S&P Capital IQ

CONTENTS

Kemper Corporation NYSE:KMPR

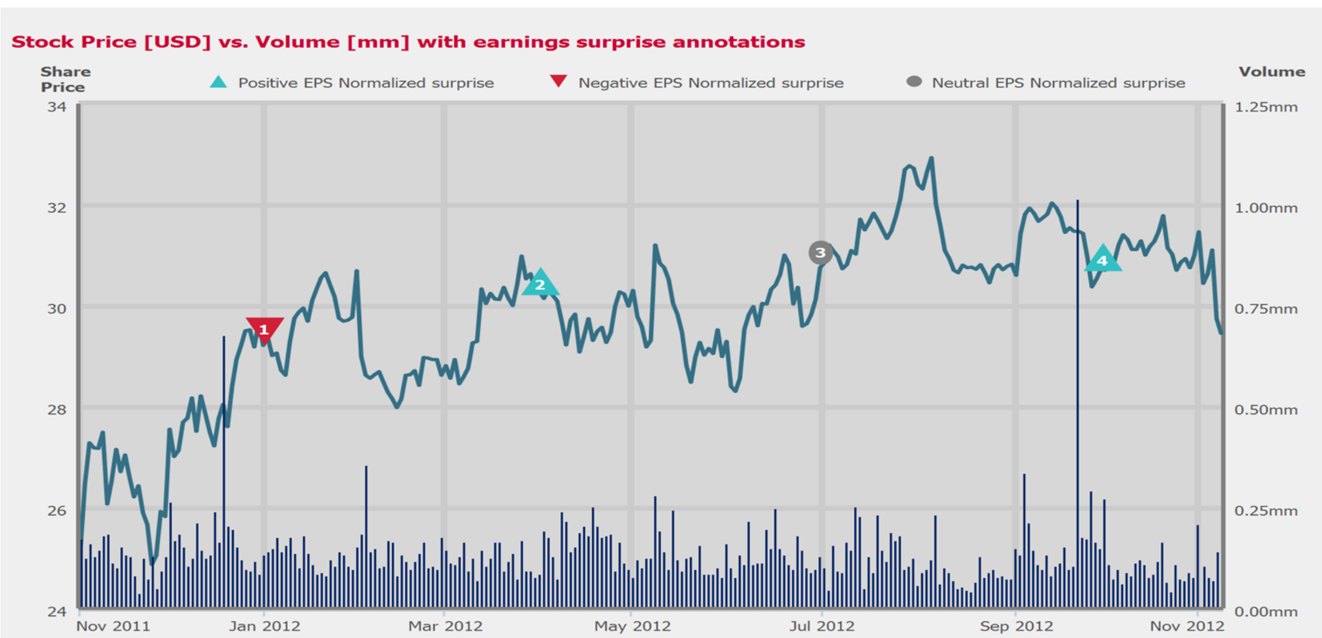
FQ4 2012 Earnings Call Transcripts

Friday, February 08, 2013 4:00 PM GMT

S&P Capital IQ Estimates

	-FQ4 2012-			-FQ1 2013-	-FY 2012-		
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	ACTUAL	
EPS Normalized	0.06	(0.06)	NM	0.66	1.03	0.91	
Revenue (mm)	602.27	596.60	(0.94 %)	603.97	2412.21	2462.30	

Currency: USD
Consensus as of Jan-18-2013 1:28 PM GMT



- EPS NORMALIZED -	CONSENSUS	ACTUAL	SURPRISE
FQ4 2011	0.70	0.42	1 (40.00 %)
FQ1 2012	0.53	0.60	2 13.21 %
FQ2 2012	0.10	(0.01)	NM
FQ3 2012	0.33	0.42	3 27.27 %

Call Participants

EXECUTIVES

Denise Idell Lynch
Former Property & Casualty Group Executive

Dennis R. Vigneau
Former Chief Financial Officer and Senior Vice President

Diana J. Hickert-Hill
Vice President of Investor Relations & Corporate Identity

Donald G. Southwell
Former Chairman, Chief Executive Officer and President

Unknown Executive

ANALYSTS

Paul Newsome

Raymond Iardella
Macquarie Research

Steven David Schwartz
Raymond James & Associates, Inc., Research Division

Presentation

Operator

Good morning, ladies and gentlemen, and welcome to Kemper's Fourth Quarter 2012 Earnings Conference Call. My name is Sean, and I will be your coordinator today. [Operator Instructions] As a reminder, this conference is being recorded for replay purposes.

