



**Local Conference Call
CPFL Energia S/A
Fourth Quarter 2018 Results
March 28, 2019**

Operator: Good morning and thank you for waiting. Welcome to CPFL ENERGIA'S fourth quarter 2018 earnings conference call.

With us today we have **Mr. Gustavo Estrella**, CEO of CPFL Energia, **Mr. Pan**, Chief Financial and Investor Relations Officer, and other company executives.

The presentation is available for download at the Investor Relations website of CPFL Energia: www.cpfl.com.br/ri.

We inform you that during the presentation all participants will be on listen-only mode and, soon afterwards, we will start the question and answer session, when further instructions will be given. If you need any assistance during the conference call, please dial star zero to request assistance from the operator. Note that this conference call is being recorded.

The conference call will be in Portuguese, conducted by Mr. Gustavo Estrella, with simultaneous translation into English. Mr. Pan who will speak in English to all listeners.

Before proceeding, we want to clarify that any statements made during this conference call regarding the business prospects of CPFL ENERGIA and its operating and financial projections and targets are the beliefs and assumptions of the Company's management and based on information currently available. Forward-looking statements are not a guarantee of future performance. These involve risks, uncertainties and assumptions since they refer to future events and, therefore, depend on circumstances that may or may not occur. Investors must understand that general economic conditions, industry conditions and other operating factors may affect the future performance of CPFL ENERGIA and cause its results to differ materially from those expressed in such forward-looking statements.

Now we would like to turn the presentation over to **Mr. Gustavo Estrella**. Mr. Estrella, you may proceed.

Gustavo Estrella: Good morning everyone. Thank you for joining our conference call to discuss the results of the fourth quarter and full year 2018.

Starting on slide 3, we have a few highlights of 2018, the first being the 2.7% growth in energy consumption in the load of our concession area, which was concentrated in the residential and industrial classes. Note that, for the second



year, we've seen the market growing above 2%, after very weak years between 2015 and 2016, with market contracting by 3% to 4%, and since 2017 we've seen the market growing by above 2%.

Another highlight is EBITDA, which grew 15.9%, and also net income, which grew 74.2%, both of them records.

Net debt closed the year at R\$16.3 billion, with leverage reaching 3.5 times net debt to EBITDA, which, again, is lower than in 2017, when leverage closed the year at around 2.92 times, and now it closed at 3.05.

Another highlight regarding investments was in the fourth quarter of 2018, investments came to R\$693 million, another year with investments of over R\$ 2 billion, closing the year at R\$ 2.076 billion.

Also worth highlighting were the tariff review processes, especially at CPFL Paulista and the 2 RGEs, RGE Sul and RGE, which also took place in 2018.

Also, at the very end of the year, on December 31, we grouped the concessions RGE and RGE Sul such that, starting from January 1, 2019, we have a single concession in the state of Rio Grande do Sul, combining the assets of RGE and RGE Sul.

Some highlights concerning growth and the company's participation in auctions. First, at the renewable energy auction, CPFL Renováveis won 2 projects: The first, SHPP Cherobim, with installed capacity of 28 MW; and the Gameleira wind power complex, with 79.3 MW of capacity.

We also had an important milestone, which was the startup of SHPP Boa Vista. This SHPP was scheduled to start operating in early 2020, but we advanced construction by more than a year and so this project started operating in November 2018.

Another highlight is the participation in transmission auctions. We had 2 auctions last year and won 3 lots: 1 lot in the auction of June 2018, with associated capex of R\$ 102 million; and 2 lots in the auction of December 2018, with associated capex, in the first, of R\$ 366 million and, in the second lot, of R\$ 349 million. So, if we add the renewable projects and the transmission auctions, we're talking about an additional capex for new assets and new projects of around R\$ 1.4 billion.

Also, at the very end of November, we had the mandatory public tender offer (OPA) of CPFL Renováveis, when CPFL, together with State Grid, became the holder of 99.94% of the shares of CPFL Renováveis.

Turning to slide 4, you can see that, in addition to the EBITDA highlights I mentioned, the record-high EBITDA for the company, of R\$5.6 billion, you can



see EBITDA distribution by segment: the distribution segment continues to be our core business segment, accounting for 53%, followed by conventional generation, which is basically our HPPs and thermal plants, with 23%; and the renewables segment, with 21%; and finally the trading, services and other segment, with 3%.

