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PRESENTATION

Operator

Good morning, and welcome to the Just Energy Group Fiscal Third Quarter Conference Call. (Operator Instructions) Please note today's event is being recorded.

I would now like to turn the conference over to Deb Merril, co-CEO. Please go ahead.

Deborah Merril - *Just Energy Group Inc. - President, Co-CEO & Director*

Thank you very much. Good morning, everyone, and thank you for joining us for our fiscal 2018 third quarter earnings conference call. My name is Deb Merril. I'm the co-CEO of Just Energy. And with me today are the Executive Chair, Rebecca MacDonald; my co-CEO, James Lewis; and our CFO, Pat McCullough. Pat and I will discuss the results for 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 answer 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.

Today I'd like to begin with a perspective on the market trends of our industry and Just Energy's progress on our strategic initiatives to achieve long-term sustainable growth.

The Energy industry has only recently begun the transition from being stagnant to one driven by the need for technological innovation and increased focus on customers. Energy plays a significant role in the changing home ecosystem. We are firmly focused on addressing growth opportunities around the rapidly changing ways that consumer views energy.

Commercial and residential customers have come to expect reliable service and to have greater control over energy consumption. Evolving technology and empowered consumers are the most influential factors in our business today.

Just Energy was an early adopter in recognizing the change to a consumer-driven industry. And we have a broad value-based product portfolio that customers can access.

For example, 4 years ago, we began offering a smart thermostat through ecobee, a company which Just Energy holds a 10% equity interest.

Not all customers are aware of products like ecobee that bring real efficiency and savings to their bottom line. As the energy expert, we are in the best position to make consumers aware of these opportunities and deliver them to their homes.

Further, we teamed up with Skydrop 1 year ago to offer smart sprinklers to promote both environmental preservation and cost efficiency. Similar to ecobee, smart irrigation controllers contribute to significant water conservation while also saving customers time and money. By bringing these products together with Energy, we are able to deliver a better solution for customers.

We also reward our customers for their adoption of our products. In 2017, we launched Just Energy Perks, a comprehensive rewards program that strengthens our relationship with customers. Today, we have hundreds of thousands of customers on the product and the response has been overwhelmingly positive. With Just Energy Perks, we have seen a positive correlation to customer retention and at Net Promoter Score.

At Just Energy, we fully understand that we must not only keep pace with consumer needs, but learn to anticipate the future and deliver unparalleled value.

Our product pipeline to meet the growing market opportunities is robust and remains a top strategic priority for our organization. To ensure we are on the right path, we use independent forces to measure Net Promoter Score, a leading customer loyalty metric. We use this data to optimize the customer life-cycle profit.

Today, we are able to reach more customers in more ways than ever before in our history. Our growing product offering, combined with our expanding sales channels, resulted in significant growth of 45% growth in growth additions year-over-year. We are having great success with our retail channel expansion efforts and remain on track to achieve our goal of being present in 500 stores by fiscal year-end.

As we noted in our press release last night, our largest retail partner, Sam's Club, recently awarded Just Energy with an additional 48 stores to add to our portfolio of stores across North America. This partnership exemplifies how Just Energy is expanding our channel opportunities to further reach potential customers.

Furthermore, by building a sustainable distribution network with our leading brand retail -- branded retail partners, we can efficiently grow our business, while proactively managing any risk of changes in a regulatory environment and consumer buying preferences. Expanding retail partnerships is a critical and relatively new growth area for us and demonstrates why we must continue to explore and invest in new sales channels.

On the Commercial side, we are also making investments into growth channels that will allow us to help businesses being more energy-efficient. Just Energy offers LED Retrofit products to our Commercial customers. Through this platform, we offer commodity as well as savings through our energy efficiency devices. In a relatively short period of time, our sales of this product has been strong and acceptance has been high. And we're expanding to U.S. markets to further grow the business.

