TEEKAY LNG PARTNERS' FIRST QUARTER AND FISCAL 2021 EARNINGS RESULTS CONFERENCE CALL

Company: Teekay LNG Partners L.P.

Date: Thursday, May 13th 2021

Conference Time: 13:00 ET

Operator: Welcome to the Teekay LNG Partners First Quarter 2021 Earnings Results Conference Call. During the call all participants will be in a listen-only mode. Afterwards you will be invited to participated in a question-and-answer session. At that time if you have a question, participants will be asked to press star one to register for a question. For assistance during the call please press star zero on your touchtone phone. As a reminder, this call is being recorded. Now for opening remarks and introductions, I would like to turn the call over to the company. Please go ahead.

Scott Gayton: Before Mark begins, I would like to direct all participants to our website at www.teekaylng.com where you will find a copy of the first quarter of 2021 earnings presentation. We will review this presentation during today's conference call. Please allow me to remind you that our discussion today contains forward-looking statements. Actual results may differ materially from results projected by those forward-looking statements. Additional information concerning factors that could cause actual results to materially differ from those in the forward-looking statements is contained in the first quarter of 2021 earnings release and earnings presentation available on our website.

I will now turn the call over to Mark Kremin, Teekay Gas Group's President and CEO to begin.

Mark Kremin: Thank you, Scott. Good morning, everyone and thank you for joining us on our first quarter earnings conference call for Teekay LNG Partners. We hope that you and your families are all safe and healthy. I am joined today by Scott Gayton, Teekay Gas Group's CFO. Before getting into our results, we will take a moment to thank all our staff for their continued dedication to maintain business continuity during COVID global pandemic. We are especially proud of how our seafarers and drydocking supervisors have continued to respond to ongoing restrictions, while maintaining consistently safe and efficient operations.

Turning to Slide 3 of the presentation, we will review some of Teekay LNG's recent highlights. The first quarter of 2021 was another solid quarter for us, generating adjusted net income of $60.5 million, or $0.61 per unit, slightly higher than last quarter's results and higher than the same quarter one year ago. In March and April, we secured charters for three of our LNG carriers as we will detail on the next two slides. Overall, we are now 98% fixed for the remainder of 2021 and 89% fixed for 2022. Currently, LNG shipping markets are enjoying counter-seasonal strength for numerous reasons, but primarily due to fundamental demand, which gives us confidence that this strength should continue. Importantly, we are still months away from the lead up to the winter seasonal demand period that has caused upward momentum and volatility in LNG shipping rates in previous years.

Later in today's presentation, we will take a moment to highlight the long-term strength expected for natural gas, and more importantly, LNG. This well noted trend has been already happening for many years and we expect continued strength for multiple decades as the world is transitioning to a more sustainable energy mix.

Before moving on, there are a few other Teekay LNG highlights to note. First, TGP's distribution increased this quarter by 15% to $1.15 per unit per year as announced on last quarter's earnings call. This marks the third annual consecutive double-digit increase to our distributions and reflects the continuation of the balanced capital allocation approach we have implemented for Teekay LNG over the past few years. This distribution level will also enable us to continue delivering and building further flexibility to continue optimally allocating capital in the future.

Second, we refinanced the Tangguh LNG joint venture's $190 million debt facility taking advantage of strong demand from the lending markets and lower base rates to reduce the overall cost of this financing from

TEEKAY

approximately 6% to just under 3%. The lower cost to service this new debt facility will contribute to higher earnings going forward. Over the past year, we have reduced our total proportionate net debt by over $200 million. And this delivering, along with lower base rates has helped to reduce our total proportional interest expense by over $9 million year-on-year.

Finally and perhaps most importantly, we continue to operate COVID-free across our fleet. To-date, we have not had a COVID case on board any of our vessels and this has contributed to our high uptime and ability to service our customers. We continue to follow strict safety protocols and we are proud of the diligence shown by our seafarers to keep everyone on board safe.

We now look to Slides 4 and 5 which summarize Teekay LNG's long-term contract coverage which we believe sets us apart in our space. As mentioned in the highlights, our LNG fleet is now 98% fixed for the rest of 2021 and 89% fixed for 2022, thanks to great work by our commercial team to adapt to a rapidly evolving market. As shown in Slide 4, the charter of the 52% owned Arwa Spirit, recently exercised their option to extend by one year to May 2022, adding to our industry leading $8.8 billion forward revenue book and $6.3 billion of total forward adjusted EBITDA.

