Transcript of
LTC Properties, Inc.
LTC Properties, Inc. Second Quarter 2024 Earnings Call
July 30, 2024

Participants

Wendy Simpson - Chairman and CEO, LTC Properties, Inc.
Clint Malin - Co-President and Chief Investment Officer, LTC Properties, Inc.
Pam Kessler - Co-President, Chief Financial Officer and Secretary, LTC Properties, Inc.

Analysts

Juan Sanabria - BMO Capital Markets
Austin Wurschmidt - KeyBanc Capital Markets
John Kilichowski - Wells Fargo
Rich Anderson - Wedbush
Michael Carroll - RBC Capital Markets

Presentation

Operator

Good day, and welcome to the LTC Properties, Inc. Second Quarter 2024 Earnings Call. At this time, all participants are in a listen-only mode. After management's prepared remarks, there will be a question-and-answer session.

Before management begins its presentation, please note that today's comments, including the question-and-answer session, may include forward-looking statements subject to risks and uncertainties that may cause actual results and events to differ materially. These risks and uncertainties are detailed in LTC Properties' filings with the Securities and Exchange Commission, from time-to-time, including the company's most recent 10-K dated December 31, 2023. LTC undertakes no obligation to revise or update these forward-looking statements to reflect events or circumstances after the date of this presentation. Please note that this event is being recorded.

I would now like to turn the conference over to Wendy Simpson. Please go ahead.

Wendy Simpson

Thank you, operator, and welcome everyone to LTC's 2024 second quarter conference call. On the call with me today are Clint Malin, Co-President and Chief Investment Officer; and Pam Kessler, Co-President and Chief Financial Officer.

The second quarter went generally according to plan. We did encounter a challenge with respect to occupancy issues at select assisted living communities operated by ALG Senior, but we very quickly provided solutions that are in the best interest of LTC, our partner and our shareholders. With the full cooperation of ALG, we were able to neutralize the impact to LTC, while enhancing our portfolio and providing us with additional security. Clint will explain as part of his portfolio review.

As with other REITs, over the years, we have responded to challenges presented by industry and operator-specific headwinds. Our track record demonstrates that we've done so with expediency and transparency, and the ALG situation is no different. Our philosophy and mission have not changed, and we remain committed to our 2024 guidance and future growth.

Clint Malin

Thank you, Wendy. I'll first discuss the steps we took to address the occupancy issues underlying some of our ALG investments. At a high level, we provided rent assistance for two of our investments at the end of the second quarter and in exchange, reconfigured mortgage loans due from affiliates of ALG into two joint venture investments.

First, we agreed to defer a total of $1.5 million in rent from ALG for May and June related to an 11 property assisted living portfolio in North Carolina that we own through a joint venture accounted for as a financing receivable. This receivable had a balance of $121.4 million at June 30, 2024. Additionally, we agreed to defer up to $250,000 in rent per month as needed, as they build back census to the remainder of 2024. The maximum deferred rent from July through December would be $1.5 million.

Second, we agreed to no rent on a single property lease in South Carolina for May through September 2024, with quarterly market-based rent resets thereafter. At June 30, 2024, this property had a gross book value of $11.7 million and a net book value of $8.2 million. In conjunction with the rent assistance, LTC wrote off $321,000 of straight-line rent receivable in the second quarter. Previous annualized rent on this lease was approximately $900,000.

Third, we funded $8.3 million under two mortgage loans. In consideration for the rent assistance I discussed, these mortgage loans were converted to two joint ventures, giving us majority ownership stake in 17 assets, 13 in one joint venture and four in another. After the $8.3 million of additional loan funding, the joint venture investments related to these 17 properties are configured as follows: We exchanged our $64.5 million mortgage loan for a 53% interest in a joint venture that now owns 13 assisted living communities, one in South Carolina and the rest in North Carolina.

We exchanged our $38 million mortgage loan for a 93% interest in a joint venture that now owns four assisted living communities in North Carolina. Each of these joint ventures then leased the properties to an affiliate of ALG under 10-year master leases, maturing at the end of June 2034, with purchase options available through June 2028. In accordance with GAAP, these investments are being accounted for as a financing receivable.

Combined contractual annual rent under the two new master leases is $7.4 million compared with $6.9 million of annualized cash interest due under the previous mortgage loans as a result of the additional $8.3 million in cash we invested. For the month of July, we received total contractual rent and interest related to our ALG investments, less a $250,000 deferral. All of our investments with ALG are now cross-defaulted and cross-collateralized, providing us with added security.

