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Par Pacific Holdings, Inc. (PARR)

Q4 2019 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Greetings and welcome to the Par Pacific Holdings' Fourth Quarter Earnings Conference Call. As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host Suneel Mandava, Senior Vice President of Finance for Par Pacific Holdings. Thank you, Mr. Mandava. You may begin.

Suneel Mandava
Senior Vice President, Finance, Par Pacific Holdings, Inc.

Thank you, operator. Welcome to Par Pacific's fourth quarter 2019 earnings conference call. Joining me today are William Pate, President and Chief Executive Officer; Will Monteleone, Chief Financial Officer and Joseph Israel, President & Chief Executive Officer of Par Petroleum.

Before we begin, note that our comments today may include forward-looking statements. Any forward-looking statements are subject to change and are not guarantees of future performance or events. They're subject to risks and uncertainties, and actual results may differ materially from these forward-looking statements. Accordingly, investors should not place undue reliance on forward-looking statements, and we disclaim any obligation to update or revise them. I refer you to our investor presentation on our website and to our filings with the SEC for non-GAAP reconciliations and additional information.

I'll now turn the call over to our President and Chief Executive Officer, Bill Pate.

William C. Pate
President, Chief Executive Officer & Director, Par Pacific Holdings, Inc.

Thanks, Neel. We concluded the year on a high note, reporting record financial results, closing and integrating two important acquisitions and capturing significant revenue synergies inherent in a larger system. Today, we're positioned better than ever, having created a balanced, integrated downstream network that is competitively positioned across our markets.

I'm pleased to report record results for 2019. Adjusted EBITDA was $260.4 million and adjusted EPS was $1.79. Excluding working capital impacts, operating cash flow was $189 million. Over a five-year period, we've grown this measure by a 19% compound annual growth rate. Fourth quarter results were particularly strong with a record adjusted EBITDA of $94 million and adjusted EPS of $1.02. These financial results have also helped us achieve significant deleveraging and dramatically improve our liquidity. Our mainland Refining business has performed particularly well during the year due to strong product cracks and favorable inland crude pricing.

Wyoming had a record year with unmatched operational reliability and excellent cost control against the backdrop of a supportive market environment. The Washington acquisition has exceeded expectations, contributing over $120 million of adjusted EBITDA in 2019. Our purchase price of $327 million implies an acquisition multiple of 2.7x 2019 adjusted EBITDA.

Hawaii had a challenging year due to heightened crude oil differentials although the team's done a great job of positioning this business for the upturn. Our export product sales declined 37% last year to less than 5% of sales. With a well-balanced sales profile in Hawaii, we're confident that we can generate favorable profitability as conditions return to normal.

Our Retail business continues to perform exceptionally well, contributing a growing income stream. Year-over-year, Retail adjusted EBITDA grew more than 28%. In addition, our Logistics adjusted EBITDA has grown 89% due to our acquisitions and increased utilization of our logistics network. I'm particularly pleased with the tight cost control over the last three acquisitions. We've completed the Washington and Hawaii acquisitions without any meaningful increase in our corporate expenses in Houston, highlighting the ability to leverage our existing systems, processes and infrastructure. The first quarter is proving to be fast changing and dynamic. The last two months, we've experienced changes in bunker fuel standards, mild heating season weather, a US-China trade rapprochement and heightened Middle East strife. Now, we have a global pandemic that has overwhelmed the other factors to suppress refined product demand.

Fortunately, Chinese refining run cuts are significant and helping to address declining demand in Asia. In all of our markets, we've not seen any impact on demand associated with the coronavirus. We're watching these factors closely as we near significant planned downtime in Hawaii this summer. We've a very busy project schedule over the next 12 months with three major turnarounds. Despite our maintenance schedule, we plan on generating free cash flow in 2020 and continuing to reduce our debt. After completing that schedule, we should have a multi-year period with no major downtime.

At this time, I'd like to turn the call over to Joseph to provide additional information on our operations.

Joseph Israel

Director & President & Chief Executive Officer-Par Petroleum, LLC, Par Pacific Holdings, Inc.

Thank you, Bill. The consistent focus on safety, environmental compliance, operations reliability and commercial flexibly led to a strong 2019 performance. So congratulations to our teams. Starting with our Wyoming refinery, the combination of favorable market conditions and reliable operations gave us another strong quarter. Our Wyoming 3-2-1 Index in the fourth quarter was $28.26 per barrel, and our refinery throughput averaged approximately 17,000 barrels per day.

