S&P Global
Market Intelligence

Focus Financial Partners Inc.
NasdaqGS:FOCS
FQ2 2018 Earnings Call Transcripts

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S&P Global Market Intelligence Estimates

	-FQ2 2018-			-FQ3 2018-	-FY 2018-	-FY 2019-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	0.38	0.40	▲5.26	0.45	1.69	2.29
Revenue (mm)	226.62	231.44	▲2.13	239.60	909.64	1147.19

Currency: USD
Consensus as of Aug-29-2018 12:51 AM GMT

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Call Participants

EXECUTIVES

J. Russell McGranahan
General Counsel

James Shanahan
Chief Financial Officer

Ruediger Adolf
Founder, CEO & Chairman

ANALYSTS

Alexander Blostein
Goldman Sachs Group Inc., Research Division

Christopher Charles Shutler
William Blair & Company L.L.C., Research Division

Kyle Kenneth Voigt
Keefe, Bruyette, & Woods, Inc., Research Division

Michael Roger Carrier
BofA Merrill Lynch, Research Division

Presentation

Operator

Good morning. At this time, I'd like to welcome everyone to the Focus Financial Partners Second Quarter 2018 Earnings Teleconference. Our host for today's call will be Chairman and Chief Executive Officer, Rudy Adolf; Chief Financial Officer, Jim Shanahan; and General Counsel, Rusty McGranahan. [Operator Instructions] As a reminder, this conference call may be recorded.

I would now like to hand the call over to Mr. McGranahan, you may begin the conference.

J. Russell McGranahan
General Counsel

Thank you, and good morning, everyone. I'm Rusty McGranahan, the General Counsel of Focus Financial Partners.

Before we begin, let me remind you that during the course of this call, we may make a number of forward-looking statements. We call your attention to the fact that Focus' results may, of course, differ from these statements. These statements are based on assumptions made by an information currently available to Focus Financial Partners and involve risks and uncertainties that could cause results of Focus to materially differ from these statements. Focus had made filings with the SEC, which list some of the factors that may cause these results to differ materially from these statements. And finally, Focus assumes no duty and does not undertake to update any such forward-looking statements.

With that, I will turn it over to our Founder, Rudy.

Ruediger Adolf
Founder, CEO & Chairman

Thank you, Rusty. And good morning, everyone, and thank you for joining us today for our first quarterly earnings call as a public company. We appreciate your interest in learning more about Focus and our business.

I would like to thank and congratulate our partners on our successful initial public offering. There certainly would be no Focus without our partners, and we appreciate the trust and confidence you have had in us along our journey.

I'm also proud that our IPO has been seen not just as a milestone for Focus, but as an important moment in the independent fiduciary wealth management industry. We take our responsibility as a market leader in the $56 billion revenue financial planning and advice market seriously and are confident that we are well-positioned to continue to take advantage of the tectonic shifts defining this industry. We believe we are in the right industry with the right model at the right time.

When my Cofounders, Rajini and Lenny, and I started Focus over 12 years ago on our kitchen tables, we observed 3 challenges Focus could address to make an already highly successful industry even more successful. Our first objective was to enhance our partners' results by bringing economies of expertise, the sharing of best practices and process and technology enhancements to the firms, all while supporting their compliance programs and introducing a high level of purchasing power previously unavailable in this industry.

Second, we observed that this industry had historically had very limited access to capital. Banks rarely lend to this industry, and private equity rarely invests and is, at best, a provider of temporary capital. In addition, private equity is not a good match given the culture of RIAs. Also, bank transactions rarely succeed in cultural conflicts and the fundamental differences in the mindset of RIAs versus banks. RIAs want to offer objective advice, while traditional banks are incentivized to distribute product.

Finally, we felt we could offer a unique solution to the only true threat facing the industry: succession planning. But most importantly, we felt we could help the industry meet these challenges by adhering to Article 1 of the Focus constitution: never turning a successful entrepreneur into an employee. And a whole business model in practice has been organized around this principle. These are the reasons Focus has been successful over its 12-plus-year history.

Accordingly, Focus is now one of the largest dedicated conduits of capital into this space and helps the industry participants address the very important needs I just described. Focus provides an attractive alternative to entrepreneurs by providing fair value to the founding generation and help transitioning leadership to the next generation, all while enhancing the operating environment of their fiduciary businesses.

