



Operator:

Good morning, ladies and gentlemen, and thank you for holding. Welcome to Smiles' conference call, where we will present the Company's results for the 1Q18.

Right after the Company's presentation, we will begin our question and answer session. If you would like to ask a question, please dial *1. Should you need assistance during the conference, please dial *0.

We would like to inform that some of the information presented during this conference call may contain prospects or statements referring to future expectations. Such information involves risks and uncertainties, since they are related to future events and, therefore, may or may not occur, or may materially differ from those expressed in the financial considerations.

Today, we have with us Mr. Leonel Andrade, CEO, and Mr. Marcos Pinheiro, CFO. I would like to give the floor now to Mr. Leonel Andrade. Mr. Andrade, please proceed.

Leonel Andrade:

Good morning, everyone, and thank you for being here. It is a pleasure to be speaking to you about the results for the 1Q18. I would like to start on slide three of our presentation.

During this quarter, our net income was R\$155 million, which is in line with what we had last year during the same quarter. It was very consistent, especially because of the reduction of financial revenue.

We started off very solidly, with gross billings nearly at R\$508 million, a growth of 18% in comparison to last year. And the best is probably that we had at the same time an 18% growth in comparison to last year, and also an increase of 6% in the prices of sold miles. So, we are close to 20%.

Miles redeemed grew by 18% in comparison to last year, and the total volume of miles redeemed was a record number in the Company. Miles accrued grew by 24%, showing that we continued to be very profitable for our clients. Clients are migrating towards Smiles and we will talk about that soon.

Our net revenue was R\$247.1 million. When we compare to the last year, it grew by about 5.3%, despite, as I said, a reduction of 24% in our financial results, which was expected from the reduction of Selic. This will be good news for our business, because a reduction from Selic usually has a positive impact on the macroeconomic scenario.

On the next slide, we have some news that the Company presented during this quarter. This is another qualitative leap from the usability in clients' experience point-of-view. We have been consistently working on this and we have been recognized for the substantial improvements we have made in the users' experience and usability. It is consistent with our message that it is easier to travel with Smiles.

This is one of our main innovation: now, clients that forget about putting in their loyalty numbers when they are embarking, or if they have their tickets bought by a travel operator, for example, they can now simply take a picture of their boarding pass with our



app. A simple picture is enough for GOL to credit their miles. And, with partner companies, they can also have a very simple process using the app.

This improves our revenue, because it is easier for clients to receive their miles and thus reduces our costs and, especially, it has a significant improvement on the client's experience.

Our app has become more and more important. We have over 25% of our tickets issued through the app and this continues to grow robustly. I, specifically, believe that in two years the app will have half of the tickets issued and half of the transactions made with Smiles. The app is also becoming better analyzed, and it is considered an industry benchmark.

The next slide shows Claro Stores. Clients cannot only redeem miles through Clube Claro or other ways, but the most important thing is that they can buy products from Claro using our marketplace, using Smiles Shopping, and gaining miles with that.

Now, transactions can provide miles to our clients, and they can pay with credit cards with 12 installments interest rates. This is a part of our diversification strategy. Clients will now be able to have a better experience with the Company through products and services.

Slide seven shows a very strong point that the Company has had: our partnership with Uber. It started about a month and a half ago, it was implemented, and the number of transactions has been far above our expectations and also Uber's expectations. As everyone knows, Uber is a leader in this industry, and it is the product that is most used by young people.

Now, clients are able to buy credits through Uber with prepaid cards and they can gain miles substantially. It has the best proportion in the industry: three miles for every R\$1 spent, or four miles for Smiles Club users, which is our value category.

In the first week we have actually launched this data, we became the main Uber prepaid company. We overcame the market of R\$1 million in credits. These figures are today substantially higher than they were in the first week.

Slide eight is a topic that has been having a great impact for Smiles: our activities in Argentina. First, we are actually starting a subsidiary integral company in Argentina. It is an Argentinian company, not a Brazilian company, and there it will operate for Argentinians replicating the business model we have in Brazil.

The idea is to have a full coalition there with several banks and several airlines. Obviously we already have a market predominance between Brazil and Argentina through a partnership with GOL. And in Argentina, we have about 60% of the passenger transportation between Brazil and there.

Of course, there are other companies like Qatar Airlines, but the most important thing here is to have an inventory and a partnership with Aerolíneas Argentinas for the domestic market there. That gives us the possibility of creating a company and a very strong coalition program.



