Delta Apparel, Inc.

Fiscal Year 2020 Second Quarter Results Earnings Conference Call

Operator

Thank you, and good afternoon to everyone participating in Delta Apparel's Fiscal 2020 Second Quarter Earnings Conference Call. Joining us from management are Bob Humphreys, Chairman and Chief Executive Officer, and Deb Merrill, Chief Financial Officer and President, Delta Group. Before we begin, I'd like to remind everyone that during the course of this conference call, projections or other forward-looking statements may be made by Delta Apparel's executives. Such projections and statements suggest prediction and involve risk and uncertainty, and actual results may differ materially. Please refer to the periodic reports filed with the Securities and Exchange Commission, including the Company's most recent Form 10-K and Form 10-Q filed today. These documents identify important factors that could cause actual results to differ materially from those contained in the projections or forward-looking statements. Please note that any forward-looking statements are made only as of today and, except as required by law, the Company does not commit to update or revise any forward-looking statements even if it becomes apparent that any projected results will not be realized.

I'll now turn the call over to Delta's Chairman and Chief Executive Officer, Bob Humphreys.

Bob Humphreys

Good afternoon and thank you for joining us on our fiscal 2020 second quarter earnings call. I'll briefly discuss our business results and highlight how we are managing the business through the current COVID-19 pandemic. I will also highlight the parts of our business that have not been impacted by COVID-19 and, in fact, have accelerating momentum, giving us confidence that Delta Apparel will prevail through this difficult period, return to growth and continue to provide value for all of our stakeholders. I will then turn the call over to our CFO, Deb Merrill, for a more detailed discussion of our financial results and an update on the actions we are taking to strengthen our financial position, including an amendment to our U.S. credit facility which provides additional flexibility within our asset-based lending facility.

Before I dive into our business results, I want to reiterate that as we navigate through this unique situation, our top priority remains focused on the health and safety of our employees, our customers, and the communities we serve. I would also like to take a moment to reaffirm a few highlights we discussed on our business update call on April 17th.

- While many states have implemented state-wide and local "shelter in place" and "safer at home" initiatives, we have been able to stay open and operate our business in compliance with these orders.

- We did close our 15 branded retail locations in mid-March to be in compliance with guidelines for retail store operations. Like most retailers, we are monitoring local, state, and federal guidelines to determine when and where it is appropriate to re-open our retail doors. Last week we opened the Charleston, South Carolina Salt Life store and our Coast stores in Greenville, South Carolina with enhanced safety protocols to protect our customers and our employees. We also expect to open the Salt Life store in Columbus, Georgia tomorrow. We will continue to monitor developments in Florida, North Carolina, South Carolina and California to determine when it is appropriate to re-open the remainder of our Salt Life and Soffe retail stores.

- All eight of our U.S. distribution centers and all seven of our digital printing facilities have been and continue to be staffed and operational to service the needs of our customers and consumers. While they have all remained open, many locations are operating at reduced schedules with more limited staffing in order to comply with local social distancing guidelines and current levels of business.

- Our cut, sew and decoration manufacturing facilities in the U.S. and in Mexico have also been operating since the start of the pandemic.

- Our facilities in El Salvador and Honduras have been temporarily closed since mid-March due to government-mandated country shutdowns. Currently El Salvador is scheduled to re-open in early May and no word has come yet on when Honduras will be allowed to re-open. We are also waiting to learn what level of social distancing and other protocols may be in place, which could limit the number of employees allowed in our facilities when production begins.

- In support of hospitals and health care workers on the front lines, as well as all Americans battling the spread of the coronavirus, we are producing face masks in our sew facility in Fayetteville, North Carolina as well as in our facilities in Honduras and El Salvador, which both have provisions to utilize small work groups for these purposes. The masks are being sold to the Department of Health and Human Services of the U.S. government for distribution for local needs. In addition to the production of face masks for the government, we are also producing and selling non-medical grade face coverings in our U.S. and Mexico facilities. The production of the face masks and coverings allows us to keep more workers actively employed and provides an additional revenue stream.

Given that we operate the majority of our business based on at-once orders, we have been and continue to be in a good inventory position with product located in our US-based distribution centers. The strength of our business model remains anchored in our broad geographic footprint across the U.S., Central America, and Mexico, as well as the diversification of our sales channels, combined with our unique business capabilities.