Our pathways for repayment of the deferred rent are through ALG's exercise of their purchase options, occupancy improvements within our investments or through proceeds from potential sales of properties to a third-party. We have successfully managed all these maturities in 2024, including our HMG extension, through which they repaid $1.5 million on their $13.5 million working capital note in the second quarter, and an additional $10.4 million in July.

Lease maturities in 2025 represent 3% of rental income. We collected contractual rent from former operators related to properties previously transitioned, as Pam will discuss. As detailed in our supplemental on Page 16, coverage continues to increase across our portfolio.

With respect to our pipeline, subsequent to the end of the second quarter, we committed to fund a $26.1 million mortgage loan for the construction of a senior housing community in Illinois. We expect to begin funding this commitment in early 2025 after the borrower has contributed $12.3 million of equity to initially fund the construction. The loan term is approximately six years, at a current rate of 9% and an IRR of 9.5%. We look forward to updating you on the progress of our pipeline next quarter.

Now I'll turn things over to Pam for a review of our financial results.

Pam Kessler

Thank you, Clint. Because we have provided significant detail on our press release, supplemental and Form 10-Q, I will keep my remarks at a high level today. Please note that all numbers discussed are for the second quarter of 2024 compared to the same period in 2023, unless otherwise noted. I'll start with liquidity. At June 30, we had total liquidity of nearly $190 million, including just over $6 million of cash on hand, about $118 million available on our line of credit and roughly $65 million available under our ATM.

Moving to our second quarter financial results. Net income available to common shareholders increased, principally due to an impairment loss last year, higher interest income from loan originations and receipt of insurance proceeds and lower interest expense, partially offset by higher G&A expense and provision for credit loss. Fully diluted FFO per share was $0.65 compared with $0.66. Excluding nonrecurring items, FFO per share was $0.67 compared with $0.66.

As discussed last quarter as subsequent events, we originated a $12.7 million mortgage loan to Ignite Medical Resorts and recorded $295,000 of revenue from this investment during the second quarter. We expect to record approximately $884,000 of revenue for the full-year. We funded $3.9 million of a previously disclosed $19.5 million mortgage loan commitment, with $12.6 million remaining. Subsequent to the end of the second quarter, we sold an assisted living community for $8 million and anticipate recording a gain on sale of approximately $3.6 million in the third quarter. As part of the transaction, we received contractual rent through the remainder of the lease term, which would have expired in January 2025 in the amount of $441,000.

As Clint mentioned, subsequent to the end of the quarter, we recorded $2.6 million of income from former operators related to portfolio transitions in prior years, and we received a $10.4 million paydown on HMG's working capital note. We also expect two maturing loan receivables totaling $80.5 million to pay off before the end of the year.

During the second quarter, we sold 204,700 shares of LTC's common stock for net proceeds of $6.5 million under our ATM program. We paid $4 million in scheduled principal paydowns on our senior unsecured notes during the quarter and repaid an additional $18.2 million subsequent to June 30. During the second quarter, we also paid $24.8 million in monthly dividends of $0.19 per share and borrowed $4.7 million under our unsecured revolving line of credit.

Our debt to annualized adjusted EBITDA for real estate is down to 5.3x from 5.5x for the prior quarter and our annualized adjusted fixed charge coverage ratio is up to 3.7x from 3.5x for the prior quarter. Our third quarter guidance for FFO, excluding nonrecurring items, is between $0.66 and $0.67 per share. Nonrecurring items for the third quarter relate to the $3.1 million in income from former operators and the rent collected in connection with the property sale as discussed earlier.

Our full-year guidance for FFO, excluding nonrecurring items, remains $2.63 to $2.65 per share. Nonrecurring items for the full-year includes the $3.1 million expected for the third quarter as well as the nonrecurring items recognized to date as detailed in our earnings release. This guidance assumes no additional investment activity, asset sales, financing or equity issuances, but does assume that the loans receivable I mentioned pay off that maturity.

Now I'll turn the call back to Wendy for closing remarks.