This week we met André Fehlauer, who has been in the Company for a number of years. He has always been the Executive Director in charge of developing products and innovation for Smiles. André was the person who managed the entire business of Clube Smiles so far. Therefore, through an internal process, we decided that he would go to Argentina, effective tomorrow, to be in charge of developing the local business there.

We have just hired a local consultancy company to help us in Argentina, so we are formalizing the documents to start the company there and we will continue with our business plan. I think we will be operating and invoicing in Argentina in the 2H18, probably around the 4Q, but maybe even before that.

We have been anticipating something: if you go to Smiles' website today, you will see that on the upper right **company** there is a Spanish flag, our website has already been in Spanish for a couple of months. This is a part of the preparation to go to Argentina. 100% of business is already being used in Spanish. So that is the first step in making the Company international, and it is something that I hope to be the first of many. It is not just a product for Brazilians, but it is a product for local basis everywhere.

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The next slide highlights GOL in the United States. GOL has recently announced new flights for Miami and Orlando, going back to Florida, four daily flights from Brasília and Fortaleza. These have been selling very well, especially through Viaje Fácil for clients to pay the end of the year, and this has been a source of joy for us.

But the most important thing for GOL I would like to highlight is that, apart from our substantial growth, our gain in market share has become more robust now because of GOL. GOL is a market leader, and it is substantially gaining market share, especially because of the clients' experience.

We have heard from many customers who now only want to fly with GOL in the domestic markets. They do not like other companies, and they see the company as the best one, and this is our target audience, corporate flights. It is very important and gratifying to see that GOL is becoming stronger in the Brazilian market.

The next slide, slide ten, shows that our brand has been gaining space and more value. It is top of mind, it is more recognized in the industry. There was a study from Kantar that showed that Smiles was one of the companies with the biggest market value, and it is the one that has the highest value in the tourism industry. And it is a brand that is growing, this is the most important thing. For the fourth year, we have been growing in these studies.

According to Kantar, we are continuously growing, and I think that that is a reflection not only of the investments we have made, but also of the clients' usability and how the Company has increasingly been gaining market share, becoming the favorite company for the industry in all socioeconomic groups.

Also, in credit cards, CardMonitor showed that Smiles is consistently becoming the company of choices, especially for high-income banks, whether it is due to usability, recognition, or satisfaction. I think that is a reflection of our efforts, and we know that other brand prizes will come later this year. The brand will become more and more top of mind. This is essential for our business.



I am going to let Marcos talk about figures and revenue, and I will be open for questions later.

Marcos Pinheiro:

Thank you, Leonel, and good morning, everyone. Once again, we are reporting the quarter's results, and we are very happy to show consistent figures.

The first slide I will start on is the slide number 11. This slide shows the 22.4 billion miles accrued this quarter, and we continue to expand our business, focusing on engaging with clients.

To reinforce engagement, if you look at the next slide, number 12, here we see the evolution of miles redeemed. This quarter, 18.9 billion miles were redeemed, which is a positive evolution of 18% year on year, and this has been boosted by the adoption and implementation of our product for engagement.

The special packs are due to Viaje Fácil, which was really a revolution in our market, and it provides a very good appeal to our clients who want to get engaged in this kind of travelling.

Slide number 13 is one of our positive highlights, showing how the Company is evolving healthily this quarter, total gross billings. We managed to conclude the quarter with R\$508 million in total gross billings, a growth of 18%, but our prices are a bit different from what we saw in previous quarters.

This quarter, we had a positive evolution of our unit price in comparison to the previous quarter, which is something that we should expect from our commercial strategy. So we have to work to continue making our volumes grow for the rest of the year.

Moving on to slide 14, here we have something new, we are presenting the evolution of net revenues in two ways: first is what we have been reporting in our results this far, and in orange we see our net revenue according to IFRS 15, in which the Company's activities are observed as an agent entity in running our businesses. The biggest difference is that net revenues are very similar to what was called before gross results. So revenues are net from the costs related to providing our services to our clients.

Finally, our positive evolution of 15% in net revenues coming to a total of R\$247 million in the new IFRS 15, or R\$508 million in the way we previously reported our results.

Slide 15 shows our Company's EBITDA evolution. We concluded the 1Q18 with R\$188 million, a growth of 3% year on year.

The last slide, number 16, shows the evolution of our net income. For the 1Q, we finished with R\$155 million in net income.

And now, let us move on to the fun part, which is the Q&A session. Thank you.

