Q3 2014 Earnings Call

Company Participants

- Eugênio de Zagottis, Director-Investor Relations & Corporate Planning
- Marcílio D'Amico Pousada, Chief Executive Officer

Other Participants

- Joseph Giordano, Analyst

MANAGEMENT DISCUSSION SECTION

Operator

Good morning, ladies and gentlemen. At this time, we would like to welcome everyone to Raia Drogasil's Conference Call to discuss its third quarter of 2014 results. The audio for this conference is being broadcast simultaneously through the Internet in the website www.raiadrogasil.com.br/ir. In that address, you can also find the slide show presentation available for download.

We inform that all participants will be only able to listen to the conference during the company's presentation. After the company's remarks are over, there will be a Q&A period. At that time, further instructions will be given.

Before proceeding, let me mention that forward-looking statements are being made under the Safe Harbor of the Securities Litigation Reform Act from 1996. Forward-looking statements are based on the beliefs and assumptions of Raia Drogasil management and all information currently available to the company.

Forward-looking statements are not guarantees of performance. They involve 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 Raia Drogasil and could cause results to differ materially from those expressed in such forward-looking statements.

Today with us are Mr. Marcílio Pousada, CEO; Mr. Eugênio de Zagottis, Investor Relations and Corporate Planning Vice President; and Gabriel Rozenberg, IR and Corporate Planning Director. Now I'll turn the conference over to Mr. Marcílio Pousada. Sir, you may begin your conference.

Marcílio D'Amico Pousada

Okay, thank you. Good morning, everyone. Welcome to the Raia Drogasil results presentation for the third quarter of 2014. As always, Eugênio will present the highlights of the quarter. And just before the Q&A, I would like to stress a few points about the operations. Eugênio, please?

Eugênio de Zagottis

Hello, everyone. First of all, thank you for attending this conference call. We are very happy to present this outstanding result really for the third quarter of 2014, especially after such a pair of very challenging years in which we will focus on our integration. This was a quarter in which all the elements really worked in favor for us. I think we had strong sales, margins, expenses and cash flows.

We reached R$2 billion in quarterly revenues, 18.3% of growth, and for same-store sales we're talking about 10.9% growth. Our gross margin increased by 0.7 percentage points and reached 27.5%. We also showed both sales and administrative expenses dilution during the quarter.

This led to an EBITDA of R$139.9 million, a margin of 7.0%, and an increase of 54.1% versus last year, also the adjusted net income exceeded R$80 million, representing a net margin of 4%, an increase of 89% versus the third quarter of 2013.

For those who care about reported net income without the adjustments, our reported net income reached 3.4%, and we're talking a 2.7 times increase in absolute values over last year. And finally, we presented in the quarter both free cash flows and total cash flows that were positive.

On page four, I would like to discuss our store development program. We ended the quarter with 1,045 stores. We opened 33 stores in the quarter and closed 3 stores. Year-to-date we had already opened by the end of the quarter a total 80 stores, and we are fully on track to meet our guidance of 130 stores for this year. We have our full pipeline of stores already signed for several months, and we are working full speed in building a pipeline for next year and we're very happy with the speed and quality of stores that we have both opened this year and that we have already collected for next year's opening.

Looking at our store portfolio, 67% of our total stores are mature and 32.7% are still under maturation.

On page five, I would like to discuss our geographic footprint. We now have, as I mentioned, 1,045 stores of which exactly 500 stores are Droga Raia stores and 545 stores are Drogasil stores. I think the highlight of the year has been the increase of operation in the Northeast region of Brazil. Until the year finishes we will have opened or we'll have entered in total of five new states this year alone.

In the second quarter, we entered in the state of Pernambuco, one of the biggest and highest potential markets in the region in which we have five open stores and many more to be opened, where in the third quarter we entered in the states of Sergipe and Alagoas, smaller but interesting states where we had three stores, and we'll have a couple more still this year.

And finally in the fourth quarter, we are entering in two new states, Pernambuco. We opened our first two stores in Pernambuco two days ago, so – of Wednesday (06:07), sorry, in Paraíba in the City of João Pessoa. We opened two days ago that's Wednesday (06:12), and before the year-end we opened several stores in Rio Grande do Norte and other state that is not that big, but it's a very interesting market, and we're very excited about the opportunity in the Northeast. So I think we will end this year with a huge advancement in terms of occupying this market, but there is still so much to do in terms of store development for the next years in the Northeast, but also in the other regions of Brazil. Let's not forget that we keep hedging a lot of stores, and successfully so in São Paulo, Rio de Janeiro. We have now been focusing in Rio Grande do Sul on Paraná and many other new markets. So we are very happy with the quality of our expansion. We have opened this year some of the best stores I have ever seen since I have joined Droga Raia in early 2000, so we are very enthusiastic about what this high-quality growth can provide for the company.

