Lemon Tree Hotels Limited

Q2 FY20 Earnings Conference Call Transcript
November 13, 2019

Moderator: Ladies and gentlemen, good day and welcome to the Lemon Tree Hotels Limited earnings conference call. As a reminder, all participants' lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Anoop Poojari from CDR India. Thank you and over to you, sir.

Anoop Poojari: Thank you. Good evening everyone and thank you for joining us on Lemon Tree Hotels Limited's Q2 FY20 earnings conference call.

We have with us today Mr. Patanjali Keswani – Chairman and Managing Director; Mr. Rattan Keswani – Deputy Managing Director; Mr. Kapil Sharma – Chief Financial Officer and Mr. Vikramjit Singh – President of the company.

Before we start, I would like to point out that some statements made in today's call may be forward-looking in nature and a disclaimer to this effect has been included in the earnings presentation shared with you.

I would now request Mr. Keswani to make his opening remarks.

Patanjali Keswani: Good evening everybody and thank you for joining us on the call. I hope all of you have had the opportunity to go through our results presentation which provides details of our operational and financial performance for the second quarter ended 30th September this year.

We are pleased to share that we have delivered a steady performance during the quarter despite the subdued sentiments witnessed across various sectors which impacted our demand environment. Our revenue from operations in Q2 FY20 saw a growth of 18.7% year-on-year driven by the addition of 697 new owned and leased rooms and a 4.9% increase in ADRs on a year-on-year basis.

Due to the addition of new inventory over the last one year period our group occupancy dropped by 351 bps on a year-on-year to 74.8%. However on a same hotel basis occupancy was 78.2% which was about the same as Q2 FY19. Fees from managed hotels stood at Rs. 4.7 crore in this quarter up 52.6% year-on-year from Rs. 3.1 crore in Q2 FY19. In the current macro environment, we have witnessed lower demand from some corporate segments. So, we focused more towards driving our retail business through online channels in order to improve occupancies.

Consequently, our retail contribution has now increased to 37% in this quarter as against 35% in Q2 FY19. Healthy occupancy and ADR growth resulted in a RevPAR growth of 2.7% during the quarter on same hotel basis. On an overall basis, despite adding close to 700 new rooms which accounted for about 18% of our total Q2 FY20 inventory, our group RevPAR saw a positive growth of 23 bps.

On the profitability front, EBITDA after adjusting for other income has grown by 34.5% year-on-year to Rs. 48.4 crore in Q2 FY20 as per AS116. As per the old accounting standards, our EBITDA has grown 12.2% year-on-year to Rs. 40.4 crore. In this quarter, we have booked approximately Rs. 2.2 crore of non-recurring expenses which accounted for around 1.5% of our revenue from operations.

Despite these non-recurring expenses and the addition of four new hotels our EBITDA margins remained healthy at 31.7% as per AS116 accounting and at 26.5% as per the old accounting standards. Although in the initial period our focus is on driving occupancy, we also try to ensure cost efficiency by managing semi variable cost like staffing, power, fuel and other similar expenses. Such expenses normally increase as occupancy levels in the new hotels increase.

On the operational front we have commissioned two new hotels in Q3 FY20. That is in the last one month and 15 days. First being the 142 rooms Lemon Tree Premier Kolkata which is located in close proximity to business and IT hubs of New Town SEZ, Rajarhat in Salt Lake.

We subsequently commissioned the 139 room Udaipur property in late October under our new upscale brand Aurika. Both these own properties are well located and operate in demand dense market, so we anticipate these hotels to turn EBITDA positive over the next few quarters. I am also pleased to share that our Lemon Tree Premier Hotel in Andheri, Mumbai which was commissioned at the end of Q1 this year has received a very strong response and reported very healthy occupancy and ADRs.

Our management team has now focused on quickly stabilizing all these new commissioned hotels over the next few quarters. Our brands strength and customer reach have led to a high proportion of repeat customers and gives us a network advantage due to which we are able to stabilize our hotels in new geographies especially in demand dense markets like Mumbai in a relatively short span of time.

