

"Strides Shasun Limited Q2 FY17 Earnings Conference Call"

October 28, 2016

MANAGEMENT: MR. ARUN KUMAR – EXECUTIVE VICE CHAIRMAN &

MANAGING DIRECTOR

MR. SHASHANK SINHA – GROUP CEO MR. BADREE KOMANDUR – GROUP CFO

MODERATOR: ABHISHEK SINGHAL – MACQUARIE CAPITAL SECURITIES



Moderator:

Good day, ladies and gentlemen and welcome to the Q2 FY17 Earnings Conference Call of Strides Shasun Limited hosted by Macquarie Capital Securities. As a reminder, all participant 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 the 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. Abhishek Singhal from Macquarie, thank you and over to you sir.

Abhishek Singhal:

Good afternoon all. We have the senior management of Strides with us. We have Mr. Arun Kumar – Executive Vice Chairman & Managing Director and Mr. Shashank Sinha – Group CEO. I will hand over the call to Arun for opening comments and then we can have question and answers. Over to you sir.

Arun Kumar:

Thank you, Abhishek for hosting us. Thank you all for joining us in this call today. I am going to let my colleague, Shashank do most of the talking, I am always available for any specific questions. We also have Badree – our Group CFO here and our rest of our investor relations team, so will be more than happy to answer questions as soon as Shashank completes his opening remarks. Over to you, Shashank.

Shashank Sinha:

Thank you, Arun and good afternoon everybody. So we delivered a strong quarter, this quarter driven by good performance in our core formulations portfolio. Our core formulations portfolio grew by 73% year-on-year and actually 20% quarter-on-quarter. EBITDA margins for the full business at 18%, has also seen a healthy expansion both on year-on-year basis and on quarter-on-quarter basis and this expansion in EBITDA margin on top of significant increase in our R&D investments during the second quarter and I will share a little bit more details on that.

If we first talk about our regulated markets, the regulated markets today are about 2x in terms of scale where they were this time last year. So, we have quite an expanded base and on that expanded base, we continued to track well. In North America, our performance was driven by increases in market share as well as an increase in our portfolio. We have seen a good approval traction. We had 5 USFDA product approvals year-to-date and 2 during this quarter and we have visibility on 15 to 20 product approvals over the next 12 months including 5 or 6 that we expect in the back half of this fiscal year. And our Australian business delivered a healthy quarterly performance driven by strong performance in both the brands as well as generics portfolio. From effective 1st October, there are PBS regulatory changes and one of the outcomes of the changes is that the amount of reimbursement towards brands is going to be reduced and that should increase the genericization in the Australian market which obviously is helpful and should boost our generic substitution in the market. Also, we are continuing to ramp up our distribution footprint as well as improve both loyalty and compliance in the current stores in which we are available in Australia.



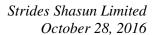
In terms of R&D, we have ramped up R&D spends to build solid product pipeline. R&D spend for the quarter was 348 million against this quarter last year which was 238 million, so we are up almost 46% year-on-year in terms of R&D spend and if we compare it with the last quarter, the R&D spend comparable was 228 million, so we are like more than 50% higher than just the last quarter. All three R&D centers are now running full stream. They are fully staffed and we are focusing on our strong pipeline of products and formulations both for our API business as well as for our regulated markets. The result of higher spend and focused R&D execution is going to be visible in our higher filing rates and much more during the second half of this year and then into as we get into the next fiscal. We have given an indication that we expect 10-12 ANDA filings during the second half of FY17.

In emerging markets, it has been a comeback quarter. We had strategic interventions over the last few quarters which have now yielded the results that we wanted. We have been able to reduce the inventories in the pipeline and now what we sell in is more demand driven and therefore, we have been able to get our primary sales into the African business more in tandem with our secondary sales which is the ideal situation. In API, our performance during the quarter was impacted due to temporary suspension of production at our Pondicherry and Cuddalore factories which was for a significant upgrade of infrastructure. This is behind us both the plants are back in operation in full swing.

As far as institutional business is concerned, we had another good quarter driven by the fact that antimalarial portfolio continues to be strong. There have been supply disruptions in the market for antimalarial and we continue to benefit from that and also importantly, we have rebounded as far as our HIV or ARV portfolio is concerned. Our hepatitis C product portfolio is building out well particularly in the emerging markets and we are seeing good traction there. Also, our plan for local manufacture of institutional products in Africa as well as backward integration of the API are on track.

