Y 2013 Earnings Call

Company Participants

- Elie Horn, Chairman of the Board, Chief Executive Officer, Member of the Executive Board
- Eric Alencar, Chief Financial Officer, Investor Relations Officer, Member of the Executive Board
- Raphael Horn, Co-Chief Executive Officer

Other Participants

- Enrico Trotta, Analyst
- Fred Mendes, Analyst
- Luiz Mauricio Garcia, Analyst
- Marcelo Motta, Analyst
- Rafael Pinho, Analyst
- Robert Rafael, Analyst
- Unidentified Participant

Presentation

Operator

Good morning, ladies and gentlemen. Welcome to the Cyrela Brazil Realty Conference Call, where the Fourth Quarter Results will be discussed as well as 2013. At this time, all participants are in listen-only mode and later we will conduct a question-and-answer session and instructions will be given at that time. (Operator Instructions) As a reminder, this conference call is being recorded and it will be -- the audio will be available at the company's website at www.cyrela.com.br/ri. This call is being simultaneously translated into English and is being broadcasted over the Internet. Questions can also be made by participants connected abroad. The earnings release published yesterday, March 20, after closing of the BM&FBOVESPA. Trading session can be seen on the company's website at www.cyrela.com.br/ri.

Before we proceed, we would like to mention that forward-looking statements made during this conference call relating to the company's business prospects and projections, operational target and relative to its financial growth potential are constituting predictions based on management's expectations about the future of Cyrela. These expectations are highly dependent on domestic market conditions, the general economic performance of the country and international markets and therefore are subject to change.

With us today are Mr. Elie Horn, CEO; Mr. Raphael Horn, Operational Director and Mr. Eric Alencar, CFO and Investor Relations Officer. Mr. Elie Horn, you may proceed.

Elie Horn {BIO 1823000 <GO>}

Good morning, everyone. Today is a very special day for me, we've been working on the long-lasting plan for Cyrela and be a long-lasting company means to re-invent yourself to continue in time, respect your story, your past and look forward. I believe that this plan means that we have the ability to prepare our leaders and that they should be the example of our values, our culture and the way we are.

I'm very proud to see that Cyrela has taken strong strive. We are able to collect and learn from our mistakes. We grew believing that we can always be better. The current macroeconomic scenario, it's a challenge but that's nothing new. Cyrela has to be ready to face adversities that will come and a consequence of that take advantage of the opportunities that come in moment such as these. The results of 2013 were a bit better than 2012. We are able to launch and sell and we increased our profit in 9% but we are not satisfied. We will still continue to control cost, innovating our products, focus on clients and improve our return on equity and selling more general inventory.

In order to guarantee the company's future, I'd like to share that as for me, I will continue to be the Chairman of the Board and then we'll have the Executive President become a CEO, Mr. Raphael Horn. We have chosen the model of Co-Presidency because we believe in competencies. Frank [ph] and Raphael will experience something intensely and then we can guarantee the continuity of our culture and business in relation to the administration and financial departments. This decision was made and matured in the last year. In the same way we are assuming the governance model with responsibility and very structured committees to have a very prepared team that shares the same vision and that is essential for the company.

We have the privilege with Mr. Novellino and George Zausner. With model that we share, we will mature the project and looking at each one of us from inside Cyrela. And together with the other Board members, we will continue to lead and focus on the company's strategy. I will not say good-bye because we'll continue on this mission in sharing the same vision and objective. In light of the continuous cycle and our Board will be very active and present. I'd also like to reinforce the importance of being at the right time -- right place at the right time.

And now I'll pass the floor to Rapheal, who will talk about our operating results. Thank you.

Raphael Horn {BIO 19714328 <GO>}

Good morning, everyone. On slide five, we'll comment the Cyrela Group consolidated results. In the fourth quarter of the year, we launched R$2,695 million. For this quarter, there was 469 million launches in the MCMV Faixa 1 program. So our's participation in the quarter launches were 71% higher than 4Q '12 results, which were 65%. In the year, launches reached R$6,646 million, 19% higher than launches year-over-year.

Cyrela's share in the launches was 70% for the year compared to 69% in 2012. Excluding MCMV Faixa 1 in both years, so CBR percentage was 74% in 2013 higher than 71% year-over-year. In relation to launches in the quarter, I would like to highlight the Condominio Por do Sol in Porto Alegre, they inspire economic in Sao Paulo and the Boulevard also in Sao Paulo all had good sales performance.

