

JUST ENERGY
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Conference ID #

Male: Good morning ladies and gentlemen. Welcome to the Just Energy Group conference call to discuss the first quarter results for the period ending June 30, 2013. We have just a few announcements before we begin. Following today's presentation, there will be a question and answer session. If you would like to ask a question during that time, please press zero, then one on your telephone touchpad. I would now like to turn the meeting over to Miss Rebecca MacDonald. Go ahead Miss MacDonald.

Ms. Rebecca MacDonald: Good morning everyone. With me this morning, I have Ken Hartwick our CEO and Beth Summers, our CFO. Ken and I will make short presentation and then we will open the call to questions. Before we get going, 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 releases. It would be hard to describe the first quarter of fiscal 2014 as anything but the demonstration of the strength of our business. It was clearly a quarter of highlights. Once again we signed more new customers than any quarter in the history. Overall, our customer base was up nine percent over the past year. The embedded gross margin in that book grew by 12 percent over the year. We added this record number of customers while reducing our selling and marketing expense by 10 percent year over year. We held our administrative costs run rate down well below the growth of customers. By doing all of these things, we were able to increase our base EBITDA by 53 percent from a year ago. Our funds for moderation in what is seasonally our slow quarter, went from 1.1 million last Q1 to 13.3 million this year. Growth combined with cost control resulted in improved profitability. This was our plan for fiscal 2014 and the first quarter was right on plan. I will have Ken go through the highlights of the quarter and then I will talk about what we see as a very bright future. We will then answer your questions.

Mr. Ken Hartwick: Thanks Rebecca. As Rebecca pointed out, we entered into this year intent on following the past two years of very rapid growth with a fiscal 2014 plan which would see us move back to stability and profitability in our financial results. To do this, we would have to reap the benefits of the customer growth scene over the past two years. We provided guidance, calling for EBITDA to grow from 175 million to 220 million in a year with a clear belief that our platform can deliver this growth. To do so, we rely on predictable nature of our hedged fixed price book. To achieve the guidance, we needed to realize four objectives in fiscal 2014. Let us look at where we stand with each after the first quarter. First, we have to maintain customer aggregation at the levels seen in the past two years. The first quarter was our highest aggregation quarter ever. So we are clearly on track for this. We added a record 372,000 customers, up six percent year over year. Second, we required a continuation of the trend of steady decline in attrition rates and renewals at target levels. Attrition at 12 percent is the lowest it has been since before the 2008 recession. This is a continuation of the positive trend we have seen over the past four years. Our renewals are at a tracking 70 percent exactly on target. Renewals have not been at 70 percent for any year since fiscal 2007. Third, we have to reduce our administrative costs per customer as we grow. Again, we are right on target, with admin costs down in Q1 from Q4 despite the increase in the customer base. Finally we have to significantly lower our selling and marketing expense as we increasingly utilize lower cost channels to aggregate customers. Here we saw a 10 percent decline in selling costs despite the six percent increase in customers added. Our results to date are exactly in line

with what is needed for the growth we have forecast. All of our lines of business performed well in the quarter. The energy business overcame margin pressure in the commercial segment, an issue that not only affected us but also our public competitors. Overall, energy division EBITDA was up 76 percent lead by a strong performance by the consumer division. Our residential product realized margins were up sharply as high margin offerings like Just Green and FlatBill products combined with normal winter weather. Our national home services, water heater and HVAC decision was also strong. Its installed customer base was up 37 percent year over year; this lead to margin growth of 53 percent and EBITDA growth of 30 percent. Bad debt was under control, averaging 2.2 percent of relevant revenue, down from 2.4 percent a year earlier. As the percentage of our revenue exposed to bad debt grows, management is carefully monitoring our credit policies to insure that we protect shareholders, but not reject too many credit-worthy customers. Let me deal with dividend sustainability. As we are all aware, a company cannot maintain a payout ratio over 100 percent on free cash flow over time. However, many companies fund periods of rapid growth through debt while maintaining a dividend. This is precisely what we did during our recent period of record customer growth and new territory openings. Last year our ratio clearly exceeded the long-term benchmark at 184 percent. As part of our plan described with our annual report and during past earnings calls, we provided guidance that said this free cash flow payout ratio would be back down below 100 percent in fiscal 2014 and based on our book and continued marketing success, would continue to decline and fall into a target range of 60 to 65 percent by the end of fiscal 16. A payout ratio in this range will allow us to comfortably pay the current dividend, fund growth and pay down debt. The first quarter is a start to achieving the goals we have established. With lower costs, continuing high growth and improved customer retention, the first quarter showed strong performance across the board. It is however just one quarter and we have to maintain this performance going forward. I would now like to ask Rebecca to describe how we intend to accomplish our goals for the future.

