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Assurant 4Q 2017 Earnings Transcript

PARTICIPANTS

Corporate Participants

Suzanne Shepherd –Vice President, Investor Relations, Assurant, Inc.
Alan B. Colberg – President, Chief Executive Officer & Director, Assurant, Inc.
Richard S. Dziadzio – Executive Vice President, Chief Financial Officer and Treasurer, Assurant, Inc.

Other Participants

Mark D. Hughes – Analyst, SunTrust Robinson Humphrey, Inc.
Jamminder Singh Bhullar – Analyst, J.P. Morgan Securities LLC

MANAGEMENT DISCUSSION SECTION

Operator: Welcome to Assurant's Fourth Quarter 2017 Earnings Conference Call and Webcast. At this time, all participants have been placed in a listen-only mode, and the floor will be open for your questions, following management's prepared remarks. [Operator Instructions]

It is now my pleasure to turn the floor over to Suzanne Shepherd, Vice President of Investor Relations. You may begin.

Suzanne Shepherd, Vice President, Investor Relations, Assurant, Inc.

Thank you, Kelly, and good morning, everyone. We look forward to discussing our fourth quarter and full year 2017 results with you today. Joining me for Assurant's conference call are Alan Colberg, our President and Chief Executive Officer; and Richard Dziadzio, our Chief Financial Officer and Treasurer.

Yesterday, after the market closed, we issued a news release announcing our results for the fourth quarter and full-year 2017. The release and corresponding financial supplement are available on assurant.com. We'll start today's call with brief remarks from Alan and Richard before moving into a Q&A session.

Some of the statements made today may be forward-looking. Forward-looking statements are subject to risks, uncertainties and other factors that may cause actual results to differ materially from those contemplated by these statements. Additional information regarding these factors can be found in yesterday's earnings release, as well as in our SEC reports.

Our previously announced acquisition of The Warranty Group is expected to close in the second quarter, subject to regulatory approval and other customary closing conditions. As such, the 2018 outlook provided on today's call does not include any contributions expected from The Warranty Group acquisition, nor the financing plan.

During today's call, we will refer to non-GAAP financial measures which we believe are important in evaluating the company's performance. For more details on these measures, the most comparable GAAP measures and a reconciliation of the two, please refer to yesterday's news release and financial supplement available on assurant.com.

I will now turn the call over to Alan.

Alan B. Colberg, President, Chief Executive Officer & Director, Assurant, Inc.

Thanks, Suzanne, and good morning, everyone. We are pleased with our results for the fourth quarter and full-year 2017. We delivered on our financial commitments to shareholders, while also building a stronger Assurant for the future. Specifically, for full-year 2017, we generated net operating income growth of 9%, excluding reportable catastrophes, well ahead of our initial expectations, due to business growth and $12.5 million of net one-time benefits.

Operating earnings per diluted share, excluding catastrophes, grew by 22%, surpassing our long-term average annual target of 15%. And we completed the return of $1.5 billion in capital to shareholders, as planned. In 2017, we also achieved key milestones in our multi-year transformation, which we believe position our company for continued profitable growth.

We invested in our digital and data analytics areas and we also established capability centers for enterprise strategic account management, customer experience, robotics, and artificial intelligence. These are just a few examples of investments to strengthen our competitive advantage. Through our newly-formed enterprise procurement group and other initiatives, we've made good progress toward our $100 million gross expense savings target.

These savings, largely sourced from third-party spending, have and will fund ongoing investments in the business, while expanding margins over time. We've also continued to manage capital prudently with the goal of enhancing shareholder value. Not only did we complete our return of $1.5 billion to shareholders, we also announced our acquisition of The Warranty Group. We believe this transaction positions us as a leading lifestyle provider with significant synergies, a platform for continued innovation, and a more predictable and diversified earnings stream.

In January, following the enactment of U.S. tax reform legislation, we amended the transaction agreement to simplify the overall structure and optimize the financing plan. Importantly, tax reform provides meaningful savings to our operations which will benefit our shareholders, customers, and employees. Let me now share some of the highlights from the year for each of our operating segments.

Global Lifestyle's earnings grew 15% for the full-year, ahead of our average annual growth target of 10%, as we advanced our position as a strong lifestyle competitor with an attractive product and client mix. In Connected Living, we added new partnerships with leading global brands such as Comcast, Apple and most recently with KDDI in Japan. We now protect over 36 million covered devices worldwide with a growing portion of those devices leveraging our premium tech support capabilities.

