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TEC.PA - Technip SA Refining Technical Conference Call

EVENT DATE/TIME: OCTOBER 02, 2012 / 02:00PM GMT

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PRESENTATION

Operator

Ladies and gentlemen, welcome to the Technip Conference Call. I now hand over to Miss Kimberly Stewart. Madame, please go ahead.

Kimberly Stewart - *Technip - Director - IR*

Good afternoon, ladies and gentlemen. Thank you for participating in today's technical workshop on refining. I am joined by the other members of the Investor Relations team Apollinaire Vandier and [Schwan Wan]. We are delighted to introduce you to our guests today, Marie-Christine Charrier, and Andrea Gragnani.

Marie-Christine is Senior Vice President of Technip's Refining Product Line, and Chief Technology Officer for Region A. She joined Technip thirty years ago as a process engineer. She has an impressive, in-depth expertise in supervising landmark refining projects worldwide, and has contributed to developing strong competency in this field within the Onshore Process Team. Marie-Christine is also a recognized author of technical articles and conference publications, and actively participates in the promotion of techniques, technological expertise.

She is joined today by Andrea Gragnani, Refining Product Line Manager, in fact, Line Director, New Technologies and R&D Coordination. Andrea first joined Technip in 1996 as a process coordinator and engineer, and again in 2008 after having worked for a major refining process licensor. Andrea is in charge of business development activities, and techniques strategy development. Andrea has a solid technical expertise in refining, both on a multitude of experiences, including research and development activities.

I would like to thank you both for being here today. Before we get on with the presentation, it is necessary that I remind you that statements made during the conference call, which are not historical facts, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Readers and listeners are strongly encouraged to refer to the disclaimers, which are an integral part of today's slide presentation, which you may download from our website technip.com. Also, an audio replay of today's call will be available from our website approximately two hours after the call ends.

Please note that this is a technical workshop on refining, and techniques, expertise in this field. The intention of the call is not to go into the financials, either on Technip generally, or concerning particular projects. I would also like to take this opportunity to remind you that on October 25, Thierry Pilenko, and Julian Waldron will host our third quarter results conference call at 10 a.m. Paris time.

With that, I now hand you over to Marie-Christine and Andrea.

Marie-Christine Charrier - *Technip - SVP*

Good afternoon, this is Marie-Christine.

Andrea Gragnani - ***Technip - Director - Refining Product Line***

And this is Andrea, good afternoon.

Marie-Christine Charrier - ***Technip - SVP***

We wish to welcome you to this webcast during which we will have the pleasure of explaining what refining is, and what it means to Technip. What is refining? So, let's go into some industry facts.

Refining is actually highly distributed across geographies, and have different types of owners, which can be small, independent operators, as well as large, international oil companies. The overall numbers of refineries operating worldwide is very important up to 655 today in 2012, which is 25 times actually the number of existing energy plants.

The main products of a refinery are transportation fuels, such as gasoline, diesel for road transportation, jets or airplane, and bunker fuel for ships.

There is also strategy product coming out from a refinery, which are bitumin for road paving, lubricants for engines. But refineries is also producing feedstock for the petrochemical industry, such as aromatics, naphtha, other things, which are transformed further in plastic, rubber, and chemicals.

Refining is really at the [head] of the downstream oil industry because it represents the first processing of crude oil.

Andrea Gragnani - ***Technip - Director - Refining Product Line***

Moving to the next slide, we find margins are driven by the cost difference between the feed and the products, and therefore, refineries have to achieve transformations that can prove to be extremely complex. To make gasoline or plastics from oil takes, as you can imagine, a number of processing steps that are accomplished by using a large number of technologies.

We could break down these technologies in three main families -- fractionation technologies that achieve a physical separation of families of molecules that are called cuts. The atmospheric fractionation is at the very beginning of the processing chain, and it sets the refining capacity.

Secondly, purification or quality improvement technologies that operate on each cut to remove undesirable components, such as sulfur, or to improve particular properties, such as octane.

End-to-end conversion technologies that transforms the family of molecules contained in the heavy cut, such as fuel oil, into different molecular families that will end up in lighter and more valuable cuts, such as diesel.

