National Central Cooling Co. (PJSC)
(DFM: TABREED)

Full Year 2018
Earnings Conference Call Transcript

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Tabreed Participants:
Jasim Thabet, Chief Executive Officer
Stephen Ridlington, Chief Financial Officer
Souad Jamal AlSerkal, Vice President – Corporate Communications

Presentation

Operator
Ladies and gentlemen, welcome to Tabreed's Fourth Quarter 2018 earnings call. I will now hand over to you, Souad Al Serkal, Vice President Corporate Communications. You may begin.

Souad Al Serkal
Hi and thank you. On behalf of Tabreed management team, I welcome you all and thank you for joining us for the fourth quarter and full year 2018 results conference call.

Before we begin our presentation, I would like to remind you that some of the statements made in today's conference call may be forward looking in nature and may involve risks and uncertainties. Kindly refer to slide 2 of the presentation for the detailed disclaimer.

I would now request you to turn to slide three on today's agenda.

On today's call, Jasim, our CEO will first provide an overview of the fourth quarter 2018 performance and key events. Following that, Steve, our CFO, will discuss the financial performance in more detail. Jasim will then conclude the presentation and we will open the lines for your questions.

With that, I will now hand over to Jasim to begin today's presentation. Thank you.

Jasim Thabet
Thank you everyone for joining us today. I am on slide five and I would like to begin by highlighting our full year 2018 performance.

Full year 2018 revenue grew 3.4% year-on-year led by a similar increase in the chilled water revenues. 2018 has seen a 10.5% increase in EBITDA, and as a result, our EBITDA margin expanded from 45% last year to a 48% margin in 2018.

We connected 9,900 RTs of capacity in the fourth quarter of 2018, mostly at the Pearl in Qatar and the Araimi Mall in Oman. Total capacity additions this year have been about 39,000 tons or 60% of our earlier announced guidance of 65,000 tons.

With our fourth plant in Oman becoming fully operational at the Araimi Mall, our total number of plants across the GCC has reached 74.

In line with our policy of paying out dividends as per the growth in the business, we are pleased to propose a dividend of 9.5 fils which is 1.5 fils higher than last year. Further it translates into a pay-out ratio of approximately 60%.

Finally, for this slide, I would like to outline our revised capacity guidance for the next two years. Based on current signed contracts in hand, we expect to connect at least 65,000 tons of new capacity over 2019 and 2020. This guidance updates and replaces the guidance we gave a year ago.

Turning to slide six. You have seen this slide in the past and this basically gives the usual overview of the company. Tabreed is contributing to the region's growth through efficient and environmentally-friendly cooling, enabling sustainable development. As our business grows, so does our positive environmental footprint.

We currently operate 74 plants across the region delivering over 1.1 million tons of cooling. Our operations saved around 2 billion kilowatt hours of energy consumption in 2018 alone, enough to power 112,000 homes for a year and equivalent to reducing about 1 million tons of C02 emissions.

Moving on, slide seven. Tabreed is the only publicly traded district cooling company in the world. The UAE is our base of operations where we have presence in six Emirates providing 773,000 tons of cooling to our customers through our 63 plants in the UAE. In addition to the UAE, we work with strategic partners in four other GCC countries. We have a total of 11 plants outside the UAE providing over 358,000 tons of cooling to customers.

During the quarter, we connected a new plant at the Araimi Mall in Muscat, Oman, this takes our total number of plants, as I mentioned, to 74 across the GCC. Around two-thirds of our capacity is consolidated while the rest is equity accounted as associates and joint ventures.

Moving now to slide eight, this slide outlines our capacity growth trends across the region. If you recall at the beginning of 2018, we announced that we expected to add at least 65,000 tons of new capacity by 2019. During 2018, we added 39,000 tons of capacity across the region. Of this capacity, 8,000 tons were added at the consolidated level, and 31,000 tons through the joint ventures and associate entities.

As I have already mentioned, based on the current signed contracts in hand, we expect to connect 65,000 tons over 2019 and 2020. Of this, we expect the split between consolidated level and equity accounted joint ventures to be 50:50.

Tabreed continues to demonstrate its ability to deliver steady increase in contracted capacity in the region, driven by the growth in our key markets across the GCC, and by successfully leveraging our regional network strategic advantage of commercial opportunities as and when they present themselves.