I would now like to introduce your host for today's conference, Ms. Diana Hickert-Hill, Vice President, Investor Relations and Corporate Identity. Ms. Hickert-Hill, you may begin.

Diana J. Hickert-Hill
Vice President of Investor Relations & Corporate Identity

Thank you, operator. Good morning, everyone, and thank you for joining us. After the market's close yesterday, we issued our earnings release and filed it along with our financial supplement. You can find these documents on the Investors section of our website, kemper.com.

This morning, you will hear from 3 of our business executives, starting with Don Southwell, Kemper's Chairman, President and Chief Executive Officer; followed by Denise Lynch, Kemper's Property & Casualty Group Executive; and finally, Dennis Vigneau, Kemper's Senior Vice President and Chief Financial Officer.

We will make a few opening remarks to provide context around our fourth quarter results. We will then open up the call for a question-and-answer session. During this interactive portion of the call, our 3 presenters will be joined by John Boschelli, Kemper's Vice President and Chief Investment Officer; and Ed Konar, Kemper's Life and Health Group Executive.

Please note that our discussion today may contain forward-looking statements. Our actual results may differ materially from these statements. Please refer to the risk factors and cautionary disclosures on potential risks associated with relying on forward looking statements included in our periodic filings with the SEC, as well as in our earnings release. We plan to file our 2012 Form 10-K with the SEC on or about Friday, February 15, 2013.

This morning's discussion also includes non-GAAP financial measures that we believe may be meaningful to investors. In our supplement and earnings release, non-GAAP financial measures have been reconciled to GAAP as required in accordance with SEC rules.

Now, I will turn the call over to Don Southwell.

Donald G. Southwell
Former Chairman, Chief Executive Officer and President

Thank you, Diana, and good morning, everyone. As we look back over the fourth quarter and the past year, we see significant progress on many fronts but challenges on others. Overall, I would characterize the year as mixed. Year-over-year, we did see improvement in earnings. However, in the fourth quarter, earnings were lower, primarily from Superstorm Sandy. We took several actions to improve profitability, including accelerating our rate increases and tightening underwriting. And while the continued low interest rate environment persists, we delivered stable earnings in the Life and Health segment. And at year end, we wrapped up our strategic evaluation of the direct segment.

Let me take a moment to comment on our performance in Superstorm Sandy. This storm affected many of our policyholders. It is at times like these when our agents and our claims teams show the value of Kemper, fulfilling our promises in helping our customers restore their lives. I'm proud of the professional and caring support our team provides to our policyholders.

You've heard in the introductions, I've asked Denise Lynch to provide an update on our Property & Casualty businesses. While Denise continues to lead the Kemper Preferred business, we promoted her in the fourth quarter to be the group executive for all of our Property & Casualty businesses. I'm delighted to have Denise as a key member of Kemper's senior leadership team.

Today, I'll focus my remarks on 2 topics. Our review of overall performance and a few thoughts on capital. We produced $2 million in net income during the fourth quarter and $103 million for the year. While Superstorm Sandy was clearly a significant event pressuring our results in the quarter, we did make good progress on our strategy to implement rate increases and further tighten underwriting. These activities remain important as we deal with consecutive years of higher levels of catastrophe losses and an acceleration of auto loss costs. We must and will stay focused on improving margins.

In our Life and Health segment, the top line was relatively steady, even as we continued our shift away from dwelling and hospitalization products. We're beginning to see the impact of the life insurance rate increases. These rate increases were implemented to mitigate the effect of the prolonged low interest rate environment. Our Life Insurance business is an important earnings contributor for our multiline business model.

I'm very pleased with our Reserve National teams performance in the quarter. We continue to shift to supplemental and specialty products that are less affected by national health care changes. We stopped selling the traditional hospitalization products in December 2011, and a transition to the newer suite of products has gone well.

