

Q3 2006 Earnings Call

Company Participants

- Mauricio Werneck, Financial Director
- Osvaldo Schirmer, Chief Financial Officer

Other Participants

- Daniel Altman, Analyst
- Edmo Chagas, Analyst
- Marcelo Aguiar, Analyst
- Paolo Di Sora, Analyst

Presentation

Operator

Good afternoon, ladies and gentlemen. and thank you for standing by. At this time, we would like to welcome everyone to Gerdau's Third Quarter 2006 results conference call. (Operator Instructions)

We would like to draw your attention to the fact that certain assessments that may be made during this conference call with regard to Gerdau business and its perspectives, projections and operating and financial objectives are mere forward-looking statements based on the expectations of management on the company's future. Although the company believes that its statements are based on reasonable assumptions, there can be no assurance that future events will not affect their accuracy.

Today with us we have Mr. Osvaldo Schirmer, Executive VP and CFO and director of investor relations. And Mr. Mauricio Werneck, financial director. I would now like to turn the conference over to Mr. Osvaldo Schirmer. Please go ahead sir.

Osvaldo Schirmer {BIO 1754610 <GO>}

Thank you. Good afternoon, ladies and gentlemen. Welcome to our Third Quarter 2006 conference call. All data presented by Gerdau is already available at our website, at the CVM site and the stock exchanges. The quarterly results are also available in the U.S. GAAP format. We'd like to remind you that this presentation can be listened and viewed through the Internet.

The conference call today is going to be conducted by Werneck and myself. I'll give you an introduction of the highlights for the quarter. And Werneck is going to make

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comments in detail of those events. And at the end, we'll be available for a session of Q&A.

Highlights. The steel business continued to present favorable conditions throughout the quarter. Consolidated revenues reached R\$7.1 billion, 3% greater than that of the Second Quarter. Consolidated net profit reached R\$882 million. Net revenues total 6.1 billion and generated an EBITDA of R\$1.5 billion, with a margin of 25.5%. Shipments for the quarter totaled 3.7 million tons.

The highlights for the quarter are as follows. The agreements reached for the purchase of two downstream operations in the U.S. concluded last week. Werneck will give you details. The agreement for the purchase of another specialty steel operation in Spain, currently under due diligence. The reorganization of the industrial process of the Perth Amboy operation via the shutdown of its melt shop. And increment of the Sayreville Melt Shop output to partially supply it, achieving a higher level of efficiency. And the startup of the Sao Paulo rolling mill as of October 31, which added 600,000 tons of rolling capacity to that mill was an investment of \$82 million.

Shareholders of Gerdau SA and Metalurgica Gerdau will receive dividends in the format of interest on the capital stock on November 30. Gerdau SA will pay a total of R\$231.9 million, R\$0.35 of real per share, while Metalurgica Gerdau will pay R\$110.4 million or R\$0.60 per share. Now, I'll ask Werneck to comment on the slides that you can follow through the Web.

Mauricio Werneck

Thank you. Good afternoon, ladies and gentlemen. and thanks for coming to our Third Quarter conference call. I'll refer to the slides and then I will address my comments following that reference. Slide number 2 talks about the steel sector Third Quarter overview. And we provide some data on how the market behaves in the different regions. In spite of the slight decline of 1% in the world's steel output in the Third Quarter, compared to the Second Quarter, an increase of 5.8% in 2006 is still expected when compared to 2005. And total output this year should reach 1.2 billion tons.

China continues to be a net exporter of long steel products with exports of approximately 5 million tons in August alone, 3.8 million in finished products. And 1.1 million in semi-finished. China should export more than 40 million tons in 2006. Its main markets are Asia and North America.

World markets remain very active. And the recent hike in freight prices is another indication that demand is growing. In Brazil, the Third Quarter was the best so far and very similar to the First Quarter. The recovery in the civil construction sector continues based on the improved conditions in real estate financing and the reduction in taxes on certain steel products. Earlier this year, we benefited from the reduction of the federal IPI tax on steel products. The industrial sector hasn't grown as much, although starting from a high base. The agricultural sector, on the other hand, continues to recover, albeit starting from a lower base. Prices in Reals terms, they remain quite stable.

