



RESULTS CONFERENCE CALL 4T22

Operador

Good morning, everyone. It's a pleasure to be with you once again in this earnings call to discuss Kepler's results. Here with us are Piero Abbondi CEO; Paulo Polezi, CFO and Investor Relations Head, and Bernardo Nogueira, Sales Director, who will take part in the Q&A session.

We would like to inform you that this presentation is being recorded and it's been simultaneously translated. You can use the interpretation button. For those who are listening to the presentation in English, you can silence the original audio.

During the Company's presentation, all participants will be in listen-only mode, and then we will start the Q&A session. To ask a question, press on Q&A and type in your name and the name of your company. A request to activate your mic will appear on screen, and you can activate your mic to ask questions.

We would like to inform you that any forward-looking statements that may be made during this conference call related to the business prospects of Kepler Weber, operational, financial targets are estimates of the Company's management that may or may not occur. Investors should understand that political, macroeconomic and other operating factors may affect the future of the Company and may lead to results that differ materially from those expressed in such forward-looking statements.

To open the earnings conference call of 2022, I would like to hand the floor to Piero Abbondi.

Piero Abbondi:

Good morning, everyone. It's a pleasure to be with you once again in this earnings call to discuss Kepler's results. We will start with the highlights for the quarter and for the year, where net revenue grew 20.4% compared to the 4Q21 and 48% when compared to the full year of 2021.

This is a result of excellence in project management and the organization's commitment to seeking for advances in operational and commercial efficiency that together allowed us to capture market opportunities and take advantage of the excellent moment of the agribusiness.

We closed the year of 2022 with excellent results. We had record sales with robust numbers in all 5 operating segments. It was a year of consistent performance and with operating margins at exuberant margins. Paulo will provide detail about the performance of each segment later on.

The second highlight was the adjusted EBITDA, which grew 32.2%, reaching R\$156 million in the 4Q22, paying another exemplary quarter in terms of cash generation. Adjusted EBITDA margin reached 31% in line with the 3Q22 and higher than the 4Q21.

Adjusted EBITDA for 2022 was R\$568 million, a historic record with growth of 135% when compared to the year 2021, reflecting our progress in increasing the level of productivity and expanding margins in the business segment.

I cannot fail to mention that the stabilization of the cost of our main raw material, steel, also made an important contribution to our results. Likewise, adjusted net income grew by 27%, reaching R\$107 million in the quarter. Year-to-date, net profit increased 141%, reaching R\$386 million and 21% in terms of net margin.

I now turn the floor over to Paulo so that he can present the performance of the business segment in the 4Q.

Paulo Polezi:

Thank you, Piero. Good morning, everyone. Going to slide 4, I present the evolution of the 5 operating segments, starting at post-harvest. We maintained the performance level of the 4Q21, growing 4.4% and 32.1% year-to-date of 2022. This performance is the result of the robust portfolio built throughout the year through assertive market access movement combined with the success in capturing new businesses with rural producers.

International businesses also had excellent performance, growing 12.7% in the quarter and 34.8% for the full year. In addition to the robust backlog from 2021 to 2022, some sales in new regions contributed to the positive results, such as sales to the Southeast Asia and Indonesia.

In ports and terminals, we sold R\$30 million in the quarter and R\$49.6 million for the year with a growth of 183%. The highest volume of revenue in the segment was concentrated in the 4Q22, in view of the large projects that we are delivering in the Porto of Santos, São Paulo State and other large terminals also delivered in the period.

In agroindustry, revenue was R\$26.5 million in the quarter and R\$178.5 million in the year due to the delivery of 6 works to expand the drying flow with respective peripherals for loading and unloading equipment, all with Kepler's assembly, which will be used in the next soybean crop in Mato Grosso, Rondônia and Roraima.

Finally, in replacement and services represented an increase of 25.5% in the quarter and 24.7% on and accumulated results of efforts to capture opportunities for renovations and modernization in existing plants.

It's important to remember that we opened 2 new distribution centers in 2022 in Balsas, Maranhão in Paragominas, Pará, adding greater proximity to customers.

