0800 138 2636 | service@incommglobal.com
www.incommglobal.com

Transcript

Helios Towers H1 2019 Call

Thursday, 15 August 2019

Kash Pandya Good afternoon, good morning and good evening to everybody who has joined the call today. I think we have got a large group of people joining this call. We have a short presentation covering the key highlights, financial results, and as always, there will be plenty of time at the end for Q&A. Joining me on the call today is Tom Greenwood, our CFO, and Manjit Dhillon who is our Head of Corporate Finance.

Let me start off with the key highlights outlined on slide four. As expected, we delivered another quarter of EBITDA growth in Q2 2019, resulting in 18 consecutive quarters of EBITDA growth and a 44% CAGR since Q1 2015. Over the same period we have more than doubled our margin too. We see no change in this momentum as we move forward.

Moving on to slide five, we delivered 9% year-on-year revenue growth in Q2 2019, with adjusted EBITDA growth of 14% over the same period, resulting in EBITDA of US$50 million in the quarter. Our outlook on revenue and EBITDA growth continues to be positive, driven by low levels of mobile penetration in our core markets and further execution of our business excellence strategy.

Moving on to slide six, we have added 1,104 tenancies over the last 12 months, driving healthy tenancy growth of 8% year-on-year and expanding our tenancy ratio to 2.05x. Compared to the prior-year period we added 349 new sites to our portfolio, increasing 5%. These healthy growth figures reflect the continued investment by our customers to expand coverage and improve the quality of services in our markets.

Moving on to slide seven, recent developments. We closed our SA Towers acquisition in South Africa on 30th April 2019. This acquisition provides us with a healthy pipeline of c. 500 sites that are permitted, or that are in the process of being permitted. As at 30th June 2019, we had delivered 168 tenancies in South Africa and expect this to grow further during the remainder of 2019 and beyond.

We were also pleased to be recognised for our continued corporate governance strengthening and received the Anti-Bribery Management System Certification by ISO. We achieved the ISO 37001 standard. This addition now means we have four internationally recognised standards, relating to anti-bribery, quality management, environmental management and health and safety. We believe we are the only company in Africa that has managed to attain all four of these corporate governance standards.

And on a final note before I hand over to Tom. Regarding our review of strategic options announced during our Q1 2019 results, we continue this review process, including the evaluation of a potential listing of equity on an exchange in the future. No final decision has been made by the board.

On that note, Tom, I will hand over to you for the detailed financials.

Tom Greenwood Thank you very much, Kash. I am on page nine of the presentation, the key highlights. As Kash mentioned, we achieved another strong quarter and delivered our 18th consecutive quarter of EBITDA growth. Again, we are very focused as a team on continuing this positive trend going forward.

For H1 2019, revenues increased 7% and EBITDA increased 15%, driven by the continued addition of tenancies to our site portfolio. The year-on-year increase in sites was 5% and corresponding tenancy increase was 8%. Compared to Q1 2019, tenancies expanded 4%, increasing from 13,600 to 14,100 tenancies as at the end of Q2 2019.

As you may be aware, our business can be lumpy in terms of tenancy growth. Some quarters it can be a little bit quiet and in other quarters it will be quite high. With 500 tenancy additions, Q2 2019 was a quarter with high tenancy growth. Accordingly, this has taken our tenancy ratio up to 2.05x, which is a 0.02x increase quarter-on-quarter.

Kash mentioned over the last year we have added just over 1,100 tenancies, which again represents the continued growth of telecommunications within our markets, which are amongst the lowest penetrated in the world.

Moving on to slide ten, which provides the usual revenue breakdown slide and is aligned to previous quarters. Our revenues continue to be largely from Africa's big five mobile operators (Airtel, MTN, Orange, Tigo and Vodafone/Vodacom), with 86% of H1 2019 revenues coming from these five operators.

You will notice a small change in the bottom left pie chart on this page where we show the revenue breakdown by country. Fairly static on the four established countries and you can just see South Africa squeezing in there. Not quite at 1%, but that will grow in the coming quarters.

From an FX perspective, revenues were very stable and similar to previous reported quarters with 57% denominated in hard currencies (US Dollar or Euro-pegged currency). When this revenue moves down to the EBITDA line, approximately 65% of our EBITDA is derived in hard currencies.

Looking on page eleven, our cost and margin analysis, margins were stable quarter-on-quarter, remaining at 52% of revenues. The bottom left chart provides analysis of our site opex, which has increased slightly over the last couple of quarters as we add more sites to our portfolio. As a percentage of revenue, opex has remained flat at approximately 35%.