Our realized adjusted gross margin in the quarter was $17.90 per barrel, and our production costs were $5.77 per barrel reflecting reliable and efficient operations. The exceptional 99.6% operational availability for the entire year allowed our team in Wyoming to set several production records including [indiscernible] (00:05:55) gasoline and distillates production. So far in the first quarter, our Wyoming 3-2-1 Index has averaged over $15 per barrel and our target throughput is approximately 16,000 barrels per day.

A similar fourth quarter story in Washington. Seasonally strong market conditions combined with reliable operations gave us another strong quarter. Our Pacific Northwest 5-2-2-1 Index was $16.58 per barrel on ANS based. Our refinery throughput averaged approximately 41,000 barrels per day, reflecting strong operational availability which for the year averaged 98.9%. Adjusted gross margin in the fourth quarter was $14.81 per barrel and production costs were $4.46 per barrel.

So far in January and February our 5-2-2-1 Index has averaged over $12 per barrel. WCS and Bakken crude oil differentials continue to widen and our plan is to maintain over 40,000 barrels per day of throughput in the quarter. In Hawaii, steady operations helped to mitigate another quarter of crude differentials headwind. Our Singapore 4-1-2-1 Index was $4.34 per barrel on Brent basis, and our realized crude differential in the quarter averaged $4.79 per barrel over Brent. Our throughput averaged approximately 111,000 barrels per day with 98.7% operational availability.

Our fourth quarter realized adjusted gross margin in Hawaii was $4.68 per barrel and production costs were $3.34 per barrel. Our 2019 progress in Hawaii was substantial with the following highlights: throughput up 46% year-over-year to 109,000 barrels per day, production costs down $0.40 per barrel year-over-year, on-island sales volume up 53% triggering a 37% reduction in exports year-over-year.

As mentioned in our previous earnings call, we are working to improve our gross margin capture by $1 per barrel by the end of 2020. The elevated crude differentials and freight experienced in the fourth quarter resulted in Brent plus $6.50 per barrel price estimate for our first quarter crude oil runs on delivered basis. However, I will also note that our recent cargo purchases for second quarter runs are finally reflecting lower differentials and freight costs driven by refining slowdowns mainly in Asia and also lower demand for oil.

Our throughput target for the first quarter in Hawaii is 100,000 to 104,000 barrels per day. Starting this quarter, we will publish the Singapore 3-1-2 Index as our new benchmark for adjusted gross margin in Hawaii. We believe a two-third distillate, one-third gasoline crack spread will better correlate with our margin going forward due to IMO pricing impact and our refinery yields.

In summary, 2019 growth has helped to transform our operations into an efficient and diversified system. Our 2019 production cost for the entire system has averaged only $3.86 per barrel and we are well positioned to compete in our markets.

And now, I'll turn the call over to Will to review consolidated results.

William Monteleone

Chief Financial Officer & Director, Par Pacific Holdings, Inc.

Thank you, Joseph. As Bill stated, full year adjusted EBITDA and adjusted earnings totaled $260 million and $92 million or $1.79 per fully diluted share. These results reflect strong increases versus 2018 when we recorded adjusted EBITDA and adjusted earnings of $132 million and $49 million or $1.06 per fully diluted share. The adjusted EPS increase of approximately 69% per share was driven by a combination of accretive acquisition activity completed in the fourth quarter of 2018 and early first quarter 2019, and impressive results at our Wyoming refinery and Retail business. In addition to the strong annual growth, our segment operating income diversification was displayed with Logistics and Retail making up 54% of segment contribution.

2019 Retail segment adjusted EBITDA contribution increased approximately $13 million versus 2018, driven by strong fuel and merchandise margin as well as the full year contribution from our Northwest Retail acquisition. Retail same-store sales fuel volumes were roughly flat while merchandise sales were up approximately 2.8% compared to 2018. The Logistics segment adjusted EBITDA contribution increased approximately $36 million versus prior year due to the Washington acquisitions, growing throughputs in Hawaii Logistics assets and steady throughputs across our Wyoming operations.