Investment portfolio delivered another quarter of solid performance. Our yields are holding up well considering the declining interest rate environment. They were in line with our expectations for both the quarter and year-to-date. Dennis will provide more details on our investment performance.

And finally, moving to capital, we finished the quarter in a strong position. We will remain disciplined as we allocate capital according to our overall strategy of one, funding profitable organic growth; two, considering acquisitions that have a clear fit and make our existing businesses stronger; and three, returning capital to our shareholders through our competitive dividend and a share repurchase program.

On this last point, we returned $118 million of capital to shareholders in 2012. And Wednesday, our board authorized a dividend of $0.24 per share and we continue to look opportunistically at share repurchases. In December, we've concluded our strategic review of the direct business and placed our direct-to-consumer operations in runoff. Going forward, we expect this business to be earnings positive and generate cash flow to the parent as the majority of capital backing the business in -- will be returned in 2 or 3 years.

Now I'll turn the call over to Denise to provide color on the quarter's P&C results and her teams' actions to improve profitability.

Denise Idell Lynch
Former Property & Casualty Group Executive

Thank you, Don. Fourth quarter overall Property & Casualty results deteriorated when compared to the same period last year, as well as sequentially. The largest single driver was Superstorm Sandy, which is estimated to be approximately $32 million in after-tax losses and loss-adjusting expenses for our Property & Casualty businesses. In addition to this significant storm, the adverse loss trend continued to affect the auto line. For the full year, the combined ratio improved about 2 points, and the underlying combined ratio was down about a point from prior year at 101%, which was a modest improvement and remains an area of our continued focus.

While we are seeing progress, much work remains to be done. We continue to file rate increases and average premium is rising. We are well into implementing underwriting changes, including increased deductibles in 25 states and selectively reducing hurricane and earthquake homeowner exposures. I will walk through each of our P&C businesses, starting with Kemper Direct.

We stopped the direct marketing spend early in the third quarter and initiated additional expense reduction, consistent with the change in strategy. We reduced staff levels in line with top line projections. Going forward, we will continue to reduce expenses consistent with premium projections and we'll eliminate infrastructure costs by consolidating programs and systems platforms. We will continue to grow the affinity, work site and renters business, which is separate from the direct-to-consumer business.

Profitability improved in the direct Kemper -- in the Kemper Direct segment for the second half of 2012, with 2 consecutive quarters of positive net operating income. Combined ratio and underlying combined ratio both improved in the quarter and on a year-to-date basis. We continue to focus on improving the bottom line results by first, taking rate actions in line with full indications, as well as taking other underwriting action. On average, in 2012, we filed for high single-digit rate increases across the book. These rate changes will earn in over the next 6 to 12 months.

Second, continuing our previously announced actions to limit business in Michigan, Florida and New York. About 90% of the direct auto Michigan business has run off the books since the beginning of 2012. And finally, reducing expenses commensurate with the premium decline through the direct-to-consumer runoff.

Moving to our largest business, Kemper Preferred, our focus remains on the bottom line and attracting new and renewal business in our target market. We are optimizing our mix and emphasizing our auto and home packaged products with those target customers. Year-over-year, our target market premium was up double digits. The deterioration in Kemper Preferred's performance in the quarter relates to Superstorm Sandy, as well as higher auto severity and adverse loss reserve development in auto. With respect to Superstorm Sandy, I would like to extend my personal appreciation to our colleagues in the claim department who have worked so hard and continue to work diligently to serve our agents and policyholders throughout this event.

On a full year basis, Kemper Preferred's combined ratio improved, largely due to lower catastrophe losses, offset by an increase in auto severity and adverse auto loss reserve development. The underlying loss ratio deteriorated, largely because of increased auto severity.

