

**Alexandre Spada, Itaú BBA:**

Hi, gentlemen. Good morning and thank you for taking my question. It is related to gross margin dynamics: the unit price in this quarter was R\$26 per 1,000 points, while the unit revenue was close to R\$27 per 1,000-point level, which, in our view, suggests some downside to the unit revenue ahead.

Also, the breakage revenue was typically strong this quarter at a level that does not seem to be recurring. With those two points in mind, I would expect the gross margin to decline further over the next quarters as, number one, your unit revenue will decline a bit further and, number two, breakage revenue will come back to a more normalized level. Does this rationale make sense in your view? Thank you.

**Roberto Medeiros:**

Thank you for your questions, Spada.

I have a couple comments: first, on the margins, as I mentioned in the Portuguese-speaking call, the Company's costs related to international long-haul flights are higher than the regional flights and, of course, higher than domestic.

In the 4Q, we only had higher international flights being redeemed, therefore, higher costs. You should not expect that behavior to continue to happen, with the exception of the months of July, December and January, as I mentioned during the Portuguese-speaking call. This is one thing.

The other thing is that in the 4Q16, we also had extra bonus point promotions, which were more aggressive than in other quarters, and you should not expect that to happen. However, you may appreciate in terms of our cash investments, if you will, because of the recent reduction in the Selic tax, of course, we will continue to see a drop on that side. On the breakage side, I think I will let Ronald give you more details.

**Ronald Domingues:**

Thank you, Roberto.

Spada, on the breakage side, you are right; however, we do not expect that major change because, according to the current methodology, if we keep delivering gross billings growth properly, we will have a very healthy breakage revenue line. So, basically, what we do is sell points to our partners and our strategic models tell us how much we should make of breakage provisions related to those gross billings that we just made.

As we are very optimistic about future trends on the billings side, we may keep going with a very healthy breakage airline.

**Roberto Medeiros:**

By the way, Spada, I am sure you have noticed that when you look at breakage rates in a percentage was raised, we moved from 17% in the 4Q16 to 17.5% in the 4Q17. That is half of a point percent difference, so I do not think there is an enormous difference compared to other quarters.

**Alexandre Spada:**

Thank you. I appreciate all your comments.

My question on breakage is because if you do the proportion of breakage revenues over gross revenues, it reached almost 18.5% this quarter, which is, basically, 100 b.p. higher than the breakage ratio, and even though I understand those numbers should not equal, of course, there should be some sort of a co-relation.

And, unless you expect your breakage ratio to go up to the over-18% level, it sounds reasonable, in our view, to see that number maybe converging to the 17% level that you have been showing, which should imply some downside to the R\$115 million revenue that you recorded this quarter. This is why I asked the question.

I do understand the dynamics of how quickly you could recognize the breakage depending on your billings dynamics, which explains the performance this particular quarter.

**Roberto Medeiros:**

Point well taken. Again, as I said, the breakage rate percentage line has not grown as much. In terms of absolute figures, because the breakage is a function of points earned in that specific quarter, and based on the source of those points, we had that historically from our perspective, the percentage line is slightly different, but you are absolutely right.

We all agree that it is substantially more in the line of 16.8% to 17%, the breakage rates we expect to see. I think that the 4Q was a little bit out of the common sense we saw last year.

**Alexandre Spada:**

OK. Thank you.

**Operator:**

This concludes today's question and answer 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 for participating in this call. I would like to reinforce that we are happy with everything we did in 2017. That basically demonstrates our proposition in changing our members' behavior through valuable experiences.

In this presentation, we have demonstrated the continuous work that has been carried out to provide the best experience to our members through a variety of accrual possibilities, in addition to redemption options offered under desired conditions, whether these are airline tickets or products and services.

All of this is always in alignment with our strategy, which is consistent and focused on sustainability of the business. We continue to be the leaders in our segment. There is no doubt that you should go with Multiplus and earn more. And all of this is due to this network, which includes you, our partners, employees and members, who make all this possible. Thank you and I wish you a great day.

**Operator:**

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

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