Earlier this week, we announced our agreement to acquire EdgePower, a leading provider of lighting and HVAC controls as well as enterprise monitoring system. EdgePower has hundreds of commercial buildings in North America that they provide service to. Adding their capabilities to our product suite for Commercial customers, only further sets us apart from our competition as a leader in energy management at a larger scale.

We understand that businesses are looking to their energy experts to deliver both cost savings and energy efficiency. Just Energy is poised to deliver on that commitment and we'll continue to grow our offering of products and services to our customer base and ultimately drive profitability.

As we look to our overseas markets, our geographic expansion efforts remain on track. The U.K. continues to perform very well. In Ireland, we are setting up new customers every day and fully expect that market to contribute to our growth.

During the quarter, we officially launched operations in Japan under the Just Energy brand, marking the company's first expansion into Asia and our third new geographic launch outside of North America in the past 12 months.

In summary, as a leader in the retail energy space, our strategic initiative to continue investing in value-added products, profitably expand our sales channels and geographic reach, remain our top priorities. As a result of these ongoing efforts, we are already delivering meaningful, measurable results. Our business demonstrated this with a strong operating performance during the third quarter.

Our positive customer trends continued as we have now achieved positive net customer additions in each of the last 2 quarters of fiscal 2018 and our attrition rates remain at historic lows. We believe these trends demonstrate the importance of our strategy in our efforts to attract and retain customers that align with our growth initiatives.

With that, I would now like to turn the call over to Pat McCullough, our CFO. Pat?

Patrick McCullough - *Just Energy Group Inc. - CFO*

Thank you, Deb. During the third quarter, our business performed very well, rebounding from the challenges we faced in the second quarter and truly displaying the underlying health of our corporations that are supporting our growth.

First I'll begin with a few highlights from the third quarter and then provide some added color in certain areas of the business.

The third quarter was a strong quarter for the company as evidenced by improvements in net customer growth, bottom line profit and cash from operations.

Funds from operations of CAD 37 million was $16 million better than prior year and reinforces the stability of our dividend.

Our third quarter base EBITDA improved 2%, a strong operating performance offset planned strategic growth investments in foreign exchange.

Gross margin for the quarter declined 2% to $171 million due to foreign exchange impact from the weakening U.S. dollar. Looking more closely at gross margin, there is a very positive story within our Consumer division where we are adding or renewing customers at an average gross margin per RCE well in excess of those lost. In fact, during the quarter, we achieved an average gross margin for RCE for the customers added and renewed of $225 per RCE, which is an all-time company record for Just Energy.

Couple this exciting accomplishment with the fact that our average aggregation cost for the Consumer division continues to decline as a direct result of the strategic shift in the company's sales channels from door-to-door to online broker and other sales channels.

These developments demonstrate the long-term value in our customer first strategy and our growing suite of value-added products and long-term loyalty programs.

In line with these focused efforts, we drove year-over-year customer attrition improvement of 2 percentage points during the quarter and we remain near historically low levels. We believe our improving combined attrition rate was a result of our focus on becoming our customers' trusted adviser and providing a variety of energy management solutions to drive loyalty. These efforts are evident within each division as Consumer attrition of 22% decreased 2 percentage points year-over-year and was flat sequentially, while Commercial attrition of 5% decreased 3 percentage points from a year ago and was also flat from the prior quarter.

Commercial renewal rates declined by 7 percentage points to 48%. The Consumer renewal rate also declined by 7 percentage points to 72%. The decline in Commercial renewal rates reflect a very competitive market with aggressive pricing. Just Energy remains focused on improving -- retain customers' profitability rather than pursuing low-margin growth.

The Consumer renewals in Canada have decreased mainly due to regulatory changes in Alberta and Ontario, which prohibits selling Energy products door-to-door, ban contracting with consumers at their home and disallow the automatic renewal or extension of expiring contracts.

