"Chalet Hotels Limited Q1 FY20 Earnings Conference Call"

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MANAGEMENT: MR. SANJAY SETHI – MD AND CEO
MR. RAJEEV NEWAR – ED AND CFO

Moderator: Ladies and Gentlemen, Good Day and welcome to the Chalet Hotels Limited Q1 FY20 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sanjay Sethi -- Managing Director and Chief Executive Officer of Chalet Hotels Limited. Thank you and over to you, sir.

Sanjay Sethi: Thank you so much. Good Evening ladies and gentlemen delighted to be back with you on the Analyst Call. I will give you a quick overview of the industry and business performance in the Q1 of FY20 and my colleague Rajeev will take you through the numbers in greater detail after that and we will take questions post Rajeev's inputs. On the macroeconomic front as per a recent announcement from IMF the economy is expected to expand marginally below 7% in the year ending March 2020 which is a marginal drop from their earlier estimate. This reflects a slight weaker than expected outlook for the domestic demand. This is partly a reflection of the uncertainties of the past few months associated with the recently concluded general elections in India as well as tightening of borrowing conditions for a few sectors.

Over the last few quarters some key industries such as auto, banking and financial services, consumer staple as well as industrials have also shown some stress. However, as per IMF, the economy should improve in the near term that along with more accommodative monetary and fiscal policy of the Indian government should remove some of the downside risk and certain factors such as softening of inflation across emerging and developing economies should allow Central Bank to be more accommodative. The recent rate cut by RBI should provide some support into the revival of the consumer demand. The Indian tourism statistic shared by the ministry of tourism state that the foreign tourist arrivals during the period January to June of 2019 grew by 2.2%. During the same period tourist arrivals on E-Tourist Visa registered a growth of 22.3% clearly indicating that the preferred mode of tourist visa is now quickly shifting to the E-Visa side.

A recent report by JLL indicated most of the top 10 market in India witnessed an increase in RevPAR performance in H1 of Calendar year 2019. The favorable demand supply arbitrage continues in 2019 with the hotel room supply for top 10 markets growing at about 3.6% whereas the demand growing by just a shade under 5% for H1 Calendar year 2019. Demand was subdued largely in the last quarter due to elections and weaker economic condition in April, May period. Supply will continue to remain in low single digits based on information we have on project under development.

In the last quarter hospitality business saw some stress in the months of April and May while June indicated a healthy growth. I am happy to highlight that the sector bouncy continues as we see ADR growth despite the weaker months of April-May this augers well for the sector as well as for Chalet Hotels.

Our portfolio ADR was at Rs. 8,078 for the quarter of April to June registering a growth of 3%. Occupancy's remained stable at 75%, RevPAR growth for the portfolio was little over 2% and if you sort of discount April, May impact, June was a fairly healthy month for us.

Our retail mall at Bangalore continuous to see improvement in occupancy and rentals as we reposition the mall. Orb, the F&B hub at Sahar, has already got 14 of the outlets opened. The night club dragonfly which opened a month back has opened to a fabulous response.

The consolidated revenue for the quarter for Chalet Hotels Limited was 2,462 million while EBITDA was 854 million with the margin of 34.7%. PBT for the quarter was 205 million as compared to a loss for the same quarter last year of Rs. 297 million. This was largely led by significant reduction in interest cost and some improvement in exchange rates also coming in. In line with our development strategy we have three new hotels and two office towers as we had discussed in the last time in the development plan. They are in various stages of project implementation. Also, I had shared in the last quarter the upcoming Hyderabad Hotel is ahead of schedule and we expect to commission it in Q1 of next year. The Bangalore office tower continues to be on schedule. We recently received the approvals for the Powai office tower which is going to be a large addition to our operating numbers and we expect to commence work in the next few weeks. We are awaiting for the approvals for the construction of hotels at Powai and Airoli and expect them during the course of this calendar year.

Property improvement plan at Renaissance Hotel and Convention Center at Powai is expected to commence from next month and complete by May 2020. The hotel will subsequently be rebranded as The Westin. The fit-out for office space by tenants at Sahar is underway and we expect them to start occupying the space in the current quarter. Besides the projects under development we are looking at expanding our portfolio and continue to evaluate acquisition opportunities as they come by. As always, our key focus remains on managing our assets and leveraging our team strength to improve operating efficiencies. Allow me to now hand over to Rajeev to take you through the finer details of the financial performance of the company.