We are also pleased to announce that we have concluded the acquisition of Berggruen Hotels Private Limited which owns the keys hotel portfolio. The acquisition is economically accretive and synergistic and will help Lemon Tree strengthen its leadership position in the mid-market hotel segment. The geographic spread the keys hotel portfolio brings with it has enabled us to instantly enter 9 new cities and simultaneously consolidate our inventory in 7 of our existing cities, strengthening our portfolio and brand reach in the domestic market.

To conclude, FY20 has so far turned out to be a challenging period for the industry owing to the macro environment. We see the industry occupancy steadily rising going forward which should enable this sector to move from the bottom to middle of cycle over the next three to six quarters. Q3 is looking strong with a gradual but noticeable pick up in corporate demand. Given our cost leadership brand visibility and the large number of rooms commissioned by us over the past 18 months, we believe we are now well positioned to capitalize on this opportunity and create long term value for all stakeholders.

On that note, I come to the end of our opening remarks and would now like to ask the moderator to open the line for Q&A.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session.

The first question is from the line of Nihal Jham from Edelweiss. Please go ahead.

Nihal Jham: Mr. Keswani, my first question was, if I look at our same store EBITDA, that I think has fallen around Rs. 2.5 crore and I think the ARR/RevPAR growth for these properties has been around 3%. So just wanted to check on with you that has the cost inflation come in higher because ideally you had a trend was around 3%-4% kind of cost inflation, maybe I am guessing that this quarter for the existing property it has come in a little higher. I just wanted your comments first on that?

Patanjali Keswani: So, first is we have booked onetime non-recurring expense of Rs. 2.2 crore. Number two is that, in the last 18 months there have been some significant judgments and changes in minimum wages and in the inclusion of provident fund across the entire salary slip rather than merely basic. So this jointly had an impact, so you will see this year versus last year, but this is again one-time.

So, let me put it this way an extraordinary contribution to the expense statement. But in general I think it is a good move by the government because minimum wages in India needed to go up and the inclusion of provident fund has obviously had an impact of a few crore on our P&L.

Nihal Jham: Just if you could elaborate what is the nature of this Rs. 2.2 crore of onetime expense that you mentioned at the start of your commentary also?

Patanjali Keswani: Yes, so there are multiple bits and pieces so I will give you an example. One of it is that our president Vikramjit Singh went to Harvard for the advanced management program this quarter. So that entailed an expense of a little over $100,000. So these are one-time expenses which we booked. So, some are small ones Rs. 5 lakhs, Rs. 10 lakhs that kind of thing.

Nihal Jham: Sir, the second part was that you obviously did not mentione about this being for the cycle to move ahead from let us say the bottom of the cycle to the mid cycle it will take another four to six quarters. However, for us at least for stable properties we already had very strong occupancies of say above 75%. So would you say that the strong pricing increase that you would have wanted to exercise you will have to delay at least till the cycle gets back favorable as you have been saying?

Patanjali Keswani: No, so what is happening is, to explain pricing, you see this is a fragmented market that is the hotel sector. So in any micro market, say, Delhi Airport we can be at 80% but if the hotels around us do not reach 75% they do not increase prices and therefore irrespective of however the occupancy we are not able to significantly increase prices. There are two ways to increase prices therefore when the market turns and it becomes moves towards middle of cycle then everybody's occupancy picks up everybody increases prices.

The other way to improve prices like we have done is by targeting the retail customer who typically pays us 1.2x the average rate. So we increase our occupancy of retail customers from 35 to 37% which is a difference of 2% and they are paying us 20% more than the impact would be about 3% on our rates which is what we are reflecting actually in this quarter.

However and this is just an observation. What I find remarkable is what has happened in Q3 so while Q1 was witnessing the start of a slowdown Q2 had an enormous slowdown but what I am quite amazed about is the performance of our hotels in Q3 because there so far the performance is extraordinarily better than Q1 and Q2. So I am starting to see early signs and I think there was a sentiment issue, there were multiple sectors, people who were not travelling, who stopped travelling because of sentiment/difficulties.

But that seems to have reversed and in October and November I find that there is a noticeable shift and improvement in occupancy, pricing and demand. So while I said 3 to 6 quarters let me put it this way, I am already finding it happening in this quarter.

Nihal Jham: Last question from my side related to this. I think this is the time of the year where you would be getting negotiations for your corporate trades so at least with the international customers and may have concluded with the domestic companies also. So any sense on how that has moved?

