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Q2 2023 GDS Holdings Ltd Earnings Call

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PRESENTATION

Operator

Hello, ladies and gentlemen. Thank you for standing by for the GDS Holdings Limited's second quarter 2023 earnings conference call. At this time, all participants are in listen-only mode. After management-prepared remarks, there will be a question-and-answer session. Today's conference call is being recorded. I would now like to turn the call over to your host, Ms. Laura Chen, Head of Investor Relations for the Company. Please go ahead, Laura.

Laura Chen ***GDS Holdings Limited - Head of Investor Relations***

Hello, everyone. Welcome to the second quarter 2023 earnings conference call of GDS Holdings Limited. The Company's results were issued via newswire services earlier today and are posted online. A summary presentation, which we will refer to during this conference call, can be viewed and downloaded from our IR website at investors.gds-services.com.

Leading today's call is Mr. William Huang, GDS founder, Chairman and CEO, who will provide an overview of our business strategy and performance. Mr. Dan Newman, GDS CFO, will then review the financial and operating results. Ms. Jamie Khoo, our COO, is also available to answer questions.

Before we continue, please note that today's discussion will contain forward-looking statements made under the safe harbor provisions of the US Private Securities Litigation Reform Act of 1995. Forward-looking statements involve inherent risks and uncertainties. As such, the Company's results may be materially different from the views expressed today. Further information regarding these and other risks and uncertainties is included in the Company's prospectus as filed with the US SEC.

The Company does not assume any obligation to update any forward-looking statements except as required under applicable law. Please also note that GDS earnings press release and this conference call includes discussions of unaudited GAAP financial information as well as unaudited non-GAAP financial measures. The GDS press release contains a reconciliation of the unaudited non-GAAP measures to the unaudited most directly comparable GAAP measures.

I will now turn the call over to GDS founder, Chairman and CEO, Mr. William Huang. Please go ahead, William.

William Huang ***GDS Holdings Limited - Chairman and CEO***

Thank you. Hello, everyone. This is William. Thank you for joining us on today's call. During the second quarter, we continued to focus on our strategic business objectives. In China, we are selectively targeting new business to give us a shorter book-to-bill cycle.

We are prioritizing delivery of the backlog to grow revenue with less CapEx. We are increasing utilization rates to drive up return on invested capital. We are only initiating new projects based on firmly committed orders, and we are monetizing assets to achieve positive free cash flow as soon as possible.

For international, we are developing a second growth engine. We are winning new business from reference China and global customers.

We are leveraging our competitive advantages in cost and speed and execution. We are financing expansion without relying on GDS balance sheet, and we will benchmark value creation through external funding rounds.

By pursuing these objectives, we will strengthen our financial position and unlock value for GDS shareholders. As we review our performance quarter-by-quarter, we will measure our progress against this target.

Turning to slide 5, in the first half of 2023, our gross additional area committed was around 28,000 square meters, 55% from China and 45% internationally. In China, new business volumes are down as customers need more time to ramp up. This gives us breathing space to focus on our other priorities, while our market leadership position remains as strong as ever.

In Southeast Asia, demand is very strong. We have won great new business, which lifts up our growth. For the second half of 2023, we expect gross new bookings at similar levels to the first half.

Looking further ahead, there is no doubt such demand will rebound in China. Data center supply in tier 1 markets has been restricted for several years. As demand strengthens, we will be well positioned with our secured pipeline.

Turning to slide 7, in 2Q23, we won three notable orders. In Beijing, we won a 3,200 square meters, or 6.1-megawatt order from a major Chinese financial institution. This used up some of our inventory and comes with a confirmed move-in schedule.

Outside Beijing, in Langfang, we won a 3,600 square meters, or 8.3 megawatts order from a large internet customer. This is for expansion at a site where the customer has already deployed.

In Southeast Asia, we were able to increase power capacity for our Johor data centers, which results in upsizing of an existing order.

Turning to slide 8, our gross move in for the second quarter was around 15,000 square meters. This is consistent with the quarterly run rate for the past two years. In the second half of 2023, we will start to see significant move in from international. As a result, our quarterly gross add will be higher than in prior quarters.

Turning to slide 13, we are bringing new capacity into service when customers are ready to move in. In the first half of 2023, we brought 15,000 square meters into service, almost all in China. In the second half of 2023, we will bring another 50,000 square meters into service, 30,000 square meters in China and 20,000 square meters international. All of this capacity has confirmed move in schedules.