Importantly, approximately 25% of our business has NOT been hurt by COVID-19, and in fact has been growing in certain channels. Our Military channel, at over 5% of our revenue, has experienced consistent performance throughout the crisis. We produce product for all branches of the military, including the Army, Navy, Coast Guard, and Marines, and are seeing strength across the board, particularly in our Navy and Marine businesses.

Over 17% of Delta Apparel sales are generated through various eCommerce channels, including our branded consumer websites, our brands being sold through the eCommerce sites of our retail partners and our digital printing business, DTG2Go. In fact, in April, both our Salt Life and Soffe consumer sites are on track to more than double their business from a year ago, with saltlife.com increasing about 125% from last year. In addition to the improved sales of Soffe product on our site, Soffe is also seeing growth coming from other eCommerce sites that carry Soffe products. The strength we are seeing on our saltlife.com and soffe.com sites not only provide a nice revenue stream until brick and mortar stores can open, but it is a clear signal that the Salt Life and Soffe brands have a strong emotional connection with consumers.

What is also exciting is the trend we are seeing in our DTG2Go business. In this time of supply chain disruption and consumer restrictions on traditional shopping habits, the advantages of DTG2Go's proprietary technology and unique fully-integrated business model have become even more clear to the marketplace. Being the only digital print supplier in the world providing customers with a seamless fulfillment solution integrated with a vertical manufacturing platform and broad geographic footprint is a tremendous competitive advantage. Our average daily orders received in April have accelerated to levels similar to holiday season. DTG2Go is receiving more business from existing customers, as well as rapidly onboarding new customers that have been disrupted in their current supply chain during the pandemic. We also experienced further acceleration in the penetration of Delta Catalog blank usage in the DTG2Go business, which jumped to 30% usage compared to 12% in last year's second quarter and 28% during the December quarter. Although the order backlog is tremendous, we are somewhat limited in our production output, as we have had to make adjustments in our facilities to comply with the six-foot social distancing guidelines and curfews implemented by certain local governments. In addition, our facility in Reno has been operating at only about 25% of its normal output based on restrictions in that area. However, we remain very encouraged by the positive trends we are seeing for digital printing through this pandemic, and believe adoption rates for the on-demand supply chain model will meaningfully increase in the future as companies evaluate their ongoing business model post-COVID-19. While we anticipate a leveling off of business as the U.S. begins to re-open, we do believe we are uniquely positioned to exit this pandemic with a larger base of business and well positioned for continued growth.

Our Delta Catalog business experienced an outsized impact from the COVID-19 pandemic, as much of the business is driven by traditional retail, events and corporate branding. As retail closed and virtually every event that involved a gathering of people was cancelled, orders in mid to late March were nearly nonexistent. We are slowly seeing business return as mass retailers are beginning to replenish apparel inventory in a disciplined way. We believe as the U.S. starts to re-open, we will see certain businesses begin to pick up, including ad-specialty and promotional products, which historically have done well in post-crisis situations. Overall our catalog business does well during recessionary times, as decorated tee shirts are a product that allow consumers to make a modestly-priced "feel good" purchase during tough times. In January, we launched our new distributor model providing our customers with a broader range of product categories with nationally recognized brands and products, including wholesaler exclusives Original Penguin, Callaway and Jack Nicklaus lines of golf-wear. We continue to view the new distributor model as a long-term additional revenue stream. As mentioned earlier, we are also now selling our Delta-produced face coverings, which we believe will be a staple-item needed by small and larger businesses. We are happy to be that one-stop shop for them with our distributor model as they also make their apparel purchases.

Our FunTees business ended the second quarter with double-digit sales growth as we benefitted from our customer diversification that we have been working on for the last two years. As a "supply chain partner", we offer full-service supply chain management and technology, along with our manufacturing platform, which is compliant, flexible in the products and retail-ready services it can provide and, importantly, close to the United States market with nationwide distribution coverage. Along with our brand customers, we also began shipping retail-direct programs, which successfully launched in the fall. While currently impacted by the retail-shutdown, we are confident that as soon as our direct-to-retail partners reopen, we will see the business continue to grow.

