Transcript

2025 BofA Securities Transportation, Airlines and Industrials Key Leaders Conference

May 14, 2025

Webcast

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Other Participants:
Ken Hoexter – Analyst, Bank of America

PRESENTATION

Ken Hoexter
Analyst, Bank of America

Good morning. We're going to continue with day two of our BofA Industrials, Transportation and Airlines Key Leaders Conference. I'm Ken Hoexter, for those of you new to the room, BofA's Air Freight and Surface Transportation analyst. Next up, we've got Canadian Pacific Kansas City, Chief Marketing Officer, John Brooks.

Mr. Brooks has been the Chief Marketing Officer for eight years now. We welcome him for his second consecutive conference. This is the eighteenth time CP has participated in the 24 years we've hosted the event. So we definitely thank the company for their continued contributions.

We've got in the audience, Ashley Thorne from Investor Relations, her sixth time participating going back to her KSU days.

We truly appreciate, again the team's commitment to the event. So with that, John, let me turn it over to you for your thoughts on the state of the market and maybe three key takeaways you want us to leave with today.

John Brooks
EVP and CMO, Canadian Pacific Kansas City

All right. Well thanks, Ken. Certainly, it's good to be back at the conference this year. Yes, let me maybe start looking back at our Q1. It turned out to be a pretty good quarter for us. We were pleased with the performance. I can tell you, Ken, it was despite all the noise that certainly transpired in the quarter around tariffs and such.

But also, I can tell you, it was a brutal February out across Canada. I should thank right now the -- all of our men and women, employees across the three countries, but particularly those that battled February in Canada.

So that being said, we produced -- really pleased with the results in Q1, and that momentum has really continued. April was quite strong for us, quite pleased with our volume growth. I can tell you, through the first couple of weeks of May here, we're quite pleased that momentum has continued.

We're about -- I think RTMs this morning were up about 6% quarter-to-date. So that's pretty good for -- the right recipe to close out a strong Q2.

As I think about takeaways, I'm really focusing on three areas as you think about it. One is our operating performance. We continue to post really strong metrics. I'm quite pleased with Mark and the operating team for their performance, providing good service and capacity to our customers.

As you know that is the catalyst of what drives growth ultimately in a precision scheduled railroad model. You have to have it as table stakes.

But what it also does and the second key element is pricing. In my 30 years of railroading, last three or four years, our ability to produce industry best pricing and sustain it has been second to none. I continue to be quite pleased with our discipline in the marketplace in terms of selling the value of our service and capacity.

Then the third element is growth. You know what, we've got a unique franchise unlike any other in the industry traversing the three countries. It's really, I think insulated us relative to some of the impacts maybe our peers are facing.

I think the dependency on organic and the macro with our peers is very prevalent. But for us, having the ability to initiate our self-help initiatives to focus on the synergies and connectivities that this unique property offers has been a differentiator.

And I think that's what you're seeing and what we're able to boast in an area where really the last couple of years, I'd say we've been in somewhat of a pretty tough freight recession. So we've been able to deliver the growth.

I would say it's on the backs of the synergies, the self-help. I also remind you that 35%-40% of our franchise is our bulk franchise. That's like hitting the golf ball right down the middle of a fairway. That is a resilient business unit for us that continues to grow.

Our grain franchise, I would say is second to none. We have very good strength in our potash business and also our -- particularly our Canadian coal. So you put the recipe between our bulk franchise and our out-hustling our competitors in the marketplace and creating new solutions, and I think that's the perfect recipe.

QUESTION AND ANSWER SECTION

<Q – Ken Hoexter>: Yes. I'm sorry, did you say you were supposed to hit the golf ball right down the fairway? I thought you were supposed to go find the rough. So you lowered your '25 EPS target down to 10% to 14% from 12% to 18%, just a 3% reduction at the midpoint.

But from Nadeem's commentary, seemed mostly focused on FX impact at the bottom end, much less tariff concern. Is that a fair way to read the shift that it's really an FX event, not volumes, especially when you're talking about volumes being up 6% and things looking good?

<A – John Brooks>: Yes. Ken, I think that's the right way to think about it. We came into the year and we provided a range. With all the noise that was emerging, we thought it was the most prudent thing to do. We said we'd be candid about updating this as we go through this journey.