Market. Talking about market shares, we reached a comparable national market share of 9.3%. We increased 0.4 percentage points versus last year and this increase happened in every markets where we compete. So in São Paulo, total market shares increased by 110 basis points, let's forget that last year we had a more challenging situation especially with one of our brands. This year, we have both brands performing really well, and we have recovered on the ground we have lost and some more.

In the remaining of the Southeast region, where we have also gained 10 basis points of share, in the Midwest 90 (08:03) basis points, in the South 60 (08:05) basis points and the Northeast 50 (08:08) basis points.

On page six, I would like to discuss our revenue performance in the quarter. Total revenues grew 18.3% in the quarter. I think this is a very robust number. This was driven by same-store sales of 10.9%, and mature store sales growth of 6.1%, a very good level. We had a positive calendar effect in the quarter of 0.7%, but this was fully offset by the World Cup effect in July, which on the overall quarter impacted negatively also by 0.7%. So the 6.1% is exactly what it represents.

On page seven, we don't have much to talk about mix this quarter. Our mix was almost fully flat when we compare it to last year. The only difference it's a good one (09:05) that generics grew 10 basis points at the expense of Branded pharmaceuticals. We've contracted 10 basis points as a percentage of total mix. OTC and HPC remained at the constant (09:17) over last year, so it was almost an event last quarter mix-wise.

And on page eight, I'd like to talk about gross margin, it was without any doubt one of the highlights of the quarter. We reached gross margin level of 27.5%, a 0.7 percentage point increase. Let's not forget that 40 basis points of that increase is due to a change in tax regime, so last year our results were negatively affected by 40 basis points as we often deal again (09:52) for the tax substitution regime, we completely reverted the loss, so 40 basis points is very clear where it came from.

But then we have another 30 basis points that are due to performance, that are really productivity gains by the company and we're talking purchasing gains. We're buying better every day from our suppliers and also talking about prices. Every quarter we do tactical price adjustments that market that we have to defend better sometimes we have to reduce prices than other markets that situation is improving, then we can increase the margins. So this is a very mobile situation market-by-market that are in aggregated way, it's obviously net positive and together we purchase (10:41) improvements in total 30 basis points.

In terms of cash cycle, we had a slightly bad cash cycle versus last year, 1.3 days, but let's not forget that our return to the tax substitution regime has cost us 4.5 days in cash cycle because we had to collect taxes on inventories. So when you look at inventories, we have 10.2 days of inventories above last year, 4.5 days is the cost of getting back to the tax substitution regime that reverted our margin loss. So it costs working capital, but the economic effect is positive. And 5.7 days is really an increase because we had a very low level of entry last year. What happened is that we were draining generics, so we had a very low level of total inventories, but this was compensated by the fact that as we were not purchasing generics, and as we were not generating new invoices, days on accounts payable fell drastically last year. So we have now a normalized level for cost level, so that's a significant improvement over last year, but all in all despite the cost of getting back to the tax substitution regimen, we still reduced cash cycle by 1.3 basis.

On page nine, let's talk about sales expansion and I think this is probably the most surprising line and one of the most important to put in the sand (12:19) where we are and where we go from here. We had an improvement, a dilution of 0.6 percentage points versus last year. 20 basis points of gain was due to a lower store head count and of course, that this help structure (12:39) numbers, but this is not necessarily good.

We operated with tough (12:44) levels, slightly below what we consider ideal. This didn't harm our sales in the quarter, but when we look for long term and that's how we're so focused, we are better off with a better level and with higher service to our customers. So this 20 basis points dilution is not likely to be repeated in the next quarters, but of course it was a welcome addition to the quarter's profitability. Then we have 20 basis points improvement in social charges that it's not related here, but it's related to the comp (13:20) base of the third quarter of last year and this is a (13:24) fact that as we lost the reduction in social charges that benefit two months from, we had to recompose our allowance for social charges.

