Y 2016 Earnings Call

Company Participants

- Joao Marcello Dantas Leite, Chief Financial Officer
- Roberto Balls Sallouti, Co-Chief Executive Officer, Director

Other Participants

- Carlos Macedo, Analyst
- Farangiz Rahimova, Analyst
- Mario Pierry, Analyst

Presentation

Operator

Good morning and welcome to the Fourth Quarter of 2016 Results Conference Call of BTG Pactual. With us here today, we have Roberto Sallouti, Joao Dantas, Pedro da Rocha Lima. We would like to inform you that this event is being recorded and all participants will be in a listen-only mode during the Bank's presentation.

After BTG Pactual's remarks, there will be a question-and-answer session for investors and analysts, when further instructions will be given. (Operator Instructions). Today, we have a simultaneous webcast that may be accessed through the website www.btgpactual.com/ir and Engage-X platform. There will be a replay facility for this call for a week from February 15th through February 22nd.

Before proceeding, let me mention that this call may contain forward-looking statements relating to the prospects of the business, estimates for operating and financial results, and those related to the growth prospects of BTG Pactual. These are merely projections and, as such, are based exclusively on the expectations of BTG Pactual's management concerning the future of the business.

Such forward-looking statements depend substantially on changes in market conditions, government regulations, competitive pressures, the performance of the Brazilian economy and the industry, among other factors and risks disclosed in BTG Pactual's filed disclosure documents and are therefore subject to change without prior notice.

Now, I'll turn the floor to Mr. Roberto Sallouti, who will begin the presentation. Mr. Sallouti, please go ahead.

Roberto Balls Sallouti {BIO 4150617 <GO>}

Thank you very much. Good morning or good afternoon. Thank you for joining our 2016 results call. If you please turn to page three of the presentation, we can give the highlights of the fourth quarter results. We operated throughout the fourth quarter with historically high capitalization and liquidity levels, very low leverage and focused on our core investment banking activities. For the fourth quarter of 2016, total revenues for BTG Pactual reached BRL997 million, and we had a net profit of BRL652 million, which gives us the return on equity of 12.7%, and the net income of BRL0.70 per unit.

The cost income for the quarter was slightly higher than our historical average due to one-off expenses related to the sale of BSI, and increased in goodwill expenses. And finally, we closed the quarter with a very conservative balance sheet with the capital ratio of 21.5%, total assets of BRL121 billion which is roughly six times leverage and shareholders' equity of BRL20.4 billion.

It is worth mentioning as can be seen on the third chart from left to right at the bottom of the page that we also distributed to shareholders roughly BRL4 billion in the quarter in the form of distribution of ECTP, our former commodities unit and JCP.

Turning to the next page, page four, where we show full year results. We had revenues over the year of BRL8.7 billion and net income of BRL3.3 billion, giving us return on equity for 2016 of 15.5%. We cannot forget that we were able to achieve these results as we strategically repositioned our business throughout the year focusing on our core Latin American investment banking activities, and at the same time, reducing significantly the leverage in our balance sheet culminating with the capital levels reached at the end of the year.

For the year, we also had cost to income also a bit above our historical average due to series of one-off expenses such as the independent internal investigation that happened in the first quarter, the distribution of ECTP which happened in the second half of the year and the sale of BSI.

And finally, as mentioned previously, we closed the year with shareholders' equity at 2.4 billion (sic - 20.4 billion), and throughout the year distributed BRL4.5 billion to shareholders via the distribution of ECTP and JCP and dividends.

Turning to page five. You probably all saw that last night we announced the segregation of the BBTG11 Units, that will now trade as two separate companies, one being Banco BTG Pactual and the other BTG Participations. This was approved and supported by our Board of Directors. And not only that, but the bylaw changes was strongly supported in the shareholders assembly that we had for both companies in the previous dates. We believe that deliberately repositioning Banco now as a pure-play investment bank, and BTG Participations as a pure-play principal investments platforms, we'll be able to unlock significant value to our shareholders.

We believe that we will be able to have greater investor interest in Banco BTG Pactual as Banco focuses on its core activities over investment banking and Participations -- focused on activities on principal investments.

Not only that, but the results what are shown -- will be shown on the next page of Banco are very solid and the bank has a very solid track record of performance and it's currently trading at a significant discount to its peers. We believe that with this segregation, the market perception will allow us to unlock value to our shareholders as investors were able to understand more clearly and transparently the activities and results of the two different companies.

