Givaudan
Human by nature

Transcript

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2023 Half Year Results

Questions and answers conference call and live webcast

Company representatives
Gilles Andrier, Chief Executive Officer
Tom Hallam, Chief Financial Officer

Operator
We will now begin the question and answer session. Anyone who wishes to ask a question or make a comment may press * and 1 on the touchtone telephone. You will hear a tone to confirm that you have entered the queue. If you wish to remove yourself from the question queue, you may press * and 2. Participants are requested to use only handsets while asking a question. Anyone who has a question, or a comment may press * and 1 at this time.

Our first question comes from the line of Daniel Burki with Zurcher Kantonalbank. Please go ahead.

Daniel Burki
Yes. Good afternoon everyone. I have 2 questions first, on the volume decline. I cannot remember this is something we have ever seen before. Is there something special especially in the U.S with the consumer weakness at the moment?

And my second question would be on the optimisation of your factory footprint. Is this part of the existing program or a new cornerstone and does it fit in the existing financial framework for it or will you get additional savings out of this footprint optimisation? Thank you.

Gilles Andrier

Okay. Thank you Daniel. So, I can answer for the volume decline. So, overall we are talking yes minus 4% around the world. I don't know if I can remember ever being there.

Maybe in the course of the financial crisis, maybe not because we are actually up 2%. In the US, it's a very significant volume decline as agreed. At the same time, the sequence we have lived obviously. COVID, rebound, inflation. This sequence plus the war between Russia and Ukraine is obviously unprecedented. So, I would say that overall it's creating a rippling effect.

When looking at obviously the volume decline, it's a combination of different factors which are difficult because the soft people we ask is our clients obviously, but difficult to sort of isolate between the different reasons. The first one has to do with destocking, because clearly we saw with the…let's say the difficulties that our clients had especially in the U.S., to source materials from all over the world in '21 and then early '22. A very significant uptake on the inventories levels to make sure that they would not lose sales. So, now we are…they are obviously more in the phase of destocking.

The second thing that we can say is that, it's obviously a partial view because the only clients who publish their figures are obviously the public clients, and usually the large ones and they usually differentiate volume from pricing. So, what we can say is that you know, the volume decline is clearly reflected in their figures, especially in Q1 and then in Q2. What we can say is that by analysing those figures and ours as well as by history, there is a time lag usually between what they experience and what we experience. We always come after so the volumes evolution of those key clients can be a leading indicator on us, but at the same time we have to be careful because global clients only represent, as I said, 40% to 45% of ourselves and actually local and regional clients representing the other half. And they don't publish their numbers. Those local and regional clients are actually doing…we are doing well even though the volumes are slightly down.

So, destocking, consumer intakes, consumer spend, the inflation is certainly playing a role in the ability for consumers to buy products. And then the difference maybe between what we…obviously I put Fine Fragrances on the side. Fine Fragrances is obviously a quite stellar. If you accumulate the growth over 3 years, we are 60% bigger. So that part I've never seen as well. But if we compare Taste & Wellbeing, consumer staples with consumer products, consumer staples. They follow actually exactly the same trend. They correspond to day-to-day consumption. Again, many of those products have seen price increase by our clients.

And so the correlation between the 2 are…is actually quite perfect. If you look at the different, let's say, the last 2 to 3 years. So essentially, that's what we can say. The consumer staples arena is whether on the food side or the fragrance side is following a bit the same trend.

The only last thing I would say, the only difference between CP and Taste, which I've seen in China, I came back from China 2 weeks ago is that you have an alternative to buying packaged food, which is cooking at home. You don't have an alternative vis-à-vis fabric care, home care and personal care. The bathroom is not competing with those products. So it's true that you see some…especially in some of the high-growth markets, people coming, going back to the countryside and cooking at home, that obviously has a headwind on the volumes for Taste & Wellbeing. But all those elements are difficult to measure destocking consumer spend and all of those things. But at some point, obviously, the destocking part makes us stop.

So then on the optimisation of the footprint, I'll pass on to Tom.

Tom Hallam
Yes. Thanks, Gilles. And Daniel, thanks for the question, you know, this is a program that we had talked about now 3, 4 years ago. We... as you know well, we've made a number of acquisitions.

