

Q3 2019 Earnings Call

Company Participants

- Eduardo Parente Menezes, Chief Executive Officer
- Gustavo Artur Ciocca Zeno, Chief Financial Officer and Investor Relations Officer, Vice President
- Rogerio Tostes, Director of Investor Relations
- Unidentified Speaker

Other Participants

- Bruno Saraiva, Analyst
- Leandro Bastos, Analyst
- Marcelo Santos, Analyst
- Roberto Waissmann, Analyst
- Samuel Alves, Analyst
- Susana Salaru, Analyst
- Thiago Bortoluci, Analyst
- Vinicius Serrao Ribeiro, Analyst

Presentation

Rogerio Tostes {BIO 6148759 <GO>}

Good morning. I am Rogerio Tostes, Director. Well, welcome to our conference of results of the discussing -- of the third quarter of 2019. The presentation will be done by our CEO, Eduardo Parente, and CFO. The audio and the slides will be available on our website, www.yduqs.com.br, and the teleconference is being transmitted simultaneously into English. To ensure the good corporate governance and avoid any misinformation to our stakeholders, if you have any questions, please request the help of an operator dialing asterisk two.

This conference might have predictions about future events and might make those expectations to not be materialized and be substantially different from the expectations. These forecasts express the opinion only for the date -- for the company at the date that they were done and the company does not undertake to update them in the light of new information.

Now Eduardo Parente.

Eduardo Parente Menezes {BIO 16707188 <GO>}

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Well, thank you, Tostes. Thank you for participating in our conference. Beforehand, I want to comment with you that we're very satisfied with the results. I think that shows consistency and this is what we've been mentioning with you. It's been quite a while, it's been a very difficult year, a lot of initiatives, and we would like to spend the same -- repeat the same leverages of growth and standards and margins in our medicine, distance learning, and in the contribution for the results for the future perspective as well.

I wanted to start with the first part. Here, which is the projection of our New Medicine Campus in Barra da Tijuca. It's the first premium unit that is done in a different way and we are seeking growth in a different segment. This is a unit for 1,200 students. We want to get in there the industry unit as well. For those of you who don't know it, it's the space where we had the old offices of Vale do Rio Doce in Barra da Tijuca.

Slide number four. Now, we have an indication that we gave to you in regards to the capturing of 2019. We had records in the on-campus and distance learning. The on-campus, we have prospective of zero and 10%. We went to 20%. We did -- overcame our expectation and there is a lot of things that we are doing correctly, some expectations for improvement in the market, we did better in all regions. A drop in the ticker that we expected, 4.9%. Actually when we exclude the FIES effect, that number is about 0.8% only. In the distance learning, while we are capturing 62%, we are going full throttle in the first semester. This generates an expectation that is significant in Estacio for the distance learning and also an evaluation of tickets that is a bit negative.

Now what I reinforce here for the growth of all of the regions and it has been (Technical Difficulty) the poles are still growing, the centers, and we are still working with the tactical issues for the first semester where we had a different philosophy here in the expansion and we needed to make a scheme of that repeating in the second semester with success, this philosophy, the technology of success, philosophies of quick reacting to the market and now the results are very good. It's important information that we had an increase in the year of 24% increase in intake and this has been one of the greatest years. It was a very good leap.

Slide four now. A great summary of the quarter in regards to EBITDA and the revenues. The base has been growing. As you can see the numbers, when we see a loss of over 20,000 students comparison to last year because of the FIES, we could keep that -- this as the result that we are talking to you. This is, we commented, depending if you compare to the fourth quarter of last year, there were still (Technical Difficulty) and we're going to grow the margin now. We knew specifically that this was coming to keep the standard of margin of 30 some percent for this year, and this is what happened. We have the intake also, a growth here in the student base, a lot of costs, courses and a lot of work in major operational research that we are advancing. And we've gained a lot of success with that. At the end of the day, we look at the right and we see an increase of 8% in -- 5% in the cash conversion comparing in the last nine months of '19 compared to the nine months of '18. This is a healthy company generating cash and with a very positive result.

Next page, page five. Once again, our base. All the segments here with positive results. We have the on-campus growing. We have over 40,000 students studying with us FLEX,

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which is very important because of the higher margin, an increase of 70% and then postgraduates. 2020 is the year to really focus here because we have a lot of opportunities to grow, if there is a cash flow (inaudible) but we need to focus more and more, the total base of students. And even though we had the losses because of FIES, we had an increase of 18% in regards to the third quarter of '18, better retention, and the PAR student base, this is new. We need to improve. We improved the cash conversion and we need to have an effect on the medium term.