Rajeev Newar: Thank you Sanjay and good evening ladies and gentlemen. Before we start let me just offer the usual disclaimer on forward-looking statements and rounding of number during our conversation and further comparison for previous year relates to the corresponding quarter of the previous year.

So, yet another eventful quarter for Chalet which witness an improved PAT and resultantly an improved EPS. Now this EPS and improve PAT was achieved with a combination of both improve RevPAR and effective treasury management and we will continue to pursue our efforts in this direction. Revenue from operations was higher at Rs. 2,462 million as compared to Rs. 2,456 million while other income was lower essentially on account of lower treasury income during the quarter. The lower treasury income was as because post the IPO the group loans that we had given out were all repaid and correspondingly there was a reduction in the interest income.

Effective cost management continues and as that would be clear because the increase in the cost is nearly 1.4% over the corresponding quarter for the previous year. Resultantly the EBITDA stood at 854 million. It is important to note here that there was no impact of accounting standard 116 on the company's performance. Hence the numbers for the current quarter are comparable with the previous quarter without any adjustment required to be done.

Coming to hospitality which contributes to almost 89% of our total income as you would have heard earlier the KPIs have improved and terms of ADR and RevPAR.

Some key takeaway as far as this performance is concerned, rate growth notwithstanding the challenges being faced in some sectors of the economy and effective cost management which resulted in only 1.4% growth. We continue to focus on cost efficiency as we go along, and the segment margin was at a healthy 38.8%.

Coming to retail and commercial:

The retail and commercial segment which accounts for almost 6% of our turnover this has grown by 133% again a combination of improved business as well as straight lining impact on account of lease accounting. During the quarter almost 60 million was accounted for SLM.

In terms of finance cost you will recall that the company had an ECB which was almost USD 76 million at the beginning of 2018 which was brought down and in June 30 this has gone down to USD 25.7 million. The finance cost was significantly lower at 357 million as compared to 863 million a saving of almost 506 million corresponding to arising from the application of proceeds of IPO as well as reduction in the interest rates. The total borrowing now stands reduced to close to 1,450 odd crores. During the quarter we are happy to share that the credit rating of the long-term loans for the company have also improved by a notch. As far as Koramangala is concerned the promoter continue to subscribe to the 0% nonconvertible redeemable preference shares and they have contributed another 250 million in the quarter. Resultantly the total value of subscription is now at 760 million as on date. With this we now open the floor to questions.

Moderator: Thank you. Ladies and Gentlemen, we will now begin the question and answer session. The first question is from the line of Nehal Jham from Edelweiss Securities. Please go ahead.

Nehal Jham: Sir, my first question was on the ARR moment that you mentioned that obviously the trajectory in April and May was very different from how June turned out, so you know just for us to understand could you give us the bifurcation on how April and May performed in terms of YoY growth and how it turned in June and also the performance that has been in July and how you look at it going ahead.

Sanjay Sethi: ADR in April grew on a portfolio wide basis at 2% in May it was 1% and June it was 5%. On occupancy in April the occupancy registered a degrowth of 3%, in May it grew by 2% and we had flat occupancy movement in the month of June. Resultantly the RevPAR in April was a degrowth of 1% it grew by 3% in May and grew by 5% in June. The other reference point that might help you is a total revenue month wise this includes F&B and other revenue. We had a degrowth of 3% in the month of April, 1% growth in the month of May and 6% growth in the month of June.

Nehal Jham: So, just checking that as this trajectory then continued in July, August and are you saying that it is only because say the elections and Jet airway issue that April, May was a one off?

Sanjay Sethi: Nehal I am going to stop myself from giving any forward-looking statements however June is an indication of what happened post elections. We were to keep in mind that we did have Jet Airways staying with us with significant number of inventories at Renaissance. In fact, I think 55 odd rooms were occupied by Jet Airways they do not occupy those rooms anymore so there is an impact of that. We are however filling up that available inventory now with other sort of long stay business which can cover the weekends for us like Jet Airways did, but I am not actually going to give you forward looking statements for the coming quarter.