And the objective, once we completed these acquisitions was to look at the total footprint of Givaudan. So not just the acquired companies, but also our own footprint and to see how we could serve our clients in the most efficient way. During COVID, clearly, all of this was put on hold because it was all about supplying products to our customers.

And so, now this is a program that we've reinitiated. So it's not a new program. It's something that we clearly communicated over the last 3 or 4 years. We talked about potentially 20 million this year of non-cash, which would really be... if we decide to reduce the number of sites that we have in our footprint. And in terms of how you should think about it into our forecast and into our performance in outer years, I think we've been very clear in terms of where we want to be from a gross margin perspective.

Gilles mentioned the 42% to 44% as our let's say, our ambition on gross margin and EBITDA margins getting back to 22% to 24%. And this program is clearly one of the levers that we have. So not a new program. Simply now we have the ability to act on it.

Daniel Buerki
Thank you.

Operator
The next question comes from the line of Celine Pannuti with JP Morgan. Please go ahead.

Celine Pannuti
Thank you. Good afternoon, everyone. Maybe my first question, I wanted to come back on what you said, Gilles, around the U.S. I understand destocking and the weak consumer demand. Nonetheless, we've seen that this is accelerating or let's say, worsening sequentially. So I was wondering whether you've been looking into where your customers are in terms of their own inventory destock or let's say, safety stock cleanup? How are we... how much are they done? And then how... you are the first one to report. How should we think about your market share? Do you feel that you are competitive or have they been areas where you've been maybe losing out versus the market? That's my first question.

My second question, which would be, maybe a colour on that is, you were expecting volume to bounce back in the second half of the year. What is your outlook on volume? And I see, for instance, some regions like Asia, Europe sequentially weakened at least in TNN, whether you would expect that to drag on in the second half.

And then maybe lastly, pricing came in stronger than expected. Why was that? And how should we think about the fading impact into... does it change the way we should think about the fading into the second half? Thank you.

Gilles Andrier
Okay. So about the US Celine, you know, I mean the deceleration in the U.S. is not incrementally worse. It's a question of comparable. Actually, it goes from, I think, 9.9 to 10.9 something like this. So I don't think that the trend is accelerating in terms of this decline... this volume decline. I would say that some of the clients not only talk about their own destocking, but the destocking in the retail distribution channel, so that can play a role. We are... from what we measure essentially, it's both. The performance of the US for us is measured against what our clients are doing in the US, but also from what we gather in terms of competitive reporting from competition. I would say that we are not losing market share at all. There are only 2 things that, especially in 2022, affected, I guess, a little more than others is the exposure we have on plant-based proteins, where we are clearly the leader there, which declined quite significantly in the US So for sure, that was something incrementally worse than maybe competitors.

And the second thing has to do with sales...alcoholic sales, which actually had fuelled the growth the year before and basically decline. So that's the 2 things which are not extremely material, but still, they have weighed a bit on the volumes decline in the US to figure out when all this will stop difficult. I would say that the only thing we can say about the US is that as fast as thing can decline, things can pick up, but I really don't know when. That's the real thing that we don't control. Again, the only thing we can't control on volumes, whether in the US or elsewhere, is the amount of new wins. It's about being brief. It's about winning business. And there, we are in very good shape across the different businesses.

You said that you know, on the volumes... the price increase. Well, the price increase essentially has 2 components for 2023. As you remember, we said that we had fully recovered the 10% increase of raw mats in 2022, but I would say 1/3rd of that was spilling over in a way in 2023, given the fact that there is always a time lag between raw mats increase and the time where we can negotiate price increase effectively with our clients. So here, you have a significant, let's say, contribution of the price increase from 2022 to 2023.

And then given the fact that we had already anticipated a 5% increase in 2023. Everything was negotiated already end of 2022. So 1st of January, we were able to benefit from the price increase corresponding to this 5% increase.

So we had no essentially time lag. So that also helps.

I would say that your question about when does this go the way? Well, you know, basically, by the full-year of 2023. I don't think that we... maybe we have 10 million or 20 million spilling over from 2023 to 2024, but that's it. So we'll get the full impact in 2023 for those two components. Yes, so that's about it.

Celine Pannuti
Thank you. Just wanted to... if you could comment on Europe and Asia, which we saw was sequentially weaker I mean, obviously, we have seen as well that, especially in Europe, the strength that you've seen over the past couple of years. Just wanted to know whether we could be in normalisation as you have seen in the US?

