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LOPE - Q3 2016 Grand Canyon Education Inc Earnings Call

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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the Grand Canyon University third-quarter 2016 earnings conference call. At this time, all participants are in a listen-only mode. Later, we will conduct a Question-and-Answer session, and instructions will be given at that time.

(Operator Instructions)

As a reminder, today's program is being recorded.

I would now like to introduce your host for today's program, Brian Roberts, General Counsel. Please go ahead.

Brian Roberts - *Grand Canyon Education, Inc. - General Counsel*

Good afternoon. Thank you for joining us to discuss Grand Canyon's 2016 third-quarter results. Speaking on today's call, which is scheduled to last one hour, is our President and CEO, Brian Mueller; and our CFO, Dan Bachus.

During the Q&A period, we will try to answer all of your questions, but we apologize in advance if there are questions that we are unable to address due to time constraints.

Please note that many of our comments today will contain forward-looking statements with respect to our future performance that involve risks and uncertainties. Various factors could cause our actual results to be materially different from any future results expressed or implied by such forward-looking statements.

These factors are discussed in our SEC filings, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2015; our Quarterly Reports on Form 10-Q; and our current reports on Form 8-K. We recommend that all investors thoroughly review these reports before taking a financial position in Grand Canyon, and we do not undertake any obligation to update anyone with regard to the forward-looking statements made during this conference call.

And with that, I will turn the call over to Brian.

Brian Mueller - *Grand Canyon Education, Inc. - President and CEO*

Good afternoon, and thank you for joining Grand Canyon University's third-quarter fiscal year 2016 conference call. In the third quarter of 2016, enrollments grew by 9.8% and revenues grew by 8.8%. New online enrollments grew in the mid-teens.

Operating margins are at 22.4% including the lease termination cost. Excluding those costs, operating margins would have been 24% and diluted earnings per share would have been $0.67, which is a $0.07 beat. The lease termination costs are excluded as they represent a one-time expense related to a shift in location for the employees supporting the University's operations.

We had another great quarter, and I want to again thank our faculty and staff for their incredible effort.

As many of you know, our long-term goals are to grow the University's enrollments by 6 to 8 percentage points per year, grow revenues by 8 to 9 percentage points per year, and grow margins by 20 to 40 basis points on an annual basis.

The enrollment growth is a combination of online enrollments growing 6% to 7% and our traditional campus enrollments growing 10% to 12%. Revenue growth will happen as a result of continued increases in retention levels and ground enrollments becoming a larger percentage of our total enrollment. Ground revenue per student is larger because of room and board revenue. Our goal is to accomplish this without raising tuition and keeping student loan amounts as low as possible, which we have been highly successful at doing.

We accomplished our enrollment goal on the traditional campus. We have approximately 17,400 students on campus this fall. We are excited about the quantity of students, but especially the quality of students. This year's incoming class had an average incoming GPA of about 3.5. Our honor's college grew to 1,200, and those students had an average incoming GPA of 4.1.

The vibrancy of the campus continues to be a major draw. In focus group settings, the students consistently acknowledge they were initially attracted to GCU because of the quality of the academic program and the low tuition rates, but it is the strength of the community on campus and the high levels of academic support that is most exciting to them.

We had over 7,000 students attend chapel on the first day of class and over 7,000 attended the midnight madness event two weeks ago. 9,000 students will participate in intramurals and 800 in club sports. Most theatre events are sold out, and we are currently third in the nation in Men's soccer attendance. Academic Excellence Center attendance is up 39% over last year, and special clubs related to our nine colleges continue to grow.

The number that really stands out this quarter is the mid-teens new enrollment growth in the online campus. There are three things we believe caused this acceleration. First, we have been making tweaks to our advertising strategy. We continue to move away from internet lead purchases and towards more traditional forms of media that help build our brand, and that strategy has been successful.

Second, we have rolled out over 40 new academic programs in the last two years, and 8.2% of our new students have come from those new programs. We have a proven process that involves hundreds of people to identify where new jobs are emerging and building academic programs that help prepare students for those jobs.

Third, the brand of the University is really growing. The University's goal to transform the inner city on the west side of Phoenix is moving fast. Our plan consists of creating jobs on-campus, creating jobs off-campus in new businesses that we are starting, driving out crime, improving housing through a massive Habitat for Humanity program, and working to improve the performance of the local schools.

