TEMENOS

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5:30 p.m. BST

Operator: This is conference # 85559480.

Operator: Thank you for standing by, and welcome to the Temenos Q2 2015 Results Conference Call. At this time, all participants are in a listen-only mode. There will be a presentation followed by a question-and-answer session. At which time, if you wish to ask a question, you need to press star one on your telephone keypad.

I must advise you that this conference is being recorded today on July 21, 2015. I would now like to turn the conference over to your first speaker today, David Arnott. Please go ahead, sir.

David Arnott: Thank you very much. Hi, everybody, and thanks for taking the time to join tonight's call. As usual, I'm going to start with some comments on our second quarter performance and the market backdrop. And then I'll hand over to Max to update you on the financials.

So starting with slide 5, hopefully you've all found the presentation on our Web site now. I'll give a quick summary of the quarter.

Clearly we're very pleased with the performance of the business this quarter. We saw strong execution across all of our KPIs. There are a number of drivers for this that I'm going to talk about over the next few slides. But first I'd like to share some highlights of the second quarter with you.

All of our revenue lines saw growth in the quarter, with total software licensing in particular up 56 percent year on year, and 15 percent on a like-for-like basis.

Our European business performed particularly well, due to improved competitiveness on our part, combined with changing market conditions in the region, in the form of the increased spending by banks on third-party software.

We continued to develop our U.S. strategy, and we had some excellent early wins in the quarter, signing two landmark deals, crucially both with top-tier domestic U.S. banks. And I'll give you a little bit more color on that in subsequent slides.

Whilst we made it clear that we de-risked our pipeline by removing larger deals, and we achieved the Q2 results to be clear, without the inclusion of any larger deals, we felt now is the right time to give you an update on these transactions. We've made meaningful progress on certain specific larger deals this quarter, and achieved a number of key milestones in these campaigns.

Based on our strong second quarter, our revenue visibility into the second half of the year, both the third and fourth quarter, has improved given the strong deal flow during Q2. We've also had a strong start to the third quarter. Overall market conditions are definitely improving. And this bodes well for the medium term.

Turning now to slide 6, we were pleased with our execution for the quarter, obviously, with a very high win rate across all geographies. Interestingly, we sustained this high win rate in competition against all of our major competitors.

In terms of geographies, we had a particularly strong performance in our European business, which you may remember from last quarter we'd highlighted as seeing continued recovery. Europe remains our most important region for the both the installed base, as well as new business. And the contribution from Europe to our revenues in Q2 is very encouraging. In addition, Asia also performed well. And it was great to see it returning to growth.

As I mentioned in the summary, we're competing effectively in an increasing number of large deals, and have achieved a number of key milestones in the quarter that give us comfort that our growth will accelerate. And I'm going to update you on this, as and when I can, related to the specific deals.

It's become increasingly clear that we benefit from product superiority, both in wealth and domestic retail. And this is helping us to cement our competitive advantage. Our relationship with our global partners is also having a positive impact on the business, and they're helping us to increase our momentum and win rate with tier 1 customers.

We had 13 new customer wins in the quarter, up from 10 in the second quarter of 2014. So overall, it was a strong performance across all geographies.

If you turn now to slide 7, our strategic focus on services profitability is continuing to be reflected in the numbers. We had a 770 basis point improvement in services margin year on year, with premium services such as training and consulting, contributing 24 percent of total services revenues for the quarter.

Having focused on services profitability and contribution to the overall revenue mix, we now believe services is at a sustainable level, where we'll see growth on an absolute basis going forward.

We've continued to deliver for our customers with a total of 16 implementation go lives in the quarter, up from 9 in the second quarter of 2014. And as we've said previously, our partner relationships are absolutely crucial to us, and our partner ecosystem is functioning very well.

Partners continue to be involved in most of our implementations. And in addition, we're focusing our efforts with key strategic partners to strengthen our relationships and collaboration.

Maintenance revenues continued to accelerate, growing 11 percent in constant currency year on year, and representing just under 50 percent of total revenues for the quarter. The growth in recurring revenues is important clearly to the ongoing resilience of the business model.

Lastly, we continued to focus on our cost base, whilst also making sure we invest for future growth, ensuring both profit margin and continued strong cash conversion, which we proved again this quarter.

