Q1 2020 Earnings Call

Company Participants

- Benjamin Steinbruch, President, Chairman & Chief Executive Officer
- Luis Fernando Barbosa Martinez, Executive Director
- Marcelo Cunha Ribeiro, Chief Financial Officer & Investor Relations & Executive Director

Other Participants

- Carlos de Alba
- Daniel Sasson
- Gabriel Gaba
- Thiago Ojea

Presentation

Operator

Good afternoon. Ladies and gentlemen and thank you for holding. At this time, we would like to welcome everyone to CSN's Conference Call to present the results for the First Quarter 2020. 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 listen-only mode during the company presentation. And soon this there will be a question-and-answer session at which time further instructions will be given. (Operator Instructions).

We have a simultaneous webcast that may be accessed through CSN's Investor Relations website at csn.com.br/ir, where the presentation is also available. The replay of this event will be available soon after the closing for one-week period. Once again you can watch the presentation at your own convenience.

Before proceeding, we would like to state that forward-looking statements herein are near expectations or trends and are based on the current assumptions and opinions of the company management. These future results, performance and events may differ materially from those expressed herein, they do not constitute projections.

In fact, actual results, performance or events may differ materially from those expressed or implied by the forward-looking statements as a result of several factors, such as the general and economic conditions in Brazil and other countries, interest rates and exchange rate levels, future rescheduling or prepayment of debt denominated in foreign currencies; protectionist measures in the USA, Brazil and other countries; change in laws and regulations and general competitive factors globally, regionally or nationally.

We would now like to turn the conference over to Mr.Marcelo Cunha Ribeiro, the IRO who will present the company's operating and financial highlights for the period.

You have the floor, Mr.Ribeiro.

Marcelo Cunha Ribeiro {BIO 4997029 <GO>}

Good afternoon to all of you and thank you for participating in our results conference call for the first quarter '20. We're going to have a brief presentation followed by the comments of our Chairman, CEO, Benjamin Steinbruch. We begin with an update to the market on the efforts that the company has adopted in the efforts against COVID-19, of course, this is inevitable as it effect all of us. As part of this activity, CSN has businesses that are being to be essential such as mining and steel production and because of this we have maintained our activities without the interruptions or operation lines that are operating outsource team. But with a certain care with a priority for the health of our employees and that is why we have put in place the best practices such as distancing, awareness on the use of individual protection equipments, sanitizers, the use of masks, once again distancing at the workstation, changes in shifts and transportation.

And all of these measures have been quite successful in containing the advance of infection in our workplace. At present, we have very few cases to report and luckily enough none of these cases is serious. And most of the employees have already recovered. Now beside this internal focus on our employees health, the company has carried out activities to support the communities where we operate especially in Rio de Janeiro, Volta Redonda; one of the most important is the donation of 500,000 fabric masks to the health secretary of Belo Horizonte municipality, with donation 50,000 food baskets for the community for needy people that have been impacted by the pandemic and for employees themselves. And finally, an important measure the City Hall of Volta Redonda for contributions from hospital - campaign hospital for medium complexity patients.

We then go on to the highlights of the first quarter on page number three to comment on our three strategic pillars. The improvement of operational results; maintaining liquidity and acceleration of deleveraging. This was a different quarter, of course, in the steel production, we have 1/4 of only two months and in mining, the severe impact of rainfall such as crisis.

We obtained good results in terms of EBITDA and a strong operational cash generation. When it comes to liquidity, we were able to take advantage of the capital markets window issuing $1 billion to extend our debt and to increase our liquidity so as to comply with our short-term debt. Finally, when it comes to leveraging, of course at this point in time, we have had a one of increasing indebtedness, net debt/EBITDA, but this will be recovered with an increase in revenues from exports. We of course are net exporters. These are the highlights for the period.

We go on to page number five to speak about our consolidated EBITDA, it was BRL1.3 billion, about 15% below the fourth quarter '19 EBITDA with a different performance for each of sectors, first we have the steel segment with a positive performance and a growth in volumes even in these pandemic events and increasing prices and recover our cost productivity EBITDA grow almost 70%. The great impact comes from mining because of volumes and we will speak about the causes in detail and how these impacts will be mitigated going forward that for segment is cement or the growth performance, a growth of BRL4 million in EBITDA with better volumes, margin recovery, more normal costs and with BRL1 billion in civil construction and cement has offered positive results despite this difficult environment.

