Transcript

May 30, 2013 - 9:00 AM Eastern
China Gerui 1st Quarter 2013 Earnings Conference Call

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Transcript of
China Gerui Advanced Materials Group Ltd. 053013
First Quarter 2013 Earnings Conference
May 30, 2013/9:00 a.m. EDT

Participants

Kevin Theiss – Account Director, Grayling
Mingwang Lu – Chairman and Chief Executive Officer, China Gerui
Edward Meng – Chief Financial Officer, China Gerui

Presentation

Operator

Greetings and welcome to the China Gerui First Quarter 2013 Conference Call. At this time all participants are in a listen-only mode. A brief question and answer session will follow the formal presentation. (Operator instructions.) As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Kevin Theiss for Grayling. Thank you, Mr. Theiss, you may now begin.

Kevin Theiss – Grayling – Account Director

Thank you. Good morning, ladies and gentlemen, and good evening to those of you joining us from China. I'm Kevin Theiss from Grayling and I would like to welcome all of you to China Gerui Advanced Materials Group Conference Call to discuss first quarter unaudited 2013 results. With me today I have China Gerui's Chairman and Chief Executive Officer, Mr. Mingwang Lu; and Chief Financial Officer, Mr. Edward Meng. We will translate for Chairman Lu with his opening remarks and help with the Q&A.

I'd like to remind our listeners in this call, management's prepared remarks contain forward-looking statements which are subject to risk and uncertainty and management may make additional forward-looking statements in response to your questions. Therefore, the company claims the protection of the Safe Harbor for forward-looking statements that is contained in the Private Securities Litigation Reform Act of 1995. Actual results may differ from those discussed today due to various risks, including but not limited to: the availability of funds and working capital to finance activities; the actions and initiatives of current and potential competitors; the Company's ability to win new customers, merchants, and vendors for its products; the development and acceptance of new steel products, marketing and promotional activities; pricing policies of suppliers and competitors; competition in the steel market; and other risks detailed in the Company's filings with the Securities and Exchange Commission.

Accordingly, although the Company believes that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. In addition any projections as to the Company's future performance represents management's estimates as of today, May 30, 2013. China Gerui assumes no obligation to update those projections in the future as the market conditions change.

I will now turn the call over to China Gerui's Chairman and CEO, Mr. Mingwang Lu for some brief opening remarks.

Mingwang Lu – China Gerui – Chairman and Chief Executive Officer
(Chinese)

M (translation)
Ladies and gentlemen, thank you for joining us today and welcome to China Gerui Advanced Materials Group's First Quarter and Unaudited Financial Results Conference Call.

Mingwang Lu – China Gerui – Chairman and Chief Executive Officer
(Chinese)

M (translation)

Our financial and operating results in the first quarter of 2013 reflect the ongoing slow economic growth and the resulting weak demand for steel products in China, as well as the fewest number of operating days in the year due to both the calendar New Year and the Chinese New Year holidays. Consequently, the intense competition has created an ongoing weak pricing environment. While we market primarily based on our reputation for high quality, precision, cold-rolled steel and our many long-term relationships with our customers, we're still subject to market pricing.

Mingwang Lu – China Gerui – Chairman and Chief Executive Officer
(Chinese)

M (translation)

In the first quarter of 2013, our raw material costs declined slightly, but our steel prices decreased more due to pricing pressures in the market. Our current pricing model is transitory and as demand for steel increases we intend to rescind current concessions and revert back to our premium pricing strategy over time. We're temporarily restricting the output of certain steel products to maintain the current market supply/demand equilibrium and to avoid an aggressive pricing war with low grade, cold-rolled steel producers and large integrated steel producers. All our product lines were in operation in the first quarter of 2013.

Mingwang Lu – China Gerui – Chairman and Chief Executive Officer
(Chinese)

M (translation)

The utilization of our 500,000 tons of specialized cold-rolled steel was approximately 68% to 72% in the first quarter of 2013, which approximates the 75% to 80% utilization rate we achieved in the fourth quarter of 2012. The utilization of our higher margin, chromium production line was approximately 62% during the first quarter of 2013, up from the 60% utilization rate of the fourth quarter of 2012.

