Q4 2005 Earnings Call

Company Participants

- Mauricio Werneck, Financial Director
- Osvaldo Schirmer, EVP & IR Director

Other Participants

- Andres Perez, Analyst
- Daniel Altman, Analyst
- Ivan Fadel, Analyst
- Leo Larkin, Analyst
- Magali Bim, Analyst
- Paolo Di Sora, Analyst
- Rodrigo Barros

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 Fourth Quarter 2005 results conference call. (Operator Instructions) We would like to draw to your attention to the fact that certain assessments that may be made during this conference call with regards to the Gerdau businesses 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.

I would now like to turn the conference over to Mr. Osvaldo Schirmer, Executive Vice President and Investor Relations Director. And Mauricio Werneck, Financial Director. Please go ahead, sir.

Osvaldo Schirmer {BIO 1754610 <GO>}

Good afternoon, ladies and gentlemen. Welcome to our Fourth Quarter 2005 conference call. All data disclosed are already available at our sites at the CVM and at the exchange in which our stocks are traded. Please be advised that this conference call may be followed through the Internet and will be supported by our PowerPoint presentation. By the way, we have had problems in our server. You could also have access to our presentation through a different address, www.mz-ir.com. It is from MZ. I'm going to repeat again. The alternative site for our presentation is www.mz-ir.com. The speech that will be addressed by Mauricio starting now will contemplate the slideshow on your screen. Please, Mauricio, take it from here. I will return for the outlook at the end.

Mauricio Werneck

Thank you, (Sherman). Good afternoon to all of you. In general terms we consider 2005 as a year of very good results for Gerdau. Consolidated revenues reached 25.5 billion Reais, 9% greater than in 2004. Net profit was 3.2 billion Reais, similar to that of 2004. It is worthwhile noting that these important results were obtained regardless of the contraction in the Brazilian domestic market and in international prices, on average lower than those in 2004.

The consolidated net profit for the Fourth Quarter was 730 million Reais and net margin was 15%. Operating profit was 878 million Reais. And net revenues generated -- they reached 4.9 billion Reais. And that net revenue generated also an EBITDA of 1 billion Real and EBITDA margin of 21%. Consolidated sales reached 3.4 million tons. We dare say we will be paying on March 2 a total of 186 million Reais in dividends, the equivalent to $0.42 of Real per share. Metalurgica Gerdau will pay 85 million Reais, which is equivalent to $0.69 of Real per share.

Slide number two covers the steel sector on the Fourth Quarter of 2005. The world's output of crude steel in the First Quarter was 5.6% greater than that of the Third Quarter with 288 million tons. In 2005 the world's output hit the 1.1 billion tons. Of this total, China contributed with approximately 350 million tons, 25% more than in 2004, while output reached 280 million tons. In 2005 China for the first time became a net steel products exporter, including both finished and semifinished products. The international prices for steel products will depend to a great extent in 2006 on how China behaves.

Unfortunately 2005 was below our worst expectations for the Brazilian market. As we already mentioned, when commenting on the First Quarter results, (inaudible) the extremely tight monetary policy has collected its stall by slowing down the economic growth too much. GDP growth was most certainly below 2.5%, maybe as low as 2%, which we must admit is rather low for a developing country in a time in which all economies, developing and developed, have been growing at a much steadier and faster pace. Consequently the Brazilian long steel domestic market collapsed to the same levels of 2003, fresh and important recoveries seen in 2004.

Regardless of unfavorable exchange rates, the company went to great lengths to compensate even if only in part for the decline in domestic demand with exports. Exports reached historical highs in volumes shipped. Demand in the U.S. allowed the carryover of steel scrap price volatility to the final products prices, thus maintaining the metallic spreads above the $340 per ton mark.

Slide number three shows figures on sales volumes. At Gerdau consolidated sales in the Fourth Quarter remain in line with those of the Third Quarter at 3.4 million tons. Sales in 2005 reached 13.6 million tons, 8% greater than those of 2004. This performance is due basically to the consolidation of Northstar in North America, Diaco in Colombia. And the 100% of Sipar in Argentina, the last two in the Fourth Quarter.

