

# Canadian Utilities Limited

## Third Quarter 2021 Results

### Conference Call Transcript

**Date:** Thursday, October 28, 2021

**Time:** 9:00 AM MT

**Speakers:** **Colin Jackson** - Senior Vice President, Finance, Treasury, Risk & Sustainability  
**Brian Shkrobot** - Executive Vice President and Chief Financial Officer  
**Bob Myles** - Executive Vice President, Corporate Development

**Conference Call Participants:**

**Maurice Choy** RBC Capital Markets – Research Analyst

**Ben Pham** BMO Capital Markets – Senior Analyst

**Linda Ezergailis** TD Securities, Inc. – Managing Director

**Mark Jarvi** CIBC Capital Markets – Research Analyst

**Andrew Kuske** Credit Suisse – Managing Director

**Operator:**

Welcome to the Third Quarter 2021 Results Conference Call for Canadian Utilities Limited.

As a reminder, all participants are in listen-only mode and the conference is being recorded. After the presentation, there will be an opportunity to ask questions.

I would now like to turn the conference over to Mr. Colin Jackson, Senior Vice President, Finance, Treasury, Risk and Sustainability. Please go ahead, Mr. Jackson.

**Colin Jackson:**

Thank you. Good morning, everyone. We're pleased you can join us for the Canadian Utilities Third Quarter 2021 Conference Call.

With me today is Executive Vice President and Chief Financial Officer, Brian Shkrobot, and Executive Vice President, Corporate Development, Bob Myles. Bob leads Canadian Utilities' nonregulated energy infrastructure business. Brian will begin today with some opening comments on recent company developments and our financial results, followed by an overview of our energy infrastructure business and our energy transition strategy from Bob. Following these prepared remarks, we will take questions from the investment community.

Please note that a replay of the conference call and a transcript will be available on our website at [canadianutilities.com](http://canadianutilities.com) and can be found in the Investors section under the heading Events and Presentations.

I'd like to remind you that all our remarks today will include forward-looking statements that are subject to important risks and uncertainties. For more information on these risks and uncertainties, please see the reports filed by Canadian Utilities with the Canadian securities regulators.

Finally, I'd also like to point out that during this presentation we may refer to certain non-GAAP or other financial measures, such as adjusted earnings, adjusted earnings per share, funds generated by operations and capital investment. These measures do not have any standardized meaning under IFRS, and, as a result, they may not be comparable to similar measures presented in other entities.

Now, I'll turn the call over to Brian for his opening remarks.

**Brian Shkrobot:**

Thanks, Colin.

Good morning, everyone. Thank you all very much for joining us today for our Third Quarter 2021 Conference Call.

Canadian Utilities achieved adjusted earnings of \$88 million, or \$0.33 per share, in the third quarter of 2021. This is \$12 million dollars, or \$0.05 per share, higher than the third quarter of 2020. This growth in the third quarter earnings was primarily driven by our LUMA Energy investment and continued strong performance from ATCO Gas Australia.

As we highlighted in the second quarter, LUMA Energy assumed full operation of Puerto Rico's electricity transmission and distribution system under the Supplemental Agreement on June 1, 2021. As such marks the first full quarter of operations for our LUMA Energy investment, driving significant earnings growth for us when compared to the third quarter of 2020.

As a reminder, we will continue to operate under the 18-month Supplemental Agreement until such time that PREPA has concluded its bankruptcy proceedings, at which point we will move directly into the previous executed 15-year operating agreement. While the specific timing for completion of these proceedings is difficult to predict, we continue to expect them to be completed in 2022 and before the completion of the existing 18-month supplemental agreement.

Despite taking on operations of the Puerto Rico electricity transmission and distribution system only five short months ago, we have already made significant and tangible strides. System service quality has improved, safety performance has improved, and we've begun significant system maintenance and repair work which will help support the long-term stability of the system.

There have, however, also been challenges. For example, there have been a number of power outages, particularly in August and September, associated with the lack of sufficient electricity generation. We continue to remind everyone that LUMA is not responsible for electricity generation and that the generation of electricity is the responsibility of PREPA. PREPA has had a number of unplanned and forced outages that unfortunately has resulted in the loss of power to many of our customers.

As with any undertaking of the scale, there will always be challenges and resistance to change, but we remain committed to putting our heads down and working to meet our commitments to all stakeholders, especially the people of Puerto Rico.

