# Y 2016 Earnings Call

## Company Participants

- Andre Luis Rodrigues, Managing Director, Financial Superintendent
- Paulo Polezi, Finance, Investor Relations Officer

## Other Participants

- Carlos Louro, Analyst
- Joao Noronha, Analyst
- Juan Tavarez, Analyst
- Marcio Prado, Analyst
- Rogerio Araujo, Analyst
- Unidentified Participant

## Presentation

### Operator

Good morning. Welcome to the conference call of WEG about the results of the Fourth Quarter of 2016 and Full Year. This conference call is being recorded. And right now, all participants are connected in listen-only mode. Later, we are going to start the Q&A session, when further instructions will be provided for you.

(Operator Instructions) We are simultaneously webcasting this conference call along with a slide deck and they are available at WEG's Investors Relations page at www.weg.net/ir.

As a reminder, we are recording this conference call. And right after its end, the audio will be available in the Investor Relations website. Journalists should send their questions to the telephone (47) 3276 4295.

Any forward-looking statements and any statements made during this conference call about future events, business prospects, operational and financial projections and goals, and the growth potential for WEG, they are near beliefs and assumptions of WEG's management and they are based on information currently available. These forward-looking statements involve risks and uncertainties and therefore they depend on circumstances that may or may not happen.

Investors should understand that general economic conditions, industry conditions, and other operational factors may affect the future performance of WEG and leads to results that will be materially differ from those expressed in such forward-looking statements.

Now, we would like to remind you that this conference call is being held in Portuguese with simultaneous translation into English. Today, with us in Jaragua do Sul, we have Mr. Andre Luis Rodrigues, Managing Director and Financial Superintendent; and Paulo Polezi, CFO and IRO of WEG.

Please, Mr. Andre, you may start.



## Andre Luis Rodrigues {BIO 17964192 <GO>}

Good morning, everyone. It's a pleasure to be with you once again for the conference call to announce the earnings of 2016, more specifically about the fourth quarter. I would like to start by highlighting the main points. First of all, revenues. We have been dealing with a difficult environment with lower global growth and important segment with the recession CapEx. Everything indicates that Brazil is going through a regularization after a long and deep recession. The outlook is positive but the process has only just started in this environment. Net operating revenue has dropped 13.1% this quarter compared to the same quarter last year. The performance in domestic market was relatively better, but the negative impact of the FX rate in the conversion of revenues in the foreign market is very large. But we will speak more about that shortly.

The second highlight are the results of operational results that we conducted along the past quarters. As we said in the beginning that our focus would be to preserve margins and returns, keeping our reaction capacity, while we were dealing with a challenging environment.

At first, to manage, to recur the draught [ph] process that has started in Q3 '16 and in this manner, we can see the regularization of the market that is producing as well as margins and returns. In this manner, in the fourth quarter 2016, EBITDA margin has reached 16.9%, with an EBITDA, with the growth both compared to the previous quarters and to the previous year. We have attained a quite good net margin of13.6. It's important to compare -- to remember that in the previous period at the end of 2016, we saw a strong variation in foreign exchange rates, which did not happen last year.

Lastly, the third highlight was our discipline in using capital, very much focused on increasing productivity and efficiency. Two aspects demonstrate that. Number one, our management of the operating working capital and number two, our adjustments investment capacity optimizing the use of our capacity.

Now, I'd like to turn the floor over to Mr. Polezi.



## Paulo Polezi {BIO 19468811 <GO>}

Thank you, Andre. Good morning, everyone. Going to slide number 4, I would like to detail the behavior of our revenues in the different markets this quarter. In domestic markets, the process of regularization of business environment continued slowly and gradually. What we saw is that this process is going to follow its natural path, which has started with material [ph] projects more commonly applied in maintenance investments.

Demand for engineered projects, more related to capacity expansion is still weak. In this manner in the domestic market, we saw higher 0.8% over the fourth quarter of 2016, the first growth out of four quarters of negative comparison.

The global market of industrial Mexico projects practically is not growing. We will slow down investment such as in the industries of mining and oil. We have been able to grow by going to new markets and gaining share rather than muted growth in the market.