And now we are going to talk about the financial indicators.

Gustavo Artur Ciocca Zeno {BIO 19036323 <GO>}

Thank you, Eduardo. Let's start with the revenue. We had a revenue that was stable in the period even with the challenge of the FIES. It's important to remember that FIES in '19 is our biggest challenge. The base of 42,000 student that is 15% (Technical Difficulty) campus base, and if you compare it to '17, that was 30% of the base. For 2020, we expect that this number falls to about 20,000, and from 2020 on, we have a FIES that is very low.

Now the performance of the net revenue per segment. We had a better performance in on-campus excluding impact of FIES, 3.8% than the same period of last year. And because we have new campuses, a great deal of our sites are in the first capturing in the first quarter, and we have the first capturing with the opening of more of these sites, we have still ramping up some places and we should keep a growth of revenue for the next period for the on-campus.

I think Eduardo already commented the ticket, the flat. Excluding the impacts of FIES, would just be an impact of 0.8% in the on-campus (Technical Difficulty) combining renewal capturing and distance learning, a slight drop of 1.5% [ph].

Now talking about OpEx, more costs and expenses. We have a lot of initiatives in regards to cost efficiency. We had a growth of EBITDA and margins. In this quarter, we had three here, non-recurrent, one of restructuring staff impact of 20 million. Then M&A expenses, 6 million, and an issue of reviewing a rental agreement that is still from 17 million -- about BRL16 million, which is 41 million in non-recurring items. If we exclude the non-recurring items from the base, we had a decrease in the expenses -- in the total expenses of 3% from 565 million to 547 million. This displays our ability to manage expenses.

In the slides, we have the accumulation in nine months. The -- I highlight the good control in personnel, the main line of expenses in the company, BD [ph] and third parties. The performance of these three lines neutralized the advertising and bad debt. This is associated to the growth of the business.

In regards to PDD, we are very happy with the expenses. We have the result here and we have, throughout the semester, a lot of agreements, an increase in assets and liabilities and have allowed for a (inaudible) renewal, but also a good cash conversion.

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Let's go to the next slide, EBITDA and cash conversion. I highlight the control of expenses, I have a comparison, lower performance. With the previous period, we still have results for the IFRS 16. The EBITDA grew 2% and we have 35%, above 33% in the same period of last year. This is due to the resilience of the revenue and the strong control of expenses. The cash flow analysis and conversion in the top right. We had an increase of 6% in here, the cash flow and cash conversion for '19. Now, the CapEx -- we had the margin of 68% (sic) versus the 63% over the last -- over the same period last year.

CapEx. Here, we have an estimation of growth of CapEx in 2019 of 230 million. CapEx that is presented here is very much in line with our expectations and we should be very close to what we presented in the last quarter.

Now I give the word to Eduardo Parente.

Eduardo Parente Menezes {BIO 16707188 <GO>}

Thank you. Well, I'm going to talk about the growth once again. I think the math [ph] in distance learning, everybody is following up on the news. You've seen the fantastic step that we took with the M&A. And now looking at distance learning, it's more of the same. We are growing at full speed, generating a growth of 25% in regards to the previous year. We can see a very strong growth in FLEX over the last two years. We had here the growth and we are talking about a growth with a very big base.

Now when we look at the number of centers, we got to 787. If we look at last year, we had 500 centers, which was 380 centers that are at the beginning of capturing students. So there is an expansion that we are really working with, but also the maturing of these centers are going to bring more fantastic results.

To the right, you can see revenues. Revenues are growing more than the number of students with issue of the mix in the FLEX contributing and here generating an EBITDA of 176 million -- sorry, 137 million with 78% margin. Up until a little bit below, we had 350 poles -- centers opening per year. We had the biggest number at UNESA here in Rio de Janeiro. We are increasing to 450. And when we bring the expectation that we're going to get from UniToledo 250, it's a fact we already acquired, and now with Adtalem, we are talking about 554 centers. So our prediction of growth with distance learning is based on our capacity to evolve and growing the number of centers.

Let's talk about the next page, medicine. Once again, consistency. The four units Mais Medicos that were authorized by the Ministry of Education, four are still on the works. We are going to capture next year the first expansion in regards to Mais Medicos I. So we have another 100 seats in the new campus. That will bring a clear view that we have the differentiation with medicine we have here in Rio de Janeiro and we are the number one university in the State of Rio de Janeiro. So we are the biggest school of medicine in Brazil, and in this meantime, about (inaudible) we increased 37% our number of slots. We have here a very aggressive scenario. We can see 1,400 with the addition of our talent as the addition of the base. We will get to 1,400 seats open for the students, and this is the

base for students for 2024. The revenues are growing and the average ticket is growing as well.

