"Birlasoft Q4 FY19 Earnings Conference Call"

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**6.00 pm**

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**Moderator:** Ladies and gentlemen, good day, and welcome to Birlasoft Q4 FY '19 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. I now hand the conference over to Mr. Vikas Jadhav. Thank you, and over to you sir.

**Vikas Jadhav**: Hi, good evening to everyone and welcome to Birlasoft's Q4 and FY'19 Earnings Call Discussions. Of course, I am Vikas from Investor Relations, and joining us today on this call, we have our CEO and M.D. -- Mr. Anjan Lahiri; COO -- Mr. Dharmender Kapoor; CFO -- Rajeev Gupta; and CPO -- Samit Deb.

So, please note that anything that we say which refers to outlook for the future is a forward-looking statement and must be read in conjunction with the disclaimer which we have given in the earnings press release, which mentions of course all the risks.

So, now with this, I hand over the call to Mr. Anjan Lahiri.

**Anjan Lahiri:** Thank you very much, Vikas, and good evening, good morning to all of you. It is a very momentous call because this is the first earnings call of the new Birlasoft. As all of you know, we took the IT business of KPIT and combined it with the old Birlasoft. We took the strong enterprise capability that KPIT IT had and combined it with the extremely strong digital and other capabilities that Birlasoft had through the last 25-years of working. And this is the first quarter of the combined organization that we are proud to present the results.

I also want to give a brief "Integration Update" to say that we had announced the deal on the 29th of January 2018 and we completed the deal on the 15th of January this year. And from last year to this year, it has been a year and a half. We have been working diligently on various aspects of integration and the leadership structure, the organizational momentum and the go-to-market, the sales engine, etc., all been integrated across the two organizations. There are of course many other aspects left particularly on the IT side, on the process side, but the go-to-market and people integration is largely complete. It is a very, very, very proud moment where we stand.

I will pass it on to Rajeev Gupta in a minute to talk about some of the financial highlights of the quarter just ended. But before I do that, I also want to talk about a significant "Leadership Update", which we want to talk about.. and that is to talk about Dharmender Kapoor who is our Chief Operating Officer.

I joined this company as the CEO little over four years back, and DK was already in place as the Chief Operating Officer. It has been an absolute privilege leading this organization from what it was a private company serving largely one customer which had a large part of the revenue. From there, we took it to through transformation and through an integration and through that now the integration is actually ahead of schedule from what we had originally expected. DK not only was the Chief Operating Officer of the old Birlasoft, but led the integration processes across the two organizations for the last year and a half and worked tirelessly across the leadership streams of both organizations. And I am very, very privileged and proud to be able to say that I will be handing over my current responsibilities to a person as capable as him. The organization is now in a state where I think there is a whole future waiting for it.

While we will open it up for questions in just a little bit, but Rajeev, I hand it over to you to talk a little bit about the "Financial Highlights for the Quarter" just gone by.

**Rajeev Gupta**: Thank you, Anjan. Hello, everyone! This is Rajeev Gupta here. What I would like to do is just spend a few minutes giving the highlights for this quarter and also the year that has gone by. As most of you understand, the merger consummated as of 31st December 2018, and then Birlasoft legacy organization merged into KPIT which were thereafter named as Birlasoft. So, the year has a mix of revenues for the first nine months and, of course, the three months that comprises of the KPIT IT business and Birlasoft.

So, the last quarter, which is Q4 we had revenue of $ 113.1 million and EBITDA of $ 11.9 million at an EBITDA margin of 10.6%.

For the year, the revenue was $ 474.6 million at an EBITDA margin of 12.3% as was guided in the previous analyst call that we had along with KPIT.

On the balance sheet, there have been some significant positive events since we assumed the management. So, two things – We have reduced the debt by $20 million and we now have negligible levels of debt on the balance sheet. As far as the cash, we have got a healthy cash of $75 million. So, those are some of the key highlights that we have on the quarter.

**Moderator:** Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Madhu Babu from Centrum Broking. Please go ahead.

**Madhu Babu:** Sir, so how would the transition now happen at the management level? We are surprised by this decision.

**Anjan Lahiri**: Madhu, thank you for your question. #1, you asked how will the transition happen at the management level. I would want to say that actually DK has been working with me across organization from day one. Before the integration and post the integration, he has been leading the entire integration process. We have 16-streams of integration. We work absolutely seamlessly. So, he is very much on the saddle for the entire transition and we are quite confident that it is very well in place.