Finally, on the income statement. We controlled sales and marketing costs as they remained flat during the quarter despite growing our customer base. Administrative expenses increased by 13% due to the necessary expenditures to support our growth initiatives. Selling -- pardon me, total finance costs decreased 48% as a result of the redemption of the 6% convertible debentures and the senior unsecured notes in fiscal 2017. That was partially offset by the finance costs from the issuance of the 6.75% convertible debentures.

We remain focused on sustainable cost reduction through cost efficiency initiatives that were underway in the third fiscal quarter. We expect benefits to be realized in the fourth fiscal quarter and into subsequent quarters.

Now turning to some of the other key financial metrics and balance sheet items. Base funds from operations increased 85% from the prior year due to lower tax and interest payments. The payout ratio on base funds from operations was 57% for the quarter, improved from the 90% reported 1 year ago. On a trailing 12-month basis, the payout ratio was 90% improving from a 106% last quarter and overcoming the weak nonrecurring Q2 earnings.

Cash and cash equivalents of $99 million improved $21 million or 27% year-over-year, primarily as a result of the withdraw of $20.8 million on the credit facility this quarter to support seasonal cash requirements.

The enactment of the Tax Cuts and Jobs Act of 2017 in the U.S. resulted in a reduction in the federal corporate income tax rate effective for January 1, 2018, and other tax measures. The enactment does not have a material impact on Just Energy, as no deferred tax assets were recognized on our significant loss carryforward in the U.S. As further clarification and guidance on the new legislation is provided by the IRS and treasury department, Just Energy will effect its impact on our financial position. However, no material impact is expected.

Managing our balance sheet remains a priority. Our long-term debt increased to $586.5 million due to the credit facility withdrawal. This resulted in a book value net debt of 2.6x EBITDA on a trailing 12-month basis, which is in line with the figure we reported last quarter and lower than the 2.9x reported 1 year ago. We remain committed to improving our debt ratios. Our reposition business model has improved our ability to drive profitability and cash generation to meet our financial obligations, while pursuing future growth.

Moving to our outlook. We are reiterating our previously issued guidance for fiscal 2018 base EBITDA in the range of $175 million to $190 million. This range reflects the impact of the significant onetime weather events in the second fiscal quarter, the company's efforts -- and the company's efforts to improve profitability.

The company is making significant investments to cultivate international operations, further invest in product and other growth initiatives and pay upfront commissions related to customer growth in fiscal 2018.

With that, I'll turn it over to Deb for her closing remarks.

Deborah Merril - *Just Energy Group Inc. - President, Co-CEO & Director*

Thank you, Pat. I am pleased with the strong results that we delivered this quarter. We delivered growth in customers, profit as well as cash. The improvement in all these metrics demonstrate that our strategy is working.

With that, I would now like to open the call for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Carter Driscoll with B. Riley FBR.

Carson Sippel

This is Carson Sippel speaking on behalf of Carter Driscoll. For my first question in regards to debt, can you please address to how you are thinking about debt refinancing in the face of the global rising interest rate?

Patrick McCullough - *Just Energy Group Inc. - CFO*

Yes, we are. Thank you for the question, Carson. This is Pat. We are looking at refinancing our short-term debt maturities in the near term. You'll see announcements coming from us in the not too distant future, but we have gotten after that, there's a great deal of planning that's happened in the company and we expect a very successful outcome there in the short term.

Carson Sippel

Great. And then from my follow-up question. In regard to the competition from the retail sales channels, could you shed some light on the competitive landscape for the newer retail channel and discuss the success you've had, like for instance, with Sam's Club? And what do you think the average of long-term customer additions per day is? Do you think it's in the 2 per day range?