Mingwang Lu – China Gerui – Chairman and Chief Executive Officer
(Chinese)

M (translation)

We are evolving China Gerui into a more powerful steel supplier, as our new steel lines are now all running at commercial rates. With these new steel products, we are targeting high-end, specialized steel applications with higher margins. These combined steel lines further differentiate China Gerui from its competitors, as many of them lack these capabilities. Our new wide-strip, chromium-plated and laminated steel lines are providing new products to sell for new applications to our current customers to increase our penetration of those markets, as well as provide access for applications in new markets we could not reach before.

Mingwang Lu – China Gerui – Chairman and Chief Executive Officer
(Chinese)

M (translation)

Just as we are putting our steel lines into a more comprehensive product line to capture market share and augment our leading position in the high-end of the cold-rolled steel market, these new products provide more opportunities to boost our plans to become a global steel supplier. For example, we began making regular shipments to our first three international customers, two customers are in India and one in Turkey, who have purchased both wide- and narrow-strip, high-precision, chromium-plated, cold-rolled strip steel. These products are being used in insulating wires and cables manufactured for the telecommunications industry. The current order rate is running at approximately 3,000 tons per year of this higher-margin product. We have three other potential customers, including one in the United States, which is testing our products for use in the large food and beverage packaging industry.

Mingwang Lu – China Gerui – Chairman and Chief Executive Officer
(Chinese)

M (translation)

However, to create a long-term healthy domestic environment, we believe the steel industry must undergo change. We have already noted that some smaller manufacturers have closed down, and we expect closures to continue. The new leadership in the Chinese central government has noted that the steel industry, among others, must reduce its over-capacity to strengthen pricing and enhance the long-term outlook. The central government is implementing policies to advance the consolidation of the steel industry. As a leader in the cold steel segment we are well positioned to benefit from these actions through more transaction opportunities for us and eventually fewer competitors in the future.

Mingwang Lu – China Gerui – Chairman and Chief Executive Officer
(Chinese)

M (translation)

As we believe exports to the global markets can become one of our fastest growth drivers in the future, we have hired Cambelle-Inland, an investment firm led by our shareholder, Craig T. Bouchard, to advise us on strategic planning in our global expansion. Mr. Bouchard has a known track record of building companies in the steel industry. Notably, he was the co-founder and president of Esmark Inc., which grew from $4 million to $3.5 billion in revenue over four years, as Esmark's management acquired nine steel companies. Esmark was one of the highest appreciating stocks for the full year of 2008, and we look forward to Mr. Bouchard's future contributions to help us build a much larger, more profitable, and globalized China Gerui to increase shareholder value.

Mingwang Lu – China Gerui – Chairman and Chief Executive Officer
(Chinese)

M (translation)

Thank you, everyone, for joining us. I will now turn the call over to Mr. Edward Meng, our Chief Financial Officer.

Edward Meng – China Gerui – Chief Financial Officer
Thank you, Mr. Lu, and thank you, everyone for joining us for this conference call. I will present a summary of the first quarter financials. For more details please refer to our earnings press release which was distributed early today.

Our revenue decreased 33.6% to $45.6 million in the first quarter of 2013, from $68.7 million in the first quarter of 2012. The decrease in revenue was primarily due to an 18.4% decrease in the Company's average selling price to $733 per ton for the first quarter of 2013, as compared to an average selling price of $898 for the first quarter of 2012, as well as an 18.6% decrease in sales volume to approximately 62,240 tons for the first quarter of 2013, as compared to approximately 76,500 tons for the same quarter of last year.

Gross profit decreased 75.8% to $5.2 million in the first quarter of 2013, from $21.5 million in the same quarter of 2012. Gross margin was 11.4% in the first quarter of 2013 compared to 31.3% in the first quarter of 2012, but was higher than the 10.7% of the fourth quarter of 2012. The decrease in gross margin compared with a year ago was due to lower sales, as the economic slowdown in China continued and domestic consumption declined in the first quarter of 2013. The resulting reduction in steel demand continued to drive the severe competition and pricing pressures currently in the marketplace during the quarter. Raw material prices in the first quarter of 2013 were higher than in the same quarter last year, but were slightly lower than at the end of 2012. In addition, we were undergoing the trial production of the newly launched laminated steel sheet production line, so some of that material for testing purposes, also went to the cost of goods sold.

