Prudential PLC Q1 Interim Management Statement Coneference Call

Company Participants

- Mike Wells, President & CEO, Jackson National Life Insurance
- Nic Nicandrou, CFO
- Tidjane Thiam, Group CEO

Other Participants

- Andy Hughes, Analyst
- Ashik Musaddi, Analyst
- Blair Stewart, Analyst
- James Pearce, Analyst

Presentation

Operator

Good morning. Welcome to Prudential PLC Q1 IMS analyst and investor call. Throughout this call, all participants will be in a listen-only mode and afterwards, there will be a question and answer session. Just to remind you that this conference is being recorded.

Today, I am pleased to present Group Chief Executive, Tidjane Thiam.

Tidjane Thiam {BIO 7518525 <GO>}

Hello. Good morning. I am joined today by Nic Nicandrou, Group CFO; and as for Q3[ph] by Barry Stowe, CEO of Asia; and Mike Wells, CEO of Jackson.

I am pleased to report that Prudential has made a positive start to the year. In Asia, new business profits, our primary of measure of growth, increased by 18% to GBP308 million, while APE grew by 12% to GBP495 million.

We saw double-digit sales growth in local currency in eight of our businesses, namely; China, up 50%; Vietnam, up 43%; Korea, up 36%; Philippines, up 26%; Hong Kong, up 24%; Indonesia up 22%; India up 18%; and our Takaful business in Malaysia up 14%.

Our Asset Management businesses have continued to perform very well and achieved record net flows of GBP3.5 billion, up 66% year over year, with strong performance both M&G, particularly in Continental Europe and for Eastspring, our Asian Asset Management business, where funds under management exceeded GBP60 billion for the first time.

External funds under management in our Asset Management business were up 27% to GBP139 billion, reflecting positive flows and higher market level (inaudible) in 2009, they have grown 2.4 times in four years, underpinning the profitability of our cash generative, capital efficient Asset Management business.

In the US, new business profit was GBP192 million. In the UK, new business profits were up 2% to GBP63 million, in line with our value of other interests[ph]. Overall, we are on track to deliver our 2013 growth and cash objectives.

So let's now take a closer look at each of our four businesses in turn, starting with Asia.

One of our stated growth objectives is to double 2009 NBP in the current year. Against this objective, at the end of the First Quarter we are pleased that NBP was 2.3 times higher than the First Quarter '09 GBP308 million.

Compared to the same quarter last year, NBP was 18% higher, driven by our focus on growing in profitable markets and capital efficient products. Across our sweet spot markets of South Asia, including Hong Kong, we have delivered 20% new business profit growth, outpacing the 16% growth in APE.

Our multichannel distribution platform has been key to driving this strong performance. Our agency channel gathered further momentum in the First Quarter with 16% APE growth, ex India. This was driven by an increase in activations across our sweet spot markets and by slightly higher average case sizes.

The bancassurance channel has started the year well, with 17% APE growth in the quarter, reflects a good Taiwan, where we chose not to sell low-return, capital intensive products.

It is worth noting that our sales across the region through our longstanding partner, Standard Chartered, were up 16% year over year.

In terms of products, we continue our focus on health and protection, with new business profits from this product segment growing by 24% year over year. We have seen strong demand for all our major product lines in the quarter. In unit-linked products, for example, we have seen a 16% growth in net flows, ex-India.

As a result, total unit-linked funds under management, excluding India, have grown by 22% year over year to GBP13.6 billion, primarily reflecting strong growth in net flows, higher market levels. And favorable foreign exchange rates.

I would like to take a moment to run you through highlights from a few select markets, namely Indonesia, Hong Kong, China, the Philippines and Vietnam.

In Indonesia, sales in pounds increased by 15% in the First Quarter with NBP growing at a faster rate of 40%, driven mainly by sales of health and protection riders[ph] and unit-linked products.

Agent recruitment, agent training and agent activation are core to our strategy and we continue to seek significant opportunities to further build out our distribution across the Asian franchise[ph].

In Hong Kong, we delivered APE growth of 26%, with a strong contribution from both our bancassurance and agency channels. We have seen this quarter the benefit from our initiatives to reactivate agents. And from higher average case sizes, with continued success in the Mainland China customer segment in Hong Kong.

I'm pleased to report that after years of effort, we have made a good start in China with First Quarter APE of 59% and NBP up 31%. Growth has been broad based, with both agency and bank channels growing at a rates of more than 50%.