**Madhu Babu:** In terms of Birlasoft, we have given the metrics now for the first time. So, we have shown all the five, six verticals. So, within these verticals, where do we see that where we have a very good vertical level competency and more of end-to-end offerings? On the digital transformation, can you give the sub-segments of that?

**Dharmender Kapoor:** This is DK. Good evening to all of you. If you look at our business that one of the major change during the integration process that we have done is that we have verticalized our business. If you look at the two verticals, which form the biggest percentage or biggest pie of our businesses, the banking and financial services and then the discrete manufacturing, hi-tech and media. These are the two biggest verticals that we have, and we have good amount of competence in both the verticals. But at the same time, we also have business which is significant in the Life Sciences, CPG, Automotive, Energy and Utilities, and we have good set of customers there as well. When it comes to the horizontals, ERP in SAP and Oracle forms about 58% of our business. But it is the digital services which is the second largest horizontal in the business that we have and that forms about 30% of our business. While this 30% of the business is the direct or digital technologies or digital transformation business that we have, but as you all know, that SAP or Oracle also having significant part of their portfolio moving into the digital. So, digital definitely is becoming present in every technology that we deliver to our clients.

**Moderator:** Thank you. The next question is from the line of Vaibhav Badjatya from HNI Investments. Please go ahead.

**Vaibhav Badjatya:** This profit from continuing operation of Rs.235 crores, that is what you have reported, so this Rs.235 crores have the 12 months number both for Birlasoft and the non-auto division of KPIT or it is still not that?

**Rajeev Gupta:** This is Rajeev Gupta. The first 9 months would be KPIT, the next 3 months would be KPIT IT business plus Birlasoft. So, if you were to look at the profit for the entire year, the profit would be Rs.248 crores, that is all included.

**Vaibhav Badjatya:** Rs.248 crores for 12-months of both Birlasoft and KPIT IT division?

**Rajeev Gupta:** This is the Birlasoft business alone. If you were to look at the press release, the complete Birlasoft and the KPIT IT business excluding your discontinuing operations, which is the Engineering business.

**Vaibhav Badjatya:** For both the businesses combined when you say that ERP is around 58% of the business, that is what you said for both the businesses combined?

**Rajeev Gupta:** That is correct.

**Vaibhav Badjatya:** So, out of that 58%, is it all traditional on-premise business or you include cloud and digital?

**Dharmender Kapoor:** It includes both. In fact, if we look at the new traction that we see, it is all coming in the direction of either SAP HANA or on the cloud.

**Vaibhav Badjatya:** So, how much is the traditional on-premise business in this 58%?

**Dharmender Kapoor:** I would say that it would be 80% traditional, but 20% on the Cloud and HANA. But if I look at the growth perspective, probably the 80% growth is coming from the newer business whereas the traditional business is not growing as it used to.

**Moderator:** Thank you. The next question is from the line of Ashish Agarwal from Principal Mutual Fund. Please go ahead.

**Ashish Agarwal:** Just wanted to ask a couple of questions. On the revenue side, we indicated that this quarter we did revenues of $113 million and the full year revenues is close to $475 million. So, it looks like that on

Birlasoft plus KPIT IT business, there has been a deceleration on QoQ basis. Is my understanding correct in that? Second, in the margins front, 10.5% margins in this quarter versus 12.5% approximately for the full year, is there any one-off cost we have built in, in this quarter with respect to the M&A?

**Rajeev Gupta**: So, on the first question, which is to say that $113 million, has there been a reduction? So, we have seen a 2.2% reduction compared to previous quarter. Previous quarter, on like-to-like basis the revenue was $115.7 million. We have seen one of our major projects get concluded at the start of this quarter and also we have gone through a situation where there was a discount asked by another of our major customer. But we see $113 million is pretty much where it is bottomed out and we should see improvements from here on. As far as the profit for the year or the EBITDA percentage, it is 12.3%, and there I am adjusting for the merger and the integration costs which we spend during the year.