Moving to slide nine, this slide basically recaps the evolution of our performance over the years. To summarise, Tabreed is a stable utility infrastructure business with long-term contracts with high profile customers. This provides clear visibility of future earnings and cash flows. We currently have 90% of our capacity contracted for at least the next 10 years, and about 70% of our revenues are derived from fully Government-owned and partially Government-owned organisations.

Tabreed has a track record of delivering profitable growth. Net income and EBITDA has increased by 7 and 8% per annum respectively since 2015. Our stable earnings enable

Tabreed to maintain an attractive dividend pay-out. In line with our commitment to provide sustainable returns to our shareholders, the proposed dividend of 9.5 fils represents a 60% pay-out compared to a pay-out of 54% last year.

I would now like to hand over to Steve to talk about the financial results in some more detail.

Steve Ridlington
Good afternoon everybody, nice to talk to you again. Turning to slide 11, the income statement, I will just highlight a few key points on our results for 2018.

Tabreed recorded overall revenue growth of 3.4% with chilled water revenue increasing by 3.3%. The main factors driving chilled water revenue growth were the acquisition of S&T, new connections in Oman and Bahrain and the impact of the CPI indexation on our capacity revenues. Revenues for our value chain businesses increased by 4.2%.

The share of associates and joint ventures declined by AED 39 million, or 29.9% on a year earlier, mainly reflecting three things. First, the impact of a new accounting standard (IFRS 15) which reduced the contribution from Qatar Cool by AED 15 million. Second, a AED 13 million reduction from Saudi Tabreed reflecting lower income and a lower share of the joint venture following the disposal in the first quarter. Finally, the impact of S&T Cool, which moved from joint venture treatment to full consolidation.

Other income mainly reflects the one-off gain on the dilution of the stake in Saudi Tabreed, though there are a number of other largely offsetting items included in this line.

Overall, net income in 2018 was AED 428 million up 7% on 2017 and EBITDA was AED 694 million, up 10% on the year earlier. Margins rose in 2018, notably our EBITDA margin increased to 48%.

We will now look at the statement of financial position on the next slide. Significant movement in the balance sheet as at 31st December 2018 compared to the end of 2017 were as follows.

The increase in fixed assets primarily represent consolidation of S&T after the acquisition of 50% of the company from Aldar. The decrease in associates and joint ventures mainly reflects dividends received, the consolidation of S&T, the 5% dilution of our shareholding in Saudi Tabreed and the IFRS 15 adjustment for Qatar Cool. The increase in receivables reflects consolidation of S&T and the impact of VAT, which is not included in revenue, but it is included in receivables. Movement in the debt represents the impact of scheduled repayments, the refinancing of our borrowings in the fourth quarter 2018, and strong cash flow generation which further enabled debt reduction. Gearing at the end of 2018 was 39% compared to 40% at the end of 2017.

Turning to the next slide, we will now take a look at the cash flow statement, so slide 13. Tabreed continues to generate strong cash flows which are being utilised to invest in growth and provide dividend returns to our shareholders. Operating cash flow was strong at AED

662 million, an increase of 19% compared to 2017, and that reflected higher profitability and an improved working capital position.

Investing activities primarily reflect AED 250 million paid for the acquisition of S&T and CapEx at new plants in Oman and other expansions. This is partly offset by dividends received and proceeds from the 5% dilution of our shareholding in Saudi Tabreed.

Financing cash flows reflect the dividend payment in the first quarter of 2018, and debt activity through the year.

Our cash generation ability remains robust driven by long-term price certain contracts enabling us to propose a higher dividend to the shareholders.

Let me now turn to developments of our debt portfolio on slide 14. Key points to note, first of all, Tabreed has AED 3 billion of gross debt and a gearing ratio of 39%. Our net debt has been reduced over the years reflecting our strong cash flow generation. Following the refinancing of our corporate debt with a seven-year Sukuk and a new corporate loan, we have relatively light scheduled debt repayments until 2025 when the Sukuk becomes due for repayment. The new Sukuk and corporate bank debt delivers improved balance sheet efficiency, lower longer term financing costs and longer term maturity. With investment-grade ratings and a successful Sukuk, Tabreed has accessed global debt capital markets and introduced new international investors to Tabreed.

