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Operator

Ladies and gentlemen, thank you for standing by, and welcome to the Deterra Royalties demerger booklet release conference call.

Please be advised that today's conference is being recorded. I would like to hand the conference over to your first speaker today, Mr. Tom O'Leary. Thank you. Please go ahead.

Tom O'Leary - Iluka Resources Limited - MD, CEO & Director

Good morning, and welcome. With me today are Iluka's CFO, Adele Stratton; and Julian Andrews, CEO of Deterra Royalties. We also have on the line Brendan Ryan, the CFO of Deterra. We'll be presenting slides from both the Iluka and the Deterra investor presentations that were lodged on the platform last week. So when we refer to slide numbers, I'll be talking to slides from the Iluka investor presentation, and Julian will be referring to slides from the Deterra presentation. So if you've dialled in on audio only and you want to track the slides, you need to have to hand both the Iluka slide deck and the Deterra slide deck.

I'll start by making some introductory remarks in relation to the demerger before handing over to Julian to provide an overview of Deterra. I'll then provide a brief overview of the Iluka post demerger, and we'll then take any Q&A. Though I note we'll be seeing many of you in coming days to provide an opportunity for much more detailed discussion.

I'm now on Slide 5 of the Iluka presentation. The release of the demerger booklet to shareholders marks an important milestone for us in progressing the demerger we announced back in February. The worlds changed a lot since then, but our view remains the same, and that is that the demerger is in the best interest of shareholders and we're looking forward to the vote in October.

As part of the process, we engaged independent expert, Deloitte, which has also concluded that the demerger is in the best interest of shareholders. We're also pleased to confirm receipt of the draft ruling from the ATO for demerger tax relief. And as is usual for demerger processes, any final class ruling will only be issued after implementation of the demerger. I'm now on Slide 6. If approved by shareholders, the demerger will result in 2 separate ASX-listed companies, Iluka, which will continue to be a global leader in the mineral sands industry, and Deterra, the largest ASX-listed royalty company, each with an independent management team.

Iluka and Deterra have fundamentally different characteristics, assets and risk profiles. The demerger has the potential to unlock value as it allows the different businesses to pursue distinct growth strategies. It also allows each business to adopt a capital structure appropriate for its own circumstances and it provides shareholders greater choice regarding their level of investment in Iluka and Deterra, respectively.

You can see on Slide 7 that the shareholder vote will be on Friday, 16 October, at a virtual EGM. The details of which are in the demerger booklet. Assuming it's approved, Deterra is expected to list on the ASX on 23 October, with the implementation on 2 November. I'll now hand over to Julian to speak to you about Deterra Royalties.

Julian Andrews – Deterra Royalties Limited – MD & CEO

Thank you, Tom. First, I'd also like to welcome you all today and note my excitement at the opportunity to lead to Deterra Royalties. Deterra represents a new and unique proposition for the Australian investment community particularly its inaugural shareholders and I'm looking forward to the challenge of the company growing and evolving over time to become a significant contributor to the broader Australian resources landscape.

My intention today is not to run through the pack that we released last Thursday, page by page, but rather highlight the key aspects of the business and the opportunities I believe it brings. I'll be happy to take any questions at the conclusion of the presentation and we'll also have the opportunity, as Tom said, to discuss, in more detail, with many of you individually in the coming days. Just a reminder, when I'm referring to page numbers in this presentation, I'm referring to the slides in the Deterra demerger briefing pack. In opening, I'd like to start by touching on the characteristics of Deterra's underlying business model by turning to Slide 11.

Many of you, no doubt, are familiar with the business model of listed royalties companies, namely vehicles that invest in and hold royalties or increasingly, streams, and in doing so, provide investors with exposure to the wealth created from mining in a way that delivers some key structural advantages over other forms of investment.

In particular, while a royalty company is exposed to commodity pricing and can provide income, generally by way of dividends in much the same way as a miner, it comes with a different risk profile. It's typically less exposed to operating and capital costs. For example, a revenue-based royalty where the holder receives a percentage of revenue from the sale of the mines production is obviously dependent on production levels and realized prices, but is largely indifferent to operating margins or capital costs.

A royalty holder can also benefit from the exploration success or expansion activity of a miner that isn't exposed to the cost of that activity. Investment in the commodity directly or via an ETF can also provide exposure to pricing with very limited exposure to asset level risks that typically wouldn't bring the same income potential nor benefit from expansion or extension in the way a royalty can.

