TRANSCRIPTION

Company:	**EROAD Limited**
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[START OF TRANSCRIPT]

Operator: Thank you for standing by, and welcome to the EROAD FY20 Annual Results conference call. All participants are in a listen-only mode. There will be a presentation followed by a question-and-answer session. If you wish to ask a question, you will need to press the star key followed by the number one on your telephone keypad.

Operator: On the call today, we have Mr. Steven Newman, CEO, and Mr. Alex Ball, CFO. With that, I would now like to hand the conference over to Mr. Steven Newman. Please go ahead.

Steven Newman: Good morning, everybody. It's my pleasure, along with Alex, to present the full-year results for EROAD for FY20. We will be working through the investor pack released this morning, along with the annual report and NZX announcements. Let us start.

Steven Newman: On page two is where we're starting. During FY20, we made good progress in delivering strong revenue and EBITDA growth. Revenue grew 32% to 81.2 million with strong contributions coming from both our US and New Zealand markets. EBITDA growth year-on-year was 73%, going to 27.1 million. The most pleasing was to see EBITDA margin increase year-on-year 31% to a margin of 32%. This growth in revenue and operational leverage allowed EROAD to make a $1.4 million profit before tax. Future contracted income increased $17 million to 134.4 million. Free cash flow was negative 12.8 million. Alex will explain the shape of this later in the presentation. We refinanced and expanded our debt facility to 60 million in March 2020. 23.9 million of this facilities are undrawn. EROAD is in a strong financial position to manage anticipated organic growth.

Turning to page three. Contracted units grew 21% to 116,488. An asset retention rate of 95.2% reflected the quality of our service and the value of our product offering. The combination of seven new SAAS services delivered and customer upgrades to the latest in-cab hardware saw monthly ARPU increase 6% to $58.38. We spent $15.6 million on product developments and this is to pull continued growth. Alex will provide more information on that later in the presentation. $6.9 million was invested in new business systems to allow us to scale as we deliver future growth, improve the customer experience and operational leverage.

We now turn to page five. This graph shows the makeup of our subscriber base by market. Total contracted units grew 20,098 year-on-year. The two large enterprise accounts we brought on in North America contributed 7,150.

We now move to page seven. This outlines the seven new SAAS services we delivered, so if I kind of break them down into themes. In the US, we extended our driver's tech management solution. In Australia, we got ATO approval for our fuel tax credit solution. And in New Zealand and Australia, we improved our health and safety offering by adding a vehicle collision and rollover detection and monitoring service along with St. John's Ambulance. We also delivered a solution that allows protection of privacy of employees using company vehicles for private use. Privacy is definitely becoming a major theme and area of concern within New Zealand and Australia.

We turn to page eight. New Zealand remains a significant growth opportunity, delivering a 21% growth in revenue year-on-year. Revenue growth came in two forms: growth in subscriber base, and also growth in monthly ARPU. Contracted units increased 10,256 with 30% of these new customers coming from construction, civil engineering, agriculture, and forestry. We renewed contracts for existing customers of 8,136 vehicles. This provided us with an opportunity to offer additional services. 6,283 vehicles were on our original Ehubo, Ehubo1 in-cab hardware. The team were able to upgrade, upsell, 42% of these to the latest Ehubo2 hardware. This, combined with the additional SAAS services, saw monthly ARPU increase to $2.04 to 55.78. Asset retention rates remains high at 96.1%.

We go to page nine. The North American business is now an established market and is contributing at a group level both in terms of revenue and EBITDA. Revenue growth was 62% year-on-year to 24.8 million. The deployment of two large enterprise customers contributed strongly to the increase of 9,342 contracted units. This represents a 38% growth rate. EBITDA grew significantly year-on-year. In FY19, it was 0.4 million. To 7.5 million in FY20. We continue to add services to our North American product offer to increase the products that brought our enterprise prospects. We look forward to releasing our EROAD Go workflow logistics management solutions for drivers and our in-cab camera solution towards the end of the calendar year.

We turn to page 10. Australia is a relatively new market with EROAD. We have a very promising enterprise sales pipeline pre-COVID, and we're in the final stages of agreeing supply terms. COVID has seen these opportunities push out, but they're not lost. Subject to continued uncertainty, we do expect progress on this during FY21. We onboarded our first trans-Tasman customer, one in Australia, which was 355 vehicles, and that was rolled out simultaneously across New Zealand and Australia.