Moving on to Australia, our natural gas utility continued to benefit from favourable inflation trends that we saw in the first half of 2021. This upward pressure on CPI, along with a cool and wet winter in Australia that saw natural gas demand rise, resulted in strong third quarter earnings from the business.

On the regulatory front, we continue to gain more certainty and prospectivity heading to the end of the year. In September, the AUC issued its decision on the ATCO Electric Transmission 2020 to 2022 General Tariff Application. This decision set electricity transmissions revenue requirements through 2022 and provided greater certainty for the business heading into the year.

Shifting over to the Pioneer Pipeline, as outlined in our second quarter call, the Commission ruled favourably and approved our acquisition of the line. The AUC also approved our application to transfer the 30-kilometer western segment of the Pioneer Pipeline to Nova Gas Transmission, as this segment is located within NGTL service area. NGTL is waiting approval from the Canadian Energy Regulator to complete this transaction.

We had originally expected this approval to be received in the fourth quarter of this year, but now believe it's more likely to be received in the first quarter of 2022. We do not expect this delay to have any impact on ultimate approval, nor will it impact our earnings or cash flows related to the Pioneer acquisition.

In terms of capital investment, we invested \$252 million in our business in the third quarter of '21. Of this \$250 million, \$217 million were invested in our core utility businesses to ensure the continued generation of stable earnings and reliable cash flows.

In our Energy Infrastructure business, we continued to invest in our energy transition strategy in the third quarter. This included an announcement in the renewable natural gas space with our future fuel's opportunity and the acquisition of development rights for three solar developments in Alberta: our Empress, Deerfoot and Barlow projects. As we see these developments through to completion and the commencement of operations in 2022, we will simultaneously explore further opportunities in both renewable energy generation and clean fuel streams of our larger energy transition strategy.

To speak more to this strategy and our Energy Infrastructure business overall, I'll turn the call over to Bob Myles, Executive Vice President, Corporate Development.

**Bob Myles:**

Thank you, Brian.

Good morning, everyone. As Brian indicated, energy transition is a key component of our growth strategy and the driving force behind many of our recent project announcements. Before I jump into the

specifics of some of these recent announcements, I wanted to provide a quick overview of our energy transition strategy. This strategy can be broken down into three key components: renewable generation, clean fuels, and energy storage.

Overall, our energy transition strategy is focused on increasing Canadian Utilities' prominence in the transition to cleaner, lower-emitting sources of energy as part of global decarbonization goals. This includes actively seeking out opportunities that capitalize on the key trends shaping global energy markets, notably decarbonization. Our knowledge and experience across the energy value chain, and our strong commitment and corporate values, provides us to drive value for our customers.

As Brian alluded to in his capital discussion, we made significant progress on the renewable generation leg of this strategy in the third quarter with the announcement of three new solar developments. Once completed, these developments are expected to generate enough renewable electricity to power more than 29,000 homes and offset 111,000 tons of carbon a year. Acquiring these shovel ready projects allows us to quickly execute on low-risk solar developments, establishing credibility with our customers and generating cash and earnings starting in 2022.

Collectively, these projects represent a significant step forward in the build out of our renewable generation portfolio, and more importantly, will help our customers decarbonize their own operations through improved access to renewable energy in the Alberta market. While these specific investments are located in Alberta, our renewable generation strategy is global, and we continue to assess similar investments in other jurisdictions.

Additionally, bite sized and rapidly executable projects like these provide near-term earnings and cash flow growth while we continue to pursue larger and longer lead-time initiatives, including commercial scale hydrogen production.

Shifting to the Clean Fuels component of our strategy, we continue to view hydrogen and renewable natural gas as critical players in the successful decarbonization of our energy system over the longer term. In addition to their primary emission reduction benefits, hydrogen and renewable natural gas have the potential to utilize existing natural gas infrastructure in North America, reducing both the time and cost requirements of decarbonization and the energy transition.

Many of you will recall us speaking about our renewable natural gas project near Two Hills, Alberta. This facility will utilize organic and agricultural waste from nearby communities to produce approximately 230,000 gigajoules per year of RNG, enough renewable natural gas to fuel 2,500 homes.