On slide 8 now, I'd just like to give you a quick update on Multifonds, since it was such a significant acquisition earlier in the year. Multifonds is very much on track to deliver the revenue and EBIT forecast we gave at the time of the acquisition. The acquisition by Temenos has raised the profile and the visibility of the business in the markets, and is making positive impacts on that pipeline.

In addition, Multifonds is leveraging the Temenos global footprint, in particular in Asia and the U.S., to gain access to these markets. The TCF, our annual client event, generated a lot of interest in particular from partners. And there's a number of exciting follow-up work streams ongoing following the TCF. And in terms of integration, all offices in Europe have now been merged. And back-office integration is progressing well.

On slide 9, just to put this in context, I thought it was very quickly worth reiterating the opportunity that Multifonds has. Third-party fund administrators are seeing revenue growth of around 10 percent per annum, driven by increased pressure on asset managers who see fund administration and accounting outsourcing as a way to improve profitability.

The third-party administrators themselves are moving to external software to increase their efficiency and this is the opportunity that Multifonds has been capturing. They're a leader in their space with a global tier 1 customer base.

Also worth noting that similar to Temenos, they have an excellent product with broad functionality. And as such, they're very well-positioned to capitalize on the opportunity. And it's a great first entry point into the TCM space.

I'd now like to give you a quick update on the U.S., starting on slide 10. As I've said previously, the U.S. is a key focus for us going forward. It's half the world's banking spend. And we've made good progress in building out the U.S. pipeline this quarter.

More importantly, we closed in the second quarter two landmark deals for Temenos in the U.S.. The first was with a top-20 U.S. domestic bank, who signed for T24 and TPS, our payments product. The second was with a top-35 U.S. domestic bank. They signed for Akcelerant products, and was one of the largest deals they've ever signed.

These deals are important to us, having historically had a lot of success with the U.S. branches of international banks, it's great to see us breaking into the top tier of the domestic banks for the first time, and winning against Fiserv and FIS through the strength of our product offering.

It demonstrates that we're getting traction also with the traditional on premise model. The integrated U.S. salesforce is of course focused on the cross-selling opportunities from the acquired community banking and credit union space.

On slide 11, as a backdrop, I just wanted to quickly reiterate the U.S. market opportunity as we see it. The world's largest financial services market, dominated by a handful of large vendors who've underinvested, in our opinion, in their software.

With our acquisition of Akcelerant this year, and TriNovus in 2013, we gained access to a customer base of almost 2,000 financial institutions, with great opportunities of cross-selling Temenos products, as well as the products of each company.

By offering both software-as-a-serve and on premise deployment, we're able to maximize the addressable market. And with this foundation, we are very well-positioned to capitalize on the huge opportunity in the U.S..

On slide 12, for me this is a very important slide. I'd like to give you an update on the product development over the last 12 months that we showcased at the TCF. We brought to market a lot of new very innovative and disruptive products. We launched SmartHybrid, a world first that combines the benefit of both native and Web-based approaches to app development, allowing you to provide rich user experience with optimized performance. But also crucially with increased levels of agility to respond to market requirements.

We've launched Marketplace, which is a single platform where customers can search Temenos and our partners' apps, (widgets), and solutions, and discover the huge amount of software available from the Temenos ecosystem to meet their needs.

Rewards allow the banks to reward customer loyalty. They're directly based on the level of the activity with the bank, like a number of products, or through partners based on their spending with their debit card, for example.

We launched wealthSuite, which is our fully front-to-back, back-to-front, best-of-breed yet integrated solution for the private wealth management industry.

Embedded analytics is also new. We've always talked about analytics. But embedded analytics is absolutely key to our strategy going forward. Constantly updated, real-time, actionable insights taken from the core platform and made available to customers and relationship managers alike.

Alongside that, we've delivered the second phase of the data framework, allowing transaction data to flow more quickly and efficiently and cheaply to the business users that need it.

We also ran and successfully completed some staggeringly high-volume high-water benchmarks as part of our tier 1 deal campaigns. And I'd like to publish these at the right time, in the right context as we move forward.

So with that, I'll hand over to Max to update you on the financials.

Max Chuard: Thank you, David. Turning now to slide 14, I'd like to start by presenting the highlights from Q2. Total software licensing growth was up 56 percent year on year in Q2, and up nearly 8 percent over the last 12 months. Of this, software licensing was up 26.4 percent year on year at constant currency.

