

Vitor Sanchez, Morgan Stanley:

Good morning everyone, and thanks for the call. A very quick question from me: I was just wondering if you could quantify the opportunities in terms of gross billings with the international expansion. I believe you were talking about adding some 1 million members a year or so. So if you guys could quantify that, that would be it. Thank you.

Roberto Medeiros:

Thanks for your question, Vitor. In 1Q18, in terms of impact on the gross billings, it was mainly our operation in Paraguay. So I think you will see the impact of the new 1 million members starting in 2Q18 and more effectively in 3Q18.

At this point, as I said, it is Paraguay only, and in 2Q we will start to have some of the points accrued coming from this new 1 million members, and then in 3Q18 we will see it a full impact.

We are not in a position of disclose Paraguay only at this point.

Vitor Sanchez:

Perfect. And looking forward, maybe for 2019 with a full year of international operations there, how do you see gross billings growth from this specific operation?

Roberto Medeiros:

The expected growth in terms of members is very much aligned with the growth we had in the test with the local country members, as much as the billing growth. So what we are doing is replicating the model we have in Brazil for a long time, replicating it in the model that we had in Argentina and decided to leave, as I said, due to regulatory issues in the past.

So, we start with the points from flying LATAM, then with the local cobranded card, and with the local coalition partners. We would expect the exact same behavior we had in the past.

If you want to forecast as proxy, what we had in the past I think it is pretty much what we expect.

Vitor Sanchez

Perfect, Roberto. Just one more from me, if I may: could you just discuss a bit the trend you guys are seeing in terms of price per points for the remainder of the year? Thank you, that is all.

Roberto Medeiros:

I am sorry, I am not sure if I got the question. Could you repeat it, Vitor, please?

Vitor Sanchez:

Absolutely. I was wondering about the trend you guys are seeing in terms of price per points for the remainder of the years.

Roberto Medeiros:

Again, as Ronald said, I think you should expect better prices because of the less promotions we are doing with the bank, and less promotions with the new club, which we had in 1Q18. So you should expect a better price.

Vitor Sanchez:

Perfect, Roberto. Thank you very much.

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

Is the strong growth in non-air, non-bank accrual at all driven by promotion offer by your partners, or is growth an assumption of more partners and greater engagement? If it is partially driven by promotion, do the partners grant promotional points, meaning the margin is the same for Multiplus?

Roberto Medeiros:

Thanks for your question, Catherine. The answer is that the vast majority of points increase coming from other sources, basically non-airlines, non-financial institutions, they do come from promotional efforts driven by our partners.

Basically, what we are doing is helping them to increase flux, new customers for them, or increase penetration within their customer base. So it has no impact whatsoever in our margin.

Catherine O'Brien:

Looking forward, have you started seen any reversal in trends for international redemption, given the depreciation of the BRL?

Roberto Medeiros:

In 1Q18, the international price redemption was still very strong; actually, stronger than we expected. In the month of April we had not seen that reverse. We continued to see in the month of April very strong international price redemption, basically because of the new flight to Rome and others.

So, in that respect, we are very happy that our members are very much engaged with us. However, we do understand that has a higher cost for us, and therefore more impact on our margins.

In the month of May so far we have seen a minor decline in the international price redemption, but it is still very strong.

Catherine O'Brien:

Was the main driver in the quarter over quarter increase in financial incomes entirely due to a higher cash balance, or were you able to take other measures to upset the declines of the Selic rate?

Ronald Domingues:

Catherine, thank you for your question. That is mainly related to the higher cash balance. Basically, our funds here are conservative funds that deliver usually 103% of Brazilian CDI. We are part of a very solid airline group that have no cash need, so we do not have to be making any prepayments of seats for more than a year and a half.

So I would say that almost 100% of these results came from the good negotiations that we made with banks that prepaid us in the beginning of the year, and we have then a better cash balance.

Victor Mizusaki, Bradesco BBI:

Thank you. I have just one question. In the 1Q18, when we take a look on your numbers, we can see a decline in the unitary cost of redemption. I would like to know if you can give us any additional color on how margins can improve in the coming quarters. What are the next initiatives that the Company has in order to improve the margins?

Ronald Domingues:

Victor, thank you for your question. I would like to reinforce one thing: as we released in our Material Fact, we have indexed LATAM with a reduction of 2% in international flights and 5% in domestic flights. So let us say 3.5% expected decline in unit cost.

However, as you mentioned, in the 1Q we had about 6% decline in the unit cost, in the 1Q18 versus the 4Q17. That difference was related to the joint campaign made by Multiplus and LATAM teams, stimulating members to redeem in flights with less demand, and making minor adjustments in the flights in order to capture value.

We think we will be able to at least keep the current cost level over the next quarter, and, of course, we will keep working together with LATAM to even improve that.

Victor Mizusaki:

So, for the year, we can assume that the EBITDA margin should stay at something around 73%?

Ronald Domingues:

For the rest of the year I would conservatively assume that the unit cost will be similar to the 1Q. However, as we mentioned before, we have some work on improving unit price.

Victor Mizusaki:

OK. Thank you.

Operator:

This concludes today's Q&A session. I would like to turn the conference back to the Company's management for the final remarks.

Roberto Medeiros:

Once again, I would like to thank you all to joining us today. We continue to work hard to raise the best experience to our members through a variety of accrual possibilities, in addition to redemption options offered under the conditions that our members desires, whether on airlines tickets, which is the vast majority of the redeemed points, 85% of the redeemed points, and all of this in alignment with our strategy, which has been consistent and focused on the sustainability of the business.

We continue to be the leader in our segment, and there is no doubt that you should go with Multiplus and earn more. All of this is due to our existing network, which includes our partners, our employees and members.

Thank you all, and I wish you a great day.

Operator:

Thank you. This concludes today's presentation. You may disconnect your line at this time. Have a nice day.

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