[FINV] - FinVolution Group
Q4 and FY2020 Earnings Conference Call
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Officers
Jimmy Tan, Head of IR
Feng Zhang, CEO
Jiayuan Xu, Chief Financial Officer

Analysts
Hanyang Wang, 86Research
Alex Ye, UBS
Jacky Zuo, China Renaissance
Liang Henry, Gold Dragon

Presentation

Operator: Hello, ladies and gentlemen. Thank you for participating in the Fourth Quarter and Full Year 2020 Earnings Conference Call for FinVolution Group. At this time, all participants are in a listen-only mode. After management's prepared remarks, there will be a question-and-answer session. Today's conference call is being recorded.

I will now turn the call over to your host, Jimmy Tan, Head of Investor Relations for the Company. Jimmy, please go ahead.

Jimmy Tan: Hello, everyone, and welcome to our fourth quarter and full year 2020 earnings conference call. The Company's results were issued via newswire services earlier today and are posted online. You can download the earnings release and sign up for the Company's email alerts by visiting the IR section of our website at ir.finvgroup.com.

Mr. Feng Zhang, our Chief Executive Officer, and Mr. Jiayuan Xu, our Chief Financial Officer, will start the call with their prepared remarks and conclude with a Q&A session.

During this call, we will be referring to several non-GAAP financial measures to review and assess our operating performance. These non-GAAP financial measures are not intended to be considered in isolation, or as a substitute for the financial information prepared and presented in accordance with U.S. GAAP. For information about these non-GAAP measures and reconciliation to GAAP measures, please refer to our earnings press release.

Before we continue, please note that today's discussion will contain forward-looking statements made under the safe harbor provisions of the U.S. Private Securities Litigation

Reform Act of 1995. Forward-looking statements involve inherent risks and uncertainties. As such, the Company's results may be materially different from the views expressed today.

Further information regarding these and other risks and uncertainties are included in the Company's filings with the U.S. Securities and Exchange Commission. The Company does not assume any obligation to update any forward-looking statements except as required under applicable law.

Finally, we posted a slide presentation on our IR website providing details of our results for the quarter.

I will now turn the call over to our CEO, Mr. Feng Zhang. Please go ahead, sir.

Feng Zhang: Thanks, Jimmy. Hello, everyone, and thank you so much for joining us. First of all, on behalf of FinVolution, I would like to express my sincerest appreciation to our shareholders and stakeholders for all of their support over the past year.

2020 was an extremely unusual year with enormous challenges. However, despite the economic uncertainties created by the pandemic and the fast-evolving regulatory environment in which we operate, I am proud to say, we have done remarkably well. By strategically shifting to better quality borrowers, we delivered a solid financial performance over the past year. With the clearance of P2P balances in 2020 behind us, our focus for 2021 will be on resuming high-quality growth.

After a strong recovery in the third quarter, we continued on our upward trend in the fourth quarter, helping us close the year on a strong note. For the fourth quarter, our average IRR was 26.4%, with loan origination volume increased by 24% from the previous quarter to RMB21 billion, exceeding the top end of our guidance range of RMB20 billion. We attribute these gains to our strong strategic execution, our industry-leading technological capabilities and our sophisticated and prudent approach to risk management.

We have successfully completed our strategic transition towards better quality borrowers, as evidenced by the significant improvement in our delinquency levels.

Equipped with our framework for enhanced risk assessment and management, we were able to continue decreasing our funding costs while simultaneously increasing the number of institutional funding partners, allowing us to maintain ample, diversified and stable funding sources on our platform. It is encouraging to see our strong growth momentum continue as we enter into 2021.

Bolstered by our prudent approach to risk management and our industry-leading risk management capability, we saw further improvement on multiple key risk metrics. For example, our day 1 delinquency rate was 5.2% in February 2021 compared to 12.5% during December 2019 before the Covid-19 outbreak, primarily due to our transition towards higher quality borrowers and effective risk management capabilities.

