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SPEAKERS

Deb Merril – Co-Chief Executive Officer
Pat McCullough – Chief Financial Officer
James Lewis – Co-Chief Executive Officer

ANALYSTS

Damir Gunja – TD Securities
Nelson Ng – RBC Capital Markets
Carter Driscoll – MLV & Co.
Kevin Chiang – CIBC World Markets, Inc.

PRESENTATION

Operator: Good afternoon, ladies and gentlemen. Welcome to the Just Energy Group Incorporated Conference Call to discuss the first quarter 2016 results for the period ended June, 2015. At the end of today's presentation there will be a formal Q&A session. (Operator instructions.)

I would now like to turn the meeting over to Ms. Deb Merril, Co-CEO, Just Energy Group. Please go ahead, Ms. Merril.

Deb Merril: Thank you very much. Hi, everyone. My name is Deb Merril. I'm the Co-CEO of Just Energy and I would like to welcome you all to our Fiscal 2016 First Quarter Conference Call. I have with me this afternoon our Executive Chair, Rebecca MacDonald; my Co-CEO, James Lewis; as well as Pat McCullough, our CFO.

Pat and I will discuss the results of the quarter as well as our expectations for the future. We will then open the call to questions. Before we begin, let me preface the call by telling you that our earnings release and potentially our answers to your questions will contain forward-looking financial information. This information may eventually prove to be inaccurate, so please read the disclaimer regarding such information at the bottom of our press release.

Our first quarter results show significant improvement in those operating measures we deem critical to our long-term success. During the first quarter, we delivered strong sales growth and continued to significantly improve the margin profile of our customer base, which translated to 29% year-over-year base EBITDA growth and strong cash flow generation. Notably, we accomplished this in what is traditionally our seasonally weakest fiscal quarter.

Our margin per customer improved in both the residential and commercial business throughout 2015 and that progress continued in the first quarter of 2016, as gross margin grew by 22% year-over-year. The consumer division contributed an increase of 30%, resulting from higher margin per customer earned, while the commercial division increased 2% in line with the 3% growth in customer base.

The gross margin success is directly related to the ongoing commitment to the margin improvement initiative that we have talked about publicly over the course of the past year. To add some color on how far we've come along in this initiative, we're now signing consumer margins at $204 per RCE, which compares to $184 one year ago. Additionally, commercial margins are being added at $80 per RCE in Q1, as compared to $66 one year ago.

We were able to drive these improvements in margin because our innovative new products are gaining more appeal and presenting more value for customers. This is allowing us to price our energy management solutions at more premium points and drive sustainable profitability for the future. Most of the gains we are driving through the sales in gross margin improvements are being realized in our base EBITDA.

Base EBITDA grew 29% during the quarter as a small portion of the gains were offset by increased administrative cost to support our large customer base, as well as increased selling and marketing costs. Overall, the results for the first quarter exceeded management's expectations and provided with great confidence we can deliver a very strong fiscal 2016.

Before I go any further, let me pause for a moment to make sure everyone picked up on the change in commercial commission terms we announced in conjunction with these first quarter results. We are pleased to be able to announce that we have made a change to the commercial commission terms, better aligning with the realities of today's commercial business. We believe this change will help the company better manage costs and cash flows, as well as provide greater alignment between base EBITDA and our results of operations for investors. Pat will cover the details of this change shortly, and we've also covered this in our press release and MD&A.

While this change in commercial commission terms moved more cost into the base EBITDA metric, the profitability profile of the company is improving to a degree that management is able to still commit to the previously provided fiscal 2016 base EBITDA guidance of $193 million to $203 million. We believe this is a strong testament to the validity and sustainability of the improvement initiatives we see for the company, most notably the margin per customer initiatives.

Now, let me turn to our customer base activity and provide some color on what we witnessed in the recent quarter. During the quarter, we did see a decline in year-over-year gross customer additions, as well as negative net additions. These customer declines were driven by a couple of things. First, more difficult market conditions marked by lower commodity prices and thus more competitive pricing across all markets, compared to the conditions we faced one year ago during the polar vortex, a time when we thrived in adding customers due to our unique value proposition.

Additionally, our commitment to only accepting and renewing new customers that meet our profitability profile also impacted our results. As I discussed previously, Just Energy is not willing to participate in irrational pricing activity, nor do we feel we have to in order to remain competitive or increase our long-term profitability. In fact, Just Energy continues to become significantly more profitable and we are expanding our reach into our two million existing customers in a way that allows us to grow as they demand new innovative ways to meet their changing energy consumption needs.