Wendy Simpson

Thank you, Pam and Clint. This quarter, we worked cooperatively with one of our largest operating partners to help them address a challenge, while improving our security and gaining a majority ownership position in our investments. I'm very proud of LTC's track record with respect to successfully mitigating challenges as they arise, and that we've done so quickly and transparently. With continued improvement across our industry, I remain optimistic that we are on the right path for growth.

Before closing, I would like to welcome our new Board member, Bradley Preber. Brad is the Chairman of our Audit Committee and comes to LTC after retiring as CEO of Grant Thornton. We look forward to his contributions.

Thank you to everyone who joined us today. We look forward to talking to you again after the third quarter. Operator, we are ready to take questions.

Operator

Certainly. The floor is now open for questions. [Operator Instructions]. Your first question is coming from Juan Sanabria with BMO Capital Markets. Please pose your question. Your line is live.

Q: Hi, good morning and thanks for the time. Just on ALG, I guess, could you be a little bit more specific about the issues that happened that caused the deferrals and all these changes to take place? And as part of that, maybe you could comment a little bit on why provide them a purchase option? And kind of what you got in return as part of the negotiations?

Clint Malin

Sure, Juan. So really, it's a function of two issues that surfaced on ALG, which these challenges came to life in May. One was the occupancy challenge that Wendy referred to in her prepared remarks on 12 of the communities. On those 12 communities, in smaller markets, there were some staffing challenges. And some of those staffing challenges were really evident in a decline in occupancy. An additional impact to the buildings is these investments have a component of an affordable senior living product that has a Medicaid waiver component. And in North Carolina, they've had a long-standing Medicaid waiver program.

And as you probably recall, the cyberattack that happened on Change Healthcare did have impacts on reimbursement aspects for Medicaid and Medicare through intermediaries. And that did impact ALG on their Medicaid revenues, which was a short-term temporary impact that they felt.

And further exacerbating that is ALG did not have a line of credit in place for Medicaid receivables, which you typically find on skilled nursing, why we didn't see -- I think which is the reason why we didn't see this in our skilled nursing portfolio as far as impact. So really, it was this staffing challenges at certain communities that has led to occupancy declines in certain assets. And then this short-term impact that was experienced through this cyberattack, which is evidenced by us giving a lesser amount of deferred rent starting in July.

And really on the -- as far as the purchase options, these investments were always intended to be shorter term for ALG to take these out through agency financing. So we kept the integrity of that. Obviously, it was a negotiation because we had deferred investments. ALG had different investors in those pools.

So an important aspect for us was being able to convert our mortgages from a mortgage position into an equity position, and that was an important part of that. In exchange for that of getting a cross-default and cross-collateralization across all investments, that was the negotiation which facilitated the purchase options that we allowed ALG to maintain.

Additionally, on this portfolio that we provided the deferred rent, when we underwrote it -- I mean it had positive coverage when we acquired the buildings. They have had a pretty big drop in this portfolio of about 700 basis points in occupancy. That really is an impact. So we think with ALG's focus on being able to build back occupancy through staffing improvements, that they'll be able to get back to a point where they can cover. And in giving the purchase options, what we also did is we created another pathway for recovery of this deferred rent that we provided on the 11 property portfolio. And we think that was an important element to get from a credit standpoint.

Q: Okay, thank you for that. Okay. And then just so I understand this, the deferrals are not reducing guidance because you're sticking with straight-line accounting? Is that -- You're not cash accounting for ALG. Is that correct?

Pam Kessler

That's correct, Juan. Yes, the effective interest method is similar to mortgage loans. So there was no difference in FFO between mortgage loans and the owned properties accounted for as financing receivables.

Q: And how should we think about the difference between FAD and FFO? Presumably, you won't capture the deferrals through normalized FAD, correct?

Pam Kessler

Yes, that is correct. But as I said in my prepared remarks, we have about $3.1 million that we're collecting in the third quarter. So those offset for the year.

Q: Okay. Great. And then just one last one for me. Sorry to hog the mic here to start. But what happened on the SNF occupancy side? It looks like that declined as well looking at the footnote of disclosure for the latest June trends in the SNF?

Clint Malin

I think that probably is more just seasonal looking at summer. I don't see any big impact to that. You do see some dips in summer months, and I don't think there's anything that's abnormal.

Q: Great. Thank you very much.

Clint Malin

Thank you.

Operator

Your next question is coming from Austin Wurschmidt with KeyBanc Capital Markets. Please pose your question. Your line is live.