Turning to slide 16, we recently held an opening ceremony to deliver our first data center at the Nusajaya Tech Park, Johor. Fourteen months ago, this was an empty piece of land. Today you can see three large data centers, one of which is for AI computing, with 70 megawatts of IT power capacity in total.

Our ability to deliver so quickly in the new overseas market says a lot about our execution capabilities. For this project, we use our proprietary prefabricated liquid cooling and power modules. It gives us time to market and development cost advantage, which are critical success factors in today's market.

When we set up in Johor, our vision was to establish the SIJORI data center hub to serve the region by integrating Johor, Batam and Singapore. We are therefore delighted to be selected by the Singapore Government along with three other data center operators for a total of about 80-megawatt new data center capacity in Singapore.

Through the pilot Data Center Call for Application DC-CFA exercise, we are finalizing our development plans and will provide updates in due course.

In Batam, we continue to make progress with establishing the essential infrastructure for our proposed development.

Our international expansion is gaining momentum. I will now pass on to Dan for financial and operating review.

Daniel Newman ***GDS Holdings - CFO***

Thank you, William. Starting on slide 18, in conjunction with our strategic business objectives, we have adopted the following key financial targets. For the China segment, we aim to grow adjusted EBITDA at a mid-teens percentage CAGR.

We are reducing organic CapEx to an annual level of RMB2 billion to RMB3 billion from next year onwards. We will be freecash flowpositive within three years or sooner, with the benefits of asset monetization, and we will bring down net debt to adjusted EBITDA to below five times.

For the international segment, we will be EBITDA-positive next year. Based on our current business plan, international will generate over 15% of consolidated adjusted EBITDA after three years. We are taking a low-risk approach, only investing with the backing of firm customer orders and achieving similar returns to China. We will raise equity capital directly at the international level and project finance on a non-recourse basis.

Turning to slide 19, in 2Q23, we grew revenue by 2.6% quarter-on-quarter, and adjusted EBITDA by 9.3% quarter-on-quarter. During 2Q23, we recognized one-time service revenue of RMB70.7 million, arising from early termination of 3,000 square meters from the backlog, and cash reimbursement of RMB22.1 million from our depository bank. Excluding these two items, revenue was flat, and adjusted EBITDA was up 1.1% quarter-on-quarter.

Turning to slide 20, during 1H23, we achieved net additional area utilized of 12,000 square meters. While gross add was sustained at historic levels, net add was impacted by a single customer redeploying between our data centers, as previously disclosed. This redeployment will continue into the second half of 2023. However, with contribution from international, we expect net additional area utilized to step up significantly.

Multi-service revenue per square meter was RMB2,170 in 2Q23. Excluding the one-time service revenue arising from early termination, MSR was RMB2,108 per square meter, a decrease of 1.9% versus the previous quarter. Comparing 4Q23 to 4Q22, we still expect an MSR decrease of around 4% over the course of this year.

Turning to slide 21, for 2Q23, our adjusted EBITDA margin was exactly 50%. Excluding the one-time service revenue arising from early termination and cash reimbursement, the adjusted EBITDA margin was 47.6%, a small increase on the previous quarter.

In 3Q23, we are seeing higher power tariffs and higher power usage in the peak summer months. As a result, our margins will be seasonally impacted in the current quarter before recovering in the fourth quarter.

Turning to slide 22, in 1H23, our organic CapEx in China was RMB2.2 billion. We expect the full year to be in line with our guidance of RMB3.5 billion.

In 1H23, our international CapEx was RMB1.2 billion. In 2H23, our international CapEx will increase to around RMB2.8 billion, as we deliver 70 megawatts in Johor by January of next year. All of this capacity is billable within a few months of delivery.

Looking at our financing position on slide 23, at the end of 2Q23, our net debt to last quarter annualized adjusted EBITDA was 7.7 times. Excluding the debt and negative EBITDA of international, the multiple was 6.7 times.

During 2Q23, we repaid $300 million when a CB was put. As a result, our cash position decreased to RMB8.2 billion, or $1.1 billion, at mid-year. We are still working on the debt refinancing which is required for the data center fund. When this is finalized, it will raise our cash balance by RMB1.5 billion.

