Hallador Energy Company

First Quarter 2017 Earnings Conference Call

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CORPORATE PARTICIPANTS

Brent Bilsland - *President and Chief Executive Officer*

Larry Martin - *Chief Financial Officer*

Becky Palumbo - *Director of Investor Relations*

PRESENTATION

Operator
Good afternoon and welcome to the Hallador Energy First Quarter 2017 Earnings Conference Call. All participants will be in listen-only mode. Should you need assistance, please signal a conference specialist by pressing the "*" key followed by "0." After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press "*", then "1" on your telephone keypad, to withdraw your question, please press "*", then "2." Please note this event is being recorded.

I would now like to turn the conference over to Becky Palumbo, Director of Investor Relations. Please go ahead.

Becky Palumbo
Thank you, Denise. Good morning and welcome to our discussion at Hallador Energy's first quarter 2017 results. This event is being webcast live and you will be able to access a replay of this on our website. We filed our first quarter Form 10-Q yesterday with the SEC and it can be viewed on our website. Participating on the call today are Brent Bilsland, President and CEO, and Larry Martin, CFO.

Larry will open with a brief financial overview of the quarter followed by Brent with comments on operations. After management completes their opening remarks, we will open the line for Q&A. Our remarks will include forward-looking statements that are subject to certain risks and uncertainties that could cause actual results to differ materially.

For example, our estimates of mining costs, future coal sales, and regulations relating to the Clean Air Act, and other environmental initiatives. We do not undertake to update our forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

Now I'll turn the call over to Larry.

Larry Martin
Good afternoon everyone. I am pleased to announce that Hallador for the first quarter 2017 achieved net income $7.4 million or $0.25 a share. We had free cash flow of $20 million for the quarter and our free cash flow we define as net income plus deferred taxes plus DDNA, plus our reclamation liability accretion, and plus our stock compensation amortization, less our maintenance CAPEX.

Our adjusted EBITDA for the quarter was $23.9 million and our adjusted EBITDA is defined as EBITDA plus stock compensation amortization, and reclamation obligation accretion. We paid down debt of $6.6 million in the quarter and we paid dividends of $0.04 a share, or $1.2 million.

Our bank debt at the end of the quarter totaled $232 million owed to the bank, our net debt after our cash reduction of available cash was $211.1 million. We estimate that our debt at the end of the year will be between $210 million to $215 million, that would be a debt owed to the bank, and our…at the end of the quarter our debt to EBITDA ratio, leverage ratio was 2.83, which is our Sunrise-only bank covenant as defined in our loan agreement.

I'd like to turn over the call now to our President and CEO, Brent Bilsland.

Brent Bilsland
Hello everybody. Thank you for joining our call. First, I'd like to say we are very pleased with the results of our first quarter, dramatic reductions in cash costs per ton allowed Hallador to generate strong free-cash flow of $20 million and adjusted EBITDA of $24 million. This allowed us to continue to pay down debt, maintain our dividend, and invest in our business. We attribute Hallador's success to the men and women who choose to work here and their dedication towards maintaining our low-cost culture.

Again, we experienced impressive operating costs in the quarter of $23.22 a ton at our Oaktown mine, that translates to $25.53 a ton when you add in the costs associated with Ace, Carlisle, and Prosperity. In 2016, our costs averaged $27.87 at Oaktown and $30.56 a ton once Ace, Carlisle, and Prosperity were considered. This $5 a ton reduction in costs was due to two primary factors.

First, we made a conscious effort to produce more tons in the first six weeks of the quarter in anticipation of a stronger market demand.

Secondly, we have added new haulage equipment to some of the units at the Oaktown mines. Those units are seeing production increases of roughly 30%. Both factors combined led to a 25% increase in production in the first quarter over our 2016 average production.

Late in the third quarter we anticipate the arrival of additional haulage equipment and the implementation of a new elevator at Oaktown1. Thus, we expect both investments to contribute towards maintaining our low cost structure.

Of going forward, we have decided to reduce our cash-cost guidance by $2 a ton to a range of $26 to $28 a ton. For the balance of 2017, our CAPEX budget is $27 million, which includes $16 million in maintenance CAPEX. Additionally we expect our SG&A to be $8 million and cash cost associated with Prosperity and Carlisle to be $5.5 million for the balance of the year.

