualize the volume served that's almost BRL1 billion, which is a significant figure. It is a big company. Outside the My House My Life market, MCMV. We continue to bet on the economic and the growth and the -- this segment outside My House, My Life, as the customers slightly with slightly more income in MCMV we see a very favorable market for that and interest rate is the main driver for that. Interest went from 12%, 9%, now it's 7.5% per year, the interest rate. And when you look at the longer curves in Brazil, we believe the interest rates will drop to 7% to 6.5% per CRTI [ph] is now zero.

So this segment will increase -- improve even more. This is something we're very confident. LUGGO is a company that's growing fast. Today we have eight developments in construction, or at least construction we're starting the next month. So we expect to sell maybe twice as much as we have sold in the first tranche for the real estate fund.

So it will be a business division that will escalate year-on-year. Also AHS is another company that we strongly believe in, the US market is a gigantic market, very mature. So AHS has a special operation in very important markets, it's verticalized. Today we have six developments there are either stable or in their final stabilization stages and they are already open for sales. So soon we may have a very positive surprise coming from AHS. So it's also important to understand that MRV is a single solution multi funding, not only operating in Brazil, but as well as in the US market. So we have a diverse and geographically in terms of products.

URBA is also company we strongly believe in. It's a company that has gone through important changes recently. It's very mature now. Its land bank is growing and a significant one. And we have developments planned with a very affordable price, with the quality of life that's unique to the Brazilian market. So this is a company that's worth looking at. It's a company that will grow and escalate its growth strongly. And it will have a key role in the projected growth of MRV. I also like to highlight this social role of the company, we've been investing more and more in social responsibility. This is a very important agenda, especially in a country with so many inequalities such as Brazil.

It's a company that's aware of its importance to encourage other companies in our segment in our industry. So they can follow a similar agenda. So the entire group of MRV

we have donated almost BRL20 million since the beginning of this pandemic. And this is very important, and it will be increasingly important for companies to do their share for the benefit of society. As a whole.

Now I will hand the floor over to Ricardo Paixao and he will talk about the main figures of the company in this quarter.

Ricardo Paixao Pinto Rodrigues {BIO 21232785 <GO>}

Thank you, Rafael. Thank you all. Now moving on to the figures and financial highlights. I would like to say that the production and the record sales, 38% growth when compared to the same period last year has resulted in a revenue, net revenue BRL1.6 billion, with plans to grow even more in the second quarter with the higher revenues.

The gross margin stayed within what was expected with a slight improve, 28.4%. Now at the lower line, when we look at the expenses we have a dilution of G&A over volume of 6.2% to 5.6% in the second quarter but commercial expenses over net sales were in line with two percentage points better than last year. Financial results was BRL15 million, lower than the -- when -- on a quarterly basis, because we had to reverse our cash due to the COVID and also a significant drop in the revenues, because the IPCA inflation rate was much lower in this period. The net income was BRL124 million and it would be BRL131 million, if it weren't for the -- it wasn't for the donations that Rafael mentioned.

Now going over the financial statement, we have a strong position, BRL2.5 billion, also due to cash generation BRL215 million. Our leverage closed the period at below 20% over net debt over LTM [ph], which has improved our position. July has been a strong month both in sales and in transfer. So supporting our cash generation expectations. LUGGO and AHS, LUGGO has in constructions BRL320 million in VGV in in assets that are stable or being stabilized in AHS.

So now we can go on to the Q&A session.

Questions And Answers

Operator

Thank you. We will now start the Q&A session (Operator Instructions).

Our first question comes from Pedro Fischer [ph] from Banco Bradesco BBI.

Q - Unidentified Participant

Good morning and thank you for the presentation. I have two questions. As you mentioned, in this migration of the city administration and people to home office there is a decrease in the administration process. I would like to understand whether the plans are taking longer than -- projects are taking longer to be approved more than longer than usual. And also I believe you're gradually reducing the discounts, that I would like to

understand. And two, when do you want to keep this strategy to have a positive prospects for sales.

