Q2 2020 Earnings Call

Company Participants

- Gustavo Rosa, Investor Relations Manager
- Ricardo Lewin, Chief Financial and Investor Relations Officer

Other Participants

- Alexandre Falcao
- Bruno Amorim
- Josh Milberg
- Stephen Trent

Presentation

Operator

Good afternoon, ladies and gentlemen. At this time, we would like to welcome everyone to Rumo's First [ph] Quarter 2020 Results Conference Call, which will be led by Mr.Ricardo Lewin, Chief Financial and Investor Relations Officer. We would like to inform you that this event is recorded, and all participants will be in a listen-only mode during the company's presentation. After Rumo's remarks, there will be a question-and-answer session for investors and industry analysts conducted by Mr.Ricardo Lewin, CFO, together with Mr.Gustavo Rosa, Investor Relations Executive Manager. At that time, further instructions will be given. (Operator Instructions) The audio and slide show of this presentation are available through live webcast at ir.rumolog.com. The slides can also be downloaded from the webcast platform.

Before proceeding, let me mention that forward-looking statements will be made under the safe harbor of the Securities Litigation Reform Act of 1996. Forward-looking statements are based on the beliefs and assumptions of Rumo's management and on information currently available to the company. They involve risks, uncertainties and assumptions because they relate to the future events and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of Rumo and could cause results to differ materially from those expressed in such forward-looking statements.

Now, I'll turn the conference over to Mr.Ricardo Lewin. Mr.Ricardo, please begin the conference.

Ricardo Lewin {BIO 20342706 <GO>}

Good afternoon, everyone, and thank you all for joining us in our earnings conference call for the second quarter of 2020. I will begin my presentation by commenting on ESG.

We published our 2019 sustainability report at the end of July. The report includes the main results of the year, which we are very proud of. And for the first time, we disclosed our 9 commitments to sustainable development aligned with the 17 sustainable development goals of the United Nations. In these commitments, we included three long-term goals related to our emissions, safety and employee satisfaction levels.

Among our main deliveries in 2019, I would like to point out the 26% reduction in specific CO2 emissions since 2015, which is equivalent to 750,000 tons of CO2 avoided in the period. In this number, it's not included the replacement of truck transport, which is six times more polluting than trains. This translates into 4.5 million tons of CO2 in five years, considering the additional volume we transported by train in the period.

Another milestone for Rumo was the first ever issuance of a green bond for our Latin America cargo railway. We issued $500 million in green bonds, which will allow us to further expand our operations with consistent and growing energy efficiency and consequent reduction in greenhouse gas emission. We are proud to be pioneers in the transition to a low-carbon economy.

In terms of safety, we continued to deliver excellent lost time injury frequency rates, making us benchmarking in Brazil and other countries. This rate comprises the variable compensation of all human claims.

In terms of governance, we continue to develop the highest governance standards, committing to promote diversity in our Board of Directors. Another new initiative towards diversity was the creation of people and culture department, focusing on expanding the breadths of diverse genders, culture and backgrounds within the company. The report is available in our IR website, in the Sustainability section. We thank our shareholders for their confidence. We are committed to guaranteeing ongoing transparency in our actions and strategic values.

On the next slide, I would like to comment on the COVID-19 scenario and the main impacts on the quarter. Regarding the impacts of COVID-19, this chart shows the status of our actions to protect the health of our employees and guarantee the continuity of our services, which are essential to put Brazilian motion from north to south.

In this regard, in addition to other protocols being followed since the pandemic first struck, we are conducting mass testing with employees and continue to monitor their health closely, emphasizing the importance of social distancing, providing PPE and adopting strict cleaning protocols. We continue to make donations to more than 46 institution in 28 cities across 7 states, helping communities to have their basic needs met.

Regarding to our financial health, over the course of the second quarter of 2020, we further strengthened our cash. At the end of July, it stood at around BRL8.5 billion, guaranteeing liquidity and the continuity of our investments. Despite all of these actions, COVID-19 had an impact of approximately BRL80 million on EBITDA performance in the second quarter.

The lower demand for industrial products and containers, which decreased by 14.3% and 4.2%, respectively, impacted EBITDA by approximately BRL37 million. In addition, due to the sudden decrease in fuel prices, the decrease in revenues was higher than cost gains. This led to an EBITDA loss of approximately BRL43 million.

