S&P Global
Market Intelligence

CNA Financial Corporation NYSE:CNA

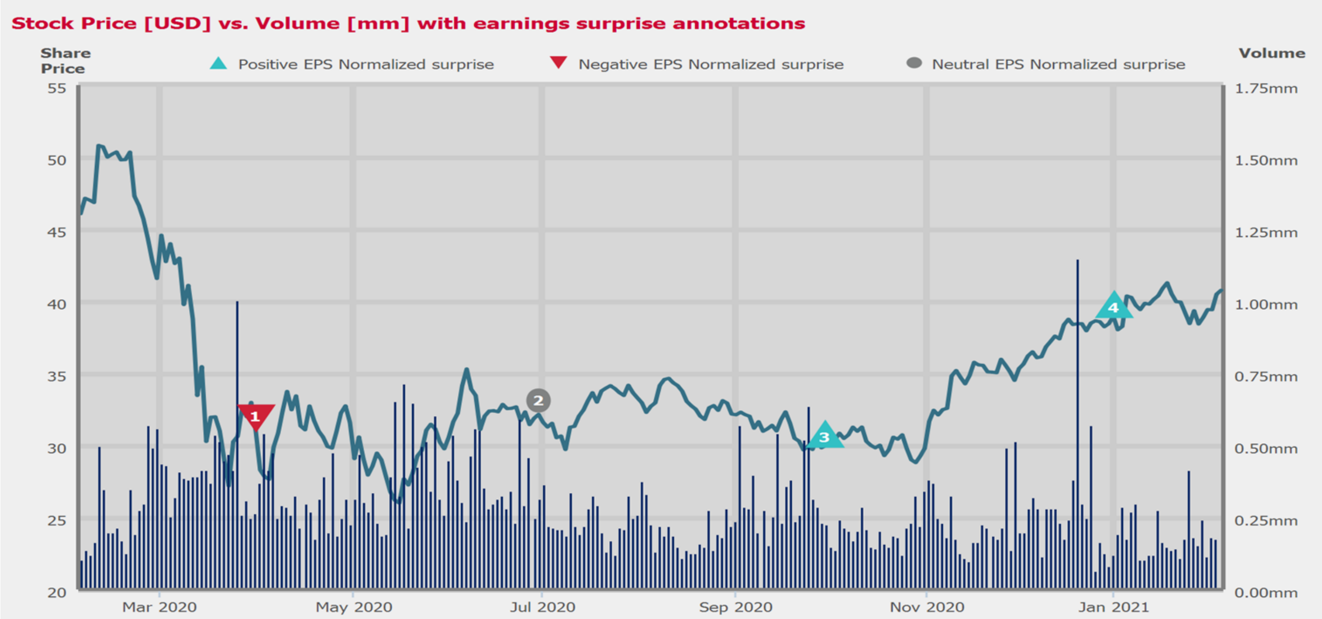
FQ4 2020 Earnings Call Transcripts

Monday, February 08, 2021 2:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ4 2020-			-FQ1 2021-	-FY 2020-			-FY 2021-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS
EPS Normalized	1.00	1.23	▲23.00	1.01	2.47	2.70	▲9.31	3.93
Revenue (mm)	1983.00	1952.00	▼(1.56 %)	NA	7655.00	7566.00	▼(1.16 %)	NA

Currency: USD
Consensus as of Jan-12-2021 3:00 AM GMT



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ1 2020	0.56	0.40	▼1 (28.57 %)
FQ2 2020	0.36	0.36	● 2 0.00 %
FQ3 2020	0.60	0.71	▲3 18.33 %
FQ4 2020	1.00	1.23	▲4 23.00 %

Table of Contents

Call Participants

EXECUTIVES

Albert Joseph Miralles
Executive VP & CFO

Dino Ennio Robusto
Chairman & CEO

ANALYSTS

Gary Kent Ransom
Dowling & Partners Securities, LLC

Joshua David Shanker
BofA Securities, Research Division

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Presentation

Operator

Good morning, and welcome to CNA's discussion of its 2020 fourth quarter financial results. CNA's fourth quarter earnings release, presentation and financial supplement were released this morning and are available via its website, www.cna.com.

