

Y 2019 Earnings Call

Company Participants

- Adriano Pistore, Vice President of Teaching
- Eduardo Haiama, Chief Financial Officer, Vice President, IR Contact Officer
- Eduardo Parente Menezes, Chief Executive Officer
- Rogerio Tostes, Director of Investor Relations
- Silvio Pessanha Neto, Medical Director

Other Participants

- Leandro Bastos, Analyst
- Marcelo Santos, Analyst
- Susana Salaru, Analyst
- Thiago Bortoluci, Analyst
- Vinicius Ribeiro, Analyst
- Yan Cesquim, Analyst

Presentation

Operator

We are going to start the earnings presentation from YDUQS Estacio. Mr. Speaker, the floor is yours.

Rogerio Tostes {BIO 6148759 <GO>}

Well, once again, welcome to our earnings presentation for the fourth quarter of 2019. The presentation will be done by our CEO, Eduardo Parente; and the CFO, Eduardo Haiama. The slides are being transmitted online through our website, www.yduqs.com.br. This earnings presentation is being translated into English and in compliance to our corporate governance and to promote our information for the stakeholders. (Operator Instructions)

These are predictions about the future that are subjected to uncertainties from the market and the expectations might not come true. And it might -- the outcomes might be different from what is expected. These are only our opinions from YDUQS. Should we get any new information, we'll update you.

Now we give the word to Eduardo Parente, our CEO, who will start the presentation.

Eduardo Parente Menezes {BIO 16707188 <GO>}

Thank you very much, Tostes. Thank you for participating in our earnings presentation. We are closing 2019 with a lot of pride and optimism, even though we are being hit hard, and we want to do something different, and I want to start in Page three.

Talking about the main achievements, qualitative achievements. For 2019, it was a year that you can see the numbers, we had an expectation of an aggressive plan. Nonetheless, we went beyond the numbers. We've had issue of having launched YDUQS, which is not only a brand, but it is a new way of working and unlocking our growth potential. This is a great success, great expectation, we set out, we organized our plan until 2023 and we presented to you in November. Those of you that were not in the presentation, you should take a look at the website and you can see our overview for the next few years.

We had two main issues. We start to look at NPS in a very close -- very closely. We had an increase of 6 percentage points and we had a consolidation on the first year of the management team, well, gathering people that you know for a long time with new people. You know me -- myself, Ryan, we assembled the team that we consider are 100% capable to fulfill the objectives and take us on with this plan.

Medicine, four new authorizations for Mais Medicos II. We had the first seats. Well, now we're moving along and we are very optimistic. On the digital revolution, the App of the faculty and the students is -- are very good and we have had good results. We -- well, the invoicing, we reduced, in one-third, the financial complaints. Operational, we moved along, we tried to eliminate the waste that do not add to the graduation, to the training of the student. Well, a great success that we introduced, we brought more technology in the process for pricing and we still get very relevant results. We had record intake and a great advancement. We're certain that we had the best DL platform and how to bring the attention, and we had -- we want to change the standard of our content.

Changing to Page four. Here is our quantitative summary. Well, we've a base for the new cycle of growth that we just talked about. From left-to-right, left we can see the new student base and expansion for YDUQS. FIES is still decreasing. Nonetheless, we had a strong growth in all the other areas. And on-campus last year, we had a slight improvement of revenue per segment. You can see that the numbers are good, but we had a loss in FIES and a gain in the addition of DL and medicine, and really that's what we are talking about.

Here, the results here on the right, adjusted EBITDA. And we had the expectation, we are fulfilling our expectation, and it is in accordance to the market movements and trying to leverage our growth.

In the lower part of the slide, we had a growth in the DL. Well, we had growth, 28% more students 261,000. We have a two digit growth in a big base. Well, the polls here -- 933 centers, I am sorry. And -- well, medicine, we had the average ticket growth and more than 4,000 students. Now to close and to show the robustness of the numbers, we had a cash conversion that is very strong, 75%. And this talks about our financial solidity. We are

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going to get into the details for the moment of growth from the qualitative, but quantitative standpoint, we believe that this was a great year.

Page 5, let us talk about the student base. On the left, once again, I repeat myself, a strong growth in well, the on-campus and DL. Well, the two -- the previous year 2019, we had growth in 24% in the intake of students and reducing our financing here. And this allows us to improve the cash that I just mentioned in the previous slide. The average ticket, we're adjusting the market that we think that is temporary. We have a marginal drop of 2% on on-campus, and DL, we have a drop of 1%.