I'll hand over to Alex and he'll go through the financial update.

Alex Ball: Thanks, Steven. Good morning, everybody. As Steven's already outlined, EROAD has today delivered another year of strong growth across all of the key metrics represented on slide 12, financially. Revenue increased 32% from $61.4 million to $81.2 million. Our EBITDA increased by 73% to $27.1 million. And within that, the actual EBITDA margin increased by 31%, from 25% to 33%. For our future growth, our future contracted income rose 14% to $134.4 million. And our total contracted units rose 21%, as Steven's already said, to 116-and-a-half-thousand units.

We turn to slide 13 and move to look at the makeup of our EBITDA growth. The continuation of growth in New Zealand and North American EBITDA is the key highlight for us here. And we continue to invest in opening up our newest market of Australia. EBITDA for New Zealand increased 25% to $34.9 million. North American EBITDA increased to $7.5 million from $0.4 million in FY19. Our negative EBITDA of $1.3 million for Australia represents the full-year impact of our continuing sales and marketing investment into that market. Our corporate and development segment, which contains our central head office cost as well as the product and engineering activity we undertake around research and development, recorded a negative EBITDA of 14 million, but it's included non-recurring patent disputes of $2 million.

We turn to slide 14 and start to look at the metrics we use to monitor our growth performance. Our annualised monthly recurring revenue or AMRR grew very substantially from $66.5 million at the end of FY19 to $86 million at the end of FY20, and this reflects both growth in the level of new contracted units, as well as the improvement in group ARPU year-on-year, that Steven's already touched on. As we previously stated, future contracted income grew to 134.4 million from 117.4 million in the prior year. And it's really a reflection of the net impact of the growth in contracted units, offset by the revenue that we recognised during this year for existing units that we had at the beginning of the year, and any units that we brought on during FY20. And then, in terms of our investments for medium-to-long growth, we continue to ensure that we're making the right investments to keep EROAD on the right side of the investment curve, and accordingly our investment in our R&D activities remained in the 18 to 22% of revenue range, at 19%. We'll talk about that a little bit more later.

If we move to slide 16, to talk about the metrics we look at around building enterprise value from our existing customer base. The two key metrics we track are ARPU and asset retention rate. We were pleased to see ARPU continuing to build year-on-year, increased to $58.38 for the group this year, albeit of that $3.30 year-on-year increase did relate to the strength of the US dollar against the Kiwi dollar. Once again, we are very happy that our asset retention rates have held up well. You can see that in the three-year trend down on slide 15, and our group figure was 95.2% for FY20. And as our connected vehicle and therefore units numbers continue to grow, these metrics really increase in importance to ensure that we're deriving the maximum value from our customers by delivering additional value and providing the appropriate customer service.

We move to slide 16, to talk about our profitability metrics. In terms of the efficiency of how we win and service customers, we monitor this through two metrics ... And as the charts on slide 16 show, we expect our cost-to-acquire or CAC metric to reduce over time as a percentage of revenue, as we continue to scale and grow. And certainly, while our cost-to-serve metric has been held flat this year as a percentage of revenue, this was due to additional investment that EROAD made into capabilities area during FY20, and we expect the metric to continue to reduce during FY21 as per the operating leverage is introduced, capitalising on the investments we've made into new generation business systems and associated processes.

We move on to slide 17, to take a deeper dive into our operating expenses and look at the movement there. Operating expenses increased by $8.3 million over the year. The biggest movement really relating to an investment we've made in people capabilities across a range of areas, such as customer service and supply chain management, as well as further expanding our product and engineering capacity and capability as we make those investments Steven touched on, for the next phases of our growth across the market. The other two major movements to call out were our increase in our SAAS platform cost at $1.9 million, which increases which we increase the scale of operations to increase the number of customers. And additionally, we had a net increase in our legal costs of $1.7 million, as we've already signalled. This was because we incurred, during the year, non-recurring patent dispute costs of $2 million, which contributed to that $1.7 million net increase.

We move along to slide 18 and look at our investments in capital expenditure. Some of this investment relates specifically to being able to deliver our SAAS services into connected vehicles through the other hardware units that are deployed. And the level of these additions, after adjusting for inventory movements is shown on the top of this slide there, increasing $2.5 million year-on-year ... are really reflecting the increased number of units installed in the vehicles as well as an increasing proportion of the total units being installed in the US market.