Revenue based royalties can also have an advantaged position in a mining company's capital structure, accessing cash flows ahead of debt and equity providers. This model has been very successful in the northern hemisphere over the past decade, and the listed royalty sector has grown significantly in that time, with the top 10 listed royalty companies combined market cap growing by more than USD 50 billion, and generating total shareholder returns of more than 300% over this period.

Much of the growth in royalty investing has been focused on precious metals, particularly gold, and so differs somewhat from Deterra's current assets. Despite this growth in other jurisdictions, there are no royalty companies of scale listed on the ASX. We believe we have a unique opportunity to apply this business model in the Australian market, providing investors with a new way to invest in resources on the ASX.

Moving to Slide 12. As you can see, at its core, Deterra's model is very simple and is built around 2 key objectives. First, we are very aware that we hold a very high-quality asset in the Mining Area C royalty. It's a key objective of the business to ensure current and prospective investors fully realize the value of this asset. Second, we also recognize there's an opportunity to generate additional value through disciplined investment to build a larger portfolio with earnings growth and diversification.

I would like to focus first on the core of the current business, the MAC Royalty and the cash flow it brings. Moving to Slide 15. The MAC Royalty is, as I said, a very high-quality royalty asset. It's held over the BHP operated Mining Area C located in the Pilbara region of Western Australia. The mine is low-cost and has been generating cash flow for the MAC Royalty since it began production in 2003 and has many years of mine life remaining. The payments we receive under this royalty comprise 2 elements: revenue payments, which are 1.232% of Australian dollar-denominated FOB revenue from product from the MAC Royalty area; and capacity payments, which are equal to a one-off AUD 1 million payment per 1 million tonne increase in annual production from the royalty area.

The current operation of MAC's North Flank produced 55 million dry metric tonnes in 2019, which resulted in $85 million in revenue to the royalty. However, as shown on Slide 17, these volumes are expected to increase substantially through the development of the South Flank project announced in 2018. This is expected to result in annual production from within the Mac Royalty area more than doubling, increasing to approximately 140 million dry metric tonnes, which, obviously, subject to pricing and Forx, will be reflected in the cash flows received under the royalty, both revenue and capacity payments. This growth will come at no capital cost and with no increase in operating cost to Deterra.

The business has been set up to provide investors with clear access to those cash flows with a small corporate team, we're expecting to have 6 employees; modest overheads; and conservative capital structure, together with a target dividend policy of paying 100% of net profit, fully franked to the extent possible, are all designed to support a higher-margin business with the capacity to pay cash distributions to our investors, something we believe will be attractive to the market.

The South Flank expansion provides Deterra and its shareholders significant organic growth in the near term, but we've observed that the companies that have built a portfolio of royalties tend to attract higher ratings in single assets. And hence, the second leg of our strategy is focused on generating additional value through disciplined investment to build a larger portfolio with earnings growth and diversification.

The MAC Royalty and the organic growth that we'll provide through the development of South Flank is a very solid platform on which to build this growth strategy. In particular, it provides us with the time and capacity to employ a disciplined and patient approach to evaluating growth opportunities.

Moving to Slide 21. We are well underway to defining our pipeline of opportunities. Although we will have a broad growth mandate, our strategy will be guided by our ability to generate value through investment rather than focusing on any one commodity, jurisdiction or type. That being said, although we will not be setting rigid limits on the opportunities we may consider, we recognize that some will be a more natural fit than others. For example, we will consider investments across a range of commodities, including energy, bulk, base and precious metals, but we'll look to avoid commodities where markets are not deep or transparent or which are subject to potential regulatory restrictions or environmental pressures. And we will always be conscious of our ability to invest on attractive terms.

And given our base here in Perth, which gives a permanent investing presence in Australia and access to ASX scrip as potential consideration, we expect we will be primarily focused on opportunities in the Australian resources sector. Other geographies will be considered on a case-by-case basis, but we would need to be satisfied as to our relative competitive positioning and the strength of the political and legal governance arrangements. We also recognize the importance of investing in mining projects with operators with a commitment to responsible mining practices, and will assess potential investments against a range of ESG criteria, including environmental, OH&S, community and indigenous relationships.

