

Brookfield Business Partners – Q2 2022 Results Conference Call & Webcast

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Corporate Speakers:

- Alan Fleming; Brookfield Business Partners L.P.; SVP, Investor Relations
- Cyrus Madon; Brookfield Business Partners L.P.; CEO
- Denis Turcotte; Brookfield Business Partners L.P.; COO
- Jaspreet Dehl; Brookfield Business Partners L.P.; CFO
- Stuart Levings; Sagen MI Canada; CEO

Participants:

- Geoffrey Kwan; RBC Capital Markets; Research Division; Analyst
- Devin Dodge; BMO Capital Markets; Equity Research; Analyst
- Nikolaus Priebe; CIBC Capital Markets; Equity Research; Analyst
- Jaeme Gloyn; National Bank Financial, Inc.; Research Division; Analyst
- Gary Ho; Desjardins Securities Inc.; Research Division; Analyst

PRESENTATION

Operator^ Welcome to the Brookfield Business Partners' Second Quarter 2022 Results Conference Call and Webcast. The conference is being recorded. (Operator Instructions) Now I'd like to turn the conference over to Alan Fleming, Senior Vice President of Investor Relations. Please go ahead, Mr. Fleming.

Alan Fleming^ Thank you, operator, and good morning. Before we begin, I'd like to remind you that in responding to questions and talking about our growth initiatives and our financial and operating performance, we may make forward-looking statements. These statements are subject to known and unknown risks, and future results may differ materially. For further information on known risk factors, I encourage you to review our filings with the securities regulators in Canada and the U.S., which are available on our website.

On the call with me today is Cyrus Madon, Chief Executive Officer; Denis Turcotte, Chief Operating Officer; and Jaspreet Dehl, Chief Financial Officer. We're also joined today by Stuart Levings, Chief Executive Officer of Sagen, our Canadian residential mortgage insurer. I'll turn the call over first to Cyrus to provide an update on our business and then Stuart will talk about recent developments at Sagen. Jaspreet will finish with a discussion on our financial results. We'll then all be available to take your questions. And with that, I'll pass the call over to Cyrus.

Cyrus Madon^ Thanks, Alan. Good morning, everyone. Thanks for joining us today. We had a great quarter. We generated over \$540 million of Adjusted EBITDA and continue to be very pleased with the resilience of our operations. We're well positioned heading into the second half of the year and we're progressing initiatives to crystallize significant value.

I thought I would start with a few comments on the operating environment before turning to an update on our initiatives. Like most, we're facing headwinds around inflation and supply chain challenges across our businesses – but the durability of our earnings has been a significant advantage for us. With a few exceptions, volumes are holding up well across our operations. We continue to make progress to either pass through higher costs or increase prices to support margins. In fact, on a same-store basis, our EBITDA is up 10% over last year. It's too soon to predict when these inflation headwinds will ease and some may not for a while, but we continue to work with our management teams to take appropriate action to support performance if the environment worsens.

Since our last update, we have closed three of our recently announced acquisitions, including the \$8.5 billion acquisition of CDK Global, our technology services and software solutions provider to the automotive dealer industry. This is a high-quality business with recurring contracted revenues, low ongoing capital requirements and high margin potential. Even with the recent widening of credit spreads, we were able to finance the transaction at favorable rates. We're now implementing our value creation plans to grow margins and cash flows. We also completed the acquisition of an Australian residential mortgage lender and a slate roofing products provider.

Apart from growth, we've turned our attention to initiatives that should generate significant proceeds and crystalize value for our business. In May, we launched a process to sell Westinghouse, our nuclear technology services operation, which generated good interest from prospective buyers. Diligence is ongoing and we're optimistic this will result in us reaching an agreement to sell the business. In the interim, we were able to complete a dividend recapitalization from this business that generated about \$800 million in proceeds of which BBU's share was \$315 million. We look forward to providing you an update as the sales process unfolds.

There are other businesses we own today that could be candidates for monetization. The timing of any sale will depend on many factors, including market conditions. Our water and wastewater operation in Brazil is one example. Since our acquisition five years ago, we've made significant progress to build value in the business. We're now exploring options to monetize our investment.

Like many of you, we're disappointed in the trading price of our units and shares. We're confident though that as we execute on our plans and continue to build long-term value in our business, the trading discount will close over time. We've continued to repurchase our units given that they trade at levels materially below our view of intrinsic value.