Q: Hey, good morning everybody. Just sticking with ALG here. I guess following the sale and re-leasing of some of the older rural ALG assets earlier this year, I mean did you consider any alternative routes, I guess, for these portfolios as well? And were there signs of distress leading up to some of the items you highlighted that impacted them, it sounded like in May?

Clint Malin

Well, there is an alternative. ALG was looking at alternatives for financing and paying off these investments. Because of the deferral and the timing, we didn't want to wait and allow them to pay it off. I'm not sure when the other financing would close. So for us to be able to provide the deferral, we needed to execute on the ownership of that. But ultimately, for ALG, taking out this portfolio through agency financing, I think will benefit them long term. And I think that remains their objective on this. And as far as -- the impact for us really became obvious in May when they needed assistance. I think that was sort of the impact of the change healthcare issue catching up with them. But we still think that their execution to be able to acquire these buildings is still in their interest.

Q: Got it. And then sorry if I missed this, but I mean are you starting to see occupancy of these assets begin to recover? And have they addressed some of the staffing challenges that you highlighted in your prepared remarks or in response to an earlier question, maybe?

Clint Malin

Sure. One thing to, right now on this portfolio, that of the 13 buildings, ALG has been pursuing agency financing. It has gotten in the process of getting appraisals. So that's already in the works that ALG has been working on. So we do have that. Really the challenge primarily was just in this portfolio, this 11 building portfolio as far as occupancy concerns. The two other portfolios, occupancy has been stable or increasing and the other. So it really seems to be focused on this. And we're working with ALG to understand those staffing challenges and being able to regain occupancy, which they had at one point in this portfolio.

Q: Got it. And then just last one for me. Just on the deferral balances that -- you've had a couple of these one-time collections you've highlighted. I guess how big of a balance is that? And what agreements do you have in place to recover those rents over time?

Clint Malin

Well, our primary balance outstanding is probably a little bit over $3 million.

Pam Kessler

Yes, 3.5.

Clint Malin

3.5 from one operator specifically. We have various security instruments in place from assets, personal guarantees. We have a pathway to recovery. We did not include it, obviously, in our earnings. Not certain when we'd be able to collect, but...

Pam Kessler

Yes, the timing is uncertain, which is why we don't include it in guidance and why we didn't accrue it when we negotiated the deferral several years ago.

Q: Understood. And so you're just recognizing that, and that's the offset from the new deferrals that you provided to ALG? Just to make sure I'm understanding that correctly.

Pam Kessler

Correct. Yes, it does not apply to -- it's not related to this operator. It was a transition that happened actually earlier last year.

Q: Understood. Thanks for the time.

Operator

Your next question is coming from John Kilichowski with Wells Fargo. Please pose your question. Your line is live.

Q: Hi, thank you. I guess, first, it felt like on the last call you started to get more positive on the potential for a, larger investment pipeline; and b, more fee simple asset acquisitions. Are we nearing that? Like should we expect a positive inflection in the second half of the year?

Clint Malin

Right now we have NIC-published data. There's $25 billion in debt maturities through 2026. And we've been talking about this wall of debt for a while. We haven't seen the opportunities come to fruition as we thought. And I think part of that is owners that have had to invest additional money see the potential for maybe some rate cuts and are maybe holding out hope on that. So there's still a disparity between the bid and ask on those type of opportunities. And so we're actively monitoring and watching and hope for these opportunities come to fruition.

Q: Got it. And then maybe if you could take a minute to dive into the purchase options you have outstanding. How do you size the risk of the portfolio of those in terms of estimating what you think will be executed on? And as you go forward, how necessarily will it be to continue to provide in these to execute deals?

Pam Kessler

Well, currently, we're not projecting any of the purchase options in the near term to be exercised. A lot of these were given in a much lower interest rate environment. So I'm not sure the math is there from an equity and debt raising standpoint. And when we've talked to investors, we're -- there is a big distinction between a debt maturity and a purchase option. A debt maturity is certain and it comes, and a purchase option is just that. It's something that gives the operator optionality in the future. And for them, it's very important psychologically to be able to, at some point in the future control their asset. And it doesn't seem to be a difficult thing for us to give on.

Actually, the assets that we have sold have not been subject to purchase options. We've elected to sell certain assets to operators. And in my recent memory, I don't believe we've even had a purchase option exercised. You would say if you're in a good relationship with your capital provider, and everything is going smoothly, why would you want to exercise a purchase option? The only reason you would do it is if the math is really compelling, and you could raise that much equity to take it out.

