Dialog Semiconductor

Male Speaker:
Good morning, and thank you for joining us today. Our call is being hosted by Dialog CEO, Dr. Jalal Bagherli, and CFO, Wissam Jabre. First, I need to remind everyone that today's briefing and some of the answers to your questions may contain forward-looking statements. These statements reflect management's current views, and there are risks associated with them. You can find the full explanation of these risks on page two of the presentation available on our website. I would now like to introduce our CEO, Jalal, who will run through the highlights of today's announcements. Jalal? Over to you, please.

Jalal Bagherli:
Good morning, and thank you for joining our call on the short notice. I am pleased to have the opportunity to discuss this morning's announcements regarding a landmark agreement with Apple, which includes the licensing of certain power management integrated circuit technologies, the transfer of certain assets and employees, and the prepayments of future purchases by Apple. This is a defining moment for our partnership with Apple as well for company's next phase of market leadership.

On our call today, I will outline the details of this agreement and its benefits to our company and stakeholders. I will also provide context for how we think about our future strategy and the growth opportunities ahead of us. First, this agreement strengthens Dialog and Apple's long-term relationship that goes back to the early iPhones. Second, we are generating immediate value from certain PMIC technologies and assets that are part of this agreement, and establishing a clear path for the future of this business.

Beyond reaffirming our relationship with Apple, this announcement marks the beginning of a new chapter for Dialog. We will accelerate our transformation into a market leader in custom and configurable ICs, now with a sharpened focus on fast-growing segments of the IoT, mobile, automotive, and computing and storage markets. We will do so by building on our power-efficient mixed-signal expertise to provide best in class differentiated solutions to customers globally. All of this will be supported by a strong balance sheet. The proceeds from this transaction provide additional financial flexibility that will enable us to invest in strategic growth industries including M&A focused on our four key target markets.

Before I elaborate on Dialog's future, I will provide more details on today's announcement on slide four. At closing, Dialog will receive $300 million in cash for the licensing of certain PMIC technologies and transfer of certain PMIC assets and employees. This includes over 300 employees from our European sites who will join Apple to support their future chip research and development efforts. Note that employees who will transfer to Apple represent around 16 percent of our global work force. And Dialog will have approximately 1,800 employees following the transfer. The employees who are being transferred have worked close by with Apple for many years. And this transition will help foster deeper and more strategic collaboration between our companies in the future.

Apple will also make a prepayment of approximately $300 million to Dialog at closing which will be credited to future product purchases over the next three years. This will bring the total consideration to $600 million. This agreement will not impact Dialog's 2018 financial performance. We will continue to shift all products currently in production to Apple and retain revenue and gross profits associated with those products in 2018 and throughout their lifespan. The transaction is expected to close in the first half of 2019, subject to customary closing conditions and regulatory approvals.

Separately, today we announce that Apple has awarded us a broad range of new contracts which I will detail in the next slide. The new projects include the development and supply of new soft PMICs, audio charging, and other ICs across multiple next-generation Apple platforms. Revenue from the new contracts is expected to be realized starting in 2019 with a charge in high-volume Apple product and then accelerates in 2020. Clearly, our long-standing partnership is strong. Apple will remain an important customer and innovation partner to Dialog. And we expect to continue to collaborate with them to develop innovative technologies for many years to come.

Let's move to the next slide for further detail on the financial implications of the agreement. As I mentioned, this transaction will have no impact on our 2018 revenue as we maintain revenues from current products. As a result of the transfer of assets and employees, the transaction will reduce operating expenses by approximately $35 million on an annualized basis. This will be driven by risk gaining of certain PMIC operations with the licensing and asset transfers to Apple. We do not expect a material impact on gross margin as a result of the transaction.

On the right side of the slide, we break down the Apple and non-Apple related business to give you a better idea of our revenue expectations over time. As you can see here, some elements of our revenue will be declining while other revenue streams will gain momentum. As a result of the shift in our business mix from this segment, and this agreement, we expect Apple-related revenues to represent 35 to 40 percent of our total revenue by 2022, down from approximately 75 percent today, providing us with a more diversified customer base.

So, let's take a closer look. For 2018, we expect to generate approximately $1.4 billion in revenue with just over a billion of that coming from Apple. Let me break that into two components. First, our main PMIC which powers the application processes for the iPhone, iPad, and Watch platforms. It is a portion of the Apple business associated with today's agreement. We expect this business to deliver revenues of approximately $875 million in 2018 and begin to decline in the latter half of 2019 for the iPhone and in 2020 for the iPad and Watch. These revenue streams are expected to be insignificant by 2022.

