Brookfield Infrastructure Partners L.P.

Q1 2017 Conference Call Transcript

Date: **May 4, 2017**

Time: **9:00 AM ET**

Speakers:

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Vice President, Investor Relations and Communications

Bahir Manios
Chief Financial Officer

Sam Pollock
Chief Executive Officer

OPERATOR:

Welcome to the Brookfield Infrastructure Partners' First Quarter 2017 Conference Call and Webcast. As a reminder, all participants are in listen-only mode and the conference is being recorded. After the presentation, there will be an opportunity to ask questions. To join the question queue, simply press star, and one on your touchtone phone. Should anyone need assistance during the conference call, they may signal an Operator by pressing star, and zero on their telephone.

At this time, I'd like to turn the conference over to Melissa Low, Vice President, Investor Relations and Communications. Please go ahead, Ms. Low.

MELISSA LOW:

Thank you, Operator, and good morning. Thank you all for joining for Brookfield Infrastructure's first quarter earnings conference call for 2017. On the call today is Bahir Manios, our Chief Financial Officer, and Sam Pollock, Chief Executive Officer. Following their remarks, we look forward to taking your questions and comments. At this time, I'd like to remind you that in responding to questions and in talking about our growth initiatives and our financial and operating performance, we may make forward-looking statements. These statements are subject to known and unknown risks, and future results may differ materially. For further information on known risk factors, I would encourage you to review our Annual Report on Form 20-F which is available on our website.

With that, I'd like to turn the call over to Bahir. Bahir?

BAHIR MANIOS:

Thank you, Melissa, and good morning, everyone. We're pleased to report that we started off the year with solid first quarter results. Financial performance continued to benefit from the regulated and contractual nature of our cash flows and our portfolio's overall diversification. We generated FFO of $261 million or $0.71 per unit, driven by continued strong organic growth in addition to meaningful contributions from newly acquired assets.

Going through the results now for the various segments, first up being our Utilities operating group, which generated FFO of $100 million for the quarter, which was in-line with the prior year. Results benefited from increased connection activity in our U.K.

regulated distribution business, inflation indexation, and the commissioning of capital into our rate base. This was offset partially by a lower contribution from our regulated terminal due to a regulatory reset in 2016 and the sale of our Canadian electricity transmission asset last year.

On the operational and growth front, there are a number of items that I wanted to highlight for this operating group. First, our U.K. regulated distribution business continues to be an exceptional performer. It was awarded the right to acquire up to 850,000 smart meters from two leading energy retailers. These meters should be fully commissioned by 2019, and with this award, the business would have now secured 1.5 million meters in total, deploying $400 million of capital that generates strong risk-adjusted returns.

The business was also awarded 29,000 connections for gas, electricity, fiber, water, and wastewater connections. This was the single largest contract for a housing project ever awarded to our business and underlines our value proposition of being a one-stop shop for developers for all their essential utility needs.

Second, on April 4th we closed on the acquisition of a large natural gas transmission business in Brazil where Brookfield Infrastructure deployed $1.3 billion. This business is expected to be a meaningful contributor to our financial performance going forward. Its results will also further enhance the overall quality of our cash flows, as its operations generate very stable cash flows supported by long-term contracts that have no volume risk and provide us with inflation-linked revenues. More significantly, Brookfield Infrastructure will now have operational control of this highly strategic asset that serves as the backbone for the country's growing natural gas sector.

The Transport segment posted strong results for the quarter, generating $123 million of FFO, which is up 31% from the prior year. This increase was driven by higher tariffs and volumes across a number of our operations. Results also reflect the incremental interest acquired in our Brazilian toll road business in the second quarter of 2016, new toll road assets acquired in India and Peru, and the contribution from the Australian ports investment, which we closed on in August 2016.

A number of our operating groups in this segment have a number of interesting initiatives that are on the go. A few I wanted to highlight, first being our U.K. ports business, where we reached an agreement with a large global commodity trader to import

LNG through an existing connection point at Teesport. This project has the potential to increase EBITDA in the business by 15% on a run-rate basis, commencing in the first half of 2018.

Second, our Brazilian toll road business was awarded a 30-year concession to operate and expand a 720 kilometre road in the highly populated state of São Paulo. The road connects with our existing network, extends the average maturity of our concessions, and expands our footprint in one of the most attractive economic regions of the country. We expect to invest approximately $250 million up front into this investment and a further $19 million over the next several years to further upgrade and expand the road.

