Q2 2014 Earnings Call

Company Participants

- Mario Azevedo de Arruda Sampaio, Head of Capital Markets and Investor Relations

Other Participants

- Hasan Doza, Analyst
- Michael Gaugler, Analyst
- Sergio Tamashiro, Analyst

Presentation

Operator

Good afternoon, ladies and gentlemen. At this time, we would like to welcome everyone to SABESP Conference Call to discuss its results for the Second Quarter of 2014. The audio for this conference is being broadcast simultaneously through the Internet in the website, www.sabesp.com.br. In that same address, you can also find the slideshow presentation available for download.

We inform that all participants will only be able to listen to the conference during the company's presentation. After the company's remarks are over, there will be a question-and-answer period. At that time, further instructions will be given. (Operator Instructions).

Before proceeding, let me mention that forward-looking statements are being made under the Safe Harbor of the Securities Litigation Reform Act of 1996. Forward-looking statements are based on the beliefs and assumptions of SABESP's management and on the information currently available to the company.

Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions, because they relate to future events and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of SABESP and could cause results to differ materially from those expressed in such forward-looking statements.

Today with us we have Mr. Rui Affonso, Chief Financial Officer and Investor Relations Officer; Mr. Mario Arruda Sampaio, Head of Capital Markets and Investor Relations; and Mr. Marcelo Miyagui, Head of Accounting.

Now, I will turn the conference over to Mr. Arruda Sampaio. Sir, you may begin your conference.

Mario Azevedo de Arruda Sampaio {BIO 16570252 <GO>}

Thank you. Good afternoon, everybody. Thanks for attending one more earnings conference call. We will -- this call will have 11 slides, where we would like to discuss the main events in the period. After that as usual we'll open for a question-and-answer session.

Let's start on slide three. Here we show the company's billed water and sewage volume, which fell 1.8% in the period due to the incentive program for water consumption reduction based on a bonus system in place since February for clients served by the Cantareira System and since April for all the clients in the Sao Paulo metropolitan region served directly by SABESP. In addition, at the end of May, the program was extended to the City directly operated by SABESP, which are situated within the Piracicaba, Capivari and Juvvadi, we call that PCJ River Basin all of which within the area of influence of the Cantareira system.

Considering the available data from recent years, the 2.8% and 0.6% reduction in water and sewage billed volume is a non-recurring extraordinary event, which normally would not occur if we were not going through the worst hydrological prices in history. The bonus program to incentivize water reduction -- consumption reduction is the most important measure adopted to reduce demand and consequently reduce consumption in the Sao Paulo metro region.

Contributing to the efforts to adjust demand in the region's water supply, particularly in the Cantareira system, where currently the permitted withdraw from the systems three reservoirs, which are part or within the PCJ Water Basin is limited to 19.7 cubic meters per second.

Moving on to slide four, we will comment on our financial results. Net operating revenue declined 1.5% over the same period last year affected by the lower billed volume and the 88.1 million impact from bonus paid under the incentive program for water consumption reduction. The 3.1% tariff increase applied since December 2013, partially offset this downturn.

Cost and selling, administrative and construction expenses increased by 11.2% in the period. Adjusted EBITDA fell 27.4% from 911 million in second quarter '13 to 661 million in second quarter '14, while the EBITDA margin came to 24% in this quarter versus 32.6% in the same period last year.

If we exclude the effects of revenues in construction cost, adjusted EBITDA margin resulted in 31.2% in second quarter of this year versus 42% in second quarter last year. On the year-to-date, the adjusted EBITDA margin was 30.2% against 33.7% in the first half of 2013 again excluding the effects of revenue in construction cost, adjusted EBITDA margin was 38.1% against 42.2% in the first half of 2013. Net income came to R$302 million, a 16.4% downturn on the same period in 2013.

On slide five, we very briefly discuss the main variation in costs in relation to the same period in the previous year. Cost and expenses moved up by 11.2% over 2013 excluding construction cost. Cost and expenses climbed 14.8% due to the increases of 227% in credit write-offs, 49% in tax expenses, 19 in services, 17% treatment supply, 13.2% in depreciation and amortization and 12.1% in payroll and benefits. Greater details on -- our cost can be found in our earnings press release.

