

# **"Bezeq" The Israel Telecommunication Corp., Ltd.**



## **Event Transcript**

### **Q2 2022 Financial Results**

Wednesday, August 10th, 2022, 15:00 Israel Time

#### **DISCLAIMER**

This document includes a transcript of the conference call held on the above date regarding the Company's financial results for the second quarter of 2020, following the publication of the Company's financial statements at that date, as well as the publication of the Company's investor presentation filed under the Israeli Securities Law 1968 ("Securities Law").

This document includes statements made at that conference call and accordingly contains only partial information regarding the Company's financial results and the Company's periodic reports published under the Securities Law. The reports can be accessed at the Israeli Securities Authority's website, [www.magna.isa.gov.il](http://www.magna.isa.gov.il). A review of this transcript and/or the aforementioned investor presentation published by the Company is not a substitute for a review of the detailed reports of the Company under the Securities Law and is not meant to replace or qualify the full reports. The Company is not responsible for the accuracy or completeness of the information contained in this document. This transcript does not constitute an offer or invitation to purchase or subscribe for any securities of the Company, and neither this transcript nor anything contained herein shall form the basis of, or be relied upon in connection with any contract or commitment whatsoever.

**Q2 2022 Financial Results****Tobi Fischbein**

Welcome everyone, and thank you for joining us on Bezeq's 2022 second-quarter earnings call. I am Tobi Fischbein, Bezeq Group CFO.

With us from the Bezeq Group's senior management team, are Mr. Gil Sharon, Bezeq's Chairman Mr. Ran Guron, Bezeq's newly appointed CEO, and Mr. Yochai Benita, CFO of our subsidiaries Pelephone, yes and Bezeq International.

Before we start, I would like to draw your attention to the Safe Harbor statement on Slide 2 of our Q2-2022 investor presentation, which also applies to any statement made during today's call. We would like to inform you that this event is being recorded. After presenting our quarterly results, you will have the ability to ask questions by raising your hand virtually.

Let me now turn the call over to our Chairman, Mr. Gil Sharon for his opening remarks. After his introduction, I will then continue the presentation of our group financial highlights, followed by Ran, who will be discussing Bezeq Fixed Line results, and Yochai will conclude with the results of our subsidiaries.

**Gil Sharon**

Thank you, Tobi. Let's start on Slides 3 and 4. Our second quarter results continued the growth trend in line with the group's strategic plan. We successfully grew revenues in the group's core activities with revenue growth of 2.7% in Bezeq Fixed-Line and 4% in Pelephone. Bezeq Fixed-Line continued its accelerated deployment of fiber optics to 1.36 million homes with 180,000 fiber subscribers already connected. Retail broadband Internet ARPU once again increased nearly 7% year-over-year to reach 113 shekels, an increase of 3 shekels versus the previous quarter.

Pelephone showed significant improvement in its financial results with improved Adjusted EBITDA, Adjusted Net Profit and Free Cash Flow. This was the fifth consecutive quarter with a year-over-year increase in service revenues, driven by a further recovery in roaming revenues, an increase in subscribers and growth in 5G subscriber plans. The number of subscribers increased by 53 thousand in Q2 2022, of which 702 thousand are on 5G plans as of today.

Our financial strength and strong cash flow generation enabled us to reduce our net debt by one billion shekels, while maintaining a relatively high CAPEX level supporting massive deployment of fiber. Today we are announcing the board's recommendation for the distribution of a semi-annual dividend of 294 million shekels. I am convinced

that the continued focus on our growth engines, high-speed fiber optic Internet infrastructure and 5G network, will further drive us towards continued growth. We will continue to devote ourselves to maximizing our shareholders' returns. Now, let me turn the call back to Tobi to discuss our detailed financial results.

### **Tobi Fischbein**

Thank you, Gil. In the **next slide**, we present the Group's financial highlights for the second quarter and first half of the year. Revenues in the second quarter of 2022 amounted to 2.23 billion shekels, up 1.1% year-over-year, mainly driven by the growth in Fixed-Line and Pelephone. Adjusted EBITDA slightly decreased in the quarter by 2.1% year-over-year to 924 million shekels but is up 1.1% year-over-year to 1.9 billion shekels in the first half of the year. Adjusted net profit rose 2% year-over-year to 310 million shekels in Q2, mainly driven by improved profitability in Pelephone, totaling 632 million shekels Adjusted Net Profit for the first half of the year, representing a 4.8% increase year-over-year.