Finally, regarding SG&A you can see that a minor amount is now coming from South Africa, currently 1% of the total mix. The remaining SG&A mix remains broadly consistent with previous quarters.

Moving to slide 12, capital expenditure. H1 2019 capital expenditure was US$55 million, which includes US$13 million of acquisition capex relating to South Africa. The full-year guidance for the established business excluding South Africa remains at a total of US$100 million and is unchanged from previous guidance provided. That is largely discretionary capex, related to growing revenue or EBITDA, with the remaining US$20 to 25 million being maintenance and corporate capex.

We have updated our full-year guidance for South Africa based on our estimated site rollout before year-end. We now expect a total of US$30 million in 2019, compared to US$50 million provided during our Q1 2019 call. We continue to have US$100 million earmarked across 2019 and 2020 and that expectation is unchanged from Q1 2019, albeit with a slight change in expected timing between 2019 and 2020.

Moving on to page 13, which is financial debt. Our gross leverage has remained constant from Q1 2019 at 4.0x and increased on a net leverage basis to 3.6x from 3.4x, reflecting a slight decrease in cash over the quarter due to timing of payments received by customers. Net leverage is still very much at the bottom of our target range of 3.5x to 4.5x.

So with that, I will hand back to Kash for slide 14. Over to you, Kash.

Kash Pandya Thank you, Tom. On slide 14 we highlight our reinforced investment story of strong growth fundamentals complimented by execution of our business excellence strategy. We maintain a very unique position in the markets we operate in.

In the quarter we saw strong growth in our four established markets, complimented by our market entry into South Africa. We delivered 9% revenue growth and 14% adjusted EBITDA growth year-on-year in Q2 2019.

In terms of secured growth, we continue to have healthy, long-tenured contracts with c.US$3 billion of contracted revenue ahead of us with an average remaining life of 7.8 years. As mentioned, 57% of our revenue is denominated in hard currency which equates to c.65% of our EBITDA in hard currency, predominantly in US Dollars and a small amount in Euro pegged currencies.

Regarding margin expansion, we have increased EBITDA margin 3 percentage points year-on-year to 52% as of Q2 2019 and we will continue to push for additional margin expansion.

Finally on this slide, our portfolio operating cash flow has grown by 30% year-on-year to $79.8 million as of H1 2019. So really strong, positive cash generation coming through our business.

Moving to our outlook on slide 15, we expect continued growth in our four established markets. Importantly, within three of those four established markets, Tanzania, Congo Brazzaville and DRC, we are the only independent tower operator. That represents c.86% of our tower portfolio which has no competition from another independent tower company. So we are very well-established and uniquely positioned in those markets.

And of course our business excellence strategy continues to a drive strong customer service and operational focus that mobile operators need to effectively expand mobile coverage and quality. Finally, our South Africa entry is an exciting addition to the business. We only entered that market in April and already have 168 tenancies up and running, with the firm expectation this will to continue to grow during the course of this year.

So on that note, I am going to hand over to the operator to take questions. Operator, over to you.

Operator Thanks, Kash. Ladies and gentlemen, to register a question today please press star followed by one on your telephone keypad now. If you change your mind that is star followed by two. Our first question today comes from Rahul Bhat from JP Morgan. Rahul, your line is open.

Rahul Bhat Hi guys, thank you very much for this call. I have a few questions. Can I just check, I think Tom touched on this briefly, but on the working capital there has been another working capital outflow. I think last quarter you said you expect more working capital outflow in Q1, to reverse in Q2, but that does not seem like it happened. Can you just give some more colour about that and also if you think it is going to reverse later in the year?

And then also in the report it said that you are looking to acquire I think 100 sites, about, in Tanzania. I just wanted to check if you could give some colour on how much that would cost and is that part of your capex guidance? And for 2019 on the whole, totally, do you expect to be free cash flow positive after capex? Thank you.

Tom Greenwood On the working capital, we have continued to see late payments from some customers. Some of that has already reversed since Q2 2019 closing and therefore we do anticipate some of that coming back in Q3 2019. We have a continued push to get even more of that back by the end of the year.

We have seen some big customers trying to control their free cash flow reporting, around period end, which has meant that some payments that used to be completed before our reported quarter end are not being made until afterwards. We are pursuing escalations up to their group level to get that resolved. As I said, it does not really represent any underlying change in the business. It is more just exact timing of payments around reporting dates, which is what you can see there in the numbers.