Net debt and net debt to EBITDA have declined since 20156, as debt has been repaid and EBITDA has grown. Our return on capital employed and return on equity have also improved since 2015 due to rising profitability.

That completes the review of our 2018 results and I will now hand back to Jasim.

Jasim Thabet
On slide 16 – before we open the lines for Q&A – let me just make a few closing comments. As a stable utility business model, Tabreed continues to deliver strong financial and operational performance with rising profitability, stable earnings, and robust cash flows. In line with our commitment to enhance shareholder returns, we are recommending a dividend of 9.5 fils per share for 2018 translating into a 60% pay-out.

In January 2018, we provided a capacity addition guidance of 65,000 tons to be added over the two years, and we delivered 60% of the guided capacity in 2018. We have now updated that guidance to add 65,000 tons over 2019 and 2020.

Tabreed has a flexible capital structure to fund future growth. As we have mentioned before, we will look at opportunities within and beyond the GCC, and we will provide you with updates as and when such opportunities materialise.

Today, Tabreed is stronger than ever. We have a stronger shareholder base and a management team with significant industry experience. We are working on various fronts from business development to operations to help drive growth and improved profitability.

This ends the presentation and we can now open the lines for Q&A.

Question and Answer Session

Operator
Our first question comes from Michel Said from CI Capital. Please go ahead.

Michel Said
I had a couple of questions. The first one regarding the additional 65,000 RTs expected by 2020. Can you shed more light on where the location will be at, it will be more in the UAE or in Qatar, Saudi?

Second one regarding the dividend payment, so as you mentioned the pay-out ratio is currently at 60%, which is quite higher than the last four years average, so I would like to know if this can be sustainable.

My last question regarding the CPI, so in 2018 we saw average CPI of 3.5% for the UAE, so should this be positively reflected on 2019 numbers, should we be expecting margin expansion or growth stemming from the 3.5% given that 2017 it was more or less below 2%. Thank you.

Steve Ridlington
Taking each of those good questions in turn. The first question was about capacity additions over the next two years. We have guided about 65,000 tons to be added in 2019 and 2020, and we expect that to be approximately half and half between consolidated entities, which is most of our UAE plants, Bahrain and Oman, and our associate and joint ventures, where Qatar and Saudi Arabia are the principle cases. We don't give guidance beyond that in terms of exactly when it will occur over the two years or exactly which joint ventures or consolidated entities it might lie in.

I think we have given you the guidance that we can and we will certainly update you on a quarter by quarter basis as capacity is added.

In terms of the dividend pay-out, the ratio at 60%, as you say, it is slightly higher than in the last three or four years. Our intention and the board's intention is to maintain dividends and grow them in line with the business as we have said. Whenever we are taking decisions about what we are going to recommend to the shareholders, we do so with a clear understanding that it will be sustainable.

Whilst we can't tell you exactly what the dividend pay-out or levels will be going forward, that will obviously be a decision taken on a year by year basis. We are keen to continue with the track record that we have established and it is sustainable.

In terms of CPI, I am not sure exactly what the numbers are yet. I think it is looking like less than 3% in the UAE and Bahrain. Whatever that number does turn out to be for the full year 2018, we will pass on in accordance with the contract terms that we have with our customers during the course of 2019.

Michel Said
For this 2020 capacity, it is already contracted, right?

Steve Ridlington
All 65,000 tons is contracted, so it is the minimum we hope to achieve. We will always look to do better, but yes, that is all fully contracted.

Michael Said
Anything coming from the Expo 2020 or no?

Steve Ridlington
We're not directly involved in that and, as I said, we don't go furtherin terms of explaining where the capacity additions will be , but we will let you know as soon as it has actually been delivered.

Operator
Our next question comes from Metehan Mete from Waha Capital. Please go ahead.

Metehan Mete
I want to ask you about a few things. First of all, I thought the revenues were only up around 2% year-on-year, which seemed a bit low given that you have added capacity, you have acquired S&T Cooling, also have consolidated, and there is also CPI effects. So I was looking at this 5-6% that should be revenue growth year-on-year for fourth quarter 2018. Other things is that are you looking at any acquisitions in the UAE space, like Aldar has further district cooling assets in the newly acquired TDIC assets and Emaar also has district cooling assets. Do you also see the possibility of DIC may be looking to offload some stakes in Emicool even though they recently acquired remaining stake from the UPP. Thanks.

