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Deutsche Bank analyst: Amit Mehrotra
Werner Enterprises: Derek Leathers, Chairman, President and CEO. John Steele, EVP and CFO.

Amit Mehrotra:

Good afternoon, everybody. We're continuing with day two of Deutsche Bank's 2021 Transportation Conference. My name is Amit Mehrotra. I'm the transport and shipping analyst here at Deutsche Bank.

I'm really happy to welcome Werner Enterprises' Chairman, President and CEO, Derek Leathers; Executive Vice President and CFO, John Steele. Both, I strongly believe among the best in the industry from an operational and financial perspective. I think both of you combined have over 50 years of tenure just in Werner and really were instrumental in kind of building it to the high quality and admired company it is today, so I really thank you both for joining us. We really appreciate it.

Amit Mehrotra:

Derek, there's no prepared remarks, so we'll just get going into Q&A. I'm going to ask the usual questions around the market and demand and pricing a little bit later on. I think we all know it's pretty good and we can get into that in a little bit more detail later. But I wanted to focus more on your vision for the company, strategic priorities for Werner. I really think the company is kind of at an important strategic fork in the road, so to speak. And I wanted to understand your thinking and priorities a little bit better.

You became Chairman of the company a little over 3 months ago. You were the first non-Werner CEO of the company. I know you had a close and long relationship with CL Werner in building the company to where it is today. He obviously created an incredibly strong foundation that you want to build upon. So maybe we could start by just talking about, as you made your first acquisition, the company's first acquisition in a long time, what's your vision for Werner Enterprises? Where do you see the company 2, 3, 4 years down the road, both with respect to organic and inorganic opportunities? Let's start there.

Derek J. Leathers:

Sure, Amit. First off, thanks for having us. We're happy to be here and spend some time. I mean you're right. I have a close relationship with CL, and I think that will show itself through in the fact that we're not going to stray real, real far from our roots. I mean this is still going to be a driver-focused organization, a service-focused organization as we go forward. It's going to be one that's built around an eye toward best-in-class results. I think over the last 5 years, we've consistently improved those results as we've moved forward, and I'm really proud of the efforts that we've been making.

But there will be some differences, right? I mean one of those is going to be that we, I have an eye toward growth. I think we have to grow this business in this time, especially over this next 5-year run when you think about what all is going to be coming at us. There's a lot of opportunities for large, well-capitalized, strong execution-type firms like Werner to do more and to step into it, lean into some of the change. And so, everything from electrification to what's happening with autonomous really lends itself well to large carriers with thoughtful approaches and strategies.

In a nutshell or an elevator pitch, what I'd tell you is as I look out three, four years from now, I want us to be a true portfolio company, and we're kind of on our way to that today, that's mode neutral in our approach to the market, meaning we'll meet the customer where they're at. We're asset-backed, meaning we're going to stay true to the assets and the importance of being an asset operator and not just fall victim to being just a pure non-asset play at any point. And we're going to be service-focused. And as we do that, we think we're building something that's better, stronger and more sustainable through the cycle. We think we have an extremely defensive portfolio relative to our Dedicated footprint, but also relative to the engineered nature of our One-Way business.

We're going to reinvest in ourselves first. That's not going to change, because we think this model is worth reinvesting in now. We think we have runway with what we're doing on the cost side as well as runway with what we're doing overall on the yield side. And so we're going to reinvest first.

But we're open-minded to M&A. We just showed that with ECM. I mean we acquired a high-quality operator up in the Northeast, Mid-Atlantic states, 500 trucks, 2,000 trailers. That integration is ahead of schedule and ahead of our internal projections as it relates to retention of those drivers, management, and leadership. We're excited about what that looks like.

They won't all go that smoothly that early, we know that, but we're going to learn and be open-minded to new opportunities as they arise. We're going to continue to return money to our shareholders through regular dividends and less the historical special dividend approach that Werner did at times in the past.

And really, all of that is intended to show very consistent behavior through the cycle. We think this portfolio stands up really well when and if this thing flips. And we think this cycle, by the way, will be stronger for longer. And that's our belief, and there's a lot of reasons to believe that. But when we come out the other side, I think you'll see a better positioned organization that's continuing the improvement we've shown over 5 years. And we'll do all of that through solid execution, but more open-mindedness and more of an eye toward growth along the way.

