Q1 2019 Earnings Call

Company Participants

- Beth W Cooper, Senior Vice President Chief Financial Officer & Assistant Secretary
- Jeffry M Householder, President & Chief Executive Officer
- Jim Moriarty, Executive Vice President General Counsel and Corporate Secretary

Other Participants

- Roger Liddell
- Tate Sullivan, Maxim Group

MANAGEMENT DISCUSSION

Operator

Good morning. My name is Justin and I will be your conference operator today. At this time, I would like to welcome everyone to the Chesapeake Utilities First Quarter Earnings Call. After the speakers' remarks, there will be a question and answer session. (Operator Instructions) Thank you. Ms. Beth Cooper, you may begin your conference.

Beth W Cooper

Good morning everybody, I'd like to welcome you to the first quarter Chesapeake Utilities 2019 earnings conference call. Before we begin, I'd like to remind everyone that a copy of today's presentation can be found out there on our website. Joining me on the phone today are Jeff Householder, President and CEO; and Jim Moriarty, Executive Vice President, General Counsel and Corporate Secretary. We also have other members of the management team in the room today. Our presentation will focus on our quarterly results, as well as the opportunities we see looking forward.

Turning to Slide 2, our normal disclosures are listed related to forward-looking statements, concerning the company's future performance. Today's discussion will include certain non-GAAP measures such as gross margin and adjusted EPS I would refer you to our Annual Report on form 10-K for additional information on these matters. I will now turn the call over to Jeff.

Jeffry M Householder

Thanks, Beth. And good morning, everyone. Thank you for joining us. It's great to be able to deliver a positive report on our first quarter results, 2019 is off to a solid start and our financial results are strong and we have experienced, continued growth across our business segments. Our core businesses continue to grow, we've been successful in several regulatory initiatives and our recent acquisitions are contributing above our initial expectations. As always our employees continue to identify and execute on opportunities that contribute to our success.

If you move to Slide 3. As you know, we have a long history of driving total shareholder return in Chesapeake. Over the past 20 years, we've achieved a TSR that exceeds 16%. We're continuing that success in the first quarter of 2019. Our net income for Q1 was $28.7 million, $1.74 earnings per share which represents a 6.1% growth in the first quarter of 2019 versus 2018. When looking at adjusted EPS, we achieved EPS growth of 20% year-over-year. The 2019 annualized dividend was increased 9.5% at our board meeting earlier this week, reflecting our strong EPS growth track record.

Our 2019 first quarter results reflect the positive impact from natural gas expansions in both Delmarva and Florida natural gas organic growth, higher retail margins for propane and increased rates for Aspire. And as I mentioned, the Marlin and Ohl acquisitions we completed at the end of 2018 are both performing well.

We achieved a successful outcome on our TCJA filing in Florida for our largest natural gas operations. I believe that we are one of the very few, if not the only utility operations in the country to actually be able to keep a portion of the TCJA tax benefit. We received approval in Florida to retain $1.9 million annually of our TCJA tax savings. That's primarily intended to enable us to recover our historic expense increases for safety and compliance over the last several years. Florida PSC also recently approved the storm recovery fund surcharge mounting to $1.9 million over the next three years. Capital expenditures to date have been $33.8 million and we're on target to invest $168 million or more this year given our commitment to growth and return on investment. I'll speak more about these growth initiatives, but first we'll turn the presentation back to Beth to provide more details about our financial results.

Beth W Cooper

Thank you Jeff. Turning to slide 4. We provide a snapshot of our adjusted earnings for the first quarter. The company's reported EPS was $1.74 compared to $1.64 in quarter one of 2018.

Adjusted non-GAAP net income was $27.8 million or $1.68 per share, an increase of 21.5% and 20% for net income and EPS respectively compared to the first quarter last year. Operating performance more than surpassed the first quarter 2018 results, which included $0.24 per share associated with higher mark-to-market activity prior to the company's adoption of the new hedge standard. The 2019 results also included the positive impact of $0.06 per share from retain, tax savings in Florida associated with the estimated TCJA rate reductions that correspond to 2018. As mentioned previously, turning to slide 5, we reported GAAP earnings per share of $1.74 which meant, we generated additional earnings that overcame approximately $0.30 of unusual items including the PESCO mark-to-market activity discussed previously as well as warmer weather in 2019.

