Q3 2012 Earnings Call

Company Participants

- Carlos Lazar, IRO
- Frederico Abreu, CFO
- Igor Lima, VP
- Rodrigo Galindo, CEO

Other Participants

- Bruno Giardino, Analyst
- Thiago Macruz, Analyst
- Yag Patel, Analyst

Presentation

Operator

Good afternoon, ladies and gentlemen. and thank you for waiting. At this time, we would like to welcome everyone to Kroton Educacional's Third Quarter 2012 Earnings Conference Call.

Today, we have with us Mr. Rodrigo Galindo, Kroton's CEO. We would like to inform you that this event is being recorded and all participants will be in listen-only mode during the Company's presentation.

After the Company's remarks are completed, there will be a question-and-answer session. At that time, further instructions will be given.

(Operator Instructions)

Also, today's live webcast, both audio and slide show, may be accessed through Kroton Educacional's investor relations website at www.Kroton.com.BR/IR by clicking on the banner 3Q12 Webcast.

The following presentation is also available to download on the webcast platform. The following information is available in Brazilian Reals in accordance with Brazilians' corporate law and generally accepted accounting principles which now conform with international, financial reporting standards except whether otherwise indicated.

Before proceeding, let me mention that forward-looking statements are based on the beliefs and assumptions of Kroton Management and on information currently available to the Company. They involved risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future.

Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of the Company and could cause results to differ materially from those expressed in such forward-looking statements.

Now, I'll turn the conference over to the CEO, Mr. Rodrigo Galindo, who will begin the presentation. Mr. Rodrigo, you may begin your conference.

Rodrigo Galindo {BIO 17238232 <GO>}

Good morning, everyone. Welcome to the earnings conference call of Kroton Educational for the Third Quarter of 2012. With me today is also our IRO, Carlos Lazar, our CFO, Frederico Abreu, and our operations VP, Igor Lima.

I'd like to start today's presentation on slide three with the highlights in the Third Quarter. We are very satisfied to report again another quarter of exceptional results for Kroton to start by the new enrollment and reenrollment process that exceed out of our internal targets. We also remain completely on track in our integration process which are entering in the final phase and they're expected to be concluded by early next year.

In our financial performance, EBITDA reached BRL115.9 million in the quarter with EBITDA margin of 30.1%. And in the first nine months of the year, EBITDA was BRL350 million with EBITDA margin of 30.3%.

Adjusted net income reached BRL82.1 million, almost 4 times higher than in the same quarter last year. Cash generation was also very strong in the quarter with operation cash flow before CapEx of BRL134.8 million and after recurring CapEx of BRLBRL123.3 million. All of this information will be detailed during the presentation, but these figures already give you an idea of the evolution in the Company's results.

I will now invite our operations VP, Igor Lima, to present our operational performance.

Igor Lima {BIO 19818818 <GO>}

Thank you, Rodrigo. Slide five shows new student enrollment in the undergraduate business for the second semester. We surpassed all of our internal targets with growth in new enrollments of 37% in the on-campus businesses and 15% in the distance learning business for growth in total new enrollments of 21%.

We enrolled more than 74,000 new undergraduate students in the second semester of 2012 and keep in mind that that numbers for 2011 were based on pro forma data for Unopar and Uniasselvi, which means that the bases are comparable.

On a same-base unit, in other words, considering the same situations, but excluding that position, growth in the number of new students in the on-campus business was 36%. We believe that these growth rates were due to a set of sectors such as high income levels in Brazil. They continued expansion of the FIES student loan program, but also due to Kroton's efficient sales efforts.

It's important to note that these results were retained even though -- were retained even though we reduced our market expanses in the nine-month period.

Slide six shows the growth in the -- the growth in the new enrollments, reenrollments and the student base between the periods. As we mentioned on the previous slide, new enrollment performance was excellent in the cue, but reenrollment performance was also very good. New enrollments total in year to 97,000 students and together with new enrollments generated the growth and the total undergraduate student base of 22% when compared to the same cue in 2011.

With the on-campus student base growing at 28% and the distance learning student base growing 19%.

On slide seven, you can see the growth in the number of students between the second Q and the third Q. We ended the third Q with almost 411,000 students which this stable compared to the end of June. Another highlight was the graduate student base which grew by 2.3%, driven mainly by Uniasselvi's strong position in this market.