Moving to Slide 5, the Creole Spirit completed its 5-year charter in late February and immediately proceeded to its scheduled five-year drydocking. Our commercial team was able to secure a floating rate charter, which ensures 100% utilization, while retaining potential upside to an improving spot market, which is actually what we have been seeing recently on a counter-seasonal basis as we will detail in a moment.

Finally, as the term market continued to strengthen in late March and into April, we were able to secure a forward starting fixed rate charter for the Oak Spirit, which is scheduled to complete its current charter and five-year drydock later in the third quarter of this year. It's unusual to secure charters five or six months advance, which speaks to the current strength in the spot and term markets.

TEEKAY

Turning to Slide 6, we have witnessed a substantial rise in spot and term LNG shipping rates over the past few months, which continue to demonstrate counter-seasonal strength, shown in the graph at the top left of this slide. Although recent spot LNG shipping rates moderated from their seasonal spike last winter as the red line shows, they began to increase again in March and remain elevated compared to the rates experienced during the previous four years. The spot-based charter of the Creole Spirit, which commenced mid-March, was well-timed for us to benefit from a strengthening spot market. This recent spot mark strengthening has also had a positive impact on the one-year time charter rate as can be seen in the graph at the top right of the slide, which is different from the previous winter spike, where spot rates increased significantly, while the term charter market stayed muted.

We were able to take advantage of this increased demand for term charters by securing the one-year charter on Elk Spirit nearly six months ahead of the actual charter commencement date. There are many factors supporting this recent counter-seasonal strength in LNG shipping spot and term charter rates, including the rebound in global gas demand with the easing of COVID restrictions in many parts of the world, growth in LNG trade as export projects are starting up, an increase in ton-mile demand as long-haul U.S. exports are being directed to Asia, and the impact of stronger Asian LNG pricing in contango.

Increased global demand and a colder spring in Europe have contributed to a drawdown in European inventories to levels well before that of the last couple of years as seen and read on the bottom right of this slide. This dynamic has led to increased demand for LNG carriers to rebuild inventories ahead of the summer when LNG prices have historically been higher. Only time will tell if these positive demand dynamics are enough to fully offset the elevated vessel deliveries in 2021, but LNG carrier newbuild deliveries in ‘22 and are expected to be less than half of this year’s, which gives us confidence that much of the strength should be maintained.

Turning to Slide 7, we will touch on some of the longer term dynamics, which give us confidence that demand for natural gas and LNG in particular will continue to grow meaningfully over the next two decades. According to the forecast provided by Shell at the top left of the slide, global gas demand is expected to grow by over

40% over the next 20 years, outpacing all other energy sources. As this chart indicates, renewables are expected to grow by 33% during the forecast period and will make up a sizable share of the growth in energy demand by 2040. However, gas is expected to grow by even more in part, because it can function as a reliable backup to renewables, which can be intermitted.

As we reviewed with you last quarter during the same period, coal demand is expected to decline as it is replaced by cleaner burning fuel sources, such as gas. The opportunity to displace coal is massive. For example, Japan currently uses coal for 30% of their power generation needs, Korea is up to 40% and China is over 50%. At Teekay LNG, we are excited to be part of this transition to a cleaner future. Looking at the chart on the top right, LNG demand growth is expected to outpace gas by almost 2:1 between 2020 and 2040. Gas transported as LNG is more flexible for the buyer, and really the only solution that addresses gas supply security and diversification issues. As such, a larger percentage of natural gas is expected to be transported seaborne in the future.

Looking at the bottom of this slide, global imports of LNG are expected to nearly double by 2040, reaching 700 million tons per year. This will be mainly driven by demand from other Asia depicted here in red, which is primarily made up of China, India and other South Asian countries, which are expected to increasingly transition to LNG as a feedstock for power generation and industrial processes as we bridge to a cleaner future. We will walk through this on the next slide.