On slides 5 and 6, we show relevant projects delivered in the quarter, showing the breadth of Kepler's operations in Brazil and abroad.

Maripá project in Paraná is a work for a group of 11 producers as of 2019 formed an agricultural condominium and entrusted the project to Kepler due to the brand's tradition and the superior quality of the equipment.

And the project of Dourados, Mato Grosso do Sul is a large-scale work in the agroindustry segment, which receives large volumes of grains and therefore, needs a high receiving capacity. It had a challenge of being carried out for the most part during the pandemic period with a record execution time of 12 months.

In Comodoro, Mato Grosso, the client needed additional storage capacity expansion, and have chosen Kepler due to the excellent experience obtained in the previous work years before.

On slide 6, we have the work in Villa Nueva, Colombia, where the client is modernizing its entire dry line replacing its old dryers with more modern and efficient dryers, in which Kepler team's experience in rice fields contributed to the final choice.

Finally, we called Campo 9 project in Paraguay, which is a work needed to increase the storage capacity in a best region for its members, where the customized service, technical knowledge and the years of relationship were the differentials for choosing Kepler.

On slide 7, as a way of demonstrating the renewable orders in the portfolio, we present different suppliers higher in the quarter, which together adapt to approximately R\$127 million in new sales.

On the table, it's possible to observe that in addition to the traditional post-harvest customers for orders, R\$59.5 million originating from industrial customers in the agricultural chain, this demonstrates Kepler's ability to pursue new projects in all segments in which it operates while at the same time, indicating a positive trend in agroindustry and ports and terminals, customer segments.

On slide 6, we show the evolution of adjusted EBITDA for the 4Q22 with a generation of R\$156 million, 31.2% margin, an increase of 32% when compared to the EBITDA of R\$118.5 million in the 4Q21 when we had a margin of 28.4%.

For the full year of 2022, we ended with expressive generation of R\$568 million and a margin of 31.3%, mark of an extraordinary performance.

The reasons that explain yet another robust EBITDA are similar to those that guided the performance throughout the year: increase in the level of productive activity, expansion of margins in the business segment, efficient operational management and balanced management of prices at the end.

On slide 9, we show the allocation of CAPEX, where in the 4Q22, investments reached their highest quarterly value R\$24.9 million, most of which 78% was allocated to the modernization and expansion of the production capacity of our operations in Panambi and Campo Grande. It's important to highlight that R\$19.4 million correspond to significant advances in the installations of the powder painting project in Panambi, with R\$10 million being invested in the period, together with the acquisition of new machines for the modernization and expansion of new manufacturing capacity in the total amount of R\$8.2 million.

On slide 10, we show our cash availability that maintain a robust level. And in December, with the gross balance of the R\$337.9 million. It's important to highlight that despite having accelerated investments in CAPEX and expanding the distribution of dividends and interest on equity in 2022, net cash jumped from R\$74 million to R\$171 million in December 2022.

And on slide 11, we highlighted the evolution of the liquidity of our shares, whose average monthly financial volume was R\$14 million in December, having reached in 2022, R\$16.7 million per day, the best historical average of trading the shares.

On slide 12, we show the ROIC of the 4Q22, which increased by 24.4 p.p. compared to the 4Q21, reaching the level of 103.8%. I always remind you that the high ROIC is one of the differentials of our business model, which allows us to add manufacturing capacity without large investments.

On slide 13, we show the payment of R\$70 million in dividends paid on December, increasing the annual payout to 47% from 30% in 2021. Below are 3 important highlights of the quarter.

On slide 14, as communicated to the market on December 26, we celebrated the entry of the BNDES as the senior shareholder in our FIDC Fiagro, which together with the contributions of BTG Pactual and Kepler Weber allowed for an expansion of the original R\$120 million to R\$300 million.

I take this opportunity to invite customers who are attending our call to get in touch with our team and find out about the advantages of our exclusive line of project financing.

Finally, on slide 15, I highlight the renewal for 2023 of our shares in the following B3 indices, IAGRO, IGPTW, IBRA, INDX, ITAG and SMLL.