For example, our consumer customer base includes almost 50,000 smart thermostat customers today. These smart thermostats are bundled with a commodity contract and our experience indicates that customers with bundled products have lower attrition and higher overall profitability. Further expansion of smart thermostat is a key driver for continued growth of Just Energy, and we will keep adding new innovative products bundled with technology to drive continued improvement in the profitability of the business. Overall, we are very pleased with the business performance this quarter, as well as the prospects for the future.

With that, I'll turn it over to Pat.

Pat McCullough: Thank you, Deb. We were very pleased with this quarter financially, especially as you focus on profit and cash. One of the things that I noticed that's very significant about the P&L this quarter, especially as you compare it to year ago Q1, we grew the top line revenue by 14%. While doing that, we're able to grow gross margin by an even higher amplified percentage of 22%.

As you go down to base EBITDA, again, we've grown the percentage increase year-over-year by 29%, a higher figure, and ultimately, base FFO by 91%. That amplification of year-over-year percentage increase as we trip down, the P&L is very important to us, this means that we're doing more with every dollar of sales that we bring into the company. So we're pretty excited about that.

Let me cover some of the highlights of the first quarter and then provide some added color in certain areas. First quarter sales were up 14%, as I mentioned, to $933 million, reflecting the growth in customer base, price increases and higher US selling prices after currency conversion to Canadian dollars. The consumer division's sales increased by 12%, while the commercial division's sales increased by 15%, primarily as a result of currency conversion impact on US dollar denominated sales.

Gross margin was up 22% to $150.9 million, driven by higher sales, the impact of foreign translation of the stronger US dollar, and higher realized margin per customer in the current period, due to more disciplined pricing strategies. The consumer division contributed an increase of 30%, resulting from higher margins per customer earned primarily on variable rate products and JustGreen contributions, while the commercial division increased by 2%, primarily in line with the 3% growth in customer base.

Base EBITDA was $38.9 million, up 29% from last year. This was driven by sharply higher margins, partially offset by higher operating expenses. The consumer division contributed $30.9 million to base EBITDA, an increase of 37% year-over-year. The commercial division contributed $7.9 million to base EBITDA from continuing operations, an increase of 5% year-over-year. The commercial division saw higher gross margin being offset by higher operational expenses. Effective fiscal 2016 with management's change to limit the upfront payment of commissions to an average term of 12 months, the capitalized commission will be classified as a current asset and the amortization of contract initiation cost is expected to decrease with no new additions going forward.

Let me take a minute to make sure this is clear, and then I'll answer any questions you might have during the Q&A. Beginning this quarter, capitalized commissions will be classified as a current asset, a prepaid expense essentially, instead of a non-current asset as it was previously recognized for those contract initiation costs. As the capitalized commission is expensed into selling and marketing costs over the term for which the associated revenue is earned, it will no longer be recognized as amortization and will therefore be included in the base EBITDA calculation.

Just Energy implemented this change to the commercial commission terms to lessen the period of prepayment term to an average of 12 months to help the company better manage costs and cash flows. We believe this change will provide greater alignment between base EBITDA and our results of operations for investors. There is no expected impact on the selling and marketing costs going forward, but it will result in a decrease in the amortization portion of the expense.

As a result of this change in fiscal 2016, Just Energy expects to include approximately $20 million of incremental deductions in base EBITDA. Despite this increased headwind, Just Energy expects to offset this with continued strong gross margin performance building upon the strong performance in the first quarter. After careful consideration, we have elected to hold to our originally projected full-year fiscal 2016 base EBITDA guidance of $193 million to $203 million. In other words, we're effectively raising guidance by $20 million for the full-year.

As you think about the effect of this change moving forward in fiscal year 2017, Just Energy expects to include incremental deductions and base EBITDA of approximately $40 million of prepaid commercial commissions, which would previously have been included in amortization within the selling and marketing expense. This $40 million is more indicative of the full-year effect of this change moving forward.

Moving back to the quarterly results. As Deb mentioned, we did see a decline in year-over-year gross customer additions, as well as negative net additions. Gross customer additions for the quarter were $302,000, a decrease of 32%, compared to $441,000 customers added in the first fiscal quarter of 2015.