Ms. Rebecca MacDonald: Thank you Ken. I am very pleased the way we find ourselves after one quarter. While it is seasonally the slowest quarter for Just Energy, all the key measures of our operating performance are positive. I think we have a lot to be proud of. I think it's fair that you should be proud of record number of customer additions and proud of adding those customers while reducing our selling costs by 10 percent. I think we should be proud of having our meet costs grow much slowly than our customer base. I think we should be proud of growing our EBITDA by 53 percent in an economy with almost zero inflation. I think we should be proud of reducing our payout ratio substantially at a time when debt management is a priority. I think we should be proud of packing toward a very substantial growth contained with our proper guidance. That is the first quarter. What about the rest of the year and years to follow? As we notice in past calls, the vast majority of our EBITDA comes in the third and fourth quarter, so regardless of the results you see; they're only the start to a potentially good year. Our second quarter margins and EBITDA will not see the same level of growth as we have seen in the first. Our prior [INDISCERNIBLE] quarter is now the second, is our fast growing Texas base is in the peak of its growing season. Accordingly, many more credit cutoffs occurred during these periods. Also the remaining impact of the North East capacity costs will flow through the quarter, reducing margin realized. Overall, we expect that results for the six months will be much closer to our guidance than 53 percent seen today. We remain on track to meet our guidance of 220 million base EBITDA for the year. There remains the usual weather risk, as well as normal business variance. But we see nothing to date that would throw us off track. While we carefully manage our business day to day, management is focused on the bright, high growth future for the retail industry and how to maintain Just Energy leadership in that industry. Of the top five retailers in North America, Just Energy is the fastest growing. We are able to do this because of our constant focus of sales and marketing. We work hard to keep our costs as low as possible and that leads to a more attractive product for our customers. We will keep our position in the market to continue innovation with not only fixed rate contracts, but also [INDISCERNIBLE] offerings, flat deals, capped variable rates and shared savings through Smart Thermostats. There is no reason why our customer additions cannot be maintained at our near record levels we've seen for the past three years. Next customer additions will be a function of attrition and renewals. As Ken just pointed out, our

attrition has been tracking down steadily and now sits at 12 percent, 25 percent less than the peak in 2010. And the lowest it has been since we meaningfully introduced United States in fiscal 2006. With strong growth additions driven by low cost sales channels and strong mixed additions based on improving the attrition and renewals, margins and EBITDA growth should stay strong for the foreseeable future. We do have a long-term target payout ratio on funds from operation of 60 to 65 percent by the end of fiscal 2016. That requires us to grow our funds from operation by 90 percent over that period. We think this is a realistic goal given our ability to grow within existing platforms. Realizing these goals and we will have significant cash flow to pay down our debt to industry standard levels and to fund our continued growth. As everyone in the investment community knows, it is much easier to talk about numbers than deliver. Achieving these results will require tremendous effort from the entire Just Energy team. We are willing and able to make that effort. We are committed to Just Energy's success. We are only one quarter into fiscal 2014, but it was a good quarter. The platforms we have put in place gives us confidence in the remainder of the year and future years. Our embedded margin growth says very good things about the years to come. It is well placed industry in a very high growth business. Just Energy should build a solid base to insure that we remain the leader and the first quarter is clear on evidence of that we are on track for that subjective. I would like to thank Just Energy team for their commitment and for generating results they have done so far. And I would like to thank our shareholders for their continued support. On that note, I will open up for questions. Thank you very much.

