



BAT | Deutsche Bank Global Consumer Conference | June 5, 2024

Damian:

Good morning everybody and welcome to BAT, the DB Consumer Conference in Paris. It is my pleasure to welcome Tadeu Marroco, chief exec of BAT on stage. He's going to start with a few introductory remarks and then we'll move into Q&A.

Tadeu Marroco:

Thank you, Damian. Thank you for invite me to be here today. Have the opportunity to talk to you all about BAT's transformation. Before we get to the Q& A, I have just want to spend some few minutes just to outline some of the journey that we have beyond and some key points of the trade statements that we have issued yesterday.

And first of all, BAT is very committed in building a smokeless world and as part of that, we have set a very, very ambitious target to become revenue smokeless more than 50% by 2035. We believe that we have the right strategy.

We have a multi category strategy since the onset and where we are well-equipped to be able to give the choice for smokers who prefer otherwise to carry on smoking smokeless products that have a very, very different and very lower risk profile compared with cigarettes. And also, this provides a commercial opportunity for the group. So with that said, I would like to call your attention for the disclaimer in this slide. And then basically at the back of the revised strategy that we have done more recently, we are sharpening our execution and we are also making more targeted investment decisions.

Over the last few months we have been very focused on sustainably strengthen our US business, also accelerate innovations momentum, and also being able to enhance our capabilities in order to allow us to deliver our strategic vision.

We have said yesterday we are pretty much on track to deliver our full year guidance of low single digit revenue and profit in 2024. We expect to have H1 delivery in line with expectations.

So the points that I would like to highlight from the statement yesterday, I'm very pleased with the performance in the combustible business. We have grew market share by 30 base points year to date. I'm particularly pleased with the results of our commercial plans in the US that we have put in place since 2023.

We have basically stabilized our market share position in the market and also grown premium share at the back of some interventions that we had to do in our Newport brand and also the strength of Natural American Spirit.

We are pleased with the performance in glo at the back of new innovations. We have a new device, we have new consumables. We were the first to introduce a non-tobacco heated product in Europe. And as we speak we are rolling out those innovations and at the back of that we were able to pretty much coming close to stabilize our category share.

We have reduced by 110 base points category share last year. Year-to-date is 20 base points. So a much improved performance at the back of what we are already start seeing with the roll out of these innovations.

Vuse continues to be market leader in vapor globally and also outside in the US and we are very excited about some new innovations that are hitting the market and will be constant from the second half of the year. And Velo, is doing extremely well with strong growth on volume, on revenue, on profits.

And this is very supportive of new contributions, the New Categories contribution we expect again in the first half of the year and also in the second half of the year to make improvements in terms of overall category contributions.

As you know, we have reached break even two years ahead of targets last year and we'll carry on now improving our contribution in the years ahead, and this will be no different from the first half and the second half.

We expect to see an acceleration of our performance in the second half of this year. This is at the back of unwind wholesaler inventories that is depressing the H1 results so this will be unwinded in the second half of the year. But also we expect to see the impact of all those new innovations in all three categories hitting the market fully in the second half of the year.

And we expect to continue see strength of our AME region and we expect the APME region to have a more soft comparator in the second half that we also be supportive. So I'm very confident that we'll have a stronger H2 to allow us to get back to the guidance in the full year for 2024.

In terms of the revised strategy, one of the first pillars of the strategy is the Quality Growth. And Quality Growth just to be clear, what we mean about Quality Growth is basically to have a focus not just on the top line, on the New Categories growth, but also how it flows through to the bottom line.

So it's a more balanced view in terms of how we target invest, how we do resource allocation to get the best return possible. We are very clear that sustainable future is about to have a proper regulatory environment.

And not just the regulation, but also proper enforcement in order to be able to provide consumers of cigarettes with the new products and address some of the pain points that we note the position, the category i.e., the environmental impact and mostly the youth assets. There are ways to address that via regulation and via enforcement and we have been adopting a more front-footed position on that.

And I'm very pleased with the performance, with the financial flexibility that we are generate in the group at the back of a continuous strong cash conversion. We have monetized partially our ITC stake early in the year and this allow us to get back to the program of share buyback.

We have announced 700 million pounds this year, 900 million next year. And this will be supportive as well to our trajectory to narrow the targets now of leverage for two to two and a half that we expect to achieve by the end of the year.