Our vintage delinquency rate is expected to fall below 3% in the fourth quarter, compared to around 6% in the same period in 2019. Going forward, we expect our vintage delinquency rates to maintain at similar levels in 2021.

Notably, our 30-day loan collection recovery rate continue to stabilize at over 90%.

Portfolio vertical delinquency rates for all outstanding loans on our platform is also at a new historical low. For example, delinquency rates that are 15 to 89 days past due improved to 1.38% compared to 5.6% in the same period last year.

On the funding side, funding on our platform remained stable and ample with growing numbers of institutional funding partners. The number of our funding partners increased steadily to over 50 as we continued to attract new partners onboard. Our quality assets have spurred strong demand from institutions to facilitate loans through our platform.

With our strengthened risk management capabilities, as well as better credit profiles of borrowers, we further lowered funding costs. The cost of funds on our platform fell to 7.5% in the fourth quarter, compared with 10% in the same period last year.

With regards to the CBIRC Notice on Further Regulating Commercial Banks's Online Lending business, the new restrictions are focusing on the joint-lending model. We do not rely on the joint-lending model to operate our business. Instead, we are empowering our financial institutional partners through a loan facilitation model, in which funding partners provide 100% of funds for loans to borrowers.

As our funding partners is highly diversified with a mix of internet banks, private banks, consumer finance companies and trust companies, the new CBIRC regulation's impact on our domestic online lending operations is minimal.

Now I'd like to share a little more about our new strategic initiatives, specifically on how we plan to leverage our technological capabilities and industry know-how to propel further growth for our company. Powered by our strong technological capabilities and credit risk assessment framework, we have also diversified our loan business into the micro enterprise segment.

In 2020, we originated RMB3.7 billion in loans to over 220,000 micro enterprises. This year, we plan to extend such loan facilitation services to further cater to the operating needs of small businesses. We believe offering financial support for MSE will help fuel the growth and prosperity of the overall economy, which is also in line with the regulatory guidance in China.

In 2020, our micro enterprise loan volume accounted for around 6% of our total loan volume, and we expect this portion of our business to account for about 20% of our loan origination volume in 2021.

Our international expansion is progressing rapidly, with Indonesia market leading the growth. Our Indonesian operations, which today represent a majority of our overseas business, gained further traction with better-than-expected loan volume growth. Loan origination volume for Southeast Asia in the fourth quarter increased by 100% to RMB535 million compared to the previous quarter.

Over the past 2 years, we have obtained a peer-to-peer lending license from the financial services authority of Indonesia and a Capital Market Services license from the Monetary Authority of Singapore. These developments are significant for us as we believe that Southeast Asia will be a fast-growing market. We will continue to harness state-of-the-art technology as well as our deep industry expertise and experience to make financial services more accessible for users in the region.

In light of evolving market dynamics, our business remains solid with strong loan recovery growth that started in the third quarter of 2020. The performance was supported by our technological capabilities and the effective execution of our plan and strategy. With the successful transition to higher quality borrowers, we now expect our loan volume to be in the range of RMB100 billion to RMB 120 billion in 2021, representing an increase of 56% to 87% year-over-year.

In summary, our resilient performance in 2020 lays a solid foundation for us to drive further growth. Looking ahead in 2021, we remain dedicated to controlling credit risk with our technological capabilities. Given our proven track record in technology innovation, prudent risk management and responsive measures taken to navigate challenging economic and credit cycles, we are well positioned to capture the immense potential in China's consumer and micro enterprise markets as well as Southeast Asian fintech markets, to deliver long-term value for our shareholders.

With that, I will now turn the call over to Jiayuan Xu, who will discuss our financial results for the quarter.

Jiayuan Xu: Thank you, Feng, and hello, everyone. In the fourth quarter, amid a recovering Covid-19 environment in Mainland China, we delivered non-GAAP operating profit of RMB613 million, representing an increase of 38% year-over-year and further demonstrating the resilience of our core business model.

