



**International Conference Call
TUPY S/A (TUPY3)
4Q21 Earnings Results
March 30th, 2022**

Operator: Good morning, thank you for waiting. Welcome to the conference call for presentation of earnings for Q42021 for Tupy.

All the participants are connected only in the listen-mode only. Later we will have a Q&A session when further instructions will be supplied. If you need any assistance from an operator during the conference call, please dial *0. This conference call is being recorded.

The company would like to remind you that this event can also be heard and is being transmitted via webcast and can be accessed at www.tupy.com.br/ri where you will find the slide presentation. The slide selection will be controlled by the participants.

Tupy clarifies that any declarations made during this conference call on business perspectives, projections or operational and financial goals concerning the business of the company are forecasts based on expectations of the board in relation to the future of the company. These expectations are highly dependent on market conditions in the domestic and international markets, the economic performance of the country and the sector, therefore are subject to change.

We have with us Mr. Fernando Cestari de Rizzo, CEO, and Thiago Struminski, CFO.

Mr. Fernando, you may proceed.

Fernando de Rizzo: Thank you, good morning. I would like to thank you all for being present in our conference call.

Let's begin with a summary on 2021, a year when we had record numbers in revenue and EBITDA, apart from the result in capital invested as a result of many actions. This is also the first quarter with our results including the units in Aveiro, in Portugal, and Betim, Minas Gerais, assets of great importance and that will contribute for our results in the next few years.

The volume of physical sales reached 538,000 tons, an expressive growth in relation to the previous year, but lower than 2018-2019, before the pandemic. Bottlenecks in supply chains of raw materials, especially semiconductors, resulted in our clients not being able to produce enough for the demand in the market. Our net revenue was higher than 7 billion, a growth of 66% in comparison with the previous year, or 59% if we don't consider the new operations in this comparison. A strong growth shows the strength of our business model and the capacity to increase prices during the years, especially raw materials and logistics costs that increased significantly.



In spite of reduced volumes, we reached the highest adjusted EBITDA in the company's history reaching 878 million. It was an expressive result since we had stops in our clients that brought loss of efficiency and lower dilution of costs since we were prepared to work with a higher volume.

We had expressive increases in absenteeism due to the pandemic and new variants of the virus. This impacted our margins that reached 12.4% in 2021. Contractual clauses guaranteeing price increases in raw materials with a neutral effect on EBITDA, but with negative impact on margins initially since the increases brought higher revenue but pressure on margin.

On slide number 4 I would like to talk about the effect of the restrictions. Our clients were not able to benefit totally from the strong recovery of the economy. Based on the projections of recovery, the company was prepared for a scenario of strong expansion in sales, we hired more people, we turned on equipment, and we changed production flows. Once the physical sales volume was not as strong as we expected, we had a lower dilution of fixed costs and increase in inventory with a temporary effect on margins and in working capital. This demand, the fleet, for example, is getting older and will have to be substituted in the next few years.

On slide 5 we see the evolution of some indicators in comparison with 2018. Excluding the result of the operations in Aveiro and Betim, acquired in October, our physical volume had a drop of 15% while revenue rose 40% in the same period. On the graph here we see an increase of 29% in adjusted EBITDA with a growth of 52% in EBITDA per kilogram.

On slide 6 we see the focus on the management of assets and projects for optimization, flexibility, and better prediction process that contributed for an increase in the return on capital invested, which reached levels that are higher than before the pandemic. The generation of value is one of our pillars in our strategy and a determining factor for the capital allocation together with the payment of dividends and M&As. We closed the year with a healthy leverage, and this allows us to grow.

On slide 7 I'd like to comment on the situation of the industry and some effects which will contribute for the future demand. Although we have restrictions on capacity to offer, the sale of trucks and equipment machines continues to be resilient, resulting in a drop in inventories and finished products. The return of these indicators to historical levels will happen when the supply chains recover and will have a good effect on us in the next few years.

Now I would like to invite Mr. Thiago Struminski, our CFO.

Thiago Struminski: Thank you, Fernando, good morning. Even with restrictions in the production chains mentioned by Fernando, the physical sales volumes rose 7% in comparison with Q420 and considering the volume of the plants of Aveiro and Betim of 31,000 tons the growth was 34%. The mix in the volume of transportation, infrastructure, and agriculture, excluding acquisitions,



was 23% of the total, totally or partially machined, versus 27% in Q420, the drop is due to some temporary stops at clients, and 24% were produced in CGI.

