"Take Solutions Q1 FY-17 Earnings Conference Call"

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MODERATOR: **MR. SAGAR RASTOGI- AMBIT CAPITAL**

Moderator: Ladies and gentlemen good day and welcome to the Take Solutions Q1 FY17 Earnings Conference Call hosted by Ambit Capital. As a reminder all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. If you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sagar Rastogi from Ambit Capital. Thank you and over to you Mr. Rastogi.

Sagar Rastogi: Thanks Aman. We welcome you to the June 2016 earnings call of Take Solutions. We have with us the senior management team led by Mr. Srinivasan-Vice Chairman and Managing Director. I will now hand the conference over to him for opening remarks following which we will open the call for Q&A. Over to you Sri.

Srinivasan H.R: Thank you Sagar. Good afternoon ladies and gentlemen on the call, happy to be addressing this Quarter 1 call for FY17. It's been a very good start to the financial year for us. But it's very important for me to context the numbers. I'm going to do it in two parts. I'm going to look at what happened organically which is Take's legacy business and then I'm going to deal with Ecron Acunova which is a business that we acquired during Q4 of last year as a separate. If you look at our legacy business, the revenues have grown from 228.6 crores to 281 crores, which is 23.2% increase year-on-year and sequentially its 4.3% increase. Similarly, our EBITDA margins organically have grown about 31.5% year-on-year and 6.2% sequentially. Overall, however, we've registered only 1.8% revenue growth quarter-on-quarter while it's 39% year-on-year because investors may recall that last year we had one-off income on disposal of shares in a subsidiary which led to other income component of close to 18 crores, just to context that. We've had very strong improvement in our organic profit margins.

The other highlights of the quarter were that Ecron Acunova, the new subsidiary of ours had a very successful US FDA audit big zero observations. We participated at the DIA conference in Philadelphia and there were three new offerings that were launched. The client addition has been about 20 during the quarter. I have to however context the Ecron Acunova performance; for the quarter we did revenues of close to 37 crores vis-à-vis a business of 42 crores for Q4 of last year which was our first quarter of consolidation. But you will have to context these numbers with Q1 of Ecron Acunova for FY16 where the revenue was 27 crores; so if you look at it year-on-year they've grown close to 40% in revenue terms. For us it is very important to focus on the revenue goals of Ecron Acunova because only when we add scale will there be any significant improvement in margins and profitability. During the quarter, however, Ecron Acunova reported a loss or negative EBITDA of 2 crores, but this was kind of planned. So we closed five offices in Spain, Canada, Italy, Malaysia and Czechoslovakia. So there was a onetime cost that impacted the profitability. Besides that we've added a lot of management strength and leadership strength there; we had six high-power leaders joining the business so the cost went up. But you will see the impact of these during H2 of the year. I had already during previous conversations said that we expect H1 to be soft to Ecron Acunova but H2 will be very strong and we hope to have an exit margin which is in Q4 of—may be very healthy exit margin—at that point of time.

So overall I think the organic business of Take has delivered a very strong positive growth momentum. There have been client additions that have happened which are, most of them, in small and medium pharma space. We've brought some new offerings to fore. There was a marginal degrowth of course in the supply chain business, so for Take that was again on expected lines but nothing to majorly worry about. So that's where the overall business scenario stands.

In terms of geography, I think US has been very strong. So we are about 81.2% businesses in the US and 11.2% in Asia, about 7.6% largely Europe. Europe demand has been a bit soft but we expect it to strengthen by H2 of this year. Life-science was about 77% of our revenues. For the first time HCM came below 20% but we expect this trend to continue. There was a $5 million growth in the order book, all of it in the life sciences segment and which is again good beginning on a fairly large base that we had already accumulated at the end of 31-3. No major movement on the balance sheet side. The debtors cycle improved by just one day so we are at 98 days of debtors. The important point to mention maybe that Take found place in the recent Gartner report, Hype cycle for life sciences R&D, so that's one more recognition of the quality of work that we are doing. Also to note is that we did a QIP for 180 crores in the last couple of weeks though it's not pertaining to the quarter, it's a data point that you must know. With this I am going to ask Ram, my colleague, President and CEO, to elaborate a bit on the life sciences business of the company. Over to you Ram.