The plan is producing dramatic results. Housing values are up 30% year-over-year, more than any neighborhood in the valley, and crime is down 30% year-over-year. Some local public schools are making dramatic improvements in their performance. Families are moving into the neighborhood because the crime situation is improving, housing values are improving, but especially because they have access to what is now a huge tutoring program to our Learning Lounge. Many students both on-campus and online tell us they choose GCU because they want to be part of a transformation.

We are not changing our long-term targets at this time. Our traditional campus strategy is going as planned. If demand for our online programs continues at an accelerated rate, we will make the adjustments from a faculty and staff perspective to service the increased number of students.

Recently data was released by the Department of Education regarding gainful employment. The vast majority of our programs scored very well. None of our programs failed. The median program earnings amount was $52,020, and the median program loan amount was $22,125, resulting in a median debt-to-earnings ratio of 4.13, passing is below 8.0, and a median debt-to-discretionary income ratio of 6.2, passing is below 20.

This is not surprising given our focus on not raising tuition for over 8 years in most of our programs and giving students flexible and efficient paths to graduation. There are four programs that are considered in the zone. Three are in undergraduate education and one is a very small program in theology.

There's a serious teacher shortage in Arizona and throughout the country. In fact, I am Co-chairing the Arizona Commerce Authority along with Governor Ducey. The state recognizes that this teacher shortage represents a crisis for the state of Arizona. Teacher education programs require vast amounts of human resources and technology to navigate all the specific requirements for certification on a state-by-state basis. GCU has made those investments.

People enter the teaching profession for a variety of reasons knowing that making lots of money is not one of them. Yet, they pursue this career for the obvious purpose of helping children succeed in addition to the lifestyle benefits of vacation, lining up work hours with those of your children, and in some cases, significant retirement benefits.

We have not raised tuition on these programs for over 8 years, but have invested millions of dollars. We have a number of options to consider in the next 12 months. We are making a significant contribution to the world of K12 education in our state and in the country. We would like to continue to make that contribution because it is a core competency of Grand Canyon University.

However, we now have 9 colleges and over 150 degree programs that we offer in an online format. Given the University's current accelerated growth rate, it would not be an issue for us to redirect resources and infrastructure in order to downsize our undergraduate education program and grow other in-demand programs.

In addition, if we would make this move, we would continue to meet or exceed our long-term goals including the margin goal since undergraduate teacher education is an expensive program to operate.

Now, turning to the results of operations; net revenues were $210.4 million in the third quarter of 2016, an increase of $17 million, or 8.8%, from $193.4 million in the prior year period. Operating margin for Q3 2016 was 22.4% including the lease termination cost recognized in the third quarter compared to 25.3% for the same period in 2015. Net income was $29.2 million for the third quarter of 2016 compared to $33.3 million in the prior-year period. After-tax margin was 13.9% compared to 17.2% for the same period in 2015. Excluding the lease termination cost, operating margin for Q3 2016 (corrected by company after the call) was 24% and net income was $31.4 million.

As we have discussed previously, we anticipated that our margin in the second and third quarters will decline on a year-over-year basis as the ground enrollment continues to grow as a percentage of our total enrollment as the majority of these students do not attend courses during the summer months, May through August, and a large percentage of our expenses to support those programs are fixed.

Instructional costs and services grew from $83.2 million in the third quarter of 2015 to $91.7 million in the third quarter of 2016, an increase of $8.5 million, or 10.3%. This increase is primarily due to the increase in the number of faculty and staff to support the increasing number of students attending the University.

In addition, we continue to see an increase in occupancy costs, including depreciation and amortization, as a result of us placing into service additional buildings to support the growing number of ground traditional students in the fall of 2016, and an increase in dues, fees, and subscriptions, and other instructional supplies, primarily due to increased licensing fees related to educational resources, and increased food costs associated with a higher number of residential students.

As a percent of revenue, IC&S increased 60 basis points to 43.6%, due to the factors described earlier. Admissions, advisory, and related expenses as a percentage of revenue, decreased to 13.7% from 14.2% primarily due to our ability to leverage our admissions advisory personnel across an increasing revenue base.

