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Monday, 5th August, 2024

Listing Department National Stock Exchange of India Limited “Exchange Plaza’, C-1, Block G Bandra-Kurla Complex, Bandra (E), Mumbai - 400051 Scrip Code: PRICOLLTD	Corporate Relationship Department BSE Limited 1 st Floor, New Trading Ring Rotunda Building, P J Towers, Dalal Street, Fort, Mumbai 400 001 Scrip Code: 540293
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Dear Sir,

Sub: Con-call Transcript

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we herewith submit the Transcript for the Con-call held on 1st August 2024 pertaining to Company’s unaudited financial results for the quarter ended 30th June 2024.

This is for your information and records.

Thanking you
Yours faithfully,
For Pricol Limited

T.G.Thamizhanban
Company Secretary
ICSI M.No: F7897

Encl. As above

Pricol Limited
Q1 FY25 Earnings Conference Call
August 01, 2024

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY '25 Conference Call of Pricol Limited.

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 an operator by pressing “*”, then “0” on your touch tone phone. Please note that this conference is being recorded.

At this time, I would like to hand the conference over to Mrs. Purvangi Jain from Valorem Advisors. Thank you and over to you, ma'am.

Purvangi Jain: Good evening, everyone, and a warm welcome to you all. My name is Purvangi Jain from Valorem Advisors. We represent the Investor Relations of Pricol Limited. On behalf of the company, I would like to thank you all for participating in the company's earnings call for the first quarter of the Financial Year 2025.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's con-call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's belief as well as assumptions made by, and information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Let me now introduce you to the management participating with us in today's Earnings Call and hand it over to them for their opening remarks. We have with us Mr. PM Ganesh – Chief Executive Officer and Executive Director; Mr. Siddharth Manoharan – Director of Strategy; and Mr. Priyadarsi Bastia – Chief Financial officer.

Without any delay, I request Mr. PM Ganesh to start with his Opening Remarks. Thank you and over to you, sir.

PM Ganesh: Good evening all of you. My name is PM Ganesh – CEO and Executive director of Pricol. Welcome again for the earnings call of Q1 FY '25. The Presentation already has been uploaded.

I am sure that all of you would have had a chance to see it. So, straight away I will go to the key Financial Highlights of Q1 of FY '25.

To start with, the revenue from operations, we have done Rs. 6,029.09 million of sales at an EBITDA of Rs. 806.51 million, showing an EBITDA margin of 13.38% for the quarter ended FY '25.

At the PAT level we were at Rs. 455.61 million, with a PAT margin of 7.56% and the earnings per share stood at Rs. 3.74. Our consolidated long-term borrowing continues at nil.

The key highlight is that at the consolidated level our ROCE has been at 23.54% in Q1 of this financial year, as against 23.18% the previous year, same time.

I will move on to the next slide which gives you in terms of the Q1-to-Q1 comparison in terms of growth:

The revenue from operation, the growth has been at 15.48%. EBITDA stood at 21.24% in terms of its growth. Cash profit was at 25.66% growth. And at the PAT level, we were at 42.65%. We have been continuously improving our profitability based on our improvement in the internal efficiencies.

I will go to the next slide, more on to the details:

The EPS Q1 FY '24, I am just reading the last line, Rs. 2.62 vis-à-vis of Rs. 3.74 during this Financial Year.

With these key highlights, I will open the floor for questions from various investors. Thank you so much.

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Vipul Kumar Anoop Chand Shah from Sumangal Investment. Please go ahead.

Vipul Shah: My first question is, can you break down revenue from DIS and actuation and control and fluid management systems?

PM Ganesh: Good evening, Mr. Vipul. This is Ganesh here. The rough breakup between DIS and ACFMS is like 70% of our revenue comes from Driver Information System and 30% comes from the ACFMS vertical.

Vipul Shah: And sir, you have shown the slides of new product launches. So, what type of volume are we expecting from these new product launches over the next 12 to 18 months, sir?

PM Ganesh: This is a new product and a new model whatever we have shown of Bajaj, and certain other new customers. The volumes are quite significant. I cannot give you the exact numbers because of the NDA with the customer, but the volumes and value are going to be quite significant in the next 12 months, Mr. Vipul.

