Pague Menos
Conference Call Transcript – 1Q22

Operator:

Good morning everyone, and thank you for waiting. Welcome to Pague Menos's conference call to discuss 1Q22 results. Today with us, we have Mr. Mário Queiros, CEO, and Mr. Luiz Novais, CFO.

We would like to inform that during the Company's presentation, all participants will be in a listen only mode. Then there will be a Q&A session when further instructions will be given. Should you need any assistance during the conference, please press *0 to reach the operator.

This event is also being broadcast simultaneously on the internet via webcast and may be accessed at ri.paguemenos.com.br. Questions sent through the webcast platform will be answered by the IR team after the meeting.

We would also like to inform you that the conference call will be in Portuguese, presented by the Company's management, and for the English conference there will be simultaneous translation.

Before proceeding, we would like to inform you that forward looking statements made during this conference call are based on the beliefs and assumptions of Pague Menos management and on information currently available to the Company. They involve risks and uncertainties because they relate to future events and therefore they depend on circumstances that may or may not occur. Investors and analysts should understand that conditions related to macroeconomic factors, industry and other factors could also cause results to differ materially from those expressed in such forward looking statements.

I will now turn the conference over to Mr. Mário Queiros. Please, Mr. Mário, you may proceed.

Mário Queiros:

Hello. Good morning, everyone. Welcome to another conference call to announce the results of Pague Menos. In the 1Q22 we are still going through the effects of the COVID 19 pandemic. There was another peak in January with the Omicron variant, and we had to face some consequences of this new variant first. People again started running to the pharmacies looking for products related to the COVID 19 symptoms. A lot of OTC medication, antivirals.

There was also a high absenteeism rate of our employees because the level of infection of this variant is very high. It is not as lethal as the previous ones, but we still had a high rate of absenteeism among our employees, and this somewhat affected our NPS and our score on Reclame Aqui, but it was nothing very relevant.

We also suffered with stock outs. These were industry related problems and we are only starting to see normal levels in the month of April. This quarter, we had double digit growth of our top line with strong inflationary pressure on our SG&A, which impacted our EBITDA, and Novais is going to share with you the details and the numbers for these indicators. And then I will be back to talk about our health hub and our digital platforms. Novais.

Luiz Novais:

Thank you, Mário. Good morning, everyone. So let's start on page four. As we do traditionally, we always start with the main highlights of the quarter operational and strategic highlights. We had some important deliveries in this quarter since our IPO, we have been meeting our estimations and all our KPIs are delivering results above expected.

Here we have the six highlights. The three first are operational and the other are strategic. 7,1% same store sales, the contribution margin for same store sales. We ended that quarter with 1,169 stores. 90 stores are less than one year old and the other more than 1 thousand stores are mature stores. So these stores delivered a better contribution margin of 0,1p.p. increase year over year, so these are excellent results.

In assortment, we are still improving our assortment of products in our stores in this quarter. We finished the quarter with 9,9 thousand SKUs per store. This is an important indicator and we saw some important advancements in two very strategic categories, generics and private label. And we are going to give you more details later.

And we have three more very important strategic indicators here. First, the growth of our digital channels. Our digital channels grew by 63% year over year. We reached 9% total share of digital channels, which is above the market average, a very good growth rate. So these are very important channels for us.

Clinic Farma, another strategic front that we have. We beat a new record of 837 thousand appointments. This was boosted by the increase in COVID 19 cases at the start of the year. But last quarter we had seen a peak in the number of appointments in our clinics, a very relevant volume. So this is a record breaking number, which increases awareness of the pharmaceutical and health services offered inside their stores.

And finally, the last highlight of the quarter, we grew by nearly 7% our active customer base, which are customers that have bought from us in the last 12 months. 515,5 million active customers, another very important mark, our CRM and loyalty teams have been working hard to help us attract and retain new customers, and this has been helping us improve the performance of the Company.

On page number five, we see the evolution of our sales. Here we are measuring total sales, same store sales and mature store sales. We start to see that detachment from same store sales, and mature store sales. So total sales was 10,5 and same store sales was 7,1, the distance here is nearly 4p.p. which starts to show the growth of our stores.

When we compare with previous quarters, we see an important growth. The 90 stores that we inaugurated in the past 12 months are already contributing to the growth of the Company, but they are still at their early stages of maturation and we believe that they will further contribute to the Company's growth in the coming quarters.