In Q4 '16, the revenues in the foreign market have demonstrated a drop compared to Q4 '15 of 21.8% in Brazilian Reais, a 24.6% growth in Brazilian Reais and 8.8% growth in US dollars and the growth of 1.5% in local currency. This performance on different business areas shows a similar situation. Industrial electro electronic equipment, which is the area with the highest exposure to the foreign market, the low growth and the slowdown in the global industrial investment limit our performance and with avenue to explore new markets and to gain share. The gradual regularization of the Brazilian market is clear inferior [ph] of project of short lifecycle.

And in terms of equipment for energy generation, transmission and distribution, GTD, we have two different things in generation. There is a surplus in offering in Brazil, which reduces the need for new investments and the placement of orders.

We have been seeking alternatives to make the transition out of this sector to start growing again. In transmission and distribution, it's better because there is no surplus of offer, much to the contrary. And the regulation environment is already encouraging new investments and new orders.

In the area of engines for domestic use, we did not see any relevant changes. The Brazilian market remained stable at a relatively low level. Overseas, we are a new entrant. We have suffered with the variation in volume.

Finally, in the area of (inaudible), we're capable of finding the alternative markets and applications for relative success. As Andre said in 2016, our objective was to preserve margins and returns, guaranteeing our competitiveness.

Slide five shows the evolution of EBITDA between Q4 last year and now. And we see that the drop in revenues was offset by the favorable evolution of operating costs and expenses. In this manner there was an absolute growth of 4.9% in EBITDA compared to Q4 '15, and a strong increasing EBITDA margin of 16.9%. This commission earned with the growth in year 2016 with EBITDA margin very close to the effect we had in 2015.

And this is very important for us, because EBITDA margin is one of the ways to see our competitiveness in the market. The regularization of business environment in Brazil will make it possible for us to see the continuation of the regularization of our margins and this is not a linear profit. But we hope that it is very consistent.

In terms of net income detailed in slide six, it was smaller than in previous -- in recent periods, but without any significant changes and is still positive with 47.6 million in terms of our net financial results. The operation -- hedging operation, to protect us from foreign exchange are working very well and a positive net financial result is the result of WEG's sound capital structure. We continued to benefit from very attractive best conditions, both in terms of costs and times.

Slide seven shows our cash flow. The cash generation in operational activities has reached the 2,130 million in the year, with consistent efficiency gains in the management of our working capital, which offset the slowdown demand in the Brazilian market and a small cash generation in operations.

Investment stood at 852.7 million in 2016. We reduced the speed of disbursement investments for expansion of the capacity. We optimized our production capacity and maximize the return on the capital invested. Our funding activities stood at R$1 billion in this period and with a net amortization of 136.9 million in loans and financing earned in the period.

Lastly on slide number eight, you can see investments in capacity expansion in the past few quarters. We close 2016 with 325.2 investments in the expansion and modernization of production capacity, with the highlight further projects of the new plants for electrical lines in Mexico and China.

This amount was below what we had originally planned for the year. This difference in terms of adjusting the speed in capacity increase is one of the basis for our business model. In this manner, we can make a note in terms of return over the capital investment.

Now, I close and turn the floor back over to Mr. Rodrigues.

## Andre Luis Rodrigues {BIO 17964192 <GO>}

Before starting the Q&A, I would like to reinforce a few points. After years of draught [ph] investment affecting all the industry, the outlook for 2016 is for a regularization in the Brazilian economy. That is the diversification, one of the basics of the business model, we'll work again. The environment will continue challenging, especially in the beginning of the year because the country is slowly coming out from the recession of political crisis increases uncertainty.

But the market gives signs that the worst has past. Secondly, the world is growing slowly though consistently but the global market of investor and electrical equipment is not growing. WEG growth overseas is a result of consolidation that is going to new markets and gaining market share.

There is an outlook of some recoveries of demand in specific industries, but the economic and political scenario has many risks. In any way, we are confident in our competitiveness to make the most of growth opportunities.

We can now move on to our questions-and-answer session. Please, operator you may continue.

## Questions And Answers

### Operator

Ladies and gentlemen, we are now going to start our questions-and-answer session. (Operator Instructions) Our first question comes from Joao Noronha from Santander.

### Q - Joao Noronha {BIO 17451608 <GO>}

Good morning, everyone. About the improvement in the gross margins, could you give us more detail what changed from the third to the fourth quarter in terms of costs, and also any changes in the domestic environment when we thought that there was an increase in the provision for bad debt, what were the drivers to that?