Brazil as a consequence of the lower economic activity domestic sales decreased 10% in 2005. Part of this reduction was compensated with the increase in exports, up 2.6% reaching 2.8 million tons in 2005. It is worthwhile noting that this result was accomplished in spite of the appreciated foreign exchange rate into lower international prices in 2005. North America saw its sales increase 19% in 2005 from 5.4 up to 6.4 million tons already mentioned as a result of Northstar consolidation. South America saw an increase of 54% in the full year from 520 to 802,000 tons, again, as already mentioned, as a result of the consolidation of Diaco and Sipar. The combination of sales abroad and exports from Brazil represented 75% of the Fourth Quarter consolidated tonnage in 2005 and 74% of the full year of 2005.

This slide now covers graphs about cost and prices in Brazil, in South America and in North America. Number four slide, exports with dollar-based prices and foreign exchange ratio against continued to contribute to the maintenance of our operating rates, although contributing with lower results. If the Brazilian domestic demand resumes growth, we may see a recovery of margins due to an improved product mix. This stabilization in the Fourth Quarter of metal imports has allowed margins to remain at reasonable levels. Steel scrap prices in the Fourth Quarter remain stable compared to those of the Third Quarter.

Pig iron in the Brazilian market has stabilized prices due to the excess supply resulting from the reduction in exports. Price increases are unlikely. The supply of charcoal is imbalanced in spite of the negative impact of excess rain due to the shutdown of several pig iron mills. The supply contracts for iron ore are currently under review. And we still do not have international reference prices to negotiate new contracts. Where coking coal is concerned, we do expect a decrease in prices of about 10 to $20 per ton. Our main alloys are also presenting a reduction in international prices in the past months.

Slide number five shows also graphs on the margin evolutions for gross margin, EBITDA margin and net margin. Gross profit in the Fourth Quarter experienced a slight decrease of 5.6% compared to the Third Quarter as a result of moderating increasing cost of sales. Gross margin consequently went from 27 to 26%. In 2005 gross margin was 27%. EBITDA for the quarter was 1 billion Reais compared to 1.1 billion in the Third Quarter. Consolidated EBITDA margin was 21% compared to 22% in the Third Quarter. Net profit for the Fourth Quarter was 730 million Reais, 10% lower than that of the Third Quarter. And net margin was 15% in the Fourth Quarter compared to 16% in the third.

Slide number six provides a map with highlights on the recent Sidenor acquisition. We provide figures on the production of (inaudible) in millions of units in every major producing area, as well as the capacity of the major specialty steel producers in the recording areas.

The acquisition of Sidenor in Spain is a landmark in the continuing internationalization of Gerdau. This important specialty bar quality producer positions Gerdau as a global supplier to the global market given that clients for this type of steel are auto parts and automobile manufacturers. Specialty steels represent approximately 6% of the global demand for steel products. This characterizes it as a market niche in which margins and returns are higher on average when compared to long common steels. This acquisition adds to the group's strategic backbone of continuing to grow in long common steel in the Americas, the possibility of growth in a market niche globally and establishing long-term supplier client relationships which may lead to new and interesting opportunities.

Slide number seven is a summary of our financials. Consolidated revenue for the quarter totaled 4.9 billion Reais, 4% less than that of the Third Quarter. This reduction reflects the smaller volumes shipped to the domestic markets and the impact of foreign exchange on revenues generated abroad, considering that the average U.S. dollar rate for the last quarter was lower than that of the previous quarter. Shipments in the Fourth Quarter were virtually the same as those of the Third Quarter or 3.4 million tons.

The Brazilian operations contribute with 2.2 billion Reais to net revenues in the quarter for 6% of the total. The units in North America contribute with revenues of 2.2 billion Reais, 46% of the total. And the companies in South America with 401 million Reais the remaining 8%. The companies abroad and exports from Brazil together contribute with 67% of the consolidated net revenues for the Fourth Quarter. SG&A expenses totaled 457 million Reais in the Fourth Quarter, 6% greater than those of the Third Quarter, mainly as a consequence of the increase in expenses of support services and the merge as a result of greater volume exports and increase in long-term incentives for Gerdau Ameristeel employees -- the stock appreciation rights that our U.S. subsidiary has.