Next slide, slide number six. Here we see the evolution of our market share. As we usually see in the 1Q of the year, there is a greater share of independent drug stores in associations due to the selling of the industry and distributors to retailers as a whole. That is why we have a higher purchase volume and that is why we see a higher number for independent and associates, particularly in the North and Northeast, where the participation of these Companies is greater than in other regions of the country.

And on the right, we see another important piece of data from IQVIA. Showing that the growth of the market as a whole is still very much based on the new openings. So of the 11,9% growth of the market in the past 12 months, 7,9 points are captured from new openings and the other 6 points come from other elements: mix, price, product and so on, so forth.

We are doing really good in these other components, but in store openings, since we started inaugurating and opening stores at the end of last year, we still see a smaller contribution of this element to our growth. So that is why we are very optimistic about the evolution of our market share in the coming periods. The new stores already have a higher level of contribution and the new stores that we are inaugurating, we have very positive expectations for them.

And we are also very happy with the same store sales which we show in the next slide. This is a Nielsen study using the Like for like methodology and comparing with other large chains. We see that we increased our market share in practically all regions of the country. This means that our stores are operating really well and gaining space. So we are very happy with this information of the 1,080 same stores of the Company.

On page number eight, we see the evolution of our expansion cycle. We finished the quarter with 90 new stores. We will continue to focus on the three main elements here on this chart. On the top part of the chart, most of the stores were inaugurated in the Northeast and North of the country. Most of the stores are focused on the B to C and D economic levels, according to the IBG measurements. And 70% of the stores are in smaller cities, and 30% in capitals.

And these stores are very, their maturation curve is very aligned with the one that we projected. They are a little below this quarter due to the sales in February and March, which were somewhat weaker months due to the strong demand in January. But these are stores that are performing really well. 90% of these 90 stores have already reached their break even point and are already operationally profitable, which is a very important metric for us.

And we are also suffering the inflationary pressure on our CAPEX. The average cost of investment for inauguration of a store would be R$1,1 billion, but it is now closer to R$1,350 million. So there is a strong inflationary pressure. But despite these two elements, we have a very good expectation. The projections for these stores are more than 18%, which is much higher than the capital costs.

So this means we remain very optimistic about this new group of stores. We are also closely monitoring these 90 new stores to make sure there is no cannibalization. And we are also very happy with the stores that are close to the newly inaugurated stores and there is no cannibalization whatsoever.

On slide number nine, we have the evolution of our products and services categories. Strong highlight to generics, as I mentioned at the beginning. We grew 0,5 year over year, reaching 9.6%. And if we compare the month of the quarter and the end of the quarter, we reached very near 10% of the total share of the Company coming from generics.

We are very focused, our sales team is very focused on this category, which is helping us boost our sales and also contributing to the gross margin. We believe that our fair share in generics is closer to 12% or 13%, which means we have a lot of room to grow in this category, both in sales, and in margin.

And the quarter was impacted by the Omicron wave in the beginning of the year and also the influenza incidence this quarter. So we finished the quarter with 3,4% in services versus 3% last year.

Next slide. Here we show a little more about generics and private label. These are two categories that have been really positive and very strategic for us. We still believe there is a lot of room to improve the profitability of the Company. So in generics, we grew by 17,2%. These are IQVIA numbers. So the market grew 11,3%, in Abrafarma 13%. So we are growing well above the average of the market and we still have room to grow in the coming periods.

And in private label, here we are measuring against ourselves, which is a very, very good reference. We were up nearly 16% in private label compared with self service and total sales, between 10 and 11%. So this was also well above the two other measurements to which we are comparing. We finished the period with 6,4% of total sales coming from private label. 30 points growth year over year. And we have a lot of launches programmed for this year. So we are very positive about this category.

Slide number 11, we see our gross profit and margin. We have some important elements here. As we saw, the mix of product categories has been helping us improve our margin, particularly in generics and private label.

The product mix helped those with 0,5p.p. in this period, and we are also advancing really well in the control of our supply chain and our loss prevention team. They have been working to control the expiration date of products in our stores, so our inventory losses decreased by 30 bips, which really helped our margin and is another factor that makes us really happy and shows the maturity of our supply chain and loss prevention work.