On slide 10 the revenues had an increase of 38% in comparison with Q420 excluding the operations in Betim and Aveiro were 2% of revenue, R\$302 million. The revenues from operations of recently acquired companies had a negative impact of 90 million due to one-off events related to inventory consumption that were not part of the perimeter of the transaction, especially for Europe and which represented 6 weeks of sales in some products.

In relation to the distribution of revenue per geography with the result of the new operations, 52% went to USMCA, 28% to the Americas, South American and Central America, especially Brazil, 16% in Europe, and the remaining 4% in Asia, Africa, Oceania. In terms of application, 85% of commercial vehicles and off road, 11% passenger vehicles, and 44% hydraulic products.

On slide 11 we see the domestic market with a good performance of commercial vehicles, machines and off-road, apart from indirect imports, exports, also the impact of semiconductors for light vehicles was compensated by the operation in Betim in this segment.

On slide 12 we show the effects of the revenue on the export markets, strong growth in applications for commercial vehicles due to the recovery and recovery of investments in sectors like infrastructure and agriculture. In spite of the strong demand, light commercial vehicles continue to be affected by restrictions in production chains. Applications for light vehicles were also exposed to problems due to lack of semiconductors and this effect was mitigated by adding volume in operations in Betim and Aveiro.

In the next slide we see the performance in hydraulics that we see here corresponding to 4% of the revenue, the growth in revenue was 30 and 61% in domestic and external markets showing a gradual recovery and also price increases.

Now going on to slide 14 the cost of product sold went up 67% in comparison with the previous year due to inflation in raw materials, exchange rate devaluation and also the results of the new operations with a gross margin of 14.8% and increase of 83% in cost with raw materials and 41% in maintenance and third-party materials due to the increase in price of materials and also higher production, also 52% higher costs in labor, especially due to employees in new operations, overtime, and wage increases.

Operational expenses had an increase of 72% in relation to Q420. The result had an impact due to the increase in volume with expenses with freight and also wage increases and also the expenses from the new operations.

On slide 15 we have here the adjusted EBITDA, reached 204 million with a margin of 10%. Apart from the result of Teksid, which had lower margins during this period, there was an impact due to the price of raw materials and seasonal



effects, stops at clients in the last weeks of December due to restrictions in the supply change, which led to a lower dilution of fixed costs.

The effect of price increases also had an impact on EBITDA due to the increase in net revenue. On the lower part we see the net profit in Q421 was 61 million with a net margin of 3%.

On the next slide number 16 we will see financial results. We can see in February 2021 we had the issuance of senior notes with a cost on the debt of six... reducing the cost of our debt from 6.6% to 4.5%, the results was used for hedging and cash.

On slide 17 the main working capital accounts here in comparison with Q321, a reduction of 12 days in accounts receivable due to the exchange rate depreciation since 82% of the value is in foreign currency, apart also from seasonality, an increase of 12 days in the cost of product sold in relation to the cost of products sold, apart from the exchange rate variation on the inventory in foreign currency, also stops at clients due to lack of semiconductors this also affected negatively the inventory finished products.

Additionally, the period was also marked by the inclusion or recovery of inventory in the operations of Betim and Aveiro. We had an increase of 6 days in accounts payable due to several actions with suppliers.

On the next slide, number 18, we made investments of 116 million in Q421, an increase of 194% in comparison with Q420 and representing 5.6% of the revenue in the period. Part of this amount is due to projects that were delayed in previous quarters, in 2020, due to the pandemic. Considering the last 12 months, Capex represented 3.6% of the revenue, these investments are related to new programs and projects for machining, apart from initiatives related to safety and environments.

Slide 19 shows the operational cash flow. The cash generation with 301 million, an increase of 18% in relation to the previous year. Of this, 78 million have to do with credits from Eletrobras.

The next slide number 20 shows the net debt of 1.3 billion corresponding to 1.5 the adjusted EBITDA in the last 12 months. The obligations in foreign currency represented 82% of the total related to the bond with amortization in February 2031 and interest 4,5% a year, which are paid every 6 months. In relation to cash, 53% in local currency. We closed 2021 with a comfortable cash level, 1.3 billion.

Now I'd like to pass the floor to Fernando, he will talk about recent initiatives.