And finally, we also believe that this segregation especially in Banco BTG Pactual, we will be able to increase the range of potential investors for the bank. We believe that many investors were not able to invest in the bank, because the unit -- the former unit BBTG11 Units, because it contained BDR. And with this restriction now out of the way, we believe we can have a more ample shareholder base and increased liquidity in the stock, in the market also.

If you turn to page six, we have simplified flow chart showing the new unit structure. What is important to highlight in this chart is that the number of units does not change. And the buyback which was at -- that's currently in place which was at the unit level has been transferred to the company level. We expect, not expect, it's mathematical, with this new segregation, roughly 22% of each of the companies will be trading as the free float.

If you turn to page seven, you can see the historical performance of Banco BTG Pactual. If you look at the charts to the right, you will notice that since the IPO, the equity has been increasing and the average return on equity has been over 25% was -- between 2012 and 2014 around 24% average increasing to 32% in '15 and this year, 18.2%. You will also notice, that as mentioned previously, the balance sheet of the bank is extremely conservative with 6.3 times leverage to equity and a capital ratio of 21.5%.

If you turn to page eight, probably the most important chart here is the one on the right, which shows the full-year results of Banco BTG Pactual already adjusted for the sale of BSI and the distribution of the commodities business. We expect for 2017, that there will be growth in all of the business areas, both the areas that use capital such as sales and trading and private, as well as the client franchises that do not use capital such as Investment Banking, Asset Management and Wealth Management.

We intend to maintain a conservative capital ratio for the next few quarters, because we think that this will accelerate the growth of our client franchise businesses.

If you then turn to the chart on the left side, you will notice the breakdown of the fourth quarter -- revenues of the fourth quarter. What's important to mention here is that clearly we had some bulk order in sales and trading, but most importantly, that there is huge operational leverage in our platform. We can probably increase our assets under management and wealth management by 50%, triple our assets under management in asset management and double our credit book without any significant cost increase, which means that as -- if we are correct and business continues to pick up like it has in the last two quarters, and the next four quarters, most of this operational leverage will then be flowing to the bottom line.

Finally, turning to page nine, you have a pro forma simplified balance sheet of BTG Pactual Participations which what is important to mention here are the three main groups of assets. The legacy merchant banking portfolio, a portfolio of BTG Pactual bonds, which is mainly of the perpetual. And finally loans to partners which as all of you know are meritocratic partnership is -- it's based on this yearly turnaround of partnership interest as new partners come into the -- to the partnership and partners sell every year on a meritocratic basis.

With that, I'll turn the words to Joao Dantas, where he can talk a bit about the performance of these different businesses.

Joao Marcello Dantas Leite {BIO 17617595 <GO>}

Thank you, Roberto. Thanks everyone joining us today. Please turn to page 11, where we start to review the performance of our business areas. And as we do that, you will be able to see the dynamic of our business recovery as Roberto mentioned and where this growth in volumes and revenues is taking us going forward.

We start with Investment Banking, where you see that we have slightly higher revenues in the fourth quarter, 115 million, 5 million more than in the third quarter of 2016. This growth in revenues is achieved even though we had a very weak fourth quarter in terms of capital markets. We had less financial advisory revenues because of less deals closed. We had very weak ECM revenues and very weak ECM activities in the period.

And what we had was a significant increase on debt capital markets revenue as we had more companies in Latin America, issuing debt in the market. More important here is that throughout the year and especially in the fourth quarter, we maintained our leadership in Latin American capital markets. We continue to participate actively in the vast majority of large corporate deals and to maintain our leadership position in all the three segments.

And moreover, going forward, we do not expect capital markets in LatAm to be as weak as they were in 2016, actually our expectation for 2017 and what we see in this very beginning of the year is that we will probably have stronger activity and we'll be able to capture business volumes following that.

Turning to page 12, we see here our corporate lending results. As you see in the fourth quarter, we had BRL177 million of revenues. And as you see on the right bottom chart, our corporate lending portfolio reached 19.3 million -- BRL19.3 billion comprised of the 45% of off-balance sheet credit transactions and 55% on-balance sheet credit transactions.

If you turn that throughout the year, this shift to more off-balance than on-balance exposure, which is a way for us to continue to deploy our capital without using funding. But going forward, we do not expect the levels of credit exposure of the bank to reduce. On the contrary, we believe that these levels would be maintained throughout the first half of '17 and that we will grow our credit book throughout the second part of 2017.