Advertising expenses as a percent of net revenue increased 140 basis points from 10% in Q3 2015 to 11.4% in Q3 2016. The year-over-year increase, as a percentage of revenue, is due to the reduced revenue due to the change in the traditional campus fall semester start date that Dan will discuss later in more detail, and due to increased advertising in July and August in preparation for the fall starts. As we experience the revenue in the fourth quarter from the fall starts, we anticipate advertising as a percentage of revenue to be up only 40 basis points for the year.

We incurred $3.4 million in lease termination fees during the third quarter of 2016 as we exercised an early-termination clause on one of our off-site leases as those employees will be moving to our new office complex less than one mile from our campus.

With that, I would like to turn it over to Dan Bachus, our CFO, to give a little more color on our 2016 third quarter and talk about changes in the income statement, balance sheet and other items, as well as to provide detailed information on our guidance for the last quarter of 2016.

Dan Bachus - *Grand Canyon Education, Inc. - CFO*

Thanks, Brian. A decrease in revenue per student between years is primarily due to the timing of the traditional campus semester calendar between years such that the fall semester began five days later in August of 2016 than in 2015. We estimate this had to the effect of moving $4.9 million of revenue from the third quarter to the fourth quarter.

Excluding this impact, revenue per student increased between years, primarily due to our residential traditional campus enrollment growing a rate higher than our working adult enrollment. When factoring in room, board, and fees, the revenue per student is higher for ground students than for our online students. Online revenue per student was flat year-over-year as we did not raise tuition levels during 2016.

Scholarships as a percentage of revenue decreased from 16.3% in Q3 2015 to 15.2% in Q3 2016, due primarily to a decrease in the traditional scholarship rate year-over-year as a percentage of total revenue and due to an increase in ancillary revenue. Online scholarships as a percentage of related revenue were down slightly year-over-year.

Bad debt expense as a percentage of revenue increased slightly to 2.3% in Q3 2016 from 2.1% in Q3 2015, primarily due to the timing of third-quarter starts.

Our effective tax rate for the third quarter of 2016 was 34.2% as compared to 31.8% in the third quarter of 2015. The variance in the effective tax rate year-over-year is primarily due to a favorable discreet item reported in the third quarter of 2015. Both quarters' effective tax rates are lower than our annual effective tax rate due to the contributions made in lieu of state income taxes to school-sponsoring organizations.

In Q3 2016, we contributed $4 million, an increase of $1.2 million over the $2.8 million contributed in Q3 2015. As you might recall, these payments are included in General and Administrative expenses in the third quarter of each year and these payments reduce, dollar-for-dollar, our state income tax. Three-quarters of the lower tax rate is reflected in the third quarter as we true up our annual effective tax rate and the remaining is reflected in the lower tax rate in the fourth quarter.

We repurchased 416,000 shares of our common stock at an aggregate cost of $15.4 million during the nine months ended September 30, 2016, including about 20,000 shares for $800,000 in the third quarter of 2016. We have $99.2 million available under our share repurchase authorization as of September 30, 2016.

Turning to the balance sheet and cash flows, total cash, unrestricted and restricted, in short-term investments at September 30, 2016, was $194.1 million. Accounts receivable, net of the allowance for doubtful accounts, is $10.4 million at September 30, 2016, which represents 4.5 days sales outstanding compared to $8.3 million or 4.6 days sales outstanding at the end of the third quarter of 2015.

CapEx in the third quarter of 2016, excluding our off-site development of $17.1 million, was approximately $42 million, or 19.9% of net revenue. Additional buildings included three more apartment-style residence halls, a 170,000 square foot classroom building for our College of Science, Engineering and Technology, a Student Service Center, and a fourth parking structure for the fall of 2016/2017 school year are all either completed or near completion on or under budget.

We still estimate that 2016 CapEx will be approximately $180 million, excluding the off-site office building and parking garage that I will discuss in a second. We have no further material land acquisitions planned, although if opportunities similar to those that occurred in the Q1 2016 occur, we will strongly consider them.

Included in off-site development in Q3 2016 is approximately $17.1 million related to an off-site office building and parking garage that is in close proximity to our ground traditional campus. Employees that work in two leased office buildings in the Phoenix area are being consolidated into this new building in phases between this week and the end of 2016. Our cash flow from operations, along with availability on our line of credit, gives us the flexibility to continue to own these assets.