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

Hello, Pedro. this is Fischer speaking. Let's start with the first question. Regarding the approval of projects. Actually we thought that the second quarter was a bit more difficult, the process [ph] difficulty, the notary public offices and the city administration were either closed or slow -- working very slowly due to the pandemic.

What we see now in the third quarter, we see a much better scenario. Some of them are operating normally. Others are in a much more positive scenario than in the second quarter, which allows us to look at the second half of the year, with a much higher level of launches, when compared to the first half of the year. We traditionally launch more in the second half of the year. So this trend will be maintained.

I believe that once things are not back to normal yet, but they are much than the first quarter and I believe until the end of the year they will begin to increasingly go back to normal. The third quarter will have -- we will have a growth in sales in the fourth quarter even greater as it is a tradition for us.

We've been more aggressive in sales in the second quarter due to the pandemic. Rafael said well that we're able to reach a level of sales of the supply that's very high. We are doing things much faster now. And the cycle is growing faster -- going faster. So we see for the second -- for the third quarter the gradual discussion of discounts we were providing is not at the same levels as pre-COVID. Our strategy is to maintain a high sales over supply. So we decreased a bit the discount. We're working to grant credits, resolutio [ph] to reduce the portfolio granted.

So we are making these two efforts to resume the flight over prices and increase our portfolio. So this is our strategy to maintain a high sales over supply and the third quarter starts at a level that's similar to what we saw in the second quarter. So we're confident that -- with that we'll be able to maintain sales level, much higher and we will lead MRV to increase the market share. We saw that our market share has grown in some cities, and we want to maintain our sales, sustain higher market share. Thank you.

Q - Unidentified Participant

This is very clear. Thank you for the answers.

Operator

(inaudible) would like to ask the question.

Q - Unidentified Participant

Good morning, Rafael, Fischer, Ricardo. I have two questions. First about production. You mentioned that some construction works have been postponed for the next quarter. I

would like to understand is there any impact on the gross margin, since some projects were stopped for a period or interrupted? And if there is an impact how would that relate to your consolidated gross margin, I would like to understand, do you think it's 28, should we expect that level or will it change?

The second question, we're looking at the trade receivables, if you could talk about more in detail about that, it would be nice. Thank you.

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

Good morning. This is Ricardo speaking. Now starting with production, actually our construction works were stopped almost 20%. We reached 20% at a certain period. And then, with time that has been gradually reducing, that on the gross margin is what you see now. We don't have any other corrections or increase in cost looking towards the future because all the corrections have been made already.

So looking in the short run, we see gross margin around 28% and 28.5%. That's what we present now. And the recovery of the gross margins that we expected for this year due to the COVID and the discounts we are giving to customers that has been postponed to next year.

As for provisions or allowances, what we see is that default rate that we saw in the months of May and June, and July has been very similar to the behavior pre-COVID. So the corrections we had to make in the provisions, in the first quarter we had to make a correction in the criteria. The criterion remains the same. So the level that we see now is just a natural organic growth without any change in the criteria.

Q - Unidentified Participant

Okay, that's very clear. Thank you.

Operator

Our next question comes from Jorel Guilloty from Morgan Stanley.

Q - Jorel Guilloty {BIO 18291521 <GO>}

Good morning, everyone. I have two questions. I would like to ask the product gross margin. How do you see the gross margin in the future? Do you think it will increase? Since you will reduce the discounts to sell apartments, clearly now you are at a low level of 28%, but what do you see towards the end of next year in terms of gross margin and how it would grow?

The second question is about inventory. I believe it's now at BRL800 million. I would like to understand whether you're comfortable with this inventory level or do you believe that sales may continue to grow given the demand you're seeing now? Thank you.