And lastly, then we are going to be talking about the PSAI segment which as we have announced earlier, the CRAMS API business is being divested or spun off 1st October 2016. Going forward, this division will be reported as the API division. During the quarter, we invested, as I earlier mentioned, in significant upgrade of infrastructure of our two factories in Pondicherry and Cuddalore as a part of our API division and this obviously required suspension / stoppage of production and as I also mentioned earlier, we are now back on track with full swing. So we have return to normal as far as operations of API business is concerned and we expect to deliver healthy performance in the second half with sequential quarter-on-quarter ramp-up.

And then lastly, I think that as you have seen in our press release, we felt that now that we have a fully integrated business, it was important to provide a sense of scale and some visibility of the scale of our operations as we go forward. Therefore, we are providing an outlook for the second half of the fiscal where we expect to continue growing sequentially on this expanded base. We





expect to achieve EBITDA in the range of 4,400 million to 4,750 million or between 440 crores and 475 crores. This is based on our current operating environment, 5 to 6 ANDA approvals, and partnership for our Sevelamer Carbonate API. We continue to invest in our future pipeline and expect 10 to 12 ANDA filings during second half of the fiscal year. So that is the overview of the business. I think we should open it for questions and I request if we can limit it to two questions per participant. Over back to you.

Moderator:

Thank you very much. We will now begin with the question and answer session. The first question is from the line of Prakash Agarwal from Axis Capital. Please go ahead.

Prakash Agarwal:

Congratulations on great gross margin expansion. Sir first question on gross margin only. So, we have seen a substantial jump given in all the higher margin business I believe are fully consolidated and at the same time the costs have also increased. So just trying to understand going forward we would, are there any one-offs to this first and secondly would we continue to see improvement on this level both from gross margin side and other cost which includes staff and other expenses?

Arun Kumar:

So Prakash let me try and answer this, Arun here. So one-off sometimes do happen as we launch products typically our distributors or partners would pick up a lot more inventory to ensure that they cover for market share opportunities or what they are targeting. So as the launch cycle increases, this kind of plateaus, but for now we will have few one-offs, but I think it is going to be very marginal peaks and valleys in terms of scale on the one-offs. In terms of the front end, the cost increase was because of the consolidation of our universal operations and generic partners operations which added to the cost structure therefore that have gone up with all these. But I think costs are fully loaded for our base and you will not see any significant increase in cost because whatever you see like Shashank in his opening statement did mention the reason why we guided is that we now believe that everything that we were consolidating is behind us, we know we have some work to do in our API business, but for that we are more or less fully loaded in cost.

Prakash Agarwal:

So it is fair to assume that from here cost are stable and then we see the operating leverage yielding in the additional EBITDA that we are talking about?

Arun Kumar:

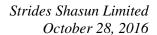
Yes.

Prakash Agarwal:

Understood and sir second question is on the balance sheet side, if you could help us understand the gross debt and the net debt, there seems to be little spike there?

Badree Komandur:

The net debt is about 2,300 crores and the gross debt is about 3,700 crores and we have about 1,400 crores of cash and the net debt from pharma business is about 2,168 crores. So from our perspective, it has stabilized at the same level like last quarter.





Arun Kumar: So the spike mainly is because of the Biotech which is in the process of being spun off as you

know, but currently added more debt.

Prakash Agarwal: Sir could you explain this sir. Is because of the debt, why?

Arun Kumar: The Biotech facility is under construction, but spin off of the biotech division is technically not

complete, right. On the base business, the debt remains the same.

Prakash Agarwal: And this spun off is expected by year end?

Arun Kumar: No, it will take slightly longer given the process will commence in the next couple of weeks, but

the whole legal court process may take 6-7 months.

Moderator: Thank you. The next question is from the line of Chunky Shah from Credit Suisse. Please go

ahead.

Chunky Shah: First one is on the Australian PBS cut. So I understand that with the PBS cut, in the longer run,

the market share for generics or the penetration will increase, but for the shorter term what will be the impact on our portfolio, what percentage of revenue is expected to be hit in the immediate near term and second one was on particular Lovaza. Is Lovaza part of the 5-6 approvals that we

are talking for this particular year and have we received any target action date for the same?