Vipul Shah: So, right now, you won't be able to give any numbers for that? And last question, sir, if we see the content per vehicle, what should be our content per vehicle? And where we were two to three years ago in the same journey?

PM Ganesh: Sure. Mr. Vipul, I will give you a rough estimate about the vehicle per content, because as we have been discussing in the previous earning calls as well, the content per vehicle of Pricol has been increasing, primarily because of the value- additions in the product whatever we are offering to the customer. For example, I will not go two years back, even I can go before the COVID times where most of our products, and we have been telling this in most of our investor calls, that we were supplying more of mechanical meters. And the digitalization has started ever since the BS6 regulation came into India in 2020. After that the value-add of Pricol has been on the continuous increase.

And now as we speak, in the last couple of years we have been focusing more on the upgrade of the digitalization by going from the LCD to TFT and more of connected vehicle solutions. And as we speak, we are going much further into the value stream of our products. So, if you ask me in terms of content per vehicle, it would be difficult because vehicle to vehicle the prices are very different. But if you ask me in terms of value-additions per products have been continuously increasing. If I take X as my reference in 2019, we have been quite easily like 2x times or marching towards 3x times in the future to come. That is where I am giving you a ballpark estimate. It may not be very accurate, but to give you the way in which that we are progressing is maybe X to 2x, and then further going up in the coming years.

Vipul Shah: So, as compared to '19, we are at 2x or 3x?

PM Ganesh: See, it's a very rough estimate, it's very difficult, because some of them continue to be still on the mechanical side, but many of them have changed into LCD type, and few of them have changed already to upgrade of TFT. So, it would be very difficult for me to give an exact number. But what I can tell you is, roughly it could be like 2x times of what it was five years back in terms of the content per vehicle of our product.

Vipul Shah: And over the next three years, will it become 3x of where we were in '19?

PM Ganesh: Quite possible, in my opinion, because the way in which the digitalization is happening in the industry, I am sure that that will definitely take us to that number.

Moderator: Thank you. The next question is from the line of Chirag Jain from Emkay Global. Please go ahead.

Chirag Jain: Sir, a few questions from my end. I just wanted to get a sense in terms of the revenue growth guidance or outlook for this financial year and next year, how do we see the overall revenue panning out?

PM Ganesh: Mr. Chirag, actually this is a little forward-looking statement, which we are not supposed to do. But we are poised for a good amount of growth. I do not want to put any percentage attached to it because of the forward-looking nature of the statement. But you would have seen in the last couple of years, three years rather, how the growth has been at Pricol. And as the previous caller mentioned, the growth or the content per vehicle has been on the continuous increase, that's what we have been explaining. Even if the segment level growth is going to be flat, still Pricol will continue to grow primarily because of the value-addition in the product.

Chirag Jain: And also, if you can share some update in terms of the new projects that we were undertaking, especially on the e-cockpit side, disc brakes, I think the commercial production had started. And also, with respect to Honda ramp up over the next 12 to 18 months which we highlighted last quarter, how those projects are progressing, especially the e-cockpit which would be, let's say, the business that will start probably next financial year onwards.

PM Ganesh: Yeah, e-cockpit is under intense testing at our facilities, and we have also given some proto samples to our customers for validation. Currently as we speak it, it is in the right direction in terms of testing and validation. The disc brake also is in the same position of intense testing and also at the vehicle level testing at the customer end. In the next 12 to 18 months, we should go into SOP of these two products.

Chirag Jain: And just lastly from my side, the margin guidance was roughly about 13.5% and I guess we have already done 13% in the first quarter. And usually we see that the second, third quarter, fourth quarter typically tends to do even better in terms of the overall revenues. Is there a revisit to our margin guidance probably upwards?

PM Ganesh: It would be difficult for me to comment because it is quite dynamic in terms of the product mix. We hope to continue at the same level. Let us see if something is going to be favorable for us in Q2.

Moderator: Thank you. The next question is from the line of Harini from Sundaram Alternates. Please go ahead.