Our vehicle protection business remained a strong performer in 2017 with nearly 10% revenue growth, operating ROE in the mid-teens, and solid cash flow. Our results reflect a continued volume growth from third-party administrators as well as our partnerships with leading OEMs. Our acquisition of The Warranty Group will expand our reach into complementary channels, such as dealer networks and national accounts, which will strengthen our overall position in the vehicle protection market.

In Global Housing, 2017 was marked by significant weather-related activity across the Caribbean, Mexico and the U.S., which resulted in $190 million of after-tax net reportable catastrophe losses. Despite the significant devastation, our Comprehensive Reinsurance Program provided broad multi-storm coverage to mitigate losses. Importantly, during this time, our employees responded exceptionally well to these events, providing support to those in need.

Looking at our underlying performance, excluding reportable catastrophes, Global Housing net operating income was roughly level with 2016. This was better than expected, driven by strong fourth quarter results within our lender-placed insurance and flood businesses. We made progress driving our operational excellence initiatives to mitigate declines in lender-placed.

In 2017, we ran pilots to migrate clients onto our single processing platform which will provide a more seamless customer experience and deliver operating efficiencies over time. So far, results are encouraging, though savings from these efforts will not be realized until later this year and beyond. Lender-placed remains an important business for us, and all of this work will help us continue to be an innovative leader and maintain strong returns long-term.

In multi-family housing, we now protect 1.8 million renters across the U.S., an increase of almost 20% from 2016. This reflects our strong suite of products and superior customer experience. In addition to working through our property management and affinity partners, we continue to innovate and now offer products through new digital channels with partnerships with companies like TenantCloud, Cozy, and SURE.

Strong growth within multi-family housing helped offset declines in mortgage solutions where we continue to see weak market demand in new loan origination and field services. During 2017, we took actions to realize efficiencies in our mortgage solutions operations, including assessing our real estate footprint and operating platform. We do not expect a material improvement in the overall market in 2018 and we'll further adjust costs as needed.

Moving to Global Preneed, with $40 million of earnings in 2017, this segment continues to be a steady contributor to our business, supported by our alignment with market leaders, as well as expanded product offerings for the senior lifestyle market. We now protect around 1.9 million customers across North America.

As we look at 2018 and beyond, we are focused on leveraging our scale and expertise in both the lifestyle and housing markets to continue driving profitable growth. Across our businesses, we will look to enhance our customer focuses with an emphasis on strategic account management to deepen our client relationships and continuously improve the customer experience.

Sustaining innovation through investments in artificial intelligence in areas like the connected car and connected home will be important. This will be balanced by a steadfast focus on operational excellence as we continue to strengthen our technology foundation, drive margin expansion, and live our Assurant operating model.

We believe our talent remains a competitive advantage. In 2018 and beyond, we will continue to invest in our people and further champion a culture of engagement, growth, and performance as we build a stronger Assurant for the future. Our long-term commitment remains to grow earnings over time. And we're pleased that already in 2017 we have seen successful results from our transformation.

Based on our current plans for 2018, we expect Assurant net operating income, excluding catastrophe losses, to be up 10% to 14% from the $412 million reported in 2017. Earnings growth is expected to be

driven by a lower consolidated effective tax rate and modest growth in underlying earnings, recognizing that includes $12.5 million of net one-time benefits which are not expected to recur.

As we announced previously, we expect our effective tax rate to decline to about 22% to 23% from 33% historically. While a significant portion of the tax savings will drive higher earnings, we currently plan to reinvest approximately one-third of those tax savings to support future growth across our enterprise. We will provide more details as plans are finalized by the second quarter of 2018.

Looking at underlying earnings, profitable growth is expected to be driven primarily by mobile in Connected Living, our multi-family housing, and vehicle protection businesses. We anticipate some additional declines in lender-placed and credit insurance, which will offset much of that growth. Expense savings from enterprise initiatives are also expected to continue. Operating earnings per share, excluding reportable catastrophes, are expected to grow more than net operating income, driven by share repurchase activity during the past year.

