

Abu Dhabi Commercial Bank PJSC Q4 2019 Earnings Call Transcript

Hosted by Goldman Sachs International
Date: Tuesday, 28th January 2020
Conference Time:16:00 (UTC+04:00)

ADCB Speakers

Deepak Khullar (Group CFO)
Kevin Taylor (Group Treasurer)
Denise Caouki (Head of Investor Relations)
Monica Malik (Chief Economist)

Operator: Good day ladies and gentlemen, and welcome to the conference call for analysts and investors on ADCB's Full Year 2019 Financial Results. Today's conference is being recorded. Today's call is intended for investors and analysts only. No media are allowed on this call. If any media representatives are connected, we would ask that you disconnect immediately.

Please note that this call will be limited to 45 minutes. I will now hand over to Denise Caouki, Head of Investor Relations at ADCB. Please go ahead madam.

Denise Caouki: Thank you. Ladies and gentlemen, thank you for joining us today. You will have seen our full year and quarter four 2019 financial results announcement yesterday. On today's call, we'll be giving you an overview of our results, as well as an update on integration following the combination of ADCB, UNB and Al Hilal Bank. We'll finish by taking any questions. We have provided a detailed presentation which can be found in the IR section at adcb.com.

I would now like to introduce the hosts of the call. I'm joined by Deepak Khullar, the group CFO, Kevin Taylor, Group Treasurer, and Monica Malik, our Chief Economist. I will now hand over to Kevin.

Kevin Taylor: Thanks Denise. A year ago we announced our merger with UNB and the acquisition of Al Hilal Bank, and in the last 12 months a lot has been achieved. We closed the transaction in May, and then fast-tracked the integration and we are now just a few weeks away from full operational merger. If you turn to section one of our investor presentation, you can see how the transaction reinforced ADCB's solid market position in the UAE as third largest bank by assets, with a 16% market share of net loans and a 14.04% market share of deposits. Furthermore, our Islamic banking franchise has been strengthened through the acquisition of Al Hilal Bank, and the group is now the fourth largest source of Sharia-compliant financing in the UAE.

The merger created a more resilient bank, with the strength to navigate an evolving banking and regulatory environment. The post-merger reaffirmation of our credit rating, A+, F1 and A-1 by Fitch and S&P, is a reflection of the bank's strong fundamentals.

Our shareholder base remains diverse, supported by the Abu Dhabi Investment Council's 60.2% ownership, and an increasing foreign ownership which now stands at approximately 15%. We have maintained consistency in leadership and in our strategy. The bank is focusing on sustainable growth in our core UAE market by providing superior customer experience, investing in digitization and implementing best practice governance.

I'll now hand over to Deepak who will take you through the integration update on page 12.

Deepak Khullar: Thank you Kevin. From slide 12 to 18, you will find key updates on the integration. We have fast-tracked the integration process, reducing the end to end timeline by half, to 17 months from an initial target of 34 months. This compressed 17 months timeframe compares very favourably against regional benchmarks. We are now on course for completion of integration by the second quarter of this year. Al Hilal Bank's integration now is 100% complete, including the migration of wholesale banking clients to ADCB's Islamic banking platform. We have also activated a detailed digital first Islamic retail banking strategy for Al Hilal Bank.

Integration of UNB is also running smoothly and significantly ahead of schedule. Having transitioned to the end state organizational structure, and harmonized credit policies, we optimized the combined physical platform in October of last year 2019, to offer an extensive network of 72 branches and over 450 ATMs in the UAE. We also rolled out the ADCB brand across all channels. We are now midway through the final phase of integration. We plan to integrate all IT systems and infrastructure in quarter two 2020 and migrate UNB customers fully to the ADCB platform.

Optimization of subsidiaries and the overseas branch network is already underway, and this work will continue in the coming months. As a result of the effective implementation of integration, we made an upward revision of our run rate synergy target in October 2019 by over a third to AED 840 million.

I would now like to turn to slide 17 where you will see details on how we are achieving our new run rate synergy target, which represents approximately 18% of the cost base of the enlarged ADCB group. To date, we have realized AED 350 million of target synergies through greater manpower efficiency and productivity enhancements, optimization of branch and ATM networks, and economies of scale from IT integration. We expect one off integration costs to total AED 918 million of which AED 346 million have already been recognized.

I would now like to hand back to Kevin to discuss the operating environment before I take you through the Q4 and full year financials.