You will note that we changed the name of the SaaS revenue line to SaaS and subscription, as it better reflects the recurrent subscription model of our recent acquisitions. As such, SaaS and subscription contributed 24 percent of total software licensing this quarter, compared to 6 percent in Q2 2014, largely driven by full-quarter contribution from Akcelerant and Multifonds.

Maintenance revenues continued to perform well with 11 percent growth year on year, and 8 percent growth over the last 12 months at constant currency. Combined with SaaS and subscription revenues, our recurring revenue base now represents more than 50 percent of the total revenues.

Our services business continues to progress well, returning a margin of 5.7 percent in the quarter, an increase of 770 basis points year on year. We now expect the serviced revenue line to grow on an absolute basis going forward, having reached a level of contribution to the total revenues that we are comfortable with that set at 20 percent.

Q2 EBIT was up 37.4 percent year on year, taking the EBIT margin to 27.6 percent for the last 12 months, up 210 basis points versus the prior period.

Finally Q2 operating cash flow at $19 million in the quarter, with DSOs down 19 days year on year, and 27 days on a pro forma basis. And our cash conversion continues to be strong at 113 percent on an LTM basis.

Turning to slide 15, I'd like to give the highlight of a few numbers at constant currency. It's worth noting that currency movement had a material impact on prior year comparative. We (circa) a $7 million impact at both revenue and cost levels. This was mainly driven by the weakening of the euro against the dollar in the last 12 months.

Now I'm very pleased with our software licensing performance, up 26.4 percent year on year. Combined with a growth in SaaS and subscription, this has driven total software licensing growth for the quarter of 55.7 percent. With nearly 8 percent growth over the last 12 months, our maintenance revenues demonstrate a strong customer retention, and a continued expansion of our market leadership.

Overall our total revenue grew by 25.3 percent in the quarter against last year. We have costs well under control. Our EBIT grew by 37.4 percent in the quarter. And we achieved an EBIT margin of 27.6 percent in the last 12 months, up 210 basis points on last year.

Finally, our services business continues its upward trend, with a margin in the quarter of 5.7 percent, an improvement of nearly 800 basis points on last year.

Turning to slide 16, we show the revenue and the cost on a like-for-like basis, accounting for the currency movement and the impact of acquisitions. Q2 like-for-like revenues are up 10 percent, with 15 percent growth in total software licensing, a continued robust expansion of maintenance of 7 percent, and a services growth of 6 percent, representing the first quarter of growth in the last three years.

Costs continue to be well-managed with only 5 percent growth year on year, confirming the strength of our business model.

Looking at slide 17, our efficient management of below-the-lines continues to provide leverage to our EPS, which grew 57 percent in the quarter, whilst our EBIT grew 41 percent (year on year). A similar leverage is visible on the LTM basis, where EPS grew 16 percent year on year, against 10 percent at the EBIT level.

On slide 18 our cash conversion continued to be strong. Our cash conversion was at 113 percent of EBITDA in the last 12 months ending June 2015. Remaining significantly ahead of our target to convert at least 100 percent of EBITDA into cash.

DSOs for the quarter were at 176 days, down 19 days year on year. On a pro forma basis, excluding the impact of acquisitions, DSOs for the quarter were at 168 days, down a total of 27 days.

Looking at slide 19, our leverage is at 2.4 times EBITDA, or 2.3 times including treasury shares. This is consistent with Q1 due to the increased debt taken from the two acquisitions we did in Q1.

We issued a CHF175 million bond in Q2, with a June 2022 maturity, on a coupon of 2 percent. The proceeds were used to repay the short-term bridge financing for the acquisitions, giving greater long-term visibility and taking advantageous of low borrowing cost.

I'd mentioned in Q1, we expect our debt leverage to fall significantly in the short term, and to get to the range of 1 to 1.5 times leverage within the next 12 to 18 months.

My last slide, on slide 20, we are reaffirming our guidance today for 2015. Our guidance for 2015 on a constant currency basis is for total non-IFRS software licensing growth of 36 percent to 41 percent, implying total non-IFRS software licensing revenue of $192 million to $199 million. This includes software licensing growth of 30 percent, implying software licensing revenue of at least $152 million.

Non-IFRS revenue growth of 18 percent to 32 percent, implying revenue of $526 million to $548 million for the year, and non-IFRS EBIT margin of 28.5 percent, which implies non-IFRS EBIT of between $150 million to $156 million, 100 percent conversion of EBITDA into organic cash flow, and a tax rate between 17 percent to 18 percent.