When it comes to exchange volume, price and cost are great impact was on volume for the quarter and the impact focuses on mining, impacted by the rainfall in January and February and in March a delay in some new sources and there was a delay in the licensing that have already been obtained.

In terms of the exchange rate, very little effort because this happened at the end of the quarter and the increase of cost of the steel mills were offset with the revenues in mining. Beside this we had good impact on prices and the steel prices, demands and iron ore as well. The Platts index had a good performance as well as our price realization.

We had a good cost evaluation especially in steel but also in cement and expenses helped us with a significant reduction, this allows us to get to the EBITDA of BRL1.3 billion. On page number 6, we will speak about impact on cash generation. We begin with the CapEx where we already show you a figure of BRL354 million for the quarter, more normal vis-?-vis the previous quarter, a year marked by strong investments and steel because of the blast furnace #3 and going forward, but we expect is to have investments as a priority and operational safety and maintenance.

In this environment of uncertainty we're reducing our expectations for investments. We had expected to invest BRL1.8 billion, this has been reduced to BRL1.1 billion and we're postponing some great projects and already working with sustaining projects.

In a financial cycle, we have to work hard to generate good inventory levels that begin to grow because of an uncertain demand, support to clients and management along with suppliers that we're supporting case by case. Thus, we were able to significantly mitigate variations and we get to BRL1.3 billion EBITDA and BRL500 million in operational cash.

We go on to page number 7 and we see that this cash flow is still not sufficient to ensure a reduction of indebtedness. In this quarter, specifically we had a strong evolution in debt, which is very natural as 70% of our debt is in dollars and we're net exporters, additionally to give the exchange rate change happened at the end of the quarter and the net debt ratio on EBITDA that reflects an average exchange rate is distorted.

If we look at the net debt/EBITDA, based on the average exchange rate, it was 3.8x and 4.1x and now 4.8x as we have said it would be further period. Now this indicator that has reason as a one-time effect with a significant growth of revenues will come back to normalcy.

We benefit from greater revenues in Reais, and we have a positive dollar sensitivity, every $0.20, a decrease of the net debt/EBITDA ratio by 0.15% and so we maintained our goal of getting to 3x net debt/EBITDA at end of next year.

We begin with BRL32 million, BRL33 million of net debt to get our new target of relative indebtedness of BRL23 billion. And for this we have to generate cash from our operation as continue with our divestments program maintaining the initiatives that are underway and this will enable us to reduce debt by BRL10 billion until the end of 2021.

On page number eight, we speak about our liquidity and our amortization scheduled highlighting the most relevant actions, which was the issuance of our $1 billion in new bonds with maturity in 2028. And we have gone from 35 months to 45 months in terms of lengthening of the debt, this was essential for our liquidity. At the end of the first quarter, cash was at BRL3.2 billion and vis-?-vis amortization of BRL20 billion -- BRL25.7 billion. We're at a very advanced stage at presence of roll over at Brazil, especially the bank in Paris. We see that only BRL1.8 billion will be amortized in 2020, which means we have safety fluctuation in liquidity to honor all of our short-term commitment. And we continue to work on relationships to increase this liquidity very soon, we will announce the prepayment of iron ore to reinforce our cash position.

We will now speak about the details of our individual businesses as of page 10, which is a more relevant indicators of steel where we see an increase in volume, a sequential increase of 2%, in total volume and showing you the advantages of geographical diversification and impact on sales domestically that have a nominal property, we had a good performance in Europe showing that we have resilience in Portugal and especially in Germany.

Now this also had a price increase especially in the domestic market because of the depreciation of exchange rate and we had price transfers in January, March. And we now are faced with a situation that where the increase of the foreign exchange, we have margin for future increases in price.

So, this leads to an evolution of profitability we reached BRL3 billion in EBITDA where not where we would like to be but this is an important step when we compare this to the high costs we had in 2019. In the next page, to speak of this productivity, we show you that the production volume has become more normal. We had low volume due to the blast furnace and now this is normal. We had 874,000 tons , the best volume in a year-and-one-half and this has led to a sequence of cost reduction in Reais even with appreciation of the dollar and although we say some events such as outage in January, the plant was down of electricity for more than one day within impact of several million Reais in terms of weight though in January and February, the humidity levels with drop of productivity in the blast furnace.