With this, I finish my part, and we turn to Piero.

Piero Abbondi:

Thank you, Paulo. Before addressing the achievement and perspectives on slide 16, I would like to share with you a great achievement in the store sector, which was the publication of the standard ABNT NBR 17066, which establishes for the first time in Brazil, the basic requirements for sizing vertical metal silos with corrugated sheets. I would like to remind everyone that Kepler performs all these projects with the best technical references of international standards. As a result, the big beneficiary is the storage customer, who will have products that are safer and more economically viable for the business.

Before the Q&A session, I would like to highlight recent achievements, and then I will make some comments on the perspectives for the coming quarters. In relation to the accomplishments, we had the best year in the Company's history, with expressive revenues and profitability, confirming our ability to capture good businesses in light of the excellent agribusiness environment.

I am very proud of Kepler's team that in the factories, in the field works, in the DCs and offices spared no effort to continue delivering the best projects to our customers. Congratulations to the team.

Paulo has already presented the ratios of our exclusive funds, but I need to reinforce that expanding storage capacity is urgent, considering that Brazil, it is on its way to another record crop. And this agricultural events in the country also increases storage deficit, our Fiagro are rising good time at a time when our customers need more storage space.

As prospects for 2023, I would like to mention the following. We will continue focusing on businesses that are profitable at healthy levels and that prepares us for possible uncertainties in the future.

Next third project, record of 320 million tons of grain production in the 2022, 2023 crop, which brings good prospects for projects in all our segments.

And finally, in the following weeks, we are to complete with due diligence for the acquisition of Procer, and another leap in the Company's governance with the migration to the Novo Mercado subject to approval at the next regular shareholders' meeting.

With that, I conclude the presentation of the results for the 4Q22. Before moving on to the Q&A session, I would like to share with you some more information about the Company's management.

As you all know, yesterday, we had Board of Directors meeting, and the Board approved the meeting for March 21 that, in addition to the regular agenda, will elect the members of the administration for the following years.

We had the support of a specialized consulting firm that work with the main shareholders for any evaluation, checking the necessary competencies and recommendation of the names. And we also have a successive plan, and my name was recommended as one of the director members. And I am going to continue as the CEO of the Company for the next 12 months.

Bernardo, our current sales director that you all know and who has been with us since 2021 was my recommendation and by the Board to start his journey of succession. I wish all the luck to Bernardo in this journey. And I reinforce that it's a process that we started in 2019, where we reviewed the business model, the management model, we designed the structure of the organization. We formed our Executive Committee with 7 members, 6 reporting directly to me. And in this process, we had internal movements that also had Paulo joining the Company, and Bernardo in 2022.

I would like to remind you that this is a professional process, sustainable, that would ensure the system mobility of the management of the Company. And then, we are going to continue together on the way to our 100th anniversary.

Please, operator, we can proceed to the question-and-answer session.

Lucas Laghi, XP:

Good morning. Congratulations on the results. I would like to have more details in relation to the profitability dynamics, thinking about the difference of the unit cost and the unit revenue considering this context of drop in the price of commodities, more specifically, that we saw along 2022. How can we look at this difference between those unit costs for the year of 2023? Can we think about lower price for the unit prices, considering that there's a stabilization process, and margins converting to something similar to what we saw in 2022? Or is it possible to expect those margins to maintain at a strong pace, such as we saw with the margin EBITDA about 30%, 31% that we saw in the 4Q? This is my first question.

And if I could also ask about the major effect that you have just published. But if you could, I was wondering if you could provide some additional detail about the members to be elected, so if you could give the next steps in relation to this composition of the Board after the change you mentioned. So these are the points. Congratulations again.

Piero Abbondi:

Thank you very much for the question. I am going to start answering your last question. The proposal was moved yesterday, and it will become public tomorrow morning. There will be a material fact published to the market. So we will publish all the curriculum on the recommended candidate.

And to start, the first question, I am going to pass the floor to Paulo so that he can discuss the margins and prices.

