Q1 2018 Earnings Call

Company Participants

- Jose Antonio de Sousa Azevedo, New Business Director & Investor Relations Officer
- Luis Fernando Memoria Porto, Chief Executive Officer
- Unidentified Speaker

Other Participants

- Lucas Marquiori, Analyst
- Renato Mimica, Analyst

Presentation

Operator

Good morning. Welcome to Locamerica's Conference Call to discuss the results for the First Quarter 2018. At this point, all participants were connected in listen-only mode, and later we will start the Q&A session, when instructions for you to participate will be provided. This quarter, Locamerica will welcome the participation of press professionals to ask questions right after the market analysts. (Operator Instructions)

This conference call has simultaneous translation into English and question can usually be asked by participants connected abroad. Questions can also be asked through the Internet, through the webcast platform. Remember, that this conference call is being recorded. The audio will be available on the Company's website within 24 hours. If you do not have the copy of Locamerica's press release, you can obtain it from the Company's website at www.locamerica.com.br/ri.

This conference call accompanied by the slide show has been transmitted simultaneously through the internet, also with access through the Company's website. Before proceeding, I would like to clarify that any statements that may be made during the -- this conference call regarding the prospects of the Company's business, as well as projections, operational and financial goals related to its growth potential are based on expectations regarding the future of Locamerica. And such expectations depend on the performance of the factor on the country's overall economic performance, and on the domestic and international market conditions. Therefore, they are subject to change.

With us today is Mr. Luis Fernando Porto, Chief Executive Officer and Mr. Jose Azevedo, Investor Relations and New Business Director. Now, I would like to turn the conference over to Mr. Luis Porto. Please, Mr. Porto, you may proceed.

Luis Fernando Memoria Porto {BIO 17590082 <GO>}

Thank you. Good morning, everyone. It's a great pleasure for me to begin another Locamerica's results conference call. The first quarter of 2018 is the first result of the new Company arising from the Locamerica-Unidas merger, which was completed on March the 9th, 2018. For this quarter, we highlight that the Company's accounting result considers the three months results of Locamerica and the results of Unidas using the equity method as of the date of completion of the merger.

However, in order to provide the market with more accurate information both in our press release and in our presentation of results that we'll deliver shortly. But we'll discuss the results of the first quarter 2018 in a combined manner and recurring as well. Before presenting the results of this quarter, we would like to provide an update on the progress of the schedule of the process of our merger with Unidas.

On slide 4, represent the progress of the schedule of the merger process. As previously reported, we had the process executed in December 2017 and later [ph], we had unrestricted approval by CADE, the Brazilian Antitrust Authority even before the estimated term of 45 days, exactly today, May the 8th, 2018, we have completed a 130 days after the execution of the agreement, and we are pleased to report that before we had expected, we are already in the final planning phase of the new Company. After this stage is completed, we'll then begin its execution and move on to the end of this year to have as early as 2019, the new Company consolidated with the best practices of the two Companies, and all synergies fully captured for 2018.

Regarding the potential synergies, we have completed a 100% of the refinancing of the debt of Locamerica-Unidas as planned for the year 2018, after we have finalized the purchase of vehicles in a more favorable condition with all -- automakers. In addition, we have already defined our scheduled for the new Company. In addition, we are in process, the integration of the customer service network and suppliers as well as the vehicle sales processes in line with the planned schedule. The experience of Locamerica with its merger with Ricci in addition to the great capacity and the preparation of our team, is making this new process of merger in spite of being greater is at the same speed and quality that happened with Ricci.

Turning to slide 6, we'll talk about some of our operational highlights. In this quarter, we recorded growth in business volume in all three segments where we operate. The number of daily rentals -- expanded both in fleet management and in car rental, boosting the results obtained in each segment. As for used cars, the retail focused strategy backed by our competitive drivers brought another quarter of positive operating and financial results.

Generally speaking, this live service that demonstrate the gain in operational robustness that the new Company at this place, placing us as the leader in the market of fleet management, and the second largest car rental company in the country in term of number of vehicles. Altogether, we have a 105,413 vehicles which represent a growth of 281.5% in just 12 months. Further details on each segment will be given throughout this presentation.