We have here one highlight of our results. Pan will discuss our results in greater detail, but here we can see an important evolution in the distribution segment with regard to our EBITDA, which grew 8.7% in the fourth quarter and 34.5% in 2018, compared to 2017.

I think it's important to mention here, as we said before, the market growth, when we get exactly the evolution of our EBITDA, but also the conclusion of our tariff review process at our distributors. The second is the conventional generational segment. Here we did not have any project going operational, so growth was basically 13% in the quarter and 6.1% in the year, primarily due to the transfer of inflation to long-term contracts we have in these projects.

In the renewable generation segment, I'd say we have a one-off impact in the fourth quarter of 2018, which is basically due to the asset write-off of R\$47 million. So it's a non-recurring, one-off effect in the fourth quarter of 2018, which caused our result to fall 15.8% compared to 2017.

In the year, we have a decline here too, of 1.1% and the main reason – once again, Pan will detail this further – is the reduction in wind speeds in 2018 compared to 2017.

In the trading, services and other segment, the market in the trading segment is more volatile in nature. Here we have a decline in margin, which is the main impact that caused this decline in EBITDA in the fourth quarter and in the year, of 75% and 26.9%, respectively.

Moving to slide 5, here we give some more details on the growth in energy consumption in our concession area. Speaking specifically about the fourth quarter of 2018, total sales in the concession area increased 1.2%, broken down into 0.4% in the captive market and 2.8% in the free market. We also have the impact of the migration from captive to free market, which causes the percentage of the free market to be higher.

When we look at the breakdown by segment, the residential market grew 2.2%, followed by the industrial market, with 0.9% and the commercial market with 0.7%, while other classes - basically government and rural - grew 0.6%.

In the comparison with areas, where our concession areas are located, we compare CPFL with Brazil, you can see growth of 1.5% compared to the Brazilian market, which grew 1%; in the Southeast region, CPFL grew 0.6% against 1%



growth in the region as a whole; in the South region, 2.6% compared to 2% growth of the South region.

Moving to the next slide, it's the same information, but with the focus on the year 2018. Here you can see the sales growth in the concession area, of 2.5%. In the fourth quarter we can also see here the growth of the captive market of 0.5% and of the free market, of 7%. This is basically due to the migration of clients from the captive to the free market.

A few highlights: growth of the residential segment was 2.6%, also as a result, throughout the year, of positive consumption due to temperatures, especially in RGE's region, with growth of 3.7%.

In the industrial segment, the year's average, we have growth of 2.8%, led by Piratininga, which grew 4%, while RGE grew 3.1% and Santa Cruz grew 7.6%. I'd say that, this year, the highlights in the consumption segment within our concession area, we have the automotive, steel and chemical industries as the main consumption classes that contributed to this growth in 2018.

In the comparison among regions, we have sharper growths in all of them compared to Brazil, compared to the Southeast region and to the South region.

Turning to slide 7, we have our hydrological scenario. You can see an important recovery in reservoirs during March. I mean, it reversed a more pessimistic expectation at the start of the year, of a decline in reservoir levels. We see an important recovery, rainfall is back to the historical average, close to the LTMF, because this is really the month of historically high rainfall. That's an important piece of information and, as a result, this recovery of reservoir levels in March.

In April, we are starting April a little bit more pessimistic in relation to rainfall, so some rain apparently at the start of the month, below the average, but still April should see a recovery in reservoir levels throughout the month, closing with levels ranging between 48% and 49% by the month-end.

We can see at the bottom, in the PLD chart, which is directly related to the expected increase in rainfall in March. So it falls in March after reaching the peak in February, when there was an expectation of much less rain, so you can see now lower levels of PLD.

In terms of GSF, we can see a curve strongly affected by the seasonalization of the sector agents, I mean we generate an important effect of secondary energy at the start of the year, but with the expectation of very high GSFs, especially from the second half of 2019.

Well, turning to the next slide, I'd like to turn the call over to Mr. Pan, who will comment on the details of the Company's results.



Operator: Excuse me, I'd like to turn the call over to Mr. Pan now, who will conduct his presentation in English.

Mr. Pan: Good morning, my name is Pan, I'm just here to present the following slides.