Consumer customer additions amounted to $140,000 for the quarter, a 15% decrease from $165,000 gross customer additions recorded last year. The customer additions in the prior period benefited from the volatility experienced during the polar vortex as commodity prices increased dramatically. The combined attrition rate was 17% for trailing 12 months, a slight increase from the 16% reported a year prior. While consumer attrition rates remained consistent at 28%, the commercial rate increased to 9%, the increase in commercial attrition as a result of increased competition.

Let's step back and look at profitability per customer, the initiative that was referenced earlier. Over the last quarter, we have added or renewed 238,000 new consumer customers at an average gross margin of $204 per RCE. This compares to 167,000 consumer customers lost at an average gross margin of $187 per RCE, that's an increase of $17 per RCE on average in the consumer division. The higher margin on consumer customers is an important positive trend as these customers are largely locked into multi-year contract terms.

Turning to the commercial side of the business, over the last 12 months we added or renewed 390,000 commercial customers at an average gross margin of $80 per RCE, whereas we lost 217,000 commercial customers that were locked in at only $68 per RCE of gross margin. So there you're seeing a much more dramatic percentage increase to the margin profile we're creating. Also worth noting is that if you look back one year, you'd see the exact opposite taking place. We were losing customers at $80 per RCE and adding customers at only $66 per RCE.

Let me close with an update on some metrics and balance sheet items. The payout ratio for base funds from continuing operations was 63% for the three months ending June 30, 2015, compared to 198% reported in the first quarter of fiscal 2015. The payout ratio on base FFO for the trailing 12 months ending June 30, 2015 is 70%. We ended the quarter with $105.1 million in cash and equivalents, an increase from $25.1 million or 318% improvement from last year.

We reported no debt outstanding on the credit facility at quarter end as compared to $136 million drawn last year. The increase in cash balances and decrease in credit facility withdrawals over the past year have resulted in $216 million of additional buying power.

At quarter end, long-term debt was $676 million, compared to $774 million one year ago. Our book value net debt was 3 times our trailing 12 months base EBITDA. This is down from 4.2 times one year ago. We do have the ability to make a normal course issuer bid to purchase for cancellation a portion of our convertible debentures. As of June 30th, we repurchased $2.7 million of those.

One of the next steps in further delevering is renewing the credit facility. We are in advanced discussions with our syndicate of lenders for the credit facility. Based on commitments to-date, we're optimistic that once finalized the credit facility available will increase from the current capacity of $210 million with the term of the agreement spanning a longer period than the previous credit facility. The renewal on the credit facility is expected to be completed during the second quarter of this fiscal year.

In summary, we are off to a great start to fiscal 2016 and making tremendous strides along our strategic initiatives. We're operating from a greatly improved overall financial position, a position we intend to further improve. This increased financial flexibility combined with our commitment to maintaining a capital-light model supports our ability to pursue our growth strategy which focuses on new geographies, innovative products that meet customer's changing demands and new energy management solutions that will continue to disrupt the traditional utility model.

With that, I'll turn it over to Deb for some concluding remarks.

Deb Merril: Thank you, Pat. As Pat said, we are off to a great start this fiscal 2016 and we have aggressive goals laid out for the coming quarters. I'd like to shift the focus a bit more to the critical elements of our strategy that will be the platform for our sustainable long-term success.

Let me start with our overseas business. The UK business continues to thrive. To-date, that market has grown to become 5% of our customer base, adding 233,000 RCEs in total. This is a significantly profitable piece of business for our company and we are seeing growth both on the commercial and the consumer side.

We believe this early success validates our model and our ability to compete outside of North America, taking the lessons learned and evaluating new avenues for growth in new markets that will benefit from our innovative approach to energy management solutions. As such, we will continue evaluating new market opportunities that offer strong demographics, clear participation and industry trends and a favorable regulatory landscape in Continental Europe.

Now, moving over to solar. Just Energy Solar program remains on track. The feedback has been very positive and the door-to-door efficiencies are proving to support strong growth in this platform. We commenced our initial pilot phase in Southern California during the quarter with a volume of customer signed during this initial pilot resulting in higher-than-expected profit. Based on the success of Just Energy's pilot launch in Southern California, operations will continue to grow with further expansion in

California and the Northeast US in the near term, while pushing the industry forward to develop more value-add customer friendly products.

As you may know, our solar partner, Clean Power Finance recently merged with Kilowatt Financial to create Elevate Power and we view this as a very positive development. Just Energy will continue its partnership with Elevate Power, which will be one of the largest providers of third-party residential solar financing and loans in the United States.

