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ICLR - Full Year 2019 ICON PLC Earnings Call

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OVERVIEW:

Co. reported 2019 revenue of $2.806b, net income attributable to Group of $374m and diluted EPS of $6.88. 4Q19 revenue was $725.4m, net income attributable to Group was $99m and diluted EPS was $1.83. Expects 2020 revenue to be $2.972-3.092b and EPS to be $7.55-7.85.

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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by and welcome to the ICON plc Quarter 4, 2019 Earnings Conference Call. (Operator Instructions) I must also advise you the Conference is being recorded today, Thursday, the 20th of February 2020. I would now like to hand over to your first speaker today, Jonathan Curtain, Vice President of Corporate Finance and Investor Relations. Please go ahead.

Jonathan Curtain - *ICON Public Limited Company - VP of Corporate Finance & IR*

Thank you, Summer. Good day, ladies and gentlemen. Thank you for joining us on this call covering the quarter and full year ended December 31, 2019. Also on the call today, we have our CEO, Dr. Steve Cutler; and our CFO, Mr. Brendan Brennan. I would like to note that this call is webcast and that there are slides available to download on our website to accompany today's call.

Certain statements in today's call will be forward-looking statements. Actual results may differ materially from those stated or implied by forward-looking statements due to risks and uncertainties associated with the company's business and listeners are cautioned that forward-looking statements are not guarantees of future performance.

The company's filings with the Securities and Exchange Commission discuss the risks and uncertainties associated with the company's business. This presentation includes selected non-GAAP financial measures. For a presentation of the most directly comparable GAAP financial measures, please refer to the press release statement headed consolidated statements of operations, U.S. GAAP unaudited. While the non-GAAP financial measures are not superior to or a substitute for the comparable GAAP measures, we believe certain non-GAAP information is more useful to investors for historical comparison purposes.

From January 1, 2018, the revenue recognition standard ASC 606 became effective for ICON. Consequently, current and prior year comments made by both Brendan and Steve incorporate the impacts of this revenue standard. All business win and backlog-related financial measurements comprised both direct fee and pass-through components. This is consistent with financial measurement presented throughout this year. We will be limiting the call today to one hour and would therefore ask participants to keep their questions to one each, with an opportunity to ask one related follow-up question. I would now like to hand over the call to our CFO, Mr. Brendan Brennan.

Brendan Brennan - *ICON Public Limited Company - CFO*

Thank you, Jonathan. In quarter 4, we achieved gross business wins of $1 billion and $95 million and recorded $164 million worth of cancellations. Consequently, net awards in the quarter were $930 million, resulting in a strong net book-to-bill of 1.28x. Full year gross business wins were $4,250,000,000, and cancellations were $603 million resulting in net business wins of $3,647,000,000 and a net book-to-bill of 1.3x. With the addition of these new awards, our backlog grew to $8.59 billion. This represents a year-on-year increase of 11.4%.

Revenue in quarter 4 was $725.4 million. This represents year-on-year growth of 6.8% or 7.5% on a constant currency basis, and on a constant dollar organic basis, revenue grew -- growth was 6%. Full year 2019 revenue was $2,806,000,000. This represents year-on-year growth of 8.1% or 9.6% on a constant currency basis. Again, on a constant dollar organic basis, revenue growth was 8.4%.

Our top customer represented 11% of revenue in the quarter compared with 14.6% in quarter 4 2018. In 2019, revenue from our top customer represented 12.5%. This was in line with our previously stated guidance of 11% to 13% for the full year.

Growth outside our top customer remained robust, at nearly 10% growth year-over-year. Our top 5 customers represented 37.6% of 2019 revenue compared to 39.5% last year. Our top 10 represented 50% compared to 54.3% last year, while our top 25 represented 68.9% compared to 72.1% last year. Gross margin for the quarter was 29.9% compared to 29.7% in quarter 3 and 29.4% in the comparable quarter last year.

Full year gross margin was 29.6% compared to [30%] in the full year 2018. As revenue growth progresses, we continue to leverage our global business support model. As a result, SG&A was 11.9% of revenue in quarter 4. This compared to 12% last quarter and 12.2% in the comparable period last year. SG&A was 12% of revenue in 2019 as compared to 12.6% of revenue in 2018.

Operating income for the quarter was $115.3 million, a margin of 15.9%. This compared to 15.5% last quarter and 15% in the comparable quarter last year. For the full year 2019, operating income was $433.4 million, a margin of 15.4% compared to a margin of 14.9% for the full year 2018. The net interest expense was $1.8 million for the quarter and $6.4 million for the full year. The effective tax rate was 12% for both the quarter and full year.

Net income attributable to the group for the quarter was $99 million, a net margin of 13.6%, equating to diluted earnings per share of $1.83 this compares to earnings per share of $1.74 in quarter 3 and $1.62 in the comparable quarter last year, an increase of 12.8%.

Net income attributable to the group for the full year '19 was $374 million, a margin of 13.3%, equating to diluted earnings per share of $6.88. This compares to earnings per share of $6.09 in 2018, an increase of 13%. On a comparative basis, days sales outstanding were 54 days at December 31, 2019. This compares with 56 days at the end of September '19 and 57 days at the end of December '18.

Proactive initiatives meant that cash generated from operating activities in the quarter was $134.4 million. And in the full year was $412.5 million. During the quarter, a $14.8 million payment was made in respect of MeDiNova acquisitions, bringing total spend on acquisitions in '19, net of cash required to $119.6 million.

Capital expenditure was $18.7 million in quarter 4 and $50.6 million for the full year. $5.4 million worth of stock was repurchased in Q4 at an average price of $152.66 million the total value of stock repurchases in full year 2019 was $146.9 million at an average price of $141.95. At December, 31, 2019, the company had net cash of $220.3 million compared to net cash of $121.7 million at September 30, 2019, and net cash of $106.5 million at December 31, 2018.

With all of that said, I'd like to hand the call over to Steve.

Steven A. Cutler - *ICON Public Limited Company - CEO & Director*

Thank you, Brendan, and good morning to all of you. Supported by a positive outsourcing environment, encouraging levels of FDA approvals and continued strong biotech demand, 2019 resulted in another record year of ICON. Our operational focus, flexible partnering approach, strong therapeutic expertise and market-leading global service offerings, all underpinned by ICON's differentiated patient site and data strategy have enabled us to broaden our customer base with new strategic alliances across our core service lines, supplemented by continued wins from existing customers.

