

# Grupo Rotoplas

## 2Q22 Conference Call

### **Operator**

Good morning and welcome to Grupo Rotoplas' results conference call. Please note that today's call is being recorded and all participants are currently in listen-only mode to prevent background noise. The host will open the floor for questions later.

- **[DISCLAIMER]**

Today's discussion contains forward-looking statements. These statements are based on the environment as we currently see it and as such there may be certain risk and uncertainty associated with such statements. Please refer to our press release for more information on the specific risk factors that could cause actual results to differ materially. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, further events or otherwise.

Please allow me to remind you that the company issued its earnings press release yesterday after market close. It can be found in the investor's section of its website. Also, the presentation for the call and the webcast link are in the investor's section.

- **[PRESENTERS]**

Today's call will be hosted by Mr. Carlos Rojas Aboumrad, Chief Executive Officer and Mr. Mario Romero, Chief Financial Officer.

I will now turn the call over to Mr. Carlos Rojas.

**Carlos Rojas Aboumrad:**

Good morning everybody. Thank you for joining our call today.

- [MEMES]

It is clear that the global economy is in the midst of a complex and challenging economic cycle, given the uncertainty about inflation, interest rates and economic growth in the United States, Europe and some of our markets in Latin America. In fact, many companies have cut back on new initiatives and projects in light of this uncertainty and there has been a significant impact on the stock markets as investors reassess the future growth prospects across industries. At the same time, and no less important, we continue to see evidence of the dire effects of climate change, with record high temperatures and severe droughts increasing water scarcity in many regions. We have talked about this issue in the past and we will continue to do so, as it is crucial to highlight its utmost importance and impact not only for our industry, but for our societies.

Water scarcity is increasingly a major political and social issue, as can be seen, for example, in the case of the political impact of the droughts in Mexican states such as Nuevo León, where water rationing has become a highly contentious issue, or states like Aguascalientes, Durango and Hidalgo, in which water scarcity has become a major concern for potential voters.

In this context, agility and a steady commitment to ESG principles and best practices is crucial. As a water company, we need to be able to quickly adapt and adjust to ensure that we continue to provide the best solutions for our customers and our societies as they navigate the potential impact of economic uncertainty and the changes in their water needs. While we have not yet needed to adjust our strategy, it is crucial that we are prepared to do so should the need arise. To this end, for the past three months we focused the efforts of our transformational program Flow on identifying which of our initiatives have the most impact and value-creation potential. As we continue to closely monitor the current macroeconomic trends and the evolution of each of our markets, we are ready to adjust our spending rhythm while ensuring that our most important growth driver initiatives remain on course. This agility brought about by Flow is now one of our core strengths, as are the leadership

position of our brands and the resilience of our business model and of the water industry in general.

- [DATAPOINTS]

We registered a historical record of sales for our company during the second quarter, with our sales totaling over \$3.4 billion pesos, which is about half a billion pesos more than our previous record. Likewise, our EBITDA amounted to a record of \$528 million pesos. It is important to note that we achieved this growth while continuing to improve our margins relative to both the past quarter and to the second quarter of last year. As such, we are on track to meet our growth and profitability targets for the year, even as we continue to make significant investments in our water-as-a-service platform in the United States, Mexico and Brazil, which as we have mentioned in previous calls, has demonstrated great growth potential and are key to our future growth and profitability. In fact, as Mario will explain in further detail in a little bit, our EBITDA margin results are best understood in the context of these investments in the future of our company as well as those associated with Flow.

This growth and continued improving profitability attest to our commitment to create value for our investors and our communities by ensuring that we continue to provide innovative and efficient water solutions to more customers across our markets, even through economic downturns. In order to do so, we will continue to pursue market share growth for the new businesses and maintain market share for the legacy or traditional ones through diverse business initiatives, but we will also continue adjusting our commercial and pricing strategies to ensure that our growth is profitable and, as I mentioned, we will be disciplined and agile with our capital allocation and spending.

- [VALUE AND GROWTH]

The market leadership position of our brands and solutions, which was built over many decades, provides a solid technical and financial platform for both continued innovation and the pursuit of new growth opportunities, even in challenging economic environments and we intend

to leverage it to the maximum. Our commitment to people, planet and profits is unwavering as we work to maintain our leadership position in providing solutions that enable our costumers and societies to make the best use of water.