Now each refinery will result in a different combination of these various technologies and will constantly evolve to adapt to the changing market demand, as Marie will explain in the following slides.

Marie-Christine Charrier - ***Technip - SVP***

Okay, looking at the history of the refining. It's important to note that refining is one of the oldest industries of the oil and gas world, but that it's the one which has been transformed the most all along the (inaudible). When you look at this slide, each green block represents a processing unit with a specific technology. In the sixties, the refinery was quite simple. The crude was found in a distillation where it was simply separated in different components of cuts, like Andrea was explaining, to produce refining commercial products.

Gasoline, as you can see on the top right of the graph, was the only cut further transformed downstream, the cool distillation unit, a specialty technological unit, which is called naphtha through treatment catalytic reformer, in under to improve the car engine performance. For the other commercial product like diesel, fuel oil, bitumin, they have very crude qualities at the time, but it was sufficient to be a commercial product.

If you go to the next slide, you will see the same type of scheme but much more complex. You can see how, after years and years, because of the different oil crises, because of the constant oil pricing increase, because of the need of improving the car engine performances, the environment regulation changes, the decrease of the fuel

oil market, the refinery has developed, again and again, new technology to adapt itself for better productivity team, while respecting the constant change of the motor fuel specification.

Actually, the refinery scheme is a complex set of technologies. Each of them involving very specific process. Today, new technologies are still coming on the market to maximize the motor fuel production out of the barrel of crude, or to adapt the refining tool to specific feed stocks, like we can see in Venezuela for the transformation of extra-heavy oil in light crude, and then improving, again and again, the productivity of such complex.

If we go to the next slide, what you green on the left-hand side of the graph is a refinery as complex as the one on the previous slide, which consists of a plethora of technologies. But now, the refinery is connected to a steam cracker technology in the range, and both the green part of refinery and the steam cracker feed the downstream petrochemical unit in blue.

We managed to have such mega-grass root project, integrating the refinery and petrochemical, and all these projects, these types of projects are in many places of the world, like in Asia, in India, in Latin America, at concept or feed stage, and that will be the refinery in the next future.

RAPID project from Petronas in Malaysia is an example of first class complex and their front-end engineering design, development, and technique. As a matter of fact, a facility like this will require over 45 different process units in the complex person, requiring a lot of energy to operate.

Can you imagine such complex, you need 450 mega-watt power. It's one nuclear reactor, huge quantity of cooling [major], cooling waters, tens of storage tanks, several towers and (inaudible). All of this representing a total investment of over EUR20 billion, and implementing on a 3 kilometer by 4.5 kilometer area. This huge project are those we engineer and build.

Andrea Gragnani - ***Technip - Director - Refining Product Line***

Really thank you, Marie, for explaining all this. I hope that now that you see more clearly what refining is, I would like to share with you our vision of how this market will evolve in the future.

What you see in this graph are the historical levels of investment deployed by the downstream oil and gas industry. In green at the bottom, you can see that refining represents and average of 45% of the total, and is by far the top spender of the onshore industry. With the level of investment totaling $25 billion per year, refining is definitely a business that we cannot miss.

Future grassroot investments in refining will be driven by the increase of demand. As you can see in this graph, in gray at the top, growth is mainly linked to that of transportation fuels.

However, capacity increase is not the only driver for investments. To complete the picture, we also need to consider purification and quality improvement projects, or conversion projects. I will detail the use in the back slides.

In terms of geography, our projections see the majority of additional grassroot refining capacity built in Asia-Pacific, over 60% of the total, followed by Middle East with 15%, and South America, slightly more than 10%.

Going to the next slide, as I have briefly explained, new investments will be of different nature, and will result in projects having different sizes and geographies. Purification and quality improvement projects represent medium-size market opportunities, mainly in Asia-Pacific, Middle East, South America, and Africa. They derive from the requirement to meet environmental regulation, and more stringent fuel specification, as Marie has previously explained.

Conversion projects are major expansions. Driven by the declining demand of fuel oil replaced by cheap gas and power applications, for instance, and aimed at increasing the transformation of heavy oil cuts into market fuels, and therefore, improving business profitability. For these reasons, this type of investments have no preferred geographic space, and can happen even in Europe or in the US.

