Q1 2013 Earnings Call

Company Participants

- Edison Ticle de Andrade Melo e Souza Filho, Financial Officer
- Fernando Galletti de Queiroz, Chief Executive Officer

Other Participants

- Alexandre Miguel, Analyst
- Jose Yordan, Analyst
- Unidentified Participant
- Wesley Brooks, Analyst

Presentation

Operator

Good morning, ladies and gentlemen, and thank you for waiting. At this time, we would like to welcome everyone to Minerva's first quarter 2013 results conference call. Today with us we have Fernando Galletti de Queiroz, the Chief Executive Officer; Edison Ticle, the Chief Financial Officer; and Eduardo Puzziello, Investor Relations Officer.

I wish to inform this event is being recorded and all participants will be in listen-only mode during the company's presentation. (Operator Instruction) The audio and slide show of this presentation are available through a live webcast at www.minervafoods.com/ir. The slideshow can be downloaded from the webcast platform in the Investor Relations section of this website.

Before proceeding, we wish to mention that forward-looking statements may be made during this presentation relating to Minerva's business prospects, operating and financial estimates, and goals. They are based on the beliefs and assumptions of the company management and on information currently available. They involve risks, uncertainties and assumptions because they're related to future events, and therefore depend on circumstances that may or may not occur in the future.

Investor should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of Minerva and could cause results to differ materially from those expressed in such forward-looking statements.

I will now turn the conference over to Mr. Fernando Galletti de Queiroz, CEO of Minerva, who will begin the presentation. Mr. Queiroz, you may start the presentation.

Fernando Galletti de Queiroz {BIO 15387377 <GO>}

Thank you and good morning. Its (inaudible) that I thank each of you for participating today in Minerva's conference call to discuss the results for the first quarter of 2013. Let's move to slide two that shows the highlight of our results in the quarter.

We ended the first quarter with gross revenue of about R$1.3 billion, 26% more than the same period of 2012. Revenue (inaudible) came to 848 million, 29% higher year-over-year, representing two-thirds of our total sales in the period. It's worth highlighting another solid performance in the domestic market with 22% increase in gross revenues over the first quarter of 2012 despite (inaudible) for BEEF in the third quarter. (inaudible) affects the first quarter (inaudible). So, this is an impressive growth considering the year. The (inaudible) for a R$100.4 million with an EBITDA margin of 8.4% higher than in the first quarter of 2012. (inaudible) earnings before income tax totaled R$14.3 million, reversing a loss of 73 million recorded in the first quarter of last year.

Let me move to slide number 3. Our capacity utilization returned to historic levels in the first Q of 2013. Our (inaudible) mark reached 35%, 9% more than in the same period of 2012. Our cash balance stood at R$774 million, more than 2 times our short-term debt (inaudible) measured by the net-debt-to-EBITDA ratio stood at 3.1 times. Return on invested capital was 17.5%, confirming the continuity of our operational efficiency and the management focus on working capital management.

On slide number 4, we'll comment on capital supply in Brazil. (inaudible) volume in Brazil increased by nearly 80% over the same period of last year (inaudible) high cattle supply, as a result recorded an excellent performance in exports. Record-breaking (inaudible) position in the beef exports according to USDA as we continue (inaudible) volume compared to the same period of prior year has expanded in recent quarters, having reached an average of 7.3% since early 2012.

This strategy is due to the effect of materialization of the cycle, as presented in the chart in the upper right, which shows an increasing calf production also in 2012 according to USMP. That is compared to a high number of beef -- higher number of (inaudible) . That means that the cattle that will be available for (inaudible) three years before. So, that means that the (inaudible) the cycle.

(inaudible) moving up the slide (inaudible) it means cattle (inaudible) updated of sales and strategies got equivalent support in the market, which means that the farmers, they're holding the animals because they're engaging (inaudible) . So, that means that the there would be (inaudible) in the second quarter, which results in lower prices.

Slide number five presents the performance of (inaudible) exports. Exports increased by 33% comparing -- compared with the same period last year, with Brazil recovering its leading position occupied by Australia last year. This was partially due to the opening of United States in beef production and cattle slaughtering, combined with the increase in demand by developing regions, including Hong Kong, Venezuela, Chile and the Middle East.

