Operator:

Good morning. Welcome to PDG's conference call for the 1Q17. We have here with us Mr. Vladimir Ranevsky, CEO, CFO and IR Officer.

Our presentation is will be recorded and all participants will be in a listen-only mode during the Company's presentation. After we are going to open for Q&A with analysts, and further instructions will be provided then. Should you need any support during the conference, please ask for help by pressing *0.

We would like to let you know that questions will be asked over the (0:48). If you are connected to the webcast, your question should be sent directly to our staff, through the e-mail ir@pdg.com.br.

The audio and slides will be simultaneously broadcast in the address www.pdg.com.br/ria and the platform Engage-X. And you can find there the platform for download.

We'd like to inform you that all the statements that will be made during this conference concerning perspectives of business, projections, operation and financial goals are forecasts based on the beliefs the company, and are also based on information currently available the management's expectation, and both risks and uncertainties, because they relate to future events. Therefore, they depend on circumstances that may or may not occur.

Investors should understand that macroeconomic conditions, industry and other operating factors may also impact the future performance of PDG, leading to results that may differ materially from such forward-looking statements.

I'd like now to give the floor to Vladimir Ranevsky, who will start this presentation. Mr. Ranevsky, you now have the floor.

Vladimir Ranevsky:

Thank you. Good morning, everyone. We're going to start with a summary of the main achievements of the quarter. Next, I'm going to talk about our quarter reorganization process, and finally operational and financial results of PDG.

Going into slide four, you can see the main facts and the main highlights in the quarter. Our SFH fell by R$120 million, or 12% of drop compared with 4Q16 and 1Q17. If we consider the last 12 months, the decrease was R$538 million, or 20% reduction.

In the 1Q17, we concluded the sales project DOM, reducing our cost to be incurred by R$127 million, and SFH debts by R$22.7 million. Our net financial debt fell by R$27 million in the 1Q17, and R$349 million for the past 12 months.

We have also decreased our total leverage, including net financial debt and the costs to be incurred by R$159 million between the 4Q16 and 1Q17.

General and administrative expenses have seen a downwards trend. In this quarter, it went down 16% on a year-to-year basis. We have also maintained close hold over selling expenses, which fell by 68%, compared to the 1Q16 and 87% if we compare to the 4Q16.

If I'm considering cash restrictions and credits limitations, we have also delivered three more projects, representing 600 units, and R$168 million, and we have reduced our financial risk of the Company during the 1Q17, we have completed our second debenture period, amounting to R$50 million.

Slide six, we can talk on our quarter about our reorganization. We have filed our request for the court to provide reorganization in February, and it was approved shortly after. Right now we're working on our reorganization project that will be submitted by the end of June, within the 60 working days that were granted by the judge.

We're already working on our top speed, Pricewaterhouse Coopers, and we have also created a work group, which is working on (inaudible) and claim disputes with our creditors.

Next, we'll have about six months to have it approved by our creditors, in a shareholders meeting that will be held then.

And our court supervised reorganization plan will be of utmost importance, where we'll have an opportunity to renegotiate with our stakeholders and creditors for the very broad and effective solution to our operation. It will focus on maintaining all our activities and the commitments we have made with our shareholders, creditors and clients.

Let me talk about financial and operational results of the Company.

Slide eight, we can see sales in the quarter, gross sales amounted to R$81 million, 76% below the 4Q, and 80% below our 1Q16.

In addition, this industry, the decrease in gross sales volumes resulted from the change of focus after we have filed our court supervised reorganization. Now we're focusing on cash sales of completed and pre-owned units, as we generate immediate cash to the Company, which is a very important factor for our company right now.

Cancellations amounted to R$141 million in the quarter, 18% below 4Q16, and 54% below the 1Q16. We have started cancellations and set them up before the submission of court supervised reorganization, which means we have increased our resales. And this is going to mean immediate cash sales to our Company.

Slide nine, we can talk about evolution of our cancellations, then resale, which has decreased in the quarter.

There was a decrease in the gross sales, because we're selling more completed and pre-owned (inaudible) because of the cash facilities. We have to maintain a very reasonable index, nevertheless of 57% of sales of these units.