The first one is about revenue. In fourth quarter of 2018 our revenue was R\$ 6.7 million, which is 10% lower than last year, and in terms of Ebitda, the fourth quarter of 2018 was R\$ 1.3 billion, which is around R\$ 12 million less than last year. And in terms of net income, our fourth quarter net income in last year is R\$ 670 million, which is R\$ 173 million higher than last year, that is 35%.

In the following, I will explain the Ebitda. First, about the distribution contributed around R\$ 58 million of increase, in terms of market tariff we have R\$ 168 million of increase, the RAB adjustments is R\$ 63 million lower than last year, and in terms of PMSO we see R\$ 38 million of increase. Among this PMSO, we have legal and judicial expenses, increased by R\$ 14 million, and in terms of ADA around R\$ 14 million increase.

The second part is about the conventional generation. We have a R\$ 37 million increase compared to last year, the 4Q last year. And on this R\$ 37 million we have price adjustment of contracts, contributes R\$ 23 million, an ISS contingency in 2017 in ENERCAN this difference contributed R\$ 13 million, and the GSF compensation agreement with BAESA is R\$ 11 million of contribution, and we have the physical guarantee reduction that decreased EBITDA by R\$ 9 million.

In the third part is commercialization and service areas. We see a R\$ 52 million of decrease mainly because of the margin and the commercialization side around R\$ 40 million. And in terms of renewable generation, we see a R\$ 56 million decrease, that is because of the write-off of assets which is R\$ 47 million, and also, we have lower revenues from wind farms, of course, partially offset by the lower GSF impact and hedge, that is around R\$ 10 million.

And in terms about the net income, we see a 34% increase compared to the fourth quarter of 2017, that's mainly because we have a decrease in CDI from 7% to 6.5%, and that contributed around R\$ 25 million.

Let's go to slide 9, this is the whole-year numbers, and in terms of revenues 2018 we have 5.2% of increase compared to 2017, and in Ebitda our 2018 numbers is R\$ 5.6 billion, which is the historical high and that's around 15% increase compared to 2017, that is R\$ 773 million. And net income 2018 was R\$ 2.2 billion of net income, also a historical high, which represents 74% increase, around R\$ 923 million compared to 2017.

Okay, in terms of this variation of Ebitda, I would like to explain the following: the first, distribution side, we have a total variation of R\$ 770 million. That R\$ 770



million, around R\$ 641 million comes from the market tariff review we had last year; and in the financial asset side, we have the adjustment of R\$ 141 million.

In the second part, about the conventional generation, we have R\$ 73 million of increase compared to 2017. The price adjustment of contract attributes R\$ 44 million, and GSF compensation adjustment R\$ 44 million, and the ISS contingency in ENERCAN contributes R\$ 13 million, and we have the reduction, as I mentioned in the previous slide, contributes net R\$ 45 million.

In terms of commercialization and service sector, we have around R\$ 56 million decrease, that we have R\$ 74 million comes from the commercialization side, the margin loss. In the service sector we have a margin gain of R\$ 8 million.

Let's get to the renewable generation, we see net R\$ 13 million variation compared to 2017, the CCEE exposure, the surplus of deficit and the compensation mechanism (MCSD) and also the wind farms, we have around net R\$ 33 million. Hedge of energy net R\$ 30 million, and we have a positive of R\$ 51 million of increase comes from the higher biomass generation.

And in the net income side, we have an increase of R\$ 385 million comes from the financial result, that is a reduction of the interest rate (CDI), contributes R\$ 406 million.

In the next slide, slide 10, we have indebtedness of the whole group. We can see here the fourth quarter last year we had around historical, but very low net debt over Ebitda ratio, that is 3.05, and our adjusted Ebitda in the last 12 months is R\$ 5.3 billion.

And in terms of our gross profit cost, it is 7.5% nominal. If we exclude inflation of the real terms, it is 3.6%. And the breakdown of the growth debt we have: 64% is CDI liens, and TJLP with BNDES is 24% and inflation index is 7% and we have the swap of the floating interest rate financing is 5%.

Mr. Gustavo Estrella: I'm back now to talk about SHPP Boa Vista, on slide 11. As I said before, the startup of our SHPP was advanced by more than a year and started operating in November 2018, with installed capacity of 29.9 MW. The project is already 100% operational.