Our balance sheet remained strong with RMB4.6 billion in unrestricted cash and short-term liquidity. Leveraging on our strong technology capabilities, we look to capture new opportunities arising from consumer finance markets both in Mainland China and Southeast Asia as we continue to expand and deepen our relationships with business partners.

Now, turning to the financial results for the fourth quarter. In the interest of time, I will not walk through each item line-by-line on this call. Please refer to our earnings release for more details.

Net revenue for the fourth quarter of 2020 increased by 50% to RMB1.85 billion from RMB1.23 billion in the same period of 2019, primarily due to the adoption of ASC 326 at the beginning of the year, and increase in loan volume.

Loan facilitation service fees increased by 19% to RMB643 million for the fourth quarter of 2020 from RMB539 million in the same period of 2019, primarily due to the increase in loan origination volume, which was partially offset by the decrease in the average rates of transaction fees.

Post-facilitation service fees decreased by 36% to RMB176 million for the fourth quarter of 2020 from RMB276 million in the same period of 2019, primarily due to the decline in outstanding loans serviced by the company and the rolling impact of the deferred transaction fees.

Guarantee income was RMB667 million for the fourth quarter of 2020 due to the adoption of ASC 326.

Net interest income decreased by 36% to RMB204 million for the fourth quarter of 2020, from RMB317 million in the same period of 2019, mainly due to the reduction in outstanding loan balances of consolidated trusts.

Other revenue increased by 60% to RMB162 million for the fourth quarter of 2020, from RMB101 million in the same period of 2019, mainly due to increased customer referral fees to third-party service providers.

Non-GAAP adjusted operating profit, which excludes share-based compensation expenses before tax, was RMB613 million for the fourth quarter of 2020, representing an increase of 38% from RMB445 million in the same period of 2019.

Net profit was RMB497 million for the fourth quarter of 2020, representing an increase of 21% compared to RMB413 million in the same period of 2019.

Our core business model is based on the loan facilitation model, whereby the institutional funding partners on our platform provide 100% of the funds for loans to borrowers, and our role is to provide value-added services to the funding partners as well as provide borrowers access to credit.

We have a well-capitalized balance sheet, and our leverage is conservative. If you divide the total outstanding loans on our platform of RMB26 billion by our shareholders' equity, the leverage ratio across the business was only 3.2X. And our liquidity position remains strong with about RMB4.6 billion of unrestricted cash and short-term investments as the end of December 2020. Our strong balance sheet enables us to be well positioned in the current environment, and gives us significant flexibility.

We have continued to return value to our shareholders through dividends and share buybacks. In the fourth quarter, we have deployed USD13 million to buy back our shares. As of December 2020, we have cumulatively deployed USD129 million on buybacks.

Our board has also announced a dividend of USD0.17 per ADS for fiscal year 2020 for our shareholders. This is our third consecutive dividend declaration, which reaffirms our confidence in our business model, our core capabilities and long-term market potential.

Since we began our share buyback and dividend initiatives in 2018, we have cumulatively deployed USD272 million in this regard.

With that, I will conclude my prepared remarks. And we will now open the call to questions. Operator, please continue.

Questions and Answers

Operator: We will now begin the question-and-answer session. [Operator Instructions]. Hanyang Wang with 86Research. Please go ahead.

Hanyang Wang: (Speaking foreign language). Let me translate my questions. My first question is regarding on the Hong Kong Secondary listing. So any plan or timetable for that will be helpful.

My second question is on take rate. So will we continue to reduce take rate in 2021? And the last question is about our overseas business. So how we measure the TAM in Southeast Asia? And what will be the proportion of the overseas business in terms of facilitation volume in the next several years? And what's our primary business model and how we measure risk in new area, assuming the user profile is different?

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan : Okay. We have met requirements for a secondary listing on the Hong Kong Stock Exchange and the company is still exploring the possibility. As this is still very early stages, we will only update the market when we have further updates from our side.