Ram Yeleswarapu: Thank you Sri. Good afternoon everybody. During the quarter we have certainly stepped up on the intensity of our internal collaboration. We continue to make significant efforts to better understand the buying patterns of our customers. As you would note, we've been servicing global biopharmaceuticals and medical device companies across several geographies, notably in the US and Europe. There is a significant opportunity. Our capabilities that we have built out are fully aligned to some of these customers and their investments which they are making. So certainly trying to understand the buying patterns of these customers is extremely beneficial and we're certainly seeing the results. Simultaneously, we are also getting enormous clarity and crossed an up-sell opportunities to these customers and identifying these opportunities across segmentation of customers. The small and medium businesses have one way of working with someone like us; the large customers have a different mechanism. But as a company we have come to understand that nuances involved in each of these different segments of customers.

Our order book position in the Life Sciences segment indicates the momentum we are enjoying currently. Marketing efforts just dwelling upon a little bit of that; very clearly I think there has been a significant presence - in fact an uptake in our presentation or involvement in certain significant event around the globe. And notably the recently concluded Annual Drug Information Association in Philadelphia was high traffic event for us in terms of the launch of new solutions and excitement; we essentially created the prospects in the customers. So these marketing efforts on a global basis maybe giving us a desire branding in visibility. We are of course a knowledge company and the customers we work with are truly appreciative of some of these skills we bring to the table. So as knowledge partners certainly we are bringing tremendous value and very superior outcome to the customers and number of these conversations are afoot and again this is very clearly reflected in the growing order book and our very attractive pipeline. As Sri mentioned earlier, we certainly got mentioned by Gartner, and we are very actively engaged with Gartner to pursuing several interesting conversations at the moment. While we recently got mentioned in just one area we are certainly excited with the prospects of making it to several more; we are having several conversations actually. We have certainly hopeful that we would get included in the pool vendor listing and on the Magic Quadrants of Gartner.

During quarter we won a breakthrough deal with one of the largest buyer pharmaceutical companies. This is in the clinical data aggregation space. We probably mentioned this earlier. The entire clinical data aggregation space is currently devoid of a technology platform or a solution. The platform or the solution we are talking about is extremely exciting from that point of view, hugely differentiated in the marketplace. It has the potential to solve several business issues for our customers.

We also won a deal in healthcare data analysis with health consumer services in the US, very exciting for the first time and we are excited as the prospects of growing this significantly as we look ahead. Very clear that the company like us has to have innovation in IP front and center to our strategy. We are extremely excited about new IP-based solution that we launched along with our desire to create data assets to complement the talent pool that we have created and industry network that we already possess. That would be the third axis or the dimension we would like to add to our mix of solutions and services to our customers.

We continue to work on a pipeline of IP creation opportunities across a number of functional areas. These initiatives are completely reported and substantiated with the needs in the market. The market is experiencing a significant and an intense push by global regulators demanding extra compliance, extra transparency. These are certainly drivers of growth. The market has paucity of adequate solutions, affective solutions… so we are making up for more of those things as we build additional IP assets. And of course we have a very holistic view of the building blocks or the pre-approval and the post approval phases of drug development. We sincerely believe that our holistic view of the industry and a clear insight into the direction is critical for us to continue to deliver superior outcome store customers which we are constantly trying to accomplish.

We have discussed IDMP in the past; IDMP continues to be a significant opportunity out in the market place. Once again just to refresh your memory; IDMP has been a European initiative and continues to be and will continue to be for the next several years. We are also extremely hopeful that there will be a variant of IDMP that will be mandated by the US FDA as well. We of course have a range of new offerings. We have embarked on a very ambitious end-to-end labeling process for the industry. Labeling is a huge compliance issue currently for customers on a global basis. Essentially looking at labeling intelligence, deviation management in labels between what the company's old data sheets have to say, versus affiliates have to fundamentally reflect in the local countries, for each drug for each dosage - it's a massive challenge for the industry that they are grappling with. There is no comprehensive technology solution or a platform available currently. We are extremely pleased to state that we are embarked on a very ambitious program to launch an end-to-end labeling solutions for the industry as well. So we of course have a full range capability, as we have mentioned, covering the functionalities of clinical, regulatory and safety comprehensively represented and take into market with our strategic consulting, our technology solutions and functional service capabilities. And very clearly, our strategy is aligned to the opportunities that are available in the industry. Trends in the industry are gearing towards therapeutic focus on oncology and some rare diseases. As a company we have specialized capabilities in some of these areas and will continue to add to that skill-set. We're also very clearly embarked on the healthcare side of things, the real world evidence that of the rational studies result or yield which have a tremendous impact of clinical R&D. So not only are we watching carefully and participating with customers on core clinical R&D, but we are also looking at real world evidence generated by the healthcare environment. How to connect and close the loops between these two factors will essentially propel some significant launch of new solutions and services and we are certainly very very excited.