Our current outlook for 2018 does not include any impact from The Warranty Group acquisition or the related financing plan. We'll update our outlook for the year when appropriate. In addition, we will refresh our long-term metrics and targets to reflect the enhanced financial profile of our combined operations. As we've stated previously, we're confident in our ability to grow earnings and cash flow long-term, and that our attractive business portfolio, combined with the more efficient operating structure, will produce more diversified and predictable earnings. This will allow us to continue to invest in the business and return excess capital to shareholders over the long-term.

I'll now turn the call over to Richard to review our fourth quarter 2017 results and our 2018 outlook in greater detail. Richard?

Richard S. Dziadzio, Executive Vice President, Chief Financial Officer and Treasurer, Assurant, Inc.

Thank you, Alan, and good morning, everyone. Let's start with Global Housing. Net operating income for the fourth quarter totaled $90 million, exceeding our expectations. When compared to the prior year period, results benefited from $40 million of lower reportable catastrophes, the absence of $20 million of lender-placed regulatory expenses, and more income from processing a substantially higher volume of claims under the National Flood Insurance Program or NFIP following Hurricane Harvey. We've now closed more than 90% of our NFIP flood claims, so we do not expect this level of income to continue into 2018.

In addition, fourth quarter 2017 results also reflected more favorable non-catastrophe loss experience. In the first half of 2018, however, we expect non-catastrophe losses to increase to more normalized levels, as well as reflecting typical winter and spring seasonality. Growth in multi-family housing and the new lender-placed loans on-boarded earlier this year also contributed to a strong fourth quarter. We will continue to see declines in the lender-placed portfolio in 2018 but at a slower pace.

Looking at our key metrics, the risk-based combined portfolio for our lender-placed and manufactured housing businesses decreased to 75.2% from 105.0% in the prior-year period. Net reportable catastrophes in the quarter totaled $3.2 million pre-tax, a $62 million year-over-year decrease. Fourth quarter 2017 losses were mainly related to California wildfires and were partially offset by reduction in reinstatement premiums as claims for the third quarter hurricanes developed more favorably than initially expected. As a reminder, Hurricane Matthew occurred in the fourth quarter of 2016 which resulted in elevated claims.

Excluding catastrophe losses, the risk-based combined ratio was 74.1%, down from 88.8% in the prior-year period. This improvement reflects the absence of regulatory expenses, higher than expected NFIP income, and better than average non-catastrophe loss experience. The pre-tax margin for the

fee-based capital-light offerings was down 60 basis points to 10.6% as declines in mortgage solutions were partially offset by profitable growth in multi-family housing. Valuation and field services continued to experience lower client volumes and be impacted by market conditions.

Turning to revenue, total Global Housing net earned premium and fee income decreased 2% in the fourth quarter. Lower placement rates in lender-placed insurance and declines in mortgage solutions drove the decrease. Specifically, the placement rate dropped 22 basis points year-over-year or 4 basis points from the third quarter.

This reflects both the overall improvement in the housing market and a higher mix of low placement loans. The overall reduction in Global Housing revenue was partially offset by policy growth, mainly from affinity partners in multi-family housing and premiums from new lender-placed loans on-boarded earlier in 2017. We do not expect additional revenue growth from these loans in 2018.

As evidenced last year, our Catastrophe Reinsurance Program is a critical component of managing our risk. In January, we placed around 65% of our 2018 program within the traditional reinsurance market. Rates were in line with the broader market, up 5% to 10% on a blended basis. We were also able to add another multi-year layer of protection and maintain certain key features like cascading in the event of multiple storms. As we do every year, we expect to complete and announce our program in July.

For full-year 2018, we expect Global Housing's underlying earnings to decline from 2017 before taking into account savings from tax reform. After reflecting a lower effective tax rate of approximately 20%, with some of the savings we invested in the business, we expect earnings to increase. 2018 should mark the last year of significant lender-placed declines, with an expected 4 basis point to 5 basis point quarterly reduction in the placement rate.

The rollout of our new single-source processing platform is expected to drive additional efficiencies, however, not until the end of 2018 and more substantially thereafter. Given this deployment schedule, our risk-based expense ratio will remain elevated through 2018. Our multi-family housing business is expected to generate continued profitable growth, driven by the expansion of our affinity and property management relationships, as well as increased product penetration.

