DS Smith 2016/17 Half Year Results

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Speaker key

MR Miles Roberts
AM Adrian Marsh
AMees Alex Mees
BD Barry Dixon
JJ Justin Jordan

MR Good morning everyeone. Welcome to the DS Smith half year results. Gareth, our chairman, is here, as well. I'm sure, if you've got any difficult questions, you can put them to Gareth later on. Our results for the six months to the end of October. Before I delve into them, I think, just reflecting on the background over the last six months, it's been a challenging economic environment at a macro level.

And if we look behind the numbers, we really see a continuation of the generally weak spending power of the consumer. And obviously, the significant currency movements that have occurred, have exacerbated some of the underlying raw material cost increases. Not just for ourselves, but at a macro level.

Of course, we've designed a business model to withstand exactly these sorts of pressures, that's why we spoke six years ago about having the balance of the business that we do have, so that we can weather difficult economic conditions. We didn't know this period was going to be difficult, but we know sometimes it's going to be.

And we're here to deliver for shareholders. Our principal measure has always been there about our return on capital employed. And these results show this business model is withstanding these pressures. But it's more than that. It's doing rather well. And here it is. So firstly, our volumes with our customers. The proposition we give our customers. They're rewarding us consistently with more and more work.

So on a like for like basis, our volumes are up 2.9%. We're pleased with that, and all regions are in growth. In western Europe, central, northern, every one of our regions is, again, in growth, and this is really being supported by the way we've focused on what we think are important growth strategic areas for us, where I know we can add a lot more value for our customers in e-commerce and the pan European customers.

Good profit growth. 21% improvement in earnings per share, not only from the acquisitions that are performed, as expected, but the organic growth, as well, coming through. Very pleased with that. But it's not all about shareholders. It's about sustainable business models.

If you look at all of our stakeholders, all our employees, all of our colleagues who work in the company, the amount of engagement we had with them, the support and we work on this, that's improved. Our service to customers improved, as has our quality, and our environmental performance, as well.

I'm sure that many of you have seen our sustainability report, we're pleased with that, to underpin the performance for all stakeholders. And we've strengthened the business we've invested in. We invest organically, a wonderful new facility we've opened in Erlensee, and I hope many of you will join us there next year at our capital markets day.

Really exciting opportunity for us. We've also invested in some new regions. We've closed the acquisition, Gopaca, in Portugal. Our customers are delighted that we're there, absolutely delighted. And, of course, we've strengthened our existing business, and announced another acquisition in the US of Parish Manufacturing. So on the back of that, the dividend has been increased by 15%.

This summarises our results, all at constant currency. There's the volume growth coming through. Return on sales up. We're adding more value to our customers, that's why it goes up, because we're providing more for them, and they're rewarding us with that. The return on capital employed, up ten bases points.

Interesting, both of those have actually suffered from the initial diluting effect of the acquisitions. As we bring those acquisitions up to the group level, there's a period where they moderate the returns. So that's all been offset by the organic business. You know \we run a tight balance sheet; Adrian will run through that net debt to EBITDA at 1.9 times, despite all those acquisitions. And there are the earnings per share. Adrian.

AM Thank you, Miles, and good morning, everyone. It seems that quite a lot has happened in the world, since I last presented to you on June 23rd. At least with DS Smith, it's remained business as usual, with continued growth, both organically, and through acquisition. Once again, I'm delighted to report that we have, again, driven growth and returns.

In order to explain what's been happening in the business, I will, as usual, be talking about the constant currency changes as I go through the presentation. Starting with our five financial key performance indicators, which are our medium term targets. I'm pleased to report that once again, we've delivered on all metrics this period.

Volume growth for corrugated box has been 2.9% in the period, which has been driven by our pan European customers, both FMCG and e-commerce. We're ahead of our GDP plus one target, which we calculate to be around 2.8%. Return on sales increased by ten bases points to 9.6%. In the upper end of our target range of 8% to 10%, despite our usual cost headwinds, which we have continued to effectively mitigate.

ROACE improved another ten bases points, compared to the prior half year, reflecting the benefit of increased profitability, and also tight working capital management. As a reminder, this is calculated on average capital employed at the end of every month.

It includes the recently acquired businesses, which, while performing well, are as expected, delivering a lower ROACE than the group average, which underlines the strength of the overall business. Cash conversion has come in at 129%, due to our strong cash flow, which has benefited from further working capital inflow, particularly from our new acquisitions.