Turning to Slide 8, our final slide today, we have summarized the main uses of natural gas today and how each is projected to grow over the next 20 years. Power generation is expected to grow the most at 35% of overall growth. As we said earlier, gas as a fuel for power generation is expected to grow as it displaces the many dirty coal-fired plants still in operation and even continuing to be built today. Due to its reliability and flexibility, gas will also serve as a complement to the growth in renewables as a power source. In addition, gas is expected to continue growing as a fuel for both industrial processes and in residential and commercial heating, particularly in China, India and other countries that are seeking to reduce air pollution from an energy-intensive industries. With many countries now having adopted net zero emission policies, gas must increase as a share of the energy mix, while coal needs to decrease for these targets to be achieved.

The other main sector in which we see a growing use of natural gas is transportation. For Teekay LNG, this is nothing new given that nearly all of our ships are already burned LNG as fuel. However, it's encouraging that many other types of recently ordered vessels, including container ships and oil tankers are being constructed and converted to burn LNG. We think this trend will only continue as our industry moves toward more stringent environmental regulations.

Wrapping up, we have been actively taking advantage of the strengthening market to benefit all our shareholders. We're glad to see that vaccines have been rolled out at a good pace in many countries around the world and that positive knock-on effect of higher demand for natural gas has translated into higher demand for LNG transportation services. However, we acknowledge we're not out of the woods yet with COVID, especially in countries like India, which has been grappling with devastating third wave of the virus and we will continue to be vigilant to ensure the continued health and safety of our crews and partners around the world.

Looking ahead, TGP's unique portfolio of long-term fixed price contracts positions us to continue to generate consistent cash flows, further reduce our leverage and return capital to our shareholders. The unique tailwinds in the global LNG industry provide a strong outlook for our business in 2021 and beyond as we believe the steps we are taking today to further strengthen our financial foundation positioned us well for the future. Thanks for your time today. Operator, we are now available to take questions.

Operator: Thank you, sir. Our first question comes from Randy Giveans, Jefferies.

Randy Giveans: Gentlemen, how is it going?

Mark Kremin: Hi, Randy.

Randy Giveans: Hey, I guess, first question just looking at the distribution growing it to $1.15, was there some kind of a formula involved, the methodology there? And then just thinking about the distribution going forward, is it contingent on further charters, further growth, like how should we think about growth trajectory from here?

Mark Kremin: Randy, I am glad you asked that question, because Scott got out of prepared remarks today. So Scott, I am going to hand it over to you.

Randy Giveans: There we go.

Scott Gayton: Yes. Thanks a lot, Mark. Yes, Randy, it was – as we said in the prepared remarks, our third year of double-digit increases. The first ones were off of a pretty low base. And as we start to get up, the percentages are just going to decrease due to the law of bigger numbers. I think, really we look at a lot of things. Given the fixed rate nature of the business, I wouldn't say that is contingent on certain charters. We have so few rollovers and we have such a stable business that one or two rollovers is really not going to change things. I think it just has to do with that balanced capital allocation plan that Mark talked about earlier. And I know we've been banging that drum for the last couple of years. But it really does – we just look at what else is available, what other uses of capital do we have, and what do we think is a reasonable return. And importantly, for us, we look at our payout on a percentage of net income as well as cash flow generated, not on a DCF basis kind of using the older MLP economics. So, I know it's not much of an answer, but we try and put a whole bunch of things in and figure out what is a return that we think is reasonable. And we really do want to set ourselves apart from other LNG companies as well as other MLPs and really other companies out there that we can look back and say that we have been able to increase it by a reasonable return over the last number of years and people start to count on that. And I think as we add new ships, maybe we add cash flow over the next number of years here. That will provide incremental growth for us to be able to increase our payouts as well. So, there is a lot of things we do and hopefully, my non-answer is an answer for you.

Randy Giveans: Satisfactory. Yeah, yeah. The ones your team feels right, that's fair. And then I guess the second question, just looking at that capital allocation and growth. Clearly, there is a lot of scuttle in the markets Qatar with all the tenders they are going. Apparently, there were 37 shipping companies that put in tenders for that? How active are you all in maybe that deal or other deals? And participating in growth that way?

Mark Kremin: Yes, Randy, we have expressed interest in that tender. As we say, there are lot of ship owners invited. I think ultimately, we'll see a fair amount of those ship owners perhaps joining or bidding together. So, the actual number of bidders might be less than those invited and I'm not sure that even all invited will bid. So, it will certainly be more selective, I think than what you have said. That tender, in particular, is an interesting one in that the landed cost is almost unbeatable. It should land – LNG should land around $5 and that's after, if we understand things correctly, it'll be a really carbon conscious process. The carbon capture and sequestration of the project looks good. And then I guess the third thing that's interesting about that project is not only with their buying power, but also their timing. It looks like the Qataris have reserved slots at a decent price. And so if they do transfer to those successful bidders at that price, it should reflect in reduced residual risk for the owners. So yes, it is something we express interest in, but the bids won't be for a couple of months.