Fernando de Rizzo: Thank you, Thiago. In the next slides I will talk about our growth and value generation and initiatives made in 2021 and in the first months of this year. With the combination of the foundry units of Betim and Aveiro, we continue with global leadership in structured components in cast iron dedicated



to capital goods, our client basis is larger, and we supply to all manufacturers of trucks, agricultural machines, construction machines, and engines. This has increased, we have increased our production capacity by 40%. In these first months, we confirm our perception that there are many opportunities in combining these operations. Currently, the efficiency rate of the plants acquired is 60% of the other operations, which results in a higher cost of energy, labor, maintenance, quality for these units. The correction of this is in progress and we will recover.

In Q4 the revenue per kilogram of the operations of Betim and Aveiro were 30% below the others, so the subsidiaries were acquired, and the billing was hurt by 90 million, we have a goal to equalize margins in 4 years when we will have stabilization of raw materials. We should reach levels that are similar to the other operations and earlier than we expected.

We continue discussing opportunities to make more progress in the supply chain our clients with more contracts for machining and apart from projects related to biofuels and biogas for the Brazilian market.

On slide 23 I'd like to mention some initiative developed by to Tupy Tech and Tupy Up, which also have competencies that we developed in 80 years with strategic partnerships contributing for decarbonization of our clients. Talking about open innovation, we launched last year our accelerated startups with ShiftT in progress and they brought innovative solutions for new processes in areas like economics, machine learning, and industry 4.0.

In relation to Tupy Tech, one of the fronts is related to the recycling of batteries with better use of materials and lower emission of gases, greenhouse effect gas. Apart from the partnership with the university of São Paulo, we also have a new project involving SENAI Paraná and BMW of Brazil. Our vocation is related to the development of materials, metal alloys, and complex geometries, we deposited a request for patent for a new ultralight engine block for hybrid and ethanol vehicles. The details of the project will be presented in the next month in the symposium on Vienna engines.

We also announced important initiatives related to the economy with hydrogen in partnerships with AVL, Westport and associated to important entities in Brazil and abroad. We're discussing with clients relevant projects that will position Tupy as a strategic partner in developing products and services related to hydrogen, also materials used in combustion engines.

In the same way, we have important initiatives for agrobusiness in Brazil related to the use of biofuels, such as biogas and biomethane that will be announced in the future.

I thank you all for your attention and now we will begin the Q&A session.



Question and Answer Session

Operator: Ladies and gentlemen, we would like to begin the Q&A session. To ask a question, please dial *1. To remove your question from the list, please dial *2. This conference call is exclusively for investment professionals and clients.

Our first question Gabriel Rezende, Itaú BBA.

Gabriel Rezende: Good morning, thank you. I have 2 questions. The first is on lack of semiconductors. We know that this has not been resolved, but could you give us an estimate of the volume lost in 2021 due to the lack of semiconductors? So, this would help us to understand when things will go back to normal. Do you have a scenario without this problem?

Second question concerning the new initiatives, especially recycling of batteries, could you share some details? I'd like to know, for example, your strategy, if it's going to be a new business line or if you want to explore the recovery of energy. Thank you.

Gabriel Rezende: OK. Good morning, Gabriel, thank you for the question. Concerning the sales, the effect of semiconductors and other components that affected sales because there were problems in other components, we estimate 35 to 40,000 tons. We had better periods, periods that were worse, we estimate that this could be the loss, maybe even higher, clients sometimes are not able to plan themselves. I'm talking about sales that were cancelled.

The problem behind all of this when we begin the year, we have a vision of the clients' orders and with macroeconomic indicators that we follow we try to understand the consequence on the production of trucks, machines, housing starts, the backlog in truck OEMs, inventory in the market, and with this we are able to see the level of operations at our clients. We began the year turning on less efficient machines, we adjust demand to our capacity and at the end of 2020 we had a very strong wave and with the portfolio leading to a much higher level, so we turned on machinery and all of this resulted in this confusion during the year. We had to manage more equipment that had been turned on, a higher level of employees than necessary that did not have a result in the sales.

So, it's a little difficult to understand, but the important thing, we have highlighted this, if you look at the physical volume sold that's why we separated in Q4 the acquired companies and the traditional operations we had to clarify and to allow a comparison between the indicators, physical sales and this period, we worked with more machines than necessary in the period for these lower sales, but we were more efficient and we were able to extract a better result per unit.

What am I trying to show with this? The result of Q4 was lower than what we expected, especially in the combination with Teksid, we expected a drop in margin because Teksid is a project that will have progress every quarter, we expected this drop, but it allows us to evaluate how the efficiency rate of Tupy works and what will go to a new operation that will have 25% more volume in



the original company, with more capacity, and obviously, we will also reap the synergies and increase in the efficiency in the plants.