Male: At this time, we'll begin the question and answer session. If you would like to ask a question, please press zero, then one on your telephone touchpad. If you're using a speakerphone, you may need to pick up the handset prior to doing so. Once again, that's zero, then one to ask a question. One moment while the questions register. And our first question comes from Damir Gunja.

Mr. Damir Gunja: Thank you. Good morning.

Ms. Rebecca MacDonald: Good morning.

Mr. Damir Gunja: Just wanted to touch on most of the metrics improved dramatically in the quarter, just wanted to zone in on the commercial margins. Is there a structural change in that market or is this sort of a transient competition that you see sort of normalizing at some point? Just wondering if you could add a little bit there.

Mr. Ken Hartwick: Sure Damir. I think as we mentioned in our fourth quarter, year-end call and results, certainly the capacity markets which affect commercial more than our residential book have shown a lot of volatility, which they did through sort of the back half of last year and into this year; so that I would call a structural change in that market, which is more volatile. And I think us, like others, are now looking to treat some of the capacity charges as pass through amounts versus or pass through variable amounts to a customer. And I think the ebbs and flows of competition is always there in every market. I think with the recent acquisition by Hess, which has always been one of our bigger competitors in the North East via direct, again, we think there's sort of a minimum level of margins that will normalize out. And I think some of that competition, as it comes and goes, allows us to realize the margins we want to achieve. But the first part, I think, is more of a structural change.

Mr. Damir Gunja: And you think something in the sixties is going to be the normalized range or is there a risk we could be below? Or is that something you can't talk about?

Mr. Ken Hartwick: Yeah, I think it's, we have our views that there's a, like say that might look like a [INDISCERNIBLE]. There's always a risk that things go higher or lower depending on what any individual company does. But I think the group of companies that are there largely speaking, have to

have a level margin to make their businesses successful. So we do not currently see any further downward pressure on that.

Ms. Rebecca MacDonald: Okay, and Damir, just to add to it, on the commercial side as on the residential side, we have a very high level of discipline all realizing the margin and I think that over time, we have made the decisions to step away from certain customers if they're not giving us enough of a margin. So as Ken pointed out, we do not see more downward pressure on that.

Mr. Damir Gunja: Okay, maybe just shifting to the lower cost aggregation, can you talk about what channels in particular are driving that?

Mr. Ken Hartwick: Yeah and just to preface it specifically on the residential side of our business, still have a very firm belief that the most effective sales channel we have is our door to door, both the stability of the customer and the ability to aggregate customers. But on the other pieces, the two primary parts that are adding customers at lower costs; we'll do some telemarketing in areas where there's either restrictions on door to door or it's just not practical to do a sales organization to go there. And then also some online infinity related activities that we do. So I think our mix on the residential side now is roughly 70 percent comes via door to door and we would view that as a good spot to be in and with the other 30 coming from some of the aggregation channels. And all of those channels should be able to grow.

Mr. Damir Gunja: Okay. Maybe somewhat tying into that, is there anything you can talk about regarding potentially partnering with sort of larger, consumer-based type organizations, rather it's cable or Telecom to sort of relate your product quicker or in a different way?

Mr. Ken Hartwick: Yeah, I think we're like probably most of the other retailers. We look and have almost ongoing dialogue with different big customer-based type of entities as to the ability of both us to sell and deliver customer-based via partnership and them into ours. So I think those are sort of ongoing dialogues. I think we have the luxury of having a very, very effective sales organization that we have across each of the channels. But again, puts us in a bit of a different position as far as what we want to achieve on that. So what I don't think you'll see us do is go to marginal partners that don't add long-term benefit to what we want to do. Let's say we have the luxury of not needing to do that.

Mr. Damir Gunja: Okay, great. I'll jump back in the queue. Thank you.

Mr. Ken Hartwick: Thanks Damir.

Male: And our next question comes from Kevin Chang.

