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Q1 2015 Earnings Call

Company Participants

- Daniel dos Santos, Director of Mining
- David Moise Salama, Investor Relations Officer
- Gustavo Henrique Santos de Sousa, Head-Tax Planning & Information
- Unidentified Speaker

Other Participants

- Alan Glezer, Analyst
- Marcos Assumpcao, Analyst
- Unidentified Participant

Presentation

Operator

Good morning. Thanks for waiting. Welcome to CSN's Conference Call regarding the First Quarter 2015 Results. Today, we have with us the company's Executive Officers. We would like to inform you that this event is being recorded and all participants will be in a listen-only mode during the company's presentation. After the company's remarks are over, there will be a Q&A session, when further instructions will be provided. (Operator Instructions)

Today's event is always [ph] been simultaneously broadcast via internet and it can be accessed at www.csn.com.br/ir, where you also find the presentation. You can flip through the slides yourself. There will be a replay service for this call on the website.

Before proceeding, let me mention that forward-looking statements that are being made here are under the Safe Harbor of the Securities Litigation Reform Act of 1996. Forward-looking statements are based on beliefs and assumptions of CSN management and on information currently available to the company. They involve risks, uncertainties and assumptions, because they relate to 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 CSN and could cause results to differ materially from those expressed in such forward-looking statements.

Now let me turn the conference over to Mr. David Salama, CSN's Executive Investor Relations Officer, who will present the company's operating and financial highlights for the period. Please Mr. Salama, you may begin your conference.

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David Moise Salama {BIO 17456021 <GO>}

Good morning, everybody. Thank you for attending CSN's teleconference. Today with me, I have other Executive Officers.

Without further delay, let's go straight to slide number three where I'd like to make some remarks. Actually prior to talking about the figures regarding the first quarter of 2015, I'd like to rectify CSNs resilience vis-a-vis the challenging economic scenario we have today. Our business model highly integrated once again makes the difference. Our business strategy in this two industry is focused on increasing customer base, seeking to complement the domestic sales with sales abroad, mainly by CSN LLC in Indiana in the US. There we are playing as a local player, first maximizing our results.

In the mining segment on the other hand, we seek a substantial reduction in production costs, including extraction and processing of ore, freight and other port expenses. In this key season among the most competitive mining companies in the world. Additionally, we try to adapt our product mix to the new market reality through more aggregate value products. I would also like to point out that several measures are underway to gain productivity and operational excellence.

Let's now go to the next slide where we're going to see the results for the first quarter of 2015. In the first quarter, net revenue BRL4 billion, represents 5% more than that of the fourth quarter of 2014, shifting to revenues in the steel industry. The gross profit of 985 million in the first quarter was 7% above the fourth quarter of 2014. Adjusted EBITDA in the first quarter reached 911 million, 10% above the previous quarter, basically due to steel and mining. The EBITDA margin reached 22% margin, an expressive margin if you consider the current scenario.

On slide number five, you see investments during the quarter. Impacts was reduced as compared to the previous quarter and we focused more on the most efficient businesses and which are more profitable. In the first quarter, CSN invested BRL407 million, in that 123 million in mining, especially dedicated to the expansion of Casa de Pedra 121 million in steel industry, especially in the revamping of the coke battery, and operating excellence 90 million in capacities for cement, 73 million for logistic.

Slide number six shows results per segment. Let's start by the upper part of this slide where you have the net revenue totaling 4 billion, in that 70%, 74% comes from steel, 16% from mining, 7% from logistics, 2% cement and 1% energy. In the mid part of the slide, you see that the adjusted EBITDA in the first quarter reached 911 million, 69% of which is from steel, 16% mining, 11% logistics, 3% cement and 1% energy. During the first quarter, the EBITDA reached 683 million with a margin of 22%. Margin [ph] was 156 million, 24% and logistics 106 million, a 36% margin, cements 28 million, 28% margin; and energy 15 million, a 24% margin.

On slide number seven, we have the results for steel. In the first quarter, the total volume reached 1.4 million tonnes, a very important increase vis-a-vis the last quarter with an

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increase in sales and this also has to do with our strategy of focusing in the domestic market. It's a strategy which started at the end of last year.

We're trying to increase our sales abroad. 63% of sales were in the domestic market, 34 in subsidiaries abroad, and 3% exported directly. Still -- on the upper part, we see that the net revenue increased 4% vis-a-vis the fourth quarter of 2014. This is chiefly due to the increase in the volume sold. It's also important to highlight that our net revenue per tonne was 1% above that of the previous quarter, BRL2,162 per tonne.