Kevin Taylor: Thank you Deepak. If you now turn to section three, you'll see some of the key indicators of economic activity in the UAE. We have experienced a lower growth environment in recent years with the global slow down weighing on key sectors in the UAE, and deflationary pressures emerging, particularly through the real estate market. However, we are seeing some positive developments in the UAE economy. Oil prices have stabilized following production cuts by OPEC, and an expansionary fiscal stance is leading to higher than expected projects awards within Abu Dhabi in 2020. Pro-business policies and reforms are expected to promote greater competitiveness as we move forward.

The slow growth environment has been reflected in the banking sector, where credit growth is being driven largely by the government sector with demand from individuals and corporates growing marginally. The banking sector saw credit growth of 3.3% over the first 11 months of 2019, with deposit growth at 3.6 respectively.

Deepak Khullar: Thanks Kevin. I will now talk you through our full year financials and quarter four pro forma financial performance for the group.

Turning to slide 26 you will see the key numbers for the full year. The group recorded a pro forma net profit of AED 5.2 billion, and our total assets stood at AED 405 billion at the end of the year.

Turning to slide 27, you will see our balance sheet highlights. As of 31st December 2019, net loans stood at AED 250 billion, 4% lower from a year earlier. This was mainly due to repayments from some of our corporate clients, as well as fair value adjustments. Total deposits decreased 8% to AED 262 billion; this was a result of our strategic decision to exit expensive times deposits and increase low cost CASA deposits.

Details of our quarter four pro forma income statement are on slide 28. The positive impact of the merger has started to show in our financial performance. Synergies and greater efficiencies resulted in a year on year decrease in operating expenses and a rise in operating profit. Operating expenses were 2% lower year on year in quarter four and 9% lower when one-off integration related costs were excluded. Operating profit before impairment allowances increased by 6% year on year, and 10% excluding integration-related costs. Year on year quarter four net profit was 16% lower at AED 1.05 billion due to increased impairment charges. The one-off increase in quarter four 2019 impairment charges was primarily on account of a true up on retail impairments post-acquisition date after apportioning into the fair value adjustments and impairment charges.

On slide 29, the income statement for the full year tells a similar story, while bearing in mind that synergy capture was a feature of the second half of 2019. We reported a net profit of AED 5.24 billion, which was 14% lower year on year amidst a soft operating environment. Net profit before integration related costs came in 9% lower, at AED 5.6 billion. Improvements in operating expenses and higher non-interest income were offset by a higher cost of funds, and impairment charges. Still, net profit before integration costs equated to a solid return on the average tangible equity of 12%.

On slide 31 we've given a breakdown of our assets and loan mix. Post-merger, our exposure is well balanced across economic sectors and between wholesale and consumer banking. Wholesale banking loans account for 57% and consumer banking accounts for 43% of total loans. By segment, personal loans represent 24% to government and GRE sector 20%, and real estate 28% of total loans. As a UAE Central Bank, 94% of our loans are in the country.

Our deposit breakdown can be found on slide 32. While we have been working hard on integration, we've not lost focus on business as usual, and one of our key achievements in the last year has been our ability to increase CASA deposits significantly. During 2019, CASA deposits rose by AED 7 billion in a highly competitive landscape to cross the AED 100 billion mark for the first time. This is a reflection of the confidence that customers continue to place in ADCB. Meanwhile, we exited AED 31 billion of expensive time deposits in line with our strategy. I will now hand over to Kevin to discuss our liability mix further.

Kevin Taylor: Turning to slide 33, you will see that we have continued to maintain a high degree of diversification in our liability base with customer deposits comprising 75% of total liabilities. We have also maintained a healthy wholesale funding mix, which totalled AED 54 billion at the end of 2019. Through several transactions in 2019 we have extended the maturity profile of the wholesale funding, and the bulk of our maturities within our GMTM program are now beyond 2023. We continue to be a net lender in the interbank market to the tune of AED 10 billion at the end of 2019. Our liquidity position is comfortably above the UAE Central Bank requirement with a liquidity coverage ratio of 127.3% at the end of 2019, and our loans to deposit ratio stood at 95.4%.

On slide 35 you will see that our capital ratios also remained constantly above minimum regulatory requirements assessed by the UAE Central Bank. Our capital adequacy ratio stood at 16.89% at the end of 2019 with our CET 1 ratio of 13.53 at the end of the same period.