Now let's talk about the next page, the M&A. You can see here in the last quarter, and in fact we are very -- we know that we've done great deals and we looked at as well. We prefer to buy more and we were trying to find the two businesses that, since the inception in our brand, we saw two fantastic business that are -- that could bring something different.

Starting with UniToledo, that was authorized by the (inaudible) would be -- which would be (Technical Difficulty) seats. This is a fantastic teaching university. We had 5,000 students. We are -- we think that these are wonderful students and professors and they're going to work in the state of Sao Paulo and we have the possibility of working -- of helping even in Rio de Janeiro in the other units. As I mentioned, 5,000 students and our expectation is something different than what we did. The expectation is to keep the brand because of the quality, because of the recognition and using that brand for the expansion in the state of Sao Paulo in the on-campus and distance learning, as it was mentioned. They had a view of bringing more -- more of a vision of bringing 100,000 students, so bringing people of all the levels from on-campus and distance learning from management and to think differently from us that they -- we have a rigor, an obsession with quality and they can help us with our digital teaching. The idea is to keep lbmec completely independent as it is, even getting people today are at Adtalem and we can -- and they can work with our medicine as a whole. And I have a big transformation that should be done, and Wyden world, they won't make me apart, and these numbers, once we get them together, we will get 137,000 [ph] campus. And we see bringing them together, if we see the EBITDA from the past to the future, over 200 million of additional EBITDA to Wyden.

So to the conclusion. We were just mentioning, we are building a very solid base for 2021 to really go full throttle. There will be no losses; there will be no looking back; only growth, and we are building based on these three leverages on the on-campus, distance learning, and once we remove the FIES issue, this is very solid growth.

Looking at the conclusion, we have operational gains that are very significant with an intake that is historical, 320,000 students, student base growth with all segments, including former FIES, focus on retention, 86% on-campus, generating 270 million of EBITDA in these nine months. The cost is stable, the EBITDA if adjusted growing, cash conversion that we are very proud of, the 68%.

Looking up ahead, the distance learning, on-campus growing and the M&A, the acquisitions we are working with the integration within the limits that the authorities allow and also Mais Medicos and so that everything is working out together, but we are not going to stop here. We have cash, we have good balance and we continue to look outside ,want to take our impact to more people throughout Brazil.

I'm going to give it back to Tostes.

Rogério Tostes {BIO 6148759 <GO>}

Thank you, Eduardo. Now we can do the Q&A. Remembering two questions per participant, please.

Questions And Answers

Operator

We will start the Q&A. (Operator Instructions) First question, Mr. Roberto.

Q - Roberto Weissmann {BIO 20589306 <GO>}

Thank you. The first question. Volume and price, what happened with the strategy of gaining with tickets and volume? I wanted you to comment a little bit on that. And the second question is in regards to expenses in organizational restructuring. And what else do you have along those lines with the restructuring of the teaching?

A - Eduardo Parente Menezes {BIO 16707188 <GO>}

Thank you, Roberto. This is not a trade-off with the price. You get a record and you go 20% better than in the past year. At the end of the day, on the medium term, you have a healthy company. Obviously there is a trade-off that we're doing and we are working strongly with our position in all the markets that we work. There were places that we were not working very well and we waited too long. That doesn't happen anymore. And I think that we are certain that we are doing the right thing. With this expansion movement delivering what we consider to be something marginal in price, but working with the retention mainly.

In regards to non-recurring expenses, there is the teaching issue. We saw an opportunity working specifically with operational research, optimizing the classrooms. Operational research is very enriching and we are not holding anything. We are bringing people with a lot of experience. And we saw the opportunity of eliminating waste. This is our big focus. We need to work with the students, taking to them what is necessary. Otherwise, we're going to limit and not giving, not working with the -- their strong issues. We are specifically in a world where we have a lot of difficulties with distance and we are working with this with an impact for the second quarter -- second semester.

Q - Roberto Weissmann {BIO 20589306 <GO>}

Thank you.

Operator

The next question from Ms. Susana, Itau.

