

American Financial Group, Inc. NYSE:AFG

FQ1 2017 Earnings Call Transcripts

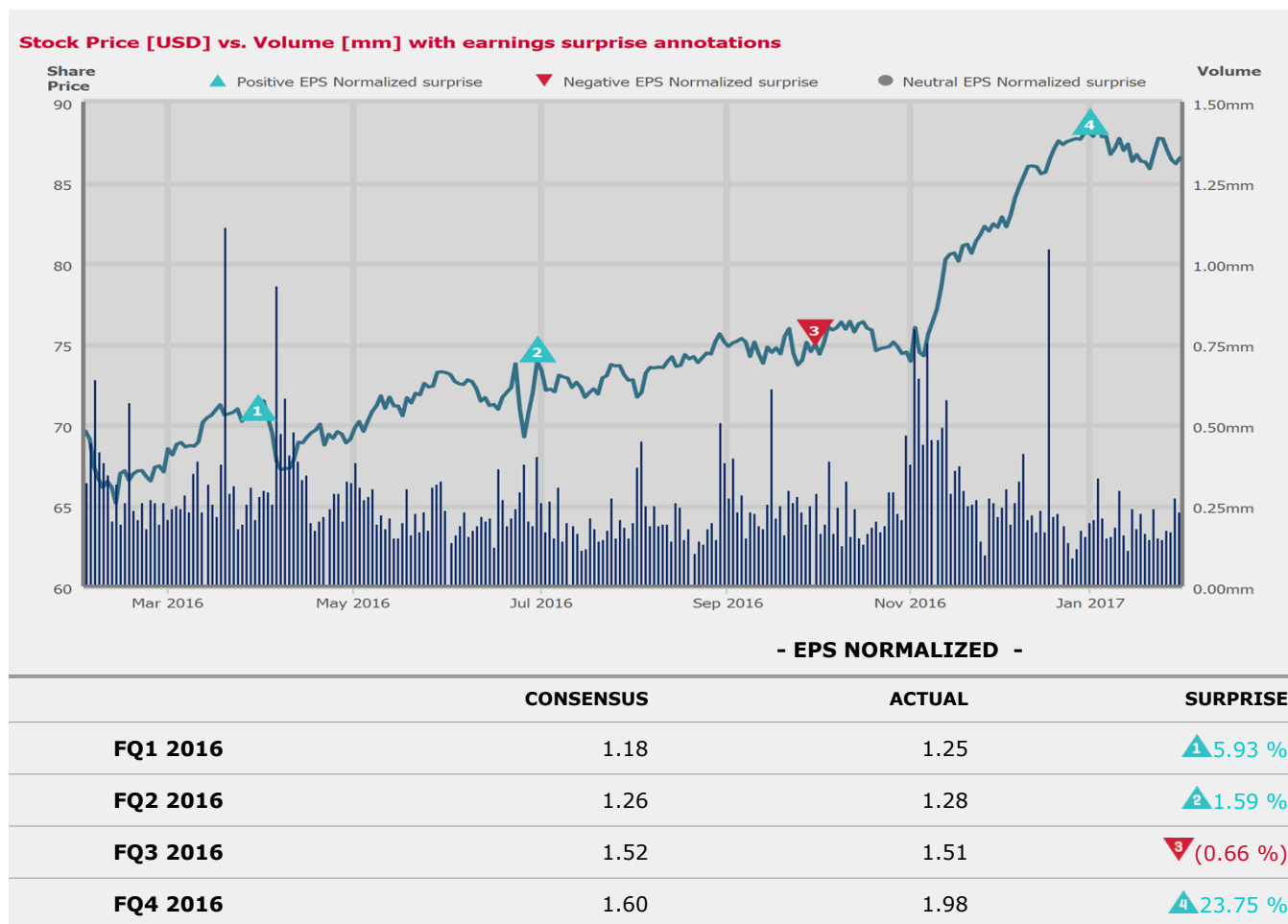
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S&P Capital IQ Estimates

	-FQ1 2017-			-FQ2 2017-	-FY 2017-	-FY 2018-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	1.34	1.69	▲ 26.12	1.41	6.32	6.48
Revenue (mm)	1140.93	1022.00	▼ (10.42 %)	1044.38	4509.19	4663.41

