Celanese

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David Begleiter: So thank you. Last but not least is Celanese. I'm very pleased to have with us today, Scott Richardson, CFO, as well as Chuck Kyrish, the Treasurer. We'll jump right into the Q&A portion, the Fireside Chat. So, with that, here we go.

Scott, welcome.

Scott Richardson: Thank you, David.

David Begleiter: You have a new CEO as of May 1st.

Scott Richardson: We do.

David Begleiter: Lori Ryerkerk, I believe that's her name. So does she bring to leadership team?

Scott Richardson: So, you know, we've gotten a chance to spend now a good six, seven weeks working closely with Lori since the announcement. And, you know, it's really clear that Lori brings phenomenal leadership capabilities and is very complementary in her backgrounds with her history at Exxon and Shell, she brings a deep knowledge of business leadership, you know, operations and supply chain and is really complementary to the leadership team that we have. You know, most of us have a background more on the commercial side of the business, and Lori really brings the ability to bring a deep amount of discipline in terms of business processes as well as manufacturing and has been extremely additive here over the last month, month and a half.

David Begleiter: And what's Mark's involvement on a day-to-day basis, going forward?

Scott Richardson: You know, as the announcement said, Mark's focus is really on the portfolio and looking at possible transformative options for the company. And, you know, over the last five or six years, we've really been able to accelerate the earnings growth of the company and, you know, we've more than doubled the EPS company during that timeframe. And yet we don't believe that our investors had seen the full value of that in the share price.

And so we continually look for options of which to, you know, add to, kind of, our base strategy of growing earnings at 10% to 15% per year by looking at, you know, a big deal that may or may not be out there, but that's where Mark's focus is going to be.

David Begleiter: And that's my next question, so thanks for the segue. Mark has mentioned transformative, strategic transactions for Celanese. What could that mean in terms of targets, timing? If it doesn't happen, what does it mean? And maybe a little more clarity, perhaps -- I know there can't be much -- but what does it mean for shareholders going forward?

Scott Richardson: Well, I think it's best to take a step back. You know, we have what we believe is a really strong base strategy. And that base strategy is built around the foundation of three leading businesses. You know, our Acetyl Chain business, our Engineer and Materials business, as well as our Acetate Filter Tail business. And, you know, with those businesses, particularly the growth in Engineer Materials as well as in Acetyls, you know, we believe that we can, with the help of some bolt-on M&A, largely targeted to Engineer Materials, consistently grow EPS at 10% to 15% per year. And we have done that over the last five years.

And we believe that base strategy is strong. But as these businesses get bigger and bigger that does give us more optionality. And it's prudent now, given where we are with a really health balance sheet to be looking at ways at which to potentially create additional shareholder value. And, you know, in terms of timing, you know, we don't know. You know, we have looked at deals for a long time, we're not going to do a deal just to do a deal. It's got to add shareholder value.

And that really is the priority that we look at for everything that we do. We don't like to spend money if we're not going to drive high returns, and that's how we look at organic growth, that's how we look at bolt-on M&A, and that's how we'll view transformative deals that we may have in front of it.

David Begleiter: Are you still pursuing bolt-on M&A in this interim time period looking at a larger transaction?

Scott Richardson: We always look at it, David. I mean, again, it's really important that we have a strong base strategy. And we're not going to put all our eggs in a transformative M&A basket. We have a strategy that has proven to be very successful, and we're going to continue to deploy that strategy.

David Begleiter: And the overlap of these three core franchises -- I know is that much between Engineered Materials and Acetyls, but is there some?

Scott Richardson: Well, the biggest overlap is really the common feedstocks. So methanol and ethylene are common feedstocks into both value chains. And so we do see some counter movement because of that. So because Acetyls tends to move with the feedstocks, and pricing will move up or down, whereas, we tend to have more value and use pricing in Engineered Materials.

So because of that alignment around feedstocks, we do kind of get some natural hedge between the businesses when you see raw material movement.

David Begleiter: Very good. We'll switch to the near term. Maybe to walk around the world from a business trend perspective, both geographies and markets, how much you can say. How are business trends performing through the second quarter?

Scott Richardson: Yes, so we started the quarter in the earnings call, and we said, you know, as we were starting the quarter, we were probably rolling up to about $2.30 a share, which was sequentially down from what we did in the first quarter, largely driven by turnaround activity. We had about $25 million to $30 million of turnaround cost in the quarter as well as affiliate performance, which was going to be down sequentially, largely driven by turnarounds as well as soft demand in China on several of our ventures.