On the following question on sites in Tanzania. That is correct, we are in the process of taking ownership of those sites. They are sites that we already manage on a service contract, however these are due to convert into acquired sites as part of the acquisition. That agreement was signed after Q2 2019 and now we are just going through the conditions precedent to get that closed.

Rahul Bhat Thank you. How much will it cost and is it part of your capex guidance of US$100 million in the year?

Tom Greenwood Yes, it is included in that. We are not disclosing the exact price but it is included in the guidance provided.

Rahul Bhat Okay, that is perfect.

Operator Our next question today comes from Kay Hope of Bank of America Merrill Lynch. Kay, your line is open.

Kay Hope Hello and thank you for the call today. Just a quick question from me. Could you give a little bit more detail on the South African business and where… I think you gave a few numbers, but how much do you expect this to grow in, say, the next 6 to 12 months? Today it is under 1%, so would be interested to know what you are expecting? I know other MNOs talk about huge competition, the need for more spectrum, regulatory changes in South Africa. Where does that leave you?

Kash Pandya We feel very good about our start in South Africa. We have got a little over 100 sites up and running, our tenancy ratio is about 1.5x now and so our expectations in South Africa are that by the end of this year we will have between 200 to 300 sites and, more importantly, on the three year horizon we are targeting approximately 1,000 sites.

And as you say, the MNOs and the regulator are driving further expansion in terms of service offering. 4G densification will drive further tower needs and tenancy growth needs there. And then the onset of 5G over the next four to five years, it is forecasted that four million 5G connections will be added. These are the forces that supported our drive to enter South Africa. We are excited about the prognosis going forward and seeing some of this demand coming through.

Kay Hope Fantastic. Okay, thank you very much.

Operator Our next question comes from Hans Slob of NN Investment Partners. Hans, your line is open.

Hans Slob Yes, good afternoon gentlemen. Could you update us on the lowering of the fuel and electricity costs? And secondly also could you update us on the reduction of downtime of your towers in the quarter?

Tom Greenwood Yes, absolutely. So, first of all, the power cost is something that we have an ongoing focus on. Last year it was rolling out some solar sites, doing some grid connections etc. We have an ongoing focus on that and we continually assess all of our sites on a business case basis, looking at potential savings and what form of technology we can deploy to reduce the power cost, and reduce the fuel emissions as well, which is something that we are very focused on as a group.

Right now one of our focus areas for power savings is grid connections in Tanzania, made possible by the fact that there has been 1,000 kilometres of grid lines rolled out in Tanzania over the past year, which just happened to run fairly close to a bunch of our sites. So we are in the process of connecting those sites to the grid which will create savings in terms of diesel fuel cost and emissions.

There will be more, I think, over the next few years, particularly as the grid gradually improves and goes wider and further. Also there is an opportunity as battery technology and solar technology improve in terms of both performance and price. That is an ongoing focus for us as a group over the next few years.

On the second part of your question in terms of site performance, we do not publicly report figures, but I think it is fair to say that there has been a continued improvement in terms of minutes downtime per site over the recent weeks, months and years. I think the levels that we are delivering to our customers, whilst it is quite difficult to exactly verify, from what we hear back from them it seems like we are the best in class.

And so we are happy with that, but we are not sitting on our laurels. We want to get even better. Our operations team's main internal KPI is site power uptime, which we monitor daily, weekly and monthly. We set ourselves solid targets on that which we are moving towards. I am sure there will be continued improvement on that as well.

Kash Pandya And just to reinforce what Tom said, Hans, we also have focus on optimising our power systems without capex spend. For example, we are currently deploying site performance analytics in our business that really allows us to see how we can optimise prior investments and drive fuel consumption even lower without additional capex.

And regarding our site performance, while we do not publicly publish any figures around this, I can assure you that we have seen over 90% improvement in our uptime delivery over the last few years. And it is fundamentally driven by our investment in our capabilities, in our organisation, through the lean Six Sigma deployment that has allowed us to help develop our organisation, and our colleagues in Africa.

It has allowed us to localise our staff from the markets we work in, and 99% of our staff, for example in our operations, are Africans now. And that is helping us to really drive efficiency, productivity and, most importantly, customer service out there.

Hans Slob Thanks a lot.

Operator We now have a question from Giles Thorne of Jefferies. Giles, please go ahead.