The next slide provides details on student base growth in each of our businesses. Slide eight shows student growth in the on-campus and distance and post-secondary business. The numbers show stability in the student base in both businesses and note that historically due to the seasonality, the second semester typically has a smaller student base than the first semester, but this year the excellent mid-year new enrollment and re-enrollment processes resulted in the student base remaining stable.

On slidenine, we show the evolution in the number of students with FIES student loans. At the end of September, we had more than 55,000 students with FIES student loans which represents around 43% of our on-campus undergraduate student base. This growth was only made possible by the high percentage of students that are above the FIES financing in the admission process which reached almost 50%. Today, 98% of our student base is (legible) due to FIES financing which is a strong indication of the high-quality of our -- of our academic programs and education institutions.

I'd like to invite now our IR Officer Carlos Lazar to present the financial performance.

Carlos Lazar {BIO 17238206 <GO>}

Thank you, Igor. Well before beginning, I would like to remind that all of you that the figures considers in the results for Uniasselvi for both June in the Second Quarter and the entire Third Quarter. So Uniasselvi impact in June during the Second Quarter and the three months of the Third Quarter.

I will begin my comments on the financial performance on slide 11 which shows the change in net revenue, gross income and operating results in the on-campus post-secondary businesses. Net grew -- driving mainly from -- by the growth in the student base in the period, especially from acquisitions and by the higher average ticket. Considering only the organic growth, in order words, on a same unit basis, revenue growth in the quarter was also very strong reaching 24% compared to the Third Quarter of last year.

Meanwhile, gross income grew 68% with gross margin expanding 2.3percentage points from the same quarter last year, which is explained by the rigorous control of costs we have been able to maintain despite the strong revenue growth in the period.

Along the same lines, the operating results grew 82% on the same quarter last year over the same part of last year with operating margin reaching 25%, which also reflects the control for operating expenses with the highlight of marketing expenses which decreased by 1.2percentage points at a ratio of net revenue from the Third Quarter last year.

By moving on to slide 12, we show the performance of the distance learning segment. As we also did in the Second Quarter because we do not have a comparison basis for 2011 until now, we are using the results of the previous quarters to demonstrate the evolution of -- business.

In this comparison, you can see that we also registered increased in the operating margin and the result continue to be very constant and strong. Once again, I would like to stretch out the importance of this business to the overall company, especially in terms of operating results which the business is accounting for 53% of the Company's overall performance in the Third Quarter.

Now, moving on to slide 13, you can see the financial information for the primary and secondary education business. The growth in the number of students and in the number of school served in the higher volume of services rendered helped to support a net revenue growth of 10% in the quarter. The reduction in the gross and operating margins in the quarter is explained by the increase in cost of goods sold given the fact that the -- we -- this year anticipated the deliver of the teaching books collection that we -- that we'll be using during the first semester of 2013 and also the disregard of past collections registered in this quarter.

On July 14th -- well, before the -- before presenting the performance of the EBITDA in the quarter and in the year, I would like to mention that the adjustment made are related to the exclusion of non-recurring impacts. And about that, note that the items totaled BRL9.4 million in the quarter, and were mainly related to the Unopar and Uniasselvi integration processes. As a result, adjusted EBITDA in the Third Quarter was BRL116 million with adjusted EBITDA margin of 30.1% for a margin expansion of 13.7percentage points from the same period of last year.

EBITDA growth was driven by a solid performance in all the business of the Company and a successful integration process of the institutions that we acquired during the last 12 months.

In year-to-date, the performance was also strong with adjusted EBITDA of BRL316 million for a growth of 241% on the same period of 2011. EBITDA margin in the nine months of 2012 was 30.3% expending 13.1percentage points from the same period of last year.

On slide 15, we showed the net income in the quarter, ending the first nine months of the year. In the quarter, it was BRL82 million with net margin of 21.3%. Note here that the adjustments to the net income include not only the non-recurring impacts, but also the amortization of intangible assets related to the acquisitions, especially of Unopar and Uniasselvi. And considering that Uniasselvi amortization started to occur only in this quarter, in the Third Quarter.

In year-to-date, we reached an adjusted net income of BRL230 million with net margin of 22.4%, which is almost 5 times more than the same period of 2011. If we exclude all the adjustments or the non-recurring (and gained) amortization of intangible, net income was BRL170.1 million in the first nine months compared to BRL44.7 million in 2011.