Now let us go to Page six, since we are talking about on-campus. All the indicators, really we have a gain in efficiencies. Our structure is more robust. Here on the right retention is growing. This has a great impact in the revenues and we're evolving here. We still have a space to evolve and the result of the cost per student is dropping.

On the next page, we're -- on the right side, we're showing that four years ago, we had about half of our base coming from the FIES financing, now we have 15%. We should get at the end of the year with one-digit, which is what we interpret as a stability for the future. And on the revenues we had a growth -- a reduction, I'm sorry, of BRL753 million over the last four years with the FIES financing and this is very important.

Now Page seven, digital learning. Once again, we've a growth in the intake of the undergraduate students. Well, the Flex is more relevant here in terms of ticketing. Here on the left bottom, we have had a growth in the investments in developing the content and the experience of the students with the digital learning that is proving very, very efficient for retention. The retention is growing in a very important way. And once again, the number of centers, we're getting to 1,000 centers in 2020. We had really good accreditations in -- well in UNESA, Santa Catarina, Ribeirao Preto. The evaluation -- the recent evaluation metrics, we start to have about 2,000 authorizations to open new centers, and this is no longer a bottleneck for our process.

Page eight, about our other important advancement in growth, we have medicine, we increased the number of seats. When we look at 2020, we have four Mais Medicos II getting into operation. We also have an expectation, and we're very optimistic that we have an increase with Mais Medicos I, and with Adtalem, we are getting -- well with the acquisition, we are adding more seats. And I think that this is very important for us to celebrate.

With our 12 operations, nine are still not mature, three were the Adtalem operations, two are still not mature yet. And we have the expectation of getting to 10,000 students by 2024. This is a number based in the organic growth of the seats that we already provide.

In regards to last year, we grew 13% in the average ticket out-of-pocket and we're growing strongly -- stronger than ever than what we did over the last 10 years with the offering of continuous learning. This is ever more important. But for 2020, we're getting 40 more graduate programs in medicine and dentistry. We are working strongly in the model for Medical specialization residents, courses of two years to three years. And we

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want to increase the offerings due to the demand that is ever-growing in Brazil for medicine. And we are the pioneers in Brazil with the Medicine 4.0. The incorporation of artificial intelligence, robotics and IoT, as you could see in the YDUQS Day last year.

Let me give the word to Eduardo Haiama, so he can talk about our performance -- financial performance in 2019.

Eduardo Haiama {BIO 7279971 <GO>}

Well, thank you, Eduardo. Good morning, everyone. As Eduardo commented (Technical Difficulty).

Operator

Due to technical issues, we request that you wait just a few minutes. And the speaker will return. We had a problem with the speaker's line. We are awaiting their return, so we can continue with the audio conference. We are waiting for the speakers to return. We are still waiting for them to return. Dear guests, the speaker returned. Please continue.

Rogério Tostes {BIO 6148759 <GO>}

We apologize, we had a technical interference. We'll return with the CFO, to talk about the revenue. We can continue.

Eduardo Haiama {BIO 7279971 <GO>}

Well, let me just repeat. Once again, we had a technical issue with our telephones. I am going to start on Slide nine. Basically, I am going to comment the impact of 2019 and Eduardo -- everything that Eduardo just commented from the operational standpoint and the growth that we had and we're going to try and translate that into the numbers for 2019.

Slide nine. Basically, our revenue is aligned with '18. If we're going to do an adjustment over the drop of FIES financing, actually it would have been 8% in growth. And what was the effect of FIES in our bases? Looking at the right of the slide, in the graph above, we lost about BRL300 million from the FIES revenue in the year, compensating that basically by the increase in medicine. BRL67 million, digital learning-distance learning, BRL152 million, DL. These are the two levers for growth that we have commented.

Now what was that growth? Digital learning, we have grown 28%, and medicine, 24%, in such a way that today, these two segments represent about 30% of our revenues. In terms of cost, Slide 10. Cost and expenses, as Eduardo has commented, we've the positive effect of all the improvements that we have implemented for some time, our operational research and other improvements. Here, the highlight -- I would like to highlight two items. Here, from the middle table, which is PDD, which is about -- and G&A, which grew here. Well, marketing, we had an increase in capital. And for '20, we want that number to be stable. In the case of PDD, the reduction of about BRL30 million, it had a

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counterpart in the increase in financial discounts. However, the counterpart of these two movements was an improvement in our revenue as a whole.