Harini Muthukumar: Thank you so much for the opportunity and congratulations on the strong margin performance. Firstly, probably continuing on the revenue growth that you were alluding to, you have always wanted to grow ahead of the industry, very good to hear that you still stay on this stance. But

the last two quarters we have been seeing some kind of moderation on the outperformance versus the industry. Is there something to call out to? Because last quarter you had mentioned there was a one-off on account of a ramp up on certain models with some client. Is there something similar in this quarter? Are there any one-offs or something that we should be looking out for? What's your outlook on the outperformance versus the industry, sir?

PM Ganesh: We continue to outperform the market quarter-on-quarter, that has been the trend in the last three years at least. And even this quarter, as we speak, we have definitely outperformed the market. The segments where we are significantly present, primarily the two-wheeler, commercial vehicle and the off road vehicle, where we have outperformed the market when compared to the vehicle level performance. The reason being, as I am just repeating again is, because the value-add in the product has been continuously increasing for Pricol. That is the reason we are able to outperform the market by a significant margin.

Harini Muthukumar: I definitely understand that point. Just my reference was basically coming from, so if I look at the past four, five quarters or even more, we have been at least outperforming by high double digits or at least double-digit outperformance, whereas we have seen some amount of tapering on that. Is there something to worry? Because last quarter you had mentioned that three models or three launches were getting delayed, so that was one reason. Is there some impact on account of that continuing in the current quarter or how do we read it, sir?

PM Ganesh: Yeah, you are right in the sense of it depends upon the vehicle launch by the OEM's where we can outperform very significantly or marginally. But that depends upon the vehicle launch. But we are in the right track of all our new project development for the next two years at least, where we have got confirmed the business from various OEMs. So, this trend is going to continue. Maybe there will be little spike in terms of outperformance versus certain tapering in certain quarters, but it is going to be continuously we are going to outperform the market for sure.

Harini Muthukumar: Maybe just another question to probably squeeze in was, we have been hearing a lot of news reports where there are other conglomerates who are coming into the TFT clusters. So, how do you see it? Because you are almost working with all the new age and the existing OEMs, because that's where the EV adoption and the TFT clusters are coming in. How do you see that and your thoughts around that, sir, if you may?

PM Ganesh: Yes, competition is going to be there and competition is there also. As we speak, there are a number of competitors in the market. But what differentiates Pricol is the value-addition whatever we give it in the product, we have got our local design center, we have got large amount of backward integration, our close association with the customers for many, many years, and continued working of offering new solutions to the customer. I am sure that that will keep us in good pace when compared to competition.

Moderator: Thank you. The next question is from the line of Rahul Ranade from Goldman Sachs Asset Management. Thank you. Please go ahead.

Rahul Ranade: So, just continuing on that point in terms of outperformance versus the industry. Sir just if you could share a template with us in terms of how should we, as outsiders, look at the outperformance? I am assuming you are taking volume growth for the industry and then comparing our revenue growth with the volume growth, is that the right understanding?

PM Ganesh: We do see growth on both sides, one is the volume growth and also the value growth, both are important. So, what we do is we take the volume growth of the vehicle of that segment. Then we compare our volume growth with vehicle growth. This is the first comparison which we do. Second comparison, we also do the value growth in terms of how we have done. So, the last few years has been our value outperforming the volume, and both the volume and value outperforming the market.

Rahul Ranade: So, we outperformed the market in terms of volume growth as well is what you are saying?

PM Ganesh: Absolutely. The reason is, we have been able to get new business wins across various models. So, that is the reason our market share has been continuously increasing.

Rahul Ranade: Sure. And let's say if we were to kind of, obviously, because the industry as such is very dynamic and if one were to overlay let's say our estimates of industry growth, and then would it be fair to add a particular percentage in terms of delta in terms of outperformance and then arrive at an approximation of our revenue growth. Would that be the right way to work it out?

PM Ganesh: It would be a little difficult to exactly do that. The reason is, because it depends upon the OEM vehicle launch quarter-to-quarter. Suppose if there are going to be more vehicle launches happening during a particular quarter, then the outperformance is going to be significantly high. If it is going to be less of vehicle launches during that particular quarter, it will be a little deeper. But however, since we have been continuously gaining market share with many new projects getting launched quarter-on-quarter, we would continue to outperform the market in terms of both volume and value. The value portion will be a little more significant when compared to the volume, primarily because of the value-addition in the product.