Currency: USD

Consensus as of May-04-2017 1:33 AM GMT



Call Participants

EXECUTIVES

Carl H. Lindner

Co-Chief Executive Officer, Co-President and Director

Diane P. Weidner

Assistant Vice President of Investors Relations

Joseph E. Consolino

CFO, Executive VP, Director and Chairman of the Board of Neon Capital Ltd

S. Craig Lindner

Co-Chief Executive Officer, Co-President and Director

ANALYSTS

Amit Kumar

Macquarie Research

Jay Adam Cohen

BofA Merrill Lynch, Research Division

Presentation

Operator

Good day, ladies and gentlemen, and welcome to American Financial Group Q1 2017 Earnings Conference Call. [Operator Instructions] As a reminder, this conference call is being recorded. I would now like to turn the conference over to Ms. Diane Weidner, Assistant Vice President of Investor Relations. Ma'am, you may begin.

Diane P. Weidner

Assistant Vice President of Investors Relations

Thank you. Good morning, and welcome to American Financial Group's First Quarter 2017 Earnings Results Conference Call. I'm joined this morning by Carl Lindner III and Craig Lindner, Co-CEOs of American Financial Group; and Jeff Consolino, AFG's EVP and Chief Financial Officer. Our press release, investor supplement and webcast presentation are posted on AFG's website. These materials will be referenced during portions of today's call. Before I turn the discussion over to Carl, I'd like to draw your attention to the notes on slide 2 of our webcast.

Certain statements made during this call may be considered forward-looking statements as defined under the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future performance. Investors should consider the risks and uncertainties that could cause actual results and/or financial conditions to differ materially from these statements. A detailed description of these risks and uncertainties can be found in AFG's filings with the Securities and Exchange Commission, which are also available on our website. We may include references to core net operating earnings, a non-GAAP financial measure, in our remarks or in response to questions. A reconciliation of net earnings attributable to shareholders to core net operating earnings is included in our earnings release. And finally, if you're reading a transcript of this call, please note, that it may not be authorized or reviewed for accuracy, thus it may contain factual or transcription errors that could materially alter the intent or meaning of our statements. Now I'm pleased to turn the call over to Carl Lindner III to discuss our results.

Carl H. Lindner

Co-Chief Executive Officer, Co-President and Director

Good morning. We released our 2017 first quarter results yesterday afternoon. If you would please turn to Slide 3 of the webcast slides for an overview. AFG's results established new first quarter records for earnings. We're very pleased to report core earnings per share of \$1.69 a share, up 35%, increased from the prior-year period. Improved results were attributable to a higher operating earnings in our property and casualty segment and significantly higher year-over-year operating earnings in our Annuity segment. First quarter annualized core operating return on equity was 13.1% for 2017 compared to 10.3% in '16. Net earnings per diluted share were \$1.72 per share, which also established a new first quarter record for AFG. These results include \$0.03 per share in noncore net realized gains on securities. Craig and I are very pleased at the diversity of our business has enabled us to produce overall consistent strong operating results, while also identifying opportunities to grow our business in a meaningful way. We thank God, our talented management team and our great employees for helping us to achieve these results.

Returning capital to our shareholders is an important component of our capital management strategy and reflects our strong financial position and our confidence in AFG's financial future. We announced yesterday that our Board of Directors declared a special cash dividend of \$1.50 per share of American Financial Group common stock, payable in late May. We'll evaluate our excess capital position again in the second half of 2017. Strong operating profitability, superior investment performance and effective capital management resulted in growth and adjusted book value plus dividends of \$2.18 per share during the quarter an increase of 4%. We are maintaining our 2017 core operating earnings guidance for AFG in the range of \$6.20 to \$6.70 per share. Craig and I will discuss our guidance for each segment of our business later in the call. Our earnings guidance for 2017 assumes no change in the corporate tax rate of 35%. We are encouraged by what we believe to be favorable tax reform proposals stemming from both the Trump administration and congressional Republicans, advocating a lower corporate tax rate. And as

I mentioned last quarter, we would like to see a level playing field for domestic insurers to compete with offshore companies operating with an unfair tax-advantage.