Amit Mehrotra:

Okay. And we'll get into that in a little bit more detail. And I wanted to just focus first on the recent, I would say, acceleration in performance. It's not just the last couple of quarters, where obviously the market opportunity has also been quite strong. But it really seems to be that, at least looking from the outside in, an acceleration in kind of the operational excellence of the company. You're operating at kind of a low 80% OR range in TTS on average for the last several quarters. But you've also kind of raised your through-cycle margin target, that 10% to 16%, kind of 13% long-term target through the cycle. What's changing in the business, either market-based or how you're executing that's kind of allowing you and maybe some of the other kind of higher-quality truckload companies to kind of rerate the return profile in the business, either, both in good markets and bad because that's really where your long-term target kind of implies?

Derek J. Leathers:

Yes. I mean, I think there's a lot there. But for us, it started really back in '16 when we came out with the 5T strategy. It was about getting the house in order, focusing on very consistent investment in five major categories and doing everything we could to build best in class across all of those five categories. It's fairly tactical in its nature, but it had an eye toward a long-term strategy, which is to clean the house up, fix the house, make sure the infrastructure is strong and solid. And with that, now we can talk about additions and expansions and all the rest.

We also, during that time, kind of revamped everything from pay-for-performance metrics inside the building, a more metric-driven approach, a more competitive environment relative to where assets and capital will be deployed based on results that individual divisions are achieving. Those things kind of have a culture, they cause a culture shift over time to a team that's engaged. This team is good. It's not John and I. We appreciate the accolades, but there's a whole team of people out there that are working on this every day, and they've bought in. And so that's big. And so once you get people buying in and you get that cultural momentum, that's what carries us forward, and that caused us to increase the range of expectations on guidance. And, as you pointed out, I mean, we're right now outside of the range to the positive. And we're going to work hard to stay outside of the range whenever possible. But even on the downside, we're going to protect the downside probably more than ever before based on the portfolio mix.

So, there's a lot going into it, I just gave a few of the highlights. But an eye towards free cash flow would be another one. I mean we, there's no reason in our business…truckers allowed themselves to have these volatile swings in CapEx year-to-year… there's no reason to do that. Like we can be thoughtful. We can bring in noncapital equipment-type CapEx in years where we're not buying as many trucks and trailers because it has to get done at some point. We can do predominantly capital equipment in years where it's all going to be about the fleet. But over the ride, we should be able to give investors a free cash flow kind of profile that's interesting. And that's part of who we are now and who we're going to be going forward.

Amit Mehrotra:

And you guys were achieving, like you just said, the high end of your….the high, above the high end of kind of your through-cycle margin at TTS. I mean is that….to get to kind of the low end, that 10% margin, would basically imply kind of an almost 50% cut in profitability from where you are today.

I guess that's always been the problem, right? I mean that's always been the problem that the public equity markets have had, the truckload companies have had, is that volatility of peak to trough earnings declines. And so, either that 10% is kind of a little bit too conservative and you actually think through a cycle, throughout the cycle, you can be better than that or it's maybe the low multiples of TL stocks at this point in the cycle is actually quite fair. Wondering how you think about that and how much you are kind of "overearning" today because of the unprecedented kind of capacity crunch and what the other side looks like in terms of your ability to kind of protect the profit pool of the company in the bad market.

Derek J. Leathers:

Yes. I think it's a great question. And I'm not prepared today to change the guidance on the range or to issue any new guidance on this call. But I will tell you that we recently had an offsite meeting amongst our management team. And part of my dialogue in that meeting is, as frustrated as we get on how the investor community kind of may treat all truckers the same, even though we're all created quite a bit differently, and we have different strengths and weaknesses, we fall victim of our own verbiage sometimes.

And so you're right, we are conservative, and we tend to guide conservatively, and we tend to be conservative in our statements, and then we outperform those statements more often than not. But we owe it to the investor community to really challenge ourselves on that 10% on the low end because it is inconsistent with this Dedicated footprint and all the things we're building. And so we've acknowledged that, we just haven't updated at this point. And we'll be working on that as we go forward.

But it tends to be….the purpose of the guidance, in our mind, was to give the goal post. Our job is to make sure that we're not clanging the ball off of them any time soon. So we'll work hard to be….improve, better than the low end and better than the high end at times. And perhaps you'll see some change in that guidance as we continue to work through the analysis.