As a result, the state of these expenses in net revenues increased from 8.5% in the Third Quarter to 9.4% in the Fourth Quarter of 2005. Net financial expenses totaled 220 million Reais in the Fourth Quarter of the year. Excluding expenses with foreign exchange variation on debt and foreign currency, which were equivalent to 197 million Reais and as well monetary variations equivalent to 12.4 million Reais, net financial expenses totaled 11 million Reais in the Fourth Quarter.

70 million Reais were booked as other operating revenues in the Fourth Quarter as a result of gains resulting from the reversal of contingency provisions made after Gerdau S.A. won a legal suit on the improper collection of BIS, which is a Brazilian tax. The impact of the devaluation of the Real vis-a-vis the U.S. dollar September 30 to December 31 over Gerdau investments abroad resulted in a positive equity pickup of 196 million Reais. Net profit for the quarter reached 730 million Reais, presenting a net margin of 15%, the same for 2005 as a whole when net profit was 3.2 billion Reais.

Slide number eight provides some detail on our debt in terms of breakdown for currency term and average life. Of the many indicators that help monitor Gerdau's indebtedness, the gross debt EBITDA ratio was only 1.6 times. Net debt can theoretically be settled in less than five months of operating cash generation. EBITDA compared to net financial expenses, excluding monetary and foreign exchange variations, provide an interest coverage ratio of 21 times. Debt's average life remains greater than nine years.

On December 31, cash and cash equivalents totaled 5.5 billion Reais, of which 2.2 billion Reais or 41% were pegged foreign currencies mainly to the U.S. dollar.

Now I will turn to Schirmer for outlook and closing remarks. Thank you, very much.

Osvaldo Schirmer {BIO 1754610 <GO>}

I want to break down the outlook in the four major segments -- Brazil, North America, South America and Europe. The general outlook for international markets for long common steel is positive. This is the result of the balance between supply and demand and inventory levels around the world.

Global discipline is yet another factor that has contributed to maintain the competitive environment stable. In Brazil there are indications that the worst is over and that the country will take off in 2006 at a pace that should lead to economic recovery.

From the domestic markets perspective, with interest rates falling and perhaps an increase in government spending, the economy may show some confidence. Civil construction is already signaling recovery and may play a relevant role in economic growth. We should see a recovery also in the industrial sector such as agricultural equipment and power transmission towers.

It is worth mentioning that the press announced today very optimistically a new fiscal package to increase the civil construction sector activities by reducing federal taxes on products consumed by this factor. The steel products will be up fully contemplated by this incentive. A 5% reduction in the prices of various steel products will be the direct result of this measure.

The U.S. GDP should continue to grow at healthy rates and the highway bill along with the reconstruction efforts in the Gulf area should maintain demand for rebars, merchant bars and profiles very strong.

In broad terms, it is fair to assume that the world economy will experience a favorable environment in 2006. On the other hand, in the long run there is the threat of the excess capacity in China, which brings uncertainty not only to the American markets but to international prices as well. The Chinese economy, on the other hand, should continue to grow. And it is reasonable to expect that the domestic demand will continue to absorb a significant portion of this added capacity.

Now I will open the session for questions. Please go ahead with questions or whatever you have.

Questions And Answers

Operator

(Operator Instructions) Rodrigo Barros.

Q - Rodrigo Barros {BIO 5851294 <GO>}

Regarding your SG&A expenses, which is 90.5% of net revenues this quarter, what would be the outlook for 2006 and the other years? We would come back to the 2004 level of 7.4%?

A - Osvaldo Schirmer {BIO 1754610 <GO>}

Mauricio can make a comment.

A - Mauricio Werneck

As already mentioned in the previous call was addressing Portuguese, we don't expect a change in our cost and expense structure. What we had in the Fourth Quarter was basically negative impact from events like import bottlenecks, increased cost of handling imports due to the larger volumes that we had to carry on there. So there is a volume effect on exports affecting exports and sales-related revenues. This is basically -- and SG&A in general also had an impact of the store appreciation rights of G&A. So we don't see this as a trend. And probably in 2006 SG&A and sales expenses, they will resume their historical relationships. Schirmer would like to add something else, please.

A - Osvaldo Schirmer {BIO 1754610 <GO>}

Allow me to add one comment. We are counting on some sort of recovery to the domestic market, especially the (inaudible) for the civil construction as I just referred, very likely releasing or diminishing the pressure on the export effort on our end. So this is a big contributor to bring those expense levels to traditional level.