Wendy Simpson

But we're very careful in laddering our purchase options so that we don't have a ton of cash coming back in any one year.

Pam Kessler

Yes, correct. They're not all in one year. Just like our debt maturity ladder, our purchase option windows are laddered as well.

Clint Malin

And the other thing we've done, John, on this, too, is in some of our purchase options, we provided an alternative of an earnout as opposed to a purchase option. So really giving an operator flexibility on that. But our goal, obviously, is we build relationships, get purchase options. As we do additional deals, I mean, you can extend out that purchase option. And there's different ways to work proactively with our operating partners to address those purchase options the day as we continue to focus on the laddering of those purchase options.

Q: Thank you.

Clint Malin

Thank you.

Operator

Your next question is coming from Rich Anderson with Wedbush. Please pose your question. Your line is live.

Q: Thank you. Good morning. Just so I apologize. I just need a little bit more clarity. There's $3.1 million of deferral collections in the third quarter, and that offsets the $3 million of deferrals that you're potentially offering ALG. Is that right?

Pam Kessler

That is correct.

Q: Okay. But the $3.1 million will come in, in the third quarter, whereas the $3 million would be ratably through to the end of the year, right? So I'm just thinking in terms of modeling.

Pam Kessler

Yes, that's right. You have $1.5 million coming in the second quarter for the May and June, and then you have $1.5 million coming July through December. So that's the deferral side. And then, yes, the $3.1 million of cash received from previous deferrals, if you want to call it that, and then one there was the $400,000 related to the asset that we sold, where we collected rent through the initial term, that comes in the third quarter. All in the third quarter, which you'll probably normalize.

Q: Well, the offset is in the third quarter, the $3.1 million, but the negative impact from the $250,000 per month is ratably over the third and fourth quarter?

Pam Kessler

Correct.

Q: Okay. In terms of the purchase option, you said you don't expect them to be exercised. Do you feel that way also for what you just offered ALG?

Clint Malin

No. That was always intended to be a takeout to agency financing. So we think that they still -- so they were already in process of agency financing. So we think that will continue.

Pam Kessler

Yes, that we do expect -- I mean anticipate.

Q: Any you have it out to 2028. Depending on what we're talking about, what should we expect something happening this year? Or any idea of when this could trigger?

Clint Malin

It will probably be for not all at one time. It will be some properties at different times. So possibly a few at the end of the year, but mostly it's '25, and I would say, sort of pro rata through '25.

Q: And you're saying the payback happens in one way through the purchase option exercise because then you just -- you figured that into the purchase option math. Is that right? And to get your pro rata back?

Clint Malin

Correct. Because of the cross collateralization, funds received in excess of the purchase price would relieve other liabilities to LTC across all investments.

Q: Okay. So I guess I'm curious as to why you gave a purchase option on all three JVs, and not just the one where there's problems. Is it your intention to really essentially get out of -- I know ALG has come to the rescue for you and that they've been a partner in many ways, but is your ultimate goal to sort of exit entirely and that's why you get the purchase options across the board?

Pam Kessler

The original had a purchase option. So the 11 property portfolio on which we gave the deferrals, that already had the purchase option.

Q: Right. So that's why you gave...

Pam Kessler

The other two loans that converted. Yes, we gave purchase options on the two loans that converted to retain the integrity of what the original investment was, which as Clint pointed out, was short-term kind of bridge to agency financing.

Q: Okay. Fair enough. Okay. Fine.

Clint Malin

I think the Rich, that to just see it because they're a Medicaid waiver affordable senior living product. We just think that's probably a better long-term solution from permanent financing through agency.

Q: Okay. Last for me. Not an ALG question, but more big picture. I think we're all hoping for the end of the word, deferral, to happen soon post-pandemic. Would you say that barring this situation, you're really sort of in a much better spot from that standpoint? Or could you still be talking about some sort of deferral situation for other operators down the road? Or is there like a sort of a watch list that you still have your eye on? Thanks.

Clint Malin

Right now, we've seen coverage starting to tick up a little bit in our portfolio. On the private pay side, we view that to be positive. Skilled nursing is getting Medicaid rate increases. So right now, those are positive aspects going forward.

Q: Okay. Thanks very much.