**Ashish Agarwal**: My question was this quarter, it looks like it has gone down substantially. Any one-offs in the EBITDA in this quarter also?

**Rajeev Gupta:** So, for the quarter, the EBITDA margin adjusted is 10.6%. We have seen a few one-offs. Of course, there is merger and integration, which we adjusted for, there is retention bonus and there are certain stock option costs that we have had to take in this quarter. So, those one-offs, we feel adjusted for takes us to the 10.6%, and of course, the decline in revenue from the $115.7 million to the $113.1 million has led to lower EBITDA margin during this quarter.

**Ashish Agarwal:** Sir, what is the margin we should take going forward for the company -- Is 12-13% the right number to start with?

**Rajeev Gupta:** So, for the year, we have seen an adjusted EBITDA margin of 12.3%. As I said, we feel that the revenue has pretty much bottomed out, we do not see any lower revenues from here on. So, we believe that the business I think we may not guide for what it is next year, but we feel this is the bottom. I think we have only opportunity to improve from here on.

**Ashish Agarwal:** But my question was because on a quarterly annualized basis, 5%, 6% decline in revenues for the next year. So, even if we grow on QoQ basis, we might end up doing a low single-digit growth rate. Now given the supply issues, given the wage cost pressure, etc., my point was can we expand our margins on yearly basis going forward in FY’20?

**Rajeev Gupta:** So, there are two aspects to it -- One, which we certainly aspire for QoQ growth from here on. So, that should help us bring back on the revenue level. From a cost standpoint, we pretty much see the cost to be stable. So, that should certainly help us to improve the margin. That is how we look at it.

**Moderator:** Thank you. The next question is from the line of Riddhesh Gandhi from Discovery Capital. Please go ahead.

**Riddhesh Gandhi:** Can you give us some sort of the guidance around effectively speaking your order book, how it stands now and how was at this point of the year and potential opportunities going ahead, strategically, how you guys are looking at the business? Actually, in the investor presentation can you just explain to us what strategically you guys are looking at especially after the M.D. of the company has just resigned?

**Dharmender Kapoor:** I think that is a good question. When it comes to the order book and looking at what is the revenue that we may have on the existing business side, I think it is very much comparable to the industry standard that we have. So, that is the revenue that we know that is there in our hand and we are working on that. But if we look at the business that was there in the organization earlier, it was very much on the ERP side and very much horizontal in nature for KPIT. The opportunity that we see is on the cross-selling side because now that we have verticalized the business, we are making the vertical very technology-agnostic so that they are able to go and cross-sell any kind of service to those customers. There are approximately 50%, 60% of our customers who are single service-line customers. But we are doing very good business with them and we have good relationship. That gives us an opportunity to go and cross-sell our other services, and we believe that that is something that is going to be low hanging fruit for the organization that will bring the growth for us.

**Anjan Lahiri**: Thanks, DK. Riddhesh, thank you for your question. This is Anjan. You mentioned that color of the business, particularly given that the MD has just resigned, I want to make a point that couple of points here. I am moving on due to personal reasons as mentioned. I have worked tirelessly towards this integration, and I am extremely proud about where the organization is. I also want to make it explicitly clear that I am not moving out due to anything to do with the business or anything that I believe in the business that I am not happy about or is not right. The CK Birla Group, which has taken full control of the business provides an enormous amount of support to all of its organizations, and the combined organization has already seen a lot of that benefit. I personally absolutely believe that this organization is today poised structurally to be able to take advantages of what the market will offer. The markets today, as I am sure you will hear from everybody else is in an extremely good position where the customers are spending, they are spending in areas that is not mandated. What I mean to say is that over the last 20, 25 years, people were mandated to spend on Y2K, they were mandated to spend on ERP, they were mandated to spend on dot com and then they were mandated to reduce cost. Today, they are only mandated to improve the business in whichever way, shape and form they want. The combined organization with its extremely strong enterprise capabilities and its digital capabilities with a consulting veneer which puts it all together is very well poised. My last point. If you look at the overall industry, there are some five, six very large organizations, everybody knows who they are, they are very strong, and they continue to be. The midsize space has fewer players, and fewer players have become fewer still as all of you know. But customers absolutely look for a couple of large players, and they look for a mid-size player in order to challenge the larger players. So, I can speak from personal experience as well as what we have seen, the market is okay. Which company will be able to take advantage of the market? Remains to be seen in the competitive world. I think at $500 million, 10,000 people, IT organization, we definitely have the strength, and we definitely have the capabilities to take advantage. I feel bad that I am moving on, but it is purely due to personal reasons, Riddhesh.

