

**Stifel 2021 Transportation and Logistics Conference (Virtual)**

**Werner Enterprises (WERN), February 9, 2021, 11:20 EST**

**Stifel analyst: David Ross**

**Werner Enterprises: Derek Leathers, Vice Chairman, President and CEO. John Steele, EVP and CFO.**

<<David Ross, Analyst, Stifel Financial Corp.>>

Welcome back everybody, happy to have with us today Werner Enterprises. We've got CEO, Derek Leathers; and CFO, John Steele. Maybe to kick us off Derek, if you want to give the 60 second version of Werner or anybody dialing in that may not be familiar and then we'll just get right into the Q&A from there.

<<Derek J. Leathers, Vice Chairman, President and Chief Executive Officer>>

Sure. Sure, I'd be happy to. I mean a quick overview would be Werner is a \$2.7 billion, \$2.8 billion market cap company, transportation and logistics, trucking is at our core, top five trucker in America, about 5,000 – just shy of 5,000 trucks in our Dedicated division, about just 2,800 or so in our One-Way Truckload. Those two combined represent TTS, which is our Truckload Transportation Services. They represent about 78% of our revenues, the next 20% comes from Werner Logistics and the remainder is really our other category.

A very diversified portfolio with customers with all – top five represent 36% of our business, our top 25 representing 67% and our top 50 represent 79%. Heavy retail focus, working with a lot of the largest retailers in the country, many of which have been doing very well, both pre and post or during the COVID pandemic. And just coming off a record EPS, record operating income in 2020 and proud of the results we were able to put forth in a pretty challenging year.

<<David Ross, Analyst, Stifel Financial Corp.>>

We're going to work our way backwards today and talk about Werner Logistics first.

<<Derek J. Leathers, Vice Chairman, President and Chief Executive Officer>>

All right.

<<David Ross, Analyst, Stifel Financial Corp.>>

Because it's an area that doesn't get a lot of focus, but I know that that you care about its growth and making money and servicing clients and all that fine stuff. So why don't you just tell us about where Werner Logistics is, and where you see it growing to over the next few years?

<<Derek J. Leathers, Vice Chairman, President and Chief Executive Officer>>

Yes, sure. So, Werner Logistics is an important part of the portfolio. In my view, customers are looking more and more for one-stop shopping. They want to be able to come to us for Dedicated, One-Way Truckload and Logistics. Inside the Logistics, which is about 20% of our revenue base, we house our intermodal IMC operation, our freight management, contract logistics and brokerage, as well as final mile.

Brokerage is the lion's share of that piece of business for sure, but the Intermodal product is a fast growing and doing very well right now. Where I see it going as we are looking forward, to getting back on a growth trajectory. We had some cleanup work and things to do in 2020. We did quite a bit of investment as well in that space. And on the tech side, we're going to continue to have to do that to make sure that our tech stack is the right one and fully competitive in the marketplace, but we like where we stand right now.

We've made a lot of sequential improvements in the third quarter to the fourth quarter from an earnings perspective, but haven't yet seen that turn on the revenue line the way we'd like. But as we look forward, we believe we've got opportunities to get back on the right track with revenue. I thought it was more important to stabilize the ship, get earnings and margins going in the right direction and really, to be frank, purged some business from that portfolio that really wasn't fitting long-term with our plans.

<<David Ross, Analyst, Stifel Financial Corp.>>

What's going to be the key to getting Intermodal where you want it?

<<Derek J. Leathers, Vice Chairman, President and Chief Executive Officer>>

Intermodal is on a great trajectory right now. It grew high double digits last year. We think it will have a similar growth plan this year. Earnings in that group has actually done very well, even during a tough 2020. We're relevant now. We're well over \$100 million and growing from there in that space. We're now kind of in the bids and at the table. And so, we like our future in intermodal. We give a great alternative to people that are on the private box side that ride in the west and we have a UP solution that's an alternative for our shippers. And they seem to like that and like having that rail – that underlying rail diversity. So, we feel pretty good about Intermodal, excited about what the future holds.

<<David Ross, Analyst, Stifel Financial Corp.>>

And who's the main east – eastern rail partner?

<<Derek J. Leathers, Vice Chairman, President and Chief Executive Officer>>

We work with both. We're probably a little heavier with NS than CSX, but we do work with both on the east side.

