Company: **Calian**

Conference Title: **Calian's Third Quarter results**

Moderator: **Kevin Ford**

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Operator: Good day, ladies and gentlemen, and welcome to Calian's Third Quarter Results Conference Call. As a reminder, this conference is being recorded. I would like to turn the conference over to Mr Kevin Ford, Chief Executive Officer. Please go ahead sir.

Kevin Ford: Thank you, Dory, and good afternoon, ladies and gentlemen. With me today is Patrick Houston, our CFO. We'd like to welcome you to Calian's third quarter 2019 conference call. I was very happy with our results this quarter as they demonstrate the strength of our diversity and the effects of our long-term growth objectives.

We again posted Calian's largest quarterly revenues in the company's history with revenue growth of more than 20% from the same period a year earlier. The broader team continues to execute our growth plan with innovation in global market opportunities in view. We closed our first global acquisition of a Germany-based SatService at the start of quarter and are proceeding with our integration plan.

SatService is a solid player in the European satellite ground systems market whose business will support Calian SED's expansion in the European market with turnkey satellite solutions as well as products. I had the pleasure of visiting the SatService facility recently and I was very impressed with their team and their support for Calian's innovation agenda. We look forward to using this new foothold in Europe to explore potential opportunities with new customers and markets.

We continue to see growth across the majority of our services while investing in our long-term growth posture. We had a very strong quarter for revenue growth, while EBITDA growth was mixed. At Calian SED, we successfully closed some projects in the quarter, however, SED results were affected by some delays in other projects and some overruns in our complex engineering programs related to our innovation agenda.

This was offset by an excellent quarter for IntraGrain, Calian's AgTech solutions provider, which the company acquired last year. IntraGrain contributed robust revenue and bottom-line results as its seasonal business came to fruition. The stability of Calian's diversified engine was evident this quarter with our BTS division and contributing strong revenues and earnings growth. This stability supports our ability to focus on organic and inquisitive growth, innovation and positioning into global markets.

I will now ask Patrick to review the quarterly numbers. Over to you, Patrick.

Patrick Houston: Thank you, Kevin. Our growth continued across both divisions, including a strong contribution from our recent acquisition, IntraGrain. For the third quarter of 2019, revenues set a quarterly record of $88.8 million, representing a 21.6% increase from the previous quarter. With today's results, we have now reported record revenues for four consecutive quarters.

Gross margin on a consolidated basis was down slightly when compared to the previous quarter. Margin in our BTS division is up due to continued execution and diversification of our customer base. As Kevin mentioned, margins at Calian SED were affected by overruns in our complex engineering programs relating to our long-term innovation agenda. We continued to seek ways to increase our consolidated gross margins through the introduction of new products and acquisition.

EBITDA in the quarter was $6.7 million, up from $6.1 million in the same quarter of the previous year. Operating expenses are up when compared to the same quarter in the previous year. Increases are the result of the acquisitions of IntraGrain and SatService, which were not part of Calian at this time last year, as well as investments in capacity and innovation across the entire organization. We continue to seek ways to manage operating expenses and seek efficiencies while ensuring we invest where required to position the company for a continued profitable growth.

Net profit for the third quarter was $4.3 million, up from $3.9 million in the same quarter of the previous year. This includes a one-time gain in the quarter of $0.7 million related to the acquisition of Secure Tech in their first year earn-out. We generally structure the earn-out targets to be based on growth from their trailing EBITDA performance and payment only begins once they achieve a minimum of 75% of that target.

Secure Tech was a strong contributor during the first year and their inclusion has allowed our entire cyber practice to grow and reach new customers and markets. We continue to see them as a key part of our success in their growing cyber services and product segment.

Earnings per share in the quarter was $0.54, increasing from $0.50 per share in the previous quarter. On a year-to-date basis, EPS with $1.55 per share basic compared to $1.47 in the prior year. Our cash position was $18 million at 30th June. This was down $9.8 million from the previous quarter but includes the repayment of $5 million of our line of credit. We'll continue to use our line of credit to support acquisitions and working capital expansion to support our continued growth, while maintaining an efficient cost model.