On slide six, we present the main variations in the items that affected our net income in the second quarter against and or over second quarter 2013, which totaled R$302 million. Net operating revenue decreased by R$42 million or 1.5%; cost and expenses including construction costs increased by 233.5 million or 11.2%; other operating revenues and expenses recorded a positive variation of 3.8 million; net financial revenues and expenses including foreign exchange variations decreased by R$185 million in the period. Finally income and social contribution taxes declined by 26.9 million due to the reduction in taxable income in the period.

On the next slide, slide seven, we will update you on the hydrological situation in the Sao Paulo metro region and the measures that SABESP has been adopting to ensure continued supply to the population directly served by us. It is worth noting that the crisis is mainly concentrated in the Cantareira System and it's the worst in history or more specifically in the 84 years of available records. On this slide, we show the reservoir levels for the systems that supply the Sao Paulo metro region. The data reflects the reservoir levels as we approach the end of the driest period of the year that is from June to August remembering that the rain season starts in October and runs until March next year. Specifically regarding the Cantareira system, the reservoir level was at 12.9% in August 18th that is yesterday, which means we are already using water from the technical reserve. As for the reservoir level in the Alto Tiete System, it is at 17.9%. This level reflects mainly the fact that we are using water from the system to serve part of the demand for the Cantareira System as we will comment further in this presentation.

But before, let's move on to the next slide, slide eight, which updates on the measures that SABESP has been adopting and implementing to deal with the current authorized extraction of water from the Cantareira reservoirs sitting within the PCJ Water Basin remembering that this figure has been reduced from 31 cubic meters per second in March this year to current 19.7 cubic meters.

We have adopted three main initiatives that has allowed us to reduce water withdrawal from the reservoirs in the Cantareira System by around 10 cubic meters maintaining at the same time water availability to the population directly served by us in the metro region of Sao Paulo.

In summary, these measures are; first, water transfers between Sao Paulo metro region production systems currently accounting for 46% of this reduction of the 10 cubic meters, decreases in consumption driven by the bonus program responsible for 22% of the savings and operational maneuvers and mostly investments to reduce water losses accounting for the balance of 32% reduction.

More specifically, regarding the transfer of water from other systems to the areas usually covered by the Cantareira System thanks to past incurring [ph] investments made in the interconnection of all the Sao Paulo metro region water supply systems. It has been possible to transfer water such that more than 2.3 million people that used to be supplied by the Cantareira Systems are now being supplied by other water systems.

More specifically of the 8.8 million clients normally served by the Cantareira System, today 6.5 million are being served by the system. On the other hand, 1 million are being served by the Alto Tiete system, whose population coverage increased now from 3.5 million to 4.5 million and an additional 1 million being served by the Guarapiranga System again in this case, whose population coverage grew from 3.9 million to 4.9 million. The remaining 300,000 covered by other systems are mostly been covered by the Rio Claro and Rio Grande System. By the end of this year, additional measures to expand water production interconnection and transport capacity in other systems in the Sao Paulo metro region should allow more than 500,000 clients currently served by the Cantareira System to be served by these other systems.

On the next three slides, we will analyze rain water inflow in the Cantareira System reservoirs and temperatures in the metro regions of Sao Paulo. So, let's move to slide nine. Here you can see that the rain levels were below the average for the month of May, June, July with May and June falling considerably below the average. In August, as you can see, we're still below average. However, we still have a lot of days in front of us. As a result of lower rainfall in the period, water inflow to the Cantareira System reservoirs as you can see on the next slide, on slide 10, remained below the monthly minimum records when expectation in fact was it for to converge to the green minimum line.

On next slide, on slide 11, we show average temperatures in the Sao Paulo metro regions. We can see that from June to July temperatures were sensibly higher, slightly higher, not so slightly a little bit more than slightly than in the same period in 2013.

In fact between June 15th and July 15th, some days showed temperatures 4 to 5 degrees higher than average. This along with the increased number of tourists in the World Cup period certainly played a role in the consumption increase observed in the period consumption of water as well as in load adherence to the bonus plan program, which we will discuss later on. These events led to an increase -- increased daily reduction in reservoir levels, as a result in a preventive manner, SABESP has requested and obtained the authorization from the State Authority DAEE to use an additional 106 billion liters of water from the Cantareira System technical reserve, which we will go through into more details as we move into slide 12.