As previously mentioned, in the first quarter we sealed off a large portion of the Carlisle mine and a lot of costs associated with that mine are now behind seals. Thus the cost of holding Carlisle idle has been greatly reduced.

Looking to our balance sheet, our strong free-cash flow allowed us to pay down debt by $6.6 million, deleveraging our balance sheet to 2.8 times debt to EBITDA. Our reduced leverage ratio moved us lower in our credit facility pricing grid, reducing our interest rate by a half percent. Additionally, our liquidity improved to a healthy $84 million in the quarter.

As we turn our attention to market, looking at the demand side, we continue to see a healthier market in 2017 than we experienced in 2016. Natural gas prices in average roughly 30% greater than a year ago, additionally our markets…in our markets our customer inventory levels are lower than they were a year ago. As we look at our sales, we currently have a minimum of $6.1 million tons sold for the year and have raised our projections to 6.3 million to 6.6 million tons for full year 2017.

Looking at the supply-side of the market over the past two and a half years, Indiana's coal supply capacity has dropped by over 20%. We have been involved in nearly all the supply reductions, either in the form of mine closures such as Prosperity, mine idling, such as Carlisle, or by purchasing competitors assets. Some of this capacity will come back on line, but most will not. At current prices we estimate there's an additional 20% of Indiana's production there is that risk of closure in the next couple of years.

Utilities have not felt this tightness of supply due to the fact that December of 2015 to February 2016 and December of 2016 to February 2017 were two of the warmest winters in the last 30 years.

Now, typically the United States experiences two-to-three warm winters followed by two to three cold winters. Thus, we feel it's a matter of time until hot summers and cold winters return during which time we believe market prices can move higher. We believe our sound balance sheet, low-cost production profile and our ability to quickly add 65% more production puts Hallador in a unique position to increase profits when the weather returns.

With that said, I will open the queue of the questions.

QUESTION AND ANSWER

Operator
Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. To ask a question, you may press "*", then "1" on your telephone keypad. If you are using a speakerphone, please pick up your handset before pressing the keys. If your question has been addressed, you may withdraw from the queue by pressing "*", then "2." And again it is "*", "1" if you would like to ask a question.

The first question will come from Lucas Pipes of FBR and Company. Please go ahead.

Lucas Pipes
Hi guys, good afternoon everybody.

Brent Bilsland
Hi Lucas.

Larry Martin
Hi, Lucas.

Lucas Pipes
Brent, Larry, great job this quarter, especially when it comes to costs. And my first question, I wanted to maybe drill down a little bit on that. And I wondered specifically, how sustainable do you think those cost levels are when you think about 2017 guidance? Can we kind of, in our model, think about another three, four years you can hold the line there or anything coming down the road? Would appreciate your perspective. Thank you.

Brent Bilsland
Well, again, as we stated, the cost reduction was due to two factors. We ran hard for six weeks in the quarter, so half the quarter, Saturdays basically. And there was anticipation of stronger markets, which…so we kind of hit the brakes mid-quarter. And in an underground coal mine, we…the harder you run, the lower we can see our costs fall.

At the same point in time, we implemented new haulage to a couple of those units. And like I said, we are seeing a 30% increase in production on those units. And because of that, we've ordered more cars, we anticipate being delivered with putting into production in the third quarter. So we lowered our guidance…..

Larry Martin
Cost guidance.

Brent Bilsland
Cost guidance, excuse me, $2 a ton, basically, because we believe the implementation of new haulage later in the year, plus we have an elevator that's currently under construction. That will get our employees less travel time in the Oaktown1 mine. We think both of these factors moved…moved towards lowering that cost structure in an environment where we are running not full bore. If we turn up the tonnage because market demand is stronger than what we have anticipated, our costs can definitely fall back in the low 20s. So what really comes down to, is the Oaktown mine going to run at a 6-million ton pace or is it going to run at a 8-million ton pace?

Lucas Pipes
So essentially, if we were to get to that 8-million ton pace, not only which should be generating more revenue, but your costs would also be, if I just heard you right, you said low 20s, right?

Brent Bilsland
Correct. I mean, that's where it was in the quarter. We…like I said, we ran half a quarter at a pretty aggressive pace and our cost average for the quarter was $23 and change. We ran…if we would have run the whole quarter strong, it would have been lower yet. So we're definitely showing that we can…we have confidence that we could do that. The market is not asking us to do that at this time.