**Riddhesh Gandhi:** No, the question was regarding getting an understanding of, given this is the first speech combined call, would have been helpful is to outline again at investor presentations where you can show us like-to-like what order book of the combined entity was last year, what is looking like this year, where the growth trajectory is expected to be, what strategically the organization is looking to do. We have no color in any of these aspects.

**Rajeev Gupta:** So, Riddhesh, we will certainly do more investor connects and analyst connects to give color. In fact, we have planned that out this coming Monday, Tuesday where we can collect the entire pictures, give you better view and highlight some of the areas that we see a significant opportunity at least on a go-forward basis including some of the statistics that we are posting. We are just coming together, there is a huge amount of effort that has gone through. I think we have put through a lot of effort in the integration. We feel we have stabilized though there are some other areas we have addressed for during this quarter and we will plan meeting in the near future with you as well to color some of business plans.

**Riddhesh Gandhi:** Just at a high level if we are looking at FY'20, given where we stand today, if you can give us some sort of indication based on your existing conversations in pipeline, what sort of growth we would expect on top line in terms of actually at the EBITDA level as well?

**Rajeev Gupta:** We have already carved out and there are certain priorities we have in line, certainly, it is around the integration. As I mentioned to all of you, we see that this quarter we have bottomed out. So, we should only see improvements from here on. One of the other priorities in the parts of integration is absolutely to grow on QoQ basis. So, while we refrain from the guidance, we will bring back to you some of this every quarter. I think the other opportunity that we see as far as priority is cross-selling. We have a larger base of customers now that has come through as part of the merger, and cross-sell amongst those customers becomes another big opportunity for us during this year.

**Riddhesh Gandhi:** Sorry. I understand that Q4 is bottoming out. Just wanted to understand, is should we be annualizing Q4 to sort of get the existing run rate of the business going ahead or should we be looking at FY'19 as the actually continuing operations at the active base of the revenue and the earnings, how should we be thinking about that?

**Anjan Lahiri:** #1, as you realize, it has been a quarter since we have brought the companies together. From a strategic standpoint, Rajeev mentioned cross-sell, we see priority #1, 2, 3 out of our top-5 priorities is to cross-sell. Our top-150 out of our 200 customers have revenues coming primarily from one single service line. So, once you open one service line, you penetrate and then radiate. We see a complete focus on that. We still have to get a better handle on what that translates into. Of course, we are not going to give guidance for the future. But we believe that in the next near future, that is three to four quarters, if we can just focus on selling the capabilities that we already have into the customers that we already have, we will achieve a future, which is better than anybody else in terms of two organizations which have come together in a way like this. So, we will not give any guidance because that is not what we do.

**Riddhesh Gandhi:** I am saying if we leave across speaking guidance going ahead, I understand that the integration has just happened, but obviously this has been ongoing for years. So, we have got some sense of what is going on, right? We know we have approached about Rs.250 crores of profit after tax from the continuing operations in FY'19. Is that higher than what the existing run rate we should expect to be or is that roughly at or the existing run rate is after which we build on through the cross-selling of various opportunities or should we be looking at Q4 as the base given there is run-off of a large client? Just wanted to get some sense on what level should we be looking at broadly as what are we buying today. Let us leave us forward guidance.

**Rajeev Gupta:** Let me just sort of give a sense, right? So, I think there are two, three things -- One, Q4 certainly is a baseline because that is the business that we now run. From a revenue standpoint, we all have indicated we feel this is the bottom. From a cost standpoint, we feel that we would not move for us going forward. So, to your point, we certainly see more value in the business. We talked about cross-selling given the larger base of clients that we have. Our aspiration is to get to more QoQ growth from here on. So, if you really put all these together, then certainly we see more prospects in this business from here on.

