

Corporate Office:

Giriraj Annexe Circuit House Road
HUBBALLI- 580 029 Karnataka State
Phone : 0836- 2237511
Fax : 0836 2256612
e-mail : headoffice@vrllogistics.com

To,

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400 001
Scrip Code: - 539118

National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G-Block,
Bandra – Kurla Complex, Bandra (E),
Mumbai – 400 051
Scrip Code: - VRLLOG

Dear Sir / Madam,

Sub: Disclosure under Regulation 30 (6) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 – Transcript of the Earnings Presentation Call

In terms of Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirement), Regulations 2015, as amended, please find the attached transcript of the Earnings Presentation call held on 6th August 2024 for your information and records. This information is also available on Company's website on below link:

https://vrlgroup.in/investor_download/Investor_Meeting_on_6_Aug_2024_Transcript

You are requested to kindly take note of the same.

For VRL LOGISTICS LIMITED

**ANIRUDDHA PHADNAVIS
COMPANY SECRETARY &
COMPLIANCE OFFICER**

**PLACE: HUBBALLI
DATE: 08.08.2024**





**“VRL Logistics Limited
Q1 FY '25 Earnings Conference Call”**

August 06, 2024



**MANAGEMENT: MR. SUNIL NALAVADI – CHIEF FINANCIAL
OFFICER – VRL LOGISTICS LIMITED**

**MODERATOR: MR. ALOK DEORA – MOTILAL OSWAL
FINANCIAL SERVICES**

Moderator: Ladies and gentlemen, good day, and welcome to the VRL Logistics Q1 FY '25 Earnings Conference Call, hosted by Motilal Oswal Financial Services 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Alok Deora. Thank you, and over to you, sir.

Alok Deora: Thank you. Good morning, everyone, and welcome to the Q1 FY '25 Earnings Conference Call of VRL Logistics. We have with us today Mr. Sunil Nalavadi, the CFO of the company. So I'll now hand over the call to Mr. Nalavadi to give some opening remarks and discussion on the performance, and then we can take up the Q&A session. Thank you, and over to you, sir.

Sunil Nalavadi: Yes. Thank you. Good morning to all participants. I'm Sunil Nalavadi here, CFO of VRL Logistics. I once again welcome all of you for the earnings conference call for the quarter 1 of financial year FY '25. We faced many challenges in the current quarter and many disturbances at our operations due to long absences by the drivers and loading and unloading staff during the time of elections. Many of these staffs are went back to their native places from the workplace.

Further due to extreme heatwave in northern parts of the country, the efficiency of the staff drastically reduced in the current quarter. This has resulted into delay in our services in many of our transshipment hubs and impacted on the growth in tonnage. Further, the same also resulted in lower utilization of our resources such as vehicles, godowns, staffs, etcetera. To maintain our workflow, we also appointed the temporary workforce with higher rates that resulted into additional costs.

We also increased the rate of driver earnings and incentives between many routes resulted into additional vehicle running costs. However, these issues have been completely resolved prior to the end of June quarter, and again, the efficient operation started from mid-June. These things have been temporarily impacted on our revenue as well as tonnage growth and impacted on the EBITDA margin also in the current quarter.

During the quarter, we maintained a revenue growth of around 9% from INR683 crores to INR742 crores on a year-on-year basis. The growth in revenue is on account of growth in volumes by almost 8% from 10,00,000 tons to 10,70,000 tons, the tonnage has been improved. And improvement in price realization is also around 1% from INR6,650 to INR6,724. This is on account of some of the routes mix and the rate increase what we carried out in the June month.

The growth in volumes from the enhancement in our branch network in Goods Transport business. While year-on-year basis, we added around 105 branches and these branches contributed around 3.55% to the tonnage. We continued our initiative to increase the branches in the current quarter and added around 36 branches.

Apart from the expansion in branch network, the increase in contribution from the existing customers also supported for higher growth. For our customers -- further our customer base has increased from 8 lakh to 9 lakh customers over a period of last 1 year. During the quarter, there

was an increase in total realization and that is on account of some of the route mix and also on account of the rate increase what we carried out in the mid of June.