<<David Ross, Analyst, Stifel Financial Corp.>>

As you think about growth ahead, it's been mainly an organic growth story, largely driven by Dedicated. It's been very successful. Is it growing profitably? I don't believe Werner has ever done an acquisition. That's correct, but I know you've looked. So maybe a little bit of commentary on the M&A market and your views on M&A.

<<Derek J. Leathers, Vice Chairman, President and Chief Executive Officer>>

Yes. I mean – so first off, I guess, we – one is correct. We have done one. So, we went out and acquired the driving school network of Roadmaster several years back, we viewed that as a strategic priority for us. We thought the current truck driver capacity crunch that we're in was very foreseeable. We wanted to position ourselves differently and be more vertically integrated than some of our peers. That's paid big dividends for us. I think it was a very well-placed bet and one that's working out well. So that's – but on the truck space or logistics space, you're correct. We've never really done any major acquisition.

It really hasn't been in our DNA, our DNA has been more organic in nature historically. But like many things, we're going through an evolution right now. We've – there's a lot of differences about the new Werner today than what it might have looked like even five years ago. And one of those differences is we are looking at opportunities. And if the right one comes along that we think adds either geographic strength to existing products that we already operate, or it expands our product portfolio in areas that we think we have a need. We're going to be open-minded. And so, we do look at them. We continue to look at them. We've got a few that got very close, but didn't get over the finish line. The right one comes along, we're in a different place now in a different mindset relative to that.

<<David Ross, Analyst, Stifel Financial Corp.>>

And John, how do you feel about managing through the M&A landscape from a balance sheet standpoint? What's your comfort level with leverage? What are you looking for in terms of payback or returns?

<<John J. Steele, Executive Vice President, Treasurer and Chief Financial Officer>>

Well, we publicly stated that you were comfortable with leverage about half to one turn times annual EBITDA, which is – we're at \$200 million of debt today and that would put us closer to \$300 million to 500 million. And that is absent an accretive acquisition opportunity that we think is really a good fit for Werner. So, if we found the right thing that came along, we would be willing to temporarily go above that level without any concern, with the strategic plan to be able to reduce that over

time. So, we have plenty of debt capacity to be able to fund the right acquisition at the right time. Our first one will not be a large one, it won't be Knight-Swift, it will be something that is meaningful in size, but something that we can get our arms around and prove ourselves with the first acquisition, that we're able to accommodate that and handle it successfully.

<<David Ross, Analyst, Stifel Financial Corp.>>

And Derek I want to get to your 5Ts and he added a non-T, the 5Ts. And so maybe start with sustainability and the company's emphasis there? And what the goals are from that initiative?

<<Derek J. Leathers, Vice Chairman, President and Chief Executive Officer>>

Yes. So, I mean, well, technically the 5T has had an S all along. It was just right after the apostrophe, but we want to put that a capital S. We want to put more focus on it. Sustainability has been something we've been focused on for a long time. I mean, now, I'd think I would stack our efforts up against anyone's. And I think what we realized is we haven't been public enough about it. So, as we saw others coming out and talking about sustainability and realized the current position we were in, we were the first major fleet in America to go 100% automated manual transmissions.

We were 100% leaning in on all of the active mitigation, collision mitigation technology across our fleet. We've worked across all of our terminals for the last several years to make them more energy efficient and continue to focus on our carbon footprint. But what we didn't do is communicate real well about any of the above. We're a four-time winner of SmartWay's highest award in terms of environmental stewardship, or seven-time winner overall. And it's something that we care about deeply. The rest of sustainability matters equally as well.

We've made strides on from a governance and social perspective. In terms of our board composition, we've made a change there recently with the addition of Carmen Tapio. We're working on additional changes over time to further diversify that board and kind of make that board more representative of the overall economy, same thing with throughout the building. So, it's an ongoing focus. We've set some goals, big goals on the sustainability front, in terms of the environmental side with a 55% reduction in our carbon footprint by 2035. That's a stretch goal, but attainable. We've got line of sight to achieving it. We either have the tech or are prototyping the tech already. And so, we know how we can get there and we're excited to do so.

And then on the community side, social side, Werner has always been a leader. I mean, we've got a huge, and have had for many, many years, ever growing presence with our Blue Brigade, which is – the principle of that is we want to make the communities in which we work better than we found them. So, we have a hundreds of – now over 500 volunteers within our Blue Brigade network that work and volunteer and actively engage in their communities. We want to continue to grow

that presence as well. And frankly, whether it's environmental, the social setting, whether it's governance, we want to continue to make improvements on what we feel is already a pretty strong track record and really become best-in-class.