Going to slide 16, we show the evolution of the Company's managerial results which -- what means excluding the effects of the results from Unopar and Uniasselvi so allowing us to see the Kroton's evolution more clearly without any contribution from these acquisitions.

In the first nine months of the year, Kroton's standalone net revenue grew 34% to almost BRL700 million and excluding also the impacts of the other small and mid-size acquisitions, same unit net revenue grew 25%. To better understand, we put again here three different scenarios for the allocation of corporate expenses.

The first scenario considers 100% of the corporate expenses registered -- booked at Kroton. The second one considers these corporate expenses in accordance to the net revenue of the different businesses. In the third scenario considers the expenses on -- by the IPC inflation index, so restated by the IPCA.

And looking at the three scenarios, we can see that in scenario two and three, Kroton EBITDA margin excluding Unopar and Uniasselvi exceeded 25% in the nine-month period. Even in the scenario which puts all the corporate expenses booked at Kroton, we had an EBITDA margin at 23%, which represents a substantial improvement from 2011, demonstrating the operating improvements and also the positive impacts from organic growth and the rigorous control of costs and expenses that Kroton has been maintaining.

I will now turn the word to Frederico Abreu to continue the financial performance speech.

Frederico Abreu {BIO 16674822 <GO>}

Thank you, Carlos. Moving to slide 18, so over the next three slides we will cover the evolution and performance of our provision for doubtful accounts in our accounts receivable. On slide 18, we show PDA as a percentage of net revenue for each of Kroton's businesses. Please keep in mind that our provisioning methodology has remained exactly the same since 2010 and is based on the analogies of historical performance over accounts receivable and every month we upgrade these analogies.

The post-secondary business, PDA was 4% in the Third Quarter down from 5% in the same quarter last year mainly due to the effects from FIES students on the mix of our student portfolio. Analyzing the ex-FIES portfolio separately, the level of provisioning in a post-secondary segment was 5.8% down from the same period last year, although slides, these reductions reflects the collection and recovering efforts that are being implemented.

Regarding the FIES portfolio, Kroton accrues a provision of 2.25% of all revenues since 2010 to cover any future losses from students with FIES financing. As we said in the First Quarter, the provision for distance learning business should converse to levels similar to those in on-campus business. That said, the level of provisioning in the distance learning business reached 6% in the Third Quarter down 0.4percentage points from the Second Quarter this year.

Lastly, the increasing the PDA level in a primary and secondary business is due to the more conservative provisioning policy adopted by Kroton since the end of 2011. This policy is due to the more restrictive stance adopted with the associated schools during renegotiations and therefore the reduction in the average payment terms.

Moving to slide 19, we analyzed the evolution in accounts receivable net of the provision for doubtful accounts broken down for each of the three businesses. In the Third Quarter, Kroton's accounts receivable totaled BRL251.5 million with BRL188.8 million in the post-secondary business, BRL30.7 million in the distance learning and BRL32 million in the primary and secondary business.

Note that these balances excludes already BRL44.2 million related to the repurchase of FIES from September, but due to bureaucratic reasons in Brazil was only received by Kroton on the 2nd of October. So the FIES repurchase from September was only received from Kroton on the 2nd of October, but these balances already excludes this amount that was received. So in the post-secondary business considering these adjustments, accounts receivables decreased by 26% from the Second Quarter due to three main factors.

The first is the effects of seasonality since the Third Quarter has a higher concentration of renegotiations due to the reenrollments period. The second is the result of the continuous improvement that have been implementing in our collection's practices. And the third's the active management of repurchases and tax offsetting FIES which lead to improvement in the FIES receivables period.

And here, I should note once again that related to FIES we have the resolution of the pending issues that allowed us to obtain the debt clearance certificate in July and release the large portion of the funds that have been blocked by certificates issued for FIES students. So today, there is no pending issue related to the CMB. Today, we don't have any pending issue for the future.

One proof of this is total amounts of FIES repurchases in 2012 which generated a cashing flow of BRL288 million that strengthened the Company's cash position. And lastly, accounts receivables for the business learning business were BRL30.7 million and accounts receivable for primary and secondary business with BRL32 million in that period.

On slide 20, you can see the behavior of the average receivables term in each of our businesses. In general, we are very comfortable with the evolution of our average receivables term in all the three businesses.