Amit Mehrotra:

Okay. I appreciate that. And Derek, one of the, obviously, one of the big problems TL companies are having today is driver availability. I mean you're seeing utilization challenges, truck count challenges across the board, not just at Werner, but everywhere in the industry. It seems like it's worse today than it's ever been, and that's obviously limiting the industry's ability to kind of lean into a good market. I mean pricing is great, but if your utilization continues to decline, I mean, it's a little bit of a….I would imagine that you'd like to have it coming in from both sides, so to speak.

So, you're trying to work around this issue with acquisitions like ECM is obviously adding 500 good quality, low turn, high tenure kind of drivers to the rank. But are you seeing any help at all on the driver front that will help you actually improve utilization? You obviously have driver schools. Just talk about kind of what you're seeing there and then whether you think some of this is transitory, some of this is structural. There's, you haven't prescribed to the idea that there are a lot of drivers sitting on the couch, extending, getting extended unemployment benefits. Some truckload competitors have talked about that as an issue. Wondering if your views have evolved in that and if you think some of these driver challenges get easier as some of these extended unemployment benefits lapse?

Derek J. Leathers:

Yes, so I mean there's a lot there. I'll try to remember and touch on all of it. But at the 40,000-foot level, the driver situation is as bad now as it's been at any time. It's certainly worse than it's been in most any time in my career. We, I don't, I haven't changed my view on the extended unemployment benefits being a game changer as far as driver availability. And keep in mind, my primary driver on that, my reasoning on that is simply that with all of the pay increases that have happened with drivers, the wage opportunity to be a truck driver today was still one of the few roles for a new career where you could actually start significantly higher than you would make even in that extended or that enhanced unemployment environment.

Where it will help us, and where it is helping us with the unemployment benefits running out, is customers being able to hire those people and getting warehouses fully staffed and start….and improving on the extended dwell we've seen with equipment, and so we think there's some upside there.

The utilization metric, just to be careful is, this is company-specific, but with the acquisition of ECM, we brought in 500 trucks, but those are very short length of haul trucks. They're going to be part of our One-Way utilization metric going forward. So you're going to see some obvious changes with negative impact on utilization, positive impact on rate per mile, revenue per truck per week will be relatively similar in both organizations because they just get there a different way.

But the biggest obstacles, are not, one of the largest obstacles, I should say, relative to utilization, honestly, has been the COVID impact on teams. We have a lot less teams in our network today, and it's hard to get two….one person to want to be a truck driver and travel as the primary job description during COVID. It's a lot harder to get two in one truck to do the same. And so we've got work to do there. We're going to continue to grow that team count as people become more comfortable. But this curveball with Delta has certainly put some dampening on that. And so I don't expect that improvement in Q2.

The improvement on utilization will come through throughput at the DCs as they get better staffed through the enhanced unemployment's expiring, those benefits expiring. It will be offset somewhat by enhanced congestion, which is happening as people get more engaged in the economy. It will be offset a little bit from the ECM acquisition when you put 500 trucks inside of a network that's less than 3,000 trucks in One-Way. It is, it's not material in the grand scheme, it is material in One-Way Truckload.

So we have a lot of moving parts, but I can tell you the acquisition was done with an eye toward improving results. And so the results that matter, earnings, those types of things, we think this was an acquisition worth doing, and it's ahead of schedule.

Amit Mehrotra:

Okay. And if I just get into a little bit more of the details on tractor count. I fully understand the utilization mix issue with ECM. But if you look at the tractor guidance for this year, obviously, that will grow due to ECM, but you kind of stripped that out, the implied decline is actually about like 4%, which I assume all of that is coming in One-Way, which would imply the One-Way tractor count is kind of down double digits ex-ECM. That's a really big number. And I know some of that is a pivot to more Dedicated, which makes sense. But wondering if John has a perspective on terms of, like when do you think we can see tractor count stabilize on the One-Way side kind of ex-ECM?

John J. Steele:

Yes, I think we've already felt most of the impact of that in the first half. And so our goal in the second half is to maintain, potentially see a slight decline in truck count if the Delta variant is a big challenge we all have to deal with. But we've made good progress here lately.