Victor Mizusaki, Bradesco BBI:

Good morning, and congratulations on your results. I have two questions about Smiles Argentina. If you could tell us what the potential market is in Argentina, level of

profitability, and still on that same topic, what can we expect in terms of investments for the launching of the operation?

Leonel Andrade:

Hi. Thank you for your question. I have two points in Argentina. The Argentinian market, if we look at the credit card experience, which may be an important piece of data to represent the industry's potential, it represents about 20% of the Brazilian market. So the credit card industry is much more developed than the banking industry overall, and it also has a low penetration for loyalty programs.

Aerolíneas has an open program with low penetration, and there is only one bank in Argentina that has an exclusive contract that cannot operate with us, which is good because it ties our competitors to that bank.

I believe we still have preliminary figures, which will depend on our capacity and our efficiency, but Argentina can be 15% to 20% of our business if we look on a five-year lookout.

In terms of profitability, all of our evidences point that it will be as profitable as Brazil. From the price point of view, price for mile accrual, it is very similar to ours. And we have seen the same dynamic in pricing policy, because they have the same contracts here and there.

We can occasionally have differences due to exchange rate, but the program will be as profitable as it is in Brazil, hopefully around 20% in five years.

Victor Mizusaki:

I just have a follow-up question: can we consider redemption margins as the same for that one? And also, on the short term, what are the expenses for launching the operation? What should we expect?

Leonel Andrade:

I am sorry, I forgot to answer your second question. In terms of margins, you said over 40%, but let us think about around 40%, so that it is similar to Brazil.

From the point of view of expenses, we will be impacted by expenses in the next quarters, probably an expense of around US\$3 million to US\$4 million, so let us say R\$10 million to R\$15 million. That will be our expense for the next two quarters this year because of this expansion.

It is a low investment, but obviously, considering our Company's total expenses, that is what we have to consider, R\$15 million. Thank you.

Victor Mizusaki:

Thank you.

Alexandre Spada, Itaú BBA:

Good morning. Thank you for taking my question. I have a follow-up question on Argentina. I would just want to know if the access that Smiles has today to Aerolíneas inventory is enough to supply the demand you expect to have from Argentina. If so, for how long until you need a new contract, or any changes to that contract you have.

And Leonel mentioned at the beginning that you intend to have a coalition with other clients in Argentina. Does that mean having a relationship with other local airlines? Does that make sense? Or is it the idea to be exclusively partnered with Aerolíneas? That is my first question.

Leonel Andrade:

Thank you, Spada. The access in Argentina has two understandings: first, loyalty programs will be using our tickets, and we also have a commercial ticket agreement that has been implemented, which has been working very well. That gives us a good capacity to sell and negotiate with good margins.

So putting these two businesses together and considering that the program is still going to begin, we probably have a good level of competitiveness in growing in Argentina.

Of course, the airlines scenario in Argentina is changing. It is an open market, so different companies will go in for domestic flights. It is an open market, so I do not know, looking at this scenario in one or two years, if there will be significant changes, but our domestic anchor will be Smiles. We want Smiles to be the domestic anchor with Aerolíneas through an agreement.

I said that there are very few banks, but I meant that there are few banks with domestic programs like the ones we have in Brazil. So we want to have an anchor bank and several partners in the tourism industry. Raízen Brazil has just bought Shell in Argentina, Localiza is in Argentina, Rocketmiles is also in the inventory, so we are starting with the same local partnerships there.

But this is the initial scenario. It is a very dynamical market, and we are trying to be as dynamic as the market is. So in two or three years we might have others local partnerships, but so far we are starting with Aerolíneas.

Alexandre Spada:

So you do not have any contract exclusiveness?

Leonel Andrade:

No. For the domestic market we do not, but I am also skeptical about having other partnerships just because of a contract. I think it is down to common sense. We have confidentiality clauses, so we are not intending to talk to other airlines now for domestic flights to Argentina, but we cannot say for the future. The market there is in constant change.

Alexandre Spada:

OK. Thank you, Leonel. If you allow me to approach a different topic, Smiles has been signaling and they want to improve unit prices throughout 2018. We have seen that the prices have grown by 6% in the 1Q18 when we compare to the 4Q17. Does the price level that you reached in this quarter makes the Company feels comfortable, or do you think it can grow even more throughout the year?

Leonel Andrade:

Do you have any other comments?

Alexandre Spada:

I just want to make sure you understand that I am talking about unit prices, and not costs.

Leonel Andrade:

I understand. Prices related to accrual. It is a very dynamic business. Let me tell you what happened in the 1Q: in the 1Q, we started January and February with high billing growth. In March, we could have grown over 20%, but we were around 18% to manage our prices.