To summarize, prior to COVID-19 we were experiencing broad-based strength across all of our business segments. COVID-19 has forced us to act quickly and manage prudently. We are operating on a solid foundation with approximately 25% of our business not being hurt by COVID-19, a significant portion of which is actually accelerating during these times. We are excited about the momentum we are seeing on our branded sites and in our DTG2Go business. Delta Apparel is uniquely positioned to exit this pandemic in a position to quickly return to profitability and growth. I'll now turn the discussion over to Deb to review our financial results in more detail.

Deb Merrill

Thank you, Bob.

As we discussed with our preliminary results two weeks ago, while our second quarter sales were negatively impacted by COVID-19 during the last month of the quarter, our strong gross margin performance more than offset the decline in sales and drove solid earnings for the quarter, with diluted earnings per share up 46%!

Turning to our results in more detail:

Our second quarter fiscal 2020 sales were down 6% to $96.7 million, in-line with the preliminary results we provided with our business update. Prior to COVID-19, we were on track to deliver sales growth of approximately 9%. We achieved another quarter of strong gross profit and gross margin results, registering year-over-year and quarter-over-quarter growth despite the unplanned headwind of temporary plant curtailment costs. The healthy gross margin performance was driven by manufacturing process improvements and integration efficiencies. Our EPS for the quarter came in at $0.19, a nearly 50% increase, compared to EPS of $0.13 in last year's second quarter. Adjusting for approximately $2 million pre-tax, or $0.20 per share, of plant curtailment costs, we achieved adjusted non-GAAP EPS of $0.39, which represents an over 200% increase compared to the prior year.

For the second quarter, our Delta Group and Salt Life Group both registered sales declines of approximately 6%, as they were both impacted by COVID-19 during the final month of the quarter. Within our Delta Group, which represented roughly 87% of our second quarter sales, the strong growth in our FunTees business was more than offset by a decline in our Catalog business in March related to COVID-19. Prior to early-March, our Activewear business was on track to deliver strong sales growth. Salt Life experienced nearly 20% growth in eCommerce in the March quarter, and we were seeing strong growth in the Salt Life retail doors and at wholesale before the March retail-shutdown.

Gross margin increased 290 basis points to 21.3% versus 18.4% in the prior year, and a 60 basis point increase compared to our first quarter results. In addition to lower raw material costs, we benefited from conversion cost efficiencies compared to the prior year. Adjusting for these plant curtailment expenses, gross margins would have been 23.3% during the March 2020 quarter, an improvement of 490 basis points from the prior year and 260 basis points from the fiscal 2020 December quarter.

SG&A expenses were $17.9 million, representing an incremental $800 thousand of expenses compared to the prior year primarily related to investments in our distribution expansion. Given the significantly lower sales base in the current quarter, SG&A expenses as a percentage of sales increased to 18.5% compared to 16.6% in the prior year second quarter.

Operating income increased to $3.6 million compared to $2.7 million in the prior year second quarter. The $1.7 million increase in Delta Group segment operating income is attributable to the strong gross margin expansion, partially offset by lower sales and higher distribution expenses. For the Salt Life Group segment, the operating income decline of $1.3 million was primarily attributable to lower sales as well as the newly-enacted tariffs on imported goods, coupled with lower income from adjustments to the contingent earn-out liability in the current year compared to the prior year.

Net income for the quarter was $1.3 million, or $0.19 per diluted share, compared to $0.9 million, or $0.13 per diluted share, in the prior year period. Excluding the temporary manufacturing closure costs that were expensed during the quarter, net income per diluted share for the second quarter fiscal 2020 would have been $0.39, which represents a 200% increase over the prior year.

Looking ahead, as we have already discussed, we do expect our overall third quarter performance across our segments to continue to be negatively impacted by the COVID-19 crisis, with sales levels expected to be dramatically lower than the prior year. None of us knows when the U.S. will begin to fully reopen and what the impact will be at retail. A great deal of uncertainty remains regarding the level of recovery and steepness of the recovery curve. Also, as Bob mentioned, our plants in Honduras and El Salvador remain in temporary shut down under government orders and the degree of this impact is difficult to determine. So while we are unable to give details of what all this means on our forward results, rest assured that we are taking all actions we can to prudently navigate through these difficult times. Those actions have included reducing capital spending in non-critical areas, reducing fixed costs, temporarily furloughing or permanently terminating approximately 300 employees in the U.S., suspending share repurchases, and taking advantage of payroll tax deferrals and credits afforded to companies of our size under the CARES Act. We ended the March quarter with over $30 million of available funds for the business, including over $9 million of cash on hand.

