Q3 2019 Earnings Call

Company Participants

- Daniel Sonder, Chief Financial Officer
- Rogerio de Araujo Santana, Head of Investor Relations

Other Participants

- Domingos Falavina
- Eduardo Nishio
- Marco Calvi
- Otavio Tanganelli
- Thomas Peredo

Presentation

Operator

Good morning, ladies and gentlemen. And welcome to the Audio Conference Call about the Earnings Results of B3 for the Third Quarter of 2019. (Operator Instructions) As a reminder, this conference is being recorded and broadcasted live via webcast. The replay will be available after the event is concluded.

I would now like to turn the conference over to Mr.Daniel Sonder, Chief Financial Officer of B3.

Daniel Sonder {BIO 18250247 <GO>}

Hello, everyone. Good morning. I'd like to welcome all of you to B3's third quarter 2019 earnings conference call. I'm here with Rogrio Santana, Head of Investor Relations, as well as the Finance and Investor Relations teams, and I'd like to thank them for preparing the documents you have in front of you. Additionally, on behalf of the entire executive team at B3, I would like to thank you for your continued trust and support.

I will start the presentation on Slide 3, where I'd like to highlight some important achievements and figures of the third quarter of 2019. The quarter was marked by strong activity of clients in our markets, as shown by the record volumes in cash equities and listed derivatives, ADTV in cash equities of BRL17.1 billion and ADV of fixed income, currencies and commodities of 4 million contracts.

Additionally, B3 has continued to work to make sure the local capital market develops into the best source of funding for firms in a scenario of low interest rates and reduction of loans by state-owned banks. In the first 10 months of this year, we hosted 32 public offerings in the equity market totaling BRL70 billion. We also saw more than BRL214 billion raised in the local debt capital markets, and the number of accounts held by individual investors in our equity depository reached more than BRL1.5 million.

In this context, our revenues reached BRL1.7 billion an increase of 34% when compared to the third quarter of 2018. Adjusted expenses reached BRL281 million, 12% higher than in the third quarter '18, which we will explain in more details later in this presentation. EBITDA, adjusted for nonrecurring items reached BRL1,109 billion an increase of 42% over the previous year with an EBITDA margin of 72.5%. Recurring net income reached BRL851 million an increase of 38.7%, reflecting the improvement in operating performance, which was partially offset by the increase in income tax and social contribution.

Before exploring in more details our results, I'd like to move to Slide 4 and talk briefly about our current business environment. The positive trend in the Brazilian capital markets that we have witnessed in the last quarter seems to be more consolidated after the approval of the social security reforms. The significant reduction in lending offered by Brazilian state-owned banks, coupled with lower interest rates and higher valuation has had a meaningful positive impact in company's decisions of accessing capital markets for financing and this has increased the offer of financial instruments available to investors.

On the demand side of this equation, the historically low level of interest rates, with a consistent outlook for the future has led to a desire by investors to diversify their portfolios away from government fixed income and has also led to greater risk appetite. These movements can be seen in the chart in Slide 4, where we show the total AUM of local institutional investors. There was an inflow of more than BRL200 billion in both equity and debt capital market instruments in the first nine months of this year, increasing their participation in the funds portfolios from 15% at the end of 2018 to 18% at the end of September '19.

We believe B3 is positioned to benefit significantly from this scenario. Our priority is the execution of our strategy which combines operational excellence with the ambition of prioritizing our customers' needs.

Now Rogrio will give you more details about our performance by segment.

Rogerio de Araujo Santana {BIO 20317880 <GO>}

Thank you, Daniel. Good morning, everyone. I would like to ask you to move to Slide 5, where you see the performance of the listed equity markets. Revenue in this segment grew 73% year-over-year, mainly driven by growth in revenues from trading, post-trading services in cash equity market and equity derivatives market as well. The ADV in cash equity grew 79% from BRL9.6 billion compared to BRL17.1 billion in 3Q '19. This performance reflects the increase in turnover velocity to more than 102% coupled with growth of almost 30% in the average market capitalization of listed companies in the period. Since we've seen trading and post-trading revenue line, the ADV of stock index future contracts increased by more than 163%, reflecting the growth in trading of mini contracts, notably by individual investors and high frequent traders.

Lastly, there are two other lines that were -- that are worth mentioning in the equity depository the increase in the number of accounts was offset by incentive programs to brokerage firms, similarly to what happened last quarter. In the revenue line listing and services for issuers, we can see the positive impact of the higher number of equity and debt offerings in the quarter.

