

Azure Power

Fiscal Second Quarter 2018 Earnings
Conference Call

November 10, 2017 at 8:30 a.m. Eastern

CORPORATE PARTICIPANTS

Nathan Judge – *Senior Vice President of Investor Relations*

Inderpreet Singh Wadhwa – *Founder, Chairman and Chief Executive Officer*

Sushil Bhagat – *Chief Financial Officer*

Bob Kelly – *Director Azure Power Board*

PRESENTATION

Operator

Hello, and welcome to the Azure Power Fiscal Second Quarter 2018 Earnings Conference Call. All participants will be in listen-only mode. Should you need assistance, please signal a conference specialist by pressing the star key followed by zero. After today's presentation, there will be an opportunity to ask questions. To ask a question you may press star then one on your telephone keypad. To withdraw your question please press star then two. Please note this event is being recorded.

I now would like to turn the conference over to Nathan Judge. Please go ahead, sir.

Nathan Judge

Thank you. And good morning, everyone, and thank you for joining us. After the close on Thursday, the Company issued a press release announcing its financial results for the second fiscal quarter of 2018 ended September 30, 2017. A copy of the press release and the presentation are available in the investor section of Azure Power's website at AzurePower.com.

With me today are Inderpreet Singh Wadhwa, Founder, Chairman, and Chief Executive Officer; Sushil Bhagat, our newly-appointed Chief Financial Officer; and Bob Kelly, Director on Azure Power's Board and the former Chief Financial Officer of Solar City. Inderpreet will provide a business update and Sushil will discuss our fiscal second quarter financial performance and reiterate our guidance for fiscal year 2018. After this, we will open up the call for questions.

Please note, our Safe Harbor statements are contained within our press release, presentation materials, and available on our website. These statements are important and integral to all our remarks. There are risks and uncertainties that could cause our results to differ materially from those expressed or implied by such forward-looking statements, so we encourage you to review the press release we furnished with our Form 6-K and presentation on our website for a more complete description.

Also contained in our press release and presentation materials are certain non-GAAP measures that we reconciled to the most comparable GAAP measures, and those reconciliations are also available on our website in the press release and presentation materials.

It is now my pleasure to hand it over to Inderpreet Singh Wadhwa, Founder, Chairman, and Chief Executive Officer.

Inderpreet Singh Wadhwa

Thank you, Nathan, and good morning, everyone. Slide 4 summarizes our mission and core values which are critical to our long-term success. Our mission is to be the lowest cost power producer in the world. This is not the same as having the lowest selling price of power in the world. Core to our culture as a company are four values; excellence, honesty, social responsibility, and entrepreneurship. We strive to uphold every one of these values in everything we do.

We've made a significant amount of progress during the second quarter. We have exceeded internal targets across several metrics in this period. We added a significant number of new contracts. We've launched Azure M-Power solution for village electrification, commissioned 31 megawatts of new projects, enhanced our management depth and governance through appointment of a new independent director, and completed the financing of domestic debt with the \$500 million proceeds from the first ever solar green bond out of India.

We won a total of 581 megawatts of PPAs since last quarter, the most ever in a one month period in the

history of the company, which grew our portfolio by over 50% to now being 1,631 megawatts in terms of operating and committed and under construction projects. All of the new PPAs are for 25 years and all have fixed tariffs, which is to say they are not exposed to variable commodity risks. With these wins our already stellar counterparty profile improved even further. Nearly three-quarters of our customers now have A-rated credit rating or higher, up from 62% in the prior quarter. Almost 54% of our portfolio is now with Government of India entities.

We're also very excited to announce the launch of Azure M-Power, which will offer reliable and affordable electrification solutions in villages across India. These micro and mini-grid systems will enable sustainable economic development while expanding our addressable growth market to include the 30 million households without electricity in India. With the launch of Azure M-Power for electrification of villages across India, we are delighted to make a contribution towards the realization of our honorable Prime Minister's commitment towards 24/7 Power For All in India.

Also during the quarter we commissioned 31 megawatts, bringing our total operating megawatts to 803 at the end of the quarter. We are excited to have Dr. R. P. Singh join our Board of Directors as the sixth non-executive independent director out of eight total directors. Dr. Singh is known for his contributions in the Indian power sector, particularly the establishment of the national power transmission grid and modern load dispatch centers.