Up to the end of 2Q23, we provided around $400 million of funding to our international Group, by way of paid-up share capital and shareholder loans. In addition, international had incurred around $400 million of external debt. We now intend moving ahead with a first-round private equity capital raise.

Turning to slide 24, we confirm that our guidance for FY23 revenue, adjusted EBITDA and CapEx remain unchanged.

We would now like to open the call to questions. Operator, please.

QUESTIONS AND ANSWERS

Operator

Thank you, sir. (Operator instructions).

For the benefit of all participants on today's call, please limit yourself to one question. If you have more questions, please re-enter the queue. Thank you.

We are now going to proceed with our first question, and the question comes from the line of Yang Liu from Morgan Stanley. Please ask your question.

Yang Liu ***Morgan Stanley - Analyst***

Thanks for the opportunity to ask a question. I have a question related with international business. Previously, I think you talked a lot in terms of the strategy going in the surrounding area of Singapore and now you have a power quota or the permit to build data center inside of Singapore. So, what could be the updated strategy for the whole Southeast Asia development plan, especially what will be the business model for the Singapore data center, and of course, whether you have a plan to spin off the whole international business.

William Huang ***GDS Holdings Limited - Chairman and CEO***

Okay, thank you Yang Liu. I think the strategy for Southeast Asia from day 1, we already form very, very clear view to build a data center in three major place. One is Singapore, one is Johor, one is Batam Highland. This in our view is preferred structure for serve the current requirement, even for the future requirement, because as everybody knows, Singapore is a network hub and a lot of our customer who want to deploy the data center in this region try to get their network or network hub in Singapore.

we also plan to link these three data center area together to serve to our customer as a platform. So, I think the business will give us a lot of advantage in the future compared with other competitors. We are the first one who owns a data center in three areas, so this is perfect for our future, let's say, marketing, right?

So, this is our major focus. It's our core asset to develop in the next five years. But on the other hand, we're also very proactively looking for some opportunity in Jakarta, KL and also other country opportunity. But again, I said, SIJORI area will be our focus in the next five years. We believe that demand is getting more stronger and stronger, so the future visibility is very, very high.

The second question, the spin off, I think definitely last quarter we already introduced it. We will s look at our business, one is China portion, one is international. The two markets actually is in a different situation.

In China, everybody knows that in the last two years it's a slowdown, but we should echo this situation. So, we form our new strategy to try to push China business moving towards the cashflow positive and strengthen our financial capability. We already introduced to the market and that's our business plan in next three years.

But on the other hand, since the AI coming in a very big way so I think we can leverage our 20 years' experience and capability to well catch up this opportunity. So, in the international business, we will aim to grow more fast than in China business. So we need more capital but we don't want use more our holding capital to develop the business.

So, in the next few months, we already start to working on that to raise external funds to support our international business. We got a lot of the interest from the different private equity so far.

Yang Liu ***Morgan Stanley - Analyst***

Thank you.

Operator

We are now going to proceed with our next question. The questions come from the line of Jonathan Atkin from RBC. Please ask your question.

Jonathan Atkin ***RBC Capital Markets - Analyst***

Thank you. I have a financial question and that is just anything to call out in terms of one-time impacts through the rest of the year. You had the early termination that we talked about in the script, but anything else that maybe you could elaborate on between now and year-end that would affect 3Q, 4Q or even next year?

Then secondly, related to your Southeast Asia footprint, I wonder if you could maybe provide us an update on the demand trends that you're seeing in Hong Kong and then in Johor, are you seeing continued potential for upsizing of your footprint based on the existing customer relationship or could the demand there potentially diversify? Thank you.

Daniel Newman ***GDS Holdings - CFO***

Thank you, Jon. I'll start with the financial question. We don't expect more one-time items like we experienced in the second quarter in the second half of this year or beyond, so far as we can foresee. If these one-time items are material, we will disclose them to try to establish a normalized number so that we can continue to track the quarter-on-quarter trend, as we have done ever since we went public in 2016. William, would you like to talk about the demand in Hong Kong and the next wave in Johor?

William Huang ***GDS Holdings Limited - Chairman and CEO***

Yes, I think the demand in Hong Kong is still maintain the normal, right? I think every year's growth is around 70 megawatt. This demands from the different regions, from China, also from US, from the other domestic customer as well. So, nothing change so far, so we are still on track with the market demand. Supply also had no significant change, in terms of supply, also very balanced. So, I think the Hong Kong market is still on the very stable growth period.