In the next slide number 7, we will talk about the financial highlights of the first quarter 2018. As expected, we can see a significant gain in robustness which was generated by the merger of Locamerica-Unidas. On the top chart, we can see the positive evolution of the combined results of used cars amounting to BRL41 million gross profit, and annual expansion of 287.6% on its term, the combined margin was 11%, 0.2% percentage points above the first quarter -- 2017. On the graph on the right, we can see the evolution of EBITDA, which was recurring and combined. And in this quarter, accumulated the amount of 206 million, an increase of 272.8%, and we reached this EBITDA margin of 63.6%. Below to the left, the recurring EBITDA combined amounted to 151.3 million, an annual growth of 263%, and amount -- amounting to a recurring EBITDA of 39.3% in the first quarter 2018.

On the graph to the right, we can see the annual growth of recurring annual growth, a total of BRL53 million, reaching a net margin of 13.8% in the first quarter 2018, a historical record for the Company. Since we are talking about combined numbers, just wanted to stress that the margins already considered the results of the segments of car rental, that intrinsically have lower margins than that of the fleet management. In addition to that, in the first quarter 2018, we still haven't recorded any synergy that will be generation by the -- generated by the combination of the Company. This demonstrate the robustness of -- the business of the fleet management that grew its margins for this quarter, and helping to maintain the margin when compared only to the first quarter of fleet management.

Now on slide 9, we briefly discuss the scenario of auto industry. As can be seen in the table on the left, vehicles sales increased by 14.6% in 12 months, while the used vehicle markets grew by 1.7% over the previous years, partially offset by the annual drop of 51.7% as new -- used vehicles, with vehicles of up to three years of use. In parallel, Locamerica increased the sale a 11,740 (sic) vehicles only in the first quarter 2018, and this result was the great increase in sales and the addition of Unidas in a combined form. This dynamics allowed the market share of the Companies when we sold old cars increased from 0.24% in the first quarter 2017 to 1.82% in the first quarter '18, 2018 proving that even in a market when the sales are decreasing as a whole, the Company will continues -- and will continue selling its, the companies backed by its a great competitive advantage over most of the market for used vehicles in Brazil.

Starting discussing our operational highlights on slide 11, we show the evolution of our fleet at the end of March, 2018, the Company's consolidated fleet total ahead a 105,413 vehicles, of which, 46,077 vehicles belong to Locamerica. This total represents a growth of 281.6% in relation to the total recorded in the first quarter 2017. This was due to the -- organic expansion of the business, the entry of the Ricci's fleet in the second quarter 2017 and the addition of Unidas fleet in March 2018.

The combined fleet decline in comparison of the first quarter 2018 with the fourth quarter 2017 of 11 -- a 111,415 vehicles is mainly due to the drop of 2,989 stolen cars which were provisioned at Unidas S.A. and were written-off after the merger. However, it's important to note that this write-off does not have an impact on the results, since these are vehicles already fully depreciated by the Company. The remaining 3,013 vehicles included in the drop I explained by the characteristic seasonal effect in the car rental segment.

On the lower left chart, we show the evolution of the cars being demobilize, a total of 700,800 vehicles in the first quarter 2018 are which 2,400 referred to Locamerica. Comparing only Locamerica demobilization fleet, the growth compared to the first quarter 2017 amounted to 60% and the Company will consider 7.3% as of now. In the last table, we see the average age chart of the fleet in which, Locamerica-Unidas jointly closed the first quarter 2018 with 16.4 months, an annual decrease of 18.6% and the lowest level in the last two years.

In car rental, there was a decrease of 7.3% compared to the first quarter 2017, closing the first quarter 2018 in 10.2 months. The Company continues with a policy of strong fleet renewal in both segments, thus achieving higher maintenance cost savings.

Moving on to the next slide, we can see that in the first quarter 2018, combined with investments in fleet totaled BRL418.9 million, an annual growth of 233.8%. As a result, combined net investments resulted in BRL39.4 million in the first quarter 2018, 68.4% higher than in the first quarter 2017 and the net reduction of 3,000 (sic) vehicles. It's important to note that this reduction is explained by the lower volume of purchases for the car rental segment, due to the seasonality of this business.

Speaking exclusively of Locamerica, investment in fleets amounted to BRL213.2 million, 70% above the amount invested in the first quarter 2017. During this period, Locamerica acquired 4,593 vehicles and sold 5,082 other vehicles, representing an annual growth of 40 -- 41% and 56.3% respectively.