I would also like to highlight the work we've been conducting in terms of production costs in steel. As you can see by the development, the slab production from the first quarter of 2014 until now, we reached a 17% reduction in our production which is very important vis-a-vis the economic scenario that we have. EBITDA reached 163 million, 22% margin.

In the next slide, we have the same analysis for mining. As I have just said, we have taken a lot of measures to improve the results in mining. In view of the current Platts level, our Executive Board has created a group to work in multi-disciplinary group aiming to reduce production costs including extraction, freight and board expenses, and there are important results coming from these efforts.

On the right hand side, you see that starting from basis at the end of 2014, we managed to reduce production cost by 21%. Additionally, the Platts Index has dropped 62% during the period, while our average price has remained at 16% below in the same period. Our freight strategy is to account for that. Our average price was $41 per tonne. Iron ore sales in total 7.5 million tonnes, a part of the strategy, actually we started it 7.5 in the fourth quarter and we reached 7.4 in the first quarter of 2015. This is also due to the quality of the product.

As you can see, our iron grade has increased to 64 in the first quarter. So this is a variation between the last quarter to our current quarter. In the silica content, also which is something that penalizes our sales price, it has come from 5.9% to 5.2%. Finally, EBITDA reached 156 million in the first quarter of 2015, maintaining EBITDA margin at 24%.

Let's move now to the next slide where we are going to analyze the results for cements. On the upper left, you see the sales volume of 525,000 tonnes in the first quarter of 2015, 4% below what we sold in the fourth quarter of 2014. This is due to sale seasonality, something to be expected for this time of the year. Net revenue, 101 million with 7% below the fourth quarter of 2014. In spite of the slowdown in civil construction market, we generated an EBITDA of 28 million in the first quarter of 2015 with an EBITDA margin of 28%.

Let's now move on to slide number 10 where you see a chart with the EBITDA evolution. Once more, CSN shows an EBITDA that is consistent, especially if we take into consideration our current economic scenario. Our EBITDA of 911 million in the first quarter posted a reduction of 10% vis-a-vis the fourth quarter of 2014. The factors which contributed to reducing EBITDA were increases in steel processing costs, which is basically impacted by exchange rate, because the price of raw material is subject to

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exchange rate fluctuations and the increase of use of coke by third parties due to the renovations which are currently in place.

Additionally, we had dropped in volumes of iron ore. considering the commercial strategy of focusing on product sold. On the other hand, we had an offset more prices with steel product and reduction of costs deployed in mining. EBITDA margin of 22% of the first quarter was 3 percentage points below the margin for the fourth quarter.

Slide number 11. You see the development of our net debt. Our net debt which was BRL20 billion at the end of the first quarter, represented a 1.1 billion increase vis-a-vis the BRL18.9 billion at the fourth quarter of 2014. The net debt-EBITDA ratio calculated according to the last 12 months reached 4.85 times vis-a-vis 4 times at the end of the fourth quarter of 2014. We had an impact in the net debt. The distribution of dividends, the 400 million investment with fixed assets, disbursements to the order of 700 million with that charges, and also the exchange rate fluctuations which represented 400 million.

Our 0.9 billion EBITDA in the first quarter of 2015, partially offset such effects. From the total debt, 53% was reality nominated, 47% was in foreign currency, 94% of this debt is long term, and only 6% is short term.

This basically closes my presentation, and now let's open for questions.

Questions And Answers

Operator

Thank you. We'll now start our Q&A session for investors and analysts. (Operator Instructions) Our first question comes from (inaudible) from Merrill Lynch.

Q - Unidentified Participant

Good morning. Thank you very much for the presentation. My first question is, what is the level of premium at the domestic market and how the demand environment? The second question has to do with mining. Could you give us the approximate breakeven considering the current cost structure and what evolution -- what kind of evolution you expect for this year?

A - David Moise Salama {BIO 17456021 <GO>}

Thank you very much for your question. I'm going to answer the first one, and Daniel dos Santos, our Mining Director is going to answer the second one. Martinez?

Q - Unidentified Participant

Good morning.