Rahul Ranade: Just a ballpark in terms of what that outperformance will be? Let's say, would it be whatever number we derive in terms of whatever growth is in terms of volume? And should we add let's say 5%, 7%? How should we kind of think of that in terms of the content related pure increase that one could see?

PM Ganesh: That's what I mentioned, it depends upon the new product launches by the OEM. But if you see the past three years, it's difficult again to say. But if you average out, I think it should be quite easily close to a double digit, somewhere certain quarters it is like 5%, certain quarters

are even like 10% when compared to the vehicle growth. But the bottom line is we continue to outperform the market.

Rahul Ranade: Sure, sir. No, I understand there will be quarterly ups and downs. But just let's say if one were to think of it more from a medium to longer range, one can work with that 8% to 10% kind of pure content related growth. Is that the right understanding?

PM Ganesh: Content per vehicle is what you are telling?

Rahul Ranade: Yes, just purely coming from the content. So, one leg would be coming from, like you said, you outperform the industry also in terms of volumes by getting more and more wallet share. But purely from a content standpoint, would 8% to 10% be a fair approximation to work with?

PM Ganesh: That again depends upon the model mix. That's where the issues are there sometimes. Because quarter-to-quarter the OEM vehicle mix changes a lot, that's why it would be difficult even if the content per vehicle are there which is fixed, the model mix changes can be the significant variation in terms of the growth when compared to the vehicle growth. So, it could be very difficult for me to average out quarter-on-quarter, even if there is not going to be any new product, what is going to be your concern for growth which is going to take you for growth when compared to the market, will be little difficult for me to define.

Rahul Ranade: So, where I am coming from and probably most of the others are also coming from is, the last two quarters have been fairly strong for the two-wheeler industry as such. Even let's say Q1 FY '25 was a 20% industry growth, whereas for us the top line growth is fairly muted at around 15 odd percent only. So, I understand two wheelers isn't 100% of the business, but just I thought it could get compensated with the content increase also. So, that is where I am coming from.

PM Ganesh: Absolutely. That will definitely continue to contribute. But two wheeler market, I think it's not grown by 20%, for your information.

Rahul Ranade: In terms of volumes for the industry on a Y-o-Y basis, Q1 FY '25 versus Q1 of FY '24 is what I am looking at.

PM Ganesh: I don't think it has grown by 20%. Maybe you can check the data and then maybe we can have a call also offline.

Rahul Ranade: Sure, we can do that. Thanks.

Moderator: Thank you. The next question is from the line of Sahil Rohit Sanghvi from Monarch Network Capital. Please go ahead.

Sahil Sanghvi: Congratulations, sir, on the good set of numbers. And my first question is about the segmental split. Can you break the revenues as per the two-wheeler, four wheeler, CV, off-highways?

PM Ganesh: Of our total value, around 65% comes from the two-wheeler front. Roughly about 15% comes from the commercial vehicle. And we have close to about 10% coming from personal passenger vehicle. And the remaining comes from tractor and off-highway. This is the rough split up.

Sahil Sanghvi: My second question is regarding the four-wheeler side of business. So, earlier, if I remember correctly, our share used to be somewhere around 6% to 7%. Now we see this growing up gradually. Are we winning new orders? Have we onboarded new customers on the four wheeler side? And if yes, can you name them?

PM Ganesh: Yes, we continue to grow with four-wheeler. There are more opportunities coming in our way, especially the Indian four-wheeler areas where we are highly focused. We are getting many opportunities in the last five years. We started this journey, as you know, from 2020 onwards, re-entering into the personal passenger vehicle segment. After that we have been seeing continuous growth. I am sure that the growth momentum is going to continue for us in the next few years in this area.

Sahil Sanghvi: Sir, have we onboarded any new customers in the four-wheeler side?

PM Ganesh: We are primarily a major supplier to Tata Motors on the personal passenger vehicle. And we are also working with a few of the other Indian personal passenger OEMs. Because of the NDA I am not revealing the name, because the product has not been launched yet. But we are working with a few of the Indian personal passenger vehicle manufacturer in a very significant manner.