### A - Andre Luis Rodrigues {BIO 17964192 <GO>}

Good morning, Joao. One very important thing is that net margin in the fourth quarter is not the basis for 2017. As the market for WEG rises, this margin is going to become more regular too. This is our expectation. Also, the process of regularization is not linear. It doesn't improve every quarter-on-quarter. So what we have in the fourth quarter was, we had many drivers. The main was the concentration in long lifecycle products with smaller margins, our focus on GTD.

So, we have made some efforts in re-engineering products and processes. Another point is the impact of our initiatives of cost reductions that we implemented along 2016, for example the reductions in the work hours. When we go to the foreign market, it's similar to previous quarters. The world is growing slowly and especially in industries where they operate. So these were the main drivers that had an impact on the margin in the fourth quarter.

### Q - Joao Noronha {BIO 17451608 <GO>}

Okay. Thank you very much.

### Operator

Our next question comes from Rogerio Araujo [ph] from UBS.

Our next question comes from Mr. Marcio Prado from Goldman Sachs.

### Q - Marcio Prado {BIO 15398968 <GO>}

Good morning, everyone. Thank you for the conference call. I have a follow-up question about margins. How do you work in terms of revenue for the possible orders that you're going to have in transmission and distribution of energy?

There were auctions in April, October. There will be -- there's an upcoming auction now in April or May. Have you received any orders? Do you have any orders in your backlog? And how do you define the revenues along the project? Can you see that in a short-term or these lines, take four, five years to be built? This will have an impact in WEG's revenues more towards the future.

## A - Paulo Polezi {BIO 19468811 <GO>}

Hello, Marcio. Thank you for your question. This is Paulo answering. In terms of T&D, so talking about the past, in the second half of 2016, our portfolio demonstrated good quality as an evidence that our competitiveness is similar to what Andre just said. So, we implemented significant product changes in 2015, which helped our competitiveness.

More specifically on T&D, there is no surplus capacity in these industries, much to the opposite. There were no investments in these areas in the past few years. So this is one thing. The other point is that we also see an improvement in the regulation environment.

The last auction last year already demonstrated this very clearly. We saw major participation of private companies. And this regulation environment is very positive and this will continue in the future auctions. So this is in terms of our portfolio.

We are expecting new auctions in 2017, and building a good quality portfolio is very important for us. This will happen because of our participation in this market, but there is one issue with regards to prices. Prices are still low and it reflects the beginning of the process.

But the outlook is good and we are going to work to build this portfolio and auction happen.

## Operator

Our next question comes from Mr. Lucas Marquiori from Safra Bank.

Good morning. First, you mentioned gaining market share in your markets and new market opportunities, especially overseas. Could you tell us what's coming up and where the new opportunities are, the geographies or which specific products? What growth opportunities are emerging for you in the foreign markets? And this is the first question.

And number two, what is the tax rate that you recommended we should use for 2017? Thank you very much.



## A - Andre Luis Rodrigues {BIO 17964192 <GO>}

Hi, Lucas. Thank you for your question. I'll answer the first one and Paulo will complement the second. As to the foreign market, as I said in the beginning, the market is growing slowly and consistently. And though consistently it's slow, and also the market of electrical equipment is not growing.

But we expect some recovery in the demand in some specific industries, mining is one case, where once the price situation of some commodities improve, will make it possible for us to get our maintenance CapEx. Same thing for oil and gas. We expect to win some opportunities in that segment, which has been at the slowdown in terms of taxes.

We don't see any reasons to change what we have been seeing over the past few quarters. On the whole, and in the future, our weight is going to remain at 15%. There is one thing that is important to explain. When we say this, we are not talking about tax planning. For us, there are economic reasons for going back.

We have a trading in Austria that has been operating since late 2016, with many objective reasons to be operating. In the current paint [ph], production was meant for the foreign market almost for export and as a result, we brought funds at the rate of 25%. Then, as we increase our production outside Brazil, it made it possible to use external base that we created. Then we created this trading company and exports went -- started to go through it. And then as our Group grew internationally, we have the need of using the funds overseas and with investments in China and Mexico. So in a nutshell, any type of operation and we go from the level of 20% to a new level of 20% on average. And this is the trend that will remain for the next few periods.

## Operator

Thank you very much.

Our next question comes from Mr. Leandro (inaudible) from Bradesco.

