PARTICIPANTS

Corporate Participants

Kristi Cushing – Manager-Investor Relations, Clean Diesel Technologies, Inc.
Christopher J. Harris – President, CEO & COO, Clean Diesel Technologies, Inc.
David E. Shea –CFO, VP of Finance, Treasurer and Corporate Controller, Clean Diesel Technologies, Inc.

Other Participants

Matt B. Koranda – Analyst, ROTH Capital Partners LLC
Ian T. Gilson – Analyst, Zacks Investment Research, Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen. Thank you for standing by, and welcome to the Clean Diesel Technologies Second Quarter 2014 Financial Results Conference Call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session and instructions will follow at that time. [Operator Instructions] As a reminder, this conference call is being recorded.

I'd now like to turn the conference to our host, Ms. Kristi Cushing. Ma'am, you may begin.

Kristi Cushing, Manager-Investor Relations

Thank you. Good morning, and thanks to everyone for joining us. By now, you should have a copy of our results press release, which crossed the wire this morning prior to market open. A copy of the press release along with other company information may be found on the Investor page of our website at www.cdti.com.

Before I turn the call over to Chris Harris, President and Chief Executive Officer of CDTi, I want to emphasize that some of the information you will hear during our discussion today will consist of forward-looking statements that are predictions, projections, or other statements about future events.

These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could materially differ because of factors discussed in today's results' press release, in the comments made during this conference call, and in the Risk Factors section of our Form 10-K and other reports and filings with the Securities and Exchange Commission. We do not undertake any obligation to update any forward-looking statements.

I would now like to turn the call over to Chris Harris.

Christopher J. Harris, President, CEO & COO

Thank you, Kristi. Good morning and thank you for joining us for this call, which is my first opportunity to speak with you as the Chief Executive Officer of your company. I hope to speak with you many more times and with steadily better news to tell you. I believe CDT's future is bright and I will work hard along with the entire team to unlock the value that I believe this company has.

For the second quarter, I'm pleased to tell you that we made substantial progress towards some of our most important goals.

For the financial results, I'll turn the call over to David Shea, our new Chief Financial Officer, following Nikhil Mehta's decision to pursue other opportunities. Dave has been with the company for eight years and he's been our Vice President of Finance, Controller and Treasurer. So he's not a newcomer.

Nikhil Mehta has agreed to help us out with the transition period through the end of August. As stakeholders in CDTi, we all owe Nikhil a debt of gratitude for his leadership during the past several years.

Before, I turn the call over to Dave to update you on the numbers and the significant improvements in operations, gross profit margins and financial resources, I'd like to discuss a new vehicle market that we are now entering.

This is the market for replacement diesel particulate filters for trucks in which filter warranties have expired. This was the focus of our press release earlier this week. Trucks in North America put into service after 2007 have been outfitted with filters as original equipment. Warranty periods for those filters began to expire in 2012. More and more trucks each year will need replacement filters, which today are supplied principally by the OEMs themselves.

We're now offering DuraFit™, a new cost-effective alternative. Our DuraFit™ filters are being brought to market for over 40 models that will be drop-in replacements for virtually every type of Class 5 through Class 8 truck on the road today. Our technology will allow these trucks to use less platinum group metals than any other available filter and that meet or exceed every regulation and requirement.

We believe the market for replacement filters is currently in the range of about 160,000 filters per year in North America and growing. As of today, that's a $550 million market, and we ran a few non-OEM suppliers and we believe the only one with true OEM level of quality and support.

For now, I'll turn the call over to Dave to brief you on the numbers.

David E. Shea, CFO, VP of Finance, Treasurer and Corporate Controller

Thank you, Chris. Starting at the top of the P&L, revenue at $12.6 million was flat in the second quarter compared to the second quarter of last year. Catalyst division revenue was up and heavy duty diesel revenue was slightly down.

Our Catalyst revenue continues to grow as we add additional niche high-margin models to our portfolio. The revenue in heavy duty diesel was slightly down due to weakness in North America, excluding California, and in the European mining and material handling markets.

Gross profit was up 21.2% to $4 million. And the gross profit margin grew to 31.5%, a significant improvement from 25.9% in the second quarter of 2013. We have been over 30% now for four consecutive quarters, whereas the preceding four quarters averaged less than 25%. The breakdown of margins was 31.8% for heavy duty diesel and 27.4% for the Catalyst division. Improved margins are a result of our focus on cost reduction and a more favorable product mix.