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): Okay. Let me do the translation first. Okay. Let us directly define some pricing. The 4x LPR means license product lending and it's not applicable for us. Our method is conducted using the loan facilitation model, and from this perspective, we have the flexibility to adjust our pricing. However, the position for price adjustment is dependent on several factors, such as the economic development, the level of customer satisfaction and the level of delinquency rates, etc. We will need to consider all these factors before making any changes.

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan(Translated) : Okay. Apart from pricing, we also need to consider other factors such as the rates and our funding costs. For example, we have already shared with the market, our funding cost is expected to be below 7.5% and our delinquency rate is expected to be below 3%. And from the take rate point of view, we are confident to maintain the current take rate at 4%, as we have the capabilities to reduce funding cost and further improve delinquency rates.

Feng Zhang: This is Feng, I will just quickly add, the 4% number, if you do the calculation, if you do the math, it is risk -- it is basically based on our current pricing, which is between 26% to 27%, and 7.5% of funding cost and about 3% credit cost. So it is based on these numbers. They come out with a take rate of 4%, about 4%.

Now, as Jiayuan has mentioned, the regulation has clarified -- the Supreme Court has clarified that the 4x LPR pricing cap doesn't apply to our business model. So in that case, we do have flexibility, and we do have room to further adjust our pricing upward or downward, if needed, upward on the take rate side. I'll just add that color.

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): Okay. Let us recap on the situation in Southeast Asia. Our Indonesia market is leading the growth and we have also ventured into other countries, such as Philippines and Singapore. We will continue to keep abreast of the local regulation developments and keep our operations within the limits of the regulatory requirements. For example, we already have a P2P license in Indonesia and our average loan tenure is between 1 to 2 months.

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): We will continue to expand our market share in Indonesia, as we think there is a lot of potential in Indonesia. It is just like China from a few years ago.

Hanyang Wang: (Speaking foreign language). Let me translate my question. So what are the main competitors in the Southeast Asia market in terms of the loan facilitation business model?

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): The Indonesia market is still at a very early stage, and we do have the confidence and capabilities to replicate our success in China over Indo-Southeast Asia market. And by the way, I just want to add on that we are constantly among the top-3 fintech apps in the Indonesia market.

Hanyang Wang: (Speaking foreign language). Thanks, management, very clear and helpful.

Operator: Next question from Alex Ye from UBS. Please go ahead.

Alex Ye: (Speaking foreign language). I will translate my questions. I have 3 questions. First one is on our loan growth outlook. So the loan growth guidance of RMB100 billion to RMB120 billion loan volume for 2021 was very strong growth. So I am wondering how does management plan to achieve that growth? Because it looks like our new customer growth momentum still hasn't returned to a very high level yet. And I am wondering do we plan to like re-activate our old customers, and increase the contribution from higher size to deliver that strong growth?

The second question is on your MSE loan target. So management mentioned that you are going to raise the MSE loan contribution to 20% in 2021. So could you share with us some of the regulatory aspects of this kind of MSE loan including to size IRR vintage loss in your increased customer channel? And in addition, how does the risk adjusted return of that MSE loan compare to your consumer credit?

And finally, on your customer acquisition cost, that has been rising the past 3 quarters. Also that was probably driven by higher quality customers' acquisition strategy. But I am wondering whether that kind of a high customer acquisition cost is sustainable in the future? Thanks.

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): In order to achieve the target of between RMB100 billion to RMB120 billion, we need both the new and the old customers. For example, in the fourth quarter, our new customers were around 370,000, and this is a 50% increase compared to the 3 quarter and already at the similar levels compared to the fourth, same period of 2019. And actually in December, this level is actually growing very fast and we expect the trend to continue into 2021.

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): Okay. The new customers are more accessible to our brands as we realize that there are actually more registrations actions from these new customers.

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): We have also seen similar trends with our old customers, as we have noticed their repeat borrowings, they have actually increased.