Deborah Merril - *Just Energy Group Inc. - President, Co-CEO & Director*

So. Yes, this is Deb. I'll take that question. We're building relationships -- retail relationships with not just Sam's Club, but we have many companies we are working with. So we've got, I believe, north of a dozen partners right now. So as we talk about competition, we're not all going after one. We're also -- and I believe that as I look at our team, as I look at the value proposition we're bringing to our partners and how we're executing, I think that, that is contributing a lot to the success that we're having on the retail channel. So we're going to continue to go after a lot of names to make sure that we have some diversity in that portfolio as well. We don't want to be highly concentrated anywhere just like in any sales channel, but we definitely are driving that sales channel through execution and through being good partners with our retail partners.

Patrick McCullough - *Just Energy Group Inc. - CFO*

And this is Pat. Just to add one thing to do that. We have a competitive advantage over our competition, in that we have the broadest geographic footprint in North America. We also are in the gas and electricity business and we're very broad in energy efficiency devices. So as we compete with our direct competitors for retail attention and ultimately partnerships, we do have a big advantage there.

Carson Sippel

All right. And then -- so do you think you'll be able to present a financial metrics soon to gauge this success?

Patrick McCullough - *Just Energy Group Inc. - CFO*

We'll certainly be talking in more detail as it becomes a material channel to us. As you probably know, we've reported sales by channel in the past. Then you'll see us break retail out in fiscal '19 because it will become significant enough to make that materiality cut on a sales basis.

Operator

Our next question comes from Nelson Ng with RBC.

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Nelson Ng - *RBC Capital Markets, LLC, Research Division - Analyst*

Great. Just a quick follow-up on tax. Pat, you mentioned that the tax reform shouldn't have a material impact? I guess, it helped during the quarter and I was just wondering whether you have some -- a rough guidance in terms of what your expectation is in terms of the current income tax expense for fiscal '18. And placed directionally, where it will go for fiscal '19?

Patrick McCullough - *Just Energy Group Inc. - CFO*

Yes. Thank you for the question, Nelson. As we think about current income tax expense, we're going to be in the $25 million to $30 million range. And it'll probably hold in that range for multiple years until we expire the net operating loss in the U.S. and become a U.S. cash taxpayer, which we're expecting about 2.5 years to 3.5 years from now. And obviously, the U.S. tax reform is beneficial to us, relative to the old tax regime, once we get out in that 3-plus year period.

Nelson Ng - *RBC Capital Markets, LLC, Research Division - Analyst*

Okay, got it. And then just a quick question on EdgePower. Can you guys give a bit more color on the strategy there? Like are you essentially, I guess, offering monitoring and management capabilities? And then do those customers typically also buy the commodity from you as well? Or do you try to cross-sell them and what's the success rate there?

Deborah Merril - *Just Energy Group Inc. - President, Co-CEO & Director*

Well we just -- the reason we bought EdgePower is, one, they've got a really good product. They've been around for a long time and they've refined their product over several years. So -- and as we look at the ecosystem for a Commercial customer, you think about it, they're dealing with lighting, they're dealing with HVAC, they've got commodity; and all of those things, you start to pull those together, you can start to show real savings for the customer. So between our LED Retrofit business where customer saves 20%, 30% based on -- and sell -- when they sell the LED more efficient products. And then when you couple that with the ability to control those -- the LED and make sure you're monitoring and you're turning them off and on at the right time and you do that remotely, as well as commodity, and you've pulled all those things together, that will be the value product that we're offering. So -- and again, we've talked before, Nelson, where Commercial customers are about price and efficiency and saving. So we want to make sure that we're able to deliver that to them so that we can then continue to get those high-value customers to be able to grow our Commercial base as well.

Nelson Ng - *RBC Capital Markets, LLC, Research Division - Analyst*

And then just one last question. Can you guys talk about gross margin expectations per RCE for the new geographies and, I guess, Ireland, Germany and also Japan? I believe the U.K. margins are pretty high and I was just wondering how the other countries compare to the U.K. or the U.S.?