Thank you very much for your time. I will now turn the call to Mario and I look forward to your questions.

### **Mario Romero Orozco:**

Thank you, Charlie. And thank you all for joining us today.

- **[P&L]**

On our last call we mentioned that we were going to emphasize the recovery of our margins by focusing on three key aspects:

1. Controlling the increase in expenses.
2. Closely monitoring spending on business development, and
3. Continuing to track our market share, our raw materials and logistics costs to execute an optimal pricing strategy.

We still have many costs and expenses challenges due to the global situation, but we are on track to achieve our growth and margin targets. Furthermore, as Charlie pointed out, we have prepared to adjust to the changing conditions across our markets, leveraging the strength of our core business and the agility brought about by Flow. And through it all, we will remain focused on our commitment to sustainability and profitability of our business.

- **[Financial Highlights]**

As to our financials. Quarterly net sales increased 23% year-to-year, a historical record for our company, and 16% in the first half of the year. We registered growth across all of our markets. Quarterly net sales amounted to 3.4 billion, 550 million pesos more than our previous record.

Quarterly sales of products grew 25% year-over-year and 18% in the first six months. All three categories—storage, water flow and improvement—grew, driven by the good strategy we outlined last year which consisted of gaining market share in 2021 and then manage pricing to recover margins and increase Ebitda in absolute terms. The continuing strength of our core business compensated for the performance of services that has not posted growth during the year.

Our pricing strategy as well as higher control over our costs contributed to improving our margins, both sequentially and year-to-year. In a quarterly basis the **gross margin** increased 510 bps and for the first six months it expanded 230 bps.

The **SG&A**, both during the quarter and the semester, increased more than our sales growth. This is primarily explained by our investments in the new businesses; Acuantia in the United States, bebbia & riego in Mexico and water treatment and recycling plants in Brazil, whose expenses exceed the marginal contribution to sales.

Even with this business development expenses, our quarterly **operating profit** grew 78% and 19% over the first six months, an expansion in the EBIT margins.

Then, moving to EBITDA, after accounting for new business expenses and for the expenses associated to Flow program, our EBITDA reached \$528 million pesos, which is a historical record for a quarter, and \$850 million YTD. It is also worth noting that, as some of you may remember, as of this year we are no longer adjusting EBITDA to account for the expenses associated with the implementation of Flow, our transformation program. If we were to remove this adjustment from the results of the second quarter of last year, our quarterly EBITDA would increase 56% year-to-year, instead of 26%. On a cumulative basis EBITDA would increase 15%, instead of decreasing 5%.

Finally, cumulative net income was Ps. 210 million, 5% higher than in 2021. Excluding the impact of the monetary position in Argentina, a virtual non-cash inflation item, net income for the semester would have increased 67%.

Now, moving forward to our geographic breakdown.

- **[Sales per Country | Mexico, Argentina and US]**

Sales in Mexico grew 16% during the quarter and 10% YTD. Products grew because of the introduction of new products, greater efficiency of our sales force and our pricing strategy. Droughts in the northwest of the country also contributed to the increase in sales.

Services decreased as public expenditures on schools remains at an impasse, affecting the water-fountain business, as well as the decrease in demand for water-treatment plants. Bebbia continues to grow at an accelerated pace, adding 9,000 new subscribers and Riego executing well its first projects.

Net quarterly sales in Argentina grew 60% and 49% during the semester. Our brand's leadership and strength in the region have allowed us to continue with our price and cross-selling strategies and increase the penetration of new sales channels. We continue to focus on generating cash and maintaining cashflow discipline.

Sales in the United States grew 4% in the quarter and 15% in the first half of the year, driven by growth in the e-commerce business. During the quarter, we added 7,400 new customers as a result of our omnichannel strategy and customer service through our call center. Likewise, the septic business continues under development, increasing the number of partners for the design, installation, and maintenance services of the solutions.

- **[Sales per Country | Others]**

Other countries, that include sales in Peru, Guatemala, El Salvador, Costa Rica, Honduras, Nicaragua, and Brazil grew 8% in the second quarter and decreased 3% YTD, mostly affected by a slow start of the year in Peru.

In Central America we have implemented a differentiated pricing strategies by customer, channel, and product. Also, the portfolio diversification to the

water flow and improvement categories in order to complement sales from the traditional water storage business continued and is showing results.