So in the second quarter, everything will be in line with what is expected after the renovation of the blast furnace and have figured that the EBITDA per ton has improved beyond the $100, which is where we would like to get at the end of the year.

On page number 12, we go to the mining performance with an atypical quarter in terms of the volume due to the rains and we weren't the only ones of course, all of the mining companies in the Southeast of Brazil had a relevant impact in mining and shipment at the course and because of this there were drops over 30% that were observed. We see here drop of the 37% not only because of the rainfall but because of delays in licensing of our new mine.

The good news is that we would like to finally had been obtained the volume is an express that becoming more normal. But if we observe the year 2020, we decided to carry out a marginal revision of our expectation for production for this year. An expectation that will be a drop of a maximum 10% compared to '19 and to ' 20. We would like to reduce it to 5%, the best estimate that we have at present.

Now these effects of drop in volume are being offset with an excellent environment in the other areas of price, the exchange rate and of course the freight because of our initiatives say are at a low historical level, which means that the figures of revenues and EBITDA were less impacted compared to the volume.

Revenues dropped 21%, EBITDA 27% and we dropped to BRL921 million, with a margin of 56% and what we see record price reallocation because of this, the plus is at $89 practically stable but our price realization went beyond this, it increased by 2% because we had a good performance of our quotation of basket and there was a lockdown of prices and very interesting moment.

With this we would like to end our presentation, and I give the floor to Benjamin Steinbruch for his remarks before we go on to questions and answers.

Benjamin Steinbruch {BIO 1499059 <GO>}

Good afternoon to all of you and thank you very much for your participation in our conference call. I would like to make some remarks very briefly and say that we are fully respecting the pandemic that has risen in Brazil and the entire world. We acknowledged the difficulties in economy and politics, notwithstanding there, we do have to go through this and in the best way possible. I believe that CSN has been working over duty at least in house to do whatever we can to reduce cost, making investments and productivity enhancements and productivity and we're following up very quickly on the market.

Now to speak about each segment, my market perception is that from the viewpoint of cement, we're going through a very good moment. The market is stable practically and we believe that we will have an increase of sales for the second quarter. We're working with production at 80% in the first quarter, we're going to obtain 90% for the second quarter.

Now prices are being corrected favorably and in truth what has made a great difference is the availability of logistics. We have been more aggressive in the market and that is why we had a good performance in the first quarter and expected to increase in the second quarter. In terms of long steel because of our limited representativeness and the market was selling full. We haven't had any problems in placing or product and we also had a prize improvement.

We believe that for the second quarter, they should be maintained or improve vis-?-vis the first quarter. In terms of mining we have the opposite problem, which means that all of the conditions are favorable when you think of price, the dollar rate of freight.

We had one of the problems with rainfall in the first quarter and this will not be recurrence in the second quarter. We were able to obtain the environmental licenses, which was very important from us because, we're opening up two new mining fronts and with this we will not only obtain iron ore but also good quality iron ore, which will in times are performance in terms of quality in the second quarter.

And of course, the amount represents a challenge everything that will be produced -- will be sold. So in the case of mining our problem is the opposite to have more production to make the most of the other variables and I think that after having obtained the environmental licenses and the opening of these new mining fronts we are on the right has to re-establish our quantities of return to normalcy without the problem of the rainfall is flat steel, the market did have a greater drop.

I think, you have followed up on what is happening in the automobile industry and the industry as a whole the civil construction was somewhat less of an impact. And the tradition was in full bag in terms of its behavior, but despite all of this, we had a good first quarter and we believe that for the second quarter, we will have 60% of the deliveries so far. We do not know what will happen with production when it is under discussion is a stoppage of the blast furnace #2 because the working capital invested is quite steep and presently, a good manager has the obligation of preserving liquidity.

So, we have an iron ore production in the market and we're also looking towards liquidity and our financial commitments. But as a whole, I would like to transmit the most realistic view point possible. I see and I acknowledge all of the difficulties, but I would say that there are several positive factors because of the efforts that were deployed previously by CSN, we should be having a significant reduction in the production costs of flat steel because of the renovation of blast furnace #3 productivity gains as well as gains and quality a 60,000 tons that we should have as a result of this renovation.