What we saw in the market was that our competitors were lowering the price, and even having marketing incentives with banks. So we went in the opposite direction, and we were very successful in doing that. Prices went up and our billings have been growing more than the market average.

I think that from now on we should probably operate with reasonably stable prices in comparison to what we saw in the 1Q. I do not think that there is any need to substantially increase prices because of our dynamic pricing strategy.

A very positive factor is that our redemption prices were closely aligned to the market. Competitors have raised their prices because they have to improve their margins, meaning that we are the only company that is operating on pricing. I always say that we get a margin not from price, but rather from pricing, which is more important.

So I would estimate stable price curves. I do not see an increase of more than 2% or 3%, but it is a dynamic market, so let us wait and see how it behaves from now on.

So we are focusing on having 40% margins, and that is what will strive for.

Alexandre Spada:

Thank you, Leonel.

Samuel Alves, BTG Pactual:

Good morning. I have two questions, the first about net income taxes. We saw a reduction of PIS/COFINS because of IFRS 15. Even with fiscal accounting, would this result in a recurring tax reduction?

The second question is on breakage. We saw an increase in the breakage rate this quarter. Is this related to bonus miles, or was it an overall tax hike across the program?

Marcos Pinheiro:

I will start with your first question about taxes. I would like to highlight that in that sense we always have been extremely conservative at Smiles. Regarding PIS/COFINS, specially taking PIS/COFINS credits, until IFRS 15 was adopted, we have never taken any credit from the purchase of international tickets.

Now, through adopting IFRS 15, and after a series of legal rulings that were favorable, after recommendation from auditors, and also PCAOB, the Company started presenting its results through an agent, and that generates a PIS/COFINS benefit. So this is a sustainable business. We are very comfortable in joining this new dynamic of tax collection.

Regarding your second question, on breakage, there was a one-off effect of miles redemption, but this was not due to our operational expenses. If you remember, about one year ago, the airline changed its client qualification rules into different tiers that they can reach. This is something that always happens in our company in March. Clients started to have different behaviors, and they received an upgrade bonus when they changed categories. These upgrade bonuses, like all bonus miles we have in the company, have different expiration dates.

In a nutshell, a lot of people received upgrade bonuses because they were upgraded in March last year. Many of these miles that have shorter expiration dates were not used in the following 12 months, and there was a one-off high expiration in March, but this is mostly explained by the first reclassification that we had in the new rule with GOL.

In the future we do not expect it to repeat itself. We might see a similar effect in the 4Q, but according to our commercial policies, this can be seen even in our billings in the previous quarters. So, I do not expect further surprises regarding breakage in the next quarters.

Samuel Alves:

Thank you.

Lucas Barbosa, UBS:

Good morning, thank you for taking this question. My question is about Smiles & Money. The Company started offering ticket purchasing through Smile & Money in their own platform. I just would like to know what is the relationship with GOL in this product is. What is your margin for this specific product? If it is offered through GOL or through Smiles' platform, what is the relationship like? That is my question. Thanks.

Marcos Pinheiro:

Thank you, Lucas. This point is one of the achievements we had in our recent history, which has really pleased us. It shows that there is a full alignment between Smiles and GOL in terms of commercial competitiveness.

Smiles & Money is a very dear child of our Company. It really contributes to our results. GOL starting to offer this option in their own website, at their own platform, is an achievement for us.

So, how does it work? First, pricing continues to be centralized. Regardless of who is selling, if it is Smiles or GOL, price is created by our own team. When the Smiles & Money ticket is offered through GOL's sales channel, for example, if it is purchased on GOL's website, we have some specifications. If it is sold there, GOL keeps all the money from that transaction, and Smiles from the miles, so we have the cost associated to a redeemed mile.

Overall, to be direct, our margins through GOL is around 42%, that is fixed because we only receive the economics related to the miles, the rest stays there, and that is how we are working.

So, from our point of view, we are now having a win-win opportunity. From the margin point of view, it does not matter for Smiles, because we still have similar margins to what we have in our own product here. In terms of scale it is very good, because GOL is a much bigger and more relevant company than Smiles, so being available at GOL contributes towards our results.

From GOL's side, you can ask them, but we thought that the company would be offering a new tool to compete actively in the market they are. So they have won a different pricing tool to use against their competitors. The idea was to have a win-win relationship. That is all, Lucas.

Lucas Barbosa:

Thank you. This was very clear.