Slide 12. How can we translate the EBITDA and the revenue. Our EBITDA was '18 to '19 in IFRS. Well, without taking a look at IFRS, obviously, the EBITDA was above. Now in terms of margin of EBITDA, the adjusted, we had, as we've mentioned, in the 32%, in IFRS it would be 38%. And in the revenue, we're growing 6%. Here, well reported net income. It is important to mention that our non-recurring items in the EBITDA are lower, but they are still based in the operational improvements that we are implementing in the operation and also the M&As that we have done play a great part in this.

Now once again, Slide 12, we were on the 11. It is important to mention that the EBITDA is healthy, it is generating cash flow. Our cash conversion was 70%. If we are going to take a look at cash conversion adjustment, it would be 75%. And here is an item, which is BRL136 million, which is a delay in receivables from FIES. At the end of December, we should have gotten that FIES transfer by December. There was a problem with the receivable, and we only got that PN23 in January 2020.

Now in regards to investment, there was an increment of 47%, but is very based in the expansion and the expansion is with the growth of Mais Medicos and the maturation of our courses. All of this results in -- well, we can see here the dividends on the right that are very healthy throughout the years, which is BRL153 million in this year 2019, considering the dividends of last year and all the operations that we have had with the drop of FIES, we ended-up the FIES with a leverage of -- which is the healthier that we can have in this sector, which is basically zero times with debt -- net debt.

Now with that, I'll give the word to Eduardo and he can do the final thoughts, and then we can do the Q&A.

Eduardo Parente Menezes {BIO 16707188 <GO>}

Now just to close this summary here. We continued with our efficiency gains that allowed us to do a cost reduction and an EBITDA that we consider that is very healthy 38%, with EBITDA margin improvement. The accelerated growth in DL and medicine and M&A were still accelerating. I think, it is not as big as -- it's not perceived as big as it should because of the movement that we had in FIES, but 2020, 2021, we should see more transparency. And Haiama [ph] talked about the numbers. We see with the positioning of YDUQS that is very privileged in the market, and we have a lot of opportunities. And we start to have a regrowth. And our balance sheet, our capacity for the net debt and the cash conversion. We consider that these, in fact, we have a unique position in the market that allows us to have a reasonable optimism over the next three, four, five years.

On the right of Slide 13, we have 82% of intake concluded. We have an expectation of growth in on-campus of 5% to 10% of growth. In the net revenues, net revenues, former FIES, 0% to 5% and strong growth in digital learning from the volume intake with over 10% comparing to the last year and the net revenue still with a growth of over 10%, if we compare it to the same quarter last year.

Well, thank you very much to all of you, and we are open for Q&A.

We can start the Q&A. We have all the directors here. Rogerio Tostes, Pedro, Rosimere, Milena, well.

Questions And Answers

Operator

We are going to have now the Q&A session. (Operator Instructions) First question is from Leandro from Citi. Good morning.

Q - Leandro Bastos {BIO 21416405 <GO>}

Thank you, guys. Two questions. First, talking about the policy for renegotiation of bad debt. I think, that for the second quarter, we had a very strong impact in the -- your results, financial discounts and last PDD. Just to understand if you still see opportunities for the general and administrative expenses, what is the standard that we can expect for the next quarter, the provisions? And the second quarter is, well with the intake, I still want to understand if on this last cycle, we are -- are you working for the intake of on-campus with more content, that is digital learning/distance learning that is getting to 40%, still with the on-campus context. What are your thoughts?

A - Eduardo Haiama {BIO 7279971 <GO>}

Thank you, Leandro. This is Haiama [ph]. Well, to your first question, PDD and financial discount. Well, since -- remember that we implemented a program for improving the -- well, charging for last year and it is an increase. Well, we've an improve in the receivables and these have been stable. PDD is stable, the debt recovery. So it is expected, therefore, bad debt, we are still going to have the same standard. And if we are getting more of an improvement in the receivables, we are going to have a reduction in the bad debt, but we still need to see consistency in the long-term to change anything in that sense.

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

Well, thank you. Well, yes, on-campus, we -- the intake, yes, we're capturing in the new framework with more digital learning and in the on-campus and still takes a little bit of time to get there, but we are improving.