Moving to slide 12, we have the 2 projects we won at the A-6 auction of 2018, the first of which is SHPP Cherobim, with installed capacity of 28 MW, a project that is still to start construction, along with the Gameleira wind power complex, with installed capacity of 69.3 MW, also a project to be structured, with construction yet to begin along with financing.

On slide 13, we have our transmission auction. As I said, there were 2 auctions during the year: at the auction of June 28, we won lot 9 in the state of Ceará, with a contracted RAP of R\$ 7.9 million and planned investments of around R\$ 102



million. At the auction in December, we won 2 lots, one in Santa Catarina with RAP of R\$ 26 million and planned investments of R\$376 million, and the second lot - lot 11 - in Rio Grande do Sul, with RAP of R\$33.9 million and planned investment of R\$ 348.9 million.

On slide 14, we disclose the group's capex program for 2019-2023, where you can see, in the 5-year period, capex of roughly R\$ 12 billion in investments, R\$ 11.938 billion, clearly concentrated in the distribution segment, slightly over R\$ 10 billion. You can see here virtually all years with investments close to R\$ 2 billion a year in the distribution segment, also as a result of the auctions held last year and additional investments, not only in generation, for the renewables projects, but also in transmission, for the auctions we won last year.

And here, on the final slide, I'd like to highlight the consolidation of RGE with RGE Sul. As I said, in the state of Rio Grande do Sul, we have only one concession, which is now called RGE, a concession with nearly 3 million customers, 2.9 million, operating in 331 cities, with greater capacity to generate synergies from the moment we have a single concession.

With that I conclude our presentation. Pan and I are now available for the questions and answers session. Thank you.

Question and Answer Session

Operator: Ladies and gentlemen, we will now begin the question and answer session, which will be conducted in Portuguese with simultaneous translation into English.

To ask a question, please press start one, and to remove your question from the queue, press star two.

Our first question comes from Giuliano Ajeje of Claritas Investimentos.

Mr. Giuliano Ajeje: Hi Estrella, good morning, congratulations on the results. I think that the net income of over R\$ 2 billion was higher even than those who were expecting greater figures, more optimistically.

Just to remember here, actually, I have 2 questions, the first is this: When State Grid acquired CPFL back then, the offer was R\$ 25.00, which, restated at the CDI, is close to the stock price now. At the time, it paid something like 24 times the P/E, and I think today we could say the stock is trading closer to 12 times P/E in 2019. So, my question is: In case of a Public Tender Offer (OPA) or follow-on offer, do you think there is any possibility that it will be below the price they paid back then restated at the CDI? So that is my first question.

The second is: Let's imagine a scenario of follow-on with a primary offer, what would be the destination of the proceeds of this primary offer? So, if you see the



possibility of CPFL purchasing the stake currently held by State Grid in CPFL Renováveis, could it happen still in 2019 and what would be the gains from it, or even if there is another possibility for use of these proceeds. Those are my questions.

Mr. Gustavo Estrella: OK, Giuliano, thank you for your questions. So, first, regarding price, it's true, I think you're close and I think we have an important growth in net income. The transaction was done back in 2016, we announced the acquisition by State Grid in 2016 and the closing was early in 2017. In 2016, the company's net income was around R\$ 800 million, then in 2017 it was R\$ 1.2 billion and now we are posting nearly R\$ 2.2 billion.

I mean, there is a significant improvement in the result that obviously reflects in the price. So, you mentioned a possible follow-on process by the company, and, as you know, this is indeed one of the alternatives we have to address our liquidity in the stock market, but, of course, that's a discussion that starts now, I mean, based on the outlook and based on the company's results of today, not those of 2016.

So, when we analyze it, this is a story that has to be retold if we decide on a follow-on offer based on the company's outlook today and not on that in 2016. We have, indeed, a very different scenario from what we had back then and I think our challenge, if we decide on the follow-on offer, will be precisely to tell this story of CPFL today, from 2019 going forward, and not of 2016.

So, I think the price here should not bear any relation, since we have a completely different scenario to tell the market.

Regarding the primary offer and the secondary offer, I think that, in case of a follow-on and in case of a primary offer, we also have a host of alternatives on the table, you mentioned one of them, a possible acquisition of State Grid's direct interest in CPFL Renováveis. Yes, this is an alternative.