On the next slide, I will comment on the continuity of our main investments during the pandemic. At the end of July this year, we delivered the expansion of our terminal in Rondonopolis, the largest road-railway terminal in Latin America. As you can see from the photos on the slide, we highlight the following work: three new warehouses more than doubling static capacity at the terminal; a third railway granary that loads three train simultaneously; and for new road hoppers, increasing efficiency for truck drivers. The investments enable us to increase terminal capacity by 50% and achieve higher efficiency and safety levels.

In Goias and Tocantins, work in the Central Network continues to advance. We still expect to start operations in the first half of 2021. The photos on the chart show the progress of construction of the Rio Grande bridge between the states of Sao Paulo and Minas Gerais, and its construction work in two different locations: a connection between the Central Network and Paulista Network and the initial works in another stretch in Goias.

Now, let's take a look at the results for the second quarter of 2020. I will begin by emphasizing that in order to guarantee comparability, we are presenting the adjusted consolidated results excluding the effects from the renewal of Paulista Network, for which the contract was signed on May 27th. We are also excluding the costs and expenses with Central Network as the contract was signed on July 31, 2019, making second quarter 2020 not comparable to the second quarter '19.

This quarter, we also had an impairment provision for the West Network. Its impact is presented on this slide and detailed on Page 3 of our earnings release. Please note that all sections of the release show the figure with the consolidation of Central Network and the effects of Paulista Network process and the West Network impairment except when otherwise stated.

On the next slide, I will comment on operating results. In second quarter 2020, transported volumes grew 14% to 16.4 billion RTK. The favorable foreign exchange rate and export scenario drove improvement in grain and sugar transported volumes. Fertilizer transportation also increased by 23% in line with our plan. The industrial and container segments, as mentioned before, were negatively impacted by the effects of COVID-19 on demand.

On the next slide, we will discuss financial performance. Rumo's adjusted EBITDA grew 6.3% from last year, reaching to BRL982 million with margin of 53.7%. As previously mentioned, the effects of COVID-19 on industrial [ph] continued demand, coupled with the fact of the decrease in fuel prices, resulted in a loss of approximately BRL80 million, which would have made EBITDA grow 15% from the second quarter '19. Furthermore, tariff performance was impacted by take-or-pay contracts signed in a scenario of lower road freight prices.

Fixed costs and general and administrative expenses, excluding the Central Network, grew only 1%, showing once again a dilution in costs with volume growth of 13.9%. Variable costs performed well, growing less than volume and showing efficiency gains. Fuel costs dropped by 20.7%, reflecting the lower diesel cost and a 7.6% decrease in unit fuel consumption. With that, EBITDA margin grew to 53.7%.

Now, we will take a look at financial results and net income. This quarter's result was a net financial expense of BRL201 million, 22.4% lower than the second quarter 2019. This result was impacted by three reasons. First, the BRL20 million increase in cost of gross debt which was due to the lower mark-to-market gain, partially offset by the BRL46 million decrease in bank debt expenses due to the lower CDI. Second, the cost of concession fees and operating leases increased due to the addition of interest on the concession installments for the Central Network as well as the effect of Paulista Network concession renew. And finally, the other financial expenses, which include the impact of BRL131 million from the offsetting of accounts in the Paulista Network renewal process.

Net income stood at BRL405 million, more than doubling the second quarter '19 figure, reflecting the increase in EBITDA and the liabilities write-offs related to the Paulista Network renewal.

On the next slide, we will take a look at our debt. In line with our plan to increase liquidity, we ended the quarter with cash of approximately BRL5.9 billion decreased to 2 times net debt to EBITDA in the second quarter 2020.

On the next slide, we will discuss the margins. In the current market, according to Agroconsult, Brazil expected to export 34.6 million tons of the grain in 2020, a decrease of 4.7 million tons from 2019, which has already happened in the first half. According to Agroconsult, Mato Grosso exports of oil is expected to be in the same level in 2019. Finally, according to information published by IMEA, 87% of corn crop in Mato Grosso has already been sold.

This concludes our presentation for the quarter. Now, let's move on to the Q&A session.

I would like to remind you that due to the announced offer described in the material fact disclosed yesterday, we are restricted to talking about projections. However, it's my pleasure to answer questions about the results. Thank you.