Paulo Polezi:

Hi, Lucas, thank you so much for attending our call. The first part of the question is more related to the dynamics of cost and prices. We always like to go back to the concept of the Company. We are a company of projects, right,

Lucas. We acquired our raw material at the zero moment, and we deliver the work in the future for 6 months later. So there is the dynamics, the strategy that I could say that has a margin hedge.

We always try to work defining prices according to price of the raw materials, still being the most important one. So nothing changes for this year, and this dynamic that we have seen in the past 2 years was a very expansionist dynamic. So we had a growing demand. We were ranked over by the prices of the commodities that went up, as you mentioned in your question, and we control this quite well. And at the same time, we were able to address this and pass through during this process of 4 and 6 months.

In 2023, the dynamics is very similar, but there are 2 different points: the steel cost is slightly below what we saw in 2022, and also the delivery dates, which are shorter now. So one must offset the other one.

So we are likely to have a more normal year with less stress with supply chain, more stable, and that would allow us to continue working with good margins for 2023.

Piero Abbondi:

We can see the interest and also our clients, so we imagine that the market will be robust, keeping healthy margins.

Paulo Polezi:

Lucas, I do not know if we answered all your questions because your question was a bit long.

Lucas Laghi:

It was very clear. The answers are very satisfactory. Thank you very much for the clarifications, and have a good day, everyone.

André Mazini, Citi:

Good morning. Thank you very much for the event. I would like to congratulate for the position that is going to be taken in dimension of all the challenges for the future. And also, I would like to talk about Bernardo's position. We have been very impressed by what he has been doing in the function of sales director, and we would like to understand the plans for the person who's going to replace him. And it seems that in terms of PCA, the disbursements took a bit longer, in the PCA and also in the beginning of the year. And it seems that in the beginning of the year, we see some interest from the BNDES and other players so that the base of reimbursement can be normalized after some delays that we saw at the end of the year.

And I would also like you to talk a little bit about backlog. I know you cannot break down all the details, but I will let know if it's moving up or down, and what's the trend for 2023?

Piero Abbondi:

André, thank you very much for the question. So in terms of the succession plan, I am going to start answering, and then Bernardo will add to what I said. We are beginning this succession plan, in fact, after the election of the Board members. So that will be after March 23. After the Board meeting, we will start our plan.

Of course, we are thinking about the succession in the sales area. Remember when Bernardo joined here, we had seen a restructuring in the commercial area, and that's why Bernardo came on board, and we are working on that.

We still do not have any definition on how the sales area will be. Of course, we like to look at the internal personnel, people who are already familiar with the business and are more prepared to assume the function. And this is something that will help happen in the next 3 months.

I turn the floor to Bernardo so that he we can talk about his vision for the next year, when he is 100% operational.

Bernardo Nogueira:

Thank you, Piero, and thank you, André. Before saying anything, it has been an honor and joy to be in this situation to be part of this succession plan, and I am very optimistic about Kepler's future. We see a lot of evolution in the Company. It's an incredible company with very good basics, and these are not easily found in the market, 70% of repurchase, market share 2x times bigger than the second, but they are coming back on. So again, it's a great joy and a proud and very motivated.

I think the keyword when we talk about what to expect is continuity, stability. It's been a very interesting process. It's very well-built process. So we will have 12 months to be working with Piero.

And then, we understand that this will bring a lot of consistency in the long term, considering the direction we are taking and talking about continuity and strategy, we have just presented on Kepler state that happened 2 months ago. We talked about the strategy and direction, and our mandate is to execute this strategy, strengthening our position in this market and using what Brazil has to offer at its best, which is agribusiness.

Paulo Polezi:

And then I will talk about PCA. André, let's go to the other part of your question. You made some comments about PCA, and we keep the evolution on a weekly basis. And for all those who are also with us, this is the main line for our sectors, so 10 years with interest with our subsidized by the government. This year had a record in July last year. We announced more than R\$5 million, and in practice this fund did not materialize the way we expected.

It reached our account at a lower level than the previous years. It is a problem, not necessarily. And why do I say that? Because our clients, especially rural producers, continue to be well capitalized. They still have access to credit. There are other lines available in the market, of course, not at this interest level but with long terms and competitive terms.