Giles Thorne Thank you. It was just one question that was prompted by the statement a moment ago around more of your sites in Tanzania being connected to the grid. What scope does a customer have to renegotiate the service rates within their master lease agreement to reflect the fact that you are no longer using as much fuel and you are using more grid electricity? Thanks.

Tom Greenwood In short no scope, within our contract the escalation mechanism passes on movement in fuel and electricity price per unit, i.e. if the government changes the grid price per kilowatt hour we pass that on, but if we invest and reduce the power consumption on a site, that is our margin. So we do not pass that on if we have made that investment.

Giles Thorne So to connect to a grid is really an investment you have to go out and make rather than something offered by the utilities.

Tom Greenwood Yes, exactly. So we will make the capital investment for that, and that will involve digging a trench and connecting a cable to the nearest bit of the main grid to our site. And that can be anything from a few grand, up to the highest may be c.US$20,000. But it will always be underpinned with a business case which shows very attractive returns in terms of fuel savings versus the upfront capex. Somewhere in the region of low to mid-single digits in terms of years payback.

So that is our investment and we liaise with the grid provider. We do all the work and then we connect the site to the grid. So the customer does not really get involved in that. Our contract with our customer is simply to provide them power at close to 100% uptime.

Giles Thorne Okay. So just for my absolute understanding, you have service rates for power and non-power, and then within power you have service rates for fuel and the service rate for electricity. So in a hypothetical situation where a site was purely fuel on a generator and you dug a trench and connected to the grid and switched it over to electricity, the MLA would continue to… You would continue to be remunerated as if it was still fuel?

Tom Greenwood Yes. So the absolute, total dollar or currency figure of the lease rate would remain, i.e. if the lease rate was US$2,000 per month the day before, it would still be US$2,000 the day after. The only change in some of our contracts in that case is that the component for the escalation changes. So within that US$2,000 let's say the day before 600 of it was being escalated with the fuel price, 400 with electricity and the remaining 1,000 with CPI, then the mix could change the day after. Let's say fuel was completely eradicated at that site, then the mix of that would change, i.e. the fuel amount would go down. But the overall Dollar figure of US$2,000 would be the same, yes.

Giles Thorne Understood. Thanks, Tom. Sorry it was a bit of a nitty-gritty question.

Tom Greenwood No, good question. Thanks Giles.

Operator Our next question comes from Dilawer Farazi of Loomis Sayles. Dilawer, your line is open.

Dilawer Farazi Hi guys. Thanks very much for the call. Quick one, just have you got any update for us in terms of new markets you might be entering, Ethiopia, any updates on that? And secondly just do you have a timeline on the strategic review? Is it by the end of the year? Or could it go into next year?

Kash Pandya Hi Dilawer. First of all, on the expansion it is difficult for us to talk in detail about our focus and strategy, but we are actively pursuing a number of opportunities in different markets. But obviously it is competitively sensitive so we cannot go into detail about that. On the second part of your question, we think that the strategic review will probably come to conclusion by the end of the year, as you have said. We are actively pursuing various scenarios that allow us to facilitate further growth for our business.

Dilawer Farazi Great, thank you.

Operator We now have a question from Mark Lawrence of T Rowe Price. Mark, your line is open.

Mark Lawrence Yes, thank you. Just three unrelated questions. On the adjusted margin front, Ghana is this lovely upward trending margin trend. We have gone from 56% to 58% now. And then I look at somewhere like Congo Brazzaville that loses 400 basis points on the quarter, or year on year, and that implies quite a lot of volatility. So how do I keep ahead of the margin trajectory in each market? Or is it that I have just got to keep talking to you guys. Congo Brazzaville there was a specific case why we dropped that margin and Ghana is the trend.

Tom Greenwood So I think absolutely keep talking to us, because we are always going to provide guidance that is as accurate as possible. We tend to focus more on the group margin, but in terms of individual Opcos, yes the example in Congo Brazzaville is due to specific movements there.

But overall in terms of group margin, whilst we have been at 52% the last few quarters we do see that steadily trickling upwards through to the end of this year. Hopefully approaching somewhere towards the 55% mark, maybe slightly below that, but that is the general trajectory. The main driver for that being tenancy growth through to end of the year. So, yes, definitely keep talking to us on an individual market basis, but from the group point of view we see a fairly smooth trajectory.