Speaking today will be Dino Robusto, CNA's Chairman and Chief Executive Officer; and Al Miralles, CNA's Chief Financial Officer. Following their prepared remarks, we will open the line for questions.

Today's call may include forward-looking statements and references to non-GAAP financial measures. Any forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from the statements made during the call. Information concerning those risks is contained in the earnings release and in CNA's most recent SEC filings. In addition, the forward-looking statements speak only as of today, Monday, February 8, 2021. CNA expressly disclaims any obligation to update or revise any forward-looking statements made during this call.

Regarding non-GAAP measures, reconciliations to the most comparable GAAP measures and other information have been provided in the financial supplement. This call is being recorded and webcast. During the next week, the call may be accessed on CNA's website. If you are reading a transcript of this call, please note that the transcript may not be reviewed for accuracy, thus it may contain transcription errors that could materially alter the intent or meaning of the statements.

With that, I will turn the call over to CNA's Chairman and CEO, Dino Robusto.

Dino Ennio Robusto
Chairman & CEO

Thank you, Marguerite. Good morning, everyone. I am pleased to share our fourth quarter results and our full year performance in what was clearly an unprecedented year, importantly, our industry roles to meet the challenges and effectively deliver on our commitment. I am very proud of our CNA employees who effectively served the needs of our agents and brokers as well as our insureds and have positioned us well to continue to take advantage of the hardening market conditions.

Before I provide detail on the quarter, here are a few highlights for the full year. Core income was $735 million or $2.70 per share, and net income for the year was $690 million or $2.53 per share. This compares to $979 million and $1 billion in 2019, respectively. The shortfall from the prior year primarily attributed to the impact of the elevated pretax catastrophe losses of $550 million, which included our reserve charge for the pandemic of $195 million that we announced in the second quarter of 2020 as compared to $179 million of catastrophe losses in 2019.

On the other hand, our P&C underlying underwriting profit for the full year increased 38% to $498 million as the underlying combined ratio improved 1.7 points to 93.1%. It is the fourth consecutive year of improvement in the underlying combined ratio. The improvement in the underlying combined ratio came from both the loss ratio and the expense ratio.

Our underlying loss ratio improved 0.8 points from 2019, a 0.5 point of the improvement reflected the favorable claim frequency from the shelter-in-place directives. The frequency benefit was relatively muted for us because, as I said on the second quarter call, a substantial portion of our insureds are in essential industries such as health care, construction and manufacturing, who are not subject to shelter-in-place restrictions. The expense ratio improved 0.9 points from 2019 to 32.6%, which reflected our disciplined approach to managing expenses as we grow the business and continue to make meaningful investments in talent, technology and analytics. The all-in combined ratio was 100.9%, with 7.7 points of catastrophe losses and flat prior period development.

Gross written premium growth, ex captives grew 9% in 2020 despite the impacts of the economic downturn, which reduced our exposure almost 3 points from the prior year. Net written premium increased 6% for the full year. We successfully achieved rate increases of 11% for the full year, more than double our 2019 rate increases, and new business was up 6% for the year.

We continue to leverage this hardening market to build margin, all else equal, as rates continue to earn out above our long-run loss cost trends. The 11% of written rate we achieved in 2020 was 8 points on an earned basis for the full year, while our long-run loss cost trends were about 4 points. However, as I have said before, we are going to continue to be prudent on how we act on any margin due to the global pandemic's disruptive impact obfuscating claims trends, in particular, social inflation. Moreover, the economy has not recovered nor have court dockets reverted to pre-pandemic activity. Therefore, we are staying the course.

Turning to the fourth quarter. Our results in the quarter evidenced our strong execution in every aspect of our business, including significant growth driven by double-digit rate, strong new business growth and improved retention as well as an improved underlying loss ratio and expense ratio. We also benefited from a low catastrophe quarter and strong investment performance.