Q - Susana Salaru {BIO 16170633 <GO>}

Good morning. We have two questions, two connected to distance learning. First, ramp-up of the centers, you're growing very strongly. If you can tell us when do you expect that you will have the maturation curve. Also, if you can talk about the number of cities that you

wanted to cover with the new poles, with the new centers. Are you reaching the places that you thought were the most promising places?

A - Eduardo Parente Menezes {BIO 16707188 <GO>}

Well, thank you. I'm going to give the word to Vieira [ph]. He is going to give the answers.

A - Unidentified Speaker

Hi, to wrap up, it slowed following what we've seen, so the rhythm of increase of costs, already predicted a natural growth. We are structuring -- so we will keep the accelerator rhythm. In general it reaches -- it takes about two years to reach the full ramp up. So there is a ramp-up. When it comes (inaudible) for whom, for the owner of the center. The issue of centers varies. We are getting a ramp-up once we get to a base of students that -- we think that it's healthy for the distance learning. In regards to the cities, we are keeping with the cities that we announced, 1,500 cities. Obviously we have a list that prioritize those lists and we follow with that throughout the day. We are giving the incentives to continue with that internally.

Q - Susana Salaru {BIO 16170633 <GO>}

Thank you.

Operator

Our next question is from Leandro, Citibank.

Q - Leandro Bastos {BIO 21416405 <GO>}

Two questions, more about the reversion with the quarters. I wanted to know the renegotiation of debt, the campaign. How was it working? And if you can talk about the nature of the financial expenses and what would be the normal numbers that would help with the modeling of the quarter numbers. And also the second question in regards to the institutional restructuring. There is the effect on the -- of the teachers. We had several efficiency tests in this, this is an opportunity to see -- to do a balance of what the last year was in regards to the previous two years.

A - Rogerio Tostes {BIO 6148759 <GO>}

Thank you for your participation. Can you speak a little bit fast? And I think there was 15 questions in queue.

Q - Leandro Bastos {BIO 21416405 <GO>}

You were talking about the renegotiation campaign. How much it was, and then we couldn't understand what you mentioned, in the second half. Here is the following. We had the renewal with the PDD with the monthly fees and the renegotiation just to understand how much it was. And there was another reversal in the expenses. I wanted to get your comments for the leasing, how much it was and what is normal. I'm talking about the -- these reversions specifically.

A - Eduardo Parente Menezes {BIO 16707188 <GO>}

It's clear -- before I'm going to answer, I'm going to start with second one. And I understand about the restructuring, if we expect a big one by the end of the year. Actually we are waiting for one thing at the end of this year, but not in the same volume that was the same in the last year. We could get -- Adriano and his team, we could anticipate something that we were looking just for the end of the year. So yes, we are waiting something for the end of the year, but not in the magnitude of the last years.

A - Gustavo Artur Ciocca Zeno {BIO 19036323 <GO>}

I'm going to start answering the first question. I think there is a discussion here, very strong, and we were sitting down looking at a lot of people and we decided to transform the distance learning and cash flow. We hired a consultancy, we did a cluster analysis, the type of students that were outside, the ones that were in debt, and I think that this was a scored goal, the transformation of the debt that was stopped and we could actually cash, complementing what Eduardo said. The discount that we conceded, this is not operational and this is part of the EBITDA.

Second point, we have increased in the quarter, and here if you see the accounts receivable, the number of agreements vary a lot. So a great deal of our negotiations became cash at the end of the day. Another evidence of that would be the cash conversion of 68% and this was -- this is translated with the success of our initiatives.

Second point. Contingencies with the reversal of the interest rate and the correction of the indexes. We see that the correction of our processes, the financial correction, they are corrected due to certain indexes and we were very conservative. We were doing it wrong. So once we did that, we did reversal.

Q - Leandro Bastos {BIO 21416405 <GO>}

Okay. And what is the standard for the monetary adjustment in contingencies?

A - Gustavo Artur Ciocca Zeno {BIO 19036323 <GO>}

Well, let's wait for the end of the year, but I think that given the improvement of the controls, I see that this line should be aligned -- that is going to be very shy, it's not going to be in the spotlight. Talk about this once again in the fourth quarter.

Q - Leandro Bastos {BIO 21416405 <GO>}

Thank you.

Operator

Next question will come from Mr. Samuel from BTG Pactual.

Q - Samuel Alves {BIO 18720076 <GO>}

Good morning, Eduardo, Zeno, Tostes. Just a question. If you can tell us a little bit about the PAR percent. It was only 2.5% of the intake of -- in last year, it was 11%. To understand if this is the new standard that you -- way to work with the product. Does it generate message that you do not need to give so much incentives to capture here?