Mark Lawrence Okay. My second question was on South Africa, just a follow up from the earlier discussion. Obviously we have now got a revenue per tower number but it is obviously very low because it is early days. Conceptually, is South Africa in line with the group revenue per tower? Is it in line with a higher Ghanaian or DRC number? Or is it lower than that? Or is it hard to say, it is all down to the type of leases?

Tom Greenwood Yes, so at the moment South Africa, from a return on capital point of view, is not too dissimilar from the rest of the group. The cost of building on sites in South Africa is a bit lower than most other places in the group. You know that we guide to an average cost per building a site of around 125,000, and that is typically in a range of somewhere around 100 to 150. South Africa is definitely at the lower end of that range.

And the cost structure is slightly different in South Africa in that the tower company in South Africa is not a power company like it is in the other markets. Therefore the costs are a bit lower but also the revenue is a bit lower too. Albeit when you look at the margin on capital it is not too dissimilar from the rest of the group. So, yes, the lease rates in South Africa are at the low end of the range, but equally the costs are a bit lower as well.

Mark Lawrence Okay, that is very clear. Thank you. And then the final question is just to do with when you reconcile between adjusted EBITDA and loss before tax there are these recurring non-recurrings. So in the recent results we have got LTIP, we have got deal costs, we have got put and call options on the bond. There is a lot of noise there. What are the recurring exceptional items we need to think about? Presumably the put and call options on the bond is one. What else?

Tom Greenwood Yes, exactly. And that is through the accounting requirements under IFRS 9, embedded derivatives. So that swings up and down depending on how the bond is trading at the time. So effectively that is a recurring item albeit for non-cash accounting items. The loss on disposal of assets is generally related to an ongoing consolidation project that we had.

So you will recall in a couple of markets, Tanzania and DRC, we have acquired two different networks from two different operators. So in Tanzania it was Vodacom and Millicom, and then DRC it was Airtel and Millicom. And so when you do that you end up with a few towers within each network that are standing next to each other, and it offers very attractive returns to consolidate two towers into one, and by that what I mean is we effectively move the equipment from one tower to the other and then the tower we have moved the equipment from is dismantled and taken down.

Now because that has been acquired at whatever the historical acquisitions cost was, that is a straight write off of that net book value through the P&L, which is what you are seeing coming through that line, largely. And so again whilst you have seen that in quite a few quarters, again it is a non-cash write off of an already sunk acquisition cost from the past.

The economics of doing this is attractive to us. Effectively, revenues are the same but you remove the opex and the maintenance capex and the lease cost from the site you take down. So it is margin enhancing and reduces maintenance capex. So it is very attractive in terms of return.

The deal costs are costs relating to looking at new expansions, effectively. So that includes some costs related to our recent South Africa entry, and it can also include costs that relate to looking at new markets or deals that have not come through. So that is a line that is really dependent on the level of business development we are doing. The two reasons we show that below adjusted EBITDA is because we do not view that as an operating item and we like to look at the adjusted EBITDA of the existing portfolio, as it were. Secondly, that value can go up and down sporadically, depending on our level of activity on business development at the time. Finally, regarding the share based payments that is the usual allowance for management and staff. Again, consistent with other tower companies in the industry such as American Tower and all the other big ones, that is just shown as adjusted to EBITDA. And that is purely consistent with others in the industry.

Mark Lawrence Great.

Tom Greenwood So I think they are the main lines…

Mark Lawrence Yes, thank you Tom. That is very good.

Tom Greenwood Sure. Thanks.

Operator Our next question today comes from Philippe Koch, calling from Miltenberg Capital Limited. Philippe, your line is open.

Philippe Koch Thanks very much for the call. Just a small clarification on the acquisition in South Africa and the bookings of intangible assets in the wake of that acquisition. I see that you paid a total consideration of US$33 million of which US$22.7 million are intangible assets. And of this US$22.7 million, you find US$18.2 million called customer relationship in the notes of the interim statement. I might be not fully conversant with all the intricacies of the business you bought there, but I just wonder how you could record that US$18.2 million in customer relationships as I would have presumed that you rather bought existing contracts of that business which obviously should have represented an asset on records. Could you just maybe clarify that part a bit for my understanding?

Tom Greenwood Yes, absolutely. This is all relating to the business combination under IFRS accounting. So in terms of what I would describe as real capex, i.e. capital additions and capex that we have paid for to-date, that is US$13 million which is what you see on the chart on page 12 of the presentation.

The accounting gets quite complicated.