Core income for the quarter was a record $335 million, $1.23 per share, an increase of $70 million over the prior year fourth quarter. The increase was largely driven by improved underlying underwriting profits. Net income for the quarter was $387 million or $1.42 per share and was an increase of $114 million over 2019's fourth quarter. The P&C underlying combined ratio was 92.7%, a significant improvement over last year's fourth quarter result and in line with Q3 results, both of which are the best 2 underlying combined ratio CNA has had in over 10 years.

The all-in combined ratio was 93.5%, slightly more than 2 points of improvement compared to the fourth quarter a year ago driven by Commercial, which improved 4.4 points to 96.2% and International, which improved 3.4 points to 96.9%. Although Specialty had less favorable prior period development than the fourth quarter a year ago, they had a very strong combined ratio of 89.4%.

Pretax catastrophe losses were benign at $14 million or 0.8 points of the combined ratio. Our estimated ultimate losses from COVID-19 are unchanged at $195 million as claim activity continues to unfold slowly as we expected. Prior period development had no impact on the combined ratio in the quarter.

The underlying loss ratio was 60.5% for the quarter, a 0.4-point year-over-year improvement and consistent with Q3. Specialty was 60%. Commercial was 61.1% and International was 60.1%. In the fourth quarter, the expense ratio was 32%, 1.7 points better than the prior year quarter as we maintained a disciplined approach to managing expenses as we continue to grow the business.

We are pleased with the improvement. And as our growth continues to earn out through 2021, we expect that to drive additional improvement. Gross written premium, ex our captive business, grew 15% in the quarter with significant contributions across all operating segments, with Specialty at plus 17% and Commercial at plus 13%. International was also strong at plus 14%, fueled by strong rate in the quarter in our London operation and strong rate and new business growth in our Canadian operations. Net written premium for total P&C increased 12% in the quarter.

In the quarter, the hardening market persisted as evidenced by our continued double-digit rate achievement of plus 12% while increasing our retention by 3 points to 85% from the third quarter. We achieved strong rate across the board with Specialty at plus 13%, Commercial at plus 12% and International at plus 18%.

In addition to double-digit rate achievement for the quarter, we continued to implement tighter terms and conditions across our portfolio. These improved terms and conditions, as I have mentioned before, are equally important to strong pricing as they improve attritional loss ratios, help prevent unintended coverage and are typically slower to be relaxed once market conditions start to soften.

New business growth was strong in the quarter, 17% higher compared to last year's fourth quarter. Specialty grew 23% and Commercial 22%, while international remains slightly negative. We are writing high-quality accounts within our target market segments. Examples: we continue to grow our profitable Specialty Affinity portfolio. We grew our very profitable construction segment within Commercial, and we are building our management liability portfolio at a time when we can get excellent terms and conditions.

We carefully monitor pricing on new business relative to renewal policies, and the new-to-renewal relativities have been stable all year across the portfolio, indicating rate on new business has increased commensurately and obviously contributed to the overall growth in new business.

We are well positioned to grow in these hardening market conditions, and indeed, we believe it is the best time to grow. In addition to restoring pricing to these levels and improving terms and conditions, the disruption from insurer dislocation in a hardening market causes broad remarketing by agents and brokers that also fare itself tremendous high-quality new business opportunities. And we have been able to secure more of these opportunities as we are leveraging all the investments we have made in the last few years to deepen our specialized underwriting expertise and provide improved solutions to our customers.

Finally, we completed our annual asbestos and pollution reserve review, which resulted in a noneconomic after-tax charge of $39 million, which compares to last year's after-tax charge of $48 million. And we also had positive core income of $26 million from our Life & Group operations. Al will provide more detail on this as well as our asbestos and pollution review.

And with that, I will turn it over to Al.

Albert Joseph Miralles
Executive VP & CFO

Thanks, Dino, and good morning to everyone. As Dino mentioned, I will provide more detail on the Life & Group results as well as our corporate segment, including the asbestos environmental reserve review.