Turning to the **next slide**, free cash flow for the first half of the year was up significantly year-over-year to 929 million, mainly due to timing differences and improved working capital across the group.

The **next slide** shows the Group's key operational metrics for the past five quarters. On the Subscribers side, we saw continued increases in TV and cellular subscribers with stable retail Internet subscribers as fiber take-up offset churn from our copper network.

On ARPU, retail Internet and cellular ARPU increased year-over-year with a moderate decrease in TV ARPU due to the change in subscriber mix. Telephony ARPU was down due to the MOC tariff reduction that was implemented in Q2 2022.

Moving to the **next slide**, let me discuss Bezeq's financial strength and success in debt reduction. By the end of Q2 2022, our net debt decreased by over 1 billion shekels, or 15% year-over-year. Our net debt to EBITDA ratio is now 1.7 times compared to 2.0 times a year ago.

Moving on to the **next slide** – We recently announced an update to our 2022 guidance. We have updated our Adjusted EBITDA, and it is now in the range of 3.65 to 3.75 billion shekels, compared to 3.6 to 3.7 billion shekels previously. Adjusted Net Profit is now between 1.1 to 1.2 billion shekels from 1 to 1.1 billion shekels announced before, and Capex remains unchanged at a range between 1.7 to 1.8 billion shekels. Lastly, we have also raised our expectation for total homes passed for this year to 1.5 million,

compared to 1.4 million previously set. Now Ran will share with you updates on Fixed Line operations.

### **Ran Guron**

Thank you, Tobi. We finished another strong quarter with a 2.7% year-over-year increase in overall revenues, reflecting a resilient revenue base as the MOC telephony tariff reduction was implemented in Q2 2022. Revenue growth was driven by an increase in broadband Internet and business services. Fiber connections and robust sales of equipment led to a 6.6% increase year-over-year in retail broadband ARPU to 113 shekels.

Moving on to the **next slide**, Adjusted EBITDA and Adjusted Net Profit were down moderately year-over-year. The **next slide** shows the significant increase in free cash flow in the first half of 2022 driven by timing differences and improved working capital. The **following slide** shows our achievements in broadband Internet that reached revenues of 443 million shekels for the quarter, representing a 9.9% increase year-over-year. Fiber subscriber take-up offset copper churn and increased average broadband speed by 87% year-over-year, reaching 164 megabytes.

Moving onto fiber optics on the **next slide**, we continued to sweep the nation with our advanced network. Our fiber network has now reached over 1.36 million Israeli homes, with 180 thousand fiber customers connected as of today. The Wi-Fi broadband home Internet strategy has also greatly benefited the on-premises equipment business as well, with 708 thousand customers with the Be Router, and 386 thousand customers with Be Spot and Be Mesh by the end of Q2 2022.

As shown in the **next slide**, the business sector continues to have healthy growth with 4% year-over-year revenue growth in transmission and data as well as 9.2% year-over-year growth in cloud and digital services. Other revenues grew 18.2% year-over-year to 65 million shekels, due to the Blue-Raman submarine cable project with Google, among others.

Moving forward to the **next slide**, we detailed our expenses and show a salary increase due to employee recruitment relating to the fiber project. Depreciation was up 7.4% in the quarter due to Capex increases and higher operating expenses were due to higher subcontractor and equipment expenses also relating to the fiber project.

In summary, the accelerated fiber deployment combined with increased focus on take-up reflects potential for continued growth and strengthening of our position in the residential broadband Internet market. With that, I'll now turn the call to Yochai to talk about Bezeq's subsidiaries.

**Yochai Benita**

Thanks, Ran. As you can see, it has been an excellent quarter for Pelephone with service revenue growth for the fifth consecutive quarter and improved profitability metrics.

The **next slide** shows Adjusted EBITDA increased 18.4% year-over-year to 187 million shekels and Adjusted Net Profit grew 130% year-over-year to 45 million shekels due to a recovery in roaming revenues, an increase in the number of subscribers and growth in 5G subscriber plans.

Moving to the **next slide**, Free Cash Flow in the first half of 2022 was 276 million shekels compared to negative free cash flow in the corresponding period due to improved profitability as well as timing differences and improvement in working capital. The graph displayed on the **next slide** shows the continued turnaround in service revenues over the last five quarters.

