Walker & Dunlop

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Cheryl Pate: Hi. Good afternoon. I'm Cheryl Pate, the specialty finance analyst here at Morgan Stanley. It's my pleasure to welcome Walker & Dunlop to our conference today. Walker & Dunlop is a leading multifamily originator and servicer and was a top-ten multifamily originator in 2012, including number one in Fannie Mae DUS and number five in Freddie multifamily lending. Recently, WD announced two new initiatives - one, a bridge loan program and, two, a CMBF loan origination platform.

And with us to present today is Willy Walker, Chief Executive Officer. Willy has served in executive functions at W&D since 2003, expanding the franchise to Freddie Mac and HUD originations in 2006 with the purchase of Column Guaranteed, leading the IPO of Walker & Dunlop in 2010, and, most recently, the acquisition of CWCapital. Prior to joining WD, Willy held numerous executive roles, including **at** TeleTech, Newbridge, and Alta (ph).

And, with that, I'll pass it over to Willy. Thanks.

Willy Walker: Thank you, Cheryl, very much. I'm going to dive right in here and jump into a quick presentation. I want to leave time for questions at the end, so I'm going to kind of tear through a lot of this material. Some of you may have seen it previously. I'm happy to discuss any of the slides specifically if, as we're going through, anyone has any questions on it.

So, the goal is to be the premier commercial real estate finance company in the United States. I would say, right now, Wells Fargo has that title. We compete pretty fiercely with Wells Fargo on a day-to-day basis, as well as all the commercial banks, the CMBS lenders, as well as the life insurance companies. The commercial real estate finance space is a huge space, $3.1 trillion outstandings. Of that, multifamily is about $850 billion. And so, as we grow from being one of the dominant multifamily lenders into being one of the largest commercial real estate lenders, we're, to date, the tenth-largest commercial real estate lender in the country. If you look at our competitive set and who we compete against, it is all the largest commercial real estate-- all the largest commercial banks, as well as life insurance companies. And the strategy here is to take our expertise and market position in multifamily and broaden it out into the broader market.

We have built a very, very strong brand over the past couple years through acquisitions and growth during the downturn. And, as others were pulling back, we actually moved forward, going public in 2010 and with the acquisition of Column Guaranteed in 2012.

If you look at our growth over the past couple years, it's been pretty dramatic. You can see the compound annual growth rate at the top of all of these as it relates to total loan originations, revenues, servicing revenues, as well as adjusted income from operations. They're all very similar, if you will, as it relates to the growth we've seen.

I would put forth that the one real-- I guess there are two things here. One, volumes are coming back dramatically now in the commercial real estate financing space, and so this growth took place in a downward-trending market. And so we've gained the scale to be able to take advantage of an upward-trending macro market because we've done very, very well competing in our micro market.

And the other is that we've grown our servicing portfolio dramatically over the past couple years, and that servicing portfolio is a very durable asset. Some of you may have invested in single-family originators and servicers. Very, very distinct business. The single-family world right now has been doing huge volumes of refinancings. And, once interest rates start to move, those refinancing volumes will fall off the table. And they also all have mortgage servicing rights with an average life right now-- I think most single-family servicers are putting on about six years. But, depending on where interest rates go, they have to constantly be recalculating what the average duration of their servicing portfolio is. Our servicing portfolio average duration is 10.2 years, and 88% of the loans in our servicing portfolio are prepayment protected. So, if the borrower decides that they want to prepay that loan, they write us a check for the future servicing income that would have been due to us if that loan had stayed on our books. So it is an extremely durable asset. I'll talk about that a little bit later.

So, in 2007, we were a very small, privately held company. We set out an ambitious goal that, over the next five years, to grow revenues, pretax income, and net income 5X in five years. I will tell you with all candor that, in 2007, I had absolutely no idea what we were going to go through over the next five years as it relates to the great recession. And, during that period of time, we were able to grow dramatically as other people pulled back. And there are a number of different things that we did during that period of time. Acquired Column Guaranteed from Credit Suisse. We went public in 2010. And then we acquired CWCapital in 2012. We have been able to successfully buy companies, integrate those companies, and maintain the culture that has made Walker & Dunlop what Walker & Dunlop is today throughout all of that growth.