SG&A was lower by $500,000 for the quarter and R&D was higher by $600,000. Our SG&A benefited due to a gain of approximately $300,000 on the sale of our building in Sweden. R&D increased as a result of testing and development work on advanced catalyst technology, including the numerous patents that we filed during the quarter.

The operating loss was half of what it was in the second quarter in 2013 at $500,000, and the net loss was diminished by $200,000 to $1.2 million.

After the end of the quarter, we consolidated our Ventura headquarters into the Oxnard campus. We also right-sized our Sweden operations and moved to more modest quarters there. Additionally, we've consolidated several staff positions between our Oxnard and Markham facilities.

On April 4, we closed an offering of units of just over 2 million shares of common stock and five-and-a-half year anti-dilutive warrants to purchase an additional 812,000 shares at a strike price of $4.20. We've received net proceeds of $6.1 million and, if the warrants are exercised, they would bring in an additional $3.4 million, which makes the potential value of the full offering about $9.5 million.

The April offering, combined with an offering completed in July 2013, raised the average outstanding shares to 12.3 million, compared to 7.3 million in the second quarter of 2013. The loss per share for the quarter was $0.10 compared to $0.19 last year.

Largely, as a result of the offering, we had cash of $8.6 million at June 30 compared to $3.9 million at the beginning of the year. The current ratio at June 30 was 1.29:1, an improvement from 1.14:1 at December 31, 2013.

With that, I will turn the call back over to Chris.

Christopher J. Harris, President, CEO & COO

Thank you, Dave. We're keenly focused on one major financial goal, and that is to achieve profitability. We have two primary methods to reach this financial goal and they are simple. We want to control expenses, but the bigger goal is we want to grow the top line, namely, increase revenue.

So how do we intend to grow our revenue? As most of you know, we have two divisions. Through our heavy duty diesel systems division, we supply mission control systems for on-road and off-road applications, often containing our own advanced proprietary technology catalysts.

We intend to continue to pursue the retrofit market, which is currently giving us higher margins. We are aggressively working to expand our market share in California and pursue opportunities in the balance of North America. But, more importantly, we intend to aggressively market the DuraFit™ product line that I mentioned earlier for the heavy duty diesel after-market.

As a matter of fact, I just returned from the Association of Diesel Specialists' International Convention & Trade Show in Las Vegas where we launched DuraFit™. While there, I spoke with a number of potential distributors and their reaction was very positive. With our combined 30 years of heavy duty diesel systems experience and advanced catalyst technologies, we're well-positioned to address this new multi-million dollar market.

Our DuraFit™ line not only offers design advantages, but represents a cost-effective alternative to OEM replacements. The DuraFit™ rollout began in June. So I expect to provide you with an update during our next quarterly conference call.

Our Catalyst division supplies catalysts for catalytic converters and for our own heavy duty diesel systems division. We can grow revenue in this division by increasing the number of models of Honda cars that we're supplying catalysts for.

Since 2012, we've expanded from three models to six models. Many of these new models, though smaller volume, require a high performance advanced catalyst technology, which are higher margin products for us. We believe our catalyst technology has saved Honda approximately $100 million over the last five years. Even for a company the size of Honda, that's a significant savings.

The unique benefit of our catalyst technology is it requires far less platinum group metal than other catalysts. We are continuing to pursue expanding our portfolio of catalysts with Honda and are looking for niche opportunities to bring in revenue more quickly, while continuing to look for ways to monetize our latest technology with other OEMs and in new markets.

We will continue to keep a close eye on expenses. We've been consolidating positions between our facilities and reducing management layers, not only to reduce cost, but to facilitate quicker and more efficient decision-making.

Despite working to reduce operating expense, we've been making prudent investments in new product development and technology, and have made several key hires in the sales organization to drive our sales growth. We are making good progress and are highly committed to improving our results.

Looking ahead, we believe strongly in the ability of our technology strategy to help increase the value of our company. We will continue to focus our product development efforts on innovative and proved technology, maintaining strong patent protection and commercializing our new advanced low-PGM and zero PGM materials and robust manufacturing process technology.