Of course, there is an expectation to capture synergies from an asset that is 100% controlled by CPFL, so, indeed, this could be one use of the proceeds from a possible follow-on offering, but I think we have other options too. I mentioned here, last year, only from transmission and generation auctions, we have set a capex pipeline of R\$ 1.4 billion. We will have more auctions this year, both transmission and generation, and this is on top of the expected resumption of consumption, as we've been seeing, which is already recovering, I mean, we're going to have to invest heavier once again, not only at CPFL, but in Brazil in general, to expand the generation capacity. So, it certainly creates investment opportunities in new projects.

Moreover, we have an expectation of consolidation also in distribution, so it could be an eventual use of proceeds for new projects and new assets that could be funded by a follow-on offer in the future.



Mr. Giuliano Ajeje: OK. And let me just ask a final question about the timing. When do you think this decision regarding an OPA or follow-on should be made? And how about the end of the process, do you think you can conclude it by the end of May, which is the end of the 18-month period?

Mr. Gustavo Estrella: Well, I think we have to take a quick decision on this matter. This is certainly a matter we are discussing today between CPFL and State Grid. So, my expectation is that we have a quick definition on this topic.

Regarding the deadline, I think that, since we are almost in April, any of the 2 alternatives, whether delisting or making a follow-on, I think they both are challenging for this May-end deadline.

Mr. Giuliano Ajeje: OK, thank you.

Operator: Our next question comes from Bruno Varella of Solana Capital.

Mr. Bruno Varella: Hi Estrella, good morning. I have two questions. The first is related to Giuliano's question. How much time do you estimate, since we are already in the beginning of April, for each of the processes, both for an OPA or even a re-IPO, to get an idea of what you would have to eventually ask, negotiate an extension with the Stock Exchange?

And my second question, in the last quarter specifically, there were some significant increases in working capital. I had a ballpark figure of cash generation for the year of slightly over R\$ 1.5 billion and, the actual result was a cash burn of R\$ 1.4 billion. So, if you take the basic lines, EBITDA, capex, interest, taxes etc., you get more or less to this result, which includes CVA and a pretty negative balance of receivables and trade payables, you reverse this R\$ 1.5 billion to negative R\$ 1.4 billion.

CVA is OK, it's clear, but I just wanted to understand the receivables from suppliers in your working capital.

Mr. Gustavo Estrella: Thank you Bruno. Here it is. First, regarding the deadline, this is a challenge to estimate the duration of these processes. I mean, an OPA process is not 100% under the Company's control and this process could linger on if we are questioned in any way, if there's any dispute, you have a valuation report to discuss. I'd say that I wouldn't be surprised if the process took between 2-3 months to be concluded, but this could be much longer depending on the discussion in the market.

Regarding the follow-on offer, I think it depends here on a series of factors, one of which is the window of opportunity. I mean, if we have here any expectation of a window of opportunity, considering the regular duration, you would have more or less until mid-July to access the market and, eventually, we could try to tap this



wind of opportunity, but this market, as you know, is dynamic, the windows often open and close very fast. Eventually, if we choose follow-on, we would also have to be attentive to that. Obviously, we would not go to the market without a definition and a very clear vision that there is a window that allows us to take the operation to the market.

So, once again, I think that without answering your question too precisely, there's a series of factors here that will have to be discussed, at some point, with B3 to conduct any of the 2 processes more seamlessly, and to follow all the right procedures so we can have the best possible operation, whatever that is.

Regarding working capital, I think that there's an important aspect here. The company contributed significantly in December, with a disbursement in December and, yes, at the end of the year, we used this cash available to advance some payments that would normally be made at the start of the year.

We had, in December, some discount due to this early payment, taking advantage of the available cash we had. You can't see this yet, but in January, these payments that would've happened did not happen, so we rebuilt your analysis of the working capital as of January.

So, there's no structural change in the flow of both the working capital and payments by the company. This was basically to take advantage of an opportunity to get a discount on these payments we made.

Mr. Bruno Varella: OK, thank you. And just a follow-up question on the OPA or re-IPO subject: in which stage you think is the decision within State Grid? Is it still within State Grid International or has it already been submitted to the controlling shareholder in China?

Mr. Gustavo Estrella: Bruno, since we are very close to the deadline, what I can say about this subject today is that it is maximum priority, not just for us but for them too. So, we are already discussing it at the final levels of approval to take the decision.