Cash position in the coming year will be impacted by additional working capital requirements at SED and earn-out payments due on recent acquisitions. We continue to maintain our dividend posture currently at $0.28 per share as we continue to expect solid performance from both divisions as well as our recent acquisitions. You'll see we've narrowed our guidance as we enter our fourth quarter fiscal period. We expect revenue to be $335 million to $355 million for the year. EBITDA per share will be $340 million to $365 million and EPS $2.05 to $2.25. We've reduced the EBITDA range slightly as some customer opportunities we anticipate to book and ship in our fourth quarter will shift to coming quarters.

Finally, please note that certain information discussed today is forward-looking and subject to important risks and uncertainties. The results predicted in these statements may be materially different from actual results.

I'll turn it over to Kevin.

Kevin Ford: Thank you, Patrick. We continue to invest prudently and we're creatively support our innovation agenda. On 12th June, I joined the gathering of Calian staff at our headquarters in Ottawa and with our team in Saskatoon to watch the Radarsat Constellation Mission launch. We watched live as the SpaceX rocket carried away three next-generation satellites to support this flagship mission and Earth observation for the Canadian Space Agency. The constellation of three satellites will provide daily images of Canada's vast territory and maritime approaches as well as images of the Arctic up to four times a day.

It will have access to 90% of the world surface. A team of over 45 people at Calian SED from satellite engineers to operations controllers to ground systems analysts were among the first line personnel supporting this mission. Our team was directly involved with the preparations and operations for the mission, as well as testing and commissioning that follows the launch. It was a proud moment for us to watch the launch and know that we help make that happen.

Across our divisions, the company continues to invest in products and solutions. For example, the systems engineering division continues development of its new carbon fiber antennas. This new line of advance radiofrequency antennas provides cutting-edge performance for the most demanding satellite system applications, particularly as satellite communication networks move to higher frequency ranges like the Q and V band.

The Calian SED team continues to develop this product line with plans to roll out additional aperture sizes. At our BTS division, there's been a focus on products and solutions applicable to military training and emergency management environments.

A word about our customer retention which is the first pillar backstopping Calian's four-pillar growth strategy. I'm happy to report that we won another key contractor in the quarter. Our training services team renewed a multiyear $17 million e-learning contract with the Department of National Defense and this contract continues a training relationship we have had with the Army Learning Support Centre located in Gagetown New Brunswick since 2007. We are proud to have supported the men and women of the Canadian Armed Forces with Calian's advanced training and simulation services for more than two decades.

I'd also like to take this opportunity to mention one of our very successful social responsibility programs, the Military Family Doctor Network, or MFDN. This network fulfils a specific need. Members of the Canadian Armed Forces received complete healthcare from the Department of National Defense. However, many people do not realize of their family members rely on the provincial health systems. This presents a unique challenge for military families who really – who relocate frequently due to postings.

To help address this challenge, we created the MFDN in 2016 in partnership with the Military Family Services, a division of the Canadian Forces Morale and Welfare Services. MFDN leverages our network of health clinics to help connect military family members with family physicians after these families relocate around the country.

Over the past few years, Calian's dedicated staff have successfully matched these families with participating physicians in our network of primacy health clinics. I am very happy to report that this initiative marked a significant milestone in July with more than 2,000 military family members who have now been referred to a family doctor through this program.

In closing, from a strategic perspective, management continues to evaluate our growth market approach. As I have previously stated, I believe that it is time to evolve our approach as we have grown the two divisional construct we report to the markets today. It's time for us to look at aligning our corporate structure and brand to our main service lines and support our long-term strategic growth objectives and we will continue to update shareholders as our analysis progresses. The strong cash flows, an innovation agenda and a dedicated employee base, I continue to excited about this company's evolution and growth potential.

Lastly, the traditional markets in which Calian operates are stable and management expects organic revenue and earnings growth for most or all of its service lines through their successful execution of our growth strategy. However, we must caution that revenues realized are ultimately dependent on the extent and timing of future contract awards as well as customer utilization of existing contracting vehicles. Based on currently available information and our assessment of the marketplace, we expect revenues for fiscal 2019 to be in the range of $335 million to $355 million, EBITDA per share in the range of $3.40 to $3.65 and net profit in the range of $2.05 to $2.25 per share.

With that, Dory, I'd like to now open the call to questions.

Operator: Thank you. If you would like to ask a question, please signal by pressing star one on your telephone keypad. If you are using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Once again, that is star one if you would like to ask the question. And we will take our first question today from Benoit Poirier. Please go ahead sir.