On the top, you can see our total loan originations and how they have grown over the last five years. At the bottom is our ranking in the league tables as far as an overall lender to commercial real estate. You can see we've gone from number 40 down to number 10 in the league tables. As far as Fannie Mae, we've gone from the tenth-largest Fannie Mae DUS lender to being number one. We are aggressively selling the fact that we are the largest Fannie Mae DUS lender in the country. Freddie Mac-- we weren't even in the Freddie Mac origination business back in 2007. Today-- we were five at the end of 2012. We're number two year-to-date. So we continue to gain market share with both Fannie and Freddie against the competitive set. And then, on the HUD side, again, we weren't even in the HUD origination business back in 2007. We ended 2012 as the sixth-largest HUD originator in the country. So significant scale to the platform and really moving up in the league tables and showing the ability to gain market share over our competitors.

So who are our competitors? You can see there as far as total originations, Wells Fargo being the largest with Bank of America in second place as far as total commercial real estate originations in 2012. On the Fannie Mae side, you can see us in number one, right in front of Wells Fargo. And then, on the Freddie Mac side, CBRE has been the ten-ton gorilla in the Freddie Mac origination space. We're working very, very hard to move ourselves into second. We're in second position year to date-- but to maintain that positioning with Freddie Mac. Right now, as it relates to multifamily, Wells is the largest multifamily lender in the country. CBRE is number two. Walker & Dunlop is number three.

So $3 trillion of commercial debt outstanding, $850 billion of multifamily debt outstanding. Almost $2 trillion of that debt matures in the next five years. And, unlike the single-family world where lots of people have been going and refinancing their mortgages in this low interest rate environment, commercial borrowers have to pay prepayment fees to be able to do so. And so most of that debt is locked out. And most of the fees and prepayment that people would do today is based off of using a risk-free rate to calculate what the prepayment expense would be. And, because the risk-free treasury rate is so low, those prepayment fees and penalties are extremely high right now. So very, very little prepayment of future maturities for 2014, '15, and '16 going on right now.

And, as you can see in the graph on the right-hand side, the amount of refinancings that's coming up in '14, '15, and '16 is massive. It all adds up to $1.9 trillion of refinancings over the next five years. Those loans must be redone. They will be redone if the ten-year treasury is at 2.5%, 3.5%, or 5.5%. The question will be: How does the first trust mortgage size? Can it take out the existing debt, or do you need to put mezzanine financing on top of it? Do you need a new equity partner to come into the property to be able to refinance it out? So, as we move into a higher interest rate environment, that will be one of the questions for our originators: Are the services that we're providing today in a first trust mortgage sufficient to be able to refinance out the mortgage? Or do we need to go and bring mezzanine? Do we need to be able to bring equity?

Our platform is 21 offices across the United States. We source loans through our 21 offices with a direct origination sales force of 67 loan originators. And we also have 25 correspondent lenders; so, small mortgage banks across the country that source loans for us. On a given loan that's sourced for us by a mortgage bank, we split the origination fee 50/50 with them. And then we keep the rest of the economics. Sometimes, if they're a preferred broker to us, we give them a piece of the servicing strip; typically, no more than 10%. And then, if we do a direct origination, we keep 100% of the origination fee and then, obviously, all the servicing economics.

You can see on the right-hand side how the percentage of our originations have gone from-- the green is brokered. The blue is direct. I point you to 2007, where you can see that our direct originations skyrocketed. The reason? Because, back in 2007 when CMBS was so active, none of our brokers had any, if you will, loyalty to our channel and were taking deals wherever they could get them done. So the only way for us to originate was to do it direct. You can see that dropped back down when the brokers had no other alternative but to bring deals to us. That will continue to go up as it relates to our direct originations, particularly given the acquisition of CWCapital, where we added a huge number of direct originators through that acquisition.

So loan origination volumes by quarter. We just came out of Q1, which was a typically slow quarter. We did $1.73 billion of originations in Q1. And, as you can see, in 2011 and 2012, we did 13% of originations in Q1 in 2011, and we did 9% of originations in Q1 of 2012. And so doing $1.73

billion in Q1 for us this year actually was a fantastic first quarter as far as aggregate originations.