Gilles Andrier
Yes. But wait a second. I mean, Europe, we have 5.7% against the comparable of 13.5%. So to the question of Daniel, have I ever seen that? No, I have never seen a cumulative

growth of 20% in Europe ever. So I think, I don't see exactly the sequential decline in Europe.

And the second thing on Asia Pacific, that's different because the comparable on Asia Pacific is 1.7%. So what we can clearly say is that we are not back where we should be in Asia Pacific outside essentially, China is flat, Southeast Asia is really soft. So there, we can only expect and hope things get better quickly in China and Southeast Asia.

Celine Pannuti
Thank you.

Operator
The next question comes from the line of Charles Eden with UBS. Please go ahead.

Charles Eden
Hi, good afternoon. Thanks for taking my questions. 2 from me, please. First one is, I just wanted to come back on your comment around the staples customers typically being a leading indicator for Givaudan's volumes, because I appreciate the destocking will come to an end at some point in the next couple of quarters, and I think everyone sort of understands that. But if anything, staples volumes, which have so far been surprisingly resilient, from an elasticity perspective, are expected to sequentially deteriorate in the coming quarters.

And I don't want to extrapolate one data point, but if you just look at General Mills is obviously reported already. That appears to be the case. So is there a risk that volumes may not have even troughed yet, just be interested in your thoughts there?

And then changing that a little bit. My second question is on the pricing contribution from Latin America, because if I look at the stats on the like-for-like sales, they're trending about 80 plus percent above 2019 levels in Taste & Wellbeing, about 70% at the group level. And yet the absolute sales in LATAM is a sort of 25%, 30% higher. So I guess my question is, how are you accounting for FX pricing in these markets? And maybe what was the FX pricing contribution of the overall pricing in the quarter or the half? Thank you.

Gilles Andrier
Okay. So maybe Tom starts with the Latin America question?

Tom Hallam
Yes. Thanks, Gilles and thanks Charles for the question. So in Latin America, it depends very much on the market and sometimes even on the... on what we can do from a legal framework. But if I look at, let's say, Brazil as an example.

Primarily, we are pricing in dollars because in the end, most of our markets are priced in dollars are raw materials are priced in dollars, and many of our customers are doing exactly the same thing. But ultimately, we are invoicing in reals.

If you look at a market like Argentina, in this, it's a bit of a mixed bag. So in some customers, we are invoicing in pesos. And in other cases, we're actually invoicing in dollars. And then, of course, we're protecting ourselves all the way through on the peso side to make sure that we are not exposed on any devaluation.

And then in Mexico, you know, it's primarily a dollar market. So that's how we're trying to grow the business, protect the business. I think if you look overall at Latin America, it's been a very, very solid growth. You mentioned on... you more or less have mentioned the Swiss franc and the like-for-like numbers. So there is a component of FX pricing in the topline. But ultimately, we have been growing in the market over the last 10 years, very, very consistently. It's a market with a huge amount of dynamism.

On the Fragrance side, a very, very dynamic market in Brazil. And then in some markets on the pay side, such as beverage. It's really a great market on the beverage side. So great underlying performance, and we protect the business on... in hard currencies.

Gilles Andrier
Yes. Just your question on volumes because, obviously, okay, you can look at it from various different angles, trying to get the truth out of it. In the first place, I think we need to stay humble in terms of where do the volumes go from now. Yes, the destocking can be an indicator but for that, we would not have to know what level of stock to have our clients, our distributors and so on. But that's, for sure, it will come to a stop at some point.

The second thing I'd like to say is that... actually... and that's what I mentioned in my presentation, maybe one of the best... so 2 indicators.

One is, what I said about the fact that when we look at the ones who publish their figures and you mentioned one, what's true is that there is a time lag which is for sure, 3 to 4 months. So that's why I say it's the leading indicator, but again, for only 40%, 45% of the full market. So that can be a leading indicator in terms of where the growth goes from now on, but being mindful that there is the other 55%, which are local and regionals, which are usually doing better.

So that's why actually overtime and I think 1 or 2 of you analysts actually did that in your reports, if you look at over 3 to 4 year period. The average volume growth of all clients, which published their figures is lower than the industry of ingredients. So because local reasons are growing faster than the global, that's the fact. So that's helping us going forward.