Sales in Peru grew during the quarter driven by our pricing and commercial strategies, despite an adverse sociopolitical environment and a contracted market after the end of pandemic stimuli. On a cumulative basis, sales were affected by a weak first quarter, as a result of the third COVID-19 wave.

Finally, the Acuantia Brazil pipeline is expanding, and we are starting to see significant positive effects from the new water regulatory framework in the country.

- **[Sales | Products & Services Mix]**

In terms of our portfolio mix, sales of products were 97% of total sales, growing 25% year-to-year. Sales of services decreased 27% despite the accelerated growth of bebbia, as I already explained.

Overall, the pandemic has strengthened products demand, but it has affected some services business-like treatment plants and drinking fountains in Mexico.

- **[Cash Position]**

Moving forward to our cash position, we maintain a strong balance sheet, which as Charlie pointed out, provides a solid financial platform for us to continue pursuing growth and profitability in challenging economic environments.

Our net debt to EBITDA ratio is 1.7x, in line with our 2x leverage policy. It is worth noting that our debt position considers the sustainable bond AGUA 17-2x, which as we have discussed in the previous quarters, netted 4 billion pesos, has a maturity date of June 2027 and was issued at an 8.65% rate.

Our cash conversion cycle decreased 10 days, even when we continue to address supply chain disruptions.

- **[Discipline in Capital Allocation]**

CAPEX was 5% of total sales in the first six months of the year, amounting to \$293 million pesos. This represents a slight increase relative to the previous quarter that can be attributed to the continued investments in new technology to ensure the sustainability of our manufacturing operations, reducing our energy and raw-materials usage.

We will continue to be disciplined and agile with our capital allocation and spending, ensuring that we prioritize the drivers for our sustainable growth and profitability.

- **[ROIC vs Cost of Capital]**

Our ROIC reached 13% as of June 2022, 61 basis-points higher than our cost of capital. In addition to the macroeconomic impacts, our ROIC has come under increased pressure due to higher CAPEX and the increase development costs and expenses related to the new businesses. Despite these challenges, our focus continues to be on long-term value creation, with our roadmap for achieving the goals set out in the 2020-2025 Sustainable Growth Plan as our north star.

- **[ESG Initiatives & Progress]**

This quarter, we undertook three leading initiatives in the ESG space, that support our sustainability strategy and goals. In the social dimension, we provided training for all the staff team members on diversity, inclusion and human rights, as part of a campaign that will continue in the coming periods. As part of the environmental strategy, we initiated the process with the Science Based Targets Initiative to validate the Group's goals to become carbon neutral by 2040. And finally, in the governance arena, the Corporate Governance Committee concluded the operating risks analysis for the company and established a roadmap for their mitigation with clearly defined roles and deadlines.

It is worth mentioning that in July, AGUA\* was once again included in the sample of the ESG index of the Mexican Stock Exchange.



- [Guidance 2022]

Now, as to our guidance, which was updated in our last call. Given our growth and the improvement of our margins, we continue to expect a sales growth greater or equal to 15% for 2022. A return on invested capital 100 basis-points above our cost of capital and an EBITDA margin between 15.5 and 16.5% while Net Debt to Ebitda below two times. We also remain on track towards our 2025 objectives of sustainable growth and profitability.

- [AGUA/Closing]

We can't stress enough that we are strongly committed to the wellbeing of the people and planet while generating economic value. Our company has a solid business model with great products and market-leading brands within high-potential growth venues in the hemisphere. It's financial strength and capital allocation discipline has also enabled us to continue creating value for our shareholders through an increased ROIC as well as through the payment of dividends and stock buybacks. These strengths and the agility we have achieved through Flow has been key to ensure that our solutions enable our customers and societies to make the best use and management of water.

- [Q+A]

That's all for me for now. Thank you very much for your time. We look forward to your questions.

**Operator:**

You can submit a question by pressing the "Q&A" button.

Please include:

\*Name

\*Fund or Company

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Operator: You can submit a question by pressing the Q&A button. Please include name and Fund or Company. The first question that we have comes from Carlos Alcaraz, Apalache Análisis. He also has a comment. Hello. Good morning. Thank you very much for the call and congratulations on the results. I have three questions. I'm going to read the first one. Considering the impact on profitability during the first half of the year, will you use the same strategy of 2021 to increase the profitability of the portfolio during the second half of the year?