Today, we have 58 partner firms, and our business achieved $663 million in revenue last year. Over the past 5 calendar years, we have grown revenue by a compounded annual growth rate of over 25%. However, it is not just the growth that makes our model attractive. Over 90% of our revenues are fee-based and recurring, resulting in more stability and predictability. In addition, our average organic growth over the last 5 calendar years has been 10%. So while we are an acquisition-oriented firm, we have generated growth both organically and inorganically.

In addition to top line growth and business development, we are committed to operational excellence and leveraging our strengths to achieve economies of scale. This was evidenced by our adjusted net income per share growth, which was up 37.6% in the second quarter 2018 compared to the same period last year.

It is critical to understand that our economics are very different from that of an asset manager. Our partner firms are providing holistic advice to clients. They become deeply and intimately ingrained in their financial lives and in personal lives. Our partner firms do not manage assets against the performance of a particular benchmark, but rather provide advice on everything from financial planning to major life events impacting a family. As a result, we are less exposed to the volatility of any given market.

There's another reason that RIAs and hybrids are growing year-after-year: clients need this independent client-centric holistic advice, and they need partners for the long run and over multiple generations. The fiduciary advice model continues to grow every year versus the conflicted wirehouse and bank models. The wirehouse channel continues to lose significant assets and clients to the independent channel, and we expect these trends to continue.

We also have regulatory tailwinds at our back. While the DOL fiduciary rule was vacated, it raised client awareness that some "advisers" are legally permitted to operate in a manner that is short of the client's best interest. The SEC has recently proposed other rules that would raise the standard of conduct of certain competitors, moving in further to the model we already adopted. We are seeing these trends towards independent fiduciary advice all over the world, and we believe we are well-positioned to capitalize on it in the U.S. and abroad.

Over the last several years, Focus has developed significant scale with over 2,800 partners and employees. Yet, we believe we have barely scratched the surface of this opportunity. We believe that in the U.S. alone, Focus has 500 suitable partners that could join as a department and 5,000 firms that could be a good fit for existing partner firms over time.

In addition, through our Independence program, we support brokers' journey towards a model of fiduciary advice. Today, there are over 47,000 brokers within wirehouses. So Focus has a terrific opportunity to support the transition of a small but highly qualified group of elite brokers. Each year, Focus adds quality partner firms. Last year, we acquired $44.2 million in recurring cash flow, which we refer to as acquired base earnings, and we have already acquired $37.8 million to date in 2018.

Now let's turn to the results for the second quarter, which was a record for the company and consistent with our historical track record of producing double-digit growth in revenues and earnings.

As referred to in the earnings release and Page 3 of the supplement, we had revenue growth of 47.2% and adjusted net income per share growth of 37.6%, which were driven by robust organic growth as well as new partner firm additions since the end of the second quarter 2017.

We added 3 new partner firms during the quarter: Bartlett Wealth Management, Campbell Deegan Financial and Nigro Karlin Segal Feldstein & Bolno with $23.8 million in combined acquired base earnings.

We have maintained a strong pace of M&A activity since the end of the second quarter with the addition of 3 new partner firms. These 3 partner firms: Asset Advisors, Edge Capital Group and Vista Wealth Management, shown on Page 4 of the supplement, represent $11.2 million in combined acquired base earnings.

Year-to-date, we have added a total of 8 new partner firms, representing acquired base earnings of $37.8 million. And we expect to maintain a strong pipeline of opportunities through the remainder of the year.

In addition, through our acquisitive growth, we also continued to enhance the value-added services we provide to our partners during the second quarter by completing a minority investment in New York-based FinTech company known as SmartAsset. SmartAsset connects prospective clients with financial advisers and provide tools to help individuals make financial decisions.

To sum it up, we are very excited to introduce many of you to Focus as a public company. We believe we have a unique and attractive model, and we believe we can leverage our strengths to continue to lead this industry in the years to come.

Now I will hand the call to Jim for a more detailed review of our second quarter results. Jim?

James Shanahan
Chief Financial Officer

Thank you, Rudy, and good morning, everybody. I'll begin by spending a few minutes discussing the results of our recent IPO, then I'll review our second quarter performance, pro forma financials and balance sheet.