The quality of our cooperation with CITIC, our longstanding partner. And the implementation of our strategy have had a positive impact. Our current geographic footprint provides us access to 2,350 branches and a population of 600 million. We are focused on execution to capture this considerable opportunity while continuing our geographic expansion opportunistically.

We have always talked about China as a long-term option for the Group. We are confident that, over time, it will make a contribution to the Group more in proportion to its size and scale.

As we have seen in Indonesia, Southeast Asian markets often start from a low base. But can produce double-digit growth for a long period of time, becoming ultimately material contributors to the Group's result.

This dynamic can be seen at work today in markets like the Philippines. Both Fitch and Standard & Poor's have upgraded their rating of the Philippines to investment grade recently. And our business there has continued to do well, with 40% growth in APE this quarter, which was following 67% growth in the previous year.

So NBP has more than trebled over the least two years in that market, demonstrating that the benefits of improving scale and productivity, as our smaller businesses grow, have a leveled effect on profitability. So that profitability often goes up with size.

In Vietnam, we are pleased to report sales up 43%, which validates our approach to this market, which is to take a long-term view that helps us navigate through the ups and down of economic cycles.

So let me touch upon a few recent initiatives in the region. Last week we announced the completion of the Thanachart Life acquisition and the launch of a 15-year exclusive bancassurance partnership with Thanachart Bank in Thailand, which significantly expands our scale in this key target market to over 850 branches across all our partnerships.

This is an important strategic step. We are excited by this opportunity. And we look forward to reporting our progress in this market later in the year and beyond.

We have also commenced operations in Cambodia in January of this year, in partnership with ACLEDA Bank, the largest retail and commercial bank in the country, with over 230 branches.

Finally, we are in the process of opening a representative office in Myanmar. Our processes for launching Greenfield operations within new territories are becoming well practiced and the speed to launch that we can achieve emphasizes the strength of our execution in the region and the power of the Prudential brand across Asia.

While these new territories are unlikely to make material contributions in the short term, over the long term they have the potential to be highly accretive for shareholders.

Looking beyond this quarter, the favorable structural trends in the region, combined with the unique nature of our Asian franchise, make us confident that we are well positioned to deliver sustainable growth in IFRS earnings and cash flow over the medium to longer term.

In summary, our business in Asia has had a positive start to the year, delivering profitable growth, particularly in our target area, what we call our sweet spot countries, continues to present significant upside from both large and small markets, from China to Cambodia[ph]. So we're well on track to double Asia's 2009 new business profits by 2013.

Turning now to Asset Management; our Asset Management businesses have had a strong quarter, with net inflows growing by 66% year on year and third-party funds under management growing by 27% to GBP139 billion.

M&G has had a record First Quarter, delivering net flows of GBP2.4 billion, with our success in Continental Europe helping offset the impact of our actions to soft close our two main bond funds in the UK.

There are two important milestones that I would like to mention.

The first one is the successful implementation of M&G's geographic diversification strategy. It's evidenced by the near doubling of international retail funds under management over the last decade to GBP18.7 billion. They now account for one-third of M&G's retail FUM.

Second, M&G's focus on growing the higher margin third-party funds under management has led to a 28% growth in these funds over the year, with external funds now reaching a record 50% of total funds under management for the first time from 35% in '09, four years ago.

Eastspring Investments, moving to Asia, reporting strong net inflows of GBP1 billion for the First Quarter, with funds under management growing by 18% year over year. This was the best First Quarter ever for Eastspring, beating the previous record of GBP600 million of net inflows in 2006.

As I have already mentioned, this performance has led funds under management to exceed GBP60 billion for the first time at GBP62.9 billion (sic; see press release "GBP62.8 billion").

Moving now to the US, the US market continues to offer good long-term growth opportunities, due to the demographic shift of a baby boomer generation, which should create 10,000 retirees per day for each of the next 20 years.

New business profits in the First Quarter amounted to GBP192 million. The decline versus the same period last year is entirely due to the impact of lower interest rates and narrower corporate[ph] spreads. In other words, on a like-for-like basis, NBP would have been flat between the two periods.

We have continued to manage our volumes proactively in this competitive market. Jackson reduced sales of variable annuities with guarantees by 14% to $3.7 billion of premiums, while driving strong growth in our high-IRR no-guarantees Elite Access variable annuity product to over $800 million of premiums.