Our operating income decreased 89.1% to $2.1 million in the first quarter of 2013, from operating income of $19 million for the first quarter of 2012. The decrease in operating income in the first quarter of 2013 was primarily due to a 75.8% decrease in gross profit and higher operating expenses as compared to the first quarter of 2012. Non-GAAP operating income, excluding one-time, stock-based compensation expense of $32,891, was $2.1 million.

Net loss was $100,000 in the first quarter of 2013, or zero per fully diluted share, including the impact of a one-time, stock-based compensation expense of $32,891, compared to a net profit of $14 million, or $0.24 per share in the first quarter of 2012.

Non-GAAP adjusted EBITDA was $5.1 million in the first quarter of 2013, or 11.1% of revenue, compared to $22 million, or 32% of revenue, in the first quarter of 2012. Non-GAAP adjusted EBITDA is defined as earnings before net interest expense, taxes, depreciation, amortization, and a one-time, stock-based compensation expense incurred in the first quarter of fiscal year 2013.

Please see the section in the press release entitled, "Use of Non-GAAP Adjusted Financial Measures" and the reconciliation table at the end of the press release for an explanation and a quantitative comparison of the non-GAAP measures used in this script to the GAAP equivalents.

As of March 31, 2013, the Company had $234.2 million in unrestricted cash, $21.4 million in current certificates of deposit, and an additional $142.7 million in restricted cash, as compared to $228.9 million in unrestricted cash, $16.4 million in current certificates of deposit, and an additional $145.4 million in restricted cash as of December 31, 2012. Working capital was $150.3 million at March 31, 2013, compared to $151.7 million at December 31, 2012. The Company's short-term debt consisted of notes payable and term loans that totaled $328.5 million at March 31, 2013, compared to $317 million as of December 31, 2012. The Company had no long-term liabilities. Shareholders' equity was $331.1 million at March 31, 2013, as compared to $330.1 million as of December 31, 2012. Net cash provided by operating activities for the three months ended March 31, 2013 was $3.9 million, compared with $6.5 million in the first quarter of 2012, but above the $2.1 million used in the year ended December 31, 2012.

We will now begin the business update and outlook section to provide better clarity as to China Gerui's strategies to position itself in the challenging domestic marketplace, as we also focus on becoming a global metals processor. Our comprehensive offering of products are enhancing our domestic market position and we're taking our global expansion strategy to a new level. I will begin with a brief review of the Chinese economy in the first quarter.

Economic data indicates that China's GDP growth rate was 7.7% in the first quarter of 2013, below the 8.1% in the year ago quarter, and the 7.9% in the fourth quarter of 2012, according to the National Bureau of Statistics. Domestic consumption of goods declined in the first quarter of 2013 as well. While most economies would be pleased to grow by 7.7%, this slower growth rate is causing serious disruptions in China's industrial output. The Company believes growth below 8% creates an unhealthy competitive environment within China. In April of 2013, the China Iron & Steel Association issued a warning and an appeal for steel companies to restrict their expansion, as approximately one-third of all Chinese steel companies reported a loss in the first quarter of 2013 due to ongoing over-capacity and poor margins.

A four trillion RMB stimulus plan is being implemented by the central government to boost economic growth and domestic consumption as well as a program to raise spending in our infrastructure. Additional new measures may emerge from the new central leadership to help the Chinese economy recover higher growth over time and increase demand for steel products. All measures, especially those focused on increasing heavy industry business, shall positively affect the China steel industry's weak fundamentals and our business as well.

We are optimistic that economic activity may begin to rebound in the second half of 2013, thereby positively creating an increasing demand for domestic steel products, and that is also the basis for our full year guidance we have given out earlier this year. Further, as the global economy gradually recovers, the amount of steel should rise, which will progressively improve the current excess steel capacity and the weak pricing environment as exports increase as well.

The overall underperformance of China's steel industry is primarily due to the limited market demand, coupled by excess production capacity. Current market conditions are encouraging consolidation in the Chinese steel industry, and the central government is setting policies to help persuade competitors to pursue acquisitions and mergers. Consolidation is already evident in the upper stream of the crude steel production industry. We anticipate consolidation will be migrating to the lower stream of the steel processing sector in the near future.

As a leading company in China in the cold-rolled steel sector with substantial financial strength, China Gerui is well positioned to benefit from accretive opportunities within China, and we may consider international transactions as well. Consolidation will hasten the resolution of the current excess capacity, intense competition, and predatory pricing conditions prevalent in the Chinese steel industry over time.