While the scale of this project is smaller than some of the hydrogen opportunities we're pursuing, and will discuss momentarily, this project and others like it are critical to our larger clean fuel strategy. It

serves as a blueprint for other rapid executable projects in various jurisdictions, and similar to our solar opportunities, provides near-term earnings and cash flows to support the ongoing development of larger initiatives.

Pushing further on to the horizon, we continue to advance our previously announced hydrogen projects in Canada and Australia. This includes both our near-term blending projects and the longer-term development of our hydrogen production facilities. While we can't provide specific details at this time, planning and early engineering for the development of our clean hydrogen production facility at ATCO's Heartland Energy Centre with Suncor continues to progress.

We are also working closely with provincial and federal governments to explore de-risking opportunities for this project and to ensure that sufficient support structures are in place for a project of this scale to be successful. This project will significantly advance Alberta's hydrogen strategy and Canada's net-zero ambitions as a whole. Once completed, this world-class project is expected to produce more than 300,000 tons per year of clean hydrogen and reduce Alberta's CO2 emissions by more than 2 million tons per year.

In Australia, we continue to advance Western Australia's first commercial scale green hydrogen production facility in conjunction with our joint venture partner, Australian Gas Infrastructure Group, referred to as the Clean Energy Innovation Park. With the planned 10-megawatt electrolyzer, this park will be capable of producing up to 4.6 tons of hydrogen per day and will utilize renewable power from an existing co-located 180-megawatt wind farm. This park will also house related storage infrastructure and provide delivery to the natural gas system injection points and developing transportation and power applications.

Lastly, I wanted to briefly touch on the importance of energy storage in our existing portfolio and our overall energy transition strategy. While energy storage is critical to the existing operations of our energy system, we believe its importance will grow as the world decarbonizes. Energy storage is a key piece of the puzzle as we look to develop industrial scale clean hydrogen; it supports the diversification of industry within the province, including support for our critical petrochemical industry; and it helps support peaking electricity demand as intermittent renewables make up a larger and larger component of our generation systems.

I'll now pass the call over to Brian for any final comments.

**Brian Shkrobot:**

Thank you, Bob.

As these ongoing initiatives highlight, decarbonization, not only for our operations, but for our customer operations through improved access to clean energy, is a key growth area for our business. Across our segments, we're invested in projects now that allow us to further expertise and expand our market reach as energy transition objectives globally continue to mature. This will help us ensure that we continue to be leaders in the key energy spaces, including hydrogen and renewable natural gas, and that we have a seat at the table on key energy transition topics moving forward.

All in all, Canadian Utilities carried momentum from the first half of 2021 into a strong third quarter, and we'll continue to drive for top tier performance as we look to close out the 2021 year.

That concludes my prepared remarks, and I will now turn the call back to Colin.

**Colin Jackson:**

Thank you, Bob and Brian.

In the interest of time, we ask that you limit yourself to two questions. If you have additional questions, you're welcome to rejoin the queue. I will turn it back over to the conference coordinator now for questions.

**Operator:**

Thank you. We will now begin the question-and-answer session.

The first question comes from Maurice Choy with RBC Capital Markets. Please go ahead.

**Maurice Choy:**

Thank you, and good morning.

My first question is just picking up on the solar development projects; you've announced three so far. Can you help us quantify what the total construction costs is? And more broadly, as Bob alluded to, there's obviously a wide-ranging amount of opportunities on any transition. Is there a preferred level, let's call it percentage of earnings, that you like these renewables, the clean fuels as well as energy storage, to represent in your total earnings?

**Brian Shkrobot:**

Thank you, Maurice, for your question. I'll start it off, and I'll turn it over to Bob.

As for capital investment, I think Bob alluded to that we're just in the stages of completing more of our detailed engineering and assessments. In terms of earnings, as I mentioned before, we look to contract

a good portion of our production out of these facilities, and that kind of alludes to the type of returns we're looking for. We're looking for stable earnings, a less exposure to merchant.

When you look at our utility earnings, in terms of the risk levels, obviously, the solars might carry a little bit more risk, but with the merchant exposure low, again, it would be kind of comparable to what we would have in our utility space.

Maybe with that, I'll turn it over to Bob, just to give a little more detail on the capital and where they're at in terms of the project execution, and then kind of how that fits in the overall strategy.

**Bob Myles:**

Sure. Thanks, Brian, and thanks for that, Maurice.