In the second quarter, we filed an impressive number of patents, and there are more in the pipeline. We will continue to see customers or partners for core mission-control technologies via development partnerships, licensing, joint venture, manufacturing agreements. In the longer term, we'll also pursue new end markets, including fuel cells, petrochemicals and thermoelectrics.

The fact is, however, that we do not have the market value that we believe we should have, and that our shareholders, as well as our loyal customers and talented employees, have a right to expect. To that end, we'll continue to focus on our core mission, which is, one, to develop and commercialize advanced low-PGM and zero PGM materials; and two, drive towards profitability by growing revenue, expanding margins and controlling our operating expenses.

With that said, I'd like to open the call to questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] And our first question comes from Matt Koranda from ROTH Capital. Please go ahead.

<Q – Matt Koranda – ROTH Capital Partners LLC>: Good morning, Chris and David, and congrats to you both on the new positions.

<A – Chris Harris – Clean Diesel Technologies, Inc.>: Thank you.

<A – Dave Shea – Clean Diesel Technologies, Inc.>: Thanks, Matt.

<Q – Matt Koranda – ROTH Capital Partners LLC>: Just wanted to start out with the path to profitability here and you guys kind of started highlighting some of it in the prepared remarks. But I just kind of of – do you think you could kind of sketch out or highlight for us kind of at what level of revenue would you see kind of breaking even on a net income basis? And where do you start to post consistent profitability on a net income basis? Just kind of sketch it out broadly for us if you could.

<A – Chris Harris – Clean Diesel Technologies, Inc.>: Well, yeah, I don't want to get into actual thresholds because a lot of that, Matt, depends on product mix. And, in both divisions, the portfolio has been maturing in terms of a more favorable mix in terms of margin. So the key is to bolt-on additional revenue to both the divisions and to hold the margin structure of those sales and, at the same time, cut some of our overhead and operating expense. Those three, if you will, vectors, with not a major amount of sales increase, can deliver profitability.

<Q – Matt Koranda – ROTH Capital Partners LLC>: Okay. Great. And then, in terms of OpEx cuts, how much more opportunity is there to cut OpEx? You guys have held it down pretty nicely here. But how much more is there to come and how do you kind of counterbalance that without sort of hurting long-term business development efforts?

<A – Chris Harris – Clean Diesel Technologies, Inc.>: Well, I mean, I think the thing that we need to appreciate, too, about where we're at in terms of the company's maturity, if you will, is a lot of effort has gone into developing better business processes over the last few years, whether it's sales and operational planning, and forecasting, and control of working capital and, at the same time, utilizing new tools, totally getting the most out of our ERP systems, et cetera. So, if you take some of those improvements and maturities, I'll call them, that means that we actually can get the job done, get it done better with fewer persons.

So the aspect that you just brought up about are you going to cut and to the point that you hurt yourself, well, we're at kind of a different point in maturity in terms of what we can do with the talented people that we have and the tools and the business processes in place. So that's a good thing.

There's other positions that you've seen as the more recent announcements have occurred in terms of senior leadership where we believe now we've built up the teams and the depth in the organization that we don't necessarily have to replace some of the most senior and, frankly speaking, higher cost leadership, too. So we're going to start seeing, as the quarters unfold here, year-over-year impacts of those full savings that we haven't yet seen at all. And then, that will start impacting cash, too, at that point.

So I think it's a combination of things. It's not just cutting for cutting's sake. It's taking advantage of the depth that we've built in the organization and the maturity that we've built into the company in terms of business processes and skill sets.

<Q – Matt Koranda – ROTH Capital Partners LLC>: Right. Great...

<A – Dave Shea – Clean Diesel Technologies, Inc.>: And just to follow-on with Chris...

<Q – Matt Koranda – ROTH Capital Partners LLC>: Yeah. Go ahead, David.

<A – Dave Shea – Clean Diesel Technologies, Inc.>: And we've – even though in many areas we've really been trying to work on reducing costs, we've actually been, as we said, we've made a couple of key hires on the commercial side. So we're really trying to refocus the operating expense that we have in the areas where we really need to spend it, which is in the sales side and on the research side.

<A – Chris Harris – Clean Diesel Technologies, Inc.>: Exactly.