Carlos Daltozo, Banco do Brasil:

Good morning. My first question follows-up on the question about Smiles & Money. That is very clear, but do not you see that the product is being cannibalized in Smiles?

And the second question is: with Argentina coming in to the market, do you see any potential acquisitions? My question is more on payout. I know that there was some confusion, but do you think that there is any potential acquisition that would reduce the payout next year?

Leonel Andrade:

Thank you, Daltozo. Smiles & Money and GOL, we do not see that is being cannibalized at all. Quite the contrary, we see that it is being leveraged, because GOL's potential is so big that what will happen is that they will continue to expand their product there. They have the freedom to do what they want according to the contract, and if they continue to expand, this will make Smiles have a much better movement.

To give you an idea, GOL's website is 7x more accessed than Smiles' website, and GOL carries 7x to 8x more passengers than what Smiles puts on their planes, so this can leverage Smiles. We do not see that it is cannibalized at all, and we are very happy with it.



It is much better to have more people accessing our products and services with Smiles and using more miles in their transactions overall. And it is still too early, anyways. The current number of transactions is still very low.

Regarding possible mergers and acquisitions, this is not related to Argentina. We are going through an organic expand there, starting from the scratch. From the scratch I mean from zero in terms of people and structures, but we do have partnerships. I do not have anything to report in terms of mergers and acquisitions.

And on payouts were announced, our intention or the possible reduction of payouts next year, but this, once again, is something to be discussed in an assembly, in a Council, that will be only be discussed probably earlier next year. We do not have anything to add or anything to change with regards to the current scenario.

Remembering that in the next few days it will be paid the dividends related to 2017. 2018 will be discussed in the future, so I have nothing to add about that.

Carlos Daltozo:

Ok. Thank you.

Alexandre Spada, Itaú BBA:

Thanks for taking another question from me. It is just a quick follow-up regarding the discussion on the PIS/COFINS. Is there an internal estimate in the Company about the size of the fiscal benefit that the Company should have per quarter or per year from now on?

I am just asking this question to limit how much people can interpret into that answer. I know that it is a difficult topic given the level of disclosure we have, but maybe an estimate from the Company would help make our expectations clear.

Marcos Pinheiro:

Hi, Spada. Thank you for your question. In the future, I do not have an estimate about it, but, thinking about our current size and looking at our history, it would make sense, if the Company was the same size, but the savings related to PIS/COFINS would be around R\$4 million to R\$5 million at the bottom line, net profits per quarter.

But this, of course, is a retroactive figure if we were not going to change. But, as you know, we are going to expand our business so the Company can continue to have positive results. R\$4 million to R\$5 million for a company our size today per quarter should be reasonable.

Alexandre Spada:

OK. Thank you very much, Marcos.

Victor Mizusaki, Bradesco BBI:

Just one final question about your expansion in your ticket purchases. GOL took R\$200 million. Do you know what the impact of that is in Smiles' bottom line? And is it possible to buy advanced tickets through Smiles at Aerolíneas Argentinas?

Marcos Pinheiro:

Regarding GOL, this transaction was actually the last payment from a previous purchase we had negotiated last year, so the terms have always been the same. The price is set, it was always 132% of CDI. You know how much CDI is, this is how much it will cost for the airline to have this liquidity line in advance ticket sales.

Regarding having an advance ticket sale for other airlines, specifically in Argentina, I think it is still too early for us to commit to anything right now. But obviously, we will make our efforts to replicate the same healthy dynamics we have in Brazil in Argentina as well.

Just as our relationship with GOL is a very important asset for our operation in Brazil, our relationship with GOL and with Aerolíneas will be very relevant for Smiles' evolution in Argentina.

We always want to contribute in creating value for airlines, but, on the other hand, we also want to be conservative in how we run our commercial operations. It is still a blank page, and we want to have our business there growing.

Victor Mizusaki:

Thank you.

Catherine O'Brien, Deutsche Bank (via webcast):

How are the conversations going with local banks in Argentina, and what is the market like for loyalty programs in Argentina and how much market share can we gain from local banks?

Leonel Andrade:

Thank you for your question. In the Argentinean market, the biggest bank is Banco Galicia in terms of credit cards, followed by Santander, and then Bilbao Vizcaya, and then Banco Macro. So the market there is less concentrated than Brazil's, but it is still concentrated.

Local banks have their own incentive or loyalty programs, very similar to what we have in Brazil. What they do not have there is a coalition company open for several banks. Aerolíneas Argentinas through Aerolíneas Plus has contracts with some banks, but they are, overall, nonexclusive. Their penetration is very low, 3%, so if you are flying in an Aerolíneas' flight, only 3% of passengers are using loyalty programs.