Patrick McCullough - *Just Energy Group Inc. - CFO*

Sure. Thanks for the question, Nelson. So as you probably know, the North American households are larger than many of these foreign nations. So if you think about a residential customer equivalent, on a North American scale, the way we report, is not very conducive to how to think about a British household, which is maybe half the size. So as we think about profit per electron, okay, or profit per MMBtu, we're thinking about it on a rate basis. So fundamentally, if our cost of goods sold is x, can we hold a higher markup? And that margin ultimately is driven as much by the supply and demand and our buying power and customer pricing as it is the value that we can deliver and maybe change customer thinking on what pricing or value actually is. We have experienced better than average profit on a molecule basis in the U.K. We think Irish market is similar to that. The German market is extraordinarily different because the vast majority of the bills actually are tariffs from their former Solar and Wind installs. So if you think about commodity and markups on commodity, it's not really the game there. The game there is energy efficiency and conservation to reduce the overall usage-based tariff, which is the biggest part of the bill. So it's really hard to say what margins can be in Germany until we get through a full piloting of energy efficiency and whether the market's ready to accept some of those new technologies. And Japan is -- it's a tough market to understand right now because wholesale liquidity is not fully in place, price volatility is not allowed yet by the government. So I think, we'll understand margin potential in Japan in the next 1.5 years or so. But that's a hard one to call at this point. We're attracted to the market though because of the open plan and the 85 million meters.

Nelson Ng - *RBC Capital Markets, LLC, Research Division - Analyst*

So just for -- just on Japan, so, I guess, you're going to -- [sell] but you're going to take it slow given the uncertainty, then you're not trying to kind of really ramp-up there. Are you just kind of opening up an office and seeing how things go? Or what's the approach in Japan given that certain things are still kind of very uncertain?

James W. Lewis - *Just Energy Group Inc. - President, Co-CEO & Director*

We'll be opening -- it's Jay here. What we're looking at in Japan, we're going to pilot like we do every place else to make sure that the systems are in place. We're making sure that we build our customers there. So we've started flowing, we're billing now, we're going through the collection process and [so we're finding it all out] over the next quarter or 2 here and then go full scale with our marketing approach.

Operator

Our next question comes from Raveel Afzaal with Canaccord Genuity.

Raveel Afzaal - *Canaccord Genuity Limited, Research Division - Analyst*

So first with respect to weather, the weather has been quite volatile this quarter. Can you please speak to your hedging strategy? And whether you think it's going to provide you with some consolidation opportunities in the marketplace?

James W. Lewis - *Just Energy Group Inc. - President, Co-CEO & Director*

Yes. Great question. You're right. January has been extremely volatile. We do a great job. Our risk group with our hedging. We've put weather hedges on as we talked about. So as of right now, yes, we are reiterating our guidance and we feel comfortable.

Patrick McCullough - *Just Energy Group Inc. - CFO*

And to address the second part of your question, Raveel, around consolidation opportunities, we're keeping a keen eye on this because if you remember after polar vortex, we saw companies trading at 1 to 2x earnings after getting hit with liquidity and working capital pinches. So we do expect there's going to be some companies that have trouble with January weather, maybe February, based on how it's pointed. But it will be interesting to see how the pure retail folks that don't have the proper weather hedges in place, fair, given we saw tremendous volatility in January.

Raveel Afzaal - *Canaccord Genuity Limited, Research Division - Analyst*

And then with respect to the gross customer adds for the Consumer division, very impressive growth coming out of the kiosk channel. But when I look at the gross customer as 105 versus 169 in the previous quarter, why were they down sequentially? And how should we think about these? Was there some seasonality? Why were they down this quarter?

Patrick McCullough - *Just Energy Group Inc. - CFO*

Yes, if you think about door-to-door channel, which is becoming a very small part of our channel mix, it's a tough quarter for door-to-door. If you think about the digital transition we're making to new partners and selling ourselves, it's a smaller quarter than you'll see us do on a go-forward basis. And, obviously, we did have retail step up, but retail is still in the scaling process. So as we think about retail in the future, it's going to be a large segment for us, it's just not overtaking some of the bigger legacy segments yet.