And perhaps the stoppage of blast furnace to being considered because of this, we do see a gradual and progressive recovery of the domestic market along with the potential reduction in foreign sales because of the exchange rate and because of the products that we produce when I say therefore that the only concern is flat steel. And we are working with 60% of the second quarter, part of all of these variables of the exchange rate, the quality and the transportation of iron ore that contribute strongly because of the results of CSN as well as 60% will have a much lower cost because of blast furnace #3 and via stoppage of blast furnace #2 all of this will contribute towards a reduction of cost.

Because blast furnace #3 has a confident much lower than blast furnace #2 and we would have a margin gain that would be significant for CSN in this second quarter. Once again, we are considering all of the social issue and because of this we still have lockdown to a decision.

When we do we want to make sure that we have contemplated all of the possibilities to minimize the social issues that would be caused by this stoppage as well as policies that are important in the region where we work. We're attempting to support our employees and communities where we work ever more during this coronavirus period, was deployed in all of our efforts, our best efforts and in joint work with city halls and with our internal against, what we want to do is minimize problems referring to coronavirus.

Now experiences stoppage of blast furnace #2, we want to have this convergence of effort. Therefore, despite all of these difficulties, my message is that, we are somewhat optimistic in terms of the second quarter. We believe that, the second quarter will bring about the peak of this pandemic, and then we will have a third and fourth quarter that will be better and of course this will depend on the management capacity of each company.

We will do whatever is possible without doubt we are mobilized further. We continue with our commitment towards greater deleveraging and as soon as the market opens up again that will make possible deleveraging, this will continue to be our priority. Now as far all of this the new exchange rate if there is a (inaudible) this does not mean that we are not going to attempt to help the net debt EBITDA ratio and make sure that is far within what we launch in a more speedier way.

Now if this situation is maintained as it is at end of the year 2020, the ratio would be three times and we must make the best of all of the operational efforts and the good results that we continue to have. An EBITDA of 56% margin in mining and an EBITDA going towards 50% of the steel segment for the second quarter, which seems to me. Despite everything we have set ourselves upside, these are our competitors on the market in general. These are my remarks. I would like to thank you and we can now go on to the question-and-answer session.

Questions And Answers

Operator

(Question And Answer)

Thank you. We will now go on to the question-and-answer session for investors and analysts. (Operator Instructions). Our first question comes from Daniel Sasson from Itau BBA.

Q - Daniel Sasson {BIO 19234542 <GO>}

Good afternoon to all of you and thank you for taking my question. My first question refers to a potential stoppage of blast furnace #2, is there any period in which you plan to come back, and if you are going to stop your business similar to the schedule stoppages that you had before. How quickly will be blast furnace come back into operation and which is the savings potential that you refer to in terms of variable costs and margins and improvements. My second question, perhaps to Marcelo; refers to the target of BRL23 billion in net debt and 3x net debt/ EBITDA ratio at the end of 2021. Now how much of this depends on cash generation and others investment program. I imagine that in the last two months, the situation has been ever more complex. Could you speak about the potential sale of some assets? Thank you very much.

A - Benjamin Steinbruch {BIO 1499059 <GO>}

Daniel in regarding your first question, the stoppage of blast furnace #2 from the technical viewpoint, we have already carried out this comparison, very rationally because of the cost reduction. You can calculate that the reduction of costs will be 10% between blast furnace #3 and blast furnace #2. We -- all these operations with the cost difference. And of course, the trend is that their spread will include ever more than you can consider 10% difference for the steel produced in blast furnace #3 and the one produced in blast furnace #2.

Now when it comes to production, I think it makes sense to do the stoppage why, it will allow us to sell more iron ore. We're going to use less pellets. We will have a better pet coke and additionally, if we consider the inventory levels that we had without a doubt, we will consider that we can place in the market this entire inventory that we have from the rational view point. Therefore, if we take into account results; this is what would happen.

From the strategic view point, this is where we have a doubt and we're working with different possibilities of allocating a large part of our production from blast furnace #2 for exports. Now, if we are successful in the certain and it would make sense to continue to work with all of our equipment lines, servicing both the domestic and foreign markets awaiting a recovery for the second quarter and the end of the year. And so, this is coming to 2020 in a good position now what is holding off back in terms of our decision is a social issue. To make sure that at this point in time, we do not contribute with the crisis or by exacerbating the social situation especially in the municipalities where we are active. This is a technical strategic decision if we want to think about it that way and the coming weeks we are going to enter into discussions and in one or two weeks at the most, we will be able to make this decision.