Concerning the recycling of batteries, Thiago can answer.

Thiago Struminski: this announcement of recycling batteries is part of a larger strategy, the opportunities we have due to the energy metrics for biogas, for biomethane, we announced hydrogen, we're also studying solar energy solutions always looking at our competences and how we can look at these markets and the synergies.

Now talking about batteries, recycling batteries, there are synergies, we know very well the clients that will have this challenge and we have many metallurgists that knew the process very well. So, we have launched the first program with the University of São Paulo, we have more than 20 researchers working on this process that will be used, and now we have an agreement with BMW to work with their specific batteries in order to work with these NCMs.

Our point would be to launch a plant in 2 to 3 years, we're working with this schedule and we're trying to evaluate this technology. So, we're very optimistic and the market is receiving this very well, it's a technology that is special, much superior to the current recycling of batteries which burns the batteries right now, so this technology is much better than the current technology.

Gabriel Rezende: Thank you.

Operator: Our next question Lucas Lage, XP Investments.

Lucas Lage: Good morning. Two questions to understand the dynamics of Teksid. You mentioned the performance of Teksid 30% lower than Tupy, if we take the 302 million in revenue and if we divide by the tonnage this would be the recurrent possibility for the future? And the second question, if we look at the percentage you gave us for machine products and CGI, I didn't see a change. So, can we think of these percentages converging to the levels of Tupy with the same percentage of machined and CGI so this this drop in 30% maybe is due to this percentage of machined and CGI?

Thiago Struminski: Thank you for the question. I'll begin to answer then Fernando. The 90 million is due to a problem in the quarter due to our choice in the purchase of the perimeter. When we made the acquisition of the plants in Aveiro and Betim we did not have the inventory, we did not see the inventory in the US and Italy, so first these inventories would be consumed and then we would be able to build. So, the 90 billion is the normalized Q4 without this type of interruption. Our choice was first: we have subsidiaries abroad, these subsidiaries have heavy administrative costs in the subsidiaries because in the past there were industrial operations in Italy, so it became complex to manage so we decided to separate the plants, and this would be good for both. Teksid also needed Italy, so following this one the average price in CGI and machining,



in fact there is a great opportunity, this is part of the project to transform these 2 companies into one and they will receive machining services.

Now we have a company that has machining engineering ready, we continue to make progress, to add value to the product, and when you imagine this complete base, we made a horizontal movement today Tupy together with these new assets of Teksid we have a product base, engine blocks, heads that we supply to all the manufacturers of trucks, construction, equipment, engines here, and based on this base, we will be able to offer value-added services. We believe in this because our clients are very dedicated to new challenges, they have in terms of connectivity autonomous vehicles, decarbonization of the fleet, and it's natural for them to transfer to companies with capacity like us to do these machining services and possibly for the assembly of these components, even the assembly of engines, we want to get to this.

This is important and we believe that companies will need this, these are companies working in the same markets and they work in the same markets, we're always after the same clients and now we're working this way, but more than this, there are many opportunities in purchasing and in operations. In operations it's important to say, we will concentrate on products in certain parameters, we have plants that have a stronger vocation for iron where I can work with a lower cost, we have plants that are better for other products, structural components, and this is the process that is in progress when we talk about the lines were working on.

In all the DRE lines we see opportunities, so in plants, in reallocating products, improving efficiency of the processes, in the concentration of products in each plant, and in the combination of activities in purchasing. We buy the same materials, Tupy with its new operations so now we have a greater critical mass in Mexico, Brazil, much greater, now in Portugal, we can exchange materials between plants, we can extract value from higher purchases. So, that's why we talked during the acquisition that there are steps, there are phases in order to obtain all these synergies, but we will be seeing progress in every quarter from now on.

What we found after 6 months of the acquisition, tomorrow we will have 6 months, then we see the opportunities, these numbers that we brought here show the difference between the operations, so you can see the opportunities and the time that it will take to receive the benefits. In the next 2-3 years we will gradually reach what we want. We think it can be 3 to 4 years, we believe it can be earlier so we can level the margins of the companies, the new operations with the traditional ones.

Lucas Lage: Thank you, very clear, thank you.