A couple comments I'd make. One is this. Strategically, what we're trying to do in our energy transition strategy is keep a balance between those three pillars, being energy storage, renewables, and clean fuels. But what we're seeing is that the size of our clean fuel's hydrogen projects are significantly more than in some of the other pillars. We're going to see over the longer-term horizon, probably the earnings driven from our hydrogen projects will drive higher earnings, just from the size of the projects.

With regards to specifically on these solar projects, we're still in the development of our capital estimates. We're still a ways away from finalizing that, but we're having pretty extensive discussions with off-takers for the solar power from these facilities. It has been very, very encouraging discussions to date.

**Maurice Choy:**

Just to follow up on that question, is there a targeted mix between utilities and, let's call it, energy transition-type investments that you're targeting over the long term?

**Brian Shkrobot:**

Yes, I guess in terms of targeting, we were looking to diversify; clean energy and energy transition is definitely part of our long-term growth strategy as we look to diversify. As Bob mentioned in his opening remarks, there is significant opportunities for Canadian Utilities to play a lead role in the energy transition. I think what you see in the third quarter, some of the projects that have kicked off, is just examples of us executing on that strategy.

We have a number of bite-sized projects that are shovel ready that, as Bob mentioned, is nicely fitting in to the gap between our longer-lead projects such as the hydrogen development and Central West Pumped Hydro, so it's a balance, and we'll be optimistic as well as opportunities rise. But, again, other than the guidance to say that I think we would look to continue to expand the clean fuels and renewable



energy part of our portfolio and have the proper balance between, I guess, long-term contracted opportunities with that longer-lead in green development projects.

**Maurice Choy:**

Understood. Maybe just to finish off, as I think about the vast opportunities that you obviously have. Are you funding everything pretty much just on your balance sheet, or are you seeking to recycle some of these capital on the assets? Or are you finding other ways to fund this? How should I think about how big of a capital use you seek to invest here?

**Brian Shkrobot:**

Yes, great question. In the short term, we'd look to kind of balance-sheet finance these projects, but we've looked to wrap it up later on with some other financing vehicles once we get some scale and look to project finance a good chunk of these projects. In the meantime, we have ample cash balances to deploy, and credit facilities, to fund the short-term nature. But yes, we would look to find financing vehicles that would kind of marry up with the long-term contractibility of these projects.

**Maurice Choy:**

Thank you very much.

**Operator:**

The next question comes from Ben Pham with BMO. Please go ahead.

**Ben Pham:**

Hi. Thanks. A couple questions on the carbon project.

Do you think the carbon opportunity in Alberta, that whole value chain, it's just going to be so robust that it's mostly a winner's market share situation? You expect winners and losers out of this, and how do you or someone else differentiate that project for setters?

**Brian Shkrobot:**

Yes, great question, Ben. Maybe what I'll do is I'll pass that question over to Bob.

**Bob Myles:**

Thanks, Ben.

My view on that is I think there are significant opportunities in Alberta. But as we indicated in our announcement back in May with our partnership with Suncor, there are a number of things have to happen and get resolved, whether it's the regulatory environment, the carbon emissions regulations,

things like that have to occur to allow these projects to proceed. I think that's the first thing that really has to get resolved, and we're spending a lot of time working in that area.

I'd say the other thing is we as industry really have to come together and partner on some of these opportunities. I think you're seeing a lot of that happening now. I think you need to see more of that going forward. I think there's great opportunities, but there's still work to be done.

**Ben Pham:**

Okay, that's great. Those are my two questions. Thank you.

**Operator:**

The next question comes from Linda Ezergailis with TD Securities. Please go ahead.

**Linda Ezergailis:**

Thank you. Just a follow-up question on your partnership with Suncor.

Is it possible to provide, realizing that there might be a very large range, what the bookends of the size of the investment might be, not just as a function of the project itself, but also maybe depending on what level of ownership range you would consider, whether it be solely with Suncor, or potentially bringing other partners in including potentially the Government? Can you talk about what might be possible in terms of magnitude? That would be very helpful.

**Bob Myles:**

Sure, Linda. I'll take that. Bob here.

I think you hit exactly on the points that we're pursuing within industry right now. This project we announced with Suncor is a multi-billion dollar project, but we're already having discussions with other parties around how we can combine it with other initiatives that are being pursued in the industry. That to me is very encouraging, that we're working together. I can't tell you that we have anything fully defined as of yet, but discussions are occurring as we speak.