Mr. Kevin Chang: Hi, good morning and good start to the year. Maybe just following up on Damir's first question. I think we've continued to see gross margins added from customers still continue to come in below the customers you've lost. And I think in MDNA you highlighted a number of times that there's quite intensive competition, which may be impacting margins as well. When do you see this stabilizing or reversing and how should we think about margins, you know, not just next quarter but kind of over the next few years here given all those variables?

Mr. Ken Hartwick: Yeah, I think, Kevin, on the margins if you look over the next two, three years, we think that the margin levels we are achieving are consistent with what we would achieve over the next two to three year period. So I know some of the margins on our older book that would have been customers signed up in 2008 and '09, when in particular our gas prices were much higher; those customers are largely either renewed or gone from the book. But I tell you, I think our margins over the

past year or so have been very stable and we wouldn't anticipate those changing materially going forward.

Ms. Rebecca MacDonald: I would just like to add that when you look at any competitors that have published guidance, we have always said time and time again that the strength of our organic growth gives us the opportunity to keep the margins very predictable and steady. And I think that the market is seeing that what we were saying, we are delivering. It's always easier to control that margin when you have a strong organic growth versus expecting to get the customers through different channels. And we know how to control our sales.

Mr. Kevin Chang: Fair point and you've continued to grow that customer base quite impressively over the past few years here. Maybe just turning on the debt side, if I read one of your comments correctly, it seems to suggest that you'll look to reduce your draw on the credit facility given you'll reduce a number of new markets you enter into in fiscal 2014. One, am I reading that quickly? And then two, how are the overall negotiations with that credit facility going given that they do expire at the end of this year?

Ms. Beth Summers: Yeah Kevin, so from our perspective, the negotiations are proceeding on a pace, so that will be in place, the new line will be in place before year end. And as you noted, it is an RNDNA and we flagged it that we do expect to be able to operate with a slightly reduced line going forward. And that's really just given that improved cash flow line that we've targeted.

Mr. Kevin Chang: Any sense of what target we should be looking at from where it is at the end of fiscal Q1 in terms of those besides the reduction?

Ms. Beth Summers: I think the way to look at that is, Kevin, as we've communicated, our payout ratio will be under 100 percent or we're expecting it to be under 100 percent for year-end.

Mr. Kevin Chang: Okay. And maybe just staying on the debt side, you do have a convert due next year. Just what are your thoughts from that perspective?

Mr. Ken Hartwick: Yeah, I think sort of, Kevin, consistent with what we have said on that convert is that we believe we'd be in a position to redeem it as we get to the September timeframe when it's due. And that remains something that we would continue to target and then factor in what we might do on some of the other convertibles that exist as well and our ability to perhaps look at some of them in the process.

Mr. Kevin Chang: Okay, and when you talk, sorry, go on.

Mr. Ken Hartwick: No, and I said as the key part to that is as Rebecca mentioned is that a commitment by us to lower the overall debt level as we head through to our 2016 timeframe that we referenced in any of our Q4 year-end release as well as Rebecca's comments this morning.

Mr. Kevin Chang: Okay.

Ms. Rebecca MacDonald: And Kevin, I'm sorry, you know, over the last 12 months, Ken and myself have been talking to investment community and saying that we've got all the pieces in place and that now we are going to be focusing aside obviously from growth, we are going to be focusing on that reduction. We do not need to buy anything anymore. And we are not in acquisition mode. We have no need for additional platforms. So we have a very clear plan of how we are going to deal with it and it's just going to be slow and steady. But we are not going to be changing our plan and reducing the cost and reducing our debt, not at the expense. And I do want to emphasize that not at the expense of continued growth.

Mr. Kevin Chang: Okay, no, that's a great point. Maybe just lastly on that, you know, you weren't active on the buy-back either on your shares or on your converts. And given the volatility I guess in your share price year to date, you know, at what level would you be a buyer of your own stock. And then on the converts, it looks like you're now able to redeem the 330 million note. I think that the lockup period ended, I guess, June 30 of this year. Given that trading on kind of 70/75 cents on the dollar, is that where you would look to potentially exercise your buyback on the convert side?