Arun Kumar: So in terms of Australia, you need to understand the in generic business while we anticipate

price drops in certain of our established products, we also have new product launches and that is how Australia is catching up or growing on its base which like in any generic industry kind of

takes a hit every year. So we have close to about 11 or 12 if I am not mistaken launches in

Australia and there have been some significant launches including the first generic Quetiapine

in Australia which is giving us growth and market share. So there are several products where most cases we are day one launch player or in some cases we are the only player. So that is how

the market works. So we are increasing our market share by acquiring more customers as more

stores are acquired through the pharmacy alliance franchise that we majority own and partner

with and also with new product launches. So the PBS impact for the products where the branded

with and also with new product faultenes. So the FB3 impact for the products where the brailded

products were converting to generic may take time as you rightly pointed out. But it is more to do with the fact that there is a serious velocity of new product launches. We have got first site

change approval from India. So there are significant activities across multiple fronts as you are

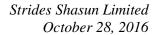
aware that we are working on in the Australian market. On your second question, I can confirm

that generic Lovaza is part of the 6 products we have guided for back half of the fiscal. We do

not specifically give you a date, but we are confident now that the approval is imminent

considering that we have achieved significant milestones on several regulatory queries on this

particular product.





Chunky Shah: So just a follow up, so Lovaza now we do not have any questions pending from the FDA, so we

have replied to it and we are just awaiting approval and it could be there in the second half or

later part of second half, is that what you are saying?

Arun Kumar: We have no regulatory query pending.

Chunky Shah: And on the PBS impact, so how many launches we are seeing in the second half and if you could

quantify, so you said on that is some impact, but it will be obviously offset by new launches. There are two parts here, one would be if you could quantify what would be the impact in percentage term or some quantification and second would be whether quarter-on-quarter still you will be seeing growth, if you are saying that the new launches will be able to offset or we

would see some degrowth on a quarter-on-quarter basis?

Arun Kumar: So, I can only guide you saying that there will be no degrowth in the Australian business, but I

catchups on from the new launches. All we can say is that there is no sequential quarter drop, there is growth and growth is fairly significant. We are now moving significantly beyond the single digits in growth and that is also to do with the fact that we are getting into better cost positions with various products that we now on IP. So we stabilized that business very quickly

cannot tell you specifically what percentage drop will be on the base and therefore what is the

and it is growing very well in terms of markets share. The best way for you to find out more is

obviously to see the IMS and you will see that ours is the only company IMS reports that is

growing market share.

Shashank Sinha: And Chunky, if I could add just one comment here that apart from the new product launches, we

also are expanding distribution. So the growth is driven both obviously through new products,

but also our distribution footprint is continuing to grow as we acquire new stores.

Moderator: Thank you. The next question is from the line of Abdul Puranwala from Centrum Broking.

Please go ahead.

Abdul Puranwala: Sir, the EBITDA guidance what you have given of 440-475 crores, so sir can you elaborate this

would be mainly through growth in revenues or expansion in margins?

Arun Kumar: It has to be a combination of both because as revenues grow, margins as we spoke earlier

commenting on Prakash's question, our OPEX leverage has commenced, so obviously when revenues grow, our costs will remain more or less same with marginal increases. So it is a

combination.

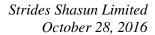
Abdul Puranwala: And sir this two new products what we got approval for in the current quarter, so are we going

to launch that in Q4 of this year or there are any delays or something?

Arun Kumar: There is no delay. There will be a launch. Ranitidine is a significant launch because there are

only three generics and it is a fairly important market. It is a \$125 million market and we got

important customer acquisition with this product.





Abdul Puranwala: Sir, last question would be related to book keeping accounting question. So the tax rate in the

current quarter has been fallen to around 15%. So you expect a similar trend to follow for the

full year or this would be like one-off?

Badree Komandur: It will follow the same trend; it will be between 15% and 16%.

Moderator: Thank you. The next question is from the line of Kartik Mehta from Deutsche Bank. Please go

ahead.

Kartik Mehta: Just trying to understand is if you could help us that, we have to look at FY18 and if we have to

look at EBITDA as broad number there, which business is do you believe Arun, will help in increasing the EBITDA FY18 over FY17 assuming that your 440 crores is actually met in the

second half?