During the quarter, we saw corporate spreads to continue at high leverage, which makes for us a healthy market. In Latin America, our provision levels still very profitable, we have complemented our credit reserves during the quarter. We had lower contribution from non-performing loans portfolio, because as you know, non-performing loans are not accrual book, we record revenues based on events and we didn't have any realization of profits in NPLs.

However, going forward, there is excellent perspective for this business, we not only rebuilt our non-performing loans both franchised through a company called Enforce, but also we see a lot of opportunity in Latin America on NPLs for 2017. And as we said, during the second half of '17, we expect to resume growth following a more positive cash flow at LatAm economies.

Moving to page 13, we see the performance of sales and trading. First one important remark, the second quarter and third quarter of '16, the results here includes the results of our commodities platform ECTP which was spun-off during the third quarter. And therefore on the fourth quarter, the revenues are not reflecting anymore the performance of ECTP. We had a highly volatile quarter marked by significant events that affected the -- blocked uncertainty and affected the pricing of the main instruments in markets and that impacted our FX and equities performance.

We had the Bovespa performing significantly negatively in the fourth quarter, something that we are not seeing any more for 2017. What's more important here is that we continue to see strong flows in LatAm in the near future and our desks are well positioned to capture business opportunities from that -- from those flows.

Turning to page 14, we see the performance of asset management. And you see that we have BRL113 million of revenues, very much in line with the third quarter of 2016. The composition of the revenues in the fourth quarter is basically coming from management fees, very little contribution from performance fees, which coupled with the reduction in AUMs explains the variation to the revenues in the fourth quarter of 2016. What is important and interesting to look here is the dynamic of the business since the second quarter of 2016.

If you look at the right-bottom chart, you see that we've stabilized the AUMs since the second quarter of 2016. And what's happening, the phenomena happening here is that as we have outflows in fund service and exclusive funds, which are mandates where typically we had very low ROAs mandates without discretionary management powers. We have also inflows on fixed income and equities funds, which have offset the outflows and increased the ROA and the ratio, the running rate of management fee revenues.

So that is expanding throughout the year, it's continuing to expand. And as we see our fixed income and services -- fixed income and equities funds performing very well, we continue to see the positive trend of inflows for the following quarters.

Turning to page 15. In wealth management, we had BRL85 million in revenues, a significant increase from the third quarter, basically because of the recovery of trading volumes which are coming back to normality. We believe that BRL85 million of revenues is much more the normality of the business than the previous quarters.

What we see here also with the significant growth in wealth under management and a positive trend for that going forward as well. This is we believe a natural consequence of the fact that the corporate and private clients were quicker to return and we got back to a positive trend much faster. And that is happening now also with the institutional clients in Latin America and globally.

Turning to page 16. Here is the results of principal investments as we showed before the portfolio of principal investments has reduced significantly during 2016, and was already reducing during 2015. So we have much lower allocation of capital. As we had no divestments in the period, basically the negative result reflects the cost of funding of the capital. As you know, we only recognize gains when we monetize in events that we dispose of assets and we recognize the investment cost, the funding cost of the investments throughout the time and this is what's happening in the fourth quarter.

Turning to page 18. We have here a view of our expenses, and those reached BRL530 million in the fourth quarter of 2016. It's important to note that we have already concluded our significant cost reduction initiatives during 2016. Of course, to implement cost reduction initiatives, we incurred in costs, which were one-offs in 2016. And now we have stabilized the cost base of the bank at a level much lower than what we ran the bank during 2015. Just so you have an idea, the BRL530 million of costs is equivalent to the total costs that we saw during 2013 quarter-by-quarter.

If you look only at salaries and benefits, those expenses are at the levels of 2012. So we believe that the cost reduction initiatives were successfully implemented and they are completed, which means, as Roberto mentioned, that the bank now is running with a lot of operational leverage, because as we see volumes grow, we do not see any relevant increase in cost.

But I think more important besides the operational leverage, we have retained talents in business capacity entirely, the bank is fully operational in all of our desks, and we operated the same capacity to serve and add value to our clients as we ever did.

Turning to page 20, is a summary of the balance sheet. You see that the total assets have reached BRL120.9 billion, which implies a 6.2 leverage ratio for the bank. We believe this is the lower level of -- this is the lower level of assets we have reached in the last few quarters and we don't believe this level will further reduce going forward.