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The Third Quarter in North America was quite solid. There was a subtle weakening of the wire rod, merchant bars and hot rolled steel markets due to an increase in imports and the growth of inventories. We would expect that the recently announced downtime will balance the demand-supply ratio by the end of this year. The metal spread reached a record of \$390 per ton in the Third Quarter. And Gerdau Ameristeel, approximately 30% of its scrap supply is currently provided by collection yards and shredders owned by the company. Prices for rebars and merchant bars remain firm in the quarter and reflect the strong demand, although the important volumes continue to be larger than desirable.

The South American operations are seeing a continued strong demand. And production levels are close to full capacity. In Columbia, the long steel sector is growing 18% in 2006 compared to 2005. In Chile and the other countries in which Gerdau operates, growth is in the 5 to 6% range. In all of these markets, growth is being promoted by housing and infrastructure.

Slide number 3 provides what we understood are the main highlights in the quarter and some subsequent events. As already mentioned last quarter, Gerdau has broadened its focus on greater value-added products. These products contribute to improved margins and help to create a stronger relationship with its client base. Approximately 15% of the output in North America is serviced at its own fabrication shops, increasing profitability and differentiating Gerdau products in the market. The majority of this downstream servicing relates to cutting and banding and epoxy coating.

In line with this strategy, Gerdau Ameristeel announced, on October 18th, an agreement to purchase a controlling stake at Pacific Coast Steel and Bay Area Reinforcing in California. This will provide the West Coast with Gerdau products. This transaction was concluded on November 1st.

In search for sustainable long-term higher margins, the company has decided to close the U.S.-based Perth Amboy Melt Shop. The rolling mill will remain operational and will be fed with billets from other units and producing wire rod at a lower cost and with better quality, especially when using billets from the integrated mills in Brazil. An agreement for the acquisition of all the capital stock of GSB Acero in Spain was also signed. This is a specialty steel mill with an annual capacity of approximately 200,000 tons.

Slide number 4 provides some details on how we work on what we understand is the value chain for the civil construction sector in Brazil. One of the sectors with the greatest growth potential for the next several years is that of civil construction in Brazil. To the already-known housing deficit, we can add the considerable investment needs in infrastructure to create the conditions for the sustainable growth of the country. Gerdau, with its wide exposure to the civil construction sector, is well-positioned to meet the demand and benefit from this expected growth. The goal is to work the value chain in the civil construction sector, combining the quality of the product and its availability, guarantee of delivery in line with the client needs, services and solutions developed throughout the experience acquired in so many years of business. And prices and terms with flexible payment conditions.

Slide number 5 also provides our outlook for the civil construction sector in the coming years in Brazil. The outlook for the civil construction sector is very positive in Brazil. Expectations are that the current positive environment for housing will last. Variables, such as the reduction of financial costs and an increase in the availability of long-term credit, create favorable median and long-term conditions. Also the need for investment and infrastructure tends to increase the demand for long steel products in the median terms. And several projects are still expected, like the triple-B projects and likewise.

Slide number 6 provides some information on our recent financial transaction, the closing of a senior liquidity facility instrument. In terms of liability management, Gerdau has taken an important decision to ensure its liquidity, even in moments of stress market conditions. For this purpose, a \$400 million credit line was contracted as liquidity insurance. From a contract perspective, there is absolutely no legal language that may hinder any disbursement. The program has an availability period of three years. And a two-year payment period as of any effective disbursement.

Slide number 7 ends this presentation with our outlook for the coming quarters. The Fourth Quarter in Brazil is normally weaker than the Third Quarter, which will be nonetheless still a good quarter. The increase in sales through September reached 13% compared to the same period in 2005. The expectation is that the year will close with an 11 to 12% increase in sales. This growth is strongly influenced by the civil construction sector, which should close the year with an 18% increase. Housing, commercial and industrial buildings are up. Investments in infrastructure, however, are still slow due to the lack of projects and government funding. The triple-Bs are still an expectation. The industrial sector should present a 7% growth in 2006, with the machinery and agricultural equipment sectors presenting a reassuring base of growth. Long steel inventories at distribution centers are at normal levels.

In North America, the expectation is that the good performance and fundamentals of the market should prevail, although the Fourth Quarter is traditionally a weaker quarter. There is cautious optimism with regards to 2007, although it should be a good year. In the short-term, we could see a slight weakening of demand and the industry ought to compensate with discipline its levels of output and reduction of inventories. The high volume of imports continued to pose the most relevant threat to the sustainability of margins. In the long term. And in this particular issue, the role played by China is key for the reasons we all know. Gerdau particularly has enhanced its focus on high value-added products by acquiring downstream operations such as indicated of the joint venture we just talked about.