Lastly, technology refresh; we are certainly catching the waves. A number of desperate systems exist out there. Customers are struggling right now to kind of make them all work and yield results. This is inhibiting our customers from gaining operational scale. There are non-compliant, outdated legacy systems in many cases and interoperability is a challenge as well. As a company we are striving hard to be at the intersection of all of these different opportunities and we are trying to chase the opportunities at this point. There is a virtualization aspect in the biopharma industry; I want to dwell upon that briefly. There is an element of the small to medium companies, essentially becoming and being extremely virtual, allowing for someone like us to be a one-stop shop of a range of services for them. We are extremely excited that we have the capabilities and the skills to address the small and medium segment. And outsourcing penetration rates for the large companies continue to be inching upwards, still predominantly much of this is done on campuses, resulting in potential outsourcing over a period of time that we are extremely excited about. With that I would like to conclude.

Srinivasan H.R: Thank you ram. Once again thank you for listening in on this and the management team at Take is happy to take any questions you may have.

Moderator: Thank you very much. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Madhu Babu from Centrum Broking. Please go ahead.

Madhu Babu: Could you talk about the large deal which is supposed to ramp up from 2Q, how is the progress there?

Srinivasan: So the one that we won we have started execution in early July and I had mentioned that deal was to commence from the 1st of July. We started a few days after that, so that is ongoing. The other deal, there is no closure on that yet but we are hoping that between Q2 and Q3 we will certainly line up with one more large deal. But the one that's already operational you should see the impact of that in the numbers of Q2.

Madhu Babu: What would be the quarterly revenue for Q2 approximately from that large deal?

Srinivasan: At this stage I would say it will be a couple of million dollars at least.

Madhu Babu: How should we see margins I think Ecron has obviously made losses for the quarter, so would we see 2-3 quarters of margins like range bound at this level and before it actually picks up?

Srinivasan: So our own margins which is Take’s legacy business which is now at about 22.4% should hover somewhere in 22.5% or more closer to the 23% range by end of the year - that would be our exit EBITDA. In case of Ecron, in Q2 it will be soft, it would be a loss but it may be a marginal profit or so. But Q3 onwards you should see an uptake and we are aiming for an 18% kind of exit margin in March ‘17.

Madhu Babu: How is the cross selling playing out for Ecron portfolio?

Ram Yeleswarapu: Certainly I think a number of activities are happening on the ground; we are creating account plans, trying to create heat maps for each account on a global basis. And very interesting opportunities are certainly arising out of these internal conversations. As I mentioned, opportunities for collaboration and for cross and up-sell are very high. Our initial findings are, we are coming across some significant opportunities where Ecron Acunova has been servicing their customers, but not necessarily obviously selling any of the Take services or solutions earlier. But significant outsourcing potential opportunities do exist within these accounts and we are looking at those very keenly. Of course, technology enablement is something we can assist these customers with as well. So a multitude of things at the intersection at this point, a number of conversations that are happening as we speak on a global basis and we are very excited with these filings.

Madhu Babu: About the QIP allocation, how the capital allocation? Would we reduce our debt component or would there be fresh investments in some IP or something like that?

Srinivasan H. R: There will be one component to debt reduction and one component to investment in Ecron Acunova that we had already guided earlier. And of course increase in working capital in general purposes, the working capital in the company will go up. That's the allocation.

Moderator: Thank you. The next question is from the line of Mudit Painuly from Max Life. Please go ahead.

Mudit Painuly: You said your order book has increased by $5 million in the life sciences business; so what would be the total order book as of now and what was it four quarters back?

Srinivasan H. R: As of now the order book is about 108 million, four quarters back I will get that data point in a bit.