A - David Moise Salama {BIO 17456021 <GO>}

For (inaudible), the premium in the domestic market considering 360 -- $380 FOB this premium would be between 8% to 11%. In case of strong growth, imagine something starting at 450, 460, it would be between 5% and 8%. In terms of galvanized say between 560, 570 the premium would be between 3% and 5%. Here I'm calculating exchange rate at 305 and supported to saying that the premium we have today for our product our counter product that never been that low.

So in view of our product mix, we can have a mix with more added value, more quoted products, we can make the note of this situation because in spite of the slow market, we can take up some space or gain some market share in terms of exports. Import of galvanized products in the last quarter of 2014 was the only product that reach this level 230,000 tonnes.

In the first quarter of 2015, we have closed the quarter at 150,000. So part of this product will be captured by CSN in the domestic market, which helps us a lot in terms of premiums. Fast growth premium is still relatively high as far they see and this EBIT imports due to exchange rate volatility.

From the demand perspective at the domestic market in spite of the weak demand in all areas in the first quarter, we try to maintain our market share in all our segments, keeping our quoted products at 48% more or less. We had a very important impact from tin plate, a drop of 12% that will recover now during the first half of the year, but we are going to see some problems in the other market. We have just commented that this strategy that we choose last August in the last call remember, I said that we were going to operate in the American market as a local player. Well, this strategy is working out because in addition to increase our residue by 12%, our margin is at $220 per tonne. So what I -- since to the US, it did not leave in the market, it was sold as more value-added product and this is seen in the results posted for the first quarter. So this is a scenario we see. So we are going to be more concentrated in the domestic market but we are going to export cheaply to the United States as a player in their local market. For Latin America, we have very bold plans to export tin plate.

This is an area where we have a very good market share and we have room for growth. So these are basically the two areas where we are focusing on export. So now since August last year, we've been trying to reduce cost in mining more than we have done before due to the drop in prices, and this has covered all our fronts from the iron ore extraction to processing, to Railways and port, American trade and also product quality at the end which does have an impact on prices. This led to an improvement in our mix. We have a break-even of $43 per tonne in China and our objective is by the end of the second quarter to reach $41 per tonne.

In case of mining, our focus is cost reduction, product improvement and productivity increase. Today when we compare the cost curve for the industry, we see ourselves among the five most competitor companies in the world in this area.

Q - Unidentified Participant

Thank you very much.

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Operator

Our next question comes from Alan Glezer from Bradesco BBI.

Q - Alan Glezer {BIO 17508681 <GO>}

Good morning, thank you very much for the opportunity. My first question regards mining. We see that Platts dropped $12 per tonne, if I see the prices for CSN, I get a drop of $4 per tonne. I think part of this has to do with the rebalancing of the mix Casa de Pedra and Namisa with a greater share for Casa de Pedra, but I would like for you to give me some color on what is behind this better performance regarding iron ore. My second question has to do with leveraging. The ratio, net debt, EBITDA is close to five times, was there are any action by the company to increase its leverage. Is there anything planned in terms of selling assets or something along these lines? These are my questions. Thank you very much.

A - David Moise Salama {BIO 17456021 <GO>}

Hi, Alan thank you very much for your questions. The first question is going to be answered by (inaudible) our Commercial Director and Daniel, and then I'll talk about leveraging.

A - Unidentified Speaker

Good Morning, Alan. In terms of price, our contract, some are for future sales, some are for the current quarter, some are for other sales already celebrated before. Also we have some sales at fixed price, which we closed them as soon as possible. We did not wait for the prices to drop. Also at the end of the quarter, we managed to close some freight, maritime freight at prices which are closer to the start prices. So this lead to our FOB prices dropping less than what the market is. Daniel is going to talk about our product mix, which accounts for -- also accounts for some of the better prices written [ph].

So since, last year the second half of last year or simply since September last year, we started deploying a number of actions because we looked at our operating model and the market scenario and we decided to take these measures. So the changes in our operating model had a great impact on prices, so we managed to reach higher prices in the market. In simple terms, we improved Namisa's product quality producing concentrated products with 64% of iron and 3, 3.5 of silica, before we had 62% which was something that the market was expecting with higher margins until July last year. In Casa de Pedra, we have been having very high quality product for a long time. So what we did for us to increase Casa de Pedra's production, just compare the first quarter last year and the first quarter of this year and you see an increase of 20% in Casa de Pedra. And this increase in production was based on high quality products. So (inaudible) which is our flagship is improved and so we have some advantages due to that.