Moving to Slide 6. You will find details on the performance of the listed fixed income, currency and commodity derivatives segment, where we had a 36% increase in revenue. The main factor behind this performance was the growth of ADV, particularly the interest rate in reais contracts, which showed an increase of more than 100% reflecting the change in the outlook for interest rates in Brazil, both in relation to the recent cuts and to the expectation of further change in the coming quarters.

Next, on Slide 7, we present the performance of the OTC segment. In the fixed income revenue line the increase in volumes of bank funding instruments, mainly certificates of deposits was offset by two factors: first, the decrease in treasury direct revenue from BRL28.8 million in 3Q '18 to BRL7.2 million in Q3 '19, reflecting incentive programs implemented in the beginning of the year, to foster growth of this project -- of this product, sorry;

secondly, the redemption of debentures issued by leasing companies following regulatory change that offset the growth seen in the local corporate debt market. In derivatives, the neutral performance reflects the offset of higher volumes of this product by lower average fee due to change in the product mix.

In Slide 8, we show revenues for the infrastructure for financing segment, which grew 4.6% year-over-year. The National Liens System or SNG as we call, was positively impacted by the 14.5% increase in the number of vehicles financed.

In the Contracts System, we implemented a change in the business model of our services in some states of Brazil during the quarter. In this new model that's implemented instead of transmitting data regarding financed vehicle contracts to registering companies, now, this group of companies subjected to the previous authorization of the lending institutions, can access B3's platform in order to retrieve such statement. There is an important financial impact of this new model, which is the fact that there are no revenue linked expenses related to these payments -- related to payments made to registering companies, reducing both B3's revenues and expenses, given that under the previous model the cost of the registering company was included in the prices charged by B3.

Additionally, under this new model the average fee charged by B3 was also reduced. Lastly we saw a positive impact from Portal de Documentos in the revenue of the segment which is recorded under revenue line others.

Moving to Slide 9. We can see the performance of the technology data and services segment, which grew more than 12%. The growth seen in the technology and the access line is related to the entry of new clients in the OTC market, which pay monthly access fees for us and the additional revenues from BLK, a small IT company that we acquired earlier this year. In the case of the data and analytics line, the solid performance reflects the appreciation of the U.S. dollar against the real given that almost 46% of this revenue line is U.S. dollar denominated.

In the next slide we show the company's adjusted expense, which reached BRL280.8 million, a 12% increase year-over-year. The main factor was the increase in the data process expense mainly due to the intensification of IT projects related to the enhancements to our platforms. The adjusted personnel expense line grew 5% mainly as a consequence of the annual collective bargaining agreement that happened in August '19 and also due to the consolidation of personnel expense from Portal de Documentos and BLK, the two companies we recently acquired.

Now I will hand over the presentation back to Daniel, who will show other financial highlights of the quarter.

Daniel Sonder {BIO 18250247 <GO>}

Thank you, Rogrio. On Slide 12, we demonstrate our financial robustness with a solid cash position and a very healthy balance sheet, which is an important part of the business of being a credible counterparty in the financial markets. On the left side, we show total cash that amounted to BRL11.7 billion at the end of the quarter composed by B3's own cash as well as third-party cash mainly related to collateral pledged in cash by clients. In the light blue bars of the chart, you'll find B3's own cash amounting to BRL8.1 billion in the third quarter of '19, which includes BRL650 million in interest on capital and dividends already paid out to shareholders in early October 2019.

On the right side, you see the company's debt profile and amortization schedule. As previously announced, our guidance for financial leverage for the year 2019 is 1.5 times total debt to last 12 months recurring EBITDA and this ratio was 1.4 times at the end of third quarter of '19.

Finally, we reaffirm our payout ratio guidance for 2019 between 120% and 150% of IFRS net income. Moving now to the last slide of our presentation, Slide 11. We show the amount of cash generated by the company. As you can see on the table on your left, there was a significant increase in the amount of cash generated by B3, reaching BRL4.6 billion in the 9 months of 2019.

The two main factors behind this solid growth are the strong operating performance as described in the previous slides as well as BRL1.2 billion raised in debt in the second quarter of 2019.

On the right side of the slide, we show the destination of the cash generated by the company. Distributions to shareholders through interest on capital, dividends and share buybacks are already about BRL2 billion for the year. And considering our payout ratio guidance we should expect an additional distribution in the fourth quarter of '19, subject to approval of the Board of Directors. With this, I'd like to conclude the presentation and open our Q&A.