In the homeowners line, catastrophe losses for the year, while less than 2011, remained well above our historical averages. We remain steadfast in taking actions to reduce exposures in the highest catastrophe-prone areas and ensuring we are pricing for the risk we are accepting. Specifically, we filed and received approval for an overall rate increase of 11% in 2012 for home. This was a full 3 points above our original expectations for the year. Much of that increased rate is focused on states with cat exposure. We increased homeowners deductibles, especially in states with tornado and hail exposures. We enhanced pricing segmentation and we selectively reduced homeowners exposures in certain states as further reductions to come in 2013.

Moving to auto, we continue to address profitability with filed rate increases, averaging nearly 8% in 2012. This is more than 2 points above our original expectations for 2012. We also implemented other pricing and other underwriting actions and initiatives throughout the year, and expect them, along with filed rate increases, to produce improved loss ratios in 2013.

Now turning to Kemper Specialty. Our quarterly and annual results were certainly disappointing, as significant unfavorable severity trends related to bodily injury coverage drove unfavorable development in Kemper Specialty's book. Fortunately, specialty's business model allows us to react quickly to changing external conditions. With improved pricing analytics and segmentation put in place recently, and a high proportion of 6-month policies, we are moving rate into the book quickly and efficiently. The business team filed rate related actions during 2012 of approximately 10% on private passenger auto. We expect to continue these actions into the next quarters.

While commercial auto has remained profitable for the year, we have tightened underwriting guidelines related to certain classes of vehicles in order to maintain the profit margins historically in that book. In total for Kemper Specialty, given the significant pricing actions we've taken on the book in 2012, along with other underwriting initiatives, we are targeting a reduction in the combined ratio of 4 to 5 percentage points in 2013. So to summarize the Property & Casualty group, while we have challenges to address, we have sharp focus on executing to improve profitability.

With that, I'll turn it over to Dennis to discuss the financials.

Dennis R. Vigneau
Former Chief Financial Officer and Senior Vice President

Thanks, Denise, and good morning, everyone. This morning, I'll share further insights in the following areas: Kemper's fourth quarter and full year 2012 performance; key actions that are underway to improve underwriting results; and lastly, I'll highlight a few areas that remain challenging as we begin 2013.

Let me begin with Kemper's financial performance for 2012. Reported revenues were $597 million for the quarter and $2.5 billion for the full year. Earned premiums were $521 million in the quarter, a 3% decline from Q4 2011. On a full year basis, earned premiums were $2.1 billion. These results reflect the actions taken in the direct business to improve profitability and were in line with our expectations.

Consolidated net investment income across the portfolio was $73 million in the fourth quarter, down roughly 3% versus last year. For the full year, net investment income totaled $296 million, flat overall with the prior year. Equity method investments earned $2 million and $9 million for the quarter and full year, respectively, and both amounts were essentially flat with their comparable periods of 2011.

At the end of the year, the equity method investment portfolio was $253 million, down $53 million year-over-year. We continue to appreciate the lifetime earnings potential and diversification benefits of this asset class. Though as investments have matured over the past year, we've reinvested the cash flows in other investment options, such as fair value funds that offer a more balanced mix of current period income and capital appreciation. Total invested assets grew about 4% in 2012 to $6.5 billion. And for the full year, the pretax equivalent book yield on average invested assets was 5.5%, down just 10 basis points year-over-year.

Finally, net realized investment gains in the fourth quarter were $3 million. For the full year, realized gains were $59 million, up from $22 million in 2011. The full year amount reflects the repositioning of approximately 20% of the municipal bond portfolio in the third quarter. This netted a $45 million pretax gain. That action also shortened up the Property & Casualty portfolio duration to align with the actions in the direct business.

Let me turn to income. Kemper reported net income of $2 million and $103 million for the fourth quarter and full year 2012 respectively. Net income per share for the quarter was $0.03 and for the full year was $1.75 per share. For the fourth quarter, Kemper had a consolidated net operating loss of $3 million, a decline of $28 million from the fourth quarter of 2011. This decline was largely comprised of the following: $25 million after-tax due to catastrophes; $2 million after-tax lower net investment income; $2 million after-tax from development; $3 million of tax-related items; and overall, these items were partially offset by a net favorable $6 million after-tax change for items booked last year that did not recur.