The addition of the new driving schools that we talked about; we started off the year at 13, we're now at 16, we'll be at 19 by the end of the year and 22 by the end of first quarter. That gives us more opportunities and more markets that are geographically favorable to recruiting and retaining truck drivers. So we think that will help us deal with the significant headwind of recruiting drivers in this market. So our goal would be to be flat or as close to flat in the last half of the year on truck count relative to the first half where we lost a little bit over 2% on truck count.

Amit Mehrotra:

Got it. Okay. And Derek, you talked about growth a little bit in terms of leaning into growth, maybe inorganically even. One of the problems or issues I find with Werner is you guys are doing a lot of great things and executing really well, but it's on a $2.5 billion revenue base, kind of a $3 billion equity capital base. Is there appetite, I mean I know you wanted to be conservative initially and that makes perfect sense, and ECM seems to be a good step in that direction, but is there an appetite to get even more aggressive on M&A so you can grow the asset base of the company and apply the same principles that have gotten the profit in front of Werner and you guys just get more credit for all the good things you guys are doing?

Derek J. Leathers:

Yes, there is an appetite, but it's going to be, obviously, with a lot of filters on it. We want to make sure as we do this, that we don't just try to transform or turn a battleship on a dime. We think the business that we have is worth reinvesting in as I mentioned previously, but ECM has already taught us a lot of valuable lessons. We've already learned and gotten through a lot of the initial friction that comes along with any acquisition and got those reps under our belt. We'll look at future ones as we go forward.

We are open-minded. And one of the reasons that we've continued to guide on a debt-to-EBITDA ratio of 0.5 to 1, which is conservative, I realize that, but still higher than where we ended at post-ECM acquisition, is that we have dry powder. We have the ability to go out and make moves as we see fit and we will do so. But first and foremost, will be our fleet and investing in the business and growing it, not holding it constant but growing it, and then alongside of that is now M&A and looking for opportunities that we think will be out there.

The pipeline is pretty robust. I mean we look at deals every week. And so we'll look at them, filter them and try to find things that are additive and accretive that enhance our portfolio, that….but stay within our lane of North American logistics and transportation, not far-field stuff because we think our Dedicated franchise is still a premium, premium asset in the space, and we're going to put, we're going to plow investment in there as appropriate.

Amit Mehrotra:

And you guys kind of organically built out a Final Mile business. There was a time a couple of years ago where a lot of, a couple of the major Dedicated players, you and another company, kind of….there was this need based on some of the Dedicated customers to have kind of a big and bulky Final Mile offering. And some people have decided to go after that pretty aggressively in the acquisition. You guys have decided to kind of organically build that. Is there opportunity from the Logistics side, Final Mile side that maybe it's more attractive to you on a return on invested capital basis than maybe some of that more asset-intensive, asset-backed trucking side?

Derek J. Leathers:

Yes. I think that's a great window into who we are and what our culture is would be the fact that we believe there's huge opportunity in Final Mile as we go forward. But we also believe that before we go out and start thinking about acquisitions or doing other things, you'd better learn the business first and you better understand it from the ground up. So we did want to purposely do that organically, to start organically, to gain knowledge organically until we have real traction and real success. And we've done all of those things. That business is growing. It's successful. It's starting to really, we feel as though we're one of the players that understand it well now. And we didn't have that big loss leader effect that goes along with being too aggressive, too early.

So we're proud of where we've got to. Now that we know it, we're open minded. So when I talk about additive, accretive and enhancing the portfolio, clearly, that's an area that would be right for that opportunity. But so would our Intermodal business that's grown tremendously over the last two years at a time when intermodal on a macro level wasn't really growing. We followed up 25% growth two years ago with 50% growth in Q2 of this year, year-over-year. And so we are now gaining traction, but more importantly, gaining knowledge and operational expertise so that if we decide to bring something on board or bolt-on to that, that it's something that we feel as though we can manage up to the expectations that we're going to have.

Amit Mehrotra:

Yes. And just switching gears on the pricing side. You guys obviously have high teens yield guidance out there for the second half, obviously, the One-Way business. That's obviously a big number, and I think consistent with kind of the market opportunity. I guess, Derek, now, anybody is kind of like thinking about 2022, based on how late we are in the year, how strong the demand is. I mean who knows what 2020 is going to….what's going to get thrown at us in 2022, so I understand kind of the visibility is low. But given just how strong demand is this late in the year and what the outlook for peak is, etc., etc, can you imagine a situation where rates aren't up in 2022? What's the commercial discussions you're thinking that's best guess about 2022 right now?