So when we look at the history track of this safra plan. We have seen this before, the government would announce an amount, it would hold, it would release. I say that because there has been an announcement by the BNDES and they reached the account, but they were quickly consumed. But we have this fund to be consumed up to July, so we expect that this fund will come to this strategic sector.

Of course, we did not stop and wait. We went after fund. We have R\$300 million available. This is something we did with BNDES and BTG. So we are confident that the money will reach the producer.

Piero Abbondi:

Maybe the only point that I would add is that the PCA will always be insufficient even if it's at a high level. That's why we are looking at other levers.

We are always working on this. We received some questions about silos rents, and we made some progress in those lines of investments. We have launched in the project. And then we looked at the finance part, the pressure that comes from demand is really huge. What we see is that the producer uses their own resources if the crop is R\$300 million.

And if we look at the history track and we consider the last 10 years, we see that the crop level has been growing quite a lot at the level of 4% a year. So we are talking about an average growth and the storage capacity required by the industry is estimated at R\$6 million.

What I mean to say is that if we keep this pace every year, there will be an increase in the deficit, which is already R\$100 million and the deficit will be R\$9 million per year. So we are part of the solution of this equation, and we are going after more levers so that we can grow and also reduce the deficit so that we can have a competitive position, not only domestically, but also when we talk about exports.

This year in March, from March and April crop, I would like to remind you that the harvest will be the larger than the capacity of storage. So there will be a lot of pressure on the producers. And also in terms of freight, we see that the freight costs are increasing now, which is not normal. So we can see this challenge in the management of the production flow.

Paulo Polezi:

Thank you, Piero. And there is the other part about the backlog. Our backlog is normal, André. What I mean to say, when we compare the backlog of 1 year ago in the turn of the year, we see that the backlog is proportional to the delivery period. So it was a bit diluted. You remember, we had the supply chain and all the delays and everything else. So the terms were too long, and this backlog would reflect this longer term.

How do we stand today? Deadlines are becoming shorter, so the backlog is lower than that of last year. But this is also according to the delivery date. So we even prefer to operate at shorter terms with a more adjusted backlog.

I would say that our backlog is normal, and our backlog is very healthy. One of the slides that we showed, slide 7, shows some examples of importance of deliveries. So we always try to bring in information, showing that we are being healthy in terms of backlog levels, and better than having a good backlog is to have post-harvest projects, international business, ports and terminals and agroindustry. So the healthy backlog is very important, André.

André Mazini:

Excellent. Thank you, Piero and Bernardo.

Renata Cabral, Citibank:

Good morning. Thank you very much for the opportunity of asking questions. I would like to congratulate Piero on his excellent work, heading the Company, taking the Company to the next level and congratulations to Bernardo. I am sure that your new management will be also very successful.

My question is a follow-up on André's question. But it's more in the line of how to understand the business environment now. Because when we talk to market agents, and I am talking about the agribusiness segment, we understand that there was a lower investment, but we are in February, and Piero mentioned in the previous answer, when he talked about deficit in storage capacity, I would like to know if the investment levels increased, if you are receiving more quotes requests, and if you could provide the breakdown of what's the sentiment of farmers in agroindustry, because I think they have different feelings. So if you could provide this color to us, it would be very helpful. Thank you.

Piero Abbondi:

Very good question, Renata. Thank you very much for your interest in the Company. I am going to start answering and then Bernardo will continue. Without a doubt, as you mentioned, any changes would lead to uncertainties. So we got this uncertainty last year, but as I told you, in fact, we did have a record crop, and we feel that the demand is very robust.

We had a trade fair in Cascavel called Show Rural, and the sentiment, the environment was very positive. We saw the demands, the request for proposals, they were all very heated. And for sure, what we said is very important.

Maybe in a moment of the time, we might have to look to one segment to the detriment of the other. We are also going to normalcy levels in first 3 year or 4 years of the year, the rural producer is very focused on the crop he is harvesting. After the harvest you start to make plan for the following crop year.