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): Our growth in the past 2 years has been slow, but prior to 2018, we have enjoyed very rapid growth. During the last 2 years, we have been occupied with the P2P exit and the transition to better quality borrowers. We have successfully achieved both of these targets, and both of these targets have been complete. We have the ability to resume high-quality growth in terms of loan origination volume.

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): We have been acquiring our new customers through a diversity of online and offline channels. For the online channels, we are acquiring them through information feeds channels in China.

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): Our customer acquisition cost in the fourth quarter on the CPS basis is 500-plus, similar to the level in Q3. But do remember that the fourth quarter was also impacted by the Singles Day event.

Feng Zhang: Yes, and going forward, therefore Q4, the costs will be a little bit higher because of the e-commerce. They have a lot of advertisements because of the year-end events. And we are confident going forward that our CPS, our marketing costs, will be controlled at a similar level. And given the better quality borrower base and lower loss rate, as well as lower funding costs, such a CPS level, we think it is very healthy for our business model.

Yes, so I will add -- try to answer the second question. Yes, so our SME line of business, there are plenty of customers, mostly those mom-and-pop shop owners, like in Chinese (Speaking foreign language). And our ticket size range from a few thousand to mostly like up to RMB50,000, with an average around RMB10,000. IRR is in the range of 18% to 27% and slightly lower than our average borrower, and we have seen like better risk quality for these customers on average. We estimate their loss rate to be probably like 1% lower than our standard loans.

So the profitability we expect, given the slightly lower price, their price is little bit lower and also lower delinquency rate. We expect the same risk-adjusted margin and the same return. So I think that's probably all the things you are asking, right? Yes, thank you.

Alex Ye: Thanks. That's very clear. Thank you.

Operator: Next question from Jacky Zuo with China Renaissance. Please go ahead.

Jacky Zuo: (Speaking foreign language). Thanks for management taking my questions. I have two questions. Number one is about the borrowing demand. Just want to check what is the latest trend we see from the borrower side in the first quarter? And do we see some additional borrowing demand from our end users, given we have seen from the news that is cutting the credit line for these users.

And second question is on the funding side. We see some of our peers exploring the profit-sharing model with the funding partner. So just want to check what is our progress on the profit-sharing model?

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): Okay. The demand is very strong based on our loan origination volume guidance in 2021. And also our Q4 loan volume guidance exceeded the top end of our guidance in Q3. And these are due to the support from our old customers and our new customers.

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): We do not have 100% confirmed data if these users are from the internet giant. We are able to indirectly estimate some of the overlaps with other players in the market. For example, we have conducted sample surveys with results reflecting that demand has not been fully satisfied.

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): There is no specific guidance from the regulators regarding the capital-light or risk-sharing model.

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): From the company's perspective regarding the capital-light model, we need to consider several issues, such as leverage ratio, cash position and unit economics, etc. At this moment, the risk-bearing loan facilitation model is most suitable for us.

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): With that being said, this does not mean that capital-light model is not important for us. In fact, the capital-light model is one of our priority in 2021, and growing the numbers of institutional partners working with us in the capital-light business remains our top priority.

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): As you know, we already have over 50 institutional partners working with us. And most of these institutional partners operating under the risk-free model are also our institutional partners. This is why we believe that we have the fundamentals, trust and support if we were to venture into the capital-light models with them.

Jacky Zuo: (Speaking foreign language).

Operator: [Operator Instructions]. The next question is from Henry Liang with Gold Dragon. Please go ahead. Pardon me, Henry Liang, your line is open.

Henry Liang: Okay. Sorry, just muted. (Speaking foreign language). So basically, congrats on the good results. And it's really surprising to see like all the metrics on volume; profitability is doing so well. Just wonder can you guys explain what's really decline of transition and all the fantastic metrics? Can you share what is our core competitive advantage?

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): Okay. First of all, we have over 13 years of operating history. And if you actually look at 2 years ago, our business is actually growing very rapidly. But during the past 2 years, we have been occupied with the P2P exit and the upgrade to better quality borrowers.