Questions And Answers

Operator

(Question And Answer)

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session from investors and analysts. (Operator Instructions) Our first question comes from Marco Calvi Itau BBA.

Q - Marco Calvi {BIO 19854632 <GO>}

Hi guys, good morning. So my question is on the personnel expenses line. We saw a small increase quarter-over-quarter of roughly 9%. So I would like to know what is the company's view on, let's say, a sustainable level on a quarterly basis? And what should we expect for 2020 on this specific line? Thank you guys.

A - Daniel Sonder {BIO 18250247 <GO>}

Yes. Thank you for the question. So we have added some people to our team. The company is trying to do more in a very exciting time for our clients and for ourselves. As I have discussed with some of you, we have made an effort to develop a relationship model with our clients that brings us closer to them and to the pipeline of ideas that we should develop. We also added two companies to our group as we acquired BLK and Portal de Documentos during this year. So we have consolidated their expenses.

And finally, there is the annual collective bargaining agreement which impacts the second half of the year vis-a-vis previous periods. So in essence, these are the elements that have led us to this increase in our personnel expenses for the quarter. As we look forward, I think this is probably a good starting point for us to look at how the company would report its expenses. We don't -- so we already have for this quarter the full impact of the two small acquisitions that we made, which added a few people. And we feel now that we are pretty much running at the level of personnel expenses that we should be. Maybe we'll add a couple more here and there, depending on how the projects develop and, again, strengthening some of the key business areas that we have identified as things that we want to do better and more of going forward.

So again, as I have said, our general expenses for the foreseeable future, which we will put in a formal guidance later this year, we will probably grow going forward at a couple of points above inflation or maybe a little bit above that. We'll see because, again, it's -- we want to continue to deliver very efficiently and stay very close to clients which are growing themselves. So that's, I think, a relevant point to make. For this year, we expect to stay fully within the expense guidance that we have put up.

Q - Marco Calvi {BIO 19854632 <GO>}

Very clear. Thank you.

Operator

Our next question comes from Otvio Tanganelli, Credit Suisse.

Q - Otavio Tanganelli {BIO 20615779 <GO>}

Hi. Good morning, everyone. Congrats on the very strong results, really impressive the revenue growth that we have seen. I have maybe just one question. If we are seeing very strong ADTV on the cash equity segment of November data, if I recall correctly, it's around BRL20 billion already. So with this high level of ADTV, do you see any increasing willingness to your competition to come for the trading segment? And also if you could give us an update on how are the discussions involving the rebalancing of trading and post-trading fees and if you are still expecting anything to happen within this year or not? If you could give us a timetable, that would be great. Thanks. And congratulations, again.

A - Daniel Sonder {BIO 18250247 <GO>}

Otvio, thank you very much. And with respect to market size and the opportunity or the attractiveness for competition in equity trading, we believe that the Brazilian market already presents a size that would make another trading platform for equities viable and attractive, right? So it seems to us that the likelihood of someone coming in would not be contingent on the size of the market anymore but rather on the -- our ability to maintain a strong relationship with our clients and the brokerage community and final investors ultimately.

So all of our efforts and our strategy are in that direction of making sure that B3 is the preferred platform of choice of our clients in any scenario of competition.

As you know, the regulatory framework for competition in equity trading in Brazil is pretty much established. We have made several commitments with our regulators and with market participants that we would offer, on a equal basis, the clearing and depository services for anyone who wishes to establish an alternative platform for trading of equities. So we don't see any impediment in terms of market size for that to take place. We are currently -- on your second point, we're currently in the midst of an arbitrage discussion with a potential entrant, and that has to do with fees for the depository services of B3. We cannot comment on the details of that discussion because they're confidential. We do expect that it should continue over the next few months. Maybe we'll have an outcome by the end of the year. It's hard to say. It's a complicated procedure, and we are still -- both us and the other party are devoting a lot of effort on that. So as soon as we know what the outcome is, we will let everybody know.

In general, however, I just want to mention that the view of the company is that we should share with market participants the benefits of a growing volume of a growing market, and we are currently working on that to identify specifically the areas of our product and services set which will be the beneficiaries of discounts that we are looking to put in place over the next years to benefit everybody. So that's the general direction. We feel that, that is an important part, alongside our operational excellence and our product pipeline, the pricing and the commercial relationships that we have with our clients are an important part of us maintaining the position that we seek in this market.

Q - Otavio Tanganelli {BIO 20615779 <GO>}

It is very clear. Thank you.