In Johor, if we talk about Johor, what we see is Johor now is more hot for all the data center players. Also, for all the customers. What we can see is a lot of the international cloud players, also internet giants, they all show more high interest level in Johor. So, this is change a lot, very encouraging us. Our target is definitely not just follow up our existing customer.

We definitely are very interested to gather some new customer name from the different regions to diversify our portfolio, just like what we did in China. Diversification is very important for us and we are good at that.

Jonathan Atkin ***RBC Capital Markets - Analyst***

Then lastly on Singapore, given the tightness of supply and the fact that you were one of only a small number of companies to get the permission to proceed with new data center development, do you think that you're inclined to do more of a wholesale, hyperscale approach with a smaller number of tenants in order to stabilize the asset quickly once it's developed? Or would you pursue more of a retail-oriented approach? Do you have any thoughts on that?

William Huang ***GDS Holdings Limited - Chairman and CEO***

Yes, so far there is two types of customers what we are interested. One is who will deploy their IT in three regions, into Batam, Singapore and Johor. This is our first priority to support, which would mean support our strategy, right? Which I think we already showed this plan to some of our customers and they are very interested.

So, the second priority definitely in Singapore is financial center, which we are very familiar with the financial institutions' demands and requirement, so we also aim to sell some to retail customers, for example like financial institutions. We can get more high margin and a very stable commitment. That's our current go-to-market strategy.

Jonathan Atkin ***RBC Capital Markets - Analyst***

Thank you.

Operator

We are now going to proceed with our next question and the questions come from the line of Frank Louthan from Raymond James. Please ask your question.

Frank Louthan ***Raymond James - Analyst***

Great, thank you. So, looking out to your guidance, what does it take to hit the higher end of the range of your guidance? What sort of assumptions are built in there and if you can break that out between the impact from China and also from the out-of-region business as well. Thanks.

Daniel Newman ***GDS Holdings - CFO***

Thank you, Frank. Our track record with guidance has been fairly good. Normally, the full year outcome has not deviated far from the midpoint of our guidance range in prior years. It's a recurring revenue business and the move in rate is what dictates most of the growth year-on-year. So, as we're already halfway through the year, I think the path that we're on within that guidance is already quite well set.

Having said that, in the second half of this year, particularly in the fourth quarter, we're going to have our Johor data centers come into service and also in China, some of the data centers which are the destination for the customer who is redeploying between our data centers. The move in rate for those contracts is quite fast. In one case, a few months, and in another case, perhaps one year.

So, even if we assume that the run rate in China remains as it has been, the gross net additional area utilized has been quite consistent I think for about the past 10 quarters. Even if we assume that remains at the current run rate and there is no recovery because we can't predict that yet, our growth will pick up because of the additional contribution from these contracts, particularly Johor.

So, that will happen too late this year to make much difference to our financial results this year but clearly, it will contribute to higher year-on-year growth next year, so we look forward to that and obviously, we'll reflect that in our guidance for next year when we come out with that.

Frank Louthan ***Raymond James - Analyst***

Okay, great. Thank you very much.

Operator

We are now going to proceed with our next question, and the questions come from the line of Sara Wang from UBS. Please ask your question.

Sara Wang ***UBS - Analyst***

Hi, thank you for the opportunity to ask questions. So, I have two questions. The first one is on the potential target of Southeast Asia business. So, I see that we are now targeting the overseas business to contribute more than 15% of EBITDA within three years, and then I recall this number was around 10% during last earnings release. So, just wondering if there's any (technical difficulty) --

Daniel Newman ***GDS Holdings - CFO***

We lost her.

William Huang ***GDS Holdings Limited - Chairman and CEO***

What's your question?

Daniel Newman ***GDS Holdings - CFO***

No, we lost the -- hello? Did we lose the connection, she dropped?

Sara Wang ***UBS - Analyst***

(Inaudible) is this only a (inaudible) better visibility we are seeing (inaudible). Hello?

William Huang ***GDS Holdings Limited - Chairman and CEO***

Hello? We missed --

Sara Wang ***UBS - Analyst***

Hello? Can you hear me?

Daniel Newman ***GDS Holdings - CFO***

Yes, we can now.