Mr. Bruno Varella: Excellent. Thank you.

Operator: Our next question comes from Vladimir Pinto of Kiron.

Mr. Vladimir Pinto: Hi, good morning Estrella. Practically all the topics I was going to ask about were addressed by Bruno and Giuliano. I just wanted to get a little more color on capex. What is the idea behind these wind power plants that you won? Would you like to anticipate the deadline of this capex? You put it as meeting the deadline of the PPA, or will you try to anticipate in order to sell at a higher spot price?

Mr. Gustavo Estrella: Hi Vladimir. Like we said here, this is a project we won at an auction, it is still very recent. We've been examining this possibility, as we did with our SHPP last year, which was advanced by more than one year. Obviously, we consider that alternative too.

I think that is still being considered. It depends on a series of factors. First, the execution of the project itself, matters related to connecting the grid and all that, but I think it is perhaps too early to consider this a real solution at hand, but we will certainly consider it over the next few months to weigh this possibility.

Mr. Vladimir Pinto: OK, thank you.

Operator: Our next question, in English, comes from Rogério Alvim of E&Y.

Mr. Roger Alvim: Thank you. I have 2 questions. The first one is related to slide 8. What are the major components of the assets that were written off? And the second one is also on the same slide: What is the major use for the reduction of interest rate?

Mr. Gustavo Estrella: Hello Roger, it is quite difficult to hear you. Can you repeat your question again?

Operator: Mr. Roger, can you please repeat the question?

Mr. Roger Alvim: Sure. The first question: What are the major components of the assets that were written off in the renewable generation? And the second one: What is the major reason for the reduction of interest rate? Thank you.

Mr. Pan: Sorry, we really cannot hear the question. If you can speak Mandarin, it is easier because the sound is really weak.

[speaks Chinese]

Sorry, we can't hear very clearly. Can you repeat again? Or, if you can speak Chinese, you can also, you know, repeat in Chinese because I understand Chinese, Mandarin.

Mr. Roger Alvim: I'll repeat my question first and I will repeat my question in Chinese later. My first question is related to the assets that were written off: What are the major components of assets that were written off?

The second one is related to the reduction of interest rates: What is the major reason for the reduction of interest rates?

And now I will use Chinese to repeat my question: [Chinese question].



Mr. Pan: Thank you for your question. I can now really understand. Right now, it really sounded weak. Okay, the first question you had a doubt on slide 8, we have mentioned here write off of assets. Actually, these R\$47 million of the write-offs of assets come from small projects, hydropower plants projects. And in the end, we found that this asset has little value to continue for the development. And according to the accounting rules, we found there is kind of impairment, so we did the write-off. The name of the project is Tombo and Penedo, this is the project we wrote off.

In terms of the second question about the decrease of interest rate, actually the difference of the interest rate is interest of the bank, it's just interest rates of CDI, which is the basic rate in Brazil. It is the decrease from 7% to 6.5%. This is from the Central Bank of Brazil, and because most of our financing... Actually, 64% of our financing is linked to CDI, so we have this kind of... once we have this kind of decrease of interest rate, we have this kind of benefit in interest expenses.

I'm not sure you heard it clearly, now can explain it in Mandarin.

Mr. Roger Alvim: Yes, it is clear. Thank you.

Mr. Pan: Okay, thank you. Thank you very much.

Operator: The question and answer session has concluded. I would like to turn the call back to Mr. Gustavo Estrella for his closing remarks.

Mr. Gustavo Estrella: Ladies and gentlemen, thank you all once again for participating in our earnings conference call.

As we highlighted here, I think this is an important year for the company, we talked about record results in net income and EBITDA of the company, and I think that, just as important as the results are is the fact that we achieved significant reductions in our DEC and FEC indicators, that is, a substantial improvement in our quality indicators as well. We also set a record in our consolidated FEC, which fell 17.8% from 2017, and DEC also fell by over 8%.

So, the record results combined with excellent quality indicators and an aggressive plan to expand our capex, of nearly R\$ 12 billion in investments and with growth last year driven by auctions. I think this is our challenge, to have quality and efficient assets that bring results and give us the possibility of addressing future growth.

I think that's kind our outlook - a very positive outlook for 2019 and the coming years.

Once again, thank you and have a good day.



Operator: That concludes CPFL Energia's conference call. Thank you for participating and have a good day.