



ROOTED IN NATURE



## TRANSCRIPT - Grieg Seafood Q2 2020 Presentation, 18 August 2020

### Introduction

**Andreas Kvame, CEO:**

Yes, I would now like to welcome you to the second quarter for Grieg Seafood, and with me as usual I have Atle Harald Sandtorv, and my name is Andreas Kvame. Let's get started. The agenda for today is that we go a little through the highlights of what happened during the quarter. We will look a little at the various regions and what is happening there. Atle Harald will come in and go through the financials, and then we will end up by looking a little at the outlook.

### Highlights

If we first look at the highlights for the quarter, we have harvested 23 910 tonnes, which is up 10% vs second quarter 2019, when we harvested 21 800. We were significantly impacted by market prices, which in turn were influenced by the corona situation, the covid-19 situation that we have worldwide. That actually represents NOK 211 mill. in (lower) earnings this quarter, compared to second quarter 2019. In Finnmark this quarter, as we said the previous quarter, was influenced by winter ulcers on the fish, downgraded quality.

In British Columbia we have had a considerable reduction in costs, but in Shetland we have had some negative impact from lower survival rates, which we will come back to when we cover the various regions.

We are working on sustainability and as of today 20 of our sites are certified, and that represents about 36% of net production in Grieg Seafood.

In the second quarter we also arranged a green bond for NOK 1 bn. Very happy with that. The construction of the RAS (*Recirculating Aquaculture Systems*) facilities is still ongoing in Newfoundland, and the licenses are on their way, as planned. In addition to that, we have had a significant focus on developing a new sales organization. The first members have already been hired, so we are on our way. Unfortunately, we won't reach our guidance, our target, which has been at 100 000 tonnes, and is now 95 000, and that is due to a significantly slower growth in Finnmark due to temperatures.

Having said that, we switch to the financial highlights of Q2. EBIT in Grieg Seafood, well it is a modest NOK 3 million for this quarter, and we are by no means satisfied with that. Last year in the same quarter we had NOK 300 mill. Will come back to a breakdown of that. Harvest volume was, as said, nearly 24 000

tonnes, a high harvest volume, and EBIT/kg was NOK 0.12 vs NOK 13.86/kg for the same quarter one year earlier.

We shall now look at the bridge from NOK 302 mill. from second quarter 2019, where there was a positive impact from volumes of NOK 31 mill. Prices had a negative impact of NOK 211 mill. In addition, we had a negative impact from operating costs, and that is mainly due to volumes in Rogaland which are significantly lower than last year, and not least, currency effects, which come in here.

Group costs are negative by NOK 23 million, and these are the costs related to the purchase in Newfoundland, and operating costs that have come in this quarter from the region. In addition to that, there is also an effect of the work in answering questions from the EU Commission.

Second quarter, rather second half of the year, our volume will increase 14% compared to 2019. Prices, if we look at that, well we have never had such a high share of contracts in Norway as we do in the third quarter this year, and 63% of the volume covered in the Norwegian market for the third quarter, and 36% for the second half in total. And prices are over what we see in today's spot market.

We expect costs to come down in Rogaland, and mainly due to higher volumes. Costs in Finnmark are also declining or normalizing, and harvest volumes will rise. And in Shetland and British Columbia we expect that costs will be stable.

If we look at page 6, our goal has been 100 000 tonnes of annual harvest capacity, and we would claim that we are there already, and so we have managed to stabilize costs the past year, and partly reduce them. We are coming from a volume in 2016/2017 that was about 63 to 65 000 tonnes, and now we have increased, the last four years we have actually increased volumes by 30 000 tonnes.

And what have we really done? Relative to our strategy there are three things that have been very important. One thing is that we have gone in for post-smolt and used very much time on that, much resources on that, expanded the capacity. We have reduced production time in the sea, which has given a certain reduction in costs, and we have improved the biosecurity in our sea production.

Biosecurity, fish well-being, fish health, fish hygiene, that has been a very important area, and still is a very important area for Grieg Seafood. And we have increased capacity utilization and expanded. In land production we have built up in Tytlandsvik, Trosnavåg, we are busy finishing up in British Columbia, we are doing the same in Newfoundland, we finished in Adamselv in this period. In Shetland this was done in 2015.