With that, I'm going to turn it over to Stuart but I first wanted to express our thanks to Stuart and his team at Sagen who have done a wonderful job for us. I hope you take this opportunity to ask Stuart any questions you might have about the business he's running. Thank you, Stuart.

Stuart Levings^ Thank you, Cyrus, and good morning, everybody. Sagen had another strong quarter as it continues to produce solid operating results in a favorable economic environment. While interest rates are rising and housing markets are slowing, our proven business model, disciplined risk management and high-quality insurance portfolio position us well to manage through economic headwinds over the coming months.

Sagen is a market leader operating in a concentrated, highly regulated industry with natural barriers to entry. We provide insurance to mortgage lenders against homeowner default in exchange for an upfront non-refundable premium. Our business model produces an attractive financial profile, generating strong margins, earnings and cash flows that have proven to be resilient through prior housing and economic cycles.

In Canada, mortgage insurance is mandatory for home purchases with a down payment of less than 20%. Our product is limited to owner-occupied homes under CAD \$1 million with a maximum loan-to-value of 95% and amortization of 25 years. We insure predominantly first-time homebuyers with strong income and credit profiles, who tend to purchase entry-level homes with an average price of approximately CAD \$420,000. These buyers are often double income families, 25 to 45 years old with growing household incomes. Our portfolio includes mortgages originated across the country concentrated around large urban areas, leading to a regionally diversified mortgage insurance book which limits exposure to correlated economic risks.

Our business has performed exceptionally well over the last few years, benefiting from record levels of new underwriting activity, strong home price appreciation and low mortgage default rates. Today, we have around CAD \$2.8 billion of unearned premium reserves, representing cash premiums already collected but not yet recognized into earnings. These premiums will be amortized into earnings over the next five years, providing the business with predictable revenue and the ability to absorb higher default rates as the housing market and economy slow.

Over the past two and a half years, we have worked together with the Brookfield team to execute on our value creation plan including growing our market share, improving our expense ratio, enhancing the yield on our investment portfolio and optimizing our balance sheet and capital efficiency. These enhancements have improved our return on equity to 20%, allowing the business to provide meaningful distributions to shareholders, including BBU.

Looking ahead, we expect to see a more challenging environment with reduced levels of housing sales and some price softening. Rising interest rates, high consumer inflation and the expectation of slowing economic activity have led to a growing consensus for home prices in Canada to fall by 10% to 15% from their peak in the first quarter of 2022. This represents a modest pull back from the approximately 50% gain in home prices seen through the pandemic and we believe that several factors, including continued undersupply of housing and positive immigration trends, including the target to welcome over 400,000 new immigrants per year to Canada, will act as a floor to home prices.

The quality of our insurance portfolio is the strongest it has ever been. Increasingly stringent underwriting criteria have contributed to higher quality borrowers at an average credit score in excess of 750 across the portfolio. Approximately 80% of the insurance portfolio is backed by fixed rate mortgages, providing borrowers with payment stability in a rising mortgage rate environment. The majority of the remaining variable rate mortgages have constant payments, where only the mix between principal and interest is impacted by fluctuations in rates, thereby providing a similar degree of payment stability.

In addition to the quality of our insurance portfolio, strong oversight and regulation including mandatory loan amortization, full borrower recourse and debt service stress test for all insured borrowers serve to mitigate the risk of borrower default. For example, all insured borrowers in Canada are subject to a stress test that builds in a cushion for affordability in a rising rate environment. Borrowers must qualify for mortgage at a minimum qualifying rate, which is the higher of the benchmark rate, currently 5.25%, or the rate offered by their lender plus 200 basis points. This means that all insured mortgages over the past few years have been qualified and approved at an interest rate of at least 5%. Furthermore, insured borrowers facing financial hardship as a result of significantly higher payments at mortgage renewal can extend their amortizations under our loan modification program. Consequently, rising rates are not typically a driver of mortgage delinquencies.

Unemployment, which sits at historical lows with the consensus forecast for moderate increases over the next few years, typically has a more pronounced impact on mortgage delinquencies. While unemployment drives the frequency of delinquencies, changes in house prices influence the likelihood of claims and degree of loss given default. That said, due to the significant level of house price appreciation over the past few years, our portfolio has an average loan-to-value of 60% which means many borrowers today have significant embedded equity in their homes. This enables them to absorb a material correction in home prices and still sell their property without suffering a loss in the event of default. For example, even in house prices declined by 40% and unemployment reached 10%, both of which would be well beyond current consensus forecast, the business will continue to generate positive net operating income and cash flows.