Arun Kumar: Kartik, what you really need to understand is that EBITDA expansion will happen from all

markets, all divisions and I will tell you why? If you look at the regulated market, obviously there is significant sequential growth and we believe that, that momentum will continue for

several quarters as we expect more and more important product launches occurring, so margins

will come through that. But our R&D spend is increasing and you probably know that 90% of

our R&D spend is debited to the Reg markets business. So while gross margin expansions

happens there, post R&D expenses and obviously it takes some more time before we get to a

certain level where our growth is far superior or our incremental gross margin is far superior

than our R&D spend. At this time, our R&D engine is very busy and we have a little over 100

products in active development and we have got back to that momentum of our old agila days

where we would file product every 15 days and get an approval every other month and we think

that in the next 12 to 18 months at least in FY18, we will get to that momentum and that is why

we are also guiding 15 to 20 product approvals compared to an average of 5 to 8 products that

we normally get approvals for, so that is a big plus. But the biggest course correction has

happened in emerging markets, so we went from single digit to just about double digit this

 $quarter\ and\ we\ used\ to\ do\ company\ average\ in\ this\ market.\ So\ we\ think\ \ that\ is\ the\ biggest\ market$

for significant margin increase as all of it flows directly to EBITDA because there is no R&D

spend there and there is a fair amount of SG&A cost that is already invested. The API business,

if you do an adjustment of the API business, we take off the CRAMS, you will see that the API

business had less than 50% of our average quarterly revenue, which obviously was a one-off, so

that coming back, we have completely rationalized the business, we brought in a lot of price

discipline. In the last quarter, we actually guided saying that we will take a lot more time to get

the business back, but thanks to the Sevelamer launch, margin expansion is already visible. I

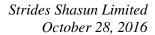
think that obviously because it is a launch, volume it is significantly high for partners and we

think that it is potentially not a very sustainable number, although we believe that we may be

one of the few DMFs or the only DMFs that may get through the approval route for our partners.

So there are multiple green shoots, Shashank could say in terms of margin expansion besides the

institutional business which is very tactical or very transactional.





Kartik Mehta:

But I am just actually looking at it broadly, if you look at FY17 until now and since you have an idea of existing businesses which we are not doing well and which you believe now you are able to guide effectively implying that you are able to stabilize all the businesses, is there any one business let us say for example, India business, etc. where you could have done better or you think you can do that in FY18, all I am asking you is so the overall 18% EBITDA margin broadly if all businesses are doing well, where do you see that increase in FY18 apart from the US where you have lot of approval?

Arun Kumar:

I think I explained that is the sum across the three segments. I cannot get into specifics, but since you have asked about India, so when we started this year we had a run rate of 25 crores of quarter, we go out closer to 90-100 crores for quarter. So that is the big shift and could be one big area of margin expansion. There are lot of issues that we resolve for this quarter in India. South East Asia is growing and will contribute going forward. So, there are certain markets that will contribute incrementally, this is just two years into version two. I think we have done a fairly good job in acquiring several assets which we think are key and kind of consolidating them and getting some of them off the block quicker than we thought, while some were behind. But we feel we are a lot more confident today in terms of executing our strategy that we articulated when we said about doing this and there will be several green shoots that will be visible in next year and then I think by 2019-2020, you would see a very stable sequential company like most of our large generic peer groups in India is what we would like to believe.

Moderator:

Thank you. The next question is from the line of Karan Doshi from Subhkam Ventures. Please go ahead.

Karan Doshi:

Sir, my question is a follow-up on the previous one only. When we say our margins are improving going forward like around from the range of 440 to 470 odd crores, so this expansion of margin on an average 18%-19% margin that we are looking on? This would predominantly due to our Australia and the new launches in the US business?

Arun Kumar:

It will mainly come from the regulated markets, EM and the API business bouncing back.

Karan Doshi:

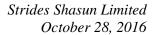
Sir, what was particularly the reason for a dip, was it seasonal or any other specific reason for a dip in Q2?