William Huang ***GDS Holdings Limited - Chairman and CEO***

Can you repeat your question? We just missed it, sorry.

Sara Wang ***UBS - Analyst***

Yes, sure. So, I see the target for the overseas business to contribute 15% of EBITDA within three years. Then I recall the number was around 10% during our last earnings call, so I'm just wondering, is this just a simple update because of better visibility, or actually we're being more optimistic? Then what's the key points for us to be more optimistic? This is my first question.

Daniel Newman ***GDS Holdings - CFO***

Yes, thank you. Your observation is correct, we did revise up that number, moving from 10% to 15% is significant but in absolute terms we're not talking about hundreds of millions of dollars, we're talking about tens of millions of dollars higher forecast. You would have noticed that in the second quarter, we did upsize an existing order in Johor, so that was part of the reason for doing that.

Frankly, I also notice that some analysts and leading analysts begin to put more focus on international business and try to quantify how significant it can be within the context of GDS Holdings as a whole, so we're responding to that and trying to provide some more disclosure.

Sara Wang ***UBS - Analyst***

Got it, thank you. Then my second question is about William. So, during last earnings call, I think William had shared his intention to increase the shareholding in GDS. I'm just wondering if there's any update on that. Thank you.

William Huang ***GDS Holdings Limited - Chairman and CEO***

Yes, I already bought the 50% which I commit, right, so I still will continue to execute that.

Sara Wang ***UBS - Analyst***

Got it, thank you.

Operator

We are now going to proceed with our next question, and the questions come from the line of Timothy Zhao from Goldman Sachs. Please ask your question.

Timothy Zhao ***Goldman Sachs - Analyst***

Sure, thank you, management, for taking my questions. My question is regarding the AI demand. I think since last time that we spoke, I think I remember last quarter you mentioned the AI driven demand was still in the early stage. Just wondering, given I think we have pass a quarter, three months, or maybe longer, just wondering if perhaps -- if management has seen any updates regarding the move-in pace from the generative AI demand especially from cloud search provider in China.

When we think about the CapEx going forward, can management share any color on what percentage of CapEx will be exactly spent on the high-powered density cabinets or transforming the existing cabinets into the high-powered density ones? Thank you.

William Huang ***GDS Holdings Limited - Chairman and CEO***

Yes, in terms of AI demand, I think it is very clear the intelligence market now currently globally, data center demand is mainly driven by the AI type of application, right? So, this is a very, very clear trend which is already happening in the US, in Asia right now. So, this is one part.

We talk about AI demand in China, I think China, in terms of the AI model is a little bit behind the US, so I think it's still in a very early stage, but of course, in the media everybody talk about the AI. That's indication that everybody try to step in. So, I think in terms of how impact to the data center industry, I think that maybe after 12 or 18 months it will start to impact China data center demand in a significant way, in my view.

Daniel Newman ***GDS Holdings - CFO***

The second part of your question on CapEx, I think you talk about AI-related CapEx or very high-power density capacity, then I think that goes with liquid cooling. So, really, it comes down to what percentage of our CapEx or what percentage of the capacity that we're developing will we deploy liquid cooling.

As a matter of fact, we have deployed liquid cooling going back more than two years in China. We've done projects both with what's called cold plate cooling and also full immersion cooling. It's been a relatively small part of what we've done so far in China.

In the international expansion, William mentioned that I think in the international market maybe we're seeing the flow through from AI demand come quicker, so a significant part of what we developed in Johor is using cold plate liquid cooling and we developed a prefabricated cold plate liquid cooling module, which we manufactured in China and shipped to Johor.

We've talked maybe a bit more generally about the economics. In deploying liquid cooling the overall unit development cost is slightly higher than if we use more traditional air cooling. But because liquid cooling delivers a lower PUE and a higher power density, it also means that there's more IT power capacity available to sell to the customer and to generate revenue.

So you have to take into account these different components and overall, in terms of total cost of ownership or economic returns to us as the data center operator, we think that liquid cooling will create some cost efficiency where it can be deployed. But so far we don't think it's going to be a very material change.

So I think the last part of your question you referred to installing it in existing data centers. That's an interesting one because if you look at all the plant and equipment in a data center, some of it is used intensively, like cooling, and some of it is on standby, like power generation. So there's already a replacement cycle for cooling which typically is every five years. That gives us an inbuilt opportunity when we change out the cooling plant and equipment, we can always consider to change the technology as well.