During his tenure as the Chairman and Managing Director of Power Grid Corporation of India he was responsible for establishing several high-profile projects, especially building a 2,100-kilometer transmission system in under 33 months with an investment of Indian rupees of 33 billion, which was completed well ahead of schedule and under budget. We have also completed the refinancing of our domestic debt from the proceeds of our Solar Green Bond.

As mentioned previously, we have been very successful in winning new PPAs recently. One of the drivers of our ability to capture a large market share of auctions we choose to participate in is because we have a long track record of strong execution in the Indian solar market. As was the case with our 260-megawatt Gujarat project, Azure Power developed and is operating India's first megawatt-scale distributed solar rooftop project in Gujarat state capital city of Gandhinagar, and our long history of superior solar powered operations in Gujarat right from the inception of Gujarat solar policy 2009 has contributed to our success of procuring, in the second quarter of 2018, the largest solar power contract auctioned by Gujarat to date.

Another example of our success is our long history of superior operations for NTPC Vidyut Vyapar Nigam, or NVVN, right from the inception of the national solar mission, which has contributed to our success in procuring one of the largest solar power contracts auctioned by NTPC, a 250-megawatt contract. With this win, we will become the largest providers of solar power to the domestically AAA-rated NTPC and its subsidiaries, of which NVVN is a part.

All of the projects we won are expected to have attractive returns, and well above our cost of capital. For the recently won projects our financing, construction, and development costs have come down meaningfully. Our recent issuance of India's first ever Solar Green Bond was done at 5.5% which is now trading at a much tighter yield of 4.6% which allows us to access international bond markets at attractive financing rates.

We further believe the credit strength of AA and AAA counterparties for these recently won projects will allow us to further lower the financing costs for these projects. We continue to see a significant reduction in project costs for both module and balance of system. Over the last seven years, we have seen an 85% reduction in these costs. While we see module prices stabilizing at this time, our committed projects

are expected to be delivered in the calendar fourth quarter of 2018 and in the calendar first quarter of 2019, which allows us additional time to introduce further optimization in balance of system costs and yield improvement through new technology deployment.

Further, two of the largest committed projects totaling 510 megawatts are to be developed outside of solar parks, which is our competitive strength and allows us to retain high development margins compared to government-sponsored solar parks, which have higher cost of land and higher O&M expenses over the life of the contract.

On the industry front, we continue to be excited about the outlook for solar energy in India. The recently announced \$2.5 billion government plan called “Saubhagya” reinvigorates efforts to electrify the 260 million individual households currently without power. One of the analysts estimated that this could add significantly more electricity demand over the next two years. Most of the demand growth is likely to occur during peak hours, the time when India’s electricity capacity shortage is the greatest and very expensive, and polluting diesel backup generators are used most. But this is also when solar has the greatest advantage, reaching peak generation during peak hours at prices that are cheaper than any other source of generation.

The attractiveness of solar compared to other generation is clear as solar capacity additions have outpaced every other type of new electricity capacity addition so far this fiscal year and we’re likely to capture market share going forward.

We are very excited to have Sushil Bhagat join us as our CFO. He has over 30 years of experience of working in corporate and investment banking and then transitioning to Hindustan Power Projects Limited, where he worked extensively on fundraising and inorganic growth opportunities. As a previous investment banker he has raised over \$12 billion of funds and led complex advisory and merger and acquisition assignments across all infrastructure sectors. Subsequently, he has headed finance, commercial and strategy functions at Coastal Projects, and helped achieve an enterprise value of over \$4 billion in six years. Sushil has supervised over 1,200 megawatts of thermal and over 400 megawatts of solar power assets while at Hindustan Power Projects. He has also served in various corporate leadership roles at Coastal Projects, Wachovia, Axis Bank, and State Bank Group.

Before I hand the call over to Sushil, I want to take a moment to thank S.K. Gupta, former CFO of Azure Power, for his contributions, who has been appointed Executive Vice President of Operations and Maintenance to manage the company’s fast-growing fleet of assets. Our fleet of operating assets is now sizeable and growing quickly and S.K. Gupta will bring a wealth of experience to this role and ensure the best operations.

With that, over to you, Sushil.