Although total launches in the year 96% are concentrating Sao Paulo, Rio de Janeiro and the South.

Now moving on to slide number six, let's talk about our sales performance. In this quarter pre-sales reached approximately R$2.3 billion, which represents approximately 11,000 units sold. Excluding Faixa 1, inventories in South represent 47% of sales in the quarter, up to R$844 million which represents approximately 2200 [ph] units. In the year the company sold, R$7,175 million, an increment of 19% year-over-year with 13,000 [ph] units sold.

Without Faixa 1, annual sales were R$6 billion, equal to 17,000 units. The state of Sao Paulo and Rio de Janeiro, together account for 80% of our quarter sales and 78% of sales in the year. The CBR percentage of annual company sales remains stable at 75% in 2013 compared to 2012, excluding Faixa 1.

On slide seven, we'll talk about our sales speed. The quarter sales contributed for the company to reach an annual sales based on supply 54%. If we exclude Faixa 1, sales based on supply is 50%. In terms of performance for season, we saw 53% of the projects launched this quarter. If we disregard Faixa 1, the percentage is 43%. The chart on the right shows the sales performance for launch season. These performance are in line with forecast of our feasibility plan.

On slide eight, we'll talk about Cyrela's total inventory. At the end of the quarter, market value inventory totaled R$6.7 billion. Our inventory movement can be seen on the chart on the right. Concluding the inventory represents 14% of total inventory.

On slide nine, pleased with the details of finished inventory. Finished inventory represents R$971 million, a 4% increase compared to the previous quarter. This quarter, the company sold 18% of its finished inventory from the beginning of the period, and added R$160 million [ph] to inventory. We would like to stress that we have finalized our active work sites that we had in the state of Espirito Santo. And the chart on the right, we can see that 41% of finished inventories mainly located in Northeast and Espirito Santo, places with the reduced demand, which we expect for slower sales rate.

On slide 10, we will address the delivered units. In the quarter, Cyrela delivered 26 projects accounting for (inaudible) units. In the year 25,000 units were delivered. Delivered units in the quarter account for a PSV of R$1.7 billion and in the year approximately R$6 billion [ph]. Next, Eric will talk about the financial results.

Eric Alencar {BIO 18098474 <GO>}

Thank you, Raphael, and good afternoon to everyone. On slide 12, we will talk about our financial results. In 4Q '12 the development to the -- submitted to the Special Tax Regime, the RET change from 6% to 4%, creating a one-off effect, which is positive to the company's balance sheet in that quarter. As we did at that time all comparisons made with this regard that effect.

Gross revenues reached R$1.4 billion in the quarter, 0.1% higher than last quarter and 0.3% higher than the sales volume year-over-year. In the year, gross revenues reached 5.5 million, 4.7% lower than 2012. Gross profit in the quarter was 457 million, in line with gross profit for last year and 2.7% lower year-over-year -- quarter up to previous year. In the year, gross profit reached 1.8 billion, 0.6% lower year-over-year. The company's gross margin in the quarter was 32.9%, 0.1% higher than the 32.8% of 3Q '13 and 1.1 lower than the gross margin, up 34% in 4Q '12. In the year, gross margins increased 1 p.p. from 31.7% to 32.7%.

On the chart below, we were -- look at the EBITDA. The EBITDA in the quarter was 284 million, 0.9% lower than EBITDA in the previous quarter and 4% below the 296 million in the same period last year. The EBITDA margin reached 20.4% in the quarter. The EBITDA margin in the year increased from 18.7 in 2012 to 20.5 in '12, '13. The net profit of the quarter was 182.5 million, 5% above the net profit in 3Q '13 and 14% higher than 4Q '12. In the year, net profit reached 719 million, an increase of 26% when compared to the 571 million last year. The liquid -- the net margin of the quarter was 13.1% higher than the margins of 12.5% in 3Q '13 and 11.6, 4Q '12. In the year we represent -- we showed an increase of the net margin, which increased from 10.2 to 13.4 this year.

Next, let's talk about slide 13, about return on equity. On 4Q '13, we reached the return on equity measured as net profit of the past 12 years above average equity of 13.7%. In the year, the company distributed R$321 million, being 157 million in mandatory minimum dividend and 52 million in extraordinary dividends and 112 million in repurchase of stock.