Randy Giveans: Got it. Makes sense. That's pretty much it for me. Great job steadying the ship after craziness last year and good to see the stock price holding strong. So thanks again.

Mark Kremin: Thank you.

Operator: Our next question comes from Ben Nolan, Stifel.

Ben Nolan: Great. I've got a few. First of all, real quick just on the charters, I am curious, if you – well, first, can you maybe give a little bit of context. I know you don't give specific numbers, but the fixed rate contracts. I mean any sense as to sort of what is an appropriate range, at least for where those might be. But also, especially for the MEGI vessel, any ability – it's cool that you're able to charter in advance of the redelivery, but any ability or what's the appetite of the market to do anything longer duration than that? Or was it should be your choice to keep it short?

Mark Kremin: Yeah. Just kind of speaking to the – you asked for a rate indication. We have another analyst, you may have seen his report this morning, that he said that TGP did not disclose the rate though prevailing rates in April suggests a rate of at least $60,000 a day, and he's definitely right in terms of what the rate should be at least. So that's on the term market. We didn't see longer – if you're talking about longer, I mean, this is term anyway. In terms of if you were thinking five or more years, then that wasn't something that we saw available to us right now. I'm not sure we would have even necessarily wanted it. Our view hasn't changed much in that '21, '22 should be good years. But when you start to get into COVID recovery for sure, start-up ups, '23, '24, '25, there's a rebalanced market. So I am not sure if we would have gone longer, even if we had seen opportunities to go longer on that ship at this point.

Ben Nolan: Okay. And for – I guess, from my next question, so if it's okay, I have two more. So my next question is sort of on the macro side. There is a lot of things that have been happening even this week, Chevron turning off the Tamar field in the Mediterranean, which obviously reduces gas flow to Israel and Jordan and the other areas there. I'm curious if you think that that's a big deal from an LNG perspective? And then probably even a bigger deal would be the Sino-Assie relations and the threat of potentially the Chinese not buying Australian LNG, curious if that happens, what do you think it looks like from an LNG shipping perspective, even down to a lot of the ships that move the cargo from Australia to China tend to be a little bit older ships. And I assume you'd need bigger – more efficient ships, at least if you're coming from further away. But any color, just sort of on what's happening right now? I mean – and how much of that is maybe already reflected in sort of what we're seeing in the market?

Mark Kremin: Yes. Maybe I'll touch on sort of a last question, which comes into this one. You asked about the fixed rate, and you were alluding to the Oak Spirit. We also have a spot rate charter on the Creole. And if we look at the Baltic forward curves as of last night, you have basically $60,000 or so in upwards in Q2. That goes into the 70s in Q3. In Q4, the Baltic forecast is in $100,000 a day. So the reason I bring this up is, number one, will give you an indication of what we might get on the spot rate. But more to your question about what's impacting – this is as of last night, how is LNG being affected? I think we're not – we're still seeing something that's both structural and cyclically, a pretty good year despite all the COVID. If we look at to your question about Australia in general, and specifically, I should say, my understanding that I need to do more research on this, but it looks to be only affecting two small importers in China, which China has indicated that these guys should hold back a little bit on their exports out of Australia. I must say that if it affects them or others, that's not bad news for LNG at all. What that is, is a short-term trade, I should say, a short-haul trade. And we get far more rate uptick and use that as vessels on a longer trade if it does turn out – and again, at this point, I'm seeing only potentially two small importers in China. If it does turn out to be something larger, and I think China imports about 30% of their LNG from Australia at this point. We would be seeing much longer ton miles presumably from wherever else they're going to get that LNG from. And so I think it could be a positive, but I'm not – we're not betting on it.

Ben Nolan: Okay. All right. And then last for me, and then I'll get back in the queue. I don't want to overstay my welcome. But in the – you may have heard in the GasLog conference call, one of the things that they brought up related to their steam powered ships was the new regulations that aren't – haven't been signed off on yet, but the EXI and the carbon intensity stuff and that – those may have detrimental impacts on the useful lives and the residual values of their steam powered ships potentially. You guys also have steam powered ships, curious if you have any thoughts on that – would it be meaningful and material at all to your business?