And that has come to fruition, and the only way we were going to be able to stay sequentially flat was if we saw some improvement in demand. And, you know, I think it's pretty clear we haven't seen that improvement in demand broadly in the world and, you know, I would say as we look at, kind of, each region and what we're seeing here in the second quarter is very similar to what we saw in the first quarter.

You know, the Americas has been pretty stable from a demand standpoint. We are still seeing some destocking in some end uses. Europe has continued to be consistent but weaker from what we saw. Again, still seeing some destocking. And Asia, and, particularly, China, we have not seen a real big list from what we saw in the first quarter.

You know, it's interesting. We had seen as we got to close the first quarter and the early part of the second quarter, we were seeing, you know, we'd have one or two pretty strong weeks of demand, and then it would kind of weaken a little bit, and that's kind of continued, you know, really, throughout the quarter. And sentiment, particularly in China, I would say, is worse today than what it was maybe when we started the quarter just because I think a lot of us felt like there was a trade deal that was more imminent than it looks like today.

David Begleiter: Right. In terms of June order book's visibility, I presume it's maybe not great right now, or -- ?

Scott Richardson: Well, you know, the last month of every quarter is usually the strongest month in a quarter for us. And so the order books are consistent with that based on what we saw in April and May, and I think from what we've seen transpire, you know, Q2 being about as we expected with what we felt like was a pretty good first quarter given everything that was going on. You know, we still look at the year being really solid around that $10.50 from an EPS standpoint.

David Begleiter: Right. And in terms of destocking, where is it still occurring, what end markets, what product, in particular?

Scott Richardson: You know, we're seeing it still across the board. You know, historically, when you would see feedstock prices fall like we saw in the fourth quarter, in the Acetyl business, it would usually take three to six months to kind of see destocking fully, kind of, work its way through. Engineered Materials was typically about three months longer than that.

You know, I think because we had several years, you know, probably three to almost four years of pretty strong growth in every region of the world, that supply chain, I think, was a lot more full than maybe what we had seen in the past. And so it's taking a little longer, I think, to see that destocking come to an end. We see in the Acetyl business signs that that will kind of be behind us by the end of the quarter. Engineered Materials probably lingers into the third quarter a little bit.

And so you are seeing it more acute in use spaces like automotive, still a little bit in electronics, as well. I think Consumer Goods, we -- I think we've seen, more or less, the end of it based on what we're seeing in our order patterns.

David Begleiter: Is the destocking hurting your ability to get price in some of these products here, or -- ?

Scott Richardson: Well, it really just depends, quite honestly, David. In some areas, we're still really having success moving price, particularly in areas where we have differentiated products. And we really have a value-add that we're bringing to customers. But when you see feedstock prices fall and, you know, periods of destocking like we are, then, you know, it can be more difficult.

And so we look at that, and that's what our teams both in the Acetyl business as well as in Engineered Materials really do on a daily basis. They really look at the opportunities in front of us, and they evaluate what that price volume dynamic is going to be and make decisions on that. And the next day they wake up and do the same thing again.

David Begleiter: And on Raw Materials you are seeing, I believe, some relief at some point either this quarter or maybe the back half of the year? Assess where those tailwinds might come from and the extent that they might flow through?

Scott Richardson: Yes, so in Acetyls, because our inventory levels aren't -- we don't have months and months of inventory, and the value chain tends to be a little shorter, we see that raw material increases or decreases flow through, you know, usually about a month lag or so.

In engineering materials, it can take three to six months because, particularly with the long supply chain, inventory levels, we ship a lot to Asia from the Western Hemisphere, so we are seeing with raws (ph) falling in Q4, we're starting to see some of that come through now in Engineered Materials. We'll see more of that benefit as we get into the third quarter.

David Begleiter: Okay, so a better tailwind in the back half of the year for raws? Very good.

You have a large Chinese footprint. What's been the impact on the US/China trade dispute (inaudible) now?

Scott Richardson: Well, I think from a direct basis, it's been very little. We took steps, you know, when the announcements were happening last year, that the tariffs may be coming. We took proactive steps to move our supply chain around. So we can ship -- goods we ship out of the US, most of which we can ship to other locations, so shipping from Europe, in some cases, is pretty easy for us.