Now please turn to Slide 4 and 5 of the webcast, which include an overview of results in our Specialty Property and Casualty operations. Beginning on Slide 4, you'll see that gross and net written premiums increased 7% and 5% respectively in the 2017 first quarter, compared to the same quarter a year earlier. Property and Casualty operating earnings were up \$11 million compared to the prior-year period. Higher P&C and investment income and lower other expenses more than offset lower specialty property and casualty underwriting profit. Other expenses were lower year-over-year primarily as a result of our first quarter 2000 gain on a sale of a hotel property and also the non-controlling interest related to National Interstate recorded in the first quarter of last-year.

First quarter underwriting profit was down 8% from the prior-year period. Higher underwriting profit in our Property and Transportation Group was more than offset by lower underwriting profit in our Specialty Casualty and Specialty Financial Groups. The first quarter 2017, combined ratio of 92.2 was about a point higher than the 2016 first quarter, and included 2.8 points of favorable prior year reserve development and 0.7 in CAT losses. Despite industry wide first quarter catastrophe losses, that were the highest in over 20 years, I'm pleased that our CAT losses were in line with AFG's historical averages for this time of-year. Overall, renewal pricing in our Specialty Property and Casualty Group was flat during the first quarter. AFG's overall loss ratio trend continues to be about 2%. Given the diversity of our Specialty Property and Casualty businesses we have some areas that are running higher such as commercial auto liability, which is closer to 4% and we've seen increases in severity in our D&O book.

Even with the trends we are seeing we remain pleased with the overall results in our D&O business and the improvement in National Interstate's results. Although we're not seeing any discernible overall trends in severity stemming from a more active or plaintiff-friendly judiciary from time to time, we do see some anecdotal instances of plaintiff bias and inflated verdict values. We're hopeful that the new administrations judicial appointments may help to mitigate the potential for an increase in late emerging [indiscernible] severity over time, at least in the federal courts.

Now, I'd like to turn to Slide 5 to review a few highlights from each of our Specialty Property and Casualty business groups. Our Property and Transportation Group reported first quarter underwriting profitability of \$43 million compared to \$32 million in the prior-year period. Higher underwriting profits in our agricultural, Property & Inland Marine and transportation businesses contributed to these results. We are pleased with the performance of National Interstate following the closing of the merger transaction in the fourth quarter of last-year. National Interstate's first quarter accident year combined ratio improved 2 points to 96.2% with no adverse reserve development in the quarter. And there's a great deal of disruption in the commercial auto space right now. We believe there could be some opportunities as we see some of our competitors retrench.

Catastrophe losses in this group were \$5 million in the first quarter of 2017 compared to \$6 million last year -- last year's first quarter. First quarter 2017 gross and net written premiums in this group were 5% and 4% higher, respectively, than the comparable prior-year period. The growth in gross written premiums is primarily attributable to our transportation, property and inland marine and Singapore branch operations. Overall renewal rates in this group increased 3% in the first quarter of 2017. With most of our price increases coming from commercial auto and non-crop agribusiness operations. Although, National Interstate is achieving double-digit increases in its traditional passenger and commercial auto lines of business. Renewal rates in captive and the Workers' Compensation businesses tempered those increases, resulting in an overall increase in renewal rates for National Interstate of about 6% in the first quarter.

Specialty Casualty Group reported first quarter underwriting profitability of \$15 million compared to \$29 million in the prior-year period. Higher profitability and our workers compensation business and slightly improved year-over-year results in Neon, were more than offset by lower year-over-year profitability in our targeted markets, executive liability, and excess and surplus lines businesses.

We continue to be very pleased with a strong profitability in our workers comp businesses. Catastrophe losses for this group were \$1 million in both the first quarters of '17 and '16. Gross and net written premiums for the first quarter of '17 were up 7% and 4%, respectively, compared to the same period in

'16. Higher premiums in our workers compensation businesses, primarily the result of rate increases in the state of Florida, and higher premiums in our targeted market businesses were partially offset by lower premiums in our Excess and Surplus Lines operations. The decline in excess and surplus premiums were primarily the result of tougher underwriting standards and pricing related to our New York contractors business. Renewal pricing for this group was flat during the first quarter. Renewal rate increases at [summit] nearly offset pricing decreases that continued in our other workers compensation businesses.