However, on the positive, this will be partially offset by our other revenue streams. The second component of our Apple business, which is revenue from technologies including sub-PMICs for iPhones, charging for iPads, and PMICs and [spelled phonetically] accessories will be growing and is unaffected by this licensing agreement. This includes the new revenue streams that will kick in from newly awarded contracts we announced today, ranging from sub-PMICs, audio, and charging IC. This portion of the Apple business is expected to generate approximately $150 million in 2018 and grow at the CAGR of between 30 to 35 percent over the next four years.

Now, let me turn to our non-Apple business where we also see a tremendous opportunity. We have a fast-growing and diversified business in our other three segments; advanced mixed signal, connectivity, and automotive and industrial. These segments are expected to generate approximately $400 million in revenue in 2018 and grow at a healthy CAGR of 10 to 15 percent over the next four years. In addition to these projected revenue streams, we will continue to invest in strategic growth initiatives, including M&A, and capture new design base across a broad range of customers in our targeted end markets. As such, we see additional revenue off site as shown in this slide.

Moving to slide 7 for more detail about our strong long-time business prospects. The success we've had with Apple over the past 10 years is validation of Dialog's unique market positioning and gives us confidence in our future growth potential. This success starts at the courses of capabilities grounded in this mixed-signal expertise and power efficient design which has become increasingly important in today's connected world.

When combined with our rapid design capabilities, these enable us to become key partners to market-leading high-growth customers. Building on our track record of delivering deep ramps -- sorry -- steep ramps of high-volume new products, we will continue to sizably grow our business while increasing our possibilities. At the same time as the demands and profiles of our customers have changed over the years, we have adopted and evolved to meet that challenge. This is evident in our focus on configurable solutions. These simplify and accelerate the development process while providing flexibility for our customers.

This includes technologies like our GreenPAK CMICs which have sold more than 3 billion units, our leadership in the role of a fast-charging smartphone adapter, as well as IoT connectivity SoCs, where we have the number two market share in Bluetooth Low Energy, shipping more than 60 million units in 2017.

Moving to Slide 8, going forward we will leverage our expertise to capitalize on high-growth opportunities in the IoT mobile, automotive, and computing and storage markets. These markets are expected to reach nearly $13 billion in size by 2021, most of them growing at double-digit rates annually. We already have a strong presence and leadership position in the mobile IoT [spelled phonetically] markets and significant opportunities to expand our business in [unintelligible] automotives. In addition, we see opportunities in computing, particularly in storage and video game platforms, to further accelerate our growth, leveraging our strong IP and innovation capabilities.

With a strengthened balance sheet, we would be in a better position to take advantage of the consolidation opportunities in our industry as they arise. Let me provide more color into our position in each of these markets, starting with IoT on slide nine. Over the last few years, we have built a broad IoT portfolio, including power management, charging, Bluetooth low energy, USB and wireless audio solutions, audio amplifiers, LED backlighting and CMICs. IoT is a large and fast-growing opportunity for Dialog, with a sort of adjustable market, estimated to grow at 17 percent [unintelligible] to over $3 billion by 2021. Consumer demands for new, faster, and more power-efficient connected devices is drawing rapid innovation in the industry and create opportunities for our business.

Today, we work with many of the market leaders, including Google and the Home platforms, Samsung and the [unintelligible], Jabra [spelled phonetically] high-tech headsets, and Bosch Automotive, amongst others. Shortly, we'll also be rolling out new low-power connectivity products that address future opportunities in areas such as new generation of connected medical devices.

Turning to slide 10, I will talk a little bit about the opportunities we see in mobile. Beyond our historical strength in PMICs, we are the clear market leader in rapid-charging for smartphones, being consistently first to market with safe and cost-effective system designs. In regards to our Apple relationship, as I mentioned, we are broadening our partnership through new contracts and continue to see other opportunities to expand this business. And let me be clear: we are not selling our power management business. We are currently pursuing a number of deeper engagements with the top smartphone OEMs to continue to supply PMICs and new generation of high voltage charging and rapid-charging USB adapter ICs [spelled phonetically].