Lastly, our gearing ratio of 1.9 times has improved from our year end position, following good cash generation. We're now, once again, within our target of being at or under two times covered. Revenues up 7%, and operating profit up 8%. I'll take you through the bridges for these key line items in a moment.

The result of this rise in operating profit is the increase and return on sales by ten bases points. Earnings per share is up 8%, in line with profit growth, and dividend per share is up 15%. We have tried our best to predict what will happen with FX translation for the full year.

And given the recent depreciation of the euro, have given up and decided that 15% growth in our interim dividend represents a reasonable proxy for now, we feel shouldn't draw too much complaint. Return on average capital employed is up, as I've already described.

The overall picture for revenue is growth from acquisition and organic improvements, with an added tailwind from FX translation in this period. FX clearly has a major impact, given that sterling represents less than a fifth of our revenues. There is a detailed slide at the back of your packs, with more information on our currency exposure, both for our income and our debt.

You'll see, on this slide, the benefit of the businesses acquired in the period, contributing £102 million uplift. This relates an incremental of Duropack, three months of Lantero, six months of the smaller businesses that we acquired in the latter part of last year, namely Cartonpack in Greece, Milas Ambalaj in Turkey, and TRM in the UK.

There's also a very small contribution for business acquired this period, Creo in the UK, and Deku-Pack in Denmark. I'm pleased with the aggregate £59 million uplift from organic price mix and volume growth, which is, overall, a 3% organic growth in the period. Sales price mix is, very modestly, down on a net basis, reflecting slightly lower paper prices.

Turning to profit. Here, again, you can see the expected tailwind from FX, coupled with benefits from acquisitions and organic growth. The acquisition bar here is net of disposals, in particular our ones for paper business. On volumes, we're seeing the revenue benefit coming through to profits, as expected.

Sales price mix and costs were slightly negative, overall, in the period. There is a lot of discussion amongst industry analysts and commentators, at the moment, about how the recent changes in OCC prices, and in paper prices, are impacting the industry, in general, and DS Smith, in particular.

So I think it's worth talking about how we see this. As you're all aware from published indices, the OCC price has risen over the period, particularly in sterling, which is not a great surprise, given the recent significant FX changes, and it's one area where we can clearly see how the Brexit referendum has adversely impacted the UK.

The currency price arbitrage that was created, following sterling devaluation, has, as we predicted on June 24th, led to a rise in the price of OCC in the UK, and to a lesser extent, the continent. We have no reason to believe that this situation will change significantly in the short term, and we continue to deal with it within our overall approach to margin improvement.

To remind you, these are initiatives, like controlling the grades through performance packaging, operational efficiency, global procurement, energy cost minimisation, and income maximisation, etc. With paper, the situation is different because of recently added additional capacity, both in kraft liner and in test liner, with new paper machines coming onstream in the UK, Sweden, Holland, and Romania.

This creates the expected supply versus demand pricing dynamic, which will only change again when these reach equilibrium. That is market growth fully consumes the additional capacity, or capacity is taken out of the market, or paper makers apply greater capital discipline over new capacity.

The impact of softer test liner and kraft liner pricing is that the overall cost of packaging for our customers will reduce, and we've discussed, many times before, how this passes through. As Miles will describe more fully in a minute, we built the business to withstand the vagaries of the paper cycle, and to constantly look for margin improvements to absorb any negative pressures, which may hit us in a reporting period.

As you can see from the bridge, we've managed this well in the first half, and anticipate the same in the second half, with our growth in volumes driving profitability. Margins have improved across the group, as a whole, by ten bases points, compared to the prior half year period.

I'm pleased to say that all regions are now in or above the group target margin range. There is a pattern to the regions, which is a function of the points I made earlier about OCC and paper prices. The regions that have seen slower margin progression have been those where we still do have some paper manufacturing, i.e. the UK and Germany, while those regions with less paper have seen great progression, as we would expect.

To anticipate the question about which region we're most pleased with, I can confirm that France, which is part of Western Europe, has been particularly pleasing, especially, if you remember, we called it out as a cause for concern two years ago. The actions taken then are now beginning to bear fruit, and we're extremely pleased with the progress our business there has made over the last 24 months.