On July 30, 2018, we closed our IPO of 18.6 million shares of Class A common stock at $33 per share. This included 2.4 million shares of Class A common stock sold in connection with the full exercise by the underwriters of their option to purchase additional shares. Upon closing of the IPO, there was a total of 71.8 million adjusted shares outstanding, as detailed in our earnings release.

We received estimated net proceeds from the offering of approximately $564.8 million, including $74.7 million in connection with the over-allotment and after deducting underwriter discounts and other estimated IPO expenses. We used the estimated net proceeds to retire our $207 million second lien term loan, pay down approximately $185.5 million of our first lien term loan to $803 million and expect to use the remainder for general corporate purposes and acquisitions.

Now moving on to the second quarter financials. As Rudy mentioned, our second quarter results presented record financial performance for the company. We reported total revenues of $231.4 million in the second quarter, an increase of 47.2% or $74.2 million compared to the second quarter of last year. Wealth management fees increased $71.0 million or 48.8% compared to the second quarter of last year. Additionally, in excess of 90% of our revenues continue to be fee-based and recurring.

Approximately $47.9 million of the revenue growth during the quarter was the result of new partner firm acquisitions completed after the second quarter of last year. Organic revenue growth was 16.7% compared to 11.9% in the second quarter of 2017. Income from operations was $11.7 million, up from $2.5 million in the second quarter of 2017.

Interest expense for the quarter was $18.2 million compared to $7.1 million in the second quarter of last year due to the impact of our $1 billion credit facility that was closed in July 2017. The net loss in the second quarter of 2018 was $7.7 million compared to a net loss of $5.2 million in the second quarter of 2017.

In order to reflect what our financials might have looked like if we were a public company during the first 2 quarters of 2018, our earnings release includes a pro forma analysis as if our IPO and related transactions occurred on January 1, 2018. For the 6 months ended Q2 2018, pro forma adjusted net income per share was $0.90 per share.

Now shifting to the reported Q2 balance sheet. As of June 30, 2018, we had cash and cash equivalents of $32.6 million compared to $51.5 million at December 31, 2017. We had $1.2 billion stated value outstanding on our credit facilities at June 30, 2018, compared to $1.0 billion at December 31, 2017.

On July 30, 2018, an amendment to our credit facility became effective in connection with the close of the IPO. The amendment reduced the interest rate margin on our term loan and revolver, and increased the borrowing capacity under our revolver from $250 million to $650 million. This revolver will be primarily used for acquisition activity.

While we will not be providing specific revenue or earnings guidance, we remain confident in our ability to execute on our long-term strategy of growing annual revenue and adjusted net income per share 20% on average and over time.

As Rudy mentioned, we have added 8 new partner firms year-to-date with a combined acquired base earnings of approximately $37.8 million, and we are confident in our ability to continue growing both organically and through acquisitions through the remainder of the year.

Now I'll turn it back over to Rudy to provide some concluding remarks. Rudy?

Ruediger Adolf
Founder, CEO & Chairman

Thank you, Jim. In summary, we believe the strengths of our second quarter performance demonstrates the value proposition of our unique differentiated partnership model and fiduciary approach to wealth management. Our track record as a public company is off to a tremendous start, and we believe Focus has a very bright future.

Let me also thank our partners and employees for all you have done to make Focus what we are. We could not have accomplished any of this without you, and we look forward to continuing to build this great company together.
With that, we'll now open the call for questions. Operator?

Question and Answer

Operator

[Operator Instructions] Our first question comes from the line of Kyle Voigt of KBW.

Kyle Kenneth Voigt
Keefe, Bruyette, & Woods, Inc., Research Division

You noted that there's 3 partner firms that have joined since end of 2Q, but I think you also announced a sizable sub-acquisition this quarter. Just wondered if you can talk about those sub acquisitions specifically and how much of those have contributed to that 16.7% organic growth you posted in 2Q, and then maybe a little bit on the pipeline there.