## Q - Unidentified Participant

Thank you for taking my questions. I have two questions. First is about the guidance for 2017 in terms of investment. So it would be at a much higher level than in previous years, why? And investments are going to China and Mexico in terms of new plan. So, could you comment your investments in Mexico, considering all the uncertainties that country is face with? Thank you.

## A - Andre Luis Rodrigues {BIO 17964192 <GO>}

Leandro [ph], so first, the working capital. About the growth, first of all, our need for operating working capital is related to the sales volume. We are expecting the regularization. We are also expecting revenues to grow and we also took into consideration that we have the expectation that long cycle project, being so called engineered products will experience some more significant recovery as of the second half of the year.

The manufacture of long lifecycle products called for more inventory products and this is just a sign of this increase in working capital. It's important to tell you that this indication of growth in operating working capital do not consider the worsening of performance indicator that the Company has been having. So, we started the work of optimizing inventories which has started in late 2015, a lot has been done. We think that there are more opportunities for us to develop overseas.

We have standardized processes. Now we are going to implement what has been done in Brazil. We have controlled and increase our steepness in managing credits to avoid any problems with accounts receivable. And we also found opportunities in payment times. So, we think this increase is following the trend that we are projecting for the development of our business is an increasing engineered products in our mix.

The second question about our investment in Mexico, our CapEx projection, 50% of what we are forecasting is based on the foreign market, and other 50%, 51% is based on continuing our expansion plans in Mexico. We are developing a projects for a new foundry and this project is continuing and we have a strategic decision of investing in Mexico and in China.

So, 50% in the foreign market, China accounts for more less 23% and the rest is concentrated in other units that they have around the world.

## Operator

Our next question comes from Mr. Carlos Louro from JP Morgan.

## Q - Unidentified Participant

So, basically Trump's election hasn't changed your plans in anyway.

## A - Andre Luis Rodrigues {BIO 17964192 <GO>}

Yes, I think it's too early for us to make any changes.

## Q - Carlos Louro {BIO 17325073 <GO>}

Thank you for the question. Are you planning to implement any cost reduction plans in terms of closing alignment or something like that, or you are going to keep the cost reduction projects that you already implemented in 2016?

## A - Paulo Polezi {BIO 19468811 <GO>}

This is Paolo answering your question. Talking about costs, so first, we should talk about last year and the cost reduction actions that we implemented last year. So for example the reduction in labor hours and this was very positive.

So the expectation of regularization in Brazil -- recovery in Brazil that we've been focused in Brazil, we are going to have a better dilution of fixed costs. And we take off our adjusted revenues and gain in productivity. So in a nutshell, we hope that the improvement in efficiency and productivity will continue along the lines of what we did last year. As an additional measure, if you ask, if this recovery is slower than we are expecting, we might reduce the work hours as we did last year in our large size machines, high-voltage engines and generators.

In this case, our employees needs to approve and be approved. So every three months, we define the shifts to remain effective in costs. For the other units, we are not expecting the need to reduce work shift. It's more focused on a large size machines.

## Operator

Our next question comes from Mr. Lucas Barbosa from UBS.

## Q - Rogerio Araujo {BIO 17308156 <GO>}

Hello. Good morning to everyone. This is Rogerio Araujo actually. I have two questions. The first one, regards -- the margins for the next quarter. How do we expect the recent increase in the cost of copper and steel? We've been seeing steel companies talking about prices. How would this affect fixed cost and do you think this will be transferred to your customers already or right after the price increases, or do you think it will take a little while?

And according to the expectations for upcoming quarters, can you tell us what you're expecting in the next quarter? You said that fourth quarter in 2016 is not up to the parameters. But in terms of how recurring the contracts with a wider margin that you had in 2016, are you expecting to have that in future quarters or not? Was that more of a one-off situation?

## A - Andre Luis Rodrigues {BIO 17964192 <GO>}

Rogerio, thank you for your questions. So first talking about margins and the cost of copper and steel. If there is a high in commodity prices, this is a good sign and that takes place before the recovery cycle that we have seen. The problem is not so much the prices volatility, that's what we don't like.

But copper and steel, they are not as volatile as the FX rate. So, price trends are manageable. So, we do not see that with much concern. Then for the outlook for upcoming quarters, will depend on the recovery as we have been saying.