On the right-hand side, you can look at the breakdown in where those originations were. The light blue is Fannie Mae. So you can see just over 40% of originations with Fannie Mae. The green is Freddie Mac. You can see we swelled with Freddie Mac. As I said to you, we've moved up from ending the year in fifth place with Freddie Mac to being second year to date. The gray is HUD. HUD, because of the continuing resolution on Capitol Hill, couldn't issue commitments at the end of the first quarter, so a significant volume of HUD business did not get commitments at the end of Q1 and rolled over into Q2. Therefore, a thin volume of HUD in Q1. And then the blue is our capital markets group, where we're brokering deals off to conduits - life insurance companies and banks. And you can see, year on year, that came down. But we are investing in that line of business, and it's doing quite well.

So key points on Q1. Loan origination volumes-- we've given guidance of $2.3 billion to $3 billion in Q2. And you can see there, for the year, we've got $10 billion to $12 billion of aggregate loan originations. You can see a number of the-- revenues were up 101%. Most of our metrics right now are all growing at over 100% year on year, mostly due to the acquisition of CW. But one data point to keep in mind as it relates to organic growth. If you look at Fannie Mae and Freddie Mac's loan origination volumes in Q1 and the overall market, the overall commercial mortgage market grew 9% year on year in Q1-- 9% for the overall market. Fannie Mae grew their originations 15% year on year. Freddie Mac grew their originations 23% year on year. Walker & Dunlop grew our Fannie and Freddie originations year on year organically 48%. So, back to the point that I was making previously, we are growing faster and gaining market share from the competition.

And then the servicing portfolio. Servicing fees of $21 million in the first quarter, up 125% over Q1 of 2012. And the servicing portfolio today is over $37 billion. And, as I spoke about previously, it's an extremely durable, long-term asset.

Some of the key financial highlights. You can see the loan origination volume. Servicing fees I just spoke about.

You can see the operating margin, the operating margin, dipping down year on year from 28% down to 20%. We took on a bunch of different costs, if you will, in the acquisition of CWCapital. We did more business in Q4 than we've ever done bringing the two firms together. Q1 was a typically slow first quarter. And Q2, you've seen we've given guidance of

$2.3 billion to $3 billion for Q2. Once we get up to those origination volumes, we will get back to economies of scale, and you will see our margins come back to where they historically have been.

And let me see if there's anything else. 60-day delinquencies. So, on all the loans we originate for Fannie Mae, we take the first loss position. So we take the first 5% solely at Walker & Dunlop, and then we share with Fannie Mae back to 20%. 20% is our total risk exposure on the loans we originate for Fannie Mae.

Just as a quick side point, if anyone talks to you about Fannie/Freddie reform and what the solution ought to be, it ought to be exactly what Fannie Mae does in the DUS model. Private capital should go in front of public capital, and the public should stay behind these mortgages as a catastrophic guarantee. That's the way to fix what happened to Fannie and Freddie during the mid 2000s and late 2000s, just as a political commentary. Senator Corker and Senator Warner are actually right now working on legislation that is very much along those lines of putting private capital in front of all these loans, both on the multifamily side as well as the single-family side.

But, as you can see in our portfolio, at the end of Q1, we did not have a single loan in our entire loan portfolio that was 60 days delinquent, not one. That's quite something for a scaled servicing portfolio of over $37 billion.

Gains from mortgage banking activities. We break up our gains on two fronts - origination fees, where we're making typically a point origination fee on originating a loan. We'll then go sell that security. So we make a trade premium on selling that security into the secondary market. And then we make our mortgage servicing rights, where we're taking the future servicing revenues, discounting them back to the present value, taking the earnings at this time, setting an asset up on our balance sheet, and then depreciating the asset out over the life of the loan. We use discount rates between 12% and 15% to discount those servicing rights.

And you can see from a margin standpoint-- if you back up on that graph to sort of 2009, when Fannie and Freddie were really the only players in the financing space, we would have thought that we would see margin compression on origination fees and servicing fees as other sources of capital came back to the market. As you can see, we have not. We're at 262 basis points combined origination and servicing fee as an average over the last three years. And Q1, as you can see here, was at 293. So no margin compression to date as it relates to origination fees and servicing fees.

The servicing portfolio. You can see the growth here, a lot of upward trends. Going from 2010, you can see the average life of the portfolio was 7.9 years back then. We're now over 10 years. 10.2 years is the average life of the loans in our portfolio. You can see that the average income on a quarterly basis has grown from $7.2 million up to over $20 million on a quarterly basis. And you can see the basis points. The average basis points on the overall portfolio has grown from 20 basis points to 24 basis points. And so it's a growing, expanding, longer-duration, more profitable portfolio today than it was back in 2010.