Also, in (inaudible) by the developed countries (inaudible). In addition to these factors, the dollar appreciated by around 30% against the real in the quarter compared with same period last year, further increasing revenues from exports.

On slide number 6, we present an industry overview of Paraguay and Uruguay. Uruguay reported a (inaudible) growth of 16.2% in its local volume over the first quarter of 2012. Very (inaudible) such as US and Europe in terms of these export margins. Paraguay recorded a 20% increase in (inaudible) it's important to know that Paraguay's (inaudible), low labor cost, low (inaudible) represent a stronger (inaudible) and benefit our margins.

On slide number 7 we discuss the (inaudible) export results. In Brazil, our market share in exports will remain in line with the first quarter of 2012 and we have (inaudible) the Brazil's second largest meat packing plant in terms of exports.

In Uruguay, our highlight was our operation in the (inaudible) to United States and Europe, which (inaudible) we recorded a 10% market share in exports in Uruguay, 0.5% more than in the previous quarter.

In Paraguay, our market share came to 20% after the transition of (inaudible) . That means that we have (inaudible) among the three largest exporters in our markets that we are (inaudible).

Slide number 8 presents the (inaudible) operating results in the first (inaudible) of 2013. Our capacity utilization rate stood at 75% at the end of the quarter, higher than in -- higher than the 2012 average, due to an (inaudible) of investments we've made in recent years. We remain an industry benchmark in terms of capacity utilization. Gross revenues from these sales totaled 686 million, 33% more than in the first quarter of 2012, accompanying the solid performance of fresh meat exports in Brazil.

Slide number 9 shows the evolution of gross revenues by segment compared to the same period in 2012. In the distribution, the highlights were (inaudible) up 32.8%. Gross revenues from the (inaudible) exceeded more than 20% over the first quarter of 2012 (inaudible) the first quarter. The increase in gross revenues from (inaudible) regions was driven by leather exports which grew 86%, reflecting our strategy of focusing on exports.

Also (inaudible) is the performance of our (inaudible) MDS division focused on the food service segment, which recorded a revenue growth of more than 100%. An important point about MDS [ph] is that now we concentrate a 100% of the company and will be incorporating (inaudible) change its name for MFF, Minerva Fine Foods.

In addition, our gross revenues from live cattle (inaudible) increased by over 10% and the leather division by around 12%.

I now turn over to our (inaudible) comment on the financial highlights. Edison?

Edison Ticle de Andrade Melo e Souza Filho {BIO 20119771 <GO>}

Thank you, Fernando. We recorded an increase of almost 27% in the net revenues in the first quarter 2013 compared with the same period last year. Our first three months periods since 2011 stood at 70% comparing the consistent growth in our topline. The EBITDA came to more than R$100 million in the quarter, implying an EBITDA margin of 8.4%, the highest margin in our first quarter in the last 3 years, as (inaudible) the chart (inaudible) the right side of the slide.

For the same comparison basis presented for revenue, our first 3 months EBITDA figure since 2011 stood at the 29%, well above the revenue figure, which means a substantial improvement in the market in the period. The improvement of our operating performance is also evident on the chart at the lower left side of the slide.

We recorded a consistent improvement in return on invested capital, which was more than 17.5% in the quarter. (inaudible) to our commitment to the company's financial leverage and profit, our net-debt-to-EBITDA ratio stood at 3.1 times at the end of the quarter, as (inaudible) if you compare to the first quarter of 2012.

It's also important to highlight that the increase our leverage in the fourth quarter compared to the fourth quarter of 2012 was due to an increase on the cash conversion cycle due to more (inaudible) working capital. We used more working capital to finance -- especially to finance our (inaudible) in order to retain -- in order to converse profitability (inaudible) profitability in this quarter compared to the same period in the last year. And it's pretty evident when we look at the return on invested capital number.

The company is able to generate more than 70% of return on invested capital in the quarter and the trade-off was slightly leverage that reached 3.1 times, which is very powerful growth, especially if you have in mind the capital structure of the company. (inaudible) in the next slide, slide number 11.

So you can see that Minerva has enough cash to (inaudible) into 2019. The company ended the quarter with R$774 million in cash, which is more than 3 times the maturities of the short-term which are at 250 million. The long-term debt represented 86% of the total debt at the end of the quarter, and almost 74% of our debt was exposed to the dollar change to the current valuation.