With that, I will hand it over to Jaspreet.

Jaspreet Dehl^ Thanks, Stuart, and good morning, everyone. As Cyrus mentioned, we had an excellent second quarter, generating Adjusted EBITDA of \$543 million compared to \$381 million last year with stronger results across all three operating segments.

In Infrastructure Services, we generated Adjusted EBITDA of \$205 million compared to \$125 million last year. Adjusted EFO increased to \$124 million.

Our nuclear technology services operations had a good quarter. Adjusted EBITDA of \$58 million was in line with expected seasonality. The business is managing through disruption caused by the conflict in Ukraine and remains on track to generate strong full-year results. In May, the business completed the acquisition of BHI Energy to enhance its

outage and maintenance services capabilities. It funded the transaction with a combination of committed debt financing and existing liquidity on hand.

In April, we completed the acquisition of our lottery services and technology operations, which contributed \$25 million to Adjusted EBITDA during the quarter. The business is benefiting from resilient demand despite some impacts from higher input costs and supply chain delays. We've also secured a few new customer wins since closing our acquisition, including a 10-year contract to provide products and services to the operator of the U.K. National Lottery.

Modular building leasing services contributed Adjusted EBITDA of \$41 million. The overall demand environment remains stable and we're continuing to benefit from high utilization levels on existing units on rent. We're also making progress on increasing the penetration of value added products and services which is helping to enhance margins.

Moving on to our Industrials segment. Second quarter Adjusted EBITDA increased to \$204 million and Adjusted EFO was \$101 million compared to \$216 million in the prior year. Adjusted EFO in the prior period included a \$148 million after-tax gain on the partial sale of our investment in common shares of our graphite electrode operations.

Advanced energy storage operations generated Adjusted EBITDA of \$105 million. Pricing and a favorable mix of increased higher margin on advanced battery sales contributed to results despite the impact of higher labor, commodity and transportation costs. Overall battery volumes continue to be impacted by the ongoing production challenges at auto manufacturers. Just as a reminder, prior year results benefited from very strong aftermarket demand as global lockdowns and travel restrictions had eased.

Our engineering components manufacturer generated Adjusted EBITDA of \$44 million. Strong performance was driven by commercial pricing actions and contributions from recent acquisitions. We're working closely with the management team on taking appropriate pricing and cost actions to support volumes and margins through the balance of the year.

And finally, our Business Services segment generated second quarter Adjusted EBITDA of \$166 million compared to \$145 million last year and Adjusted EFO of \$151 million for the current quarter.

While Australian healthcare services generated improved Adjusted EBITDA of \$21 million this quarter, the operating environment remains challenging. Elevated labor cost and high COVID-19 infection rates of patients and staff are resulting in cancellations of planned surgical procedures which are having an impact on overall performance. We are hopeful that activity levels in the business will improve as COVID-19 infection rates in Australia decline.

Lastly, our Brazilian fleet management operations continue to perform well and in June, agreed to acquire Unidas, a leading full-service rent-a-car platform in Brazil. This

platform became available because local regulators were demanding its sale for antitrust purposes. We were able to acquire the business for value which will double the size of our existing fleet management platform in Brazil and support our growth plans.

Moving on to liquidity, we ended the quarter with \$3.1 billion of corporate liquidity. As Cyrus mentioned, during the quarter we generated a dividend from a nuclear technology services operations that was paid to all shareholders. This effectively accelerates some of the proceeds we would generate from any potential sale. Our share of the \$800 million dividend was approximately \$315 million. Pro forma liquidity is approximately \$1.1 billion after we account for all of the announced and recently closed transactions.

With that, I'd like to close our comments and turn the call back over to the operator for questions.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Our first question comes from the line of Geoff Kwan with RBC Capital Markets.

Geoffrey Kwan^ Hi, good morning. First question is on Westinghouse – so, if you are able to come to an agreement on a deal, who would be the key entities that would have to approve it? And would any of them have any more specific criteria that might influence the preference or the type of buyer for Westinghouse?