With regard to mortgage solutions, market conditions are still expected to be challenging. We are working hard to improve mortgage solutions' results, and we'll continue to drive operating efficiencies to mitigate some of the market weakness. In terms of revenue, we expect Global Housing to be roughly flat in 2018 as declines in lender-placed are offset by growth in multi-family housing and mortgage solutions.

Moving to Global Lifestyle, the segment reported earnings of $43 million for the fourth quarter, up $8 million year-over-year. The increase was driven primarily by higher mobile contributions from new and existing programs, more favorable loss experience, and a client recoverable of $5 million. We also saw continued growth from the vehicle protection business. Results were partially offset by declines from credit insurance as well as lower income from mobile repair and logistics due to lighter trade-in activity.

We no longer expect to see an increase in trade-in volumes in the first quarter of 2018 as sales of new smartphones have been lower than the industry originally forecasted. Turning to revenue, net earned premiums and fees were up $74 million or 9% in the quarter. This excludes a program structure change made at the end of 2016 for a large service contract client. Growth was mainly from increased mobile subscribers, including newly launched programs, which are performing well.

Vehicle protection was also a key driver. Results were partially offset by lower mobile trade-in activity, as noted earlier. Looking at the segment's profitability metrics, the combined ratio for risk-based businesses increased in the quarter to 96.3%, up approximately 70 basis points from fourth quarter 2016. The pre-tax margin for fee-based, capital-light businesses was 5.4% in the fourth quarter, up from 3.7% in the prior period. The drivers for both metrics aligned with the net operating income commentary for the quarter.

In summary, we are pleased with our overall 2017 results with Global Lifestyle earnings up 15%, including some one-time benefits. So, while we expect Global Lifestyle's underlying earnings to increase in 2018, the increase is anticipated to be more modest. This is all before considering savings from tax reform. We expect earnings growth in mobile, including programs implemented during 2017. Mobile trade-in activity will depend on the success of new phone introductions, availability of these phones, and mobile carrier promotional activity.

Throughout 2018, we also anticipate continued profitable growth in our vehicle protection business, as strong sales from prior periods begin to earn. Credit insurance, however, will continue to decline, reflecting runoff business and discontinued partnerships. After factoring in the lower effective tax rate of roughly 22% and summary investments to support growth, Global Lifestyle reported earnings should be up more substantially in 2018.

Next, let's move to Global Preneed. The segment recorded $4.6 million in fourth quarter net operating income, a decrease of $6.3 million year-over-year, primarily due to a $5 million software asset write-down. Revenue in Preneed was up 9%, driven mainly by growth in Canada and sales of our Final Need product in the U.S. from strong sales in prior periods. Face sales decreased 4%, primarily due to lower Final Need sales and seasonality. Sales in this segment overall tend to be lower in the fourth quarter, leading up to the holidays.

In 2018, we expect Global Preneed revenue and earnings to continue to increase modestly, driven by expansion from new and existing clients and adjacent product offerings. We're actively monitoring the impact of this particularly harsh flu season as it may result in more elevated mortality in the first quarter. Preneed results will also reflect a lower effective tax rate of roughly 22% with a portion of savings reinvested in the business.

At Corporate, the net operating loss was $29 million, an increase of $9 million. This was due to lower investment income and a $4.6 million charge related to workforce reductions. For 2018, we expect full Corporate net operating loss to be approximately level with the $63 million loss reported in 2017. After taking into account the lower tax rate of 20% and some level of reinvestments, we expect the net loss to increase to around $80 million.

Turning to capital, we ended the year with $540 million of total company capital or about $290 million of deployable capital adjusting for our risk buffer of $250 million. Dividends from Global Housing, Lifestyle and Preneed to the holding company totaled $108 million in the fourth quarter, bringing the total dividends for the year to $229 million. This was lower than segment earnings, mostly due to a statutory deferred tax asset write-down of $95 million in the fourth quarter, following the enactment of tax reform.

In addition, $21 million of dividends were distributed from Assurant Health and Employee Benefits as we continue to release residual capital associated with these businesses. We have now distributed nearly all the capital that had previously supported these businesses, and therefore do not anticipate any material additional dividends.

During the quarter, we also repurchased $139 million of shares and paid $30 million in shareholder dividends. We now have completed the $1.5 billion return of capital since 2016 at an average share price of $87.09. In 2018, we expect dividends from operating segments to be at least equal to segment operating earnings. This is subject to customary rating agency and regulatory capital requirements, as well as the impact of tax reform.