Lucas Pipes
Got it.

Brent Bilsland
And again, we said that’s in a large part, because if we look at the…or even if you want to go back to the heating season of 2015, it was mild. The heating season of '16 was mild. Last summer, we had a good summer, and it was warm. But winter this year was almost, other than December, was almost nonexistent. So if you look at four of the last heating and cooling seasons, only one of those really experienced significant demand. That's not unusual when you start going back and looking at the 30-year graph of weather patterns, and it's somewhat like clockwork.

We seem to have two-to-three warm ones followed by two to three cold ones. So we're confident that weather will return, and especially with these gas prices pretty much staying above $3, significantly stronger gas prices that we saw a year ago by roughly 30%. And…so coal is into money in Indiana. It's just a matter of how much weather we're going to see. We think that utilities by and large are short and they are waiting to see just how much heating demand comes at them. We estimate, like I said in our projections, that we've got 6.1 million sold. We anticipate we are going to sell another 200,000 to 500,000 tons. That's what we think is going to happen if we get more weather than that, we'll sell more tons and you'll see more volume and our costs continue to drop.

Lucas Pipes
Got it. That's very helpful. If I ask a few follow-up questions on some of the points you brought up there, but I want to quickly circle up some items on the cost side, and as it relates to Carlisle. Brent, in your prepared remarks you mentioned how you lowered the idling costs. Could you maybe, be a little bit more specific? I want to say that in the past, idling costs were…I want to say high single-digit million dollar range, if you could maybe give some sort of guidance for where those costs would be now that you have sealed a large portion of the mine.

And then, longer term, what do you think is the prospect of Carlisle? Where do you think it sits in this new domestic market? I would appreciate your perspective.

Larry Martin
Well on the cost side Lucas, we estimate Prosperity and Carlisle idling costs to be about 5.5 million for the rest of the nine months remaining and you know as Brent explained in his call during his remarks, we have sealed a lot of the areas that those costs were coming from. So we are lowering our guide…like I said it will be 5.5 million for the rest of the year for Prosperity and Carlisle.

Lucas Pipes
In that past that number was….

Larry Martin
In the past that number was 10 million total for the year.

Lucas Pipes
Yes, yes.

Brent Bilsland
So if you want to look at the Carlisle Mine, this is Brent, yes, we idled the mines in 2015, we had roughly 88,000 feet of main opened up, heading in multiple directions. And the way I look, I think, July of '15, we sealed the southern portion of the mine. Then we announced there in our 10-K that in January of this year we sealed…we decided to seal the northern part of the Carlisle reserve. And I don't have that exact number in front of me how many feet that was but I am going to say in the neighborhood of 45,000 feet. But it was more than that, we just were having a lot of falls in those mains, and quite frankly it was becoming a significant safety concern.

When we look at the mining costs of that mine, the northern portion of the reserve was much more expensive to mine than the western portion, which we have left. So...anyhow, we decided to seal that mine off and in doing so, we really shrink the footprint that we have to inspect and maintain. And going forward, we think are, we now have a mine that roughly only has three miles of main opened up and the mining in front of it looks really good. So I think our cost structure there when we do fire Carlisle back up looks something more like it did a few years ago, because we certainly…it looks more like a new mine, a lot less out by to have to maintain. Now, by doing so, we did lose a little capacity. Carlisle went from putting out 3.3 million tons, we think its capacity now is 2.5, but we think its cost structure is much more reduced. The second part of your question I think was…

Lucas Pipes
We're touching on the demand side I would say.

Brent Bilsland
Yes, I think that….think that's part of a mix but unique when you look at coal companies. You know, here we are we have got 10.5 million tons of capacity and the cash flow we are putting out is generated by 6.1 million tons. I just don't know of too many other companies that have the gun cocked so to speak on…another 65% increase in production. As far as Carlisle is concerned, it is ready to produce coal. We are waiting for a strong enough market demand to justify hiring employees and putting it back to work. Our crystal ball is that does happen in 2018. But it's really going to be decided by the market and how much business we can secure. And that probably won't be decided until after the RFP season that will happen this fall. But we hope for a warm summer and a cold winter, and if so got to bring that asset back on line.