2019 Refining segment contribution was $169 million, an increase of $77 million compared to 2018. Underlying these results were record contributions from Wyoming and a strong start to the Washington facilities, partially offset by below mid-cycle contributions from the Hawaii assets which are impacted by unplanned downtime.

Laramie generated adjusted EBITDAX of $74 million and a net loss of $381 million for 2019. Net to our interest, Laramie's results reduced our adjusted earnings by $9 million. This compares to 2018 when Laramie contributed $11 million to our adjusted earnings. All drilling and completion activity has ceased and the Laramie management team intends to dedicate cash flow towards deleveraging. Current leverage sits at 2.7x debt-to-EBITDA.

Moving to the capital structure front, excluding Laramie impairment charges, we finished the year with a net debt to cap of 41%, a reduction of approximately 11% from the 52% where we peaked at 3/31/2019 post closing the U.S. Oil acquisition. Post closing the U.S. Oil acquisition, consolidated debt reduction totaled $76 million, primarily through a combination of convert exchanges and Term Loan B paydowns. Our targets remain 30% to 35% net debt to total capitalization, and we're pleased with the progress this year towards achieving those ranges.

We generated cash from operations of $189 million excluding working capital. $94 million of cash was dedicated to capital spending and turnaround outlays. $29 million was dedicated to the permanent reduction of debt, and our cash position increased by $51 million versus 2018. The $94 million of capital spending and turnaround outlays came in below our guidance of $100 million to $110 million, driven by spending discipline and certain projects coming in below budget. Of the $94 million, $55 million was allocated to growth capital, $29 million to maintenance and regulatory capital and $10 million to turnaround outlays.

Fourth quarter accounting items worth noting include a few special items. The largest, impacting both adjusted EBITDA and adjusted net income, was realized derivative gains in Par Hawaii Refining of approximately $6 million, most of which were reversed during the first quarter of 2020. Impacting our adjusted net income was approximately $2 million of tax charges. Solely impacting our GAAP net income was an approximate $2 million in debt extinguishment costs related to our convertible note exchange.

Total liquidity improved to $241 million at quarter end from $175 million at the third quarter 2019, a portion of which relates to working capital timing. Fourth quarter GAAP interest expense totaled $18 million, of which $16 million was cash interest, and depreciation and amortization totaled $21 million. Cash from operations for the quarter totaled approximately $73 million excluding working capital, and capital expenditures and turnaround outlays totaled approximately $21 million.

Moving to a few items for the 2020 annual outlook. We expect capital expenditures and turnaround outlays totaling between $120 million and $135 million, of which roughly $61 million is earmarked for turnarounds, $26 million for growth, and $48 million for maintenance and regulatory capital. Breaking down these items into a bit more detail, in the turnaround category, we anticipate Par East will undergo a planned turnaround in the late second quarter with an expected outlay of roughly $34 million. Wyoming will be in early fall with anticipated outlay of $17 million, and Washington activities are not scheduled until early 2021, however we're budgeting approximately $11 million during 2020.

Our growth capital is made up of approximately $7 million to complete our NextGen fuels logistics project in Washington and roughly $12 million in debottlenecking primarily at our Washington and Wyoming refineries. The balance is made up of other small projects including rebranding at our Northwest Retail locations. Our maintenance spend is roughly $10 million higher than we would typically expect related to rebuilding some critical process equipment in Wyoming as well as bringing our tank farm up to our standards. We expect GAAP interest expense of approximately $65 million to $75 million and depreciation and amortization between $90 million to $95 million.

This concludes our prepared remarks. Operator, I'll turn it back to you for Q&A.

QUESTION AND ANSWER SECTION

Operator: At this time, we will be conducting a question-and-answer session. [Operator Instructions] And our first question is from Neil Mehta from Goldman Sachs. Please proceed with your question.

Carly Davenport
Analyst, Goldman Sachs & Co. LLC

Q

Good morning. This is Carly on for Neil. Thanks for taking the questions and congrats on a great quarter. The first one is just around free cash flow. Wondering if you can talk about your confidence level around getting to this $3 per share free cash flow and what are the key milestones that we should look for on the path to achieving that?

William C. Pate
President, Chief Executive Officer & Director, Par Pacific Holdings, Inc.