There is an another initiative which also helped us a lot, it does impacted prices, but it doesn't impact margins that we are here focusing on our competitiveness, our break even, and this is the renegotiation of freight. We've been working very hard on that since the end of last year and we managed to reduce these prices substantially. So we were at $22 and now we're reaching $10 to $12 which is what the stock market is also practicing.

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In terms of leveraging, I must say that this is call for concern for us, for all company management. We're very much concerned with this effect and we are working to reduce its leveraging gradually. So there are some different measures that are been taken. I could say that this is a complex process of liability management. As an example, I can tell you that we have reviewed our CapEx, the Board has approved a CapEx of BRL1.6 billion, way below the 2.2 that we had for last year and we are also analyzing other alternatives to reduce this leverage.

We do not rely on one single business actually. So there are different measures been taken in order to diversify our business in view of the current economic scenario. We are reducing cost, we're adjusting our CapEx and we are also looking into other alternatives in addition to renegotiating debt. So making for longer debt, increasing the terms of debt and also looking for cheaper loans. So we are doing all these things together. We also have an objective. I don't want to give you a dead line for debt, but we want to reach a ratio of three times. I cannot give you a firm date with that to occur, because it all depends on the number of properties which are going on, but I can assure you that at some point we are going to post this decrease in our leveraging, reaching three times EBITDA.

Operator

Next question comes from (inaudible) from Credit Suisse.

Q - Unidentified Participant

Thank you for the presentation. I would like to ask about Casa de Pedra. David, could you tell us how the negotiations are going and about Namisa's cash, is there a definition in terms of a possible distribution as the case may be? And you also talked about the reduction of CapEx in 2015, what's the break down, what's expansion what's maintenance per unit. Could you give us this break down?

A - David Moise Salama {BIO 17456021 <GO>}

Let's start talking about Namisa. This process will go on during this year. Actually during the first month, we have introduced our new master plan. Our master plan includes a production plan for the next five years in budget, projected budget, the organization structure and also discussions on funding for the project.

The master plan was presented to CSN board into the consortium board as well our partners therefore, it was approved in the beginning of May. Right now, we are meeting some requirements in terms of authorizations, regulation which is authorization from council [ph], from city, from -- all these agencies and we see as a possible guidelines at the end of this year. This is where we would drop down these assets, and the new mining company would then start operating. This is more or less the schedule we have projected for this year. You also asked about this year's CapEx right, BRL1.2 billion. So basically we are talking about 820 million expansion and 530 incurred [ph] investments, in that 327 are for steel, 587 for mining, around 113 million and cement 200 million. And the remainder is small project, always trying to improve performance and reach operating gains.

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Q - Unidentified Participant

What's the maintenance CapEx for mining?

A - David Moise Salama {BIO 17456021 <GO>}

This year we expect something around BRL150 million.

Operator

Next question comes from Marcos Assumpcao, Itau BBA.

Q - Marcos Assumpcao {BIO 7474402 <GO>}

Hi, first question addresses your debt, recent debt. Could you tell us what's the due in the next two years, and if you need to refinance, what's the estimated cost for refinancing this debt. And regarding iron ore, what was the embedded trade for iron ore. And the $2 reduction in terms of break-even, where does it come from, is that a result of cost reductions of exchange rate fluctuations or what, where does it come from?

A - David Moise Salama {BIO 17456021 <GO>}

Well, the consolidate reduction comes from the different sources that I mentioned. So there is some actions regarding iron ore quality which is part of the reason a reduction in the maritime freight, reduction in production costs also the railway, MRS and our port also is partly to account with that, but both of this is production cost and freight reduction. I will ask Gustavo Sousa, our Executive Director who is in charge of Controlling is going to give you the debt break down.

A - Gustavo Henrique Santos de Sousa {BIO 17683157 <GO>}

Our growth debt around BRL30 billion for 2015, we have 674 million and for 2016 and '17, 2.5 billion and 4.3 billion respectively. As we have already said, we're taking a lot of measures for financial efficiency. So we are working very strongly to reduce the debt level, also talking to the banks for rolling the debt. So far, our proposals have been met with a good mood and so we think it's manageable. When we think about the growing cost, the cost for credit in Brazil is the same cost that every large company have.