So we moved the supply chain around, and we took proactive steps. So the direct impact has been quite minimal. Indirectly, though, it is impacting demand, and I think customer sentiment is definitely worse in China today than maybe even when we started at the beginning of the quarter.

David Begleiter: And maybe diving into China, is it more on the consumer side? On the industrial side? And autos remain pretty weak there. Maybe dive down a little bit into where the Chinese weakness or (inaudible) weakness is?

Scott Richardson: Well, I think at the end of the day, it all ends at the consumer. And so -- and then it kind of backs its way up. We have some other dynamics going on in the industrial side in chemicals in China. They are also having an impact. Those explosions that occurred in Jiangsu Province in April -- we even talked about this on the earnings call. We were seeing an impact in customer demand because of inspections that were going on in plants, particularly in chemistries that have higher process safety risk. We were seeing customers be shut down.

Now, we've started to see, you know, in Jiangsu where our plant is, more of those plants start to restart, but those inspections now are moving around to other provinces. So we are seeing an impact, you know, even outside of trade and overall economic uncertainty just in some of the safety concerns in China. And as the industry matures, we're going to see times like this where, you know, you see demand come down for these types of reasons.

David Begleiter: What's your sense for Chinese growth this year? Is it in a 5%, 6% range for both your business and the overall economy?

Scott Richardson: Well, I think it's hard to say on a full-year basis where it will be. You know, China can turn -- I lived in China for six years, and we know China can turn pretty quickly. You know, positively or negatively. And I think we are focusing on what we can control right now. And what we can control is how we operate. Our network in Acetyls, you know, leveraging an integrated value chain and the fact that there are some end use segments that have held up okay. And, you know, our downstream business in emulsions, down into paints and coatings, has been okay here this quarter. And so we continue to find ways at which to maximize the value, really, on a daily basis.

In Engineered Materials, we really are focusing on continuing to drive project growth with our customers, working on new applications and new opportunities, and that's both in China and outside of China, and I would say the health of the pipeline in China continues to be pretty robust. The pipeline, the new adds we're putting into the pipeline in Engineered Materials are overweight to China. So the team there is doing a great job working with customers, continuing to add new projects into the pipeline.

David Begleiter: Very good. And the same issue tariffs that could be potentially Mexico, Mexican tariff issue going forward, what's your exposure to Mexico and what would the impact be on tariffs? Either into Mexico or from retaliatory one from Mexico as well.

Scott Richardson: Well, most of our analysis, again, on a direct basis is fairly minimal. We do ship some product for manufacture that gets manufactured and re-exported. But it's pretty minimal, at the end of the day.

Indirectly, though, again, much like China, our expectations that would have an impact on overall demand. You know, particularly here in the US in Engineered Materials, some of those important value chains rely on product made in Mexico like Automotive and some in other industrial applications. And so it is -- there will be an indirect impact if these tariffs continue.

David Begleiter: Very good. Let me switch into the businesses -- Engineered Materials, you've built these phenomenal innovation-based growth models for that business. Can you describe a little bit how that has been created and what type of growth you're driving there?

Scott Richardson: Well, I think, you know, for us, we have a robust product pipeline. We have a full polymer set that can be used, really, in any kind of industrial consumer type of application. And, you know, what we found four or five years ago as we were looking at ways in which to kind of pivot this business and accelerate growth, was that it really started with deep customer relationships and working with customers to find new opportunities and working projects.

But the key to it was how do we take complexity away from our customers? How can we help them with new solutions but not add complexity and chaos in how we get these projects done internally and create polymer solutions for our customers that we can be profitable at but also that don't drag on for years and years. Because, you know, a lot of these applications, you know, are for new products or new models that are going to take three or four years to come to market.

And so if you're not careful on how you evaluate projects from day one, then you can end up getting a do-loop where you spend a lot of time and effort on things that will never drive a lot of value. And so we focused heavily on building a model that screens every project that comes into the pipeline. And so on a daily basis, there is an executive committee that meets in Engineered Materials and evaluates every single new add to the pipeline.

And, you know, we're at a point where we're probably bringing, call it, 12,000 ideas or so a year into that pipeline for evaluation. And, you know, we're probably putting 9,000 or 10,000 projects new into the pipeline every year, and we're targeting to have, you know, 4,000 wins this year.