A

Carly, this is Bill. I think if you look at the 2019 results, you'll see that we have the earnings power that generated nearly a $190 million in cash from operations before working capital changes. Those working capital changes are largely related to 2019 growth, and there does tend to be some variability quarter-to-quarter, but it's not a recurring item. So the $190 million of cash from operations should be achievable with time in a stable business profile. Once we get through the next two or three turnarounds, our CapEx at that point is going to be relatively low. And if you think about EBITDA for the year of $260 million and $190 million of cash from operations, there was about a $70 million of interest and other items. Some of that's A&I associated with acquisitions, and that's obviously not going to be recurring in a stable business environment.

So I think walking through and starting with $260 million and a maintenance capital schedule in the $35 million to $40 million range, we're at $3 a share. So when you ask when we're going to get there, I think we're there. But for the capital that we've allocated to growth projects, acquisitions, and then working off our higher cost debt that we incurred to complete the Washington deal. With that in hand, we do have to get through the turnarounds in the next year. We've got some pretty significant turnarounds that will both require capital and also impact our operations somewhat. But I certainly have a lot of confidence that we can generate $3 of free cash flow with the assets and the business we have today.

Carly Davenport
Analyst, Goldman Sachs & Co. LLC
Q

That's great. Thank you. And then the follow-up is just around integration and M&A. So with the Tacoma integration process nearly complete, can you talk about the impacts that you've seen so far as it relates to the benefits of this integrated business model that you guys have built out? Do you think that was a driver of the strong results in 4Q particularly at the non-refining businesses?

William C. Pate
President, Chief Executive Officer & Director, Par Pacific Holdings, Inc.
A

Yes. There were a few other drivers. I mean certainly with respect to Retail, there's no acquisition associated with that, that's just solid operations and good margins. With respect to Logistics, there's no doubt that the acquisitions and some of the revenue synergies associated with the acquisitions helped that number. But as I mentioned too with respect to our Logistics business, there is some quarter-to-quarter variability. And if we have a couple of extra crude loads coming into Hawaii, it can impact the profitability of our Logistics business in a quarter and we certainly saw that in the fourth quarter.

I'll turn it over to Joseph, and Joseph, maybe if you can provide a little more color on some of the intermediate moves back and forth between Hawaii and Washington just to provide some detail.

Joseph Israel
Director & President & Chief Executive Officer-Par Petroleum, LLC, Par Pacific Holdings, Inc.
A

Yeah. Operationally, we are all fully integrated, already moving a crude oil and products between our refinery to benefit from opportunities.

Carly Davenport
Analyst, Goldman Sachs & Co. LLC
Q

Great. Thank you.

Operator: And our next question is from Matthew Blair from Tudor, Pickering, Holt. Please proceed with your question.

Matthew Blair
Analyst, Tudor, Pickering, Holt & Co. Securities, Inc.
Q

Hey. Good morning, everyone. I had a question on the jet market. Par, I think, has a pretty unique perspective here. I noticed in your slides that for Hawaii, total demand about 32% comes from air transportation. Could you talk about what kind of demand trends you're seeing in jet, how much of an impact this coronavirus might be having? And any sort of comparison to last year's levels would be helpful?

William C. Pate
President, Chief Executive Officer & Director, Par Pacific Holdings, Inc.
A

At this point, we've seen no impact on demand in any of our markets. Obviously, the one that would most likely be impacted would be Hawaii. I think it's less likely to be seen in terms of demand generally speaking, unless the virus starts to spread to the mainland and to Hawaii, and certainly, that's a possibility given what's transpired in Europe in the last 48 hours. But today, we really haven't seen any declines. Keep in mind in the Hawaii market, Chinese tourists are less than 1% of the market demand. So that when the epidemic was largely contained to China, it really didn't have a significant impact.

Joseph Israel
Director & President & Chief Executive Officer-Par Petroleum, LLC, Par Pacific Holdings, Inc.
A

And military jet is a large part of the demand.

Matthew Blair
Analyst, Tudor, Pickering, Holt & Co. Securities, Inc.
Q

Sounds good. And then also the margin capture at the Hawaii refinery appeared to be extremely strong. Could you walk us through the tailwinds in Q4 and offer any thoughts on margin capture in Q1?

