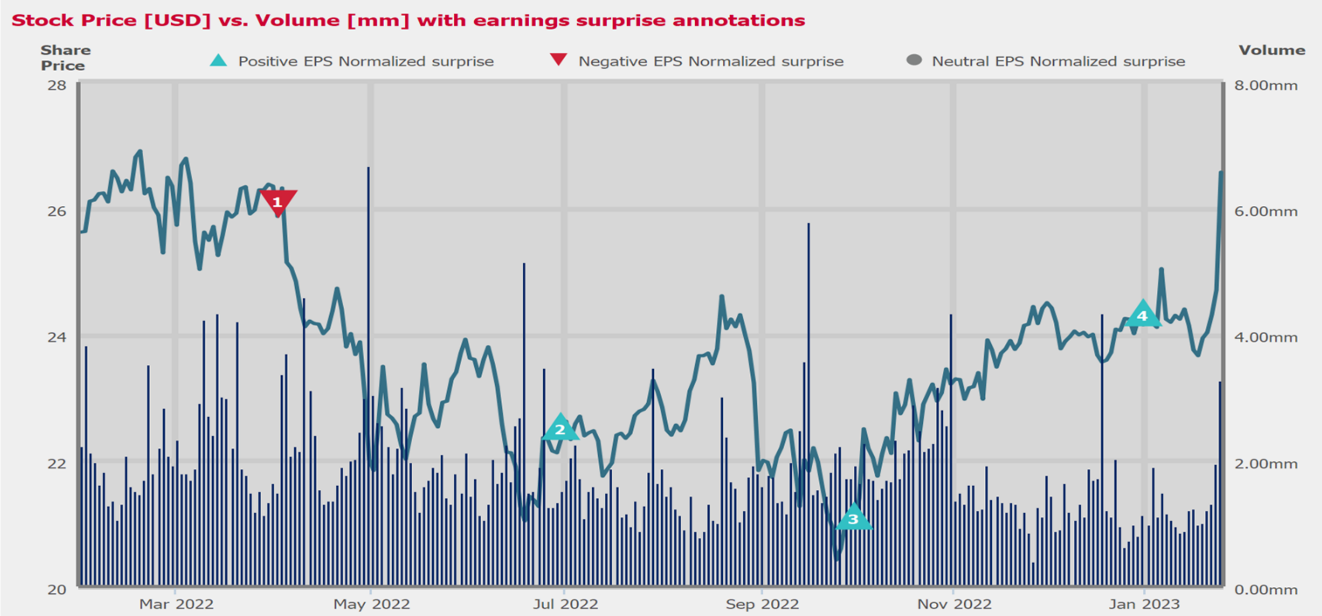
Old Republic International Corporation
NYSE:ORI
FQ4 2022 Earnings Call Transcripts

Thursday, January 26, 2023 8:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ4 2022-			-FQ1 2023-	-FY 2022-			-FY 2023-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS
EPS Normalized	0.56	0.80	▲42.86	0.45	2.56	2.79	▲8.56	2.28
Revenue (mm)	1960.00	1997.20	▲1.90	1762.00	8246.00	8284.90	▲0.47	7603.00

Currency: USD
Consensus as of Jan-17-2023 7:17 AM GMT



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ1 2022	0.68	0.63	▼(8.70 %)
FQ2 2022	0.60	0.69	▲13.11 %
FQ3 2022	0.60	0.68	▲11.48 %
FQ4 2022	0.56	0.80	▲42.86 %

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Call Participants

EXECUTIVES

Carolyn Jean Monroe
President

Craig Richard Smiddy
President, CEO & Director

Francis Joseph Sodaro
Senior VP, CFO & Chief Accounting Officer

ANALYSTS

Charles Gregory Peters
Raymond James & Associates, Inc., Research Division

Jon Paul Newsome
Piper Sandler & Co., Research Division

Matthew John Carletti
JMP Securities LLC, Research Division

ATTENDEES

Joe Calabrese

Presentation

Operator

Good afternoon. My name is Chris, and I'll be your conference operator today. At this time, I'd like to welcome everyone to the Old Republic International Fourth Quarter 2022 Earnings Conference Call. [Operator Instructions]

Joe Calabrese with the Financial Relations Board. You may begin.