Carlos Rojas Aboumrad (CEO): I think that we are in a very different situation than last year. To start, we think we've recovered margins and we're up to date in terms of price increases, so we don't have to catch up on that. We did fall behind a little bit last year and catching up was very challenging, it was tough, and it did generate some impact on volumes in the first few months of the year. I think that profitability is now in a much better level. We do need to continue to improve profitability a little bit, but not as much and I think that the biggest challenges are in new businesses contributing to that profitability, which we hope will be as soon as possible as we continue to invest very aggressively on those new businesses, particularly on businesses in the US and the services businesses. Mario. Anything else?

Mario Romero Orozco (CFO): No, I think you just address it well. I think there's a second question there, around EBITDA margins estimated for the third quarter. You want to do that one or I'll take on that.

Carlos Rojas Aboumrad (CEO): Go ahead. Go ahead.

Mario Romero Orozco (CFO): Well, thanks for joining us this morning. As we stress that point in our last call, we are expecting to hit a target between 17% and 18% EBITDA margins for the third and fourth quarter and that's pretty much how we came to confirm our decline of 15.5% to 16.5% for the full year. And then finally on EBITDA's growth, we are really putting all the energy and investment in various growth. So, we are growing as fast as possible and it is not dependent on the good EBITDA margin in Mexico. So, it's just the business that we are funding with the balance sheet and with the cash flow generated obviously from the product side.

Carlos Rojas Aboumrad (CEO): Thank you very much for your questions, Carlos. Thank you.

Operator: So, we already read the three questions from Carlos. Let's move to Regina Carillo, GBM. She also has three questions and they're all about new businesses. The first one, if you could share the details of what businesses does this category include and the breakdown between products and services? Then the second question is regarding the losses on these businesses, are they related mostly to the investments needed to make new sales? And the third one, what do you expect going forward for the profitability of these businesses?

Carlos Rojas Aboumrad (CEO): Do you want to start, Mario?

Mario Romero Orozco (CFO): Yeah, sure. Good morning. Nice to have you in the call. Well, the businesses that are included as new businesses, there are four of them. The first one is what we call Acuantia in the US, that business is aimed to develop the septic opportunity for that market. So that's the first one. The second one is bebbia, which is in Mexico, and it's to offer water as a service within the residential and commercial sectors. The third one is riego, which is a smart water management. That was the business in Mexico. And the fourth one is the water treatment and recycling business in Brazil. So those four compose, what we call internally new businesses, all related to the service category. Regarding the losses of those businesses, each of them, they have individual business plans that are aiming to break even in different moments of time. bebbia and I think we can discuss that further down, but all of them mostly start to break even, some of them late 2023 and some of them well into 2024. The thing is that what we are trying to achieve is the growth. With a very conscious that if we stop growth, then they are profitable. So, as we have mentioned in previous calls if we stop growth for bebbia, today will be profitable at the EBITDA level. But today, as this slide shows, we are favoring growth of these businesses despite having a negative EBITDA.

Carlos Rojas Aboumrad (CEO): Was that it in terms of questions for Regina? Oh, yeah, I think so. I was just thinking about the third question.

Operator: Yes. Thank you, Charlie. So, let's move to the third question. It's from Paulina Perez, Miranda Partners. Do you have a strategy to support the water scarcity problem in northern Mexico?

Carlos Rojas Aboumrad (CEO): We're seeing water scarcity all over the place. What we did see in the Nuevo León area, it's a little bit more drastic in terms of what they have experienced in the past, in that region. It is new to Nuevo León, but it is not new to many of our markets. We were able to increase our capacity in terms of manufacturing. Maybe, Mario you can share by how much exactly, but we are selling a lot more water solutions and there's a big opportunity for introducing new solutions, such as water treatment so that we can be more sustainable. So, treating and reducing water locally will make a lot of sense. It's a new business for us, and I think that it has tremendous potential in Nuevo León. Mario, do you have the precise figure of how much we increased manufacturing capabilities in the northern part of the country?

Mario Romero Orozco (CFO): The thing is that we have increased manufacturing capacity in excess of 40%, but also we are using our multi-factory network to send products within the regions. So really the goal is to put every single day the product to the client so they can have access to our products and that has been confirmed with our market share that actually, we gain market share in Mexico for the first and second quarters and the first half of this year. So that's how we are addressing and really putting all of our efforts and helping those areas to solve the water scarcity issues.