**Moderator:** Thank you. The next question is from the line of VP Rajesh from Banyan Capital. Please go ahead.

**VP Rajesh:** Just a follow up on the earlier question just asked. If I look at your adjusted EBITDA on Page #9, your Q4 is Rs.83.2 crores, and that is roughly call it Rs.332 crores if you just annualize that number. Now if I look at your 31st December '18 number and add that to the March quarter adjusted EBITDA and double that just to get a sense of annualized, it comes to around Rs.363 crores. And then if I go to Page #10, your adjusted EBITDA is around Rs.408 crores. What I am trying to get a sense of, as you see the business, which is more close to the current baseline. Should we assume that Rs.332 crores is the baseline or should we assume it is Rs.365 crores or thereabouts or is it north of Rs.400 crores?

**Rajeev Gupta:** Thanks, Rajesh for your question. I may again reiterate the point that I made earlier to Riddhesh, I think you very well calibrated because compared the current quarter, you also tried to compare previous quarter and then tried to project it. As I said, we see current quarter …and of course this is a business that we now start to manage, so we look at $113 million revenue to be pretty much the bottomed out baseline. Our aspiration is to grow QoQ. Our ability to cross-sell is high. I think we have got the capabilities in terms of the core offerings and of course the larger customer base. We see our cost to be more stable from here on. So, if you are to put all of that together, we see more prospects in this business comparing to the baseline of Q4 this year.

**V.P. Rajesh**: Should we expect that there will be some wage inflation in Q1 which will further depress this quarterly EBITDA of Rs.83 crores?

**Samit Deb:** The wage inflation is distributed between 50% in Q1 and 50% in Q2%.

**Moderator:** Thank you. The next question is from the line of Ashish Kacholia from Lucky Investment.

**Ashish Kacholia**: Gentlemen, what are the kind of wage hikes that we are looking for in Q1 and Q2?

**Samit Deb:** We have mapped it to our industry standard, so we are expecting 6% to 12% as a range for offshore and 2% to 3% onsite.

**Moderator:** Thank you. The next question is from the line of Apurva Prasad from HDFC Securities.

**Apurva Prasad:** Can you break down the one-time expenses for this quarter, you mentioned some factors, but if you can quantify that please?

**Rajeev Gupta:** As I mentioned, there have been certain one-time expenses in terms of retention bonus stock options. We also have had to spend quantum on CSR and of course our merger cost. If you really put all of these together, then I would say that we have spent close to $3 million in terms of cost around merger integration during this quarter.

**Apurva Prasad:** All of this $3 million is non-recurring?

**Rajeev Gupta:** Part of this is non-recurring.

**Apurva Prasad:** How much would that be?

**Rajeev Gupta:** Almost I would say 30-40% would be non-recurring.

**Moderator:** Thank you. The next question is from the line of Madhu Babu from Centrum Broking.

**Madhu Babu:** Sir, just on your effort mix, of the 9,000 employees how many are onsite technical employees?

**Samit Deb:** 40% of our employees are at onsite.

**Madhu Babu:** So, that is usually higher than industry average and because we are into this project base and ERP kind of work. So, offshore leverage, would it at all be a lever for us? Second is how much is subcontracting because I remember KPIT had a higher subcontracting in that part of business, so what is the subcontracting as of now as a percentage of revenue?

**Samit Deb**: Sub-contractors are about 7% of our people.

**Madhu Babu:** In terms of the mix shift towards offshore, what is the time lag and how do you see this cross-selling to the ADM traditional services going ahead in the next one, two years journey what we can expect?

**Dharmender Kapoor:** On the cross-selling side, if you look at, as I mentioned before that, lot of our vendors into the ERP selling into almost 50%, 60% of our customers and that is where we are seeing cross-selling opportunity by looking at cross-selling, digital services, data and analytics where we see a lot of traction and of course the application support and maintenance and ADM. Now one of the key initiatives that we have taken is that how do we really put the account management in place because it is the first time the combined organization will be putting the verticals into place and account management becomes very-very critical for us which is the first initiative that we have taken, and the objective of that is that how do we go in front of the clients, be technology-agnostic and be able to sell all the offerings that we have across multiple horizontals.

**Moderator:** Thank you. The next question is from the line of Ashish Kacholia from Lucky Investments. Please go ahead.

**Ashish Kacholia:** Sir, you have given deal win for the quarter in your presentation. Could you quantify the value of these deal wins -- are these substantially large orders or these are like $0.25 million, $0.5 million kind of orders?