Operator

Our next question comes from comes from Eduardo Nishio, Banco Plura. You may proceed.

Q - Eduardo Nishio {BIO 15333200 <GO>}

Thank you for the opportunity. Congratulations for the results. Just one question on -- nice chart on page 8. You have the infrastructure costs and revenue there. I see that you have positive evolution margins. If you can comment on that, how do you see that developing and why you had such expansion and if you're paying less taxes, because of the new model on that and if you can give us some color also on the competitive environment if you wanted so to be helpful thank you.

A - Daniel Sonder {BIO 18250247 <GO>}

Yes. So we changed for some states the way we have revenues as well as expenses in the contracts system. This is CORE, so that we have lower revenues and lower cost. This is what we tried to show here. I am not sure we have any different taxation because of that. This was more of a, let's say, commercial and technical discussion with the different players in this segment, the banks, the registration companies and the transit departments. And we felt that this model better represents the actual dynamics of this model where we provide part of the services and the registration companies provide another part of the services and are now in the position of being clients of B3.

So in this segment, as you know historically, we had the entrance of some new players that now share some of the revenue pool and profit pool that B3 used to have. We find that this now is in a let's say rather balanced position if you will, that we don't expect to see dramatic changes in this going forward. There are some states where we still have the opportunity to get in and provide services again, but we don't expect any big shifts going forward.

A - Rogerio de Araujo Santana {BIO 20317880 <GO>}

If you allow me, this is Rogerio, Eduardo Nishio, how are you doing? One last comment here is that the transition from the previous model to this new one is happening gradually state by state. So the numbers you see in the third quarter reflect the move made by a few states that happened in July and August. It means that the full impact in the quarter is going to happen only next quarter. And there are other few states that moved to this new model only in October. So it means that you should expect further impacts in both revenues and revenue legal expenses in the fourth quarter. In other words, potentially lower revenues and lower revenue-linked expenses because you see a higher chunk of our market share under this new model.

Q - Eduardo Nishio {BIO 15333200 <GO>}

Okay. Thank you. Just to clarify here. So if all the states, they change to the new model, then we're going to see probably the revenue-linked expenses for the Contacts System to be probably close to zero right? And then you see...

A - Daniel Sonder {BIO 18250247 <GO>}

Yes.

Q - Eduardo Nishio {BIO 15333200 <GO>}

Okay.

A - Daniel Sonder {BIO 18250247 <GO>}

Yes. We -- it will be much smaller but will not be zero because there are other revenue-linked expenses related to other players in the chain and other partners. But yes, it's going to be significantly lower. And in these charts, we break it -- revenue-linked expenses, we break it down between the ones that are related to SNG and the ones that are related to Contracts System. The one that will be reduced, it's only the second one that is related to the Contracts System. And on top of that, you have another few revenue-linked expenses related to other segments. That is a smaller number.

Q - Eduardo Nishio {BIO 15333200 <GO>}

Okay. So the -- then the margin or the gross profit expansion here that we see year-on-year and few quarters -- for a few quarters now is mainly because of volumes, high volumes right? It's not because of a better contract.

A - Daniel Sonder {BIO 18250247 <GO>}

We have higher volume, so a number of the vehicles financed increased more than 14%. So it's impacting the SNG and also the Contracts System. We also gained some market share in the Contracts System. But that said, although you're going to see higher margins in percentage points, our average fee in the Contract System is smaller under this new model. It's an important aspect to keep in mind. In other words, we are making less money in this business for the same amount of cars registered.

Q - Eduardo Nishio {BIO 15333200 <GO>}

Perfect. Thank you so much.

Operator

Our next question comes from Thomas Peredo, BTG Pactual.

Q - Thomas Peredo {BIO 21712295 <GO>}

Hi, everyone. Thanks for the opportunity to making questions. I have two questions. The first one, we noticed that IT project expenses accelerated in the quarter. And I wanted to get an update on the road map of products, what we can expect to be launched in 4Q and next year in terms of new products and services, which is something important for the company to continue develop and to keep up with client satisfaction. And for the second question, we have seen higher competition with U.S. exchanges by gaining the leasing of new companies such as SP recently and wanted to get an idea of what the management is doing to be more attractive for Brazilian companies to list here instead of abroad? Thank you.