We also have some negative pressures, but this is actually good news for us because we have been investing in digital channels, agreements and partnerships. These are very important channels for us. They bring customer loyalty, they bring us a higher ticket and good sales increment in cash margin increments. So we will continue to invest, even if we have a somewhat higher pressure on our gross profit.

We will continue to invest in agreements and partnerships and we also invested more in CRM activities in this period and they have been helping us increase our customer base and retain some valuable, active customers. So these are three levers that we will continue to invest in, and the expectation for our margin this year is to move horizontally. We will continue to capture these positive aspects and this will help us finance the margin reduction due to the growth in our digital channels and partnerships.

Here we have G&A expenses on contribution margin on page 12. The good news is that we had a 20 basis point decrease, which is an important mark for us because the inflationary pressure, as I said, is very high. So the salary, the adjustments and range of the adjustments are at a very high level. But still we have been able to control our expenses and reduce by 20 basis points and same store as compared with the 1Q last year, which is very important for us.

And on the right, we see the contribution margin. As we heard in the beginning, due to the reduction in our sales expenses in same store, we had an improvement of our contribution margin, 10 basis points. So we go from 10,9 to 11%. And this is a very positive result because this will help us support this very intensive moment that we are in our cycle and the expansion of our Company.

So our same stores are helping finance the reduction and reduction of our margin due to the new inaugurations. But as I said in the beginning, 90% of the new stores are already operationally profitable and they will help us improve the contribution margin of the Company.

Slide number 13, we have our G&A expenses and our EBITDA. In G&A expenses we had an important growth year over year and 2 million quarter over quarter. Here, we are still investing greatly in our technology team and they will help us keep supporting this very relevant growth of our digital channels, which is very strategic for us.

We will also continue to invest in some consulting firms that are helping us execute some projects that will bring results in the near future. And also we have inflationary pressure here, particularly in January in the Company's headquarters in Fortaleza. We had our salary, yearly salary readjustment. It was a high rate of readjustment, so we had some pressure on our G&A expenses due to that.

On the right, we see that all these fronts are helping us shape the future of the Company, bringing new technologies and helping us boost that, improving the sales and purchase experience of the Company as a whole.

On the right we have our adjusted EBITDA. We are at a very similar level than we were last quarter. We are very close to the tipping point. We started opening new stores in the 2Q last year, so now we start to compare periods with new openings. We are very optimistic about our margin in the next periods and we will be able to resume that growth cycle that we were seeing before our expansion cycle.

And we are also very optimistic about the starting the integration of Extrafarma, which will help us reduce our administrative expenses. So we have some very good prospects for the coming quarters.

Next slide, we have our net income. This is very similar to what we saw for our EBITDA margin. Positive point, we have strong growth, 10,5% in sales. And we also had the effect of the deferred income tax, which was also helpful in the results of this quarter.

And the negative side here is the pressure coming from new openings in the last quarters, comparing periods with and without inaugurations. And for net income, we have a similar scenario to what we had in our EBITDA. We are close to our tipping point.

The new stores are performing really well. The new stores are already delivering operational profit and we have many projects to continuously capture gross margin and sales increases from these new stores, which will help with our results in the coming quarters.

Now, cash cycle and indebtedness, we are at a normal level in terms of our cash cycle, close to 61 days. No great movements compared to other quarters. We continue to invest in inventories and this investment has been paying off because this is helping us support the good levels of sales increase and margin increase. So we will keep the same level of investments and inventories.

And on the right, we see that our net debt by EBITDA rate is 1,5 times and this is due to the investments, and investeries and everything that we mentioned so far. Now I turn it over to Mário and he is going to talk about our health hub. Thank you Mario.

Mário Queiroz:

Thank you Novais. We are now on slide number 17. Here we see our strategic pillars. We have all witnessed how pharmaceutical retail is transforming in Brazil. And two of these transformations are the development and advancement of digital channels and health services being offered in drugstores.

And here on this chart we see when we look at the market as a whole, Pague Menos has about 5% market share. But when we look at online sales only, we have 12% market share. So our share is higher when we look at digital channels only. And this results from all the work we have been doing to improve our e-commerce platform in our app.

And also our infinite aisle services. And the bet we made in our telesales. The decision to centralize our call centers, standardize the services and offer promotions in a unified manner. And also our partnerships with Rappi, Ifood and other partners that have been really helpful in our advancement in the digital world.

