

Q4 2015 Earnings Call

Company Participants

- Carlos Medeiros

MANAGEMENT DISCUSSION SECTION

Operator

Good morning, ladies and gentlemen, thank you for waiting. At this time we would like to welcome everybody to BRMALLS' Conference Call. Today with us, we have Mr. Carlos Medeiros, CEO; and Frederico Villa, CFO and Director of Investor Relation.

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 that there will be a question-and-answer session for analysts and shareholders, followed immediately by another session for journalists. At that time further instructions will be given. Today, we have a simultaneous webcast that may be accessed through the website, www.brmalls.com.br/ir. The slide presentation may be downloaded from that website as well. There will be a replay facility for this call on the website for a week.

Before proceeding, let me mention that forward-looking statements are based on the beliefs and assumptions for BRMALLS' management and on information currently available to the company. 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 BRMALLS and could cause results to differ materially from those expressed in such forward-looking statements.

Now, I'll turn the conference over to Mr. Carlos Medeiros, who will begin the presentation. Mr. Carlos Medeiros, you may begin your conference.

Carlos Medeiros {BIO 15324538 <GO>}

Hi, good morning, thank you for participating in our fourth quarter 2015 conference call. As we've done in previous calls, we will go over a brief summary of the quarter results and then, Fred and myself, will be available to answer any questions you may have.

On the quarter, our net revenue was in line with the prior year period at R\$404 million, while in 2015 our net revenue was R\$1.45 billion, growing 4% from 2014, excluding the effects from the assets sold over the last 12 months our net revenues grew by 6.4% in 2015.

Our net operating income in the fourth quarter was R\$385 million, increasing 1% over the same period of last year, with an NOI margin of 92.6% in the quarter. We ended the year with an NOI of R\$1.348 billion, growing 4% from 2014 with an NOI margin of 91.8%. During 2015, our Same-mall NOI grew 6.2%.

Our adjusted EBITDA in the quarter was R\$331 million, while our adjusted EBITDA margin stood at 81.8%. We ended 2015 with an adjusted EBITDA of R\$1.153 billion with EBITDA margin of 79.7%. Excluding the effects from our asset sales, our adjusted EBITDA grew by 3.4% in the quarter and 5.8% in the year.

Our adjusted FFO was R\$130 million in the quarter and R\$413 million for the full-year. Our same-store rents in the quarter grew 6.4% and 7.3% for the full-year of 2015. Our same-store sales in the quarter grew 1% and 3% for the full-year of 2015.

We ended the fourth quarter of 2015 with an occupancy rate of 96.9% in our malls and despite the deterioration of Brazil's economy we're able to improve our occupational rate by 10 basis points from the third quarter of 2015. We ended the quarter with a net late payment of 1.9%, 30 basis points better than the number we presented in the third quarter of 2015.

Our late payments reached 5.6% on the fourth quarter, an improvement of 90 basis points over the third quarter of 2015. After the (05:33) announced after the important period (05:37), in January 2016 we issued a two year note of \$50 million borrows with JPMorgan with a coupon of 3.6% which is fully hedged, principal and interest at 107% of CDI rate.

With that, I conclude this brief summary of the fourth quarter results. And Fred and myself, are now available to answer any questions you may have. Thank you.

Q&A

Operator

Ladies and gentlemen, we will now initiate the question-and-answer session. This concludes the question-and-answer session. At this time, I would like to turn the floor back to Mr. Carlos for any closing remarks.

A - Carlos Medeiros {BIO 15324538 <GO>}

Thank you for participating in our fourth quarter 2015 conference call. If you have any further question, please contact us here at BRMALLS. Thank you very much. Have a good day, bye.

Operator

Thank you. This does conclude today's presentation. You may disconnect your line at this time and have a nice day.

FINAL

This transcript may not be 100 percent accurate and may contain misspellings and other inaccuracies. This transcript is provided "as is", without express or implied warranties of any kind. Bloomberg retains all rights to this transcript and provides it solely for your personal, non-commercial use. Bloomberg, its suppliers and third-party agents shall have no liability for errors in this transcript or for lost profits, losses, or direct, indirect, incidental, consequential, special or punitive damages in connection with the furnishing, performance or use of such transcript. Neither the information nor any opinion expressed in this transcript constitutes a solicitation of the purchase or sale of securities or commodities. Any opinion expressed in the transcript does not necessarily reflect the views of Bloomberg LP. © COPYRIGHT 2022, BLOOMBERG LP. All rights reserved. Any reproduction, redistribution or retransmission is expressly prohibited.

Bloomberg Transcript