I am also pleased to report that earlier this week, we secured a bridge amendment to our U.S. revolving credit facility with our lenders. The amendment provides additional flexibility to tap into the availability provided under the Company's asset-based lending arrangement. The amendment, among other things, adjusts the financial covenant provisions through the end of fiscal year 2020 to effectively lower our minimum availability thresholds and remove the Fixed Charge Coverage Ratio covenant testing. This effectively give us approximately $8 to $10 million of additional funds to utilize in our business between now and the end of the fiscal year. Additional details of the terms of the bridge amendment can be found in our quarterly financial statements which were filed this afternoon. While we believe this amendment gives us the necessary flexibility to operate our business in the near term, we are also looking at other available debt financing options that may be prudent.

As mentioned earlier, we expect revenue in our June quarter to be dramatically less than the prior year, and even with the trend of higher gross margins we have seen in recent quarters and the current steps we have taken to reduce our fixed costs, we believe that our June quarter will not be profitable. As a reminder, in our March quarter we incurred about $2 million in costs associated with 2-weeks of manufacturing curtailments in El Salvador and Honduras, and these facilities have yet to re-open. While recent weeks and the coming months will be difficult, we believe the Company is well-positioned to navigate through it. We continue to have great opportunities in front of us to gain market share and operate profitability once we get through the impacts from COVID-19.

Let me now turn the call back over to Bob before we open up for questions.

Bob Humphreys

Thanks Deb.

We are operating the business and prudently managing through this uncertain period. Our fully-integrated and diversified business model is allowing us to not only continue to operate and generate sales, but has also created an opportunity for Delta Apparel to expand our reach with existing customers and garner new customers in certain sales channels. We are in a good financial position to weather the current storm, and I am confident we will emerge from this pandemic stronger and ready to profitably grow our business. I want to thank our Board of Directors and employees, who have been truly amazing, for their patience and hard work throughout this difficult period.

Operator, we'll be glad to open up the call for questions now.

Operator

Yes, thank you.

If you would like to ask a question, please signal by pressing star, one on your telephone keypad. If you are using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Again, press star, one to ask a question. We'll pause for just a moment to allow everyone an opportunity to signal for questions.

I'll take the first question from Dana Telsey at Telsey Advisory Group. Please go ahead.

Dana Telsey

Good afternoon Bob and Deb.

Thank you very much for the insightful information. As you think of this time period, I just would love a little bit more context of unpacking as you think the balance of the Fiscal Year and how you move through this. How do you think of the level of cash burn and the orders that come through, and how do you see the manufacturing facilities coming back because given the fact that not everything comes back automatically to 100% operation, how do you think of the flow through and the cadence?

Thank you.

Bob Humphreys

Okay. Well, that's a lot of important information and important questions, and I'll address some of it and then let Deb jump in as well.

But, you know, we've gone through April with the same availability as we started, so our cash burn there was very little, the way we managed through that, but again, I'll let Deb speak more to that. I think it is important to realize that our Mexico facility and print facility is still operating, and so we can use that to fill in our inventory levels as we need to. We can also do private label programs through Mexico and print and package and have them retail ready, so I'll take our diversification to manufacturing is helping us a bit in this situation.

I think the next thing that will be an interesting and important call is when and how we open up our other manufacturing facilities. We would like to be able to start producing product in El Salvador sooner than later. We have product that we can run in there now and garner sales from it. Then our two plants in Honduras mostly produce our blank inventory and some private label programs, and so we will look and see what our inventory levels are in our U.S. distribution centers and how business is picking up and make the decision on when and how to open up both facilities as the government allows us to do so.

Also, on the cash front, as we sell our existing inventory, that's probably cash positive to us, particularly when we're reducing that. I'll let Deb talk more about that and cash burn and availability.

Deb Merrill

Okay, thanks Bob.

Yes Dana, a couple of call outs and some Bob alluded to but I'll just give a little more color on it. We are basically now through our month of April, and as we said, about 25% of our business has not been really impacted and in some areas are certainly growing. As we went through April, we've seen revenues at about that 25% from a year ago, but the great thing is, is that every single week that has gone by during the month of April, we are seeing revenue increases week to week, and so we're just now starting to see areas of the country beginning to open up, and so we would hope to see that weekly increase continuing and potentially reaccelerating as more of the country begins to open in May. Hopefully that kind of sets the tone for where things are and the growth areas and the things that should open up week by week things start happening in the country.