Let me turn now to some details for each of the business lines. First, in the P&C Group, Kemper Preferred reported a net operating loss of $20 million for the fourth quarter. This compares to $13 million of net operating income for the same period last year. The current period included $29 million after-tax loss due to Sandy and $5 million after-tax impact of development compared to the fourth quarter of 2011.

Overall, Preferred's reported combined ratio was 120% for the quarter. The underlying combined ratio, which excludes catastrophes and prior-year development was 99% compared to 97% in the fourth quarter of 2011. For the full year, Preferred's underlying combined ratio was 97%, up 1 point over last year.

In terms of top line performance, Preferred's net written premiums were $214 million in the current period, roughly flat to the fourth quarter of last year. Net earned premiums in the quarter were $224 million, up 3%. Overall premium retention was 88% on both a quarter and year-to-date basis.

Shifting to Kemper Specialty, the business reported a net operating loss of $3 million for the fourth quarter, as compared to $4 million of net operating income for the same period last year. The effects of current and prior-year development made up $4 million after-tax of the decline from last year. Additionally, current period expenses included $1.4 million after-tax relating to office consolidations. This last action is expected to save $1 million after-tax annually going forward.

Specialty's net written premiums were $95 million in the quarter, about 5% lower than last year. Net earned premiums were $103 million lower by $6 million over last year. For the full year, both written and earned premiums were down about 5%. These results are all in line with our expectations and reflective of the significant rate actions taken over the past several quarters.

Moving to Kemper Direct, the business team continues to deliver on its operating plans to improve overall profitability. In the fourth quarter, Direct reported net operating earnings of $2 million, up $19 million as compared to the prior period last year. Several items contributed to this improvement. First and largest of which was a $9 million after-tax write-off of an intangible asset last year that did not recur. Secondly, $6 million improvement in the underlying loss ratios driven by lower severity in liability coverages. And finally, higher net favorable development of $5 million. Both the reported and underlying combined ratio were lower year-over-year, as well as sequentially. The direct segment net earned premiums were $37 million for the current period, down $14 million from last year and in line with our expectations.

Shifting to the Life and Health segment, net operating income overall was $24 million in the quarter, down $7 million from the fourth quarter of 2011. This $7 million decline relates to a few specific items in the Kemper home service business, the largest of which was a $3 million favorable reserve correction booked last year that did not recur. Investment income was also lower in the current period by $2 million.

The remaining $2 million was spread across several miscellaneous items. Total revenues for the segment were $209 million for the quarter and $844 million for the full year 2012. The Life and Health teams continue to respond to a challenging environment with actions in several areas. For example, overall dwelling exposure was reduced by 20% during 2012. We have now reduced dwelling exposure to the point that we have discontinued the cat reinsurance program for this business. We expect a $2 million pretax annual savings from this action. The segment also expects to benefit from the equity like portfolio shifts I mentioned earlier that are expected to generate more balanced earnings pattern.

In Reserve National, the expanded supplemental product offerings continue to be well-received by both agents and customers. Overall net earned premiums in the business remained stable at $34 million in the quarter. Underlying this stability is a 19% increase in expanded supplemental product offerings year-over-year. This offset a planned 19% runoff of the discontinued product offerings.

Let me wrap up on book value and capital. Book value per share was $36.98 at December 31, 2012, up 5% year-over-year. Statutory Solvency and surplus levels in the insurance companies remains strong. Risk-based capital ratios were approximately 500% for the Life and Health group and 300% for the Property & Casualty group. During the quarter, the Life and Health segment paid a dividend of $25 million to the holding company, bringing the total year dividends to $95 million. On a combined basis, the insurance operating units have a max ordinary dividend capacity of $180 million, of which, $95 million or about 50% is again targeted for dividends to the holding company in 2013. In terms of liquidity, the holding company ended the quarter with cash and investments of $190 million. And our $325 million revolving line of credit remained undrawn.

With that, let me turn the call back over to Don.

Donald G. Southwell
Former Chairman, Chief Executive Officer and President

Thank you, Dennis. Thank you Denise. You just heard, we're making progress in key areas and have plans in place to continue improvements and address our challenges.
At this time, I'll turn the call back over to the operator so we may take your questions. Operator?