The **following slide** shows the key operational metrics. Pelephone's ARPU rose 5.6% year-over-year in Q2 2022 while total subscribers increasing by 4.6% year-over-year to reach nearly 2.64 million, of which 53 thousand were added during the quarter.

Moving to yes on the **next slide**. The number of yes subscribers grew further with 291 thousand now watching TV through IP broadcasting, out of which 97 thousand are STING TV customers. In Q2 2022, we launched the agreement for the distribution of the Disney+ streaming service in Israel and we continue to lead in original production in Israel, with professional and high-quality local content.

Looking at the key financial metrics for yes in the **next slide**, we see that revenues were stable despite the decrease in ARPU due to an increase in STING TV subscribers. Adjusted EBITDA decreased 13.7% year-over-year to 63 million shekels due to an increase in content and original production expenses.

The **next slide** shows free cash flow in the first half of 2022 was positive 14 million shekels and was impacted by timing differences in payments for content. On the **next slide**, you can see yes' key operational metrics, the number of net subscriber adds grew again for the seventh consecutive quarter by 1.3% year-over-year to 567 thousand, mainly due to growth of 27% year-over-year in STINGTV subscribers. ARPU decreased slightly to 184 shekels due to the change in the mix of subscribers.

Moving on to the **next slide** – Bezeq International is focusing on expanding its ICT activities for the business market and growing cloud solutions and service contracts. In

Q2 2022, there was a reduction in ISP consumer activity due to the regulatory removal of the Internet infrastructure and ISP separation as of April 2022.

The **next slide** shows Q2 2022 financial highlights with a moderate decrease in revenues due to the reduced ISP activity, partially offset by an increase in business services. Adjusted Net Profit improved mainly due to lower depreciation and amortization expenses.

Moving to the **next slide**, free cash flow in the first half of 2022 totaled 78 million shekels, a significant increase year-over-year, mainly due timing differences in working capital relating to customer debt collection. Let me now turn the call back to Tobi for concluding remarks.

### **Tobi Fischbein**

Turning now to our **last slide**, Bezeq's Q2 results show the progress made thus far showing record results and growth in numerous metrics. Moving forward, we are devoted to continuing our momentum in implementing the growth strategy by advancing our fiber optics deployment, focusing on fiber take-up, promoting additional subscriber growth in Pelephone and yes, and generating higher ARPU with the transition to 5G plans.

With that, I will open the Q&A session. If you would like to ask a question, please raise your hand virtually using the "Raise Hand" button in the "Participants" tab. In the mobile app, you can raise your hand by tapping the "Raise Hand" option in the "More" tab. As you hear your name, please be sure to unmute your microphone, and ask your question. For the benefit of the people in the room, please introduce yourself and share the name of the company you represent. We will address questions as we see the hands raised. If you later change your mind about raising your hand, you can lower it by clicking "Lower Hand." I will now pause to poll for questions. Let us take the first question from Ondrej Cabejsek of UBS.

### **Ondrej Cabejsek (UBS)**

Hi everyone, thank you for the presentation. I want to clarify your guidance. So, you obviously raised the EBITDA guidance, you keep the CapEx guidance despite increasing the target of homes passed to 1.5 million at the end of the year from 1.4. I just want to understand. Obviously you're capitalizing some costs, or rather expensing some costs that you were previously capitalizing, so the free cashflow guidance is upgraded, but so is the number of homes, so is the home pass cheaper than previously expected or is this just a function of moving costs from one place to another and your EBITDA guidance was initially very conservative. Thank you.

**Tobi Fischbein**

Thank you Ondrej. I will address your questions. When we originally came out with our yearly guidance, there were a couple of major changes ahead of us, some of which took place starting in Q2, such as the telephone tariff reduction reform and the ISP reform, the removal of separation between infrastructure and ISP services, and we didn't know in advance how this will roll out. So we gave a range of guidance, and we didn't necessarily know that we are guiding for the middle of the range. Now after six months of actual results, we are in a position to update that guidance and as you noticed, the update is not parallel or proportionate between the different metrics. That's how we came up with a 10% increase in the net profit metric, a little bit less on Adjusted EBITDA, and we remain with our CapEx guidance.