As you can see in this slide 12, we show a graphic representation of the available water volume in the Cantareira System. As you can see the system total reservoir volume capacity is 1,493 billion liters of water, 982 billions of which is extracted by gravity and 510 billion liters that we can extract from the technical reserves through pumping. Thanks to the authorization to extract these another 106 billion liters of technical reserves, total technical reserve volume available for use should be approximate 285 billion liters. As a result of this increase in availability combined with the other successful measures adopted

by SABESP we're even more confident that the maintenance of water availability in the Sao Paulo metro region until rainy -- until the rainy season begins.

Let's now move to slide 13, here we'll discuss in more details the bonus program, which is the measure that most impacts the company's revenue considering that it encourages our clients to reduce consumption. An assessment of this program in the San Paulo metro region in July shows that 86% of the connections saved more than 20% therefore reach the 30% bonus, 28 reduced consumption but do not reach the bonus and 26% of the connections in fact increased consumption.

These results from the point of view of adherence to the program and consequently a drop in demand, we are a little lower than those observed in May and June mainly due to the seasonably hot period between June and July 15th, which coincided again with the consumption, increase in consumption caused by the World Cup tourist inflow as we have already mentioned in previous slide.

However after the end of the World Cup and with the lower temperatures, we've seen in August, the first partial data for this month in fact until August 11th, already shows increased adherence to the bonus program and water savings with 52% of the connections saving more than 20% therefore reaching the bonus. 26 of the connection reducing consumption, but not reaching the bonus and 22% of the connections increasing consumption.

Well that concludes our initial remarks and now let's open for our question-and-answer session.

Questions And Answers

Operator

Thank you. We will now begin the question-and-answer session (Operator Instructions) Our first question comes from Michael Gaugler of Brean Capital. Please go ahead, sir.

Q - Michael Gaugler {BIO 7139923 <GO>}

Good afternoon, everyone.

A - Mario Azevedo de Arruda Sampaio {BIO 16570252 <GO>}

Good afternoon, Michael.

Q - Michael Gaugler {BIO 7139923 <GO>}

I guess my only question really today is going to be just around the water supply issue course and I'm wondering by the way the slides you guys did were great in terms of giving us some really good data points in terms of where you are and where the things are sort of headed.

When I look back at your historical averages, if you have a historically normal rainy season and we look out towards spring of next year, where would you anticipate based on your models supply would be particularly in Cantareira in terms of total capacity above the technical reserve?

A - Mario Azevedo de Arruda Sampaio {BIO 16570252 <GO>}

Michael just a second, please.

Q - Michael Gaugler {BIO 7139923 <GO>}

Sure. Take your time; it's not an easy question.

A - Mario Azevedo de Arruda Sampaio {BIO 16570252 <GO>}

Michael, I'll try to address the point, but I'll basically start saying that your question is pretty much close to the question regarding the Portuguese call, where everybody really wants to know what would be a trigger -- what is the trigger in terms of the reservoir levels and when -- which would lead us to take the bonus program out and so forth. And the -- to answer that one and to answer your question, is that today we don't know, I mean, you can do as many projection as you might think of giving the amount of variables, we have to deal with. Naturally, we have to deal with temperature; we have to deal with sunlight; we have to deal with humidity; we have to deal with the water inflow to the reservoir considering also that the amount of water in the underground level is saturated or not. Not to say we are obviously surrounded by environmental and water authorities. And today, it's giving the scenario; it is very hard for us to imagine where our reservoir levels would be spring next year.

Obviously, we would love to see it at a 100%, but that's not something that we can even say, it is doable. So unfortunately, I don't think we do have a precise answer to your question other than just raise the points of what are the variables that we and everybody has to keep track to start understanding where we are and what needs to happen for us to reach, where we would like to be. What we know and could be a good news obviously is that we are not running into the dry season; we're running into the wet season.

And obviously, if the future recurs of water inflow rain they tend to go back to past historical averages because the new historical average is not the same because of the current curve being built throughout this year. If we go -- if it goes back, obviously we are in a very, very positive situation.

And again here comes the question, you can come back in September, October, November, December, you can go into next year we don't know, so that is another reason why it's really hard to make any projections such that we think that by next month of spring next year, we will have x amount -- potentially x amount of water.