William Monteleone
Chief Financial Officer & Director, Par Pacific Holdings, Inc.
A

Sure, Matthew. It's Will. I think it was a strong fourth quarter for the Hawaii Refining business. I think one item to keep in mind is we were able to minimize exports. So I think that was a major positive. And then I think the other relates to the fact that we're moving towards the 3-1-2 Index. We really moved away from HSFO production. And so again, the 4-1-2-1 was largely impacted by the decline in high sulfur fuel oil. We have largely moved away from producing high sulfur fuel oil. And so again, I think we believe that 3-1-2 benchmark is a better reflection of our overall contract profile. So I think that's the biggest driver. And then the other thing I would keep in mind, I called this out, but there was roughly a $6 million derivative gain that we benefited from in the Hawaii Refining business and we expect that to reverse during the first quarter.

Matthew Blair
Analyst, Tudor, Pickering, Holt & Co. Securities, Inc.
Q

Got it. Thank you very much.

Operator: And our next question is from Brad Heffern from RBC. Please proceed with your question.

Brad Heffern
Analyst, RBC Capital Markets LLC
Q

Hey. Good morning, everyone. I guess not to belabor the coronavirus stuff, but I was curious if you've seen any sort of supply push into the Hawaii market that you wouldn't typically see and then additionally, the [ph] 100 to 104 (00:24:06) guidance for Hawaii just looked low relative to how you guys have been running that facility in a non-turnaround quarter. So is there anything you need going on in terms of the demand that you're expecting in the first quarter or away from the coronavirus?

William C. Pate
President, Chief Executive Officer & Director, Par Pacific Holdings, Inc.
A

I'll let Joseph address the run, the throughput rate, but with respect to any kind of supply push, we haven't seen anything like that. Keep in mind that in the Hawaii market, there's not a real spot market, so it's not – it'd be very unusual for fuel to show up at the docks. Frankly, it would have to go through one of the systems there. So most sales in Hawaii are contracted for on an annual basis on requirements. So to the extent you're going to see a supply push, they have to be sustained in over a one-year period. So we don't really see that. Probably the bigger impact that we're seeing right now simply is if you look at the run cuts in China which latest numbers I saw were close to 2.3 million barrels and you compare that to the reduced demand of, let's say, 2.6 million barrels, 2.7 million barrels, you've obviously got a little bit of a refined product build there but a much bigger build is on the crude side where you've got 2.3 million barrels a day or close – more than 60 million barrels a month that had been contracted for to be consumed that now have crude oil barrels that had to be moved to another market.

So what we're seeing probably most significantly right now is just a pretty significant impact in crude oil differentials, as they decline rapidly in some grades as much as $3 to $5 a barrel. Now those differentials won't impact our business until after our turnaround because keep in mind, we're at this point – we're fully bought out for the most part through our turn around and we're really talking about third quarter crude consumption when we assess the pricing today. Joseph, you want to address run rate?

Joseph Israel
Director & President & Chief Executive Officer-Par Petroleum, LLC, Par Pacific Holdings, Inc.

A

Yeah. So we discussed the improvement in crude differentials starting really the second half or on the second quarter, but the – elevated this in the first quarter are giving us some motivation to increase import instead of maximizing refinery throughput. So [indiscernible] (00:26:36) to optimize financial results and our throughput, and this is definitely the optimized mode of operation in the first quarter.

Brad Heffern
Analyst, RBC Capital Markets LLC

Q

Okay. Got it. Thanks for that. And then as far as the $1 per barrel improvement goal for Hawaii, did we see any of that in the fourth quarter? Like [ph] was any other (00:26:58) performance driven by contracts rolling over? Is that still – is 4Q still a good base to add that $1 per barrel to?

William Monteleone
Chief Financial Officer & Director, Par Pacific Holdings, Inc.

A

I think the fourth quarter is a good base to add it to. Again, I more think about it on a year-over-year basis instead of annualize in the fourth quarter. And then again, I think it's largely backend loaded when we think about the benefits that we expect to capture to that $1 per barrel in 2020. So again, I think it's dangerous to annualize quarters, but I look at the full year for 2019 and then start to think about the benefits we're talking about on $1 per barrel being backend loaded on a run rate basis in 2020.

Brad Heffern
Analyst, RBC Capital Markets LLC

Q

Okay. Thank you.

Operator: [Operator Instructions] And our next question is with Andrew Shapiro from Lawndale Capital Management. Please proceed with your question.