During 2019, we were awarded our highest ever gross and net bookings of over $4.25 billion and $3.65 billion, respectively, delivering a trailing 12-month book-to-bill of 1.3x. This resulted in a year-end backlog of $8.6 billion, a year-on-year increase of 11.4%, reflecting a consistent and strong business development performance. The backlog growth helped our full year revenues increase by 8.1% year-over-year to $2.806 billion or 9.6% on a constant currency basis. Growth during 2019 outside our top 5 customers was strong at 11.4%, and we expect this to continue into 2020 as we benefit from the strong biotech funding environment and the traction we are gaining with a number of large and midsized customers.

During 2019, we again demonstrated our consistent ability to drive operational efficiencies and leverage our world-class mobile business services group. We exited the year with a gross margin of 29.9% in quarter 4, up from 29.4% in quarter 4 2018.

And our SG&A performance continues to be best-in-class with our full year SG&A improving from 12.6% of revenue in 2018 to 12% of revenue in 2019. As we move forward into 2020 and beyond, we will continue to maximize our cost efficiency initiatives to drive further margin enhancement. This positive margin profile helped our EPS growth for the full year by 13% to $6.88. The core industry challenge on how to recruit and retain patients into clinical trials quickly and efficiently remains our customers' most pressing concern. This problem is prevalent in most therapeutic areas, particularly oncology, where the focus is on effectively selecting the right sites and driving the recruitment of narrowly defined subsets of patients into trials in a timely and effective manner. ICON is committed to tackling this challenge through our patient site and data strategy with its development being a key area of our focus in 2019 and beyond.

At ICON, we understand that patients are partners, not subjects. We realize that understanding the patient's circumstances and needs and help ensure the right trial design and selection of endpoints that are relevant and meaningful. Patient input has significant value because they have different priorities and perspectives to regulators, investigators and payers. For example, the inconvenience factor of having monthly site visits for a patient who is immobile must be considered when designing a trial so that the trial objectives have a good chance of being achieved. Our acquisition of Symphony Clinical Research, a provider of site and patient clinical trial support services, enhances our ability to conduct virtual and more hybrid trials as we move forward.

With this acquisition, we are aiming to not only provide a better patient experience, but to also innovate and accelerate clinical studies. Concluded in late September, this transaction offers patients at home trial services, making it more convenient and accessible for patients to participate in clinical trials. This patient-centric approach helps reduce the burden of participants, enhancing ICON's ability to recruit and retain patients. And importantly, from the patient's perspective, providing access to clinical research studies in which they may not otherwise have been able to participate.

As trials become more complex and burdensome, we see significant increases in both patient eligibility criteria as well as the number of procedures required in study protocols. We are committed to reshaping and improving trial management in regards to site selection and management practices by seeking better predictors of site and ultimately study performance. There is also a need for clinical research positions of these selected sites to be able to effectively access a variety detailed data sources to identify qualified patients for their clinical trials. The opportunity to engage other physicians and colleagues to refer patients into these studies is also a key component of trial management.

In quarter 2, we purchased the majority shareholding in MeDiNova research, an integrated site network. Complementing our successful U.S. focused PMG site network, MeDiNova greatly enhances ICON's patient recruitment and retention capabilities in Europe and South Africa by enhancing our ability to access patients.

Our site network model provides an embedded clinical research offering to health care organizations with a proven method to engage physicians and patients into clinical research programs. PMG and MeDiNova offer comprehensive central [thought] trial management support in key areas of management, including study start-up, contract and budget negotiation, recruitment and retention, data collection and the training. Our embedded staff also have direct access to the site's EMR database, which helps evaluate the patient population during the study feasibility phase, increasing enrollment and importantly, making clinical trial participation a more efficient process for the position.

During 2019, we were pleased to see continued evidence that our site network and health care alliance sites are benefiting customs with improvements against industry benchmarks to key operational and quality metrics such as faster startup and recruitment times, fewer queries per site and less protocol deviations. In addition to the patient and site components of our strategy, we remain committed to accessing clinical research data from our innovative data partnerships as well as continuing to invest in and expand our OneSearch platform. Furthermore, during 2019, ICON launched a new patient engagement platform to support improved patient experience and enrollment in clinical trials. The platform increases visibility of potential study participants to sites and sponsors and supplements patient recruitment outreach by sites.

In 2019, we spent just under $147 million repurchasing 1,035,100 shares at an average price of $141.95. During the year, we also generated strong cash collections, helping us achieve cash from operating activities of $413 million. This helped drive down our DSO to 54 days from 57 days last year. This meant the company had net cash of $220.3 million compared to net cash of $106.5 million a year ago. We remain committed to deploying this cash to maximize shareholder returns through targeted strategic acquisitions. We are delighted today to continue that progress with the announcement of our fourth transaction in the past 12 months, the acquisition of MedPass International. Concluded in January of this year, MedPass International is a leading European medical device CRO, regulatory and reimbursement consultancy that specializes in medical device development and market access. The outsourced device market worth approximately $10 billion per annum; and while still highly fragmented, is experiencing strong growth due to changing regulations, technical innovation and increasing levels of outsourcing.

This acquisition further enhances and globalize ICON's current medical device and diagnostic research services group. The integration of MedPass International Services, we've noted expertise in complex class III devices, interventional cardiology and structural heart devices. The acquisition will broaden our footprint and staff headcount across Europe. Positioning us among the global leaders in this relatively new growth market. As we look forward to quarter 1 and beyond, we should acknowledge the impact of the coronavirus on our operations. The current situation remains very fluid, and we continue to take guidance from health authorities in the affected regions to ensure that ICON protects safety and well-being of our employees and as advised by government directives in various jurisdictions.

Currently, monitoring visits are going ahead as scheduled, where the sites are permitting visits and many employees have been able to work from home. Our offices in China reopened this week and our laboratory in Singapore continues to function normally at this stage. However, a significant number of site monitoring visits in China have been deferred and this will have an effect on our Q1 revenues. The extent of this is unclear at present but we estimate in the range of $4 million to $7 million for quarter 1. Assuming the virus is contained within the next month or so, we are optimistic that much of the deferred work can be completed in subsequent quarters 2020.