In South America, good market conditions should prevail throughout the coming quarters. In this scenario, investment's underway in the recently acquired mills to enhanced their productivity and to obtain the benefits resulting from the current market conditions. In the specialty steel in Europe, the market remains demanding. And a good 2007 is expected. Some improvements are forecast for our operations in the region, which include a new continuous (boom) casting to expand the product line. The process to acquire GSB is expected to be concluded by the end of this year.

I'll now open the session for questions. Thank you, very much for your attention.

Questions And Answers

Operator

Thank you. (Operator Instructions) Our first question is coming from Marcelo Aguiar of Merrill Lynch. Please go ahead.

Q - Marcelo Aguiar {BIO 3721791 <GO>}

Hi Schirmer. Hi Mauricio. Congratulations on your good results. I have two questions to begin. The first one would be if you can provide an outlook for -- at least for the Fourth Quarter or the First Quarter of 2006, 2007 also related to the export price of the (boos) that you export from the Brazilian operations.

A - Osvaldo Schirmer {BIO 1754610 <GO>}

It's tough to be specific on the numbers. We are talking about recent numbers around 430, \$427 per ton of the product -- average family of products exported from Brazil. I think, on a conservative side, if you want to work on your projection, work around those numbers because the division is that prices are going to be sustained and perhaps with some appreciation also. But not too much from this.

Q - Marcelo Aguiar {BIO 3721791 <GO>}

Okay. The second question Schirmer would be related to your most important costs in Brazil, which are scrap and pig iron. If you can comment a little bit how the market is now for scrap and pig iron in Brazil. And what someone could expect also for the next couple quarters.

A - Osvaldo Schirmer {BIO 1754610 <GO>}

Again, in the U.S., you are expecting some sort of reduction due to the level of the economic activity in that country. We are charging around \$200 per ton currently. So we can perhaps work around those numbers, or maybe slightly lower numbers for the Fourth Quarter. In Brazil, the cost is lower than that. And we are working on a stable scenario for the next quarter and perhaps First Quarter next year.

On the other hand, it's very likely that the demand in the Fourth Quarter and in the First Quarter -- especially in the First Quarter of 2007 in Brazil -- will grow. We are counting on a country growing perhaps 3 to 3.5% per annum, which will induce us to believe that the demand for our long steel products is going to grow somewhere from 6 to 7%. This may cause some pressure on the input. But for all purposes, we are working on the stable market for scrap.

Q - Marcelo Aguiar {BIO 3721791 <GO>}

Okay. And Mr. Schirmer, if you can help me try to figure out -- I mean, when I looked through Gerdau domestic revenues, I mean the sales after Brazilian operations into domestic market -- we are talking about this represents in the Third Quarter let's, say, 32%

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of the total consolidated revenues. Among this 32% of your consolidated revenue for the Third Quarter, how much of that was to civil construction?

A - Osvaldo Schirmer {BIO 1754610 <GO>}

To the civil construction?

Q - Marcelo Aguiar {BIO 3721791 <GO>}

Yes.

A - Osvaldo Schirmer {BIO 1754610 <GO>}

I think we have 40%. I'll give you 39.8 to be specific. 40%.

Q - Marcelo Aguiar {BIO 3721791 <GO>}

Oh. So 39.8 of what you sell, or your revenue to the domestic market goes to civil construction?

A - Osvaldo Schirmer {BIO 1754610 <GO>}

No, this is normally related to physical units shipped from the mills. And around 60% goes to the industry and somewhere between 1.2, 1.6 to the agricultural sector.

Q - Marcelo Aguiar {BIO 3721791 <GO>}

Okay. So for now, these are the questions. Thank you, Schirmer.

A - Osvaldo Schirmer {BIO 1754610 <GO>}

Okay. Thank you.

Operator

Thank you. Our next question comes from Paolo Di Sora of Itau BankItau. Please go ahead.

Q - Paolo Di Sora {BIO 3285292 <GO>}

Good afternoon, Schirmer. Schirmer, I have actually two questions related with your results. First is I saw an important increase on your --

A - Osvaldo Schirmer {BIO 1754610 <GO>}

Paolo, Paolo, speak a little bit farther from the microphone. It's giving a sort of noise here.