A - Eduardo Parente Menezes {BIO 16707188 <GO>}

Thank you. The answer is yes and no. I think that we live in a world that financing is important. We've been working to try and find alternatives and having a trust up ahead, and I think at the moment is, with the public financing, will help. But PAR, what happens is that we have a product that unless we start to look at our side and the side of the student, you have a chunk of the capturing that is extremely advantageous on one side and is extremely advantageous to the other side. So you have a short window of, once we looked at that deep and we tried to communicate that directly, the volume dropped naturally.

So what happens here with this model that we have now, this is the standard and we are redesigning this up ahead, an overview of this lifecycle of the student, the guy has been here for one or two years, this is a smaller risk, will they need help to conclude their studies. We are also maybe bringing an outside financier, we can do a risk analysis. And this is the standard that you are seeing. But up ahead, we want to work with the predictability for the student.

And there is certain other things. There is another group working with the renewal and I just wanted to highlight that we always talk about the market. More installments is something that we need to have, but in a very limited way. This is a teaching institution. It's not a (Technical Difficulty) we want to improve the product, support the student without damaging our preferences, but we're not going to have any other financial product within the portfolio of our business. This is going to be the standard you're going to see, maybe going a little bit up ahead, transferring for the market and the rest.

Q - Samuel Alves {BIO 18720076 <GO>}

Thank you, Eduardo, Zeno.

Operator

Our next question is from Mr. Marcelo from J.P. Morgan.

Q - Marcelo Santos {BIO 17186991 <GO>}

Thank you. If you can talk about the ramp-up that is expected for the next few years for the medicine units. Some start next year. We're talking about the four units that are getting the students from the first semester. When the 100 -- first 100 seats are going to be filled and by (inaudible) are you going to work with the units? That's the first question.

Second question, major -- the points that were given with the -- to attract the students with the intake, we're talking about points that are the full semester. What is -- how the ticket should behave specifically in the quarters? This is because something that was

more aggressive, it should persist for the next year? So if you can tell us more about that behavior.

A - Eduardo Parente Menezes {BIO 16707188 <GO>}

Marcelo, thank you. Ramp-up in Mais Medicos School of Medicine, we have two in the first semester, two capturing in the second. Juazeiro, where we captured 80 students. It wasn't 100. The 100 will come next year, and we will have discounts for the first semester. So in December, it continues, but next year we will have an uplift.

Q - Marcelo Santos {BIO 17186991 <GO>}

Okay. Thank you.

Operator

The next question will come from Vinicius, UBS.

Q - Vinicius Serrao Ribeiro {BIO 19720178 <GO>}

Thank you. I just wanted to talk about the dynamics of the on-site. Obviously '19 was very good because of all the reasons you commented, but I wanted to explore what do you expect for 2020? What is the trend of volume that you see? And what is the monthly -- the second question is also along those lines. The concern that there was in the market before, it was about the quality of the intake and sometimes this was due to the nature of the discount. I wanted to understand how you are controlling that, specifically with the base of students you just captured.

A - Eduardo Parente Menezes {BIO 16707188 <GO>}

Vinicius, thank you. '19 two and '19 one was very good. We are very satisfied. And 2020, we expect to move forward. It's difficult to estimate the number. We are working with our projections for budget. This is a very dynamic market. And I'm very thrilled to see good results in the components. Our feeling is that there is a good improvement in the market and I think that, once again, the perspective is good. But I don't have a good number to tell you.

We -- now, the quality of the intake. It appears clearly once we can improve the indexes of renewal and retention, I think that we had a very strong work with the capturing. We had a history of that the -- the student had a biggest persistence, I should say. So we expect these numbers show that they are improving.

Q - Vinicius Serrao Ribeiro {BIO 19720178 <GO>}

Just a follow-up question. How do you select to whom you're going to give the discount for the intake? I know this is marginal, but I just wanted to understand how do you -- what is the policy of deciding this discount to giving incentive for the students who get in?

A - Eduardo Parente Menezes {BIO 16707188 <GO>}

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It's more from the outside in and inside out. We don't have a standard student. It all depends on the market. I think that the biggest leap that we gave over the last year is being able to look at each course, shift place and try to understand what we need to do and what we're doing and understanding our attributes and having a competitiveness that is right wherever we want. And of course we need to work after a certain period. You work with the students that -- you have 20 students in a class, you can give 10 more. And I think that we have a lot of take-ins [ph]. We have technology and good processes and also the speed of reaction, and we -- there are places that we can see the competition moving in and we have a good notion that we have more quality and a better name. So it's very granular. So here, the number of students that we're looking at is very big. And what we try to get always is to work, we bring the student, that they stay, that they have a good experience, good quality and good profitability for us as well.