Mr. Ken Hartwick: Yes, so the first thing that we mentioned come out of year-end, the first thing, we made the dividend change which was effective April 1, which put us in position to start to both have the cash available from the dividend change at the time, as well as what we now see from our operating results coming out of the first quarter and the expectation of how the business will perform through the balance of this year and then into the future. And I think that now puts us in a position where if the converts remain where they are, that we would look to do something with regards to the 2017 one in particular.

Mr. Kevin Chang: Okay, perfect. And then, you know, I guess any guidance or targets in terms of the share buyback in terms of levels that would make it interesting for you or prefer not to speculate I guess?

Mr. Ken Hartwick: Yeah, no, I think as far as guidance, I think we've sort of given guidance on what we want or debt to EBITDA level to be at 2016 and which I think from what we've given out, you can guide towards what that might imply. But our priority is more the converts than it is necessarily a share buyback.

Mr. Kevin Chang: Okay, perfect. That's it for me and a great start to the year again.

Mr. Ken Hartwick: Great, thanks Kevin.

Ms. Rebecca MacDonald: Thank you.

Male: And our next question comes from Jonathan Rawley.

Mr. Jonathan Rawley: Oh hi Ken, congratulations on a strong quarter. Could you guys, I know what the base EBITDA guided just for the year, but looking at the cash flow statement, you do about 21 million for the quarter and then 23 million CAPEX. What roughly, for the year, should we expect in terms of operating cash flow versus CAPEX?

Ms. Beth Summers: I think from a forecast perspective we communicated, the guidance on the base EBITDA is the 220 million. For FFO, it will be under the 100 percent for fiscal 2014. From a CAPEX perspective, I think when you look at it from a National Home Services perspective; it should be in the range you would have seen last year or slightly less. What you do need to recall with respect to the National Home Services water heater business, that that has separate non-recourse financing, which from a financing perspective, the financing on a water heater, furnace or an air conditioner perspective is more or slightly more than what you would see being spent from a capital expenditure side. And then from a solar business perspective, the solar billed for the remainder of the year will be much less. If you look at the committed projects currently with respect to solar in the MDNA, it's roughly 107 million. And of that we have built the bulk of it. So that will be much, much less than you would have seen in previous years.

Mr. Jonathan Rawley: Okay, so if I look at the 23 million and I just extrapolate that forward, is that roughly what you think you'll be for the year for CAPEX?

Ms. Beth Summers: No. First off, the 22 million a quarter, if you look at the seasonality of our business, if you look at from both a cash perspective and an EBITDA perspective, the first half of the year is typically roughly 40 percent and the back half of the year is roughly 60 percent. From a CAPEX perspective, pardon?

Mr. Jonathan Rawley: No, that's right, I'm listening.

Ms. Beth Summers: Right. And so then from a CAPEX perspective, you would roughly see on the energy marketing side very little. If you look at it historically, that CAPEX would probably be roughly in the range of 6 million dollars on an annual basis. It's primarily information technology based.

Mr. Jonathan Rawley: Great, that's very helpful. And you guys, you know, you added it looks like 19 million in new net between the issuance of long-term debt and the repayment of debt, which is straightforward. But this 6 million dollar investment by minority shareholders, the new term loan, why did you guys do that?

Ms. Beth Summers: That is with respect to the solar business. So in finding, yeah, so in finding the solar aspect, we would have a minority portion because it is a cap equity type structure.

Mr. Jonathan Rawley: Got it, that's very helpful. But just the last question is I saw at year-end, you know, you had this note that in the last three months certain financial covenants were mended or waived to accommodate the growth. What covenants were waived and how are you thinking about that in the context of new line?

Ms. Beth Summers: The covenants weren't waived. They would have been amended. And they were amended associated with growth. If you look at our overall credit facility, the financial covenants are around growth margin per RCE and as well as debt EBITDA covenants. So as we were looking at it from a growth perspective when we want through that pie piece, those were the covenants that we would have been looking to amend.

Mr. Jonathan Rawley: So it was a debt to EBITDA and a gross margin covenant. Now in going forward with the banks, how are you thinking about those covenants? Are they willing to not have covenants in the new line or is that part of the negotiation?