You know what? I view it as the FX adjustment really kind of adjusted to the bottom end of the range. The uncertainty in the market and the tariffs kind of -- I think we felt prudent at the time to adjust the top end of the range a little bit with reflection on that.

But as we know the world turns and look, we're three, four weeks past our earnings call and we feel, I think better on both fronts. The FX is actually a little bit better and the volume continues to be pretty good.

So it just presents an opportunity that if we can deliver what I think we can deliver here in Q2 and as our comps I think get a little bit easier, lapping some of our strikes and other issues in Q3, it could set us up to -- who knows, we may come back on the guidance piece. We'll see.

<Q – Ken Hoexter>: Sounds good. I like to hear that. In the midst of the tariff carnage and shifting supply chains, your stock just being exposed to Canada, Mexico, U.S. was hit. Yet given the USMCA terms were mostly upheld, kind of the backdrop was, okay maybe it's not as impactful as feared. But yet, maybe just talk to us about as CMO, how are conversations with customers going?

<A – John Brooks>: Yes. You know what, it has been -- just like most of the customers, those first early days of some of those announcements had, I think, everyone's head spinning trying to figure out what it all meant. And at one point, it was just a matter of pausing and saying, look, we got to focus on what we can control.

And honestly, I talked about it on the earnings call and it may sound a little corny, but the first thing we can control is I'm going to send all my sellers out on a sales blitz. Number one, there's no better way to get in front of the customer and ask the questions and help work with them.

But while we're out in front of them, we might as well be asking for business and what we can do to create solutions during these tough times to help their bottom lines.

So I sent everybody out on the property, met with -- I think we've developed over 500 opportunities in our Salesforce system and ultimately, almost $500 million worth of new business opportunities in our pipeline. That was the first step.

And that really was the catalyst that emerged to us to say look, we've got a unique property. How do we take this chaotic time we're in and try to make something out of it. That was our focus around creating this land bridge concept where shippers can move product between Canada and Mexico.

How do we strengthen the trade between those two countries that should be sustainable into the future regardless what happens with tariffs and cross-border movements into the United States. I can tell you, we've seen a ton of success.

ECP, our energy, chemical, plastics business alone, we've got new shipments that are bridging between Canada and Mexico, primarily southbound in the tune of $80 million to $100 million of new business ramping up.

So as much as it was about understanding the tariffs and what those potential impacts could be, it was equally around how do we take the opportunity to go out and attack this thing and maybe insulate us to some extent to whatever does happen on the tariff front.

<Q – Ken Hoexter>: I think your opening commentary about the volumes and maybe less FX allowing earnings maybe to rebound to kind of either prior targets or even stronger, just given the volumes are trending in a good direction.

So let me hit on a few commodities and maybe clarify kind of what -- where we can see the profitability kick off. But grain, really starting off strong, right? It's up 11% as of last week, right? And I know you've got this week out.

It was up 11.5% on RTMs, 8.5% on carloads, right? So about 100, 150 basis points better than I think we were – we and consensus were at. Is that a catch up? Grain is odd to me to move that quickly. Is that weather, is that the tariff issue? What's driving the grain side?

<A – John Brooks>: Yes. So I'd say a couple of things to think about there. And number one, May kind of becomes the seeding season, and we see a drop off. The good news is our couple of week out projection still looks really good. I'm quite bullish even going into June here on the grain front.

So I think we're going to continue to see posting strong numbers in our grain portfolio. It's a culmination of a number of things, but maybe the biggest just being we have a much larger crop than we did. And February, again was a pretty tough month.

So you probably got a little bit of backlog plus a larger crop. That's sustained a pretty good movement. Coupled on top of that is we've introduced a lot of new markets to our grain customers, not only in terms of U.S. grain wanting to ship and creating market opportunities down to the legacy KCS and into Mexico, but also using this land bridge of how do we send more Canadian grain down to Mexico by rail. We're seeing ongoing success on that front.

So a little bit of a culmination of all. But again that grain being a big part of our bulk franchise, I continue to expect to post strong numbers in that space.

<Q – Ken Hoexter>: Yes. No, that's -- I want to hit on the other side of bulk, too, in a second, but I want to hit on yields for a second because the new VRCPI rate came out and your new regulated rates are up 3%, nearly double your peer in the market, which is about 48% of your grain is -- your Canadian grain is regulated.