On slide 12 we can take a look at the performance of the many assets that Minerva has in the capital market. So, you can see the notes that are maturing in 2023. The performance -- the notes -- the price of the notes included more than 80% in the third term of the year. The year to (inaudible) and also the performance of our shares comparing to the (inaudible), the performance in the last of March ended in the end of the first quarter of '13, which was almost 83% of appreciation in the share price.

Now, I'll turn over to Fernando who will comment on the outlook for Minerva in the year of 2013.

Fernando Galletti de Queiroz {BIO 15387377 <GO>}

Moving on to slide 13, Minerva's focus on growth, profitability in (inaudible) good momentum in the Brazilian economy and emerging countries (inaudible) demand. We expect our (inaudible) countries to continue (inaudible) , in parallel beef consumption will remain high, reflecting the continued GDP growth and better distribution of income.

In this quarter, we (inaudible) of this favorable scenario by investing in expansion in Latin America in the (inaudible) distribution through the inauguration of the distribution centers. And in India our former -- our value added process including having our -- having part of our brand (inaudible) capacity expansion of this operation.

Regarding our operations, we continue focusing on expansion via acquisition (inaudible) South America funded by free cash flow. In the domestic market, we will increase our coverage through the expansion of our distribution network based on a (inaudible) figures through one-stop concept -- through one-stop shop concept. We announced basically the opening of 2 distribution centers in (inaudible) with greater efficiency.

We will continue our focus on the sales mix in the domestic and export markets (inaudible) strategy to guarantee higher margins. We'd like to point out that our risk management policy we'll continue hedging our margins and reducing volatility. In the coming years, we remain focused and committed to deleveraging our balance sheet. (inaudible) excellence that we have more efficient use of our (inaudible), continued improvement of our production efficiency and exploration of more profitable channels has proven successful.

We will continue that new strategy in the years ahead. We believe the combination of this (inaudible) excellence in (inaudible) increase our operating margins. Free cash flow and return on invested capital consequently create value to our shareholders. And this is what I'd like to call (inaudible) to this.

In this chart you can see our consistent and constant growth in net revenue (inaudible) credit of around 90% in the last three years. We also recorded a significant improvement in the EBITDA margin from 6.8% in the last 12 months of 2010 to 10.6% in the last 12 months in 2013, an increase of almost 400 basis points in three years. Last but not less important, return on invested capital also improved materially from 60.6% in the first Q of 2012 to 70.5% in the first Q 2013. (inaudible) management's constant focus on revenue growth with consistency (inaudible) and above all with profitability. This track record allows us to keep moving ahead and keeping our policy of deleveraging the company, increasing profitability and creating value for our shareholders.

We are now opening for Q&A -- the Q&A session.

Questions And Answers

Operator

Thank you. We will now the start the question-and-answer session for investors (inaudible) . (Operator instructions) Our first question is from Wesley Brooks, Morgan Stanley.

Q - Wesley Brooks {BIO 16407564 <GO>}

Hi guys. Just trying to understand fully this large working capital outflow, the rational for that, is there a strategy change in terms of the cash conversion cycle?

A - Fernando Galletti de Queiroz {BIO 15387377 <GO>}

(inaudible) it's not a strategical change regarding the cash conversion cycle. (inaudible) the gross margin worldwide (inaudible) in the quarter due to an increase of cattle prices, that can be explained as -- by the longer than expected rainy season. So, this will be (inaudible) gross margin and non-profitability, we decided to expand margins (inaudible) to conserve margin (inaudible) the third quarter of 2012, but even more (inaudible) , especially in the exports.

And if you take a look at the numbers, exports were more than 30% in the quarter. And as you know, the (inaudible) is much longer than the (inaudible) market operation. So just by increasing the share of exports in our revenue (inaudible) growing 30%, it would imply a deceleration of our cash conversion cycle. But it was the conscious decision of the management of the company to use the (inaudible) to our balance sheet should preserve profitability to increase margins and to increase the (inaudible) capital.

In the coming quarter, we can expect the focus of the company should continue in the reflection of our cash conversion cycle by reaching the previous levels that were around the (inaudible) to fix the corners and the cash conversion cycle -- the levels of the cash conversion cycle (inaudible) in the first quarter of '13.