Joe Calabrese

Thank you, Chris. Good afternoon, everyone, and thank you or joining us for the Old Republic conference call to discuss the company's fourth quarter 2022 results.

This morning, we distributed a copy of the press release and posted a separate financial supplement, which we assume you have seen and/or otherwise have access to during the call. Both of the documents are available at our Republic's website which is www.oldrepublic.com.

Please be advised that this call may involve forward-looking statements as discussed in the press release and financial supplement dated January 26, 2023. Risks associated with these statements can be found in the company's latest SEC filings.

This afternoon's conference call will be led by Craig Smiddy, President and CEO of Old Republic International Corporation and several other senior executive members as planned for this meeting. At this time, I would like to turn the call over to Craig Smiddy. Please go ahead, sir.

Craig Richard Smiddy
President, CEO & Director

Okay. Joe, thank you very much. Good afternoon, everyone, and welcome again to Old Republic's fourth quarter earnings call. With me today are Frank Sodaro, our CFO of ORI and Carolyn Monroe, our President of the Title Insurance business.

Well, as some of you may have seen earlier this week, we officially kicked off our recognition of the 100-year anniversary of Old Republic and throughout the year, we plan on engaging with all of our stakeholders, including our shareholders, associates, customers, distribution partners as we look to celebrate this milestone.

So ORI had another good quarter, contributing to a strong performance for 2022 with general insurance producing significantly greater pretax operating income in the quarter and for the year, while Title Insurance pretax operating income was considerably less than the record setting 2021 results, mainly due to the effects of increasing mortgage interest rates.

Our reserve position remains healthy in all of our segments, led by General Insurance with very strong favorable prior year reserve development in the quarter and in the year. Our balance sheet is in great shape as we continue to efficiently manage our capital position and as the release indicates, we returned a considerable amount of capital to shareholders during the quarter and the year through both dividends and share repurchases.

Consolidated net premium and fees earned for the quarter and the year were lower, reflecting the lower year-over-year title insurance revenues. General Insurance net premiums earned increased by 7% for the year, while Title Insurance net premium and fees earned decreased by 29% in the quarter and 13% for the year. Our consolidated pretax operating income was $300 million for the quarter and just over $1 billion for the year, while our consolidated combined ratio came in at a very profitable level of 89.6% for the quarter and 91% for the year. Both General Insurance and Title Insurance produced sound profitable underwriting results as is reflected in their respective combined ratio.

Going into 2022, our expectation for Title Insurance was for considerably less revenue and operating income than the 2021 year. And we remain of the view that headwinds will continue for Title Insurance in 2023.

ORI's strong consolidated results once again reinforces the soundness of our long-standing diversification strategy between P&C Insurance and Title Insurance which we believe produces steadier earnings and returns over time.

So I'll now turn the discussion over to Frank. Frank will turn things back to me to cover General Insurance, which will be followed by Carolyn, who will discuss Title Insurance and then as usual, we'll open up the conversation for Q&A. So with that, Frank, I hand it to you.

Francis Joseph Sodaro
Senior VP, CFO & Chief Accounting Officer

Thank you, Craig, and good afternoon, everyone. This morning, we reported net operating income $237 million for the quarter and $845 million for the year. On a per share basis, comparable year-over-year results were $0.80 versus $0.88 for the quarters and $2.79 versus $3.08 for the full year. Although both periods were down when compared to the record set last year, our consolidated earnings were strong by historical standards.

Shareholders' equity ended the year at nearly $6.2 billion, resulting in book value per share of $21.05. When adding back dividends, book value increased just under 1% from the prior year-end driven by our strong operating earnings, offset by lower investment valuations. The comparable increase for the quarter was 12.5% due to higher investment valuations and our strong operating results.

Net investment income increased nearly 18% and 6% in the quarter and year, respectively. The increase for the quarter was driven primarily by higher yields, while the year benefited from both higher yields and an increase in the level of investments.