So these have cost us back then 20 basis points. So one comparison now, we have a normal level so we have a 20 basis point improvement on that regard. And I think the most important line here is 20 basis points gain from lower pressure from new stores and this is great news. I mean, what's happening is that the quality of the new stores we have opened is great, the initial results pressure that we used to suffer (14:06) when we are entering markets that were more challenging, has reduced significantly. Our growth in the Northeast is very healthy more from the revenue and from the profitability standpoint, so we're seeing a clear maturation. We are seeing very good initial levels of revenues, so last year we had a pressure from new store openings of 50 basis points. We now have 20 basis points. There is no portion of this that's due to the fact that we have opened 10 stores less than we had opened at the same stage last year, but I think this is not that meaningful.

In the end, I think the improvement is from the fact that our store development program is much better and more healthy from day one than what we were doing before. So, it's great news. We'll see what we can do next year. It's still unclear if we can sustain this 30 basis points improvement, but certainly the number will be very different from what it was last year. So there is an ongoing productivity gain here.

In terms of general and administrative expenses we had a 30 basis points dilution in the quarter, 10 basis points come from normal productivity gain, normal dilutions, especially on personnel, on corporate personnel. However, 20 basis points are due to the stronger (15:30) specific effect. Due to the lack of clarity in terms of criteria for provisioning, our restricted share we've hedged (15:39) program. In the end we over-provisioned in the first semester of our variable compensations. So, we have a reduction this quarter of 20 basis points to normalize our provisions and very likely we will have another 20 basis points in the fourth quarter.

So of course, this is an improvement that it will be not perpetuated (16:04), but we cannot talk about one timer because it's a number that belongs to this year. When you look at the overall year, we will have the number that is fair to have (16:17), but we cannot lie to ourselves (16:19) too much on the first semester, and now we have to compensate for that in the second semester, so it's a 20 basis point effect in the third quarter and very likely another 20 basis point effect in the fourth quarter, but then when you go forward this effect will vanish.

And we will follow up that. We had an adjusted EBITDA margin increase of 1.6 percentage points. We came from 5.4% to 7% and again, 70 basis points we'll obtain in gross margins, 60 basis points in sales expenses, and 30 basis points in G&A, so it was a great third quarter, and we also expect to see a great fourth quarter.

Another thing that is important to mention is that year-to-date we have an EBITDA margin of 6.4%. Depending on what we do on the fourth quarter, this number can or not – may or not reach 6.5% for the overall year. And to be very frank, I think 6.4% or 6.5% translate in a much more realistic way. I think the current level of profitability of the company. The 7% is a great number in the quarter, when you have supply visits (17:40), it's much better that they happen in the upside, but I think the personal gains, and then there is the provisioning of variable compensation that they should not last for next year.

So I think we are now at 6.5%, 6.4%, and we will see – and we still have to understand how fast this can go forward. We are too worried (18:04) on our budgetary process. We sure don't have a (18:07) number for next year and as we get more – a better perspective of where we go, we'll try to communicate that to the market. But let's not forget that we had last year 5.5% of EBITDA. We expected this year 5.8% to 6%. We achieved in the first semester 6.1%. And as of now we have achieved for year-to-date 6.4% and may go to 6.5%. So regardless of if the trend is 7% or 6.5%, it's a great year and we are in a much, much, much better place than when we were last year.

Now, thinking (18:50) below the EBITDA line, the depreciation remained constant at 2.4%. We had a net financial expense relief of 10 basis points due to the fact that debt as a percentage of revenues have come down. And taxes accrued increased by 20 basis points because of the better operating performance. So if we talk about 1.6% EBITDA improvement in the quarter, we're talking about 1.5% of net income – net margin improvement and that's page 13. Our adjusted net margin came from 2.5% to 4%. In terms of absolute numbers, we increased from R$42.6 million to R$80.5 million. We're talking about an 89% adjusted EBITDA increase. And for those who like reported EBITDA, for those who don't like adjustments that's not our case, we think adjustments when they exist they have to be reported that way and that happens, analyze (19:51) and understanding the trends, but really if we disregard (19:55) all the adjustments, if you look at reported net margins, here we're talking on 3.4% reported net margin a quarter and we're talking a margin on absolute number that is 2.7 times (20:08) bigger than the one we saw last year.

But for me this is almost a fantasy number and this happens just for the fact that we have a very high level of non-recurring expenses that were really non-recurring as the current numbers in our state and now which you have somewhat have (20:26) a much lower level, and next year our expectation is to have zero or very close to zero of in terms of (20:33).