Notwithstanding the challenges that the coronavirus situation brings, I want to take this opportunity to reaffirm our full year guidance. We expect 2020 to be another strong year of revenue and earnings growth, with revenue in the range of $2.972 billion to $3.092 billion, an increase of 5.9% and 0.2% and earnings per share in the range of $7.55 to $7.85, an increase of 9.7% to 14.1%.

Before moving to Q&A, I'd like to welcome all of the MedPass staff to ICON and of course, sincerely thank the entire ICON team across the globe for all their hard work and commitment during 2019.

Now ready for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Erin Wright from Credit Suisse.

Erin Elizabeth Wilson Wright - *Crédit Suisse AG, Research Division - Director & Senior Equity Research Analyst*

Great. You gave a lot of detail on kind of your site network strategy here. I guess, can you describe a little bit more how that's helping to drive win rates for you? And do you plan on building out that site network strategy further? Or do you kind of where you're at or where you want to be on that side? Or do you anticipate further partnerships or M&A across that space?

Steven A. Cutler - *ICON Public Limited Company - CEO & Director*

Sure. We're seeing good traction. First of all, operationally, with the site network strategy in terms of recruitment rates, which is the issue, we're trying to -- we're really trying to solve them. And so recruitment rates are important are improved with our site network strategy, but also start-up times. We're seeing some positives there. The quality of the data that we achieved and we collect from patients is also improved with our site network strategy. So there's a number of fronts operationally that we're able to improve on. And that is -- and as we provide that sort of hard data and evidence to our customers in good pitches and defenses and proposals, it's certainly, I believe, helping to fuel a very strong hit rate or strike rate for us, which has been very good over the last 12 months or so and shows no sign of decline. So I sincerely believe that the performance in terms of what our site network is tangibly able to deliver on our projects is giving us a good basis for winning work and for being extremely competitive and even different -- differentiated against our competitors in the bids we subsequently we go forward.

Erin Elizabeth Wilson Wright - *Crédit Suisse AG, Research Division - Director & Senior Equity Research Analyst*

Okay. Great. And a quick follow-up on the smaller biopharma arena. Does that continue to be a meaningful driver for you and can you discuss some of the customer mix in terms of your -- the nature of the new business wins in the quarter and how we should think about kind of bookings trends over the course of 2020?

Steven A. Cutler - *ICON Public Limited Company - CEO & Director*

Yes. Certainly, the biotech funding space has been very, very well documented, and I think right across the industry, we see very positive trends. Perhaps the rate of increase is not as it was perhaps a year ago, but it's still well above historical norms. And we're certainly seeing significant increases, double-digit increases in RFP opportunities from the biotech, small pharma space. So it's a very positive environment, I would say, in that small pharma. And a number of our business wins have been in that space. So I think not sure there's too much more to say there. We see our growth in our biotech and small pharma customers at a significant clip certainly double digits, and that's been certainly very -- we've been certainly benefiting from that. In the large pharma space, it's probably more in the lower single digits in terms of RFP growth and that I would certainly -- we certainly have a lot of building, growing but at a lower rate than the biotechs. We've seen some strength in Europe, our European operations in terms of opportunities on the RFP side. I think FSP has also been a strong growth area for us over the last 12 months or so. That's not to say -- I'm not really ready to call a trend in terms of it's all moving to FSP away from full service. We still have a very strong full-service business, but certainly, FSP, the opportunities within FSP has been on the increase over the last 12 months.

Operator

And your next question comes from Patrick Donnelly from Citigroup.

Patrick Bernard Donnelly - *Citigroup Inc, Research Division - Research Analyst*

Maybe just one on the coronavirus since you mentioned it there at the end, nice to see you guys reiterate the guidance. What are you expecting in terms of a general impact? Is it going to be contained to 1Q. Maybe just help us think about the outbreak there?

Brendan Brennan - *ICON Public Limited Company - CFO*

Yes. It's a hard one, Patrick. We're monitoring the situation very closely on a day-to-day, week-to-week basis. Obviously, with the Chinese New Year, we're really just getting back into it over the last week or so. Or as I said, our offices have opened. We certainly have seen an impact already in terms of the ability of our monitors to go to sites and to make monitoring visits. Our Chinese operation is less than 2% of our business. So it's not a huge driver of revenues, but it certainly has been and we believe will be impacted for now. And so certainly for the immediate future. Having said and reiterating guidance, we do believe and we do -- we are making some assumptions that it will figure out in the next month or so. If that doesn't happen, of course, the impact will be more significant on our business. But at the moment, the indications that I've seen, and I believe is that we'll be back to normal within the next few weeks, perhaps it will take a month. And there will be an impact in quarter 1, as I said, in the vicinity of $4 million to $7 million on the revenue front. But that some or a good part of that work will be deferred, and we'll be able to be caught up, if you like, as we get into the remainder of the year. So overall, at this stage, our forecast, our assumption is that there will be a minimal effect on the overall year's results. However, quarter 1, there's no doubt there will be some impact. And that's, as I said, $4 million to $7 million at the moment, but we'll be able to -- we'll see how that pans out over the next few weeks.

Patrick Bernard Donnelly - *Citigroup Inc, Research Division - Research Analyst*

Okay. No, that's helpful. And then on the margin side, another good performance in 2019 on the execution. Can you just talk about the initiatives for 2020, what we should expect on some of the levers you guys are pulling for this year?

Brendan Brennan - *ICON Public Limited Company - CFO*

Yes. Thanks, Patrick. It's Brendan here. I think there are -- our story around margin as you look forward, it's very much consistent with where we've been over the last number of years, and that's really around as we take 2 elements of margin, the gross margin and how we leverage our cost base on SG&A. Gross margin, we've been calling out as relatively flat year-over-year from '18 into '19. Obviously, it was down a little bit. We're still in that kind of 29.5% ballpark as we go into 2020. So pretty much a flat performance is what we're expecting there. As we become more efficient, of course, we share those benefits with our customers. So really about maintaining margin profile there over the course of the year. And really -- and then where we see our leverage and our expansion that we talk about in terms of our earnings growth year-over-year is the continued progress that we've made in the past on SG&A. So we will continue to focus on being efficient and delivering higher revenue growth with a relatively stable or certainly a much smaller increase in our overall SG&A. It's not very much as the profile of our margins as we go forward into 2020.

Patrick Bernard Donnelly - *Citigroup Inc, Research Division - Research Analyst*

Okay. Great. And just a very quick housekeeping one on the DSO side. I know that's been a focus. Just expectations for 2020 there, and what you guys are doing internally?