Elite Access is a key component of Jackson's growth strategy and we are encouraged by its performance to date as it has generated $2.2 billion of sales since its launch one year ago. And the multi-sales momentum is going from strength to strength.

We continue to pull the same levers, adjusting pricing and product features as appropriate, to achieve our target profits while remaining within our risk appetite.

We are focused on delivering shareholder value in the US by growing IFRS earnings and cash. In the First Quarter, we attracted $3 billion of net flows, up 8% over the quarter. And also benefited from the 10% rise in the S&P500.

Net flows, generated by Jackson's ability to attract and retain new business premiums, are the ultimate driver of our long-term profitability. So we are very pleased with this performance.

At the end of March, our separate account balance stood at $88 billion, up 10% over the end-2012 level. And 31% higher year over year. Both hedging and policyholder behavior continues to track in line with our expectations.

In summary, in the US we remain disciplined in exhibiting on our strategy of optimizing the balance of risk and value. And are focused on delivering our 2013 cash remittance objective.

So let's move now to the UK. We delivered new business profit of GBP63 million year to date, 2% higher year over year.

Annuity volumes in the First Quarter were led by strong customer demand for our with-profits Income Choice Annuity, whose sales grew by 69% to GBP22 million. The two key features of this product, namely income security combined with a potential for income growth, are proving increasingly attractive to customers in the current low interest rate environment.

Moving on to our bulk annuity market where we have, as you know, an opportunistic approach, we did not complete any bulk annuity transactions in the quarter as no potential deal met our hurdles in terms of return on capital and payback periods.

The strong retail annuity performance largely helped offset the fall in investment bond volumes which, as expected, were impacted by the implementation of Retail Distribution Review. While we remain well positioned to operate in the RDR environment, we expect the short-term disruption to persist as both distributors and customers adjust to the changes. Overall, the UK continues to perform well in line with its stated strategic objectives.

Moving on to our balance sheet; a key feature of the current world economy is a historically low level of long-term interest rates. In that context, we remain defensively positioned on the asset side of our balance sheet. And at the end of March, our IGD surplus remained robust at GBP4 billion, which is now stated after deducting the 2012 final dividend.

So let me now say a few words about our outlook for the remainder of the year before we move to questions. Although the macroeconomic context remains uncertain, there are increasing signs of recovery in the US economy. At the same time, the eurozone continues to face macro-headwinds with the most recent economic data prompting debates on the viability of success of the current strategies of deficit reduction.

Asia, with its demographics, healthy fiscal position, low indebtedness. And the significant potential for further productivity gains in the economy, is expected to continue to grow faster than the developed western economies. In this context, our footprint with leading positions in Asia, a strong presence in the UK, a focused presence in the UK. And a well performing Asset Management business. And no presence in the eurozone, is attractive. And should allow us to continue to grow profitability.

Our businesses are in good shape. Our balance sheet remains strong and we are focused on serving our customers across markets and delivering profitable growth from Asia and cash from all business units. We are confident we will deliver our 2013 objectives.

So with this, we can now move on to Q&A.

Questions And Answers

Operator

(Operator Instructions) Blair Stewart, Bank of America.

Q - Blair Stewart {BIO 4191309 <GO>}

I've got two questions. Firstly, on the US, where you're seeing a slowdown in VA sales with guarantees. And also a pickup in the Elite Access; I just wonder how that changes your thinking in terms of cash flow coming out of the US in the coming year or so. And how you weigh that up against possible strategic opportunities there.

And secondly, I guess it's the first time publicly you've been able to, or you've had the opportunity to, talk about the change of CEO in your UK business. I wonder if that signals any change to the direction of the business? Thank you.

A - Tidjane Thiam {BIO 7518525 <GO>}

Okay. Thank you, Blair. Maybe I'll let Mike take the slowdown in VA sales. And Elite Access[ph] cash flow. I'll say then a few words then the strategic opportunities in the US. And then we'll take the UK question. So Mike.

A - Mike Wells {BIO 4211236 <GO>}

Blair. Good morning. I think Elite Access has caught 150 basis points of total fees coming to us on the products. So from a profitability, cash flow, point of view it doesn't change the strategic model a whole lot. We're obviously very pleased with the efforts on our focus to launch that product. I think it's doing exceptionally well. If you add it and Curian together, they did $1.5 billion last quarter of sales with no guarantees which, as we've talked before, historically has created some concerns. But we like the traditional product we're selling; we like the new products we're selling. And the direction we're going. Everything actually looks really good.