Cyrus Madon^ Hi Geoff, thanks for joining us today. Yes, there are nuclear regulatory bodies that would have to approve it. If it's a foreign buyer, it will have to go through a U.S. CFIUS process and there would be a number of regulatory approvals required outside the U.S. which is in the typical range of what we would deal with in such type of transaction. But on top of that, U.S. nuclear regulators would have to approve it as well.

Geoffrey Kwan^ Okay. And then on BRK Ambiental, you made reference and there was that filing to potentially take it public but is a sale also a possibility? Or is an IPO the more likely option for BRK?

Cyrus Madon^ It's possible. We wanted to be ready for when the capital markets are open and they will open at some point in time. We wanted to be ready to turn it into a public company because we think this type of business will garner a strong following for all sorts of reasons. We think it's a good alternative to have and be ready, but a private sale is possible.

Geoffrey Kwan^ Okay and if I can ask one last question for Stuart. Going back to the 1990s housing downturn, I think your combined ratio peaked around 90%. Today, we're still at extremely low combined ratios and in Q2, you had a negative loss ratio. But if we have this housing downturn that some people think that we're going to have, what do you

think the ballpark range of the combined ratio could get to? And what would be the key reasons that you would say it would differ from what was experienced back in the 1990s?

Stuart Levings^ Yes, Geoff, thanks for that question. I think our expectation is that we see our performance head back towards our long-range expectations. As you've heard us say before, in that 15% to 25% loss ratio range which would imply a 35% to 45% combined ratio range, which is still very profitable. The difference is primarily that our premium rates are much higher now and that's because we hold more capital but we get a lot more pricing power and margin because the premium rate has gone up so much since that prior downturn back in the 1990s and certainly even the global financial crisis. That's the main difference and the other difference is, of course, the portfolio quality. As you know, we had a lot of products back then that were riskier that drove a lot of our losses and we don't underwrite those these days because we can't. We're not allowed to and we certainly appreciate that because our portfolio quality is much better.

Operator^ Our next question comes from the line of Nik Priebe with CIBC.

Nikolaus Priebe^ Thanks. Good morning, everyone. Because you incorporated a healthy discussion around Sagen, I wanted to ask a pair of questions about the end game for that investment. The first just being - after three years of ownership, how far along do you feel you are with respect to the value creation plans there?

Stuart Levings^ Yes. The value creation is very much in range now. We've improved our ROE from 13% as a public company to consistently around 20% now and our expectation is to be able to maintain that. And in terms of the value over time, we're now generating strong distributable cash with a 20% ROE and we should be able to maintain that given the leverage we have in place and some of the other changes we made with Brookfield being on board as owners. As far as any further plans, I will leave that to Cyrus.

Cyrus Madon^ Yes. For Sagen specifically, this business is generating 20% cash return to us and there are very few investments we make that generate a 20% annual return to us. So, we're delighted to keep it and the things that would go through our mind are - what could we sell it for if we wanted to sell? If we can get a very large premium to our entry price, then it might become attractive. Or what are alternative uses of capital? These are all the things we think about in capital allocation. It is a great company, the team has done a phenomenal job and we think that these returns should be sustainable over a cycle. There will be bumps in the road because it is exposed to the housing affordability and industry but otherwise that's what we would think about.

Nikolaus Priebe^ Okay. Fair enough. And it might be a little premature to be having this discussion anyway, but I always felt like public market investors, when Sagen was public, struggled to price in the left tail risk associated with an adverse housing shock and that's why it really never attracted the multiple you might otherwise have expected it to, just based on the level of underwriting margins that was able to achieve in a buoyant housing market environment. If you think about this a few years down the line, do you feel an outright sale to a sponsor or a strategic is more likely than an IPO route? And

again, this might be a little bit premature to be having in this discussion but I just wanted to feel that out a little bit.

Cyrus Madon^ If we can continue to demonstrate the high returns we've demonstrated, it's possible this could be rerated in the public markets compared to where it was trading. You also need to reflect upon the fact that its previous controlling shareholder was in some form of financial stress, if not distress, and I think that probably weighed quite heavily on the share price of Sagen. So, I do think all options are on the table if and when we get to that point.

Nikolaus Priebe^ Yes, that's a good point. Okay. And then just last one for me. I noticed the equity check written for CDK was a little bit higher than initially expected. Given the crowded fundraising environment we're seeing in private equity, are you finding it more difficult at all to source co-investments to syndicate some of these deals?