So in summary, before we start, I'm very confident that our focus investments decision will continue to drive this positive momentum that we are already starting to see in the group and deliver our midterm guidance as we continue to transform and build a smokeless world.

So I want to stop here and give the chance for Damian to articulate some of the questions.

Damian:

Okay, thank you very much, Tadeu, for those introductory remarks. You've been in your role as chief exec for just over a year now, and I was just wondering if you could talk about the purpose around building a smokeless world and what do you think the key assumptions are behind getting to 50% of revenues from non-combustibles by 2035?

Tadeu Marroco:

Yeah. Our start point, if you go back to now where we stand today is around 17% and we have give or take a decade to get us to the ambition of 50%. We have to bear in mind the backdrop of that is that nicotine revenue is growing globally. So it's growing. And so we are in a growing industry on revenue-wise, and this is the first point I would like to make.

The second point, there are over a billion of smokers in the world today. There are just 100 million of non-combustible users today. But these 100 million is growing exponentially. So we, as I said in my introduction remarks, we have adopted this multi-category approach since the onset.

This puts us in a very well position now to be able to address the growth of this segment of consumers that are more interest in those lower risk profile products, establishing very strong global brands. We have now leadership in vapor. We have a very strong leadership in modern oral in nicotine parts outside the US.

We are in a strong position, second strong position in tobacco heating product and getting more momentum behind now. So we believe that we have all it takes now to be able to get more traction from moving forward.

And if anything, the strategy that we have to give more emphasis and more in-target investments in terms of better returns of investments should allow us to get this momentum through and be able to achieve our ambition.

Damian:

And just on that, the refined strategy, I think you articulated when you started last year that the refined strategy. Can you just outline the key priorities within that refined strategy to drive the multi-category growth?

Tadeu Marroco:

Yeah. The first priority that we call the quality growth is basically a recognition that in tandem with the growth of revenue coming from the New Categories, we also need to make sure that we are tuned to the margins improvement.

Because at the end of the day, what we want is to make those products to mimic in terms of margins that we have in cigarettes. And make it indifferent if you sell a stick of cigarette or if you sell a consumables and heated products or a pod in vapor, or a pouch in nicotine pouches.

So that's our focus. And we are very encouraged to see where we are at stand today in terms of gross margin and the operating margin that we have just reached breakeven last year will be a consequence of that as we move forward.

But it's also about being conscious and being very disciplined in the way that we manage the transition in the combustible business. The combustible business, the one that pays the bill at the end, we have to ensure that we strike the best value out of it. That's why areas like SKU rationalization, but also markets of rationalization, BAT has pulled out of more than 35 markets over the last two years. It's exactly the back of being more focused where we invest and where we get the best of return. And this is part of this pillar as well. So is the foundations that we start to establish to move beyond nicotine at a certain stage. We have created an ecosystem investments around cannabis, for example, stakes in companies like Organigram in Canada. But also we have, well-being stimulations, some experiments and some organic developments there that we are piloting now in Australia, in Canada, in shorts and we are start to rolling out in the US as well.

So this is more for the medium to long-term. So the medium category, the pillar is about sustainable future is the recognition that we have to have scientific evidence based in order to be able to engage with regulators and have a proper regulation that could address those pain points I was referring to, i.e. youth access and having the proper enforcement to make it sustainable over time.

And the third pillar is about the dynamic business that we call is all about operational excellence. It's all about having the capital and financial flexibility and even more important to have the right culture across the organization. I have been putting a lot of emphasis since I took over as CEO in terms of creating a more diverse, a more inclusive, and more collaborative organization, because I understand that this is fundamental, the building block for what we want to achieve.

Damian:

Well that leads nicely onto my next question about culture, because I think about this time last year you sort of said you wanted to build much more collaborative and inclusive organization. Obviously changing culture takes time. How far, or how well have you progressed in changing the culture? And are you able to provide any sort of tangible evidence of where that culture has come through?

Tadeu Marroco:

Yeah, well I can see that it has been resonating quite nicely. What we have done, we have revised the values of the company, which are behaviors that we would expect to see across the organization. These values actually was shared across with a number of our employees across the group so they can feel part of building this

together. So we established six values, which I have been visiting a lot of markets. I have been doing town halls and we have a program, internally, called Let's Talk where I address the whole population of BAT in an unfiltered basis. They ask questions and then we have a more transparency debate. And we are already seeing this resonating across the organization. People are more motivated, more driven, more positive about the future and that is creating the momentum that I was expecting. But like you said, this takes time. This doesn't happen from night to day, but we are definitely in the right way.