Finally with the higher revenue visibility on Q3 and Q4, and with a strong start to Q3, I'm confident that we can deliver the guidance for the year. With that, I'll pass back to David.

David Arnott: Thank you, Max. If you turn now to slide 22, just to wrap up, in summary clearly we're very pleased with the strong performance of the business across all KPIs this quarter. To me this demonstrates that the actions we took in the fourth quarter of last year and the first quarter of this year were the right ones. And we're now executing well in a steadily improving market.

We've seen some great wins in this quarter against tough competition, and we've made meaningful progress on specific larger deals. Our U.S. strategy remains a key focus for us. And the two domestic bank deals we signed in the second quarter are an important milestone in that journey.

We've good visibility into the second half, both third and fourth quarters on the back of a strong second quarter sales. We're confident in reconfirming our full-year guidance. We don't want to be complacent, however, and maintaining the momentum we generated in the market in the second quarter for the balance of year is an absolute focus for the management team.

With that, Operator, I'd like to open up the call for Q&A, please.

Operator: If you wish to ask a question, please press star followed by one on your telephone keypad and wait for your name to be announced. If you wish to cancel your request, please press the hash key.

Once again, to ask a question, please press star one to ask a question. Your first question comes from the lien of Adam Wood. Please ask your question.

Adam Wood: Hi. Good evening, David. Good evening, Max. Thanks very much for taking the question. First of all, congratulations on a good quarter. Maybe just first of all on the license side, there's obviously been some volatility around the licenses over the last few quarters. Could you maybe help us understand?

You sound a lot more convinced and happy about the outlook for the rest of this year. Is there something specifically that's changed in the pipeline on the conversion of deals that gets you more comfortable with that versus where we were over the last few quarters?

And then maybe secondly, I think perhaps one of the issues has maybe been on the phasing of the larger deals. I think, David, you may have spoken for a few quarters about them starting to progress through the pipeline.

Again, there seems to be greater conviction here. Should we expect them to be coming through as larger deals (sizes) or should we be expecting them to continue to come through, smaller at first, but giving you better visibility over future quarters? Thank you.

David Arnott: OK. Thanks, Adam. The two obvious questions, I suppose. So thanks for asking them up front. OK, so our confidence in our full-year outlook is underpinned by two things.

First of all we had a very strong second quarter in all geographies. I wouldn't say we executed to perfection. But certainly we executed extremely well on all campaigns. Our win rate was very, very high. Commercials held. Our pipeline built during the quarter. So the second quarter performance was extremely strong.

Secondly, the level of sales in the second quarter gave us revenue visibility into the third and fourth quarter from already-signed business, without any milestones needing to be achieved. So mathematically we have visibility into the third and fourth quarter from such a strong Q2.

In terms of the larger deals, we've been very clear to say that the sales cycles can be long. They're unpredictable. And therefore, we've excluded them from our outlook. And it's important that we delivered the second quarter without any contribution from the big deals.

As and when we're ready to talk about them on a case-by-case basis, we'll do so. But until then, it would be premature.

Adam Wood: Great. Thank you very much.

Operator: Your next question comes from the line of Michael Briest.

Michael Briest: Thanks, good evening. Max, could you maybe just help us with the contribution of the acquisitions in terms of software license or up-front license, and SaaS subscription? Because it's quite hard to get to that number from the 15 percent that you've given, how much is acquired in each category?

And then just in terms of the regional picture, maybe David, you can talk about this. The Americas doesn't seem to have had a particularly good quarter. And I'm just wondering whether that deal or those two deals with banks there actually made it into Q2, or is that part of your visibility for the second half?

On the other hand, Europe had a phenomenal Q2. Were there any large deals in that? I mean sort of Banesco-sized deals from last year? Or was that just purely run-rate business?

And then just finally, can you talk about the billing cycle on the subscription and SaaS business? Is that quarterly? Or is that annually in advance? Thank you.

David Arnott: OK, while Max is looking for his numbers, let me buy him some time by talking about– answering your other questions, Michael.

So let's be very clear. There was no contribution from any large deal in the second quarter. Certainly, the way we define large deals is we've come to talk about as anything with up-front license fees of over $5 million. And there were none of those.