Operator

Our next question comes from Endri Leno with National Bank.

Endri Leno - *National Bank Financial, Inc., Research Division - Associate*

First question I have is, will you be impacted at all by the Sam's Club closures that were announced earlier this year? And will the new additions, the 48 store awards, will they be completed in fiscal 2018? Or they're going to spill into 2019?

Deborah Merril - *Just Energy Group Inc. - President, Co-CEO & Director*

So, we'll roll those out over the next several weeks. So it might spill into some '19. But we did have some of the stores at Sam's Club closed, that impacted us, but the new stores we got more than offset that. So overall, the number is increasing.

Endri Leno - *National Bank Financial, Inc., Research Division - Associate*

Great. And my next question is, in Japan, as you're preparing for this sort of a soft launch for the next couple of quarters, what kind of incremental expenses do you expect there? Are they going to be significant?

Patrick McCullough - *Just Energy Group Inc. - CFO*

No, they won't be significant. As you probably know, there's no CapEx required for us to enter these new markets, so there'll be modest OpEx. And we'll actually be gauging the amount of OpEx that we're willing to spend based on those marketing opportunities that Jay was talking about. But you can imagine the very low-single-digit millions of dollars Canadian as the potential annual OpEx in those markets -- in a market like Japan, until it's proven and ready to scale.

Operator

(Operator Instructions) Our next question comes from Amit Dayal with H.C. Wainwright.

Amit Dayal - *H.C. Wainwright & Co, LLC, Research Division - MD & Senior Technology Analyst*

In regards to this recent acquisition, can you talk about the impact on the financials, as an annual run rate level maybe, for fiscal 2019 margins, revenues?

Patrick McCullough - *Just Energy Group Inc. - CFO*

Yes, thanks for the question, Amit. It's not material to our bottom line. But it is profitable and cash flowing. So from a credit and an EV perspective, there is a very, very small amount of accretion for us, but it's not material and won't fundamentally impact fiscal '19 until we fully integrate it inside of our company, coupled it with the LED Retrofit business, and had a chance to take that to all of our several hundred thousand Commercial customers.

Amit Dayal - *H.C. Wainwright & Co, LLC, Research Division - MD & Senior Technology Analyst*

Yes. So my next question is actually going to be about what's the plan to deploy this? Is the offering scalable at that level already? Or do you guys need to sort of put in some work to get there?

Deborah Merril - *Just Energy Group Inc. - President, Co-CEO & Director*

No, it's scalable right now. So it's a cloud-based software system. So -- and there's some local installation that you do in order to get the controls in place. But -- so we are building up the plan associated with our existing customers, which one will be most likely to be most -- benefit the most from this kind of thing. And we'll go after that kind of on a very methodical basis over the next several quarters.

Amit Dayal - *H.C. Wainwright & Co, LLC, Research Division - MD & Senior Technology Analyst*

And is this something you can maybe in the future leverage with your residential clients as well? Or you're just going to limit this to the Commercial side?

Deborah Merril - *Just Energy Group Inc. - President, Co-CEO & Director*

It really is a Commercial application. It's a pretty sophisticated product. We do have other things with residential for energy efficiency and smart home that we're doing, that probably apply more to the Residential side.

Amit Dayal - *H.C. Wainwright & Co, LLC, Research Division - MD & Senior Technology Analyst*

Understood.

Ubavka Rebecca MacDonald - *Just Energy Group Inc. - Co-Founder & Executive Chair*

This is Rebecca. I just would want to add to what Deb said. I think it will be important for analysts to start looking at Just Energy as a trusted adviser that wants to provide energy solutions to the customers. An acquisition like this is more focused towards Commercial customer, but there are numerous products that we want to have in our bag to be able to offer either Commercial or Residential as a part of that energy solution that we want to provide.