**Linda Ezergailis:**

Thank you. Just to understand the timeline of milestones, recognizing that it would be great if you could get FID by 2024. When might we see certain milestones have to be met in order to achieve that timeline? If you could give us any sense of what you think might be possible in terms of getting regulatory certainty from the governments, for example, when might you need to potentially lock in those commercial attributes even just conceptually in order to reach that, realizing there's a lot of complexity in the various work streams. Any sort of understanding of how this might progress would be very helpful.

**Bob Myles:**

Yes, Linda. We have a very detailed plan for this project. But you're absolutely correct: 2024 is when we set—beginning of 2024 for when we need to have our final investment decision. That's just to allow us sufficient time to have construction completed by the end of 2027. That's the timeline we have, and so I do think it's achievable. But from now to 2024, we've got a very detailed plan of things that have to happen. We're working with other parties.

Going back to your first question, one of the challenges around trying to involve too many parties in a project is we have to lock down the project and the design in order for us to hit our 2027 construction date, so that's one of the challenges we have. We've had a lot of great discussions with governments. I think there's a lot of support. Obviously, the election that we had federally kind of put things a little bit on hold until the outcome of that happened. But discussions are already happening again with government, so I'm encouraged that we're going to be able to do that.

But we have decision points; it's not just waiting until 2024. There are things that are happening throughout that process that we want to be able to determine before we proceed.

Hopefully that helps, Linda.

**Linda Ezergailis:**

Yes, thank you. It gives us some better understanding. As a follow-up question more broad beyond that specific project, I'm wondering how you might think of accelerating potentially your energy transition journey by considering acquisitions, whether it be to acquire certain capabilities in certain new technologies or geographies, or just outright achieving scale. I guess it alludes a bit to an earlier question around business, long term, what might be possible.

**Bob Myles:**

Linda, Bob here again.

I agree that that's something we're definitely evaluating as acquisitions. I would say just though with regards to technology, we are really agnostic on technology. We want to be open minded to all different technologies, and whatever the best technology is, we'll pursue it. Even if you take a look at our project with Suncor, we're very willing to look at different technologies as long as it's providing a clean hydrogen at the end of the day. But with regards to advancing our energy transition strategy, we are considering acquisitions in that process as well.

**Linda Ezergailis:**

Thank you. Any sort of guardrails around what might be possible in terms of scale or risk attributes?

**Brian Shkrobot:**

Maybe I'll take that one, Linda.

In terms of scale, in addition to pursuing organic growth, I think opportunistic M&A is helpful. I think for scale, we want to make sure it's balanced with our overall portfolio of investments. I don't know if I can give you a lot of guidance on that. I don't think we'd be looking at large acquisition; it would have to be something very strategic. But we think there's a lot of bite-size M&A out there that can be very supportive for our strategy.

**Linda Ezergailis:**

That's helpful. Thank you.

**Operator:**

The next question comes from Mark Jarvi with CIBC Capital Markets. Please go ahead.

**Mark Jarvi:**

Thanks. Good morning, everyone.

Maybe to continue on with the clean energy initiatives. You talked about the acquisitions, the ongoing efforts in Alberta. Just updated views in terms of organic growth opportunities on clean energy, whether it's renewables, RNG outside of Canada, whether it's Australia, the US or Latin America. Is that something we should be anticipating? Will there be more announcements in coming quarters, or is that something you feel like it's going to take a while to sort of bring about?

**Brian Shkrobot:**

Maybe I'll start off, and I'll turn over the Bob.

But yes, we are looking at other jurisdictions. But with that, we want to be very focused. We don't want to spread ourselves too broad, and really focus on those markets that we see value and support of regulatory and government support.

Maybe with that, Bob, any further to add?

**Bob Myles:**

Sure, Mark. I agree totally with what Brian just said. We really need to stay focused, but we're spending a lot of time right now not only looking at, I'm going to call it, our own backyard here in Canada but also in Chile and in Australia. A lot of efforts are going into evaluating our energy transition in the areas of clean fuels and renewables in both of those jurisdictions.

**Mark Jarvi:**

Got it. Then maybe just a more detailed question on the Australian distribution utility. You highlighted a couple of factors that drove the year-over-year results. Can you kind of split that apart in terms of the inflation adjusted impacts versus sort of volume on favourable weather? Then maybe just broadly how you're seeing that business evolve; it seems it was slowing a little bit, but now just curious on connections and growth outlook for that business on top of ROE potential.