Arun Kumar:

Yes, like Shashank made his comments in his opening statement, we took a fairly significant shutdown of our operations which was as planned for an upgrade of capacity or I would say more quality upgrades that were required for us to get focused on a particular customer base we were wanting to be engaged to get the better price behaviour. So we moved away from transactional business, short term contracts, we got better pricing deals, so which we had to do some work with our facility. So we did that, we went back to production. We are now fully occupied in all our plants so it was not a dip, it was a designed strategy

Karan Doshi:

Sir in H2, we can assume that our Q1 FY17 run rate to continue above that?





Arun Kumar: Q1, which run rate?

Karan Doshi: API business, PSA?

Arun Kumar: Minus the CRAMS business because that is the one that has been divested

Karan Doshi: And sir one more thing. Can you give us outlook on the emerging markets and institutional

business, what kind of a growth are we expecting in the second half since we already know Australia market would degrow and we have around five launches in the US market, how would

these two markets do in the second half?

Shashank Sinha: Shashank here, I can add a comment. I think that the emerging market business as we said is

back on track.

Karan Doshi: If you can quantify it for me?

Arun Kumar: We do not give an outlook numbers by division, by markets and all of that.

Shashank Sinha: So forward looking statements are going to be impossible to make, but all I can say is that there

is momentum in our emerging markets business for us to grow the business like we used to do in the past. Our institutional business is more tender driven, we have had good growth and good profitability in that business and we do not see any reason why we will not continue to sustain

that in the back half of the years.

Karan Doshi: What would be the R&D expenditure for second half?

Arun Kumar: We cannot guide.

Moderator: Thank you. The next question is from the line of Prakash Agarwal from Axis Capital. Please go

ahead.

Prakash Agarwal: So just trying to understand this Sevelamer opportunity. When we hear to the generic companies

who have the formulation, they are saying there has been specific delay in launching because of the queries from FDA or approval standard moving up. So this is for which market, is this for USA and what kind of opportunity very broad level that we are talking about and would this

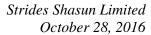
extend to US markets as well?

Arun Kumar: Well, for your question the supply for Sevelamer has already commenced. We have no

information on why potential partner would buy from us in case of a delay. There should a fair amount of confidence that they may have an approval soon and yes, this product is for the US.

Prakash Agarwal: This is for the US, that helps. And secondly I think, Badree mentioned about the 1400 crores

cash in the books?





Badree Komandur: Yeah.

Prakash Agarwal: So sir how do you plan to use this cash, I also see there is a short term loan which is increased

from March 16 numbers, so what is the end utilization of this number?

Badree Komandur: Most of the cash has been used to create a lien against the debt. So this we have done it because

we also get some EPS accretion because of it. So, from an overall perspective if you really see,

we hope to manage it within this range of 2,200 crores of net debt.

Prakash Agarwal: We should keep this cash as a recurring number in our models that is what I am trying to

understand?

Arun Kumar: Yeah.

Prakash Agarwal: And which means that other income which also has about 25cr of interest income that should be

a recurring kind of feature?

Arun Kumar: That is right.

Prakash Agarwal: And lastly if you could split the other incomes, that would be really helpful sir, big part of our

overall, that would help us.

Badree Komandur: The other income has got some two parts. As far as this dividend income is concerned, it is about

26 crores and we also have some exchange which is also part of the operating income which is about 8.2 crores and then the balance is rental income and small other receipts. These are the

two big items which contribute to the other income.

Prakash Agarwal: Just one clarification, this dividend income is the interest income on the liquid investments that

we have?

Arun Kumar: Yes.

Moderator: Thank you. The next question is from the line of Chunky Shah from Credit Suisse. Please go

ahead.

Chunky Shah: So on the debt, have you received the money for the CRAMS sales, is that already come in and

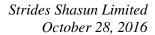
you mentioned that you would be maintaining the level of 2,200 crores of net debt, so my question is when do we expect the company generating free cash and on a net debt level, the net

debt going down?

Badree Komandur: Yeah, so as far as the CRAMS is concerned, about 4 million Pounds has been received and

balance will come in October. As far as the net debt coming down, we have to wait a little in the sense that because the business is scaling up a bit, so we need to evaluate the working capital

again so we will be able to get more clarity by the end of this quarter.





Chunky Shah: So the EV was \$25 million. So 4 million is entire and then the remaining would be 25...?

Arun Kumar: Enterprise value is 25 million, 16 million is the debt and the 9 million is the equity value, out of

which the 4 million Pound is received and the balance will be received in October.