Damian:

Perhaps one of the things that you can see from BAT in the last sort of year has been a step change in the NPD that's been launched. Is that sort of linked to the cultural change that you're driving? Or are there other things that you've explicitly put in place to behind Glo Hyper maybe, or some of the stuff you're doing on Vuse?

Tadeu Marroco:

Yeah, look, the culture is important because I do believe that the world is very complex today. So this whole era of having an individual that has all the answers is gone, far gone. The world has changed substantially, is on the technology side, it's geopolitics and so on. And we ourself in our industries is changing dramatically. Our company is going through a massive change. So I want really people that can contribute. We are going more and more outside in bringing more resource to fulfill capabilities that we need to develop that we didn't need in the previous 100 years. Areas like IPs, science, technology, we didn't need necessarily to be successful. And innovation, like you refer to, is a critical enabler for growth moving forward.

So the focus on innovation and brand building is massive. So we have been out and recruit and bringing new capabilities. We have reeducated our own people. So with all that we need to create a space for them to have the freedom to speak their minds without any fears in a collaborative way. So one thing's linked with another, but the emphasis that you are referring to in the innovation is the recognition that for us to be successful in this new world, we have to be more innovation-obsessed organization. And we have been working tirelessly around that and we've start seeing the outcome of that hitting the markets mainly in the second half of the year.

Damian:

Yeah. Well you're doing a really good job of leading me into the next question, but, so the next question was around guidance. We had the trading statement yesterday and you're sort of still on track to deliver low single digit growth for full year '24, but that implies an acceleration in the second half. I'm just wondering, could you talk a bit around what are the drivers of that acceleration that we should expect to see in the second half to give you confidence in hitting?

Tadeu Marroco:

First of all, the guidance is exactly what we expect to see in early in the year, because we had these movements in inventory wholesaling, inventory movements in the US is equivalent to something like two to two and a half percent of US sales. That will be

worse in the first half. So if you strip this out, which will be the case in the second half because we'll unwind that, our revenue will be pretty much flatish in the first half of the year, as opposed to be a loss of low single digits that we referred to yesterday. But this is all linked with this movement's inventory.

So if you are in a full year of low single digits, and we said since day one that will be second half weighted, that's the type of performance you would expect in the first half. So there's nothing strange, let's put it that way. So it's completely aligned with our expectation.

The second point is that we are seeing improvements on the commercial plans in the US that I expect the combustible business in the US be better in this year than the previous year. Remember that we start to do the commercial plans back in 2023 and this generates decline in profit and revenue in combustible in the US. This will still be the case in 2024 because the carry over from '23 '24 end up impacting the year, but will be better compared relatively with '23.

The issue in the US specifically is on the vapor side because of the illegal. And we can talk more about that on the vapor, because vapor was a big driver of the profitability of Reynolds in '23 that will not be repeating itself for obviously reason, because of the lack of enforcement in '24. But the improvement in the combustible side will happening in the second half, mainly on the back of inventory movements, and the commercial plans results.

The second point is about our rollout of innovation. So we clearly seen some of these uptick in terms of category share performance in heated products coming along at the back of the innovation that if anything will be solidified in the second half, but also the performance that we expect to achieve in vapor and in VELO. In terms of revenue for the whole New Categories, we expect to grow single digit in the first half. We expect to grow double-digit as a consequence of the innovations rollout in the second half. So this also will be supported for the second half.

And finally we expect to see the strength in AME, as I said, that is doing extremely well, has been doing extremely well since last year, continue to happen in second half. And APME that have a tough comparison in the first half, we will have a more softer one in the second. So these are for me, the key drivers that will lead us to have a better performance in the second half vis-a-vis the first and allow us to deliver the guidance.

Damian:

And I think there's multi-year guidance delivered mid-single digit. So implying a further acceleration into '25 and '26.

Tadeu Marroco:

Yes. That's right.

Damian:

Are they the similar sort of characteristics that underpin those assumptions?