Ruediger Adolf
Founder, CEO & Chairman

Yes, happy to respond. So the deal that we just announced, AFAM Capital is a merger with Kovitz, and in so many ways is a perfect microcosm of our business model where we have a very successful partner firm, hands down one of the market leaders in Chicago, Kovitz, that has a very robust kind of client offering. And AFAM was a specialized firm. AFAM has been around for a very long time with very specific investment strategies that is very complementary to what Kovitz is doing. And by basically bringing them together, deploying our M&A expertise, our capital in the process, we ultimately really helped Kovitz and the combined entity to round up its -- to significantly round up its value proposition to the clients. So it's just a perfect example. Of course, it's obvious, we don't disclose the actual specific terms or financials in the transaction. But AFAM is, of course, not reflected in the Q2 financials. But it is one of the largest mergers that we have supported for one of our partner firms. So it is really a deal we are very, very excited about.

Kyle Kenneth Voigt
Keefe, Bruyette, & Woods, Inc., Research Division

And Rudy, in the second quarter, the 16.7% growth, any disclosure on how much of that was coming from your partner firms doing deals with these sub-acquisitions? Or can you just comment, I guess, even in qualitative terms how meaningful they've been?

Ruediger Adolf
Founder, CEO & Chairman

Yes. Actually, Jim, do you want to quickly answer that?

James Shanahan
Chief Financial Officer

Right. So Kyle, as you know, our organic growth is a combination of market and new assets, the tuck-ins, as Rudy had mentioned, and all the value-added services. We don't break that out. Obviously, it was 16.7% for Q2, 16.9% for the first half of 2018. And obviously, that's an important statistic towards how we grow our long-term revenue of 20%.

Kyle Kenneth Voigt
Keefe, Bruyette, & Woods, Inc., Research Division

Okay. And then last from me, then I'll hop back in the queue, is just on the IPO proceeds. You disclosed that $390 million was used to repay debt. And I think in the final prospectus, you disclosed $137 million would be used for acquisitions and general corporate purposes. Just wondering how that $137 million, has most of that already been utilized for acquisition activity? We're just trying to get a sense of the current net debt as of today.

James Shanahan

Chief Financial Officer

Right. So we've disclosed the base earnings of $11.2 million. Obviously, we haven't broken out the components of the cash stock on what that is. But we're comfortable running the business of leverage between 3x and 4x. And when we report our Q3 results, there'll be more visibility on the acquisition activity during Q3.

Ruediger Adolf
Founder, CEO & Chairman

Yes. And just importantly to say is we have tremendous firepower. It's not just the cash on the balance sheet. Of course, the cash that we generate is a $650 million revolver. We are very well-positioned with the capital that we have available to basically continue our -- the execution of our strategy.

Operator

Our next question comes from the line of Mike Carrier of Bank of America.

Michael Roger Carrier
BofA Merrill Lynch, Research Division

Maybe just one on the value-added services. So with you guys as model, like the revenue growth is attractive and the adjusted earnings, there's not as much operating leverage just by nature in the model. But it does seem like operationally, you guys can provide certain kind of incentives to the partner firms given the scale of the overall Focus franchise, and that could potentially maybe over time like drive down the cost and maybe Focus could benefit from that. So just wanted -- I know there's nothing like near term, but just when you guys think longer term, are there kind of opportunities to increase maybe the efficiencies at the partners, meaning them driving that, but then that could actually benefit the parent model -- or the parent margin, sorry?

Ruediger Adolf
Founder, CEO & Chairman

Yes. Yes, Michael, absolutely. And as we have disclosed in our -- in the S-1, where we looked at these 20 firms that we are partners at Focus, what you saw in the S-1 is that initially, their growth was 3.8%; 5 years later, it was 9.4%. So we saw just significant growth that we could prove. And the Focus model is all about value added. Yes, our model simply wouldn't work if this was purely a financial model. And our value-added comes from the just tremendous expertise that we have as a group, having almost 60 partner firms now across the network and, of course, all of them operating as entrepreneurial independent units, but we are deeply involved with these partners and basically are deeply in -- helping them throughout the whole business model. Now what we are also bringing is, of course, tremendous purchasing power. We are the largest client of just about any provider in this industry. And this gives us a tremendous access and tremendous ability to, quite frankly, use our muscle and purchasing power on behalf of our partner firms and of our clients. A good example is last night -- yesterday, I spent time with one of our most recent firms. We had a session where, like a 40-page document, where we said done deal is closed and basically worked through all the leverage points of what we learned in due diligence, what we learned in the client interviews, what observations we have; and then basically developed an agenda with the leadership team of this firm, who just joined us, in areas they want to address, areas we can address and together are kind of creating this 18-months, 2-year agenda of support. So yes, value-added is at the very core of what we do. We do it in a nontraditional way. I mean, the roll-up will [slap] things together. I always say, the roll-up is an excuse to overpay for underperforming assets in the hope that you squeeze some synergies out. I think we have a way more sophisticated model and it's much more oriented towards growth.