And on the right, the third chart here was a survey conducted by Abrafarma with Clinicarx. They measure the health service being offered in large pharmacy chains. We were pioneers in the offer of health services inside stores. So much more than just selling medication, we are offering services to the population. So we have 27% market share in all health services offered in Brazil.

And in addition to our pioneer work and our clinics that are spread throughout the country today, we also have the largest portfolio of services offered. And we also have all the investments that we are making into digitizing our health hub to offer everything that is available in our stores, to make everything that is in our stores available online.

And we also have our services marketplace, our partnerships with DASA and others. The compounding service and expansion of the compounding service using our health hub and our health services marketplace. So this is what has brought us to these great numbers in this sphere.

On slide number 18, we have our indicators as you heard from Novais, this was another record breaking order in the number of appointments, 837 thousand appointments this quarter. This was, of course, boosted by the half a million COVID tests that we performed this quarter.

The adherence rate of every 100 customers walking to our stores, seven used some service from our clinics. So the conversion rate of customers using Clinic Farma, 67% of the customers using Clinic Farma made a purchase on the same day. But this shows how much this contributes to customer loyalty and retainment. And this, of course, contributes to increasing the average ticket at increasing our revenues.

On slide number 19. Here we talk about our digital strategy. I already talked about the market share of digital 12%, a 2% increase compared with 2020 when the digital channel boom started. And here on the left, we see that the share of digital channels more than tripled compared with the 1Q20.

And we believe that very soon in the future, considering all the pipeline of improvements and services that we're bringing into our digital channels, we will be working at a double digit level of market share for our digital channels.

And on the right, you see the breakdown by channel. E-commerce 18,2% increase, phone sales, which resulted from our strategic decision to standardize and unify our customer service, nearly 60% increase. Superapps, 479% increase, and infinite shelf, which is about never saying no to our customers. So if they do not find something they need in our stores, they can pay at the store and receive it at home. So this modality grew more than 237% for a total growth of 63% in all our digital channels.

On page number 20, our new app is still at the pilot stage because despite being launched in 4Q21, we have more than 600 thousand downloads. But we are prioritizing the quality of the service right now and the Browse ability and usability of the app. We want it to be very user friendly, very easy to use.

And we can see how well we are doing this when we see the improvement in our Play Store rating, we went from 2,1 to 4,2 on Play Store, and 2,0 to 4,3 on Apple Store. We have not yet had the official launch of the app with promotions.

We still have a lot of novelties coming, for example, customers will activate discounts at the store. We will also offer cashback and also gift lists and many other features that we are embedding in this new app. So this reassures us that our digital channels will continue to grow a lot in the future. I will stop now and we can open for questions. Thank you.

Joseph Giordano, J.P. Morgan:

Hello. Good morning, Luiz. Good morning, Mário. Thank you for taking my question. I actually am going to extrapolate my question and I am going to go into the Extrafarma subject. Should we start to see the consolidation of Extrafarma operation in the start of the 2Q? Actually two questions today.

Do you have any visibility in the type of drugs? And also we are seeing in Grupo Big and Carrefour. They are seeing even more opportunities for synergies. So what I want to know is whether you are seeing any upsides for the synergies that you mapped out at the start of last year when you announced the acquisition.

We also see your same store sales growing greatly and this is closing the gap for your competition. So I want to understand where you see the greatest opportunity today in terms of incremental improvement of the average sales by store. We saw a little higher level of stock out.

So I want to understand how much this could be impacting the sales of this quarter. And is there anything else, anything related with assortment? I know stock outs have been a problem. And also price, I know that you see a higher inflationary pressure among your consumers.

Mário Queiroz:

Joseph, thank you so much for your question. Novais, please chip in if you want. About Extrafarma, we are very positive, very optimistic. Our attorneys are in constant contact with the general superintendents. I cannot really give you a date, but we know we are very close to a decision.

We know from everything we have discussed with our attorneys, we know about the latest requirements of CADE. We have answered to all of them. So we should have a final decision very soon.

Now, when we will be able to really take on the business of Extrafarma, this will still depend on CADE's decision. So we cannot really tell you where it is going to be in the 2Q because there is going to be a recess in July. So this will depend on their final decision.

Now, regarding the synergies. We have updated the inflation rates that we had projected for the synergies. And our team is very responsible, is very comfortable that we are going to be able to deliver within the planned range of about 180 to 275. This is very much in line with what we had projected. And we are pretty certain of the value that we are going to be able to capture with this transaction.