These are the valuations of the contractual servicing revenues that we have on the books today are $680 million over the life of that portfolio. The amortized book value of the MSR is $316 million, and the estimated fair value-- we have a third party come in at the end of the year to evaluate. It was $351 million. And that graph up above is just showing you where the maturities are and the revenue-- the cash flows that will come off of the servicing portfolio. Obviously, as you move further out, they come down.

I mentioned previously, zero loans 60-day delinquent at the end of the first quarter. You can see our 60-day delinquencies peaked in Q2 of 2010 at 162 basis points and have steadily come down. The more important line on all of this-- those were delinquencies. But look down below on the yellow line of net write-offs. You can see net write-offs basically flat-lining across the bottom. We've had de minimis losses on our portfolio. And, for a portfolio that's as large as ours is and as scaled as it is, our credit track record is quite something. Plenty of zeroes down below.

So, proprietary capital initiatives. I'll touch on these quickly, and then I'll go to some Q&A. A lot of talk about Fannie/Freddie reform. And every investor who invests in Walker & Dunlop always asks me what's going to happen to the agencies. I don't know what's going to happen to the agencies. But, since going public, we've been pretty straightforward that not a lot is happening any time soon. And three years from since we went public or two and a half years since when we went public we've been correct up until now. They're still trying to figure out the framework for what Fannie and Freddie might look like and the fact that Fannie and Freddie produced windfall profits for the U.S. treasury and the United States debt just got upgraded predominantly due to Fannie and Freddie's profits in Q1 makes a lot of people scratch their head on whether Fannie/Freddie reform actually has any legs to stand on right now. So who knows. But we will see how that goes along.

In the interim, we've got clients who want more than just agency debt. We've got clients that want a CMBS loan because they want higher leverage. We've got clients that want a life insurance company loan because they want to go longer term. They want to go 15-year debt not 10-year debt. And we've also got clients who are acquiring assets that aren't ready for permanent financing. They're going to acquire an asset, they're going to renovate it, they're going to invest in it, and then they're going to release it back up and push rents. So we're right now raising capital in a bridge loan program to meet the needs of clients on buying assets, repositioning, and then putting permanent financing on them.

We've hired a gentleman named Tim Culterman (ph), who used to be at Bear Stearns, to head up our CMBS efforts. We plan to originate and pool up to $200 million of loans and then contribute those loans to larger securitizations done by people like Morgan Stanley.

We have a commercial mortgage REIT that we've been studying and working quite hard on.

And then the separate account initiative. We're out talking to a number of pension funds and life insurance companies about giving us a separate account to go invest that money. We hired a gentleman named Brian Casey (ph) three weeks ago, who came to us from Met Life. Brian ran Met Life's commercial whole loan lending program, which put out $9 billion of capital last year. And Brian is spearheading our efforts there on raising a separate account from life insurance companies.

So a lot of initiatives to both meet the borrowing needs of our clients but then also to diversify Walker & Dunlop's capital sources.

And so onward to 80. We just celebrated the company's 75th anniversary. The drive to 75 really catapulted us up in the league tables and got us the scale that we need to be able to compete in a much more vibrant economy if you will. And so the scale and the brand that we've gained over the last five years I think positions us extremely well today. There was no real way to grow Walker & Dunlop back in 2005 when we were a small, privately held company. And everything we've done over the past couple years positions us, I believe, extremely well to take advantage of this next cycle.

The origination platform, the credit track record, and the people that work at Walker & Dunlop differentiate us.

Our proprietary capital initiatives will diversify our funding sources.

And then our onward to 80 focus is to have 50% of our revenues from our servicing fees and asset management fees by the time we turn 80, 5 years from now. So really a big growth-- continued growth of the servicing portfolio and then raising capital and making asset management fees off of the capital that we raise.

And that is it. So there we go. Eight minutes. Any questions?

Unidentified Audience Member: Can you talk about how rising rates are impacting our capital markets business……?