During the quarter, we completed the rebalancing of our investment portfolio. So for the year, we realized $375 million in net investment gains on sales of common stocks while offsetting those gains for tax purposes with sales of bonds, giving us realized investment gains of $62 million.

This effort leaves us with a comfortable portfolio mix of 80% in highly rated bonds and short-term investments, with the remaining 20% allocated to large cap dividend paying stocks. The average maturity on the bond portfolio is 4.3 years with a book yield of 3.3% compared to a market yield of 3.5%. Even after reducing the stock portfolio by roughly $2 billion, this portfolio still ended the year with unrealized gains of about $1.3 billion.

Now turning to reserve development. All 3 operating segments recognized favorable loss reserve development for all periods presented. In total, the consolidated loss ratio benefited by 7.4 and 3.7 percentage points for the quarter and year, respectively, compared to 4.6 and 2.7 percentage points for the same periods a year ago. Prior year losses have come in lower than expected, driving this level of favorable development.

While the mortgage insurance loss costs continue to be favorable, the trends of lower newly reported defaults and higher cure rates on loans already in default are beginning to fall in line with pre-COVID levels as expected. This group paid another $35 million dividend to the parent holding company in the quarter, bringing the total return to $140 million year-to-date.

In the quarter, we paid $67 million in dividends and repurchased over $175 million worth of our shares for a total of just over $240 million returned to shareholders. We entered 2023 with $169 million remaining on our existing repurchase authorization, which we will continue to execute on opportunistically.

I will now turn the call back over to Craig for a discussion of General Insurance.

Craig Richard Smiddy
President, CEO & Director

Okay. Frank, thank you for that. So for General Insurance, net premiums written increased by 1% in the quarter and 8% for the year. Of note here, premiums written in the quarter were affected by premium adjustments, including audit premiums and our expectation is for premiums to continue to grow at a pace more consistent with what you see in the overall 2022 annual growth rate.

We continue to achieve rate increases on most lines of coverage with the exception of D&O and workers' compensation. Our renewal retention ratios and new business production remains very strong. Pretax operating income rose by 35% in the quarter and by 17% for the year to $690 million. The loss ratio for the quarter was 57%, including 10 points of favorable loss reserve development, while the full year loss ratio was 62%, compared to 65% in 2021.

Turning to the expense ratio for the year. It came in at 27.4% compared to 26.5% in 2021 with continued growth in lower loss ratio, higher commission ratio, lines of coverage, adding approximately 1 percentage point of additional commission to the expense ratio for the year. The combined ratio for the year was 89.5% compared with 91.3% in 2021.

Turning more specifically to a few of the significant lines of coverage, commercial auto, net premiums written continued to grow at an 11% clip during the quarter, while net premiums earned grew 7%. The loss ratio for the year was 66.6% compared to 71.5% in '21. So while this line of coverage benefited from favorable prior year loss development in both periods, auto liability loss severity continues at the high single-digit level and auto physical damage loss severity continues at a low double-digit level, while loss frequency still remains below the pre-pandemic levels.

Our rate increases on this line of coverage are in the high single-digit range, which implies that we continue to cover overall loss frequency and severity trends. So we think our rate levels remain adequate relative to our target combined ratios for commercial auto.

Looking at workers' compensation, net premiums written came in lower for the quarter and relatively flat for the year, affected by the premium audits I mentioned earlier and continued rate decreases. Loss ratio improved to 46% for the year from 59% last year. Here too, this line of coverage benefited from favorable prior year loss development in both periods with loss severity slightly up and loss frequency continuing to trend favorably. So here, too, we think our rate levels remain adequate relative to our combined ratio targets.

We continue to follow loss frequency and severity trends very closely, especially in this inflationary environment that we're in. And we adjust for these inflationary trends that drive severity as appropriate. We believe our specialty growth strategy and our operational excellence initiative, should continue to produce solid growth and profitability for General Insurance as we move forward.

So Carolyn, I'll now turn the discussion over to you to report on Title Insurance.