On Slide 22, you can see that Deterra has been established with low debt and working capital facility, providing us with significant additional capacity and flexibility to pursue investment opportunities if and when they arise. We intend to maintain a conservative balance sheet, which provides the flexibility to act quickly and confidentially for the right opportunity. This may involve using equity to supplement our debt funding capacity.

However, clearly, the funding of opportunities will be a decision for the time based on the nature of the specific transaction. Moving to Slide 27. In summary, we are focused on delivering for Deterra shareholders through the 2 key elements of our business model. First, we're focused on maximizing value from our strong and growing cash flows from MAC Royalty through our modest cost base and target 100% fully franked dividend payout; and second, by executing our disciplined growth strategy. We will do this by investing in new royalties that are complementary and value accretive, while maintaining a conservative balance sheet.

As I said earlier, I'm really excited by the quality of the assets we have, the opportunity to build this business and also, very much, the calibre of the Board and management we’ve put in place to help me achieve this. In this regard, I'm delighted to introduce you to Brendan Ryan, who has joined Deterra as Chief Financial Officer. Many of you will know Brendan from his role at Boart Longyear. Brendan brings a wealth of corporate financial experience as well as very strong skills in mining project evaluation through his time at Rio Tinto, where he served as Head of Business Evaluation for several years. I will now hand over to Brendan to introduce himself briefly and then back to Tom. Thank you.

Brendan Ryan – Deterra Royalties Limited - CFO

Thank you, Julian. I appreciate the opportunity to introduce myself. Listen, I'm genuinely excited to be joining the Deterra Royalty team. As you said, it is an amazing and unique opportunity based on an amazing business model, world-class cornerstone assets and a high-calibre board and management team. I look forward to getting out of quarantine and meeting you all face-to-face and, hopefully, sort of talking with you all later in the week. That's what I have. Thanks, Julian. Thanks, Tom.

Tom O'Leary - Iluka Resources Limited - MD, CEO & Director

Thanks, Brendan. So I'm now on Slide 9, and this is back in the Iluka presentation. For Iluka, the core remains the same. Post demerger, Iluka remains a leading mineral sands company with a diversified set of high-quality assets and a pipeline of project opportunities to sustain and grow the business. While the core business remains the same, we have disclosed in the demerger book, with a revised net debt target of no net debt on average through the capital investment cycle.

This revised policy really aligns with how we have, in practice, managed the balance sheet over the past several years. We will draw down debt to fund significant capital expenditures, but we'll then focus on fully repaying that debt. We've done that for both the acquisition of Sierra Rutile, which was repaid within 2 years and more recently, for the Cataby development.

And in terms of availability of debt, we continue to have access to our multi option facility agreement with debt facilities of over $500 million committed through to mid-2024. We've also confirmed Iluka will retain a 20% stake in Deterra as a long-term investment which represents an additional source of financial strength. Our dividend policy will remain unchanged, and that is to pay 40% of free cash flow not required for investment or balance sheet activity. Also remaining unchanged will be our disciplined approach to capital deployment, measures like entering into take-or-pay contracts with customers as we did to support the Cataby development, will continue.

Moving forward to Slide 11. Iluka's products have a range of applications in everyday uses, industrial applications and renewable energy technologies. The key though is that the primary drivers of our end markets are linked to urbanization and rising living standards. While COVID-19 has had a significant impact on global consumption, the longer-term trends around urbanization, sustainable development, growing middle class populations and advanced technological applications to zircon and rare earths, in particular, underpin demand for Iluka's products.

Owing to grade decline across the industry, including in our own operations as well as a lack of investment in new developments, the longer-term industry supply and demand fundamentals are positive. While the timing of supply constraints has become less certain given the impact of COVID-19, without any major investments, we expect to see further diminution of supply in coming years. Page 16 talks to our marketing approach. The mineral sands market is quite consolidated with a large share controlled by relatively few suppliers, one of the largest being Iluka. And sales of our products are made with reference to our marketing model.

While pricings not transparent or actively quoted on any major exchange, our model targets sustainable prices and a dampening of volatility over time. We are prepared to and have demonstrated market discipline in order to stabilize zircon pricing in particular, and attractive margins have been maintained. The fundamentals of our key markets are positive. I don't have a lot more than I can add on markets over and above the update I gave at the half year results 4 weeks ago.