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

FINAL

Good morning. This is Rafael Menin speaking. Well, about the gross margin is like he Ricardo has said the gross margin this year we were -- we moved sideways, meaning we won't expect any significant change in the gross margin. It will be around 28.5% and it will revert [ph] strongly, so that next year more towards the end of next year, but that to recover 300 basis points in the gross margin.

Of course it is a future consideration, we cannot make a statement towards that. But we want to get back to our historical margins in the last three years. We believe that is fast and the increase in the SBPE, this credit line has -- this facility has gross margin that's better than MCMV markets, which will play an important role, will have an important role to increase our margin, but we shouldn't expect this gross margin to increase a lot in the first quarter, in the next quarter.

We believe that next year the economy will be healthier with the reduction of unemployment growth in the economy. So we believe we can increase our prices a little bit more. So this is the target for the end of next year.

In terms of inventory, we remain at a very good level of sales. July has been the best month so far in terms of sales, August has started very well. And this will be our policy for 2020, to remain aggressive in terms of sales. But I think that this -- it's not affected it justifies the strong increase in the margin. Our digital platform has played a very significant role. The reputation of the brand and our customers has -- are looking for companies that have a good reputation in the market, that have modern quality products that deliver their products and that makes a difference. We see the level of demand that has increased in recent months strongly.

So we expect a high volume of sales in coming months and an important point is the recovery of launches. Now the notary public offices and city administrations are starting to open and operate again, not as frequent pre-pandemic but better than the months of March, April and May that have been very critical for public facilities. And so we -- this will increase as the public authorities resume their regular operations. And maybe in the second quarter it will be slightly below the sales, the volume sold.

Q - Jorel Guilloty {BIO 18291521 <GO>}

Thank you.

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

Okay, thank you.

Operator

The next question comes from we have (inaudible) from Credit Suisse.

Q - Unidentified Participant

Good morning, everyone. Thank you for the call. I have two questions. First, I would like to understand the competitive -- Ricardo you mentioned these market share gain or the new entrants or maybe people that are already competitors, but they want to grow. And the second question is to understand other initiatives to improve the gross margin and -- but I would like to understand it may be you see an opportunity to accelerate the production cycle or may be leverage trade receivables. What are the ways that the company sees to improve this ratio? Thank you.

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

(inaudible) this is Fischer speaking. Good morning. In the competition, as I said previously, what we see lately is we saw growing competition, especially in the largest cities and the capitals of the states, that's what we saw, but also more competition coming from smaller players, especially in small towns and medium sized towns. In the last three months the scenario started to change the big players remain, but the small players are losing market share. This is why I mentioned that we're able to gain market share.

Also because of the absence from this competition that has been decreasing, and also because of our more aggressive sales policy, we're able to win market in most of the cities we're present.

Now the challenge is to make this market share to consolidate at a higher level, to leave the -- to take the company to another level of growth. So this is in our mind, is a strategy we're tackling now. So the new entrants that we see basically they are companies that are having their IPOs now, but it's a big concentration in the Sao Paulo and Regus [ph] mid-markets mainly which doesn't affect us so much especially because the new entrants are highly focused on middle and high income.

There are very little people focusing on our core business. And they're highly concentrated geographically, especially in Sao Paulo. So we don't see that this is a factor that could have a negative effect to us. What we see in the next three months is a window of opportunity that's been open for us to grow, increasing our market share that it's much -- very much in line with the pricing strategy we're implementing.

Regarding your other question, yes, ROI is on our minds all the time. And you mentioned the gross margin, but there are other opportunities we're pursuing. One of them you mentioned was the sales over supply, the level we see now and our challenge is to maintain it. Maybe this is an opportunity as well to accelerate this entire business cycle, starting construction earlier and finishing the whole develop in a shorter period and having Caixa [ph] as a partner. So this is the main leverage.