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): We manage to transform because the team has the four sides: the ability to execute swiftly, and the core capabilities in the risk technology management. And with all these capabilities, we are able to transform very rapidly compared to most of our peers.

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): For example, we have upgraded our borrowers successfully from the sub-prime borrowers, that we used to do in the P2P era, to the better quality borrowers today. This is not only because of our capabilities in data and risk management.

Jiayuan Xu: Hey, Henry. (Speaking foreign language).

Jimmy Tan (Translated): Our transition has basically come to a temporary stop, and now we are resume our focus on resuming our growth. And based on our past track record, we have proven to the market that we do have the capability to resume growth rapidly.

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): We have also proved to the market our capabilities and technologies are transferable not only in China, but also on the international market. And this means that we are able to replicate our experience in China to the international markets.

Feng Zhang: Hey, Henry, this is [Feng]. I think Jiayuan has said it pretty well, and I [won't] add clearly more color. I think there are a couple of things. One is our company, I think what set us apart from a lot of other players in the market is we have a really strong risk culture. And we put a really high focus or emphasis on keeping the risk at our target level, and we don't sacrifice our risk for growth.

The one thing that I can share is our President, our current President, was the Chief Risk Officer of the company before I joined the company in 2015. And I joined the company as a Chief Risk Officer and now I am the CEO of the company. So that kind of gives you the color of like how important is risk in our management's focus. And that's why given a good risk track record, we have a very smooth access of P2P and we have a very smooth transition to institutional funding facilitation model.

We also emphasize a lot on technology. We continue to invest in technology, as we believe that is the key competitive advantage for long-term success in this fintech market, in this fintech business. And then finally, we have a very strong team.

So I think it is why you see like no -- hey, suddenly, you see like risk is good and growth comes. I think it really is a ground work of the result of many years of ground work. We set our strategic goal of direction for better quality borrowers, for institution facilitation model more than 2 years ago. And we are seeing the fruits today, and we believe we will see even better going forward. So it is really a combination of, we think, good strategic planning and strong execution.

Henry Liang: (Speaking foreign language). So thanks for the very insightful sharing. And just a very quick follow-up -- one, it's like what is our marginal funding cost that we can negotiate with the new funding partners in the current situation? And secondly, how much of this growth in our top line volume can be transitioned into the profit growth, like earnings, on that take rate?

Jiayuan Xu: Okay, Henry. (Speaking foreign language).

Jimmy Tan (Translated): Okay. The funding facts for ample, we already have 10 to 15 partners in our pipeline. And we believe there is further room for improvement in the funding sides.

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): However, funding cost is only one factor. We would need to consider other issues, such as funding partners' ability, the level of customer satisfaction and more. However, at the current moment, our priority is not to have the lowest funding cost, but to find the most appropriate partners to support our high-quality growth.

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): Okay. We have given our loan origination guidance, and we have also given our take rate guidance of around 4%. So if you do a calculation, and you would be able to have a sense of how much revenue that we are going to have.

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): However, from top line to bottom line, there are several factors influencing these. For example, customer acquisition is one of them, and we need to recognize this cost up front.

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): New customer acquisition is not purely a cost for us. If you understand us, you know that new customers are required for growth. This is why we view new customer acquisitions as a form of investment.

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): Therefore, we try to maximize the acquisitions of new customers on our side.

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): Another factor influencing the bottom line is the (inaudible) accounting. And because of these two situations, it caused some diversions from top line and bottom line when doing a compilation.

Jiayuan Xu: (Speaking foreign language).

Jimmy Tan (Translated): However, and we are still confident to maintain a steady growth in the bottom line trend.

Operator: This concludes our question-and-answer session. I would now like to turn the conference back over to the company for any closing remarks.

Jimmy Tan: Okay. Thank you, everyone, for joining our call tonight. If you have any further questions, feel free to reach out to the IR team. Good night.

Operator: This concludes the conference call. You may now disconnect your line. Thank you.