So that's the evolution of that pipeline and how that model actually works to evaluate and then re-evaluate projects that are in the pipeline to ensure that we're winning but that we're also not adding so much cost in winning that projects become unprofitable. And, you know, it's that maturity curve of that project model that's been so important for the success and the growth of that business.

And, you know, we've been able to not just win more projects, we've, over the last five years, we've gone from less than 1,000 project wins now to 4,000. We have improved our win rate from around 20% to about 45% today. And that's a really important lever, because not only is it getting new projects into the pipeline but winning more of those projects that we put in is a key measure of success.

David Begleiter: And how much of this business is auto-based versus medical or other applications -- electronics?

Scott Richardson: You know, auto is now less than 30% of our Engineered Materials business, and that, if you go back probably eight, nine years ago, auto is about 50% of Engineered Materials. And auto has continued to grow for us, so it's not like we just haven't grown in auto. We've grown in auto, but we've outpaced that growth in other applications like consumer applications, a lot of electronics applications, as well. Or acquisitions also helped in that diversification. Our acquisitions have been more focused on electronics and non-auto than it has automotive, so that really helped with that diversity of end use.

David Begleiter: And how are your Asia affiliates doing with Engineered Materials?

Scott Richardson: Well, you know, our Asian affiliates have a much heavier weight to China than the rest of our business, and have been a little bit more exposed to automotive in China, which we know, you know, struggled at the end of the year and coming into this year.

And so you saw the results were lower from several of our affiliates in the first quarter, and we kind of called that out. We expected that to continue into the second, and it has.

David Begleiter: I know you've increased capacity at Evancina, the new POM plant. How is that capacity running and, overall, how Evancina doing for you guys?

Scott Richardson: It's been a long term, really great joint venture for us. And adding the POM unit was an important step in the evolution of that joint venture. And we have -- we're running that unit very hard, and we're selling that product in a variety of geographies.

David Begleiter: Very good. Maybe switching to Acetyls. Acetic acid in China -- what's happening there right now?

Scott Richardson: Well, I think, you know, as we have stated, based on published prices in some publications, our pricing tends to move directionally, and I think what you've seen in some of those publications is pricing has come down. And it's come down really steadily for the last six months.

Now, we have taken steps recently to try to move pricing back up because we do think we're kind of at a bottom and been at a bottom now over the course of the last month or so. And so fundamentally, in a normal demand environment, supply/demand utilizations are in a much better place than several years ago in this business. And so we do feel good about where we are, but, you know, this business is more than just acetic acid in China. And that's, while important, you know, we really leverage the full value chain and our geographic diversity in this business.

And the fact that, you know, we have assets in the West, we have assets in East, but that we start with methanol, and we go through a vinyl emulsion. It gives us a lot of lever. So just because acetic acid pricing may fall in China, we may be able to hold downstream pricing, for example, and not lose that margin.

So it's that play in optimization and activating that network that Todd Elliott and the Acetyl Chain team do, really, every single day.

David Begleiter: And you've been able to sustain a pretty high level of earnings in this business in the (inaudible) plus range for a number of quarters. Is this level of earnings sustainable despite some volatility over the last six months in pricing?

Scott Richardson: Well, I think we've been pretty clear that we believe it is sustainable and that this business has really pivoted in the right direction, and we've been working this for a long period of time. You know, we've taken cost out of this business, we've reduced the footprint over time, but yet have added capacity at our large integrated sites. And so the leverage that we have on fixed costs in the business is much better than what it was in the past.

And that gives us a great platform to really drive this activation model and really leverage the full value chain, whether it's acetic acid to VAM to emulsions and gives us a lot of optionality in the fact that we have geographic optionality as well.

So we do believe we've reset this business, and earnings were right around $200 million in the first quarter, and we've said they'll come down in Q2 because of the turnaround activity, and that's, effectively, what we've seen here. But, again, you're going to be in this range in this type of environment, which is more than double where we were seven years ago.

David Begleiter: And supply/demand fundamentals in acetic acid going forward, you had some capacity but not that much. Should they be seen around these popping rates both globally and in China perhaps?

Scott Richardson: Well, we believe they will. You know, the capacity that we're adding through the footprint reconfiguration is really not neutral. We will take out corresponding capacity in Asia and drive that project on productivity. And that is, for us, really important for the long term, you know, continued growth of this business. Because we will grow volumes in the business.