Finally, let's talk about cash flows on page 14. We have on the quarter positive free cash flow generation. We had a positive total cash flow generation; however, both figures if you compare to last years in the same quarter, they're slightly behind and that's very easy to understand why. At this very same point last year, we were recovering tax credits. So there was a big help on the cash cycle side from tax credit that had been accumulated against the state of São Paulo.

Now as we got back to the tax substitution regimen, we are doing exactly the opposite. We are paying back to the state some of the taxes recovered. Of course, as we had 100 million (21:21) that were recovered at this stage, but part of the taxes on inventories that we'll recover next year, we are giving back this year. So, this is an R$80 million difference in the end, and this more than fully explains this difference.

Another point to look here is that when you look year-to-date and both free cash flows and total cash flows, they are negative and that's a very simple explanation. December is always the most favorable quarter in terms of cash cycle seasonality, so any month compared to December would be manageable. When we conclude this year, our expectation is that we will have posted for the second year in a row a positive free cash flow generation. So, this means that we are self-sustained, that our investment program is very ambitious is being fully financed by our store and by our existing performance.

And then on page 16, considering our share price of R$20.9, it's below today's share price that we had at the end of the quarter and comparing to the share price of the Drogasil

(22:43) in June 2007, so we are talking exactly seven years that the IBOVESPA has remained flat, and we have almost quadrupled our share price in the same period. So if you talk about – we're talking about an average return not considering dividend interest on capital, and so on of 19.9% per year for those who invested in Drogasil IPO in 2007, seven years ago.

And for those who invested in their IPO nearly four years ago, the average return so far has been 20.1% not considering interest on all capital paid. And the interesting thing is that our share price has always been considered expensive. Our multiples have (23:38) – have always been deemed high by most sell-side analysts for all this period and yet when you look, the value creation has been superb and we think either most (23:48) the same number of costs (23:49), but I have no doubts they're looking – they're (23:52) going forward this company and the business has done an (23:53) amazing capacity of sustainably creating value and delivering higher returns for the long term. So I conclude my part with this and I'll pass to Marcílio for his considerations before we go to Q&A. Thank you.

Marcílio D'Amico Pousada

Okay. Just go to stressing points that we have a very, very good quarter and important to talk with you about why I think it's good this quarter, okay. We had a strong revenue growth and this shows how difficult this market is (24:20). More importantly the results of (24:24). This is very important. The cushion is there (24:28) is the main part of this business, okay, (24:32) I have good examples for you. We had the lowest stock out level (24:37) of the last 12 months. We improved our store head count and reduced our employee turnover improving, both opportunity and the services we provide to our customer. This is very, very important. We look everyday for how we can improve the services for the customers.

About the gross margin, it increased at (24:58) 0.7 percentage point versus 2013. This is the result of the tax normalization that they offer (25:03) investments in category management, which generate improvements in price and the productivity, especially in Drogasil, where store innovation has marginally more (25:13) analytical process for mix layout and merchandizing decisions, generating fair renews (25:18) and margin growth in the front stores. Corporate expansions continue to show good dilution also (25:24). We had focused a lot in the cost reduction program that we implemented last year an integration of our systems and process are improving (25:33) our productivity.

Certain expenses also show you the results which would appear in the next quarters mainly because it had improved our internal process and because our strong headcounts normalize, which are great for the medium and the long term. This is a business that needs people and it hire (25:49) people and train people and store is very, very important, then I think it's much better for us to keep the people in stores to sell the customer than to skip through that, okay.

As a result we (26:00) achieved EBITDA margin of 7%, so it's a very, very good increase of 54% compared to 2013. This result is very great, and large cost spend as (26:13) everyone is asking if you can sustain or fund (26:15) this margin in the coming quarters. My answer to you is that our focus is continuing to be sustained organic growth while maintaining the same-store quality and returns will be (26:28). And as a good order (26:31) process and the best way possible with a stronger focus on bringing productivity as well as in serving our customer in the best way possible. Our team has had 100% focus on the long term. We believe that if we continue to create competitive expansion for the company that will translate into improving margins, year after year. We are now opening for your questions and thank you very much.

Q&A

Operator

Mr. Joseph Giordano from JPMorgan would like to make a question.

Q - Joseph Giordano {BIO 17751061 <GO>}

Hi. Good morning, everyone. Good morning, Eugênio, Marcílio, and Gabriel. First of all, congratulations on the results.