Clint Malin

Thank you.

Operator

Your next question is coming from Michael Carroll with RBC Capital Markets. Please pose your question. Your line is live.

Q: Yes, thanks. Just real quick on ALG. How broad based of an issue is it? I know you offered the deferrals on one group of assets, but then you did give them incremental dollars related to a new mortgage loan and another group of assets. So are -- is it the issue just the problem with the assets that you gave the deferrals to? Or did the other group need additional capital through the incremental mortgage loan that you provided?

Clint Malin

The assets we gave the deferral on.

Q: So what was the reasoning behind the mortgage loans? So why did you -- when you transitioned your investment in the JV from a mortgage loan to a JV, you provided an additional capital to that JV. So what's the reason of providing that additional capital?

Clint Malin

Well, they had different investor groups in those two portfolios, and we were buying into that where there was positive value. So we had to contribute to participate in that. There were some funds that were used for security. We hold as part of the overall negotiation, we're holding security deposit on that, real estate tax impounds, things of that nature. So nothing came out of that portfolio. So that was just part of the overall transaction on the conversion.

Q: Okay. Did they pay out investors with that additional $8 million? I think it was $8 million. Or was it just to go pay back like accrued taxes? Is that what you said?

Clint Malin

Taxes. We book security. They brought current, some AP, things like that. It all stayed within the portfolio. There were no distributions log.

Q: Okay. And then related to the agency debt, I guess, on the purchase options over the next few years, how long does it take to get agency debt? I thought that was like a 12-month process. I mean do they need to stabilize the assets at a certain level before they want to go access it? Is that why the purchase option is over the next few years?

Clint Malin

Correct. Just afford them time to go into it. It does take a while. Although on the portfolio that has the 13 properties were $65 million, they've already been in the process of that. And in addition, they are looking at the USDA as financing. As this is an affordable senior living product, there is a financing mechanism to the USDA that does provide agency financing to rural markets, and that is a product that they were pursuing. And the rates are advantageous for them to use that financing mechanism.

Pam Kessler

And this operator has experience in that. He already has USDA financing. So he knows how to do it and the qualifications thereof.

Q: Okay. Could we expect these purchase options to happen sooner rather than later if they're already in the process of getting some of the secured financing?

Clint Malin

I think you're probably going to see it. There could be some towards the end of this year, Mike. But as I mentioned previously, it's probably going to be over the course of 2025. It will not all be financed out at one time. It will be in chunks, but we would expect that to happen over the course of 2025.

Q: Okay. Great.

Pam Kessler

But we're first money out. We are first money out, Mike. So it's not like the -- it's going to be a percentage allocation on the first asset that gets sold or gets refinanced. We're first money out.

Q: Okay. Thank you.

Clint Malin

Thank you.

Operator

You have a follow-up question from Austin Wurschmidt with KeyBanc Capital Markets. Please pose your question. Your line is live.

Q: Hi, thanks. Just one clarification for me. I understand the puts and takes for annual guidance being affirmed, but what more than offset the $1.5 million rent deferral in 2Q versus the quarterly guidance you gave last quarter?

Pam Kessler

I'm not sure I understand the question you're saying.

Wendy Simpson

Because it was converted to financing.

Pam Kessler

Oh, yes. So it's in FFO guidance. So your financing receivable and your mortgage loan receivable, it has the same effective interest method. So it's -- the accounting is not any different. So the deferral then go through FFO because of effective interest. It does affect FAD, but the guidance we're giving is FFO guidance.

Q: Right. And then you still came in, I guess, $0.01 above the high end of that range. Was there something else just specific that, I guess, drove the quarterly achieved amount higher than what you had forecasted?

Pam Kessler

No, it was just -- it was basically rounding.

Q: Understood. Thank you.

Clint Malin

Thank you.

Operator

There are no additional questions in the queue at this time. I would now like to turn the floor back over to Wendy Simpson for any closing remarks.

Wendy Simpson

Thank you, again everyone for joining us and having these clarifying questions. I know it was a complicated transaction, and we tried to explain it both in our Q and our supplemental and in our prepared remarks. But indeed, if you still have questions to run your model, call Pam. And we look forward to talking to you next quarter. Have a great day.

Operator

Thank you, everyone. This does conclude today's conference call. You may disconnect your phone lines at this time, and have a wonderful day. Thank you for your participation.