I would note though that the cautious optimism we expressed at the half year regarding zircon markets continues with third quarter sales volumes expected to be a little higher than the second quarter. In our high-grade markets, rutile sales for the third quarter are also expected to be slightly

higher than the second quarter, while our synthetic rutile sales will be lower as anticipated due to the contractual dispute we've previously disclosed. That dispute is ongoing, and I don't have any update to provide today on that process.

Going to Slide 17, Iluka remains committed to advancing our project pipeline in a disciplined manner. We noted in August that Phase 1 of Eneabba had moved into production ahead of schedule in June; and that Phase 2, a $35 million expenditure to produce a 90% monazite feedstock so as to be a direct feed to a rare earth cracking and leaching plant had been approved by the Board.

In addition, the Balranald trial has commenced and is ongoing, with preliminary results expected to be reported in the fourth quarter. We'll continue to keep the market informed as these projects and others are progressed.

Moving to Slide 18. From a cash flow perspective, the mineral sands business has historically been very cash generative, producing around $2.4 billion of free cash flows over the last decade.

Moving to Slide 19. As I've noted, we've revised our credit metrics to no net debt through the investment cycle. That's our target. Iluka has a very strong balance sheet with pro forma net cash of $89 million at the half year. Our banking group remains highly supported and the $500 billion MOFA facility remains in place, maturing, as I said, in mid-'24.

We recognize the importance of exercising capital discipline and maintaining a strong balance sheet, and we've managed this well through the COVID health pandemic. In addition, we regard the retained 20% stake in Deterra as a long-term investment, and it provides an additional source of financial strength for Iluka.

And finally, on Slide 20, our disciplined approach to capital deployment positions us well for the future as does our disciplined approach to markets. These approaches to capital deployment and to the marketing of our products are really subsets of our broader focus on our core objective to deliver sustainable value. And the demerger itself is a further example of our disciplined approach to meeting that objective.

So with that, thanks again to all who have dialled in today. The demerger of Iluka and Deterra is a really exciting milestone for us. And Julian and I look forward to engaging with as many of you as possible over the next few weeks to discuss it in more detail and answer any of your questions. However, as Julian mentioned, we're happy to take any questions today. So I'll open the line now for that Q&A.

Operator

(Operator Instructions)

Your first question comes from the line of Paul Young from Goldman Sachs.

Paul Young - Goldman Sachs Group, Inc., Research Division - Equity Analyst

Tom, Adele, Julian and Brendan. Tom, a few questions for you to begin with. The first one is around the balance sheet and the targeting of 0 net debt through the cycle. If you look at your growth pipeline in mineral sands, in particular the Balranald and Wimmera projects and the timing -- early proposed timing that you've put out there. Those projects will somewhat overlap on CapEx. I'm curious about your comments that net debt will rise as it has in the past, depending on the organic or inorganic opportunities.

But would you be willing to take net debt back to the sort of levels we saw post SRL acquisition, so around the $450 million to $500 million net debt sort of levels?

Tom O'Leary - Iluka Resources Limited - MD, CEO & Director

Well, Paul, I think it'd depend on a range of things. We do have the facilities to do that, as I've mentioned, but we'd be very concerned to ensure there was a clear line of sight towards a rapid paydown of that sort of debt level. So it would depend on such matters as the nature of the contractual offtakes for that product, whether exposed to market or whether there was contractual offtake and the outlook more generally for the company. But broadly, we would be, provided there was that visibility around repayment. As we noted, the Sierra Rutile debt was paid down in a couple of years, and Cataby, even more quickly. And we've had a track record of managing that sort of debt, but again, it'll depend on the outlook and the visibility on that repayment profile.

Paul Young - Goldman Sachs Group, Inc., Research Division - Equity Analyst

Okay. Second question, is on the zircon market. And great to hear that 3Q volumes are higher than 2Q. Your comments on the supply side challenges; you had noted, and the supply crunch is here, as we know. So the question I have, Tom, is a bit more colour on the actual demand drivers that you're seeing across the different components.

I know that chemicals market was particularly pretty tough in the first half. But we should be seeing a rebound in property at the moment. So can you maybe just touch on, if you can, expand on property completions/ceramic industry and also the chemicals markets? What you're seeing as far as the rebound is concerned.