Deepak Khullar: Thanks Kevin. The next slide gives detail on asset quality. The NPL ratio stood at 3.16% at the end of 2019 and 4.53% when the POCI assets that are purchased or originated credit impaired assets is included. Our coverage ratio increased to 123.2% at year end from 112.7% a year earlier. Cost of risk for the full year has increased slightly to 80 basis points from 74 basis points in 2018. Please note that we expect the purchase price validation exercise to be completed in the first quarter of 2020, as advised earlier as well.

To turn to slide 38 on net interest income, you'll see that from the second half of 2019 we saw a steady improvement in our cost of funds. This was due to our strategy to grow CASA deposits while

exiting costly time deposits coupled with declining benchmark rates. Between quarter one and quarter four, our cost of funds dropped by 41 basis points to 2.2%. The improved costs of funds resulted in the net interest margin widening to 3.04% in quarter four from 2.78% in quarter three, while net interest income for the fourth quarter increased by 7% sequentially to AED 2.7 billion. Despite this improvement year over year, over the year, our cost of funds for the full year 2019 was higher than in 2018, due to the higher volume of deposits and higher benchmark rates in half one compared to half two. This resulted in a 6% decrease in net interest income in 2019.

On slide 39 you will see that non-interest income increased 3% to AED 2.8 billion in full year 2019, largely due to a narrower revaluation loss on investment properties through the income statement. Net fee and commission income was 4% lower at AED 2 billion primarily attributable to lower loan processing fees on lower volumes. Trading income also decreased due to reduced gains from foreign exchange and securities trading.

Turning now to slide 40, the group's cost to income ratio, excluding integration-related costs, improved by 440 basis points to 35.1% in quarter four from 39.5% a year earlier. This has been driven by a sustainable and significant reduction in the cost base to post-merger synergies and efficiency enhancements.

Finally to summarize, as you will see on slide 41, the ADCB group has made strong progress in 2019, completing a landmark transaction that created a larger, more resilient bank. We are continuing to meet key integration milestones within an ambitious time frame. In a challenging operating environment, the group has moved decisively to realize synergies and enhanced efficiencies, resulting in a significant improvement in our cost to income ratio. The bank continues its strategy to reduce cost of funds by focusing on low cost CASA deposits.

With that, I will now open the floor to any questions you may have.

Operator: Okay. Thank you. If you would like to ask a question, please signal by pressing star one on your telephone keypad. If you're using a speaker phone, please make sure your mute function is

turned off to allow your signal to reach our equipment. To ensure everybody has an opportunity to ask a question, we would ask that you limit yourself to one question. If you find that your question has already been answered, you may remove yourself from the queue by pressing star two. Again, please press star one to ask a question.

We will take our first question today from Naresh Bilandani from JP Morgan. Please go ahead.

Naresh Bilandani: Yeah, thank you. Thanks a lot for taking my questions. It's Naresh from JP Morgan. I'm sorry I have more than one question, so I'll just pose my three questions.

Deepak first of all, could you please tell us how do you feel about the coverage now being less than 100% if you include the POCI assets. Should we expect to see this result in an upward trend in impairment charges from here to ensure that the coverage goes back to 100%? Or do you see a potential of curing the POCI assets at some point in the future?

The second question is I'm just trying to understand what was the strategy for you from a spread perspective? So historically, I know ADCB always tried to build CASA while on the asset side, you booked more on the private sector, corporate and local citizen retail. But with both FAB and ENBD effectively guiding a NIM decline in UAE in the 2020, how should we see the NIM trend for ADCB into this year?

And my final question is what was the thought process please on the dividend that has been proposed by the board? I think it looks lower than market expectations. Is there anything to read into this going into 2020, can you potentially offer some guidance on where the capital ratios should go from here? Thank you.

Deepak Khullar: Okay. Thank you Naresh. Let me take your three questions. As part of one question, coverage is greater than 100%. It is not lower than 100%. We have not taken the fair value adjustments on POCI assets as part of our coverage ratio. It is only the fair value adjustments on non-POCI related assets, which is included in all of coverage ratios. So our coverage ratio is well

above 100%. POCI assets are shown as net of fair value adjustments and that is what and how the accounting standards dictate that they should be depicted.

In terms of spread and NIM, yes, we are now entering a declining interest rate environment. We saw 75 basis points cut over the – in the second half of last year and we do expect to see some NIM compression going into 2020 as well. The market is competitive. And we will see some compression coming through in 2020.