Q - Rodrigo Barros {BIO 5851294 <GO>}

Okay. And just one follow-up question regarding this tax incentive that was announced by the government -- how that tax mechanism works? Where is that count given and how that could eventually change your average price?

A - Osvaldo Schirmer {BIO 1754610 <GO>}

There is a long list of products that was published this morning. And they simply contemplate 95% of the products that we produce. And since our products are normally taxed at 5% and then this taxation will be brought down to 0%. Since IBI is calculated normally on top of the final price, you can reduce from the regular current prices 5%. That is what I meant when I said 5% effect.

Q - Rodrigo Barros {BIO 5851294 <GO>}

Okay. Thanks very much.

Operator

Paolo Di Sora, Itau.

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

My first question is regarding your perspective for the Brazilian demand, if you could give us better guidance about the First Quarter and what you're expecting now for the full-year 2006? If I'm not wrong, the last time we talked, you mentioned that we are expecting a growth between 5 and 6% demand for long products in Brazil. Have you guys changed your outlook?

A - Osvaldo Schirmer {BIO 1754610 <GO>}

Officially not and you will recall very well that the numbers we are dealing with and working with, assuming that Brazil in its turn is going to grow somewhere between 3 and 3.5%. So it is reasonable to expect demand for long common steel growing somewhere between 5 and 6.

Today's event, this new announcement, may bring some speed and some momentum to the economy in general because as you probably -- very surely you know -- the civil construction is a kind of multiplier in any economy creating jobs and everything else and if you add on top of that the increase in the wages and the minimum salary also. So we may see some additional demand coming from sectors that are kind of dormant these days. So the GDP number may be revised or should be revised. But, for the time being, we are still working with a 3.5% gross for GDP and demand growing around 6%.

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

(technical difficulty) -- we would be looking at quarterly numbers going forward. When do you think the pickup in demand is going to show up more significantly?

A - Osvaldo Schirmer {BIO 1754610 <GO>}

Traditionally the First Quarter and the last quarter are the most seasonably affected. So I would rather say the Second Quarter.

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

Okay. And any outlook on your export prices. I don't know if you're already experiencing some recovery on your export prices for the First Quarter and going forward?

A - Osvaldo Schirmer {BIO 1754610 <GO>}

We have received news coming from Europe that the prices are moving up in Europe and perhaps influencing the rest of the world. But for our projections, internal projections I mean, we have not worked with price increases for the first semester. But rather a stable. But there is a possibility and becoming everyday more clear that there is a possibility of prices -- price corrections upward coming from Europe.

Operator

(Operator Instructions) Daniel Altman, Bear Stearns.

Q - Daniel Altman {BIO 1855515 <GO>}

Hi. Good afternoon.

A - Osvaldo Schirmer {BIO 1754610 <GO>}

We are missing your questions.

Q - Daniel Altman {BIO 1855515 <GO>}

I guess three questions since you are missing them. The first is on the acquisition front, there has been some media reports that not only is Gerdau buying in Spain but that you may be interested in Eastern Europe and Asia. I just want to see if you can give us your thoughts on that.

The second is, in terms of the South American business, I just want to make sure that the businesses you brought in in the Fourth Quarter carry lower prices. It looks like if you divide the revenues by the volumes, that the average price was down quite a bit in South America.

And then the third question is, I guess this is the Second Quarter that the U.S. GAAP numbers have not been coming out in conjunction with the Brazilian GAAP numbers. I just wonder why that is the case and if you're going to do anything to correct that?

A - Osvaldo Schirmer {BIO 1754610 <GO>}

Okay. The first question was related to acquisitions in Europe regarding us or encouraging us to pursue other acquisitions in the former East block and other geographies. Perhaps you're referring to a statement made by our President very recently in a conference call -- in a press conference rather. What he attempted to say or tried to say is that this entrance in Europe very well will work for us as a platform for new expansions in Europe perhaps. And since we are entering in Europe exploring or working on a very special market niche, which is a special steel sector or SBQ sector, there are some players in the former East block perhaps that could be -- should call our attention in due time. And he also referred to the fact that the car industry is moving to Asia, is moving to China, is also moving into India because you can expect potential growth in those areas. So if you're really inclined to expand in a specific sector such as the SBQ sector, we should contemplate, well, sometime down the road to pursue acquisitions in those markets. But there is nothing specific. There is nothing in the pipeline that I can tell you now.