Underwriting profit in our Specialty Financial Group was \$22 million in the first quarter compared to \$23 million in last year's first quarter. Slight decrease was driven primarily by lower underwriting profitability in our financial institutions business, which was partially offset by higher underwriting profits in our fidelity and surety businesses. Businesses in this group continue to achieve excellent underwriting margins. First quarter 17' gross and net written premiums were up 12% and 13%, respectively, when compared period. Primarily as a result of higher premiums in our financial institutions and surety businesses. Our renewal pricing in this group was down approximately 4% for the quarter, primarily the result of decreases in our financial institutions business. Regulatory pressure, new competition from existing players and new entrances are contributing to tougher pricing in our lender placed mortgage property insurance books.

Now please turn to Slide 6 for some review of our 2017 outlook for the Specialty Property and Casualty operations. You'll see that we continue to expect a combined ratio between 92% and 94%. We now expect growth in net written premiums be in the range of 3% to 7% for the Property and Casualty Specialty group overall, up from a range of 2% to 6%, we previously estimated.

Now taking a look at each sub segment, we continued to estimate a combined ratio in the range of 91% to 95% in our Property and Transportation Group. We now expect growth in net written premiums to be in the range of 2% to 6%, an increase from the range of 0% to 3% previously estimated. Higher commodity prices and organic growth in our crop operations were factors in raising our premium expectations for this group. Our Specialty Casualty Group is expected to produce a combined ratio in the range of 94% to 96% and growth in net written premiums in the range of 5% to 9% consistent with prior estimates. We continue to estimate a combined ratio in our Specialty Financial Group in the range of 84% to 88%. Based on the results through the first 3 months, net written premiums are expected to grow by 2% to 6%, which is up from our original estimate of flat to up 4%. We continue to expect overall property and casualty renewal pricing to be flat to up 1%. Additionally, we expect our property and casualty investment income to grow by 2% slightly lower than previous estimate. I'll now turn the discussion over to Craig who will review the results in our Annuity segment and AFG's investment performance.

S. Craig Lindner

Co-Chief Executive Officer, Co-President and Director

Thank you, Carl. I'll start with a review of our Annuity results for first quarter beginning on Slide 7. The annuity segment reported \$96 million in pretax operating earnings in the 2017 first quarter compared to \$53 million in the first quarter of 2016, an increase of 81% year-over-year. Under fair value accounting, variances from expectations of certain items, such as projected interest rates, hedge cost and surrenders as well as changes in the stock market, have an impact on the accounting for fixed indexed annuities. Although, these accounting adjustments have been recognized through AFG's recorded core earnings, many of these adjustments are not economic in nature, but rather impact the timing of reported results.

During the first quarter of 2017, the benefit of a higher stock market was offset by slightly lower interest rates resulting at a \$2 million unfavorable impact to annuity operating earnings. In comparison, during the first quarter of 2016, a significant decrease in interest rates resulted in an unfavorable impact on earnings of \$31 million. Annuity earnings before the impact of fair value accounting were \$98 million in the first quarter of 2017 compared to \$84 million in the first quarter of 2016, an increase of 17%.

AFG's first quarter 2017 earnings and spreads benefited from the positive impact of certain investments required to be mark-to-market through earnings. In addition, as you'll see on Slide 8, AFG's quarterly average Annuity investments and reserves grew by approximately 11% and 12%, respectively, year-over-year; the benefit of this growth was partially offset by the run off of higher yielding investments. AFG's Annuity segment reported statutory premiums of \$1.3 billion in the first quarter of 2017, virtually unchanged from the first quarter of 2016. Higher premiums in the financial institutions channels more

than offset lower premiums in the retail channel. By comparison, premiums reported in the first quarter of 2016 reflected an uptick in sales, which occurred in advance of the effective date of rate decreases announced in early 2016. We believe that our continued strong premium production in 2017, reflect new products, additional staffing, and increased market shares within existing financial institutions, offset in part by uncertainty about the effective date of the Department of Labor rule. Additional information can also be found in AFG's quarterly investor supplement posted on our website.