<Q – Matt Koranda – ROTH Capital Partners LLC>: Okay. That's very helpful commentary, guys. And then, just looking into the second half of the year, can you help us kind of just manage our expectations for the second half here? What do you expect in terms of revenues? Is there going to be a little bit of a drop-off with the California retrofit program kind of rolling off? Help us think about the second half of the year here.

<A – Chris Harris – Clean Diesel Technologies, Inc.>: Clearly, as we approach different compliance deadlines, we always seem to have this cyclicality or seasonality, et cetera, and so we'll see some of that. But there's still a sizeable number of retrofits that have to be done in California. We still have our eyes on – laser-focused on a few targets in the 49 states that we think can start generating revenue and be sizeable projects by the end of the year.

But, coming back to California, too, is that in the second half of the year we have the benefit of having our full, if you will, portfolio of products. You might remember that we got some – we announced some extensions to our Purifilter EGR verification. That extension really didn't come through till the early second quarter.

And so some decisions were made for alternative products before that. There were some inventory in the pipeline heading into that compliance state that got pushed from the end of the year to the middle of 2014. So we believe that's been washed out and that we have a good chance to take more market share in California in the second half, so that the absolute results we're still bullish on.

<Q – Matt Koranda – ROTH Capital Partners LLC>: Okay. Great. That's helpful. And then, let's just touch on a couple of the segment opportunities here as we go forward. The after-market for replacement DPF, the product that you highlighted in the prepared remarks, sounds very exciting. Can you talk about the right channels for this product? Is it similar to your current DPF retrofit channels? And then, also just discuss the pricing relative to the OEM DPFs that are available.

<A – Chris Harris – Clean Diesel Technologies, Inc.>: Well, in terms of channels, it is something that's under development and refinement in terms of us deciding and partnering which sales channels we'll go through. But that's key. But one of the things that we can parlay, if you will, from the retrofit side of things is that we had independent distributors and we also had national dealership-type networks.

Those types of channels will exist for the after-market also. And so you can be assured that we're actively pursuing those channels, solidifying those relationships, those agreements, filling pipelines and ramping. And so, in the future, we'll be able to talk about how fast and to what scope that that's happened. But we definitely have a multi-channel aspect. And our intention is, as an alternative to

OEMs, is to have a very high market share position and leadership by capitalizing on multiple channels.

With respect to your question in terms of pricing versus OEMs, in general, OEMs in terms of replacements set the umbrella pretty high. And because this is in our wheelhouse in terms of tapping into our engineering, as well as our manufacturing and our customization-type capabilities, we certainly expect that we'll have a cost structure and efficiency, especially as this thing wraps, such that we'll be able to price in an attractive way and still maintain margins on this business.

<Q – Matt Koranda – ROTH Capital Partners LLC>: Okay. Great. And then, just moving over to the catalyst side briefly, and then I'll jump back in queue. There's a lot of other niche markets that you guys have kind of touched on in the past in terms of material handling and other off-road opportunities. Can you just talk about design cycles there and how they compare to automotive OEM design cycles? There's probably a lot of these other niche opportunities out there. And how do you decide to focus – on what to focus on there? Is it kind of just throw a bunch of irons in the fire and see what kind of comes out, or how do you decide there?

<A – Chris Harris – Clean Diesel Technologies, Inc.>: Well, I mean, you highlighted a couple of things. There are these other segments that we have expertise and a track history that have shorter design cycles. And automotive design cycles in the passenger car world are three years to five years. These others can be substantially shorter than that.

And relative to the question of how do you pick and choose what you go after, I mean, first of all, I think that's another area that we've matured in as a business in terms of so-called business opportunity analysis or business case analysis of looking at several key questions in a very systematic and analytical way of which opportunities to chase after.

And some of those questions that we ask relate to how core is it to us? I mean, do we have a track history? Or does it tap into sales channels that we already have? Does it tap into competencies that we already have and experiences that way? Those are important questions that we ask ourselves as we decide which ones to go after.

But, Matt, you're pointing out areas like material handling, underground mining, et cetera. Clearly, those are on our radar screen as to where can we expand, if you will, an adjacent space that probably has lower technical and commercial risk and a higher probability of success.

<Q – Matt Koranda – ROTH Capital Partners LLC>: Okay. Great. That's very helpful, guys, and thanks for the answers. And I'll jump back in queue.