A - Rogerio de Araujo Santana {BIO 20317880 <GO>}

Hi, Thomas, this is Rogerio. Regarding your first question, we saw some increase in our data processing expense. It's mainly related to some internal projects that we are executing, and these projects are related to enhancements in different platforms that we have. As we are seeing volumes are going up very fast, and we needed to make sure that our infrastructure is fully prepared to deal with higher and higher volumes in the different business that we have. So that -- this is what we are expecting. The third quarter number, it's a good reference for the coming quarters. It was something that we were expecting when we released our guidance. And we are fully within that for this year. And the additional expense that is reflected there, it's also in line with the number that -- or the reference that Daniel mentioned in terms of what we expect in terms of expenses growth for the next year. And as you know, we are in the midst of our budgeting process.

This increase in expense is partially also -- is also partially related to development of products. So we have a road map that we agreed with our clients. So there are some deliveries through the year in all the segments: new options; new market-maker programs in the listed market; new kind of contracts in the fixed income, currency and commodities; new functionality in the OTC platform; and new data projects -- products for all the segments.

We are, at this point, discussing with the clients the update to this road map to include new things for 2020 and 2021. And at the point that this process is concluded, we will give full disclosure in our website and through all the other channels that we use to maintain the relationship with the market.

And it is -- it's on a very special moment that we are going through in Brazil, and clients are definitely looking for different opportunities and different products. And we are totally in line with that because we play important role in providing the infrastructure or the product itself for the markets.

A - Daniel Sonder {BIO 18250247 <GO>}

Thomas, with respect to competition for listings, we are in a global industry, and we have large companies in Brazil that have access and have businesses that are attractive to investors globally. So sometimes, there is a perception by certain companies that if they pursue a listing in a particular market, they will have some advantage in terms of value perception. That is essentially the main driver for the decision to list abroad.

As you know, the U.S. has become the hub for high-growth/technology-based companies, and this is something that has a very important pull effect, not only for Brazilian issuers, but also from issuers from other mature and emerging countries. So if you look at the technology industry globally, the listings in the U.S. are by far the majority, including in non-U. S.-based companies. So that is, I think, the main motivation that is driving that.

What we hear from investors locally is that more and more, local managers are getting their arms around this segment and beginning to understand more the value drivers for such companies. I think if that becomes a real trend, then eventually, we will have in Brazil a community of funds and investors that are big enough to support listings in this segment with the same type of valuation perhaps that you see in the U.S., which, as I mentioned, has become kind of the ecosystem for analysts and investors in this segment.

Having said that, the management is working on a few -- the management at B3 is working on a few fronts. Some of them have do with relationship and having a dialogue with the companies about the merits of listing here. But one which I think is worth mentioning is a dialogue with the regulators about permitting that Brazilian depository receipts of companies that are listed abroad, but have businesses in Brazil could be traded at B3. There's currently an impediment for that if a company has the majority of its business operations in Brazil and chooses to list abroad and to incorporate abroad and list abroad, then there must not be a BDR, a depository receipt traded here by this -- with an underlying asset as the shares in this company, which creates obstacles essentially for Brazilian investors to acquire shares in these companies. And a kind of an odd situation because you can have a BDR -- and we do have BDRs in Google, Apple, Amazon and any number of non-Brazilian companies, but you cannot have a BDR of PagSeguro or Stone.

So we are working with the regulator to discuss this, and we hope that we will have a positive resolution to our request that this ban should be lifted. I think that would be a first step because that would expose local investors to the existing companies. And to other companies that still choose to list abroad, at least we will have the ability to invest here. And then, over time, we will go to the scenario which I hope will be the long-term scenario, where through those initial investments in BDRs, investors acquire the knowledge and the experience and the, let's say, the track record of investing in technology-based companies. And then the future IPOs would choose to list here alone. But we don't expect that for the near term. We think that the U.S. will continue to be a part of this discussion for quite some time.

Q - Thomas Peredo {BIO 21712295 <GO>}

Okay. Thank you very much.

Operator

Our next question comes from Domingo Falavina, JP Morgan.

Q - Domingos Falavina {BIO 16313407 <GO>}

Hello, good morning, everyone. Also thank you for taking the question. I have a more structural question. So we have seen recently certain business models that had very high margins monopolistic like segments, and that have a substantial disruption in profitability. I think that's part of the concern when we do hear concerns about your business model. And acquired clear one of them, there are now certain concern around banks being disrupted. And one pattern we noticed was generally very low net promoting scores within the incumbents. Clients basically like their service. And what we noticed is that winners seem to be doing very well on that metric. So Stone, for example, more than 60. Pag is also very high within banks and from that close to 60. And players that are not doing well were basically declining to comment on the figure. They know it's important if it's moving up, but they won't mention.