Brendan Brennan - *ICON Public Limited Company - CFO*

Yes. No, and we were happy with the progress we've made in the back end of the year on DSO. As we go into -- and you'll see, as you have a chance to look through the filing that we did a good job of moving from unearned to -- sorry, unbilled to billed there. So we do expect our cash collections to be solid in the first quarter as a result of that. But overall, I'd still be in that kind of ballpark of 50, 55 days sales outstanding. We'll obviously try to get towards the bottom end of that range, but that certainly is our overall goal as we go into 2020.

Operator

And your next question is from Robert Jones from Goldman Sachs.

Robert Patrick Jones - *Goldman Sachs Group Inc., Research Division - VP*

I wanted to ask about your top customer, based on the guidance, it looks like similar proportion of revenue expected from your top customer, but that would imply a pretty healthy growth relative to what was kind of flattish growth in 2019. So curious what's driving that? Kind of what your line of sight is into the work coming out of your top customer? And then how are you guys contemplating the renewal of that client, which I believe comes up midyear 2020?

Steven A. Cutler - *ICON Public Limited Company - CEO & Director*

Yes, Robert, I think we are looking at sort of similar concentrations with our top customer next year, because we've had -- we had a very successful year from a business development point of view with that customer, particularly at the back end of the year actually, where a lot of the awards were won. So it was a very solid performance from a business development point of view, which is going to drive that continued status as our #1 customer. We continue to have a very strong relationship with them. We're working with them currently on the new contract, new the alliance partnership. We're in good, cordial discussions with them. The deadline for that, as you know, is June. We're anticipating that will probably go to the wire as it usually does with these things, but we'd like to be able to come out -- and we certainly believe we'll be able to come out with an announcement in quarter 2 -- some time in quarter 2, announcing a significant continuation of that or new arrangement. So the partnership is very strong. As I said, we won a good chunk of business back end of last year, which is driving that revenue, and we feel we're in a very good places.

Robert Patrick Jones - *Goldman Sachs Group Inc., Research Division - VP*

Great. And then I guess, just a follow-up. Steve, you talked about a lot of the M&A activity you had in 2019, getting more virtual capabilities, bigger site network. I'm curious how differentiated you feel these offerings are because there's been a lot of activity across the space in similar areas. So I just wanted to get a sense from you on how differentiated you think you guys are with these capabilities relative to some of your largest competitors?

Steven A. Cutler - *ICON Public Limited Company - CEO & Director*

I think we are differentiated, Robert, in that area. We look at this holistically in terms of the patients, and we're increasingly bringing the patients, as we've talked about into the fray in terms of their considerations and their patient centricity which is very important, building that patient engagement platform, which we've done. We're in the process of building a patient database. The Symphony acquisition really focuses in the patient space and allowing them to access clinical trials. On the southeast, we've been very active over the last couple of years, as you know, with the acquisition of the PMG and the MeDiNova networks. We're building those out organically as well. And really focusing in on their performance, making sure that we are performing better and from a start-up point of view, from a recruitment point of view and from a quality data point of view.

And then on the data side of these, where our approach has been partnering and building platforms and networks and applications, obviously working with TriNetX, but also internally with our OneSearch platform that we continually invest in. We're bringing in some data source of different data sources to OneSearch. We're investing in a machine learning capability with OneSearch, so that's very much an active investment for us. And if you put those 3 areas together, we believe that does differentiate us from a number of our competitors who tend to be going down one or maybe 2, but typically one of those tracks. We don't believe that any one of those tracks you're going to be totally affected, you need to go down all 3 and really address the issue and the challenge, holistically, as I said, with 3 legs of the stool. So that's our approach. And we do believe we're getting some significant traction with customers as well.

Operator

And your next question comes from Elizabeth Anderson from Evercore ISI.

Elizabeth Hammell Anderson - *Evercore ISI Institutional Equities, Research Division - Associate*

Can you talk a little bit -- I know you sort of sized the med device CRO opportunity around $10 million. Can you talk a little bit more about and you talked about some of the clinical opportunities. But where you see penetration currently and whether what the biggest overlaps in terms of what you can bring to the industry from your core pharma business?

Steven A. Cutler - *ICON Public Limited Company - CEO & Director*

Sure, Elizabeth. I think we see this as a fairly massive sort of market, to be quite honest. I look at it in terms of where pharmaceuticals were perhaps 20 years ago, perhaps even a little longer, to be honest, in terms of devices. But there's been a couple of exogenous kind of external events that have happened, which I think are really going to accelerate the growth of outsourcing in this market. One is the changing regulations. It's now more onerous and more challenging to bring devices to the market. Hence, the need for device companies to engage organizations like us to do formal evaluations and trials is more significant now. And I think that's going to drive the growth of that market. It's -- most of the work up until now has been done in-house. It's still a rather -- there's lot of work done, but it's been typically done in-house. I think the medical device companies are now seeing what's been happening in the pharmaceutical space over the last 20 or 30 years it seems. There's an opportunity to variabilize cost, access expertise, all of the good stuff that we've talked about for many years. And so they're seeing an opportunity. So that propensity to outsource, their willingness to outsource is driving what we see as a pretty significant growth rate, certainly double digits, perhaps low double digits at this point. But that could even expand. I think what you see going forward. So we see this market, $10 billion, growing at around the 10% to 12% sort of level we see it being very complementary to the experience and to the expertise and resources that we have at the moment through the acquisitions that we've brought in. We've brought in some really good people. We know this market well and who understand the business and have good connections with these customers.

So the combination, I suppose, of good people, a very solid focus on execution. The acquisition of MedPass, we believe, will add very significant capability. The resources we had up till now have been very much focused in North America. MedPass adds a European component. So again, a little bit like we did with the site network. We've now globalized essentially our devices expertise. And that's, I think, very significant for us as we bring on new customers, and we give these customers who are relatively new to the outsourcing again, the confidence and the understanding and realization that organizations like us can really play a very significant role in their -- in the development of their new products. And so I think it's an exciting time, little bit small at the moment, but an exciting opportunity.

Elizabeth Hammell Anderson - *Evercore ISI Institutional Equities, Research Division - Associate*

Yes, that's really helpful. And just in terms of -- you mentioned our FSP strength. Is there anything to point out there in terms of particular call-outs for that strength? Or is that just sort of within the normal fluctuation in there?