Question and Answer

Operator

[Operator Instructions] Our first question comes from Paul Newsome with Sandler O'Neill.

Paul Newsome

I wanted to ask about how the -- sort of the mechanics of the timing of returning capital from the direct business, exactly how would that work?

Donald G. Southwell
Former Chairman, Chief Executive Officer and President

Paul, I'm going to ask Dennis to answer that question, but the basic answer is as the business runs off, the capital needed to support it frees up.

Dennis R. Vigneau
Former Chief Financial Officer and Senior Vice President

We'd expect that capital based on the current run-off projections to -- the majority of that would come out over the next 2 to 3 years. And it's comprised of, as you can imagine, a few different pieces, there's what you'd expect in terms of allocated required capital surplus for the book of business that's there that will wind down. And then in addition to that, there are other intangible assets, licenses, et cetera that also have value and as those, the book runs off those companies. We would expect to monetize those that we don't intend to use going forward.

Paul Newsome

So you'd have to sell the piece that you -- those intangibles that you're talking about, selling them...

Dennis R. Vigneau
Former Chief Financial Officer and Senior Vice President

Yes, those are the legal entity shares and licenses that to the extent we don't use them in the ongoing businesses elsewhere, we would monetize those, that's right. And we've done that in the past on a number of occasions.

Paul Newsome

No question. But so is it kind of the business runs off as we look at it as premium and then the following year we're able to dividend the cash out, is that kind of how it works?

Dennis R. Vigneau
Former Chief Financial Officer and Senior Vice President

When you think about the capital that's behind the business, it's in the ballpark of $160 million at this point. That's our internal allocated capital and everything else that's not allocated to support the business just automatically is freed up and available either for redeployment behind the other P&C business lines or to the extent we want to take a dividend out of the P&C businesses and bring it up to the holding company, we could choose to do that.

Operator

The next question comes from Ray Iardella with Macquarie.

Raymond Iardella
Macquarie Research

Maybe just going to sort of sticking on a capital question and I know you kind of talked about the 3 priorities, but I guess sort of just breaking them down a little bit further. Organic growth, I'm just kind of wondering, I mean, what type of return do you think can get on that? And it just feels to me just given where valuation is maybe the better return would be to increase the share repurchases, any thoughts on that?

Donald G. Southwell
Former Chairman, Chief Executive Officer and President

Sure, Ray. Organic growth is always on our list because that's -- profitable organic growth is the best use of capital. As we look into 2013, we're not anticipating that we'll be in growth mode. In fact, we may well continue to be in shrinkage mode, with the runoff of Direct and with intense emphasis on margin improvement. So while it's our first priority, that doesn't mean we anticipate we're going to deploy capital there this year. So we certainly do have capital available to return to shareholders, and our dividend is important to our shareholders, and is competitive. We want to certainly maintain that and be opportunistic on our capital return through the share buyback.

Raymond Iardella
Macquarie Research

Okay, that's helpful. And I guess going back to the direct business, I mean, how should we think about premiums going through 2013? I mean, so is it there's just going to be 0 going to written and then whatever earned gets earned out, and then you guys are just stuck paying the losses as they pay out over time? Is that the sort of the right way to think about that?

Donald G. Southwell
Former Chairman, Chief Executive Officer and President

That's close, I'm going to ask Denise to elaborate.

Denise Idell Lynch
Former Property & Casualty Group Executive

Okay, I'll add a little bit more information to that. We have discontinued our marketing efforts to solicit new business. Having said that, new business will continue to come in to us and we'll accept that where it is appropriate. So there will be some new business coming in, although just a small percent of what we've seen historically. And we will continue to renew business as appropriate. But over time, this book of business will continue in its run off, the direct-to-consumer business, that is.

Raymond Iardella
Macquarie Research

That's very helpful. And then maybe just talking about the Specialty business and I think there was some severity trends that drove the accident year-higher. I mean is there anything in particular you guys are noticing in that book of business? And then, I guess, is the way to combat it sort of just continued push of rate, or is there anything else you guys can do?

Donald G. Southwell
Former Chairman, Chief Executive Officer and President

Denise, you want to take that one, too?