There has been a very important area to work on in Grieg Seafood, and not having enough capacity in the sea, enough licenses in the sea, to develop the strategy, so this has been a little part of building up a company by having enough localities to put our fish. And we have to a large extent succeeded, still a way to go, but we are getting closer to where we should be.

Looking at the different regions then 95 000 tonnes is the total, and the reason we are 5 000 tonnes down, a reduction in Finnmark of 5 000 tonnes, and that is mostly due to seawater temperatures in the first half of the year, where temperatures were cold in the winter, but that continued into the spring, a little unusual temperatures in this period, and in addition we have harvested some fish at an earlier point in time due to fish welfare reasons, for instance, winter ulcers.

Shetland has been reduced by 2 000 tonnes, but then production in British Columbia has done very well, and we are increasing guidance there by 2 000 tonnes, and we will come back to that later, and costs in the company have stabilized in this period.

Then we can't avoid talking about covid-19 and the situation that is there. Looking at upstream there, we have been very little affected. Of course, there is some influence with extra caution and a little increase in costs, but at a very low level.

Smolt, sea and harvesting parts have gone very well. Not very much impact in this quarter in that area, but downstream, to a certain extent, there was a significant impact in the market. The market for hotel, restaurant, catering (*HoReCa*) dried up, it was shut down in Europe, as well as in America, which are two big, very big markets. Saying that, it happens to be that Grieg Seafood, well, has an overweight on *HoReCa* in the US market, where we have 80-90% of our sales to *HoReCa*, and the total market is split 60/40 *HoReCa*/retail. We have likely been punished a little extra for this, and in addition we had large volumes in the second quarter, so it has been hard to find the right prices for all this volume.

Having said that, Europe has had the strongest growth the way things look as of today. But, that is also due to large challenges with air freight, starting in April, which was the worst month, and then it has gradually gotten better, and some markets, well, they have normalized, but are a minority: China, Hong Kong. But that has to do with directional balances, much more being sent out of China needs a return cargo, but in other markets still are seeing a 50 to 100% higher (freight) price or cost, than we would see in a normal market.

That has meant that we can exploit that we are present in several production areas, for instance in BC, where nearly all our products go to the *HoReCa* or retail sector in the USA, and partly some to China.

There has been good demand, to a certain extent. All the products are sold. I don't think there is a lot of frozen storage here and there in the market. We notice that very much of this has been consumed and sold, but the price development has been poor. Prices have been under pressure, and to some extent we have seen prices that we haven't seen in many years in the spot market. That means especially the US, the UK, and partly in Europe.

As we said, page 8. Let us look at the supply and demand balance. So, we think in the short term that it can be a little turbulent for a while regarding prices. The *HoReCa* segment was on the way up again, but with the uncertainty prevailing between red and green and yellow countries, which changes, and in the US, between states, changes from hour to hour, day to day, and week to week, so there is still some uncertainty in the market.

If we look at the first quarter, or rather the second quarter, so actually China, Hong Kong and Vietnam, they, there has been an increase. A large market, a market that takes a lot of fish. For the most part, the increase has not come from Norway, but mostly from Chile, and not least from Tasmania which has started to ship volumes in a larger part of the year than they did earlier, when they were very oriented toward seasons.

But when it comes to China, we feel that it is still a market that is improving. It has gone relatively well with our volumes from the BC region to China and at times also from Norway.

When we look at this quarter, it hasn't just been the US a little in front, but the UK market has had significant challenges. We have even seen prices in the UK market for Scottish fish that have been significantly lower than Norwegian at times during the quarter.

That has to a certain extent meant that we have looked a little at our harvesting profile. We have kept our plans as scheduled. We held back a little bit in the quarter in BC, when prices were at their worst, but mostly we have stuck to our harvesting schedule. As of today, we have good room to manoeuvre relative to MAB (*maximum allowed biomass*) in the various regions.

In the long-term, and we shall look one year ahead, we believe that this situation will lead to higher demand. The sales that have increased now in retail, will not disappear when hotels, restaurants reopen, so that will become additional, extra sales in the future, which will to a certain extent mean we can send more consumers to a very good product, which is good for people's health.