Steven A. Cutler - *ICON Public Limited Company - CEO & Director*

I think the FSP, that pendulum tends to swing back and forward a little bit as management teams within pharma companies decide on what are the model they want to decide on, and we feel we're very good place. We have a very strong FSP group, very well led and very well managed, and it's a real strength of ours. I think the collaboration that we have also between our service areas allows us to move resources to and from our full-service business and our FSP business. And so while we're 2 separate service divisions within our company, as I say, the collaboration and the opportunity to make sure that we can grow either one as we see fit and as we see the opportunities is a real strength as well. And as I say, the opportunity over the last 12 months or so have been significant. So we're happy to drive forward on those. We've been successful on a number of large opportunities recently, and we expect that success to continue.

Operator

And our next question comes from Juan Avendano from Bank of America.

Juan Esteban Avendano - *BofA Merrill Lynch, Research Division - Associate*

You mentioned that growth outside of your top customers in 2019 grew 11% and you expect that to continue into 2020 but I'm also looking, I believe, at your customers are 6 through 10 and I believe, according to my model, growth within this customer set specifically declined by 10% year-on-year in 2019. And so I was wondering if you could tell us what drove that and what's happening to any of your customers between 6 through 10?

Steven A. Cutler - *ICON Public Limited Company - CEO & Director*

You can look at these people, these groups [won] and sort of identify growth patterns. Some segments, some numbers grow, some numbers decline a little bit quarter-to-quarter, year-to-year. I don't know there's any particular path. You can read into any of that. Certainly, on the 6 to 10, we were down a little bit on a year-to-year, year-on-year basis. But I don't know that that's particularly significant. Obviously, there's a little bit of consolidation going on within the industry at the moment. There will be some impact of that, we're seeing a little bit of slowdown in some decisions from some customers and that's understandable and to be expected. But at the moment, we concentrate on the customers that we can access work from and access RFPs from, and those are -- that's the focus we're getting, certainly, as I said, the biotech area has been very strong for us. But I think you're always going to see a little bit of waxing and waning in various sort of customer groupings if I put it that way. And that's what we're seeing.

Brendan Brennan - *ICON Public Limited Company - CFO*

And Juan, just on a technical point following on that point. Just so we're all clear. Those -- I mean, folks can move from -- if they've been well-performing in the previous year and have been coming up through the ranks, they may have been in 6 to 10 groups last year and they've got into (inaudible) this year. So it's not a consistent list, and folks do move in and out. Just so we're clear.

Juan Esteban Avendano - *BofA Merrill Lynch, Research Division - Associate*

Okay. And you touched upon this on an earlier question. But to my surprise, I mean, the gross margin that expand by 50 basis points in the fourth quarter. If you could just tell us a little bit more what drove the margin expansion in 4Q. How sustainable it is? Or was this a one-off? And should we continue to expect pressure on the gross margin going forward?

Brendan Brennan - *ICON Public Limited Company - CFO*

Juan, I'll take that. It's Brendan here again. We did a good job on our cost management. And really, as we kind of said, we ramped up headcount in the first half of the year, and so that really being utilized as we got back into the second half of the year. And I think that's really a big trend in what we saw in the sequential quarterly profile of our margin. I would always say that you really need to look at gross margins on a holistic, full year basis. And we were more in the mid 29s on that basis for the full year 2019. And I think that really is a pattern that will be reflected again once we go into 2020. So you will be bumps and drags from quarter-to-quarter in both of our margin profiles. But I think in looking holistically at the way the full year is a way to look us. And that should be relatively flat year-over-year.

Operator

And your next question comes from Tycho Peterson from JPMorgan.

Tycho W. Peterson - *JP Morgan Chase & Co, Research Division - Senior Analyst*

Steve, I'm wondering if you can talk on preferred providers. If I go back to last quarter, you talked about ongoing strategic alliance negotiations with 2 very large providers, one of whom might be a new customer. So can you maybe talk to whether there's been any follow-up, whether there's been any noteworthy wins and how you're thinking about preferred providers going forward?

Steven A. Cutler - *ICON Public Limited Company - CEO & Director*

Sure, Tycho. We specifically -- we don't talk about specific customers, of course. But in terms of licensing, I think we had a good year in terms of bringing on some -- a couple of alliance partners across our business. Certainly, our Labs business was successful in bringing on a couple of key providers, which I think will provide a strong fuel for growth over the next several years. And I want to be -- I want to be clear, we -- our experience is they provide -- these are lines that do take a little bit of time to ramp up. In the case of the labs, we've inserted ourselves. We displaced one other organization, but we've included ourselves within a framework of other organizations. And so we have to prove ourselves, and there will be -- it will take a little bit of time for us to ramp those up. And that's also the case on the clinical side of things as well, where we've been able to secure a new alliance partner. But we do expect, as we go in and get added to what we, I think, I believe, 2 or 3 we have to show our worth and beat hard, and that's going to take a little bit of time.

So we don't have any specific expectations in terms of rapid revenue growth for those alliance partners within 2020. It's kind of within that normal cadence of work, but we're very pleased to have those partners on board. And we also see some opportunities in the more mid-sized area as well, where we've been successful. And perhaps more informally, securing partnerships or being the sole providers or being 1 of 2. So there's a number of things happening across the organization and across the sort of segments of our market, segments, if you like, ramp up particularly around large and more mid-sized pharma as well.

Tycho W. Peterson - *JP Morgan Chase & Co, Research Division - Senior Analyst*

And then on MedPass, I understand it's a small tuck-in, but are there aspects of that business outside the medical device part? I was just looking around the website, it looks like they do stuff in biometrics, electronic data capture, broader EU advisory services. Is there stuff you can leverage on the therapeutic side? And can you also remind us how big your medical device businesses today?

Steven A. Cutler - *ICON Public Limited Company - CEO & Director*

There may be some things we can leverage, talk a bit, but we haven't factored that into our projections and forecast at this stage. We've -- our assumptions in terms of what they bring to us is a relatively modest $10 million per annum sort of number. From a revenue point of view, most of that in consultancy and medical device for the trials and the EDC and the other areas, I think, really relate very much to that capability. So we may be able to leverage a little bit more of that someone other areas, but that's -- that will be upside, and that will be to be determined. Yes, the medical device business in our shop is not particularly large at the moment. But it is growing very nicely. And as I said, I think we've outlined a pretty compelling to the market opportunity side. If I'm sitting here in 3 years' time, I would expect you to be saying to you that it's a very substantial -- a much more substantial part of our business than it is now. That's certainly the expectation.