Tadeu Marroco:

Yes. Moving forward for sure that with a better second half you get better momentum for '25. So '25, most of the commercial initiatives in the US is done by now. So I shouldn't have in the likes of headwinds that I had in terms of carryover that I was referring to in '24, going to '25. If anything I get a better momentum in '25. On top of that, we expect to see some improvements on the macros, which was never factoring in our guidance for '24. But the macros in the US has been difficult, and we hopefully see some green shoots mainly at the end of the year if interest rates start to come down.

And also we expect to see some levels of enforcement in the illegal vapor market in the US at the back of very different measures that has been announced and taken that will come to fruition more in the beginning of 2025. So these all should be supportive for us to go towards our final targets of three to 5% revenue growth, mid-single digit operating profit growth by 2026.

Damian:

Thank you. US has come up quite a bit. It's been one of the challenging markets for you. I think overall volumes down in the period about 9%, but you're seeing an improved performance from Newport, Natural American Spirit, and Lucky Strike. Can you just talk about the improvements that you've made, or the incentives and the changes that you've put in place on those brands and the confidence that you can see coming through?

Tadeu Marroco:

Yeah. Well first we need to understand the consumer dynamic in the US markets. We came from a period of a lot of fiscal stimulus at the back of COVID, massive fiscal stimulus, probably the highest in the world in terms of state and federal stimulus. And this was taken completely out two years later and at the back of that exacerbated by very high level pressures of inflation and interest rates high. So our consumers were hit badly and stretched by a lot of price increase in utilities, in foods, and on top of that, credit cards, mortgages at the back of interest rates. As a consequence of that, consumer confidence, that was in the high Nineties pre-pandemic, went all the way down to 60% in 2023. So for sure that this has a reflection in terms of the cigarette business in the US.

Now what we are seeing is unemployment still low, we are seeing that ... we knew that real wage inflation takes time to catch up with the inflationary pressures. And this is as we go along start happening. And hopefully when the Fed start reducing interest rates, that seems to be a kind of consensus that will happen more to us more in the second half of the year. This could reflect into consumer confidence, start to rebound.

We already seeing it up to 69% as opposed to six at the end of '23, which is positive. And get some extra momentum. For sure the 9% decline is not just about the macros, but it's also about the proliferation of these illegal vapor products that we believe that account to something related to 2% out of these nine in terms of decline.

And this one, at the back of the announcements that the FDA, but also these measures that have been taken by states, give us some hope that we are going to see some enforcement finally coming to fruition next year.

Damian:

Yeah. Well, let's go-

Tadeu Marroco:

Yeah. The brands itself. We had to adjust the brands to this reality. So Newport, for example, we didn't have any safeguard for consumers. So when this economic cycle hit consumers in Newport, they reacted in two ways. One, reducing every daily consume. The other, moving away completely from the brands. So what we have done is not something creative because this has already been done in the past, even in the US market, we created different price points. So we launch a price ladder for Newport, with a 80% index in 19 states. So we haven't done this one size fits all. But this was a very, very good measure to retain consumers within the family. And this help us a lot to stabilize the share of Newport. So we are very pleased with the results that we have achieved. Because the 80% index is not that high compared with what we saw already in the market. And it's fulfilling its promise, let's put it that way. And we activate when needed, at the back of a lot of insights that we have with the data analytics that we have implemented in the US in terms of revenue growth management.

The other brand, Natural American Spirit, is a fantastic brand. This brand has never seen any discount in life. And continues if anything to grow, is immune to economic cycles if you want. And these are the drivers behind our performance in the premium segment that has increased 40 base points.

Now one thing is encouraging is that the pace of growth of the deep discount has stabilized. And this is also supportive for the premium segment as a whole. And also for what we call the value segment where Lucky Strike is. And Lucky Strike today is the fastest growing cigarette brand in the US. So has grown 80 base points year to date. So we are very pleased with the ...

And that's the whole idea about the commercial plans for sure, that we haven't just addressed the brands, but also we increase our sales force, we increase our coverage, we invest even more in terms of data analytics and revenue growth management. Because the whole purpose has always been to create a more resilient cigarette portfolio in Reynolds. And not just resilient in terms of microeconomic cycles, but also in terms of regulation. So we are taking a lot of learnings from California introduction of menthol ban. Which if anything should be well seen by authorities before they come to any conclusion on a federal level. Because it's a bad experience that's happening already in the US in terms of illegal products coming from Mexico borders, in terms of self-mentholation, in terms of proliferations of even more of these illegal vapor products and so on and so forth. So anyway.