Our other major investment in capex relates to the intangible assets, which is set out on the bottom of slide 16. These are predominantly our development assets, which represent the capitalised R&D costs, and software assets, which are the installation and configuration costs relating to the business systems we use to run EROAD. Additions in this last category increased significantly in FY20 by $5.5 million year-on-year. And that was really due to the previously signalled deployment of our new generation of IT systems that will set us up to be able to scale more effectively and efficiently through the standardisation they introduce as we've grown further.

If we turn next to slide 19. Again, this is really a further dive into the R&D spend that we undertake in EROAD. As you can see from this slide, our overall investment in R&D activities continues to increase which you would expect, and as you would expect a growth company investing for the future and focused on that, the level of our capitalised investment in our development assets continues to exceed the level of amortisation of the asset and we then the revenue from the use of the asset in providing SAAS services.

If we turn again now to slide 20 which starts to look at our cash flows and how we generated cash ... used cash during the year. With the continuing business growth across our two main markets, our operating cash inflows increased strongly to $23.1 million. We continue to make significant investments as we've discussed in previous slides, noting that a $6.9 million of investment was made in ... there was a cash outflow relating to our new generation of business systems. And while we continue to spend money to crystallise further benefits from these systems in FY21, this spend will not be anything like as significant. So accordingly our free cash flows, which we define as the net of operating and cash in investing cash flows held fairly steady at a net of $12.8 million outflow, noting that we do not expect this to structurally improve ... Sorry, but noting that we do expect this to structurally improve the continuing growth and further crystallise operating leverage going forward.

Slide 21, the new slide that we've introduced to really break out the use of cash and the generation of cash by our markets. And so you can see across those operating segments, this illustrates that we're now generating positive free cash flows in both New Zealand and North America. And that $16.5 of that positive cashflow was used in the continuing investment into development and software assets, with the sales and marketing investments into the Australian market accounting for approximately $1.7 million of outflow. And the remaining significance, call out, run cash outflows of various [inaudible 00:18:18] that were $14 million of cash is used to fund our corporate costs, which includes the non-capitalizable research and development cost that we incur as well.

If you turn to slide 22, EROAD remains in a solid financial position. As we've previously articulated, we believe given the choppier economic waters, we're all heading into, we are well-positioned for an economic resilience point of view. We've got significant pre-contract on hand future income, and we have a diversity of learning basic cost, geographic markets and customer segments, as well as being diversified different customer industries. And we have $23.9 million of annual debt facilities to draw from within our overall increased facility of $60 million. And we anticipate this will be able to fund anticipated levels of organic credit, but as we've previously indicated, any very significant opportunities, both organic or inorganic would most likely have to be equity funds.

Turning to slide 23. While we are well positioned, we are, as I said, heading into choppy waters in all three of our markets as a result of the economic downturns, credit buckets, because of lockdowns. We've already signalled to the market as soon as the lockdown has commenced. We want to take a full review of the potential scenarios and operations in all of our markets and walk the responses my entitled for, for us in each of these scenarios. So it is prudent first that we might have a number of decisions that kind of short term spending several areas of cost until we had greater clarity about the potential severity of the economic downtime. And we understood the timing and sequencing of any additional costs that we might have to use should macroeconomic conditions deteriorate so that ... Nobody can move across to the outlook section of the presentation.

So I'll hand back at this point to Steven to talk through that.

Steven Newman: Thank you, Alex. If you turn to page 25 and FY20, we made very good progress strategically, extending out platform, investing in our people, products and business systems, full focus on doing a better job for our customers and adding more value. This has resulted in good progress financially, also in FY20, which means we can continue to invest in our growth and bushels. It seems 20 foot narcotic, but definitely throw a spanner into the works. We were well-placed based on our sales, pipelines make a really strong start to the year. It is saying that as Covid hit, we implemented a global BCP, which allowed us to rapidly move to working from home effectively during this time our employees products and services continue, and to support our customers that cemented space, supply chain and business activity. Many of our customers provided essential services to keep the economy going and the markets we operate. On the slide, you'll see the severity of the lockdown that occurred in New Zealand.