Tycho W. Peterson - *JP Morgan Chase & Co, Research Division - Senior Analyst*

And last one on backlog conversion. And we've kind of found a bottom here, kind of 8.7%, 8.8% in the first half of last year, should we assume that, that's kind of the range for 2020?

Brendan Brennan - *ICON Public Limited Company - CFO*

Well, I think history would tell you that it's dangerous to call on the conversion. If you look at the pattern over time, Tycho. Certainly, we work very, very hard every quarter to make sure that our revenue is converting from backlog. We've also been fairly honest to say that it's probably converting revenue in tough in therapeutic areas like oncology, like rare disease. It's not an easy job. So we'll continue to strive to keep it in the ballpark of the 8.5% to -- what was the range we're seeing in Q4, but I wouldn't quite be calling the bottom on that just quite yet.

Operator

And your next question comes from Dave Windley from Jefferies.

David Howard Windley - *Jefferies LLC, Research Division - MD & Equity Analyst*

The customer concentration statistics that you provided in the deck, looking at -- sorry, excuse me, Q4 versus Q3. I presume the increase in the 2% to 5% was the result of the close of a major merger of clients of yours. Can you confirm that? And then, Steve, did you -- you commented to Juan's question that you are seeing some slowdown in decisions for some customers, and I think you kind of alluded to M&A there. Are those related? And how do you mitigate that in light of the size of that customer?

Steven A. Cutler - *ICON Public Limited Company - CEO & Director*

I'll let Brendan take the first part of that question, David, but I'm assuming that is the case.

Brendan Brennan - *ICON Public Limited Company - CFO*

That is the case. Yes, Dave, you are correct, it is the merger that happened between (inaudible) and us.

Steven A. Cutler - *ICON Public Limited Company - CEO & Director*

And in terms of how we mitigate that challenge, it's a matter of staying engaged with the customers, which we are when you're in that sort of situation, I think we said many times on these calls, that traditionally, there is a slowdown, and I think we'd expect to see that. But in the longer term, we often see more outsourcing. So at the moment, it's a matter of engaging, helping them to get to the models or adjust the model if they -- such as they see it being adjusted as they inevitably the challenges of bringing 2 large organizations together are very significant. We're looking to support our customer in that respect, or our customers in that respect. And help them to get where they want to be as quickly as possible. And if we can do that and execute on the backlog that we have. We usually find we're in a strong position in the longer term, but there's no doubt, there will be, I think, a little bit of a hiatus. And that will happen, certainly over the first -- at least the first part of this year, and we'll see checking what is in Q2 and Q3, and we'll see where we are.

David Howard Windley - *Jefferies LLC, Research Division - MD & Equity Analyst*

Got it. Are there -- you may decline to answer, but I'm going to ask anyway. Are there specific politics related to the 2 different customers coming together and who within the organization gains leadership roles and decision-making responsibility as to whether your outlook is better or worse with that customer?

Steven A. Cutler - *ICON Public Limited Company - CEO & Director*

David, I'm not going to comment on any sort of specifics around what other potential customers we're talking about. I think you should ask them on that. I have -- I don't know what the politics are within the organizations, and all my interest is purely in executing on the backlog we have and getting the trials done and impressing the hell out of them. That's really what we're trying to do. We don't get too much in the politics. I can't -- we just like to get stuff done.

Operator

And your next question comes from Jack Meehan from Barclays.

Jack Meehan - *Barclays Bank PLC, Research Division - VP & Senior Research Analyst*

I wanted to focus on the central lab. I was hoping you could give us a mark-to-market now at the end of the year in terms of what's the size? How did it grow in 2019 and just as you look at the landscape, do you feel like you have the right scale in this business to compete for rewards outside of the work you're doing yourselves in the clinical development?

Steven A. Cutler - *ICON Public Limited Company - CEO & Director*

Yes, Jack, we feel -- I mean, we don't talk about the individual sizes of the individual service areas. Our lab is substantial. It's global. We're investing in it significantly. Actually, we're investing in China at the moment, which is a little bit of a challenge given the coronavirus issues, but it's China being such an important market for us going forward. And we've had a lab there for a number of years now, but we've actually made the decision to expand that lab and go forward with that, which has been a little bit delayed, not that we -- that's not impacting revenues, and I don't mean to digress too much, but that's not having an impact on revenues. But there's certainly investments being put forward into the lab, we feel we have a good operation, a very highly integrated operation with our clinical group as I said, we've been successful in winning a couple of significant alliance partner opportunities, mainly through -- well, [of course not mainly] -- largely due or at least significantly helped by the acquisition of MolecularMD earlier last year, about a year ago or so. So with that acquisition, we brought on some oncology capabilities, immunohistochemistry, those sorts of things. And this in MolecularMD and we're also working with a number of these customers. We brought further scale to their business. And hence, we're able to drive a more strategic reasons. It's really been the perfect storm for us to bring together MolecularMD at our lab. And we've -- I believe getting to a scale that's very viable from the overall clinical landscape perspective. And as I said, the integration of our lab with our clinical group is also helping to drive efficiencies across our business, which we feel strongly about as well. So overall, it's a business that's growing nicely. It's a significant part of our business, around about 8% in revenue terms because that's broadly. And it's one that we feel good about.

Jack Meehan - *Barclays Bank PLC, Research Division - VP & Senior Research Analyst*

Great. Thank you. And just as a separate question, strong cash flow in the fourth quarter, you're building a bit of a word chest tier on the balance sheet. So I was a little surprised the pace of buyback slow down in the year-end. I guess, just -- is there anything else as you look on the deal front, that could be a little bit more meaningful in terms of size? Or why did you slow down in terms of the pace of buyback in the fourth quarter?

Brendan Brennan - *ICON Public Limited Company - CFO*

Jack, it's Brendan here. Yes, we were looking, obviously, at stock buybacks in the fourth quarter. And we do, do some. Obviously, we're retiring getting that $1 million done for the full year, and you'll see that we just over that for the full year, including what we did in the fourth quarter. So we were pretty happy with the progress we were making at that stage, and we're looking at the market. Obviously, the market's done -- does well in the back end of the year. And we try to be opportunistic and get good value for our shareholders when we're going back into the market, and that will remain thematically the same as we go through 2020. So that kind of speaks to the buyback.

