

Catherine O'Brien, Deutsche Bank:

Good morning everyone. So, now that your members will have access to redemptions on the entire LATAM group network, do you foresee LATAM Group airline customers being given the choice to a Multiplus points someday or do you think it will continue to be restricted by geography?

Do you think if they were given the choice to maybe choose Multiplus down the road, what kind of accumulation gross billings that would drive?

Roberto Medeiros:

Thank you for your question, Catherine. As it is right now, Multiplus will have the members that would reside in Europe, US, Mexico, Brazil and Paraguay. The members residing in other countries will continue to be part of the LATAM Pass program.

Did I answer your question?

Catherine O'Brien:

Yes, you did. So, any thoughts on further integration of Multiplus and LATAM Pass? I know you have kind of heard this question before, about potential merger, it did not seem like that was happening, this kind of latest coordination has made me wonder if you had another thought about it.

Roberto Medeiros:

Catherine, the rationale behind the decision we have just made is because, in other countries, in Latin America, there are so many tax issues for coalition programs like ours that we might as well not bother and focus on countries where the taxes are well-known and easily applied.

I just want to remind you that, in the past, Multiplus had an experience in Argentina and, because of the past, both political and economic problems that Argentina faced, this experience was not very successful. So, at this point, the members residing in Argentina are part of the LATAM Pass and they no longer participate in our coalition program.

However, on the other side, if you are a Brazilian member, as an example, and if you fly to Mexico, you will have the opportunity to earn points and redeem points within our coalition in Mexico, same would apply to US, most likely the regions in the US where you have a more Latin population, if you will. And, in Europe, as you can imagine, we will concentrate in countries where there are more Latin living as well, especially Portugal, Spain, Italy, France, the Latin countries.

It is an opportunity to increase our members base, but it is also an opportunity for those members, existing member in Brazil, to fly to those countries and still earn points if they acquire products and services from our partners within the coalition in those specific countries.

Is it clear now?

Catherine O'Brien:

Yes, very clear. Thank you. Might I ask just one more question? How many points per Reais did your members use to earn in Hotels.com previously? Given the expansion of your hotel portfolio, where do you see growth going from Hotels trending over the next several years as a percentage of total gross billings?

Ronald Domingues:

Hi, Catherine. Today, Hotels.com platform, the partnership with Hotels.com, members usually earn 2,5, 3,5 points per Real spent, and we are very optimistic about this improved platform, because that has been much easier for a member to find hotels, book hotels, that could pay on the checkout moment and pay with 12 installments.

The whole user experience is much better, and the conversion and the result have been much better in these improved platforms.

Catherine O'Brien:

OK. Do you have any estimate on where you think hotel gross billings as a percentage of total gross billings might go over the next couple of years?

Roberto Medeiros:

Yes, of course we do. We do have, on the insurance brokerage side and our retail partners, we just cannot guidance at this point. Overall, I think you will continue to see, percentagewise, a growth in terms of points being earned in partners other than LATAM and financial institutions, in Brazil.

Of course, in other countries, starting early 2018, we will continue to have our same strategy to partner with a local bank to have the co-branded card, to partner with the local gas station chain, the local operator and so on and so forth.

Catherine O'Brien:

OK, great. Thank you so much for your time.

Alexandre Spada, Itaú:

Hello, gentlemen. Good morning, thank you for taking my question. It is just a follow-up on these discussions on gross billings diversifications. The question is: among all the strategies you initiated on the last quarters, including the insurance broker, including the Clube Multiplus and a few others, which of them have been performing the best so far and are there any of those which have not been meeting the expectations that were defined by the Company when it was introduced?

Roberto Medeiros:

I think the Clube Multiplus and the insurance broker, we are very happy with the results, let us put it this way. We are very happy with our partnerships with Ipiranga, which continues to grow, and, with Vivo. And, by the way, believe it or not, Easy Taxi is the major winner.

So, we will continue to listen to our members on what they want, especially now, because our major source of members are coming from these partners, meaning Ipiranga, Vivo, Easy Taxi, so, more and more, Spada, I think you will see our members base growing with points being accrued in other sources than LATAM and financial institutions.

This quarter represented already 22% and it has been very much aligned with our strategy that we started back in 2014, when we decided to have our marketplace of points, we decided to build the T&E platform, we decided to have our app and so on and so forth.

So, it is a continuous investment. We have been investing, since then, roughly R\$30 million to R\$35 million on an yearly basis, just to continue to improve our members' experience. As you can see, we are very much focused on our members and the number one objective we have is to make sure that every loyalty program, we make our partners, customers loyal to them.

We want more people loyal to Ipiranga, more people loyal to LATAM, more people loyal to Vivo, more people loyal to Easy Taxi. So, whenever and wherever there is competition among our partners, we are here to help them grow their business and give them an alternative of the number one loyalty program in place.

Alexandre Spada:

So, to wrap it up, you are satisfied, overall, with these initiatives? They are developing according to plan? If you want to measure the contribution they have to your gross billings and, also, as you mentioned, to the incremental number of members that you are capturing?

Roberto Medeiros:

That is the best wrap up I could ever do. The only exception, I hate to admit, we thought, based on our surveys, that our members would love to have pet insurance, and that has not been the case. Travel, car and residential insurance are the ones that are shining at this point.

Alexandre Spada:

Pet insurance is the lackluster so far?

Roberto Medeiros:

That is correct.

Alexandre Spada:

OK, thanks, Roberto.

Catherine O'Brien, Deutsche Bank:

Thank you so much for the follow-up. So, just kind of building on the last question, with the expansion of these insurance programs, other initiatives you have taken upon to become a part of the daily life of your members, have you noticed an increase in your active membership base over the past year and do you expect to continue to see that active membership base built?

Roberto Medeiros:

That is an easy one, Catherine. Our vast majority of new members coming to join us in the 3Q came from these partners I mentioned before. So, from the mobile operator, from the gas station chain like Ipiranga and Easy Taxi, and we are about to announce a new partnership, which I think will be very incremental in terms of member's growth.

Unfortunately, for non-disclosure reason, at this point, I cannot share, but you will continue to see Multiplus adding partners that will make sense to our almost 19 million members and bringing more.

So, to make a long story short, we are going to continue to see growth in terms of members' base coming from our existing partners and new partners as well.

Catherine O'Brien:

OK, great. And as your partnerships have grown, have you also seen an increase in the amount of active members within your existing base?

Roberto Medeiros:

That is correct, specially due to the fact that we measure active members as one transaction, whether it is accrual or redemption, within the entire year. So, you will see more active members from now on.

Catherine O'Brien:

OK, thank you so much for your time.

Operator:

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

Roberto Medeiros:

Once again, thank you all for joining us today. In this presentation, we have shown how we continue to work towards offering the best experience to our members, with a variety of ways, both accruing and redeemed points, and simplifying navigation within our marketplace and our app.

In addition to that, there are now more attractive redemption options available, both for airline tickets, as well as other products and services within our T&E and retail partnerships. These moves are always in alignment with our strategies, consistently focusing on sustainability of our business for the next 10, 15, 20 years.

There is no doubt we are a complete network and here your points are worth more. This is all at this point. I want to thank our partners, our employees, who have made all of this possible and more important than ever, our members and shareholders.

Thank you all and have a nice day.

Operator:

Thank you. This concludes today's presentation, you may disconnect your line at this time.

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