The EBITDA is decreased by almost 8% in absolute terms from INR111 crores to INR102 crores, and percentage to revenue also decreased by around 2%. The key reasons for decrease in EBITDA is, one, with a vehicle running head cost, which has increased by almost 1.36% to the revenue. In absolute rupees, it increased by almost around 50%, on account of increasing kilometers covered by the own vehicle and also due to increase in the rates of driver earnings and incentives.

The another key cost impacted on the EBITDA margin is around employee cost. This expenses increased by around 1.5% to the revenue from 16% to 17.81%. And the increase in employee cost is mainly on account of annual increments effective from September '23 and also internal promotions on selective basis. The number of employees also increased around 1,161 on a year-on-year basis.

This is on account of, one is, the increase in the branch network and also because of increase in tonnage, we appointed additional employees. The toll charges have further increased in the current quarter, as compared to year-on-year basis. The number of toll booths have been increased from 1,268 to 1,438 across India and also the rates of toll charges have been increased.

The another key expenses, which impacted on the margin is the rent expenses. The rent expenses is increased on account of increase in the branches and increase in space in key transshipment hubs during the year. We increased the space in key location considering our expected growth in tonnage for the subsequent period.

The same is resulting into lower utilization of space in the current quarter and impacted on EBITDA margins. Further, the increase in depreciation and interest cost as a percentage to the revenue is mainly on account of increase in rental expenses after the Ind AS accounting. The loading and unloading expenses also increased to some extent on account of increase in loading, unloading rates. On the other side, the fuel cost, which is a major cost in our operations, almost around 30% to the Revenue. The fuel cost has not been increased. In fact, it has decreased almost by 1% to the revenue from 30% to, say, 29%.

And this decrease is in spite of contribution in kilometers covered by the owned vehicles increased. The decrease in fuel cost mainly on account of there is no major increase in the fuel rates in the last 1 year on a year-on-year basis. And further, the increase in procurement from the refineries from 31% to 33% of the same quarter. So that has effectively resulted into decrease in procurement cost from INR87.50 to INR86 in the current quarter.

The lorry hire expenses as a percentage to the income has been reduced. One is because of the increase in our own vehicles, the dependency on the lorry, outside vehicles have been reduced. That's the reason why the lorry hire expenses as a percentage to the revenue is decreased. Due to decline in EBITDA, the PAT of the company also decreased almost by 60% from INR34 crores to INR13 crores and percentage to the income also decreased.

On a sequential basis, the revenues decreased by around 4%, this decreases mainly on account of decreasing the tonnage and the same is resulted into decrease in EBITDA margin also. The percentage of employee costs and rent expenses are fixed in nature and reduction in revenue has further impacted on the increase in percentage of these expenses to the revenue.

In quarter 1 of the current year, we invested almost around INR50 crores into capital expenditures, which is predominantly for the purpose of addition of the trucks. With this, our own vehicle capacity has reached to around 86,405 tons as of 30th June. Even after investment of 49 Crores, the debt -- correspondingly the debt is not increased. The debt has increased hardly from INR262 crores to INR274 crores. This is on account of good cash flows from our operations. Considering the increase in costs, including the increase in diesel rates by some of the states post the election, we increased the freight rates from late June.

We increased the rates across all our revenue segments and expecting the improvement in realization by almost around 5% to 6% for the future periods. We're also accelerated -- accelerating the increase in branch network further, especially in untapped market, which will support to increase our growth in tonnage. We are expecting that these branches are having further potential to increase in growth rate in the coming days. On account of expansion in networks, our customer base also we are expecting that it is going to increase further.

Based on the current trend of monsoon season, we are expecting good support in growth in commodities, which were under performed in FY '24. Based on the rate increase in June, the price relations per ton is improved by around 6% with a growth in tonnage by around 7% in the month of July. We are hoping that the same trend is going to continue for the remaining period of the year.

With this initial remark, I request participants to open for question-and-answer session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Amit Dixit from ICICI Securities.

Amit Dixit: I have two questions. The first one is on volume. So were your volumes also impacted due to unavailability of labor in this quarter or was the impact only on cost, as you have an endeavor to keep the volumes intact? And what kind of volume growth should we expect for the full year? That is my first question.