Nehal Jham: Second question moving on the cost side I am sorry maybe you must have mentioned this in the earlier quarter, but if I look at the employee expenses to the same quarter last year there has been a decent 20% growth and I do not think we have added any property so is it purely an organic growth that has happened in the employee expenses there is some other aspect to it also?

Sanjay Sethi: So, Nehal it is a mix of what happened at the hotels and at the corporate office. At the hotels we had wage settlement at Renaissance which had some impact.

Rajeev Newar: So, it is basically the wage settlement along with usual increments and we have given the bonus out in this quarter and then obviously it will even out during the year.

Nehal Jham: Last question from my side if I heard the opening remarks and as you have been saying you are looking at maybe acquisitions of certain properties and obviously one of the key points that we have been focusing on is reducing debt and which has come down I think by 1,200 crores compared to last year, so in that trajectory of debt reduction is an acquisition still something you want to contemplate or we will only look at it post we have done our debt repayment for this year also.

Sanjay Sethi: Nehal it is going to largely depend on the opportunity that come our way. You got to keep in mind that there could be opportunity which could be live in the market today may not be available tomorrow. So, if there is a compelling opportunity where we can acquire an asset below replacement cost and get it quickly into the market under a new or existing brand with our asset management capabilities we could look at that opportunity. So, we are not saying that we are going to wait for necessarily for further debt reduction before we acquire an asset. We will, however, be very conscious of the balance sheet requirement and make sure that it stays healthy. So, we are certainly not going to go ahead and do something stupid on that front.

Moderator: Thank you. The next question is from the line of Satyam Thakur from Morgan Stanley. Please go ahead.

Satyam Thakur: Sanjay so you briefly kind of explained how the trend had been through April and May and then June and you know while not asking you to kind of give numbers on how it shaped up after that, but could you shed some light on how the trend is kind of overall shaping up qualitatively for you or the industry especially because like this was the quarter which after many quarters in which we saw demand growth being kind of weaker than supply growth for the overall market and which is why lot of players seem to have shown occupancy dip in this quarter, so is that something that worries you because we know that what happened in April and May but beyond that also because hotel demand is kind of correlated with economic growth and you are more exposed to business travels and we see this widespread slowdown economy wide, so what are you seeing on the ground especially because we are more exposed to business travels, do you think anything which worries you and the trend continuing after June as well?

Sanjay Sethi: Look at the end of the day you rightly pointed out the feeder industry that give us business if their health is not good it would affect us. Without indicating anything which is forward-looking in nature what I would like to say is that whilst we have seen slowdown in the economy in general and I think everyone is feeling the pinch of that. We do expect stabilization to come in fairly quickly. Our general view is that the H2 of this year is going to be strong and healthy and I am not going to share numbers with you, but we are very bullish about the H2 performance of the company. H1 has got impacted with your Q1 results and there is some uncertainty in the market Satyam you know as well as I do and we are hoping that we will be able to tide over this current uncertainties in the economic situation and quickly get out of it within this quarter and we are very confident of Quarter 3 and 4.

Rajeev Newar: Not withstand that Satyam you will also appreciate that whilst in terms of cost management we have just had a 1% growth which is fairly below inflation. So, we have been looking at various means and to look at sustaining the EBITDA as well.

Satyam Thakur: You know just moving to the other side of the equation which is supply and working on the Mumbai macro market because it is important for you, you know one gathers that there are few hotels lined up for commissioning next year so while from like a three to four year perspective it looks like supply growth in Mumbai as well will be quite benign, but do you think there is going to be bunching of a few commissioning happening next year in fiscal 21 is that something that you worry about?

Sanjay Sethi: So, in our category of hotels if we look at the Island city of Mumbai, we know Chalet could potentially open sometime next year. The other two that are in the categories that we operate are Fairmount and Ritz Carlton both are I think little away from opening. On the Navi Mumbai we do anticipate a courtyard by Marriot opening and we expect potentially may be a Taj gateway opening. We have not heard of more supply coming in from there, but Navi Mumbai continuous to be a strong market with very high demand growth on the office side which should drive business and absorb the new supply of hotels coming in. In Whitefield Bangalore the supply more than doubled in this calendar year or last calendar year. We were able to hold ground in Bangalore and in fact grew the RevPAR there aggressively. Similarly, in Hyderabad when the

ITC opened that was absorbed very quickly by the market because of the absorption in the office space side and our hotel is continuing to rule that market. So, we are confident that whatever supply that is coming unless you know something more than I do besides Chedi which can open from the time they start working on it within an 8 to 9 month period and there is no work going on the site, but if someone does take that up and start working on it could open about 8 to 9 months' time. I do not see any other big hotel opening in the new market in the Island City at least.