Carolyn Jean Monroe
President

Thank you, Craig. The Title Group reported premium and fee revenue for the quarter of $836 million, down 29% from fourth quarter 2021. Our pretax operating income of $45 million compared to $137 million in fourth quarter 2021. Agency premiums were down 27% and direct premiums and fees were down 39% compared to fourth quarter of '21.

Our combined ratio for fourth quarter of '22 of 96.2% compared to fourth quarter of 2021 of 89.4%. The combined ratio for the fourth quarter would have been 94.1% without the state sales tax assessment as noted in the release, which we expect to recover.

While increasing mortgage rates, refinance decline and a softening housing market impacted our residential activity, our commercial activity remained strong in the fourth quarter, with commercial premiums up 13% over fourth quarter 2021 and represented 26% of our total premiums compared to 18% in the fourth quarter of '21. Commercial premiums reported for full year 2022 represented an all-time high for the Title Group.

As we enter 2023, we'll continue with a focus on commercial opportunities. During 2022, we transformed and aligned our commercial operations with an internal structure that allows us to leverage more tools, resources and support to enhance our capacity to deliver in this sector. With technology being an integral part to our business strategy, we will continue delivering on our digital future. While we are committed to delivery on our large technology projects and platforms, as highlighted in prior calls, we are also equally committed to continual enhancements to our current technology portfolio. The ability to electronically record with counties is an essential step in our digital end-to-end process vision.

Throughout 2022, our e-recording company, ePN, has had the fastest growing network of county connections of the major platforms. This growth in our network will give our offices and agents additional access to counties throughout the country for closing files electronically.

As we continue to work in a market facing headwinds, we'll take advantage of the opportunity to refine, evaluate and enhance our services to our customers with an emphasis on our growing portfolio of technology to deliver measurable benefits and success for the industry, the company and our shareholders.

With that, I will turn it back to Craig.

Craig Richard Smiddy
President, CEO & Director
Thank you, Carolyn. Okay. So we think our diversification and specialty strategies produced another year of solid performance and profitable results as reflected in these consolidated figures, and so that concludes our prepared remarks, and we'll now open up the discussion to Q&A. We'll -- and I will answer your questions, or I'll defer to Frank or Carolyn to respond. So with that, can we please open up to Q&A.

Question and Answer

Operator

[Operator Instructions] Our first question is from Greg Peters with Raymond James.

Charles Gregory Peters
Raymond James & Associates, Inc., Research Division

It does feel like life has returned to normal with the Chicago's finest returning from lunch hour during your prepared remarks.

Craig Richard Smiddy
President, CEO & Director

We do that just for you, Greg.

Charles Gregory Peters
Raymond James & Associates, Inc., Research Division

So let's -- the prior year reserve development is clearly a surprise. And maybe you can give us some color on what year -- where it's coming from? And I know you did some comments on it, but I was looking at the table on your press release and it's the one where you talk about the loss ratio, excluding prior period loss reserve development. And looking at the annual numbers, like getting cut off in the quarterly numbers, but the annual numbers have been trending down quite nicely.

And as you think about General Insurance for '23 and '24, how do you see this loss ratio ex prior period reserve development trending? Is it stabilizing? Is it going to start ticking up? What's sort of your view of how this is going to look going forward?

Craig Richard Smiddy
President, CEO & Director

Greg, I'll answer the latter part of your question first, and then I'll turn it to Frank to give a little more color around the reserve development that you mentioned at the beginning of your question.

The loss ratio, excluding prior period loss reserve development is, as you say, trending down and that is a result of a few things. One is we've mentioned several quarters in our calls about the effects of the compounding rate increases and we continue down that path. And as those rate increases continue to compound, we have the ability to look at the current year more favorably when we set the loss pick.

And then additionally, as we mentioned when I talked about the expense ratio, we are writing more lines that have lower loss ratios, but one point -- is the figure I gave one point of higher expense ratio coming from commission comes along with that. So at the end of the day, we might be seeing a couple of points of improvement in the loss ratio from the line of coverage mix and -- but there is some offset there with a bit higher expense ratio.