Mudit Painuly: My second question was - you said Ecron would have exit margin of 18% while even in the second quarter it will probably having a loss, so what will be a key driver for such a big jump in margins basically there?

Srinivasan H. R: First I did not say that second quarter will be a loss.

Mudit Painuly: I heard you said Ecron maybe either a small loss or marginal profit in 2Q.

Srinivasan H. R: No, I said it will be breakeven or marginal profit in Q2. So question of loss I don't think arises in Q2. You have to understand what happened now; there have been several one-time costs that we had to take for example closure of offices. Now we have closed offices in Spain, Czechoslovakia and Italy which are primarily European countries and not easy to close offices in. So there are several one-time costs associated with it. Then when you build leadership, especially sales leadership if since you've been a part of earlier conversations you know that it was important to make the sales engine of Ecron Acunova fire and for that investments have to come up front. We made those investments as soon as we did the acquisition, so you would see that even in Q1 revenue vis-à-vis their Q1 of last year has been substantially higher albeit on the smaller base. So it's important to address the revenue function first and then the margin function automatically gets addressed. You can't address the margin function without addressing the revenue line and that's what we have been trying to do so. I think the second-half of the year, based on the order that we have, looks very promising and that would lead to an expansion of margin. Second, a number of technology initiatives that we are taking in that will also lead to margin expansion.

Mudit Painuly: After the debt rundown by QIP proceeds is there any debt left? Would there be any debt left in the balance sheet?

Srinivasan H. R: Yes, there will be because the debt is in two parts. There is some Indian debt which we took for the acquisition which we will run down with the QIP proceeds. But otherwise the other debt is a term loan in dollar-denominated term loan which is cheap, so you can pay it out of our internal approvals. There is no hurry to return that debt.

Mudit Painuly: What will be the quantum of the dollar-denominated debt?

Srinivasan H. R: It is $8 million long-term and $20 million odd short term.

Mudit Painuly: Just in fact order book question if you could answer later maybe.

Srinivasan H. R: It is $76 million.

Moderator: Thank you. The next question is from the line of Aimee Truesdale from Jupiter Asset Management. Please go ahead.

Aimee Truesdale: The legacy supply chain business, what is the plan with that? I gather that there has been cut back?

Srinivasan H. R: It is not cut back, but this quarter it had a de-growth of about 2%.

Aimee Truesdale: What is the plan for that in the future?

Srinivasan H. R: We are looking at divesting that business and so we are currently examining opportunities for finding the right house at the right price for that business and we will deploy the capital back into the life sciences business.

Aimee Truesdale: Do you have any shareholder return parameters so what you do with the cash in terms of shareholders?

Srinivasan H. R: In terms of dividend?

Aimee Truesdale: Yes.

Srinivasan H. R: Our current payout ratio is close to 20%, so we are going to maintain that. The money that comes from the exit of the supply chain business we'd obviously like to use that to grow the life sciences business.

Aimee Truesdale: My understanding is the new categories are functional services and technology services; can you provide numbers in previous period in comparison to how it is put now?

Srinivasan H. R: Primarily to reflect our continued focus on life sciences, we wanted to reclassify the segments which we have been using to follow MIS. So at the moment the functional services bit is the larger piece in Q1 - that's about 55% and 27% comes from the technology business.

Aimee Truesdale: What is contained in this segment?

Srinivasan H. R: Functional services are services that we provide using either knowledge or technology. So, for example, if we make a regulatory submission for a customer that would be a functional service. If we do an aggregate safety reporting then that would be a functional service, those are nuances of functional services. Those are long-term sticky businesses in the company. The contracts are usually done for several years and the nature of the business is very sticky.

Moderator: Thank you. We have a next question is from the line of Deepak Rao from Julius Baer. Please go ahead.

Deepak Rao: I wanted to understand what exactly entails functional services? Is it time and material? What are the skills required? Is it a KPO kind of business? What do you actually do there?

Srinivasan H. R: I will answer one part of the question and get Ram to give more nuances. First it is not a time and material business. All our bids are generally fixed with projects. I don't know what KPO means so I'm not going to get into classifying it but I will rather explain what we do.