I'm sorry, 48% of your grain is Canadian grain, of that, two-thirds is regulated. So about a third of your overall grain is regulated. So you now know what kind of rate increase you get on that. One, any reason why you get double the rate versus your peer. I mean -- and this is compounding on rates that have been pretty advantageous over the last few years. So, thoughts on pricing?

<A – John Brooks>: Yes. It's good to point out that it has been a nice compound effect relative to our Canadian grain regulated rates the last three years. I think I heard my Canadian competitors say yesterday it goes into a black box, and it just kind of comes out. That's mostly true. But I think there is a cost of capital component of this that I think the -- creates a difference and hence, why maybe ours was a little bit higher this year.

What I think about is when I think about my total book of pricing, having one of my largest pieces in an area that I would consider still to be, let's call it, inflationary type number at 3.1%, maybe a little better depending on what indexes you're looking at, again puts us, I think in a favorable position in that area. If we keep doing and posting the type of pricing that we have in the last couple of quarters in the rest of our book, again sets us up for a full year pricing that I think is industry-leading.

<Q – Ken Hoexter>: Yes. That's great because I think that's what's changed the tide after a couple of years of suffering from huge inflation and playing catch-up, to now getting pricing above it just leads us to kind of what drove the rail stocks to outperform for a decade and a half with pricing above inflation. So that's good to hear, especially if you're industry leading on that.

Coal volumes are up 14.5% revenue ton miles, again, also about 150 basis points above target at this point.

So is that more export met coal to China? Is that weather catch up? Because it's across the U.S. rails, too, we're seeing very, very advantageous coal, which, again is a nice profitable move for most of the rails.

<A – John Brooks>: Yes. It certainly is a profitable piece of -- business unit for us also. The majority of the influx in volume we're seeing is Elk Valley Resources, our Canadian met coal that we move.

Since that ownership has changed, they've been quite aggressive and done a great job in terms of selling into that market to our benefit. The expectation is they expect to hit, sort of, record volumes in 2025.

So we expect Q2 and the balance of the year to continue to be straight -- quite strong in our Canadian coal business. We are seeing some business upside on the U.S. side, too. It's a small part of our portfolio, but we continue to see a little bit of upside there also.

<Q – Ken Hoexter>: Anything on coal pricing? I mean obviously I presume it's a little bit more fixed. We don't have the same benchmark pricing issues we have with the Eastern rails. So thoughts on coal price.

<A – John Brooks>: No. We stay away from that. This is traditional type of renewals and pricing. And again quite pleased on all those fronts. You brought it up earlier, and I'll mention it. When we acquired the KCS and really begin to understand the book of business, there were certain definite repricing opportunities within that book that we felt we just had to do to benchmark and being aligned with what we expect for the value of our service and capacity.

So we have gone through that book meticulously including the coal piece of that book and taken the opportunity to reprice some of that. I would tell you, we're largely through that reprice journey now. But certainly now getting the value of our service.

<Q – Ken Hoexter>: So you and Keith talk a lot about the closed loop on the auto side and the benefits things like that can get you when you've got land in different regions whether it was down south in Texas or up in the Midwest and how you can take advantage of that.

Can you explain a little bit of the closed loop because I think there's confusion over how do you go from an auto rack to -- if it's closed loop to getting auto parts in the same network, maybe just understanding what you mean by the closed loop.

<A – John Brooks>: Yes. Well there's a few things to unpack there. I guess first and foremost, coming into this acquisition, we knew the automotive sector was going to be a big part of it.

We just thought the journey was going to be quite long. A crisis emerged kind of like the crisis we talked about in the tariffs and creating the land bridge, a crisis emerged back about the time we took control.

And where the auto rack supply into Mexico in particular was not meeting the demand of the customers and the production down there. We took that opportunity to really meet with all the OEMs and sort of introduce the idea of, look, we can't service all your business. But the pieces of business that we can service directly through our new railroad connection and your business in Canada, your business up into the upper Midwest, your business into Texas, if we can service this in a better way to ensure that you're going to get railcar supply at a higher percentage than what you're getting today, why wouldn't you try it?

And this is where we had a ton of success, again selling a service model. Now we also said, look, if we're going to go acquire railcars and put them in service, we're going to need to earn a return on that equipment.