Questions And Answers

Operator

(Question And Answer)

Thank you. We'll now begin the question-and-answer session for investors and analysts. (Operator Instructions) Our first question comes from Bruno Amorim, Goldman Sachs. Please Mr.Bruno, you may proceed.

Q - Bruno Amorim {BIO 21628005 <GO>}

Hi, good afternoon. I have a question related to the performance of the first semester, specifically on the pricing side we saw very strong volumes in the second quarter, but prices were down. This was somehow expected given the lower diesel prices. But you have mentioned in the release that part of the weakness on the pricing side was due to challenging market conditions when you closed some take-or-pay contracts. So can you, please, further comment on what has made the environment so challenging more recently on the pricing side? To what extent can this be the result of BR-163 being paved as opposed to specific uncertainty around volumes at that point in time? So just trying to understand what's recurring and what's one-off out of this weakness on the pricing dynamic recently? Thank you.

A - Ricardo Lewin {BIO 20342706 <GO>}

Hi, Bruno. This is Ricardo. Thank you again for participating on the call. We had different subjects, I think, in your question. Let me start by talking a bit about the prices. I would like to reinforce that, in the second quarter of this year, we saw diesel prices going down by 25% when compared to the second quarter 2019. That brought an impact of losing 6% in the tariffs. Okay? On top of that, in the time the take-or-pay negotiations took place in the company, prices were low in the market, okay, especially in March due to the late soybean crop. So what happened is that we carried over low prices level from the previous quarter. Okay? So this is what affects basically our -- what most affects our prices, so from the 85% that fell 6% refers to FIOL [ph], okay?

If you go -- now there's another question that you asked, I mean, if this has an impact of BR-163, okay? So what we can say right now is that after the pavement of BR-163, obviously it became much easier and cheap to transport to North, okay, to the North parts. So adding to the pavement, okay? In the short-term, low fuel prices increased to our competitiveness, okay?

So altogether, all these -- for all these reasons, it's brought more pricing pressure to our business. Okay? In the long run, you know that it's public that it may happen, the auction of 163, okay? So based only on public sheets that everybody has access, the auction of BR-163 should bring additional toll road costs that would make the cost of freight more expensive. By what? We have -- probably now, it could increase further [ph].

Operator

Our next question comes from Stephen Trent from Citi. Please, Stephen, you may proceed.

Q - Stephen Trent {BIO 5581382 <GO>}

Thank you very much gentlemen and I appreciate you taking the question. I was kind of curious about the Southern Network. I remember some time ago that maybe you were having some conversations with foreign companies about potential co-investing in the Southern Network. And I saw some news today about some Saudi Arabian wealth funds that seems to be poking around the sector. Just wanted to get your color with respect to how you're thinking about the Southern Network strategically. Thank you.

A - Gustavo Rosa {BIO 18811470 <GO>}

Good to hear from you. So you're right. In the past, we were seeking to have some kind of partnership in the South. Right now, we realize maybe it's better off to wait until we can advance with the renewal of the South. As you can see, meanwhile, we are doing a good job in terms of margins in the South operation. So the operation is improving. And maybe we can think about that in the future, but it's definitely better off to advance with the renewal of the South first. We are also starting, as we announced before, to operate with Goais [ph] in the West of Paraná. So I think those two things should be our priority in the short term. And then in the long run, we can see if we have a potential deal, but at this point we don't need it anymore. So it would be an option for the company.

Q - Stephen Trent {BIO 5581382 <GO>}

Okay, very clear. I mean, I see you've made some big improvements there that kind of prompted my question. But appreciate that. I'll let someone else ask a question. And stay healthy. Thanks a lot.

A - Gustavo Rosa {BIO 18811470 <GO>}

Thank you.

Operator

Our next question comes from Alex Falcao from HSBC. Please, Alex, you may proceed.

Q - Alexandre Falcao {BIO 5515455 <GO>}

Thank you. Thanks guys. I have two questions. The first one is on the third-party costs that you guys incurred here. It seems a little bit high or higher than I expected at least. Can you talk about how recurring are those? Is this because of your, Lucas, who [ph] started something there or there's something within this quarter that made it a little bit higher? That's the first one. And the second one, I kind of want to go back to the Santos market share and what we can expect for the second half with corn. Do you expect that the same sort of market share you had in the first half with soybeans, you're going to see the same way on the second half, meaning that if we have four million less tons of corn should be exported, you can make more or less the same math for the second half on where that -- or is that going to be distributed or you believe that the northern exit exports less corn than it does soybeans? Thank you.