Q - Leandro Bastos {BIO 21416405 <GO>}

Okay, thank you. Just a last question. I just want to understand the commercial strategy of this product with on-campus plus DL, that is to center the DL content in a few disciplines or fraction that throughout several disciplines?

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

We have both. We have disciplines that have an on-campus part and a digital part, and disciplines that will be substituted. We are going to substitute the on-campus part to digital.

Q - Leandro Bastos {BIO 21416405 <GO>}

Thank you very much.

Operator

Very good. The next question will be Susana Salaru from Itau.

Q - Susana Salaru {BIO 16170633 <GO>}

Hi, good morning everyone. Thank you for the opportunity. I want to know a little bit more about the distance learning, DL. If you can -- well, you identified 17 areas that you have to improve to have a better performance in digital learning, with the M&As, with the acquisitions, you -- how -- what do you foresee for the future that strategy?

Second point, how are you seeing the opening of centers this year, getting to 1,000 centers? Well, how many do you expect to have by the end of the year? And do you have any difficulties in finding people to be the ones responsible for these centers?

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

Susana, thank you very much for your question. In regards to the 17 areas, which are 15, we're still discussing this. The M&A process in Brazil is never linear. You have the history involved and sometimes you are close, but you are yet far away. And we learned a lot with YDUQS in last year. We are very excited with the success, the integration that we had, things that we expected that were more difficult, a lot of learnings in-house and in our process itself, and we can replicate that very easily in a smaller universe with M&A. We are still excited, focused, we've those 15 that we're searching. We are still looking at opportunities when we want to create value, and we have a strong work in that sense.

With regards to the centers, no, the centers, we see that the health of our partners, they've a financial health that is very robust or growing. We see a lot of partners requesting more in different regions of Brazil. Our challenge is that we are looking for smaller cities, and we are in 200 additional cities, as we've mentioned. We are going towards the back to where -- well, the interior of the country, and we have a lot of partners that are very excited about this.

Q - Susana Salaru {BIO 16170633 <GO>}

Thank you.

Operator

Next question is from Thiago from Goldman Sachs.

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Q - Thiago Bortoluci {BIO 20909105 <GO>}

Good morning, everyone. Thank you for receiving your questions. We wanted to explore two things. First is ticket. You are mentioning the discount throughout the last quarter, but you're using that as a tool to balance this intake in the cycle. And how you are seeing the grants and the scholarships and the competition?

And the other question is regarding cost. You talked about the cost of teachers and margins and you see the restructuring of the teachers. And -- for 2020, do you still have improvements, and consequently, a gain of margins and EBITDA? These are the questions.

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

Well, Thiago, thank you for your questions. In regards to the ticket, well we come from a moment that is -- well, there was a lot of dependency from FIES. So there is a growth and aggressiveness in regards to last year and we made it different and a robustness for the balance sheet always, this helps, and the oscillation that we had was very healthy. I think that our pricing system really helped us with this, in regards to digital learning, that is the margins, which are very healthy.

But we managed to -- what we did have -- we had an operation -- an oscillation, but what we see for 2021, it is an improvement in the market. We can see the aggressiveness that is lower, specifically in the Northeast, in regards to ticket. But I think that this is going to be reflected in volumes for every one ticket. We are still going to have to wait a little bit for the regrowth, but we are certain that it is going to come.

Well, the cost of faculty, it is going to evolve. We have a new matrix arising. We have -- we are consolidating the classes for those of you that are seeing. You will have a class of five students in one semester. And this, we have evolved since last year with the cost reduction that is important. And here, we have an expectation, yes, of generating results, maybe not as strong as they were in 2018. 2019, you see that the standard for the reduction at the end of the year was lower.

But we have a lot of opportunities up ahead, not only with us, as we see there is any integration that we've done, with the acquisition of UniToledo. And we've realized that any buyers that we have in Brazil, there is still low utilization of this digital learning, in regards to on-campus, and this is a source of synergy that is very important for any of our acquisitions.

Q - Thiago Bortoluci {BIO 20909105 <GO>}

Well, last question. Do you have any directives or any talks with the Ministry of Education in regards to behavior or suggestions in regards to Coronavirus?

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

Let me break down your question in two. We're all talking. Well, just to remind you, we have different realities in different states of the union. Here at Brazil also, we have a

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strong contact with the Ministry of Education. More than once a day, our -- we're seeing what's taking place, specifically at the state level, but I wanted to ask Adriano to tell us a little bit more to get into details, which is very relevant of what are we doing in terms of facing the situation.