Q - Vinicius Serrao Ribeiro {BIO 19720178 <GO>}

Thank you.

Operator

Next question comes from Mr. Thiago, Goldman Sachs.

Q - Thiago Bortoluci {BIO 20909105 <GO>}

Thank you for getting our questions. We have two. The first question is regarding PDD. The nature was very clear with the Q&A. We just wanted to understand why that line is in the non-recurring profits, the provision for the bad debt. And what do you expect from the future given that the average debt lines for the accounts receivable is not improving, while the non-recurrent, 40% in this quarter is regarding to a leasing contract. Can you comment a little bit more on those lines? And from up ahead, should we expect non-recurrent expenses due to the acquisition of Adtalem?

A - Gustavo Artur Ciocca Zeno {BIO 19036323 <GO>}

Thiago, first about the PDD. Here, I do not see any non-recurrent -- of the financial numbers of the company at each moment. We will give some discount to renegotiate debt of active and inactive students and remembering that every renegotiation we have part of the payment cash. We have the deferral of the installments that are late and another discount installment. This is part of the discount. There is no way -- you shouldn't see this as non-recurrent.

I think that your second question was about the issue of the real estate. Looking at going forward, our average deadline for receiving, 98 days. If you look at the previous quarter, it was about 90. That was expected, the insertion of the financial products, we are talking about that since '18. Our cash conversion already considers this increase in deadline. So I don't see anything that concerns us with the maintenance of a good cash conversion. I don't see any pressure looking up ahead. And looking at PDD, we are looking at something about 10%, 12% looking up ahead and we're very close to carrying the maturity of that indicator due to the students. SG&A, the real state non-recurrent, this is an issue from '17. It's very pinpoint and given the probability for the negotiations, we are bringing the results. And this is the first time that we bring non-recurring items. It's not a practice of

the company to talk about this, we don't like this, but we understand that it's important for the market to know that this is something that should not happen again.

A - Eduardo Parente Menezes {BIO 16707188 <GO>}

I've got an addition here. Adtalem is going to generate costs and the results are going to be non-recurrent. With the M&A even consulting, there are things that are going to appear. Our expectation for the year is we are getting to the standards that we got last year.

Q - Thiago Bortoluci {BIO 20909105 <GO>}

Okay. Thank you.

Operator

Our next question comes from Mr. Bruno of Bank of America.

Q - Bruno Saraiva {BIO 17559468 <GO>}

Hi good morning. What is your expectation for capturing the benefit of the operational research for the teacher -- teaching costs? Can you tell us a little bit about that? And I'm sorry about insisting about the ticket, but can you give us the evaluation of the first year student and the last year student?

A - Eduardo Parente Menezes {BIO 16707188 <GO>}

We're not going to answer the second one. That's strategic, there must be a lot of people listening knowing that as well. They want to know that as well. In regards to the first, there are still a lot of things to do. There is still a process. It has an impact from the cost side and it has a big impact in the retention and the quality of people. You have a predictability that is very big with what's going to happen with the -- you can give a better life to the teacher, the good teacher, the ones that we (Technical Difficulty) and the ones that the students admire have -- they have good results. They have more medium-term life cycle, but we got squeezed this semester. We went beyond our initial projection. We have things for next year and for the next year. There is still a year and a half of work with this. And we rather not talk about this because we are still testing. So I'm sorry that we are not going to answer your two questions, but...

Q - Bruno Saraiva {BIO 17559468 <GO>}

No problem.

Operator

If there are no more questions, I would like to give the word to Mr. Eduardo Parente for the final thoughts.

A - Eduardo Parente Menezes {BIO 16707188 <GO>}

FINAL

Once again, thank you very much to everybody that is here. We are in a journey that is very interesting, of lot of changes. I am very satisfied of being able to have this dialogue with you and showing consistency. And I've said in the back, this is a standard and I believe that medicine and distance learning and the growth with the M&A (Technical Difficulty) objectives. And I wanted to highlight the invitation for you to be in November 26 with us with our YDUQS Day. And I think that it will be very clear on how we're thinking about the future and the opportunities that we are foreseeing for the future. Thank you very much. Have a nice day.

Operator

The teleconference of Estacio is closed. Thank you for participating.

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