Last, I would like to provide updated color on guidance we have provided for 2016. Our third quarter online enrollment was higher than we expected as both retention and new enrollments were better than expected. We have increased our enrollment expectations by 800 students and revenue by $1.8 million in the fourth quarter due to these trends.

As a reminder, our revenue per student is being impacted by changes between 2015 and 2016 when the traditional campus semesters begin and end, and when the online breaks occur. We estimate the effects of these changes were $4.9 million less revenue in Q3 and $4.5 million additional revenue in Q4. A net change of $400,000 is revenue that will be pushed into 2017 (corrected by company after the call) and the large movement of revenue between Q3 and Q4 is due to the fall semester beginning five days later in August this year.

On the expense side, expenses in the third quarter were generally in line or under our expectations in most categories. We continue to believe our fourth quarter operating margin will approximate 30.6%. We estimate the net interest expense will be approximately $250,000 for the fourth quarter as the amount of interest capitalized will decrease as our construction activity slows.

We continue to estimate that our effective tax rate for Q4 2016 will be 37.6% including the effect of the contributions and 38.6% ignoring the contribution.

Our estimated weighted average shares outstanding has been reduced slightly from last quarter.

I will now turn the call over to the moderator so that we can answer questions.

QUESTIONS AND ANSWERS

Operator

Certainly. (Operator Instructions) Jeff Meuler; Baird.

Jeff Meuler - *Robert W. Baird & Company, Inc. - Analyst*

The four programs that are in the zone, cumulatively, can you just help us size up roughly what percent of total revenue or total enrollment there?

Brian Mueller - *Grand Canyon Education, Inc. - President and CEO*

No, because that's information that we would consider competitive, but I will tell you that it's a great deal less than it was a year ago and far less than what it was two years ago because we've got programs that we've initiated in the last two years that are growing rapidly, especially the programs in Computer Science, Information Technology, Cyber Security, Autism in the Education Area.

I know that's an important question to you, but what I can tell you is that we've got a number of options available to us, and it's possible that we could continue those programs uninterrupted, but if not, making the shift of resources to other programs is something that we've done before and something that we will do, and this would not cause us to alter our long-term goals.

Jeff Meuler - *Robert W. Baird & Company, Inc. - Analyst*

The magnitude of the starts improvement online was pretty striking. I know you gave the three reasons, but I just -- when you're talking about tweaking the ad strategy, I think that's a trend you've been doing for a while. I know the brand strength is improving, but I would expect that to also be a longer-term, more gradual build, and then you have the new programs.

I don't know. Anything that you can say further to help us understand the magnitude of the improvement over the last two quarters and why it's occurring now?

Brian Mueller - *Grand Canyon Education, Inc. - President and CEO*

It's breaking out those three reasons into the percentage of the total that each one of them are, is very difficult. We've watched this happen the last nine months. There are just a combination of things that came together at the same time, and it was more significant in its result than we anticipated.

The 40 new programs in the last two years is a big part of it. The tweak in the advertising strategy absolutely helped. As we shifted more money to traditional advertising that really does help improve the brand of the institution, what we got was increased student starts, and we didn't expect to get that in the relationship to the dollars that we shifted.

The increase in the brand is something -- I can give you one example. The number of adult students now that live within a 20 to 30 square mile of our campus, that would love to attend the University in the evening one night a week, has really shot up. It's simply because people want to be part of what's going on here; they want to be part of the campus.

If you recall historically, as online programs became more generalized throughout the higher ed infrastructure, these locations by in-office complexes, by premium locations, they really started to peter out, and people just didn't have an interest in doing that. They said if I've got to go there, I'll go online. People want to be part of this campus, and so those working adults that are now attending our campus in the evening, that has really shot up, and that's also contributed to it.

But we're also seeing this in relationship to the people that want to work here. Our turnover rates now have reached an all-time low; hardly anybody is leaving. And the number of people that want to work here and be part of this is just shooting up at all levels. So, I would tell you that it's primarily the strength of the brand.

Jeff Meuler - *Robert W. Baird & Company, Inc. - Analyst*

Then just finally, I know the brand strength is especially strong in the Arizona area and the southwest, but there has been seemingly more national advertisements, TV commercials, at least that I've anecdotally seen. How is online performing from a starts perspective outside of the southwest? Is that accelerating as well? That's my final one. Thanks.