Even though the degree-days were relatively flat in the first quarter of 2019 as compared to the 10-year average and the first quarter of 2018 overall, the severity of the December and January weather in 2018 drove higher consumption than normal. And when I say December, I'm referring to December of 2017. Gross margin increased across all energy businesses, the key drivers as identified on slide 5, added $0.79 per share. This compares favorably to our operating expense increase of $0.29 per share associated with our continued growth and new initiatives.

Margin increases associated with our natural gas transmission service expansions in Delmarva and Florida added $4.3 million. In terms of gross margin and operating income. Natural gas distribution customer growth and Sandpiper conversions added $1.8 million. The unregulated energy segment had margin gains and propane and PESCO plus Marlin Gas services and Ohl propane added a combined $2.8 million in margin this quarter. The absence of the $5.5 million impact from the Bomb Cyclone that occurred in January 2018, positively affected our quarter-over-quarter results as well. The reversal of the 2018 Florida TCJA reserve was positive $1.3 million to pretax income.

In addition, we recognized a positive contribution to margin of $794,000 associated with the 2019 Florida tax savings we retained thus far this year. Interest expense related to growth and initially funding Hurricane Michael restoration costs increased $2 million. We are working with the Florida Public Service Commission to recover these Hurricane Michael restoration costs over time. As mentioned earlier, on Wednesday the Board of Directors voted to increase our 2019 annualized dividend 9.5% or $0.14 per share from $1.48 to $1.62 As shown on Slide 6, the dividend increase aligns our five-year earnings growth rate of 8.8% with our five-year dividend growth rate of 8.4%.

Chesapeake has paid a dividend for 58 consecutive years and grown the dividend in each of the past 15 years. Our goal again is to provide above average dividend growth driven by our disciplined approach to investment opportunities, which results in strong earnings per share growth and also increased shareholder return. Slide 7 shows our capital structure. During 2019, we've already put into place where we will fund a $100 million note due 2039 before at least before August of this year at a cost of 3.98%.

We expect to refinance with permanent capital the $60 million intermediate-term notes due in 2020, which are currently included in our current portion of long-term debt. We are continuously reviewing our capital structure and financing plans for debt and equity in conjunction with the timing of our capital spending, and our in- service dates for several of our growth projects. We expect to migrate back closer to our target capital structure as we move to the latter part of this year and into 2020. Slide 8 shows our initial capital budget for 2019 of $168 million, including 81% for projects in our regulated energy segment for natural gas distribution, natural gas transmission, and electric distribution.

As we progress through the year, we will be evaluating additional strategic growth opportunities that could also add to our capital spending plan. The table on slide 9 shows the growth projects we have been working on and that are already either underway or completed recently. Please note, that if a project no longer has an incremental impact year-over-year, we remove them from the table and an example is our Eastern Shore rate case that was included in our 10-K and we've now excluded it from this table. It is still having a contribution, but year-over-year there's really no incremental impact. We do only include projects that were recently completed or underway in generating margin growth as I mentioned.

And for 2019, we expect margin growth of $21.5 million from these identified key initiatives, which includes $9.3 million that we recognized in the first quarter. The table does not include new projects under development. Once projects have been finalized in terms of preliminary development and are improved, we include them in our forecast of margin and they're included in this table at this time. Jeff will now discuss the key growth projects, we have completed or are under construction or in advance development. Jeff?

Jeffry M Householder

Thanks Beth. Slide 10 is intended to give you a somewhat longer view of the possible growth that we're anticipating over the coming years. We've previously provided guidance on our five-year capital and EPS expectations. Our current guidance calls for capital spending between $750 million to a $1 billion and earnings per share growth range of 7.75% to 9.5% over the five-year period ending 2022. These targets reflect our recent growth history and we do not anticipate difficulties in achieving those guided targets.

We're now updating our five-year plan for strategic growth initiatives. Which include capital spending and earnings targets. And we anticipate providing further guidance in Q4 this year. We continue our disciplined approach to strategic investments that's resulted in above earnings per share and return on equity over the past five years. And for that matter over the past 10 years. We expect to continue that trend going forward through 2022.

Turning to Slide 20 -- Slide 11, pardon me. We show three significant projects that have been developed over the recent years with each either fully or now partially in service. Eastern Shore Natural Gas, as you well know, is the supply artery and growth engine for Delmarva natural gas business. We've substantially completed a significant expansion project, which increases Eastern Shore's firm capacity to our distribution customers and provides additional capacity for other customers in the Peninsula. The overall project added about 26% capacity on Eastern Shore system.