Q - Wesley Brooks {BIO 16407564 <GO>}

So -- if I can follow-up, so by when do you expect to get that to the previous levels? And in terms of, if we think about what sort of cash compressions cycle you need to produce similar margins to what you did last year in Q2 and Q3? Can you do last year's margins for the rest of the year and still reduce your cash conversion cycle back to the previous levels? Thank you.

A - Fernando Galletti de Queiroz {BIO 15387377 <GO>}

Yeah. The cash conversion cycle has little to do with the margin. The margins are much more dependent on the price of the cattle and the price of the exports and the price of the beef in the domestic market. We can use the cash conversion cycle in order to add some profitability, to preserve margins and to improve on the margin the return on invested capital. But probably, the profitability will never come from -- only from the cash conversion cycle.

So, (inaudible) is that for the year we expect margin to improve. If you take a look at the cattle prices in this quarter, they are lower than the fourth quarter. If you take a look at the historical performance of the cattle prices in the last two years, second and third quarter cattle prices are much lower than the cattle price in the fourth quarter. So, (inaudible) an expansion -- probably an expansion on (inaudible) market and it will imply better profitability. But in the area of the (inaudible) capital management, we will continue committed to bring down working capital needs and try to achieve the '11, '12 benchmark that we have been showing in the -- in our new (inaudible) operation in the past two years.

Q - Wesley Brooks {BIO 16407564 <GO>}

Thank you very much.

Operator

Our next question comes from Alexandre Miguel, Itau.

Q - Alexandre Miguel {BIO 20048366 <GO>}

Hi, good morning Fernando and Edison. My question is regarding exports. First, if you're seeing right now in the -- taking a look at your May orders and looking toward June as well, if you feel the industry and your exports should continue at the same growth base that we see -- you've shown in the first quarter of the year, so just to get a sense of demand and the markets that you export to?

And the second question to -- is related to the -- mainly the domestic market, if you can share a bit with us I understand that the upcoming holiday you will have (inaudible) important holiday in terms of demand for beef and so it's essential that -- how you're seeing demand starting this second Q in Brazil?

A - Fernando Galletti de Queiroz {BIO 15387377 <GO>}

Certainly, on exports, yes, we are seeing the -- a very positive export market, not only for Brazil but for our other South America countries. If you look at the worldwide, China became the first and the biggest estimation for (inaudible) . If you look at Brazil, the performance is very positive (inaudible) occupying this space.

We are ahead of the Ramadan in (inaudible) this year. So we have an improvement -- a further improvement on the demand of the Ramadan season for (inaudible) from the Middle East, (inaudible) stronger facts on the Brazilian export, especially on the (inaudible). So Europe is also -- there may be more due to the decrease of the local production. And then you see that (inaudible) the competitiveness in United States. So especially our niche markets, they are growing.

So we see a very positive trend on the export size. On the (inaudible) market. It's growing according to the GDP growth. But what's important is that the we have a policy of (inaudible) and increasing the distribution for the (inaudible) very, very successful. So, we are expanding our share in -- for local market and our export markets, having both markets as very positive markets.

Q - Alexandre Miguel {BIO 20048366 <GO>}

Hello. Regarding, sorry, prices in the exports market, can you share with us your views if you expect prices to look firm or maybe you would expect some deceleration, given the high volumes that we'll be exporting to the markets we have access and also maybe with some expectations of decline of poultry prices in the export market as well? Thank you.

A - Fernando Galletti de Queiroz {BIO 15387377 <GO>}

Well, what is happening is that traditionally we see the high (inaudible) getting stronger is this period of the year. And the full product (inaudible) stable, but there is no -- not such a big increase. And we are seeing a positive trend in the export markets regardless of the price of chicken.

Q - Unidentified Participant

Okay, thank you

Operator

Our next question comes from Jose Yordan, Deutsche Bank.

Q - Jose Yordan {BIO 1496398 <GO>}

Hi, good morning gentlemen. I guess a follow-up to this last question but more from the angle of the FX. As the (inaudible) potentially begins to move away towards 2015 that's obviously very positive for you. But to what extent do your foreign customers look at that and try to pick a piece of the benefit you get from a weaker real, just like when the real is very strong you went to your customers and was interested in getting high dollar prices? How much do they want back when this happens? And would that be sort of a -- potentially some decline in the dollar price?