We believe that this will provide ongoing flexibility to invest in our businesses, including setting aside funds to complete our Iké investment and support The Warranty Group integration. And, as always, share buyback activity will be subject to market conditions and our overall financing plan for The Warranty Group.

We're also hard at work on integration planning and our efforts are on track with an expected close in the second quarter of 2018. Last week, we reviewed The Warranty Group's preliminary results for the full year. While their close process is not yet completed, results for the year finished strong and in line with our expectations.

As Alan noted earlier, we plan to update our outlook, as needed, to reflect The Warranty Group acquisition and related financing plan. In conclusion, we are pleased with our strong results for 2017 which provide a solid foundation to provide profitable growth in 2018 and we remain excited about our future prospects.

And, with that, operator, please open the call for questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Our first question is coming from Mark Hughes from SunTrust. Please go ahead.

<A – Alan Colberg – Assurant, Inc.>: Hi. Good morning, Mark.

<Q – Mark Hughes –SunTrust>: Thank you. Morning. In the Global Lifestyle, did I hear you properly that the Q1 smartphone sales is a little lower than originally forecasted? Is that correct? And then do you think those are pushed out? I know there have been plenty of headlines about Apple's production schedule, that sort of thing. Do you think it will accelerate as we go through the year?

<A – Alan Colberg – Assurant, Inc.>: So, Mark, we started talking about this back on the last earnings call that we just weren't seeing the volume of smartphone sales that the industry had predicted. Both the combination of delay in the launch of some smartphones and then I think these consumers have not been really enamored with the latest ones. So, I think the important thing though for us, our mobile business has continued to grow well. We've added significant new clients. But you're correct. We do not see a pickup in new smartphone sales in Q1, so that will mute that piece of our business in Q1.

<Q – Mark Hughes –SunTrust>: Then the impact of tax savings – is that going to translate into higher cash flow or are there some offsets in terms of the cash benefit? And then when you talk about the use of those savings, should we think of those as more capital expenses or operating expenses that might impact margins?

<A – Richard Dziadzio – Assurant, Inc.>: Good morning, Mark. It's Richard. We don't see a significant difference in sort of the GAAP tax rate and the tax cash rate going forward. I mean, there can be small differences, but we're not seeing anything significant, which then means it will be cash available for investing in the business, or dropping down to the bottom line, as Alan said in the remarks. We do envision reinvesting about a third of that back into the business.

<A – Alan Colberg – Assurant, Inc.>: Yeah. And, Mark, think of those as OpEx. So, we have a very high hurdle as we do with everything on how we deploy those dollars, but they'll run through the P&L as OpEx.

<Q – Mark Hughes –SunTrust>: And at least, as far as your 2018 plans, that's already contemplated in the guidance?

<A – Alan Colberg – Assurant, Inc.>: Yes.

<Q – Mark Hughes –SunTrust>: The mortgage solutions business, at least with respect to the slowdown in refis, it seems like we sort of – we're lapping, in Q1, Q2 we should lap the drop in refis after the election in 2016, after the interest rate spike. Is there something more to the weakness in mortgage solution or would you agree with the proposition that assuming refis are at least stable, purchase markets improving that the mortgage solutions business ought to stabilize and maybe start to grow again?

<A – Alan Colberg – Assurant, Inc.>: So, Mark, importantly, I think, there is some seasonality in that business. So, generally, the winter is not a time of a lot of activity relative to other parts of the year. Certainly, if we have a better-than-expected market environment for originations, that would benefit our business. Our outlook is still cautious about what the market is going to be, and we've adjusted our cost structure accordingly. But, certainly, if we had a more robust environment – also importantly, a large part of our business there is countercyclical. So, if we do have any kind of slowdown in housing that will benefit both mortgage solutions and our lender-placed business.

<Q – Mark Hughes –SunTrust>: Then, a final question, the impact of the hurricanes on placement rates. It seems like there's been a lot of delinquencies in mortgages around the hurricanes in Texas and Florida. Did that benefit you at all in the quarter?