**Brian Shkrobot:**

Yes, certainly, I could do that.

I think we referenced that in our second quarter call where we saw the, I guess, positive development on returned to more stable levels of CPI for Australia. Just for information: every 10 basis points translates to about \$1 million. Year-to-date, I think we're up about \$6 million related to kind of the positive CPI development. The rest of the earnings increase is really driven by that low growth. We are seeing very favourable growth in demand for gas in Australia.

Beyond that, I think we're going to continue to see, hopefully, continued gas growth in terms of demand. We have an Access Arrangement that's coming up in a couple of years that we'll have to pay attention to, including a kind of a cost of capital review. That's a lot of part of our business right now is going to be focusing on getting prepared for that next Access Arrangement.

**Mark Jarvi:**

That's helpful. Thanks for taking my questions.

**Operator:**

The next question comes from Andrew Kuske with Credit Suisse. Please go ahead.

**Andrew Kuske:**

Thank you. Good morning.

I know it's a small part of the business, but it's a big opportunity, and you've got an interesting position in both Australia and Canada on the hydrogen side. Maybe you could just give us a bit of perspective on the framework positioning that both of the countries have? Maybe this applies to both baseball and cricket, so what inning do you believe each country's in for development of hydrogen strategies? And really, how does that translate through to CU at the end?

**Bob Myles:**

Andrew, Bob here.

That's a very interesting question. I have to think about it, but I would say that Australia's been pursuing—and I'm going to use the renewable generation, I know that wasn't your question, but I'm going to start with that, because they've been pursuing renewable generation much longer than we have in Canada, and with that comes clean hydrogen in the form of green hydrogen. I'd say they've been looking at this longer than Canada has, but I would say from what I'm seeing is Canada's going a lot faster than Australia is right now.

Part of me feels that we're actually pulling ahead in Canada. Also, spending a lot of time looking at different export opportunities for hydrogen, for ammonia, and looking at Southeast Asia. Not to get into the weeds on this, but when you look at Australia, it's definitely closer to Southeast Asia. But there's incredible amounts of interest from Southeast Asia into the Canada hydrogen market right now. I think a lot of it is because of the pace at which we're developing hydrogen projects here in Canada.

I'd like to think that, going back to your baseball—I'll use baseball, not cricket. But to use your baseball analogy, I'd say that Canada is probably getting into the later parts of the game and I'd still say Australia is still early on with regards to larger projects. Hopefully that helps.

**Andrew Kuske:**

That does. That's very helpful context. The follow up is really to Brian. From a top of the house view, when you think of some of these energy transition business opportunities that exists, generally from a market standpoint they garner higher multiple. How do you think about just this dynamic of these businesses providing incremental growth where growth hasn't really been there in the last few years from a top of the house perspective to the same degree as it was in the past? There's also higher multiple growth, so I guess, how do you think about just capital being allocated to these businesses in that kind of context?

**Brian Shkrobot:**

Yes, no, great question. I agree with you that we do see these opportunities attracting higher multiples, and, I think, foundationally, we keep our house clean in terms of having a very strong, stable and foundational business in the utilities that drive good returns and cash flows that give us the opportunity to invest in this energy transition. As Bob alluded to, again, I think there's ample opportunities.

We're going to stay very focused and make sure that we approach these opportunities with a balance; when we look to contract some of the production, that we have a right balance, long contracted off takes, and really see us conserving cash but have decent growth in our utility business, but really put that growth into these energy transition. Again, I think there's ample opportunity there, and I suggest it's very similar to what you see it, I think it drives higher multiples down the road. I think there's great opportunities in front of us for Canadian Utilities.

**Andrew Kuske:**

Okay, that's great. Thank you very much.

**Operator:**

This concludes the question-and-answer session. I would like to turn the conference back over to Mr. Colin Jackson for any closing remarks.

**Colin Jackson:**

Thank you, Operator.

Thank you all for participating today. We appreciate your interest in Canadian Utilities, and we look forward to speaking with you again soon.

I will turn it back to the Operator.

**Operator:**

Thank you. This concludes today's conference call. You may disconnect your lines. Thank you for participating and have a pleasant day.