In terms of the M&A opportunities, yes, we continue to have a healthy pipeline. And certainly, we're looking at the usual areas of where we have -- where we feel we can strengthen it therapeutically where we can feel we can strengthen that from a service line and even in data geography perspective and we're looking at all those pieces, indeed, customer type and service type as well. So we're looking at all those pieces as we come into 2020. And we do want to keep up that pace, that good pace that we've set over the last 4 quarters with M&A. And certainly, yes, we are also looking at larger scale assets as we go through that as well.

Operator

And your next question comes from Dan Brennan from UBS.

Daniel Gregory Brennan - *UBS Investment Bank, Research Division - Senior Equity Research Analyst of Healthcare Life Sciences*

Great. So growth outside your top customer remains robust. And then Steve, I think, during the prepared remarks, you mentioned how emerging biotech environment remains very strong, maybe not as strong as a year ago, it's still very strong. I was wondering if you could kind of dive into that a little bit more, give us a little color on demand trends with like the emerging biotech space. What your competitive positioning looks like? And any color on the win rate there?

Steven A. Cutler - *ICON Public Limited Company - CEO & Director*

Sure. And yes, as you guys said, we've seen the biotech funding. It's been at record highs now for several quarters, several years in a row. I think it's probably come down a little bit. So that was at least the data I've seen it come down a little bit. But on a historical norm basis, it's still well above the average. So that's -- and that's what we're seeing, at least in the data that we look at in terms of RFPs, we're certainly looking at double-digit increases in the mid- to high teens from an RFP point of view. So we've seen very solid demand from RFP -- from our biotech customers. Our win rates are very good within those -- within that, we have, I think, a very strong offering, biotech group within our project management team. We focus very firmly in this area has made good progress in terms of delivery over the last couple of years. And we're also seeing -- I mean, it's hard to say the strategic alliances we buy it because they tend to be a couple of drugs or they don't have a huge pipeline but they certainly have a significant amount of money to spend. And they have a desire, we've certainly found to spend it with one provider who can do all their work for them. So whether it be one drug, if you do all the trials or a couple of drugs, and you do there's a substantial amount of work there and the revenue there, and it's certainly high value for us, it means we have to be right on our game. Of course, when you only got 1 or 2 drugs in your pipeline, you're very focused on them. Of course, and that's normal. We expect that, and that means we have to assign probably more experienced people in many ways. And that's okay because they are able to deliver and ensure strong delivery and the advisory community is a very small one. And of course, word -- if you do well, word gets around. And if you don't do well, word gets around. So you do have to be on your game there. But I think our group is we have focused in on the delivery is doing a good job and we're benefiting that. So it's all good in that biotech space. And as I said, there are some substantial customers there in terms of spends that we're on access and the benefit from.

Daniel Gregory Brennan - *UBS Investment Bank, Research Division - Senior Equity Research Analyst of Healthcare Life Sciences*

Great. And maybe just as a follow-up. Steve as well. I think you've talked about a little bit in the past, you wouldn't be surprised during 2020 to maybe see a little bit of a pause. At some point, given it's an election year. I'm just wondering, could you just kind of provide an update on maybe what's assumed in guides? And/or just how we think about the year might play out in terms of the election and any kind of impact that could manifest?

Steven A. Cutler - *ICON Public Limited Company - CEO & Director*

Sorry, Dan. You meant a pause? You said a pause. I'm not following.

Daniel Gregory Brennan - *UBS Investment Bank, Research Division - Senior Equity Research Analyst of Healthcare Life Sciences*

No. I think you had talked about in the past, maybe you could see some decision-making pause a little bit as the election nears, and certainly, Medicare for all seems like that is not necessarily something that's going to move forward. But I'm just wondering how -- kind of what your customers are telling you? Or kind of what the view looks like in terms of how 2020 plays out in the election.

Steven A. Cutler - *ICON Public Limited Company - CEO & Director*

Okay. Well, yes, election year, we would expect perhaps to see a little volatility around the share price, the market, given various decisions or non decisions or [in-facing] information that comes through. Certainly, if one certain candidates get -- go forward and get elected, I think that will have an impact on the health care industry, potential drug pricing challenges. And if those policies start coming to the fore or potentially coming to the fore, as the pharma industry goes, we'll have -- we'll be impacted as well. I think there's no question about that. I don't think that's going to happen this year. I think given the landscape, I'd be skeptical. That's really -- anything is why that's going to happen in the next couple of years. But having said that, you never know. I think in terms of a pause -- the only year, we do see some consolidation in the industry. We do see some consolidation around some large pharma companies, and that's probably an area that we have to work through as actively the assiduously as we can this year, and we certainly plan to do that. We can do that, obviously, as I mentioned previously, by engaging with those customers and diligently working through their backlog. But also, we have an opportunity in the biotech space and with some other partners, other potential new partners who are coming into our portfolio to access their opportunities and to really drive that relationship. So I think between the opportunities and the challenges and the headwinds, it's going to be a fun year. I think we feel good about where we are at the moment, and we feel we can certainly deliver on our guidance.

Operator

And your next question comes from Sandy Draper from SunTrust.

Alexander Yearley Draper - *SunTrust Robinson Humphrey, Inc., Research Division - MD of Equity Research*

Thanks very much for squeezing me in under the wire, and I will give you a pretty short one, I think, for Brendan. And I may have missed it. Did you give the M&A contribution in the fourth quarter? And then also, what's embedded in your guidance for both M&A as well as FX?

Brendan Brennan - *ICON Public Limited Company - CFO*

Sandy, I did give the quarterly numbers. I'll do real quick again. So year-over-year, we were up 6.8%. On a constant currency basis, that was 7.5%. And on a constant dollar organic basis, that was 6% so you can back into the numbers from those percentage increases year-over-year. In terms of our guidance, was baked in at the moment is the most recent acquisition is baked in. It was in our thinking as we came into the guidance, but it is relatively small. As Steve said, circa $10 million. Any additional acquisitions after that, we'll have to add to the numbers as we go through the course of the year. So just up more at this stage. And any additional we'll be adding on.

Operator

And the next question comes from Eric Coldwell from Baird.