Prices for cold-rolled steel in the first quarter of 2013 declined faster than the decline in hot-rolled steel price, which is our raw material for metal processing. Variations in our raw material costs have been exceeding our capacity to quickly match those changes in our prices, although we are limited by our cost-plus model and a weak market for steel prices. The result is lower gross margins compared to when the steel market conditions were more rational. As we have not engaged in price wars, we expect we will eliminate recent price concessions and charge higher prices when supply and demand are normalized. We are hopeful that as demand for steel rebounds beginning in the second half of 2013, we will be able to eventually exhibit stronger gross margins, as prices become firmer and the current excess competitor pressures subside. Our new product offerings are expected to carry a higher gross margin as well.

In January of 2013 China Gerui announced the introduction of a new laminated steel processing line at its existing production facilities in Zhengzhou, China. The new laminated steel processing production line is currently undergoing final trial production and will begin commercial production in the latter half of the second quarter of 2013. The new laminated production line utilizes our own cold-rolled steel as a raw material to produce a specialized steel material that will be primarily marketed to the food and beverage packaging, electrical appliances, and the construction and decoration markets. These markets are more correlated to domestic consumption expenditures than to heavy industry applications, thereby further diversifying our product reach and making us less dependent on large scale infrastructure progress. The new laminated production line is designed to produce up to 30,000 tons per year of laminated steel sheets, with room to grow when necessary.

Together with the new wide-strip line and the chromium-plated lines we have expanded and diversified our product offering to capture market share and attract new customers. All three new production lines will be operating at commercial rate in the second quarter of 2013, and they increase of economy of scale for our basic metal processing operations. Our R&D's ability to develop new products helps to differentiate us versus many of our peers and creates opportunities to expand our relationship with current customers. The plan for R&D is to develop additional new steel product applications to further enter new markets, enhance our competitive position, and distinguish ourselves in the steel industry.

We currently have 5 series of 20 products, and expect to expand that into 7 series of 25 products over the next few years focusing on consumption-driven industries. Our product diversification further increases the applicability of our products to new users and markets, including exports to foreign markets, and it makes us less dependent on our historical domestic customer base.

Given the current unsettled market condition in China and our high-quality, diversified steel products and efficient production, we believe the time is right to ramp up our marketing into foreign markets to achieve our global ambitions. The emerging markets represent excellent targets, as there is a very limited high-precision cold-rolled steel competition. The more mature markets represent the potential for much larger order size. We have already captured three customers providing regular orders, with additional potential customers reviewing our products. We look forward to using the expertise of Cambelle-Inland and Mr. Craig Bouchard to acquire or merge with other steel companies to attain a significant position in the global markets and to build China Gerui into a much larger, global, world-class, high-precision metal producer for our shareholders.

China Gerui thanks our investors for their support at the current low price of our stock. As of March 31, 2013 the Company has purchased 1,971,929 ordinary shares at an average price of about $3.08 per share, for a total repurchase price of approximately $6.1 million. During March of the first quarter we were in a communication blackout period. China Gerui is now ready to resume the share repurchase program right after today's earnings announcement.

Given the recent market conditions, our revenue guidance for the year 2013 is between $280 million to $290 million. We continue to monitor the market conditions, especially the capacity and pricing movements, to provide updated information on our business with investors.

Operator, we're now ready for questions.

Operator

Thank you. We will now be conducting a question and answer session. (Operator instructions.) One moment, please, while we poll for questions. Our first question is from the line of Liang Hsu of Keane Capital. Please proceed with your question.

<Q>: (Chinese)

Mingwang Lu – China Gerui – Chairman and Chief Executive Officer

(Chinese)

<Q>: Thank you for taking my questions. I have several questions. My first one is on the pricing dynamics. You mentioned that your ASP came down by almost 20% year-over-year in the quarter while your raw material price was actually higher year-over-year, so that's what's causing your margin squeeze. In that case it sounds like the competition on the hot-rolled steel, which is your raw material, is much less intense compared to your high-precision, cold-rolled steel. But isn't the hot-rolled steel where most of the over-supply exists? So I'm just wondering, can you help me understand better about the pricing dynamic between your raw material and your finished product, and do you also see the gross margin continue this squeeze in the second quarter. Thank you.