And you also get to see some of the impacts on the different segments that we've support in New Zealand. This information also is very useful to us to understand the market and the customer impact on how we can support our customers navigate through these uncertain months. They see the same page trying to signal ... A rise operates in large addressable markets. The New Zealand and North American market sizes have been updated based on the latest industry information. So it is significant additional addressable markets. Okay, now I'm just saying, once we get through this period of chaos around certainty and each market is in a stable recessionary mindset, we expect to see the increased adoption of telematics to retain and maybe potentially increase what we have planned so far about the impact of COVID ... since the telematics is a critical kindness and the native digitalization of global supply chains and to allow services, to be beloved by our customers in a more efficient and contactless way.

Page 20 guys, we have a great opportunity. In addition to writing additional units is to add additional growth in IOP. We have a number of excellent stat services that we will go look around over the next 10, 12 months, along with an in tab solution, which has for any driver based on cameras, 10 per driver, same thing, and help our customers manage the insurance costs.

We changed the page theme tonight outlook for pin point 21, despite economic uncertainty across all of our markets, the row remaining 12 slides, reflecting its strong customer value proposition future contracted income, diverse customer base across regions and industry size as well as the different parts of businesses that we support.

Since page 13, we are well paced and we're ready. We continue to support our customers, many of which will be critical in rebuilding the global economy. In the global downturn, current and new customers are looking for products and services to help drive efficiency in the business and that's worked out very, very well.

When you have the right systems and processes in place to drive efficiency in our business and that will be a key focus over the next 12 months. We have the cash flow and the funding facilities to support anticipate and integrate and we continue to look at growth opportunities both organic and inorganic and evaluate them. Bottom line, we still choose to grow and we continue to invest in our future. I'll hand back to the operator system.

Operator: Thank you, if you wish to ask a question, please press star one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star two. If you are on a speakerphone, please pick up the handset to ask your question. Your first question comes from Owen Humphries from Canaccord. Please go ahead.

Owen Humphries: Good morning guys and congratulations on a fantastic result. Just clarify a question, paid and dispute costs what does that relate to? Is that the permissions or are those costs likely to be ongoing in FY 21?

Alex Ball: I think we've previously disclosed that we're in a dispute around patent use in America, in our previous set of announcements. We worked through that during the course of FY 20 and got to a point where we settled that dispute. So it will not reoccur going forward. And the total cost of, I believe the cost of the settlement was 2 million. So that will not be reoccurring.

Steven Newman: And the bottom line on that one is we could not refrain anything.

Alex Ball: Totally.

Owen Humphries: Okay, good to hear. And maybe just touching on, on the U S... And protests you wanted a couple of large customers maybe talk about are you seeing an increase in interest in your product in the U S and are you changing the way you go to market or through partnership agreements? So if a distributor, or just through your ability to scale in that market and what are you doing about it?

Steven Newman: So the thing I reflect back on those two enterprise funds, while it provided wonderful revenue growth. What it also did is basically provided us with the reputation needed to access those larger customers. And so this year the focus is to provide a better product set for enterprise customers. And that's kind of reflected in that a go product delivered in sort of the next month or days, which allows workflow logistics from the back office through to the driver and the vehicle. So that is a focus if we get a fleet, which is sort of integrating into some of the larger logistics systems out there, which is Cloud and TMW, we improved now ability. So actually seemed to price enterprise teams to be a direct sales, as opposed to straight channel. But we've clearly demonstrated that we can bring on these large enterprise accounts without impacting their operations. So we have two very happy customers. We did add a smaller enterprise account during the course of the year as well. So it is an increased focus for us being a part of these accounts because we are experts in transport regulation and providing a safe product that helps them best manage that, we have great customer service and our products are incredibly reliable.

Owen Humphries: Okay. And maybe just switching gears to Australia, that the TAM obviously is very large there. Can you just touch on the current adoption rates for both medium, light and heavy vehicles and what's the likelihood that this could be mandated or as they move to the RUC style scenario that you have in New Zealand? What could step change the acceptance of telematics in this market?

Steven Newman: Telematics is a well used in Australia, primarily around logistics and service delivery. We entered the Australian market based on the regulatory hook whose around Chain of Responsibility. That's how we normally go into a new market, so that was the change that was brought in about a year ago. And of course we've been benefited from the fringe benefits tax and lease on products, but then the Australian regulatory environment, there was a lot of reform proposed. Related to the driver fatigue management such as the electronic work diary, which is similar to the initiative that was introduced into America. There's increased focus on the health and safety side as well.. So there is a lot of transport regulation that will become open to sort of regulatory telematics solutions so that will be a major driver of adoption as it was in the U S market.