There was also very little contribution from sales in previous quarters. So what we signed and booked in the second quarter came very solidly from deals in the quarter in all geographies. Europe is definitely coming back. We're seeing both across our installed base and in new business, a greater willingness to make spending decisions. Some of them as part of progressive renovation stories, like Julius Baer, which will be significant over the next three to four years.

And as I've said, there are a large number of campaigns we're working on at the moment. Some of them are potentially significant up-front contributions as well. So it was across the board. It was skewed by any backlog or anything like that.

And in the U.S., it's not so much that the deals are financially important. Certainly they don't distort the second quarter. It's more that both of those deals were wins against very well-established U.S. players on their home turf, after long sales cycles.

So it's good that we've managed to sign up reference clients for T24 and TPS, and for some of the larger product offerings from Akcelerant. I wouldn't say it's earlier than we thought. But certainly it's a good sign the banks are prepared to look at the strength of our product offering over and above the strength of established references.

Max Chuard: Hi, Mike. It's Max. Listen, I think the next two are for me. First on the contribution from the acquisition, as you can see on the slide, the KPI that we are tracking is really the like-for-like basis.

Now in the quarter, the contribution on the SaaS, I would say slightly more than two thirds came from both Multifonds and Akcelerant. Those are the main drivers on the SaaS and subscription.

And then on the licensing side, there were very little contribution from the acquired business, which was really, I would say on the (terminal) side, as such. Now on the billing side, Multifonds, which I would say is still the largest contributor on the SaaS and subscription, has to have some– they do most of the billing towards the end of the year, and early the year after.

So probably you'll see from an inflow point of view, a large inflow contribution from Multifonds on the SaaS, probably in January of 2016. Whereas on the Akcelerant side, this is much more spread across the quarters.

Operator: Your next question comes from the line of Milan Radia.

Milan Radia: Thanks very much. First question was you mentioned Fiserv and FIS as competing with you on those couple of deals. What were the criteria that culminated in Temenos winning those?

And I would imagine, given the relative maturity of the two product sets that the total cost of ownership offering of Temenos to be far cheaper. So what were the typical deal value comparisons have been in terms of price to the customer?

And then more broadly in the U.S., what is it you are doing differently in terms of managing those sales cycles better? What are the kind of key improvements that have been put through over the last 12 months? Thanks so much.

David Arnott: OK. Thanks, Milan. So the reason we won those deals is because despite the long-term relationships that the local U.S. vendors have with those banks, our product offering was way ahead in the minds of the banks in terms of the breadth of functionality, the upgradability, the packaging, the size of their client ecosystems, the roadmap for the product, and critically the full offering right through from channels on the front, through to T24 on the back, and then the embedded analytics, of course.

So there seems to be no comparable U.S. offering that offers time-to-market prepackaged and upgradable software and rich channel solutions out of the box.

We spend a lot of time, to answer your second question, over the last 12 months, getting ready for a U.S. launch. But by putting what we call a U.S. model bank, or a U.S. wrapper around T24. That is now available. And based on that roadmap, we were pleased to win a line of business in a very significant bank, which hopefully will be part of a progressive renovation story.

And the second one is slightly different. It's the fact that Akcelerant is now owned by Temenos gave another very significant bank the confidence that the software company is there to stay. And therefore they purchased some of the Akcelerant products with a view to cross-selling of Temenos products over the medium term.

So it's not that we've changed the sales approach. Last year and most of this year has been about product readiness. We now have early adopters signed up. We have our first live clients.

And we believe we do have a product offering that the locals don't have that is absolutely key in the new digital age, when you're competing with the likes of Apple and Google and so forth, and banks increasingly in the U.S. are realizing that they need a very, very modern core with all the channels and surround sound around it. And that's why we won.

In terms of revenue contribution, it's not material. I won't comment on how much the deal value was, or how much backlog was. It's much more the strategic importance of them than the revenue contribution. And certainly it doesn't distort the second quarter.

Milan Radia: Makes sense. Thank you.

Operator: Your next question comes from the line of Takis Spiliopoulos.

Takis Spiliopoulos: Yes, thanks. Well done, Max. Well done, David. Just one from my side. You mentioned that the banks increased spending for third-party software.

Can you give us some more details on this? Is it the cake becoming larger, or specifically you getting a larger pie of the cake? What is behind this comment? Thanks.

David Arnott: Well certainly we are differentiating ourselves with the packaging and the upgradability, the (har IND) investment, the model banks, the reusability, and all those good things compared to the more services-led companies who will build you whatever you want, and you end up with the bespoke code set.