On the other hand, grassroot developments, such as integrated refining and petrochemical complexes, similar to those that Marie has also presented previously, are expected mainly in Asia-Pacific, Middle East, and South America, and represent very high level of investments with good visibility.

Overall, with three project type categories, the total level of investments in refining is projected to stay at the level between $20 billion to $30 billion per year to the horizon 2035.

Marie-Christine Charrier - ***Technip - SVP***

On here our chart describe to you what have you approximately achieved today in our refining world. I would like now, then, to explain what are the unique capabilities that Technip can offer in the refining market.

First of all, refining is core to Technip. Refining has always been an essential share of Technip backlog, with an average of twenty-five person in the last six years. As a result, we have a very long track record in executing refining projects since 1958, the day of creation of Technip.

What does that mean? That means a large number of new grassroot refineries being designed or built by Technip and partners in the last decade. Just to point out on this map, the most important achievements from a technology standpoint from the recent recent. In Canada and Venezuela, we have built two upgraders transforming the crude that is stored at ambient temperature into an extra light crude.

In Saudi Arabia, we are under construction of a 400,000 barrels per day export refinery in Al-Jubail and is getting closer and closer to start up. In Vietnam, we have participated to building the first refinery in this country. In Malaysia, as we already explained some slides ago, we are currently executing the front-end design of the huge complex operating that I described before.

All these projects involve very sophisticated technology operating at very high pressure, very high temperature in the presence of hydrogen, specific catalysts, and some of them are being developed in the last decade. Now, building a refinery is a stepwise approach. Each step requires specific skills, which can be acquired only from a long experience on project, and continuous feedback and improvement.

We take need of solid expertise on scoping studies; conceptual design as to refinery profitability to master planning; in-house technology development and licensing; integration of third party technology and selection for the customers; cost estimates capabilities from our own database from previous projects economic and financial analysis to help the customer to decide on the project; support to the customer for financial engineering, project risks assessment; basic design capabilities; front-end engineering design; project management consultancy to support the client on the outcome of the project; detailed engineering, procurement, construction, and start-up. All of these steps take typically four to six years to be implemented.

All these skills are very, very large, traditionally because of the complexity of this industry and the many skills required, the role was taken traditionally by different type of companies.

Three types, actually of companies -- well established licensors who have developed technologies, who have developed catalysts to make these technologies working; highly skilled engineering contractors being aboard to develop open art unit design, provide conceptual and master planning, ability to develop all the engineering design; and all these type of company which are construction focused engineering contractors.

Technip today is strongly position all along the value chain to build solutions for our clients. And this position will be further enhanced by the very recent acquisition of some key refining technologies from Stone & Webster Process Technologies.

Andrea Gragnani - ***Technip - Director - Refining Product Line***

Right, indeed, with the acquisition Technip has significantly enhanced their onshore technology portfolio. More specifically, in refining we are now pleased to offer our clients some cutting edge technologies. Best of all, the residual fluid catalytic cracking is a key conversion technology for producing gasoline from fuel oil. This is an alliance technology with Axens, IFP and Total, and we are one of the leaders in applying such technology through the market.

Secondly, the deep catalytic cracking, which is a unique technology to maximize the yields of propylene form vacuum distillates, Again, we are the exclusive licensor of Sinopec technology outside China. Then BenzOUT is our technology developed by ExxonMobil to remove benzene from the gasoline pool. This is more of a niche technology but has several references in the US already.

At last but not least, the technique, steam reformer technology for hydrogen plants for which we have a market leader position with almost 40% market share.

Our intention is to provide, as a separate business, the process design packages, and a proprietary equipment, and the assistance to start up on these technologies. We expect this business to be intrinsically more profitable than our traditional onshore, offshore business, but of smaller size, of course. But most of all, this definitely improves our technology image, and better attract our customers.

In the back slide, I would like to point out what, specifically, Technip can offer during the conceptual phase of the project. I would start with strong capabilities in detailed feasibility studies that support sound investment decisions.

The expertise in the integration of downstream technologies that is a critical aspect, especially for complex refineries, the experience in revamping facilities for plant expansions where leveraging the existing assets is a key for success. The efficient utility systems and offsites designs that offer huge cost savings potential in terms of both investment and operating costs.