Patanjali Keswani: See in the current environment with the Indian corporate the price increase would be anyway form 3% to 5% in this quarter. But that is a small part now of our overall segment. So if you look at the sectors, the Indian corporate sector which we negotiate with will be one quarter of our total business. The request for proposals large MNCs/very large Indian corporate accounts that is normally revised on 1st of January.

So I cannot comment on that right now. I will have better line of sight perhaps in our next earnings call. Retail sector I find interestingly in spite of low sentiments, control over discretionary expense. I am amazed to see that it has really picked up and at a higher price. So, we are quite hopeful actually.

Moderator: Thank you. The next question is from the line of Deepika Mundra from JP Morgan. Please go ahead.

Deepika Mundra: Sir, just on the retail part given that the mix has been improving for Lemon Tree. Do the OTA commissions significantly take away from that profitability or net-net is it still better margin as compared to the corporate business?

Patanjali Keswani: So, OTA commissions vary anywhere from early teens to late teens and when we reflect on our ARRs, we talk about our net ARRs. That is in our internal MIS, but the way we report ARRs for OTAs is for in our results is grossed up and the expense of the OTA commission comes in the expense. But to broadly answer your question an average OTA/lemontreehotels.com that is our brand bookings are at 1.1x to 1.3x above our ARR.

So, it depends on the commission, but suppose the commission has 18%, we typically charge 1.3x and then get a net of 1.1x. If the commission is 13%-14% then we charge 1.3x and get a net of 1.2x. So it is a blended average that we are talking about. Our average ARR is 20% higher from the retail segment blended. So may be some OTAs it will be 10% higher, in our website it will be 25% higher, in our call center it will be 20% higher. But the weighted average is above 20%. I hope that answers your question.

Deepika Mundra: Yes, it does. Second question if I may, I am just seeing the overall portfolio performance that you have given in the presentation. Just wanted to know specifically why Red Fox and Lemon Tree brand occupancies are down similarly, I think some impact on the margin as well because I believe in these categories there are not any new properties as such so anything particularly you are seeing in demand on little bit lower down the order?

Patanjali Keswani: Okay so occupancy of Lemon Tree Premier went up 166 bps, ARR went up 1.8% and hotel level EBITDA came down. So as I said across the board the impact of the wage bill has been quite significant because of provident fund inclusion and rise in minimum wages. Other than that as far as the other major expenses go which is power and fuel, repairs and maintenance and so on those have remained flat.

So let me just put it broadly this way, this is an one off expense increase which has happened from last year to this year because of the Supreme Court judgment on provident fund and because of the increase in minimum wages in many states before the elections. But this will now become the base going forward. So going forward I do not expect our annual increase per room in operating expenses to exceed to 3%-3.5%. So this is applied across Lemon Tree Premier, Lemon Tree and Red Fox.

Obviously it has affected some hotels more because that is where the minimum wage impact was maximum. So this is the blend. Broadly, I can give you an answer like this but you will have to go hotel-by-hotel, city-by-city where the minimum wage impact has been maximum and that has averaged out into the brands.

Delhi has the maximum increase in minimum wages. So if you look at the lower region which is by region in that same page you are referring to you will notice in Delhi the EBITDA impact was maximum.

Deepika Mundra: And sir, what about occupancy, I mean occupancy also for Red Fox and all has more impacted, so I was just trying to get a sense is it that the economy segment is seeing some sort of additional impact versus at the higher end?

Patanjali Keswani: Well, look I cannot comment on a hotel-by-hotel basis broadly what I find in Lemon Tree is excluding may be some big conference that may have happened in Q2 last year which improved the occupancy in that quarter. Broadly, we have remained flat in occupancy which means there has been no improvement in occupancy we have remained at about 78.2%-78.3% for the entire portfolio.

They may be brand or region specific changes because of a large conference last year or a large conference this year demand has remained steady. We have managed to increase prices by increasing our retail segment and going forward we are seeing the laggard segments also now picking up which is the positive point I wanted to bring across.

Moderator: Thank you. The next question is from the line of Sumant Kumar from Motilal Oswal Financial Services. Please go ahead.