The Energy segment generated FFO of $62 million in the first quarter compared to $40 million in the prior year. The improved performance here is the result of strong operating results at our natural gas transmission business that benefited from higher gas transport volumes, contributions from newly secured contracts, and reduced leverage levels. Results for this segment also include earnings from the newly acquired gas storage assets in North America, partially offset by the impact of the sale of the Channel Islands gas distribution business.

On the strategic and operations front, this operating group was also pretty active this quarter, making great headway on a number of important initiatives. First, at our natural gas transmission business, we secured two expansion projects that transport gas to customers in Oklahoma and the Midwest. These projects will require $200 million of capital, will be supported by long-term take-or-pay contracts, and will come online by late 2018.

We also made good progress on our overall financing plans for this business. Subsequent to period end, we issued a call notice for the company's 2019 notes. We'll get this done by injecting equity into the business, our share of which will be $200 million, which will result in total annual interest savings of $21 million. This paydown is expected to be positive for the company's credit ratings and our current plan is to refinance the upcoming 2017 maturity in the second half of the year on the back of this positive outcome.

During the quarter, we also made good headway with the execution of our district energy growth strategy, completing several attractive tuck-in acquisitions. We agreed to purchase a total of five high-quality district energy systems in a number of cities across North America. In total, we expect to invest approximately $40 million for the various systems, which are scheduled to close in the second half of 2017.

The Communications Infrastructure segment contributed $19 million of FFO for the first three months of 2017, which was largely unchanged from the prior year. This business continues to deliver consistent and predictable cash flows, and is performing in-line with expectations. We're focused on growing this operating group, utilizing a two-pronged approach consisting of organic customer initiated opportunities in our French operations and also through an acquisition strategy to build the business in India.

The recently announced $200 million investment in a portfolio of over 40,000 towers from Reliance Telecom is progressing well and is expected to be completed in the third quarter of 2017. We also continue to evaluate several other interesting opportunities in the country to meaningfully expand our presence in this sector.

That concludes the summary of our financial and operating performance for the quarter, but before I hand the call off to Sam, I wanted to touch quickly on our liquidity position, which has been a key focus area for us over the last little while.

In anticipation of completing several new investment initiatives, as well as having the capital to complete our growing backlog for organic projects, we recently enhanced our financial resources. We raised $700 million in the Canadian debt markets, issued $300 million of preferred units over the last few months, and that all followed the $750 million equity raise that we completed in November. This increased liquidity to approximately $2.2 billion at the end of April. We also expect to add to this dry powder over the next 6 to 12 months as we generate proceeds from our capital recycling initiatives. As a result, the business is ideally positioned to capitalize in several investment opportunities currently being pursued.

So, with that, thank you for your time this morning. Sam, over to you.

SAM POLLOCK:
Great. Thanks Bahir, and good morning everyone. I'll keep my remarks today relatively brief. I'll provide an update on the state of the infrastructure market and describe our approach to

investing in this market environment. After that, I'll conclude with an outlook for the business.

Let me begin by saying that the private market for infrastructure investing is strong and continues to grow, and that there is substantial demand for infrastructure equity and debt investments. Infrastructure is receiving significant interest from investors as they seek to invest in high-quality, long-term cash flow producing assets in a prolonged low interest rate environment. Capital continues to pour into this space from institutional investors, many of whom have only begun to invest in infrastructure or are increasing their allocations. This trend will support valuations for some time.

When viewed in isolation, this trend may raise concerns about our ability to continue to deploy capital on a value basis. However, we are witnessing a substantial effort by governments around the world to bring to market attractive infrastructure projects. We believe the biggest story for the sector in the coming years may be the quantum of new projects being brought to market by cash-strapped governments.

By way of example, in the United States, the new administration has been promoting a national infrastructure program to facilitate $1 trillion of investments into the country's infrastructure. The U.K. government, through its Infrastructure and Projects Authority, released a plan, tabling over $500 billion of projects to be jointly financed by the public and private sector. In India, where infrastructure development is key to driving the economic growth, the government has been actively looking for ways to source private capital and has, for example, launched plans to privatize over 70 road assets.

As new projects are brought to market by governments, this supply will help balance the supply and demand for investments, in addition to providing a wider scope of opportunities for investors such as ourselves. We believe the infrastructure asset class is still in its early days and will continue to grow in terms of the depth and scope of opportunities available.