So we have this positive demand from the market. We are very optimistic, and we see that segments are different, and it's up to us as a company to focus and take additional advantages of the opportunity so that we can capture the best results. Bernardo, may give more detail about the market.

Bernardo Nogueira:

Thank you, Piero. And thank you, Renata. Now talking about data that would help us reflect on the market scenario. It's no secret that the rural producer was very focused on the politics. So we were facing a moment of reflection in plans. And we see this when we look at the businesses that are materializing, and this is part of the history.

And in addition to that, we also have high interest for long-term investments, but there's also something else that we have to consider. Without any idea is the record crop and the heat of the market. So it's hard to quantify this. It is 2x the production of wheat of Ukraine, so this is a delta. So this production needs to be stored.

So what is our strategy in the short term while the producer regains the confidence? We see that there's a large demand by the cooperatives, by the industry, by the logistics terminals. And this has been our focus in the past 2 months. So we are having a greater focus to corporations instead of individuals, so our portfolio reached historical levels. So 2022 was an outlier. It was an exceptional year. We can see the results here.

2023 will be a good year. We believe that we have a portfolio operating at historical levels. And we are going to have a portfolio with a higher mix, but it's going to be a good year. Can see during the successful production in Brazil that would impact the properties, the producer with port and terminals. So all those players need to get structured so that we can pace out this production.

Renata Cabral:

Perfect. Very clear. Thank you very much.

Vitor Polli, Levante Corp:

Good morning. Congratulations on the results. My question is in line with André's question in relation to delay of PCA. This is what we saw in the last quarter, especially related to the working capital. What can we expect for this year and the future, considering the PCA delay? Are the terms being extended to the clients? As mentioned before, you are not as capitalized as before considering the margin. And also, the percentage of own capital and third-party capital, you said that it might reach 50-50. So if you could disclose this, what was invested as own capital and what was along?

Paulo Polezi:

Vitor, thank you very much for the question. We will start with working capital. We watch closely our working capital, as you also do. So our working capital is very balanced considering the size of our business. So we have a financial flow, and we finance our process, our receivables, where we had a balance with stock and payables.

So in the past few years, we had a working capital that was extremely favorable to the business because of the advances. As I was answering the previous question, we had some delays related to raw materials and the rural producer anticipated some amounts in order to ensure its priority space. So for 2 years, the working capital was very exuberant.

In the 2Q22, and we are going also to see this in 2023, we are going to working capital levels going back to normal levels with those advances not being so relevant for our working capital, but still very favorable to business, with very balanced terms.

You also asked about accounts receivable. In fact, there was an increase in comparison to the previous year. But when you make the relationship to the sales, it decreased, so it follows the volume of sales. It grew but proportionately, it was lower. So this is something that we look at.

When we look at this line, we have no concern about the default rate and this kind of thing. And the last part that you mentioned was the Kepler's structure. It's also a competitive hedge differential for Kepler. We have cash, which is higher than the debt. And this structure has an improvement along the year. So we were improving the structure.

It's a bit difficult to give you a figure whether or not we are going to reach the 50-50 ratio, but Vitor as the Company grows, we are going to be interested in the opportunities as Bernardo said. And we are also going to consider the M&A organic opportunities, and we are going to see this ratio improving along the time. So it's important to know that we have a discipline when we allocate capital.

And today, it has this flexibility. If we have to acquire a company, we will have enough cash to do that, and then we will consider how to finance it. But it's a variable that we watch closely.

Vitor Polli:

Thank you. Just one follow up, if I may. I think it was not very clear. I would like to know in terms of net revenue, what was your own resources and what was provided by third parties? In the past, you were very capitalized, and I would like to know what's the expectation down the road, if you are going to reach the 50-50. And if you also have the figures for 2022, it would be nice to hear them.

Paulo Polezi:

This year, we ended, and this is something we have been informing the market, 30% was by means of financing lines and 70% by means of own funds. The 70% mention does not mean that the producer will not finance. They will, but later. It will ensure the priority for the production in the plant and the delivery date, and this is a good inductor. So 70-30. This is the ratio you asked about.