A - Tidjane Thiam {BIO 7518525 <GO>}

On strategic opportunities, there is really nothing new at this stage. I think, at the full year, we said that we were pleased with the shape of the Group; that we believe optionality adds value. And our position doesn't change. We think that the US is doing exactly what we want it to do from a shareholder perspective. So we're pleased with that.

On the UK, no it's a natural transition really. Rob has done four years and again, I think he's done a really good job. We're very pleased with the shape of the business in the UK. And what it's done. He expressed the desire to move on. And I think we did our job which is to find him a very good replacement. And I think Jackie is an outstanding professional. And she will be a very good leader for that business. But no change in strategy expected.

Q - Blair Stewart {BIO 4191309 <GO>}

Just, if I may, coming back to the first point on the US. The question was more really concerned with what the change in the mix of business does to your free cash flow opportunity.

A - Mike Wells {BIO 4211236 <GO>}

You want to take that?

A - Tidjane Thiam {BIO 7518525 <GO>}

No (inaudible) go ahead.

A - Mike Wells {BIO 4211236 <GO>}

I was just going to say, Blair, not a lot. Again, a lot of different -- I think we're up to six different accounting methodologies as we look at the business. But from a just pure economics point of view, EA is another good diversifier, another good source of operating income. We talked a lot in New York about profitable vintages; every vintage of EA is profitable. And it just diversifies and I think improves the quality of earnings. And doesn't put any strain, given there's almost no capital deployed. And it doesn't put any strain on capital as related to cash flow. I know you're a big fan of dividends and cash flow out of the US. And I don't think it changes anything in a negative way.

A - Nic Nicandrou {BIO 15589153 <GO>}

Blair, if I could -- I think, in the short term, agree with everything. Just to reiterate what Tidjane said, there's $88 billion of separate account balances; $2 billion of that is the contribution from the sales that we've had in Elite Access over the last year or so. So it's great how well the product has done to get the traction that is has. But it's still modest in the overall scheme in terms of assets under management.

A - Tidjane Thiam {BIO 7518525 <GO>}

Going to your third question, we've emphasized cash a lot in all our communications, etc.. So it's a fair question. But I think what you're hearing from all of us is no material change. And we're pleased we've the growth in assets. The $88 billion is really a foundation of cash flow generation and profitability with the fees we were able to collect on those amounts. So we're quite pleased with that.

Q - Blair Stewart {BIO 4191309 <GO>}

Okay. Great. Thanks very much. I look forward to the US dividend

Thank you.

Operator

James Pearce, UBS.

Q - James Pearce {BIO 16758460 <GO>}

Another question about the US. You talk about market conditions being highly competitive, is that intended to suggest things are getting tougher? Because I think, last year, you were experiencing a race to the bottom in terms of policy benefits. And it felt like it wasn't a market where competition was a big problem. And also on the US, could you comment on the relative margins of Elite Access compared to the with-guarantee variable annuity product please?

A - Tidjane Thiam {BIO 7518525 <GO>}

Okay, sure. Mike, do you want to paint a little bit the competitive landscape in the US?

A - Mike Wells {BIO 4211236 <GO>}

James, it's uneven right now, would be fair. You have some of our competitors that -- and I think they've been very public about defining an appetite for what they will or won't take in the VA products. We've had others that are increasing the competitiveness and attractiveness of their VA products. Overall, the industry numbers, quarter over quarter, are flat or a little down.

We've talked about in the past the concentration among three of (technical difficulty) few years post crisis was probably unique in market structure. And you're seeing a little broadening of that. I think it'll end up, this is not any news. But I think we'll end up with a half dozen competitors fighting for the space.

We're seeing a lot of the firms that were 3 to 7[ph] coming up in the rankings, in their product offerings. And again some of them are pricing more aggressively. But it's for individual firms' reasons. I don't think anybody is looking at the space right now and saying it's not a place where you can profitably provide good product to clients. I think just the opposite. The consensus here, both with the insurers. And even now with some private equity looking at some of these deals, is that there's money to be made here. And still offer a good product to consumers.