So those things together are what is reflected here in this loss ratio, excluding the prior period development. So now I'll let Frank talk more about where this favorable loss development is coming from.

Francis Joseph Sodaro
Senior VP, CFO & Chief Accounting Officer

So Greg, yes, it's actually a fairly similar story for the quarter and year-to-date. So the quarter had $100 million of favorable development and the year was just under $200 million. And the vast majority of this is coming from workers' comp and commercial auto and it's fairly evenly split. As far as the years it's coming from in total, all -- mostly all years are favorable going all the way back to 2009. And the only exception that I would mention is for the year-to-date numbers, we had the public company D&O that developed unfavorably and that affected 2018 and 2019.

Charles Gregory Peters
Raymond James & Associates, Inc., Research Division

Just as a follow-up to your answer, Frank, you said all years. It's my impression that Old Republic's approach to reserving was sort of a lockbox approach for the first 3 to 5 years depending on the coverage. Has that changed?

Craig Richard Smiddy
President, CEO & Director

Greg, Craig here. I'll be happy to answer that. It has not changed. Our approach to those loss picks and taking an approach whereby we are cautious about recognizing good news and on the other hand, we're very quick to recognize what looks to be bad news. All of that is exactly as it's always been. And your recollection is spot on when it comes to workers' compensation, 5 years is generally what we believe is necessary to really understand where those losses are coming in. And on auto liability, we think it takes at least 3 years on that line of coverage to really have an idea of where it might come in.

However, there's only so much constraints we can have if indications are that reserves are very redundant. We do have some requirements to perhaps recognize those. And in those cases, there could be an exception. But our reserving approach is identical to what it has always been.

Charles Gregory Peters
Raymond James & Associates, Inc., Research Division

So just to clarify on that, Craig, was there an exception to the fourth quarter release? Or was that just the normalized approach that you have?

Craig Richard Smiddy
President, CEO & Director

We did see in the fourth quarter where workers' compensation and auto liability were coming out at the very top end of the ranges. So there was some adjustments to those lines. But as Frank said, the majority of it is from years going back all the way to 2009.

But when we're in a position where we have to report our earnings, and we're at the top end of the actuarial ranges than sometimes we're forced to perhaps recognize things a bit earlier than we would want to.

Charles Gregory Peters
Raymond James & Associates, Inc., Research Division

It makes sense. And thanks for the color and information on that. I guess, so I don't hog time. I'll just ask one other question. And Carolyn, I'll pivot to you. Obviously, there's headwinds this year and last year to a degree. Can you just -- it looks like the expense ratio for the fourth quarter was running a little bit higher than probably where you want it to be. Can you just sort of revisit how you plan to manage expenses as the volatility of revenues sort of ebbs and flows with what's going on in the mortgage market?

Carolyn Jean Monroe
President

Sure. We kind of started as we got to the end of the fourth quarter, realizing what the next year is going to be like. And we've adjusted, we feel like where we need to within our operations. But one of the things about us is our focus on agency and there's a lot of expenses that just adjust themselves with that business model. But we have a -- Greg, we have people that have managed through these cycles before. They managed through the Great Recession and I just kind of have faith in our management to be watching this. We have a call every week to talk about it. We're just -- we're watching and cutting out everything that we need to do. We're getting back to what 2018 and 2019 look like and that's how we're starting to manage our operation again.

Operator

[Operator Instructions] The next question is from Matt Carletti with JMP Securities.

Matthew John Carletti
JMP Securities LLC, Research Division

I'll start with a follow-up on Title, and I think you covered a lot of what I wanted to ask there. But maybe the question is, we've seen in the public domain, just everybody has seen mortgage rates pull back a bit from their highs. It seems like mortgage applications in recent weeks have come up a little bit. Are you guys seeing some follow-through or some stabilization in kind of Title volumes as we -- in the recent months, at least that we might not see in the recent quarters?