What we are doing, I think we are hoping to highlight this is that we are in a continue effort and by the way just that you know, we have two colleagues from the metro region executive group that are directly involved here in the water management. And what we do know is that we are building assets to further interconnect the system and we're

finding areas still in the current other water reservoirs that we can add more capacity up to a year from now and such that we can even grow into the amount of water we can transport from other systems into the Cantareira System. So I just mentioned 500,000 to the end of this year but there is more to come next year. So that sort of helps us in this equation that has to be put into the formula. So that was a long comment not to answer precisely your question (inaudible) that was not doable.

Q - Michael Gaugler {BIO 7139923 <GO>}

Okay. It wasn't an easy question. And just kind of as a follow-up certainly we have now fall weather patterns developing in the Pacific that we will [ph] watch closely kind of on a global basis including Aluminio. And I'm wondering, just in the past not something you need to look up, are there any particular patterns that have formed in the past that have been favorable or unfavorable that we could look to in terms of trying to gauge what the rainy season might look like this year?

A - Mario Azevedo de Arruda Sampaio {BIO 16570252 <GO>}

Okay. I'm going to put on mute, because I'm going to discuss with the guys here in Portuguese. Michael -- Michael the guys here are basically saying that if we were to look at the historical data, I mean the trend would always be for us to be running on top or above the minimum curve. What is happening that we're going exactly below. So, any event that has more or less in the recurrent basis, which I'm not sure it's a good sentence here, but more or less has influenced the pattern can't be addressed as something reasonable for now.

On the other hand (Technical Difficulty) the comment is that the Aluminio has -- brings a lot of dry results in the northeast of Brazil that is easily seen in patterns and it brings a lot of rain in the Southern part of Brazil and the pattern for the Southeast, where we are, okay, it's exactly uncertainty so you can't get a pattern for the Aluminio exactly for the Southeast and in Sao Paulo, it's sort of unnerving. If you look at the map and where the rain stops, it stops just about 300 kilometers below Sao Paulo that's basically when it stopped raining heavy.

So, we don't know it could be that this Aluminio could bring us a very wet period or maybe not even change the regular average pattern. So I think the point is that this has been such an off-record event that the record has lost a little bit today of its support for projection capacity. So it's unfortunately not what we would like to tell you, but that's what it is.

Q - Michael Gaugler {BIO 7139923 <GO>}

Okay. Understood. All right gentlemen that -- those were all the questions I had. Thank you.

A - Mario Azevedo de Arruda Sampaio {BIO 16570252 <GO>}

Thanks a lot, Michael.

Operator

And our next question comes from Mr. Hasan Doza of Water Asset. Please go ahead, sir.

Q - Hasan Doza {BIO 17222230 <GO>}

Hi, Mario, hi, Rui, how are you guys?

A - Mario Azevedo de Arruda Sampaio {BIO 16570252 <GO>}

Fine Hasan and you?

Q - Hasan Doza {BIO 17222230 <GO>}

Good. Thank you. I appreciate all the slides today and can you go over slide number 10 one that talked about the water inflow into Cantareira. Would you explain a little bit as to what caused the -- what is still causing the absorption or the inflow rate into the reservoirs to be so significantly below the historical averages. Would appreciate like what factor is causing this absorption or inflow rate to be so low versus your average levels? That's kind of my first question.

A - Mario Azevedo de Arruda Sampaio {BIO 16570252 <GO>}

Okay. So let me address your first question. We had a similar question on the Portuguese call. If we -- first the big reason is, if you look at the rain patterns as of March and they started to go below so that doesn't obviously contribute. But what really affected is what happened before; what happened in terms of rain during December, January and February. The way we look at it is since there was very little rain, a lot of high temperatures, the land became very dry and the water sitting underground water levels went very low. So even when rain started to pick up at first started to pick up in the month of March and April for that water to saturate the underground water for it to flow into the Cantareira it did not happen. So, and then, as we moved on into May and June, water, rain was very low. So, there was really not much water to run into the reservoirs. So, I'm trying to translate the Portuguese version of the explanation hopefully you understood. But basically January, February, very, very dry periods drove the water -- underground water levels very low and the rain from there to now has been insufficient to saturate and bring the inflow to the Cantareira to the minimum levels.

So, even if you look at the graph here and you see that as of March, there was a very good improvement in the inflows, okay but -- which not sustain itself exactly because the month after that, the rain levels were very much reduced. So again, as we move forward, what we need to see is not just one big rain, but a series of regular rains that will saturate the underground level and I'm sorry for -- if the glossary in water, underground water is not so good, I would ask water asset help on this glossary.