But the technical part has been scheduled fully and if we truly do work with the stoppage we're going to do it with a great deal of calmness and with a great deal of technical security that we had stoppage in blast furnace to twice if it would be the third time we will do it without which from in a very natural fashion. Now between this week and the next week, we will come to a decision.

A - Marcelo Cunha Ribeiro {BIO 4997029 <GO>}

Your second question Daniel; before I respond to it I don't know the answer given by Benjamin fully response to your question, yes. Regarding the second question, we have made an adjustment of our balance from BRL20 billion to BRL23 billion because of the exchange rate but we maintain that figure at three times net debt/EBITDA. And informally we always have a target of $1 billion for divestments, for divestment potential. Last year when $1 billion or BRL4 billion we're now getting close to BRL6 billion, this is also helpful.

So, we are considering having a reduction of BRL10 billion between now and 2021. The difference will be the cash generated by the operation. And in terms of SWT do you have anything to tell us, nothing different from what we said two months ago and those two months, Europe was in a situation of total abnormality. But there is a positive site to this, the negations have continued and the potential buyers of be involved with their own problems, because of the pandemic still engaged and interested the possibility continues to exist. Thank you.

Q - Daniel Sasson {BIO 19234542 <GO>}

Thank you Marcelo.

Operator

Our next question comes from Thiago from Goldman Sachs. You may proceed.

Q - Thiago Ojea {BIO 17363756 <GO>}

Good afternoon. Thank you for taking my question. My first question refers to mining that had a much lower volume this quarter. You mentioned the impact of rainfall and the lack of your environmental licenses. If you could break this down and tell us which is -- what was caused by the rainfall and what was caused by the licenses and you have cost of that several million because of this idle capacity. Now why did your take decision, should we have business as usual now the second question perhaps to Marcelo on a more positive note. If you could give us more color, what is happening with your debt BRL200 million less. Thank you very much. Thank you.

A - Marcelo Cunha Ribeiro {BIO 4997029 <GO>}

Now regarding, the ratio it is now very in precise. Now there is mining was to come into operation in March and impact was more in March and April. 80% of the impact in the first quarter was due to the rainfall. And as of May, we will that see this will return to normalacy. When it comes to idle capacity you have to compare with the counting rules. You cannot allocate to, so products cost that we're applied to production and if they are operational costs they are classified in other expenses. And this is what happened last year until 2019 with a reform of blast furnace #3 where some equipment was not used and the cost associated to that equipment was not that cost of goods sold by another line item with the criteria that CSN always uses. Now for the first time we had this big drop in volume and this is a one-off event.

The shipment; transportation and equipment at the mine were not used and what happened was the same practice separating those costs for products that have not been sold. Were there anymore questions.

Q - Thiago Ojea {BIO 17363756 <GO>}

Your debt service.

A - Marcelo Cunha Ribeiro {BIO 4997029 <GO>}

This was benefited by the exchange rate in cash. This financial expense therefore has net charectarstic. In this quearte we had impact and an appreciation in Reais. Thank you.

Operator

The next question is from Gabriel Gaba from Credit Suisse.

Q - Gabriel Gaba

Good afternoon. Thank you, Benjamin and Marcelo. Thanks for taking my question. And congratulations on the overall of guess. My question refers to your commercial target when they're in resumption of demands. What do you think you're doing initially increases prices or increase your market share? What has the best at the industry it gone regarding this. The second question along the same lines if you could speak about your export mix. You sell more to the international market in the third quarter what is your strategy going forward during this year? Of course, it will depend on the second quarter. But if you could speak more about it I would appreciate it.

A - Luis Fernando Barbosa Martinez {BIO 17456025 <GO>}

Hello Gabriel. This is Martinez, the strategy has changed somewhat compare to the end of last year but basically it is same. Benjamin has mentioned that we are going to work with the blast furnace #3 that is reducing full steel. This is the lower cost equipment and the more economical production will be in blast furnace #3 using minimum amount of outside pet coke and pellet. Another point that the does not change that I always mention and I always repeated that we have maintained this during the years. 52% to 53% of our output is relating to the COVID products. The third point which I had reiterated often and they has become very clear in our strategy.