Sunil Nalavadi: Yes, even the volumes have been impacted in the current quarter. See, basically, what happened, there were a lot of delays in the services in some of the key transshipment hubs. That's the reason there were some delay in services. And because of these reasons, we were in a position to stop some of the bookings also in some selective areas. Especially in Delhi and surrounding area, we stopped some -- booking for some short period of time. And because of delay in services also, the customers have approached some of the other service providers also during this period.

Amit Dixit: We expect for this year, sir, as a whole?

- Sunil Nalavadi:** The expectation, again, close to the double digit, what we are expecting. And in the month of July, the trend is, as I already shared, with increase in the freight rates, again, our growth in tonnage growth is around 7% to 8%.
- Amit Dixit:** Okay. The second question is essentially on the other income, the realized profit on the sale of land parcel. So just wanted to understand what kind of land parcel was it? And whether there are some other land parcels also, which might be noncore to business that we might think of divesting?
- Sunil Nalavadi:** Earlier part of this property is even used by that media business also. That's the reason since our dependency or our usage of that property in our operation was very less. That's the reason considering the low dependence on that particular property, we decided to sell it, but there are no such -- some surplus assets, again, which are going to be monetized in the going forward. There are no such assets as of now.
- Moderator:** The next question is from the line of Jainam Shah from Equirus Securities Private Limited.
- Jainam Shah:** Sir, my first question is related to the data point question. So basically, if you can give the lease portion under the depreciation and interest, out of INR61 crores of depreciation and INR23 crores of interest, what was the portion of lease rentals that has been booked in this quarter?
- Sunil Nalavadi:** Yes. With respect to depreciation, it is around INR39 crores and for finance cost is around INR16 crores. These are related to the rental expenses and accounted as depreciation and finance cost on account of Ind AS entries.
- Jainam Shah:** Got it. Got it, sir. And sir, as we have seen that there has been a profitability decrease during the quarter, if we exclude other income, has there been any impact of this on our capex plan for this particular year or we are going ahead with the same capex plan? And maybe for next year also, we might do some similar kind of capex?
- Sunil Nalavadi:** Yes, capex if you considering -- see initially, we did -- in the month of April, actually, we did the capex, but post these disturbances and considering our volume impact, actually we have slowed down on the capex as of now. Again, depending on the movement or growth in the tonnage, again, we will decide to increase those vehicles.
- Jainam Shah:** Got it, sir. And sir, just 1 clarification. In opening remarks, you have told that there has been 5% to 6% realization increase, right? And in July month, the cargo has grown by around 7%. So in total, there could be some 12% to 13% impact in July month. Is this understanding correct?
- Sunil Nalavadi:** Correct.
- Moderator:** The next question is from the line of Mukesh from Avendus Spark.
- Mukesh:** Firstly, on the price hike that you've taken, have you seen this being kind of rolled out across all your customers or the net impact of this 5% would be lower because you might not see all customers accepting that?

- Sunil Nalavadi:** Yes, it is across all our customers. And since we started this exercise in mid of June itself, in the month of July, we saw that the realizations are improved around 6%. So this will continue -- around 6% is going to continue.
- Mukesh:** All right. Okay. And secondly, in your opening remarks, you mentioned that this -- you have given salary hikes starting September '23, so does this quarter have even the prior quarter's impact on the employee cost?
- Sunil Nalavadi:** Yes. In the sense, year-on-year comparison, see last year what happened that was prior to the increments given to the employees. On a year-on-year basis comparison, just I mentioned, the Q1 of last year was before the increments given to the employees.
- Mukesh:** Okay. No, my question is, in this quarter, INR132 crores of employee costs, does this pertain only to this first quarter? Or is there some one-off elements pertaining to the previous quarters, which you have taken in this quarter?
- Sunil Nalavadi:** No, no. It's related to only in the current quarter.
- Mukesh:** Only this? Okay. All right. I understood that. And 1 question on your own vehicles versus hired vehicles. When I look at your comparisons that you've given in your slides, 1Q '25 versus 1Q '24, we see that lorry hire cost has come down by close to 1% point, but when I look at the other costs that have gone up because of owned vehicles, like for example, your vehicle running repairs and maintenance has gone up by about 1.3% increase, even your tires flat have gone up by like 0.7%. So it seems like owning the vehicle is kind of turning out to be more expensive for you than hiring. Ideally, this should not have been the case. So could you kind of explain this, sir?
- Sunil Nalavadi:** Yes. Basically, when it comes to the kilometer-wise, yes, the kilometers dependency on the outside vehicle has come down and that's why the kilometers covered by the owned vehicle increased. The percentage to the revenue is increased because, one, we increased the driver incentive and the driver cost because of some disturbances and even to maintain the drivers at the utmost level. The increase in driver incentive rate, that is another reason why the percentage is increased.
- But if you depend similar kilometer on the outside vehicle, the cost of operation would have been much more than what we are incurring because of the owned vehicles. So that understanding of owing the vehicle is expensive, is not there. It's incorrect, actually.
- Mukesh:** Okay. Okay. So you're saying that even the lorry hired charges have gone up in this last few months because of all these disturbances?
- Sunil Nalavadi:** Exactly.
- Mukesh:** Okay. Okay. Understood. And just last bit, on your new branch addition, 36, you've added in 1Q. It seems like a good number. I mean usually you've trended lower than this. So can we expect this kind of addition going forward as well in the coming quarters?