And I guess just a quick follow-up to your remarks on margin expectations for this year. I don't think anybody is expecting your remarkable margin expansion from last year. Any idea you can give us as to what a conservative estimate is for 2013 over 2012 would be helpful. Right.

A - Fernando Galletti de Queiroz {BIO 15387377 <GO>}

Okay. On the first question, the export (inaudible) for the real awakening, the customers, they have been trying to get a share of it. But the market is much more consolidated than in the past, so the lag for (inaudible) is much longer and on the top of that you have (inaudible) contribution for another export in (inaudible). So, we tend to have (inaudible) over. Some of the benefits, we shall keep the majority of it on the export side.

On margin, if you compare to last year, as I said before, the number of animals that were born in 2011 that are coming to the markets in 2013 (inaudible) was born in 2010 but came to the market last year. So it's a matter of how you spread it seasonally around the year. This year we are seeing that the first quarter we had (inaudible) as someone really mentioned (inaudible) so the animals have the (inaudible) so there was no incentive for the (inaudible) itself.

Now that it's getting drier (inaudible) more favorable scenario of growing the (inaudible) more farmers to have tackled the (inaudible). So what we see this year is a more spread (inaudible) we shall see a concentration of (inaudible) now in the second quarter and the rest of the year are more spread. I don't think that the margins were -- the margins this year will be (inaudible) than last year.

So, I think (inaudible) very conservatively. You can see looking at our last year (inaudible) for the margin for 2013.

Q - Jose Yordan {BIO 1496398 <GO>}

So -- now, it sounds like you're talking about 50 basis points or somewhere in there a consolidated estimate for margin expansion.

A - Fernando Galletti de Queiroz {BIO 15387377 <GO>}

I'd like to give a guideline, but what will happen for this year, we have less competition than last year in term of supply from other. We have our market well compensated. We have the currency border [ph] more competitive. We have the local markets, but that gets very positive. So, we have a combination of factors that shall affect the margins positively if you compare to last year.

Q - Jose Yordan {BIO 1496398 <GO>}

Okay, thanks. (inaudible) .

Operator

Our next question comes from (inaudible) .

Q - Unidentified Participant

Hi guys, thanks for taking the call. Just one quick question I forgot on the Portuguese call, in terms of the debt you (inaudible) tenders, the existing bonds at a premium, right, between 11 and 26% depending on the instrument. How are you including that premium you pay on your financials? It shows as debt or it's going to be accrued to (inaudible) ?

A - Edison Ticle de Andrade Melo e Souza Filho {BIO 20119771 <GO>}

It's going to be accrued during the lifetime of the (inaudible) . It seemed like the pure transaction cost but we booked reducing the value of the debt and it's being accrued every year or every half of the year. One would be the interest on a credit coupon, they approved this premium that was paid. It was (inaudible) paid because the (inaudible) the transaction did not use cash to pay the premium. We want be (inaudible) in a way that the premium was booked as a streamline for transaction cost in the balance sheet.

Q - Unidentified Participant

Okay. So, it's going to appear as interest expense going forward?

A - Edison Ticle de Andrade Melo e Souza Filho {BIO 20119771 <GO>}

(inaudible) interest expense going forward.

Q - Unidentified Participant

Okay. Great, thank you.

Operator

(Operator Instructions) The next question comes from Wesley Brooks, Morgan Stanley.

Q - Wesley Brooks {BIO 16407564 <GO>}

Hey, guys. One more question from me; just in terms of new capacity out there, obviously JBS has opened a few plants in the last couple months as has Marfrig. Do you see any other plants out there that may be started up over the next few quarters, either from the big guys but else if from some smaller players that might start operating or any expansions on the go out there?

A - Fernando Galletti de Queiroz {BIO 15387377 <GO>}

No. We don't see any expansion from the smaller players and especially the (inaudible) was from the three major players that will consolidate further the market. So, (inaudible) any additional activity, also because the (inaudible) the ownership or the -- of the existing plants is enhanced basically on the three biggest players.

Q - Wesley Brooks {BIO 16407564 <GO>}

Okay, thanks. If I could one more just on what we were talking about earlier; how much incremental margin do you feel you've gained in Q1 from allowing customers a bit more finance? Where would margins -- EBITDA or gross margins have been had you not done that strategy?