A - Adriano Pistore {BIO 20655758 <GO>}

Thiago, in regards to coronavirus, I think it is important to mention, I participated in an experience, well about 10 years ago, when we had the H1N1 virus outbreak. I worked with this team that was very critical at the time, and we had two concerns. One is keeping the continuity of the operations, and of course, the other is the health care of our collaborators and our students. So we developed at that time, a series of alternatives that -- so we can meet those two requirements.

Here, today at YDUQS, we also have a plan, contingency plan, for diverse scenarios, depending as the outbreak of Coronavirus affects our units. With the adjustment of our academic calendar, specifically, the break in the middle of the year and the digital content in -- for the on-campus students, so they can finish their studies in the most correct way possible. This is very important, and this is a point that we highlight. We have two-day coverage of content that is digital learning, very -- that is very large at YDUQS, very similar to on-campus. And we are developing content in a very agile, very quick way. We are following up all the developments, and we have a communication with the Ministry of Health and Education and we're working with the State Secretary of every state and we are following their requirements, with a very structured plan and very rigorous control for the next few weeks. Thank you very much.

Operator

Next question, Marcelo Santos from JPMorgan.

Q - Marcelo Santos {BIO 17186991 <GO>}

First question. Well, the outlook of M&A, we have seen a few assets that are very big, arriving at the market. And then I wanted to understand, up until when, first of all the appetite of YDUQS could get to doing the M&As? Is there any size? What will be the capacity of the Company of leveraging of the company, and what is the capacity for integration of the Company? That's the first question in regards to M&A.

The second question is to talk a little bit -- to talk about the residency, the medical residency. How is that model comparing to the traditional residency? When is it going to be launched, what are the characteristics here of this model? These are the two questions.

A - Eduardo Haiama {BIO 7279971 <GO>}

Thank you, Marcelo. This is Haiama. In the issue of M&A, I think it is important, if you look at M&A, two points -- three points. First of all, our focus is for the priority issues. The M&A -- any M&A from us is focused, and we're focused on everything that is on sale, the second. And third point, size and capacity, operational capacity size.

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Obviously, if you ask me, yesterday, the height of the crisis. But -- whenever we are looking at the M&A, we are looking at horizon of a few months or even the next year. In this case, we have a big advantage. We are a corporation. So keeping the operations and having interesting things to do, the size well, if you understand that it generates value. We know that there is a restriction in terms of size. But from the operational standpoint, we have to be very careful. Because -- well, it is joking around, but executing the excel sheet is complicated. I'd like to say that today, even if we have the approval -- positive approval, it would be a restriction to do any movement, no, I understand that, no.

In operational terms, we're not talking about anything big right now. And I'm not speaking about in the context of financial issues. For now, we are not going to do anything, but now I am going to give the word to Eduardo to comment a little bit more on this.

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

Well, I am going to be more direct. I think you talked about the size. Well, we don't see any restrictions about doing another M&A, big M&A. Of course, we need to understand if the business is good, what is the price and then you know us and you know that we're very conservative with our business. We don't like crazy business, but we are very happy with the integration that we have done. That we are implementing, and there is never a big -- a fish that is too big to digest. Of course, up ahead, things change, 2022, 2023, but a small acquisition, easy, but a big one, we could be sure that we can do it. I'm going to give Silvio -- I'm going to put Silvio on the line, our Medical Director, and he can give you more details.

A - Silvio Pessanha Neto {BIO 16661547 <GO>}

Marcelo, in regards to medical residency, we're thinking about this product, and we understand that, well half of the medical schools for the next two years to three years, we have an expectation of a big number -- well, a big increase in the intake. And we're going to see a lot of physicians with the Medical specialization and the medical residency. This is growing, and we understand that a lot of these new physicians are going to need alternatives to specialize. And I've been working for a few years in the elaboration of programs with a workload that is compatible with the medical residency, where the students can get into the program, where we're designing a center with the hospitals that are referenced as an option. So they can specialize and continue their medical activity.

The work for the next years is that for the post-graduate programs in medicine that are being offered in the market. The students, once they finish their course, when they enter the job market, they need to associate their professional activity to the medical specialization. And we are very optimistic that the programs that are being implemented. Now, they're very -- they're being developed and they are being improved, and we are going to have better programs in the future. Thank you very much.