We're working on receivables. But this is not mature yet, but we're working on that front as well. And we can have some gain from there. But this is in our radar, but differently from our -- the conference call we saw three months -- we had three months ago. Today, we have another opportunity because MRV is able to exit the crisis better than it started. So the crisis is not finished yet, but we see opportunities for that to happen again either increase in prices or in market share, which will be in line with the strategy we created many years ago multi-funding.

If a person makes a BRL2,000 a month or BRL10,000 month they can enter the company, and have a product for them. So that's the strategy that started many years ago and that's now becoming real in the -- during this crisis. So this is starting to become true now, okay

Q - Unidentified Participant

Okay. Great, thank you very much, Fischer.

Operator

Marcelo Motta has a question.

Q - Marcelo Motta {BIO 16438725 <GO>}

Good morning. My question is about the digital initiatives. You mentioned in the beginning, that you have BRL100 million invested this year. Could you talk a bit more about it, what are the main investments, what are the gains we should expect in the long run? After the pandemic, any impact on costs or EBITDA margin, could you please talk a bit more about that? Thank you.

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

Good morning, Marcelo. This is Rafael Menin speaking. The digital investment, of course, it has a relationship with efficiency, part of that is being targeted to that automation of processes and there is a lot of good things going on. But a good portion of this investment is targeted towards new business opportunities Marcelo.

As Eduardo mentioned we are creating a housing ecosystem. The customer will continue to make business with us in our platform for many years. It's just a completely different model from the traditional real estate in which the customer buys the product has the keys and the relationship ends, what we're creating in our opinion is a unique model in the industry with search store solutions worldwide and we didn't see anything similar to what we are creating here. It will be an ecosystem in which the customer will continue to have our business relationship with us with the group for many years, either selling the apartment within our platform, multiple business solutions that would be created with this digital endeavor.

We cannot open [ph] more now because this is an important strategy for the company. So we can't give you more details. But today we have -- we are now creating products that are highly innovative. We have almost 400 people working on our digital agenda. So there is a lot -- There are a lot of solutions, very interesting ones that will be launched in the coming quarters, and we know that this agenda has the beginning but doesn't have an end. It's an ongoing strategy. There is a cost in the cash flow and all that, and in the financial statements, but we are sure we will have a strong return on it in the future.

We're preparing the company for a new business model in terms of its operations, for another level of growth. So it's a very interesting -- a totally new solution for housing in

Brazil. I cannot give you any more color than that because it's a strategic decision for us. But it will make MRV a completely different company from what exists in the market.

Q - Marcelo Motta {BIO 16438725 <GO>}

When we have the announcements and the launches along the year in 2021, there will be a completely different product, or is it a gradual process. Just that so in the short middle run or is there are many initiatives distributed a long time.

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

Marcelo we're talking about many initiatives. Of course, some are more disruptive, others are more the development -- developmental as an evolution of our process, but I would say that the concentration will be mostly next year, but they're very interesting things that the company will provide to its customers and prospects in the next quarters.

Q - Marcelo Motta {BIO 16438725 <GO>}

Okay, thank you.

Operator

The next question comes from Bruno Mendonca [ph] from Santander.

Q - Unidentified Participant

Good morning. Thank you for the call. First question is about dividends. The company has been quite resilient, despite the pandemic in terms of sales. So I would like to understand what are you thinking about paying dividends? And the second question, I'll ask after that. Thank you.

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

Bruno, this is Ricardo speaking. Well, first question, about dividends. We started the year thinking about being 50% in dividends and then the crisis started, the pandemic. We reduced debt, we're thinking about 25% of last year's profit, but now since we see the demand is quite resilient and the strategy is working well, the cash flow is strong, I wouldn't be surprised if at the end of the year we'll pay more than the minimum mandatory dividend.

Q - Unidentified Participant

Okay, thank you. And the second question, in terms of competition, there are smaller players and there has been a clear gain for you in market share. So how do you see the positioning of these competitors now? Do they have capital to go through this crisis, do you believe you'll continue to gain market share from these players? And on the other hand there are restrictions for Caixa and the federal banks that because we want to give priority to the small players.