Tom O'Leary - Iluka Resources Limited - MD, CEO & Director

Yes. We've seen China continue to perform pretty solidly in ceramics market and not really dissimilar to what we said at the half that we're seeing, as I'm sure you're seeing the data around housing completions look more positive.

There has been some caution around Europe, and we've all been watching stats around the pandemic in Europe. But just talking about this particular aspect earlier today with some of our marketing people, it seems to us that while the case numbers have risen, the economic activity we're seeing there, in particular, in ceramics, has continued pretty strongly, and we think the explanation for that is probably that it's the younger population that have been subjected to the more recent case load, and that hasn't given rise to extensive or any kind of lockdown certainly in Italy and Spain of late. So economic activity there gives us continued cause for cautious optimism. Exports out of Spain, again, have been relatively strong. So yes, I think that's probably all I'd say, Paul.

Paul Young - Goldman Sachs Group, Inc., Research Division - Equity Analyst

Okay. That's good colour there. And just last question; it's for Julian and Brendan. Just a clarification on the timing of these capacity payments that you received from BHP. When you actually receive those capacity payments, is that actually when commissioning begins at South Flank? Is that after a period of time that it's been operating? Can you maybe expand on that, please?

Julian Andrews – Deterra Royalties Limited – MD & CEO

Yes, sure. Thanks, Paul. it's a ratchet effect. It's a one-off payment. So once we receive notice from BHP in terms of its production for the prior period; and to the extent it exceeds the, if you like, the highest level reached previously, we will receive a payment at that point. So it follows commencement of production and actual production of those numbers.

Paul Young - Goldman Sachs Group, Inc., Research Division - Equity Analyst

And that's on a quarterly basis? Or half year?

Julian Andrews – Deterra Royalties Limited – MD & CEO

Annual.

Paul Young - Goldman Sachs Group, Inc., Research Division - Equity Analyst

It's annual..?

Julian Andrews – Deterra Royalties Limited – MD & CEO

Yes.

Paul Young - Goldman Sachs Group, Inc., Research Division - Equity Analyst

Calendar year?

Julian Andrews – Deterra Royalties Limited – MD & CEO

No financial year, 30 June.

Operator

(Operator Instructions)

Your next question comes from the line of Peter O'Connor from Shaw and Partners.

Peter O'Connor - Shaw and Partners Limited, Research Division - Senior Analyst of Metals and Mining

A question to Brendan. Just regarding Deterra, thinking through from October 1, the royalty payments and tax payments. In particular, just to Paul's question as well. Royalties are struck and paid monthly, in arrears just to get an understanding of the nuances of those payments in what basis and what time frame, so when they land in your account?

And then if you could just map out how tax will be paid by Deterra going forward. I don't need specifics, just a bigger picture view as monthly instalments, how they're struck. And taking that a step towards, February, next-year with dividends. Trying to understand what tax you would pay before the franking balance you may have accrued?

Julian Andrews – Deterra Royalties Limited – MD & CEO

So Peter, its Julian here.

So as you would have seen in the booklet, Deterra will accrue royalty payments from the first of October. And those payments are received quarterly in arrears. And then, I guess, to your question about how we'll pay tax, obviously, we'll work that through, but we'd anticipate that'll be monthly. And we'd noted that our policy around franking credits is to pass those through. So we would anticipate that the first dividend we pay for the period ending December 31 would be franked.

Peter O'Connor - Shaw and Partners Limited, Research Division - Senior Analyst of Metals and Mining

So the first payment you'd receive from BHP would be in respect of the December quarter, which would you receive in January? Is that how I understand it?

Julian Andrews – Deterra Royalties Limited – MD & CEO

Yes.

Peter O'Connor - Shaw and Partners Limited, Research Division - Senior Analyst of Metals and Mining

Would you be receiving one for the September quarter?

Julian Andrews – Deterra Royalties Limited – MD & CEO

Well, obviously, the royalty will pay for the period, but up to the September quarter, will accrue to Iluka. Payments post 1 October will accrue to Deterra. And yes, we would anticipate the December quarter payment will be received in January.

Peter O'Connor - Shaw and Partners Limited, Research Division - Senior Analyst of Metals and Mining

And so tax, no tax paid during the December quarter?

Julian Andrews – Deterra Royalties Limited – MD & CEO

Well, yes, we would anticipate paying on a monthly basis.