And in terms of dividend proposal by the board, obviously both the management and the board look at a number of factors while proposing dividend. One is to maintain a strong CET 1 ratio. The other is to look at further growth coming through and the impact of any new regulations coming through in terms of how that would impact capital and taking all of these into account. And if we look at our last six, seven years trend in terms of dividend pay-out is between roughly around the 50% mark, which is what it is in 2019 as well. So there hasn't been any significant change of direction in terms of our dividend policy or proposal. Thank you.

Naresh Bilandani: Deepak sorry. So – thank you. If I can just understand this clear, on the coverage side. So if I get to a lower than 100% number because I'm including the POCI assets into the denominator. Is the fair value adjustment now – is this – you mentioned on one slide a term which I really need to understand better from you, "The impairment charges was primarily on account of true-up on retail impairments post the acquisition date after apportioning it to fair value adjustment and impairments". Can you please tell me how these things are related? I just need some clarification on where did these fair value adjustments come from? Were these the ones that about AED 6.5 billion that were done into the merger? Those have been split into POCI assets and fair value adjustments or is there a new mark down that you have taken?

Deepak Khullar: In terms of the one off increase in quarter four, this is attributed primarily to finalization of assessing and segregating delinquencies into those that should form part of fair value adjustments and impairment charges post 1st May 2019. So obviously as we go through a three-way merger and

we look at the portfolio in a systematic manner, we've done this exercise and completed it at the end of December 2019.

So again, I've come back to your question on the POCI assets. POCI assets are shown net of impairment charges consisting of what the accounting standards were. So I don't think you should take POCI into the denominator to calculate the coverage ratio. And that's what we've applied –

Naresh Bilandani: But some of the other banks do. What is the standardized treatment, because some of the banks like your peers FAB, take the POCI assets into consideration of the NPLs. That's the first observation. And second is, on this slide, the fair value adjustment of 3152 that you show, is this in any way or form connected to POCI assets or POCI assets the – are the ones that you show in the financials where you split them between the gross loans and the impairments against POCI?

Deepak Khullar: The 3152 as I explained earlier are relating to fair value adjustments of non-POCI assets. That's the first thing.

Naresh Bilandani: Okay.

Deepak Khullar: So the existing ECL on some of these accounts, which were stage one and stage two get reclassified – not reclassified sorry, but re-denominated as fair value, so that is the fair value adjustment 3152 on non- POCI assets, which you will see in the note below as well. It says fair value adjustments on loans include the historical ECL carried in the books of AHB and Ex-UNB, in brackets excluding POCI.

Naresh Bilandani: Okay.

Deepak Khullar: Thank you.

Naresh Bilandani: And about the treatment within the NPL ratio?

Deepak Khullar: Like I said, you know, POCI assets are reflected, net of the fair value adjustments that we've taken, which is the AED 3.7 billion. So we would use them – we've shown both the NPL ratio before POCI assets 3.16, and including POCI assets which is 4.53. But these are acquired at net and they've been netted off against the fair value adjustments we've taken.

Naresh Bilandani: Okay. Deepak, thank you very much.

Deepak Khullar: Or we can get onto a more detailed discussion after this call as well Naresh and I can walk you through.

Naresh Bilandani: Yeah, Deepak I think that that's warranted. Thank you very much for the offer. Yeah. Thank you.

Operator: Okay, thank you. Again, as a reminder to ask a question, please press star one and limit yourself to one question please. We will take our next question from Chiro Ghosh from SICO. Please go ahead.

Chiro Ghosh: Hi, this is Chiro, thanks for hosting the call. I have a very similar question in line with the previous one. So you said the loan book also declined because of this fair value adjustment. So if you can actually help us understand what exactly – how did your loan book decline because of this, and a small clarification on slide 22 it says growth in credit to private sector for 2020 1.5%. Am I reading it right? That you expect a growth of 1.5%.

Deepak Khullar: Sorry – so the fair value – because these are loans that are declared net, these are net loans, net of fair value and net of provisions and net of ECL. So a high ECL or a high fair value adjustment would mean that your net loans would be lower. That's what we meant by that. And if you can tell me the other piece on, did you say slide 22, I missed that.

Chiro Ghosh: I think the economic indicators that table, so the bottom line, which is growth in credit to the private sectors. So 2020 it says 1.5. So what exactly is the expected growth?