Operator: Our next question comes from Ian Gilson of Zacks Investment Research. Please go ahead.

<Q – Ian Gilson – Zacks Investment Research, Inc.>: Well, thank you very much. I've got two questions. On the DuraFit™, you went rather quickly through the numbers. Could you go back? And then you said the Class 5 to 8, the market size per year was?

<A – Chris Harris – Clean Diesel Technologies, Inc.>: We believe that there is north of 150,000 replacement filter hitting the market at this point yet.

<Q – Ian Gilson – Zacks Investment Research, Inc.>: Okay. And that's $550 million per year or total market?

<A – Chris Harris – Clean Diesel Technologies, Inc.>: Per year. And that...

<Q – Ian Gilson – Zacks Investment Research, Inc.>: Okay.

<A – Chris Harris – Clean Diesel Technologies, Inc.>: ...market should substantially grow because, if you look at what historically has been hitting in new vehicles, the North America market. I think it's on the average about a 0.25 million vehicles a year. Well, of course, we've had some ups and downs with the recession, et cetera.

<Q – Ian Gilson – Zacks Investment Research, Inc.>: Okay. Is the OEM market a possible channel for you for these products? Can you go directly to the engine manufacturers, Cummins, for example?

<A – Chris Harris – Clean Diesel Technologies, Inc.>: It's more likely in terms of OEM. If you think about it, there's national dealerships represented by the OEMs in terms of the trucks themselves, the vehicles. They often have, for instance, a Cummins engine on them. So we, of course, have to match replacement filters for the engine specifically. That's generally how emission systems are lined up with the engine more than anything.

And so, to kind of answer your question without getting into a lot of details in terms of commercial strategy, there are OEM national dealer networks out there and we intend to be engaged.

<Q – Ian Gilson – Zacks Investment Research, Inc.>: Okay. On the technology for that products – for the DuraFit™ products, are these low platinum group metal catalysts? Had they been so for the last few years? Or is this a brand new technology? Because I know that in the past, you've basically used the MPC® for the catalyzed particular filters.

<A – Chris Harris – Clean Diesel Technologies, Inc.>: So, in terms of these newest launch and newest products, they're based on effectively our current technology but the latest generations of that, of course. So, to a great extent, they're innovative products relative to some of the original OEMs that are dated now in terms of when they were put into development.

So, for any sales that we're making in new verifications in the retrofit side as well as introductions on the DuraFit™ side, we're utilizing our state-of-the-art technology on the catalyst side. And we think that gives us an advantage, both in terms of performance and in terms of cost base.

<Q – Ian Gilson – Zacks Investment Research, Inc.>: Okay. In the SEC filing on the Q, you have a list of your vendor, how important they are. And vendor A, for six months, was 17% of your cost of goods, I presume that is. And in the last quarter, was 7%, which sort of implies that they've dropped off the list altogether in the quarter. Is this correct that they are now basically insignificant? And did that do anything for your margins?

<A – Chris Harris – Clean Diesel Technologies, Inc.>: Can you give us just a second on that?

<A – Dave Shea – Clean Diesel Technologies, Inc.>: Okay. So what that is, is that was one of our ceramic suppliers that changed over from one supplier to another. So it's part of our cost reduction initiative.

<Q – Ian Gilson – Zacks Investment Research, Inc.>: Are those the gentlemen in Copenhagen?

<A – Chris Harris – Clean Diesel Technologies, Inc.>: We don't generally specify.

<A – Dave Shea – Clean Diesel Technologies, Inc.>: Right, we don't disclose who our partner vendors are.

<Q – Ian Gilson – Zacks Investment Research, Inc.>: Okay. Also you have noticed that the technology rights that were sold a few years ago and current agreements restrict you for OEM sales or sales in general in Asia. Does that mean that all of the Korean and Japanese automobile manufacturers basically restrict you to U.S. and European produced products?

<A – Chris Harris – Clean Diesel Technologies, Inc.>: Ian, those agreements, those historical agreements, I think they were from 2008 and 2009, were complex in terms of how they addressed a variety of different issues in terms of the product line and the technology versus future products and future technologies.

Suffice it to say that we understand the size and the opportunities in Asia Pacific and that, within the confines of those agreements as well as ongoing discussions and collaboration with our partners in Asia, that we'll have access to the markets we need to have access in Asia.