Now, as for average sales, we grew above expected. We have been growing above expected since the IPO. We were very clear, a projection was to reach 600 thousand in sales and we were able to reach that number faster than we expected. And now we are gradually growing. Of course, this has been somewhat impacted by the new openings. When we exclude new openings, we had R$622 thousand in average sales.

But there is also the expansion of our mix. We continue to improve our assortment, digital channels, of course, bring incremental sales because there is a migration of customers and our customers are omnichannel. But we do have some customers that only want to buy online. So these are new customers.

And we also have our health hub, which helps us improve customer loyalty and increase the customer basket or shopping cart. So this has to do with cultural aspects and the change in culture that we are seeing in the population that is getting used now to getting health services at a drugstore. So that is why we see this improvement in penetration in the population's perception about these health services.

And also, we have our agreements and partnerships channel, which accounts for nearly 30% of our sales. So these are very loyal customers that come through partnerships that we have with large organizations. Both health organizations or financial organization associations, and they get differentiated discounts at our stores.

And this has also been contributing to increasing the number of customers. And we have now reached 15,5 million active customers. So the resumption of the growth of our customer base is what makes us really comfortable that we will continue to see a gradual growth in our average sales in the future.

Luiz Novais:

Thank you, Joseph, for your question. And regarding Extrafarma, as you heard from Mario, we are very optimistic and the limit deadline that CADE has, the competition authority has, is the end of August and early September. So until then, we will have a final decision for the process as a whole.

And of the micro markets, about which they requested additional information to us. So if there is any remedy, it will be a small remedy. So as Mario said, we are very optimistic. And about synergies, we are always very conservative and very realistic. So we will continue projecting the same levels.

And the last part of your question about sales, in addition to what Mario said about the digital and the health hub, we still see a lot of room for growth in generics. Also private label is another product category that has been a very positive surprise. Assortment also, although we reached 10 thousand items, we still have room to improve, to increase. So we still have some levers that we are working on to help us further improve our average sales per store.

Joseph Giordano:

Perfect. Thank you.

Helena Vilares, Itaú:

We have two questions. Thank you for answering our questions. The first question. We really like what we heard about your health hub and what are you thinking in terms of the next steps? I just heard in your answer that you think this is going to be gradual because of the change in culture and mindset that is required from the population. But what do you think you can improve in your platform or what is already working really well?

And my second question, you broke down your data in new stores which are delivering results above expected. But the numbers are still a little below your initial expectations. So do you think that at some point you will revisit your store openings plan now that you acquired Extrafarma?

Mário Queiroz:

Let me start with your second question about our expansion. We are judiciously thinking about our expansion. We are assessing the quality of the locations. That is why we had a guidance of 80 stores last year. We were able to meet that, but now we have a guidance of 120 and we just confirmed 120 new stores for 2022.

And we know that we have a lot of growth potential in terms of the revenue of our stores, and we still see a lot of opportunity in the North and Northeast. Which is where we have most of the Extrafarma stores.

I do not believe this will impact our organic expansion, but we are carefully assessing all this to prevent any cannibalization and to understand the residual potential of each region in which we plan to open new stores. So we do not believe that the integration of Extrafarma will have any impact on our expansion plan for the coming years.

Now, as for the health hub, we have been making some partnerships with Hapvida or DASA, as I mentioned. And we want to bring their flow of customers into our stores. And we want to relieve the pressure on clinics. We have been hearing from our partners that a large percentage of customers that go to ERs or emergency clinics, would not even go if they were able to use telemedicine to consult with a physician at a drugstore, for example.

So this would decrease hospital contamination and this would help us take care of non complex cases using this service at our stores. So we are now trying to understand how we can help the health system and particularly these partners that we mentioned so that these customers can be referred to our drug stores and our drugstores can be consolidated as a primary care center.

So we are really focusing on these partnerships, trying to show the value of a Pague Menos store and the value of Clinic Farma so that these people can get faster, less complex health services. Novais, do you have anything to add?

Luiz Novais:

I would just add that regarding the guidance, as Mário said, we are very much focused on delivering the 120 stores for this year. And we will maintain a very high level of transparency, both in terms of the maturation curve of our stores and any changes in our strategy, any changes in plans we will keep you posted. But for now we are not expecting any changes. Thank you very much.