Deepak Khullar: I'll let Monica take that.

Monica Malik: That's our economic forecast for system wide gross loans. It's not for ADCB by itself. We believe part of that pickup from 2019 as we expect the drive from retail credit growth to come down. We also expect some support for expo 2020, and also, we're seeing a pickup in project activity in Abu Dhabi. We are being cautious given the headwinds in the economy, but as economic activity picks up, real non-oil GDP growth starts factoring in to our private sector credit growth as well. But we do see government and GRE credit growth being stronger than this.

Choro Ghosh: And would it be giving any, even if a rough guidance of your loan growth for 2020, because this number looks too less. So hence we want to get a sense or at least some guidance.

Monica Malik: This is just private sector credit growth rather than system-wide spread credit growth.

Deepak Khullar: Yeah. So what Monica has got on her slides is overall system growth. And in terms of ADCB, I think our loan growth would be more in line with the GDP growth of the country. 98% of our revenues come from within this country. So our loan growth would probably follow a similar level of growth as the GDP.

Chiro Ghosh: Is it a nominal GDP growth rate or ?

Kevin Taylor: Non-oil GDP.

Monica Malik: Normal GDP growth between [inaudible] picking up in real terms to 2.4%.

Deepak Khullar: Yes really but 2% to 3%

Monica Malik: 2% to 3%.

Chiro Ghosh: No it's okay, thank you very much.

Operator: One question only.

Denise Caouki: May I please, just remind everyone to ask one question only. Thank you very much.

Operator: We will now take our next question from Shabbir Malik from EFG Hermes. Please go ahead.

Shabbir Malik: Thanks. So, in terms of the margins, so we saw an improvement in cost of funds. Is it fair to assume that the yields are still holding up, but they will start repricing down as well, which would mean that NIMs – we should expect NIMs to start coming down from the first quarter of 2020. And another quick question: in terms of – so in this year maybe we had some one-offs, but–

Deepak Khullar: So Shabbir thank you for that question and, as I advised earlier, yes, we do expect some compression in NIMs to come and follow through in 2020 as the assets will be priced down as well.

Shabbir Malik: Okay, thanks.

Operator: Thank you. Our next question today comes from Vikram Viswanathan from NBK Capital.

Vikram Viswanathan: Hi Deepak, thank you for the excellent presentation. My question is on the cost of risk. You already alluded that there are certain one off this year, which was there in the 80 basis points, the cost of risk. Can you provide some direction on the cost of risk for 2020 please?

Deepak Khullar: Obviously cost of risk would follow what happens in the economy. We have seen cost of risk move up slightly from 74 to 80 basis points this year. And you know, the economy, it remains the same or similar levels and we've seen – expect to see similar costs of risk going into 2020. Obviously if it deteriorates a little bit more, then we'll see a higher cost of risk coming through as well, or the other way around, but more or less along similar lines to 2019.

Vikram Viswanathan: All right. Thank you very much

Operator: Thank you. We will now take our next question from Edmond Christou from Bloomberg Intelligence. Please go ahead.

Edmond Christou: Hello, and thanks for the call. Just clarity on how you calculate the cost of risk of 80 basis points for 2019. Are there any adjustment that has been made on this? And the other thing is on stage three provisions. It's at 41% now the coverage that's lower by 7% basis points than last year. Just want to understand if you are comfortable at this level for stage three? Thank you.

Deepak Khullar: Thank you Edmond. So our cost of risk is calculated as the total impairment charges in the numerator for the year divided by the denominator which is total loans and investments. The reason we include investments is you could lose or have impairment charges on the investment portfolio as well. And that's how we calculate our cost of risk.

In terms of the provision coverage for stage three at 41%, we feel we are adequately provided because most of these loans are also highly collateralized, and not every stage three loan means that there is a 0% chance of recovery. There is also the recovery percentage factored into this. So yes, we're comfortable with the level and it also depends on what loans move in and out of stage three. So if a more collateralized loan moves into stage three, you'd obviously see a slight decline versus a less collateralized moving into stage three when you should expect to see an improvement in the coverage.

Edmond Christou: Thank you.

Deepak Khullar: Thank you.

Operator: Thank you. There are no further questions in the queue at this time, but again, as a reminder to ask a question or any follow up questions, please press star one.

So we'll take our next question from Amit Mamtani from Goldman Sachs. Please go ahead.