- Sunil Nalavadi:** Yes. Actually, we are planning to add around 100 branches for the complete full financial year. The number may go up a little bit, but it will not come down. It will not be lesser than that.
- Mukesh:** Okay. Okay. And in the past, you've commented that South has been weak. And obviously, we have a higher exposure to the South. Any change you've seen there, South versus non-South in terms of volume growth?
- Sunil Nalavadi:** Yes. Now see, whatever the 8% growth we did -- around 7% to 8% tonnage growth in Q1, across all regions, the tonnage is growing and even South region also contributing. Now the reason is there are good monsoon season. And last time I mentioned about the textile and agro commodities declined ---performance of those commodities were lesser than the average growth of the tonnage in last year.
- But in this quarter, even those commodities growth is maintaining. So we are hoping that, again, the monsoon period, the entire period almost -- now majority of the portion of the monsoon period is covered, especially in southern states. So we are expecting some good growth in the south region as well.
- Moderator:** The next question is from the line of Vikram Suryavanshi from PhillipCapital.
- Vikram Suryavanshi:** So the price hike, which we have taken, is it sufficient to absorb the cost because the kind of pressure we are highlighting, particularly toll and other, so will it absorb the cost or is there any scope for margin improvement also with this price hike?
- Sunil Nalavadi:** No, in our view, considering the current again, market conditions also, this is enough to take care of whatever increase in expenses as of now. Going forward, if any drastic changes in the expenses, again, we can rethink about the rate.
- Vikram Suryavanshi:** Okay. And in terms of slowdown in capex, so what kind of vehicle addition we can expect for remaining months or in terms of amount we'll spend?
- Sunil Nalavadi:** See, right now, around INR50 crores has been invested in the Q1. And going forward on vehicles, it will be slow down. On vehicle capex, we will wait for at least the next -- current quarter, Q2 also, and based on that, again, we will decide on the capex. But more or less, every quarter, it will not be more than around INR45 crores to INR50 crores, even we start increasing the capex.
- Vikram Suryavanshi:** So around INR200 crores could it be...
- Sunil Nalavadi:** Yes, around INR200 crores capex even in the -- with the normal growth.
- Vikram Suryavanshi:** And any additional for branch -- the kind of 100 branches we are looking so will there be any meaningful capex?
- Sunil Nalavadi:** See, about branches, the capex will not be there, but we are looking for some one or two properties. If those transactions are materialized, then there'll be a capex. Again, there will be further capex apart from this vehicle addition?