Let's see, slide 14 that talks about the clients' financial solution. In the 4Q '13, we transferred the pay offs and trust-deeded 836 million, 14% higher less than 3Q '13 and 1% more than 4Q '12. In the year, we have an increase of those numbers, 26% higher than in 2012. The volume of transfers in the year reached 2.8 million, 23% higher than the previous year.

On slide 13, we will talk about cash generation. The company presented in this quarter operational cash flow of 134 million. This consumption was strongly impacted by buying Terra Encantada land in Reo. The negotiation involved the payment in cash and taken on to that. The most significant one is 120 million with BNDES with the matured date in 2027. This amount compares to the cash consumption (Technical Difficulty) and cash generation of 233 million in 4Q '12. In the year, cash generation reached 201 million against cash generation of 277 million in the previous year.

If we exclude the effects of Terra Encantada in our balance sheet, we will have a cash generation of 84 million in the quarter and 419 million in the year equivalent to an increase of 31.1%. In the next slide, we'll talk about that. The gross debt in the quarter showed increase compared to the previous quarter, impacted by the negotiation of Terra Encantada, as said before. The gross debt at the end the quarter totaled 4.2 billion against the 3.8 billion in the previous quarter. Of that total, 48% refers to financing with SFH, and 78% is long term. The cash position at the end of the quarter was 1.7 billion stable compared to the previous quarter.

Our net debt compared to equity reached 39.6% compared to 35% in the previous quarter. Now before we got to the questions and answers, I would like on behalf of all Cyrela employees to congratulate Efraim and Raphael by formalizing the session process that is already taking place in the company for some year. We are here to support you and help the company to continue its path of success, started by Mr. Elie together with Mr. Rafael Novellino and George Zausner.

Now we will go to Q&A. Thank you very much.

Questions And Answers

Operator

Ladies and gentlemen, we will now start the question-and-answer session. (Operator Instructions) Our first question comes from Mr. Garcia from Bradesco.

Q - Luiz Mauricio Garcia {BIO 17432519 <GO>}

Good morning. I have two questions, the first one, Raphael mentioned in the call and it's also in the release, the difficulty of selling the finished inventory of the more problem seasons in regions that have excess offers and simulating the movement and considering that there is 1.8 billion of inventory already delivered in 2014 and not sold yet. Even if we do have those numbers, we will still be at the end of the year with the finished inventory of 1.5, which would give us an increase of 50% over the numbers of today and that brings a huge impact of working capital for the company in assets that are hard to sell and that might lead to reduce the price.

I would like to know that if you agree with this view and if the company sees any kind of trade off between discounts and maintenance of this inventory. I don't know how much it impacts the margin, but the employees have to be paid also. So I would like to listen to what you are considering as a strategy, since this number can highly increase. The second question is also in asset movement, we think the company being more aggressive in purchasing landbank in cash and instead of swaps, especially in Rio. This also gives us a huge impact in the turnover and as we've seen in other companies the trade-off to compensate this lack of turnover needs to be a very high margin. So with the guidance the company expects to increase margin. Do you see this scenario, those landbanks that are being bought in cash or impacting the company. Do they bring you a much higher margin or not necessarily is that just a necessary change because the company wasn't able to maintain a high swap as it did in the past. I would like you to comment a bit about that too.

A - Raphael Horn {BIO 19714328 <GO>}

Good morning, Luiz. The first question about the finished inventory, I'd like to say that, first of all, we agree with you, because it is high and since we're going to deliver a lot in difficult places, it could increase even more and that's bad and we're going to fight that. What's finished should be in the cash flow, which will impact the ROI and free cash flow. That's in theory and there is no discussion about that. But in practice we already have a high inventory. And even though we're selling it well, which is a good figure that we had, in fact we're going to deliver now a lot of things in problem places.

So we don't think it's going to decrease in the medium, in short-term and the long-term, it will. But now, we can say that we are completely focused on the finished inventory, meaning that we're going to adapt the campaigns and sometimes even the terms, it's a case by case basis and we have to be realistic to do the best for what that we can for the development. So, but we agree with you. The right place for the money to be is in cash flow. We're going to try to reduce that. But it won't be reduced in the short term.

About your second question, about the landbank and money and swap, which increased a bit in 2013. We buy landbank for opportunity. It's not like a global strategy. If it's a good opportunity, we buy it. Last year we paid a lot in cash. We have those types of opportunities. So if we have good swap opportunities, we'll do that. So the minimum margins that we -- like, it doesn't matter if it's money or if it's swap. If it's money, fine. If it's swap, okay. So it depends. That's it. We believe that the margins will be within the guidance that we provided.