On slide 13, we will talk about the performance in feet management. In the first chart on the left, we can observe that the pipeline of opportunities remained heated with demand for the first time reaching more than 20,000 cars to be allocated or rented. And the chart to the side, we can see the combined commercial activity of Locamerica and Unidas in amount of the BRL121.3 million and 2,989 vehicles referring to the new rental contract. Exclusively from Locamerica, there was 27.3% increase in daily rental rate in relation to the same quarter of the previous year due to the improvement of investments and in the commercial structure.

And the chart below, it shows the improvement of two important indicators, the annual reduction of 18.6% of the average age of our fleet, which closed the first quarter 2018 at 16.4 months, the lowest level of the last two years and favored by the initiative of this Company upon the renewal. Finally, Locamerica's average occupancy rate renewed, its historical level for a further consecutive quarter and in the first quarter 2018 at 98.1%, 1.3 p.p higher than what was reported in the first quarter 2017. We point out that for Unidas, this rate is intrinsically a 100% since any additional demand for vehicles exceeding the fleet that intended for a fleet management is served by vehicles from the car rental operation.

Moving on to the next slide, and wrapping up the topic of fleet management segment. Combined net revenue increased a 135.2% year-on-year, mainly due to the increase in the number of daily rental at a 164.1%, partially offset by the reduction of the 9.1% in the average rate. This reduction is justified by the incorporations of the fleets of Auto Ricci whose carmakers had lowest rate when compared to the mix of Locamerica, as well as the low -- lower new contract rate, due to the reduction that was seen in the Selic rate.

Considering that in spite of this reduction in the rate, we recorded record revenues of EBITDA and EBIT proving that such rate reductions will not affect our returns. This movement is justified partially by what we demonstrated on the chart to the right and the upper side, when the CDI drop was lower than the rate drop, which is approved that we did not to pass through all this drop to all prices. Considering only Locamerica, the annual revenue growth was 51.2% in the first quarter 2018, reflecting an increase of 70.7% in the number of daily rentals.

On slide 15, we will talk a little bit about car rental segment, which Locamerica did not operate until the merger with Unidas. The occupancy rate for the segment was 83.6%, 0.3 percentage points higher than the first quarter 2017, and its rate which amounted to 83.3 %, showing a stability at the highest level among the Rent A Car companies in Brazil. I've mentioned on slide -- on the Company's fleet, the average age of car rental vehicles also continue to decline in line with the Company's strategy of reducing its -- maintenance and depreciation costs, and also maintaining new fleet for its client. The combined revenues related to cars increased by 29.6% in relation to the first quarter 2017 from a 102.5 million to 132.8 million. A growth that is due to the higher number of daily rentals at 27.3% and increase of the average rate of 2.9%.

Now, moving on to slide 16 in a combined manner, at the end of the first quarter 2018, the Car Rental segment increased by 30.4% in relation to this first quarter 2017. And speaking of Locamerica exclusively, the total number is 29 stores across the country. And we can see that there was an expansion of 21 retail stores, since -- which were opened only in the first quarter of 2018 and the wholesale stores were reduced by half. This is in line with the strategy of the Company to go for more profitability with demobilization and directing sales to the final clients. With this 11,740 vehicles were sold in the first quarter 2018, 261% of unfavorable volume in the first quarter 2017 in addition to an annual increase of 3% in sales price, which ended the quarter with an average value of 32.3000 per unit sold.

We want to bring to the stores of Unidas, the same performance in terms of number of cars sold by stores and the mix in the retail -- in the wholesale store to higher levels such as Locamerica. On slide 17, the combined revenue of the used cars amounted to 300 with the gross combined margin of BRL41.7. And the gross margin of 11%. Speaking specifically on Locamerica, the revenue of the used cars grew 52.6% in the first quarter 2018 in relation to the same period of the prior year.

And the increase of 52.6% when we compared the same quarter of the previous year, in the same period, the retail increased 3 percentage point, and its total sales an amount of 52.6% of the revenue of used cars in the first quarter of 2018 with a positive impact on the gross margin of the segment. As a result of the gross profit of used cars reached BRL20.9 million in the first quarter, 89.6% higher than the first quarter 2017 with an increase of 2.6 percentage points of the gross margin.