Jaspreet Dehl^ Hi Nik, it's Jaspreet. I'll start and then Cyrus can add. Our decision on CDK was really based on the fact that it's a great business. We closed the transaction at the beginning of July and we've had a chance to get into the guts. We're onboarding the business and everything that we're seeing is supporting our initial due diligence and assessment. We've talked about the fact that we did a dividend recapitalization at Westinghouse and that allowed us to free up some cash. From a capital allocation perspective, we made the decision to allocate a little bit more capital from BBU to CDK. I'd say more broadly on your question on co-investment and syndication, we've done a few deals this year and the conversations have been constructive. We're continuing to have people engaged, have people looking at the deals and co-investment interest is still there. Maybe it's taking a little bit longer but we haven't seen any significant deterioration in that interest from LPs.

Cyrus Madon^ And I'll just add that in the institutional world, co-investment is the holy grail of what institutions want so there's a lot of interest in co-investment. Yes, some institutions may have slowed down a little bit but broadly speaking, there's a very high level of interest for their co-investment.

Operator^ Our next question comes from Devin Dodge with BMO.

Devin Dodge^ So, I wanted to start with Cyrus and how we should reconcile the confidence in the Westinghouse sale process with the broader challenges in financial markets and that slowdown in private market transactions that was referenced in the letter?

Cyrus Madon^ That's a great question. On the one hand, we are seeing a significant slowdown in financing for private equity transactions – certainly in North America and in Europe, the banks have slowed down. The banks made a bunch of commitments and they need to work through those commitments over time before they can free up capacity to do a set of new deals and they're not through that yet. As a result, I'd say transaction activity for private equity and financial sponsors has slowed generally across the board.

On the other hand, for high-quality credits, investment grade borrowers and infrastructure buyers, there is a lot of financing available. It really depends on what you're buying, what kind of buyer you are and what level of financing you're putting on.

Devin Dodge^ Okay. That's good color. Thanks for that. After the dividend recap at Westinghouse and the recent bolt-on acquisition, can you remind us where leverage stands after those two transactions?

Jaspreet Dehl^ Yes. At the Westinghouse level, we've got about \$3.6 billion to \$3.7 billion of leverage plus the \$800 million dividend recapitalization that we received.

Devin Dodge^ Okay. And then maybe a question for Stuart. Can you speak to the competitive environment for mortgage insurance in Canada? I think we saw CMHC lose some market share over the last few years and I'm wondering if you've seen them become a bit more aggressive in an attempt to recapture at least some of that lost market share?

Stuart Levings^ Thanks, Devin. It's very apparent CMHC have decided to reverse course a little bit in terms of the underwriting changes that they made and they are intent on recovering some market share. What they're finding and admitting publicly is that it is not at all easy. We are a very competitive market. At Sagen, we're very confident in our position and in our offering in terms of customer service and differentiation. And the fact that they've pulled back has allowed us to really move in and demonstrate even more the value we can bring to our customers. Right now, what CMHC are hearing is that we're not just going to revert back to levels of share we had with you before. So, I think they are trying – they certainly are keen but they're not finding it as easy and frankly, we don't think that they'll ever go back to where they were. The landscape has changed now from a competitive dynamic and we are confident that we can maintain our market share in that 36% to 38% range.

Operator^ Our next question comes from the line of Jaeme Gloyn with National Bank.

Jaeme Gloyn^ Good morning. Stuart, good to hear from you again. Thinking about the ROE outlook, you mentioned 20% as being sustainable in a normalized period and I'm just trying to square that with loss ratios that recently have been flat, like 0% to negative, that are driving a 20% ROE to a more normalized loss ratio environment of 15% to 25%. I would assume that the ROE would dip a little bit from there. Maybe just sort of talk through what other factors are driving the sustainable 20% ROE in the business?

Stuart Levings^ Yes, Jaeme, absolutely and great to be talking with you again too. The reality is that I say we've achieved 20% consistently now but in actual fact, in a year like this and in last year's environment, we're probably more like a 23% to 24% ROE. There is some room for that to come down and still be around 20% as loss ratios normalize. The other factor is capital efficiency and we've got some room to go. Coming through the pandemic, OSFI put in some moratoriums on dividends. They've moved past that and we've been able to get more dividends out. But at the same time, there is some room in

terms of being a bit more capital efficient and that will help to offset some of that increase in loss ratio as well.