Brian Mueller - *Grand Canyon Education, Inc. - President and CEO*

Yes, and that is -- I get causticized by my colleagues here for giving away too much information and being transparent, but I will tell you that it's the national cable TV buys that are very, very efficient that has caused this to be a national university to a greater extent than we thought was going to be true two years ago. Online enrollments are doing well outside of the southwest area.

Operator

Peter Appert; Piper Jaffrey.

Peter Appert - *Piper Jaffrey & Co. - Analyst*

Speaking on the regulatory stuff for a sec, Brian or Dan, any thoughts on the Defense to Repayment proposals and whether that represents something that you view as possibly threatening?

Dan Bachus - *Grand Canyon Education, Inc. - CFO*

We're still taking a look at it and getting to understand it, talking to our outside counsel, etc., but generally, no. I think there is a bigger risk with those regulations for publicly-traded universities than others because we are required, under SEC guidelines, to disclose all material litigation, and so there will be things that we probably disclose over the years that other universities would never disclose. We potentially will be subject to the Letter of Credit requirement more than traditional universities would be, but other than that, no.

I think we do a phenomenal job of training our employees on how to talk to students, and we do a lot of quality assurance, to listen to phone calls, and do other things to ensure that they are giving the appropriate information to students.

Do you have anything to add, Brian?

Brian Mueller - *Grand Canyon Education, Inc. - President and CEO*

Yes. Our level of transparency, when it comes to helping students transfer their credits, this whole process, we call the LOPE process, is an incredible process. Any student that sends us transcripts from anywhere in the world will have those evaluated in less than 24 hours and most often, in less than 12 hours.

And then, 100% of our students now go through a net-price calculator evaluation. So before any of our students start, their transcripts have been evaluated, their schedules have been built, and they have had a complete -- and this is very important -- many universities do a net-price calculator for the first year the student is in attendance; we do ours for the entire program.

So our level of -- the way we have brought technology to this place and automated it, and it has made this incredibly transparent, and many people have told us this -- what we've done should be something that all universities are exposed to.

Peter Appert - *Piper Jaffrey & Co. - Analyst*

I'm wondering then if you have a more refined view on what CapEx might look like 2017, actually 2017 and beyond. And then, related to that, given that it does appear that you're going to see a fairly substantial improvement in your free cash flow here, just thoughts on priorities for the plan of your free cash flow. Thank you.

Dan Bachus - *Grand Canyon Education, Inc. - CFO*

I'll answer the first one and I'll let Brian answer the second questions. So the first, as we've said before, we believe we'll be under $100 million in CapEx next year. Exactly what that is, I think we'll have more guidance on the next call as we complete our budgeting process for the fall of 2017 as it relates to free cash flow.

Peter Appert - *Piper Jaffrey & Co. - Analyst*

Okay.

Brian Mueller - *Grand Canyon Education, Inc. - President and CEO*

We -- this was such a big year that we built-out in advance and our CapEx will go down significantly next year as Dan indicated.

In terms of what we're going to do with free cash; we're going to let it build up for a period of time. We want to make sure that our composite score is the best that it can be, that we're in tremendous shape from the composite score perspective, and then when we're satisfied with that, we'll consider buying back stock. That would be our first option.

Peter Appert - *Piper Jaffrey & Co. - Analyst*

Okay, great. Thanks very much.

Operator

Jeff Silver; BMO Capital Markets.

Jeff Silver - *BMO Capital Markets - Analyst*

Now that the ground campus has grown so extensively, I'm just wondering what is the capacity you have right now? Just thinking, over the next few years, if we're going to have to see an expansion there based on the growth that you've outlined going forward.

Brian Mueller - *Grand Canyon Education, Inc. - President and CEO*

A point that we -- an example that we give frequently is, and I believe this is true, the University of Southern California has about 40,000 students on a 300-acre campus. Our campus now is just under 300 acres, and we have the ability to go to 400 acres with the land that's available in the next two to four years. So we could easily fit 25,000 to 30,000 students on this campus with nearly two-thirds of them living on the campus.

When we get to that number, somewhere between 25,000 and 30,000 in the next five years or so, then we have a number of options to evaluate. One of them is certainly to build this campus to a larger number. Another one would be to build a second campus and there are lots of cities that would like to have one of these in their city.