We completed the Northwest Florida expansion project, providing FPU access to competitively priced natural gas to serve anchor customers, including the city of Pensacola in the sand performance materials. We're also providing or there is additional capacity in that pipeline system to increase the industrial base load and continue to grow the margins on that project.

The Western Palm Beach County expansion which is a fairly substantial set of projects for us. First phase is in service and will contribute about $605,000 in 2019, when we complete the remaining three projects in Western Palm Beach, the margins will grow to approximately $4.7 million. That list of projects is expected to be fully in-service in beginning 2020.

Turning to slide 12, the Del-Mar Energy pathway project, it's a newly developed project for us, a great strategic fit for our Eastern Shore and Delmarva natural gas distribution system. The project is intended to provide an additional 14,300 dekatherms per day of capacity to four anchor customers. This project expands significantly the capacity within the high-growth areas of Sussex County Delaware, and will allow us to extend Eastern Shore capacity and ultimately our Distribution Systems for the first time to Somerset County Maryland. We announced earlier this week that FERC has issued a positive environmental assessment for the project. We're hoping to secure final action with the certificate expected in the third quarter of this year and construction would commence shortly thereafter. The estimated gross margin for this project is $3 million in 2020, and growing to $5.1 million going forward, once the project is fully in service in the second quarter of 2021.

Turning to Slide 13. Talk just for a moment about our Marlin Gas Services acquisition, as you recall Marlin Gas Services provides compressed natural gas, mobile solutions, to pipeline customers primarily in the Southeast and Mid-Atlantic portion of the United States. Marlin's performance being higher out of the gate has been quite outstanding. It's exceeded our expectations. We're seeing approximately $2.3 million in gross margin generated in the first quarter. Given the initial success in the forecast for the remainder of the year, we've increased our margin contribution estimate for Marlin in 2019 from $4.5 million to $5.1 million, with expectations of gross margin of $6 million or above thereafter.

To continue to meet the demand that we see in for the Marlin Services, we're actually going to need to secure additional tube trailers and some other equipment and materials. We've increased our trailer deployment rate from about 30% when we acquired the system to just under 100%. So we've been able to secure business that allows us to essentially deploy the entire fleet that Marlin has at its disposal. It's a great problem to have, but we are now in the process of acquiring additional equipment to support the growing demand for service there. We think, Marlin is really ideally positioned to be part of this renewable gas market that is growing and expanding across the country. We see Marlin's transportation capabilities as a bridge that connects the production or source of natural gas coming out of landfills or out of sort of industrial waste products and in the poultry and farming industry and bring that gas through the virtual pipeline to the market areas.

Turning to slide 14, we're committed to developing organic growth where we can, we think there are still significant opportunities in our core businesses to grow over the next several years. We will continue to add existing services for new customers and we will develop new strategic energy delivery platforms such as the expansion for Eastern Shore and clearly in our operations in Florida. We've been able to identify acquisitions that fit within our portfolio of related businesses. We'll continue to look for those. We've been successful and integrating the operations that we have acquired and achieving margin growth that exceeds our initial pro-forma expectations.

On slide 14 we show a handful of the recent acquisitions that are generating approximately $4.4 million in incremental margin in the first quarter of 2019. And it really builds on the success that started with the earlier acquisition of Florida Public Utilities back in 2009 that has given us multiple expansion opportunities well beyond anything that would have been done by FPU independent of Chesapeake and that's the type of growth activity that we try to bolt on to the acquisitions, where we're successful in making them. I'll now turn the call over to Jim Moriarty, our General Counsel, he's responsible for Regulatory Affairs and Corporate Governance.

Jim Moriarty

Well thank you Jeff and good morning everyone. Slide 15 lists some significant regulatory initiatives from the first quarter. And as you know, we are very proactive in our regulatory jurisdictions. With 80% of our assets invested in the regulatory energy segment, we are focused on developing and driving innovative approaches and solutions to further enhance our business operations and therefore continue to provide reliable and safe services to our customers. Slide 15, indicates how the company has pursued multiple regulatory initiatives across our various jurisdictions. Most recently as mentioned earlier, the company has focused on the regulatory filings under the Tax Cuts and Jobs Act 2017. In Florida in our 2 largest Natural Gas Distribution operations, we were able to retain the tax savings associated with TCJA to recover some of the investments we have made to ensure the ongoing safety and reliability of our systems.