Carlos Rojas Aboumrad (CEO): The output of our manufacturing was doubled.

Operator: Thank you, both.

Carlos Rojas Aboumrad (CEO): Do you want to go to the next one?

Operator: Yes. So, Martín Lara from Miranda Global Research, he's saying good morning and congratulations for the strong results and he has two questions. I'm going to read them both. The first one, how do you see the

margins in each region during the rest of the year? And the second one is, if you could provide us with the contribution of the Flow initiatives? =

Mario Romero Orozco (CFO): Yes, I can do that. Let me just answer in a different way. I will tell you what are the EBITDA target margins that we are aiming for 2022 by region, we're looking to see Argentina above 15% EBITDA margin, Central America above 15%, the US at a breakeven or slightly negative EBITDA margin. When I say slightly, I'm talking about one, 2%, Mexico above 20% and Peru above 20% as well. About the contribution of Flow by year end Flow will contribute with around 30% of total EBITDA generated by the Company. And sorry, I didn't say thanks for joining us this morning.

Operator: We have another question from Rodrigo Salazar, AM Advisors. Hello. Congratulations on the report and he has three questions. I'm going to read them all, the first one. Could you explain if Flow expenses continue and if the expenses are similar to the ones seen last year? Also, if donations stopped since last quarter or it's just an accounting matter. Then the second question is how is the pricing strategy going? Seems to have worked. If you could give some color on how it is developing and what do you expect going forward as costs remain high? And the last question is, how long do you expect to leverage your balance sheet to fund top line growth? What can we expect in terms of normalization?

Carlos Rojas Aboumrad (CEO): Okay. Thank you Rodrigo. Thanks for for joining us. In terms of Flow expenses, they do continue in 2022. The last of those expenses will happen in this year and differently from last year, they are being considered in our expenses, so, affecting EBITDA. In terms of donations, Mario, do you have anything to add?

Mario Romero Orozco (CFO): Not really. We haven't done any donations, so that's the reason that they didn't stop. It's like we have to find projects where we can contribute our value. So if you happen to have someone just show it to us and happy to help in any way to give access to water.

Carlos Rojas Aboumrad (CEO): In terms of how is the pricing strategy going, I think it's going well. Our competition is following us. We were able to really leverage the strength of the brand to be the leaders in increasing

prices. Costs will remain high. Hopefully, they will be more stable as well and we expect to have much more stable prices in many places. Obviously in Argentina not, Argentina has very high inflation, but continues to perform very well, Argentina in terms of volume and ability. Anything regarding that one, Mario?

Mario Romero Orozco (CFO): Yeah, we just probably add up that we are seeing a better second half environment for resins and other raw material prices and that will help as well our margin's performance going forward.

Carlos Rojas Aboumrad (CEO): In terms of leveraging our balance sheet for growth, that maybe you can be a little clearer, Mario, but I expect it to be for the very long term. It's something that has happened at Rotoplas for a very long time. Growth, investment and growth became much more intensive in the in the last few years, but it's something that Rotoplas has always done. The profitability of the new businesses will help strengthen even further the balance sheet once that happens, but we will continue to invest in those businesses and then continue to look for other opportunities to invest in. Mario. Anything else?

Mario Romero Orozco (CFO): I would probably use another angle to complement Charlie's point. If you see the last four years, Rodrigo, taking account 2022 and you see the speed of growth. The Company is going to be growing somewhere in the neighborhood of 19% and when EBITDA if you just take out or cut back the Flow expenses for the same period, the EBITDA will be growing at a speed of 21%. Obviously, that will affect you'll see it in 2023, where no more expenses will be executed inside the Company and what will come back to EBITDA without Flow expenses. So, the transformation will have last two and a half years. When you see that and you see the balance sheet, the Company has been paying back dividends or buybacks, while maintaining a strong balance sheet. I think it's worth to have the play on volume growth in the Company. Because the Company that delivers you a consistent 15% plus growth rate and 18% plus EBITDA rate for four years while keeping those ratios in line, I think it's even worth to be part of the story. So we'll continue pretty much in the same lines. We'll continue to leverage our balance sheet to fund the top line within the two times net debt to EBITDA ratio, that's the internal policy and I think as long as there's tailwinds within the water industry,

we'll keep doing it the same. Growing in a profitable way, paying dividends and so on.