A couple of things on the liquidity as Bob mentioned briefly, we did—end of March we had said with approximately $30 million of liquidity between the cash on hand and the availability under our credit facility. It's great to report that we still have about $30 million of liquidity available to us, so we've been able to navigate through those—these last five weeks and really not burn through any of that. You know, part of that is, as Bob mentioned, as we sell our inventory and we're not replacing that, it can become very cash flow positive to the business, and so we would expect to see that happening as we navigate through the upcoming months.

Bob also mentioned, obviously we would like to be bringing manufacturing back on line, and especially for our private label business. The good news is is that we have been able to support that with our Mexico operations, but certainly have an order book that as our El Salvador operations can begin, that we do have products that we can manufacture and generate sales from that.

With that, I think that we've answered the different questions that you had Dana, but if you have follow-up ones, please let us know.

Dana Telsey

Just two quick follow-ups.

You're having new customer wins lately, which is encouraging. Can you hold onto those customers after this crisis, and how do you think of the onboarding costs? Just on the gross margin and SG&A, how do you think about the inventory backlog for others that brings in promotions and your ability to manage gross margins. How much of your SG&A costs are fixed versus variable?

Thank you.

Deb Merrill

Sure.

Bob Humphreys

Deb, why don't you take that one.

Deb Merrill

Yes, great, and I'll jump in there with that. The great news is that within our DTG2Go business, because that is such a technology driven business, that's where we're really gaining our customers right now, and that onboarding cost is not significant because of the technology that we have. We have garnered a number of new customers in that and have more that are currently wanting to partner up with us now. We realistically—all of that business at the current level it's at, we would not expect for it to continue at its current level. We think that that will level off some, but as I said, we also have new customers that are still wanting to onboard, but the ones that we did onboard, where their supply chains have been disrupted, I think the positive thing is that DTG2Go has been there to support their business during that, and I think as everybody starts exiting the heart of the COVID-19, people are going to take a look at what their supply chain and what their fulfillment networks are, and have really come to realize the benefit that we have at DTG2Go, because then if it's including the geographic seven locations, so we have been able to navigate through in those—where we have locations to remain open, and there's a lot of places that have not been able to do that.

Then you couple that with the integrated facilities that we have in our own distribution centers that we have, and again, through these times, for various and (inaudible) reasons, the supply chain of even blank garments has been impacted, but we have been able to maintain with our supply of our Delta (inaudible) to support that. I think those strategic advantages that we have, have really come to light how powerful those are to businesses, and we would like to believe that that will continue as they want to make sure they have a backstop for any future disruptions that could occur. We feel positive about what we're achieving and positive about how we'll exit and continue with a nice strong growth path for DTG2Go.

As you were mentioning in SG&A, again, we talked a lot about the steps that we've taken to lower the costs in there. Lots of people are asking obviously about a fixed versus variable cost scenario and what percentages are, and I mean, we just feel like that's kind of a tough question because lots of times things that you think are fixed costs, actually become variable costs when you figure out that while you might have thought it was a fixed cost, you really don't need it and you are able to reduce those fixed costs as well. I mean, at the end of the day, we have absolutely worked through and took this action on the things that we could reduce, that we also fought through the additional levers that are out there depending on how the recovery happens, and so we obviously have those in our forefront, but we believe that we've taken the prudent actions to reduce to the level of business that we have now and eliminate those unnecessary short-term expenses and we'll continue to evaluate that going forward.

Dana Telsey

Thank you.

Operator

All right, we'll now take our next question from Jamie Wilen at Wilen Management. Please go ahead

Jamie Wilen

Hi fellas. Rather nice results in the midst of all of this. A couple questions about DTG2Go. You talk about running at basically holiday levels, yet you have some plants which have to be running at various levels of inefficiencies because of the spacing requirements and with probably some labor difficulties in hiring people. Are you running your plants at capacity right now?