Vitor Polli:

Great. Thank you so much. Congratulations again, and have a good day.

Filipe Sima, Wizard Research:

Good morning. I would like to ask a question related to the Investor Day. You said you want to create revenue of 55% in the post-harvest. So I would like to know when this is supposed to be reached in terms of evolution.

And I have another question related to the international business. It seems that you defined a line for expansion, and now I would like to understand what are the markets the Company is after at the international level. Can we think of a similar level to different markets? And how does the Company want to execute those plans? Will it be through an M&A or are you expecting an organic growth? Thank you.

Bernardo Nogueira:

Thank you for the question. Let me tell you a little bit about this strategy. We know that, in spite of the heat of the agribusiness, there are cycles when the producer will be more capitalized, more domestic, and there are cycles when the producer is less enthusiastic. So we are never going to change the focus from the producer because they represent about 35% of our sales. So we need to continue focusing on the producer, but we are also going to continue looking at other segments of the Company so that we can put our exhibitor process.

And what we mentioned at Investors Day is when we talk about services, so we move from CAPEX to OPEX. We have more than 18,000 units for service purposes, and they require maintenance.

So in 2022, we had an investment in the creation of more than 2 new distribution centers. And in 2023, we see that this expansion is going to continue. So we have 2 major strategic movements into 1. So we are going to increase recurring revenues with services, and we are also going to place a flag in Pará and Maranhão, which are expanding in the agricultural field, also because of the quality of the product, but also because of the proximity so that they can have maintenance services, and they can also have training sessions. It's like placing the plant in those places. So this will all be taken into consideration. So we are going to provide efficient maintenance services with parts being delivered quickly.

So our strategic objective, to answer your question is to continue being in our segment, with delivery of bulk services, storage, and we are going to increase our resilience. We are going to have the stability so that we can continue growing.

Piero Abbondi:

Maybe to complete the answer and also going to your second question, I can say that we have different avenues of growth that, in addition to growing, will allow us, as Bernardo mentioned, to have greater instability in different segments and in different economic cycles.

So first is organic growth. We are going to consider different fronts, financing, loans, considering the geography of the segments when we are already operate. And I would like to say that we have 2 robust plans, and we have been working on lean manufacturing, and we are very well prepared to capture market organic growth that require specific investments in bottlenecks. So we are prepared to capture those organic growth.

And in terms of inorganic growth, yes, Procer is a clear example of this. It's going to grow our revenue. It will add good results to our EBITDA, and it will generate a recurring revenues in a digital avenue that will open up new opportunities for the years to come.

Now going back to indebtedness level, the Company has a capital structure, which is very robust. So we have to take advantage of this competitive advantage, and we are looking at opportunities of acquisitions or organic growth in segments which are related to ours.

We think about post-harvest, which is everything that happens after this moment. So we are looking at potentials. We are looking at these growth opportunities in different economic cycle that would also increase the sustainability of the results along the years.

Filipe Sima:

Thank you, and congratulations on the results.

Antonio Giuseppe (via webcast):

What would be the biggest challenge for the organic growth of the Company in the long term? Would it be the credit availability? Would high interest rates impact the operation? Thank you.

Paulo Polezi:

Antonio, thank you for the question. Kepler's challenges for the future are not different from those of the past. We talked about the structure in Brazil, the demand for storage capacity. We have had record crops, and the infrastructure, now talking in general terms, of Brazil cannot follow this growth. So this is where we are in this process.

Your question already mentions one of the challenges. Yes, we believe that credit availabilities fully related to this. So the more credit you have and the more competitiveness you have, this process is accelerated.

But there's nothing new considering what we had in the past. Kepler takes a very important step when it organizes in an independent manner, when it uses its own resources for the availability of credit.

And if I may, I would like to complete and add to that, which is related to the growth of our business. As you saw on Kepler's Day, we look at different business areas. So our challenge is to materialize all those plans. We have a prepared team. An important example would be the digital aspect, which is an important challenge that it is right in our faces. And when we finish Procer's acquisition, we are going to get more organized in order to take up all those opportunities.