My question is on the potential acceleration of the expansion plan that Eugênio mentioned during the call. I would like to understand, what are you doing internally to support further acceleration given that lag (27:37) sometimes, you have a significant number of store openings, particularly in the end of the year. And on top of that I would like to understand if you are planning to do any small acquisitions like you did in the past for basic point of sales in a certain region so that you're gaining like a good footprint in a faster way? Thank you.

A - Eugênio de Zagottis

Joseph, thanks for the questions. The first thing here is that in terms of store openings this year, or next year we have to re-open at this stage 10 stores more than we have opened now. But let's remember that we had a small acquisition last year that allowed us to open 25 stores just because of the acquisition in the first quarter.

So, while this year we are talking about our full-year (28:27) organic program. If your look back, two years ago when we were talking about the incorporation (28:33) of Raia Drogasil, we were significantly behind where we are now, and we still delivered out target in the end of the year.

We have big number of openings in November, December. This year will be no – will not be different. I think most of the years have been like this, so we are fully confident that we can open the 110 (28:59) stores, almost all those stores are already built. We are talking about obtaining those licenses, obviously, I mean, last year we expected to open 130 stores. We opened 131 stores. We got one more license than we expected. Is it possible that we'll open 128 stores,129 stores? It is, just as possible that we opened 131 stores or 132 stores. So, of course, there is a certain level of variation that is not material that can always happen, but substantially you will not see a total of openings very different on the up- or downside from 130 stores.

Can you repeat your second question? I missed (29:43).

Q - Joseph Giordano {BIO 17751061 <GO>}

That was related like (29:45) small acquisition like it is in the past or as you mentioned (29:49), are you planning to do any of those like going forward?

A - Eugênio de Zagottis

We always look at everything that is presented to us. I mean of course, there are a lot of companies trying to sell, but the reality is that the kind of acquisition we have done a couple of times in the past, it's a very specific thing. I mean, we were talking (30:12) a good example. It was chain that was in Chapter 11 and they had to sell some stores to recapitalize the company. So we had the privilege of getting a chain that was the one-time leader (30:24) in Goiás, so they had a lot of great stores that we could cherry-pick which stores we wanted and which stores we did not want. So, when you can do that it's great, because we only get the good stores, but most chains that have been offered around the average quality of stores is poor.

You're generally able (30:43) to get only the good and leave the bad behind, and mostly (30:47) talking about company acquisition, and not asset acquisitions, and a company acquisition requires an integration that is not interesting that takes a lot of attention outside of the core business, so you can make some money on a small business that we can lose big money sometimes on the 1,000 stores that we have to manage. So I cannot say small (31:15) acquisitions are out of question, I mean they can happen. We are always looking, but they are not necessary probable.

Q - Joseph Giordano {BIO 17751061 <GO>}

Okay. If I may one extra question, on the M&A front (31:27), there have been lots of rumors recently regarding foreigners (31:34) activity in the country. So if you can comment a little bit what are you seeing from your perspective as an insider in the industry, it will be great for us? Thank you.

A - Eugênio de Zagottis

Absolutely, I mean, that global players are looking very anxiously at Brazil. This is not a rumor. This is a reality. Chivas (31:52) has already a small operation in Brazil, Walgreens and Boots (31:56) have been looking at Brazil almost forever. And my view is, it's just a matter of time before you have both those companies well positioned inside the country. Our view is that this is not a global industry. I think retail in general is not (32:10) global. Drugs in retail (32:12) is even less so. The former (32:14) regional regulation is regional. The brands are regional and even the supply chain is regional. We have seen this huge conglomerates being formed and successfully so to source generics in India or China in huge (32:31) scale and bring them into U.S. and Europe. But in the case of Brazil you have regulatory barriers that make that impossible. To build a portfolio of generics in Brazil from scratch may take 10 years, may be very expensive and may be undoable, because you have to have a local manufacturing company. You have to do a local bio equivalent (32:51) study on the local version of the molecule. You have a huge regulatory bureaucracy to overcome. So in the end the supply chain is also local.