We'd like to highlight the capacity of Locamerica, it nearly doubled the number of stores in 2017 and always has reached the maturation of the stores by delivering the first quarter 2018, the gross margins and the gross income which were record for the Company. The main purpose of the Company, the joint Companies to bring to the stores coming from Unidas, the same performance in terms of numbers of cars sold per store and the sales mix in the wholesale area to higher levels of Locamerica.

In order to discuss the financial results, I would like to give the floor to Mr. Jose Azevedo, our Investor Relations Officer of Locamerica. Thank you.

Jose Antonio de Sousa Azevedo {BIO 21349724 <GO>}

Thank you, Luis. Good morning, everyone. It's a great pleasure to discuss the results in such a special moment for the Company. On slide 19, we show the evolution of the total net revenue related to the car rentals and the fleet management. The combined had a growth of 273.1%, a total of -- in the first quarter 2018 results, expansion of both segments in similar proportion, in addition to the growth which are in organic with the revenues from Unidas as represented before by Luis. These were favored by the expansions of the number of daily rental, the fleet management as well as car rental. As for used cars, this increase is explained by the growth of sales, demonstrating our capacity to grow with profitable -- profitability.

On slide 20, we show the margins of EBITDA and EBIT. In a combined way, the recurring EBITDA amounted to 244 million in the first quarter 2018, which is equivalent to an increase of the line of 272% when compared to the amounts recorded in the first quarter 2017. The EBIT of the first quarter 2018 amounted to 151.3 million, an increase of -- in comparison to the first quarter 2017 as Luis reported by Locamerica, it's important to say that both EBITDA margin and EBIT. Generally speaking had zero variation in relation to the margin that were performed by Locamerica in the year-on-year, even considering the effect of the segment of car rental that intrinsically has lower margins than those recorded in the fleet management segment. With this, we can say that the -- this Company starts with good profitability showing a great potential that we have to explore at different opportunities to capture synergies that will be generated by the combination of business with Unidas.

We'd like to highlight also that the result reach reflect the gains in scale generated by incorporating Auto Ricci that contributes to the management of cost and also in relation to the revenues related to rentals. We expect -- better depreciation and maintenance cost reduction due to the reduction of the average age of the fleet.

In slide 21, we see the evolution of the financial results of the Company. The financed net cost combined for -- 2018 had an increase of 190% in comparison to the same period. It's a result of what was invested to increase the number of fleet that was offset by the reduction of the basic rate of the period, the increase of the net expenses is offset by the growth of more than 272% of the EBITDA in 12 months.

On the right-hand below, we can see the evolution of the net profit recurring, combined that amounted to 153 million in the first quarter -- 2018 and an expansion of -- in relation to the results reported by Locamerica in the first quarter 2017. In addition, the merger had no recurring expenses of 3.2 million for Locamerica related to financial and legal advising services in addition to all the services for the -- to support the merger of this Company. 3 million were referred to financial and legal advising services and the others related to the M&A, which were already included in the acquisition price.

In addition, we expect the new non-recurring expenses -- at the maximum 20 million related to the customization of the stores and all other expenses related to synergy and guidance and other expenses will be recorded. The expertise acquired by the merger allow us to provide differentiated services and that's why we understand that all number carrying expenses is that related to the merger with Unidas, we will be from 60 and 60 million and no more than that in normal conditions.

On next page on slide 22, we show the evolution of our profitability indexes. On the right, we see the evolution of ROE, as we can see this has a positive evolution quarter-on-quarter. And the first quarter 2018 ended at 4 -- 20.4 in annualized terms, it had a growth only in three months. Consolidating the Company at this level of profitability and creating value to the shareholders. We'd like to mention that this is calculated on the equity and we exclude the premium from the date of the signature and the -- and of this -- the shares that were floated for the payment.

The ROIC annualized for the quarter was 10.8%, the Company in the past years had been working strongly in its profitability indexes. And we have had positive results -- generating positive results to shareholders and combined term of the Company is borne with 4 percentage points in advance that by capturing guidances and synergies those were in operation and the acquisition of sales at both ROE and spread will have a growth in the quarters to come.

Speaking of Locamerica exclusively in the first quarter 2018, we had the highest spread in the history of Locamerica at -- 5.1%, our debt costs, which is 7.4% is negatively impacted by our net debt, that intends to protect their profitability of agreement. The costs are going to be reduced by contracting new hedges in relation to what has been done previously with highest rate.