Sumant Kumar: My question is regarding Bangalore and Hyderabad, we have seen more than 300 bps decline in occupancy. So, could you please describe what is the key reason for lower occupancy, was it the demand impact or the MICE activity was lower in this region or was it the supply side?

Patanjali Keswani: So Bangalore the fall was interestingly because of the crew, we lost some crew which is the Jet crew. So, that used to be quite a few rooms a day that has disappeared which is the main reason that the occupancy fell and the ARR improved because the crew rate was actually lower than the ARR. As far as Hyderabad goes we find the market is very buoyant for us there and as a strategy we decided to get rid of some of our very low paying rate large block accounts.

So, you will find that while we dropped the occupancy marginally, we have managed to replace some of it and increase the average rate by 12.5%. So, interestingly if you look at it now Hyderabad which used to be always below Gurgaon now has an average rate above Gurgaon, which is very positive for us because we have a very large inventory in Hyderabad of about 700 rooms.

Sumant Kumar: When we see the Mumbai-Delhi markets your occupancy is higher at 86% but still the ARR is struggling at the similar level of previous year?

Patanjali Keswani: Well, I think I would suggest do not look at a quarter, look at the full year and you will be quite pleasantly surprised. Remember, in a time of a downturn when your client with most of your clients themselves are struggling with lower well, let me put it this way lower capacity utilization. It is not the right time for you to increase prices.

So basically, Delhi we did not get so much retail, we got more corporates so it goes market-by-market, city-by-city, hotel-by-hotel so broadly I am repeating our theme, we are focusing more on retail where we get higher yields. We are also trying in certain markets to retain our existing customers and we are unable to increase prices because our competitive set is not increasing prices and more importantly the customer himself is bleeding in today's demand environment.

Sumant Kumar: And how is the performance of new hotels Mumbai, Pune and others?

Patanjali Keswani: So if you look at my new hotel's performance in Q2 the average occupancy of those 700 odd rooms were 58.8%. But interestingly since these were especially Pune and Mumbai were in the high ARR zone though Red Fox Dehradun and Chandigarh were no. Our average ARR, of these four hotels we opened was about 15% over the group ARR inspite of the fact that 200 of these rooms are low rate rooms in Red Fox.

The occupancy is now at 58.8% which means that these hotels at an operating level and up to interest level have broadly broken even. So we look at our new hotels the ARR was 4,644 in Q2. The occupancy was 58.8%, the revenue was about Rs. 22 crore and these hotels did a positive EBITDA of Rs. 7 crore.

Of course, because of new accounting standards and high depreciation overall the impact at PBT level was negative 4.5. So, if I looked at Lemon Tree's performance in Q2, I would just point out the following waterfall. Number 1, same hotels at the PBT level was Rs. 5.9 crore. This was because of two main reasons it was less, one is, in Q2 previous year our other income was lower by Rs. 4.5 crore and when we had these non-recurring expenses of Rs. 2.2 crore.

So, on an apple-to-apple basis, excluding the cost increase due to minimum wages and so on this EBITDA if we had the same other income as in Q2 FY19 would have been Rs. 12.6 crore but because Rs. 4.5 crore of other income was less and Rs. 2.2 crore was a non-recurring onetime expense it dropped to 5.9.

The new hotels had a negative PBT of Rs. 4.5 crore so, if you add the two the net impact was Rs. 1.5 crore of PBT, tax was Rs. 1.4 crore and net-net we have broken-even.

Sumant Kumar: And how was the F&B performance of all the new hotels?

Patanjali Keswani: So, F&B across India in our segment I am finding it slowing down partly because many of our customers preferred to order food. So they come down to the lobby they order from a Swiggy or Zomato and so on. We are trying to compensate for that through our banquet business.

So, over the last year we found our F&B income was slowing down. The new hotels F&B income, while there is no comparative since it is a new hotel, but it is fairly decent. But our banquet business is showing very strong signs of growth and that will also reflect in the Q3 numbers because that is when banquets really starts, in winter.

Moderator: Thank you. The next question is from the line of Himanshu Shah from Dolat Capital. Please go ahead.

Himanshu Shah: Sir, can you just call out, what would be the increase in employee cost on account of the changes in Minimum Wages Act etc.? And this would be one-time for on a YoY basis but as such it is a recurring cost. Is it fair to assume that? And what is the impact on account of that on an absolute basis?