Derek J. Leathers:

Yes, so I would tell you that traditionally, if someone asked that question to Werner in August, we would have been a no comment and a hard stop right after it, but that's not how we feel today. If you look at the setup right now, if you look at what's going on with drivers, if you look at what's happening at truck availability and trailer availability at the OEM level and if you look at current inventory levels, the current demand cycle and then the multitude of structural constraints on the capacity side, we really don't see any line of sight other than rates being incrementally up in 2022.

Now the how much is a little too early to tell. If you were asking me today, our starting point is in that 3% to 5% range for 2022. We'll modify that as we get closer. And certainly, the market may dictate through a combined, through a lot of different ways that that's too light. I mean it could be that this inflationary pressure that we're seeing, really across the economy, also continues to press as it relates to our own business. And if so, we're going to have to ask for our customers' support. It could be that the supply/demand imbalance stays every bit as imbalanced in early '22 as it is today. And there's a lot of ways I think that could be the reality. More ways that's the reality than the alternative. And so if those things play out, we'll be ready and able to work with our customers and ask for their support. And the best way to gain that support is to perform well in the back half. So we're going to have a very heavy focus on service in the back half and meeting our customers' needs and setting ourselves up for good conversations next year.

Amit Mehrotra:

Well, just given all the volatility in the spot rate environment, there's been this kind of trend towards like more meaningful mini bids, where a rate for a lane in February is outdated by April. And so there's this need to keep on coming back and maybe mini bids get bigger and bigger. And is that, are you seeing a lot more of that? So when we think about '22, it's really a question about kind of the consistency of the rate environment that's going to allow you to kind of realize growth in 2022? Just how has the bid process changed or changing? Or is it really just more on the margins?

Derek J. Leathers:

Yes, it certainly hasn't changed the bulk of the bidding process. I mean the bulk of the bidding process is still an annual event, it's still the same process that we've come to know and both love and hate in various ways. But there's been more mini bids in '21, no doubt.

I think in '21, the mini bids were really a way for folks that just didn't yet believe this was here to stay and thought it might change sooner than later to try to find shelter from the spot market thinking that in three more months, they'd be able to incorporate it into a longer-term bid at a lower rate. I think if you were to look at it objectively, most of the mini bids ended up working against those that conducted them because rates just kept going higher. So I don't know how much mini bid activity you'll see in '22 because it didn't work all that great for folks in '21.

We participate in them. We're going to have their, we're going to be very careful and conservative of what we take in on a mini bid because we know it's a short-term plan. We're not in any of this for a short-term gain. We're thinking about our business in a much longer way because we can't both talk about being consistent through the cycle and then go on and go out and participate heavily in spot and/or mini bids. So we'll do them where they make sense, we'll do them when they shore up the portfolio or we'll do them with customers that we value and believe in, but the idea for us would still always be to take a longer play. And I think in '22, you'll see a return to more longer-term plays because the mini bid experience hasn't quite worked out for a lot of folks the way they thought it would. That's kind of my gut feel, my take at 40,000 feet.

Amit Mehrotra:

What's really interesting, too, in Werner, if you look at the percentage of the fleet that's Dedicated, you guys have kind of shown a surprising ability to kind of take advantage of a really, really strong spot market but then kind of still offer that resiliency that comes with the Dedicated fleet that's growing, which is really interesting. But beyond that, last quarter, Dedicated was 65%, 66% of the fleet, I think. I don't think it's ever been higher as a percentage of the total fleet. Obviously, that reflects the challenges in One-Way from utilization and driver availability issue. But is there….just given kind of the resiliency, the lower cyclicality of the Dedicated business, is there a strategic kind of effort to move away from One-Way, albeit never because that serves the purpose for the Dedicated customers from a surge perspective, surge and demand perspective? But can we see 3 to 4 years from now, 70%, 75% of the fleet in Dedicated? Or is this just this, more reflective of like the cyclicality and the driver challenges?

Derek J. Leathers:

Yes. I don't want to kind of put a marker in the sand on five years out on what that fleet mix might be. But what I'll tell you is that it's less about Dedicated versus One-Way, and it's more about engineered, hard-to-serve, stickier business and so even within One-Way, so you're right, we're north of 65% at the close of the quarter. Post-ECM acquisition, that number dropped to 62% because ECM does very sticky, hard-to-serve business in a One-Way environment. So we want to learn and get better at that and find out ways to replicate that. And that's an opportunity for us potentially grow One-Way.