Now please turn to Slide 9 for summary of the 2017 outlook for the Annuity segment. We expect 2017 earnings before fair value accounting for indexed annuities to be in the range of \$380 million to \$400 million an increase from the \$375 million to \$395 million previously estimated. Our forecast assumes modest increases in interest rates and the stock market. We continue to estimate full year 2017 pretax annuity operating earnings will be in the range of \$375 million to \$395 million, an increase from \$368 million reported in 2016. Large changes in interest rates and/or the stock market as compared to our expectations, could lead to additional positive or negative impacts on the Annuity segments results.

We now expect the premiums for the full year of 2017 will be flat to up 10% from the \$4.4 billion sold in 2016 an increase from our original estimate of flat to down 10%. On April 4, 2017, the Department of Labor released a rule delaying the April 10, 2017 applicability date of the fiduciary rule to June 9, 2017, and further delayed certain requirements until January 1, 2018. As a result, insurance only agents will be able to continue selling fixed-indexed annuities through the end of 2017, provided the agent acts in the customer's best interest and receives only reasonable compensation.

The 2017 premium projection I just mentioned, anticipates the DOL rule becomes effective in its current form with certain parts becoming effective in June of 2017 and the balance becoming effective on January 1, 2018. While AFG's management continues to believe the adjustment required at the company and its distribution partners to comply with the rule, will impact premiums, we do not believe the new rule will have a material impact on AFG's results of operations. We believe that our business model, which we adopted many years ago, positions us well in a changing regulatory environment.

Now please turn to Slide 11 for a few highlights regarding our \$43 billion investment portfolio. AFG recorded first quarter 2017 net realized gains on securities of \$2 million after-tax and after DAC, compared to net realized losses of \$10 million in the comparable prior-year period. As of March 31, 2017, unrealized gains on fixed maturities worth \$384 million after-tax, after DAC, and unrealized gains on equities were \$145 million after-tax. In addition, in March of 2017, AFG sold a hotel property recognizing an after-tax gain of \$7 million on the sale. This gain is recorded in other income and included in the specialty P&C core operating earnings.

As you'll see on Slide 12, our portfolio continues to be high quality with 89% of our fixed maturity portfolio rated investment grade and 98% with an NAIC designation of one or two, the two highest categories. We provided additional detailed information on the various segments of our investment portfolio in the Quarterly Investor Supplement on our website.

I will now turn the discussion over to Jeff who will ramp up our comments with an overview of our consolidated first quarter 2017 results and share a few comments about capital and liquidity.

Joseph E. Consolino

CFO, Executive VP, Director and Chairman of the Board of Neon Capital Ltd

Thank you, Craig. And good morning, on this very busy day for earnings conference calls. Slide 13 pulls together the earnings figures Carl and Craig have shared with you. We are very pleased with the year-over-year growth and proud of achieving a record high for AFG's first quarter.

Slide 14, provides a reconciliation of core net operating earnings to net earnings attributable to shareholders. Let me turn to Slide 15. AFG's adjusted book value per share was \$54.98 as of March 31, 2017. As of the same date, adjusted tangible book value per share was \$52.34. Our capital adequacy, financial condition and liquidity remains strong, and we maintain sufficient capital in our insurance businesses to meet our commitments to the rating agencies. Our excess capital has grown to approximately \$1.1 billion at March 31, 2017. Our strong excess capital position and the absence of

share repurchases during the quarter underlie our decision to pay \$1.50 per share special dividend in the second quarter. This special dividend is payable on May 25, to shareholders of record on May 15. The aggregate dollar amount of this special dividend will be approximately \$132 million. The special dividend is in addition to the company's regular quarterly cash dividend of \$0.3125 per share, which was paid in late April. The payment of the special dividend we announced with our first quarter results will not preclude AFG's consideration of a special dividend later on this-year. In other words, should our capital position and projected uses of capital justify it, we remain open to a special dividend later in 2017 in the absence of a significant transactions. We returned \$27 million to our shareholders through regular dividend during the quarter and approximately \$4.1 million shares remain under our repurchase authorization as of May 1, 2017.

As a reminder, we do plan to hold approximately \$200 million to \$300 million of dry powder to maintain our flexibility for opportunity that may arise. We will review all opportunities for deployment of capital on a regular basis.

On Slide 16, you'll find a single page summary of our 2017 core earnings guidance. Let me remind you, AFG's expected 2017 core operating results exclude non-core items such as realized investment gains and losses and other significant items. That may not be indicative of ongoing operations. Now I'd like to open the lines for any questions.