**Dharmender Kapoor:** I would not give the total for all the deals. It is upward of $50 million in total for the deals that are mentioned here.

**Ashish Kacholia:** $50 million deals won in one quarter, is it?

**Dharmender Kapoor:** That is right.

**Ashish Kacholia:** This is mostly deals that have been sold to our existing client base only?

**Dharmender Kapoor:** No, most of the deals are into the net new, but there are deals, which have the new business to the existing clients.

**Ashish Kacholia:** No. My question is this $50 million deal. There are some new logos in this or when you say that we have a huge cross-sell opportunity, so we are able to mind most of our existing logos for this $50 million kind of deal wins?

**Dharmender Kapoor:** This includes both. There are new logos as well as new business to the existing clients, which is EN business. This does not include...

**Ashish Kacholia:** So, my question would be whether the $50 million is more heavily weighed for existing logos, I mean, any percentage mix if you can give between 80%-20%, and 70%-30%, whatever, between existing logos and new logos?

**Dharmender Kapoor:** I would say roughly about 50-50%.

**Ashish Kacholia:** So, the deal wins for this quarter have been pretty substantial. It is a good run rate too.

**Dharmender Kapoor:** Absolutely**…**, I think one of the key advantage that we have seen with the combined entity is the type of offerings that we have in our portfolio now. The offerings that can combine with each other very well to make a much better value proposition. So, for example, if I go and sell only ERP, then I may end up losing some of the other services with respect to the data or CRM space. But now by bringing the two organizations together, our ability to cross-sell and our ability to combine these services together to give a higher value proposition to client has improved. So, we definitely are seeing good benefits of the capabilities coming together.

**Ashish Kacholia:** Second question is on your Slide #10. Basically, you have said that there is a consolidated income statement for the quarter. So, this is about Rs.788 crores sales and Rs.66 crores profit for this period. So, this Rs.66 crores is PAT and you are doing this merger and integration related cost which you said is about 30% non-integrated. So, basically, we can see that even in the next slide #11, Rs.248 crores is the yearly profit even if we take Rs.66 crores as your run rate profit, so Rs.250 crores profit has not gone anywhere. The investors are buying Rs.250 crores of profit on an ongoing run rate basis quarterly and Rs.250 crores on an annual basis. This is what we can treat as a baseline for which we are paying the current market cap. Is that correct?

**Rajeev Gupta:** Of course, you have well-articulated. I mean, this is the baseline and hence as I have said earlier, we see this quarter to be a quarter where the revenue clearly has bottomed out. You will only see improvements from here on. But from the baseline as you calculated, that is the minimum what we see going forward.

**Ashish Kacholia:** Is there any one-off in this Rs.250 crores? Is there any chance that the company could say that there was a one-off income and this Rs.250 crores bottom line which will not be recurring in FY'20? So, I am just trying to protect my floor here. That is the drift of my question. In this Rs.248 crores profit after tax, what we have reported on a pro forma basis, is there any one-off gain? There can be the one-off expenses that is different, but I am just trying to find out if there is any one-off gain in this Rs.248 crores bottom line of FY'19?

**Rajeev Gupta:** There are several variables, and of course we are in the business to only improve from here on. I think there are clearly aspects that we see that should improve. There will always be areas where you will try and see an upside and that you will compensate for a downside. So, that is why we are in the business. But I do not think at this stage, we would worry too much in terms of any downside.

**Ashish Kacholia:** Are we anticipating any headcount movements along with the departure of Anjan?

**Anjan Lahiri:** #1, the organization is in a very stable state. We have been working extremely well together. DK has been leading the organization. The structure is well enabled and we do not expect any of that. Just to make it very clear, I am not going anywhere to do anything and I am not taking anybody with me, I am leaving for personal reasons, I am going to take some time off. So, we are quite confident.

**Moderator:** Thank you. Ladies and gentlemen, as there are no further questions from the participants, I would now like to hand the conference over to Mr. Vikas Jadhav for closing comments.

**Vikas Jadhav:** Thank you so much for being here. I assure you if you have any further questions, you can always reach out to me and we are happy to respond. Thank you so much. Thanks for attending.

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

Note: The above transcript has been edited for better readability

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