In summary, Just Energy's objectives remain unchanged. As a company we strive to deliver outstanding financial results, and made significant progress toward achieving our objective of becoming a premier world-class provider of energy management solutions. Management is encouraged by the stronger profitability in the business and remains confident it is delivering the appropriate dividend strategy that is supported by our continued ability to generate strong cash flows consistently. We foresee continued sustainable growth that will be driven by an expanded geographical footprint, continued product innovation, and bringing new energy management solutions to market that align with customer demands.

With that, we will now open for questions.

Operator: (Operator instructions.) Our first question comes from Damir Gunja from TD Securities. Your line is open, please go ahead.

Damir Gunja: I've got two, just a quick one to begin. So the change with the treatment of the amortization, so I just wanted to be clear. Does that start with the second quarter results?

Pat McCullough: No, Damir. That began effective April 1st.

Damir Gunja: So, the amortization that I see in the financials here is related to something else.

Pat McCullough: Fiscal 2015. So, we'll continue to amortize outside of base EBITDA the previously capitalized long-term assets, which I believe have a balance of about $10 million at the end of Q1. And then, every commercial commission will be a prepaid expense within base EBITDA from April 1, 2015 going forward.

Damir Gunja: I guess, on the margin side, the one thing I'm trying to reconcile is you mentioned a relatively competitive environment on the pricing side. I'm trying to wrap my head around that, versus sort of the higher margins that you're seeing in both consumer and commercial.

Deb Merril: Yes and I think what you see is in our net additions. We're tending to walk away from business that we don't deem is profitable enough. So we're increasing that average margin, and sales may be slowing down a bit, but overall the profitability of the business is in a better profile.

Damir Gunja: Are you able to give us even a rough idea of the year-over-year benefit from FX that's in the gross margins?

Pat McCullough: Yes. In gross margin, it was almost $12 million; about a third of the gross margin improvement came from FX, about two-thirds of it remaining from performance. EBITDA, we saw a $2.7 million of FX, good guide year-over-year. So that $9 million increase, $2.7 million of it is from FX, the remainder from performance.

Operator: Our next question comes from Nelson Ng from RBC Capital Markets. Your line is open, please go ahead.

Nelson Ng: Deb, I was wondering whether you can provide a bit more color in terms of the solar rollout. You mentioned that you're looking to expand in California and the US Northeast but I was just wondering are we still in like very early stages or could you give some idea of how like many sales people would be pitching solar in this quarter or the next quarter and how that would increase?

Deb Merril: Yes. As we said before, we're in California. We actually launched New York last week and we're leading up to that, doing some work, but actually hit the street in New York last week as well. So we're now in two states, and continuing to kind of probably pick up the pace here. In the last few weeks our sales have increased on a kind of week-over-week basis, so we're starting to see some momentum on that. So we expect that now over the next few months we'll be able to increase and start to maybe have it be meaningful enough where we can start to communicate that to the market as well.

Nelson Ng: And then just on competition and just following on Damir's question, in terms of the level of competition, have you seen a—like competition has picked up, I think you mentioned; but you're also kind of walking away from business. So could you remind us how—like just a rough comparison of the level of competition now compared to, I guess, a year-ago when I think the polar vortex put a number of energy retailers out of business. Have you seen a big pickup in the number of firms competing for business and have things changed?

James Lewis: Nelson, this is Jay Lewis. I think what we've seen here is some of the bigger players like FirstEnergy; you mentioned they were getting out, and Dominion. And then what we've seen happen is some smaller players come back into the market that maybe aren't familiar with the polar vortex or the summer pricing that can happen in Arcot [ph] here. So, when we see things like that, we understand the marketplace, and so we walk away from, let's say, deals there, but we see other opportunities, which is why we've seen our profitability grow.

Nelson Ng: And then, just one quick question on FX, I presume it's for Pat. Can you just remind us of what your current FX strategy is and, I guess, given the weak Canadian dollar, is that a good time to increase or reduce hedges?

Pat McCullough: Yes. So right now, we do not take any forward contracts or hedges around the translation exposure that we think about in the earnings call. We do take positions on a 12-month forward basis for the transactional risk associated with the US dollars that we'll have to bring back to Canada to service dividend payments, interest payments, etc.