The second question was related to --? Prices in South America, business, South American business country and -- well, the prices in South America were slightly lower in the Fourth Quarter '05 against three or five, was a kind of 20% reduction. Normally when referred to Reais because Reais against -- what is against that? In dollar terms, it was not that high. But they are slightly lower than they were before. But very much in line with the rest of Brazil -- the rest of Latin America including Brazil I meant.

And now our main market in South America. So far has been Chile. Colombia is recent in the family. And Chile has been influenced to a large scale by imports coming also from Asia to some extent. So that is the situation. You are right. There were price reduction in the average price of Latin America. But not in Argentina. Argentina is a kind of a protected market. You can find almost no imports in Argentina. So by having, I want to say a more solid position in the management of the Company and so on, we tend to perhaps exercise more influence than they used to exercise until we reached that stake-holding position. But not because prices in Argentina were behind schedule. In fact, the demand in Argentina is quite solid.

The U.S. GAAP? Okay. There is -- you were right in terms of converting all the figures into U.S. GAAP. Our most recent engaged subsidiary, the Colombian was not able to produce numbers in the U.S. GAAP. And we intend to correct that as soon as possible.

Q - Daniel Altman {BIO 1855515 <GO>}

Have you considered -- because I know this happened last quarter as well -- have you considered just waiting a day or two so that you have the U.S. GAAP numbers at the same time as Brazilian GAAP. I think at least for our case that would be a lot more helpful.

A - Osvaldo Schirmer {BIO 1754610 <GO>}

It could be a possibility. But people from the accounting department are saying that in no more than 10 days very likely we are going to have that fixed.

Operator

(Magali Bim), Deutsche Bank.

Q - Magali Bim {BIO 1542726 <GO>}

Could you please provide an update of why does the additional capacity from (inaudible) that you expect for 2006?

A - Osvaldo Schirmer {BIO 1754610 <GO>}

I honestly am not sure if I understood -- did you understand the question? (multiple speakers) Ah, in 2006. Now (inaudible) is projected to produce around 500 to 600,000 tons a year and very likely will be, let's say, pursuing this learning curve in such a way that the first steel we may produce somewhere between 360, 300,000 tons. But the nominal capacity is for something around 550 tons. If I'm correctly understood your question.

Q - Magali Bim {BIO 1542726 <GO>}

Yes. So for '06 the new capacity that you are expecting from (inaudible) would be 350?

A - Osvaldo Schirmer {BIO 1754610 <GO>}

It would be 350, yes.

Operator

Andres Perez, Morgan Stanley.

Q - Andres Perez {BIO 18609546 <GO>}

Actually just two questions. The first is, if could you go over your CapEx budget for the next few years? I was hearing that there was an increase from 3.2 to 3.6 billion. If you could let us know if this is correct and what the increase is attributable to?

And just second, if you can go over what you are seeing in terms of scrap prices? Specifically within Brazil, we are hearing that scrap prices are going up in the U.S. and in the overseas market. So is it your view that this will offset some of the pricing gains, or will the pricing gains be in excess of that?

A - Osvaldo Schirmer {BIO 1754610 <GO>}

Okay. The first question is related to CapEx. As I said, as I had a chance to mention before and Werneck also, we were expecting for the three years coming from 2005 to 2007 our CapEx program was calling for 3.2 billion. We are reviewing that for the three years starting '06 until to '08 to 3.6 billion. And the breakdown of that very likely is going to be 2.3 billion for Brazil and 1.3 billion for the foreign operations, including mostly of that going to the North American operation.

The second question -- yes, the second question was related to scrap prices mainly in Brazil. As you know, Brazil is a large important producer of pig iron. Pig iron is the direct influence on the price of scrap. There is not too much pressure on scrap, even though we can see movements of recovery of prices and scrap in Brazil. But we are not anticipating any major problems or really a headache coming from the price of scrap.