**Ondrej Cabejsek (UBS)**

Thank you, so can I just clarify in terms of the homes, or in terms of the cost of the fiber roll out, clearly that is now slightly below what you were expecting before. Can I just clarify that and will that be the case going forward as well.

**Tobi Fischbein**

I wouldn't necessarily derive from this specific amount done in a certain period about the cost per home. As you know, we are moving in the first phase from buildings to more residential areas and homes, and as a result there is a change in the cost of deployment, but given the work of our own technicians plus the sub-contractors we are using, we are able to keep up a very good pace, and part of our plan is to bring forward part of the deployment instead of delaying it to later years.

**Ondrej Cabejsek (UBS)**

Thank you, I'll get back in the queue thank you.

**Tobi Fischbein**

The next question is from Jerry Dellis of Jefferies.

**Jerry Dellis (Jefferies)**

Yes, good afternoon, thank you for taking my questions. I've got two questions please. The first one is the status of plans for Bezeq fixed line to offer TV service. Is that still an active discussion with the MOC, and if so, is there a timeline attached to a decision there, please. And then the second question is, ahead of the legislative election in November, what are the leading parties saying about the industrial policy objectives in telecoms, and specifically has there been any discussion about possible interventions to support consumers through the cost-of-living crisis. Thank you.

**Gil Sharon**

I will address your questions. In terms of Bezeq bundling with TV - since the government is changing, I think there will not be any advancement on that probably in the next month. With the change of government and minister, everything is probably on hold. To your second question, you're assuming that parties talk about these things. Well, not really. We don't know everyone's intentions, but I don't see telecom as being on the major target of helping reduce cost of living. The focus in Israel is more about grocery goods, supermarket prices, etc.

**Jerry Dellis (Jefferies)**

Okay, thank you.

**Tobi Fischbein**

Thank you Jerry. The next question is from Michael Klahr of Excellence. Hi Michael.

**Michael Klahr (Excellence)**

Hi there, good afternoon. Well done on the good quarter and I had a few questions. First, I would like to ask about Pelephone and the increase in subscribers. I also saw a large increase at Cellcom, and I am just wondering if anything is going on there. Is that market share gains, additional sims, where is that coming from, if you have an answer?

**Yochai Benita**

This quarter we managed to add 29,000 new postpaid customers, which compensated for the first quarter. Overall, in the first half we added 26,000. This quarter, we decided to invest in this area, in order to return to the positive trend.

**Michael Klahr (Excellence)**

Okay, in a related question. We've seen that some operators have started to raise pricing in the last month. On the other hand, another operator, came with quite a bit of noise about their offer around free international calling and free international roaming. I just wanted to get your view on where you think the mobile pricing is going and how competitive the market feels at the moment to you.

**Yochai Benita**

In general, I think we are seeing stability in mobile prices in Israel, and most importantly, the 5G package is priced around 10 shekels higher than the basic 4G packages. As more customers migrate to those plans, we will see continuous growth in ARPU.

**Michael Klahr (Excellence)**

Okay, that's helpful. And then just two other questions. One on cost. You mentioned some of the inflationary pressures - you mentioned I think content and production, and

operating expenses in the fixed business. I just kind of want to get a sweeping overview, where are you most feeling it or are you worried about it, maybe in terms of salaries, equipment costs. Is it across the board or do you see it kind of moderating, if we look a bit further out, maybe 12 months out. Thank you.

**Tobi Fischbein**

The area where we are obviously more exposed to inflationary pressure is through our CPI linked debt, which is still quite significant. Although we have a partial hedge on that debt, the more inflation there is then the more finance expenses there will be. We have also included in our board of directors' report an explanation about the potential impact of that going forward.

**Michael Klahr (Excellence)**

How much of your debt is CPI linked? How much of your gross debt what percentage?

**Tobi Fischbein**

After hedging it is around 25%.

**Michael Klahr (Excellence)**

Ok, thanks, I'll get back in the queue.

**Tobi Fischbein**

Chris Reimer from Barclays with the next question please.

**Chris Reimer (Barclays)**

Hi, two quick ones for me. What would you say the roaming contribution to your ARPU was this quarter, and also what kind of upselling opportunity are you seeing as a result of fiber into maybe television and cellular or vice versa.

**Tobi Fischbein**

We don't specify the roaming contribution; we don't split our ARPU. Yochai will you want to explain more about it.