Similarly, plastics is showing continued excellent progress, with margins rising further, as we set out would happen when we described our restructuring programme, again, two years ago. As you'll no doubt be factoring into your expectations for the second half, we do have the full dilutive effect of acquisitions on our margins, and the cost environment, described earlier.

However, we are confident in our ability to maintain margins, based on our continuous process of margin improvement. The programmes, which simply never stop. Turning to cash flow, you'll now expect that we've not lessened our focus on tight cash and capital management, and our results show this with yet another improvement on a like-for-like basis to our working capital.

Our average monthly working capital as a percentage of sales has remained at around 1.7%, which is where we said, three years ago, we should be able to operate at. We have, of course, had the ability to share our good practises with our newly acquired business, which is a big factor in the results in this period.

Our leverage has improved over the period to 1.9 times in line with our target at remaining at two times or less. Taking our starting point last year, we have the substantial benefit of free cash flow. Cash exceptional costs were slightly higher than the P&L charge, which is a reporting period effect.

The acquisitions and disposal expenditure cost, is the acquisitions of Creo and Deku-Pack, both market leading point of sale, and display operations in the UK and Denmark, respectively. The completion of Gopaca, and the acquisition of P&I Displays, both in Portugal, occurred following the period end, and amount to an additional circ £42 million.

Our dividend remains an extremely important component of our returns to shareholders, with £38 million paid out. The total to be paid out this year will be over £120 million. And going back to the first bar, we seek to match our currency and our financing liabilities to the currency of our cash flows, to reduce the impact of currency movement on our total leverage.

This, as you would expect, means that approximately three quarters of our debt is denominated in euros. As the euro has appreciated, while this has benefited our P&L translation, it has the opposite effect on translating our debt back to a sterling equivalent.

Here's the usual technical guidance slide. I'm not going to talk through each line, as you can read the figures. The guidance includes all businesses acquired to date. The majority of these numbers are the same as at our full year results in June, with an update on capex, amortisation, and interest, which now reflects currency movements, since we issued that guidance earlier in the year.

Our dividend's a key measure of our returns to shareholders, as previously discussed. We've announced an interim dividend of 4.6 pence, consistent with our progressive dividend policy. This is an increase of 15% half year on half year.

So to conclude, this has been a financial period where we've continued to build margins and returns across the business, despite there being a somewhat different landscape from what we were expecting when we last spoke on June 23rd.

I'm now going to hand you back to Miles, who's going to talk in a little bit more detail about how, at DS Smith, we've configured our business to deliver consistent and sustainable returns, each and every year. And how we are positioning the business behind the fundamental trends in the wider consumer market.

MR Thank you very much, Adrian. So consistent delivery, that's what we've designed the business model to deliver. And as you know, the business model comes from the mix of business that you have, the structure and the processes behind that, and then the culture in the organisation.

I'm going to talk and remind everybody about our mix. So we start at a strong business model, it's a strong model for all weathers. As I said, it's about the return on capital employed as a principal measure each and every year, growing our results. So first off, our mix of business; we have a modest paper position for the reasons everybody knows. Why would you have anything different?

We have a long packaging business. And there's recycling. Adrian's mentioned about the OCC, the fibre. That's one of our principal raw materials, so having a control over that market is very important. 5.3 million tonnes, we're Europe's largest recycler. We're able to source from different parts of Europe, indeed, now globally.

This helps us manage those costs. So whilst you see headline prices moving, it doesn't mean that that's what we're paying. It's how you manage your business within an overall market. And on the box demand, as you know, we are looking for the consistency in volumes. So we come, very much behind the FMCG sector.

Within that, particularly our large European customers, where the contracts with those customers are getting longer, and longer, and longer. So I'm going to talk more about that. So the proof of this model should be in the volumes we're producing, and here they are over the last few years. They are buffeted around a little because of the effect of acquisition.

Because our core business is growing faster than the initial performance of our acquisitions. And you can see that most noticeably in 2013, 14, which was the second period of bringing in SCA, because SCA were in decline before we bought them. Many of you who watched that acquisition, SCA's volumes were falling at 2%, 3% per annum, DS Smith was growing at 3%, and it took us a while just to turn that around.

You can see it coming through very nicely, and then a much more consistent performance, subsequently. So coming into our model, it is about how we grow our sales. I'll talk more about some of these areas later, around that pan European capability. In fact, I'm going to let some of our customers do the talking about that. They are, once you've paid the bills, and some of our slides run through what they're saying.