Sushil Bhagat

Thank you, Inderpreet, and good morning, everyone. Turning to our second fiscal quarter performance we continue to record strong growth, with our operating megawatts more than doubling to 803 as on September 30, 2017. We had 1,631 of operating and committed megawatts as on October 16, 2017, which is more than 50% of megawatts that we had on September end of 2016 which is second quarter fiscal FY '17.

During our second fiscal quarter 2018, revenue grew by 104% to around \$38 million over the corresponding quarter of the last year as we commissioned new projects. We continue to deliver EBITDA expansion and reported adjusted EBITDA growth of 167% compared to 104% growth in revenues in the quarter. As we leverage our platform and realize economies of scale, we continue to expect that we’ll be

able to expand our EBITDA margin and grow cash flow at a faster pace than revenues.

Our interest expense during the quarter included \$19.5 million of one-time charges relating to the one-time write-off of unamortized deferred financing cost and prepayment finance, or debt financing, related to the first ever Indian green solar bond. Excluding these, net interest expense was \$16.7 million, which is an increase of 81% from the same period in the prior fiscal year principally due to increased borrowing for the new projects.

With regard to taxes, we recognized a non-cash income tax benefit of \$2 million during the quarter. Our balance sheet continues to grow as we add new projects to our portfolio. Property, plant, and equipment increased to \$749 million and net debt was \$540 million as on September 30, 2017.

Our liquidity position continues to remain very strong. We ended the quarter with \$282 million of cash and cash equivalents, including restricted cash. We had undrawn project debt facilities of \$82 million at the end of the quarter. We also have \$107 million of working capital facilities that we can draw on if necessary. In addition, as a result of reducing our loan balances at domestic banks following the issuance of our green bond, we believe our borrowing capacity at these banks has increased.

Beyond these sources of immediate liquidity we continue to have the support of our large shareholder, CDPQ, which has a ROFO on our assets where we can grow our portfolio by bringing in CDPQ as a minority equity investor in our projects without existing shareholder dilution. With this, we confirm our fiscal year '18 revenue guidance of \$118 million to \$125 million. In addition we remain on track to have 1,000 to 1,200 megawatts of operational capacity by the end of the fiscal year ending March, 2018.

With this, we can take questions.

QUESTIONS AND ANSWERS

Operator

Thank you. We will now begin the question and answer session. To ask a question, you may press star then one on your touchtone phone. If you are using a speakerphone, please pick up your handset before pressing the keys. To withdraw your question, please press the star then two. At this time, we will pause momentarily to assemble the roster.

The first question comes from Philip Shen with Roth Capital Partners.

Philip Shen

Hi, everyone, Inderpreet; Sushil, nice to meet you. Thanks for the questions. I wanted to start off with the pipeline, congrats on the large wins that you've had over the past few months. I wanted to see if we can perhaps get into the possible economics of what that pipeline looks like. As you know, the tariffs are lower, but I'm imagining your cost structure can come down as well, so if you can give us a little bit of color on that in terms of what you expect relative to what you guys are delivering today for investors, that would be very helpful.

Inderpreet Singh Wadhwa

Thanks, Phil, for that question, and a very good morning to you. I think, generally, we believe that the projects are in line with what we have consistently said to the market, and I would reemphasize that cost of building these projects is a lot lower than what returns they are delivering, and as the development progresses we'll be able to share more metrics formally as we have in the past for these projects.

But, if you look at the cost of building projects have come down significantly over the last several years,

and not just that, the cost of equity and cost of debt has moved lower, and the technology yield has gone up. The best guidance that we can give you at this point is looking at the historical reductions you have seen in our project cost and capital cost and trying to extrapolate those for these projects where the industry is likely to be in the next 18 months will give you a sense of where the economics are.

In terms of the specific projects on our scripted comments, we've talked about the Gujarat project is commissioned in calendar Q1 2019, the tariff there is \$0.04. The NVVN project is commissioning in quarter four calendar 2018, the tariff there is \$0.05, gives you a sense of where the cost structures are likely to be in that period from here on.

We talked about a cost structure of \$0.78 in this quarter that includes domestic modules. If you extrapolate that to imported modules, in I think one of the earlier quarters we had talked about a number of about \$0.67. Then, you couple that with our bond trading at about 4.6%, 4.7%, will give you enough parameters to build your own model and see where the returns are.