A - Elie Horn {BIO 1823000 <GO>}

Luiz, this is Elie Horn speaking about the inventory. We have in campaign in San Paulo and North and Northeast to sell the inventory. So we're really focused on that.

Q - Luiz Mauricio Garcia {BIO 17432519 <GO>}

Okay. Thank you, Mr. Horn and Raphael. In relation to the swap, do you see in fact any changes in the gross margin for the new landbank or not necessarily? The ones that you paid cash?

A - Raphael Horn {BIO 19714328 <GO>}

Our margin -- we're going to talk about margin later, but our margin has to do with launches, swap and in finished inventory, it's a mix. So the new land or the older ones with less problems. Usually they do have a higher margin than the ones in the problem seasons. So I can say that, but it's not just the new ones that we bought in cash, it's the ones that are less older, they have higher margins. That's not new to anyone.

Q - Luiz Mauricio Garcia {BIO 17432519 <GO>}

Okay, I understand.

A - Raphael Horn {BIO 19714328 <GO>}

And also the margins from the older products as well.

Q - Luiz Mauricio Garcia {BIO 17432519 <GO>}

Thank you. Thank you.

Operator

Our next question is from Mr. Enrico Trotta from Itau BBA.

Q - Enrico Trotta {BIO 16742911 <GO>}

Thank you, everyone. Thank you for your presentation. I have two quick questions. Still speaking about landbank, it's a quarter that you were very active, almost 4.9 billion in PSV. But looking at the landbank and comparing that to the third quarter, you can see it dropped a lot. You closed the fourth quarter with 46.3 billion in landbank PSV, but you had 51.2 in the third quarter.

So I'd like to understand what happened, did you have any cancellations in the agreements of the purchase? And if you did, what regions was that -- where they in and why? And speaking more about the projects of the MCMV program Faixa 1, what do you expect the launch volumes to be throughout 2014 and how do you see the cooperation of low income in the company's operations? Since these projects go through the equivalency line, we lose some of the visibility. So if you can explain to us what you believe the evolution of that line would be, it would be great. Thank you.

A - Eric Alencar {BIO 18098474 <GO>}

Hi, Enrico. This is Eric speaking. I'd like to talk about the first question, which is landbank and then Raphael is going to talk about Faixa 1. In fact, we were very active in the previous quarter in buying landbank. It was 21. But the total landbank decreased. And the reason for that was what you mentioned. We decided to have a very pragmatic attitude in relation to landbank, and the two mode reasons where very specific. In the Northeast, we reduced the landbank in places where we didn't want to launch anymore. And in Sao Paulo and Rio there were some cancellations in Sao Paulo mainly, because they had some barriers to launch of suspensive clauses that even hindered up from launching in the long term. So we decided to return that landbank. The impact of the balance sheet was minimum. It was 99% was swap. So some commercial expenses or some land studies that had to do, that was the impact. That's basically it. Simple, very simple.

A - Raphael Horn {BIO 19714328 <GO>}

Enrico, this is Raphael speaking. It's important to say that about landbank, there's nothing too strategic about that. R$50 million [ph], it's normal that we're going to have variations: landbank coming in, leaving. So that variation will take place and that is normal. So we do a very active management on landbank -- on landbank.

In relation to Faixa 1, we believe that it's an opportunity for us to work through Cury. This year, we believe we're going to have less pre-sales. But I believe it's going to be a good year. It's going to be less than last year, but better.

There's going to be a new program, they're going to approve Phase 3 and we believe that's going to be approved this year. And the new corporation said this programs will happen in 2015. So we're going to take part in this program in a more active manner through Cury. So we always look into opportunities. The Faixa 1 window is very good and when we have a window to do so, we're going to take advantage of that through Cury.

Q - Enrico Trotta {BIO 16742911 <GO>}

Just one more point that I'd like to clarify about landbank, you're considering probably buying more in Sao Paulo and Rio because of strategy. So what should we expect in landbank purchases for 2014. Do you see opportunities? Can you direct the operating cash flow to buy new landbank throughout 2014?

A - Elie Horn {BIO 1823000 <GO>}

Enrico, this is Eric speaking. Well, that really depends on the opportunities that come up. The fourth quarter was very good with 22 lots. We have to see what's going to happen during the year. There is no specific goal or guidance for that because that depends on what comes up. If we see good land, we buy it. If we don't, we're going use the landbank that we have.