We were questioned before today, if you are projecting or programming different actions, if the demand is going to pick up in Brazil coming from the civil construction, blah, blah, blah? We have said and I repeat now we are going to continue to buy and to maintain our network of suppliers so as to satisfy as far as volumes are concerned. So no major movements to start filing scrap facing a new momentum coming from a pickup in demand, no.

In the U.S., scrap is very volatile as you know. If you take as a reference the last three months of last year, scrap prices are going up 20 to $25, sometimes changing from one month to another. But the industry has been able there to repass onto the final price that sort of variation in such a way that the spreads that the industry has experienced, that we are experiencing also, are absolutely in line with the spreads we had a year before. So that is basically the scenario for scrap. I don't know if Mauricio wants to add something in. But this is it.

Q - Andres Perez {BIO 18609546 <GO>}

So just to clarify on the 12% increase in your CapEx budget, would you say is that due to mainly cost pressures, or are there some additional investments that you are now considering?

A - Osvaldo Schirmer {BIO 1754610 <GO>}

No additional investments basically related to the acquisitions in North America and require modernization in North America.

Operator

Leo Larkin, Standard & Poor's.

Q - Leo Larkin {BIO 1756825 <GO>}

Could you give us DD&A expectations for 2006 and also the tax rate we should be using for our models?

A - Osvaldo Schirmer {BIO 1754610 <GO>}

It's about $350 million. (multiple speakers) depletion and amortization.

Q - Leo Larkin {BIO 1756825 <GO>}

And CapEx for '06, how would that breakdown?

A - Osvaldo Schirmer {BIO 1754610 <GO>}

Of the 3.6 million, we expect from '06 to '08 maybe something in the range of 1.3 for '06. We are still working in the detailing of that. So it is a preliminary number. But you can consider the breakdown 1.3 for this year.

Q - Leo Larkin {BIO 1756825 <GO>}

Okay. And the tax rate?

A - Osvaldo Schirmer {BIO 1754610 <GO>}

Effective tax rate around low 20%. That is effective tax rate. From 20 to 22.

Operator

Ivan Fadel, Credit Suisse.

Q - Ivan Fadel {BIO 4827533 <GO>}

I would like to know very quickly what the total increase in capacity in Brazil is expected for 2006, including (inaudible), (inaudible) and other possible debottlenecks in other mills?

A - Osvaldo Schirmer {BIO 1754610 <GO>}

Basically all we have adding were additional capacity coming from (inaudible), which had a chance to explain in the question before, nominal capacity around 550,000 tons a year. Following the learning curve of the new plant, we will be able to deliver around 350 this year. So this is the additional that you can expect coming from new upstream operations.

Q - Ivan Fadel {BIO 4827533 <GO>}

I understand that if I assume the 350 from (inaudible), it gives us about 5.5%. So almost 6% increase in volumes, which is the same as what you believe you are going to sell as in the domestic market, right? So we can estimate that the mix between exports and domestic will not dramatically change? (multiple speakers)

A - Osvaldo Schirmer {BIO 1754610 <GO>}

We fully agree with that.

Operator

Paolo Di Sora, Itau.

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

I have a follow-up regarding your dividend policy. If we look to your balance sheet to your duty of cash and reach definitely cost on that level this quarter, is the company planning to increase the 30% payout ratio considering this huge cash position and what we should expect to be your investment in terms of excess cash in the coming years?

A - Osvaldo Schirmer {BIO 1754610 <GO>}

I can anticipate that we do not intend to change the policy. In fact, we are now starting to collect dividends more frequently from our subsidiaries. Historically you used to pay dividends based on profit but without collecting dividend from the subsidiaries. So the idea is not to change the policy.

I agree with you, we are really enjoying a very healthy position in terms of liquidity. But the market may surprise us with opportunities. So we better keep it as it is -- trying to invest the money the best way possible and be ready for potential not expected opportunities.

Operator

(Operator Instructions) Gentlemen, there appear to be no further questions.

A - Osvaldo Schirmer {BIO 1754610 <GO>}

Well, since there's no more questions, I would like to thank you all for your interest. And I would like to invite you to be with us at the next quarter meeting. And I hope it was the same sort of results. Thank you, very much again for your time and patience. Bye-bye.

Operator

Thank you. That does conclude today's Gerdau Fourth Quarter 2005 results conference call. You may now disconnect.