Benoit Poirier: Good afternoon, gentlemen. First question, I was wondering if you could provide maybe some color, Kevin, about the potential options that you're looking at for the – your corporate structure, what are things that you're looking at right now or the potential options?

Kevin Ford: Yeah. I think for me, Benoit, the – what I've learned in my dealings as CEO of the company, both from a customer and shareholder perspective, the BTS, SED, I think is confusing. And I think it confuses in the context of not really clearly identifying the four distinct service lines that we go to market with in health, training, IT and engineering manufacturing.

So, what I'm looking at right now is how can we evolve our structure so that it becomes very clear to current and potential shareholders and also as importantly our customers that the business that we're in is those segments. So, my main goal is I want to simplify the structure. I want it to be very easy to comprehend. And I also want to give the opportunity to potentially report against those segments so that we get quite a few questions on our training business, our IT business, engineering business as to what margin profiles with the growth potentials.

So, I'm going to try to align the business that we're in today to the corporate structure so we'll make that much more transparent, also much more easier to comprehend, and really move away from this BTS, SED structures. So, we're working through that analysis now and once we're ready we'll come back to the markets with an update on that.

Benoit Poirier: Okay. That's really great color, Kevin. And would it be fair to say that there's not additional cost attached to those move in terms of bringing president[?] or extra staff to support those division? It's already in place, right?

Kevin Ford: Yeah, I would say so, Benoit. And I think actually I'm cautiously optimistic. I can actually see some efficiencies on this. When you look at our two divisions and what's entailed in each division, as you know, I created a CIO function for the first time in Calian about a year and half ago looking at the IT infrastructure consistently across the company obviously for a whole bunch of reasons. But I believe actually it's not about increasing costs. I'm hoping that we see some efficiencies in how we operate by looking at the company a bit more holistically across the four segments.

Benoit Poirier: Okay, perfect. And if we look at SED during the quarter, you experienced some delays in project and some overrun in the engineering program. So, could you provide more color on those projects and whether it will run also in Q4 and next year?

Kevin Ford: I think right now the – as we have some of – as you know, we announced about a year ago our largest ground system project that we've ever had in the company and we're working through that now. So, part of the delay and what we're seeing in some of our change in our guidance is just the reality of getting that program ramped up and it's very complex and it's not just obviously our delivery capability. It's our suppliers as well [inaudible] align up delivery as people innovate new components through new satellite generation, so very complex.

So, what you're seeing a bit from the context of our updating guidance [inaudible] program some of the deliverables moving into next year. We also have some orders that we are waiting, literally waiting on daily here right now for other product capability that we have been working on and we're just literally day-by-day here trying to assess when they're going to arrive and in this quarter or pushed into next year. So, it's a bit of delay in programs already, one, and a bit of delay in just getting some orders that we've been waiting for that we believe will be able to close shortly.

On the order insight, it's really – I just want to be really clear on this. This is not a general statement. We have a specific program that we're looking at that is complex in the satellite/cable industry. We've been working on this now for over a year. And I think for us we're just experiencing some – as we go through testing, we're at the back end of this program. So, we're just going through testing now which is just challenging if you've been through this. So, we're just dealing with some more challenges than we expected. But again, programs going well. It's just taking more capacity than we expected to get through the testing phase.

Benoit Poirier: Okay. And for the largest – sorry, Kevin. But for the large satellite ground system I know the bulk of the contract was supposed to be in the fiscal '20. So, what type of revenue contribution should we now expect in fiscal '20?

Patrick Houston: Yeah. I mean, they will continue to increase. I mean, probably double the amount that we're doing this year. So, we're still expecting next year to be the largest year in terms of that project.

Benoit Poirier: Okay. And this year, would it be fair, Patrick, to say that it's kind of a $20 million contribution?

Patrick Houston: Approximately, yes.

Kevin Ford: Yeah, it's that range, Benoit. I think really as Patrick said, we'll see the ramp-up next year for sure and [inaudible] better guidance when we come out of our Q4 call, we'll have a real good assessment of how we're doing against our project schedule and we'll update the markets at that time.

Benoit Poirier: Okay. Now a question on organic growth. You disclosed some very good color in your MD&A with respect to BTS. I understand it's more specific to IT division. So, how should we be thinking about the organic growth for each business segment, BTS and SED in the quarter, and maybe so far this year? Is it something that you have in your hands?