Philip Shen

Great. That's helpful. Thanks, Inderpreet. In terms of your outlook for fiscal '19, I know you may not be in a position to provide official guidance, but was wondering if you—given the backdrop of all the wins that you've had, that NVVN project is slated for COD in the back half of calendar 2018, can you talk about what the volume of CODs or project additions might look like for fiscal '19 relative to fiscal '18?

Inderpreet Singh Wadhwa

I think, at this point, the best guidance is what we've included in the appendix in the presentation. All the projects with their respective commissioning schedules are in there, so that's the best information that we are able to share now. But, as you also know that we are looking at close to 4,500 megawatts of new auctions which we hope will conclude between now and the end of this financial year, and given our historical track record on winning auctions can give you a little bit more color on what potentially is out there for us to add to the existing backlog. And, as we get closer toward the end of this fiscal year we'll be able to give you a more firm guidance on next fiscal.

Philip Shen

Great. And that sounds exciting with that large set of auctions coming online. One last one for us here, in terms of your new announcement about M-Power, can you share with us how many megawatts the Jharkhand project might be and then what the timeframe of completion could be as well as the average tariff for that project?

Inderpreet Singh Wadhwa

I think the key announcement that we are making, really, is that historically we've been a large-scale utility energy provider, and then I think we accelerated our presence in commercial and industrial rooftop in 2016. And, this year we are embarking on a third, so to speak, product line which is M-Power for electrification of villages, which is a substantial opportunity for growth going forward.

At this point we had focused on small incremental implementations. This big project is an 86 kilowatt project, that's a relatively very small project, but it does give us access to about 11 villages in the state of Jharkhand and we intend to execute this project within this financial year. The business model is still evolving in this space, but this particular project, it is a model where we build the project. However, the CAPEX will be funded by the government as part of the Saubhagya scheme that the government has announced, with us doing an O&M in addition to building the projects for a five-year period.

If you look at the economics of those projects it's roughly the CAPEX is at about \$4 a watt is the CAPEX that we collect from the government, approximately. And then the O&M is about \$20 a kilowatt is what

we charge in O&M per year, but if you now add this up into a large-scale deployment you will see the economic returns would be better than some of the low-bid projects in the country.

In terms of our expectations we believe that the micro and mini-grid development will ultimately deliver much higher shareholder value compared to the large-scale projects. What we have already demonstrated is that in commercial and industrial projects we are able to deliver better returns than large-scale development. But, the key would be scaling up in size and aggregating these projects and that's something we'll continue to work with the government as we proceed in execution of this project.

Philip Shen

Great. Thanks, Inderpreet. I'll pass it on.

Inderpreet Singh Wadhwa

Thank you, Phil.

Operator

Thank you. The next question comes from Maheep Mandloi with Credit Suisse.

Maheep Mandloi

Thanks for taking my question. Hi, Inderpreet. Hi, Sushil. Just on M-Power, could you just throw some light on why you have started with Jharkhand and what are your plans for expanding it to other states in the country?

Inderpreet Singh Wadhwa

I think the thought process there, Maheep, is to really look for areas where you have a sizeable market. I mean, when we talk about across the country we believe about 30 million households need to be electrified and out of those 30 million almost 10% is in Jharkhand, and then of course, there's a sizeable opportunity in UP and Bihar.

We have seen relatively less penetration of mini grids than micro grids in Jharkhand. We've already seen some work done in the other two states. we feel there's an opportunity for us to be a pioneer in Jharkhand and do a lot of work on the ground very quickly, and the fact that this auction that we participated in was open and transparent, and rolled out by the Government of Jharkhand made it interesting for us to take the initial project in that state. But we will continue to look at other states as well that come up with open and transparent auctions in this space.

Maheep Mandloi

And, just to understand it correctly, it isn't PPA where you receive the \$4 per watt CAPEX and the \$20 per kilowatt O&M in the form of subsidies or incentives from the government for the project. Is that correct?

Inderpreet Singh Wadhwa

Yes. I wouldn't use the word PPA, I think it's a slightly different contract. It's a contract to build and operate for a five-year period and at the end of five years the operations are turned back either to the local community or to the government, the way the government wishes to do. But, we also believe that as we work with the government we may be able to evolve the structure that might work better for us as well. But for now this is the current structure.

Maheep Mandloi

Now, just transitioning to the broader utility scale auctions in the country, we recently saw a news article claiming that the government might auction 20 gigawatts of projects in a single auction or something like

that. Could you throw some more light on that if you have learned anything from your talks with the ministry or with the government on that?