And the other thing I wanted to say is that you also have essentially... certainly an effect of down-trading from global to local. But again, the exposure of Givaudan is the widest. We, actually, represent 25%, 30% of the market in consumer staples with taste consumer products. So that has no effect on the volumes. So the shrink of the volume is really industry-wide across all types of clients. And as no... I mean it has no consequence on the mix of clients due to Givaudan. So basically, that's what we can say about the clients.

And the last thing I'd like to say is that if you average the volume growth of Givaudan, I would say, consumer staples, again, Taste & Wellbeing and Consumer Products. The first fact is that they follow the same trend over 2, 3, 4 years. And the second thing, when I said to Daniel Burki, we've never had a sequential of COVID and so forth, rebound and everything. Actually, the growth over the last 3 to 4 years in volume, is more or less ballpark positive, around 2% to 3%. So we had a huge surge in 2020. Remember, there was a plus 15% on all the consumer staples. And then if you take this base going onwards, you basically have a CAGR, which is more or less 2% to 3% on consumer staples.

So it shows that overtime, the consumption has not been dented. It's really the ripple effect of all the things which happen. That's the best answer that I can give you on the volumes, but we feel confident. We are really part of things which are consumed every day, whether on the food and beverage side, whether on the consumer product side, we don't see any radical changes in the way consumers consume.

And so, that's... and we have the best sort of exposure with those natural hedges I talked about across clients and categories.

Charles Eden
No, that's really appreciate the insights. But can I just ask one very quick follow-up. Tom, are you able to quantify the impact of that FX pricing in the half? Or is that not something you've got to hand? Thank you.

Tom Hallam
I don't have it Charles. I can follow-up with you afterwards.

Charles Eden
Most appreciated. Thank you.

Operator
The next question comes from the line of Nicola Tang with BNP Paribas Exane. Please go ahead.

Nicola Tang
Hi, everyone. And thanks for taking the questions. Thinking about the volume drivers other than just destocking. I think you mentioned Gilles shrinkflation and also weaker consumer demand at the CP. And I was wondering... what does that mean for Givaudan? Does it just mean lower volumes? Or does it actually trigger new innovation with customers? I was wondering if there's been any change in willingness to innovate?

And then the second question, just on the Fine Fragrance side, you know, you mentioned the stellar growth in the market being 60% bigger than it was 3 years ago. I think, if I look at Q2, it looks like the growth rate has slowed a bit sequentially, albeit still double-digits. Can you talk a little bit about your expectations for the second half of the year in Fine Fragrance? Thanks.

Gilles Andrier
Well, I already, I think, dived into many ways on the volume decline. Yes, and I can just pick the shrinkflation, but that's very, very difficult to measure, because shrinkflation what does it mean? It means basically that if potentially a part of dairy, weighs 100 grams instead of 125 grams, those that point 'x' percent of flavours. For sure, we're going to sell less flavours. But that part, we have absolutely no way to measure in any way the way our clients apply fragrances or flavours. But clearly, it can play a role in the shrinkflation.

In terms of pipeline, we see a whole diversity of briefs. We still see a very good and solid sort of share of briefs which deal at innovating at creating superior products and so forth. Yes, you can have briefs, which are there actually to optimise cost to... the cost of whether a flavour of fragrance, but also the sort of indirect cost impact of the food... what we call the food stuff, the base of food, where you sometimes need to compensate with better flavours when you change the formulation. So all those briefs, which are, as you... as I mentioned, extremely numerous, we see a huge diversity and Givaudan we are extremely active to respond to this bid, but also to seize opportunities in a market, which is, obviously, changing also from a competitor standpoint.

The thing on Fine Fragrances, I really don't get it. I mean, you know, I'm still extremely happy when the sales go from 16% to 14%. This is absolutely stellar. And obviously, you almost have arithmetic's. The further we go with double-digit growth by definition, the comparables become tougher and tougher and the relative growth becomes weaker. So... but overall, I think we have increased our business since '19 by 60% or 70%. So very happy with this.

Nicola Tang
Alright. Thank you.

Operator
The next question comes from the line of Lisa De Neve with Morgan Stanley. Please go ahead.