Willy Walker: So how are rising rates impacting our capital markets business? I would say that rising rates right now are impacting our overall business because people are rushing to rate lock. So, in the last two weeks, as rates have started to go up, we had a lot of deals that were sitting there sort of waiting to go. I think, last week, when rates spiked, a lot of borrowers were sort of like - Are they going to retreat back down to where they were, or do I need to lock? And then, this week, a lot of people said - I'm not waiting to see whether they back up. Let's go. And so I think we're going to see a number of sort of, if you will, plateaus as we go along here where people will say - Do I go or do I wait?

What will end up happening is that, as rates start to rise, there are plenty of people who, right now, prepaying their loan that matures in 2014 or 2015 is too expensive for them to do. But, as rates start to rise, there will be a flexion point there where writing us a check to prepay their loan and refinancing it now at a lower interest rate than waiting until it matures two years from now will become an economically feasible thing to do. And our expectation is we will get a big surge in prepayment penalties, new originations, as well as booking of new MSRs.

And then, once you go through that and you get up to-- let's just say that the Fed overshoots and you get to a 5.50% ten-year treasury environment. The one question you have to worry about then is how much of the stuff sizes. If you're at a 5.50% treasury, most of the stuff is somewhere between a 200 and 250 basis point spread, so you're looking at sort of 7.50% to 8% interest rate interest rate environment. We haven't seen a 7% to 8% interest rate environment in the commercial real estate space in a very long time. So a lot of the stuff that was put on back in 2004, 2005, 2006 was all done at sort of a 5% to a 6% coupon. So how much rent growth have you gotten to be able to actually refinance the loan out at a 7% or 8%? If it doesn't size right now with only-- in most of these loans, you've got less than a third of the UPB amortized because these are 10-year term, 30-year amortizations. And so, in many instances, you're going to have to go out and find mezzanine or equity to refinance out some of these loans, if rates really spike.

Unidentified Audience Member: You alluded to the culture of your company. Can you talk a little bit about the culture historically of the company and, in particular, how you've been able-- some of the challenges you've faced in maintaining it as you've grown so rapidly?

Willy Walker: That's a great question. And, to be perfectly honest with you, I wish more investors asked questions just like that rather than a 2 basis point movement in our MSR calculation.

We were named the seventh great place to work by the Great Places to Work Institute last year. And that only comes about because you've got a very unique culture inside of the company. We are blessed that we only have 445 employees in Walker & Dunlop. And we're going up against behemoths like Wells Fargo and JPMorgan and others that have hundreds of thousands of employees all over the place.

And that differentiates us in a number of ways. One, you can manage the credit culture very, very closely. You can get credit decisions made much more quickly than in some of the large companies that we compete against, who they go through committee after committee after committee. On the sales side, I'll go to-- I woke up this morning and went biking with a client and got a piece of business in biking with the client through Central Park this morning. I don't think that there are too many CEOs of other companies that want to go meet with an owner of a multifamily property in New York City to try and get a piece of business first thing in the morning. And so we try and differentiate on that.

Specifically as it relates to culture, it's everything from working last week to get an employee's brother-in-law into Johns Hopkins because he's got esophageal cancer and is 31 years old and is up at the end of his road. And I worked with some friends to get him in there. And going that extra mile to help somebody makes a big difference on their, if you will, retention at Walker & Dunlop and being part of a family, if you will. And it then goes all the way down to benefits. It goes down to having a team. We had three teams that competed this year in the American Odyssey Race from Gettysburg back to Washington. Great team-building. So I could go on for a long time.

But we do a lot to make sure that the corporate culture at Walker & Dunlop is distinct because, to be perfectly honest with you, if you're a loan originator at Walker & Dunlop and you've got the opportunity to go to Wells Fargo with all the products that they have to sell, the only thing that's going to keep you at Walker & Dunlop is the fact that you can do things that you can't do at Wells Fargo and that you love where you work.

Let me jump to him quickly, and then I'll come back to you.

Unidentified Audience Member: Hey, Willy. You mentioned a couple of times that you think there may be a need for mezz or equity to come into financing to get the refi wall done. Is that something you're exploring getting involved in? Or any kind of JVs on that front?

Willy Walker: Yeah. I had breakfast yesterday morning with Debbie Harmon, who runs something called Artemis, which is a pretty significant multifamily equity fund, talking to her about whether we'd want to do something on the JV equity side. We met with Colony last week, who has a pretty significant REIT, as well as funds to do mezz. So we don't have anything in place with Artemis or with Colony. I'm just saying that, yes, we're talking to plenty of people.