But we are trying to use these insights from California to also adapt our combustible portfolio in case this regulation comes one day. It's a bad regulation, is a ill-thought regulation and there is no need for that. We know that there is, whenever this has been implemented outside the US, it's ineffective. We go to Canada, 99% of retention

of consumers just migrate for no menthol. We go to Europe, 93%, the order 70% move to vapor, so still using nicotine.

So at the end of the day is ill-thought that has a lot of unintended consequence, as has now demonstrating in California. And there are much better ways to address the problem with cigarettes through embracing tobacco harm reduction.

Damian:

Yeah, very clear. If we switch now to NGP and profitability, you managed to achieve breakeven two years ahead of the plan. Can you talk about the things that underpin that better than expected performance? And then how we should expect the development of NGP profitability going forwards?

Tadeu Marroco:

Yeah, look, the major drivers behind that is basically, first is scale, you scale, you translate into lower cost of goods sold. You can automate for example. You can do stronger negotiations with your suppliers. And these all revert in a better cost of goods sold for you. So this definitely is one area. And we have done a lot as well in terms of footprint and trying to maximize a lot the reduction in costs. So this is clearly one.

The second one is when you have strong brands, you actually have a better negotiation power to deal with your partners and customers. For example, trade margins, in particular in vapor, that is very elevated for example, has been mitigated through instead of moving away from the percentage of revenue, for example, towards back margin of front margin that is paid for performance and so on and so forth. So a lot of that comes from a better management of trade margins. And obviously as you go along you learn a lot in terms of market spend effectiveness. And that's how you optimize your investment.

Now, if anything with the focus in the new strategy of resource location, having more targeted investment, we'll be continually improving our profitability in New Categories. We are very pleased with the margins that we have been seeing so far. Gross margin of cigarettes as a whole is around 68/69 at group level. When you go individually by category, we have already- tobacco or heated products already there. We have a pouch if anything is slightly up. And even consumables of vapor now is above 60%. So it's going all in the right direction. And so we are very pleased with that.

But for sure we have investments below the gross line in terms of market investments and some discounts to attract consumers. And this is what impacts the operating margin that we reach breakeven like we said two years before. And we are going to continue to progress as we roll out these new more attractive and competitive products.

Damian:

Okay, that's very clear. You've touched on it, the illicit trade problem around vapes in the US, can you just remind us of the scale of the problem. And then we've also seen improved or proposed improved enforcement from some of the US states. Is that

sufficient to stop the problem? Should we be encouraged? And what else would you like to see happen?

Tadeu Marroco:

Well, so far hasn't been sufficient. This clear. Because this is a category of £10 billion revenue, more than 60% is on these illegal products. So where we basically compete is 20% of the category today, which is the legal market. The other 20 is open device that is still there as well waiting for the definition of the PMTA. And we have more than half of these legal markets in terms of revenue because we have the leadership of vapor legal in the US.

I think that the milestone that needs to be achieved is the FDA clearly concluding the process of PMTA assessment, and publicly announce what are the products that they gave the marketing granted order, MGO. And as a consequence, what are the ones that gave the MGO. Because we still see key accounts in the US selling some of these products that shouldn't be there in the first place. At the back of the argument from the manufacturers that are waiting for the PMTA to be assessed from the FDA.

So once the FDA produce finally this consideration, and put in place penalties that can demotivate even not just the key - because I don't have any doubt that the key account will comply with that as soon as they announce the list. And this is something like 20% of where these products can be found. But they also need to put in place penalties to address the likes of vape stores where these products also are being sold. So I have no doubts that this will be a turning point.

And the other turning point that we are now encouraging to see is what the states are taking the problem on their own hands and legislating by themselves. Creating a depository of a type of PMTA certification to prove actually what are the products that are actually waiting for the FDA or not. So if you are retailing those states, you have to go through this database and buy through a wholesaler that just can sell the products that are authorized that database. Louisiana has already implemented that since November last year. We have seen a reduction or double digits in terms of illegal. Instead of continue growing, like it's still the case today in the US, they have reversed that trend and now decline and most of the decline has been absorbed by Vuse in the legal markets. This is encouraging, but just three out of these 20 states has already implemented. The vast majority is coming in early next year. A combination of PMTA finally being concluded by the FDA. Hopefully at some point in time this year. And the states implement those measures give us encouragement to see some of those enforcements happening from next year onwards.