M (translation)

(Chinese)

Edward Meng – China Gerui – Chief Financial Officer

Thank you, Liang Hsu. Good question. Let me put it this way, well, first of all, for the movement and also the correlation of the hot-rolled steel and then cold-rolled steel I would suggest if you or investors can do a quick reference to mysteel.com, you can see the pricing trends.

And you can see they move, well, they're pretty much in the same trends, but just at a different speed and different curve. Starting from the beginning of January, the price hesitates a little bit, slightly up until April, and then the price has been, for both hot-rolled and also cold-rolled steel, the price has been diving southward as we speak. So, yes, the excess capacity is more in the upper stream in the cold steel sector, but in this lower end metal processing sector we see the competition or the pressure of pricing primarily that comes from a weaker amount compared with a pricing war where we see the homogenization of the product.

Basically a lot of competitors, they are facing the problem of whether to shut it down or just operating at a slight loss by selling their product at a lower price, so that's why we have refrained from releasing our capacity just for engaging this pricing war. So we do see that, but we do believe that as the market recovers in the second half we will see the Company will regain its position in premium pricing and also see a recovery in the gross margin going forward. And when we provide our guidance for the full year, we did anticipate a weak first quarter, an improving second quarter, but the major reversing of the depressing of steel prices, we do see that's going to happen in the second half of the year given the new government, and given the new policies of the government to cut back on excess capacity as well as to boost the economy by encouraging investment in the infrastructure growth and consumption to the industries.

<Q>: Liang Hsu

I see.

Edward Meng – China Gerui – Chief Financial Officer

..., yes.

Liang Hsu<Q>:

Go ahead. Hello?

Edward Meng – China Gerui – Chief Financial Officer

Hello, ...

<Q>: Liang Hsu

..., yes, please go ahead.

Edward Meng – China Gerui – Chief Financial Officer

Yes, I'm asking whether that answered your question.

<Q>: Liang Hsu

Oh, okay. Yes. So you are seeing the major improvements won't kick in until the second half of this year, but have you seen so far in the second quarter the improving ASP improving pricing dynamics as well as in demand.

Mingwang Lu – China Gerui – Chairman and Chief Executive Officer

(Chinese)

M (translation)

(Chinese)

Edward Meng – China Gerui – Chief Financial Officer

To answer your question, actually, as I said earlier, if we look at the pricing chart of the China Steel product prices, the southward decline of the prices for both hot-rolled and cold-rolled steel that started in April and also continued all the way to, well, as we speak, by the end of May. So we do not see major pricing improvement in the second quarter, but we do see the volume rising and the customer demand is gradually coming back a little, so we are cautiously optimistic about the second quarter.

<Q>: Liang Hsu

Okay, thank you. Switching gears –

Edward Meng – China Gerui – Chief Financial Officer

Let me make additional remarks. In this sector of the market for cold-rolled steel products, we do see that China Gerui has been a leading company in terms of the precision and also the sophistication of this product, so we have been charging a premium all this year, and until last year, when the market really declined. The current market condition argues even more for a company like China Gerui to beef up its R&D efforts to look for more diversified product offerings in order to differentiate ourselves and elevate ourselves away and above the competition crowd, so that we have been doing and we are continually working on that. As we said earlier, the Company has been focusing on retaining existing customers waiting for the market to come back so that we can do premium pricing again, but at the same time we've been spending a lot of our efforts in R&D, including the recently introduced laminated steel products.

<Q>: Liang Hsu

Okay, I understand. Switching gears, let's talk about your balance sheet. I was wondering why notes payable remains at such a high level and I see slight spike in prepaid purchases in the quarter when the sales volumes in recent quarters has been on a decline. So just remind me again what are sales notes payable mainly used for, and you also mentioned about that in the past quarter you mentioned about you anticipate to collect some refund from the suppliers whom you make the pre-payment to, so I'm just wondering what's the progress on this front, and what is this repayment of events from unrelated third party of about 1.6 million is for. Thank you.