Ram Yeleswarapu: In the industry there are three core services which are not IT services. These are more with the building blocks of drug development. Things like what Sri had mentioned which is ensuring regulatory publishing services for both innovated products as well as established products. Typically, the larger the company they have very large portfolios of established products. These are commercially available drugs for these customers in various countries. All of these regulatory filings or dossiers have to have statutory filing; they have statutory filing requirements but have to follow local regulatory guidelines. There is a certain frequency in periodicity of maintaining the content as well as the format, the structure, the timing and the submissions of these things. So a big chunk of functional services would be comprised of such publishing services which are all regulatory dossiers or artifacts. A similar concept also exists in what's called periodic aggregate reports when it comes to attracting drug safety issues (commercially launched drug may have potential adverse events). The ability to collect, analyze and aggregate and report those to the regulators is also a mandatory requirement; again just to constitute yet another example of a functional service. To give you a third example, our statistical programming or medical writing capabilities; these are all core functional building blocks of drug development services, even these would constitute or for that matter taking SAP or statistical clinical trial data from different sources of clinical trial conduct and converting them to certain very specific XML format which is industry norm these days. Those would also constitute functional services, so these are a few examples of what functional services look like.

Deepak Rao: The second question is - who are the people who actually invested in the QIP?

Srinivasan H. R: The names are Apax Partners, Sundaram Mutual Fund, Max Life, Jupiter, NT Asset Management and Schroders.

Deepak Rao: So they are all rupee-based because you want to retire a rupee debt.. so they are all rupee funded?

Srinivasan H. R: Yes equity is rupee.

Deepak Rao: You talked about an order book of $76 million.

Srinivasan H. R: That's last year. It compares to $108 million now.

Deepak Rao: And what exactly is the execution period?

Srinivasan H. R: Is generally between six and eight months.

Deepak Rao: Given what's happening in the world, are you seeing reduction in spends? We are seeing technology services processing company is facing problems in the West in terms of spends, so are you seeing that or is it something that's very critical for your clients to actually spend for compliance?

Srinivasan H. R: This question needs to be addressed in a few dimensions. The first dimension is that we are not a typical technology company. We use technology but we use a lot of domain knowledge and intensity to deliver services; so the people who are doing work at our end are domain experts. Generally, we have medical doctors, PhDs, biostatisticians… these are the kind of people that we work with. They are doing something in the pharmaceutical industry where the R&D spend is generally going up. So our direct demand is a function of the R&D spend; so that's one part. We do use technology and we do some technology services but all related to the pharmaceutical and biotech R&D. We are not seeing softening of demand there, especially US is growing well and so is Asia, Europe is a little soft. I have not seen the demand environment being very bullish in Europe. But US, which is our primary market, accounts for close to 81% of our total revenue. It is very strong.

Moderator: Thank you. We have the next question from the line of Ritesh Chedda from Lucky Investments. Please go ahead.

Ritesh Chedda: In your initial comments, did you mention that the organic business would have exit margin of about 25%?

Srinivasan H. R: No. I said that this year we are striving to pull it up to 23% or a little around that; it's currently at 22.4 the organic EBITDA margins. We try and pull it up by another 600 basis points. Our target for FY18 is 24%, that's what we are aiming.

Ritesh Chedda: What is the reason for drop in margins in Acunova on QOQ?

Srinivasan H. R: First there are several one-time costs. We close down offices in five countries and so there are costs associated with closure of offices in those countries. The second is that we've made serious investments in improving the topline of the business because the bottomline can go up only when the topline increases significantly. So those investments will take a little time to pan out in terms of numbers. But we are encouraged by the fact that if you compare Q1 of this financial year to the Q1 of the last financial year, the revenue growth has been quite substantial albeit on a small base, but still its good tiding. And the kind of deal pipeline that we are seeing is also very encouraging. So I'm very bullish on a good H2 for Ecron Acunova.

Ritesh Chedda: How much of debt reduction will happen from the QIP money?

Srinivasan H. R: Somewhere in the region of 80 to 100 crores.

Ritesh Chedda: In your business why is the working capital higher and cash conversion typically lower?

Srinivasan H. R: The customers, usually all are large customers, have payment cycles of 90 days and beyond and this includes all the large pharma companies with whom our business is quite substantive. That's a nature of the industry; it's not only to do with us. It's to any vendor that is the payment cycles they follow.

Ritesh Chedda: Any scope for improvement there?