Effectively what the IFRS requires you to do is make an estimate of your total commitment under that deal, which is the work that we have done and we have called customer relationships. Then you record an asset on your balance sheet for that amount and a respective liability. Over time if you close on the deal, and in our case that would mean closing and putting up a site, then effectively the deferred consideration liability and the respective asset gets unwound and you just reflect normal fixed assets on your balance sheet.

So that is the exercise we have gone through. The starting point for it is what we anticipate to close on over the next couple of years, and then when that is all discounted and you end up with the accounting that you have described. So, yes, it is quite technical accounting and obviously a lot of it is not real, or not real capex yet, but it is what we anticipate.

Obviously that can change and under the IFRS you need to do a review of that each quarter, or each reporting period, which we will be doing and that is an ongoing exercise. So should our expectations increase or decrease each quarter, you might see that number changing a bit. Obviously as well as closing on sites which would automatically mean that that number would rise a bit.

Philippe Koch Okay, thanks Tom. If I may ask a follow up question on that. Just for my understanding, wouldn't that also entail that you have to fair value any lease contracts you would have purchased with that business combination? i.e. that you would have not a rather generic category called customer relationships but, rather, having fair value of lease contracts which have a certain duration as you also highlight for all the different businesses across Africa you are in? I would say there would be a contract having a certain duration and there would be a present value of that contract. So this is where I got a bit confused. Thanks.

Tom Greenwood So, actually I think what you are referring to actually relates more to IFRS 16 which is the lease contract. Our customer contracts under IFRS 16 are not classed as leases, they are classed as service contracts. So effectively they are recognised on an accrued and service provision. That is why the US$3 billion contracted revenue figure Kash quoted on slide 14 is contracted revenue under our customer contracts but is not included on our balance sheet. So, rather, we report that separately off balance sheet. But that is also contracted in the normal way, it is just not classified as a technical lease under IFRS 16.

Philippe Koch Yes, just last question and I will leave it for that. I fully understand that this is for your ordinary course of business how that is classified, but if you do a business combination would not there be any recognition required for that?

Tom Greenwood With the business combination we have bought master service agreements with our customers, but the individual site tenancies are governed by an individual site lease which effectively are underneath the master service agreement. And this is how it works in all of our markets. We have a master services agreement with each customer and that governs every single tenancy you have within that country with that customer. And as the tenancies come on over time, effectively another individual site lease is added underneath that master services contract.

So what we have acquired is effectively the master services contract and then over time individual site leases come on board. So in South Africa so far we have, as of June we have, 168 tenants and each of those effectively has an individual site lease which is governed by the master agreement. And hopefully we will gather more of those as we move forward. But we do not have those at the time of the business combination, hence why they are not included in that, if that makes sense?

Philippe Koch Okay. Perfect. Thanks a lot, Tom.

Tom Greenwood Thank you.

Operator We now have a follow up question from Rahul Bhat of JP Morgan. Rahul, your line is open.

Rahul Bhat Hi, thank you. Just wanted to check whether you expect free cash flow to be positive after capex this year?

Tom Greenwood So excluding South Africa, we expect the US$100 million capex for the established four operating companies to be funded out of the existing business cash flow. The South Africa aspect is being funded out of some debt. So that is the same as the Q1 2019 guidance.

Rahul Bhat All right. Thank you guys.

Operator As a reminder, ladies and gentlemen, to ask any further questions today please press star followed by one on your telephone keypad. Our next question is from Milena Ianeva of Mellon. Milena, please go ahead.

Milena Ianeva Hi guys. Could you just give some indication on your intentions with regards to the Eurobond? Do you plan to call that? Do you plan to come to market in the near future?

Tom Greenwood Yes, so the Eurobond I think as you know it is a five year non-call two, so it runs through to March 2022, and it has been callable since March, earlier this year. Obviously there is a fairly high call price. So we are monitoring where the bond is trading, we are monitoring the needs of the business in terms of further capital for expansion. And we will continue to do that. Next year, March 2020, the call price steps down again so from a pure economical perspective it becomes more attractive to refinance at that point. But again we will need to see what the business needs are, where the market is at the time and a whole host of other factors. So nothing to announce now. Obviously it is something we constantly monitor and we will be proactive on, rather than reactive.

Milena Ianeva Thanks.

Operator We have no further questions registered, so I will hand back to you, Kash.

Kash Pandya Thanks, Todd. Well, thank you very much everybody for joining the call and we will look forward to talking to you for our Q3 update in due course. Thank you.