Moderator: Thank you. The next question is from the line of Khush Nahar from Electrum PMS. Please go ahead.

Kush Nahar: So, my first question is, is there any update on the inorganic opportunity that you are looking for, since it is included in the FY '26 guidance that you have given, so any update on that? And my second question is, any update on the labor case that was going on? So, I see that as the annual report has increased to around Rs. 55 crores as on March, so are we settling it and what is the status in that?

PM Ganesh: The first question I will request our Director Strategy, who is there in this call, to address.

Siddharth Manoharan: Good evening, Mr. Siddharth here. Regarding inorganic opportunities, we have shortlisted a few assets and currently we are evaluating the same, and in negotiation with parties. At this point in time, since all of them are in the NDA stage, we will not be able to disclose any further information. Maybe by next quarter we will have some concrete guidance to being able to give the investors. Thank you. And I will hand over it to Ganesh to advance to the second question.

PM Ganesh: Your second part of the question, I will request our CFO, Priyadarsi to answer.

Priyadarsi Bastia: Good evening. The increase in contingent liability on account of labor case is on account of the interest accumulation for one more year. So, there is no additional labor case which has coming.

Moderator: Thank you. The next question is from the line of Aditya from Sovello Investment Managers. Please go ahead.

Aditya: My question was more on the lines of the split of revenue, that was already answered. So, thank you very much.

Moderator: Alright, thank you. The next question is from the line of Hemant Soni, who is an individual investor. Please go ahead.

Hemant Soni: Sir, congratulations on a very good set of numbers. And thank you for providing with the opportunity. Sir, we have an aspirational target of Rs. 3,600 crores of revenue by FY '26. So, if I extrapolate the Q1 numbers, we will be hovering around Rs. 2,400 crores, Rs. 2,500 crores, right, in FY '25? So, I mean, will we be around Rs. 2,400 crores, Rs. 2,500 crores in FY '25, then there will be a 50% jump? I mean, how are we planning, and just wanted to know this.

PM Ganesh: Hemant, good evening. This is Ganesh here. Thank you for your question. Actually, that would be a little forward-looking statement, as I mentioned during the beginning of the call. So, what we can tell you is that we have got very robust order books for the next two years with confirmed businesses from various customers. And we are in the right path in terms of the new product development with various customers. That's all I can say. How much in terms of the sales revenue we will reach for next year, I will reserve my answer being forward-looking statement. But I can give you the confidence that we are in a very robust path.

Hemant Soni: That is fine, but any ballpark number, any tentative number? Or maybe are we sure that we are going to clock double digit revenue growth in FY '25? At least you can provide this kind of information, sir.

PM Ganesh: We are already having a double-digit growth quarter-on-quarter, and even in this quarter you can see that we have grown by 15.48%.

Hemant Soni: So, it is fair to assume that we will be clocking a double-digit revenue growth in FY '25?

PM Ganesh: Hope so, we do not know. But the past three years we have been clocking double digit revenue, double digit growth.

Hemant Soni: And the aspirational target which you have in mind is, I mean, pretty on track?

PM Ganesh: Yeah, it's pretty on target, yeah.

Moderator: Thank you. The next question is from the line of Nandan Pradhan from Emkay Global Financial Services. Please go ahead.

Nandan Pradhan: I had a question around the exports, in the last quarter we had said that our exports would continue to contribute about 10% of the revenues versus our initial guidance of 20%, because there was some weakness in the US market. So, does that still stand? Or are there some green shoots that could revise our estimate upwards?

PM Ganesh: Export is a little concern in terms of slowness in the market, primarily the US market. But still we are able to maintain that 8% to 10% of the content of export in our total revenue. We expect that U.S. market will become little better after the next three quarters. That is where we have the indication. But it is going to be a little muted for the next three quarters in terms of its growth.

Moderator: Thank you. The next question is from the line of Pradeep Rawat from Yogya Capital. Please go ahead.

Pradeep Rawat: So, my question is regarding the export side only. So, how do we see export opportunity panning out in euro particularly?