Thanks to our strategy at present, we don't depend exclusively on the automobile market, CSN has 12%, of the automotive market and markets that have had less drop such as stable construction where we have 16% in industry and general 16% in packaging 11%. It was under drop by the contrary, 9% in health appliance and 15% in distribution. Our strategy of not having all the eggs in same basket continues and in the export, the size of other strategies that we are seeking linked to maintaining the production of blast furnace #2. We are completing this amount in the united states, we are selling full into USA. We are selling 300,000 and we are going to produce a large amount of galvanized products it has been contracted until the end of the year. Presently, we have been able to close some deals in Canada, Mexico and something in Latin America. Of course, this would (inaudible) and other fact that these markets are also focusing and or we have become more comparative because of the exchange rate. Now the recovery of margins is mandatory, 70% of their cost of our slab at present and this refers to any plans in the world is iron ore from gas, coal and pet coke.

We see dollar prices you have to increase the prices, it's a matter of survival. So, recovering margins through a reduction of price it has to be done. It is part of our strategy. As part of our strategy what is happening in the first quarter. Apparent steel consumption was a very reasonable consumption 3 million tons. In the second quarter as Benjamin mentioned and it is going to materialized, it has been contracted for CSN will be below that of competitors. The drop will be a 37% to 40%, total market will have 10,800,000 tons for the second quarter. What I am drawing up, although this was negative if it drop in the market as a whole of 20% to 25% and CSN will work where they reduction that is lower than our competitors.

Thanks to our distribution perhaps 20%. Our strategy will be focus on added value, working with very economical causes and recovering considered well and as merchant, when we speak price recovery if we consider a premiums that we have nationalized import as could. Imagine Gabriel, that they are deal $470 and dollar at BRL585. The premium is 12% to 15% negative at present. We can now imagine not having a price correction and CSN is going to increase prices in June where it looking for the best stage. We are going to look at the supply demand curve, the competitiveness of the value chain, their premium. We're going to look at the clients and see who will buy. The market means to improve but we have to make corrections in the price to continue to survive in the market. I think, an increase of 10% to 12% in June and we cannot flee from this. Now this is the CSN strategy for this year to return to the market in the second semester as mentioned by Benjamin. I don't know if you required any further information. No that was very clear for your answers thank you Gabriel

Operator

Our next question is from Carlos de Alba with Morgan Stanley. You may proceed.

Q - Carlos de Alba {BIO 15072819 <GO>}

Thank you very much every one. Good afternoon. I hope everyone is doing fine. I guess wanted check how much do you expect or I do see in terms of benefit, decline of the lowest price cost, when there you quantify the when particularly monetize the sale from. And then maybe I miss these parts, can you comment on the latest asset sale to further strengthen the balance sheet and generate cash flow that will be growth. Do you expect to increase production of iron ore in the coming quarter, can you mention the new guidance for the year in terms of iron ore production. Thank you very much.

A - Benjamin Steinbruch {BIO 1499059 <GO>}

Carlos. Thank you for your question. Below 7 and 8 and we have been than in the year with an exceptional of about $10, $10 prior. And this current will remain this way, this year but with simple math $10 time for a total of export. It was thinking selling $36 million on exporting $32 million speaking $320 million of spend that would come from the almost BRL2 billion and of course this is significant. This is not guaranteed but it would impactful for our process ability. When it comes to sale of assets. I updated you in terms of ASWT., this is an asset. That has been debated for over a year. Now the magnitude is of $500 million in terms of the reduction of adjusted by present exchange rate, the only, this amount would be even greater. It could be half of our needs. But we also have several other options such as screening, the continuous to be possibility or an even great alternatives which would be come to an entry or this repair with IPO of CSN mining not in the present market. But the company is making rules and we're being ready to do this once we have an opening of the economy as mentioned by Benjamin. I think these were your questions. Are there any further doubts Carlos.

Operator

(Operator Instructions). Thank you as we have no further questions, we will return the floor to Mr.Marcelo Cunha Ribeiro, the IR Officer for his closing remarks.

A - Marcelo Cunha Ribeiro {BIO 4997029 <GO>}

It seems that we have more questions. No, apparently, we have no more questions. I would like to thank all of you for your presence, and we are at your entire disposal. Have a good afternoon.

Operator

Thank you. The earnings release conference call for CSN ends here. Have a good afternoon.