We'll talk about e-commerce, and about the display business, but initially, I just want to talk about the cost focus. So we do have performance packaging, so whilst raw material costs can change, if we're able to take out more fibre to deliver the same solution to our customers, of course we are supplying on the performance of the packaging.

If costs go up by 5%, but we can take 10% out of the box, then we can find that we can manage that cost. It's a wonderful opportunity. It's all about having a non-integrated business model, giving you flexibility to supply your customer with what they want, not what you can just supply.

The global sourcing allows us to reach out into different markets. These are things that we can do, that most of our competitors can't do. So if you're buying starch, you're buying inks, you're buying fibre, we can reach out now across the globe and look for those opportunities.

Not all markets are efficient, and therefore, you get arbitrage opportunities. And we can start to not only identify them, but also benefit from them. As I said, we are the world's largest buyer of many of these products.

So what about this customer? This is what drives our margins, this is what drives our growth. We're constantly talking to our customers, and we can see what's happening. Their consumers, again, reducing brand loyalty. Interestingly, in the most recent survey I've seen in the UK, now 70% of the decisions made by shoppers in the grocery sector are made at the point of sale. It was 59%, but the most recent evidence is 70%.

People are deciding what to buy. That first interaction with the product is through the packaging. Customers are extremely cost conscious, particularly as some of the inflationary pressures come through, and we're not seeing the response in disposable incomes.

We're going to see an increasing focus, so for us, our customers are looking to drive efficiencies in their supply chains, consolidating their supplies. It doesn't necessarily mean reducing prices, it means better efficiency and lower total cost. And of course, how packaging can help with that first interaction with the product. More sales, lower costs.

And this is what gives us that opportunity to manage that cost. The complexity in our customers' supply chains. We've got a graph here, lots of circles, lots of dots. If you look at it, it looks very complicated. Maybe can't read it. That's kind of the idea, really. It's complicated, so you need a supplier. You need somebody who can manage each interaction.

So our consultancy business is growing very nicely. And the amount of business we're getting as a feed from our consultancy is improving. Not just in Europe, outside of Europe, as well, because the challenges there are the same. One of the areas here is about the stores.

I'm just putting up here a slide, and we'll talk more about this at the capital markets day, we're seeing the good old traditional bricks and mortar on the far left-hand side. The friendly store. We all know about the e-commerce coming, but now we're seeing the multichannel coming through, as well. Disconnected channels.

Customers use them independently of each other, and we're going to see a further migration into what we call the omnichannel. This is another further real opportunity for a packaging supplier, a solutions provider, such as DS Smith, where our customers will be selling a product through a multitude of different channels, all interlinked with each other, needing a common solution. It's complicated, and that means we can add value.

So I said I'll talk about what our customers are saying, and this is a presentation, three weeks ago, by Procter & Gamble. They've got their top management there, a global product supply officer, talking about wanting a more strategic relationship with our suppliers.

They show up here, in the top right, about the multitude of suppliers they have, and where they want to move towards. So you can see that they want to have fewer relationships, longer term relationships, simply because they need the solutions. It was a transaction relationship. You don't need that.

But if you're into these challenges of complexity and the consumer, you need to work with your suppliers. So we're seeing our contracts who come longer. For that, you need to be large, you need to cover a whole area. And as you know, we have an unparalleled supply position across Europe.

And about growing at that first moment of truth. Again, this is Procter & Gamble, just a few weeks ago. I have to say, you could have taken many, but this is so recent. This is their chief executive; "we're investing in packaging". It's that first moment of truth, that first interaction with the product. We have to get that right, that is about packaging. I couldn't have said it better myself.

So that outlines who our customers are. And I want to come back to that first moment of truth. And again, we have Danone, we have Aldi, we have Henkel here. Again, we could take many more. They talk about digital advertising and say that's a small part. It's about the in-store.

It's probably larger in the FMCG sector where the snap decision to purchase is made, now in the UK, most recently at 70%. So therefore, they're seeing the display market growing substantially. In the case of Henkel, they're talking about 10% to 12% per annum. And at the moment, that market is completely fragmented, but with real opportunity to add value.