A - Fernando Galletti de Queiroz {BIO 15387377 <GO>}

The biggest surprise that we had was on the gross margin, but this goes on kind of a direct relation. We saw the improvement on the cash flow (inaudible) an increase on the day that our cash flow gives us is a protection in some of the markets. A part of it is part of our decision of featuring more for the exports because exports is (inaudible). So really it's hard to set a number but definitely there is a value on it but in the decision of directing more of the exports in the local market decreased profitability, but how much (inaudible) making a correlation between cash flow cycle and profitability was a very (inaudible) number.

Q - Wesley Brooks {BIO 16407564 <GO>}

Makes sense. Thank you very much.

Operator

(Operator Instructions) Our next question comes from the line of (inaudible) .

Q - Unidentified Participant

Hello, guys. (inaudible) and also if you have (inaudible) expansion? Thank you.

A - Fernando Galletti de Queiroz {BIO 15387377 <GO>}

Could you repeat the question please?

Q - Unidentified Participant

Yeah. Just on some (inaudible) businesses and so (inaudible)?

A - Edison Ticle de Andrade Melo e Souza Filho {BIO 20119771 <GO>}

The CapEx was R$36 million in the quarter, maintenance was around 30 million and overall 25 to 30 million we have been showing in the last 8 [ph] quarters. And we invested as much as around R$6 million in expansion which is related to Minerva (inaudible).

Q - Unidentified Participant

Thank you.

Operator

The next question comes from Alexandre Miguel, Itau.

Q - Alexandre Miguel {BIO 20048366 <GO>}

Hi. Just a follow-up question -- on regarding acquisitions; if you can share with us any update on how you see the scenario for acquisitions in -- both in review and in South America, provided that we saw some -- other players also restarting capacity since the beginning of the year. So, regarding their interest to sell their operations and opportunity you might have again in Brazil and in the other countries in South America? Thank you.

A - Fernando Galletti de Queiroz {BIO 15387377 <GO>}

(inaudible) to give the same, we keep our focus on the regions that we had been mentioning in Brazil and rest of the world, so in Paraguay, in Uruguay, (inaudible) Colombia. Clearly, no really means form increase (inaudible) the regional players out there, more (inaudible) in -- especially in the (inaudible) limited.

On the local market, if you look at the orders that were accomplished, the market is getting more consolidated and you see that Minerva has been gaining share -- has maintained its share with a growing market in -- on its (inaudible) Brazil, gaining share in Uruguay, gaining share in Paraguay. Also, we have gained share overall. So where we see the acquisitions as a part of the opportunities, then we are (inaudible) on the game plan and the strategy that Minerva has.

Q - Alexandre Miguel {BIO 20048366 <GO>}

And the factors may be that you have used more cash than maybe you were expecting before on the (inaudible) the business change like prospects, it should take longer for you maybe to announce anything indeed strong for -- it's something for now that you are looking right now and that can -- you are really considering?

A - Fernando Galletti de Queiroz {BIO 15387377 <GO>}

We are not using more cash. The cash charge that we have is (inaudible), especially the receivables, especially for accelerating the export and accelerating the operation. So, it doesn't change our strategy on exports, it doesn't change our strategy on acquisitions, it doesn't change our strategy on the CapEx plan or the expansion plans that we never have settled before.

Q - Alexandre Miguel {BIO 20048366 <GO>}

Okay, perfect. Thank you.

Operator

(Operator Instruction) That concludes the question-and-answer session. At this time, I'd like to turn the call back to Mr. Fernando Galletti de Queiroz for any closing remarks.

A - Fernando Galletti de Queiroz {BIO 15387377 <GO>}

We are closing the first quarter of 2013 and a very optimistic scenario for the rest of the year. Both on the domestic and export markets, the outlook is optimistic as possible. Thanks (inaudible) mobility and record (inaudible) so much in the global markets. Over the next quarter, Brazil (inaudible) opens an excellent opportunity for margin expansion. We remain hopeful [ph] that 2013 will be a year of consolidation of our solid results combined with the profitability of our operations with better margins and cash generation.

We also assure the continuity of the growth of the revenues as well as the growth of the company, the growth of the profitability and the growth of the return on invested capital. Basis of our strategy (inaudible) for creating value for the shareholders.

Thank you very much.

Operator

Thank you, Mr. Queiroz. That concludes today's presentation. You may now disconnect your lines. Have a nice day.