Q - Enrico Trotta {BIO 16742911 <GO>}

Okay. Perfect. Thank you very much.

Operator

Our next question is from Mr. Rafael Pinho from Morgan Stanley.

Q - Rafael Pinho {BIO 15321539 <GO>}

Good morning, everyone. My first question is about the transfers. I'd like to understand that a bit more. I know there was a drop, so I'm not sure if it's the problem with the banking system that happened, or if it's just some fluctuations because of deliveries or can you talk more about that please?

A - Eric Alencar {BIO 18098474 <GO>}

Hi, Pinho. How are you doing? Of course, the quarter-to-quarter variation is very natural. It depends on deliveries. And specifically in the fourth quarter, it's harder, because we have the end of year celebrations or holidays. So you need to compare during the year, and we had a 23% figure higher than last year, which that's what we consider. In the last quarter, which was Condominio Marajoara, which had a very strong positive impact and that didn't happen in the fourth quarter.

Q - Rafael Pinho {BIO 15321539 <GO>}

Yes, I agree, Eric. I know you look at the year-over-year, but I'd like to know about the trend, if there is any change in that or is it just --?

A - Eric Alencar {BIO 18098474 <GO>}

No, it was a regular variations quarter-over-quarter and it's very hard to do transfers in December.

Q - Rafael Pinho {BIO 15321539 <GO>}

And also even the using the ex-Terra Encantada impact. So if you take out Terra Encantada, it's still dropped, right?

A - Eric Alencar {BIO 18098474 <GO>}

That was -- yes, that was expected. The fourth quarter in our transfer forecast, it's a quarter that we have a very conservative projection because it's harder, they definitely as it was in the first quarter we would have a higher generation, you are correct.

Q - Rafael Pinho {BIO 15321539 <GO>}

Okay. great. Your question is about the dividend payment. Last year you said that in your presentation that the dividend were a bit higher than minimum. Do you have a proposal for this year. Can you comment about that?

A - Eric Alencar {BIO 18098474 <GO>}

Of course, we do have it. We already have the agenda for the GO [ph]. We can distribute dividends throughout the year if the Board and the Directors decide that. We always work with distributing dividend, repurchase stock, reinvest in the business or reduce the debt. Last year we did a little bit of each. This year it won't be different. The possibilities depend on each moment, the price of the shares, the perspective of the economy, the company's leverage. So we're going to look at all of that. This topic is very important for the company and at this price, it's a bit more advantageous to repurchase stock at the moment.

Q - Rafael Pinho {BIO 15321539 <GO>}

Eric, I want to understand this a bit. Your idea of repurchasing, in the capital structure point of view, wouldn't it make more sense to use these resources to better spread the dividends? I might be mistaken. I just want to understand your strategy. What am I missing here?

A - Eric Alencar {BIO 18098474 <GO>}

Well, our concern is in making the return perennial. The better the return, the better. It can be through the distribution of dividends, but also with repurchasing the stocks. That reduces the equity of the company and the capital can be distributed equally. We're betting on the price of the stock, if it's high or not. That's the best thing we can do for our shareholders.

Q - Rafael Pinho {BIO 15321539 <GO>}

The last question, did you cancel the stock that you repurchased last year?

A - Eric Alencar {BIO 18098474 <GO>}

No, we didn't. We will, though.

Q - Rafael Pinho {BIO 15321539 <GO>}

Will you cancel it or otherwise you don't reduce your equity?

A - Eric Alencar {BIO 18098474 <GO>}

Yes, it does, regardless of the cancelling. The Treasury and stock are below the equity.

Q - Rafael Pinho {BIO 15321539 <GO>}

Okay. Thank you. Good morning.

Operator

(Operator Instructions) Our next question is from Mr. Mendes from Deutsche Bank.

Q - Fred Mendes {BIO 17221617 <GO>}

Very quickly, I have a question on cash generation for 2014. It was 6 billion [ph] in 2012, again 6 billion this year. The transfer was higher this year, but cash generation is a bit lower than expected, since in 2013 we can expect a higher number because of the deliveries and the improvement of the transfers, or we're going to increase the curve on cash generation. What can you say about that? Thank you.