And last but not least, the EPC knowhow, providing a solid background to our cost estimates since the very initial phases, and our construction oriented design as well that most of the actors in this arena cannot offer to the market.

Marie-Christine Charrier - ***Technip - SVP***

Andrea just explained that we are at the very early stages of projects supporting our client in the conceptual phase, which is a phase where major optimizations are possible in terms of technology clients technical preferences, as well as CapEx optimization.

We are also very strong at the execution phase thanks to our strong national content requested by our customer. We have played around the world with a presence in 48 countries. We (inaudible) centered with high-skilled engineers close to customers and projects. We have also innovative partnerships with solid construction companies. We're combining our engineering capabilities, where meet that strong local construction team.

It is very important in refining, we have very strong expertise in brownfield, because like if you understand, refineries are step-by-step complex which has been developed unit-per-unit, and when you want to expand a complex, you have to work a lot on existing facilities, and it is a very, very specific work, which needs a lot of expertise.

We also organize geographically with a worldwide procurement network, thanks to our footprint is in many places in the world. We are also developing more and more our project management consultancy services to provide our clients our support to handle their EPC project. That's our key differentiators.

Andrea Gragnani - ***Technip - Director - Refining Product Line***

We hope that at this point, it is evident for you that in the positive market outlook that we see in refining, Technip is uniquely positioned to capture significant opportunities, thanks to its impressive track record, and its cutting edge technologies, enhanced by the recent acquisition of Stone & Webster Process Technologies.

Marie-Christine Charrier - ***Technip - SVP***

To finish this presentation, and it is very important to say that our expertise, planning from concept chore to start-up, provides the ability to be sufficient for our client, and our extensive network of engineering centers worldwide, offer to all customers solid design and execution capabilities.

We'd like both to thank you for your attention, and hope you enjoy being with us. Thank you.

Andrea Gragnani - ***Technip - Director - Refining Product Line***

Thank you again.

Kimberly Stewart - ***Technip - Director - IR***

Operator, we're now available to answer questions that the participants may have.

QUESTION AND ANSWER

Operator

Okay, thank you. (Operator Instructions) We have a first question from Tahira Afzal. Please go ahead.

Kimberly Stewart - ***Technip - Director - IR***

Is that Tahira?

Tahira Afzal - ***Keybanc Capital Markets - Analyst***

Oh, yes, that is. Sorry, I couldn't make out that that was my name, Kimberly. I apologize. Thank you, first of all, for really arranging for this. The slides are great, and the presentation has been very helpful. I guess my first question goes back to slide 13. It seems like we progressed on both 2015, that the CapEx trend form the refining side are largely sort of tapering off.

If we were to look at Technip's opportunities in the next three years, four years, they seem good, but after that, would love to get an idea of Technip's strategy for the very long term, if you feel that you can continue to grow in this market through market share, especially given you have made acquisitions like the one you just talked about in terms of Shaw, AC.

Andrea Gragnani - ***Technip - Director - Refining Product Line***

Let me rephrase your question to be sure that I got it right. There has been a peak in investments deployed between 2010 and 2015, and you see that spot coming up in the graphs. Is that what you're referring to?

Tahira Afzal - ***Keybanc Capital Markets - Analyst***

Absolutely, and what I'm trying to gauge is that Technip -- can Technip sort of buck that trend in the longer term through market share gains?

Andrea Gragnani - ***Technip - Director - Refining Product Line***

Yes, I mean, several things. First of all, it's true that refining is going through a transient period effected by the crisis in 2008, and this will be absorbed in the long term stabilizing investments in the longer term beyond 2015 to 2035.

Now, what we target, and this is one of the objectives of the recent acquisition of Stone & Webster is really to reposition ourselves more upstream in the project phases, and we have explained that. Marie went through that slide today. In effect, this acquisition allows us to be aware, and to work with customers at the very beginning of a project, providing them with technologies they need to make their projects become a success.

So, we really think that, to some extent, we will reverse the client-supplier relationship in the very first phases of a project, and build on that to hopefully get a larger market share in refining opportunities in the future.

Marie-Christine Charrier - ***Technip - SVP***

In fact, we are at Technip being able for a long time to be close to the customers at the very early stage, helping him to build the project, and we try to extend that. But for sure like Andrea said, it only works with the process technology. We have to improve our technology image, and we will be ready to support the customer even at, again, much more at the very, very beginning of the project. And this is important.