So part of that discussion was not only about a new service model and a closed loop, but also was around what is the fair price so we can go and implement this? And what is the value it creates for you, a Ford, a GM, a Toyota, a Stellantis. And again it pulled ahead a pretty big opportunity for us. KCS in the past handed off 95% of their automotive business out of Mexico at the border.

I think the most recent number I saw is we're at about 70% now. I see another pretty big step function of that going lower. So we're utilizing the breadth of the network. And philosophically, we're hauling vehicles out of Mexico into Canada. We're taking -- we're emptying those vehicles.

We're taking those racks, spotting them back in Southern Ontario, reloading them with cars and shipping them down into Texas. They get offloaded and then that auto rack goes back into Mexico and we start the journey again.

But it not only creates this perfect load-load scenario, but it gives an automotive customer in Mexico the visibility to say "all right, it takes 10 days to run that vehicle up, a day to get it unloaded, eight days to get it back. In 18 days, I'll have that same auto rack right back into my facility to load again for the journey." So we've had a lot of success in it.

You brought up the auto parts piece of it, too. Once, I think, you begin to build the trust around the finished vehicle service, it then unlocks the opportunity for you to have a discussion with the automaker that says, now let us -- how do we reinvent this? How do we give you optionality versus maybe traditionally having only two or three players that controlled all the auto parts in the supply chain? Let us take a crack.

And that's a business on our 180/181 train pair, our MMX train pair that we handled zero at the beginning. I saw last week, we handled upwards of 350 auto parts shipments on that train. I don't know how big that opportunity ultimately is.

I think there's a lot, in some cases, higher paying freight out there that I'd rather have on that train. But what it does do, Ken, is it gives us the ability, a lot of it is southbound movement. So it allows us to get those boxes back out of the U.S. or Canada all the way down into Mexico.

<Q – Ken Hoexter>: So the closed loop is just -- is the first part of the equation of taking the auto rack up from Mexico to Canada down to Texas, Texas to Mexico.

<A – John Brooks>: Yes.

<Q – Ken Hoexter>: Okay. Got it. So the auto parts is still separate from –

<A – John Brooks>: Yes. And again I would characterize as much success we've had in that area, we're in the, I would say early- to mid-innings. There's a nice tail of opportunity there in the next few years.

<Q – Ken Hoexter>: Okay. Of growing it or adding different where the train is running in different markets?

<A – John Brooks>: Growing -- well both, growing it and beginning to capitalize on our new connection with the CSX into the Southeast. Yes. There's a lot of short sea vehicles that present a really good opportunity for us.

<Q – Ken Hoexter>: Okay. Let's switch over to intermodal, right? So there, we're seeing -- you've got, what, 17% of your -- RTMs are up 13%. So you're showing some pretty good accelerating growth from a 4% growth last quarter. Is that the win of Gemini?

Is that increasing length of hauls as you're talking about in a combined basis? Is that the change of business post tariffs? What's driving that? Then maybe throw in there kind of the discussion of international and cross-border, maybe split up, tell us what is international, domestic?

<A – John Brooks>: Yes. Our domestic, Ashley, correct me if I get it wrong, is slightly bigger than our international. So let's say domestic is 55%-60% of the business and the international is the balance. The beauty of this network is it's all those things you described are driving our growth.

Certainly, Gemini has been a big piece of this. That market share win is driving, I would say a whole new supply chain model into the international space. Think about this, the traditional steamship line into Vancouver was on time 50% to 60% on average. Gemini currently is running at about 95% on time.

I think they post 90% as their target. They're doing better than that. That opportunity and lift alone for Hapag and Maersk, you're seeing that in the numbers.

But I think the other – the numbers are this. Since Gemini started, our Hapag volumes are up 15%, and our Maersk volumes are up close to 30%. We're in the early innings of that opportunity.

So I think it's partnering with the right partners matter and bringing those two companies together with our connectivity on the West Coast of Canada, the exclusive use of Gemini at the Port of St. John has been a positive for us, Ken.

And let's not forget that they've signed up for some pretty significant port calls into Lazaro that are really in the early innings. So not only growth to intra-Mexico, but also growth cross-border into the U.S., particularly in the Texas market.

<Q – Ken Hoexter>: So just for those unfamiliar, Gemini is the combination of Maersk and Hapag, what were you doing, just so they understand, were you doing business before with them? And can you set up a volume number? Like is there an annual number of containers that are within this agreement. Or dollar amount, whatever.