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

FINAL

Okay starting on the second question, yes we see that Caixa has a concern to have more and more formal players operating in this industry, because it's much better for them in the future. They know how the development was made and the form, they keep track of our projects, since the beginning of the project and they make monthly visits to the construction site.

So they are much more confident in terms of the value of the project and reducing any loss due to the default than they may have in the future, if they have to get the mortgage, and due to non-payment. In terms of competition, we have committed at several levels. MRV has increased its volumes and the granting of credit facilities linked to FTTS has dropped.

So we see the gain of market share. This is our manager. But looking at visits on market research, we also observe that the smaller players, I wouldn't say only the small, the teeny tiny ones, have, so to speak but the -- there is some slightly higher or bigger players that depend on physical shops to make their sales on real estate agents. So they're more stressed during this period, because they don't have the tools to make this sale possible. From the cash point of view they are suffering because it's much higher for them to have access to the capital markets. They are more indebted.

So what we can see that maybe in the next year, year and the half competition would be slightly lower but this is a profitable business, of course, so towards the future competition will increase more than we have now. And we do -- we are prepared for that.

Q - Unidentified Participant

Okay, thank you.

Operator

The next question comes from Andre Mazini from Citibank.

Q - Andre Mazini {BIO 20377100 <GO>}

Good morning Rafael. Thank you for the call. First question, is about the partnership you made with (inaudible) an SBPE, or LUGGO. Could we expect more partnerships with shopping malls players because these multi-use malls is something that will be an interesting strategy. And the second point is about the grace periods that the Caixa has given, six or eight months in which the owner doesn't have to pay for the loan facility.

Do you think that could reduce the default levels. Have you had any previous experience in Brazil. And in the United States there was a similar grace and it didn't work well. Of course, we cannot compare to the states because there the buyer could use a low and invest in several different properties, This is different in Brazil. It's a single property. So the question is, if you have any experience with similar benefits in Brazil. If you have any experience in terms of default and what will happen. Okay. [ph]Andrew.

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

Okay, Andre, good morning. Thank you for your question. Let's talk about the opportunities that arise around the shopping malls. Yes, we are indeed negotiating in Brazil we bought two lands that we're going to launch, two SBP line. One would be a more compact one, and the other one would be a bit more expensive. We're talking about apartments amount between R\$250,000 and R\$350,000. It's a great location close -- almost close to the ocean, and the price is quite competitive for the location.

We also closed a LUGGO product almost inside the mall and we're negotiating three or four plots of land with the same characteristics. So the answer is yes. What we see today is that the malls are changing the retail is changing a lot. Parking lots for example that used to be essential strategic to the malls today is not so important. So there is extra space in some malls. So we may increase that area especially -- that area of operations especially with LUGGO and especially in developments connected to malls, because this is very nice and it may increase in traction in coming months.

Regarding the grace period of Caixa what we see is that few customers are using it. When we saw the news, we thought that everybody would use that benefit, but this is not happening when a small percentage of customers have used that. I don't have the exact number but Rafael can give you the figures in terms of percentage.

But the important point here Andrea is that this sanitary crisis caused people to stay home much more and the home became much more important for people, for the families. So many of our customers live in a not so comfortable conditions and therefore they understood that it makes sense to allot more money or invest more in the quality of living and therefore a property is a key for the family to be well located with leisure opportunities and a good location. So homes, the tradition of owning a home in Brazil has always been a dream.

And now, it's been become even more important because the COVID crisis that is here to stay, caused the home to become ever more important for people and we know that the Brazilian economy allows for the market to grow at in every levels of income and since the interest rate will be at adequate levels, we expect the real estate market to grow a lot in coming years. I think that this year been complicated, but now it's a bit better than I expected. But for the future. We have an interesting macroeconomic and microeconomic agenda going on. There will be a lot of private investments in the future and the government will make of fiscal effort not to allow inflation to go back to grow again in the country.