James Shanahan
Chief Financial Officer

Yes. Just, Mike, just a little clarification on what Rudy mentioned, as you know, during the roadshow and it was in the prospectus. So it was year 1, we have these 20 partner firms that have been with us for 5 years. So they had grown 5.7% in year 1. And then by year 5, they had grown to 9.5%. So those are the metrics on how we add some value-added services to our partner firms.

Michael Roger Carrier
BofA Merrill Lynch, Research Division

Right, okay. And then maybe just a quick follow-up. Jim, just on the -- when you guys -- you have quarters where the revenue growth is coming in maybe slightly less than the management fee growth, like this quarter. Just what are some of the nuances that can drive that? Because I would assume, like over time, we would expect that to be fairly similar as long as the transactions that are being brought on are kind of the same, like economics. But just give any details on what can kind of drive those nuances from quarter-to-quarter.

James Shanahan
Chief Financial Officer

Right. Now remember we have a unique model in respect of the management company and how we split cash flows with our partner firms. And when you look at those changes maybe quarter-over-quarter or so forth, as a percentage, management fees as a pure-dollar basis is a lot lower than revenue. So you could have management fee percentage growth greater than revenues. You have to look at the base dollars, point one. Point two is, obviously, an important thing to our business model is our next generation. So when key employees are now ready for leadership roles in the management company, they leave the operating company where they were a W-2 employee, and they join the management company as the next leaders of the partners. So accordingly, you can see management fee growth from that as well.

Operator

Our next question comes from the line of Chris Shutler of William Blair.

Christopher Charles Shutler
William Blair & Company L.L.C., Research Division

Maybe just a little bit more color on the pipeline. So specifically, can you talk about the, I guess, at least qualitatively, the level of acquired base earnings that you see at various stages in the pipeline? And is there anything transformative in the near-term pipeline? And then lastly, anything in the pipeline that would vary significantly from your typical kind of 45% to 50% of cash flow that you're buying, so would it be anything well north of that or well south of that?

Ruediger Adolf
Founder, CEO & Chairman

Yes. Chris, so obviously, we don't give any specific quarterly guidance, particularly not on the M&A pipeline because when you average it over time, of course, we have a track record of executing against our financial targets, the 20%. And the 20%, this is our financial objectives. And of course, we are way ahead of these numbers here, as you can see with the earnings announcement here. Chris, as you know, this is just a perfect industry. We love the space we are in. And we have probably the most robust pipeline I've ever seen. And some of this is credit to the very successful IPO. One of the themes or one of the thesis that we had was that with the power and the credibility of the public offering and the successful public offering, doors will open. And it will add to the, quite frankly, strong track record and reputation we already had, and that's exactly what happened. So we feel very good about where we are right now. We feel very good that we will be able to keep at a good pace here, specifically how the next number of deals look like. Obviously, I couldn't tell you right now. But we are just in a really good spot, and we like what we see.

Christopher Charles Shutler
William Blair & Company L.L.C., Research Division

Okay. And then, let's see, on the SmartAsset acquisition, maybe just a little bit more detail there, how much did you invest? And more importantly, just talk about your plans to leverage that asset.

Ruediger Adolf
Founder, CEO & Chairman

Yes. So SmartAsset, the transaction itself is pretty small, small for -- by our standards, not small for SmartAsset. We are now one of their largest shareholders. But this is, of course, a nontraditional deal for us, and it's all about value-added. SmartAsset is obviously a FinTech company that really provides -- ultimately leads into the RIA space and beyond. And we have tested their capabilities with a number of our partner firms. Quite frankly, we are very impressed with kind of the initial results. They are very large. I don't think they disclosed it, but their number of unique visitors per month is just tremendous and has further increased since our investment. So it's one of those areas where it's less about the financials, but it's much more about the tremendous expertise that, by the way, goes both ways. We are learning from them and they are learning from us. My Cofounder, Rajini, is on the board. Eric Amar, one of our principals, is also an observer of the board. So this is much more about expertise that ultimately we can help them with and quite frankly they can help us with. And we feel that by short term, of course, this has no impact on our financials directly. It's a tremendous capability, we have a unique vantage point and, over time, it will help our value-added program for our partners.