We haven't grown volumes in the past, just because we have that capacity overhang largely in China that had to be worked through. And we've seen that, more or less, get worked through. And, again, on an instantaneous business like we are now where you see destocking and some softness in demand, utilizations will come down. But fundamentally, we're kind of in that mid-80% range, so we're in a much better place than where we were just a few years ago.

David Begleiter: You recently announced a new methanol capacity in Clear Lake. What is your methanol source and strategy going forward?

Scott Richardson: So I think we've been pretty clear about -- we have not had a desire to be in the methanol market. Methanol is a critical raw material for us. We like being a net merchant buyer of methanol, so we don't necessarily have a strategy of being fully integrated into methanol. We've liked to stay in kind of the 40% to 60% integrated range. And, you know, as the business starts to grow again and as our Engineered Materials business has grown and used more methanol, those needs obviously go up.

And so the incremental capacity expansions, which are extremely low capital, which are really a no-brainer for us in Clear Lake are important, but we do have to look for what is the next phase? So we will continue to look to stay with that same general integration strategy, but we also look to be very opportunistic with capital. And, you know, we're not going to make a methanol investment just to make a methanol investment. It's got to meet our capital return thresholds much like the original Clear Lake investment did.

David Begleiter: Very clear. Acetate Tow -- what are your longer-term assumptions for volume and price in this business? And how are your Chinese JVs performing in this environment?

Scott Richardson: Well, the Chinese JVs have been very stable. You know, those -- I think we've been very open about those JVs were going to add more capacity so they would be self-sufficient, and so we're seeing that occur. We do believe and I've said this now for a couple of years that we could keep this business flat for the next few years. And we do believe we will be able to, and that has required a lot of hard work from the team to be able to offset some of the volume and price declines that we saw coming and that were negotiated in some of our customer agreements for a multi-year period of time.

But we did start to see, you know, in the contracts that were up for re-negotiation last year, we did start to see an ability for us to move pricing back up. Now, those were not enough to offset the agreements that were coming down, over time, but we are starting to see signs that the fact that the productivity steps that we've taken to match our own supply-and-demand needs are starting to prove beneficial.

David Begleiter: Very good. A lot more talk about a downturn or maybe even a recession. How would Celanese perform in a recession? And what levers can you pull on both the cost and capital side if that were to occur?

Scott Richardson: Well, you know, I talked a minute ago about what we've done on the footprint side in Acetyls, and that's really, as a company, we've tried to be real efficient with our assets, over time. And assets that were non-integrated and gave us, in the last recession, which gave us a lot of problems because we couldn't run those assets at full rates because of the softness of demand. We've looked to find ways to rationalize that capacity and add capacity back using technology at large advantaged integrated sites.

And so just that fixed cost leverage is something we work really hard on to prepare for any kind of economic downturn that might occur, like a recession. We also have worked -- I talked earlier about Engineered Materials becoming more diversified in its end uses. You know, in the past we were so overweight automotive that a recession, and you see a recession tends to hit automotive pretty hard, at least initially.

You know, in the last recession that impacted us substantially, and we don't have that same exposure that we did. We also are much more balanced from a geographic perspective as a company today than we used to be. And, you know, with almost getting to about 40% of our sales Europe, 30% Americas, 30% Asia, we have a lot more geographic balance. And so that balance around geography and use as well as some of that feedstock offsets that we had in the past, and the fact that Engineered Materials and Acetyls are about the same size businesses now, gives us a lot more flexibility in a recession.

The last thing I'll say is, you know, our balance sheet is in really good shape. We've worked hard to deploy cash in prudent ways for returns for our shareholders, but we've also found ways to delever over time. You know, we have a fully funded US pension now. We don't have debt needs. We were recently upgraded by S&P, so we have flexibility on the balance sheet, we have, I think, pretty good balance in our businesses and balances in our geographies. But I think we're pretty well prepared to handle a recession if it would come.

Productivity also plays a role there and productivity has been a hallmark of Celanese for a long period of time, and it's something that, in my 14 years with the company, we have talked about time and time again. And productivity continues to be something that's really important for us. You know, we have a team of people that gets together every few weeks, kind of a cross-functional team that evaluates all productivity projects.