But the point is, as we move forward, we would like to see is not only big rains, but good strong regular rains for a period that is what saturates land and let the water, the rain coming afterwards inflow into the reservoir.

Q - Hasan Doza {BIO 17222230 <GO>}

That was going to be my follow-up because if the land continues to remain dry that you say into your upcoming rainy season, even if it's an average rainy season for example is the water is being absorbed by the dry land as you have had in the last three, four months. I mean the average rainy season is not going to do you a lot of good because if this factor remains an issue in terms of dry land absorbing lot of the rain water. So, how do you guys think about that factor if this dry land being a factor because it looks like the average rainfall might not be enough because the inflow rate is being slowed down by the water being absorbed by all the dry land?

A - Mario Azevedo de Arruda Sampaio {BIO 16570252 <GO>}

Hasan look, let me explain. Remember that in normal period and the curve shows this very well in normal period this is exactly the period, where the inflow reduces a lot, not only because there is less rain but because the water is absorbed by the ground. So if you look at the graph, it is very clear that this curve right now, since March is running fairly close in terms of a pattern, in terms of pattern to the -- to both the blue curves and all the other curves.

The point is and again, I'm going back to the period between December and March beginning of March is when things really went down because of lack of rain. What you're -- what you're trying to grasp here from us is giving that is -- the land is dry. How much time and how much rain is needed to recover the water, underground water saturation and such for the water inflow. What we know that if we only look at the patterns from the last month, we are -- it's normal to be low.

But we don't and again it's something that I don't know 10 days of regular rain, 5 days of regular rain makes a huge difference in one huge rainy day so it's like Michael's question, it's hard to answer because these variables they all play different roles. Huge rain in one day will probably flow a lot and fit less than it could be absorbed by the ground, which means that the next rain would probably be absorbed more or less.

So there's not a math there and there is no way we can give you a specific highlight and there is one way we can tell you that demand is dryer now that it was dryer two years ago -- a year ago and such that the recovery of the inflow due to the dry period will occur and given that the past events this year was relevant will take two, three more months than it would on regular times. We can't make that statement also.

Q - Hasan Doza {BIO 17222230 <GO>}

Okay. Okay. That's helpful. And my last question is for you and also for Rui is given that what we have just discussed and also the uncertainties about the timing of the rainy season in the location. I don't need like specific numbers or anything I'm just curious like from your and Rui's perspective I mean, how are you guys thinking about contingency plans for 2015 let just say argument sake you have another dry year or a below rainfall year and you have already -- your two reservoirs Cantareira and Alto Tiete are being completed. So as a company from a risk management perspective, from an overall

strategy perspective, I mean, how are you guys thinking about contingencies for next year if in the unfortunate situation you have two years of back-to-back droughts?

A - Mario Azevedo de Arruda Sampaio {BIO 16570252 <GO>}

Okay. Give me -- give us a second, please. So, Hasan I'll start and potentially here we will complement if I leave something out. I think the first thing is we are already doing risk management in the sense that is we haven't put a plan in place and we are just managing what we put in place. The plan means that we have to do continued improvements in our system network.

And as I mentioned to Michael's question and also a continued increase in the short-term possibility of water availability just for you to have an idea. By the end of September, we should have added an additional capacity in the ETA Rio Grande close to 1 cubic meters, 2.8 cubic meters per second. By October this year we will add an additional one cubic meter and this is extra water. We are reaching a part of the reservoir where we did not today extract water front -- greater water availability. So it's a two-fold program, we're increasing interconnection for increased transportation and we're adding capacity.

If we go to sometime in 2015, mid to end 2015, we would do an additional one cubic meters. So by the end of 2015, we should have almost three cubic meters of water availability, production and availability added in the metro region of Sao Paulo that is 10% of the current Cantareira production that is 30% of what we have to -- we were currently obligated to reduce extraction in the Cantareira System. I think, all this -- all this is exactly the risk management that is not reacting to something, but in anticipation of something. So, all this is in anticipation of a remote, although as we've seen possible occurrence of a two-year or an extended dry period.