Owen Humphries: Good one and of the four and a half thousand customers you have just remind me how many of those customers are Trans-Tasman?

Steven Newman: So Trans-Tasman customers, which there was a number of large enterprise accounts, there's about 300 of them where we have the business in New Zealand, so I'd say some of those customers are part of our sales pipeline for Australia.

Owen Humphries: Okay, and just lastly for me, I know we have chatted previously about the next generation hardware solution in everything relation with that. An FYI 21 initiative, has it been released already is it first half or second half just, and what did that mean for your business?

Steven Newman: So the camera's solution, there's currently an alpha heading into beta next month, with the release around that sort of October, November timeframe. So that is the product that is an addition to what we currently have. So that will be sort of ARPU $35 per month. So that will be a significant as it is a product that seems like demand in North America as the result of some really crazy settlements. We have the settlements and the payments made by insurance paying on the order of 15 million plus. So the now demanding that operators start putting this equipment into the vehicles to help exonerate and reduce some of these settlements.

Owen Humphries: Good one. Good to hear. Okay I'm handing back to you and well done guys good results.

Operator: Thank you, once again if you wish to ask a question please press star one on your telephone and wait for your name to be announced, your next question comes from Joshua Dale from Craig's Investment Partners please go ahead.

Joshua Dale: Good morning Steven and Alex and congratulations on the good progress you've made this year. Just one question from me on slides, 20 and 21, the $16,5 million investment in development and software is how much of those costs were more one off in nature. And how much do you expect to recur going forward?

Alex Ball: So I guess what we said was the software additions, which is the $6.9 compared to 16 and a half, it's predominantly non-recurring so we put a significant amount of investment in new generation systems. This year we will continue to invest some money in that and to get further benefits of it as we fit that in, but it wouldn't be nothing like, close to $7 million that we spent this year. I think it'd be in the very low digit 1 to 2 million sort of space, in terms of the 9.6 development additions we will continue to make on to the next generation of products and the future focus platforms that we've got. I think we will continue to work on that, open it, the shape of what we're doing with tens over times.

Steven Newman: I think one of the things that we are doing in terms of product development is increasing the capability of some of the underlying platforms that will allow us to provide additional services to the enterprise customers. The business platforms that we built 5 years ago were primarily focused at small to medium business, though they very reliable and we have been out to serve large range of products,But that is really the focus is going forward. Those platforms need to be enterprise grade.

Joshua Dale: That's great. Thank you.

Operator: Your next question comes from Wasseim Kisirwani from Jarden. Please go ahead.

Wasseim Kisirwani: Good morning, guys. Can I just ask a question on the sales pipeline. You've made some comments about slippage there, and then you've obviously given the outlook commentary expecting lower unit growth. Can you just elaborate on that extent of the that we see whether it's sort of SNB enterprise and when you... And if you're able to quantify the level of greatest increase that you've seen given the momentum that you've built up over the last couple of years. I would've expected that some of that, you mentioned, continues, especially SNB interested in your comments around that, please.

Steven Newman: It's difficult to hear you, but if I can rephrase that question, that you're interested to know what that impact on pipelines?

Wasseim Kisirwani: Yes.

Steven Newman: So, we need to put some context around this for two months and into this year. New Zealand came out of lockdown not too many weeks ago, so we were significantly impacted while we were locked down, we could only service essential services.

We've seen that pipeline unlock in many cases, and the additional capability that our system can do around contact tracing has also won us business in the short term.

So, I think SNB flows will come back, but will they sustain? We're expecting some recession, in fact, and maybe a ‘W’ kind of shaped recovery in New Zealand and America... I think that's a very difficult for us to predict. So, we just need to be very agile. You've got a presidential election, you've got the civil protest thing, as things to become more intense, and you've got a spike in COVID. Some of the things that we're looking at from a North American perspective, I'd say, "How do you do a large scale rollout when all your customer support staff is at home?" So, we're not losing opportunity but they're getting pushed out. So, I think, we just need to roll with the punches. Does that answer your question?