Mr. Ken Hartwick: Yeah, I think if the primary one that we looked at is really the, reflects the change in our business. So when the credit facility was initially done, we were predominately residential with a small portion of commercial, so some of the measures in there just didn't make sense as we grew half commercial, half residential. So any of the covenant changes that we're looking at really just started to reflect what we do as a business now. And I think those discussions have been very constructive with the banking group.

Mr. Jonathan Rawley: That's great. Alright, thank you for the clarification and congratulations on a good quarter.

Mr. Ken Hartwick: Thank you.

Ms. Beth Summers: Thank you.

Male: And once again, that is zero, then one to ask a question. Our next question comes from Kelsey Rossi.

Mr. Ken Hartwick: Good morning.

Male: And Kelsey you may ask your question.

Ms. Kelsey Rossi: Good morning, hi, this is Kelsey Rossi with RBC. So I just had a few follow-up questions. With respect to the negotiations on the line of credit, I was wondering if, right now I believe the current amount forward is 370 million. Are you guys looking at about to be the same range? Are you looking at reducing that facility?

Ms. Beth Summers: As we noted in the MDNA, we do expect to be able to operate with a slightly reduced line going forward given our improving cash flow.

Ms. Kelsey Rossi: Okay, great, thank you. And then also looking, if it's the case mats for the 90 million dollar convert that's coming June next year that is in the adverse effect that it's a warmer than expected winter this year and you guys may not have as much cash on the balance sheet to redeem that 90 million dollar convert, would you be looking to maybe drawing on the credit facility to redeem it or how would you guys be looking at that?

Mr. Ken Hartwick: Yeah, I think the first point is right. We do plan for normalized winters but what we have gotten better at over time is being able to put different weather hedges in place to insure that if normalized summers or winters don't show up, the impact to us is mitigated beyond what we have in the past. So we've got the first steps. So I think some of our exposure to the type of winter we had, I think you're referenced back to 2011, would be less than what we saw at that time. But if you take too a very warm winter and the impact on cash flow, at that point we would look to the various options to deal with the convert, you know, one of which could be using some of the credit facility to do that. But at the same time, we know we have the customer base we built through Q1, the operating results through Q1 and that customer base that's there is going to contribute to the earnings of the company whether or not there's a warm winter. So I think our confidence level in being able to deal with the convert, you know, manner that is consistent with the principle of reducing our leverage is very high under most circumstances.

Ms. Kelsey Rossi: Great, thank you. And so I just want to confirm on that, in the event that the weather hedges don't work as you want and cash flow is significantly lower than expected, would the lenders allow you to draw on the credit facility to pay off the converts? I just wanted to confirm on those options.

Mr. Ken Hartwick: Yeah, I think it is within the credit facility there is certainly flexibility to apply cash towards the convert now. I think we also believe at that point based on, again our first quarter in the book of business we have, but we have the flexibility in the facility to effectively deal with that convert.

Ms. Kelsey Rossi: Great.

Ms. Rebecca MacDonald: And I appreciate your thinking about doing space scenario, but at the same time, we have to be quite realistic. And as Ken pointed out, we have been able to very effectively manage winter not showing up and summer showing up in vengeance with the hedges. So that's the point of putting these hedges in place, to pretty much smooth out as much weather variance as we possibly can. So you know we do think about weather and we obviously manage our business around variance in weather. And I can tell you as a management we are confident that we're in a good spot.

Ms. Kelsey Rossi: Okay, thanks Rebecca. So now just switching gears a little bit, so I notice that you guys are still looking to sell the F&L facility by the end of the year; is there any update on that? Have you been in negotiations with anyone?

Ms. Beth Summers: Yeah, we've run through a process. And we are currently working with an individual party going down the path with respect to divesting the plant. We would anticipate that being done before the end of the fiscal year.

Ms. Kelsey Rossi: Perfect, thank you. And then so now just switching more into the growth factors; I noticed for solar, you base EBITDA a quarter of a quarter slightly declined. I was just wondering, because I believe that you guys have built most of your commitments; would you expect the EBITDA to increase quarter over quarter or can you provide any color with that?