A - Tidjane Thiam {BIO 7518525 <GO>}

I think your next question was margins, James. So I'd really, EV[ph] and NBP is not necessarily a great way to look at those products. The way we really run the business is on IRR. And that's how we compare the products. And on that basis, we think Elite Access is quite attractive. And Mike will give a bit more color.

A - Mike Wells {BIO 4211236 <GO>}

James, if you think about the fee levels you have, they're lower. But you're putting up less capital. You're not providing the withdrawal benefits; you're not providing a death benefit. So net on a cash flow basis, on an earnings basis, it's a 20-plus-% IRR kind of product. And again, it's impossible to create an unprofitable vintage of it

The solution is, just to remind everybody, the reason the product works so well is it's a really strong alternative for retail consumers to some of the total return bond funds. And US interest rate exposure.

And that's a primary concern of advisors that the consumers aren't 100% aware of the risks embedded with these low interest rates. And being in a total return bond fund. It's a good product. But consumers probably have a bit too much of it here in the US. So we're hitting a need there and they like the diversification from equities as well, we're finding. They think it's a good alternative to just core US equity strategies as part of a retirement plan.

So we like the shape of the trades are coming in, they're very well diversified; the advisors are getting to know the product. And the sub advisers more, the average trade size is coming up. All of the maturity of a new product metrics you'd expect to see, we're seeing pretty quickly. Number of new producers, transaction size, number of firms coming on board, all of that tracking extremely well.

Q - James Pearce {BIO 16758460 <GO>}

Okay. Thank you very much.

Operator

Ashik Musaddi, JPMorgan.

Q - Ashik Musaddi {BIO 15847584 <GO>}

Three questions. I have two on the US. And one on M&G. On US, can you give us the charging structure of Elite Access? You mentioned 150 basis points, can you split that in terms of what comes to the Company and what goes to the advisors, or the brokers, that you have?

Secondly, same on Elite Access, what sort of investments do you make[ph]? Where does the money go? Is it in bond funds, or does it go in equities? Can you give us some color on that?

Then M&G, any color on the high net outflow -- the gross high redemptions in Fourth Quarter relative to last four quarters? It has seen a higher redemption in the third-party space; can you give us some color what's driving that? Thank you.

A - Tidjane Thiam {BIO 7518525 <GO>}

Thank you, Ashik. Mike, will you take the first two, charging structure of EA. And how is the money getting allocated?

A - Mike Wells {BIO 4211236 <GO>}

Okay, Ashik, what you're seeing is a slightly, off the top of my head, higher M&A -- sorry, lower M&A than P2. But lower commission. We participate in the fund fees, as we would on any of our other VA products that have shorter surrender charges. We can get to the product specs in detail. We can take the balance of the call, walk you through the detail. But shorter surrender charge, lower commission.

And what you're seeing in the funds is, by nature, it's an alternative asset-focused retirement product. So you have a wide range of alternative asset classes represented in it, as well as some traditional funds, which in this case are diversification.

And we haven't distributed where the funds are going yet, for competitive reasons. We know a couple of competitors -- rumor is a couple of competitors are trying to tee up Elite Access competition. So we're not looking to make that any easy for them than we need to.

But it's a long list of alt-class; everything from real estate to long short. And these are portfolios that you wouldn't traditionally put into a VA with a death benefit, or with a withdrawal benefit, because you'd be hedging a hedge in some cases, or hedging vehicles that are extremely difficult, if not impossible, to hedge. But are great diversifiers from core US equity, core US total return debt.

A - Tidjane Thiam {BIO 7518525 <GO>}

Okay. And the last question was re M&G. First, thing I'd say is we remain very, very pleased with the performance in the context of the asset management sector. Both in Q4 last year and in Q1 this year our performance has been very good.

And we, as you know, Ashik, focus on net flows. Gross inflows and gross outflows can vary for all kinds of reasons. And what drives the profitability of a business, ultimately, is net[ph] flows. And more particularly about that quarter, actually, a good portion of the flows was about two funds that we've closed, basically. As you know, we also announced the soft close of a number of our funds in the UK. And that explains some of those outflows.

Q - Ashik Musaddi {BIO 15847584 <GO>}

All right. Thanks a lot.

Operator

(Operator Instructions) Andy Hughes, BNP Paribas.