Kevin Ford: Yeah. So, basically, I would say that if you look at the BTS division, the organic growth posture is really being driven across all three segments there. So, our healthcare business right now continues to grow based on two fundamentals. One is increased demand on our legacy healthcare contract with defense which now includes RCMP and Veterans Affairs. So, we are seeing increased demand on that contract. And we're also increasing our customer base within healthcare nationally. The contracts – the amount of contracts we're managing now continues to increase.

So, I think it's showing our diversification is working there. In our IT business, it is two things. It is really a continued win and expansion in our government segments, so we continue to win in new vehicles, new projects, new opportunities [inaudible] federal government and in others areas like in Toronto. And then our cyber business as well with the STI or Secure Technologies' acquisition, we continue to see very good opportunities for growth and increased growth there.

And that is both combination of services and also products now as we are platinum level partnerships with many key cyber products globally now. So, that's exciting. And in our training business right now, just a continued push with the pace of military training, as well as expansion into new markets specifically on emergency preparedness offerings. Unfortunately, as you know, with the increase in natural disasters and terrorism, we continue to get more exposure as the company to come for for that type of service.

So, I would say all of those cylinders are firing organically for sure. And healthcare has definitely been picking up the pace, I would say, if you look at the results for this quarter and followed by IT and then training.

Benoit Poirier: Okay. And I understand that we are almost close to the fiscal year-end, only one quarter to go. Any color so far on what – how should we be looking at fiscal '20 next year in terms of kind of revenue growth margin and bottom line? Any kind of color you could give us at this point, Kevin?

Kevin Ford: Yeah, a great question. I think for me right now when I look at the fundamentals in the business and the factors that affect our momentum, I'm seeing a lot of positives with regards to, if you look government spending, you look at defense spending, you look at the success of our customer diversification, you look at the success of our innovation agenda. So, I'm expecting that we will continue on a growth posture for sure, again always depending on – we're waiting on the election. We got to get through the election phase again.

But I really think right now, Benoit, I'm pretty optimistic about next year as far as maintaining a growth posture. Now, the extent of that growth posture will update in our guidance [inaudible] we come out as we go through the election. But I'm really not seeing anything that's a major impediment to us in keeping the growth pace that we've been on.

As a reminder, I am trying to set this company on a 5% organic, 5% including M&As, so double-digit growth company. And I think if you look at the last two, three years, we've been keeping on that pace and I really don't see us slowing down any time soon, based on what I know today.

Benoit Poirier: That's great color. I'll get back in the queue. Thanks for the time.

Kevin Ford: Thanks Benoit.

Operator: And our next question comes from Deepak Kaushal. Please go ahead sir.

Deepak Kaushal: Hi guys. Thanks for taking my questions this evening. Kevin, I just had some follow-ups to Benoit's question on SED. Just wondering on the record contract, did you recognize material revenue on that in this quarter, or is most of the increase sequentially coming from IntraGrain and SatService?

Patrick Houston: Yeah, IntraGrain was the big [inaudible] this quarter, just goes in the previous quarter, so it was fairly low just because of the seasonality. So, some of the – I'd say the majority increase was IntraGrain and we had some on the legacy SED.

Kevin Ford: And then SatService, it's our first quarter having them in, Deepak, so definitely they supported our achievement at SED for the quarter but they also were ramping up operations with them as well. So, it wasn't as significant for the first quarter – for their first quarter.

Deepak Kaushal: Okay. And just to be clear, the cost overruns, they are not related to satellite business, correct, in terms of the record contract or the manufacturing of the new carbon fiber satellites?

Kevin Ford: That's correct. Yeah, that's correct. It's new sectors that we're innovating around with regard to such as cable industry and that, so it's a net new project for us – net new innovation for us.

Deepak Kaushal: Okay. And so, in terms of the cost overruns themselves related to the test of the product, is that being booked in gross margin across the goods sold, is that against an order or is this capitalized R&D? How does it flow through and where do we see the cost?

Patrick Houston: Finally, funded customer project, so these are costs that we're incurring at towards the end of the project to bring into completion. So, we're booking against cost of sales.

Deepak Kaushal: Okay. And how long do you expect that to run through? Is that a one quarter thing or a three quarter thing? How should we think about the timing of this drag?