## Operational Review

Now we will move on to the operational part of the second quarter, and I will start by saying something about sustainability. We have worked very much in Grieg Seafood with things related to sustainability. We have five pillars which we work toward, measure ourselves by and have KPI's (*key performance indicators*) for. And we can also say that during this quarter we set the goal that we shall have all our sites, regardless of where they are spread in the regions, 100% of them shall be AFC-certified by 2023. We are working on, as many of you know, many things regarding feed, especially regarding soya, deforestation in Brazil, and so on. We are working to avoid that such things happen, and that it stops. In addition to that, we are developing our own feed strategy, which will say a little about which raw materials we would like to have in our feed, and can have in the feed, taking into consideration a sustainable future.

In addition to that, we have set a goal that by 2030 we shall have reduced greenhouse gasses, CO2 releases, by 30% per kilo. We are also working significantly in the company with recycling when that is possible, whether it is plastic or other things, in order to participate in the circular economy, which is also positive for sustainability.

Then we move to Rogaland, where we had earnings of NOK 40 mill. in the second quarter, vs. a result in the second quarter 2019 of 232. Significant decline there, and you see it more than anything in the harvest volumes, where we went from 8 300 tonnes to 4 500 tonnes, only half the harvest volumes, but, and EBIT was NOK 8.89 per kg compared to NOK 27.22 the same quarter last year.

The biology has been good in Rogaland. Good biological production, I would say good production in the whole region. We have lost some fish due to two things. One is that there has been significant lice pressure in the region, which means you have to do more treatments, and we have had challenges with CMS (*cardiomyopathy syndrome*), "heart crack", in three localities, which meant that we had to, well the survival rate went from 94 to 88%. But the biggest influence has been lower volumes and lower market prices. The average of the smolt released to the sea during the second quarter, for the year and the second quarter, is 550 grams, which are released to the sea. We expect in the third quarter to harvest 5 300 tonnes with lower costs than we saw in the second quarter, due to higher volumes. Our guidance for the region is still 25 000 tonnes for the year.

So then to the Finnmark region. Good biology in the region, but significantly reduced growth because the average temperature has been significantly lower than we had expected, both in our plans and what is in our three-year averages as well. That has, of course, influenced growth noticeably through the winter and not least through the spring, where we expected to see somewhat increased growth, which didn't come until the last weeks now.

In addition, we are influenced by lower market prices. Superior grade (share of harvest) was low, and as we announced the last quarter, there would be downgrades due to winter ulcers, not quite as much as we had in the first quarter, but significant downgrades in this quarter also. Having said that, that fish has now been harvested, and we are doing what we can to stop this from happening again.

We are doing everything we can to find out what we can do to prevent this from happening again, including using artificial intelligence to see if there are areas that can be improved beyond that having to do with fish health. As I said before, we are working significantly to obtain new localities, and in this period, we obtained a new locality in the Hammerfest area, which is a large locality, with a good strategic location, which will give us synergies. We expect to harvest 4 000 tonnes, 4 500 tonnes in the third quarter, with a lower cost than we saw during the second quarter. Harvest volumes must unfortunately be lowered to 33 000 tonnes because of the weaker growth we have seen, which is mostly related to temperatures.

So, to Shetland. In Shetland we had an EBIT of NOK -46 mill. vs NOK – 19.8 mill. last year. We have a volume similar to last year and an EBIT of minus NOK 12.36/kg vs minus NOK 6/kg in Q2 2019. This is to a large extent influenced by market prices, to a certain extent by quality, and costs due to lice treatments, significant lice treatment in the period. The lice pressure has been significant, with many treatments, but at the same time we have achieved a significant cost improvement in this area.

We still have much focus on our smolt production, improving smolt production, things have gradually moved in the right direction. We see clear signs of a biological improvement in the performance in the sea, which we will benefit from in the future. We expect to harvest 5 600 tonnes in the third quarter, with stable costs, and a gradual cost improvement. There is especially one area in Shetland where we have struggled a lot with regarding costs where we are looked intensely at what we can do, both to lower costs, and improve earnings. Harvest volumes are somewhat reduced, which is due to the lice treatment which has given us lower growth, but we have had relatively good control over lice.

Now we move over to British Columbia, we had a result of minus NOK 12, vs minus NOK 3.5 the same period last year. Harvest volumes were record high, we have never harvested so much during a quarter in BC, 9 300 tonnes, vs. 4 500 tonnes the same quarter last year. It must be said that we have never experienced so much algae and so many periods with low oxygen levels as we have seen this year in BC, but we have seen very little impact from this, and the reason for that is during the past year we have invested significantly in systems, survival systems, whether upwelling or oxygen, and so on, and not least, almost semi-closed systems with 15 meter deep tarpaulin or skirts on the outside, to both hinder algae blossoming on the inside, and not least, lice.