Then, slide ten, we have G&A and we have been decreasing significantly all our operation administrative expenses, meaning increasing productivity. We also have a 16% decrease in G&A, between 1Q16 and 1Q17, or year over year. We have also had a 32% cut on headcount, with very significant decrease, as you can see compared year over year. SG&A plus commercial expenses have a 32% decrease compared to 1Q16, and 48% compared to the 4Q16.

We're going to maintain our solid policy and really maintain cost control and gains in productivity.

Now going on to slide 11, where we can see our inventory, total inventory in the end of the quarter was R$2.2 billion, or over 500 units, the same inventory that we have in the previous quarter. Our inventory is composed of 64% residential products, excluding MCMV, land slot and commercial.

Conducted inventory that has generated immediate cash amounted to 47% of the total inventory. Out of the performed and concluded inventory, 64% of the units are in São Paulo and Rio de Janeiro, and 86% in projects with more than 60% of units sold. In other words, good market liquidity.

Slide 12, we can see net debt variation. Despite the cash difficulties we have faced in the 1Q17 we have a decrease in our net debt by R$27 million, and we have already had a reduction of R$1.9 billion in our net debt reduction.

Slide 13, we can see our leverage of the company by R$159 million in the 1Q17, extended leverage, net debt plus costs to be incurred.

Considering the last 12 months, our extended leverage has decreased by R$386 million since 2012 it has already reached R$7.5 billion.

Slide 14 shows ongoing projects and costs to be incurred by the Company. During this quarter, we have obtained occupancy permits in a number of our projects in São Paulo and Vila do Mar and Salvador. There are three of these projects, which means PSV divided into 651 units.

Considering the three occupancy permits we were granted and the total of our DOM project, condominium and offices, we closed the 1Q with 21 ongoing projects.

The cost to be incurred closed at R$728 million, or 15% below what we had in the 1Q, which was R$860 million. Since the end of 2012 we had reduced our costs to be incurred from 90%.

Now, on slide 15, some comments about our income statements. PDG has had losses of R$260 million in the quarter, 235 reduction of our loss compared on a year to year basis. This reduction results from all our efforts to bring down our SG&A, commercial and selling expenses.

On slide 16, we can see our assets. Accounts receivables had a difference, because of receivables in the period of R$225 million with R$56 million that resulted from the sales of DOM and also negative net sales of R$61 million. We closed the 1Q of R$4.4 billion, total assets.

Slide 17, we can see our liability. We closed the quarter with a negative shareholders equity of R$-3.6 billion, and this concludes my presentation.

And I'd be willing to entertain any of your questions.

Marcelo Motta, JPMorgan:

Good morning. I have two questions. First, about sales, in the 1Q, you said there was a relevant decrease compared to the gross sales that you have reported before, I don't know if there was something specific or if it was just the fact that you have filed for the court supervised reorganization, maybe fewer discounts, is there anything else behind those figures?

Most companies have reported that they have had a poor performance because of the calendar year. And finally, I don't know to what extent the court supervised reorganization is affecting you. Anything beyond what you have already reported, so I'd appreciate your elaboration on it.

Vladimir Ranevsky:

Thank you for your question. As I said during my presentation, the Company is prioritizing cash sales, really those that can help us generate cash, and it has been our main focus, so that we can maintain our ongoing operations, reinforcing our cash position.

Concerning the court supervised reorganization plan, it's still ongoing. We don't have anything completed yet. I cannot anticipate any details, but we are moving towards having it completed shortly. And that will be submitted within the timeframe that the judge has dictated.

I hope I have answered your question.

Marcelo Motta:

Thank you. So, I hope and I expected you were going to focus on cash sales, it'll probably generate less sales in the coming quarters. Did I get that right?

Vladimir Ranevsky:

Yes. You did.

Marcelo Motta:

Thank you.

Operator:

Our Q&A session is closed now. I'd like to give the floor back to Mr. Vladimir Ranevsky for its closing remarks.

Vladimir Ranevsky:

Thank you very much for attending this call, and see you shortly in the next quarter. Thank you very much.

Operator:

Thank you. Our call for the 1Q17 for PDG is closed now. Thank you very much and disconnect now. Thank you, have a nice day.