On the contrary, we believe that we will deploy more capital and increase assets going forward. This balance sheet demonstrates the highest level of liquidity buffer and liquidity ratios in our history. This is another reason why we don't expect any further deleveraging. If you look at unsecured funding, that base is more than enough to finance a larger capital deployment in credit going forward. So we believe that we're going into 2017 with the adequate balance sheet structure on based -- based on which we can grow our business going forward.

Turning to page 21, you see the broader credit portfolio. The BRL28 billion of broader credit portfolio is again a level which we don't expect to reduce during the first half. Actually, we expect to maintain and to deploy more capital and credit during the second half of 2017. As we expect to see a positive corporate dynamic in LatAm in that period.

Turning to page 22. We have a snapshot of our unsecured funding base. The unsecured funding base is now stable, continues to be well diversified. As you see, we continue to have sources of financing coming from all different types of instruments and markets. Also it's important to notice that as a result of the reduction in the funding base, as debt reduction came on the shorter instruments, -- funding instruments, now the funding base is much longer in tenure than it was in the end of 2015 which contributes a lot to our liquidity ratios as well.

And finally moving to page 23. I think it's the most important ratio that we are presenting is the Basel ratio, which reached 21.5% at the end of the year. We have a 13.1% ratio of core equity. This is a deliberate decision that we took to maintain the bank at this very high capitalization as well liquidity levels, we expect to operate, we will continue to operate under these very high standards of liquidity and capitalization in the near future. Because this is how we believe we can give the conditions to the business recovery and to the recovery of activity of our clients in the near future, which is our focus now.

With that, we end the presentation, I would like to thank again everyone and we will now turn to questions and answers. Thank you very much.

Questions And Answers

Operator

Thank you. The floor is now open for questions from investors and analysts. (Operator Instructions) The first question comes from Mario Pierry with Bank of America Merrill Lynch. Please go ahead.

Q - Mario Pierry {BIO 1505554 <GO>}

Good morning, everybody. Let me ask you two questions. First one is related to your capital ratio as you mentioned, this is a very high level, and you expect that to remain high in the next few quarters in order to support the business. But I was trying to get more of an understanding, what is the appropriate capital level once this is more of an investment bank, more focused bank, what kind of Tier 1 ratios would you be targeting to have in the long term?

Second question is related to Banco BTG given that you're separating the businesses here, what should we expect to be the ongoing tax rates, the effective tax rates of just the Banco BTG? Thank you.

A - Roberto Balls Sallouti {BIO 4150617 <GO>}

Hi, Mario, thank you for your question. I will talk -- answer your question on the capital ratio and then Dantas will answer your question on the tax rate. As we said before, we probably expect for the first half of the year to reduce a bit the capital ratio, it's probably a bit excessive right now conservatively. And that probably entails that our return on equity will be slightly below our target of above 20%.

So it's fair to say that if we hover around a bit below the current ratio, we can expect an ROE of 15%. And then as we deploy capital in the second half of the year, we believe that on a running normalized basis, run rate basis, the capital ratio we should have at the bank is a bit above 15%. And with that, we think that we can go back to the ROE target of above 20%.

A - Joao Marcello Dantas Leite {BIO 17617595 <GO>}

Mario, thank you. Regarding your question on effective tax rate, two comments here. First, you know that the banking business in Brazil runs at a tax -- nominal tax rate of 45%. Second, you know that our banking platform is more internationalized than our competitors in Brazil and the running rate for the effective tax for that part of the business is not 45%, is lower the nominal rate there is we can capture that business at 34% tax -- nominal tax rate.

And we have the benefit of the JCPs which we have large base of capital. With that, I would say to you that we believe our running tax rate should be slightly lower than that of our competitors in Brazil. Of course, it's something that depends on the revenue mix going forward, but should be at a level slightly lower than the banks that are more concentrated in activities in Brazil.

Q - Mario Pierry {BIO 1505554 <GO>}

Okay. So, let me go back first to the answer on the capital. As you mentioned here, you could deploy, as you deploy the capital, I'm assuming as you're basically saying here that as you grow the business, you're going be consuming more capital or does it mean that you could do a special dividend in order to deploy your capital?

And if you could give us what is our common equity Tier 1 ratio that you think that you should be operating at with a longer term perspective?