Earnings or results are driven by higher harvest volumes, but we have also had a significant price decline. We have seen a significant decline in costs during the quarter, but the challenge is that we have seen that prices have declined more. Three sites have been ASC-certified during this quarter, we expect 6 000 tonnes harvest volumes in the third quarter, and stable costs in the third quarter. And expect too that

this will end, so a little further ahead, costs will improve even more than they did in the second quarter. We have, as said before, seen good biology, and we have tackled the difficult situation with algae and low oxygen levels, etc., in a relatively good way in BC, which I am very happy about, and that means too that we can increase guidance in BC to 22 000 tonnes, which earlier was 20 000; stable and good survival.

When it comes to Newfoundland, we have gone through this several times. We closed, concluded that transaction the 15<sup>th</sup> of April. What we have here is 11 licenses with a capacity up to somewhere from 30 000 to 45 000 tonnes, and the way things look now the sites are in the pipeline and things look good regarding approval of these. We need CAD 60 mill. in the first phase to complete our RAS facility in this area. It will be finished in 2021, but the first batch of roe has already been introduced. We actually have fry at the site today and things are going according to plan. So in this quarter we start with smolt production down there, rather over there, and in second quarter/ third quarter 2021, the first fish will be released to the sea.

## **Financial Review**

Then I will give the word to Atle Harald, who will go through the financials.

### **Atle Harald Sandtorv, CFO:**

Thanks, Andreas. Then we start by looking a little at profit and loss. Our sales were somewhat down compared to the same quarter last year. Total sales were NOK 1.4bn. This is, the decline is due to a spot price that went down somewhat. Volume was somewhat up, so that offset prices a bit. EBITDA was NOK 131 mill. and was, of course, influenced by the spot price. When it comes to costs, they were relatively stable relative to the same quarter last year, but forex has changed that somewhat. Depreciation went up somewhat, due to growth. We had an EBIT of NOK 2.8 mill. The fair value adjustment was NOK 42 mill. in the quarter, and EBIT after fair value was NOK 45 mill. Financial items were negative with NOK 104 mill. and increased somewhat due to forex, so we get a profit before tax of negative NOK 59 mill. and after tax NOK -54 mill.

If we look a little at our cash flow, we started the quarter with NOK 280 mill. in cash, and we had an EBITDA of NOK 131 mill. From working capital, we have released capital due to biomass and customer receivables for about NOK 300 mill. Newfoundland is the big item on the investment side, where there were in total NOK 830 mill. in investments. On the financial side, we have financed by issuing a bond loan for NOK 1 bn which is mainly used to finance the Newfoundland transaction, so that cash at the end of the quarter was NOK 743 mill.

On the investment side, we have used NOK 242 mill. in the quarter, and we keep our capex guidance for the year unchanged from last quarter's report, which will say that we have NOK 400 mill. in growth investments, we have NOK 250 mill. in maintenance capex, and we have then NOK 620 mill. which are related to the Newfoundland transaction, excluding the share issue done in connection with that transaction. And further we plan to use CAD 60 mill. in total during 2020-2021, there we have some flexibility between the years. And in conjunction with investments we have looked at, and a little update on the covid-19 situation, which of course has led to a somewhat tighter liquidity situation, we have the possibility to shift in total NOK 300 mill. (in investments) to 2021, if that would be necessary.

Otherwise, we have a solid financial position, we have an equity ratio of 43%. As we said before, we issued a bond of NOK 1 bn. Net interest-bearing debt at the end of the quarter was NOK 3.3bn, but when you exclude IFRS 16 and factoring, which is how we calculate for covenants, it is NOK 2.8 bn. In that case NIBD to EBITDA, that is gearing, becomes 2.7, well within our covenants of 4.5.

We mentioned that cash at the end of the quarter was about NOK 750 mill., and we also have an undrawn revolving credit of nearly NOK 600 mill., which means that we have a free liquidity of NOK 1.3 bn. in the quarter, at the end of the quarter, which we are comfortable with.