Satyam Thakur: Rajeev lastly just couple of points on the result itself on the slide that where you share the EBITDA numbers for Hotels there, I believe you include other income in that as well is that correct?

Rajeev Newar: Yes, correct EBITDA number is after other income and as I mentioned in the opening discussion that EBITDA other income has got slightly impacted because of a treasury income vis-à-vis last year this year. If we ignore that than obviously the EBITDA shows a very different performance. The Hotel EBITDA does not include other income.

Satyam Thakur: How much of the Koramangala loss in this quarter I saw the exceptional item, but is there something above EBITDA as well?

Rajeev Newar: So, during the quarter the impact is about 47 million above the EBITDA and 11 million below in the exception so total about 58 and to reconfirm from a company's perspective, it is completely ring-fenced as far as cash flow is concerned by the 0% preference shares that is coming from the promoters.

Moderator: Thank you. The next question is from the line of Aditya Bagul from Axis Capital. Please go ahead.

Aditya Bagul: Just one question from my end, just wanted to understand how some of the geographies are shaping up especially with respect to Bangalore and Hyderabad? Some of the competitors on their calls recently mentioned that Mumbai is doing significantly better than the others, so just wanted to get some of your thoughts on this?

Sanjay Sethi: Mumbai for us if I were to break it up in occupancy, ADR and RevPAR basis one of the hotels that we need to improve our performance on is Renaissance and in fact, Rajeev was sharing with me that if you were to exclude Renaissance out of the complete Chalet portfolio, the portfolio is actually improved this margin percentage over last year and has had roughly around 7% growth for the quarter. However, Renaissance has been a hotel which impacted because of the Jet Airways reduction of rooms and also the MICE segment in the quarter was pretty weak because lot of the corporate houses pushed back their conferences, etc. We expect that to come back as a pent-up demand at some point of time when they do their annual conventions and conferences. Overall, Mumbai metropolitan region delivered about a 3% growth in ADR and about half a percent decline in occupancies resulting in about 2.1% growth in RevPAR. Bangalore grew RevPAR by 1.3% and Hyderabad grew RevPAR by 3.7% and must; however, highlight two things over here the Mumbai performance – one is the Renaissance which we believe is a short-term lift for us and we will rectify it with replacement business from Jet. Second is that at Four Points I think we did share that last time around with you we are refurbishing the hotels so 15 rooms at a time have been out of action for the last quarter. We expect that rooms are now coming back to our operation and we expect that to sort of do very well in the future. The rooms are largely now renovated and a good product has come up. The other thing I must highlight is that Renaissance Powai region had a challenge of lot of infrastructure development around it which has caused some amount of traffic disruption in that area on account of metro work and some amount of bridge work that is happening in that area and thereby two lanes on the key artery road that leader to Renaissance have been blocked out of 6 lanes. Those blockages are going to be removed in the next couple of months or so once the work is above ground and we expect the traffic to normalize and thereby make it easier for people to access it. We do see this as a short-term challenge that we face at the hotel, but Mumbai has not shown the major growth that you spoke about I think the highest growth for us has actually been Hyderabad.

Aditya Bagul: Secondly, you gave a brief overview of it, but can you discuss a little more about what is happening in the F&B business because there are some issues with regards to MICE and some other corporate events that you talked about, so do you think that is specific to Q1 or do you think that could have a longer impact?

Sanjay Sethi: So, we have seen Sahar did very well during the quarter on the banquet side, however, Renaissance saw a dip. I think this is largely driven by the infrastructure challenges of accessing the hotel. Renaissance is reporting the comeback of the banquet business pretty strongly. We saw the restaurant segment within the F&B do fairly well where we had growth on the restaurant side. We, however, saw the banquet going down during this quarter. Going forward I think the primary season for banquets is traditionally been H2 where we do a lot of wedding and international conferences, we expect that to continue for the H2.