William Huang ***GDS Holdings Limited - Chairman and CEO***

Yes, I'll add a little bit. I think in the last two years, our new design data center design is all very high power density. That means we already assessed the trend in China. So our edge of the town campus design all can fulfill the future AI demand already. This is all the campuses which we developed in the last two years, whatever, in Shanghai, surrounding Shanghai, or Beijing or Shenzhen, Guangzhou, all very high power density and high power capacity. So that means we are well positioned to capture the AI era.

Timothy Zhao ***Goldman Sachs - Analyst***

Great, thank you for the color, it's very helpful. Thank you.

Operator

(Operator instructions). For the benefit of all participants on today's call, please limit yourself to one question. If you have more questions, please reenter the queue, thank you.

We are now going to proceed with our next question and the questions come from the line of Mingxuan Li from CICC. Please ask your question.

Mingxuan Li ***CICC - Analyst***

Hi, management, thanks for taking my questions. I have questions about the EBITDA margin. The first one is why will one-time service revenue have nearly 100 EBITDA margin, because with 70 million revenue portfolio included in EBITDA and also excluding the one-time impact, the second quarter EBITDA margin was still better than the first quarter and the same quarter last year. What's the drivers behind this?

Daniel Newman ***GDS Holdings - CFO***

Thanks for the question. I couldn't hear so clearly, so let me try to answer based on what I could make out. I think you asked to begin with why that one-time service revenue contributed to such a significant improvement in the EBITDA. So the reason for that is because it is associated with a termination, which means that there is not a lot of operating cost that goes with that revenue. There is not power consumption and so on which goes with that revenue, so that revenue has a very high profit margin on an incremental basis.

Excluding that revenue, as we did in our disclosures, to normalize numbers that are a base for the following quarters, I think the EBITDA margin fluctuates as always, but it's been a similar range for a number of quarters. So there is more pronounced seasonality now in our business since power tariffs went up and as we've seen some exceptionally hot summers in China. It has resulted in at least a couple of percent, if not more, percentage point difference between our EBITDA margins in winter and summer. So that's visible in our number.

But overall, if we take a trend over a number of quarters, I think EBITDA margins are going to remain at quite a similar level to where they are today. The most significant negative impact has been the increase in power tariffs in China. It's possible that will reverse at some point in the future. We don't have any knowledge about that, but we're looking at EBITDA margins which already reflect that impact and we expect the margin to improve, but only slightly from current levels over the following couple of years.

Mingxuan Li ***CICC - Analyst***

Thanks, very clear.

Operator

We are now going to proceed with our next question and the questions come from the line of Michael Elias from TD Cowen. Please ask your question.

Cooper Belanger ***TD Cowen - Analyst***

Hi, everyone. This is Cooper Belanger on for Michael Elias, thanks for taking my question. I kind of wanted to follow up on the AI discussion earlier and given that what we're seeing in the US right now with the incremental AI demand wave and the subsequent shrinking of power supply, I just wanted to hear your thoughts on the upcoming power supply situation and I guess current as well, as it relates to both mainland China and international, thanks.

William Huang ***GDS Holdings Limited - Chairman and CEO***

I think in the area like Johor, the advantage in Johor, is they have the very rich power capacity. So I think in the short term or midterm, the power supply will not be the issue, I think in the midterm.

In China, I think what we know is in a tier 1 market, of course it's challenging in the future. But fortunately for us, as I mentioned, in the last two years we locked up a lot of the big power capacity and designed a very high power density data center.

But what I try to say in short term, midterm in China, if the wave coming for everybody is a challenge, but in midterm, short term for us is more relaxed for that. But in the Johor site, I think there we've got almost 50% of the power allocation in Johor so far. So I think we are moving more ahead than any player in the Johor area.

Cooper Belanger ***TD Cowen - Analyst***

Okay, great, thank you.

Operator

That was our last question. I'd like to turn the call back over to the Company for (technical difficulty).

Laura Chen ***GDS Holdings Limited - Head of Investor Relations***

Thank you once again for joining us today. If you have further questions, please feel free to contact GDS Investor Relations through the contact information on our website, or the Piacente Group Investor Relations. See you next time, bye-bye.

Operator

This concludes (technical difficulty) the line.