A - Joao Marcello Dantas Leite {BIO 17617595 <GO>}

So, Mario, I'm going to start by the end of your question. And most likely, I would say that as we reduce the -- let's say the capital ratio from 21.5 to 15, it's all going to be proportional at the same mix that we have today.

And the second question is, if we're planning any special dividends or anything of sorts, the answer is no. What we're planning to do is exactly to allocate this capital in our core business activities. Of our five business activities, the two that use capital are sales and trading, and corporate lending. So, what you can probably expect is by the second half of the year that we will increase the capital allocation to these two business lines.

Q - Mario Pierry {BIO 1505554 <GO>}

Okay. Thank you very much.

A - Joao Marcello Dantas Leite {BIO 17617595 <GO>}

Thank you.

Operator

The next question comes from Carlos Macedo with Goldman Sachs. Please go ahead.

Q - Carlos Macedo {BIO 15158925 <GO>}

Thanks. Good morning, Sallouti. Guys, two questions again, first, BTGI. You talked about the business is now separate, is it going to be run separately in a way that for instance, if you need more capital to invest in private equity and things like that, how that business be funded? Is it the same way that has been running, will you have to pull capital from partners at the BTG level from shareholders? Just a little bit of understanding of the business that -- it's much smaller than the Banco BTG business, but still a relevant part of the shareholder -- of the -- a value for shareholders right now.

Second question. And Dantas, maybe you can help me there. How you communicate to the market, now that you have two share that will list, I mean, are you going to report results separately for each one of them, are there going to be separate financial statements for each one of them are -- which already are, but separate managerial financial statement that we can use? I mean, how should we expect to monitor these two entities separately? Or are you going to report everything together as you have historically? Thank you.

A - Roberto Balls Sallouti {BIO 4150617 <GO>}

Thank you, Macedo. So starting by your second question is, we will be reporting the two companies separately with separate earnings releases, separate earnings calls. And as you will see, I think, I believe it's page five of the presentation which is the unit segregation. We will even in the next few months, we are allocating different senior management team to -- management teams to the two companies.

And also, as you said, BTGI is much smaller compared to the bank, and we think that this new structure increases the transparency to investors of this legacy private equity portfolio. I mean, that's where you can manage the -- more efficiently the asset liability structure of this company.

Q - Carlos Macedo {BIO 15158925 <GO>}

Okay. So just to be clear, legacy is the word that I got there. So this, I mean this is mostly going to be run as a run-off operation. Is that correct?

A - Roberto Balls Sallouti {BIO 4150617 <GO>}

Yes, that is correct. As we said previously, we have refocused our strategy to 4%, our core banking activities.

Q - Carlos Macedo {BIO 15158925 <GO>}

Okay. Final question then, I mean, it's been 14, 15 months since the events of the late 2015, and the bank has obviously changed a lot. From -- it's difficult -- obviously nobody has a crystal ball, but as of the structure of the bank when you got together early last [ph] year to think about what to do. How far are you into changing the structure, is this the -- the unwinding of the units, is this final step, or is there still more to come that you can say that you can tell, if you can share with us.

A - Roberto Balls Sallouti {BIO 4150617 <GO>}

Yes, as we said, that the third quarter which we believe that marked the end of the strategic repositioning. We basically had executed with the exception of Pan Seguros, which was not able to go through all of the transactions which we had mentioned that we will do. And now the segregation is almost as a symbolic end of this restructuring. So yes, we think that's the final step, naturally we'll continue with businesses as usual, monitor the assets and liabilities in our balance sheet, focusing on our core activities.

But, yes, this I think, is a symbolic end to the restructuring that we propose to the strategic repositioning that we proposed at the end of 2015.

Q - Carlos Macedo {BIO 15158925 <GO>}

Great. Thank you.

Operator

(Operator Instructions) The next question comes from Farangiz Rahimova with EMSO Asset Management. Please go ahead.

Q - Farangiz Rahimova {BIO 17714088 <GO>}

Hi, thank you. I have two questions, actually. So first, in terms of capital optimization, I mean you touched upon this quite a lot today, but your Tier 1 instrument that's part of total Tier 1 capital, have jumped like from mid 2% to 4.7%. And your peoples are trailing at low-90s. So is there any consideration, whether you want to potentially do buybacks or is there any other plans of optimizing that or do you think that's -- the 4.7% of total capital being in a Tier 1 is optimal for you?