A - Gustavo Rosa {BIO 18811470 <GO>}

Hi, Falcao. Thanks for the question. Let me start with this second question. I don't quite hear well the first. So if you can repeat later, it could be better. But regarding market share, although the volumes in Santos, they didn't grow as much, especially when we take into account the cargos that came from Mato Grosso. We did well. We increased our volumes by 17% when Mato Grosso in an average was growing in the second quarter only 13%. So if you look to Mato Grosso, Rumo increased its market share in the second quarter '20.

When we look to the port specifically that also provides services to cargos that comes from other states, we saw our volumes growing 17%, but the market -- those other markets were sending more trucks to Santos, therefore, we lose the market share. But the one thing that we have to stick here is that we were able to grow 17% with soybeans in Santos, which is pretty good.

For the second half, we are somehow limited here. We cannot provide guidance, but the capacity is pretty much the same. And we do have, according to public data, a good crop of corn, especially in Mato Grosso. The average in Brazil, you're right, the exports should be somehow lower than last year. But when it comes to Mato Grosso, Agroconsult, for instance, forecasts almost the same amount of corn being exported. So it seems that the market will be okay in the second half, but we cannot go beyond this. So our capacity is pretty much in place. We had shown this with the figures for soybean. But let's see how the exports of corn will evolve.

Q - Alexandre Falcao {BIO 5515455 <GO>}

Okay, thanks for that. The first question was regarding third-party freight costs or freight costs that doubled from last year.

A - Gustavo Rosa {BIO 18811470 <GO>}

Oh sure, sure.

Q - Alexandre Falcao {BIO 5515455 <GO>}

Yes, go ahead.

A - Gustavo Rosa {BIO 18811470 <GO>}

No. The third-part freight is related to -- we increased significantly the volumes of port services. It grew 47%, if I'm not wrong. And because most part of this volumes, they arrive in the port with trucks, this pretty much happens in the sugar business. So we transport a significant amount of cargo to trucks because the lack of capacity that we have in the railways to afford all the volumes. So we transport from trucks. And as long as the volumes increase significantly, we also had some effects of COVID-19, which makes some variable costs in these operations a bit higher, what caused the cost to go up, roughly it is 80%. So it was basically a function of a higher volume transported with third-parties, which happens in the sugar business, especially with the cargos that we operate in our terminal in Santos, and that we don't have enough capacity to afford using only our railways.

Q - Alexandre Falcao {BIO 5515455 <GO>}

Okay. Just to clarify, this has nothing to do with Lucas and sort of what you wanted to do with the trucks there. This is not -- that's not the cause of this increase? And...

A - Gustavo Rosa {BIO 18811470 <GO>}

Not at all.

Q - Alexandre Falcao {BIO 5515455 <GO>}

Not at all? Okay. When that does happen, where do you think that this line is going to sit at?

A - Gustavo Rosa {BIO 18811470 <GO>}

No, it depends, it depends. If you remember, Falcao, the market of sugar has been weak over the last two or three years. So sugar mills were producing more ethanol than sugar. This year, due to the lower oil prices, we saw sugar volumes increasing a lot. So if you look into the volumes that we performed in the railway, we presented a more than 30% growth in sugar. So the demand for sugar is pretty high. And as long as we cannot afford all the demand with the railways, we rely on third-parties to operate their corns [ph].

So this cost also provides additional revenues that we charge from customers without having to turn -- without transporting with the railway. So if you look to the breakdown of our net revenues, we have basically three things there: railway revenues, which is related to all that we transport; we have port services, which is specifically services that we provide in the port; and then we have this other revenues, which is related to the revenues that we receive from the customers and then we provide the services through third-parties. And that happens only in the sugar business. So it depends on how strong the sugar market will be from now on.

Q - Alexandre Falcao {BIO 5515455 <GO>}

Okay. It should continue to be strong, right? Okay, fair enough. Thank you so much.

A - Gustavo Rosa {BIO 18811470 <GO>}

Thank you, Falcao.

Operator

(Operator Instructions) Our next question comes from Josh Milberg from Morgan Stanley. Please, Mr.Josh, you may proceed.