On the electric side, we returned the tax savings through lower fuel costs in the storm reserve recovery. Turning to slide 16 and 17, which deals with our commitment -- Chesapeake's commitment to sustainability and ESG, the environmental, social and governance issues. We are fully engaged on ESG and sustainability. We take seriously our role in delivering economic and efficient solutions consistent with our commitments to all our stakeholders, including the communities we serve, we enjoy sharing our stories of how we have proactively addressed and continue to proactively address, environmental issues, social sustainability and governance matters.

As ESG continues to evolve, we will be spending time on each of our upcoming earnings calls, talking about our efforts across the company. There are numerous initiatives in which we are engaged, that demonstrates the importance of ESG in our daily operations. As just a few examples, we participated in the New York Stock Exchange Earth Day opportunity to highlight ESG and sustainability, including our commitment to reduce emissions, and provide solutions for more efficient energy use and conducting business with environmental responsibility. We continue to promote and employ environmental friendly fuels, such as compressed natural gas and our Auto Gas propane for vehicles.

Our newly constructed energy lane business center here in Delaware, is certified for energy efficiency. Our 8 Flags CHP facility operates twice as efficiently as a typical plant and we displace a significant amount of Coal Power Generation in doing so. Our corporate culture is recognized with national awards for corporate governance best practices. We have also been recognized for seven consecutive years as a top workplace by our aspiring and caring engaged employees.

Our team is focused on giving back to our communities each and every day in many meaningful ways. Thank you and I would like to turn the call back over to Jeff.

Jeffry M Householder

Thanks Jim, I would add one additional point to that list we have really aggressively pursued increasing and improving our safety and compliance activities over the last several years in all of our operating areas. And one of the things one of the manifestations I guess with that is the replacement of literally hundreds of miles of older gas main, to our system that has had -- I believe a significant impact not only on safety but a significant reduction in emissions and we will continue to pursue those sorts of opportunities, as we move forward.

If you look on slide 18, again just a different emphasis on total return to shareholders, we mentioned this earlier but I'll mention it again here in closing, our TSR has exceeded 16% for all periods shown through April 30, 2019 and we have been very either exceeded or been very close to the 75 -- 75th percentile if you compare us to our peer group.

Slide 19, Just in closing, I think, it's important again to emphasize the strong foundation that drives this company forward each and every day, beginning with our track record, we know that we can build upon that track record to drive our future success. Our corporate culture is based on our strategic focus with engaged employees seeking innovative ways to improve our business, better ways to serve customers and better ways to serve the communities that we operate in. Our team is committed to identify and develop new opportunities and initiatives with the same financial discipline that we've executed in the past. And we're committed certainly to continuing to generate excellence and increasing shareholder value. I appreciate your time this morning, Beth, Jim and I would be happy to address any questions that you may have.

Questions and Answers

Operator
Your first question comes from the line Tate Sullivan from Maxim Group. Your line is open.
Please ask your questions.

Tate Sullivan, Maxim Group
Thank you. Good morning, and thanks for all the detail in particular on Marlin because you increased the margin guidance. For margin expectation for '19 for the business shortly after acquiring. Can you give some specific project examples? Either that Marlin worked for on your systems. Other pipeline systems?

Jeffry M Householder, President & Chief Executive Officer
Sure, we have executed several agreements with a number of LCD's both in Florida and outside of Florida. For essentially emergency service activities or for holding projects -- sub-division projects or a couple of industrial customer projects prior to a permanent pipeline being installed, some of those the easy ones that I can talk about off the top of my head are the contracts that we've executed with one of our distribution affiliates for the Public Utilities in Florida. We actually have a number of Marlin trailers, I think we're up to about 8 now deployed in the Palm Beach area in support of the development there prior to us getting those Western Palm Beach transmission projects and service later this year.