Deb Merrill

Yes, we are running it at what we will call the new capacity that we have, and what I mean by the new capacity is based upon what the output that we can get for the hours that we are working because we are not—at holiday season, we run 24/7 during that time period and we are not running overnight again to comply with curfews in different areas, so we are at max capacity for what the times that we are open at the different facilities we are and the output that we can get. Right now, our incoming orders are exceeding our ability to produce those orders, which means our backlog is increasing every day. We certainly are working to get just as much output as we can while still keeping our employees safe and complying with the restrictions that are out there, but you know, I say right now we are running just as full and working on every bit of ways that we can get more production through under the guidelines we have.

Jamie Wilen

Can you give us a ballpark for what you might expect your volume to be in that distance this year?

Deb Merrill

No, we're not giving it for a whole outlook, but I would say right now we are back in growth mode in that business, and based on the order book, I would certainly expect to see that strong growth carry all the way through, you know, June and really through the end of this fiscal year. I'd say the back half of the year we would expect to be back on growth path and growth pace that we have been talking about before, you know, we went through our holiday season which—with the challenges with the shortened calendar there. But, these last two quarters we think we're back on that trend that we've been talking about, which you know, couple that with the Delta garments should be in the double-digit growth rate and the much higher production utilizing the Delta garment.

Jamie Wilen

Will this require more capital expenditures for new equipment?

Deb Merrill

At this point in time, the equipment that we have we think should support the business, again as we can open up the rest of the facility timeframes that we have, so we don't anticipate any short-term expenditures, but again we'll see how we end through the summer to see if there would be any requirements before we go through the holiday season.

Jamie Wilen

Okay.

Over to the Salt Life side, what percentage of your Salt Life sales now are coming from online sales as opposed to retail?

Bob Humphreys

Well, it's really the vast majority because so much of our retail customer base has closed right now, so we are still shipping some small retailers and anticipate them starting to open up in the Carolinas and Florida, you know, in the coming week or two, but there is not a lot of wholesale business there right now.

Jamie Wilen

Okay, and industry pricing with—I mean everybody is in a state of flux, cotton prices have changed and everybody is trying to reduce their inventory. How do you look at industry pricing and margins moving forward?

Bob Humphreys

Yes, I would say in general it's too soon to tell but we haven't seen, you know, unordinary discounting out there or anything like that so far.

Jamie Wilen

Okay, and lastly on the masks, you're making, does that say 10 million masks a week?

Bob Humphreys

We didn't say 10 million a week, I don't think we've published a number on that, have we Deb?

Deb Merrill

No, we have not.

Jamie Wilen

Okay, but you will use that basically to keep your plants running, keep your employee base there that you're going to have to pay anyway. It's not really a really profit centre during these more difficult times, it is covering some of the overhead I would assume?

Bob Humphreys

Exactly, and you know, particularly in the next month or two when obviously revenue is challenged, it'll be a nice additional piece of revenue that'll be meaningful to us.

Deb Merrill

Jamie I just wanted to also clarify that in El Salvador and in Honduras right now, while we are manufacturing those, it is a very small work group that we have the permit to utilize for them, so I don't want to give the impression that, you know, the vast majority of our workforce is able to work because of that. It is a very minor work group that we have permits to allow to manufacture these face masks right now.

Jamie Wilen

Okay, and lastly as far as the distributor model that you just actually got started in before things slowed down, are you seeing any traction there, and how much inventory have you had to accumulate to get this thing started?

Deb Merrill

Yes, so Jamie overall the amount of inventory that we invested in is not significant, you know, and probably kind of a rounding number to our overall inventory levels, so not a significant amount. We were starting to get a little bit of traction but as you know we really did launch it at the end of January, so really had only started marketing it in February right before this hit. Too soon to tell about any traction although there certainly is interest in it, and I think as things pick up and now we are again providing our Delta produced face coverings to again these small businesses that they call one-stop shops is what we were going after. I think the path will get back on pace once again businesses get back starting and people are looking for their products.

Jamie Wilen

Okay, thanks fellas. Nice quarter.

Deb Merrill

Thank you.

Operator

Once again that is star, one if you'd like to ask a question. We'll pause for just a moment. Currently there are no further questions. I'll turn it back to the presenters. Please go ahead.

Bob Humphreys

Okay, well thank you all very much for joining us on our earnings call today and we look forward to update you in about three months on the current quarter results.

Thank you.

Operator

This concludes todays call. Thank you for your participation, you may now disconnect.