Andrew Evan Shapiro
Analyst, Lawndale Capital Management LLC

Q

Hi. Thank you. Several questions on the M&A side were asked and answered, but I have a few here around the edges. So with your consolidation and integration kind of being done and it is clearly a value-added skill set asset of this company and management team, does the board and management feel like the company needs to be at or near your desired debt ratios before you would make a larger acquisition? And is the focus on another leg of the stool or is it primarily on bolt-ons on your areas of involvement already?

William C. Pate
President, Chief Executive Officer & Director, Par Pacific Holdings, Inc.

A

Andrew, this is Bill. Clearly, we have I think grown our business largely through acquisition. And if I think back just to Washington and Wyoming, we've invested about $600 million in those two refining, logistics system and they generated more than $175 million of free cash flow in 2019. So, I think our track record speaks for itself. At the same time, you can never time acquisitions. It's very important that you let processes play out and you address opportunities when they present themselves. And sales processes for attractive assets are always fairly competitive. So we're certainly going to look first to assess and opportunities that are principally fit strategically with our existing assets. I would also tell you that given the uncertainty of the current political and economic climate, we believe we need to be more cautious than ever about any potential opportunity and so we'll take that into account as we review opportunities.

Andrew Evan Shapiro
Analyst, Lawndale Capital Management LLC

Q

Okay. And if that's the case in one, while sitting around doing that and preparing for the next one, it would seem then you'd have more aggressive paydown of your debt. What are your – in the stack, what are your kind of near-term opportunities of either deleveraging or lowering your financing costs?

William C. Pate
President, Chief Executive Officer & Director, Par Pacific Holdings, Inc.

A

Will, you want to address that?

William Monteleone
Chief Financial Officer & Director, Par Pacific Holdings, Inc.

A

Sure. Without getting into specific securities, Andrew, I mean I think we do have pre-payable loans that exist, and then again, we have addressed the convert over time. So again, I think we do have that – those arrows in our quiver. I think to the point of the turnaround timing, again, I think you've seen our liquidity build close to $240 million. Again, we're taking a bit of a conservative approach as we get through those, and then I think you'll see us become more aggressive depending on the market environment with respect to our debt paydowns.

Andrew Evan Shapiro
Analyst, Lawndale Capital Management LLC

Q

Okay. And associated with that, do you feel there will be, in order to maintain interests, et cetera, cash flow demands for our Laramie investment or it's fine on its own run and they've either cost cuts to do or have done on that and in light of the weak market environment they're facing?

William C. Pate
President, Chief Executive Officer & Director, Par Pacific Holdings, Inc.

A

Andrew, Laramie has dropped the rig. They have no major capital expenditures, and like an E&P company with a lot of production, they're generating a fair amount of free cash flow that allows them to pay down their debt, so we don't anticipate or foresee any reason why we would have to invest capital in that business.

Andrew Evan Shapiro
Analyst, Lawndale Capital Management LLC

Q

Awesome. And last one, typically I ask, so you can give us at least some advanced insight in scheduling and all, as your upcoming deal roadshows and investor presentations.

William C. Pate
President, Chief Executive Officer & Director, Par Pacific Holdings, Inc.

A

Hey. Good morning. Yeah, we've registered for the BofA Refining Conference on March 11 in New York and the Scotia Howard Weil Energy Conference on March 25, 26 in New Orleans. We'll get a release out shortly.

Andrew Evan Shapiro
Analyst, Lawndale Capital Management LLC

Q

Anything further in advance to that you have in mind.

William C. Pate
President, Chief Executive Officer & Director, Par Pacific Holdings, Inc.

A

Not at this time, Andrew. Thank you.

Andrew Evan Shapiro
Analyst, Lawndale Capital Management LLC

Q

Thank you.

Operator: Thank you. We have reached the end of the question-and-answer session. And I will now turn the call over to William Pate for closing remarks.

William C. Pate
President, Chief Executive Officer & Director, Par Pacific Holdings, Inc.

Thank you, operator. In closing, I want to highlight our strong growth in operating cash flow. As we look to the future, we're confident that we can continue to build our business and sustain strong financial growth through accretive acquisitions and continued operational improvement. Have a good day.

Operator: This concludes today's conference. And you may disconnect your lines at this time. Thank you for your participation.