<A – John Brooks>: Yes. So Hapag is one of our largest, single customers. So we have a long history. Of course Hapag bought CP ships, yes. So they're a flagship partner of ours. Then, of course I don't know it's probably five, six years ago, we started building a relationship with Maersk and have existing import business with them. We also partner on a Transload with Maersk in Vancouver. Then Maersk is also the operator of half the terminal down in Lazaro.

So there's just a very natural connectivity. Obviously Maersk recently bought our Panama Railway. So there's some nice connectivity also there with that business relationship.

So it's kind of hard to put a number on it, but I can see between all three ports and over the next couple of years, probably $100 million, $150 million opportunity as these volumes continue to ramp up with those partners.

<Q – Ken Hoexter>: Great. Thank you for quantifying that.

So sticking near term, we just went over a lot of volumes, right? So volumes, we established trending above target, kind of really holding in nice, as you mentioned, continuing even deeper into the quarter where we thought some more discord. Actually, let me stick on that before I jump to my next question.

But given this air pocket of volumes that are starting right now given the tariffs starting on April 9, so the sailing now is just hitting our shores this week, are you expecting that to kind of fall off significantly for the next three weeks? Then do you see a big rebound, do you see a lot of pre-shipping that came across, so we can absorb the air pocket?

Or as a Canadian railroad, do you not see as much of an air pocket as we're talking here in the U.S. with the Port of L.A.?

<A – John Brooks>: I think I said on our earnings call I didn't see an air pocket. Then I got worried because every one of the other rails said they saw an air pocket, and we still don't see an air pocket. I'm not even sure I know what an air pocket is.

Look, our volumes here that we have visibility to over the next two to three weeks look right on par with what we would expect. Simply, that could be just a function of our percentage of U.S.-destined freight is smaller than certainly what UP and BN would face, or maybe CN would face.

So no, I feel quite good about what the international volumes look like. I do believe this pause or whatever, sort of, we're in here with China does present an opportunity, though. It's hard for these supply chains to just flip and turn things back on, and that takes time.

But if there is an opportunity for us out of this, it probably would be the ability for us or our competitor to handle more U.S.-destined freight through the Canadian ports. I think that could be a real outcome over the next, let's say 45 days.

<Q – Ken Hoexter>: Encouraging, I mean certainly, yesterday the Port of L.A. was talking about containers going from 850,000 in April down to 650,000 in May. So a pretty quick and rapid falloff, sizable.

So sticking near term, the last five years, you did an average 260 basis point improvement in the operating ratio first quarter to second quarter. Nadeem noted 200 to 250 basis points is fair, so a bit below normal.

Was that kind of maybe a little bit below normal given FX and some added costs? Or that gets you right to about 60% or sub-60%. Is that what we should expect, sub-60% for the rest of the year?

<A – John Brooks>: I think like everyone else, trying to guide totally to the quarter, but I think Nadeem's comments are probably still good, Ken, on how we're thinking about it. The volume trend, as I said, is pretty good.

So is there upside to that? Yes. We're hopeful that it could if things continue to play out, I guess over the second half of the quarter, how we expect. I just would build on it to say look, the second half, we got some easier comps.

Expect a good grain crop and watching seeding and moisture conditions. If things shape up well that should bode for a good, full year strong operating ratio, and that means sub-60%.

<Q – Ken Hoexter>: Yes. That's great. I think and let's step back to the bigger picture, right, which is post merger, you had kind of targeted synergy gains. Originally, I think it was US $1 billion over three years. You shifted to US $350 million in year 1, double that in year 2.

How do we think about synergies now here we are, what, two years past -- over two years past the merger and your thoughts. I think you noted it was US $300 million run rate in synergies this year -- or more in this year. Give us parameters of how we should start thinking about where we are.

<A – John Brooks>: First of all, it's maybe the gift that keeps on giving. The pipeline is staggering when we do these sales blitzes and work on, with customers, this concept, the land bridge, it continues to just manifest new opportunities that, again I think are pretty unique to this network that are self-help.

That, again I think insulate us somewhat from the broader macro. I fully expect to layer on another US $300 million minimum in 2025 of synergies.

From what I see, we've been able to produce for the first four months in that space and knowing what we have coming on between another automotive contract, our Americold facility, our reefer ecosystem really hasn't kicked into gear on this full franchise yet. That Americold facility will be up in July and running.