A - Eric Alencar {BIO 18098474 <GO>}

Hi, Fred, it's Eric. In regards to cash generation what we can say at the moment is that we expect a positive generation this year. This highly depends not only on deliveries, but also selling the finished units, which generates a very significant amount of cash. So we expect to generate cash, if we do get a new plot of land, we will buy it. We're very comfortable with the amount of landbanks that we have today. But if we do have a new opportunity, we will take it, but we can't really tell you the amount.

Q - Fred Mendes {BIO 17221617 <GO>}

Okay, Eric. I don't want to insist much, but do you expect something above, what was 2013, can you say something about that?

A - Eric Alencar {BIO 18098474 <GO>}

We don't have guidance on cash generation.

Q - Fred Mendes {BIO 17221617 <GO>}

Okay. Thank you.

Operator

Our next question comes from Mr. Marcelo Motta, JP Morgan.

Q - Marcelo Motta {BIO 16438725 <GO>}

Good morning. I have a quick question about margin. When we look at the guidance for this year, we can see that the average point is a stable gross margin in 33%. When we look above revenues, the results was similar to 2012. Do we have an improvement of margin to come or what can you still do for the ROE to improve? Capital structure -- is margins still one of the things that we can expect to improve, to improve the return on equity of the company?

A - Eric Alencar {BIO 18098474 <GO>}

Hi, Marcelo, it's Eric. For sure, margin is one of the leverage for the ROE. And we had a ROE of 13.7% last year and we're not happy with this number. So we have to work on both ends, on the balance sheet, and the financial statements. The new projects that we are launching are above the margins that the company is showing in the balance sheet now. I don't know how much it's going to be throughout the year. It really depends on the sales of the finished inventory, because they have a lower margin that trades off with higher margin that we're selling in the launching. It will have a lower impact on the margins, but it will help in the long run.

On the allocated capital, we have to reduce this capital allocation of the finished inventory, because it generates cash and we have money to distribute and that's how (inaudible) it's a long term and the results will not show in the short-term because of the nature of our business.

Q - Marcelo Motta {BIO 16438725 <GO>}

Perfect. Thank you, Eric.

A - Eric Alencar {BIO 18098474 <GO>}

You're welcome. Thank you.

Operator

(Operator Instructions) Our next question comes from Mr. Rafael from Santander Assets.

Q - Robert Rafael {BIO 17219680 <GO>}

Good morning. I have a question about revenue. We saw that the revenue in the quarter was flat compared to the third quarter, and one of the reason that you say in the release is that there are some of developments launched in the third quarter that were not sold because of the suspensive motion. I would like to know a little bit more about this, what happened and if you could give us an idea of how much revenue are we talking about, and if this will be seen as revenue in the first quarter of 2014?

A - Eric Alencar {BIO 18098474 <GO>}

Hi, Rafael, it's Eric. Its what you said the sales were higher, but the revenue was stable. And that's because there are some developments that have this suspensive motion. We are talking about 400,000 million of not acknowledged sales and it was because of two products, BD and Ocean. They well sold very well at the launching. Together they sold more than 200 million, but they're unique and the revenue is about that. They are not the full development. These numbers will be known in the first or second quarter when we reach that sales amount. On the whole and not just on the launching phase.

Q - Robert Rafael {BIO 17219680 <GO>}

Thank you.

Operator

Our next question is from Ms. Fernanda Faria [ph] from Espirito Santo Bank.

Q - Unidentified Participant

Good morning. I would like to ask you to talk a little bit about the approval speed for project in Sao Paulo. And talking to other developers there is a fear that with the approval of the new directive plan that will make this speed lower because it requires the City Hall an adaption phase. And I want to know what to expect for that?

A - Elie Horn {BIO 1823000 <GO>}

Good morning, Fernanda. It's Elie Horn. The approval is much better than last year without any doubt. We've seen a lot of progress in this sense. The deadlines were shortened in the directive plan, and that makes us our life a little bit easier. But it will go back to normal. We will find some hurdles, but that's part of life. But it's better than last year, definitely.

Q - Unidentified Participant

Okay. Thank you.

Operator

(Operator Instructions) There are no further questions. I'd like to pass on to Mr. Horn for his final remarks.

A - Elie Horn {BIO 1823000 <GO>}

Well, I've said a bit of a good-bye, sad, happy, that's life. And I'll be the Chairman of the Board to what -- to oversee and support the new Board management. Things will improve. Our inventories will become lower and we will always be present today, tomorrow and in the future. Thank you very much. Everyone, have a good day.

Operator

The Cyrela conference call is closed. Have a good day.