Before I do that, let me just highlight a few items related to our overall results as well as our P&C operations. Core income for the quarter was a record at $335 million, 26% higher than the prior year quarter results. With the core ROE of 11.4% for the period, we are certainly pleased with the close to 2020 and the significant progress made to build upon our underlying underwriting profitability.

Dino spoke about this progress with regards to our combined ratio improvement. A meaningful contributor was the expense ratio. I would like to highlight the advancements made during 2020.

Our fourth quarter expense ratio of 32% reflects significant progress on a year-over-year basis as well as on a sequential quarter basis during 2020. The expense ratio improvement was reflected in all 3 of our P&C business segments, especially in International notably recording improvements of 2 and 3 points, respectively, versus the prior year quarter. We are particularly pleased with the International results as the efforts to reduce acquisition costs as part of our re-underwriting strategy is paying dividends.

Likewise, with respect to Specialty and Commercial, the significant progress we've made on our expense ratio reflects our ability to grow while being disciplined about our expense spend and also making investments back into the business. Considering the trajectory of our net written premium, we would expect that our earned premium growth will further aid our progress on the expense ratio in 2021.

Turning to net prior period development and reserves. For the fourth quarter overall, P&C net prior period development was flat compared to 2.2 points of favorable development in Q4 2019. Favorable development in Specialty during the quarter driven by professional and management liability was offset by adverse premium development on general liability within Commercial. For the full year 2020, overall development was essentially flat versus 0.7 points of favorable development in 2019.

In terms of our COVID reserves, we've made no changes to our catastrophe loss estimates during the quarter. We continually review our COVID reserves, and our previously established estimate of ultimate loss remains appropriate, and our loss estimate is still virtually all in IBNR.

Finally, with regards to the P&C operations, on January 1, several of our reinsurance treaties renewed, the main ones being for management liability and casualty lines of business. These treaties renewed with more favorable terms and conditions relative to expectations given current market conditions.

Now turning to Life & Group. This segment produced core income of $26 million in the quarter and $9 million for the full year. This compares to a Q4 2019 loss of $4 million and a full year 2019 loss of $109 million. Favorable long-term care results for full year 2020 relative to 2019 reflect the lower reserve charge in the current year relative to the prior year as well as better-than-expected morbidity experienced in 2020 amid the effects of COVID-19.

Specifically, since the onset of COVID, we've experienced lower-than-usual new claim frequency, higher claim terminations and more favorable claim severity as policyholders favor home health care versus the use of long-term care facilities. The higher level of claim terminations is largely being driven by an elevated level of mortality and claimant recoveries.

As referenced in the previous quarters, given the uncertainty of these trends, we've been taking a cautious approach from an income recognition perspective, and accordingly, we've been holding a higher level of IBNR reserves. As well in our annual gross premium valuation review completed in the third quarter of 2020, we did not build any of this favorable experience into our ongoing reserving assumptions.

With all of this in mind, we are closely evaluating these favorable claim trends to assess the extent to which they may persist beyond the pandemic. Our corporate segment produced a core loss of $60 million in the fourth quarter and $108 million for the full year. This compares to a $68 million loss in Q4 2019 and $102 million loss for the full year 2019. The loss for Q4 2020 was driven by our annual asbestos environmental reserve review concluded during the quarter. The results of the review included a noneconomic after-tax charge of $39 million driven by the strengthening of reserves associated with higher defense and indemnity costs on existing claims, and this compares to last year's noneconomic charge of $48 million.

Following this review, we have incurred cumulative losses of $3.3 billion, well within the $4 billion limit of our loss portfolio of transfer cover that we purchased in 2010, and paid losses are now at $2.1 billion. You will recall from previous year's reviews that while we continue to be covered under this LPT limit, there is a timing difference with respect to recognizing the benefit of the cover relative to incurred losses as we can only do so in proportion to the paid losses recovered under the treaty. As such, the loss recognized today will be recaptured over time through the amortization of the deferred accounting gain as paid losses ultimately catch up with incurred losses.