In addition to that, we have agreements with other LDCs in Florida that do essentially the same thing, we're pursuing contract with a large LDC to support the renewable natural gas activities that I mentioned actually moving gas from a landfill or several landfill sites to a market area either injecting that gas into a transmission pipeline, a distribution system are more interesting to us directly into a compressed natural gas vehicle fueling station, which we believe actually is a pretty interesting market segment for us, trying to support both renewable natural gas activities at the source but also then moving it to vehicle fuel as opposed to just putting the gas back into a pipeline. There are a number of other projects we're holding for Atlanta Gas light for example or Southern Company Gas as they're now known in Savannah line segment that moved gas under the Savannah River, they had someone that drove a piling 40 feet down and drove it through the middle of that distribution line. We've been there for several months now doing that work and so there are those types of projects that are scattered around the Southeast and the Mid-Atlantic.

We serve an industrial customer North Carolina that was having some gas quality issues with their current provider so we're augmenting the supply that they get in the delivery of the compressed natural gas, so it's those kind of projects that we're finding.

Tate Sullivan, Maxim Group
Great thank you for all that, and then second on the Del-Mar energy pathway project and I think, you've mentioned that potential incremental gross margin would be about $5 million once it's in service, is that correct and what regulatory hurdles or regular statements do you need from here on to get that 5 million?

Beth W Cooper
So the -- what we've put out, Tate at the current time by the end of 2020 that project will have generated $4.7 million and then there's a small piece that will be coming in 2021, what we're waiting on now would be the certificate that we would be looking for from FERC and as mentioned earlier by Jeff and Jim, our hope is that, we'll be in a position to have that within the third quarter at some point and then hopefully soon thereafter to begin construction.

Tate Sullivan, Maxim Group
Okay, thank you. And, last one from me that too is on the storm recovery work in Florida Did you -- maybe I missed it, did you give an adjusted debt to cap ratio based on the storm spending to date?

Beth W Cooper
Yes, right now. If you look at us at the end of March, and you factor out those two intermediate term loans, our equity to total capitalization would be at 49% and that's just a little bit shy of where our target range is but it is very close.

Tate Sullivan, Maxim Group
Okay, thank you very much. I'll get back in queue.

Beth W Cooper
Thank you, Tate, see you soon.

Tate Sullivan, 'Maxim Group'
Thank you.

Operator
Your next question comes from the line of Roger Liddell from Clear Harbor Asset Management. Your line is open. Please ask a question.

Roger Liddell
Yes, good morning. A question for Jim. I noted the weather impact the negative in this -- in 2019 of the primarily in Florida about $1 million -- $1.1 million negative impact on margin and I recognize that weather vagaries are in the long term -- the negligible factor, but and there is a perspective of excellent strategic and execution going on. So that's the broad perspective but zeroing in on this point. Having weather impacts just seems inconsistent with the sophistication of your regulatory approach and in turns the commissions that you report to, Is there any point in trying to exit through decoupling or any other mechanism these weather vagaries?

Beth W Cooper
So hi Roger, it's Beth. I would just comment on in Delaware for example, we've made filings to consider weather normalization and that is something that we can continue to look at. Certainly it's something that we can I think take a look at as it relates to perhaps Florida although I would also say that in Maryland, we actually have that and so we captured that piece of it already. So there is was a little bit in Florida, in Delaware, we've got the filing there.

The other piece that really kind of was strange and I tried to comment on it for the quarter was when you looked at it from a degree-day perspective, it really the weather didn't stand out. We actually had to look at the impact that December had in terms of coming in that cold part of December and the impact that kind of carried over into particularly in our unregulated business consumers really demanding more propane even though we saw the overall quarter being on average or the same as the prior year. So that's a longwinded answer, I know to your question but I would say we have it in weather normalization in some jurisdictions we're looking at it in others. And we'll continue to look at it. In some cases as we've been into our regulatory jurisdictions in the past there's really been some kind of give-and-take as it relates to ROE versus weather normalization and we look at that and we evaluate the overall impact to the company.

Jeffry M Householder
Roger this is Jeff, I the weather normalization tariff for a gas company 20 years ago in Florida, lasted two years before the commission killed it off. They have not been interested in entertaining those sorts of normalization mechanisms. On the other hand, what we have done is modify our rate design in a variety of ways in Florida jurisdictions especially in the natural gas side, increasing the fixed component of those rates so that the majority of the margins actually are coming in fixed charges as opposed to being associated with the variable rates that would be pushed around by weather. So we've always tried to come at it in a different direction, we don't have everything normalized obviously given the adjustments that you saw, the change in margin that you saw reflecting the weather difference in Florida, but we're getting close.