Unfortunately, with this dynamic, capital moves more quickly than governments. As such, our challenge is to continue to succeed in this environment. For us, success is delivering our 10% year-over-year per unit FFO growth without exposing the business to unnecessary operating or financial risk, such as excessive leverage.

There are five key elements to finding success. First, being patient by keeping our powder dry and waiting for investment opportunities that meet our 12% to 15% return target. We believe that maintaining our discipline, even when market conditions are frothy, will allow us to find opportunities that meet our return thresholds.

Second, innovating by focusing on situations where we can differentiate ourselves from other would-be buyers. This could include creative structuring and balance sheet recapitalizations, the application of unique synergies, and the ability to leverage our scalable operating groups to execute on multifaceted business plans. In many cases, we approach asset owners with outside-the-box ways in which they can achieve their goals by partnering with us.

Third, doing the small things well by focusing on organic growth and tuck-in acquisitions where we can utilize our scale and certainties to make accretive investments.

Fourth, being decisive by recognizing and executing on investment opportunities that meet our criteria, even in challenging market conditions. We demonstrate this ability through our recent electricity and gas transmission investments in Brazil when capital was not available in that market.

Lastly, it's critically important that we execute dispositions well as part of our capital sourcing plan that includes issuing equity, preferred equity, and corporate debt.

We've initiated the first of possibly several sales processes of mature assets that we plan to sell to buyers with a low cost of capital. We'll use these proceeds to deploy that capital into new investments at higher target returns. We believe that Brookfield Infrastructure will continue to generate strong returns if we execute on our full investment cycle strategy and the general health of the private infrastructure market remains strong.

Looking ahead, for the balance of the year, we expect that global macroeconomic and political uncertainties could dominate the headlines in the near term. However, our outlook continues to be very positive given that business conditions are generally good. Our primary areas of focus are to integrate the newly acquired gas transmission business in Brazil, advance the capital recycling program, and grow our organic capital project backlog. We see many opportunities for continued growth and have the flexibility and financial resources to pursue them. Our outlook for the business remains very optimistic.

With that, I'll turn the call back over to the Operator to open the line for questions.

OPERATOR:

The first question today is from Cherilyn Radbourne with TD Securities. Please go ahead.

CHERILYN RADBOURNE:

Thanks very much and good morning. So, your letter raises an interesting point about the level of attention that infrastructure is receiving in a variety of countries. I'm just curious what your level of confidence is that governments in North America will seriously consider the Australian model where asset privatizations are linked to new project funding.

SAM POLLOCK:

Hi, Cherilyn. Let me start by saying that I'd just be speculating, so obviously, I don't have the definitive answer to that question. But based off of recent interactions that we've had with various people who've been tasked by the government to get the viewpoints of the private sector and infrastructure investors, our sense is that both governments are very serious about bringing meaningful programs to the market. So, I think there is a strong desire to do it. What is unclear at this stage is whether or not there'll be political impediments to making it of a scale or of a success like we've seen in Australia. So, I think it's too early to tell whether or not they'll get there, but I do believe that the governments in both countries are extremely serious and will make a good go of it.

CHERILYN RADBOURNE:

Okay. That's helpful. In terms of the NTS acquisition, a couple of questions there. Just wondering if you can talk about the complexity of assuming operational control and what you think is a realistic timeframe to fully internalize all of the management and operating functions.

SAM POLLOCK:

Okay. I'll talk to that one as well. So, it really is a two-stage process. We have transition services arrangements in place with Petrobras for the first year to handle all of the administrative aspects of the pipeline, basically senior management time and attention, and billing, etc. I'm hopeful that we won't need a full year. We have already begun staffing an organization. We have a CEO and CFO in place, as well as a Chief Operating Officer, and so the pieces are coming together. But, in any event, within a year we'll take over those aspects of the pipeline.

Then as far as O&M and dispatching, that's something that we have a much longer term arrangement in place which is within our ability to unwind after a number of years, once we've built up an internal team to take over those parts of the business. But, my guess is we're probably looking at a two to three year timeframe before we can consider taking over O&M.

CHERILYN RADBOURNE:
Okay. Then, again in the context of NTS, how would you characterize the state of the Brazilian capital markets, and are there any thoughts you can provide about the prospect of adding leverage to NTS at some point?