Jaeme Gloyn^ Okay. Understood. As we're thinking about the Sagen business and Brookfield's recent acquisition of La Trobe, are there any longer-term potential synergies for these two businesses tied to mortgage markets in different countries?

Cyrus Madon^ We haven't got any plans to tie those two together.

Jaeme Gloyn^ Okay. And then last one on Sagen. Stuart, some of the headlines reading today are around trigger rates on variable rate mortgages. What's your assessment of variable rate mortgages within the Sagen portfolio? How close would borrowers be to triggers? How is that process implemented from the banks? And do the mortgage insurers have a say in how that is processed and managed?

Stuart Levings^ Yes. So, Jaeme, first of all, the majority of our portfolio is fixed rate – we're probably about 80% fixed rate. Of the remaining 20%, the lion's share is uncapped variable but payments don't change as the rate goes up until they hit a trigger rate or term renewal. We've done some analysis and we think that we're probably a good 100 to 150 basis points out before we start to hit some trigger rates. And even at that time, if those lenders have to reset payment, we are able to deploy some of our loan modification tools to address any payment shocks such as extension, et cetera. So, we don't really view that as being a pressure point or a driver of near-term delinquencies.

Operator^ Our next question comes from the line of Gary Ho with Desjardins.

Gary Ho^ Thanks and good morning. First question for Cyrus. You chatted about Westinghouse and BRK – maybe you can give us an update on Clarios and how that monetization initiative is progressing?

Cyrus Madon^ At Clarios, it's early days – we have filed a registration statement with the securities regulators and we intend to keep that fresh and alive in case market conditions become positive. That's not going to be a near-term event for us as we said on the last call, simply because we want to get the leverage down on the company before we can think about monetization. But we're going to be ready for it for when the time comes.

Gary Ho^ Okay. Perfect. And then second, maybe for Stuart. Can you provide greater perspective in the hotter housing markets over last few years: the GTA, Vancouver area, et cetera? Any concerns there and do you have the LTV specific for those regions?

Stuart Levings^ Yes. The markets have been hot pretty much everywhere. Oddly enough some of the more urban and suburban markets were even hotter than core centers like Toronto and Vancouver as the pandemic effect played out and people moved outwards. Ultimately, we've always played in the bottom end of that range given our CAD \$1 million cap. Price sensitivity drives some of the softening in housing markets – the more expensive homes are seeing bigger corrections or drops in prices now and lower end

properties in terms of price range. There's always enough sideline demand that there's a bit of a floor for those. We are seeing prices soften, absolutely, and we still have tremendous amounts of embedded equity in the portfolio. This will likely mean borrowers don't have 50% of equity, now they have 30% of equity which is still enough to get them out of trouble and having to sell. Our outlook is that is going to remain the case even as we go through the rest of this year and into next year. That is our base case.

Gary Ho^ Okay. And then I want to talk a little bit about Scientific Games. So, my understanding of the business is that the government contracts are fairly long dated and predominantly fixed rate. So, I want to get a bit more color on that business being squeezed on the margin side, maybe whether you've been able to reprice some of those contracts just given the spike in inflation?

Denis Turcotte^ Yes. Denis Turcotte here. There's no question we're seeing a little bit of inflation, paper and ink being the primary drivers in this case, but frankly in both those situations, they are cyclical in nature and we expect that will come off naturally. But we are also addressing with all our customers where we can to pass through those increases. So, it's in early stages as we're only three months into it but our 100-day plan has been executed exactly as expected. We're working with the management team and starting to drive those value creation levers. At this point we're optimistic and we've committed to Cyrus we're going to beat our underwriting in this case.

Gary Ho^ Okay. That's great. And then maybe just if I can sneak in one more for Jaspreet on BRK. Can you give us a bit more details on how much debt there is in that investment in total or your proportionate share?

Jaspreet Dehl^ We've got about BRL \$2.3 billion of debt within BRK on a proportionate basis.

Operator^ That concludes today's question-and-answer session. I'd like to turn the call back to Cyrus Madon for closing remarks.

Cyrus Madon^ Thanks everyone for joining us and I look forward to speaking to you next quarter. Thank you.

Operator^ This concludes today's call. Thank you for participating. You may now disconnect.