Moderator: Thank you. The next question is from the line of Sumant Kumar from Motilal Oswal Securities. Please go ahead.

Sumant Kumar: So, my question is regarding F&B cost overall YoY it looks like increased by 10%, so what was the key reason for that?

Sanjay Sethi: 10% how have you sort of got that number.

Sumant Kumar: So, I think 22 crores in FY&B cost.

Rajeev Newar: So, Sumant you are right that there is an increase on a YoY basis, but we also have to look at YoY increase in the F&B.

Sanjay Sethi: Also, as we mentioned the banquet revenue was slightly lower comparison as a weighted percentage of the total F&B revenue and typically banquets have lower food cost percentage compared to other restaurants. Having said that we need to see whether F&B has sort of grown enough to cover the cost increase.

Sumant Kumar: So, is there any currency impact on that?

Sanjay Sethi: There is no currency impact on that.

Moderator: Thank you. The next question is from the line of Roshan Paunikar from JM Financial. Please go ahead.

Roshan Paunikar: Sir just a small clarification in the presentation in the hospitality segment performance the segment profit is excluding other income or does it include the other income as well?

Rajeev Newar: Hospitality income excludes what is called the unallocated income which is shown separately. The unallocated income includes the other income.

Roshan Paunikar: And the other question is on the real estate side that is the Koramangala project so what was the cash flow impact that you said was there?

Rajeev Newar: So, 47 million above the EBITDA and about 11 million below the EBITDA. The 11 million is below the EBITDA is notional and the 47 million which is above the EBITDA is largely cash. But again, I repeat it is a from a cash flow impact perspective it is an accounting impact. From a cash flow perspective obviously, there is no impact for the company because it is funded from the preference shares.

Sanjay Sethi: Sumant's earlier question I think our F&B cost are up by 6% not 10%.

Moderator: Thank you. The next question is from the line of Himanshu Shah from Dolat Capital. Please go ahead.

Himanshu Shah: Sir just want to check the acquisition that we are targeting is that in the same space in that we are operating that is in the luxury space?

Sanjay Sethi: Himanshu if you look at our stated strategy, our strategy is to stay largely in the upper half of the operating segments in the hotel category. So, if you look at our current portfolio we are in the upscale upper upscale and luxury space. We would largely remain in the same space. Tier-1 cities in fact, we have also sort of indicated in the past which are the cities that are of interest to us besides Mumbai, Bangalore and Hyderabad we would like to potentially add to our portfolio assets in the cities of Pune, Goa and Chennai maybe Delhi if there is something interesting available there. However, we are going to be extremely prudent about these acquisition opportunities. We are spoiled by the operating performance of the current portfolio of assets, we would like any addition that we bring on to the portfolio to be able to match up with that operating performance.

Himanshu Shah: Secondly sir, the Jet Airways impact was it for the full quarter that is they were not present for the full quarter the entire 55 rooms or we may see some spill over in Q2?

Sanjay Sethi: No so what happened Jet Airways did not operate in the full quarter because they were not operating anymore. There is no spillover effect because they were occupying our rooms for 55 rooms a day on average for a longest period of time. What we have done over the last few weeks or months couple of months is that we have found replacement business to fill up those rooms. Now what happens with Jet Airways crew is that they occupy rooms for 7 days a week sometimes the replacement business that comes, comes from companies which do not necessary stay with you for the weekend. So, we are trying to pick up some long staying business which occupies our Friday, Saturdays and Sundays also and as I have said you got 55 rooms per day to fill up. Renaissance had a slow quarter. We are confidence in the distribution and sales capability of Marriot to be able to fill this supply quickly.

Himanshu Shah: So, fair to assume that there were no rooms by Jet Airways during the quarter and we have tried and filled it up?

Sanjay Sethi: I think early part of the quarter there were some rooms which were occupied by their long-stay guest and it is around the early April time that Jet Airways went bust so I think we had some rooms in the beginning of the quarter.

Himanshu Shah: And sir any major significant receivables from them?

Rajeev Newar: We had an impact of about Rs. 33 lakhs roughly from whatever due which were there in the quarter which has also been provided for.

Himanshu Shah: Sir just one more, E&Y and KPMG are facing some headwinds in terms of audit issues, so in case if there is some impact from the court side can that impact our business especially in Bangalore and to some extent in Hyderabad?