Steve Ridlington
First question on the revenues, I think it is important to note that you're right, there were some significant capacity additions, but most of them in 2018 were outside of the consolidated entities, so we're not seeing a huge amount of capacity addition impacts on consolidated revenues.

CPI was less than 2% when we built-in S&T, so overall, I think it is more or less as we expected it. I don't think we were expecting the kind of revenue growth that you were suggesting based on where those capacity additions are sitting.

In terms of acquisitions, we're always keen to look at acquisitions and avenues to grow the company. It is a key objective. We have conversations with lots of people but we I cannot comment on specific opportunities, but we continue look and if an opportunity arises and we can close something at good value for our shareholders, we will, and we will tell you about it when we do.

Operator
Our next question comes from Divye Arora from Daman Investment. Please go ahead.

Divye Arora
Just one more thing, so what is the impact of the consolidation on your, I would say, on the operating profit. That is it. Thank you.

Steve Ridlington
I don't really understand the question, the impact of consolidation of what?

Divye Arora
The acquisition of S&T.

Steve Ridlington
Overall, that added about AED 12 million to net income in 2018, slightly higher figures for revenue.

Divye Arora
I missed you on the CPI side, can you clarify, would you increase the rates by CPI last year in 2018 or not.

Steve Ridlington
We do every year, absolutely, to the extent that our contracts have CPI indexation in them and most of them do. We will pass on the CPI increase through our capacity tariffs during the course of 2019, when we know the final CPI figure for 2018.

Dive Arora
In 2018, the growth we have seen in revenue is mainly from the CPI side for the full year versus 2017.

Steve Ridlington
We have the full year impact of S&T, we had the impact of indexation for CPI from 2017, which was just under 2%, but we didn't have much contribution from capacity additions, because most of the capacity additions in 2018 were in our associates and joint venture companies.

Operator
Our next question comes from Yawar Saeed from SHUAA Capital. Please go ahead.

Yawar Saeed
My first question is on dividends. You announced a very good dividend pay-out ratio. My question is on how you intend to finance it, because the cash level is quite low on the balance sheet as of December 2018. My second question is on the performance of associates. As of 2018, all the associate performance, the profitability is down more than 25% on Qatar Tabreed and Saudi Tabreed, why is it so? I guess their financial and their IFRS impact is not that much or is there anything else apart from the IFRS impact? Do you see the performance to fully deteriorate from the associate going ahead?

Steve Ridlington
In terms of the dividend pay-out, the question I think was how are we going to finance that. We aim to finance it out of cash on the balance sheet and operating cash flow. We generate very strong cash flows and as you've seen in 2018 operating cash flow was over AED 650m, up about 20% on the year before. We certainly have the capacity to finance our dividends, cover our financing costs and meet our on-going CapEx requirements from our operating cash flow. We also have a AED 600 million revolving credit facility that is available to us if we need it. So, we won't have any issue at all in terms of financing the dividend.

The second question was what about the profitability of the associates and joint ventures down by around 25% in 2018. The biggest impact there is IFRS 15, which has reduced the contribution from Qatar Cool by around AED 15 million and that was entirely due to the accounting change. The second big impact is coming from the fact that S&T Cool is no longer an associate company. It has moved into the consolidated part of the income statement, and so it's come out of the associate numbers. So those are the two main factors driving that. I think the third part of that question was in terms of the outlook for profitability of the associate and joint ventures, and I think they have the same business model as the consolidated entity. We expect them to continue to perform well, to improve performance on a year-by-year basis, and that will continue, but as I've just explained, it's just a number of significant one-off changes which affect 2018.

Operator
Our next question comes from Karim Abbas, Franklin Templeton. Please go ahead.

Karim Abbas
My question is about Engie. The stake was sold about 18 months ago and at the time the official statement said that Tabreed will be one of Engie's main regional development partners and Engie expects to lead rapid growth through Tabreed in new emerging markets like India, Egypt, and Turkey. So at the time people got really excited and you saw the reaction in the market, and since then we've been asked to be patient and that these things take time, and their relationship is certainly beneficial, but really nothing has materialised. So my question is should we treat Engie just as a silent partner or you still think that there is room for growth on the back of this new shareholding? Perhaps the market deserves a new statement on that.