And this term, if either remains stable or as in the example of this quarter have decreased, this means that we're able to increase our cash generation capacity and also show our effective provisioning practices and efficient collection and recovery actions. In the on-campus post-secondary business, we have maintained the three analogies we have been reporting to the markets. The first analogy's considered the accounts receivables excluding the balance of FIES receivables.

As the trend of recent quarters shows the reduction is explained by the higher percentage of FIES. And the second analogy is we exclude the balances of both FIES accounts receivable and FIES revenues. In these analogies, the average term decrease is also in relation to the Second Quarter and in relation to the Third Quarter of last year. In the third analogies, we present only the FIES balances considering the repurchases from September in the -- in the Third Quarter as mentioned before.

So in these analogies, our average FIES term is 102 days, which represents a sharp drop of 108 days from the Second Quarter and 64 days from the Third Quarter last year. Analyzing the distance learning segments, the average term on the Third Quarter was 25 days. This is a decrease from Second Quarter, but in line with a term we had in the First Quarter of the year. Remember, that we do not have figures for the Third Quarter as the acquisition of Unopar happened in December last year.

Finally, the average term in the primary and secondary business remains stable from the Second Quarter and decreased in relation to the same quarter last year. So positive messages in terms of the accounts receivable management.

Moving to slide 22, we show investments made by Kroton in the Third Quarter of the year. Kroton invested a total of BRL12.5 million in the periods which was mainly allocated to laboratory, computer and library.

In the quarter, the percentage of net revenues for CapEx was around 3.2% while in the nine-month period this figure was around 4.9%. These levels is expected to accelerate in the -- in the next quarter to levels that are closer to the guidance that was given to the market with around 6.5% of net revenues. So this will be the level in the Fourth Quarter.

Kroton is also promoting investments in special projects which include the acquisition of properties and constructions of Brownfields and Greenfields to support stronger growth rates in the coming years. In the Third Quarter, these investments totaled BRL12 million.

So moving to slide 23, we show the companies that at the end of the Third Quarter. We ended the quarter with BRL318.6 million in cash or around BRL80 million more than in the Second Quarter of the year mainly due to our strong operating cash flow generating in the period that we will present in the next slides.

As a result, net debt considering all the financial debt was BRL251 million, which represents an extremely comfortable level of leverage of less than 1 time EBITDA projected for a year. And if we include other short-term and long-term liabilities beyond the financial debt and these long-term liabilities and short-term liabilities are related to M&A, total net debts would be BRL666 million or close to 2 times our EBITDA.

Cash generation on slide 25 is very positive, again, on the quarter and here we -- on this page, we are showing again the capacity of Kroton to generate the consistence capacity to generate cash flow during the year. So once again, we are demonstrating this in the Third Quarter. So in the quarter, operating cash flow before CapEx was BRL136 million and in the first nine months of the year, operating cash flow before CapEx was BRL282 million and this is 12 times more than the same period of 2011.

After recurring CapEx, cash generation in the quarter was BRL123 million, which compares to a negative cash flow of BRL11 million last year and in the nine months of 2012 we generated BRL232 million, which represents a cash conversion from EBITDA of 80%. Finally, considering the CapEx for special projects including the acquisitions of properties Greenfields and Brownfields as mentioned before, cash generation was BRL111.2 million in the quarter and BRL201.6 million in the year, which are also very positive figures.

And finally, if we would include the repurchase of FIES students from September that happen in October that was not included in the numbers in this presentation, we would -- we would add additional BRL44 million in all the cash flow figures that I just mentioned. So considering the cash flow that we actually got on the 2nd of October, but the cash flow from September, all the numbers would be increased 44 million. So I now hand the call back over to Rodrigo.

Rodrigo Galindo {BIO 17238232 <GO>}

Thank you, Frederico. Let's go please to the last slide of today's earnings presentation from a closing remark.

With each passing quarter, we are increasingly convinced that we are in the right path to continued deliverance sustainable and long-term growth for Kroton. This was made particularly clear in the Third Quarter by the strong performance of new enrollments and student retention and the success achieved in the integration process for our main acquisitions has already generated consistent results.