And the market, if we look at the slide 13, for sure we had a peak in 2010, 2015. But you have to see that there is a deficit in motor fuel transportation in different places of the world, Asia, in India, in Latin America, and we are there, very well-positioned over there with engineering companies. We have expertise in all the countries, like in Europe, in the US, and with all these footprints we are able to provide solution from the early stage, from the concept [tool] to the completion of the start-up.

We feel that with all these portfolio of services and technologies, we are really able to meet -- to be on this market, which is a very good market in the next years.

Tahira Afzal - ***Keybanc Capital Markets - Analyst***

Thank you, that was very helpful. I do have another question as well, and then I'll hop back in the queue for some more. If you go to slide 12, what I found pretty interesting is that, if you look out in the very, very long term, it's Australia that you seem to be deriving the belt of, a fairly notable group from.

When I think of Australia, I think more of natural gas, and fairly think of it being as fairly far away from some of the feed stocks on the crude oil side, so would love to get more insight on what's making you excited, or what's really driving that growth in the very long term.

Andrea Gragnani - ***Technip - Director - Refining Product Line***

Yes, I need to apologize, but I mean the graph shows on Australia, but it really refers to Asia-Pacific more in general. We don't see a lot of refining activity in Austral per se. But in the southeast part of Asia, China and India, Indonesia, which are growing countries, there is a lot of refining activity, and that is reflected in the blue bars on slide 12.

Tahira Afzal - ***Keybanc Capital Markets - Analyst***

Got it, okay. That makes much more sense. Thank you.

Andrea Gragnani - ***Technip - Director - Refining Product Line***

No problem.

Operator

Thank you. We have your next question from Mr. Phillip Lindsay. Sir, please go ahead.

Phillip Lindsay - ***HBSC - Analyst***

Hi, there, good afternoon. A couple of questions, please. First of all, what do you see in terms of financing constraints for some of the projects that you and the competition are chasing right now, and perhaps you could discuss whether that sort of varies by project and or region. That's the first question.

And then, the second one, just thinking about this sort of region here, obviously, you flagged the Asia-Pacific as the strongest growth over the next -- over the medium- to long-term. But, perhaps, you can get a better feel for how the competitive environment varies by regions, and a feel for where your competitive advantage is perhaps greatest. Thank you.

Marie-Christine Charrier - ***Technip - SVP***

Okay, so, for your first question, if I understand well, you were asking is the financing issue on such projects -- are we (inaudible) on Technip side. For sure, these projects are project around $10 billion or even more, so financing is an issue, and we, Technip, on some occasion aiding the client to do -- we aid to do finance engineering.

But for sure, there are few projects waiting for financing decision, but we know that in refining, it's an industry which is really different from the others, because refining is pushed by the direct mode of transportation. We need to increase the motor fuel production in Indonesia, in China, in Vietnam, because it needs motor fuel, and this project will happen. Maybe with -- it takes time. But we have to wait a little bit, but for sure, they are coming, once this financing issue are solved. But you cannot stop, and we move from these project from the line in our opinion.

But the second question which is, I don't remember exactly, what was -- the strong growth in Asia-Pac, and are we can be competitive in this area. That's right, that was the question?

Phillip Lindsay - ***HBSC - Analyst***

Yes.

Marie-Christine Charrier - ***Technip - SVP***

Okay. So for this, we are a strong engineering company in Malaysia, in Kuala Lumpur, this company is building for more than 20 years, their competency, and their skill set in supporting by the Western Europe centered. In onshore, they are improving and as you approaching Technip to build this expertise, and so with this local footprint, we think, and our technology portfolio, which makes us able to be at very early stage of a project, and being with the customers very early, we think that we have a lot of advantage compared to all the competitors. It's one of our advantages, technological capabilities, competencies, and national content.

Andrea Gragnani - ***Technip - Director - Refining Product Line***

To complete what Marie was saying, in fact, Asia-Pacific is an ideal place where the techniques like FCC or DCC see a natural application. These are markets that are mainly gasoline driven with a strong link between refining and petrochemicals, and these two technologies, our FCC and DCC, are almost systematically considered in all refining projects.