But inside of One-Way, you're going to end up with some legs in that stool that we think are absolutely valuable through the cycle. And that what they have in common is they're more engineered, they're harder to serve. So it's cross-border Mexico; tt takes a tremendous amount of expertise and there's less competitive pressures. It's team expedited, which is a very unique, high-service, sensitive piece of our One-Way network. It's engineered lanes where it's repetitive behaviors and home nightly or weekly. And now it's a much heavier focus on regional, shorter haul, high-service expectation-type business.

What we don't want to do, so the only intentionality is we don't want to build a business around the you call, we haul spot market world. So today, in our network, you're talking about a One-Way network that has 10% of its miles in the spot market total. That One-Way network is, call it, roughly 35% of the overall network. So our exposure to spot today is very, very small. So where that spot market future goes doesn't impact us the way it does many others. And yes, it has some value in terms of prognostication of future rate cycles, but it, but that's not the market we play at.

If you look at what we do in Dedicated, the spot market can go to $0.50 a mile, and you're not going to be able to serve the type of business we do in Dedicated with spot mile capacity or with spot capacity, it just can't work. So it isn't an indicator of what Dedicated will look like if that thing were to flip and start declining.

In the One-Way side, most of what we do in One-Way isn't able to be served in a spot market-type environment. It's more engineered than that. So we're going to build, both in One-Way and in Dedicated, a more sustainable, through-the-cycle type portfolio. And although it's highly defensive, I don't like that word sometimes because people also then associate it to be an anchor during good cycles. And clearly, it's not. I mean we ran an 82.9% OR last quarter, net of fuel TTS. So clearly, you can do both. You can do, you can achieve industry-leading margins in uptimes and yet play great defense during downtimes, and that's going to be what we're focused on and create free cash flow throughout. There's really no reason that truckers don't, and we are committed to doing so.

Amit Mehrotra:

The last couple of minutes we have, I wanted to make sure, John, we just calibrate our expectations a little bit in the near term because of that integration to be…the inclusion of ECM. So can you help us think about how we should think about utilization in One-Way in the third quarter? It was down 1.7% in the second quarter. Obviously, ECM is dilutive to that. So are we talking about down 3%, 4% utilization in the third quarter? What's the right way to think about it?

And then you obviously did a 14%, 14.2% margin in TTS in the first quarter, 17.1% in the second quarter. Is there any reason that the back half run rate margin is, I guess it should be better in the second quarter, obviously, given ECM. What's the right way to think about kind of the TTS margin progression in the back half versus second quarter?

John J. Steele:

Okay. So utilization, as Derek mentioned, with the addition of ECM, which is now 16% of the total One-Way Truckload fleet, will have a negative impact on miles per truck because it's a short length of haul, 250 miles roughly length of haul, less miles per truck, but a much higher rate per mile. So where it hurts a few percentage points in the miles per truck in One-Way, it helps a few percentage points, which is what led to the guidance in the high teens for rate-per-mile increase. Overall, the combination of lower miles per truck, higher rate per mile leads to a pretty comparable revenue per truck to what our existing One-Way fleet produces.

In terms of margin, over the last six years, our sequential margin changed from second quarter to third quarter, it's had three up quarters and three down quarters. And so it's a combination of how the rates play out and how does the cost side play out. We've got a lot of strength and tailwinds with the contract rate improvement that we've seen, with a little bit of improvement in team count as we move forward sequentially from second to third quarter. But we have a few more cost headwinds, fuel prices, everything related to drivers, driver pay, driver sourcing is more of a challenge now in third quarter than second. We're going to do our part to get everything out of operating margin that we can. But it's a little hard to predict, especially with the Delta variant out there and how that impacts the marketplace, to predict will third quarter margins be better than the second.

Amit Mehrotra:

Okay. I mean that's fair. Okay. I'm 3 minutes over, 4 minutes over my allotted time, so I apologize for the delay. But thank you guys so much for taking the time. Really appreciate it, and we'll talk soon.

Derek J. Leathers:

All right. Thank you, Amit. Have a great day.

John J. Steele:

Thank you, Amit. Bye.