Damian:

Hopefully that comes pretty quickly.

Tadeu Marroco:

Hopefully.

Damian:

There's been a reinvigoration around your heated tobacco product and glo and the launch. Well, first of all, you resolved the litigation with PMI. The first question on that

is what does that change in reality in terms of your innovation pipeline? And then secondly, what's the initial feedback from the new product launches?

Tadeu Marroco:

The agreement with PMI was the right one for... and we have seen other industry coming to this sort of agreements. And it's confidential, cannot talk much about that. But give us within some boundaries more freedom to innovate clearly. But it's not just about the IPDU but also about the ecosystem that we are creating. We have established a hub in Shenzhen. We have today almost 300 people there. We have established very good relationship with exclusive few suppliers. And also we have invested a lot in terms of insights, foresights in order to be able to connect that hub with the one we have in Southampton. We have another one in North Italy. We create an ecosystem of innovation and a rhythm of innovation that is very different from what we had in the past. And this is result in, for example, being the first in the market with a known tobacco product called Vue. It's doing extremely well in Europe and the device that we have today is well ahead the previous one. We have a very nice display. We have boost button, we have a different heating profile which translate in most satisfaction. But obviously when we see all that last year, we are lapping the first half the price reposition we have done in Japan and Italy and so this will create some pressure in the first half of the year. But we expect more than recover that in the second half of the year. Even though because these new innovations is allowing us for the first time on the device sites compete on the premium segment. Which is 7% of the valuers of the category. I have never had an offer in that segment. And also we have started taking some price up in markets like Italy more recently and also Japan.

Damian:

That's again another encouraging development. On Velo, the Modern Oral product, can you talk about your strategy to relaunch in the US and any initial feedback from what you're seeing there?

Tadeu Marroco:

Obviously the best solution for the US in terms of Modern Oral for BAT is bring our leader product outside the US into the US. That's what we want you to [inaudible 00:36:52]. Because we have a very strong product outside the US when we have freedom to operate. This, to be realistic is 12, 18 months away because it's in the PMTA queue, let's put it that way.

We have revamped our Velo product in the US with a very different, I would say, proposition for the consumer in terms of the way that we express the brand. And this has resonate quite nicely because the product is a good product. In blind test is parity with the leader. We saw market share in our pilot state of New York reaching 13.5%, which is well ahead of the national share of 4.5. And we have just start to roll out this new product across the country. In parallel to that, in recognition that a lot of traditional oral users also migrate for this new category we have just launched, it will be in the 10th of June, national rollout of Grizzly Modern Oral in that same space. And we expect to achieve 51% of the distribution model by the end of the year. With

those two offers, we are more positive about making progress in this category in the US from now on.

Damian:

I'm going to ask these two questions together because I'm slightly conscious of time. You recently revised gearing guidance down to two, two and a half times. What was the thinking behind that and also what's the thinking around share buybacks? Obviously you're returning this proceeds of the ITC sell down, but longer term, how does the board think about share buybacks?

Tadeu Marroco:

We have to consider BAT is a very highly cash generative company in the first place. What we need is to reduce the target to face the macroeconomics reality. This time of a very low cost of capital it's gone, way gone. And we had to adjust that and that's exactly what we did, narrowing the targets. What we want is to... we know that we have a [inaudible 00:39:20], but also we know that we have some headwinds to face. Canada, for example, as soon as we settle CCAA and we have been more transparent in terms of the numbers of Canada. And I have been saying to investors that the best way to think about Canada, because I cannot speculate on Canada, even though because it's confidential, is to consider out of the BAT numbers. And if you do that, your leverage will be up another 0.3 times.

What we are aiming for is to get to this new corridor by 2026, ex-Canada. Because when I mean about reaching these targets by the end of this year, for sure, Canada is still consolidating the BAT numbers. We want to make all we can to be able to get to that range ex-Canada in 2026. And we believe that we have, with the cash generation we generate, the conversion rates that we generate and to do it in a way that we can keep the share buyback. Which we believe that is part of the capital allocation policy of the group moving forward. And at the same time being able to manage the leverage of the company and do the right investments for the growth of the business moving forward.

Damian:

Thank you very much, Tadeu. I think we're out of time so thank you very much everybody for your attendance and we'll see you later.

Tadeu Marroco:

Thank you, Damian.

Damian:

Thank you.