Mingwang Lu – China Gerui – Chairman and Chief Executive Officer

(Chinese)

M (translation)

(Chinese)

Edward Meng – China Gerui – Chief Financial Officer

Yes, I'll take your question, Liang. First of all, the notes payable, this is our short-term liability. It consists of short-term bank loans as well as notes payable. Most of the notes payable are actually for the purpose of raw material purchases. That means some of the banks were issuing notes payable on our behalf to our suppliers, raw material suppliers, and usually those are on six month terms, so if the supplier waits for six months instead of four months, or if they need cash, let's say in the short-term, they can cash that notes payable at a discount from the bank. So that's the typical purpose of those. The notes payable, I mean, as you can see, we offer a six month term, and it keeps rolling into the next period until they expire.

And then for China Gerui in our relationship with local banks we are cutting back on the cash loans available to us, for example, the short-term loans, those are typically cash loans, but we're encouraging the notes payable issuance as a short-term lending from the bank. Usually for the notes payable, the bank would require from a 50% to 80% cash guarantee or cash deposit guarantee, so that's why you'll see the balance sheet of China Gerui, you see notes payable at the same time you see the restricted cash, which are typically for the cash deposit for the bank to issue notes payable. That explains the first part of the question.

And secondly, talking about prepaid expenses, as I explained earlier in the conference call, we did arrange to have several suppliers to help us to look at diversified raw material supply within the short term, with a lot of flexibility required because we anticipate that going forward we'll be offering to the market not just the narrow-strip cold-rolled steel, but also wide-strip cold-rolled steel, laminated steel, and then chromium-plated, which means it used to be we purchased from the raw material suppliers just narrow-strip hot-rolled steel, but going forward we'll be purchasing both narrow-strip and wide-strip, as well as probably the finished cold-rolled steel that can go directly into the chromium plating or laminating process. So that's one of our plans from last year. But given the market, the way it was last year, we did have some, more like in hindsight, we did have additional surplus in the prepayment to the supplier, so we have checking accounts with the suppliers and getting those excess prepayments refunded to us.

So that is something we have been working on, and it's making great progress. First of all, we don't see any collectability issue with the prepayments, so they are coming back, just that after the Chinese New Year in February, by the end of March, by the time we closed the books some of the refunds have been agreed to, but just not received yet, so they're still carried as prepayments for the time being. But I do believe that's getting to the second quarter, and once you see the second quarter financials you'll see the prepayment balances come down, assuming we are pretty much at the same operations level, or the same raw material purchasing volume.

<Q>: Liang Hsu
Okay, so in the second quarter we're going to see the prepayment numbers come down because you will have been able to collect refunds. Is it fair to expect that your notes payable is going to remain at about the same level, so you can continue to maintain at that level?

<u>Edward Meng – China Gerui – Chief Financial Officer</u>
Yes. First of all, we are conscious of managing of leverage, so we are trying to cut back on the short-term liability level, including notes payable. But as I said, right now in China, because of the market situation the only source of funding for us would be either from our operating cash generated from operating activity, or from local bank borrowing. However, the local banks have been very credit conscious. First of all, they've been cutting bank on cash loans available to non-state owned companies like China Gerui, but at the same time they have been encouraging borrowers like China Gerui to depend on the notes payable instead of cash loans, because as I said, the notes payable you have 50% up to 100% on the cash guaranteed to back it, so the bank is using this leverage to mitigate their credit risk. So we do see this situation to continue, but we take it very seriously when we're looking at our financing going forward and having this in a notes payable level under control.

<Q>: Liang Hsu
Okay, I understand. Thank you so much for taking my call.

<u>Edward Meng – China Gerui – Chief Financial Officer</u>
Thank you, ..., good questions. Thank you.

Operator

(Operator instructions.) The next question is from the line of Paul Conney, Maxim Group. Please proceed with your question.

<Q>: Paul Conney

Hi, guys, just one quick one. What is the current book value per share?

Mingwang Lu – China Gerui – Chairman and Chief Executive Officer

(Chinese)

Edward Meng – China Gerui – Chief Financial Officer

Right now if you look at the current book value you would be looking at $5.56.

<Q>: Okay, thank you.

Operator

At this time I will turn the floor back to management for further closing comments.

Kevin Theiss – Grayling – Account Director

Thank you for all of your participation on this first quarter earnings call. We will now conclude the call, and you may disconnect your lines. Thank you so very much. Have a good one.

Operator

Thank you. Today's teleconference has ended. You may now disconnect your lines. Thank you for your participation.