If the recovery process is more intense and clustered, we will be able to have better margins. It's very difficult for long lifecycle product for us to have an analysis in one quarter than the quarter variations. That's why I said in the beginning.

But this improvement is not linear. it comes along time. it takes longer. So, I don't see many changes in what we've been saying.

So this recovery process is going to start with short lifecycle products. So, low volatility, small engines, some automation equipment, another small items and along the time, this will go to the market that we call long lifecycle products. The long lifecycle products, which are more related to generation and transmission that will come along the second half of this year.

## Q - Rogerio Araujo {BIO 17308156 <GO>}

Okay. It's very clear. Thank you. The second question relates to your strategy. You have been focusing on our strategy of growing international markets. Could you talk about differences in margins between the Brazilian operations and what you were seeing internationally?

So when we see your competitors internationally, they are reporting consistently lower margins that you are reporting. So should we expect a reduction in your margin because of the mix? And also regarding your strategy in terms of Mexico and China, do you expect them to create value -- are you expecting to create a new market internationally or you going to compete with your plant in Brazil, which could mean a transformation in volume that could take up some of what you're doing in Jaragua do Sul.

## A - Andre Luis Rodrigues {BIO 17964192 <GO>}

So if anything is missing in my question -- in my answer, you may complement. We are not seeing a situation in margins, different margins in Brazil and internationally. We have global customers. They know how much they're paying in Brazil, in China and Europe. What changes are the market conditions. If you have one market that is shrinking the margins, we have less room. And it's also natural, the situation, that we are in now in terms of market share. When we are new entrants in a given market, it's normal for us to start with slightly smaller margins until that number is consolidated, just as we're doing in more mature markets such as Brazil and Mexico or even China.

If I remember your question now about China and Mexico, in terms of Mexico, those are markets where that is already consolidated, especially in Mexico. In Mexico, we are leaders in the Mexican market. We have a significant share both in industrial, electronic equipment and also in transmission and distribution in China. The market is slightly bigger and the competition is also more intense. So, electric engine manufacturers in China, there are more than 2,000 of those in China. So it's basically this that I can tell you.

Our plans in Brazil also complements some volume surplus or can absorb market movements. So the drop in the Brazilian market, we started using and supplying other units of the Group overseas. So we have what we call a modular expansion. That makes it possible for us to be prepared for the oscillations that may happen, meaning Mexico and China, one very important thing about them, are not competing with Brazil.

Those are units that are autonomous. They have their own markets and they are already suited to meet the needs of those markets. So is the prospect of us growing in China considering the size of the market.

## A - Paulo Polezi {BIO 19468811 <GO>}

If I could follow-up on that, so as you're verticalizing more and more energy and more scale in Mexico, there is one possibility of (inaudible) electrical engines from Mexico through the US rather than from sending them from Brazil. Well, this is already happening in Mexico that are aligned, that are fully dedicated to the US. And so we can meet the needs of Mexico. Yes, we can. But for the US market, we are more productive here, we manufacture them here. But the main manufacturer for United States is Mexico.

## Q - Rogerio Araujo {BIO 17308156 <GO>}

Thank you very much and have a good day.

## A - Andre Luis Rodrigues {BIO 17964192 <GO>}

Thank you.

## Operator

Our next question comes from Mr. Juan Tavarez from Citi.

## Q - Juan Tavarez {BIO 15083199 <GO>}

Hi. Thank you. Good morning, everyone. Just my first question. To follow-up on your comments on your expectation of the long cycle products potentially coming back in terms of demand in the second half of the year, could you give us some context there? Because you're seeing visibility in your backlog, in the specific subsector or what's driving your confidence of looking for long cycle products to come back in the market in the second half of the year?

And then second, maybe if I can also follow-up on your comments on the implications of US border adjustments tax [ph]. On the context of you making these investments in Mexico, how have you assessed the risks here, if they are less investments in manufacturing in Mexico and if there are taxes put in place for your products, do you expect your utilization rates to remain subpar or some pricing issues? How are you assessing that risk there? Will there be possibility of shifting capacity to the US, just to understand how are you thinking about that? Thank you.

## A - Andre Luis Rodrigues {BIO 17964192 <GO>}

Thank you for your questions. I'm going to answer in Portuguese and you're going to get the simultaneous translation. So first why we consider long lifecycle or products to be focus or concentrated in second half of the year. This is the consequence of what we've been seeing in auctions that did not happen as they should.