Mark Kremin: Sure. So the first thing we have to see the parties will reconvene next month. And what's been happening so far is that the industry is sort of on the EXI, the operational aspect of this, taking a broad brush, and I think when we – the delegates meet again in June, perhaps you'll see a carve-out for LNG. And the reason I say this is because we have a certain amount of boil-off gas on ships. And if you slow down, it can slow down, that's fine. But at some point, you're just going to combust that and burn that LNG without using it for fuel. So I think when you take a tighter look in June, perhaps the LNG space will get a some type of dispensation from starting 2023 for anything steaming below boil-off or service be rate, full of gas ratio, I should say. So that's one thing.

When we look at all of our contracts currently, at least, the slow steaming that might be requested or ordered by the charter is not going to be for our account. So we're really only looking at potentially if there is not a carve-out, it'd be residual after the charters roll off. And I think it's going to be relatively insignificant for us given the fixed portfolio we still have on our steam, frankly.

Ben Nolan: Okay, great. Well, like I said I'll get back into queue, but appreciate you for taking the questions so far.

Operator: Our next question comes from Chris Tsung, Webber Research.

Chris Tsung: Hey, Mark. Hey, Scott. How are you guys?

Mark Kremin: Hi, Chris.

Chris Tsung: I wanted to just kind of ask if you can expand just a little bit more on the extension for the Arwa Spirit, is this at the same rate when the charter was originally fixed or is it slightly above, below? Can you provide a little color there?

Mark Kremin: Yeah. My recollection is just slightly above where we were before.

Chris Tsung: Okay, cool. And secondly, notice in your sustainability report, there was a mention of installing liquefaction systems for vessels with the goal of helping improve efficiency performance is kind of I guess a little bit voided to previous question. And I kind of wanted to just ask, is there like a CapEx number that you're willing to share for this program as – and also the timing of this rollout because based on that chart, it seems like you guys are just a bit away from the IMO 2030, OI target. So I kind of want to get your thoughts on that?

Mark Kremin: Yeah. We do have a capital upgrade program going on right now. It's basically just started. We have while we are doing scheduled drydockings we are upgrading some of our ships. The first one is the Murex, which is in drydocking right now. That's why you might see a slight dip in earnings next year – sorry, next quarter because of the drydocking, but we're improving the reliquefaction on certain of our vessels. And this will occur both this year and next year on the scheduled drydocking dates. I don't know, Scott, whether what we've disclosed in terms of capital – sorry, CapEx figures?

Scott Gayton: Yeah. Yeah. We've got roughly $60 million is what we're assuming for the CapEx upgrades on those vessels. And importantly, from the shipyard, we actually did receive a warranty payment of around $45 million. So it's about a $15 million net to us. And we recognize and receive that $45 million, I think, a year, a year-and-a-half ago and are just going through those CapEx upgrades now. So like Mark said, we do expect to get through that over the next number of months here. And then those ships will be some of the most efficient in our fleet.

Chris Tsung: Great. Alright. Thanks. That's it for me. Thanks, guys.

Mark Kremin: Thank you.

Operator: Our next question comes from Liam Burke, B. Riley.

Liam Burke: Yes. Thanks you. Good afternoon. When you look at the fleet, is there any thought as to – with asset values continuing to rise to sell assets into the strength? Or do you want to continue to drive the cash flows entirely through longer term charters?

TEEKAY

Mark Kremin: We're always interested. And we look at acquisition and divestment. We're open to both things. We're not married to any steel, frankly. But the – we're – maybe not unique, but a good situation that our asset prices are very oftentimes correlated to long-term charters. So you might see the steam ship going down in price or some other type of vessel type going up. The bottom line is we have roughly 10 years of contract behind us. So we're not really asset players so much in terms of the divestment unless someone wants to pay for the backlog, the contract backlog, which makes up much of TGP's value. So yes, we look at – it's great that values would be increasing, but there's still contract value on most of our ships, which is more clear to us.

Liam Burke: Great. Thank you.

Operator: Our next question comes from Ben Nolan, Stifel.