So we're going to do the same as we've done in boxes, where there's been no other pan European supply until we've created it. We're doing this in display. So you've seen us announce a number of acquisitions, such as Creo in the UK, P&I in Portugal, Deku-Pack in Denmark, serving the Nordics, Milas in Turkey, and a brand new facility in Erlensee.

These complement the businesses we already have, because we think this is going to be a growth market, helping our customers grow their sales. And our acquisitions; the pipeline's strong. We are very specific on the financial return criteria we have to reach. On all the acquisitions we've made, when we look at their performance, they're absolutely in line with our medium term target of 12% to 15% return on capital.

The customer reaction is absolutely tremendous. And they've delivered well for us in the half year, and we expect them to in the future. So in summary, challenging background, but we always knew it was going to be a challenging background, and we designed the business models to withstand that.

Not only withstand it, but to enhance during that period. So we've seen the volume growth grow, we've taken some more share, delivering to all our stakeholders to give us that sustainability, further investment into the business, the dividend up 15%, and some more confidence about where we're going and the opportunities available to the company in the future. Thank you very much.

AMees Miles, I've got the microphone. It's Alex Mees here, at the back, from JP Morgan, which means I'll go first, if that's all right. I've got two exciting questions for you. Firstly, just on e-commerce. Obviously, it's a key growth area of yours. I wondered if you could just give us a bit more colour, in terms of what proportion of your sales is making up at the moment, and where you think it can go?

Whether you're overweight, compared to the rest of the market, and the relative growth rate, compared to non-e-commerce volumes? And then secondly, you talked about the balance of the business, and what you've done over the last few years to improve that, particularly with regard to your sectoral exposure?

I just wondered is that done now? And if it is, what's the next step? Should we expect more geographical expansion diversification?

MR The customers we focus on have a constantly changing final market. And we are seeing a number of developments there, and obviously, in e-commerce, moving into multichannel and the omnichannel, as well. So there are a number of rich veins to this, and our customers need help. And we're delighted to be working with them.

E-commerce is growing strongly. If we look at what we just traditionally call commerce, it's growing across Europe at more than 10% per annum. The question is how do you measure it? If you add up everything, including indirect e-commerce, not just the direct, across Europe, you're probably getting towards 10%, although the direct e-commerce is less than that. But it's growing very strongly.

The UK is the leader in Europe in this market. Obviously, we have an extremely strong position there. Hopefully, many people here, if you're getting your Christmas packages from some of the larger suppliers, you'll see those boxes fit the contents far better than they have done in the past.

Significantly better, and hopefully, you're noticing that when you arrive home with your ten parcels waiting for you. If you're like me, unfortunately, you go and open them all up and you find half your Christmas presents there, intended for yourself, but still. But that's a really rich seam, and we can see an awful lot of development there.

In terms of balance to the business, as I said, the pipeline of acquisition is strong. We are looking to build our strength in certain sectors and geographies in Europe. We feel very pleased about that, and that is the primary focus. We've said many times that there's a real drum banging going on by our biggest customers who want the same solutions outside of Europe.

We've said previously that we're looking into how we supply, and we're getting closer and closer to a solution of that. And when we're ready, we'll talk about that. Europe remains a priority, but our customers want the same elsewhere. There's no question about that, and they want to work with us on it.

BD It's Barry Dixon from Davy. Three questions, if I could. The first, just looking at the operating leverage that you reported; it was very impressive, in terms of the 20% incremental margin. Can you, Adrian, talk a little bit about that, in terms of what kind of capacity, utilisation levels you're running at at the moment? How you deliver that level of incremental margin, and how much more can you get out of the assets from that process?

Secondly, you've highlighted the weakness in the containerboard prices during the period. We've seen kraft liner prices now turn, and obviously, you're a big buyer of that. How do you mitigate against that upward pressure on kraft liner prices? And then thirdly, just looking at your US, the Parish acquisition.

Maybe you might just talk a little bit about that, in terms of this the first step into the US? It's bag in box, but is there an objective to build a broader packaging based business in the US? Thank you.

AM In terms of the operating leverage, and where capacity is, and where our utilisation is, certainly, over the last five years, and more recently, over the last couple, you'll have seen a lot of effort being made on how we describe the business, in terms of what we're doing around our asset footprint and how we're managing the blueprint of our business, to utilise the assets that we have better.