Inderpreet Singh Wadhwa

Maheep, I think that article probably came out of a few hours ago and I really appreciate your level of alertness on the news coming out of India. The key of that message is that the capacities are there, the development will continue, and the pipeline will continue to get bigger. The specifics of what they're talking about as ultra-mega solar-powered projects have not been worked out yet, have not been shared with the industry so far. But, there is a lot of discussion internally happening within the government what is the right way to roll out large-scale opportunity in the country.

You probably know there's a new minister this year for renewable energy and he has openly talked about large capacity allocations. It's all very constructive, it's all very positive, and we continue to track the specific bids we talked about, about 4,500 megawatts and these projects will be likely after that. Maybe in my view this will move out into sometime next year, but again, this is based on limited information that has come out so far.

Maheep Mandloi

Thanks. Just one last question on modeling. Your G&A expense declined significantly compared to the last quarter end versus our estimates. Could you just talk about what drove that reduction and how should we model that going forward?

Inderpreet Singh Wadhwa

I think I wouldn't necessarily change anything significant from a modeling standpoint. I think some of this is related to the expenses we had because of the IPO in the same quarter, previous year. There are some efficiencies in terms of economies of scale, but I would not move a significant needle in terms of where we are.

If you had a little bit of growth in there on expenses, I'd still keep that because we feel that if we continue to develop more projects that you anticipate the G&A would probably grow in line with that increased capacity. I think I recall looking at some of the assumptions there, that you may have assumed fewer megawatts would be delivered. But we believe we are exceeding that plan in terms of new projects, so that might increase our G&A going forward as well accordingly.

Maheep Mandloi

Thanks for answering the questions.

Operator

Thank you. The next question comes from Pavitra Sudhindran from Nomura.

Pavitra Sudhindran

Hi. Thanks for taking my questions. I have two. The first one is this quarter I saw an increase in the receivables and a reduction in the payables which the combination of these two probably led to the operating cash flow coming in negative. If you can just help us understand the reason for this working capital increase this quarter.

Inderpreet Singh Wadhwa

I think this is largely a function of how the projects get commissioned and when the receivables are realized, and there are some projects that were commissioned. I believe you're comparing these, also, with the end of our fiscal last year. A lot of projects would have come on line in that period and that can create some differences in the short-term basis.

On the payable side would be, again, a function of payables to the EPC contractor, which in our case is our holding company. There could be some mismatch in terms of when they were supposed to be paid versus when they were paid, and some LCs that we opened for delivery of modules as well. Nothing unusual, it's just a small movement period-over-period.

Pavitra Sudhindran

Thank you. My second question is just on leverage. I just wanted to understand that given that you're winning several large-sized projects, obviously, you have to incur some amount of debt to build these projects. Is there a leverage ratio target that you have in mind, like an internal target to keep leverage below a certain limit?

Inderpreet Singh Wadhwa

I think long-term, if you think about—we've talked about debt/equity being 75/25 when we start a project, and some of the projects are amortizing, some of the projects are non-amortizing, but generally, that's the principle we follow in terms of leverage across all the projects. If you follow the bond that we've issued, we've talked about over time getting to 5.5 turns on EBITDA for the bond and we believe that a similar discipline will apply to projects outside the bond in terms of medium to long-term leverage.

Pavitra Sudhindran

Thank you very much.

Inderpreet Singh Wadhwa

Thank you.

Operator

Thank you, and the next question comes from Pratibha Bajaj from IFC.

Pratibha Bajaj

Hello. Hi, Inderpreet. Hope you are doing well. I have a question on the bond raise. This is regarding how much cash was actually released as a result of the refinancing in the bond raise?

Inderpreet Singh Wadhwa

Hi, Prathiba. I'm doing well. Thanks for asking. I hope you're doing well, as well. While we don't have specific disclosure on that in our quarterly results, but we hope that that would be available when we file our restricted group financials for the bond in due course of time. Roughly, I can tell you that our debt for the projects that we included in the bond was in the \$440 million to \$450 million range. And then of course there is a little bit of overlap between when the bond came in and when the projects were repaid, and then there were some one-time charges associated with the refinancing. I think if you just roughly do the math on that and look at the \$500 million number, the difference would be the additional free cash from that transaction.