<A – Richard Dziadzio – Assurant, Inc.>: Yeah. Mark, it's Richard. We're really not seeing, if we look at the numbers and the placement rates and the change in those, we really haven't seen an impact from the hurricane and so forth weather-related events on moving that number. I mean, obviously, the policies that we have in place, those are the claims we're paying on those policies in place but we haven't seen an impact I would say sort of on the top line.

<Q – Mark Hughes –SunTrust>: Thank you very much.

<A – Richard Dziadzio – Assurant, Inc.>: Thanks, Mark.

<A – Alan Colberg – Assurant, Inc.>: Thanks, Mark.

Operator: [Operator instructions] Our next question comes from Jimmy Bhullar from J.P. Morgan. Please go ahead.

<Q – Jimmy Bhullar –J.P. Morgan>: Hi. Good morning. I had a few questions. First, just on free cash flow. Historically, it's been fairly close to your reported earnings. Do you expect a major change following tax reform? And then as you look in – clearly, buybacks are going to be lower in 2018. But as you look to 2019 and beyond, what's your thinking about investing into additional acquisitions versus buybacks and how

should we – like what are the priorities for free cash flow deployment beyond 2018? And then I have a couple of follow-ups.

<A – Richard Dziadzio – Assurant, Inc.>: Yeah. Thank you, Jimmy. In terms of the impact, free cash flow, the tax reform, similar to Mark's question, I think what we're seeing is as we go forward that effective tax rate is, if someone will be paying the cash taxes will be similar to that. So, we'll obviously benefit from the lower tax rate. That will increase our cash, but no longer-term expectations other than that.

And then, moving into your question on capital and share repurchases, and then, sort of, longer-term 2019 and beyond so to speak, I think one thing that we've stressed and that we'll continue to do is to be extremely disciplined about our capital. And when we're looking at our capital and profits and cash flow, looking at what we need to invest in the business to keep growing and reinvest that growth, we'll be looking at obviously our dividend policy, we'll be looking at M&A and we'll be looking at the repurchase activity in there.

<Q – Jimmy Bhullar –J.P. Morgan>: And then, on just the vehicle business. I think premiums and fees were up almost 20%. Was there any – and that's an acceleration from where you've been recently. So, what's driving that? And I realize the lag in accounting between when you book the business and when you earn it. But what's driving that and do you think the fourth quarter level is sustainable or was there something in there that might not repeat in the first quarter and beyond?

<A – Richard Dziadzio – Assurant, Inc.>: Yeah, yeah. Thanks for the question. In terms of the vehicle protection services, obviously, it's a great business for us. It's had great historical track growth and we expect it to continue. Particularly with our acquisition of The Warranty Group, we're excited about this line of business. It's true, quarter-over-quarter, there was an increase in 19%. I tend to look more on the year-over-year change. It was up 10%. And, as you say, there's the earnings we did in the past. So, we're seeing the growth in the past come through. And that growth should continue to come through as we've done well in the past periods. Quarter-to-quarter, it is spotty. Sometimes we get reporting that comes in and it's a little bit lumpy. So, that can change a quarterly number.

<Q – Jimmy Bhullar –J.P. Morgan>: And then, just lastly on mortgage solutions, I think premiums and fees in that business are down almost 20%. So, it didn't seem like the market for your products is down as much. So, it seems like you've lost – obviously, the markets affected you as well. But it seems like you've lost share as well. So, just some color on what's going on in that business.

<A – Alan Colberg – Assurant, Inc.>: Yes. So, Jimmy, I think as we talked about in some of the earlier earnings calls, we did have some issues as we implemented a new technology platform mid last year that caused us to lose a little bit of business and allocation. But since that, we're more tracking the market. And that's about the level of down we're seeing across the businesses that we play in at the moment.

<Q – Jimmy Bhullar –J.P. Morgan>: Okay. Thank you.

<A – Richard Dziadzio – Assurant, Inc.>: Thank you.

Alan B. Colberg, President, Chief Executive Officer & Director, Assurant, Inc.

All right. Well, I want to thank everyone for participating in today's call. We're very pleased with our performance in 2017. And in 2018, we're focused on delivering on our commitments and closing our acquisition of The Warranty Group. We look forward to updating everyone on our progress on our first

quarter earnings call in May. In the meantime, please reach out to Suzanne Shepherd and Sean Moshier with any follow-up questions. Thanks, everyone.

Operator: Thank you. This does conclude today's teleconference. Please disconnect your lines and have a wonderful day.