So any large company that goes to the market will have something close to CDI 108 to 115 of DI [ph]. And if you're talking about the foreign market right now for Brazilian emissions [ph] we're not in a very favorable moment, but we are tracking what our alternative are. So in addition to that local market and foreign market, we have other alternatives, we can have better rate efficiency if we use securitization structures, if we use the credit risk of our customers where we have long-term contracts. So we are making an effort to reach a better financial efficiency and in the next quarter and for sure that we're going to present better figures.

Q - Unidentified Participant

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In the first quarter, you have already engaged in a strong rolling efforts and this has had an impact on the results, because today you have for around 3 billion for the next two years between '15 and '16. And in the previous quarters, I think this figure was a little higher. So it's just to confirm?

A - David Moise Salama {BIO 17456021 <GO>}

Yeah, we had some amortizations in the first quarter 1.6 billion and funding 400 million. And our goal is to roll as much as possible in the best turns possible, analyzing all the possibilities that we have commented often. Our objective is to level to flatten the curve that we have for the next two years.

Q - Unidentified Participant

Just a follow-up regarding iron ore. Is there any counterpart, any offset in terms of this -- the measures to improve iron ore quality. So if you reduce silicon, do you have any decrease in production, is there any downside to it?

A - Daniel dos Santos {BIO 18101925 <GO>}

This is Daniel speaking. If you remember what we were trying to do in terms of second half of last year, we were buying iron ore in Serra Sul region. So this offer in Serra Sul disappears because the players in the region were no longer competitive and there also were center state which was standard. On average, 61% to 62% (inaudible). Casa de Pedra has always had better quality than that. So this is why we could afford to buy this ore, mix with other materials and get to a volume which was above market averages and this is what we were doing after the moment when we had a drop in the stock market in mid last year.

Despite us to reach you our operating model, and so we stopped buying ore, and this is what led to the current situation that we're at, improving and making an effort to improve our Namisa products which is close to what we've had in Serra Sul.

So in Namisa, we do see a reduction in volume, but the most important aspect is the iron ore decrease. If you compare Casa de Pedra first quarter last year to first quarter this year, you see an increase a production of 20%. So our objective is to keep on increasing production where the best margins are.

Q - Unidentified Participant

So when you reduce purchasing from third parties, what's the guidance for the sales or export for 2015?

A - Daniel dos Santos {BIO 18101925 <GO>}

Our guidance is 26 million in total of 328 million, total embankment [ph].

Q - Unidentified Participant

Thank you.

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Operator

Next question comes from (inaudible).

Q - Unidentified Participant

My first question to Daniel, CSN has been expanding its mining business for a while, do you see that all appliers are changing their profile growth a little bit. In other words, they are reviewing some of the production, I wanted to understand what you want to do, are you still trying to reach the 40 billion tonnes in Casa de Pedra as soon as possible or do you see things differently now.

In other words, have you changed in terms of what you see for growth profile state tax expenditure. Second question is more strategic. Asset sales one of the pillars for you perhaps this is a great cause for concern, the data market has been focusing on. You have high level of liquidity in spite of your debt and you have a possibility of selling assets which is a very relevant to. So would you mean us come quicker market, but I'd like to talk about other opportunities rather this is possibility which perhaps would be lower priority for you.

And finally I'd like to focus on cash flow. I know that this is sometimes considered a minor detail, but when I look at your cash flow I see R$400 million in terms of the reducing, Gustavo [ph] of your controlled, could you give us some color on this account?

A - Daniel dos Santos {BIO 18101925 <GO>}

Thank you for the question. Good product sold that is going to talk about the financial aspects and Daniel is going to talk about the mining a bit. So in terms of cash flow your last question. According to IFRS this cash flow is coming from nine to ten meters to CSN so it's December 2014, we started counting for the merger. One of the point was the dividend distribution of Namisa to its partners. So CSN and the consortium, $300 million, so 180 million come further to the exchange rate where the concession was made i.e., the first quarter of December, which will yield -- will give you the 400 million you talked about right. Is that okay, can I move on.

Q - Unidentified Participant

Yes.

A - Daniel dos Santos {BIO 18101925 <GO>}

Regarding the leveraging issue, the access, sales, this is the long-term vision and let me try and give you a wrap-up of everything that we talked about. So we have a challenge which is to increase EBITDA in our other areas. This is our greatest effort. We are effectively focusing on that, improve quality to get better prices. So the first part is operations.

(inaudible) truly sure, this is in our hand, and we are living on this promise. This is the first aspect. It's something we can do, it's something that's in our hand.