Lucas Pipes
That's helpful. I will jump back in the queue, great job. Congratulations. This is a great update. Thank you.

Brent Bilsland
Thank you Lucas

Operator
The next question will come from Mat Klody of MCN Capital. Please go ahead.

Mat Clody
Hi Brent, Hi Larry. How are you?

Brent Bilsland
Great. How're you Matt?

Larry Martin
Hi Matt.

Mat Klody
Doing well. Great quarter in terms of production and costs. Keep up the good work there. Just want to get your perspective on what you are seeing in the M&A environment in terms of activity, changes in cellar expectations or not over the past year. You guys have picked up some good assets in the past and appreciate your perspective there.

Brent Bilsland
It is an interesting question. On the M&A side, we think that consolidation continues to happen in the Illinois basin because gas has become more of a competitor, does that favor or force more consolidation in the coal industry. As far as, you know, one of the attitudes of buyers and sellers that's really on a case by case basis. We are always willing and able to have those conversations with the sellers.

Then like you said, I mean, we have been fairly active I think as much as anybody in the State of Indiana. When I look around and you know what production has come offline, we have involved in nearly every deal. We did see one private here. The last couple of months, two privates kind of go together, so things are happening. You know there seems to be money. A year ago, nothing was really happening. Everybody was in bankruptcy. Capital was kind of frozen up for coal. Since that time, we have a different administration. Gas prices are higher. A lot of the….if we look at the coal space, it's a lot…has a lot less leverage on it that it did a year ago mostly due to bankruptcy, but those of us that didn't go through have continued pay down debt as well. So I think that the environment is certainly more hospitable for M&A activity that it was a year ago.

Mat Klody
Got it. Thank you'

Operator
And as a reminder, if you would like to ask a question, please press "*", then "1." The next question will come Arthur Calavritinos of ANC Capital. Please go ahead.

Arthur Calavritinos
Thank you. Hi guys, just a question. We know how the winter was and we got a great December, but you know you guys know better than I in January and February. Anyhow, March was cold but seeing the reaction we are having on the gas and looking at the curve right now, are you guys surprised at what we are seeing in the nat gas market in terms of pricing?

Brent Bilsland
Well nat gas is certainly robust right now. But if you look at…you know it depends on which number you are focused on. If you are focused on inventory levels versus five-year supply averages, we have slightly more gas around than the five-year average. On the flip side of that, production is lower than a year ago, and users for gas is higher than a year ago. So and we achieving that with fairly mild weather so far this year so I think…and at the same point in time again we feel that the utilities are short so everyone is kind of sitting around waiting to see what the summer brings temperature-wise?

You know some people are saying well, warm winter, warmer summer. If that's the case, nat gas prices are too low, coal prices are too low. We have…you know, if summer doesn't show up, then prices certainly can be lower. But that seems to be the attitude we are seeing right now. Like I say gas storage levels are a little high from a five-year average but considerably lower than where we were a year ago. And I think it's the pace of demand and the pace of…we have more demand, we have less supply of gas that we did a year ago, so that is what making up that demand.

Arthur Calavritinos
Yes, at what price again? What ballpark price you guys…I mean you said six and change tons and you can ramp it up I think at 65%. At what price do we get the lion's share of that you think on that 65% you talked about earlier with more tons going up?

Brent Bilsland
Well, I think it has more to do than just price. It think it has to do with what kind of term can we see on the deal. You know we don't want to go out and hire employees for six months for the work. We try to…whatever we do, we try to make it a longer-term, consistent type operation. So I say we are not looking for spot business to bring in online, we are looking for…can we piece together contracts that we think are sustainable.

Arthur Calavritinos
Okay. Got it. All right, All right. Good. That's all I have for now. Thank you.

Brent Bilsland
Thank you.

Operator
The next question will be a follow-up from Lucas Pipes of FBR & Company. Please go ahead.

Lucas Pipes
Yes. Thank you for taking my follow-up question. I actually wanted to follow up on the previous caller's question. And that is gas prices have been very strong. And in your local market, Brent, where do you see the breakeven between your guys' customer plants and natural gas, assuming, call it, $40 or-so pricing. Would appreciate your perspective.

Brent Bilsland
Lucas, can you repeat a part of that question? I'm not sure I grasped exactly what you're asking?