The value of proper-packaged software is increasingly differentiating, regardless of the bank's appetite to buy. So that comes out much earlier in the sales process.

However, the key highlight of this quarter, which is probably the fifth or sixth quarter we've seen this, is an increased visibility by banks to make strategic decision, the realization that in the absence of revenue growth, the only way to deliver margin improvement is through reducing back-office costs.

And at the same time, with the new types of competitors coming into the market over the medium term, to retain market share you need to have a modern core as a prerequisite. And then be able to position the right products at the right time to customers.

And whereas this was a nice to have towards the end of the crisis, as banks lay out their strategic plans and realize they need to do something, there's been an increase in activity. Not just noticed by Temenos, but noticed by all the independent experts as well.

It's been building up in our pipeline, which as we've been saying for a few quarters now, has grown. And it came to fruition at the end of the second quarter. And we do believe that this is the start of a slow but steady improvement.

I wouldn't signal– I would overplay the turnaround. But definitely it was a good, solid quarter. And our pipeline remains healthy.

Takis Spiliopoulos: OK. Thanks.

Operator: Your next question comes from the line of Gerardus Vos.

James Goodman: Hi. It's James Goodman. Gerardus actually dropped off the line. If I could just ask one on restructuring. Could you let us know exactly the split of the restructuring that was recognized in the quarter? Was that all acquisition-related? And what's the sort of updated estimate for your full-year restructuring? Thanks.

Max Chuard: Hi. Listen, we've got the details in the appendices, if you look at it, you'll see that the restructuring for the quarter, we had two parts of it. One which is the M&A fees.

And then the other part which is the restructuring of the cost side that we did during the quarter. So you can see that for Q2, we had $4 million, which is restructuring. So people-related, office-related, and then $1.5 million which was related to fees on the transactions. And this is on slide 33 of the presentation.

Operator: Your next question comes from the line of Chandra Sriraman.

Chandra Sriraman: Hi, guys. Good evening. A couple of questions from my side. I was just wondering, did you get a lot of help from the flip deals in Q1? Have most of them been signed? Or are they still in the pipeline? That was my first question.

And just I was wondering. I mean when I look at the Q2 results in terms of competitive deals, they have come down significantly over the last one year. Whereas you are getting into new geographies. You are competing against U.S. players. What's the dynamic here?

Is it because you're still continuing to cross-sell your existing products and the acquisitions into your installed base? Is that why it's less competitive? Thanks.

David Arnott: Let me try to understand that one. So the sales cycle is as long as it has been since the start of the crisis. It's 12 to 18 months. If you're trying to understand whether there's an unusual sort of double-count in the second quarter, I wouldn't say that's the case.

We executed very well on campaigns. We were slightly naive in forecasting the closing process at the end of the first quarter. And we've got a lot crisper in terms of the sales management in the second quarter to manage that.

It was just good solid execution, I would say, and banks ready to spend.

And what was the second part of the question? I wouldn't say there's been any major change in the competitive landscape. Yes, the U.S. is very different. They're well-established competitors. They have all the contacts in the bank. But frankly they don't have the offering.

So we do believe that ultimately the banks are choosing the right products to meet their needs. And as we enter the U.S., I believe we can be very well-positioned against those two.

In terms of the rest of the world, we're really beating two groups of competitors. There's more of the services-led business model, where the total cost of ownership is high on an ongoing basis. You have to get them back every time you want something changed. I'm generalizing, of course. But there's a big difference to our packaged up packaged offering.

And the small local players are increasingly losing out to the global player with a very compelling R&D roadmap, as banks make multiyear decisions, and they've become dependent on a software for the long term. So our win rate was high, as reflected in pricing. It's reflected in the strength of our pipeline. And that's across all geographies and segments.

Chandra Sriraman: Brilliant. Maybe a quick follow-up. The two strategic deals you signed in the U.S., were they aided by partners? Or are you doing it alone?

David Arnott: One with a partner, one without.

Chandra Sriraman: Brilliant, thanks.

Operator: And we have no further questions.

David Arnott: OK. Thank you very much everybody for taking the time to join the call this evening. I look forward to updating you at the end of the third quarter, if not earlier. Good evening.

Operator: That does conclude our conference for today. Thank you for participating. You may all disconnect.

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