As previously announced, we've entered into a loss portfolio transfer transaction with a subsidiary of Enstar Corporation and related to legacy excess worker comp reserves. This noncore portfolio has been the run off for over 10 years, and the transaction enables us to strengthen our focus on going-forward operations while reducing potential future reserve volatility. The transaction closed on February 5. Going forward, we report the impacts associated with this line of business and the associated loss portfolio transfer through the corporate segment.

Turning now to investments. Pretax net investment income was $555 million in the fourth quarter compared with $545 million in the prior year quarter. The results reflected more favorable returns from our limited partnerships and common equity portfolios relative to the prior year, more than offsetting the decline in net investment income from our fixed income portfolio and attributable to lower reinvestment yields.

As a point of reference, pretax effective yield on our fixed income holdings was 4.4% at Q4 2020 compared to 4.7% as of Q4 2019. Pretax net investment income for the full year was $1.9 billion compared with $2.1 billion in the prior year. While lower interest rates have certainly been a headwind to our net investment income, it's also driven the increase of our unrealized gain position on our fixed income portfolio, which stood at $5.7 billion at year-end, up from $5 billion at the end of the third quarter and $4.1 billion at the end of 2019. The change in unrealized during the quarter was driven by the tightening of credit spreads across the market. Our risk-free rates have remained low.

Fixed income invested assets that support our P&C liabilities had an effective duration of 4.5 years at quarter end. The effective duration of the fixed income assets to support our Life & Group liabilities was 9.2 years at quarter end. As usual, slides from our earning presentation will provide you with additional details of the investment results and the composition of our investment portfolio.

Our balance sheet continues to be very solid. At quarter end, shareholders' equity was $12.7 billion or $46.82 per share, reflective of the increase in our unrealized gain position during the quarter. Shareholders' equity excluding accumulated other comprehensive income was $11.9 billion or $43.86 per share. Book value per share ex AOCI and excluding the impact of dividends paid has grown by 6% over the last year. We had a conservative capital structure with a leverage ratio below 18% and continue to maintain capital above target levels in support of our ratings.

In the fourth quarter, operating cash flow was strong at $367 million compared to $160 million during Q4 2019. On a full year basis, operating cash flow was $1.8 billion versus $1.1 billion for 2019, a significant increase substantially driven by the improvement in our current accident year underwriting profitability and the lower level of paid losses. In addition to our strong operating cash flow, we continue to maintain liquidity in the form of cash and short-term investments and have sufficient liquidity to meet obligations and withstand significant business variability.

Finally, we are pleased to announce an increase in our regular quarterly dividend to $0.38. This increase reflects our confidence that we can continue to grow our underwriting profits and build upon our financial strength. In addition, notwithstanding an extraordinary year in 2020, including the elevated impact of catastrophe on our results, we are pleased to declare a special dividend of $0.75 per share.

With that, I will turn it back to Dino.

Dino Ennio Robusto
Chairman & CEO

Thank you, Al. In summary, we had a great quarter, generating record core income as we effectively leveraged the opportunities from the hardening market, as we did throughout the year. And we are confident in our ability to continue to do so as these market conditions persist in 2021.
And with that, we are happy to take your questions.

Question and Answer

Operator

[Operator Instructions] And our first question comes from Gary Ransom from Dowling & Partners.

Gary Kent Ransom
Dowling & Partners Securities, LLC

On the rate outlook, do you take the fact that some of the lines are leveling out on rate increases that perhaps the market is starting to approach adequacy? Or maybe rate will start drifting down closer to loss trends over the next few quarters? I just wondered if you could comment on what you see in that trajectory.

Dino Ennio Robusto
Chairman & CEO

Yes. It's a good question, Gary. I think the way I see the quarter, I actually see it as further evidence of a sustained hardening market. When you look at our rates at 12% overall for P&C, we also achieved that double-digit rate with 3 points increase in the retention. So it's 3 quarters of double-digit rate. And I think you're going to see in any one subsegment, some lines can go up in a quarter and some can even go down and some will stay flat. Because invariably, you're going to have a different mix of accounts of profitability, which ones might need more or less rate, where you might be going after, as an example, better terms and conditions.