Speaker: Hi, good evening. This is Amit Mamatani from Goldman Sachs. Just a quick question on capital. Now your CET1 is at 13.5%, so definitely comfortably above the minimum requirement, and I suppose given your current capital levels and, let's say, not a very strong long growth outlook for the system, where do you see kind of your capital position, how comfortable are you with your capital position going forward? And do you see that somewhere, you know, in the medium term, or other than that, you may change your soft dividend payout kind of always at 50%. I mean, the payouts were around 50%, do you see it maybe increasing? Thank you.

Deepak Khullar: Yeah, I think we're comfortable with the 13.5% CET1, which is I think at a strong level, and we'd like to remain above the 12.75% level in any case. There are also new capital regulations on government exposure coming out of the UAE Central Bank, which would mean a high-risk weighted asset on certain assets, but that's not yet – and that kicks in I think in quarter two of 2020. So I think we are comfortable with these levels of CET 1.

And in terms of dividends, I think we'd been consistently paying a 50% pay-out ratio over the last several years.

Amit Mamtani: All right. Thank you.

Deepak Khullar: Thank you.

Operator: We will now take our next question from Metehan Mete from Waha Capital.

Metehan Mete: Hi. My question is going to be around the real estate investment property. The buildings that are owned by UNB like the headquarters and the Al Hilal bank, have you fully marked down their valuation to the current market values, or do you expect further mark downs in the next fiscal year?

Deepak Khullar: Sure, yes. We've done a comprehensive review of all investment properties and fixed assets of the acquired entities, and we have taken fair value adjustments in quarter four of this year roughly to the tune of about 700 or between AED 750 to AED 800 million, which you can see in the notes to the financials. If you compare Q3 versus Q4 you would see the variance in investment properties. That is the fair value markdown on those properties. So that piece is complete. Typically, even within the ADCB, we do a revaluation of our properties in quarter four and that's what we've done for all the acquired entities as well.

Metehan Mete: And is there a plan to dispose them off the books? Or that like you can get cash which can be reinvested, higher returns.

Deepak Khullar: There's nothing that we have at this point in time in terms of plan, but we are evaluating what best and how best to use these properties and what to do with them. Once we've made that strategic decision, we will announce to the market, so how we intend to use those properties or dispose off those properties

Metehan Mete: Sure. Thanks

Operator: Thank you. So we'll now take our next question from Zeeshan Bagwan from Abu Dhabi Capital Group. And again, it's one question per a person. Ok, Zeeshan your line is open. You're ready to ask your question. Okay, it appears that this participant may have stepped away.

So we'll take our next question from Jag Pasunoori from Franklin Templeton. Please go ahead.

Jag Pasunoori: Hey, is the minimum capital required ratio the CET1 is 10%, right? And do you think that will go up because, you know, your market share of the loans in the UAE has gone up?

Deepak Khullar: Yes. Yes. The minimum requirement as it stands at the end of 2019 for CET 1 is 10%. But we're also now a larger bank as a result of the combination of the other two banks. We haven't been

notified of any increase in our D-SIB buffer, which currently is at half a percent. But if it comes through, then we are well prepared to meet that buffer as well.

Jag Pasunoori: Okay, thanks.

Operator: Thank you. And our next question is a follow-up from Vikram Viswanathan from NBK Capital.

Vikram Viswanathan: Yes, thanks. I just have a question on the – you know, synergies and integration costs, how should we look at these two items in 2020? Is it fair to assume that the – most of the synergies will be offset by integration costs during the year?

Deepak Khullar: In 2020, so let me just walk us through: so overall, our run rate which we upped from 650 to 840 million annualized synergies, we expect roughly 70 to 75% of these synergies to flow through in 2020. And integration cost; we expect the balance to be spent also in the first half of this year. In 2021, we expect our full integration related synergy of AED 840 million to flow through.

Vikram Viswanathan: Okay, understood. So the integration costs have spread over two years, right between 2019 in 2020 and in 2021, you would have zero integration costs?

Deepak Khullar: That is correct, yes.

Vikram Viswanathan: Perfect, understood. Thank you.

Operator: Thank you. So we have no further questions in the queue at this time. So I'll hand over the conference back over to your host for any closing or additional remarks.

Deepak Khullar: Thank you.

Kevin Taylor: Thank you.

Operator: Thank you. That will conclude today's conference call. Thank you for your participation, ladies and gentlemen. You may now disconnect.