Generally speaking, not specific to DS Smith, but in general, when you look at packaging plants, very few are running at 24 hours a day, six and a half days a week. So if you just take, on average, a plant could be five days a week, two shifts, you've implicitly got something like 30% of spare capacity that you can utilise.

So where we have assets in good positions, we are constantly focused about how we can operate them better, how we can utilise them better. And in the UK, for example, we've got a couple of very big plants, operating 24 hours a day now, so that's one of the reasons we're getting through on that.

In terms of paper pricing, I'm not sure we're seeing anything other than downward pressure on prices at the moment on kraft liner or testliner. You can see, if you look at inventory levels, particularly on kraft liner, I think they're up about 25%, year on year. So we don't foresee in Europe, in any case, anything other than a downward pressure.

And I think our customers would be quite surprised if there's anything different. There's been no change. In fact, the capacity has come on. And in testliner, as I said, a lot of capacity has come on, so that's having to be digested. There has been a gentle softening of prices.

We haven't seen any rapid falls at the moment, but we don't anticipate prices going up. Not that we have a crystal ball, and we are particularly focused on it. For us, it's all about what's the added value that we're providing, how we're getting paid for it, and how relevant we are to our customers. I don't know if you've got anything.

MR No. I think you've covered it perfectly, Adrian. In the US business, you can see the segmental analysis. Our plastics business continues to go from strength to strength. It is, primarily, in the bag in box. We feel this is a category that, whilst it's growing nicely, it has a lot further to grow.

Transportation of liquids, basically in a tube, in a recyclable box, we think is much better than a plastic bottle, putting it crudely. Not only from the footprint, but the recyclability as well. So we think that has a long way to go. We have a US, European, and Far Eastern business.

We've invested in it in some new facilities in Europe, which are performing very well. And in the US, we've built a new plant two years ago, which has done very well, and we've acquired a very strong competitor in that field. We all have our views on the US market. Our outlook is probably no different to anybody else's.

The [unclear] levels are very high, and it's been quite a good performer over the years, so we're happy to put money into that market, in particular the sector where we think there's some more strategic growth. Very nice business. We're pleased. It's taken a while to come in with all these family companies, we're absolutely delighted. Very pleased.

JJ Just three questions. Firstly, can you elaborate a little bit further on [inaudible]… And secondly, returning to [inaudible]… trade price is [inaudible]… And thirdly, just speaking with [inaudible]… within the sector. [Inaudible]…

AM In terms of debt in northern Europe, northern Europe's been a trickier market, certainly since the Russian embargo. However, we are starting to see some good progress there within our business, particularly in Sweden and Denmark.

Germany, we've got two large paper mills, and the significant impact there on margin was purely an OCC, but there's no more colour I can give on that.

As a country, it was slightly slower in July, August, and I think you've seen that with other companies who've reported. We're not seeing that now. We think that was just a pause for breath, post the referendum, on supply chain. But there's nothing that gives us pessimism about Germany as a country at all. But, for us, it's an area where we've got a high concentration of our paper manufacturing.

MR I'm sure you never expect us to comment on any relationship with a particular customer. What I'd say, and I've said many times, this is a huge growth opportunity, this sector. And it's not what the solution is today. It's about what we can make that into in the future.

Work with our customers. Not just to supply the brown box today, but that whole experience of the consumer, receiving that product in their house. Increasing product retention rates by the consumer. Returns are such a massive cost issue for our customers. Secondly, about reducing the damage that occurs during transportation.

And thirdly, the obvious one, about reducing the void space in the box. So whichever customer, and Amazon is an incredible company by any standard, we have to address those issues. And I think there's a rich seam of opportunity for a company, like ours, behind it. And we focus on all customers, and we're very pleased with our position there.

AM Just in terms of your last question on paper capacity, we're certainly not looking to increase our mainstream paper focus. Certainly, when we acquired Dura-Pack with that against some acquired paper capacity. And as it happens, it's very well and strategically located. But it wouldn't have been our choice to buy paper with it, but it came with that whole packaging business.

So in those sorts of circumstances, you can't rule it out at all. But in terms of us looking at whether we can increase it, absolutely not. And us looking to reduce our overall exposure, absolutely, that's what we're doing.

MR Any last questions? On behalf of myself and Adrian, thank you very much for your time. We'll be here for a little while afterwards, but the message is we feel pleased with the performance. Uncertain conditions, but we feel good about the future and the opportunities for the company. Thank you very much for your time.