**Yochai Benita**

Yes, the second quarter ARPU is slightly higher than the first quarter by about half a shekel. As Tobi mentioned, we do not provide a breakdown of the components that we have in the ARPU, but the roaming is definitely having a positive impact on the results.

**Tobi Fischbein**

Could you repeat the second question please?

**Chris Reimer (Barclays)**

I was wondering about the upselling opportunity if you are seeing attraction from fiber customers into cellular or TV or vice versa.

**Ran Guron**

I will answer this. You have to remember that we're still under the regime of structural separation. That means that we cannot do joint marketing between Bezeq Fixed-Line and the other group's subsidiaries. Of course, once it will be removed, then like all operators in the world we can do bundling and upselling, but currently it's impossible from Bezeq Fixed-Line. What we can do and started doing is that yes, our TV subsidiary has started just last month selling bundles of TV together with Bezeq fiber. This is allowed but of course, yes' total market presence is less than what Bezeq Fixed-Line can do when it will be allowed.

**Chris Reimer (Barclays)**

Ok great, Thank you.

**Tobi Fischbein**

Thank you Chris. The next question is from David Kaplan of Psagot.

**David Kaplan (Psagot)**

Hi everyone. A couple of questions. The first one on elections and as a follow up to the first question that was asked on the call. What can you say about the regulatory issues that are currently being addressed, are they going to be delayed because of the process we are in now? that's the first question.

**Gil Sharon**

As I've answered before and as you know, there will be a delay in some of the regulatory issues that are on the table. We don't know for how long but it seems there will be some delay. Also, as you know, in Israel, it's not necessarily over after one election. There could be even more. We have some experience with that.

**David Kaplan (Psagot)**

But can you specifically speak on any of the issues. Like wholesale pricing or spectrum rollout for mobile businesses.

**Gil Sharon**

We just don't know.

**David Kaplan (Psagot)**

Great, and two quick questions on mobile. First of all I see there is a little bit of a reduction in the quarter, relative to last quarter, I know the numbers can be a little bit lumpy, but where are you in terms of your rollout of 5G and how much more is there to go. My second question on mobile - Chris was talking in terms of the roaming revenues - rather than giving us the specific percentage of ARPU that is relevant for roaming, can you talk a little bit about where roaming is as compared with pre-pandemic.

**Yochai Benita**

Regarding 5G subscribers, we see an increase quarter over quarter. As we announced earlier today, the number of subscribers reached more than 700,000. So, this is on 5G. Regarding roaming, I can say that on a company level, roaming revenues in this quarter reached the level of revenues in Q2 2019, which is a comparable quarter before the Covid-19 impact. I am not sure what reduction you are referring to.

**David Kaplan (Psagot)**

Okay great. I was specifically talking about CapEx in the excel sheet you guys have sent today. The net capital expenditure in Q2 in mobile was 62 million shekels compared to 72 million shekels in the previous quarter. There was 60 million shekels a year ago, so I am kind of wondering, where that's headed.

**Yochai Benita**

Pelephone's CapEx behaves in accordance with our long-term plan. In a specific quarter or even sometimes in half a year you may have a certain decrease in the deployment of sites, but Pelephone is running ahead and this year we will definitely see an increase versus last year in the deployment of the network. We are on track to reach our targets and national coverage by 2025.

**David Kaplan (Psagot)**

Okay great, and then the last one has to do with the fixed line business. Can you talk a little bit about the growth in fiber subs? Are those coming from conversions from copper, or most of them just due to new homes passed to new customers? Where is the growth in the fiber subs coming from? And that's it for me, thanks.

**Ran Guron**

So, I'll take that. We see both upgrades from copper to fiber and more and more new customers joining the Bezeq network. We are now covering 1.36 million homes versus the other two networks where each one is covering 900,000. There are many areas in which we are the sole vendor of fiber optics, which allows us to recruit new customers. We expect that the share of new customers joining the fiber optic network will increase.

**David Kaplan (Psagot)**

And all of those by the way are Bezeq customers, none of those are wholesale customers. Sorry, I know I've said the other is my last question.

**Ran Guron**

Some of those customers are Bezeq customers upgrading and some are new customers. It's basically the same answer.

**David Kaplan (Psagot)**

Are any of them wholesale from other operators?

**Ran Guron**

Well yeah, some of them are wholesale copper customers and some of them are even fiber optic wholesale customers, all kinds of customers.