A little summary regarding the liquidity situation, NOK 1 bn was issued in a bond loan, we are still waiting to pay a dividend, we haven't taken any decision about that, and we have NOK 300 mill. that we can shift on the investment side. In addition, of course, the focus on costs that Andreas mentioned is very important for the company going forward and is one of our main priorities in the future.

Now we will give our outlook, and I give the word back to Andreas.

## **Outlook & Concluding Remarks**

### **Andreas Kvame, CEO:**

Thank you, Atle Harald. Now we will look a little at what will happen going forward. We, if we go to page 23, we see reduced growth in 2021. This year, in 2020, we see growth of somewhere between 2 and 3%. It might be a little early to guide for 2021, but the way I see it today, we expect a modest growth of 1%, or relatively stable production worldwide compared to what we have seen this year. In Norway we expect production growth of about 3% this year, and the same for 2021. Chile, a change from 5% this year to minus 7% next year. North America is relatively stable, +2% this year, and +2% in 2021. UK 0% this year, and 0-2% also next year. Relatively stable, not the growth we have seen in recent years, but about 1% in volume growth, which will help shape the market next year.

We will now look at Grieg Seafood's estimates for volume in Q3, so will we harvest 5 300 tonnes in Rogaland, 4 500 tonnes in Finnmark, 5 600 tonnes in Shetland, and 6 000 tonnes in BC, so relatively even between regions, but the Norwegian region will represent 45% of the volume, and the overseas regions will make up 55% of the volume. In total for the quarter we will harvest 21 000 tonnes, and with Q4 volumes we will reach a total of 95 000 tonnes for the company. So, I will say as a summary is that we reduced guidance in Finnmark by 5 000 tonnes, we have taken 2 000 down in Shetland, and we raised BC by 2 000 tonnes, otherwise stable.

Our priorities going forward: We work according to a strategy plan toward 2025, we have had three focus areas: growth is one, costs is the second one, and repositioning in the value chain is the third. If we look at growth, the most important thing for us as of today is to implement and set up Newfoundland in a good way and to integrate the company with our routines as well as possible. Using Teams actually, with today's travel restrictions. But we continue our focus on post-smolt, as earlier announced, the development at Tytlandsvik has started, with 3 000 tonnes capacity today, and next year there will be an increase of 1 500 tonnes, which we will start using toward the end of next year, so 4 500 will be the total in that area. There are other initiatives, among others in British Columbia, where we are working for Gold River to be ready during 2021, autumn 2021, with an increased capacity expansion of 400 tonnes smolt.

We are also working to get new licenses arranged, both in British Columbia, but also in Norway. When it comes to costs, where it is the most important area to work on in the short-term, we are working on survival abilities for fish, fish welfare. We are working on the quality of the fish, for instance the winter ulcers we talked about, and if you increase the quality you also increase the price achieved on the fish. So we have a job to do in this area, especially in Finnmark, which has been one of our most stable performing areas with the exception of this spring with these winter ulcers.

We are starting to use new technology and integrate the whole organization into this. So, there are things related to the value chain. Today we are in the process of setting up our own Grieg Seafood sales department, which will be located here, in the UK, and in North America. We have hired a director for this, his name is Erik Holvik, he comes from Mowi, I am very happy that he is starting with us 1 October. In addition to that, we have hired, started to hire people who will be in his organization.

Our goal is to become more stable in prices, we are working on being more predictable, we are working on getting more long-term contracts, produce the fish that the customer and the retail segment desire, in order to get long-term contracts and work over time in partnership with our customers and be less exposed to the spot market.

To the final part, the summary, well, we are not satisfied with the result this quarter. To a large extent, this reflects biological challenges in Finnmark, and weak growth in this area for the fish in sea which were affected by winter ulcers. There is uncertainty in the market, we think we can get a turbulent, bumpy autumn, but that remains to be seen. The positive in the situation is that more people have developed a taste for salmon, buying it in retail, and preparing it at home, and that is positive. If the HoReCa segment bounces back, that will be good for the future. We have increased our contract share for the Norwegian volumes in the second half, and at prices substantially over today's spot prices. Our harvest volumes for 2020 will be 95 000 tonnes, that is our new guidance, and operational efficiency and biosecurity are top priorities in the short-term going forward.

That was what we had for now, and now we open up for Q&A, any questions that anyone might have. Please begin.