And secondly, you mentioned that you'll be focusing on core activities more. So, can you give more details on which sectors will you be expanding? Thanks.

A - Roberto Balls Sallouti {BIO 4150617 <GO>}

Hi, Farangiz. Thank you for your questions. If I understood correctly, your first one is, if we plan any buybacks on the alternative Tier 1 instruments?

Q - Farangiz Rahimova {BIO 17714088 <GO>}

Yes.

A - Roberto Balls Sallouti {BIO 4150617 <GO>}

And the answer to that is, no, because we're not allowed to do buybacks in that instrument. And on your second question, on what are the business plans --

Q - Farangiz Rahimova {BIO 17714088 <GO>}

So, you need to -- you need an approval from Central Bank for it or there's certain ratios or something that doesn't allow?

A - Roberto Balls Sallouti {BIO 4150617 <GO>}

Yes, we need approval from the Central Bank for that.

Q - Farangiz Rahimova {BIO 17714088 <GO>}

Sorry, excuse me, I couldn't hear you properly.

A - Roberto Balls Sallouti {BIO 4150617 <GO>}

Yes, we will need approval for the -- from the Central Bank for that.

Q - Farangiz Rahimova {BIO 17714088 <GO>}

Okay. And you think that's the level you're comfortable with, because that's one of the more expensive kind of funding -- funding sources for you right, and you don't really need it (multiple speakers).

A - Roberto Balls Sallouti {BIO 4150617 <GO>}

Yes. As we said before, we are going to keep a conservative capital ratio for the next couple of quarters. We will then be allocating capital. And we are constantly analyzing what is the most efficient capital structure. At this moment, we have nothing to report on anything we plan to do with the alternative Tier 1.

Q - Farangiz Rahimova {BIO 17714088 <GO>}

Okay.

A - Roberto Balls Sallouti {BIO 4150617 <GO>}

Okay. And on your second question about the business lines, as I said before, we expect growth in each of our five core business lines, sales and trading as markets pickup in Latin America. As you know, especially Brazil, which is our key market, has been -- investor perception has improved significantly, and with that, we have seen higher flows. We also expect in the second half to start growing again our corporate credit portfolio. So, we also expect some growth in that business activity.

We also expect growth in asset management, again, with the normalization of our business, conservative capital ratio, investor interest in Latin America growing. We expect to have positive net new money and the shift to products with higher ROAs. This is basically the same phenomenon that we're seeing in wealth management. As you saw, we had two positive net new money quarters already, and we're also seeing a shift of clients to higher ROA products as they have a better perception of markets and so are willing to run at bit more [ph] risk in their portfolios.

And finally in investment banking, we are seeing a clear pickup in capital markets activity. This year alone, we have already done two IPOs, one in Brazil and one in Chile. And we actually have a very good pipeline, and we think that's different than in the last three years. For 2017 and '18, we will have some wins on our sales to support the local bank, which is a very different scenario than we had in the last two [ph] years.

Q - Farangiz Rahimova {BIO 17714088 <GO>}

Okay, thank you. In terms of the growth, right, I mean, you have capital which is more than -- which is very much very comfortable to -- for you to grow, but in terms of funding, are you planning -- how you're planning to fund, I mean, should we expect it to come to European market?

A - Roberto Balls Sallouti {BIO 4150617 <GO>}

What we have seen right now is the normalization of all of different types of investors in our funding base. So they started with corporate clients and wealth management clients, and now the same has happened in the institutional investors. We expect to keep our funding base similar to the one we have now, which gives us a significantly comfortable and conservative liquidity level.

And in the second half, after we have reached the benefits of our client franchise of this very conservative capital ratio, we then expect to allocate the current liquidity we have into the activities of corporate lending and sales and trading. If we're going to go to market, which will [ph] at this moment we have nothing to report.

Q - Farangiz Rahimova {BIO 17714088 <GO>}

All right. Great. Thank you.

A - Roberto Balls Sallouti {BIO 4150617 <GO>}

Thank you very much.

Operator

Thank you. That brings us to the end of the question-and-answer session. I will now return the floor to Mr. Roberto Sallouti for his closing remarks.

A - Roberto Balls Sallouti {BIO 4150617 <GO>}

Thank you once again for having joined our 2016 earnings call. Hope to see you all at the end of our first quarter of 2017. Have a good day. Thank you very much.

Operator

Thank you. This concludes today's presentation. You may disconnect your lines at this time, and have a nice day.