Denise Idell Lynch
Former Property & Casualty Group Executive

Yes, I'll be happy to take that one. Our Kemper Specialty book of business, you're right. We're watching those loss trends pretty carefully. Over time, we've experienced about a 3% to 4% loss trend. In the last year, we saw increased frequency and increased severity in that book of business and I'm talking specifically about the private passenger book because that is majority of our book. Where we're seeing the increased frequency is on the comp and collision and where we're seeing the severity tend is on the BI and also on the comprehensive coverage. We're addressing it aggressively. We're addressing it with rate. As we've said before, we've filed a rate essentials of about 10% last year, and we'll continue to file additional rate in the coming year. But in addition to rate, we're addressing it with continued underwriting efforts and improving our segmentation and the pricing of the product. So there's a lot of ways we're going at it, with rate, with underwriting and improving our product.

Operator

[Operator Instructions] Our next question comes from Steven Schwartz of Raymond James.

Steven David Schwartz
Raymond James & Associates, Inc., Research Division

Talking about Preferred. There was adverse development there. I was wondering if we could possibly talk about what lines, what years and maybe what geographies led to that for the quarter.

Denise Idell Lynch
Former Property & Casualty Group Executive

I'll take that one also, then. For Preferred, we did see adverse development on our auto line of business. It was primarily in 2011. And it was primarily on the liability coverages, is where we saw that. We are addressing, again, that book of business also with rate and also with underwriting and pricing product improvements.

Steven David Schwartz
Raymond James & Associates, Inc., Research Division

Denise, was this in the -- was this widespread or was this concentrated in the 3 states, what you've been talking about for the other lines?

Denise Idell Lynch
Former Property & Casualty Group Executive

No, that development was spread. It was -- or said differently, it wasn't heavily concentrated in any particular geography. That was spread.

Steven David Schwartz
Raymond James & Associates, Inc., Research Division

Okay. And then going back to Direct, the programs that you are going to keep, the Affinity group, the work-site, how much in premium is that?

Unknown Executive

We're looking at about $30 million in premium for our Affinity and work-site business. It's been good business for us. It's a good product. It's distributed through, primarily agents and brokers, and we intend to keep that and to grow it.

Steven David Schwartz
Raymond James & Associates, Inc., Research Division

Okay. And then Dennis, of the $90 million, $95 million that you talked about dividend-ing up to the holding company, how much of that would come from the life co's?

Dennis R. Vigneau
Former Chief Financial Officer and Senior Vice President

At this point, the majority of it will come from the life. We may, as we move through the year, shift a little bit of that over to the P&C business. We'll see how weather performs. I'd say, if we take any from P&C, it'd be in the second half of this year.

Steven David Schwartz
Raymond James & Associates, Inc., Research Division

Okay. And then the life co's dividend, is that, first off, is that greater or less than? And is that restricted to statutory operating or net income?

Dennis R. Vigneau
Former Chief Financial Officer and Senior Vice President

The life co dividend is based on earnings.

Steven David Schwartz
Raymond James & Associates, Inc., Research Division

Based on the net, so realized losses go through that?

Dennis R. Vigneau
Former Chief Financial Officer and Senior Vice President

Yes.

Steven David Schwartz
Raymond James & Associates, Inc., Research Division

Okay. And then do you have an estimate for that for the -- for 2012?

Dennis R. Vigneau
Former Chief Financial Officer and Senior Vice President

Yes, it's been pretty stable. It's in the roughly $90 million on a statutory basis.

Steven David Schwartz
Raymond James & Associates, Inc., Research Division

Okay, so you've taken -- you're just taking all of it.

Operator

I'm not showing any other questions in the queue. I'd like to turn it back over to Diana Hickert-Hill for closing comments.

Diana J. Hickert-Hill
Vice President of Investor Relations & Corporate Identity

Thank you, operator. If anybody has any final questions or comments, they can contact me directly and we'd be happy to address them. This concludes our call.

Operator
Thank you. Ladies and gentlemen, thank you for your participation in today's conference. This does conclude the conference. You may now disconnect. Good day.