## Q&A

**Atle Harald Sandtorv, CFO:**

Now we will try to answer the questions that are sent in as well as we can. Then we start with a question comes from **Lars Konrad Johnsen, Carnegie**, who asks about biomass in sea up 3% year-over-year, and harvest volumes in the second half of 2020 being 14% higher than second half 2019, and asks if this is realistic and please say which assumptions are being used for this?

**Andreas Kvame, CEO:**

That is correct that biomass is up somewhat, but, as you see in the biomass note, and that biomass has a higher average weight than last year, but at the same time it is also ... in our plans, we haven't included any extra growth expectations or anything, but a normal scenario going forward toward the end of the year. It must be said that regarding biomass we have come a long way in production of large smolt in our company, so very much biomass will go from land, and be a significant release of smolt to the sea in the third quarter. In addition, we plan to adjust the biomass for harvesting in Finnmark in the fourth quarter.

**Atle Harald Sandtorv, CFO:**

And **Lars Konrad** also had a question about net interest-bearing debt which is at NOK 3.3 bn at the end of Q2, which is up vs. Q2 2019. Normally net interest-bearing debt rises a little during the second half due to more biomass, that is correct, you have to estimate more working capital requirements through the next quarter, and he asks what are our thoughts about our financial position and assuring our liquidity. We are comfortable with our financial position, we have already mentioned the new bond of NOK 1 bn, we have also obtained a short-term facility of NOK 600m available for the next half year, to take into account somewhat uncertain times, and in addition as we mentioned, we have the possibility to shift about NOK 300 mill. in capex from 2020 to 2021, and then there is the focus on costs which is the most important.

**Atle Harald Sandtorv, CFO:**

Then we have a question from **Carl-Emil Johannessen, in Pareto**, who asks what are expected operating costs each quarter for the coming quarters in Newfoundland. I can answer that a bit, because it is partly accounting technical, because most of the costs we have in Newfoundland are accrued on the balance sheet or are accumulated in the salmon (biomass) that we are about to produce, so very little comes through the P&L until we begin to harvest the salmon. But some shared or headquarter costs for Newfoundland should be expected, we will say more next quarter, but as a start, assume that is plus/minus 1 million, but we will have to get back to that later, since that also has a bit to do with accounting principles.

And then **Carl-Emil Johannessen** also has a question about the lice situation and mortality in Q3 in Rogaland.

**Andreas Kvame, CEO:**

There were lice pressures in Q2 in Rogaland, and a number of treatments were given. We also had a challenge in the very start of Q3, but today the situation is normalized, and mortality is just as it should be, that means normalized.

**Atle Harald Sandtorv, CFO:**

**Alexander Aukner, DNB,** asks how was the harvest profile during the quarter?

**Andreas Kvame, CEO:**

In the foreign regions, in BC and Shetland, we harvested evenly throughout the quarter, in Norway we harvested in beginning of the quarter.

**Atle Harald Sandtorv, CFO:**

**Martin Kaland, ABG,** asks which expectations we have for biology in Norway in the second half when the lice situation tends to be more challenging, both for Grieg Seafood and the industry as a whole. Does it look better or worse compared to last year?

**Andreas Kvame, CEO:**

Compared to last year, it looks unchanged for us. If you look back at last year, we had a very good biological situation in Rogaland during the third and fourth quarters. We had very few lice treatments, we mostly used clean fish, and we got a good premium on the fish during that quarter. In Finnmark, mortality is low as of now, and the lice situation is under control.

**Atle Harald Sandtorv, CFO:**

Yes. So **Christian Nordby, Kepler Cheuvreux,** asks about costs being guided down for Norway the next quarter, are they going to go down to the level of Q4 2019, or what should we be thinking here?

**Andreas Kvame, CEO:**

Costs in the two Norwegian regions should decline significantly in Q3 compared to Q2, but whether they decline to the level of Q4 2019, that remains to be seen.

**Atle Harald Sandtorv, CFO:**

And so comes a question from **Nils Thommessen, Fearnleys,** asks: Have the strategic alternative plans for Skye been put on hold due to the market situation?

**Andreas Kvame, CEO:**

We are still working on a solution for Skye.

**Sandtorv / Kvame:** Now we can't see that any more questions have come in. Then we say thanks for having us. Thanks for now.