So given the natural monopolistic industries of -- characteristics of the exchange industry, my question is what's your net promoting scores within different clients? I understand you have brokers. You have the back office or an absolute number. How has this been evolving? And how much does that figure as a priority to you? If it is bad because of pricing, which is often a comment we hear, what are you doing to address those things? Thank you.

A - Daniel Sonder {BIO 18250247 <GO>}

Thank you. We are using net promoter score to measure the relationship with our clients. It is an important metric for us. It's not the only one. So we have a number of things that we're tracking. We have, as I mentioned, strengthened our relationship teams and we have compared to what we used to have in the past more people that are dedicated to this with a clear mandate. And we have more information in the company about how clients are feeling and we are deliberately expressing to them that we want to know about their perception. We do not plan to communicate to investors and to the market in general and to our clients what our net promoting score is.

Our business is different than a retail mass business, and that could create some differences in the analysis of NPS, which is traditionally more linked to retail or to -- not retail individuals only, but, let's say, businesses that have hundreds and thousands and millions of customers. So we made a decision not to discuss that in publicly -- in public, but it is a very important metric for us internally. And this is part of a, let's say, broader view, Domingos, of the ways in which we interact with our clients. And these different ways are again very critical to the perception. We have different clients within each client, right, who have the business people, let's say, the front office teams that develop products and that think about, let's say, market activity and how they will serve their clients in turn.

So one of the big efforts in the company is to have these close relationships and discuss product pipeline and make sure that we are working on things that are important for the future growth of the business of our customers.

The second area is the support teams, the operations teams and the technology teams in each one of our clients. So those discussions have much more to do with resilience of our platforms, speeds of our platforms, throughput and the availability of and capacity of our systems to handle client volumes. And this is another front where we have, over the years, I think, invested a lot. And that's why we are able today to handle much higher volumes than we had just 18 months ago or 2 years ago. And this was not a rushed decision. So we invested in the years prior, so that we can deal with the current environment. And then by investing today so we can deal with, hopefully, even higher volumes further down the road. So this is a very important part of client perception.

And finally, finally -- sorry, the third area is, let's say, the day-to-day management of customer concerns and customer requests for operational adjustments and potential glitches that may take place on a day-to-day basis, small stuff. So we have reorganized that effort as well in the company. We have now a Head of Customer Service in the company that oversees these activities, I'd say, horizontally across several departments. And finally, referring back to a comment I made earlier, we deal with pricing and how we price our products.

We are not, let's say, managing our business to look at the particular margin, but rather to look at each one of our products and ensure that the benefits of scale are being shared with the clients that they perceive that, that we look at international benchmarks and make sure that we are in line with what is customary for other exchanges of similar sizes, adjusted for the particularities of the Brazilian market structure and packages of services so that for each one of the products, we are in the right position in pricing. And we're not perceived as anyone that is, let's say, overcharging or taking undue advantage of the relationship that have with our client.

We try to look at experiences that we see either from competition in the exchange business or competition in other industries. And we really -- this is a very hot topic in B3 today. We are very aware of the fact that as our market continues to grow, we need to focus on the areas that I just mentioned: product development and client relationship, systems efficiency, customer service on a day-to-day basis and pricing to be able to be successful in the long term.

Q - Domingos Falavina {BIO 16313407 <GO>}

Thank you so much. Just for what it is worth, like it is helpful to us. And then I also understand that you have a perception that you're doing very well with all your clients. But that's like a benchmark that allows us to compare different business models and suggested by each business model because you're asking your own client how he will comment or not. So we see that as an investment in and et cetera. So if you do decide further down the road, we would appreciate. But I understand if you don't want to. Thank you.

A - Daniel Sonder {BIO 18250247 <GO>}

Alright, thank you again..

Operator

(Operator Instructions) This concludes today's question-and-answer session. I would like to invite Mr.Daniel Sonder to proceed with his closing statements.

A - Daniel Sonder {BIO 18250247 <GO>}

I'd just like to thank you all for joining on the call. Thank you for the questions and for keeping -- staying updated with us and helping us send a message to all Investors. So I appreciate and thank you all to the team for putting together the materials. And please feel free to -- everyone, to give us a call if you have further questions.

Operator

That does conclude the B3 audio conference call for today. Thank you very much for your participation. Have a good afternoon, and thank you for using Chorus Call.