Now, I move to target end markets, where we currently have a smaller presence, but see significant growth opportunities over the long-term. First is the automotive industry. Our power management LED backlighting, Bluetooth Low Energy, and Haptic technologies have a total adjustable market size of nearly $780 million today, with an expected growth rate of 17 percent through 2021. Leveraging our highly integrated technologies and power-efficient know-how, we believe we can drive differentiation in auto applications and build new business. Our partnership with Renesas [spelled phonetically] and Xilinx are a testimony of the quality of our products and the strong business prospects ahead of us.

Moving to slide 12, computing and storage is another area where we believe we can capture market share going forward. Our products have meaningful potential for extension in solid state devices and video game platforms, where power management becoming increasingly important. Our technology has been embraced by customers looking to Dialog for market-leading solutions in solid state drives for storage and next generation gaming consoles and controllers, where power management and delivering a custom solution is becoming increasingly important.

For Dialog, computing and storage represents an approximately $1.6 billion market opportunity today and it's expected to reach nearly $2.2 billion over the next three years. Our broad-based technologies are well-suited to address a range of power management, haptics, and other mixed-signal technology needs in this market, where we already have a relationship with leading OEMs. Leveraging our technical excellence and power-efficiency expertise, we believe we can increase our share of content [unintelligible] device and deliver more innovative solutions across a range of applications. With that, I would like to hand over to Wissam to discuss more of the financial details of the agreement. Over to you, Wissam.

Wissam Jabre:
Thank you, Jalal. I will briefly add a few details on the balance sheet and capital allocation implications of the transactions. As Jalal mentioned, Dialog will receive $300 million in cash at closing for the license of certain PMIC technologies and the transfer of certain PMIC assets and employees. In addition, Apple will pre-pay $300 million upon closing for future products.

Following this agreement, we expect to continue to generate strong cash flow and maintain a robust balance sheet.

The agreement also provides us with additional financial flexibility to drive revenue growth and create value for our shareholders. Our capital allocation framework will remain consistent following the closing of the transaction. We remain committed to maintaining a healthy balance sheet and will accelerate strategic growth investments in target markets, including mergers and acquisitions. We also remain committed to returning excess cash to shareholders as appropriate. Accordingly, we intend to initiate a share buyback program of up to 10 percent of outstanding shares, following the publication of our Q3 results. I will now turn it back to Jalal for some final remarks.

Jalal Bagherli:
Thanks, Wissam. Before we start taking your questions, I would like to quickly reiterate the rationale behind this agreement and why it positions Dialog for long-term success. Through this agreement, we've provided clarity regarding our PMIC business. We re-affirmed our long-standing partnership with Apple and we minimized disruption with our business and employees. We also are pleased to achieve financially attractive terms that will deliver immediate value from certain of our assets and provide us with further financial flexibility to drive our future growth.

With this agreement in place, our business is repositioned to the scale and mix from which we can grow sustainably and profitably over the long-term. In summary, Dialog now is in a better position -- financially and operationally -- to drive our future success and create value for our shareholders. So, I want to hand over to operator for questions.

Male Speaker:
If you'd like to ask a question, please press star, followed by one, on your telephone keypad now. If you change your mind and wish to withdraw your question, it's star, followed by two. And when asking your question, please ensure that your line is not muted locally. And today's first question comes from Achal Sultania [phonetic] from Credit Suisse. Please go ahead.

Achal Sultania:
Hi. Thanks. Jalal, can you talk about the sub-PMIC business with Apple, which is still at around $150 million base, as you say? Obviously, you're targeting a very strong, 30, 35 percent CAGR over the next four years. Essentially, it would mean almost a more than tripling of that business. So, what kind of visibility do you have already in that part of the business? And how should we get confident that that sub-PMIC business, at some point, is also not in-sourced by Apple in the future? And then, I will follow up on OPEX. Thanks.

Jalal Bagherli:
Hi. Good morning. I think, you know, the key point about the announcement we're doing today is the clarity it provides between the business, and our licensing to Apple, and the business we are maintaining. So, the licensing of the certain PMIC assets allows the in-sourcing [unintelligible] rates for them for the main PMICs which we've enumerated, for phone, for tablet, and for the watch.

So, the section that you see on the financial side for the non -- it's like the sub-PMICs and other -- that $150 million that you referred to -- it also contains sub-PMICs as some PMICs -- for example, Macs and accessories. So, this is a business we're actually running today. We also announced today a multiple -- a range of multiple, you know, contracts for new sub-PMICs going forward. And none of that is in the revenue today, clearly, because these are new products to work on over the next two, three years -- the first of which will hit our revenue in 2019, starting in 2019. And that revenue will then start to accelerate in 2020 and beyond.