- Vikram Suryavanshi:** Understood, sir. But just I think last question about the volume growth we have been talking much, but any chances that we can -- like typically second half is good for transport so you can go back to at least 12%, 14% volume growth or will think that 7%, 8% will be like at least in short term new normal?
- Sunil Nalavadi:** No, 12%, 14% is a little higher side -- since we have increased the rates also. And again, see, we are also having a very positive outlook, but we have to see, but minimum expectation is definitely around 7%, 8% growth is possible. Even close to say 10% is possible, but if anything extra comes, then definitely additional growth, you can say.
- But good thing is now the monsoon season and all is good. And we are expecting that the environment will be across, say, be it agriculture and other stuff where actually we are depending more, especially the textile and cloth materials, now the festive season starts. So we are expecting that there will be a good growth in those commodities.
- Moderator:** The next question is from the line of Lokesh Maru from Nippon India Mutual Funds.
- Lokesh Maru:** I just wanted to understand the hike that we have taken, is it an industry-wide phenomenon? I mean, how are peers reacting to it? Is it just us who has taken this hike? And lastly, how are our customers reacting to this 5% hike? That's all from my side.
- Sunil Nalavadi:** I think across all our commodities was wherever -- see, basically, the rates mainly depends -- we will not define based on the commodities, but we always go with the demand. So for example, wherever, actually, we are expecting some good growth in returned loads, there actually, we compromise in the rates. But effective -- see, we have taken an increase in rates from 5% to 10% in a different, different categories.
- But effectively, the realizations, our increases are almost around 6%-plus in July. So that trend is going to continue.
- Lokesh Maru:** So have our competitors also taken such hikes?
- Sunil Nalavadi:** See, competitors, yes, there are -- in certain cases, yes, competitors also increase the rate. And some people are waiting and depending on -- see, there -- again, their margins are under pressure. So depending on that, again, they may increase the rates. But in our case, what is happening, the competition -- main competitors are, who are the local players, the local geographic player, the route-wise operator, those are the key competitors for us. In that case, most of them actually the moment we increase the rate, again, they will follow and increase the rate.
- Lokesh Maru:** Okay. So there may not be significant sacrifice in volumes for the realizations basically, if local competitors also increase their rates during the same time that is the understanding, right?
- Sunil Nalavadi:** Yes.
- Lokesh Maru:** But 5%, 6% sacrifice of volume is understandable. Is that correct?
- Sunil Nalavadi:** Yes, yes, definitely.

- Moderator:** The next follow-up question is from the line of Jainam Shah from Equirus Securities Private Limited.
- Jainam Shah:** Sir, this question is to our branch expansion. If we see in the last 2 to 3 years, the branch expansion has been on a quite good side. However, the volume contribution from those branches haven't matched up to the branch addition percentage of our total branches. So of course, I understand that penetration in North and other area has not been that great. So what we expect from next? Like how many years it will take to have good penetration to have the volume growth from those branches as good as volume growth of our old branches?
- Sunil Nalavadi:** Yes. Actually, those branches -- see, those rates are -- the growth rate of those branches in tonnage is very high, at least it is around 17%, 18% growth is coming from -- see, because the base level is -- very low. So if we compare with that base level, the growth is almost around -- it is near to 17%, 18%. Even in some cases, 20% growth is coming from the new branches. But it will take at least -- 2 to 3 years that growth will be there, it will continue, then maybe come to the normal growth.
- Jainam Shah:** Got it, sir. Got it. And sir, in terms of this price hike, if we see, if you can just give a detailed volume growth in the month of April, May and June if possible? Like we are having 7%, 8% growth for this quarter, if you have Y-o-Y, which is on a monthly part if that can be very helpful.
- Sunil Nalavadi:** No. Basically, see, April month was good. And again, because of this disturbances, May month, actually, it is muted. It was -- hardly around 2% to 3% growth was there. But again, June, it has come back with a good growth.
- Jainam Shah:** Okay. So sir, can you expect that because of price hike, if June and April were good, then our July month has been at around 7%-plus despite having a good monsoon. Is it because of -- there has been some impact because of price hike, but we are okay with that, given that our margins will be protected because of that?
- Sunil Nalavadi:** Yes. To some extent, the customer initially -- the moment we hike the rate, again -- because we are having the vast number of customers, almost around 9 lakh customers. Some customers -- see, about contractual customers and all, normally we negotiate and we sign up the document. They will not leave us, but wherever in small cases, the mass of the customers actually, temporarily, they may go out of us because of the rate increase. And again, other people also increase the rates or because of service level -- deficiency in service level in other cases, again, they will come back to us.
- Temporarily, that disturbance will be there. And normally, whenever we increase the rates, even in the past historical basis, if we analyze, some of the customers temporarily they leave, again, they will come back. But for a big customer, if you see, say, like top 1,000 customers or top 10,000 customers, they're actually our people. Directly one-to-one interaction will be there. And with agreement only we increase the rates. So that exercise has been already done in the month of June and part of the July also that exercise has been done.
- Moderator:** The next question is from the line of Alok Deora from Motilal Oswal Financial Services Limited.