SAM POLLOCK:
Well, look, we've already seen a remarkable change in the interest rate outlook for the country and the interest rate conditions. So, if you look back less than a year ago, CDI would've been probably over 14% and we're now seeing rates come down to, I think they're in the 11% range, and in our most recent visits down to Brazil and based on feedback from our locals there, the government is talking about getting that rate down to close to 9% by the end of the year. So, we are seeing the right signals and direction of interest rates in the country.

I'd say as far as taking advantage of that significant movement, our hope is that there may still even be further downward pressure on our rates over the next year or two and maybe we can get them even lower. This is a highly cash generative business and so our ability to put in debt would be, in fact, probably quite easy. So, I think what we're waiting for: rates to come down, probably a little seasoning of the business under our ownership, and then we might look to see what happens with the credit ratings of both the country and Petrobras, and obviously seeing an enhancement of those two things, which will further bring down our cost to capital.

So, my suggestion is if you watch those three things, those would be the three things that we'll be watching to determine when the right time is to add leverage.

CHERILYN RADBOURNE:

Great. Thank you for the time.

SAM POLLOCK:

Thank you.

OPERATOR:

The next question is from Rupert Merer with National Bank. Please go ahead.

RUPERT MERER:

Good morning. So, for Bahir or Sam, you talked about another near-term priority – capital recycling. Can you talk about how much your capital recycling you're targeting in the near term and which of your assets you think would be most right for recycling?

BAHIR MANIOS:

Hey, Rupert; it's Bahir. Maybe I'll start and Sam can jump in. With respect to—our guidance still states that the same—we're targeting about $1.5 billion to $2 billion in the next 18 to 24 months and that's composed of, I would say, several more mature assets that we think we can earn pretty attractive valuations in today's low rate interest environment.

RUPERT MERER:

So, that suggests assets would be either, say, U.S., Europe, or Australia?

BAHIR MANIOS:

There's a number of considerations, Rupert, and there are assets in different parts of the world that we own that are mature and that would also be coveted.

RUPERT MERER:

Great. Secondly, in the U.K. regulated distribution business you mentioned the right to acquire the 850,000 smart meters. Was that a competitive process and how do the returns compare to what you normally see in the connections business in the U.K.?

SAM POLLOCK:

Hi, Rupert. Yes. These are competitive tenders. The number of participants who can take on these smart meter adoptions are relatively few, though, so it's kind of a handful of other people bidding on them, and, of course, you bid more than just your cost of capital. But to your point, these are competitive situations, as are most situations. As far as returns, I would say the returns are fairly in line with the connections installations that we have in our traditional business. So, we earn nice risk-adjusted returns. I think the only difference with these assets versus our connections business is that our connections have a much longer life to them whereas these ones tend to have a plus or minus 12- to 15-year life; at least that's how we underwrite them. They could last longer, but we tend to think of them in a bit of a shorter context.

RUPERT MERER:

Okay. Great. Thanks. I'll leave it there. Thanks for the colour.

SAM POLLOCK:

Thanks, Rupert.

BAHIR MANIOS:

Thanks.

OPERATOR:

The next question is from Robert Kwan with RBC Capital Markets. Please go ahead.

ROBERT KWAN:

Morning. Sam, you were talking a lot about the government privatizations and government-backed projects in the developed markets. I'm just wondering, how are you generally viewing that? Is that more the potential to ramp up investment opportunities or is it more sopping up capital from other investors, as you pointed out, which tend to be cost of capital shoot-outs?

SAM POLLOCK:

Hi, Robert. That's a very intuitive question. I guess the truth is it's going to be a bit of both. It's unclear today what types of opportunities, in particular, in North America the governments are going to be providing us with. Many of them may be PPP-style opportunities that will be very cost of capital intensive, and as a result, it may be that that's more directed toward pension fund-type investors and less so ourselves. So, while maybe we don't get a huge amount of those opportunities to look at, it will soak up a lot of capital from people who are competing with us in other areas where we prefer they didn't compete with us.

ROBERT KWAN:

Okay. Maybe just turning to the new toll road in Brazil, can you talk a little bit about the expected returns and, if there's a number that's great, if not, maybe just a comparison to NTS or the electric transmission investments that you're making in the country?

SAM POLLOCK:

Yes. So, the transaction itself, as you know, was very synergistic with our existing business because a portion of the road related to a concession of ours that was rolling off, so we felt that we had a number of unique synergies and knowledge of the asset to bring to bear. The returns will be within our typical target range at the high end of the 12% to 15% threshold that we have for our business.