Ben Nolan: Yes, glad to get back. So I actually have a couple more believe it or not. I wanted to ask a little bit about on the capital side, maybe for you, Scott. First of all, you talked a little bit about – or it was talked about maybe participating in the Qatar tenders and I assume that you are sort of gradually looking at other things. But with respect to the debt repayment, you had $200 million last year what – how do you think about as sort of the right cadence? What's the right amount of debt and sort of when you begin to mix in growth that we should think about sort of the debt balance going down on a go-forward basis?

Scott Gayton: Yeah. We are going to continue to de-lever. And most of what we de-lever with is actually just mandated amortization payments. We have a little bit around the edges that we can maybe put on to paying down some of our revolvers. If we had excess cash or maybe not renewing one of our bonds that mature for maybe the same dollar value or not renewing at all. So we can manage that absolute value of debt a little bit, but the majority of it is just mandatory amortization.

And then I think looking out to some of the growth that Mark talked about earlier, that's going to be delivering in '24 or '25. I think that, that delay helps us because we will continue to de-lever through that regular amortization. As I talked about, the absolute dollar value of debt will continue to decrease. And also on a leverage basis, whether it's on a capital or on an EBITDA basis. To the point where we would be adding in debt and then obviously, the cash flow at a point when we had continued to de-lever and really built up a fair amount of flexibility. I'd say, just to put it in context, if there was an asset that was if we were tendering today for a ship that delivers tomorrow, and we still were at a leverage target that was above where we wanted to be, I'd say that would be significantly different and probably tougher discussion that we would have to have compared to something that will deliver in a few years' time once we have built up that flexibility through de-levering.

Ben Nolan: Okay. So to put that all into numbers, $200 million, maybe $250 million a year is sort of the increases over where it was a little bit last year, but still sort of in that context. Is that fair?

Scott Gayton: Yeah. Yeah. We've talked about before that it's around $300 million is our regular amortization. We had a few things that went the other way, some of the drydock upgrades that Mark talked about, we had a swap payout that we made this quarter is to enjoy the lower rates, for example. So this quarter compared to a year ago, it shows $200 million on absolute terms. But I think on a normal sort of run rate basis, it's in that $275 million to $300 million range that we would continue to recognize over the next number of years in a row.

Ben Nolan: Okay, perfect. And then last and this time I mean it, for me, is you have one of those preferred that comes due – or it doesn't come due. It's callable later this year. I'm curious where – and it's trading at par, I think a 9% preferred. But I'm curious where you see that as part of your capital structure? I mean, is that something that maybe you look to refinance? Is that something that you think is more permanent capital and kind of like it there or conversely, when – if there is capital available, you'd like to pull it out, any context there?

Scott: Sure. Yeah, so we do have a redemption right at par that comes up in October of this year. So, that is a redemption right that we have and to bring that in at $25 a unit. And if we don't exercise it, it stays, so it's not like something that we have to do it on the day or we lose it. And I think that you're right, we look at it as pretty expensive debt at 9%. It was great at the time, and we issued it, and it saved us from issuing common equity at prices that we found unattractive. But if I had to look in my crystal ball, I probably would prefer not to have that as a piece of our capital structure, I think that we would prefer to have the unsecured bonds, particularly in Norway, where we've got a pretty good following. Regular way, the mortgage debt, sale-leaseback type debt and then common equity, I think the cleaner, the better. And then right now, we could probably issue in Norway under 6%. The last deal that we did was around 5.75%. And obviously, there's been some movement in base rates since that time. But I think we could still do under 6%. So there is an arb that we can definitely pick up. And I think what you'll see us do is continue to monitor the market. We have great relationships directly with the investors in Norway as well as with a lot of the banks that help us to issue and as we get towards the end of the summer and really into Q3 and closer to maturity, I think we'll have to really analyze all those rates and see where we can best maximize the potential and just reduce our overall cost of capital, which is really key for us, especially as we're looking at tendering on new vessels. We've really got to make sure that we're optimizing our balance sheet wherever possible.

Ben Nolan: All right. That's it. I appreciate it. Thanks.

Operator: We have no further questions in the queue at this time. I would now like to turn the call back over to company for closing remarks.

Mark Kremin: Well, on behalf of Scott, myself and the entire Teekay LNG team. Thank you very much for your support. We look forward to updating you next quarter.

Operator: Thank you, ladies and gentlemen. This concludes today's teleconference. You may now disconnect.