Operator: Our next question is via Internet, Renata Cabral from Citi:



“In terms of battery recycling, do you have synergy with the current company or a new vertical, a new plant? When can we expect the first results in terms of quantity and quality with these partnerships?”

Fernando de Rizzo: Thank you for the question, Renata. I'd like to begin talking about the clients. So, there is a dynamics in the industry, our clients that are involved in this, so we're participating in this because, as we work with the decarbonization of combustion engines and improvements, for example hydrogen, the same clients are also working with electric vehicles for certain markets and we understood – this is a process we have been studying for 3-4 years – we saw that there was a problem; what will be done with these batteries, how can we reprocess the batteries? We learned that the way to recycle is mechanical hydrometallurgical process that we choose and the treatments of the residues.

So, what is the relationship with Tupy? It's very close, our team of engineers has studied this so we have a Research Center, the project with the University of São Paulo will result in a method where we will play 6 types of batteries in the same process and we have to see how to maximize the return in terms of materials, especially lithium, nickel, cobalt, how can we maximize the recovery of these metals and now this new project with BMW is focused on the type of battery that they chose, Thiago mentioned the LCM batteries.

So, this idea as we get to the results we will understand the design, we have a design for a pilot plant in 2 to 3 years, a new plant for recycling, and also, we learned about the second life of batteries and other opportunities in this interval. So, truly, it is close to what we do, we work with the same clients, our clients that are studying this and are needing a solution for batteries and we're trying to find the most economical and clean process to do this.

So, that's the design, I believe that what we're after is a balanced portfolio due to the energy transition programs. So, we talked about batteries, we have 2 projects to recycle, we're studying now a third partnership to certify these batteries for a second life, so once these batteries can no longer be used in cars, we can use them for stationary projects in a second life and other projects. Apart from this, we launched, we announced for some time a specific product in the case of blocks and heads for hybrid engines and even recapture this market, the hybrid market, which today is 100% aluminum, so we would like to get part of this volume. We already have a project with hydrogen and there are other initiatives with solar technology, also recycling and second life and looking inside the company opportunities in energy and other ways to reduce CO2 in the company.

This can generate new business with synergies with what we do.

Operator: Our next question is from André Ferreira, Bradesco BBI.

André Ferreira: Good morning. Is there the risk of competition for Teksid operations and these investments in new projects, like recycling of batteries?



Fernando de Rizzo: André, I did not hear well your question. First, I'll answer about competition. When we look at the plants of Teksid outside the operation, Mexico is a competitor, they can grow, but they're reasonably busy, I don't see space to attack us in the US market. Poland has smaller parts, they don't produce engine blocks and heads, and China takes care of the market where we have very little penetration. I don't see this risk of direct competition. There is competition in Europe, yes.

You are asking us about the investments in the new initiatives, like recycling of batteries? It is difficult to give you a number, most of them are new technologies, but we believe that they are feasible and the market as a whole should finance this because they are very innovative solutions reducing CO2. Right now, we are talking about phases, lab tests, prototypes, so with the exception of the hybrid block, which is in a pilot scale, most of them are in the prototype phase.

So, it's difficult to say what kind of investment we will have.

Operator: André has left the line.

Fernando de Rizzo: Well, I hope I answered his questions.

Operator: If there are any more questions, please dial *1. Please, wait while we collect the questions.

Our next question comes from Jonathan Koutras, JP Morgan.

Jonathan Koutras: Good morning, thank you for the question. I'd like to hear about prices in Q4, in the first months of this year, the recovery of margins in the plants of Betim and Aveiro in Portugal.

Fernando de Rizzo: Well, it was expected, Jonathan, that there would be a natural dilution of margins when we included Teksid because we have an average of 13-14% and in Betim they work with 2 to 3%, so the recovery process continues according to the plan, there are risks in the short-term, if we have very high inflation because we have price increases guaranteed in the contracts, the problem is in one quarter or another, but we continue strongly in the right direction to equalize these margins, and we trust we will be able to do this.

Jonathan Koutras: So, we can understand that there will be a drop. Thank you.

Fernando de Rizzo: You mean a reduction in volume, a drop in volume? If I understood well, there is a natural drop and from now on we are on the recovery, we are recovering.

Operator: Thank you. Our next question Fernanda Recchia, BTG Pactual.



Fernanda Recchia: Good morning. Could you talk a little more about Teksid, the 90 million, the impact on EBITDA and the possibility of anticipating synergies? How do you see the ramp up and the recovery of margins for 2023? Can we expect margins close to those of Tupy?