**David Kaplan (Psagot)**

Thank you.

**Tobi Fischbein**

Thank you David, you have a follow up question from Ondrej.

**Ondrej Cabejsek (UBS)**

Thank you - regarding the previously capitalized sub-contractor charges, can you just tell us how much per year roughly is that going to be, and is that going to be a linear situation up until the whole project is finished. And then related to that, once the project is done around 2025, can you talk a bit more about what other OpEx benefits you get from migrating fully into fiber, because some companies, in Europe specifically, are talking about big OpEx savings once their fiber is done, etc.. And not just what they're incurring in terms of growing on fiber currently, but then also structural savings from decommissioned copper and moving on to fiber. Is there anything in 2025 or beyond that you can tell us? Thank you.

**Tobi Fischbein**

I'll answer that question Ondrej. We don't give specific guidance on the amount of expenses of sub-contractors, but definitely, we are using more and more to get the work of connecting homes done. The more take-up there will be, the more we will be expending this, and this will have a very good return in the medium term. Obviously, once we will reach kind of a steady state that I don't see any time within the next 2-3 years we will continue to use those sub-contractors in addition to our own technicians which are fully deployed across the country. In terms of the opportunity to reduce OpEx longer term, once we have stabilized our new fiber optic network, I think it's a bit too

early to talk about it because we continue operating with a significant amount of lines on our copper network, so I think it's a bit too early to speak about it but what I can say is that over time, as more of the subscriber base moves over to the fiber network, there will be less maintenance calls relating to the copper network and that's something we will see fluctuating over the years.

**Ondrej Cabejsek (UBS)**

Just a follow up, why would you continue using the sub-contractors after the rollout is done? Because I thought you are basically contracting those in order to get the rollout done specifically, so what will make you continue basically paying for them after the rollout phase?

**Ran Guron**

Basically, we are using two kinds of subcontractors. One kind is to help us deploy, so once deployment is almost done, we will stop with that of course. The other kind of subcontractor helps us with installation by helping our technicians to do the installation within the customer homes. This should take a bit longer, but once we are in the steady state, both kind of sub-contractors will be done with.

**Tobi Fischbein**

And the first kind of sub-contractor that Ran described is being capitalized as we did before. The second kind is not.

**Ondrej Cabejsek (UBS)**

Understood, thank you. If I may just one quick follow up in terms of the content costs. You mentioned higher content costs in the quarter. Is this a one off in terms of production or is this a new run rate we should expect going forward?

**Tobi Fischbein**

It's more like a one time, its not the new level.

**Ondrej Cabejsek (UBS)**

Thank you very much.

**Tobi Fischbein**

Thank you Ondrej. We have a follow up from Jerry Dellis, from Jefferies. Jerry?

**Jerry Dellis (Jefferies)**

Yes, thank you for taking the follow up question. I have two questions if I may. First of all, broadband infrastructure lines have stabilized over the last 12 months or so, but as you increase the focus on driving customer take up across the new fiber infrastructure,

would it be reasonable for us to expect grow up in infrastructure lines, to start growing, over the last couple of quarters, and then secondly I think you mentioned in the presentation that was at Bezeq fixed line ISP market share is developing, but across fixed line and international across the group, are you able to come into this, qualitatively, as to how your ISP market share is developing. So, in other words, the removal of the separation of between infrastructure and ISP earlier in the year help you to drive stronger ISP market share gains.

**Ran Guron**

I'll take the first one. We face fierce competition. The fiber optic market here is crazy, everyone is deploying, everyone is pushing take up. We certainly hope that our new initiative in pushing forward and accelerating the take up on the fiber optic network will in fact have an overall effect on the total number of Internet customers in Bezeq. I cannot say for sure or project that this number will rise, but we certainly hope so.

**Tobi Fischbein**

I will take the second question Jerry on the ISP reform. We have not disclosed specific numbers, but I can say that the amount of ISP customers that have been gained at Bezeq Fixed-Line is significant and is about double the amount we've lost at Bezeq International, so we are actually taking market share here as well.

**Jerry Dellis (Jefferies)**

Thank you very much.

**Tobi Fischbein**

You're welcome. If there are no further questions at this time, I would like to thank you all for taking the time to join us today. Should you have any follow up questions please feel free to contact our investor relations department. We look forward to speaking to you on the third quarter 2022 earnings call. Thank you.

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