Another sign is that very strong growth in our results in both absolute terms and in margins with the highlights of the strong growth in cash generation. Seeking to sustain organic growth at high levels, we'll be launching at the start of 2013 more than 40 distance learning centers offering undergraduate programs. We have also filed a request as the ministry of education to open another 225 centers which we will allow us to expand and consolidate our presence in distance learning across Brazil. These new centers were increasing 60% the actual numbers of Kroton's distance learning centers.

And lastly, in the context of the capital markets, we are making progress on concluding Kroton's migration to the Novo Mercado by the end of this year as part of the commitment we assumed at the end of last year and our commitment has not changed which is to offer a high-quality education, deliver solid results and consistent growth and maintain the highest standard of corporate governance.

Once again, thank you for your participation today. And now, we will begin the question and answer session. Thank you.

Questions And Answers

Operator

Thank you. Ladies and gentlemen. we will now initiate the question-and-answer session. (Operator Instructions) Our first question comes from Bruno Giardino with Santander. Please go ahead.

Q - Bruno Giardino {BIO 15974970 <GO>}

Hi, guys. Good afternoon. I have a couple of questions. First one is when do you expect to mature the 40 learning systems that you are expecting to open in the first semester of 2013? And the second question is you have any update about your project of price in branding that they have just -- I started a new book some non-recurring expenses into your financial statements? Those were my questions. Thank you.

A - Rodrigo Galindo {BIO 17238232 <GO>}

Okay. Thank you, Bruno. It's Rodrigo speaking. And for the -- for your first question, the maturity of the new distance learning centers, we have two situations. First, the 40 business learning centers that we are launching now in 2013. For this year -- for these centers, we expect four-year maturity plan because there's a -- the average of the programs that we have in this -- in these centers.

For the others, 225 centers, we have -- our expectations is one-year to approve and then four years to achieve the maturity. So five years for 225 centers and four years for the other 40 centers. For the second question, I will hand that to Igor and Frederico.

A - Frederico Abreu {BIO 16674822 <GO>}

Okay. So I'm going to -- I'm going to answer the pricing project and then I'm going to ask Igor to help me on the brands. On the pricing project, it was a very important project that we conducted in this quarter. The project is concluded already and the impact of these projects is already been -- we'll already be seen in adjustments that we will have in next year in terms of tuition.

So it was a very important project that we developed. It was conducted through all of our units in the face-to-face units that we have in Brazil and there were a lot of conclusions beyond pricing that I will ask Igor to comment on that. But on pricing specifically, the impacts will already be reflected on next year, which in general are very positive.

A - Igor Lima {BIO 19818818 <GO>}

All right. So just complimenting what Frederico said, regarding methodology, we analyzed each one of our products. It's more than 700 products. By products, I mean, course in each one of our units -- of our on-campus units. Then we got the conclusion that we have very well-positioned brains for most of our units which permitted us to increased prices in some courses. Some courses we had pin-point reductions, but we had our focus on increase of revenues with -- is excludes that -- the results of the project.

So it was a very comprehensive project and we are very happy with the results that we got from them. And with the first insights that we have -- that we had from the branding side, are also restructuring and they're going to conduct our comprehensive branding study for the next year. So these are the insights that we have so far.

Q - Bruno Giardino {BIO 15974970 <GO>}

Okay. Thanks. And just a follow-up, overall, would you expect to notice real price increase in tuitions next year or should it be the same or just inflation pass-through? What's your impression on that?

A - Rodrigo Galindo {BIO 17238232 <GO>}

Bruno, actually, the purpose of the project, it was not an increased price. It was analyzed our portfolio and see in which case we have opportunities to increase and in each case you have a necessity to readjust. The focus is incremental revenues and sometimes to increment revenues, most to reduce price and get more share. So yes, we will see in some cases increase of prices and we will see too reduction of prices.

In the average, we will see an increment of revenue. That's the purple that we -- that we contracted to hire this project. We developed this project.

Q - Bruno Giardino {BIO 15974970 <GO>}

Okay. That's very clear. Thank you.

Operator

Our next question comes from Thiago Macruz with Itau. Please go ahead.

Q - Thiago Macruz {BIO 16404924 <GO>}

Good morning. Actually, my question is regarding the cash flow generation of the Company. You've been generating a lot of cash. How should you -- what should we expect for the next year? Do -- how do you intend to deploy this cash? That's my first question.

The second question is if you intend to pursue M&A, what sort of M&A targets should we expect for the upcoming year? And as a final question, it would be if FIES has changed the state of affairs in the M&A market anyhow in 2012? Thank you.