Carlos Rojas Aboumrad (CEO): Thank you Rodrigo.

Operator: Thank you. Mariana Cruz, BTG Pactual. Good morning all and congratulations on the strong results. I have two questions. The first one is when do you expect the septic business in the USA will be profitable? And the second question is what drove the decrease in the margins guidance for 2022? Thank you very much.

Carlos Rojas Aboumrad (CEO): The septic business in the US should be very close to breakeven by the end of the year, but in terms of seeing it in a profitable level, it will be next year. Also it's a new business. We're continuing to find strategies for growth and hopefully, it's a business that has a much better working capital investment needs as compared to other services businesses, so hopefully it's a business that will be able to be profitable on 2023. In terms of the decrease in the EBITDA margins guidance was mainly because of the first quarter, which was much lower. It was much weaker than expected in both revenues and as a consequence also margins and EBITDA. Other than that revision of there has not been another revision. We maintained that we should be between that 15.5% and 16.5% margins for the end of the year. Mario?

Mario Romero Orozco (CFO): No, I think just say that what we explain in the past call and that is why we adjusted that that target by 100 basis points.

Carlos Rojas Aboumrad (CEO): Thank you, Mariana.

Operator: Now, Victor Lozada from Europartners Group is asking, I would like to know how bebbia's marketing has been done in Mexico and if there is a way to help Mexico with its water shortage, especially in, it's also pretty similar to Pau in the last part of the question.

Carlos Rojas Aboumrad (CEO): So how this marketing has been done in Mexico it's one question and then if there may be a way to help Mexico with its water shortage, especially in Nuevo León, two different questions

no? bebbia's marketing is mainly digital. The whole bebbia business is mainly digital and we did try some awareness strategies and they did perform well in terms of awareness, but I think it's something to focus more later on with more mainstream mediums, but It's very different to our traditional marketing strategies as it is much more digital. In terms of helping with water scarcity in Nuevo León, it's one of the biggest issues, is an issue of being conscious about the opportunity. It's how we consume water. Rotoplas really believes in people enjoying water. It's really a pleasure to enjoy water the way we do every day and it can be done in a sustainable way, but it has to be done with the solutions where you can harvest rainwater to store it. You use on water efficient faucets and showers and toilets and you treat that water and you reuse it and you put it back into the environment in a sustainable way into trading and the best thing we can do is to first practice, have that practice ourselves, and then secondly, to promote that practice. The thing is that when water is as cheap and subsidized as we see it in many of our markets, people tend to not care for water as much and not invest in the solutions. The problems will continue to worsen or worsen as long as we don't adopt the sustainable practices for consuming water. So the biggest thing we can do is really adopt the sustainable practices.

Mario Romero Orozco (CFO): Just to complement Charlie's comment, and thanks for joining us this morning, Victor. We are helping the industries and commercial sectors with water treatment and recycling plants very specifically. So if they use those segments, and the water better, they can ease out those water liters so they can go to the population. So it's like a whole community effort to really think better around how to use and manage water. So the amount of water that we have can be enough for everyone and it's a process. It takes time and Rotoplas is there by helping in different ways and forms and I'm sure we will get through it and do a good job in the northern part of the country, which, that's everyone's attention on what's happening. It's really, really bad. So, Thanks again for the question. Then we can jump to the last question of Paulina, which is a very straightforward when we can expect the next dividend to be paid. We normally pay dividends around May of each year. So that will be if there's a free cash flow left for shareholders, which is the way we calculate dividend payments. That should be by May 2023.





Carlos Rojas Aboumrad (CEO): I was just going to say that is in terms of cash dividends, if there's any other form of dividends that will happen based on, it would be opportunity based. We do not foresee one in the near future. Thank you, Paulina.

Mario Romero Orozco (CFO): So, I think that's all no?

Operator: Yeah, that was the last question. We're good.

Mario Romero Orozco (CFO): We can close the call.

Operator: Yeah.

Carlos Rojas Aboumrad (CEO): Thank you very much for joining. It was a pleasure to see you all. Looking forward to seeing you next quarter and looking forward to having another strong quarter as this one.

Mario Romero Orozco (CFO): Thank you all for joining us this morning. Have a great one.