That demand is not there today. There are clearly some borrowers who are trying to push leverage limits. But, with CMBS coming back, if you want to go 85% or 90%, you can go get a CMBS first trust mortgage, and you can get there. The stuff that's going to be trickier is when the big pools of CMBS loans in 2015, 2016, and 2017 come back on, rates have moved up. You're going to have a real discrete need for that type of financing, I believe. So, yes, we're very much looking on it.

And we might end up doing it ourselves. We clearly have people who might want to just put capital with us. Putting equity in a deal where we have a first, uh-uh (negative). We might do mezz on top of our first.

Unidentified Audience Member: Can you talk a little about your originators? I guess two questions. Where are you picking originators from? And, two, do you need to add originators to continue to shift more of your business away from multifamily to some of the other property types?

Willy Walker: So, we're picking up originators through acquisitions. The CW acquisition brought across a great, great proprietary origination platform. But the CW was only in multifamily, so they have Fannie, Freddie, and HUD originators. They had no non-multifamily originators.

Last year, we picked up two teams from a competitor of ours, one in Florida and one in Wisconsin to do non-multifamily originations.

And we're out every single day recruiting to bring people across from-- I'll just throw out names not specific to who we're trying to poach from today-- but from CBRE or HFF or JLL, any of the big brokerage firms. There are plenty of people out there who like the opportunity to help grow Walker & Dunlop's mortgage brokerage business, if you will. And, if you come to

Walker & Dunlop and you're-- let's just say that you're a CBRE broker in Dallas. You're in an office that has probably 10 to 15 loan originators. And you've got your client list, and you've almost got your territory inside of Dallas. If you come across to Walker & Dunlop, you basically have the entire city to yourself. So the opportunity to come from a big platform like CBRE down to a smaller platform like Walker & Dunlop and expand your universe of potential clients, if you will, is, in many instances, very attractive.

Unidentified Audience Member: Thank you.

Willy Walker: Yep. Cheryl, you got anything else?

Cheryl Pate: Yeah. Just one from me before we wrap up and move to the breakout room.

I've been hearing increasingly about competition ramping up in the multifamily lending space. I was wondering if you could give us some more color on what you're seeing in the market currently.

Willy Walker: Competition never really went away. So, if you think about Fannie and Freddie's programs in 2009 and 2010 when Fannie and Freddie were the only ones left standing, think about Wells Fargo for a second and all the originators at Wells Fargo. All the originators at Wells Fargo in 2007 had conduit, balance sheet, mezz, bridge, Fannie/Freddie, HUD, and there's probably one other tie-in. So they had six or seven products to go out and sell. And, all of a sudden, CMBS goes away, balance sheet goes away, mezz goes away, bridge goes away, and there's probably one other that went away, and all they had to focus on was Fannie and Freddie. So there are 25 Fannie Mae DUS lenders and 25 Freddie Mac seller/servicers. Every one of those originators-- all they did was focus on selling Fannie and Freddie.

And so that slide that I showed of Walker & Dunlop moving up in the league tables over the last five years-- that was done in the most hotly competitive, just-- I mean, every single originator across the country was trying to do a deal with Fannie and Freddie, and Walker & Dunlop grew at that level and gained market share.

So is there a lot of capital out there? There's plenty of capital out there. Are life insurance companies winning some deals against the agencies? Sure. Is CMBS pricing competitive to the agencies? Not much yet. But the agencies did $63 billion of financing last year in multifamily in a $103 billion market. So they had over a 60% market share last year. They have between the two of them $56 billion of lending capability this year - $26 billion at Freddie, $30 billion at Fannie. So they're still going to be well over 50% of the multifamily lending market this year. And we've shown very clearly our ability to compete with the Wells Fargos and the CBREs of the world in winning business in a very, very competitive environment.

So does the competitive environment continue to be very difficult? Yeah. But it's not as if we were sitting there in 2009 with our feet up on the table saying - Wow, aren't we lucky that we have access to Fannie and Freddie, because there were 24 other lenders who also had that access with much bigger brands and much bigger sales forces that all they wanted to do was sell against us. And we were able to win.

Cheryl Pate: Great. Well, please, join me in thanking Willy for the presentation, and we will move over to the breakout room. Thank you.

Willy Walker: Great. Thanks very much.