A - Frederico Abreu {BIO 16674822 <GO>}

Hello, Thiago. This is Frederico. So to go to your first question, we are generating a lot of cash. What can we expect in terms of cash deployment? So two main things: The first the Company's always looking for goods, ROIC projects and we will do the same next year. So part of our cash will be used to projects that we believe that add value and M&A is included on that. So we resume -- we started again our activities of M&A in this quarter and is expected that in the next year in 2003 -- '13, we will some M&A activity and part of our cash will be also used for that.

The second use of cash is dividends. So we are aware of the minimums required in terms of dividends 25% of income and, of course, we will be aligned with that. So M&A and eventually dividends. In terms of what types of M&As we will see, the profile of M&A acquisitions that we are looking is more or less the same that we looked in the past. We are very -- we are very consistent and very demanding in terms of assets that we look.

We will -- we are looking at small to medium-sized assets in regions that we are not present such as in the northeast, but also regions where we already have a good brand and we are also looking at the larger sized assets. There's fewer, but we are also looking at larger-sized assets. We are -- we -- today, we have an active pipeline and we will see some things happening in 2013.

Just complimenting about M&A, we are looking for on-campus business -- acquiring on-campus business. It's not in our plan acquiring distanced learning business because we have a very strong organic growth strategy that I already mentioned in this presentation with the new centers and new products.

And Thiago, in respect to your last question, I'm not sure I got it. Your question was if the FIES changed the M&A landscape?

Q - Thiago Macruz {BIO 16404924 <GO>}

Yes. Basically, that's it. If in terms of pricing, in terms of the owners of smaller schools willing to sell or not, that's -- that was basically my question.

A - Frederico Abreu {BIO 16674822 <GO>}

I think it's -- there's a positive thing on FIES. What we see in the market is that the smaller to medium-sized players, and even some large players, they are not betting in FIES. So they're not using a lot of FIES in the levels that we are. So the opportunity here is that in future M&A, we can use these platforms to boost FIES in the regions where these platforms are. Okay? So the levels of penetration of FIES in the targets is very low compared to our levels. So there's an opportunity there.

Q - Thiago Macruz {BIO 16404924 <GO>}

Okay. Thanks, Frederico.

Operator

(Operator Instructions) Our next question comes from Yag Patel of HNC Capital. Please go ahead.

Q - Yag Patel {BIO 5993207 <GO>}

Yes. Hi, guys. Congratulations on yet, again, another great quarter. I just had a question on the dropout rates earlier in the presentation. It seemed like about 10% of your distance learning students dropped out during the quarter. Is that normal relative to history and -- or was that an aberration and what should we expect in that segment going forward?

A - Igor Lima {BIO 19818818 <GO>}

Hi. Hi. It's Igor speaking. Regarding that number on distance learning, it's important to remind that in the first semester we had a very high level of new enrollments for example, for Unopar more than 76,000 students and when we analyze the dropouts per semester for the new enrollments, the dropout is higher. That's why we had around 10% of dropouts as you mentioned.

Q - Yag Patel {BIO 5993207 <GO>}

Sorry. Did you say first semester or -- and this is -- oh, in the first semester that's when you see the seasonality for dropouts for the (inaudible; multiple speakers)?

A - Igor Lima {BIO 19818818 <GO>}

Yes, exactly that. Yes, exactly that.

Q - Yag Patel {BIO 5993207 <GO>}

Okay. Got it. And relative to last year, I mean, if it was approximately -- actually, it was more than 10% this year. So what would it have been like in the same period over a year ago approximately?

A - Igor Lima {BIO 19818818 <GO>}

For last year, we didn't have the distance learning (inaudible) so the Unopar business. So we don't have consistent information to give you regarding that point.

Q - Yag Patel {BIO 5993207 <GO>}

Okay. Got it. All right. Thank you.

Operator

(Operator Instructions) Showing no further questions, this concludes our question-and-answer session. At this time, I would like to turn the call back to Mr. Rodrigo Galindo for any closing remarks.

A - Rodrigo Galindo {BIO 17238232 <GO>}

I'd like just to thank you, all of you, for the participation today and our IR area is available to further information. Thank you.

Operator

Thank you. This concludes today's presentation. You may now disconnect your line. Have a nice day.