Q - Paolo Di Sora {BIO 3285292 <GO>}

Okay. It's better now?

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A - Osvaldo Schirmer {BIO 1754610 <GO>}

Yes, it is.

Q - Paolo Di Sora {BIO 3285292 <GO>}

Okay. So I saw a 14% increase on your revenues per ton on your Brazilian operation. I would have to get more color on that. And we have also seen an increase of 17% on your operating expenses per ton in Brazil as well. So I would like to have a face on what is the trend going forward. And why this important increase quarter on quarter.

A - Osvaldo Schirmer {BIO 1754610 <GO>}

In the Third Quarter, we didn't have a very good quarter as far as shipments and also in terms of invoicing. The invoice grew 3.5%. We have a slightly better price per ton. It's not really price because we haven't touched the price. But we changed the mix by selling more domestically. And the demand coming basically from the three sectors. There was a positive move in the Third Quarter. The civil construction grew, the industry grew and the agriculture sector, which was behind schedule also went up.

Just to give you a sense, civil construction went up 8.4% in the quarter, the industry 2.5. And the agriculture products -- or the agriculture sector rather -- 6.7% increase in the demand. So this was very, very positive in the Third Quarter. So it was not really a case of price increases. But a better mix so the different combination and a kind of a recuperation of prices. As far as the exports, we had \$480 against 406 was almost \$18 per ton, the average price on the export. So it was a positive move again in the Third Quarter. Talking about expenses, I think you mentioned something about the increase in expenses, wasn't it? Didn't you --

Q - Paolo Di Sora {BIO 3285292 <GO>}

Yes, the operating expense per ton in Brazil.

A - Osvaldo Schirmer {BIO 1754610 <GO>}

Yes. We did have -- by exporting and having all the difficulties we faced -- not really strikes. But slow move in the ports, ports also fully loaded with other exports going out of Brazil -- that increased part of the sales and also related expenses. So this is part of the question to be blamed.

Q - Paolo Di Sora {BIO 3285292 <GO>}

Okay. And my last question is still related with your price scenario going forward. We have seen Gerdau with stable prices for local markets for almost two years now. So what's the outlook for your price in the local market, considering that demand is improving and the price has been stable for more than two years?

Werneck is eager to talk. So I'm going to leave this one on him. So I'll come back.

A - Mauricio Werneck

Hello Paolo. Well, we still expect prices to hold where they are for some more time. We're not planning any price adjustments for the time being. Certainly we understand that market conditions, they have improved. But we also have to take into account the spread in dollar terms between local prices and international prices, given mostly as a result of the appreciated local currency. But taking that into account, we expect prices to hold where they are for the time being. We have no plans for price adjustments going forward.

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Q - Paolo Di Sora {BIO 3285292 <GO>}

Okay. Thank you, very much.

A - Mauricio Werneck

You're welcome.

Operator

Thank you. Our next question is coming from Daniel Altman of Bear Stearns. Please go ahead.

Q - Daniel Altman {BIO 1855515 <GO>}

Hi. Thanks and congratulations on the good quarter. A couple questions -- one is on the North American business, U.S. in particular. Can you talk about what percentage of the business is related or selling to the residential sector?

A - Osvaldo Schirmer {BIO 1754610 <GO>}

It's around 18 to 20.

Q - Daniel Altman {BIO 1855515 <GO>}

18 to 20.

A - Osvaldo Schirmer {BIO 1754610 <GO>}

Now.

Q - Daniel Altman {BIO 1855515 <GO>}

18 to 20%?

A - Osvaldo Schirmer {BIO 1754610 <GO>}

Yes.

Q - Daniel Altman {BIO 1855515 <GO>}

Okay. And just to follow to that, are you -- given the price (in absence) we've seen from Nucor, are you expecting lower prices, maybe lower results from North America in upcoming quarters?

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A - Osvaldo Schirmer {BIO 1754610 <GO>}

Well, Nucor is the leader of the sector. I don't know how much the rest of the industry will be able to resist. What we are working before knowing this announcement was a kind of a stable scenario vis-a-vis the spread, as Werneck had the chance to mention, we are reaching very high levels of spread -- 390, almost 400. So we are counting on a scenario for stable prices, slight reduction on scrap, maintenance of spread in other words. But how much deeper is the industry supposed to go at this point in time we're not really ready to announce.