Jasim Thabet
As you are all aware, Engie took a significant stake in the company, 40% in Tabreed, last year, and just to put things in context, Engie is one of the largest energy companies in the world and it's presented unique growth opportunities. We are working closely with Engie to harness their operational experience when it comes to energy efficiencies and operational excellence. We said to the market before, our current financials are very strong, we have a strong balance sheet; we have strong EBITDA, strong EBITDA margins, and so we have a very strong foundation for growth. We have a big component of the market in the GCC and now we are exploring markets outside the GCC. We continue to explore the markets in India and Egypt, and once we secure an opportunity which meets our expectations and shareholder returns, we will announce them in due course.

For these things to work, it's not a switch on and off where you have a new shareholder and then everything falls into place. It does take time to ramp up and to close opportunities when they present themselves.

Karim Abbas
So not to belabour the point, but has the initial statement changed? Is Tabreed still expected to see rapid growth through their relationship with Engie and markets such as India, Egypt, and Turkey, or is it more about those operational efficiencies and let's look at this as a gradual creator of value?

Jasim Thabet
The statement is Engie is a major shareholder in the company. We will utilise Engie for opportunities outside the GCC and these opportunities need to make sense for our shareholders and we're exploring several opportunities, and once they are inked on paper, we will make those announcements, and we see a lot of potential with Engie. We're excited with the partnership.

Operator
Our next question comes from Rakesh Tripathi, Franklin Templeton Investment. Please go ahead.

Rakesh Tripathi
I have a couple of questions. The first one was on your organic revenue growth in FY18, the like-for-like growth. The second one was I think in the earlier calls you had mentioned that the bulk of the capacity addition, when you guided for 65,000 tons in 18/19, the bulk of the addition in 2018 was equity accounted, so we expected to see more of consolidated capacity addition in 2019. Do you stick to you that or do you feel the 50/50 split would play out over both 2019 and 2020? The third one is just for my understanding, if you could briefly talk about why the IFRS 15 implementation has impacted Qatar Cool in particular and the revenues and incomes from that associate.

Steve Ridlington
In terms of organic growth, I'm not exactly sure what you mean by that, but the main contributors to revenue growth have been organic in the sense that it's CPI and some capacity additions. There is an impact of S&T moving over from associates into consolidated revenue, which is contributing to some of that.

In terms of the capacity additions, the 65,000 tons, we were expecting it to be more or less 50/50 between consolidated and associated. Probably more of that will be in 2019 in the consolidated area and perhaps more in the associate area in 2020, because that was always our expectation given that we had a big contribution from associates in 2018. We were expecting to see a bit more in the consolidated entity in 2019 and we continue to hold that view.

Your last question on the impact of IFRS 15 on Qatar Cool. Qatar Cool has a number of its charges, which are raised on an upfront basis, paid on an upfront basis by customers, but they are for services that will be provided over the life of typically a 25-year contract. So what IFRS 15 is doing is smoothing out those upfront revenue items across the life of the contract, so that's why there's an adjustment there. Qatar Cool is the only company in our portfolio that has charges on that basis, so it's only Qatar Cool that's impacted by this particular standard.

Rakesh Tripathi
Regarding the organic revenue, the first question, just to clarify, I wanted to understand what was the like-for-like growth if we were to, say, remove the contribution from S&T Cool?

Steve Ridlington
As I said, I don't have that with me, but we can certainly provide it to you afterwards.

Operator
Our next question comes from Abdulrahman Al Othman, Al Ramz Capital. Please go ahead.

Abdulrahman Al Othman
Could you please give us an explanation of the other gains and losses in the income statement? The amount just jumped from 2.35 million to 43 million. That's it, thanks.

Steve Ridlington
Other gains and losses in the income statement was over AED 30 million in 2018, and the main contributor to that was the profit on disposal of some of our shares in Saudi Tabreed. As you recall, in early 2018 a new shareholder was introduced as Saudi Tabreed, a government shareholder, and to accommodate the shareholder each of the existing shareholders sold part of their holding in Saudi Tabreed. That gave rise to a profit for Tabreed of just over AED 32 million, so that's the main factor that is going through that line.

Operator
Our next question comes from Divye Arora from Daman Investment. Please go ahead.