Sanjay Sethi: So, right now nothing that said to us which gives us that indication. I really have nothing right now to either say that this is going to happen or this is not going to happen. Frankly, KPMG and E&Y we really do not have too much business from them in Hyderabad and Bangalore, in Bombay we have some business. We do have Deloitte as a large partner in Hyderabad, but that is not the vertical that is impacted.

Himanshu Shah: Sir my apology I think it was KMPG and Deloitte only?

Sanjay Sethi: We use Deloitte extensively in Hyderabad, however, the vertical that we use in Hyderabad is not the affected vertical.

Rajeev Newar: And may be what is relevant to note is that audit is only one vertical.

Himanshu Shah: Sir just last question Koramangala above P&L impact what would be the comparable number for last year?

Rajeev Newar: Last year correspondingly impact was 69 million above the EBITDA and 14 million below the EBITDA.

Moderator: Thank you. The next question is from the line of Aadesh Mehta from Ambit Capital. Please go ahead.

Aadesh Mehta: Just wanted to understand there is Rs. 47 million expense for Koramangala project what exactly is the nature of it and how should we model this going forward?

Rajeev Newar: Aadesh this is essentially the interest and goodwill that are paid. So, goodwill compensation which is paid to any resident who or any flat buyer who is continuing to remain invested in the project and in addition to that if there is anyone who wants to exit, there is an interest payout which happens to that buyer. So, this is a combination of largely these two elements. Apart from that there will be some running payroll cost for the management of the project which is not a significant.

Sanjay Sethi: From a modeling perspective, you might want to look at the P&L, but from a cash flow perspective, as Rajeev mentioned earlier the company has no impact it was funded through 0% coupon preference shares by the promoter.

Aadesh Mehta: But then the infusion by the promoter is around Rs. 2 billion if I am not wrong?

Rajeev Newar: They have subscribed to a line of 2 billion but the fact is that you know as we speak, they have already invested 76 crores and we have roughly incurred about 66 crores till date If we happen to spend more than they will obviously contribute to that extent. There is still an untapped amount between what they have subscribed and what we have actually availed.

Aadesh Mehta: Then is it fair to assume a 20 crores, 25 crores run rate over the next two, three years?

Sanjay Sethi: On a status-quo basis more or less yes, but a large part of this is expected to be notional assuming nobody exits then I would typically say it will be around 14 crores thereabout per year.

Aadesh Mehta: So, basically it would be at least 14 crores and on a steady state it can end up being 20 crores a year?

Sanjay Sethi: It depends on cancellation Aadesh.

Moderator: Thank you. The next question is from the line of Himanshu Shah from Dolat Capital. Please go ahead.

Himanshu Shah: Sir I am sorry I am not aware of the background, but why has the promoters subscribed as zero coupon bond and provided a line of credit of 200 crores at 0% for this project Koramangala.

Rajeev Newar: Himanshu, if we go back in time what has happened is that before we were going for an IPO we have the option of having a demerger, but then the demerger would have taken some time and therefore we wanted to move in that direction and therefore, the best possible way that we could have thought of and as we were advised also is kind of ring-fenced the company from a cash flow perspective. As a result of which the promoter contributed to a 0% non-convertible preference share where the redemption will only happen from surplus from the project only. So, this is a way to ring-fenced the company from any adverse impact from the project.

Sanjay Sethi: Himanshu primarily, we wanted to ring-fenced the investors and this was a sort of what should I say historical project we were stuck in litigation with. The promoters did not want to expose the new investors to this risk and in the spirit of good corporate governance they stepped forward and said we will fund all cash flows to this project and they have an option of redeeming it only if there is a surplus profit from this particular project.

Moderator: Thank you. Ladies and Gentlemen that was the last question I now hand the conference over to Mr. Sethi for his closing comments.

Sanjay Sethi: I would like to thank all of you for your time and joining us for the Q1 2020 Call. We will look forward to engaging with you on one-on-one basis or through group calls or meeting. All the best. Have a great week. Thank you.

Moderator: Thank you. Ladies and Gentlemen on behalf of Chalet Hotels Limited that concludes today conference. Thank you for joining us and you may now disconnect your lines. Thank you.