We are also working on the following quarter -- sorry, in this quarter of perhaps a 10% reduction in volumes. But with the maintenance of spread. That's the scenario we're dealing with. And depending on how much Nucor's going to go down further, the rest of the industry may have to follow.

Q - Daniel Altman {BIO 1855515 <GO>}

Okay. Just to clarify. So if residential is 20%, can you give us kind of big picture numbers for the other segments for G&A?

A - Osvaldo Schirmer {BIO 1754610 <GO>}

The merchants -- if anyone has the breakdown ready in hand? How much does -- 40% goes to the industry in the U.S.

Q - Daniel Altman {BIO 1855515 <GO>}

Okay.

A - Osvaldo Schirmer {BIO 1754610 <GO>}

20 to the civil and then the rest is nonresidential.

Q - Daniel Altman {BIO 1855515 <GO>}

Okay. Thanks very much.

Operator

(Operator Instructions) Our next question is coming from Edmo Chagas of UBS. Please go ahead.

Q - Edmo Chagas {BIO 1786085 <GO>}

Yes. Good afternoon. The question is a follow-up on Paolo's question about the costs. In your Brazilian operations, you had average increase in prices for the Third Quarter compared to the Second Quarter. But you had a slight decline in EBITDA margins. And despite the -- and on top of the increase in export costs that you mentioned, is there any other costs that have increased during the quarter compared to the Second Quarter that explained the declining EBITDA margins?

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A - Osvaldo Schirmer {BIO 1754610 <GO>}

(inaudible; accent) remembering here that the pig iron just suffered some price depreciation during the Second Quarter, kind of reflecting in the third. But this not necessarily can be expected or should be expected in the Fourth Quarter.

Q - Edmo Chagas {BIO 1786085 <GO>}

So you'd say that for the Fourth Quarter, pig iron prices should be stable as scrap.

A - Osvaldo Schirmer {BIO 1754610 <GO>}

In line with the scrap, which you are counting on.

Q - Edmo Chagas {BIO 1786085 <GO>}

Okay.

Operator

Thank you. Our next question is a follow-up coming from Paolo Di Sora of Itau Bank. Please go ahead.

Q - Paolo Di Sora {BIO 3285292 <GO>}

Hi. I have actually a follow-up related with your growth strategy through acquisitions. We know that there is two -- basically two bidding processes in place by now, one in Argentina and the other in Mexico. So I would like to have color how is the company looking for these two (mortgages). And if there is anything in the pipeline in the short term. And also related with your strategy of in some point move towards the flat steel, if there is any acquisition to pipeline that would be interesting for Gerdau to make this final move towards the flat steel business.

A - Osvaldo Schirmer {BIO 1754610 <GO>}

Let's go for the easy ones first. In Argentina, what happened there, we have seen lots of news indicating that we are interested in Bragado. We never denied that. In fact, we did approach them in the past. The family who controls the company did mention that they were ready for sale. And what we have repeated throughout time is that, should they be ready for sale, we'd be more than interested in discussing it with them.

The second one is in Mexico, you mentioned -- probably talking about Sicartsa, the Villacero group. The Villacero group, there are lots of rumors in the market that they are willing to sell at least part of the business. We are not negotiating with them at this point in time. Nevertheless, we do have close relationship with the company, with the controlling group. But we are not in negotiation at this point in time.

In connection with flat, as we had a chance to see our president even saying that in public, yes flat steel, it's part of our long-term strategic plan. Currently we are not negotiating anything related to flat steel. But we are monitoring all the movement in the market and

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trying to see if there is a space for us. It's part of our obligation, part of our duty to examine, to monitor all those opportunities. What we are really doing. And Werneck even mentioned that, we are devoting some time and brain work analyzing a possibility in Spain to add 200,000 tons to our specialty steel capacity in that market. And this is the closest one to an acquisition, even though we are in the due diligence process as yet.

Q - Paolo Di Sora {BIO 3285292 <GO>}

Okay, my last question -- What is for you an ideal level of leverage for Gerdau long term and considering that the company's extremely underleveraged at this point, where should we expect to see the cash flow going along the coming quarters and years?