Daniela Eiger, XP Investimentos:

Good morning Mario. Good morning, Luiz. Thank you for answering my question. My first question is a follow up about your store expansion. If I understood well, you still have the guidance of 120 stores for this year, but in the 1Q, numbers were much lower than we expected, although we were already expecting a weaker 1Q compared to the other quarters of the year.

But now, considering the integration of Extrafarma in the 2Q, it still makes sense to think that this expansion will accelerate throughout the year and will be more concentrated when you actually integrate Extrafarma, right.

Mário Queiroz:

I want to make it very clear. The expansion team is one thing and the Extrafarma integration is another team. So there is no impact on the dedication or the work of the team, the expansion team. Yes, the new openings in the 1Q were below expected, but this will not compromise our guidance for 120 stores this year.

In the 2Q the numbers are back to normal. We are opening about 30 stores, so 40 stores in the first half of the year and we have 80 stores left for the 2Q. We have opened many more stores in that before, of course, it was not as we expected. We wanted this to be more distributed, more evenly distributed throughout the year, 30 stores per quarter. But we know that the 1Q was a little complicated, particularly due to the documentation issue, but we are still confident that we will be able to deliver 120 new stores this year.

Daniela Eiger:

Now my second question is about your profitability dynamics. We see that the increase in your private label sales ended up impacting the increase in digital and agreement, particularly when it comes to the gross margin.

So can we expect the gross margin to suffer with more pressure due to the higher penetration of digital and agreements and partnerships? And maybe this will be offset in the profitability and the EBITDA? Does it make sense to think this way, looking forward?

And the other part of my question, can you give us an update, you talked about the normalization of your stock outs, but can you please explain the market dynamics? Do you see normal levels? Do you plan to see normal levels for April?

Mário Queiroz:

Regarding profitability in our gross margin, Novais, please, you can interrupt me if you want to add anything. But both digital and agreements and partnerships do put pressure on our margin, but the cash margin for the Company is positive for both channels.

And on the other hand, we have some levers that are helping us increase our margins, such as the growth in generics, the growth in private label. And we already have one of the best gross margins in the market.

So we are measuring our competitiveness index region by region, category by category, because we know how competitive the market is right now. And when we look not just focusing on the large drugstore chains, but also independents and associations, and we know they have a different mix and it is a different game to compete with these organizations.

So that is why we have been fine tuning our categories and monitoring our competitiveness index. And our numbers show that, because this increase in generics is a result of all the work that we did to understand how to better compete now against a different type of competitor, independent pharmacies and associations. And that is how we have been improving our share in generics.

This is indeed challenging, but we do have elements to offset the impact of digital and partnerships. So I would call it a good problem.

Luiz Novais:

So just to complement the expectation is that our margin will move horizontally this year because we will have some positive elements, such as the levers that Mario just mentioned. And we still believe in the digital, and we see digital and agreements growing greatly. So that is why it will move horizontally.

In April, as we usually see due to the price readjustment that we have on April 1st, and the first days of April we see a weaker demand because in the last days of March, people are buying their medications to avoid the price increase. But then for the rest of the month, the demand went back to normal levels in April. So in April, all in all, starting on April five or April six, the demand went back to normal levels.

Daniela Eiger:

Okay. Thank you.

Operator:

This question and answer session is now closed. Now, I would like to turn the conference over to Mr. Mário Queiroz for his final remarks.

Mário Queiroz:

I would just like to reinforce that even with resuming our expansion, our same stores are still delivering a very good contribution margin, 11%. And most of our new openings, the 90 new openings in the past few months were in the Northeast, which reiterates that our conviction that we still have a lot of opportunities in the Northeast is true, holds true. We still have a lot of room to grow in the North and Northeast of the country.

And I would also like to note the growth of our digital channels. We were able to reach 9% share, and with all the pipeline of new features that we are planning, this reassures us that very soon in the future, we will be at double digit share levels, 10%, 12%, which we already see in the South and Southeast.

So we are expanding in these regions where we already have a very strong penetration and we are also being able to improve the share of digital in the North and Northeast, our core regions, where we still have a low uptake of digital channels in the population and we are being able to change this behavior.

Thank you all for attending our call today. Thank you for sending your questions and we will see you next quarter, or maybe before if we have something interesting to share with you.

Operator:

Pague Menos's conference call is now finished. Thank you all for attending and have a great day.