Divye Arora
Just a question on the dividends, so this year you have increased the pay-out I think from 55% to around 60%, so can we expect this to be a sustainable pay-out ratio going forward, given you are generating around close to 11% on a free cash flow basis, or we can expect a further increase on the pay-out ratio in 2019/2020? Also, what can be the CapEx expectation in 2019 and 2020?

Steve Ridlington
In terms of the dividend pay-out ratio, as you've noted, it is slightly higher this year at 60% compared to the previous year. Our stated policy is to grow the dividend in line with the business and that is what we intend to deliver. Whether the pay-out ratio will be at 60 or 55 or around that level of course is a decision we will take on a year-by-year basis depending on the cash flow needs of the company. So the pattern you've seen in recent year of around

50%, probably slightly higher, could be a starting assumption, but obviously it can flex on a year-by-year basis depending on the cash flow needs of the company and the decision of the board and the shareholders.

The CapEx that we expect, we've been averaging around AED 200 million of CapEx a year based on the committed projects that we have, and should know that almost all of our CapEx is discretionary, because we don’t have significant maintenance CapEx. It’s all associated with growth and new projects. For the 65,000 tons that we have described for the next two years, a figure in the range of AED 150 million p.a. would be a reasonable assumption. That figure will be higher to the extent that we have more tons than the guidance than we’re giving today.

Operator
Our first question comes from Ambereen Jiwani, Ajeej Capital. Please go ahead.

Ambereen Jiwani
I wanted to know three things. One, how do you see the cash flow cycle and if you're feeling stress in the system? The second is do you expect to see further dilution in Saudi Tabreed? Lastly, I'd like to know the management’s view on the current level of ROIC and if you see any room for improvement.

Jasim Thabet
I couldn’t hear your first and third question, but I will answer your second question. The question was if we were expecting further dilution in Saudi Tabreed, and to answer that, last year we reduced our shareholding from 25% to 20%, not because we saw an opportunity to reduce our shareholding, but we saw an opportunity to bring on a strategic investor that will further support Saudi Tabreed in capturing more growth and more opportunities in Saudi Arabia. Saudi Arabia is our second most important market after the UAE, so we’re not expecting any further dilution in Saudi Tabreed.

If you can repeat your first and third questions so we can hear them again.

Ambereen Jiwani
Sure, so how is the cash flow cycle and do you feel any stress in the system?

Steve Ridlington
If you mean by that working capital and receivables, the answer to that is no, we’re not seeing any significant stress in the system. If you look at our operating cash flow and our working capital cycle results for 2018, they I think demonstrate quite clearly very strong cash flow generating capability in the company. We have from time to time seen some delays but these have generally been immaterial. We’re providing an essential service, people can't live without cooling, and they look at what we provide as a utility like electricity and water

as something that needs to be paid for at the top of the waterfall. So it's not been an issue for us of any significance at all.

Ambereen Jiwani
The third question is how does management look at the current level of ROIC and what do you guys think about it? Do you think there is some room for improvement?

Steve Ridlington
Well, I think we've given you some figures on the returns that we look at in the presentation and returns are rising. ROIC is also rising, and I think there is a tendency for that to happen with CPI indexation of contracts. I think we've said before our return expectations are low double digits in new projects, so overall, I think the levels that we're at the moment are sustainable and possibly increasing slightly, but certainly sustainable where they are today.

Operator
Our next question comes from Yugesh Suneja, ADCB Securities. Please go ahead.

Yugesh Suneja
I just want to understand if you have any debt covenants related to certain milestones to be tiered in terms of your net debt to EBITDA ratio, or even if it is not included in debt covenants internally, do you have then targets to reach a certain level of net debt to EBITDA ratio in the next two to three years?

Steve Ridlington
We don't have any debt covenants in our current corporate facilities. We used to have such covenants in the facilities we had before we refinanced with the Sukuk and the new term loan in the fourth quarter of last year. On you second question, we don't have specific leverage targets, but we do aim to protect our investment grade ratings. We were rated as investment-grade by Moody's and Fitch in the fourth quarter of last year, and we intend to maintain that investment-grade status, so to the extent that leverage targets are important for the ratings, they're important for us.

Souad Al Serkal
That concludes our 2018 earnings call. Tabreed looks forward to interacting with at our earning calls and investor conferences. Should you have any further questions, please do not hesitate to contact us. Have a great day and thank you once again for joining this call.

Note: This transcript has been edited to improve readability

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