Thiago Struminski: Well, Fernanda, the 90 you can reconcile with the margin that we published, of course there would be an improvement, but we knew this, it begins with a very low base, which brought us this opportunity, as Fernando said. In terms of anticipating, based on what we have, we trust that we will recover, but as I said in the previous question, there are risks in the short-term, maybe one quarter or 2, we will recover, but we may have problems in one or another quarter. But we trust we will be able to equalize, maybe anticipating the results.

Fernando de Rizzo: Fernanda, it's the same process, some products are exactly the same, same raw materials, same production processes, some differences according to the way some plants were built, but essentially, it's the same product, so naturally we will equalize this.

Fernanda Recchia: Thank you.

Operator: Our next question Andressa Zarotto, UBS.

Andressa Zarotto: Good morning. A follow-up, an update of the issue with semiconductors at clients. Was there any impact due to the war in the Ukraine? Thank you.

Thiago Struminski: Well, in terms of impact of the war, since we were working with markets where there were small inventories, for example in the US, we didn't feel this effect on demand, we don't know if this will happen in the US or Brazil. In terms of risks, we may have problems with parts exported from Russia, there are semiconductors that come from these markets, so there is the possibility of problems with products from Russia, but we haven't seen any effect, we haven't seen any problems yet. So, until now, we continue without any impact resulting from the war.

Some indicators that we follow in the export market, projections continue with growth even after the beginning of the war, for example higher sales for trucks and machines, so we continue working, looking at the expectation of better volumes in the future. For the time being things are favorable.

Andressa Zarotto: Thank you.

Operator: If there are any other questions, please dial *1. Please, wait while we collect new questions.

We would like to close the Q&A session. I would like to pass the floor to Mr. Fernando for his final comments.



Fernando de Rizzo: Well, I'd like to do you think all the participants, the questions, and the trust in the company.

Before concluding the conference call, I'd like to clarify the opportunities and potential that we have in Tupy within this pre-acquisition perimeter and new operations. As an example, in 2021 we had a volume 15% lower than 2018 even with macroeconomic indicators that were more favorable, we did not lose market share, but our clients had restrictions in terms of being able to obtain components. So, with the same asset base that we used in 2018 and with the volume 15% lower, we delivered an EBITDA 30% higher.

If we look at the last 5 years, we doubled the company's EBITDA. This results from progress that we had in operational efficiency, purchasing, cost control that compensated this high increase in the price of materials. This also had an effect on the return on capital invested that doubled in the last 12 months.

Now talking specifically about the new operations acquired, Betim and Aveiro, they add approximately 25% in physical sales and many gains to be obtained in efficiency, purchasing, better metallurgic processes, operational methods, and also lower fixed costs. So, we have levels of efficiency that are 30% below our average. So, in these first 6 months we confirm that we're capturing synergies that with the stabilization in material prices we will be able to reach our objectives in terms of profitability before we had planned.

The new Tupy will benefit in all markets, also our clients have very low inventory levels, so it's important to remember that in capital goods market it's necessary to replenish inventory, it is delayed, but they will have to replenish their inventories. Apart from this, we have highlighted that this happened at the right time, with the geopolitical difficulties we are seeing, we see a more divided world where it will be important to be leaders with a great client base in North America, Latin America, Europe, and selling to all the manufacturers of machines and vehicles and equipment.

And more important than this, we have capacity available in Mexico and in Brazil, regions with access to competitive raw materials and abundant energy sources.

When we look at the next years, we are positioning the company in new fronts and at businesses, hydrogen for example is working very well in combustion engines and we should have a lot of progress in this direction. Many clients of Tupy have announced initiatives using engines with hydrogen, this will perpetuate our business in certain countries that have rules for 2030-2050 with laws with zero emission.

Looking at Brazil, we see the opportunity that biogas and biomethane are bringing in agribusiness for cargo vehicles or buses or tractors. The potential in Brazil is 40 to 50% of the diesel oil consumed in Brazil, this means new products, new materials, new engineering services that we will be able to sell for this demand, and now with the combination with Teksid our potential is even higher.



Finally, in battery recycling, we're doing research on different processes with the University of São Paulo and SENAI discussing the opportunities with clients when we have announced a partnership with BMW and there are other companies interested. So, we're building a company that is well-prepared for the future and I would like to thank you all for participating and we wish you a good day.

Operator: The conference call of Tupy is concluded. We thank you very much for participating and we wish you a good day.