Operator

Next question from Yan Cesquim from BTG Pactual.

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Q - Yan Cesquim

Good morning. I wanted to do two follow-ups on the questions that were already done. First, I wanted to know more about the digital learning polls, the distance learning centers. You are getting to the numbers that we expect for 2020. What are the numbers for the next quarters facing what we have seen recently?

And secondly, the question of Coronavirus and impacts. You mentioned that you are working with a contingency plan and also with the digital -- distance learning to provision this impact. I wanted to know, if there is a possibility of having an operational deficiency or in even in this situation of crisis, are you going to cut costs? I wanted to you know more about this.

A - Eduardo Haiama {BIO 7279971 <GO>}

This is Eduardo. Good question about the growth of centers. We're still growing. We commented in the YDUQS Day that our objective is to get to 2,000 centers in next year. And I think, that it's very clear that we have learned to grow. We have learned to open centers, and we got to over 200 cities, and the rhythm is to grow more. And we want to double the amount of centers that we have grown over the last year. Eduardo?

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

This is Eduardo about the Coronavirus. The concern is 100% with a student and their health and their learning, of course. We haven't stopped to think about we, as your companies, what -- we've a lot of people in our units. And we are spending a lot of time in this, but right now everything that we are thinking is to ensure the health of our students. We hadn't done any math on economic efficiency.

Q - Yan Cesquim

Thank you.

Operator

Next question will be from the Vinicius Ribeiro from UBS.

Q - Vinicius Ribeiro {BIO 19720178 <GO>}

Two questions. First, the expectation for the intake for the first quarter, how can you open that volume more than 10%? How do you subdivide it between the new centers, the ones that were open in 2019 and the more mature centers? I just want to know how is the ramp-up of your distance learning.

And second, looking at the finance for -- financing of students, Haiama [ph], he commented that you were going to study other alternatives, not only for other products, but an alternative for your policies. Do you have any update in that sense?

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

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Vinicius, thank you for your question. Intake, 201, well, we've naturally a growth that is very strong in partnerships. If you have a situation that less than 10% of our centers are in-house, and this is what's allowing for a strong evolution and we have a growth with those centers with the partners, that is very relevant. And this is very important for us because we want them to be healthy, and we want them to grow alongside us. Yes, there is a relevant participation with the partner centers more than the period of last year. We are not going to give you the number. I'm going to let Haiama talk about the financing.

A - Eduardo Haiama {BIO 7279971 <GO>}

Thank you, Vinicius. In terms of financing, we're studying products that can contribute with the training of the student. But we still have nothing -- we still haven't have anything to find. Now, we commented that we're evolving with our accounts receivable, our revenue, it was improving. And probably, we would be seeing a decrease in the provision that we were doing, but this is still early.

We had a program for improvement of implementing the charges for the students at the second semester of last year, we concluded it. The effects are positive. We can see this in our results. Nonetheless, it is still very early for us to get to a conclusion as to what will be the level from now on. And if eventually, we're going to have to revert something that was done as a provision that we have done next year -- or something that we can recover in time. What I can tell you is that in the results that we had, there was an improvement.

Q - Vinicius Ribeiro {BIO 19720178 <GO>}

Thank you, Haiama. If you can just go back here, Parente, I remember that in the first quarter of 2019, at least 40% of the centers were in the first intake. Now starting with the premise that a great deal of the survival of the centers is aligned with what you expect, can you give us at least a qualitative idea on how is the mix or on the ways of opening the centers?

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

I can give you, but I'm not going to give you. What is being good is the 40% that a year ago they were in the first intake and now they are in the third wave, and we are learning with the process, a great deal of them with an investment here, the payback. Well, this is what it's exciting, the new people to open the new centers. Of course, that the -- if they are older, their -- the older centers are still very relevant. But from the standpoint of growth, we've a strong growth from the people that were in the first intake and now they are in the third.

Q - Vinicius Ribeiro {BIO 19720178 <GO>}

Thank you.

Operator

So now we close the Q&A session. In this way, we return the word to the speakers for the final thoughts.

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

Once again, thank you for your participation here, not only today, but in our journey, an incredible year of improvements, qualitative and quantitative improvements. And it was a very solid preparation for the future. And what we are expecting is that 2021 will be ever more transparent, the evolution and solidity of everything that we are building right now. Thank you very much.

Operator

So now the earnings conference is closed. Thank you for your participation. Have an excellent day.

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