Eric White Coldwell - *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

Maybe 2 questions here. First on coronavirus. I know outside of the short-term headwinds that everyone in China seems to be facing. We've heard some reports that it might be stimulating a number of clinical trials as drug companies pursue vaccines or treatments here. I'm curious on your thoughts on that, if you're seeing any of that. Number two, we've heard some anecdotes of companies that had planned to do work in China or maybe more broadly in the Asia Pac region, possibly scrambling to find partners in Europe or the U.S., I doubt it's material, but I'd love your thoughts on that. And then maybe bigger picture, secularly, does this episode -- and it's not the first where we've had a contagious outbreak in that region. Does it change how pharmas think about their China investment strategy. And perhaps where they want to deploy assets?

Steven A. Cutler - *ICON Public Limited Company - CEO & Director*

Right. So let me take them as you outlined, and Eric, in terms of opportunities, so who run of our screen drug. We do a lot of vaccine work. And I do expect we'll get some opportunities. That hasn't happened just as you see, although I have seen a number of companies starting out, doing some clinical trials around the COVID-19 virus. And so we're starting to see a little bit of activity there. But we haven't -- I'll be straight up with you, we haven't won any work that's directly related to the coronavirus as yet. I think that's more in the sort of medium term, probably short to medium term, the next 6 to 12 months. I would expect that there will be some opportunities there. And I think we'll compete with them very hard. In terms of China work going to the U.S. or partnering in the U.S. instead of China, we haven't seen that either. It's really too early at this stage to see those sorts of reactions. We think -- I mean, China is going to be, I think, an important part of our future. It will be important. It's a very important part of pharma's future. And I don't see the coronavirus or a long-term impact of that impacting data. So we don't see any change in investment at this stage.

So you certainly see there's a lot of tactical things happening to mitigate any risk in the short-term as we've sort of talked about. But in terms of long-term investment strategy, no, we don't see any change in that. And I wouldn't expect to see any change in that. And I don't see a rush back to U.S. or Europe or potential trials that we've been done out there at this stage, either the, again, more of a long-term process. Maybe we're just optimist here, but I certainly hope that although there seems to be a very contagious outbreak, very contagious disease, the death rates, mortality rates that we've seen are no worse than the flu. And we hope we certainly hope that's proven and to be confirmed. But I'm hoping as the summer kicks in and the warmer weather comes that the virus will be eliminated. And there's some conjecture about that. I know that we're certainly hoping this is a relatively short-term event, and it's not going to have a long-term impact on any sort of investment or partnering opportunities in China.

Eric White Coldwell - *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

That's helpful. And if I may, I'm going to ask another one on MedPass, and it's such a small acquisition that it's probably already gotten too much airtime. But may be more philosophical than numbers. 4x revenue for half the revenue per employee compared to what you already capture. To me, it seems like a very full valuation. I know there's a great opportunity with the medical device regulation and IVDR regulations in Europe that's been out for a few years. I know that this gives you a beachhead in Europe to complement what you have in the U.S. But help me understand the business case better to understand pain, this kind of a multiple for such a small company that, again, has effectively half the revenue per employee that you already booked today. I mean, you're trading at 3x revenue. You're paying them 4. I just -- I'm having a hard time kind of getting my head around that multiple?

Steven A. Cutler - *ICON Public Limited Company - CEO & Director*

Yes, it's called a pretty frothy M&A market. Eric, let me tell you, we talked about this before. So I see it is a significant multiple on revenue. In terms of multiple on EBITDA, that was more sensible. At least, it's more in line with what we would normally be looking to pay. So I think from that point of view, we feel they are a strong, profitable, well-run organization. And we believe they can really help to drive that across our group. So from an EBITDA point of view, the multiple is more in line. It's also -- I mean, we're not such a good strategic fit in such a significant growing underdeveloped market. We may have paused a little bit more. But the fact is, it's a very significant market. The devices the -- as I said, the external fact is in terms of the change in regulations and requirements. The nascent element of it and the willingness of very significant companies to want to make the variabilized development costs as they increase because of this -- the regulations. I just -- to me, it really gives it a really perfect opportunity. We also have, as I said, a strong group internally, who are very well-established in the United States. And I believe globalizing this group as I said, we get 1 plus 1 equals 3. So although the price is high. I think, ultimately, we won't be thinking about that in 2 or 3 years' time as this group will start to make a major contribution to the organization overall.

Operator

And the final question comes from Donald Hooker from KeyBanc.

Donald Houghton Hooker - *KeyBanc Capital Markets Inc., Research Division - VP and Equity Research Analyst*

All right. I'll spare you and ask a real quick one. I know this conference call has been going on for a while, but thank you for including me. There was an earlier question on the central lab. I'd like to ask a similar question on the market access business with Mapi Group. I always viewed ICON as strong in that post-approval area, and we always want to hear kind of maybe where you're at in terms of percent of revenues in that late-stage market access area and where the growth rates are trending there. And I'll stick to that one question.

Steven A. Cutler - *ICON Public Limited Company - CEO & Director*

Don, yes. I mean, the Mapi acquisition, I would say overall has been successful. We continue to drive into that late-stage area. We had a little bit of weakness around the consulting side of the business in the fourth quarter, which -- a little bit. That wasn't so much in the market access group, although there was a component of that. But overall, we still see that's an important part of our late phase group, it's an area that we're continuing to invest in. But we strongly believe in real-world evidence, market access, the health economics groups is performing well. Consulting, as I said, has a little bit of a bump, a little bit of a challenge in the fourth quarter. And so we're looking hard at that. But it's, overall, I think, an important part of our late-stage commercialization armamentarium in terms of services, and it's one we feel, ultimately, it will improve very successful. But -- so I think that's all I can tell you on that one. It's -- the Mapi Group has been a great acquisition. I think, overall, in a number of areas right across the sort of more registrational type -- sorry, registry type trials. And the language services group that is brought in as well as some of the consulting groups as well. But it would be contributing nicely to our business. There's clearly lots more to do as we go forward.

Operator

Thank you. And so there are no further questions, I would now like to hand back to Steve Cutler for closing remarks.

Steven A. Cutler - *ICON Public Limited Company - CEO & Director*

Thank you, operator. Well, thank you, everyone, for listening today. We're very pleased that 2019 was another strong year for ICON, and we look forward to building on this progress in 2020 as we consolidate our position as the CRO partner of choice in drug development. Thank you, everyone.

Operator

That does conclude our conference for today. Thank you for participating, and you may now disconnect.