Q - Andy Hughes {BIO 15036395 <GO>}

The first question is on the US assumed spread margin. I know it's come down for the fixed annuity from 1.4% to 1.2%. But in the context of these, can you give a background about what crediting rate you're paying. And how you get to the 1.2%? Because it just seems quite high, given that in the US you're talking about the crediting rate being roughly 3% for fixed annuities, suggesting that you're expecting to make 4.2% at least on the assets to get to that 1.2% spread margin.

And just going back on the point on the M&G net flows. So is what you're saying, in terms of the institutional versus the retail, that the retail money is still going into the soft close funds, if you like. But the institutional money has been completely stopped from the soft close funds and that's what's driving the inflows down on that fund? Thank you.

A - Tidjane Thiam {BIO 7518525 <GO>}

Maybe on the crediting rate --

A - Nic Nicandrou {BIO 15589153 <GO>}

I can take it.

A - Tidjane Thiam {BIO 7518525 <GO>}

Okay, Nic, you can take it.

A - Nic Nicandrou {BIO 15589153 <GO>}

The 3% that you're referring to, Andy, is on the in-force business. New business that we're writing now attracts much lower crediting rates. Just to take the FA, if new FA business the crediting rate has been set at 1.5%. And if you access the general account through an allocation of your VA, then the crediting rate is at 1%. So in that sense, the crediting rates on the new business that we write are a lot lower.

Yes. The yields are down. But the net of those two effects are the numbers that we use in calculating the NBP. And candidly, it's a feature of the market. And we're reacting to that with a reduction in the rates.

Q - Andy Hughes {BIO 15036395 <GO>}

So I'm just wondering what you're earning on new money going into that fund.

A - Nic Nicandrou {BIO 15589153 <GO>}

Well I think it's the crediting rates, the structure is the same[ph], plus the spread that we have published. And then a 25-odd bps for the RMR reduction. So those are the components as you -- so it'll be the sum of those three components.

Q - Andy Hughes {BIO 15036395 <GO>}

So about 3.5%. Thank you.

A - Tidjane Thiam {BIO 7518525 <GO>}

On M&G, really, what I was trying to say, if you go to Q4 the number was quite high. But some of that was one big institutional contract.

From memory, it was something like GBP3.9 billion[ph] for institutional, total was GBP5.5 billion[ph]. So you're talking about GBP1.6 billion, GBP1.7 billion[ph] retail. So the GBP2.4 billion[ph] retail in Q1 is compared to GBP1.6 billion, GBP1.7 billion[ph] retail in Q4. So there is no decrease there, fundamentally, back to Ashik's question; it's actually a movement upwards. Q4 --

Q - Andy Hughes {BIO 15036395 <GO>}

No. I was asking more about the institutional one. Is institutional net flows going to come back? Or is that, as you point out, a one-off on the --?

A - Nic Nicandrou {BIO 15589153 <GO>}

The institutional net flows tend to be quite lumpy.

A - Tidjane Thiam {BIO 7518525 <GO>}

It's very volatile.

A - Nic Nicandrou {BIO 15589153 <GO>}

The team will work on, effectively, manufacturing opportunities; they will then market them. They have commitments. And then there is a time lag in when those, effectively, commitments are fulfilled. So you will see them be relatively lumpy. The soft close doesn't affect institutional business; that is simply on the retail fund side.

A - Tidjane Thiam {BIO 7518525 <GO>}

This is correct. So again, the institutional is quite volatile and really (inaudible). Of course, it's impossible to predict from a quarter to quarter.

Q - Andy Hughes {BIO 15036395 <GO>}

Okay. Thank you.

Operator

(Operator Instructions) There are no further questions at this time.

A - Tidjane Thiam {BIO 7518525 <GO>}

Well I think this is a first. I think probably our most boring results, for which we have to apologize. But thank you for your questions.

Clearly, the global macro environment remains uncertain. And persistently low government bond yields continue to pose challenges to our industry, as this discussion illustrated. However, our presence in the growing and profitable markets of Asia, our discipline in the US. And our selective participation in the UK, together with our strongly performing Asset Management business, give us, we believe, the flexibility and the resilience to continue to produce relative outperformance.

We're very confident in the outlook for this year. And we look forward with confidence for the rest of 2013, as we remain on track to achieving our 2013 objectives.

So thank you very much. And have a good day.

Operator

That concludes our call. Thank you for attending. Participants, you may disconnect your lines.