Lucas Pipes
So the plans of your customers that you supply, what is their breakeven price with natural gas, Illinois basin coal prices are also about $40 per ton?

Brent Bilsland
Well, I mean that just varies so greatly because we've got coal plants that are 10 miles up the road.

Lucas Pipes
Yes.

Brent Bilsland
And we've got two customers currently that are roughly a 1,000 miles away and the heat rates of all of those plants differ substantially. So, I think in general, if we talk in generality, I would say coal plants in Indiana are in the money in the $2.60 gas rates. And we are currently, if you look at last year, last year natural gas prices averaged $2.49 for the year and the state of Indiana had coal demand of roughly 28 million tons. So traditionally, Indiana coal demand is somewhere in the 37 million range. So you are seeing a 9 million-ton swing due to gas prices.

Now a lot of coal last year got delivered and went into inventory at the utility level. So this year, we have higher gas prices. Coal is in the money but customers are shipping a little bit early on their contracts and they are pulling down their inventory level. So when we talk about a stronger market, yes, we haven't moved more tons than we moved this time last year substantially. It's roughly the same. But when we look at the health of the market that we will be selling into, your gas price is 30% higher. We have coal inventory levels at our customers, that are depending on the customer but roughly 20 days lower. So they've been burning up a lot of inventory and shipping early on contracts to try to stay out of the market.

The counter argument to that is if you have a little heat here, you are going to see a lot of customers that have to come rushing back to it because they don't have to purchase. Everyone is trying to play it shorter than they traditionally have in the past, and because of the mild winters and even one mild summer thrown in there, put out in there that strategy has worked. If weather returns, somebody is going to get hung out to dry.

And we feel that we are in the unique position, if you look around at other suppliers, there are just very few suppliers that have as much coal production ready to go as a percent of their overall supply. We've got another 65% we can turn on. I think that's a very large percentage, compared to what other suppliers have, which is what gives us comfort. I mean, maybe comfort that, which we think improves, increases the probability that Carlisle comes back online next year.

Lucas Pipes
Yes, that's a very helpful perspective. So in a way it's when gas prices move, you may have much more exposure to that than maybe some of your peers, so that's quite an interesting angle.

Brent Bilsland
And if you look at Carlisle coming back online, I mean, if you look at our cost numbers, putting that idle is costing us over $2.20 a ton, $2.30 a ton. So if we can just get it to carry its own weight instead of being a guaranteed loss, it helps improve our margins.

Lucas Pipes
Yes, got it. Okay.

Brent Bilsland
So that's certainly our goal and we are working…we are working towards that.

Lucas Pipes
Yes, okay. Thank you. Good luck.

Operator
And once again, if you would like to ask a question, please press "*", then "1". The next question will be a follow-up from Arthur Calavritinos of ANC Capital. Please go ahead.

Arthur Calavritinos
Thank you. Just about last…the follow-up on the last Q&A, I think we had here. So if you've got a utility inside your plant shortly now and whatever gas prices move, coal demand does what it does. It gets interesting with you guys, right? Because it's sort of like if I'm utilities and we really wanted all the stuff now, but you guys have so much capacity, so for Carlisle I'll hire guys only for six months, it gets real interesting on your side, right?

I mean the way I'm thinking about, the utilities. Much of what you've been telling me for over the past two years. Of course, the utility sound like they feel they can snap their fingers to get as much coal as they want without really understanding or business and your cost structure like you have to do how much stuff you've done in the past two, three years, is that sort of, again I'm a journalist analyst but sort of what's going on here, in a situation like that?

Brent Bilsland
Arthur, you are breaking up a little bit and I'm not sure I understood what the question was?

Arthur Calavritinos
Well, I will repeat it. I hope I'm not breaking up on this mobile here, but what I am saying is if there was demand, right? The utilities from what you are saying is sort of are assuming they can as much coal as they want without really understanding your business and what you've guys have had to do with costs right? Because you said earlier in the call that, you don't want to hire anybody, and I get that and I understand it and I agree with it, for six months. Just have

utility go away right? So it gets interesting in terms of the demand cycle coming back. If we have this summer, right?