I think this is really a unique advantage that we have in following and chasing those opportunities in Asia-Pacific.

Phillip Lindsay - ***HBSC - Analyst***

That's very helpful, thank you.

Operator

Thank you. (Operator Instructions) We have the next question from Tom Ackermans. Sir, please go ahead.

Tom Ackermans - ***Barclays Capital - Analyst***

Hi, good afternoon. Thanks for doing the call. If we look at some of the recent refinery start-ups, be it the ones from (inaudible), or Shell. It looks like there's been a lot more delays in those start-ups.

So, I was just wondering if you could tell us a bit more about how you're exactly managing that start-up process, and how are you try and avoid those type of delays. And also, it seems to be the case that there are more and more unexpected outages now. I guess that's a function of complexity as well. But it would be interesting to hear your thoughts on that part as well.

Marie-Christine Charrier - ***Technip - SVP***

I don't know too much about delay on (inaudible) and Shell refining project, because we are not involved in such projects. For sure, the refinery project, especially when there's brownfield work is not an easy work, and we need a lot of contingency, like expertise to make this type of work. And is very important to watch the extent, otherwise, we can manage delay for sure.

But it's like all these projects, it's simple, otherwise we wouldn't be here. But I think the refining business doesn't face more difficulties than other onshore projects that are all the same type. It's not specific of refining, I think.

Andrea Gragnani - ***Technip - Director - Refining Product Line***

Just to complement what Marie has said, of course, with increasing project complexity, and the investments being larger, we tend to see on these projects, the need for splitting packages to different contractors. And this is something that we have experience with on the Al-Jubail project that is also 400,000 barrels per stream day refinery split in multiple packages with multiple contractors dealing with all of that.

Now, in the specific case of this project, everything is progressing as per plans, and maybe what I can derive from our experience is the fact that we have taken up the leadership on a very complex package that is interconnecting an utility and offsites that is probably less technological, but extremely complex because it handles all the interfaces with the different contractors. And really, this can be a key on complex projects, having someone capable of managing the multiple interfaces.

Marie-Christine Charrier - ***Technip - SVP***

And what I could add to what Andrea said, also is, really being at the very early stage like he was in Al-Jubail, and that will be possible again with the Stone & Webster Process Technology. We manage since the beginning, we know all about this refining, and that adds a lot to make these thing working well, and being on time.

Tom Ackermans - ***Barclays Capital - Analyst***

Okay, thank you.

Operator

Thank you. We have the next question from Tahira Afzal. Please go ahead.

Tahira Afzal - ***Keybanc Capital Markets - Analyst***

Hi, thank you for taking my follow up. In one of your responses, and in your commentary, you mentioned that getting involved earlier in a project puts you at an advantage. Could you talk about, maybe, an approximate win rate, or a couple of examples where that has been the case?

Marie-Christine Charrier - ***Technip - SVP***

Actually, there are many, many examples where we were at very early stage. We always actually, we -- in many projects in the past we were, especially in Europe, when there big developments in Europe, and these days, on big project in Asia-Pac and Petronas Rapid is one case. We were at the selection phase of the licensor, supporting the customers.

We have few projects at the conceptual and feed stage in Latin America., for many different project in Cuba, in Mexico. We did a few projects, and we have almost big grassroots refinery, we are almost systematically today at the very early stage, compared to twenty years ago, or fifteen years ago, when we were arriving in the project at the EPC stage.

Tahira Afzal - ***Keybanc Capital Markets - Analyst***

Got it, okay. Thank you very much.

Kimberly Stewart - ***Technip - Director - IR***

Okay, well, since we have no more questions, unless somebody wants to quickly, Operator what is that you have to hit?

Operator

(Operator Instructions)

Kimberly Stewart - ***Technip - Director - IR***

We don't seem to be having anyone else doing so. So, if that's the case, I would like to thank you very kindly for participating, and listening to a very interesting topic. And I'd also like to, again, Marie-Christine and Andrea for all your time and effort for this call. So, thank you, and I wish all of you a very good day.

Operator

Thank you. And ladies and gentlemen, this concludes the conference call. Thank you all for your participation. You may now disconnect.