Carolyn Jean Monroe
President

Matt, that really hasn't hit yet when that changes with the rates and the originations, it takes a little while for it to start hitting the Title companies. So I'm going to say that we don't feel like we're going to see any kind of a change until probably the second quarter. That's when we'll start.

We're sort of in that first quarter cycle that we used to always be in where people -- they kind of do a little bit. They sit back, they wait and see what's going to happen. And then they really start getting serious, and we start seeing movement again in the second quarter.

Matthew John Carletti
JMP Securities LLC, Research Division

Okay. That makes sense. That's helpful. And then just want to circle back to General Insurance, some of the reserve discussion there. I was just hoping you could maybe even dig a little deeper and specifically kind of what are some of the things driving the development? What I mean by that is this medical loss costs have come in better than expected, like with workers' comp? Or is it more wage related? Or just kind of what are the underlying drivers? I know it's across a lot of accident years, but where are some of the underlying drivers that are pushing it.

Craig Richard Smiddy
President, CEO & Director

Yes, Matt, I'd be happy to talk about that. In this case, it's probably the same answer for both auto liability and for workers' compensation, and that is loss frequency. As I mentioned in my comments, loss frequency ended up being lower than I think we anticipated in several of those years. And therefore, there was some benefit.

And then as I mentioned in my response to Greg, you have compounded rate increases and when you -- when those earn through and you're trying to follow what's happening with losses and you look back, in some cases, we had more rate than would have been necessary from the loss cost trend in severity and frequency.

So it's a combination of those things, but clearly, on commercial auto, severity is -- while 5, 6 years ago, the spike was tremendous. And it has leveled out in that upper single-digit level for the last few years. And our rate increases are keeping up with that at this point. So severity is still an issue on auto liability.

On workers' compensation, as I also mentioned in my comments, there's a little bit of severity, but nowhere near to the degree you might see with respect to, say, general inflation or even general medical inflation because with workers' compensation, you have a lot of constraints around managed care and constraints around schedules that are in place in the various states for billing.

So the workers' comp medical inflation trend is not, again, as great. There's a little bit of severity there that's emerging. But here too, it's a frequency story that has gone on for what better than a decade now in comp, where as technology improves and safety, in particular, benefits from that technology and there's less workplace accidents, frequency comes down. So back to a frequency story on comp as well.

Operator

The next question is from Paul Newsome with Piper Sandler.

Jon Paul Newsome
Piper Sandler & Co., Research Division

I was hoping to ask kind of a big picture question on Title. Could you just kind of refresh and talk about how your business today is the same or different than it was in that chart in 2014? And then perhaps as my next questions, why would or we wouldn't see some of the same revenue changes related to $500,000 refi as well as why wouldn't we see some operating leverage if we use those 2 periods as a benchmark.

Craig Richard Smiddy
President, CEO & Director

So Paul, just to be clear, comparing back to the financial crisis years, '07, '08, '09?

Jon Paul Newsome
Piper Sandler & Co., Research Division

Yes, as well as I look at your slide presentation, it looks like we had a refi bump in, I think, 2014, that also affected revenues as well, right? So maybe comparing contracting to these.

Craig Richard Smiddy
President, CEO & Director

Okay. Sure. Carolyn, if you don't mind, I'll just give my initial thoughts and then let you fill in.

So with respect to refi, that well has dried up considerably. And at this point, of where we're at with mortgage interest rates. So what you're seeing come through in our numbers and you would see that in our order count. Our order count is significantly down. That order count includes refis. And as I say, they have essentially dried up at this point.

Comparing back to the financial crisis, if I understood some of your question, the -- when we look at the loss ratios and what we're seeing today, we're in a very different environment with respect to loss ratios because back in the financial crisis period with all of the issues around mortgages and how those mortgages were underwritten or perhaps maybe not underwritten very well. Everyone was looking to find any outlet they could to try to have some kind of recovery and there was -- that resulted in some pressure on our Title business. But as I think most of us know, in this current environment and over the last many years, the mortgage underwriting has been tightened substantially. And therefore, some of those knock-on effects we were seeing back in that -- in the financial crisis years. We don't expect to come through.