Brent Bilsland
Yes, I think that again, we think the supply has come offline. The utility has not felt the tightness of that because they have been bailed out by mild weather and cheap gas. The cheap gas is…that's not currently the environment we are in. So coal is competing against coal right now. Coal is dispatching over gas. The question is going to be, how much weather we are going to have, and how much…..what will I do to demand. And our prediction is, because of the capacity that's come offline that the market will get tighter quicker than what we have experienced in the past and prices will rise when that happens. So…

Arthur Calavritinos
Yes, but to paraphrase excuse me, so if you reach, whatever 10 cents whatever, nickel, penny, whatever it is in natural gas pricing, all else being equal, it's a more high-powered move per move in natural gas as a competition with coal versus in the old days, right? So, for each move, the each move in net gas is more high powered if, you know, multiplier effect, not a multiplier effect. But, I'll use the term multiplier, so a better multiplier for you guys than it was in the past. Like if you live a buck on nat gas in summertime versus five years ago, it's much more operating leverage than it was back then.

Brent Bilsland
Well, but…in general, the dynamic is coal was in the money in Indiana in the mid 2s. Coal was in the money in Florida in the mid 3s. So, what you are really going to see is if gas prices were to move up a dollar. Suddenly, coal plants in Tennessee and Georgia and the Carolinas suddenly go from dispatching the gas first and coal second to dispatching the coal first, and gas second. And so, there is a huge, huge demand that would occur when that happens, right?

So, you know if you take the utility buyer is challenging to figure out what's your coal, what your plant is going to dispatch in the state of Indiana, it's extremely challenging when you step out to the Carolinas and, anywhere in the Southeast, because you are closer to cheap gas and you are closer to the more expensive coal. So, there is more transportation to get all that basin coal out to the market. So, that's where $0.20, $0.30, $0.40 moves in gas price during the summer months when you are heating demand or cool weather in the winter months, it can have a dramatic effect on changing what the overall demand could be. I mean, there is, I think if you look at the southeast system for take the NS railroad.

You have 60 million of demand or 60 million tons of capacity that typically burns 20 million tons a year. So, if that slips or suddenly coal is in place of gas there could be 40 million tons of new demand, now I am not predicting that. I am just saying as gas prices move higher, that's the potential, and especially if you look at the Illinois coal basin that the entire production of Indiana, Illinois, and West Kentucky is 150 million tons. So, it doesn't take….10 million tons moves is dramatic.

Arthur Calavritinos
I hear you. Alright, okay. That's all; I may have some follow ups later offline. Thank you.

Brent Bilsland
Alright, thank you.

Operator
The next question will come from Luther Lu of Luminus Management. Please go ahead.

Luther Lu
Hi, my question is what kind of a term contracts do you need to turn Carlisle back on. You said 6 months is not enough, do you need three years? Also, in terms of the pricing do you need a firm pricing or do you need to just have the term contract in other words just the volume commitment?

Brent Bilsland
Well, I think it has less…first of all, I don't think there's a lot of utilities that are booking a lot of three-year contracts. It's certainly a requesting proposal that far out, it would be interesting to see if any of them actually book business that far out. Because utilities the last two years that they could move their pricing strategies to a little shorter term, just because it's more difficult for them to understand the coal-gas dynamics that was three or four years ago.

So, what kind of contract are we looking for, again, I think it has less to do with term and more…. we are going to look at it as is this something that once we hire people we can keep them employed? What are the odds that either we get a longer term contract or we have a shorter term contract that feel that the environment is such that we can keep that production or at least have a very high probability of keeping that production online?

Luther Lu
Okay. Thank you.

Brent Bilsland
We just have to evaluate what the market is at that time until, you know, in our opinion, is it sustainable or is it a flash in the pan.

Luther Lu
Okay. Thanks.

Brent Bilsland
Thank you.

Operator
And once again, if you would like to ask a question please press "*", then "1". And we will pause for just a moment for any additional questions. And I am showing no additional questions at this time we will conclude the question-and-answer session. I would like to hand the conference back over to Becky Palumbo for her closing remarks.

CONCLUSION

Becky Palumbo
Well, thank you everyone for your interest in Hallador and participating in today's call. We look forward to seeing what the summer brings us and talking to you at our next earnings call. So, have a good day.

Operator
Thank you. Ladies and gentlemen, the conference has concluded. Thank you for attending today's presentation. You may now disconnect your lines.