So it's a combination of different factors, but credit, I understand, it's a very important challenge, not only for us but for all the companies operating in our sector.

John Wine da Silva, Acionista (via webcast):

Congratulations on your excellent results. The investments that have been made generate ROIC at the same level of the general ROIC of the Company. Is there room for increase in the investment, and increase the capacity?

Paulo Polezi:

John, thank you very much for the question. Yes, we always work during investment analysis looking at ROIC. We understand that the Company has a very favorable model that would allow the growth. When I say that, I mean to add a new revenue with a moderate level of CAPEX, so we have a production process, which is very lean, very organized, and you can add capacity together with the growth rate of the market.

So we make investments, and the investments help ROIC because we do not need massive investments. The investments are diluted along the time. So this is very beneficial. So we have good ROIC because of the new investments.

There is another variable, which is the results of the business that were exceptional in the past period. So we had this additional boost in the results. But for the future, we are going to make investments looking at increasing and having a healthy ROIC.

Piero, would you like to say anything about the investments?

Piero Abbondi:

Yes. I had already approached this topic in the previous question, when I talked about investments and organic growth of the Company. But without any doubt, we have room. We have 2 robust facilities, well-organized, lean production. So we are constantly making investments in order to bring in the continuous and gradual improvement in productivity.

And we also look at the market. We are constantly looking at the events. We are always looking at the future. So we consider 2024 what will the capacity be like. So those 2 facilities require specific investments and bottlenecks. So if we consider what we did in the previous year, you can see that this is what we have done. We have invested in bottlenecks that I mentioned, and we have monitored the growth of demand.

We are completing some of the investments we started last year. So we are prepared to any drop off in demand and the Company is totally prepared to make investments and increase capacity. For sure, this is a growth vector for the organization. namely the organic growth, as I mentioned before.

Heloisa Matos de Bastiani (via webcast):

Could you talk about the installed capacity at present in the Company?

Paulo Polezi:

Heloisa, thank you very much for the question. For our installed capacity, I think, before entering, we should qualify it in terms of utilization that we have been having, so that we can maintain the same profile adopted in the previous call.

We ended 2022 with a high level of capacity, about 90%, and we reached this level of sales. And obviously, this capacity was occupied or used by the longer time of delivery terms.

As I said before, we had extended terms for the project. In 2023, we are going to work with shorter deadlines. So this is going to bring in some relief because we can work better, we can work at a common base along the months.

And there's a second benefit, and I will go back to what Bernardo mentioned when he discussed the perspectives, because this is a year that we have to consider sectors that demand more capacity. These are tailor-made projects different from the post-harvest, rural producers, which are more standardized, and this year, we started with this structure in terms of capacity, but it would be good to include these new items in the mix.

So, we are running out of time. The IR team is going to answer the questions that were not answered. And with this, we end the Q&A session.

So, I would like to ask Piero, if you would like to give final remarks.

Piero Abbondi:

As my final remarks, I would like to remind you that 2022 was a historical year for the Company and agrobusiness. Obviously, we were very successful, and we will continue like that. Of course, it was a very good macro scenario, and the Company was prepared to capture all those opportunities. We had challenges across the year, the pandemic, the supply chain, but the results we delivered were very positive.

So I would like to thank our team, our 1,700 employees. For 2023, we see that it started at a very favorable base with a focus on the segment. And for the second half of the year, we will look at different segments. So this has always been the regular cycle. You know the normal seasonality of the Company.

I would like to mention again the management, the construction, the Board executives, and we have been doing everything at a very careful manner, without turbulence. My management always focuses on people at Kepler, so we will continue working on that.

We still have another busy year ahead of us, intense work with stability in the management of the activities, and seeking higher sustainability in the business when we talk about people management and operation and market, and also how we work at plans using lean manufacturing and cost management. So we have challenges. Brazil always poses a lot of challenges to us, but we are very optimistic for 2023.

So I would like to thank everyone's interest on our Company, and we remain available. Should you have any requirement, our IR team is available to you should you have any questions.

Thank you very much, and see you in 2 or 3 months, in April. Thank you very much.