Pratibha Bajaj

Okay. The second question was regarding the terms of the ROFO, I understand this has been in the presentations since the last two quarters. I never got the chance to ask, is this the ROFO regarding the CDPQ infusion of equity at the project level?

Inderpreet Singh Wadhwa

That is correct.

Pratibha Bajaj

What are the [audio disruption] if any of the valuation? Is this at par or what is the formula agreed on valuation?

Inderpreet Singh Wadhwa

The construct is that, if we wish to divest a minority stake in our assets, we would give CDPQ a preference on that, but we expect that to be done at arm's length based on market conditions. There are no pre-agreed terms in our existing contract, so as and when we look at projects and we do something with them, then those terms will be decided and agreed as per market norms at the time and of course, would be disclosed as appropriate.

Pratibha Bajaj

The third question I had was regarding any plans in growing the restricted group? I understand the new project capacity would become operational by the end of this fiscal year. Is there a plan to transfer those new projects also into the restricted group and grow the size, or that isn't thought out at the moment?

Inderpreet Singh Wadhwa

I think the key is we've created optionality for doing so. Having said that, there is no current plan and if we end up doing something we will make appropriate disclosures for that.

Pratibha Bajaj

The last question is on the M-Power and the micro-grid project you mentioned. Was this a project you have won under some auction? Is this a regular scheme by the government? Could you just throw light on that?

Inderpreet Singh Wadhwa

This was auctioned by the state of Jharkhand.

Pratibha Bajaj

And, were there any other players apart from Azure that participated in this auction?

Inderpreet Singh Wadhwa

Yes. I believe there were four or five players that participated. I don't have the details handy with me.

Pratibha Bajaj

Then, finally, the last question was only on the project cost regarding on the DCR category versus our Make in India category, versus open category. I understand the Gujarat project is under the open category, [audio disruption] have imported modules for that and the NVVN 250 megawatt, this has restrictions. Can you comment on the difference in project costs at an overall level?

Inderpreet Singh Wadhwa

Pratibha, we don't forecast the project cost, so we'll be able to disclose these when the projects are completed. But historically, we've seen \$0.06 to \$0.07 differential, but that is also a function of the base rate.

Pratibha Bajaj

Thanks, Inderpreet. That was all of my questions.

Inderpreet Singh Wadhwa

Thank you, Pratibha.

Operator

Thank you. The next question comes from Onur Goker with Global Infrastructure Fund.

Onur Goker

Hi, Inderpreet. Just a couple of quick questions. On the bond issuance including the one-time charges and the swap from US Dollar to rupees, what is the blended cost of financing of this 500 million in rupees?

Inderpreet Singh Wadhwa

Hi, Onur. Thanks for asking that question. We are looking at somewhere between 9.2% to 9.3% in rupee terms.

Onur Goker

In rupee terms. Okay. Thank you. Today, obviously, you've won quite a bit of new projects over the second quarter. How many of these projects have you debt financed and which projects will require debt financing versus being fully financed on the debt side?

Inderpreet Singh Wadhwa

All the new projects that we have announced in this period, we have to go and raise debt for these projects. All the projects that were in the pipeline prior to this period we've already closed the debt financing for those projects.

Onur Goker

Second quarter and then the most recent win after the second quarter will need debt financing?

Inderpreet Singh Wadhwa

That's correct.

Onur Goker

On the equity side, you've grown the pipeline but the debt issuance has allowed you to release some amount of capital. Are you fully financed to your full pipeline? You had 828 megawatts of under construction and awarded projects at this point, are you fully equity financed for those?

Inderpreet Singh Wadhwa

Yes, we are well capitalized.

Onur Goker

The final question is, would it be possible to talk about plant load factor in the second quarter of this year?

Inderpreet Singh Wadhwa

Onur, I think historically we have not published the quarterly plant load factors. We do that annually because we believe—this is the annual business and we don't have color on that. But we are slightly ahead of our forecast, as would be evident from the revenue that we've generated is slightly more than what was in the consensus. The plants are generally tracking to plan.

Onur Goker

Okay. Thank you. That's all on my end.

Inderpreet Singh Wadhwa

Thank you.

CONCLUSION

Operator

Thank you. And as that was the last question, this concludes both the question-and-answer session as well as the Q&A. Thank you so much for attending today's presentation. You may now disconnect your lines.