Srinivasan H. R: There is certainly a scope for better efficiency there but not a whole lot. I think it can come down by a few days from where we are. We are at 98 days and many of them have 90 days payment terms so there's not something substantial we will be able to do between. Efficiency can bring it down by a few days.

Ritesh Chedda: Because it's not generally a good business practice to have equity money for working capital needs, so the business has to try to generate slightly better cash for the working capital.

Srinivasan H. R: Yes but you have to understand that the equity money is not going in internal accruals. We had taken internal accruals and put that in the acquisition of Ecron Acunova and we are just replacing them with the equity money.

Ritesh Chedda: Updates on the larger deals… I think last quarter you mentioned about some six in the pipeline, one you closed and you said at that time that three most likely you're going to close. So if you could update that?

Srinivasan H. R: So we have also gone on record saying that we had closed one and I'm happy to say that we have started execution of that deal. The impact of that should come in Q2 of this FY. The other deals are still under discussion so I cannot report that we have closed any. But I am very hopeful that definitely we will close one between Q2 and Q3.

Ritesh Chedda: What is the update on the supply chain business?

Srinivasan H. R: The update on the supply chain business is that during the current quarter it constituted about 19% of our total revenue. It was a soft quarter for the supply chain business. We had a degrowth of about 2% there. We are looking at opportunities to encash that and flow that money back into the life sciences business.

Ritesh Chedda: Do you think that it can happen this fiscal year?

Srinivasan H. R: We're certainly hopeful that it will happen, if not in full certain parts of the supply chain we will be able to encash and deploy that capital here.

Moderator: Thank you. We have the next question from the line of Aimee Truesdale from Jupiter Asset Management. Please go ahead.

Aimee Truesdale: Are you able to provide the numbers for previous periods under the new segment?

Srinivasan H. R: There is a limited review that's happened on this and that's why we've tabled the number. The previous one then we will have to resort to in MIS number. I don't know whether that's appropriate but if that's okay for you then maybe I can ship that out to you on mail.

Aimee Truesdale: In terms of customer concentration, are you going to comment on that?

Srinivasan H. R: Our current customer concentration is at about 35.7%, it's more of the same as it was in Q4 but we may see a slight increase in Q2 of this year.

Moderator: Thank you. We have the next question from the line of Sagar Rastogi from Ambit Capital. Please go ahead.

Sagar Rastogi: For Ecron Acunova, could you explain why Q1 is weak sequentially in terms of revenue as in I understand there is some seasonality there; if you could just explain what gives rise to that seasonality?

Srinivasan H. R: There are two dimensions that we are absorbing – one, the number of filings that happened for the first to file kind of a situation that happened between the month of November to the month of March is very high. So a lot of work then they do is in that area, especially the bio-availability and the bio-equivalence. Two, that is the quarter when most studies also get closed in terms of traffic; so the new phase of the Phase-II studies that began kind of start off in Q1 and move to Q2 and then get the momentum. So the industry closures are generally between November and March, so it gives a very strong H2.

Sagar Rastogi: In the last earnings call you had shared that this large deal that you had won, the revenues that would increase every year… can you explain what gives you that confidence?

Srinivasan H. R: There are clauses in that to increase the revenue here, but that is linked to certain deliverables and efficiency parameters that we have said to achieve. In the past, we have delivered similar kind of work at a very intangible level, so we are very bullish that we will be able to invoke that clause for increase. We know the quantum of outsourcing that is available with the customer and that is quite high. It is only about being able to deliver and consistently at a high-quality that will trigger that outsourcing to happen at a faster pace. So the opportunity for growth in that account is certain and very good. At the moment it is more left to our execution and proof that we have been able to execute at scale. It started off well, we're almost a month into it and the initial reports are that it looks very good. We had no teething trouble or issues with execution of that contract.

Moderator: Thank you. Ladies and gentlemen due to time constraint that was the last question. I would now like to hand the floor over to the management for closing comments. Thank you and over to you.

Srinivasan H. R: Thank you ladies and gentlemen for taking time to participate in our earnings call. If you have any further questions, feel free to reach out to us by mail or on phone and me and the rest of the management team will be very happy to take your questions. Thank you very much.

Moderator: Thank you very much. Ladies and gentleman, on behalf of Ambit Capital, that concludes this conference. Thank you for joining us and you may now disconnect your lines.