And so as you look at the quarter and where we got rate, we got strong rate in different areas that were higher. Our financial institution management liability was the highest actually in the fourth quarter. Health care does move quarter-to-quarter, again, based on the book. But it's 8 quarters, right, of double-digit rate on the rate.

And I think all of the conditions that everyone has talked about, the dynamics, COVID, the low interest rate environments, elevated cash, the history of rates and loss cost trends, I think this market is just -- is going to persist in 2021, albeit you might see some fluctuation quarter for quarter.

As we look at January, Gary, there's -- really, we just -- our activity in January sees the market persisting. And so I'm not really sure when it'll start to flatten out, but we see a lot of opportunity. And quite frankly, I think it's needed because it's going to take some time to make up for all of the dynamics that everyone's been talking about. So that's how I see the quarter.

Gary Kent Ransom
Dowling & Partners Securities, LLC

So I can take that, that you think the market is still generally has deficient rates? There's still a need for rate above....

Dino Ennio Robusto
Chairman & CEO

Yes. Yes, I do, and I think you're going to see that persist in 2021.

Gary Kent Ransom
Dowling & Partners Securities, LLC

Okay. Another question on the overall distortions of 2020. In looking at your reserves and loss picks, I guess I would assume that loss payments would be lower because courts were closed and maybe there's a little bit reduced frequency in some places. Does that mean we ended the year with proportionately more reserves, either case or IBNR, if you look at the numbers? Or is the mix of reserves higher at the end of '20 versus '19?

Albert Joseph Miralles
Executive VP & CFO

Gary, I can take that. This is Al. Yes, I think that's fair, Gary. If you look at our cash flow, you can see, obviously, our operating cash flow was up year-over-year and as well our paids and incurreds are down. That is a reflection, obviously, of our stronger underlying profitability, but as well that we had a higher level of cat, including COVID, and some of which has not been paid out. So our paids are down and our -- particularly our cat reserves are indeed up.

Gary Kent Ransom
Dowling & Partners Securities, LLC

And when you were picking your loss picks, were you just more or less ignoring 2020 kind of thinking about the trends from prior years? Or how did you build in what you saw in 2020 in those loss picks?

Dino Ennio Robusto
Chairman & CEO

Prior to the -- Gary, prior to the pandemic, you'll recall, and we had articulated it on several calls that we had seen -- we had increased some of our loss picks. We had increased our long-run loss cost trends, actually about 100 basis points in -- over the prior year, a function of, as I had indicated, social inflation, in particular, in areas like medical malpractice and umbrella, et cetera.

And so we go into 2020, and COVID hits. And as I've indicated, pretty well every quarter, it clogged up the court dockets. And so we just -- we acknowledged some of the benefit, as we said on this call. And the rest we just held on and stayed the course on our loss picks, which are -- were elevated from prior. And we're going to just hang on to that margin that is pretended by rates over long-run loss cost trends until we get to a bit more clarity. And I think it's going to take still some time, as I said in my prepared remarks.

Operator

And our next question comes from Josh Shanker from Bank of America.

Joshua David Shanker
BofA Securities, Research Division

I'm wondering can you talk a little about the dividend, the math behind how the special is calculated in conjunction with the decision to raise the quarterly dividend. What sort of economic factors were you looking at this year's dividend versus the long-run dividend?

Albert Joseph Miralles
Executive VP & CFO

Yes. Thanks, Josh. This is Al. Look, I think in keeping with the approach we've articulated in kind of our capital management strategy, right, we look at our net income. And our intent is, unless we have opportunities, otherwise, they're going to maximize return to shareholders. We're going to pay out the majority of our net income year-over-year. In this case, I think historically, that's been in the 90%, 95% of net income.

So if you contemplate the new dividend that we declared as well as the special and you look at that relative to our net income for the year, that math should be consistent. And so I think that's what I'd say in terms of kind of our approach, and nothing has really changed there.