Q - Josh Milberg {BIO 19336060 <GO>}

Hey, good afternoon, everybody. Good afternoon, Gustavo. So two quick questions on my side. The first one is just on that the issue of your potentially prepaying the Central Network concession fee. I'm not sure if that's something that you can comment on, but it would be great if you could just indicate if there's been any movement on that in recent days. From our prior discussions, I know you guys had filed a formal request to proceed with that, but just wanted to see if there had been any evolution.

A - Ricardo Lewin {BIO 20342706 <GO>}

Hi, Josh, this is Ricardo. And due to the capital increase process, I would like not to answer this question right now.

Q - Josh Milberg {BIO 19336060 <GO>}

Okay, Lewin, and that's fully understandable, and I imagine that might be your response. So let me ask a second question, which is just if you could update us a bit on the issue of the migration to the 120 car trains and just where you are with the investments needed to support those and how soon you could -- that those longer trains could start contributing to your capacity.

A - Gustavo Rosa {BIO 18811470 <GO>}

Hi Josh, this is Gustavo. As you may know, we are expecting to start with the longer trains next year. They will arguably deliver a much higher capacity in the railways. But it's not only about capacity, we're going to have also more efficiency as those longer trains could provide more fuel efficiency, reducing our variable costs. We can operate the same volume with a low number of trains, therefore increasing the average speed, the cycle time. So this project, it's maybe one of the milestones and -- the main milestones in our improve -- in our seek for efficiency because it provides both capacity and higher efficiency.

We are not on a hurry. We don't have to put all the volume in the first place. We are okay if we operate with more efficiency. So it will be pretty much a function of how willing the customer will be next year to improve the volumes. If we have more volumes to serve, we can do it quicker. Otherwise, it will be a smooth process throughout the year, and we can take advantage as well on higher efficiency.

Q - Josh Milberg {BIO 19336060 <GO>}

Okay. That's very helpful. But is there sort of like a bull case scenario for that ramp-up? And is it one where maybe you could be increasing capacity dramatically above your expected volume growth today? Could you talk a little bit about sort of what would be the sort of -- kind of a bull case for how much capacity you could bring in next year if the demand conditions were --

A - Gustavo Rosa {BIO 18811470 <GO>}

Yes, I cannot comment specific on that. But for -- if you think about capacity, by having the longer train, capacity in the railways won't be an issue. We also improved our capacity in the terminal, Rondonopolis. But as I mentioned before, it will all depend on the customers, on the market, whether those things will be also bullish. So if the market is bullish, most part of the infrastructure will be already placed. And so we can react fast by having the first -- the infrastructure already deployed. But it will always depend on the market, so we cannot disclose any kind of guidance for this growth.

Q - Josh Milberg {BIO 19336060 <GO>}

Okay. Gustavo, that's helpful. I mean one of the reasons that I asked is that it hasn't in the past just been about the overall demand in a given year but also the distribution of the demand over the quarters and the months. And so -- but it does sound like you're not going to be facing some of the capacity constraints that you've had in the past starting in 2021.

A - Gustavo Rosa {BIO 18811470 <GO>}

Yes. We have a system. So we could have constraints in the ports, in the terminals. So it has to be phased or it has to be planned as a whole. So at least, when we look to our terminal in Rondonopolis, into the railways, there will be a huge improvement in those things. So we are not expecting to have huge bottlenecks on this. But once again, it's not the whole part of the equation. We still need the market. We still need to foster the investments in the ports in order to be able to have more capacity there. And we need the customers to be committing with the volumes as well.

So all of this together is what can drive the volumes. But as I mentioned, we'll be at least in a much better position as long as most part of the investment in infrastructure, at least on our side, will be placed this.

Q - Josh Milberg {BIO 19336060 <GO>}

Okay, that's very helpful color. Thank you, guys.

A - Gustavo Rosa {BIO 18811470 <GO>}

Thank you, Josh.

Operator

Our next question comes from Alex Falcao from HSBC. Please, Mr.Alex, you may proceed.

Q - Alexandre Falcao {BIO 5515455 <GO>}

Thanks for the follow up guys. Quick questions. Just looking at the yields that you charged and I understand that this isn't we're [ph] negotiating in the middle of the pandemic and all that. But just going forward, I don't want to - -any guidance on that. But just logically, as you're going to expand the capacity and the 120 trains are there, is it fair to assume that we're going to see yields be negotiated at actually lower levels just because as you have the additional return on the volumes when you expand capacity, it's going to be so much higher that you would be incentivized to do that even if it is to attract more volumes? So is that a fair assumption? Or we're not going to see this sort of drop in yields anymore?