Question and Answer

Operator

[Operator Instructions] Our first question comes from the line of Jay Cohen from Bank of America.

Jay Adam Cohen

BofA Merrill Lynch, Research Division

Two questions. One, under the favorable development that we saw in the Property and Transportation segment. Is that largely related to the crop business, kind of a true-up from the 2016 growing year?

Joseph E. Consolino

CFO, Executive VP, Director and Chairman of the Board of Neon Capital Ltd

Hi Jay this is Jeff. Certainly, the crop division was a meaningful contributor to that amount. But even if excluding that we did see favorable development across the other business units that make up our Property and Transportation division.

Jay Adam Cohen

BofA Merrill Lynch, Research Division

Got it. And the second question, I guess on capital management, should we think about these special dividend sort of in lieu of your historic buybacks in other words with the stock having appreciated and given a valuation, its more efficient or effective to give back money just through special dividends?

Carl H. Lindner

Co-Chief Executive Officer, Co-President and Director

This is Carl. Every year is a little different. We tried to find, what we think the highest and best and most effective use -- right or wrong or otherwise. We thought that \$1.50 special dividend in the first quarter was an effective way to manage our capital return, excess capital to the shareholders. I think as I said in the past, when our capital gets at \$1 billion or above or excess capital gets at \$1 billion or above, we get more proactive on how we view things. So every year is a little different. Some years are heavier on acquisition side verses others. So each year is a different -- a little different mix.

Operator

Our next question comes from the line of Amit Kumar from Macquarie.

Amit Kumar

Macquarie Research

Just two quick follow-up questions. And I did miss the opening remarks. So if this has been discussed please do tell me to look in the transcript. Number one, on the pricing discussion. I know you mentioned the average rates on the slide show. Did you talk about that in a bit more detail in terms of what you're seeing on the pricing versus lost cost trend on a segmental basis?

Carl H. Lindner

Co-Chief Executive Officer, Co-President and Director

It's a question whether our overall loss ratio trends or ...

Amit Kumar

Macquarie Research

Yes, the pricing the renewal pricing by segments and lost cost trends?

Carl H. Lindner

Co-Chief Executive Officer, Co-President and Director

Okay. Overall, our pricing is pretty flat. Overall, when you look at the group, our overall loss ratio trend is about 2%. What that -- that's lost cost offset by exposure change if you look over our whole book in that. If you look at business by business, we generate, where think we need rate we are taking it in the Property and Transportation part of our business. We got about 3% in rate and in certain parts of that segment like National Interstate, where we -- because of commercial auto liability lost cost trends. Our loss ratio trend in National Interstate Jeff would be roughly 4%, 5%.

Joseph E. Consolino

CFO, Executive VP, Director and Chairman of the Board of Neon Capital Ltd

Yes, we think it will be 4%, Carl.

Carl H. Lindner

Co-Chief Executive Officer, Co-President and Director

Yes around 4%. And in commercial auto liability in the passenger side in our traditional Transportation business we're getting double-digit increases in that part of our business for instance. It's offset little by our captive business and our workers comp business, we're not getting a lot of rates. So the combination of the two for National Interstate put us at about 6% in the first quarter. So I think most of that rate increase in the Specialty Property and Transportation was focused on National Interstate and that part of our business. Specialty Casualty business, the rates were pretty flat, workers comp -- Florida workers comp rates are up as we expected and that's offset -- those are offset a little bit by rate declines in our California workers comp business and some rate declines in our strategic comp part of the business. But when you put all that together, our workers comp rates are flattish to down just a little bit. So the good news is when you look at the California trends, the industry and our accident year combined ratios for the previous years keep improving some. So naturally, that means good things generally on that front. So in the specialty financial part of our business, rates were down 4%, that's primarily -- there's a number of larger state regulators that feel that the lender place property rates in that part of our business are excessive and there has been some regulatory actions. I think -- you've seen that some of the commentary from Insurent, and other companies. So we've had some adjustments in rates on our lender placed mortgage property business that is the main thing behind the 4% decline in rate there. Lost cost trends, were really pretty benign when you look at the specialty financial part of our business in that. In our business model, when our lender place property, I think part of that rate decline is softened by how we do business where we have sliding scale commission, where if the -- for instance, if the loss ratio is higher the commission gets adjusted. So in our case, not all of a decline in rate goes, takes away from the bottom line if you understand what I'm saying.