Joshua David Shanker
BofA Securities, Research Division

Okay. And then on -- you talked about the general liability reserves. Can you talk about what -- how different years you're looking and what the magnitude of the changes are in development there?

Dino Ennio Robusto
Chairman & CEO

Al, I didn't hear that. Josh, you can either repeat it or Al, if you heard and you want to jump in, feel free to do so.

Joshua David Shanker
BofA Securities, Research Division

The comments you made about the general liability reserve development, I'm wondering if you can give some color about years and magnitudes.

Albert Joseph Miralles
Executive VP & CFO

Sure. So Josh, that was premium development on general liability and essentially ongoing. We go through state reviews that look at premium audit. And we had some adjustments that would have gone back just the last few years. And there were positive adjustments and negative adjustments. The net effect was a $14 million adjustment to GL premium for those years.

Joshua David Shanker
BofA Securities, Research Division

Can I take from that, that the loss reserves throughout the business, while there'll be changes in given years are generally unchanged from where they were a year ago? I'm more talking about the recent reserves than I am talking about long-dated reserves.

Albert Joseph Miralles
Executive VP & CFO

Yes. No. No material change in loss reserves for the period for GL.

Operator

And our next question comes from Meyer Shields from KBW.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Dino, I was hoping you could talk a little bit about whether there are any changes going on at Hardy that would impact the components of the combined ratio. I'm just assuming that the Lloyd's book is more subject to change in composition than your other segments.

Dino Ennio Robusto
Chairman & CEO

Yes. So as you know, we've been in a process over the course of 12 to 18 months of re-underwriting that portfolio and which I'd indicate it would be largely completed in the fourth quarter, which it was.

The biggest change was on the property side, in particular, in our cat exposure. And over the course of the last 4, 5, 6 quarters, you saw a lot less impact in our cat results coming out of International, which used to be heavily impacted by the Hardy portfolio.

So the goal going forward in Hardy is to leverage the specialties that we have at CNA, developed here and expanding there and lines of business and segments, like our profitable Specialty segments, our profitable Commercial segments. And it's going to be a lot more in line with what we do in the United States.

But the biggest change, you'll see it. It's in the cat exposure and evidenced by a lot less catastrophe activity in the last 6 to maybe 7 quarters.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Okay. Perfect. That's exactly what I was looking for. And I guess a question for Al. So we've seen some of the limited partnerships assets, I guess, move to like from P&C. Is that part just done? And does that have any impacts on your ability to raise rates on long-term care book?

Albert Joseph Miralles
Executive VP & CFO

Yes. Thanks for that, Meyer. Yes. So at the end of Q3, into the reserve review for long-term care, we decided on a modest allocation to limited partnerships. And as you can imagine, given the long duration, that makes sense. That was a zero-sum change basically across P&C and Life & Group. We wouldn't anticipate that's going to have any material movement on our ability to get rate there. Really, it was all really part and parcel to our evaluation of our discount rate and what we think we could reasonably earn on our assets relative to the discount on the liabilities. So I don't anticipate that's going to -- given the allocation, that's going to meaningfully move anything on the rate adequacy front.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Okay. Perfect. Certainly makes sense. And just finally, if you could update us on Commercial Auto. It sounds like there were no reserve charges in the quarter. Does that product line seem reasonably priced?

Dino Ennio Robusto
Chairman & CEO

So we have been, Meyer, continuing to get strong rate on our auto and got about 13 points of rate in the fourth quarter. And we've been doing that for a while. And we still have ways to go on auto, but clearly, it's moving in the right direction. And we didn't need to act on loss cost trends or loss picks in the quarter.

Operator

[Operator Instructions] There are no further questions on the line at this time. I would now like to turn the call back to the host for any additional or closing remarks.

Dino Ennio Robusto
Chairman & CEO

That's great. Thank you very much for joining us, and we'll see you in a quarter. Thank you.

Operator
That concludes today's conference. Thank you for your participation. You may now disconnect.