Chunky Shah: And my second question was on the API margin, so this quarter would we have made a loss in

the API segment?

Arun Kumar: Well, more or less, yeah it is not made enough, obviously does not, it has an under recovery. But

we also have very marginal profits on the CRAMS business, but overall it is from an operating

stand point, it is negative.

Chunky Shah: Sure and on the Africa new facilities, are these facilities possible to get them on board by the

end of the year or any timelines would be helpful?

Arun Kumar: Cameroon went live, was inaugurated two weeks ago and the other two facilities should be done

with financial year, right.

Shashank Sinha: Yeah, in the financial year, yes. It will be more in the January-February and Mozambique will

be towards the end of fiscal year more like end of March.

Chunky Shah: Sir, Sudan you said would be like January, February and Mozambique will be March?

Arun Kumar: Sudan is already commercial and Cameroon went live on Dussehra and Mozambique is in the

second half of next year.

Moderator: Thank you. The next question is from the line of Dheeresh Pathak from Goldman Sachs. Please

go ahead.

Dheeresh Pathak: On the institutional business, are we vertically integrated for both ARV and anti-malaria?

Arun Kumar: No, we are in the process of submitting the files with the WHO and with the USFDA, so we

expect from the next financial year, we will have significant capacity internally, we have already

started taking batches, stability and stuff like that, so next year onwards.

Dheeresh Pathak: For both the ARV and the anti-malaria?

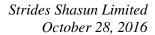
Arun Kumar: Not all ARV but some critical one's and the newer ones

Dheeresh Pathak: As well as the anti-malaria, we make the API?

Arun Kumar: Yeah, that is the idea, because currently sometimes it is cheaper to buy, so we have several

sources, so we do not have any supply disruption on this. We have three approved sources for

both the APIs.





Dheeresh Pathak: Can you give me the constant currency growth in the Australia business year to date?

Arun Kumar: Why do not you go offline with Vikesh or Sandeep and will get you that data for you, we do not

have it ready.

Moderator: Thank you. We will take our last question which is from the line of Chunky Shah from Credit

Suisse. Please go ahead.

Chunky Shah: Sir, last couple of questions, one is on Australia, so just in the earlier question at I was asking,

one last point that I wanted to check is what percentage of the transfers to India are complete and so last quarter you had mentioned that in most it, at least 30% of the product transfer would

happen by the year end, so are we on target?

Arun Kumar: We are on target, sir please try and understand it is not number of products. It is 30% of our

targeted value goals which we achieved.

Chunky Shah: So what percentage have we completed?

Arun Kumar: We have probably done already half of it and we start seeing some benefits from this quarter.

Chunky Shah: Half of the 30% target you are saying?

Arun Kumar: It is more to do with regulatory, less to do with the other process.

Chunky Shah: No. I did not get the number of its half of the 30% target, so 15% of the products have been

transferred of the value?

Arun Kumar: Value is being transferred, has already been completed and approved.

Chunky Shah: Sure and you are saying the reason for delay as we moved from the regulatory and the time taken

by the regulator to approve the transfers?

Arun Kumar: No delay Chunky, this is how it was planned. Remember we acquired this operation very

recently, so it takes at least a year for anybody to do a site change, it is not final, we need also data, batch records, 6 months stability before we can even file. Once you file, the Australian authorities are very efficient they give you approval in one month or six weeks max. So it is nothing to do with the regulator delay, it is normal process it takes. We obviously prioritize products which had the highest impact for us and which we had experience of producing earlier so that it was a lot easier. So, to plan in the next three years, 100% of it will come into the system.

Every year we think we will get it to a one-third level.

Chunky Shah: Sure, and the last question in on the India business, so all the supply chain issues that we have

faced in the last quarter, are all those behind us?



Strides Shasun Limited October 28, 2016

Arun Kumar: Completely.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I would now hand the conference

over to management for closing comments.

Arun Kumar: Thank you all and thank you for joining in today. Appreciate your time especially given that we

have a long weekend and I take this opportunity to wish all of you and your families a very Happy Diwali on behalf of Strides and all of us here. Thank you, have a wonderful weekend.

Moderator: Thank you. On behalf of Macquarie Capital Securities that concludes this conference. Thank

you for joining us and you may now disconnect your lines.