We're not doing anything along those lines in the next two or three years, but we'll watch this continue to grow, and then we'll consider what our options are. But in order -- in terms of the next five years, we've got plenty of land available to build-out to serve 25,000 to 30,000 students.

Jeff Silver - *BMO Capital Markets - Analyst*

That's great to hear. Looking a little bit more near-term, I know at the beginning of the call, you gave your long-term outlook by enrollment revenues and margins. I know you're not giving 2017 guidance yet, but any reason that 2017 would not fit in this framework, and is it possible we could be even a little better next year? Thanks.

Brian Mueller - *Grand Canyon Education, Inc. - President and CEO*

No. We're very confident about those long-term goals for next year. Without, let's say a whole lot more about -- yes, we're confident about those long-term goals for next year, and then we'll see how the first quarter goes. Is it possible we could exceed? Yes, it is, but we're not making any statement, any formal statement about that at this point.

Jeff Silver - *BMO Capital Markets - Analyst*

Okay. I appreciate it. Thanks so much.

Operator

Trace Urdan; Credit Suisse.

Trace Urdan - *Credit Suisse - Analyst*

Brian, you emphasized 40 new programs, and you mentioned that that was 8% of your enrollment, I guess, if I remember that correctly.

Brian Mueller - *Grand Canyon Education, Inc. - President and CEO*

New enrollment.

Trace Urdan - *Credit Suisse - Analyst*

New enrollments; what -- can you remind us how many programs you have overall? And can you give us any other color? I mean, I think that the introduction of new programs, I understand, is meant to offset the maturing of other programs. Can you help us understand whether that's going the way that you think it should? Are all 40 of those programs on track? Are you learning things from the introduction of those programs that you can use going forward? Just a little color there would be helpful.

Brian Mueller - *Grand Canyon Education, Inc. - President and CEO*

Okay. It's going very well. We now have 9 colleges and 220 academic programs and certificates, and 150 of those -- actually it's over 150 of those programs are offered fully online. So, there's been tremendous programmatic growth as well as college growth in the last three or four years.

I've said this before, so I'll say it again. I mean, if you want some general areas, we're always looking at where the jobs are going to be, where the economy is going and where the jobs are going to be.

Computer Science and Information Technology has been a heavy source of programmatic growth for us, and that's going well. Education is still an area that we look to at the Master's Degree level even more than the Bachelorette level for programmatic expansion. I'll give you - I mean, in Information Technology, Cyber Security is a good example in education. Autism is a good example; that's an area that's exploding across the country in terms of how do we deal with these children, and we've put a Master's Degree program together to help people better understand that.

Does that help?

Trace Urdan - *Credit Suisse - Analyst*

Yes, that's helpful. I wonder, this may be a little out there, but have you looked at the possibility of some kind of -- in a maybe a five-year education Master's program that would set the graduates up for some greater earning power when they get out of school?

Brian Mueller - *Grand Canyon Education, Inc. - President and CEO*

Yes, we have. You're not a step ahead of us, but you're right with us. With regards to this issue of the gainful employment and education programs, we've got a lot of expertise in this area and there's a lot of people that look to us. School districts are looking to us, and they want our teachers, and they don't want us to slow this thing down.

So, we wouldn't do anything that would not be in the best interest of the students and these potential teachers, but what you're suggesting is one thing that would possibly be a way to help people. And so, yes, that is a possibility, but there's a myriad of options.

We'd like to continue our growth in this area because we know that it's making a huge contribution, but we only want to do it in a way that allows us to satisfactorily meet the requirements under gainful employment and in addition, make sure that we're helping students in anything that we would do.

I think it's important to note that we don't have a problem with being regulated in a way that our competition does not, but I will tell you that there are very few programs that are traditional programs at universities who are not-for-private status that would not have trouble with this gainful employment thing as it relates to education.

There would be people that would be in a lot more precarious situation than we are with regards to this if this law was applied equally across all universities, which it should be.

Trace Urdan - *Credit Suisse - Analyst*

Understood. Okay. Thank you.

Brian Roberts - *Grand Canyon Education, Inc. - General Counsel*

We have reached the end of our third-quarter conference call. We appreciate your time and interest in Grand Canyon Education. If you still have questions, please contact either Dan Bachus or Bob Romantic. Thank you.

Operator

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