- Alok Deora:** So most of the questions were answered. Just what could be the volume growth now for FY '26? Because in FY '25, we were expecting to grow at slightly higher number than what you are targeting now because it was a low base and it was a pretty weak year. So now FY '26, what could be the number which we are targeting in terms of tonnage?
- Sunil Nalavadi:** See -- in terms of tonnage growth, see, always every year, at least we expect around 12% to 14% growth because the base has increased now. See, earlier in FY '23 and all, our expectations were around 15%-or-so. Now since base is increased -- but we are putting effort. But in our case, at least -- our target is to grow at least around 12% to 14%, even in coming year, not only FY '25, for any year for that matter.
- Alok Deora:** Got it. And any color you can provide on what could this depreciation look like? I mean, because since you are adding a lot of the warehouses and the physical infra, so how that -- this could look up, I mean, the depre cost, including the lease?
- Sunil Nalavadi:** Basically, see that -- most of the places that exercise has been already done. But only 1 or 2 properties, again, on a lease basis, we are going to add in the current year. So like in Ahmedabad, we are changing this. And again, in 1 or 2 locations, we may look into it. So there will not be much of an impact in depreciation on the lease.
- And moreover, wherever the lease terms have been already crossed, basically, if it crosses more than 50% of the lease term, then what will happen, again, these costs slowly starts coming down. So since in last 1 year -- 1, 1.5 years, we shifted to many locations, that's why the cost is increased. But going forward, it will slow down.
- Alok Deora:** Got it. And I just wanted to understand on the margin side. So assuming we are growing at 12% to 14% in FY '26 so the margins, which have been in the range of, say, 12% to 14% in the last year and even last quarter was specifically low, but what could be the margins then in FY '26?
- Sunil Nalavadi:** Around -- with the rate increases, we are expecting EBITDA should be around 15%, 16% now. So that will continue.
- Alok Deora:** Sure. Just last question, any more rate hikes also you're looking at in -- or it's -- we have taken almost entirely what we are looking to take? Because I think this rate hike was long pending. So have we taken in the -- in phase or we have taken it all in 1 go?
- Sunil Nalavadi:** No. We took all in one go because see, the reason is in last 2 years, we have not increased the freight rates. So that's the reason we approach to each and every customer and at all commodity levels, we have increased the rates. Now based on this current cost structure and whatever -- wherever there were increases in the cost to pass on these costs, actually, we did this.
- Now in future, any drastic change in the cost structure. Then again, we have to look into the rate increase. But until that time, whatever exercises we have done now, that is enough to take care of increase in the expenses.
- Alok Deora:** Sure. Sorry, just one follow-up on that. So the 6% is something which the customers have also agreed to and this is a final blended realization improvement?

Sunil Nalavadi: Yes.

Alok Deora: It's not something which is still under negotiation.

Sunil Nalavadi: No, no, no. It's already realized. See, the slab rates were around 5% to 10%. But out of actual realization in the month of July is around 6%.

Alok Deora: Okay. And that's for the 100% of the customers, including everyone?

Sunil Nalavadi: Yes, yes.

Moderator: Ladies and gentlemen, we will take that as the last question. I would now like to hand the conference over to the management for closing comments.

Sunil Nalavadi: Yes. Thank you. Thank you all participants for their patience hearing. -- there were good interactions, especially on the margins and revenue growth. So as discussed during the call, definitely, we are going to maintain the growth -- and the rate exercise has been already done. So definitely, our margins are going to be improved in the coming days -- again, there is a good environment across, especially about poor monsoons, which was a major concern in the last year that has been resolved. So the environment is good now, and we are expecting good volume growth also in the coming days. With this, I would like to conclude my words. Thank you.

Moderator: On behalf of Motilal Oswal Financial Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.