Wasseim Kisirwani: Yeah, no. It does. That's a good colour. I appreciate that. And then, just to follow up to that, then, on the cost measures that have been undertaken in the business on the back of the cautious outlook. Is that having an impact on the sales pipeline as well? The cut back on marketing events and hiring and adding sales people to get... Just Interested in your thoughts around whether the business is getting that balance right now, between pushing on the opportunity at hand, and then also being cautious given the outlook.

Alex Ball: I mean, I think, predominantly, a lot of the cost out, as we called it in the short term that I talked about, were actually very easy. So, you can't do any travelling during lockdown, and therefore associated costs of doing that dried up, which was good. As you have indicated, some of our marketing activities centre around events. And again, large scale events have been problematic on all the different types of lockdown that we've had in the three markets. Obviously, we're looking at what we can do now, in coming out and loosening some of the markets, and will continue to make sure that we are investing. So, we deferred some of our marketing spend rather than pulled it back. But, we maintain a strong focus on making sure we are spending as effectively and efficiently in our marketing space, particularly the digital marketing space, to look at results. And, I think, in terms our sales pipeline, we've got good visibility from the new systems now. And we will add, and prioritise adding resource when it is appropriate, in terms of expanding the market out. We're continuing to build the Australian market. We've only got less than six people on the ground in Australia, and they're continuing to build momentum there in the SMB space. And we're working the enterprise pipeline in Australia, for example. Using our enterprise sales folks from New Zealand remotely, in combination with the on-the-ground folks as necessary. So, we haven't seen any issues to date, but as Steven said, it's going to be a long call when we're only a couple of months in. So, we are dynamically managing the business, we're making decisions monthly, and we're forecasting quarterly around what the business needs to invest and capitalise on the growth and pipeline activity. So, we will make sure we prioritise accordingly, but we are making sure we're aware of what levers we might need to pull, should the macroeconomic conditions deteriorate.

Steven Newman: There's the number of pilots who were about to be undertaken. They got deferred, but those pilots will begin again. So, in that August timeframe. I think, when you get through this very chaotic period of uncertainty, where customers and prospects are really trying to work out which way is up for their business, they're not particularly open to selling. And for buying. When we get a sort of recessionary mindset, and they will most probably still not have great control of their top line, they may become incredibly focused on how they can reduce their costs. So, that is something that EROAD will look at products and services can help an awful lot. So, we're expecting, as we move out of the chaos and into recession that, we will do well.

Wasseim Kisirwani: Right. That's very useful. Thank you.

Operator: Your next question comes from Blair Cooper from ACC. Please, go ahead. Pardon me, Blair, you line is live. Please, go ahead.

Blair Cooper: Good morning, guys. Just in relation to April and May debt collections, and thinking about that idea of million dollars of annualised recurring revenue that you start the year with, effectively. I just wondered whether you've had to give any relief to any of the customers?

Alex Ball: I mean, clearly during lockdown, there was a number of things occurring. A bunch of our customers couldn't even get into the office to make payments. So, there was some logistical issues a number of them had. And, obviously, there were others that were economically very significantly impacted by lockdown. We have had a series of conversations with a number of customers, and we had some customers in America with similar issues, and we have worked with them to get to a situation which worked both for us and for them, in terms of deferral pay offs those April payments, and those being paid over remaining few months in the rest of FY 21 financial year. Was only really to do with... Predominantly, to do with April invoiced amounts. May, as Steven's outlined, an awful lot of our customers got back significantly on track in terms of vehicle movement, which is a proxy for generation of economic revenue. So, we haven't had that impact in May. It's really the April invoicing. And again, it was kept to an amount, because it was only a certain amount of our customers that were impacted. Clearly, Tourism is probably the sector that's had the most issues in New Zealand, and we worked through that with the limited numbers, tourism customers that we do have on, to make sure that we provided the support that we could during that period. We continue to work with the customers in that segment. But a lot of our customers are now back on track, and we're working on moving all of those dollars along into collect a daily. So, some small impact, but not significant. It would be the summary there.

Blair Cooper: Thanks.

Operator: Thank you. There are no further questions at this time. I'll now hand back to Mr. Newman for closing remarks.

Steven Newman: Thank you everyone for attending the call, and we look forward to catching up with many of you over the next week or so. Good morning.

Operator: That does conclude our conference for today. Thank you for participating. You may now disconnect.

[END OF TRANSCRIPT]