Patrick Houston: I think the project is going to end by the end of – probably at the end of this fiscal year, maybe early next fiscal year. I mean, I don't think we'll have – we're hoping not to have the same kind of impact in Q4. So, we're hoping this was kind of a larger increase just to get us over the hump to the end but, obviously, we're managing that project very closely.

Deepak Kaushal: Okay, that's helpful. And I think Patrick you mentioned – I don't know if I got confused but you mentioned an earn-out related to Secure Tech. Is that the 771,000 one-time OpEx hit that you guys had in the quarter, or are they two separate things?

Patrick Houston: No. So, the 650,000 I think you see it below the line is a gain, like – yeah, so that was the Secure Tech. So, it's about 800,000 we owe, so we released that kind of liability and adjusted in 550,000. So, that was the net 658,000.

Kevin Ford: Yeah. And I think for me, Deepak, I think as I explained on our revenue front with the way we structure our acquisitions. I want to reassure our shareholders what we do is based on earn-outs, we're not an all cash pay company for acquisitions. We do structure earn-outs and put very aggressive targets in there. And also when you don't make 75%, there is no earn-out paid. So, that's a one-time thing.

That being said, I'm very pleased with Secure Tech and all the things that are happening and I'm confident in year two that they're on track to make numbers. But I just – I think it shows the maturity of our M&A model that we actually have built in protection to make sure that if there's any issues with earn-out achievement that we're not overpaying for these acquisitions.

Deepak Kaushal: Okay. That makes sense. I mean, these are minor things. So, the 700,000, 771,000 one-time OpEx – was that related to Secure Tech? And are there more like one-time results that we should expect in the near-term or –

Patrick Houston: 771,000 might be – I think those are legal costs relating to SatService year-to-date on SED.

Kevin Ford: Yeah.

Patrick Houston: I think that's what it was. We recognized about 600,000 of it last quarter and then there's about 100,000 or so this quarter. So, that's about 700,000 year-to-date. Obviously, it was our first international acquisition and the language and everything made it more expensive but obviously we're refining that model as we do more deals but I think it won't be at the same level of spending.

Deepak Kaushal: Okay, that's helpful. And just more of a bigger picture question, Kevin. On the healthcare side, particularly on the clinic side, great work on MFDN. I'm just trying to think of how else you might leverage your coast-to-coast clinic network beyond government and beyond things like the Military Family Network. I know in the past you guys have done some stuff in terms of occupational healthcare. Is there anything on the technology side, or how else can you leverage this coast-to-coast footprint to kind of add more value to that clinic business?

Kevin Ford: Yeah, it's really for me, and as I tell people, we've gone from having a healthcare contract years ago to having a healthcare business. And the fundamental asset that we have, I think, is still one the largest national networks of medical practitioners in Canada. There's only one contract in Canada that supports the military and we have it. It's 32 bases. It's 60 different categories of healthcare practitioners and we've had the service right[?] now for over 15 years.

So, from my viewpoint, you tie that in then with the national clinic network that we work with Loblaws on, I would say that what we're saying is we've gone from one contract now to almost over 50 contracts in healthcare and that was just fundamentally changing our thought process around that healthcare contract. So, we continue to look for opportunities at the national level.

I used that word purposely because I think our opportunity to be as one of the largest national healthcare companies in Canada because we have demonstrated our ability to work in each province to manage each of the complexities regarding working in each province, as well as being able to find those tough-to-find resources in very difficult locations. So, we are continuing to look at it, Deepak. I appreciate the sentiment.

The other piece that – when I think about a health tech or a health business is frankly we can only grow that business based on the amount of available resources today. So, we are looking very hard at health tech and doing a lot of market research right now on what would be a next level evolution for Calian to integrate some health technology into our delivery.

We've talked about our investment in clinic connection in the past. It's a startup out of Ottawa that's automating the patient interface to the clinics. But we continue look for those opportunities that will help us scale what we do here in Canada but also give us opportunity to start looking at the US marketplace and global marketplace in healthcare. So, lots of moving parts there. But believe me, we're pretty excited by that national footprint even in Canada where we can go with it. And I think just as a testament as I said, one contract is going down almost 50 contracts now and I think we're just getting started.