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The second aspect when you look at leveraging, you go back to the previous question. So you're working in terms of rolling the debt, so that we have time to make any necessary move that we need to make. I don't want to tell you right here, what is the idea as such, but first of all, our homework in terms of operation has been made. We are not under pressure because of our debt. The first thing that we are going to do is roll our debt.

We operate in five different segments. We have very high quality assets and we're going to see what our basic partners will be the best condition for sales. We're not going to act under pressure, we're not going to sell under pressure. So it's important to make this clear, it's important to show the market that we have results resilience. We're going to analyze this debt within this long-term strategy of ours.

Now we are going back to the mining aspect. The strategic points that you mentioned. We have to see the very two different groups that operate in the market. We have traditional producers sits [ph] among them. And we have those who have seen this period as a window of opportunity. They do what they asked to do and now they are moving themselves from the market. CSN is a traditional producer. However it stands out the three Australian producer in our most important competitor in Brazil, because we are more agile. We're able to adapt to the market very fast. And CSN still have a strategy whereby it maintains the company's competitive for any price scenario whatsoever.

So in general sense, we're not going to make any changes to our strategy. We believe in a growth strategy for Casa de Pedra and for our mining business as a whole. We believe in that and we managed to bring to our business, large partners. Our partners at Namisa who are now working with us to create this new mining company. Now there is an aspect of the traditional manufacturer assets operate in the Transoceanic market and we have to offer good quality products always. Due to the fact that we have very good quality products, we are going to maintain the program for Casa de Pedra or (inaudible) going to adapt our Phase II at the moment, but we're going to seek as much as possible and proactive returns regarding Casa de Pedra.

Q - Unidentified Participant

Thank you. Now thinking in terms of the assets, when you compare Casa de Pedra of course, there is a great difference vis-a-vis CSN or PSM which is now Namisa. Which would be a lower quality asset less compared to the Casa de Pedra. So CSN -- is it still operating at 5 million or 6 million tonnes in the scenario or you adjusting that production in view of the current scenario?

A - David Moise Salama {BIO 17456021 <GO>}

Could you please ask your question again, because we did not understand it.

Q - Unidentified Participant

Yeah, sure. Regarding mining assets, so you have Casa de Pedra which is the best quality in your flagship, competitive in any scenario, which you also have a part of the mix which is Namisa and the old production, old CSN production which we believe has different cost level. So are you adjusting the production capacity vis-a-vis the new price scenario?

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A - David Moise Salama {BIO 17456021 <GO>}

CSN is always working to maximize the profitability of its assets. This is nothing new. What we do is try to synergically integrate our assets.

Q - Unidentified Participant

So Namisa still operating?

A - David Moise Salama {BIO 17456021 <GO>}

Of course. We've got to adjust here and there in terms of the mine, but we're totally integrated with Casa de Pedra and due to the fact we keep our competitiveness in both companies. As if they were a single company which actually they are, this is how we see our business.

Someone tells that if you see our cost curve, we are perhaps the fourth most competitive. Anyway, we are among the five best company. This is after we had the posting of the Australian competitors. So we are perhaps the fourth most efficient and this includes own assets. So we are trying to operate with synergy seeking the best value possible. So we are going to extract as much value as we can from all mines, all businesses, also businesses that we have not announced yet, because there are some which are under exploratory terms and they will be able to replenish our reserve.

Q - Unidentified Participant

Thank you very much. There are no more questions. Let me give the floor to Mr. Salama, Executive Investor Relations Officer for his closing remarks.

A - David Moise Salama {BIO 17456021 <GO>}

Let me highlight the fact that we are doing our homework. We have already delivered a very good cost reduction. We will keep on reducing cost among this year. We are focusing on an increase of our operating EBITDA. In other words, the company is very sound, in spite of the challenging economic scenario that we have ahead of us. Our investments are focused on higher result asset we are very difficult regarding investment. And let me repeat that we are very concerned with our leveraging levels, but this is a healthy thing, we're doing our homework as Gustavo said in terms of trying to roll the debt. We are also looking at other alternative.

We are analyzing all the possibilities we have and we expect to keep on delivering consistent results in the next quarters. Let me thank everybody for attending the call. Our team is fully available for any questions you may have. Thank you very much and good afternoon.

Operator

Thank you. CSN earning call now come to an end. Please disconnect and have a nice day.

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