Amit Kumar

Macquarie Research

Yes. Makes sense. The only other question I have is -- I guess going back to Jay's question on the special dividend. If I understood the opening remarks correctly, potentially or hypothetically we're talking about a Q4 timeline or is that a Q3 timeline. I just wanted to be sure, when you say year end, are we talking about, what is it we're actually talking about?

Carl H. Lindner

Co-Chief Executive Officer, Co-President and Director

I think last half of the year. We generally -- when we get into the third quarter some time. We kind of know what our -- we start to get an idea of what are next year's business plan is, what type of acquisition activity we have on our plate and some idea on our modeled excess capital. So we'll see where we are and will take another look at it in the last half.

Joseph E. Consolino

CFO, Executive VP, Director and Chairman of the Board of Neon Capital Ltd

This is Jeff. Just to go back over history we have paid a fourth quarter special dividend in each of the last five years. So I don't think we want to commit ourselves to any one particular course of action on special dividends. But that has been the pattern over the last five years.

Amit Kumar*Macquarie Research*

Got it. The final question I have is, and I'll stop after this. I guess no call will be complete without asking you about your agriculture book. I haven't seen anything out there, which would raise concern maybe you can give a quick update and then I'll stop.

Carl H. Lindner*Co-Chief Executive Officer, Co-President and Director*

Sure. This is Carl. It's really early when we start by saying that, but I think overall, we remain optimistic so far, with what we're seeing in that. There has been in a few places the spring planting progress may have been a little bit slow, but it's about on par if you look at a five year average on that. The excess rainfall over the weekend will [pride away] things to the Mississippi Valley a little bit. There is some freezing temperatures in Kansas, Oklahoma and Texas and some -- but we don't expect significant damage from that. So when you look at the conditions, I think it's early, but it seems to be okay. The other thing is commodity prices the other factor in revenue product is commodity prices are behaving. Others may -- if you look at the spring discovery prices there is only slight decreases from the spring discovery prices when you look at corn and soybeans. So when you put those two perspectives together, I think we are optimistic at '17 should be a solid year so far.

Carl H. Lindner*Co-Chief Executive Officer, Co-President and Director*

I would be remiss if I would -- one thing that did change in our Property and Transportation guidance one of the drivers is we went from thinking that our crop business was going to be flattish to maybe down a little bit. Now we expect our crop premiums to be up around 9%. So that was kind of a positive change in our perspective on things. What happened there was, there was a year-on-year change to base rates, there was a positive change on the volatility factors and commodity prices from the previous spring. In a year spring discovery prices were up 3% on corn and up 15% on soybeans. So all those things changed our perspective.

Operator

[Operator Instructions] And our next question comes from the line of Jay Cohen from Bank of America.

Jay Adam Cohen*BofA Merrill Lynch, Research Division*

Just a follow up. Other property-casualty earnings obviously, that number was a quite a bit better than it had been running. Real estate gain helped, even if you take that out that number was again quite a bit better. Anything else unusual in there? One. And then secondly, especially now without National Interstate, can you guys give any sort of range for what we should expect that number to be?

Joseph E. Consolino*CFO, Executive VP, Director and Chairman of the Board of Neon Capital Ltd*

Jay this is Jeff Consolino. I'm very pleased that you were able to answer a part of your question on that line item other income expense for property and casualty insurance is also, where we historically have recorded the National Interstate minority interest and that's no longer going to teach you going forward. So I wouldn't call that unusual because it's going to be the norm going forward. I would think if you adjusted for the real estate gain in that line item and the absence of National Interstate minority interest being recorded there. That that would be so-called the new normal for that line item.

Operator

And I'm showing no further questions and I would like to turn the call back to Ms. Diane Weidner for any further remarks.

Diane P. Weidner*Assistant Vice President of Investors Relations***WWW.SPCAPITALIQ.COM**

Thank you all for joining us this morning to discuss our first quarter results. This now concludes today's call.

Operator

Ladies and gentlemen, thank you for participating in this conference. This conclude today's program and you may now disconnect, everyone have a great day.

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