PM Ganesh: Europe, we are working with a number of OEMs, both on the Driver Information System and also on the ACFMS side. And we have got the key strategic customers at Europe, primarily the two-wheeler customers in Europe like Ducati, BMW, KTM, we supply to most of them in the Europe market. And also, we supply to the tractor and off-highway. We are currently working on a number of opportunities in the Europe market, but all of them are currently under development, testing at various stages. I am sure that in the coming years progressively each one of them are going to be launched with these various OEMs. But export for sure is going to be on a significant growth path in the future to come.

Pradeep Rawat: Can we expect like faster growth from the revenue from exports? Like can we see a share of export increasing in our revenue mix?

PM Ganesh: Yeah, that is where we are aiming ourselves. But again, it depends upon the customer vehicle validation at their end. Europe customers take a little longer in terms of the testing process. So, it depends upon how fast we can have that into mass production with the OEMs. We are on the right path at this point of time with multiple new developments going on with our key strategic customers. I am sure that in the years to come, our export revenue is going to see continued growth.

Pradeep Rawat: And in terms of margins and credit cycle, how are the export as compared to our domestic customers?

PM Ganesh: Export margins are definitely more than the domestic, but in terms of volumes actually export would be lesser when compared to domestic. But in terms of margins, export would be more than domestic. How much it would be, it's difficult, because it varies from product to product.

Pradeep Rawat: And with respect to credit cycle, like how much debtor days do we have to give to them?

PM Ganesh: Credit period is generally calculated from the bill of loading, so generally it is like 45 to 60 days would be the average for export.

Pradeep Rawat: And for domestic?

PM Ganesh: Domestic, we operate on an average like 45 to 60 days.

Pradeep Rawat: My last question is regarding our capacity utilization. So, how much of the capacity utilization would we be working on at our current asset base?

PM Ganesh: Currently it would be a little difficult, because we have got multi modal lines, we have got flex lines. So, depending on the customer requirement we keep adding lines, as we have mentioned that we do our in-house line machine building, and also the tools. So, we keep building it depending on the customer capacity. So, what we do is, generally on an assembly line we take on our two shift bases in terms of our capacity calculation depending on customer requirement, generally we plan for $N + 1$, something like that. N is the current year, so next year. So, two years before is what we have our capacity. The third shift is generally kept for contingency plan. For example, if there is going to be any spike in the customer requirement, you know that we are part of the festival season now, if there are going to be any abnormal increase, then we use the third shift for those assembly. But primarily we keep on a two shift basis in terms of our capacities.

Moderator: Thank you. The next question is from the line of Vipul Kumar Anupchand Shah. Please go ahead.

Vipul Shah: Most of my questions have been answered. Just, we had some MOUs or joint ventures for Battery Management System, and we had a tie-up with a software company also. Is there any progress on that side, sir?

PM Ganesh: I will request our Director- Strategy to explain this.

Siddharth Manoharan: Thank you. Good evening once again. Regarding the Battery Management System, currently the prototypes are being developed and this is in the final stages of development with our partner. I think by next month onwards we will be receiving the first level of samples, and we will be doing a road show with customers for testing at their end. Regarding the telematics platform, again, we have provided some joint integrated samples to the customers and currently they are also under testing.

Vipul Shah: So, can we expect any revenue from these joint ventures in near future, sir?

PM Ganesh: We would like to clarify; these are not joint ventures but they are strategic complementing partnerships. We bring some part of the solution to the table, and they add some part of the value-addition to the joint platform that we have developed together. So, we have not given any revenue guidance as such. Once the products are tested by the customers and accepted, post which we will be able to share revenue credit. But we are not taking any revenue credits for this financial year.

Moderator: Thank you. As there are no further questions, I now hand the conference over to the management for closing comments.

PM Ganesh: Thank you so much once again and see you soon during the Q2 earnings call shortly. I would request our CFO to give the closing remarks. Over to you, Mr. Priyan.

Priyadarsi Bastia: Thank you, the Shareholders and Investors Group for your active participation in the call and asking relevant questions. This quarter was a good quarter for us, and we expect the same to continue. I would like to have further questions in the Q2 investors call. Thank you so much.

Moderator: Thank you. On behalf of Pricol Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.