A - Osvaldo Schirmer {BIO 1754610 <GO>}

Well, there are two perhaps variables to be played with in your question. One thing is how to use this liquidity that we have. We are maintaining it, having in mind, or bearing in mind, the different projects we are analyzing currently. And second, if we end up acquiring something, this target will also help to increase the cash flow generation. The group is generating -- it's not a projection. But is a kind of a trend. We are in the process of generating around 2.4, \$2.6 billion a year in EBITDA, using EBITDA as a proxy for cash flow. So these numbers, or around this level, is the number we are working with. And if you go after a specific target, you have to take into consideration how much the target will increase. But more than that, I cannot anticipate.

Q - Paolo Di Sora {BIO 3285292 <GO>}

But it's fair to believe that most of the freakish growth that we are going to see on Gerdau in the coming quarters and is underleveraged, will be used to further consolidate the industry going forward.

A - Osvaldo Schirmer {BIO 1754610 <GO>}

This is our desire and objective. If by any chance we are unsuccessful or the prices get so out of control that we decide not to pursue them anymore, we'll have to do something with the liquidity and the future cash flow as well.

Q - Paolo Di Sora {BIO 3285292 <GO>}

Okay. Thank you.

Operator

Thank you. Our next question is a follow-up coming from Marcelo Aguiar of Merrill Lynch. Please go ahead.

Q - Marcelo Aguiar {BIO 3721791 <GO>}

Hi Schirmer. Follow-up on (technical difficulty), if you can help us. I mean, Gerdau has been investing much less than you had been targeting. And I would like to check with you

if you can give us a breakdown of CapEx at least for 2007, or if you can't (audio skip) CapEx per region. Thank you, very much.

A - Osvaldo Schirmer {BIO 1754610 <GO>}

Our budget for this year was scheduled at something around 1.7 billion. We already did almost 1.4. But half of that was done through acquisition instead of modernization and expansion. So roughly speaking, we are 1 billion behind schedule. We do not intend to cancel or to discontinue those projects. But rather they gave pace to the acquisition mode. We're going to go after that. I would say that the most relevant CapEx program is in course at the expansion of (Asormines) this is; is at a point of no return. So it's going to go. It's going to be delivering as scheduled. And for the North American market, we are expecting \$200 million CapEx program for this year. So we have been around 140, 130 so far. This is the plan.

And looking forward three years from now, we're talking about \$3 billion, kind of \$1 billion per year. And roughly 60% of that is in Latin American operations and the rest is North American operations and Europe also.

Q - Marcelo Aguiar {BIO 3721791 <GO>}

Okay. Schirmer, another question would be related to what the movement that you're dealing with shutting down blast furnace -- not blast furnace, electrical furnace. And I would like to understand the rationale behind that, if we can see further with that happening I would say in the next 12 to 18 months. And where are you going to buy the billets for this electrical furnace?

A - Osvaldo Schirmer {BIO 1754610 <GO>}

That move was very well-thought. The idea behind that decision was to increase the efficiency of the Perth Amboy operation. We have, don't forget, a sister operation in New Jersey. So by discontinuing the operation of the melt shop at Perth Amboy, we're going to increase part of the output of New Jersey, perhaps working better on the average cost per ton. And so while increasing the efficiency. We are not supposed to forget also that the New York area was one of the most expensive in terms of energy supplies. So we have to run our melt shop at the max efficiency possible. And the supply for that particular mill, where the rolling mill's going to continue to operate, is going to come from New Jersey and other mills around; in geographical areas around that can serve economically that operation and is going to change from time to time. And also, depending on the desire of our clients, we may import part of the steel from Brazil, a higher quality steel for a higher quality product. So the mix is going to be determined by the type of product. And the idea is to increase the efficiency of the New York area melting shop operation at the level of Sayreville.

Q - Marcelo Aguiar {BIO 3721791 <GO>}

Thank you, very much, Schirmer.

Operator

Thank you. This concludes the question-and-answer section. At this time, I would like to turn the floor back over to Mr. Schirmer to any closing remarks.

A - Osvaldo Schirmer {BIO 1754610 <GO>}

Well, assuming there are no more questions for today, all I have to do and to say is thank you very much on behalf of Mauricio Werneck and myself and the company for your time and interest. And I hope to see you or to hear you better again with the next quarter. Have a good day. Thank you.

Operator

Thank you. This does conclude today's presentation. You may disconnect from the line at this time. And have a good day.

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