So, based on -- and this is, you know, where we are in October 2018. I mean, as you can see from the chart, we are projecting up to 2022 based on our understanding today, where we can judge where this business will grow, and clearly beyond the contracts we are talking about today. We've got another year -- 18 months of new contracts to win to come, because they will still impact 2021 and 2022. So, we're looking forward to our expanded collaboration with our business customer in that area, and that is our projection, and we think it's very realistic.

Achal Saltanya:
Okay. Thanks. And maybe one for Wissam. I think -- you talked about $35 million of annualized OPEX reduction. Can you clarify -- is it the gross number? Is it a net number? Because also, you probably need to invest in R&D for future design wins. So, I just wanted to clarify that point. Thanks.

Wissam Jabre:
Sure. So, Achal, the number -- the $35 million number is the annualized run rate reduction in OPEX associated with the transaction itself. And so, it is probably a little bit on the conservative side. You know, we're expecting the transaction to close at some point in the first half of the 2019. And the way to think of it is the transaction itself would be impacting our OPEX by anywhere between 8.5 to $10 million a quarter.

With respect to the other part of your question, obviously, with -- we will continue to invest in our R&D, as we said. And this transaction also gives us more financial flexibility to do so, both on an organic and inorganic basis. I don't know if this answers your question.

Achal Saltanya:
Yes. That's clear. Thanks a lot, Wissam.

Male Speaker:
The next question, then, comes from Veysel Taze Tase [spelled phonetically] from ODDO [spelled phonetically]. Veysel, please go ahead.

Veysel Taze:
Yes. Hi. Just to make sure, in the non-PMIC business, the 150 million, basically the CAGR reflects the sub-PMIC gains as well, right, throughout 2022?

Wissam Jabre:
So, Veysel, your question is on the 150 million growing to 30 to 35 percent?

Veysel Taze:
Yes.

Wissam Jabre:
Yes. So, this is the -- this category basically includes sub-PMIC as well as other types of technologies that we sell to Apple. And the CAGR is expected to -- that's part of the business. It's projected to grow 30 to 35 percent CAGR over the time horizon, from 2018 to 2022.

Veysel Taze :
Okay. And then, on the --

Wissam Jabre:
And then --

Veysel Taze:
-- on -- yeah, go ahead.

Wissam Jabre:
Yeah. So, that includes the sub-PMIC, just to --

Veysel Taze:
Okay. And on the main PMIC, just to make sure that we are on the same line -- so, the iPad will start in the 2020 -- was -- and the watch 2020. Right?

Jalal Bagherli:
Yes. We said the revenue from iPhone will, for the main PMIC, will basically discontinue in 2019. And then we've assumed the tablet and watch the year after, 2020. You know, some of these are probably aggressive assumptions in maybe that we will have residual revenue for some time, because products don't often just stop. They continue at the lower rate for some time. So, there will be a tail into 2022 and that's what we've shown on the charts.

Veysel Taze:
Okay. And then, on the OPEX, sorry, I know you commented on that, but I'm not sure if I got the number correct for 2019. You said -- it -- what would be the conservative number you're assuming? 35 million?

Wissam Jabre:
This is our current estimate of the impact on the OPEX from the transaction. So, you know, the -- as part of the transaction, there will be over 300 employees transferred as well as some assets. And so, the impact on our OPEX from that is estimated to be at around 35 million.

Veysel Taze:
And then, given, I mean, the 600 million cash you are receiving now, plus the ongoing market correction we are seeing in semi-conductors, is there a kind of -- would it be correct to say that you might accelerate your M&A?

Wissam Jabre:
Well, you know, Veysel, what we said is that our capital allocation framework is consistent with what we've always been saying, you know, from -- in terms of use of cash, we will continue to invest to grow the business through M&A, and also we will continue to return capital to our shareholders. As we -- I mean, we've also -- remember, we've also -- we're announcing our intent to launch share buyback after the Q3 results.

Veysel Taze:
Okay. Thank you.

Male Speaker:
The next question comes from Tobias Holt [spelled phonetically] from Hauck and Aufhäuser. Tobias, please go ahead.

Tobias Holt:
Yeah. Thank you very much. So, you already mentioned the iPhone model and the iPad and watch models coming up. So, my question is, will there be any other products supplied to Apple in the future?