Roger Liddell
Okay no that's very complete thorough case closed. And to another question now and it's on Marlin and the particular point about Marlin being a vehicle for supporting renewable gas supplies and I guess I'm interested in pulling apart the emergency response as in the Savannah River issue, that's a world unto itself. the renewable side, this could be a major vehicle and I think, the public's mood is such that any green gas supply is going to be welcomed in the court of public opinion. And well also defending the company against the criticism for a fossil fuel, there's a great potential here, can you flesh out in more detail, the potential and is it great growth in a very minor segment or over the five-ten year period could this be a real engine for the whole green gas supply side.

Jeffry M Householder

We are as you might imagine trying to figure out exactly the same thing. Margins for Marlin at this point are forecasted based on the usual emergency service, the temporary hold service until the pipeline gets in place and some of the maintenance services that we've provided. We believe however -- and one of the reasons, we were interested in acquiring Marlin, is for this renewable gas market opportunity.
The contract agreements that we are currently engaged in pursuing. And I think, are close to executing would set us

employees as I mentioned earlier, not to be the entity that is cleaning the gas up the pipeline quality and not necessarily to be the entity on the end use side where we're accepting that gas into the compressor station for natural gas vehicle fueling or into a pipeline, but just in the transportation service. One of the things we believe differentiates Marlin from the handful of other folks that are trying to do the same -- are trying to pursue the same service, is that we have a patented regulated delivery system that is either attached to the backend of our compressor trucks or trailer or we have portable systems that we maneuver around from place to place. That allows us with no additional construction of delivery equipment to take gas at whatever pressure is coming out of the landfill or off of the farm or wherever we're actually seeing the methane source.

Moving into and compress it into our tube trailers and then redeliver it at whatever delivery pressure is required on the other side into a pipeline into another CNG station wherever it may be going. And so that pressure differential from source to site is always a tricky thing for people to deal with and you're usually building facilities on both sides of the injection and delivery to deal with those pressure differences. We'll have to do that, we have the equipment already that allows us to do it very quickly and simply, and so we believe we provide a solution that allows us to take gas from a landfill or whatever other source and deliver it literally wherever anyone wants it, rather than having to build up a system at the source and then go build one system at one delivery point, and so if you want gas delivered into a compressor station for vehicle fuel and one day you want it into a distribution system the next and you want into a pipeline the next or directly into industrial customer the next and they all have different delivery pressures we can accommodate that quite easily and we're the only entity in the country that's capable of doing that.

So that's a longwinded answer to say I think there's a real market here. We're looking at long-term agreements with entities that have landfill sources of gas or other sources where we would literally locate our transportation facilities at that site for a ten year period and provide pipeline services over that length of time. The margins right now, that we're seeing again trying to execute these agreements but our initial view of the margins is they're very attractive and there's a lot of that business out there and there aren't many people going after it and we're the only folks that have the delivery capabilities that I mentioned earlier. So I think there is a real business here. If it turns out there's not a real business that doesn't really affect our margin forecast for Marlin. There's a lot of business out there in the traditional temporary services that Marlin has been delivering.

Roger Liddell

Just as a final -- pursuing that point, you focused repeatedly on pressure differential management, but what about BTU differentials.

Jeffry M Householder

Yeah, that is an issue. For us. It is an issue for the source provider. And so we are again, not taking title to that gas and dealing with those issues, that's a -- an issue or a concern at this point is the market development at least between the source of the methane and the entity that's taking delivery of it. And so what we're attempting to do is transport obviously pipeline quality gas, but the pipeline quality gas, contract agreement is essentially between the source and the site and we're just a transportation mechanism. So we're going to be sure obviously, that the gas that we're receiving into our trailers is of a quality that makes sense. It's not corrosive, it's not damaging to our equipment. So we'll have those contract provisions also in our transport agreements, with the primary BTU content issue, for example, and the ultimate chemical composition of the fuel is going to be between the source provider and the entity that's receiving the source. We're not taking title of the gas and reselling the gas - we're just the virtual pipeline to get it from one place to another.

Roger Liddell

Okay, very helpful. Good comprehensive answers. Thank you

Operator

There no further question at this time, Mr. Jeffry Householder, you may continue.

Jeffry M Householder, President & Chief Executive Officer

Thank you very much for joining us and we will see I hope many of you in Fort Lauderdale in few days. Good morning.