Ms. Beth Summers: Yeah, EBITDA as you look going forward, should be growing on a quarter over quarter basis because the projects are being completed, being put in service and you're going to see the EBITDA being generated. The difference or why it's lower on a quarter over quarter basis, because there was a small project sold last year.

Ms. Kelsey Rossi: Perfect, thank you. And then also so looking to your guys as a UK business, would you be able to provide any, has there been any change since year-end in terms of your outlook for that business? How would you guys overall feel about your growth in it for this quarter?

Mr. Ken Hartwick: I think it's the business is going almost exactly as we had hoped it would. So on the commercial side is proceeding well and we said right from the beginning we are going to be a slow and steady participant as we build our management team there and skill base. So the customer aggregation is good. The broker receptivity has been very strong to our technology platform and us being there. The only change since year-end is we started off just electricity. We now have our gas license there as well, so dual fuel which will then accommodate us moving into the residential side of that business, which again is something that we will look at over the next quarter or two and again go at a very slow pace. We are learning as we go and as importantly, building out the management team there the way that we have here. So I think we're very pleased with where we are right now. And we view that as a significant growth opportunity and market for us over the coming years.

Ms. Kelsey Rossi: That's great. And since you guys are building up that management team, have you guys put any further thought in expanding it into potentially other European countries?

Mr. Ken Hartwick: Absolutely not. So I think the intention right now is we have a very small customer base in a very big market that I think you would see us there for three or four years building ourselves out into a good, strong player before we would think about moving to the next market. And we have the luxury of being there for a number of years and not doing that. So we want to have a great foundation and platform before we would even think about it. But I can't remember Rebecca or I saying we picked a new country in the next two to three years.

Ms. Kelsey Rossi: That's great Ken, thank you. And then so my last and final question is now that you guys have put all of the work into Momentis and my understanding is plan on putting less capital into it this year and I notice you didn't break out the results in the MDNA as it relates to energy marketing. Can you provide any guidance in terms of how much Momentis is contributing to growth margins?

Mr. Ken Hartwick: Yeah, I don't think it's, similar to what I said on the sales channels, breaking out specifics on each sales channel I don't think is something that we will do at this time. As we mentioned, we have the door to door at 70 percent of our residential sales. Momentis is predominately a residential sales channel and it is a contributor towards the other 30 percent. So we like what it's doing. We are confident that it can contribute to that, but let's say are not going to split out my sales channels and contribution of each.

Ms. Kelsey Rossi: That's great. Do you think that Momentis is going to continue to contribute more as the quarters go on and the platform becomes more mature?

Mr. Ken Hartwick: Well the hope is that all of our sales channels, Momentis, door to door, online, infinity, all contribute more. So in part, the fact that we have the customer growth additions that we have is reliant on each of the sales channels continuing to get better, which they have over the past number of years and we would see no reason why they wouldn't. And that would be our expectation of every single channel. And if any channel cannot be a major contributor to what we want to do, then like anything else, it would be something that we would look and say is it more of a distraction than a contribution. But at this point, we would expect them all to contribute.

Ms. Rebecca MacDonald: And just to add to that, a reminder for you; we told everyone when we went into building up Momentis Group that we wanted to use that channel as a subsidiary to our door to door sales people that possibly cannot reach some customers because it's a different type of sales. It's a warm sale. It's more of a friend and family sale. And it was put in place so we could reach customers that our door to door sales people normally could not reach.

Ms. Kelsey Rossi: Great, thanks Rebecca. That's all the questions for me and congratulations again on the quarter.

Mr. Ken Hartwick: Great, thank you.

Ms. Rebecca MacDonald: Thank you.

Male: And I'm showing no further questions at this time. I will turn the conference back over to our host.

Ms. Rebecca MacDonald: Well, thank you very much for joining the conference call. We appreciate the attention you have put towards the company and we look forward talking to you with a conference call for Q2. If there are any other questions that arise after this conference call, Ken, Beth or myself are available and you can call us directly. Thank you very much. Bye bye.

Male: And thank you for attending today's conference. You may now disconnect.