And obviously there are -- all the other measures we are taking in terms of accelerated investments in reduce -- to reduce water losses remember this today is responsible for about 3 cubic meters per second. So, just that and there is more to do there. So the risk management right now has really put a lot of effort in anticipating everything that was part of for the metro region systems for the years to come. So, the situation has brought us the fact that we need to have it in place right now and that is what -- that's what we're doing, okay.

Q - Hasan Doza {BIO 17222230 <GO>}

Okay. Thanks, Mario.

Operator

And our next question comes from Sergio Tamashiro of Safra. Please go ahead, sir.

Q - Sergio Tamashiro {BIO 2274485 <GO>}

Hi, good afternoon, everyone. My question, just a follow-up on Hasan's question. It's regarding the Cantareira production reduction. I see from the slides that the production reduced from 33 cubic meters per sec to hopefully 20 cubic meters per second, a

reduction of 13 cubic meters per second. So, my question is out of this 13 cubic meters per second, how much was supplied by other systems? Then this is from this -- therefore what I understood from your answer is that these 20 cubic meters per second could be even reduced to 17 cubic meters per second? And just the overall production could be maintained the same. Is that correct?

A - Mario Azevedo de Arruda Sampaio {BIO 16570252 <GO>}

Okay. Sergio, let me do that. On slide eight, where that we -- we missed a little bit here. One thing is what we produce out of the ETA Guarau okay at the right line side that is supplied by water that is within the Alto Tiete Water Basin and the PCJ Water Basin, okay. What happened is, our extraction from the PCJ Water Basin was around 30.5%, almost 31% that is the max we could extract, okay. But although we just -- we also extract water from Paiva Castro and Aguas Claras, what we produced at the end reach around 33%, okay, 33 cubic meters I'm sorry. But what we are restricted is what we -- what flows through tunnel five from the PCJ into the Alto Tiete Water Basin that is where we have to restrict to 19.7. So, the number -- more rough numbers is we were extracting around average on a year basis 30 from the Jaguari, Cachoeira and Atibainha and now we're down to 19.7.

In other words, we have to save "about 10 cubic meters, 10, 11". We have been around eight going to nine, down to eight something and now we're up to 10, okay so that is the first challenge we have to make.

Now your other question is of that 10 or 11 whatever we should -- where is the savings coming from and then it goes back to our speech, where I mentioned to you that from water -- in terms of water transfer -- water transfer is responsible for let me check here for the exact number about 46% of that reduction. So approximately, water we transfer from one system from other systems into the areas covered by the Cantareira represents 46% of what we have been saving. Today, we're saving 10, so that represents about 4.6 cubic meters per second. Got it?

Q - Sergio Tamashiro {BIO 2274485 <GO>}

Okay. So out of this 10, 46% is the saving so the diversion is 5.4 so the -- the remaining 54%?

A - Mario Azevedo de Arruda Sampaio {BIO 16570252 <GO>}

Yes. Of that 54%, 32% we are getting with reduced water losses and 22% okay got it -- and 22% is based on the bonus program, where people are saving water. So, people are saving water in an amount of approximately 2.2 cubic meters. Water reduction has been responsible for about 3.2 cubic meters, okay. And transfer from other systems into the Cantareira system coverage area it's 4.6 cubic meters.

Q - Sergio Tamashiro {BIO 2274485 <GO>}

4.6 -- 4.6 okay, got it.

A - Mario Azevedo de Arruda Sampaio {BIO 16570252 <GO>}

Yeah that's based on the -- around 10 currently 10 sometimes this goes down and we're -- obviously we are working, but this tend to go up. In terms of population, as I mentioned to you in the speech of the 8.8 million people, we have 2.3 million being served by the other systems.

Q - Sergio Tamashiro {BIO 2274485 <GO>}

Okay. I understood. Thank you.

A - Mario Azevedo de Arruda Sampaio {BIO 16570252 <GO>}

(inaudible).

Operator

(Operator Instructions) It appears that there are no further questions. I would now like to turn the conference back over to SABESP for any final remarks.

A - Mario Azevedo de Arruda Sampaio {BIO 16570252 <GO>}

Okay. Again, thank you very much everybody, and we'll be back in the next quarter. And in the meantime myself, Angela are available for any question and information here in the IR Department. So, thank you very much. Goodbye.

Operator

The conference has now concluded. Thank you very much for attending today's presentation. You may now disconnect your lines.