Amit Dayal - *H.C. Wainwright & Co, LLC, Research Division - MD & Senior Technology Analyst*

Right. I think it makes a lot of sense. I am fully in agreement with you guys on that. Just a question on the RCE trends of the margin levels for the Commercial side, you know year-over-year it looks like those margins are lower. Is this just competitive environment in the industry? Or is it something else that we should be aware of?

Patrick McCullough - *Just Energy Group Inc. - CFO*

It is. You're talking about the incoming margin of $73 per RCE and the outgoing of $77. Yes, the challenge, as you look at the outgoing margin on the Commercial accounts, is that $77 is the design margin we held at the point of previous sale and when it comes up for renewal, some of those larger customers are really pushing pricing down. They're doing a good job at negotiating and commoditizing the retail energy space. Hence, you hear us talking so much about management solutions, which provides more value. So that $77 margin that's falling off of our book, it's probably being quoted at near breakeven. And that's the reason that we're letting that customer go to our competition and not renewing them. Now with the volatility we're seeing in the markets in January and potentially February, that could change. The pricing power may come back to us as the bottom feeders get shook out of the space a little bit.

Deborah Merril - *Just Energy Group Inc. - President, Co-CEO & Director*

And, Amit, I'll just add a little bit to that. That Commercial margin coming in per RCE kind of depends on the size customers were adding. Obviously, smaller Commercial customers have higher margin. Lower Commercial -- bigger Commercial customers have lower margin per RCE. But overall, very profitable. So as we fluctuate, and maybe this last quarter, we actually saw some really good traction with some of those medium to medium-large customers. So that weighted down the average a little bit, but all very profitable customers. So we'll see that fluctuate a little bit, but the discipline is still there around, ensuring we're getting the right return.

Patrick McCullough - *Just Energy Group Inc. - CFO*

And then I should have added as well, Amit. If you look at the trailing 12 months' actual margin for RCE, it clicked up for us to $88, which is very strong and it's near the high point that we've reported on an actual basis. And the reason we've been running with the slightly higher actualized margin, versus that incoming design margin, is frankly the folks have done a better job with these customers or the supply and trading debts has made a little bit more money than we had conservatively planned in the design margin. So we actually feel very good about margins right now in the Commercial business because of our selectivity with customers.

Amit Dayal - *H.C. Wainwright & Co, LLC, Research Division - MD & Senior Technology Analyst*

Understood. That is actually really helpful. Just one last one from me. In terms of customer attritions you're seeing from this presence in the retail channels, I know you provided numbers like 1 to 2 customers potentially from these channels per day. Are you seeing similar levels of sign-ups? Or has that improved for places you've been in for a longer period?

Patrick McCullough - *Just Energy Group Inc. - CFO*

Yes. As we think about that channel and what we can do, I think we've said publicly before that we'd like to see 1 sale per store per day and then it meets our return needs. That was our original conservative expectation. We've seen better than that, and I think the question for all of us is when we get into full scale and fiscal '19, can we hold the number significantly higher than that? We certainly hope so, we're certainly working on that. But right now, it's really hard to say where we'll be at when we're in the several hundred stores and fully scaled, which will take a few months.

Operator

This will conclude our question-and-answer session. I'd like to turn the conference back over to Deb Merrill for any closing remarks.

Deborah Merril - *Just Energy Group Inc. - President, Co-CEO & Director*

All right. Thank you very much, everybody, for joining us. We really appreciate your questions and your interest in the company. I also wanted to extend our deepest gratitude to Just Energy employees. These are the people who, in 4 countries and several offices around the globe, make all this happen. So we want to make sure that they understand that they are the ones who make this thing run. So we really appreciate their commitment and their loyalty. And we look forward to updating you on our fiscal fourth year -- fourth quarter in May. And we'll talk to you then. Thank you.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.