<Q – Ian Gilson – Zacks Investment Research, Inc.>: Okay. And also, in the Q, you state that we have entered in new contractual agreements in connection with the sale of certain assets. But was that the sale of the assets in Sweden or are we talking about other assets? And has that been disclosed?

<A – Dave Shea – Clean Diesel Technologies, Inc.>: So there are no active sales of assets currently. That reference may have been back to when we sold some intellectual property a number of years ago or the sale of the building. And the building has been sold.

<Q – Ian Gilson – Zacks Investment Research, Inc.>: All right. Cost of re-location and severance in the third quarter, I presume there are some.

<A – Dave Shea – Clean Diesel Technologies, Inc.>: Correct. Correct. So we've got the lease in Ventura, which we will expense the balance of less whatever we believe we can get as far as a sub-lease or a buyout of our lease. We obviously have Nikhil's severance and we severanced a number of other people during the third quarter, which we will expense all their severance in the third quarter.

<Q – Ian Gilson – Zacks Investment Research, Inc.>: Okay. And finally, what was California revenue in the second quarter?

<A – Dave Shea – Clean Diesel Technologies, Inc.>: So our revenue in California...

<A – Chris Harris – Clean Diesel Technologies, Inc.>: We're just checking that number again. Sorry.

<Q – Ian Gilson – Zacks Investment Research, Inc.>: Okay.

<A – Dave Shea – Clean Diesel Technologies, Inc.>: Sorry. Our revenue in the second quarter in California was about $2.8 million.

<Q – Ian Gilson – Zacks Investment Research, Inc.>: Great. Thank you very much.

<A – Dave Shea – Clean Diesel Technologies, Inc.>: Okay.

Operator: [Operator Instructions] And our next question comes from Lee Glenn, private investor. Please go ahead.

<Q>: Thank you. I was wondering about if you could say a few things about the sensitivity of the sales to the price of platinum, palladium and the other precious group metals. Obviously, that as the price of these go up and they've been trickling up over the past eight months or so, I would expect that would impact sales.

<A – Chris Harris – Clean Diesel Technologies, Inc.>: Yeah. I mean, in general, if there's large swings in the marketplace on precious metals, that we as well as anybody in this business would go and recoup those in the marketplace. It's a little bit more complex in that in terms of our portfolio because we continue to transition to a more favorable mix of products surrounding our in-house catalyst technologies that tend to be lower in precious metals.

So, I guess, what I can say is that in terms of the percentage of the sales that are related to precious metal right now, that's not being driven by inflation on precious metal overall, because even if the unit cost per troy ounce of precious metal is going up, the weighted average of the amount of precious metal we have in our sales portfolio is falling because we're in more modern, if you will, and state-of-the-art catalyst technology. So it's being offset by lower usage of precious metal, even if the troy ounce price is going up.

<Q>: Right. But if you're providing products that have low or no platinum group metals in them and other manufacturers are providing or using those precious metals, wouldn't that give you a competitive advantage in the marketplace? And I'm wondering how big of a factor that is. Am I understanding this right or?

<A – Chris Harris – Clean Diesel Technologies, Inc.>: Yeah. No, no, you're totally right. I mean, obviously if we can control our cost base and reduce it relative to the competition, it gives us more flexibility in pricing. But, of course, trying to be sophisticated marketers, if you will, ourselves, we want it priced to what the market will bear.

And so, to a great extent, I mean, certain markets, there is competition and we're competitive and we've adjusted our pricing accordingly. And we've been able to do that and still maintain and expand margins because this low-PGM technology helps us, gives us that flexibility.

<Q>: Okay. Thank you very much.

Operator: And there are no further questions. I would like to turn it back to Mr. Harris for closing remarks.

Christopher J. Harris, President, CEO & COO

Thank you. And thank you to everyone for joining us for this call today. And I hope that you'll be with us again for the third quarter call sometime around the first week of November. While we're on that call, I hope to be able to give you some good news about the DuraFit™ rollout, and hope to report higher revenue and a resumption of growth.

So thank you again and have a good day.

Operator: Ladies and gentlemen, it does conclude today's conference. Thank you for your attendance. You may now disconnect. Everyone have a great day.