Jalal Bagherli:
I'm not sure I understood that. So, as we said, there is a distinction between the main PMICs and the sub-PMICs. The main PMICs were the ones that I --

Tobias Holt:
[affirmative]

Jalal Bagherli:
-- I explained is continuing, right? But the sub-PMICs go into all of the ones you mentioned: phone, tablets, watches, et cetera. In addition, we have main PMICs for Macs and accessories that will continue. And that forms the blue [spelled phonetically].

Tobias Holt:
Okay. Perfect. And the second one, following up on this, is there any outlook for after 2022?

Jalal Bagherli:
This is a consumer electronics business, sir. [laughs] I think, to have a projection to 2022, is certainly a feat. And you know, it's, you know, subject to consumer trends and, you know, pace changes, and everything else. So, unfortunately, my crystal ball doesn't grow bigger than that.

Tobias Holt:
And --

Wissam Jabre:
And Tobias, as we noted also in the closing remarks that Jalal made, is we're hosting a Capital Markets Day on November 1st. And so, we will be sharing more about the long-term strategy of the business in its various parts.

Tobias Holt:
All right. Thank you very much.

Male Speaker:
As a reminder for those on the line, if you'd like to a question, it's star, followed by one, on your telephone keypad. We have a follow-up question from Veysel Taze from ODDO. Veysel, please go ahead.

Veysel Taze:
Yeah. Previously, on your watch business, I know that you're working on a different solution to deliver a kind of system and package solution which were supposed to increase your ASP [spelled phonetically] much stronger than the current version, at least in one of the new versions. If you now strip out the PMIC business, what does this mean in terms of your design for the watch -- for the -- yeah, for your largest customer?

Jalal Bagherli:
So, I think, you know, the -- again, what we have today as products -- including the system approach -- will continue in production, and we'll enjoy the benefit of that. I mean, there's just new products launched only a couple of weeks ago. So, they have a lifetime of, you know, three, four years. If you look at the last watches -- they have lasted a long time. So, that -- all of that business will remain. In terms of new ones, we will have to see whether they -- our customer decides to adopt that approach to the next generation of products or not. Clearly, they will be doing their chip design, using the licensing that we announced today. But the system, packaging, accessories is a different category. And we may or may not supply that, depending on the technology requirements.

Veysel Taze:
Okay. And the licensing agreement, I mean, you had a very advanced IP know-how in the PMIC business. How does the licensing agreement stops you to move your technology to other people in the semiconductor space, or to move it -- or sorry, in consumer space, or to move it to other areas. So, is there -- how is the IP agreement right now?

Jalal Bagherli:
Right. So, that's a good question. So, just for clarity for everybody -- so, what we announced today is a non-exclusive license to Apple. That means Apple has access to all power management technologies that's -- or the ones that we've licensed to them to use. But it's non-exclusive, meaning that it doesn't have any impact on us using our own technology, going forward, for anybody, any customer, or any other area of the market. There's no restriction on us using our technology for other products.

Veysel Taze:
Okay. Thank you very much, Jalal.

Jalal Bagherli:
You're welcome.

Male Speaker:
We have another follow-up from Achal Sultania from Credit Suisse. Achal, please go ahead.

Achal Sultania:
Hi. Thanks. Just one follow-up on the cash. So, how should we -- given that you are going to receive 600 million from Apple. How should we think about like, we need to adjust the cash flow for 2019 and 2020 and beyond for that prepayment from Apple. So, is that going to be effective from next year or is it going to be effective from second half of ‘18 also?

Wissam Jabre:
So the, the way to think of it, Achal, is all the cash will be received within days of closing. So at closing this is when the cash receipt is expected. And so, in terms of modeling, I would model it as, you know, again, we as we said, we're anticipating closing in the first half of ‘19, so this is when I will discuss modeling.

Achal Sultania:
Okay. Okay, cool. Thank you.

Male Speaker:
So, the next question comes from David O'Connor from Exane [spelled phonetically]. David, please go ahead.

David O’Connor:
Good morning. Thanks for taking my questions. Maybe one or two from my side. Firstly, on the, Jalal, the margin profile of the business longer term, any reason that kind of 1 billion revenue run rate that would be different, the margin profile that is, than what we saw before? That is my first question.

Jalal Bagherli:
As we indicated in our press release that we don't anticipate any gross margin impact.

David O’Connor:
But at the EBIT margin level?