In relation to the other acquisitions, I would say that it is comparable. I think they're different and so they're hard to compare exactly. One has more optionality related to it because it will participate with growth of the country, whereas the other assets are more utility-like. But, the other assets that we recently bought, there's no doubt we bought them at a very unique point in time in the country and we think we've got them for very good value and probably better value than we could ever achieve today. The market has moved dramatically in a very short period of time.

Maybe just to give you a bit of colour on that—and I know you didn't ask for it—but we just recently participated in an auction for new transmission lines in the country and, whereas six to nine months ago, we were one of maybe two or three people bidding on lines—in some case we were the only bidder on certain sections. This past auction there would've been 8 to 10, in some cases north of 10 bidders, on each section and the cost of capital that people are applying for these lines has dropped dramatically. So, the window on really high-value opportunities in Brazil seems to be closing pretty quickly.

ROBERT KWAN:

Got it. Maybe I can just finish with the new connection contract, the 29,000 homes. When you look at that, the size of that contract coupled with what's in the backlog right now, how does that compare in aggregate though to where the backlog for that type of work was in prior periods?

SAM POLLOCK:

Well, look, I think the B.U.U.K. business continues to grow at accelerating pace is all I can say. Our backlog is probably bigger than it's ever been. The number of connections that we saw is higher than we've ever done and that is the result of a couple of factors.

First, historically, the business was a one-trick pony. It used to just connect electricity. Then it was a two-trick pony where it did electricity, as well as gas. And now, it's a five-trick pony; in fact, a six-trick pony, if you include smart meters.

So, when you add all these various products that it can now install for customers, there's that dynamic, and then on top of that, the housing market has continued to grow and improve from the financial crisis. So, we've just had better market conditions to go along with the fact that we've enhanced the base of the business dramatically. So, when that slows, it's hard to say, but we've been in that environment where the business has just gone from one new level to the next.

BAHIR MANIOS:

Robert, it's Bahir. I'll just give you maybe a couple of other gee-whiz facts. So, first of all, sales for the quarter were about 120,000 connections, and that's up 40% year-over-year. If you recall us saying in 2016 that that was a record year for our business. Just back to Sam's point, I mean, that contract that we won, that's really 5,600 plots, and a couple of years ago that would've translated to 5,600 connections or maybe 11,000 connections when we were a “two-trick pony" but now the 5,600 plots are translating themselves to fit 29,000 connections because we're doing all of that, and we've, subsequent to quarter end, also won a few other contracts – a smaller number of plots, but where we're also doing these sort of five connections at a time. So, we feel pretty good about that.

ROBERT KWAN:

Good. Great. Thank you.

OPERATOR:

The next question is from Andrew Kuske with Credit Suisse. Please go ahead.

ANDREW KUSKE:

Thank you. Good morning. Sam, you made some comments about just the attractiveness of the infrastructure industry and a lot of the changes that are happening from an investability standpoint. Clearly, we've seen a number of other alternative asset managers either scale existing businesses or try to build businesses in this space. How do you think about your competitive positioning and just what makes you different and gives you a competitive advantage versus what some of the others are doing at this point in time?

SAM POLLOCK:

Hi, Andrew, and thanks for the question. This feels like a bit of a setup because you're asking me to promote our business, but I'll take the opportunity, so thank you. Look, first, we're the established franchise. The rest of them are catching up, and the first thing they need to do is get the right people on the ground in the various markets. Really, what differentiates us from, I think, virtually every other investor out there is that we have people who have been trained in our investment philosophy, our culture and in our operating techniques for 10-plus years. They're situated in all the various markets that we want to invest in, and we've been on the ground in most of those places for, again, 10-plus years, which gives us a huge advantage in regards to understanding local players, understanding the risks, and usually getting a first crack at many opportunities.

So, a lot of our competitors are formidable groups and they will eventually get there, but many of them are playing catch-up to us, and so I feel that we have a good head start on them. I think the other thing that we have is, by virtue of having the scale of capital available to us that many of them don't have today, as well as the operating businesses where we can leverage synergies and in many cases, knowledge, again, gives us an advantage to pursue opportunities with confidence and with decisiveness to strike when the opportunity is there.