So interest rates are at a good level, inflation are being -- under control. So I believe that investments will increase in Brazil when housing investments will double in coming years in Brazil undoubtedly. So this is how we see the market. This is how we think things will happen and if this becomes true, we'll have a very interesting market for many years to come. And those that do a good job in terms of geographic location and positioning, will be able to profit from this market growth.

Q - Unidentified Participant

This is very clear. Ricardo, thank you very much.

Operator

(Operator Instructions) The next question is from Christian (inaudible).

Q - Unidentified Participant

Good morning. The funding from the government for My House, My Life, as shown has proved insufficient in September, October. And this -- for the industry is not so predictable. The sales in that segment are doing fine but what are the prospects for lack of funding, 2020? And what would be the possible solutions to that? Thank you.

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

Ms. (inaudible). This is Fischer speaking. How are you? As you -- as Raphael said in the previous question about the importance of housing industry and how this market addresses major social issues we have in the country. So all the government administration see that. We -- what we see today in the interactions with the government and the FTTS is the funding must be maintain. So that the program won't suffer because it addresses the main difficulties our society, especially in the medium and large cities.

So, we see an alignment from the government in trying to protect the main funding because it's interesting for MCMV. Also as we have a macroeconomic scenario that's more balanced that's the effort we're doing now and that reflects in the nature rate that is low in the long run.

Then we will (inaudible) pressure from the FTTS the guarantee fund. And we see that from our customers, because many of our customer that initially by to use in their FTTS in the transfer they can now use savings, because that is even more competitive at the higher levels of MCMV. They don't have the subsidy. So that removes the pressure from the funding more directed towards low income families. That -- how we see that, of course, this is always a source of concern, but the feedback we're having from other parties related FTTS, and the government included. It's a common understanding that the funding must be preserved so that it continues to play the role for which it was created to support housing policy.

Q - Unidentified Participant

Okay, thank you for your answer.

Operator

The Q&A session has now ended. For the final comments, I would like to turn the floor over to the CEO, Mr. Eduardo Fischer.

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

FINAL

Well, thank you. I believe we have covered everything regarding operational aspects of MRV, especially what's going on now and how we responded and we responded well to the pandemic. I would just like to go over one point that we didn't talk about and there was a good disclosure in our release regarding ESG. Two things are happening during this pandemic. My digital migration much faster the Companies are digitally accelerated in a unthinkable way, and but the same is going on with the ESG topics.

Here at the company we see that people, investors and shareholder are requesting, that and this will change. So this is a way for us to show what we have been building on this topic in the last 20 to 30 years. Rafael talked about our commitment to society. We quickly responded helping society to provide support in -- of providing food and health, especially in the towns we're present, but there is a lot more than that going on in the company.

We have a Vice President exclusively for ESG for two or three years now. We are part on the Sustainability Index of the stock exchange of the Brazil. We are now increasing the number of photovoltaic, solar panels to decrease the carbon, footprint We come -- we offset the carbon use the company. So there are many steps are taken that now that this topic, has been accelerated we can show that we're doing well on that topic. So we are proud of that.

But also this is an opportunity for us to exercise a responsibility regarding ESG, that applies to the other companies of the group. As well as to MRV our volunteer work projects, our generation projects. A lot -- we're doing a lot in that area. And we wanted to give that disclosure in the opening. This topic is become very important in the company. This become -- this has become a strategic topic in other companies that I don't see a change in that, and we're doing fine regarding the topic. And we'll invest even more in that.

Just to close ESG is a topic that we are a benchmark in the industry and we want to be a benchmark in that in the market in general. And we did well considering the moment we're doing -- we're going through. Thank you all very much. We see you on the next call.

Operator

The conference call of MRV has now ended. We thank you all for attending and have a good day.

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FINAL

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