LATAM Airlines has an exclusive agreement with Bilbao Vizcaya Bank, which is the third largest bank, American Airlines has a nonexclusive contract with Santander, the second biggest local bank there. I personally have been there a couple of times and I talked to a few banks and a few credit card operators; Prisma, which is the market leader, and First Data, which also operates MasterCard cards there.



The market is open, is undergoing a lot of change. I am not going to talk about the negotiations we have with each one of them, because it is still too early. In practice, we never talk about individual negotiations, not even here in Brazil, but I believe we have a good opportunity window there, and the market is open to receiving us.

I think is still early to give kmore details, because I do not even know many of the details, but I think it is a very good opportunity window there. And our brand already exists and it is already known there. We already sell a lot of products for Argentinians, even without the structure. I think we will be able to leverage the local business there significantly.

Catherine O'Brien:

With the partnerships Smiles started last year, how much can we improve in terms of redemption and accrual?

Leonel Andrade:

In terms of accrual partnerships, of course we are still very strong in our partnership with banks. We are the preferred program for banks in Brazil, that is very clear in our actions. One of the products that will contribute is the co-branded, which was started in December and has been growing above expectations, gaining strong participation in the Brazilian card market. It is growing faster than the industry average.

Other product that has been contributing is Viaje Fácil, as incredible as it may seem. Selling a product and letting the client pay later has been leading to a lot of accruals in our Company. We already know from the current figures that we will have guaranteed accruals in the next quarter, so that has been a competitive edge for the Company, and has really been helpful in accruals and redemptions.

The overall share of what we call the travelers universe, that is, the partnerships that we have with hotel providers, car rental companies, Uber, Ingresso Rápido will go into activity next year, and others will be announced this year, means that this business has about 5% share of our billings. I think it will be growing to 20% to 30% until the end of the year, and I am sure that this will be very relevant in a couple more years, so I am very optimistic about the sustainable growth that the Company will have in the next quarters.

I think that answers your question. I am not sure if there was anything relevant there, but, in terms of accrual, the partnerships we have, they have been growing and they are really turning into businesses.

In redemption, the essential point there is GOL. How attractive GOL is, how much it is a leader, and our access with no restrictions. Our penetration is still low, only 15% of GOL passengers are flying with Smiles, so the penetration is still low. We have a lot of potential to grow.

And GOL's value proposition is getting better because of how easy to use it is, because of how the brand is recognized, its app, the usability, they have the best routes. This has really been helping our margins, and that is why this quarter we have the highest historical level of miles redeemed.

Operator:

This concludes our Q&A session. We would now like to give the floor to Mr. Leonel Andrade for his closing remarks.

Leonel Andrade:

Thank you very much once again. We started the year very optimistic. We have been saying this since the last call. Smiles is prepared to start a new year, like we are doing in 2018.

Our focus has always been results, margins, and our second plan would be to grow. If we have to choose between margins and growth, we will choose margins. It is very good to have the highest margin in the market, much higher than the industry average, and we are continuing to grow, so we are very optimistic.

We have 119 employees right now. Our budget is for 124, but in practice we now have 119 employees, and we expect to continue at this level. Our international expansion is about to begin, and we will continue to invest.

We see the Company as having a high potential for growth and for business. That is what justifies our investments into marketing expansion, technology, and we will continue to launch new partnerships, as you will see in the next quarters the same policy of innovation that we have so far.

New products are now coming, new partnerships are starting, and we will have a lot of visibility for our clients, making Smiles the easiest company to work and travel with.

It is relevant to say that in very few weeks we are going to have a new search calendar. I am really happy about it, and we will be the first company, at least so far, that will have a unified calendar, with 14 airlines. Unfortunately, our searches today are not that good, but it was a part of our strategic plan to unify different airlines, putting all of their experiences together into a single platform. We implemented Amadeus, and we hope to have the best search calendar by far in our industry to find better flights with one month in advance, but the most important thing is that we will integrate 14 airlines, because we are a coalition of airlines. And I believe this calendar will leverage our miles redemptions much more.

I just want to restate that we are not maturing, we will continue to grow, and that we want to be a full marketplace, and a leader of the Brazilian industry of traveling and entertainment. That is our long term's mission.

Thank you everyone, especially our shareholders and our employees. Thank you once again.

Operator:

This concludes Smiles' conference call. Thank you for your participation and have a good day.



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