So Carolyn, I would -- please feel free to add to whatever I said or modify what I've said and fill in, if you could.

Carolyn Jean Monroe
President

No, I think you've covered it. The only thing I'll add is that one of the things that we really follow are the NBA and the Fannie Mae forecast. And they give us trends of what's happened with refis. And there's nothing showing that we're going to bounce back with refis like we did after those years right now.

Craig Richard Smiddy
President, CEO & Director

And the only other thing I would just add, Paul, more specific to our portfolio is, we are different than our 2 larger competitors in this space in that about 80% of our business comes through independent agents. So we essentially have a variable cost model where in downturns, we don't have the level of fixed overhead to absorb given that independent agents are bearing that. And -- so that's an important thing to keep in mind.

And then the only other thing relative to those earlier time periods you spoke about is what we've done in commercial specifically at Old Republic. And Carolyn touched on where we're at with commercial in her comments. And that has been a focus of ours. We've intentionally tried to expand our footprint in that space over the last several years, 5 or more years, and that is paying some dividends. As Carolyn pointed out in her comments, where we set a record on the amount of commercial transactions which helped offset some of the residential headwinds that we're facing.

Operator

[Operator Instructions] The next question is from Greg Peters with Raymond James.

Charles Gregory Peters
Raymond James & Associates, Inc., Research Division

Yes. So I thought I'd sneak in with a follow-up. Obviously, it's topical to where other companies are commenting on their reinsurance renewals, and you really haven't commented on that. And one of the other things that's popped up with some of the other carriers is that they're hearing that the reinsurance commission rates have come in a little bit in certain instances. So just curious about your experience with your January renewals and what your view is on that?

Craig Richard Smiddy
President, CEO & Director

Sure, Greg. I'd be happy to talk about that. So our property reinsurance renewal is a July 1 renewal. So hopefully, things will settle down a bit by then, most -- I think most of our peers in the industry probably have a January 1 renewal. And as we all observed, things look very, very tough.

So as we go into that July renewal, our expectation is that rates will be higher on our catastrophic cover and that we need to be prepared for that now. And the cognizant of what additional costs we need to absorb in the pricing that we charge for our product on the front end. So we're doing that already.

The other thing is we anticipate that we might have to take a bit higher retention on our business -- on our property business, cat business. We, as you know, manage that to a very low retention relative to our peers, and that's why one of the reasons we don't write a large amount of property, as you know, relative to our peers. And for the property. We do write, we buy a significant amount of reinsurance at a relatively lower attachments so that we don't introduce balance sheet volatility with writing property like some of our peers do.

With respect to our casualty renewals, it really depends if you're -- on our workers' compensation reinsurance renewals, everything was very steady. And on the other hand, on our umbrella liability renewals, as you would expect, with severity increasing and the judicial abuses that we're observing with litigation financing and jury verdicts, you can expect that the umbrella business that we write will have to increase commensurately with the reinsurance pricing that we're seeing there, which is -- has increased.

And then you also have other lines like D&O, we're in the process of that renewal. And here, too, it's line of coverage specific, whereby you had security class action frequency in 2017 and '18 and '19 was record setting, and that came through in losses for the industry. But then security class action litigation has trended down significantly since '19. So it will depend a lot on how reinsurers look at that.

But when you talk about umbrella liability or where you talk about a specific line of coverage like D&O, where there is a seeding commission. It is also accurate to say that in addition to reinsurers looking for rate, they may try to get that rate by reducing seeding commission as well.

Operator

There are no further questions. At this time, we'll turn it over to management for any closing remarks.

Craig Richard Smiddy
President, CEO & Director

Okay. Well, thank you, everyone, for your interest and the analysts for their questions. Much appreciated. And as I said at the beginning of our discussion today, we're looking forward to celebrating Old Republic's 100-year anniversary with all of you. And we hope that 2023 will be as successful of a year for us as the last several years have been. So thank you very much, and we will talk with you all again next quarter.

Operator
Ladies and gentlemen, this concludes today's conference call, and thank you for participating. You may now disconnect.