Patanjali Keswani: Of course you must assume it. So minimum wages is Rs. 3.6 crore a year. Provident Fund is Rs. 4 crore. So the total impact is Rs. 7.5 crore to Rs. 8 crore.

Himanshu Shah: And sir, any ways or means to mitigate this, basically through any other and is this now uniform basically across all the hotels the impact has got absorbed or is there anything still pending?

Patanjali Keswani: So, the impact will be if you look at the other listed companies in India like the five star players anywhere their salaried staffs who are well above minimum wages to begin with for legacy issues. In our case, our unskilled section which is about 30% of our staffing was at minimum wages. So, we were obviously more impacted for the minimum wages. For Provident Fund, of course, everybody was equally impacted.

Going forward we have implemented a very simple strategy which is in alignment with what the government wants. So we have roughly hired about 250, which is about 4% of our total staffing. 250 apprentices so by law apprentices can be taken at roughly 70% to minimum wages. They work with you for a certain period of time and the good performers we then confirm. So, that is one strategy we have used which has happened recently and we expect that the impact of this will come in H2.

Moderator: Thank you. The next question is from the line of Shobit Singhal from Anand Rathi. Please go ahead.

Shobit Singhal: Sir, how is the development going on in our Sahar Mumbai property which is going to open in November 2021? Any further delay you are envisaging?

Patanjali Keswani: No, I am not seeing any problem because well, the key issue in the development of any hotel in India the first issue is getting approvals to start construction which can take very long because of the multiplicity of agencies involved. We got all those approvals. The number two problem is fundamentally getting out of our basement because parking norms in India for real estate have changed so significantly in the last three to five years that the cost of project has gone up by 10% because of the basement.

So in our case we have now finally finished the basement. We have planted the raft. So the raft is at the bottom basement, it is like a platform of concrete. We have done that now.

So Shapoorji Pallonji who is our contractor is now going full speed ahead because now you can build this hotel irrespective of rain or any other weather conditions which was not the case till you put the raft. So we are fairly confident that we will be able to finish this hotel by end of calendar year 2021. Of course, there I cannot comment if there will be a 15 day delay because of approvals of opening but by and large we think we will be able to open this by Q3 FY22 which is end of calendar year 2021.

Moderator: Thank you. The next question is from the line of Sumit Choudhary from Zaaba Capital. Please go ahead.

Sumit Choudhary: Just couple of questions. Has the earlier festive season this year by 10 days had any impact whatsoever on the corporate demand? That is first. And second, if you could talk about the keys acquisition now that it is completed, and you are seeing the set from inside like how are you feeling about the prospect to turn it around and if you could talk about your expectations in terms of EBITDA turnaround as to how quickly can you see that increase?

Patanjali Keswani: Okay so Sumit let me start with the first one. So last year Diwali happened so as I mentioned a little earlier in this call the two most important months for business hotels in India are October, November and February. So last year Diwali occurred on a Wednesday or Thursday which was the 7th November last year. As a result two weeks of November were extraordinarily poor, last year. This year fortunately Diwali occurred in October which was 27th Sunday.

So clearly, October we did not do as well as last October. But November we will do much better than last November. So here is a statement: our same hotels in the first 41 days of Q3 have done 11% higher than last year in revenue which is 3% for H1 is now 11% in the first 41 days. This is not to say of course that this 11% will be the average for the full quarter because the last year the downside of Diwali got over by mid-November. But the broad point I am making is that our new and old hotels in the first 41 days this year have done 30% higher revenue excluding Keys.

So if I add Keys we have done 43% higher revenue than last year in Q3, which is a phenomenal number in this market. But this is as of date because Diwali was this year in October and last year in November. Obviously this will equalize because the base effect as I said, and I am being very categorical here was very high last year also after mid-November.

Broadly I am seeing across the board increase in demand and pricing for our hotels across India. That is the first point in Q3. Point 2 is that as far as Keys goes we are as you know we have acquired it very recently. We are right now in the process of sending across people for town halls and doing a deep dive into the operations of each of these hotels. I find that Keys has been very well managed as far as the cost structure goes.