Jalal Bagherli:
No, no, I'm not talking EBIT, I'm talking about the, like, levels --

Wissam Jabre:
Yeah, David, just to also add to that, I mean, obviously, as Jalal said, we will be -- we don't see a significant or mature impact to gross margin. And as you'd expect, we would be sharing more in terms of our midterm model at the capital market stay. Hopefully that would help clarify your answer -- I'm sorry, your question.

David O’Connor:
Okay, thanks. And maybe one follow-up. Also, do you have some concern out there in the

market on that semiconductor demand currently? Can you give us any comments on current demand trends, if you're seeing trends.

Jalal Bagherli:
Current demand on what?

Wissam Jabre:
On semiconductor [unintelligible].

Jalal Bagherli:
Just generally?

David O'Connor:
Yeah, just general comments. Nothing specific.

Jalal Bagherli:
Yeah, sure. No, I mean, absolutely. So, you know, again, we are very so, like, focused in mobile area and some IoT as you know, in these areas, that we haven't seen any noticeable impact in terms of demand changes. Our mobile demand's strong. And -- and our IoT is continuing to see opportunities winning businesses, for example, Bluetooth Low Energy or wireless audio.

So I -- we haven't seen any noticeable change. But again, we're very focused on these areas, maybe different for people who are more exposed to automotive or computing or other areas of the market. So I can't comment generally on the market because we are not engaged deeply with the rest of the market. But in these areas where we operate, we haven't seen any noticeable shift.

David O'Connor:
That sounds good. Thanks, Jalal.

Jalal Bagherli:
You're welcome.

Male Speaker:
One final reminder, it's star one for any further questions. And we have another question from Jean-Marc Mueller from JMS Invest. Jean-Marc, please go ahead.

Jean-Marc Mueller:
Yes. Thank you for taking my question. Just one clarification for the main PMICs business, which is $875 million now in 2018 and will eventually go to zero. On that business, you received a prepayment of $300 million. What I do fully understand is, starting 2019, will you just book a royalty fee that is being paid by Apple to you? Or will you actually book the product sales in the main PMICs business, you know, going down over the years with your quoting impact on P & L, I mean, like gross, the costs, and et cetera, et cetera. You know -- do you know my -- you understand my question?

Jalal Bagherli:
So this is -- let me just make one comment, and then I'll let Wissam give you a more detailed financial answer, perhaps. So, when we say 300 million prepaid, this is to buy any services or products from the company. It's not limited to main PMIC or soft PMIC. It is not the total purchases of the company, the customer from us. It just -- it's just 300 million prepayment towards purchases of product [unintelligible].

Jean-Marc Mueller:
Yeah, okay.

Jalal Bagherli:
It could be main, it could be soft PMIC, could be other things. And it doesn't mean that's the only thing they buy that -- because, you know, they're buying a billion today per year is only a portion of what they might buy.

Jean-Marc Mueller:
Exactly. That is my question, that it would just be the license fee, and you don't have product sales anymore, or whether you still have the product sales. But obviously, then the product of impact would still be much higher than the 300 million over the course of the next three years.

Jalal Bagherli:
So let me just clarify again. So, we're getting at closing -- not on signature, at closing, we get $300 million towards the licensing of certain PMIC, transfer of people and assets, okay? So that's gone.

Jean-Marc Mueller:
That, I understand, yeah.

Jalal Bagherli:
It's off -- all right. The second 300 million is a prepayment towards purchases of products. There is no royalty. So this is just purchases --

Jean-Marc Mueller:
Okay.

Jalal Bagherli:
-- of PMICs that they would normally buy. They just put that against this credit if you like.

Jean-Marc Mueller:
Understood. So it's more kind of -- I would call it advanced payment than prepayment.

Jalal Bagherli:
That's what prepayment is well -- yeah.

Jean-Marc Mueller:
Okay, good. No, understood. Thank you.

Male Speaker:
At this time, we have no further questions so I'll hand the call back to you to conclude.

Jalal Bagherli:
Okay. Thank you so much. And I think just to repeat that on the November the 1st, we'll be holding a Capital Market Day in London to provide greater details on our strategic, financial and operational plans for the future. And more details regarding that event will be shared shortly. So I think with that, are there any other comments?

Male Speaker:
Yeah, nothing else from our side. Thank you so much again for joining the call. And as usual, if you have any questions, please don't hesitate to contact me. Thank you

Jalal Bagherli:
Thank you.

Male Speaker:
Thanks.

Male Speaker:
Ladies and gentlemen, this concludes today's call. Thank you all for dialing in.

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