And what we are expecting for the beginning of this year. It's been a while since we last saw any changes in the area of generation and we are expecting an auction of cancellation of power contracts. That being the case, we don't know how the market will be because projects that were contracted in the past and winning companies could not meet those contracts. So it is going to go back to the basis [ph] and this is likely to be positive.

Secondly, there is a transmission auction that is likely to take place in April. And according to an information we have, this auction will have the largest number of lots. 30 to 35 lots will be auctioned in this occasion. So, we are expecting the backlog in long lifecycle products will recover and as of the second half of the year. As to Mexico, Paulo is going to complement.

## A - Paulo Polezi {BIO 19468811 <GO>}

Well, talking a little bit about Mexico. First of all, as Andre just said it, it's still too early for us to know what is a negotiation stance and what are the real intentions of the new government. We can think of some scenarios. For example, the scenario of investment and infrastructure, which would be very positive. Another scenario with imports dues going up, which would be negative and the termination of NAFTA which would be very negative but it's highly unlikely.

Now, it's actually importance to emphasize, when we talk about Mexico and WEG. Our -- the product of electrical engine in the United States is greater than the production -- their production capacity. So if they increase import fees, will means high in the prices in the United States and FX devaluation in Mexico, which we have already been seeing since last year.

Now to Bank, Mexico is important for overall as a production basis. We have approximately 40% of what is manufactured in Mexico is exported and overall of those 80% goes to the US, with a total direct exposure operated 6%.

Now the Mexican domestic market is also important as Andre said and it's also directly dependent on the US. This is the main feature. Well, lastly, the impact in long-term competitiveness in Mexican operations is uncertain. But then in contrast, we have had the recent devaluation of peso, which have already made our operations more competitive in the short-term.

So, this is a summary of what we think about Mexico, Juan.

## Q - Juan Tavarez {BIO 15083199 <GO>}

Okay. Thank you very much.

## Operator

(Operator Instructions) We have one question that was posted on the Internet.

## Q - Unidentified Participant

How we see the breakdown of GTD in terms of the future growth of our Company?

## A - Andre Luis Rodrigues {BIO 17964192 <GO>}

The answer to this question is that we need to invest. So, let's say -- let's first speak about Brazil. I think that's internationally, it's following our investment plan in Mexico or Latin America as a whole. But more clearly, Brazil needs to invest. Brazil cannot grow without energy and these prospects of growth in Brazil, in terms of energy is the investment in renewable energies, is a solution for the country.

There are many opportunities. So, we can see what happened in terms of wind, power generation. And so we have a full portfolio until the beginning of 2018. And if there is a new generation auction this year with better conditions that we have been having so far. And also the issue of solar power, which in the long-term will be a very significant alternative for Brazil to grow in terms of power generation.

## Operator

We are now closing our questions-and-answer session. I would like to turn the floor to Mr. Andre for his closing remarks. Please, Mr. Rodrigues.

## A - Andre Luis Rodrigues {BIO 17964192 <GO>}

In closing, I would like to say, so once again, I close the call in the fourth quarter of 2016 saying that 2016, our focus would be on enhancing margin and returns. We may have just finished the most difficult year of this recession process in Brazil and we were able to deliver what we had promised.

As we've been saying, 2017, we are expecting the Brazilian economy to recover and diversification will work again for WEG once the recovery takes place. And so in this manner, what we expect once the recovery is on, is that WEG along 2017 will deliver or preserve growth in revenue, performance margins and on return on capital, or return on the capital investment.

This is the focus of WEG's management right now. The second point, I think that most of you may know and saying that our Investor Relations had decided to leave the Company, which we didn't announce that in the call, but he has been with us here. So, WEG really values the respect to our employees and our relationships. We could not feel to close this conference call, since this is his last conference call with us. Recognizing the work that he's done with us as the Head of our Investor Relations, I would like to praise him for the work, to thank him for everything and to wish him great success in his new, in the new phase in his career that he's going to pursue from now on. And he is still our friend, even though he will no longer be with us.

So, Luis, congratulations. Thank you very much for everything you did on behalf of WEG's Management. Thank you. So folks, see you next time. Thank you very much for your participation.

## Operator

The conference call of WEG has now ended. We would like to thank you all for your attendance. Have a good day and thank you for using chorus call.