Lisa De Neve
Hi. Good afternoon and thank you for taking my questions, Gilles and Tom. So I have 3. One, I would come back to the pricing, but maybe think a little bit further out. So we have seen some raw materials deflating year-to-date. And I understand very well that you may not see this given your inventory levels and contracts in place and so forth, but I would like to understand whether actually some customers may already have approached to maybe ask for some pricing back in specific ingredients? And if not, I mean, how do you think about pricing when deflation becomes more evident in the future? That's the first question.

Then the second one is on your EBITDA. So congratulations on your EBITDA margin delivery in the first half of the year, but would you mind helping us understand the key moving parts that we should consider in the second half maybe in the absence of significant volume growth depending on the comps and so forth?

And last one, a little bit more of a high-level question. So you shared some of the R&D highlights year-to-date, but you also mentioned innovation that has been developed via AI technology. Can you sort of share how you personally will believe that AI will drive your innovation and your topline growth over the midterm. So just would be very good to get your thoughts on this? Thank you.

Gilles Andrier
Okay. So maybe on the EBITDA, you want to take it, Tom?

Tom Hallam

Yes, I'll take it first. Lisa, thanks for the question. So just on the next, let's say, 6 months of EBITDA, clearly, the number that we can give you is the one that's coming from what we call the profit improvement programs. You remember that we talked about around 40 million of savings this year. We had about 10 million to 15 million of benefit in the first six months of 6the year with the remainder to come in the second half of the year, so around 25 million. And then we will have another 20 million in the first 6 months of 2024.

So that's probably the easiest number for you to plug in. Then as we've mentioned, of course, we will have the corresponding price increases for the raw materials. 5% inflation on raw materials and then the price increase. Of course, as Gilles mentioned, in the first 6 months of this year, we had the 2 elements of pricing. So, the rollover from 2022 and the start of the price increase for 2023. And of course, that's something that will slow in the second half of the year.

I think maybe, Lisa, what's important is just to look at where we position ourselves. We have a very clear ambition to get back to historical margins of somewhere between 22% and 24%.

Gilles Andrier

The question on raw mats pricing. As I said, we absolutely confirm the 5% increase of raw mats overall. Again, as a reminder, we buy more than 16'000 different ingredients. So yes, you might see one or two commodities going down and so on. But again, all of those ingredients whether... and for the most part, they are naturals, are highly specific. So actually, you would not find any indication on any website or any Bloomberg. And so essentially, I can confirm that those input costs are growing in the total amount of 5%, and we don't see any indication.

Actually, as a... let's say, as an indication, if you look at the evolution of raw mats overall for Givaudan, over 10, 20 years period, we have had, let's say, in summary, 2 of... I would say, 3 big increases. One was in 2012, the other one in 2017. The other one is 2022, 2023. But actually, the market never really went down significantly. So the index, if you take an index of 1 onwards 15 or 20 years ago, it has substantially increased to 2 today. So, we are not, again, in the chemical sector. We are not in the commodity market. We are not in any of that. And that's why you don't find it's not a cyclical evolution of prices, as you might think.

So, and the last question on AI, interesting question, so we started investing on AI quite significantly with our both internal resources, but also outside resources in 2 digital factories, 1 in Paris, 1 in China, which I visited actually a couple of weeks ago. And to your question, AI for us applies on 2 different, let's say, types of applications. One is really to do what we do in both even more effective, but also efficient way, when I say effective, meaning creating better fragrances, better flavours, helping our perfumers, our flavourists, seeing what they don't see, but also leveraging on what they understand.

So it's really an expanded capability of our creation development, let's say, resources. And that is some of the things you've seen already, but just AI around creating fragrances out of the knowledge around thousands and thousands. So, there's a lot going on around, how can we create better fragrances, flavours, products also apply to Active Beauty, by the way. And also in the way we work meaning the interactions with our clients be it at the front stage of marketing, finding consumer trends. That's what we find around leads, around the foresight, some of the things I mentioned, but also helping our clients market their products, the bridge to colours, the bridge to, see for example, all of those things help us being more efficient and effective. And I didn't mention, for example, all the bots AI bots, which are robots in the supply chain that we have in GBS. All of those things that are making the Givaudan let's say, capabilities even more effective and efficient.