On slide 23, we show the gross debt in a consolidated manner of the Company, which was 3.8 million at the end of March 2018 and the growth is explained by the consolidation of the net debt of Unidas, our debt comprises debentures and the other -- mostly and the other ones are, current capital, et cetera. So our -- 3.2% is our leverage of rate and this is explained by the investments in the car rental of Unidas, and also the payment of 398 million for the shareholders of Unidas. We hope a consistent leverage for the quarters to come even without the entry of our own capital.

We'd like to talk about the expansion of our debt profile by the issue of debentures of Locamerica and the 11th debenture issue of Locamerica, where 309 million were allocated to the shareholders of Unidas. 602 million were added to the cash balance, a 1 billion is the cash -- net cash position. And the total combined cash for the first quarter 2018 is 1,390 million equivalent to 89% of all the debt up to 2018 (sic) in line with the policy of liquidity of the Company as we can see on the graph in the lower part of the graph.

Lastly, it's important to remind you that recently we had upgrade in the Fitch Ratings of credit as AA and the brAA minus with very positive prospect for the Company. And these are all in line with the best practices of governance and also in order to increase the transparency of the information to the market, we provide the information related to 2017.

Now, I'll turn the call over to Fernando again.

Luis Fernando Memoria Porto {BIO 17590082 <GO>}

Good morning, everyone. We are now going to open the Q&A session. Thank you.

Questions And Answers

Operator

Ladies and gentlemen, we can now begin the question-and-answer session. (Operator Instructions). We'd like to remind you that the press professional will be able to ask questions right after the end of the question-and-answer session with the market analysts. Our first question comes from Lucas Marquiori from Banco Safra.

Q - Lucas Marquiori {BIO 17907247 <GO>}

Hello, everyone. Good morning. Thank you very much for the call. I have two questions to ask you very quickly. One is related to the schedule of integration. So you have a very optimistic approach towards those synergy, all the positive prospects of the better results than expected. I would like to know if in your mind that you are anticipating the integration schedule. Maybe as to the end of the year this is going to be fully integrated. Is there any way of believing that this is going to be shortened in a way or maybe you will be able to prove better than you expected. And the second one is more related to the rates of the Rent A Car. We can see that the rates have been flat in the past few months. I would like to know if you intent to grow this and also considering the competition? Thank you.

A - Luis Fernando Memoria Porto {BIO 17590082 <GO>}

Good morning, Lucas. I thank you for attending this conference. First of all, talking about the integration schedule. Our expectation when we first announced the merger to the market even tough Unidas merger was greater than the Ricci, the experience that we acquired with -- out of Ricci in merger in addition to the size, capacity and the preparation of Unidas team, we would be able to make this integration at the same speed and quality that happened when we mergered Ricci.

What I can mention about this topic is that, this is being consolidated and you can notice that today it's been 130 days since we executed the agreement and we have already refinanced all the debt we intended for this year and we brought this new Company to the concept of liquidity adopted by Locamerica and the joint company is at a higher level than that used to be used. And we have made agreement with all assembler as we were successful in all of them.

In addition to that, at the end of May, we started to operate the Company as a single Company. And I can anticipate that this is something that has already been defined and we are going to use Unidas brand and this is what we are going to announce them to produce it to the market, What I can say that, is, we had much more to do than we had first imagined. And we are going to do it all in two stages. First, we are going to maintain all with the numbers. All the figures and all the goals that were defined for 2018.

But as I said, it's a greater business, it's a much more robust business that we had imagined. So in 2018, we may have some gain which are better through all time. But we cannot say that everything is going to be easy, quick and simple because we understand that the size that I mentioned, the magnitude and the stability of the project, we are not going to provide any anticipated information. What I can say is that, the preparation of both theme -- is making the quality of the business to be as we had expected.

And without any doubt, what I can say is that, when talking about purchasing vehicles and when we talk about refinancing debt, we can say that the results have been better than we had first expected. And as you can see in this quarter, we have been maintaining both Companies moving ahead and smoothly. And this synergy will start to come up into our figures. And the main learning that we have had with Ricci merger is that, it's very important to maintain both businesses working properly and well.

Of course, we had made different decisions in the first quarter from the strategic point -- view point, we made decisions on the inventory of cars for sale also the current capture of the company. We made decisions over most all business lines. But we still have this figures related to the first quarter of 2018. In an isolated manner, the capture of synergy will only materialize from now on. So the merger is doing well, the schedule is doing well, but of course we are being very cautious, we are being very tranquilled with all the experience that we have captured.