A - Ricardo Lewin {BIO 20342706 <GO>}

Hi, Falcao. This is Lewin. Thank you for the questions. Price dynamics is not subject to us but to the market conditions. And it does not depend only on volumes, okay, on excess or on of [ph] capacity. So there are many factors that we follow very closely to make our price system. Okay? What I can -- and unfortunately, I cannot tell too much at this point about price in the future but just thinking about some variables here that are public and that you can take your conclusions on that. In the short term, you know that fuel prices are started already to recover. Okay? So this is one point important.

So the second point important that what we have also said for some time is that we are adjusting the pass-through dynamic for the new contracts. Okay? So we would be avoiding exposure. So this, in short term, is what you take into consideration. And in the long run, you cannot take all the capacity as a variable for prices. There are other variables that we take into consideration. We are improving our price system. So I would say now that it's not a fair assumption, what we're saying, that prices go down once the volume -- our capacity is improving.

A - Gustavo Rosa {BIO 18811470 <GO>}

And Falcao, just to complement on that -- just to complement on that, remember that I mentioned -- I think it was Josh that answered -- asked this one -- but the longer train also bring us higher efficiency. So it's not the case that we enforced to seek desperately more volume at whatever price. We can just run the regular volumes, the volumes that we have, under the right price -- level of prices and do it more efficiently, increasing the margin. So the company has this option. So it will take some time, and the company will have to take the decision whether or not we need more volumes and what will be our pricing strategy. But we cannot disclose right now.

A - Ricardo Lewin {BIO 20342706 <GO>}

Yes, Gustavo, this is a very good point. And Falcao, the excess of capacity, who impose that [ph] is ourselves because we -- you can work with -- you can require extreme conditions from the system or you can work in better conditions. Okay? So the capacity depends on how we work. Okay? So once we improve capacity, you can work in a system that's much less distressed than it's today. So capacity is also variable [ph], depend on how we stress the system. And just reinforcing one thing that Gustavo said, and we have discussed this already, but at the end of the day, we are a margin business. We are more competitive than other models. And being so, we have worked, as Gustavo said, in reducing my variable costs by reducing consumption, being more efficient. And note that even increasing 14% this quarter on volumes, we increased only 1% my SG&A and fixed costs. So we focus on improving the margin even if we have a lower price in the future. So long term, we need to be seen as a margin business. Okay? And thank you for the question again.

Q - Alexandre Falcao {BIO 5515455 <GO>}

No. It makes perfect. If you can -- just one quick follow-up on -- when you talk to the consultants and the numbers coming out of the next soybean crop, you see numbers going all the way up from 5% to 10% increase in Brazilian volumes and Mato Grosso, at some point, even higher than this if you take in the productivity here. Do you believe that the system, meaning not only the railroad but also the port, is ready for another 5% to 10% increase in volumes for next year or you need to debottleneck and invest more to make sure that you capture those growth? Thank you.

A - Ricardo Lewin {BIO 20342706 <GO>}

Falcao, let me -- when you talk to system, let me talk about our system or about Rumo's system. If you talk about Santos mainly, and we have been investing the last few years a lot to the bottleneck, the entrance of the port. You know very well Rumo. You know that we have invested in several small projects that improve a lot the capacity of transport [ph]. Besides that, Santos has free capacity in several terminals. Okay? So in the short run, capacity in Santos is not a headache ultimately in the long run, but it can be. But we are working on that. Railway is a long-term business. So we already are working on that, thinking about many years in front of us. Okay? So - -but that does seem to be a problem in the next harvest also.

Q - Alexandre Falcao {BIO 5515455 <GO>}

Okay, fantastic. Thank you so much.

Operator

That concludes the question-and-answer session for investors and analysts. Now, I'd like to turn the floor over to Mr.Ricardo Lewin to his final considerations. Please, Ricardo, you may proceed.

A - Ricardo Lewin {BIO 20342706 <GO>}

I was on mute. So guys, I'd like to, as always, thank you all for participating for many good questions and supporting always the company. Thank you very much and have a good weekend.

Operator

That concludes Rumo's first quarter results conference call. Thank you so much and have a nice day.