As we go forward, one of our strategies is to reduce the amount of Canadian dollar base debt, and get more of a natural hedge alignment between our debt and the rest of the book. If you think about our gross margin, the translation risk around gross margin is largely neutralized by the footprint of SG&A, which fits where our gross margin is incurred. So about 71%, 72% of the business happens in the US, very similar ratio of SG&A. So the translation exposure that we have is really only on the EBITDA values, and we do take positions for the transactional movement of US dollars back to Canadian dollars, but not the translational risk.

Operator: Our next question comes from Carter Driscoll with FBR. Your line is open, please go ahead.

Carter Driscoll: First question, obviously, you've taken a very specific strategy of kind of pruning the less profitable customers. Would it be fair to say that you expect very minimal net addition growth, maybe even flat growth for this year as you continue to prune that portfolio? Or maybe I'd ask it in a different way, how long do you expect this to continue to show such noticeable changes on a quarterly basis in terms of your net RCEs?

Pat McCullough: Yes. So we do believe to support the long-term profit picture here that we need to focus on growing customer base, which will then obviously turn into sales growth and profit growth over the long-term. Having said that we're going to be very determined to creating a level of profitability that's acceptable for the amount of risk and frankly value that we provide. As you look at our three growth areas that we talk about quite a bit, the geographic expansion that we're looking for in both Ireland and Continental Europe is one place that we're going to see some customer growth.

As you look at product innovation with flat bill or other bundle type solutions you're going to see some nice customer growth and product per customer growth, which is something we're going to have to think about presenting to you in an articulate way in the future.

And then the last one is these adjacent energy management solutions like residential rooftop solar or energy storage at some point in our future, these are areas of customer growth that we expect to put on the board. We don't think this is going to be a tremendous hit to our scale in the short term. But, we're proving that we really are willing to ensure that we have accretive cash and profit coming in on new deals, not just chasing market share.

Carter Driscoll: And then, maybe following up on that, the CPF merger with KW Financial, I'm assuming that will help the scale, obviously, so [indiscernible]. What else does this do for you, that merger potentially? I'm assuming it opens up new territories and maybe some new financing possibilities in terms of maybe your smart thermostats. Could you address that for me, please?

Pat McCullough: Yes. We're pretty excited about this. Clean Power Finance and Kilowatt Financial coming together now puts $1.6 billion of assets under management, so it almost doubles the capacity of the Clean Power Finance add. This also takes Clean Power Finance's footprint and expands it dramatically, so over 45 states where they offer residential rooftop solar programs, both PPA lease and loan products, which we're excited about. This puts the loan products in their portfolio directly.

And then Kilowatt Financial has been in the energy efficiency financing business. This is a huge coup for Just Energy as well, as we attempt to respect and protect our cap ex light or no cap ex model. We can start to think about accelerating smart thermostat deployments or other energy efficient devices potentially through the use of our partner's financing.

Carter Driscoll: Next question is in terms of the pruning of the commercial profile, was there any particular type of commercial customer that you found to be less profitable or in any regional area where you found maybe pockets of weakness that you pruned, or has it been uniform across your territories?

James Lewis: Carter, this is Jay Lewis. I think when you look at it for this past quarter, Texas and Illinois, for example, are two markets there where the margins didn't seem appropriate with the risk level for us. Those markets tend to come back at certain times. We did have some weather here in the last week or so. Prices didn't prink [ph] like they have historically, but you are seeing some pricing run up there.

Carter Driscoll: I think you had originally talked about, and I realize it's very early in your forays into solar, but you talked about north of $65 of kilowatt hour, maybe you talk about what you're experiencing, at least, in the early days and whether you think that's sustainable as you scale? I don't know, if you can put a specific number around it, or maybe talk about percentage versus your initial expectations from a pricing perspective?

Deb Merril: Yes. I mean, I can tell you that we are seeing margins and profit higher than what we initially expected, which we're very pleased by, and we're starting to see some of that—the expertise in sales and talking to customers about these products is taking shape as well. So, I think, we're seeing a positive trend on that.

Carter Driscoll: Okay. Maybe compare and contrast, because I think your initial foray into the UK was focused more on the commercial side and that you mentioned more or maybe evenly balanced between consumer and commercial. Is it a different product set that you're selling versus the US, I mean, is it more adoption of JustGreen, or any type of color you can compare in this territory as to why you are getting such a higher margin, or maybe just because your initial penetration steps—help me understand a little bit better?