However, there are two or three instant interventions we intent to make which will take the revenue up and therefore the EBITDA up because this is operating leverage by about 5% instantly. Our two year plan is to take the revenue up by 25% to 30% and we expect most of it to flow through operating leverage to the bottom-line. So Keys I think their target EBITDA for owned hotels is about Rs. 40 crore this year excluding management contracts. Well, I would be a little disappointed if in two years from now in that financial year we did less than Rs. 60 crore EBITDA.

Moderator: Thank you. The next question is from the line of Rashesh Shah from ICICI Direct. Please go ahead.

Rashesh Shah: Sir just wanted to check, how is the response for newly launched property in Udaipur and if you could throw some light on the forward bookings for this property and what is the average ARR you are expecting for this property?

Patanjali Keswani: So we have just launched it. Unlike business hotels, leisure hotels take longer time periods to ramp up because people do not plan their holidays one or two or three days out unlike business travelers. And I think I had cautioned all analysts earlier in our previous earnings call that it takes time to ramp up hotels. So I am repeating before I get specific with Udaipur that in the last 16-17 months we have up to Q2 opened 700 rooms and in the last 1.5 months we have opened another roughly 300 rooms.

So, we have opened 1,000 new rooms aggregating approximately Rs. 1,000 crore CAPEX in the last 14 months. In addition we have also invested Rs. 600 crore to acquire keys. So our total CAPEX in the last 17 months has been approximately Rs. 1,600 crore. Now obviously, we have invested this money to get a return. If you look at our business hotels, Pune, Dehradun and Chandigarh have stabilized reasonably well. Mumbai in spurts does very well. But it is still in the ramp up stage since it is three months old.

The two new hotels which is Calcutta and Udaipur; Calcutta has picked up fairly fast, Udaipur however has a lot of bookings for Q4. In Q3, we have got may be we have done this month I think only about Rs. 50 lakhs of income so far. Our average rate has been about Rs. 13,500 but this is our launch price. My expectation is that in Q4 we should hopefully be about Rs. 15,000 ARR. And next year, with that it should be 15% higher. We have received a bunch of bookings in Q4 for a buyout of the hotel.

So what is the buyout? It is very simple. It is either a large conference or a wedding block. So the two or three buyouts have happened to have started and paid us Rs. 1 crore to Rs. 1.5 crore for two nights. So imagine, this 140 room hotel is getting paid Rs. 50 lakhs to Rs. 75 lakhs for per night for a buyout. And this is a significant part of Udaipur it is market by the way. Most hotels in Udaipur at this level have at least 50 days of buyout every year.

So we are obviously targeting this. I am quite sanguine and confident about this hotel. And the results will really come in Q4. Q3 will be subdued because it takes a little time to build it out.

Moderator: Thank you. The next question is from the line of Himanshu Shah from Dolat Capital. Please go ahead.

Himanshu Shah: Sir, as you highlighted that the project cost for Mumbai has gone up by 10% approximately because of the increase in the stringent parking norms requirement in the upcoming Aurika Mumbai Hotel just wanted to recheck that?

Patanjali Keswani: No, that is not the case. When we designed this hotel, when we bought the land by then only the parking norms had changed. So, that is a given condition. So our acquisition took into account the change in parking norms and the requirement in the basement. So there is no change in cost. What we originally targeted our expectation is this hotel will cost about Rs. 800 crore to Rs. 850 crore depending on one or two other issues including capitalization of interest. We are very confident we will finish this hotel at that cost with Rs. 670 crore.

Himanshu Shah: So basically, there is no change in the CAPEX requirement for the upcoming projects is it right to assume that? Because of any change in norms or anything neither for Mumbai nor in any other place.

Patanjali Keswani: No change. By the way this is the large stage of our development CAPEX which is Mumbai and Shimla. After that our strategy, as I have mentioned repeatedly in the past is, to monetize these hotels to find investors to go asset light to use capital raised to grow and to constantly look at recycling capital and acquiring assets for turnaround.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to the management for their closing comments. Thank you and over to you sir.

Patanjali Keswani: Thank you once again for your interest and support. We will continue to stay engaged. Please be in touch with our investor relations team or CDR India for any further details or discussions and I look forward to interacting with you soon.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of Lemon Tree Hotels Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.