And the second range of applications has to do with expanding. So how can we expand with what we call the tail end of local, smaller and smaller clients that we see, we are in a world that's still a very buoyant, let's say, creation of start-ups around food, beverage, cosmetics, skin care, fine fragrances, but we cannot afford creating full-fledged perfumes, flavours and so forth for those what we call tail end clients, mobilizing all the resources. So, we really have AI tools where we go end to end, not only finding those and discovering those trends, but serving them with what we call smart submissions, speaking from our thousands and thousands of references in a very smart way, that's using very advanced AI digital tools. And that's the way to expand the sales, you could put basically in front of that, expand itself. So actually, to put a number behind all of what I said is difficult, but we are...it doesn't prevent us from investing, trying, piloting, implementing and we are making very good progress on those 2 fronts.

Lisa De Neve
Very interesting. Thank you so much.

Gilles Andrier
Thank you.

Operator
The next question comes from the line of Isha Sharma with Stifel Europe. Please go ahead.

Isha Sharma
Hi, good afternoon. Apologies for going back to pricing, but if I just look at what we've had in the first half of the year, it's around 230 million. Are you still guiding for 260 million for the full-year like you did with the last quarter? Does that mean that we only have 30 million more to come in the second half? And on the net working capital, I had another question. Despite the volume declines, we did not see a significant unwind. Is it mainly driven by pricing? And can we expect this swing to still come in the second half?

Tom Hallam
So, Isha, if you want, I can take both. So firstly, on the pricing, we had, as we've said, we had 9% raw material inflation last year, fully compensated, but with the timing difference into the first 6 months. And then this year, we have 5% of inflation, which we fully compensated this year. So, you know the raw materials, and I think you can make the calculation from there.

On the working capital, I'm really happy with actually the progress that we're making on the working capital. I mean if you look at our raw materials this year up 5%, which means that our inventories on a pricing basis have gone up by 5%. We are able to still see the benefits of some of the actions we've started to reduce the volume of our inventory as the supply chain gets better. That's...you don't see the full impact in the first 6 months of the year. We've got the building blocks in place. We also have sometimes the seasonality of the crops during the first 6 months of the year. And if you look historically what we've done inventories have tended to peak around, let's say, June, July time. And then from there, we've reduced inventories.

The performance of the free cash flow, I think overall in the first 6 months is excellent given the raw material inflation that we have in our inventories. And then if you look at our expectations for free cash flow over the next couple of years, we have a strong commitment to a more than 12% free cash flow. And clearly, inventory is the single biggest component of that on the working capital side.

Isha Sharma
Thank you.

Gilles Andrier
Okay. I think we'll take the last question, operator?

Operator
Okay. Today's last question comes from the line of Matthew Yates with Bank of America. Please go ahead.

Matthew Yates
Hey, thanks so much. I think it's mostly been covered. I was just going to go back on the performance improvement program and whether you're just able to disaggregate that a bit more by division. Obviously, we can see the magnitude of the charges you took in the first half, but is it reasonable to assume that the price or the payback is equally spread between the 2 divisions, if it's primarily around historical M&A actions, which I think have been fairly evenly distributed across the company or is there some, is there one division you expect to benefit more than another in the second half?

Tom Hallam
Yes, I think, so Matthew, I think we have 2 elements. The first is the reduction in the workforce of around 600 people. That's evenly split across the 2 divisions and the support functions that support those 2 divisions. One point maybe just to be absolutely clear on is that there is no impact on R&D. There was no impact on the commercial side of things. What we've seen over the last 12 months is an improvement in the supply chain. We've seen the environment in which we operate in our factories becoming much simpler as a result of many of the restrictions being lifted on COVID. So, we would expect to see most of the benefit actually in the gross margin, but very evenly spit between the 2 divisions. Then on the footprints, clearly, we see more opportunity on the taste side. Many of the companies that we acquired had a very, very fragmented footprints, and we see more opportunity on the taste side actually than we do on the fragrance side.

Matthew Yates
Thanks, Tom.

Gilles Andrier
Okay. So that was our last question, and I'd like to thank you all for your questions. This ends now our call. I'd like to remind you that we are holding on the 30th of August in Zurich, in the Widder Hotel, our traditional half year conference. And we will welcome everyone to join whether physically or online. It will be focused.

The theme will be about local and regional clients, local and regional customers, an exciting topic for both divisions. So, I look forward to seeing you there at this event, and I thank you again for your attention.

Operator
Ladies and Gentlemen, the conference is now over. Thank you for choosing Chorus Call and thank you for participating in the conference. You may now disconnect your lines. Goodbye.