Deb Merril: Sure, Carter. Yes, we actually started in the UK on the commercial side taking our platform, our portal, and our pricing platform over there to make it easy to get deals done and to do business with us. We quickly, within a year to probably 16 months, moved into the residential side, as well. And really in the last, I would say, probably this last quarter was when we were starting to see a lot of pickup on the residential side. We're starting to go into, using a few more channels to more online channels and affinity, as well as one of the things, I think, is really exciting for us is that we have the ability to start using some of the products we have in the US and taking them over to the UK.

And I think it tends to be maybe less because we're very limited—the number of products they can offer, each retail can only offer four. So you've seen less product innovation in the UK than you have probably in the US and markets like Texas and Illinois and all the other markets we operate in.

So over time, what we're seeing now is, we're bringing over some of our innovative products in the US over to the UK. And I really think that that will continue to help drive a lot of margin, as well as customer growth on that side as well.

Carter Driscoll: And then last question for Pat. The credit facility, if I understand correctly, it's more about extending the term than it is necessarily increasing the size of facility. And then follow-up to that is, kind of what priorities are in terms of recapping?

Pat McCullough: Yes, we're looking at the capacity actually going up from the present $210 million capacity. We're expecting to get north of $250 million. We'll close at a level that allows us to support our intra-month working capital needs, and we're expecting to have a longer term on that. This allows us to really unlock the divestiture net cash proceeds that we've been holding onto on our balance sheet to really attack the long-term debt. So as we can get this credit facility behind us, the immediate next step is to focus on the longer-term convertibles and bonds on our books.

Operator: Our next question comes from Kevin Chiang with CIBC. Your line is open, please go ahead.

Kevin Chiang: Just on your negative net attritions in Q1, it seems like some of this was due to, as you mentioned, like the steps you've taken to remove less profitable customers. And, I guess, as you look at your contract renewal schedule, I'm just trying to get a sense of how much more of a headwind is going to be as you look to rebase your gross profit per customer higher here [ph]. Are we in for, say, a few quarters of headwind until this rolls over, or do you view this as more of a one quarter impact?

James Lewis: Kevin, I think when you look at it what we're saying is that on the renewal side, we decided not to go after that low, let's say, gross margin which then translates to low to no EBITDA unless everything goes according to plan. What you see on the attrition side, especially around the commercial, as commercial customers come to the end of their contracts, and they haven't seen any volatility there, sometimes they let those roll over. And then when they decide to renew at these low margins, that becomes attrition.

So when we say the pruning and it's more along the lines of being selective about which customers we sign up on a gross adds perspective, and then which customers we go after on a net perspective. So, I think, what we're doing today we have better data analytics to understand which customers we're making money with, not just on average. So as long as we're making money on the customers, you'll see us add them there, so that's the way we look at it going forward.

Kevin Chiang: And just a point of clarification, Pat, on the FX comments you provided in terms of the tailwind, if I were to look at customers added and renewed the gross margin per customer, they are up roughly $20. Should I also be thinking that is roughly, call it, two-thirds related to internal initiatives to improve profitability and one-third being FX related, or those are piece of the pie different when I look at that specific metric?

Pat McCullough: Yes, you're correct, Kevin, that's a fair observation.

Kevin Chiang: And then just lastly from me, I know you're transitioning from independent contractors to employees and just trying to get a sense of how that's coming along? Are you seeing any impact on worker productivity; impact on some of your better sales members; just trying to get a sense of how that transition is going through this period?

James Lewis: Kevin, when we look at it, it's really market by market. In the markets where we have converted, we've seen success there, but we also have had success with that independent contractor model. So in certain markets it makes sense to have that model in place, and other markets where it doesn't and we think we need to have more control to get that value proposition out. It's been successful as well. So I think we're open to making sure we have the right sales force going forward, but that independent contractors are employee based.

Operator: We have no further questions at this time. I would now like to turn the call back over to Ms. Deb Merril for closing remarks.

Deb Merril: Thank you very much and we appreciate everybody's participation on the call, as well as your support of the company. Like we said, we're very excited about our first quarter. We are looking forward to a great fiscal 2016. I also would like to quickly thank our employees. We have a lot of people in a lot of different offices across three countries that really make this happen and we wouldn't be here without them. So definitely take the time to thank them for their efforts and we'll talk you guys again in a couple of months. Thank you.

James Lewis: Thank you.

Operator: Thank you, ladies and gentlemen. This concludes today's conference. Thank you for participating. You may now disconnect.