It brings projects in, it screens them, but it also puts projects on the shelf. And as times change and what's going on in the world changes, we prioritize different projects. Different projects that make sense that didn't used to make sense due to payback periods, et cetera. And right now, actually, I was just looking at our CapEx spend for the year and, you know, almost more than a quarter of the CapEx that we're going to spend this year is on cost reduction projects.

And so it's really focused heavily on what we can do to ensure that we're reducing costs. Even if it's a revenue generation project, we really like to have cost-reduction elements to it as well.

David Begleiter: So is productivity just often inflation or is it a net reduction of costs, in your view?

Scott Richardson: We really push ourselves to be at a net reduction in cost, and that's important. Now, that hasn't been as easy in the last several years but, you know, we're reinvigorating the program now. And, you know, again, when you get churns in the economy, it opens up different opportunities that maybe weren't there before. But it is something that needs to be a net add for us every year. It needs to do more than offset inflation and, you know, that may mean and over the last several years as our assets have gotten tighter and tighter. Finding ways to squeeze more capacity out of those assets -- not just to get cost reduction but to get revenue generation for a fraction of the capital of newbuild has also been a high priority for us. And that's helped us, kind of, accelerate ourselves, kind of, above the inflation level on productivity.

David Begleiter: Very good. Maybe switching to the balance sheet and cap allocations. You were aggressive on buybacks both in Q4 and Q1. What's behind this more aggressive buyback activity over the last six months?

Scott Richardson: Well, so -- as we -- let me just kind of at a very simplistic basis, we, for example, last year generated $1.2 billion of free cash flow, and that was in a year where we also increased CapEx. We want to do bolt-on M&A, but we're not going to do bolt-on M&A if it's not accretive. And so if we don't have a deal in front of us, we're going to prioritize that cash to share buybacks. We want to be a consistent increaser of our dividend, and we've increased our dividend now, I think, nine years in a row.

But we want to increase the dividend in line with earnings growth. And so that excess cash is going to be deployed either for bolt-on M&A or for repurchases. And in periods where that bolt-on M&A isn't happening, you're going to see us be more aggressive with repurchases.

So we did, you know, $200 million in the first quarter. We're on pace to do more than that in the second quarter. So that kind of puts us at -- in the last 12 months, we will have bought back almost 9% of our shares. And so -- and we're going to continue to be aggressive to ensure that our shareholders are getting return for the growth we see from the company.

David Begleiter: Very impressive, good to hear. The share price -- 9.5x earnings, 8x EBITDA, quite inexpensive. What do you think investors are not fully appreciating about, maybe, the new Celanese or not giving you full credit for?

Scott Richardson: Well, you know, I think, for us, what we can control is how we perform, and we are an execution-driven organization, and we care about returning value for shareholders. That's what we do, that's how we operate our businesses, that's how we've constructed these business models, is to ensure that shareholders are getting a return.

If you kind of look at our metrics over the last five or six years on a TSR basis, you know, we are towards the top of the list in the space if not right at the top of the list on TSR. And, you know, that's important for us, we want to be there.

We believe the multiple will follow. And if the multiple doesn't follow, then we will look at ways at which to unlock that value, which is exactly why Mark's priorities in his Executive Chairman role is going to be looking at, you know, is there a transformative option out there that allows us to do that?

David Begleiter: And maybe lastly, plastic waste, plastic recycling, a big issue in chemicals. You know, it's the biggest place a company if they do a play a role. What's your involvement in the industry's efforts to improve plastics recyclability and singularity, et cetera.

Scott Richardson: Yes, it's a great question, David, and it's a very important issue that we need to focus on. We do not play much in the single-use plastics space, so we don't really have a target on our back there, but we still have a responsibility, and that responsibility around recycling, that responsibility around coming up with applications that can actually minimize and reduce the reliance on single-use plastics. That's where our focus is right now. I mean, one of the things we haven't talked a lot about that we didn't have internally until we did our acquisitions was a heavy, kind of, recycling business. And each business that we purchased, whether it was soft or (inaudible) omni as well as the next India acquisition all had a recycling capability that we're now fully leveraging and figuring out how we can, kind of, grow broadly because there is more and more demand for recycled plastics as well.

David Begleiter: Right, very good. We'll end it there. Scott, Chuck, thank you very much.

Scott Richardson: Thank you, David.

Chuck Kyrish: Thank you.