So, I think those are the main reasons why I feel good. That's not to say that lots of these groups will be successful in time, and as I tried to highlight in my comments, the long-term success of the business will be predicated on a proper matching of both supply and demand of investment opportunities, and I would encourage that the governments see the capital available, they recognize they're cash-strapped and bring lots of opportunities to market so that everyone can participate in the parts of the sector that make sense for them.

ANDREW KUSKE:

Okay. That's helpful. Maybe just pouncing on the on the operating expertise portion of your statements, on a longer-term basis, how should we think about the cash flow divide on effectively underlying operating cash flows from existing assets versus gains from assets that you're capital recycling, because obviously if you're buying certain assets and you're turning them around or just getting them to be optimized and you're buying effectively high-yielding assets that become assets you can dispose of for much higher valuation of being a lower yield, what would be the balance that cash flows in a longer timeframe that you would think for the business overall?

SAM POLLOCK:

That's an interesting question. Maybe the way I'll tackle that is just to say that our plan is not to become a flipper of assets. Our objective is to buy, fix or improve, and hold for a relatively long period of time to generate a multiple of profits, to let the business compound wealth, but after a period of time, maybe 7 or 10 years of ownership, look at recycling that capital to the extent that we think we can do it on an accretive basis. We don't think of selling assets for the purpose of generating profits per se because we love these assets, as they generate great cash flows. It's really a matter of capital allocation. When we look at a number of these businesses, we see that others are prepared to put a price to them that are far below where we think we can reinvest that capital at attractive returns, and so we're really using that as a means to grow our cash flow per unit.

So, I realize that's more of a philosophical description to your question than a financial answer as to what the ratio is. It's just too hard to say what the math would be because I think a lot of it depends on just how quickly the business grows over time.

ANDREW KUSKE:

Okay. That's helpful. Thank you.

OPERATOR:

As a reminder, if you wish to ask a question, please press star, and one on your touchtone phone. The next question is from Brian Martin with Raymond James. Please go ahead.

BRIAN MARTIN:

Yes. Thanks for taking the question. Just looking at the Transport segment, of the $29 million in FFO growth you guys see year-over-year, can you give us a bit of an idea of the split between what part of that growth is organic and what relates to the new acquisitions in the toll roads and the Australian ports? That'd be helpful. Thanks.

BAHIR MANIOS:

Hi, Brian. It's Bahir. Maybe I'll take this one. Just remind me again, are you looking at EBITDA or FFO?

BRIAN MARTIN:

FFO.

BAHIR MANIOS:

Yes. So, that increased quite a bit year-over-year. A bunch of that was from the step up in Arteris. That was about $10 million to $11 million. There was also the contribution from the roads in India and Peru. The new acquisitions contributed in total about $15 million of that $28 million increase, and then the rest would've been very solid same-store growth to the tune of about 12% to 13% coming from significant tariff increases in addition to traffic levels that have normalized over the prior year levels, in addition to some FX wins as well. So, I would say $15 million through acquisition and the rest through same-store growth.

BRIAN MARTIN:

Great. That's very helpful. Just sort of the same question, you guys talked about Mexico earlier this year as presenting some attractive opportunities, particularly on the energy side. Is that a market where you guys are still quite active in and maybe just provide a little bit more colour there?

SAM POLLOCK:

Hey, Brian, I'll tackle this. The short answer is, yes, we still like Mexico. We have a team down there that actively look for opportunities. A few of the ones that we were tracking in the first quarter didn't come to fruition, but it's a relatively active market. I think the only dynamic in Mexico that I'd say is taking place right now is there's probably a little bit of a disparity between views on valuations between buyers and sellers, and that's just to take into account some of the uncertainty that's occurred south of the border. So, we've probably seen a little bit of a slowdown in activity in Mexico as a result, but I expect those views will narrow over time and hopefully we will find some good opportunities there in the coming quarters.

BRIAN MARTIN:

Great. Thanks. That's it for me.

SAM POLLOCK:

Okay.

OPERATOR:

There are no more questions at this time. I'll now hand the call back over to Mr. Pollock for any closing comments.

SAM POLLOCK:

Okay. Thank you, Operator, and thank you everyone for joining the call. My apologies for any noises from my cold, but thanks again for everyone who joined the call and we look forward to talking to you next quarter.

OPERATOR:

This concludes today's conference call. You may disconnect your lines. Thank you for participating and have a pleasant day.