I think a global player in Brazil will be as good or as bad as the asset they buy. My view is there as people (33:10) will buy good assets and there will be a contender (33:12) in this market. It's a huge market. This is one of the fastest growing markets in the world. This is a Westernized market. We have rule of law and we have patent laws and so on. But I think in the end the dispute is not about global scale, it's about the local scale and it's about the quality of the assets, the quality of the stores, it's about brand recognition and it's about the quality of the management. And I think we respect (33:43) a lot of global players. I think they can have a role in the market, I think they can make money in Brazil, but I don't see there as a disruption. I think our performance of future depends on our execution, and I think we are doing our job.

Q - Joseph Giordano {BIO 17751061 <GO>}

All right, thank you very much, Eugênio.

A - Eugênio de Zagottis

Thanks.

Operator

It appears to be no further questions. Now I'll turn the conference back to the company for their final remarks.

A - Eugênio de Zagottis

Well, first of all, thanks for all of you for attending this call, for trusting our execution in the bad and now in the good times. I want to get back in time for a couple of years. I think to backtrack and kind of summarize where we came from, where we are, and where we think we're going. We completed our merger in the end of 2011.

Next Monday, it's our third anniversary of our merger. 2012 and 2013 were years of huge expectations, but it proved to be disappointing years for us. We had a massive IT integration to perform. We built the total (35:24) of challenges, changes and huge distractions (35:28), and very many interest (35:31) took our eyes off the ball.

However, we entered 2014 in a very different situation. Our revenue at the beginning of the year in February we were able to conclude the full integration of our corporate IT platform. We also entered this year with a renewed management team. Let's not forget that of the top eight executives in the company, the CEO, and the seven Vice Presidents, three came from Raia, myself included, two came from Drogasil, and three came from outside the company. Marcílio joined us last July and has already changed dramatically the company. Renato Raduan is responsible for the Raia operation, he joined us a couple of months before Marcílio. He has made a huge turnaround, a dollar (36:20) higher.

And the most recent member of our team Susana, our Human Resources Director, she has just joined us and she has a very simple challenge of revolutionizing the way we hire people, we retain people, we motivate people, we train people, we develop people to improve operations.

We entered this year already with a new culture, a new management compensation models, and I can tell you without being afraid to run over-statement (36:56), that I think 2014 is really the year one of this new company.

And (37:03) drove the merger of Raia Drogasil was combining assets that we saw and competencies that we saw and (37:10) two things are unique in Brazil in our industry, and share those assets of competencies across our lower brands. Our merger was not drove or engineered because of hard synergies. Until the very moment we signed rural (37:29) competitors, we didn't have explicit targets for cost-cutting for margin increase, of course, those are important things, those are welcome things, but what drove higher Drogasil together was exactly our vision of the soft synergies.

What drove us together was the ability of improving dramatically our standard execution and executing it in an unparalleled level in the Brazilian market. This means working differently with new tools, more intelligence employed in the business, more management discipline, in the end this means servicing better our consumers. This takes time to happen and this is very hard to measure. But this is really just formative stuff (38:16). 2014 is the first year in which this vision is materializing, and regardless of short-term trends in terms of our results, there is a lot more yet to come. I sincerely believe the best is ahead of us.

The soft synergies we're talking about, they are really just beginning. We have, at least one more year to level the standard of operation at both brands under the current best existing standard we can offer, so especially for Drogasil. We will have a new front store system in Drogasil. We'll have CRM offers at Drogasil. There's a lot of things that we still have to do and this will take next year to bring both brands to the best standard and we know that we have to offer to operation. But the great news here is that we are already working on the agenda for the coming years. We are already working for the things that we use (39:22) the next leap forward for the company. We are acquiring and deploying competencies and platforms. And we'll be working on innovation looking at 2016, 2017, 2018 and 2019, and I think here we can build a new edge. I think we can bring this company to a new level.

So, this is not future. We are already working on several of those things. And then with this provocation, I really want to stress the invitation that we recently send for the Raia Drogasil (39:56) that will take place November 28 in São Paulo when the full management team will be there to present with simultaneous translation to English. The presentation will be Portuguese, but to have simultaneous translation. And we will – as exactly (40:12) present several elements of this new future growth, future value creation agenda. We sent (40:18) a couple of weeks ago. Probably next week we'll send an official invitation with a timetable for the event, and we'll be honored if you can attend. I think it will be very interesting. I think you can get a different sense on so many things you can still do to bring this company forward and to build our future. So thank you for attending our conference, and again thanks for the renewed interest in the company. Thanks for being a shareholder during the bad times and now during the good times as well.

Operator

Thank you. Raia Drogasil's conference call is finished. You may disconnect your lines now. Have a nice day.