Peter O'Connor - Shaw and Partners Limited, Research Division - Senior Analyst of Metals and Mining

Ahead of receiving any income from BHP?

Adele Stratton - Iluka Resources Limited - CFO

Yes. So Peter, it's just in terms of in order to make frank dividends, you need to have obviously paid tax. That's how you accrue your franking credit. So it's a decision around how and when you want to frank those dividends. So hence, that's why Deterra's got a working capital facility of $40 million in place for those specific reasons.

Peter O'Connor - Shaw and Partners Limited, Research Division - Senior Analyst of Metals and Mining

Great. And Julian, another one on the growth opportunity that you have. And you talked about the range, and you mentioned base metals, precious metals, et cetera, and you included energy. Can I marry that energy growth option with your ESG comments, and I like the way you said you're looking at companies that have the right ESG credentials. What does energy mean? In the bucket, which is energy, what would you include and what would you exclude?

Julian Andrews – Deterra Royalties Limited – MD & CEO

Yes. So as we said, we will have a broad growth mandate, but we do recognize that some commodities and opportunities will be a better fit than others. So in the energy space, you'd expect oil and gas and coal would fall within those. As you say, there's clearly an ESG overlay over those. Also, we recognize that oil and gas perhaps have different valuation logics to them. And so perhaps would be less of an immediate target for us. So what we're looking to do is not to limit our investment approach, but as I said, with a clear recognition that some will be more natural fits for us than others.

Peter O'Connor - Shaw and Partners Limited, Research Division - Senior Analyst of Metals and Mining

So fossil fuel investment, it's not a no-go area?

Julian Andrews – Deterra Royalties Limited – MD & CEO

It's not a no-go area, but I think it's fair to say we would have to look very closely at the opportunity and particularly at both our ability to invest on attractive terms as well as the ESG criteria, and that may rule out some opportunities.

Operator

(Operator Instructions)

Your next question comes from the line of Glyn Lawcock from UBS.

Glyn Lawcock - UBS Investment Bank, Research Division - MD, Head of the Australian Mining & Energy Team and Research Analyst

Two quick ones, hopefully. Just tax leakage, do you expect there to be any tax payable on this transaction by Iluka? And then the second ones for Julian, just on the capacity payments. Julian, how does it work if, I guess, North Flank, the first mine winds down and one of the next deposits is developed? Does that trigger capacity payments again? Or only if it's an aggregate of the existing mines under operation?

Adele Stratton - Iluka Resources Limited - CFO

Glyn, I'll take the tax one. So look, in terms of tax leakage, as we've noted, we've got the draft tax ruling, which would ensure that there's no capital gains tax payable on that. In terms of the accounting treatment around the demerger, obviously, we hold it at a really low-cost value in our Iluka's accounts and the profit will be recognized based on whatever the market value is, which will generate a gain that goes through Iluka's account. That will not be assessable for tax purposes. So there'll be no tax payments on that.

Glyn Lawcock - UBS Investment Bank, Research Division - MD, Head of the Australian Mining & Energy Team and Research Analyst

Okay. So it goes through your accounts, meaning the P&L the gain will go through, but it will be non-assessable from a tax perspective?

Adele Stratton - Iluka Resources Limited - CFO

Yes. That's exactly right.

Julian Andrews – Deterra Royalties Limited – MD & CEO

And Glyn, to your question about capacity payments, the capacity payments are based on sort of aggregate production out of the mining areas, the royalty area. So to the extent that at some point in the future, there's one deposit winding down and replacement tonnes going on, we don't get a capacity payment on those replacement tonnes until they cause an increase in overall production. So as I said, it's sort of a ratchet-type arrangement where the replacement tonnes only won't trigger additional capacity payments.

Glyn Lawcock - UBS Investment Bank, Research Division - MD, Head of the Australian Mining & Energy Team and Research Analyst

Okay. So it's in total aggregate. All right.

Operator

There are no further questions at this time. I would like to hand the conference back to today's presenters. Please continue.

Tom O'Leary - Iluka Resources Limited - MD, CEO & Director

Okay. Well, look, once again, thank you all for your attendance on the call today. It's a really exciting milestone for us, as I said, and we look forward to catching up with you all in the next couple of weeks. Thank you. Bye for now.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may all disconnect.

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