Deepak Kaushal: Okay, thank you. That's helpful. I will pass line. That's it for me.

Kevin Ford: Thanks Deepak. Appreciate the questions.

Operator: And once again, as a reminder, if you'd like to ask a question, that is star one on your telephone keypad. We'll take our next question from Jeremy Coleman[?]. Please go ahead, sir.

Jeremy Coleman: Good evening, gentlemen.

Kevin Ford: Hi Jeremy.

Jeremy Coleman: Should I be concerned about the quality of the balance sheet? If you look at asset side and the non-current assets, there is approximately $55 million worth of soft assets, basically intangible assets. And the other thing looking at the liability side, you've got $12 million line of credit. I've been an investor in Calian for almost two decades and I don't recall ever seeing any debt at the quarter end, such as I see now $12 million. So, should I be concerned about the quality of your balance sheet? How would it compare with comparable companies? Have you had a chance to look at that? That's basically my question.

Kevin Ford: Okay, thanks Jeremy. I'll let Patrick answer it.

Patrick Houston: Yeah, I mean, I think our balance sheet has evolved really over the last couple of years as we've gotten into much more acquisitive in terms of looking for companies that help us grow. So, that's led to the intangibles and goodwill increasing but we think we've been buying excellent companies at good prices that have excellent return for the companies. So, I think those are good. The line of credit, again, is very inexpensive form of financing that we have. We use it to support those acquisitions and working capital, but we feel we're in a position with our free cash flows to repay that very quickly. So, I think you'll see it move up and down.

But from simply the balance sheet, I think our balance sheet is very strong and certainly one of our attributes when we speak to customers and it resonates with them in terms of our balance sheet and our consistent results that we've posted over 70-plus consecutive quarters and continued growth.

Jeremy Coleman: Thank you.

Kevin Ford: Sure. Thanks Jeremy. And then from my perspective, Jeremy, when I took over as CEO, I'm very cognizant of the – as you said, the history of Calian and the no debt posture. And as CEO, as I look at our growth agenda and the opportunities we have in each of the segments, we initially had a $10 million line of credit years ago that we – to your point we haven't used. We have increased that to $40 million to just give us some flex in moving in and out, primarily around either working capital requirements for our bigger programs and also the M&A agenda. So, it is a bit of a different – I wouldn't say it is a conscious decision I guess is my point, Jeremy, on our posture and not limiting our growth aspects by cash on hand. And again, we're going to continue to manage that prudently, so that we're not overleveraging the company in anyway.

Okay. Dory, is there any additional questions?

Operator: Yes sir. Our next question comes from Chris Martino. Please go ahead sir.

Chris Martino: Good afternoon. Just wondering if maybe you could provide a rough estimate around how much SatService and IntraGrain contributed in terms of sales in the quarter?

Patrick Houston: They are in the $5 million to $10 million combined range.

Chris Martino: $5 million to $10 million combined, okay. Okay, and then with respect to cash flow, can you guide or provide some color into what sort of investment we could see into WIP[?] and inventory of the next few quarters? Maybe what kind of peak WIP we could expect to see on the balance sheet?

Patrick Houston: I think the large process and project will probably contribute about $10 million additional working capital next year at its peak, so probably around Q2 and then start ramping back down. So, I think that one's for sure on our radar. And then the rest of WIP, I think right now is kind of the level it's at, and it'll go up based – as just our overall business goes up in order – as Kevin mentioned, we're still pretty optimistic about our growth trajectory and it will kind of follow, but kind of the level other than that $10 million will continue.

Chris Martino: Okay, that's great. Thank you.

Kevin Ford: Thanks Chris.

Operator: And it appears there are no further questions in the queue at this time. Mr Ford, I'd like to turn the conference back to you for any additional or closing remarks.

Kevin Ford: Okay. Well, thank you, Dory. And I want to thank you everyone for participating in the call. I appreciate the questions. We're very optimistic about where Calian is going and I think we're on the right track across each of our segments of our business. So, we look forward to talking about our full year results and our guidance for our next fiscal year in November. And of course, any other questions or any other thoughts, don't hesitate reach out if we can help as people digest our quarterly results or have any other further questions.

So, with that, Dory, we can close out the call. And again, thank everyone for the time and enjoy the rest of the day.

Operator: And this will conclude today's call. Thank you so much for your participation. You may now disconnect.