When I look out to that, there's no reason that we shouldn't be able to produce that. You know what, we're actually at a run rate today that is in excess of US $850 million. So we'll be layering on that, and the expectation would be we'd be over US $1 billion in total as we close out 2025.

<Q – Ken Hoexter>: That's great. I like that, gift keeps on giving, because you keep finding ways to get longer and longer hauls. We certainly see that in the numbers.

So let me ask you a couple of numbers questions. Employees ended at about 20,000. Is that kind of -- I think you mentioned flattish through the year. Is that still a fair way to think about it?

<A – John Brooks>: Yes, flattish through the year on mid-single-digit RTM growth would be a good story.

<Q – Ken Hoexter>: Okay. Let's go to the financial side, so put Nadeem's hat on for a minute. You reiterated $2.9 billion in CapEx.

I think you have just over 3x debt-to-EBITDA, continues to fall from, what, 4.5x post deal. Are you comfy at that level? Do you need to keep paying that down? I guess I'm asking, the asset allocation, how do you think about need for new locomotives or mods? What do you do on the asset side?

<A – John Brooks>: Yes. I think the $2.9 billion is still a good CapEx number. I see some maybe even opportunity there relative to the FX changes that have taken place. Locomotives is an area of focus for us. We have 100 new Tier 4 locomotives coming online almost immediately or right now. It is really going to benefit the resiliency of our Western corridor, as I think about our bulk franchise during those winter months.

So we're excited about that. Outside of that, a lot of the capital work that we've deployed and we've committed to as part of this transaction, a lot of that money has been spent and is in motion.

So I don't see the broader need for a whole lot of capacity across our network to service this volume in the near term. There will be another step function as we continue to grow. But in the near term, I think we're in a pretty good space.

On the leverage front, I think we've been very transparent around wanting to get to that 2.75x area. I don't think anything has changed there. If you really kind of build in the FX piece of that, we're kind of in that ballpark as we sit here today.

<Q – Ken Hoexter>: So that was a leading question because the next one is on the buyback, right, which you kicked back in for the first time since fourth quarter of '20. I think you noted or Nadeem noted 3% to 4% buyback reasonable, about $3 billion a year. Is that the right level for us to target?

<A – John Brooks>: You nailed it. That's exactly what we're targeting.

<Q – Ken Hoexter>: So velocity running well, dwell is down. How do you think the network is running from – you mentioned Mark's side?

<A – John Brooks>: Yes. You know what, posted really strong numbers through Q1. I'm pleased here month-to-date.

We're working through our transition on the legacy KCS of our operating system. Not that that doesn't come with some hiccups across the network, but overall, we're in good shape, and that will continue to help drive the operating leverage as we close out Q2.

<Q – Ken Hoexter>: Then lastly, we're running out of time.

But in October, you received permission from the STB to take the next step in the partnership with CSX into the Southeast. Maybe you want to delve into that for a minute with the kind of the acquired part of the MNBR and giving you a direct exchange into Alabama and just the whole concept of driving more into the Southeast.

<A – John Brooks>: Yes. I guess my comment there and keeping it maybe somewhat high level, we're targeting a train a day of new business between us and CSX. We're in the very early innings of that effort.

But if you think about the total portfolio of opportunities to grow this franchise uniquely, that's a critical piece. And for all the customers in Mexico and the Southeast that historically really only had one option in terms of a route with the NS, now to sort of open that door with the CSX has us excited for premium type service, intermodal certainly, automotive certainly, I think fit right in the wheelhouse for that opportunity.

<Q – Ken Hoexter>: So John, I'm going to try and wrap up, right? So volumes up 6%, good May. So continues to be a good start. Second, operating performance is good. Third, driving pricing. You mentioned industry-leading pricing certainly getting above inflation. Fourth, growth. It's a unique franchise, which we definitely see you guys continuing to take advantage of. Fifth, given the FX volumes, tariffs, revisit the outlook, maybe even move back up, maybe even get above that target. I'll throw that in there as my own thing.

But it sounds like things are on track and operating well. So John, thank you -- unless -- is there anything else you would add that I missed in terms of the quick overview?

<A – John Brooks>: Actually, it's a perfect summary. So great job.

<Q – Ken Hoexter>: Awesome. Thank you so much for joining us. I appreciate your time.

<A – John Brooks>: Yes.