And that experience -- added to our business. The know-how or the expertise of an either team which was a surprise to me is not something we can see in numbers and we have seen what Unidas team had been delivering and this all has been very positive. I can see that -- I can say that this team is very engaged in the project and this is the most important treasure of the Company, namely its people. So this is merger.

In relation to the Rent A Car rate, we have a Company that is aligned with what -- how you see the Company, you analysts. And we understand that if we manage to complete the project and be able to capture all the synergies by the end of the year, we'll be able to see a great increase in our profit and income. What we need for that? We need to maintain or improve the margin. And in our business, everybody knows we are all professional an allies in the sector. You all are very knowledgeable about the sectors and you understand that with this in price it is very difficult for the margin.

So I can say that, we do not intend to reduce prices. I can see it, we are in a position in the market where the three largest Companies capture 50% of the market, and the 50 remaining percentage is in the hands of other suppliers. And this is the market that grows by 5% and 10% a year in times of crisis. So what I can say is that, lowering rental rate or lowering the prices of car -- car rental services is not something included in our project.

If we maintain our income, our margins will increase, and this is for sure. And this is what we are going to do. What we will -- would also like to say is that, today we see different consolidation, locally, that is something similar. And we also made some important moves and all this moves are bringing together maturity as a whole for the competitiveness. And it's an easier time in relation to the past. I hope this is my expectation, but if this does not materialize, we understand that we can maintain the current rate and this is how we intend to continue working. Thank you.

Q - Lucas Marquiori {BIO 17907247 <GO>}

Thank you, Luis. Thank you very much.

Operator

The next question comes from Renato Mimica, BTG Pactual.

Q - Renato Mimica {BIO 15374054 <GO>}

Good morning, everyone. Thank you very much for the call. My question is related to the pricing and the competitive -- competitiveness of the market. I have two questions, the first one is related to the drop of rate. Do they refer to mix of rating? Because only a small part of this drop can be compared to prices and that would be my first question. And the second question, if you're talking about the topic is about the competitive market, I would like to know, if you saw any changes by the competitors in the last few months, if all those new robust, new agreements were made in a healthy scenario of prices in spite of the drop in interest rates that were kept on to the business? So this would be my two question. Thank you.

A - Unidentified Speaker

Thank you for attending the conference and for the question. First of all, I would like to talk about the rate drop. We can say the recent mix is likely to represent one-third of the 9% of the drop and the two-thirds are drops in rates which were based on the reduction of the interest rates. I have included a disclosure on this item, because it's important to notice two things. In the first quarter, when 9% that -- 9% is the drop in rates. In the first quarter, we have a record of EBITDA, we have a record of EBIT and we also have a record of net income when we look at Locamerica in a separated way.

This demonstrate that the drop in rate does not necessarily mean a drop in returns. As for ROIC, this can of course happen, the ROIC can drop a little, but what we have in our hands today in this topic, I would -- I used the word can, because we are not sure yet, because we have to consider two factors, especially when talk about Locamerica. When we had this merger, the competitiveness is much higher. So the Company's purchasing power at a much lower price, maybe 10% or 15% and we used to buy in December last year.

So I can also say that we had a drop in our spread and also the relate -- the rate which -- and these drops are very significant. Administrative costs are going to fall, operational costs are also going to happen, parts and the services are going to be purchased at a lower price from now on. And as I said before, and as you can see in the presentation, we have to understand that we do not have to pass this on to the market. We control of course the market of fleet management and what we noticed is that, the Selic rate dropped much lower in comparison to our fleet management's rate. So in other words, what I want to say to you is, Locamerica is easy in relation to returns and the fleet management business, especially based on the -- competitiveness that we have today, Locamerica is larger than the second and third places. Put together but that's not our concern.

What I want to say is that, we have competitive advantage over 6% to 7% of the market. When we talk about -- consolidation in growth, the cycle is much longer than the car rental cycle. I wanted to understand the competitive scenario is normal as it was before. I do not notice anyone who is growing strong based on prices. What I see is, large Companies taking the opportunities of the market with different costs to do their businesses related to fleet management.

In relation to competition, I can say that things are here is normal. And once (Ends Abruptly)