Christopher Charles Shutler
William Blair & Company L.L.C., Research Division

All right, makes sense. And then lastly, Jim, what kind of share count dilution should we model in the back half and into '19 assuming the deal momentum continues?

James Shanahan
Chief Financial Officer

Right. So at the close of the IPO, we had 71.8 million shares at $33 per unit. And obviously, we have a lot of M&A activity going on currently and to the remainder of the year. So we don't have an exact guidance for the number of shares at the end of the year. What I can sort of say is our typical deals are a touch heavier on cash, as you know. And in terms of leverage, we're still targeting 3x to 4x leverage.

Ruediger Adolf
Founder, CEO & Chairman

Yes, Chris, and we -- Chris, there's always something we are learning ourselves now. We really want to use cash for our deals going forward. Our cash at -- based on our cash generation or based on the -- is very cheap, of course. And how this plays out over time, we are just going to learn. But our sweet spot deals is not just we can guide it this way, it will be heavily geared if not exclusively geared towards cash.

Operator

Our next question comes from the line of Alex Blostein of Goldman Sachs.

Alexander Blostein
Goldman Sachs Group Inc., Research Division

Rudy, first question just, I guess, is a follow-up around the acquisition discussions. I guess, looking at the acquisition by the partner firms, any comments on kind of how the pipeline looks there? It sounds like, obviously, the pipeline for you guys is robust, but I'm wondering what's going on at the partner firm level?

Ruediger Adolf
Founder, CEO & Chairman

Yes. Alex, so one is, clearly, this is our bread and butter. In a typical year, we do 15, 20 of these mergers on behalf of our partner firms. It is -- these are highly accretive deals. This is tremendous value added to our partners. And quite frankly, and it was disclosed in the S-1, roughly about 2/3 of our partner firms have done deals and, of course, some of them are serial acquirers. Now what's important here is the -- with the number -- with the increase of number of partner firms, we have simply way more opportunities to do these deals. And the pipeline on the merger side is at least as strong as it is on the holding company transactions. And it is a big part of our value-added program for partners. So both holding company and mergers, yes, we feel very good about.

Alexander Blostein
Goldman Sachs Group Inc., Research Division

Got it. And then just as a second question, I guess, for Jim. When we look at the adjustments this quarter, the change in fair value of contingent considerations, it seems quite sizable, about $12 million. Obviously, it's a good thing because some of the business is doing well. But any more granularity in terms of how many partner firms does that span over? Is it just a handful or is it a bunch and it just kind of happens all in 1 quarter? And I guess, more importantly, any update on kind of what the fair value is of the entire contingency and kind of the composition between cash and equity of how that would be [ascertained] out?

James Shanahan
Chief Financial Officer

Right. So obviously, as you know, under GAAP, we have to fair value all the earn-outs that we have each quarter. And so at the end of June, based on the results and the forecast of what we think earn-outs may be in the future, remember a lot of our earn-outs are year 3 and year 6, so they are long term in nature. And based on our projections, we are more optimistic. So therefore, accordingly, we had to make that adjustment in our P&L for the likely probability of more earn-outs being achieved. And that's a noncash item, as you know, at this point flowing through the P&L. And then in the Q that was filed in Footnote 5, we disclosed the estimated fair value at $108 million. And remember, this is a Monte Carlo simulation of what that number may be. And in terms of the cash stock mix, these are long-term awards we have to basically talk to the partners at that time when the earn-outs are achieved. But obviously, if they earn in the earn-outs and the P&L results are coming in, and Rudy and I mentioned to you, more than happy to pay those earn-outs.

Ruediger Adolf
Founder, CEO & Chairman

Excellent. So I'm being told there are actually no more questions here. So this is our inaugural earnings announcement. I want to really thank you all for your interest in Focus. And I guess we are looking forward to speaking with many of you on our third quarter call. But we are very proud of kind of our results that we are showing you. I think it was a great start. And thank you for your confidence and trust in our business. Bye-bye.

Operator
Ladies and gentlemen, thank you for participating in today's conference. That does conclude today's program. You may all disconnect. Everyone, have a great day.