<<David Ross, Analyst, Stifel Financial Corp.>>

And can you talk a little bit about TuSimple? The investment made there recently takes you into the world of new equipment technologies and leading down the road towards potential autonomous vehicles.

<<Derek J. Leathers, Vice Chairman, President and Chief Executive Officer>>

Yes, I mean, so we've always been a leader on the equipment side. If you look at our fleet age, the type of equipment we spec, the quality of the spec and the introduction of many, many technologies on our trucks, we always try to be at the forefront. TuSimple is just the next evolution of the same thing. It's one leg of the stool. I want to be clear. It's not the only leg of the stool as it relates to how we think about what EV/autonomous may look like someday. But it was one that we like as it relates to its independence from any major OEM, and then basically it's a startup of an entrepreneurial nature. We want to be inside the tent, if you will, to fully even more fully understand where that development is at today, and where it's going and want to shape what that strategy looks like over time as well.

And that's why accepted the role on the advisory board to be part of that strategy. We think autonomous and diversification from diesel power, both realities. We think they are far – there're a ways off, and we're still going to have to deliver freight the old-fashioned way for many, many years. But most importantly, we want to make sure and reap every possible benefit from the safety technologies that come along with the quest for autonomy. So well before full autonomy, there is going to be additional safety benefits, and those are showing up. I mean, in the fourth quarter, we set new records in accidents per million miles. We set new records in injury rates across our fleet. So, we're extremely excited about where we sit today, but with still much progress to go.

<<David Ross, Analyst, Stifel Financial Corp.>>

And just got a question come in from the line related to those thoughts. What is your position on fuel cell or battery electric tractors? Have you been testing any?

<<Derek J. Leathers, Vice Chairman, President and Chief Executive Officer>>

Yes, so we – yes, we have, and we will continue to – the short answer is I don't think that this jury, at least as it relates to Werner, is ready to issue a verdict. I think it's way too soon to – that they are in any one of those techs. So, you've got hydrogen, you got fully electric. You've got renewable nat gas combined with a smaller battery pack kind of configuration. And then you've got clean diesel, which keeps making a

ton of progress every year. We're going to continue to experiment across the board, across all of those tech approaches, and over time a winner will show itself. At this point, we don't think there's a clear-cut winner in the space yet.

<<David Ross, Analyst, Stifel Financial Corp.>>

And moving on to the trucking side of things, because that's Werner's bread and butter. Drivers are the hot topic again, because it's a challenge to find them and keep them. And we've read about driver wage pressure going on through the industry. How has – because you mentioned the Roadmaster acquisition earlier, how has the driver training school allowed you to potentially better seat the tractors versus some of the competition? Is that something you're thinking about even expanding in this market?

<<Derek J. Leathers, Vice Chairman, President and Chief Executive Officer>>

Yes, we think it's a tremendous advantage. Others have their own configuration of various models, but in our model, the most important thing it does is it allows us to swim upstream on the quality and to focus on quality. So rather than having people entering truck driving school because we're trying to run an independent truck driving school with a profit motive at the truck driving school level, we're trying to get good quality – potential students into those schools that we believe have the right makeup, the right character, the right kind of set of – the right background to be able to make good future drivers. Then train them with an eye towards actual professional driving versus training them to pass the CDL test. And we think with Roadmaster, we're able to kind of evolve the thought process on how drivers are trained.

We don't hire all the drivers that we produce. As a matter of fact, we hire about half, and about the other half end up in the industry. We're okay with that. We believe we're setting the bar on a new standard for training. And we're seeing the results. Our best performing drivers are those drivers coming through the Roadmaster program. Our strongest drivers from an accident perspective, service perspective and retention perspective are those that are fed through that pipeline. But we still have relationships with schools all over the nation. And they're very, very good schools out there doing very good work. But yes, I do believe it's a competitive advantage. As far as the expansion, we're adding four new locations in the first half of the year, with the majority of them being implemented in the first quarter.

<<David Ross, Analyst, Stifel Financial Corp.>>

And one of the questions we get from time to time is around market size and growth potential, because even the Werner is one of the top truckload carriers in North America, it's still a very small percentage of the overall market. What's preventing Werner from being twice its size?

<<Derek J. Leathers, Vice Chairman, President and Chief Executive Officer>>

Well, I think over the last several years it was – we had enough work to do in our four walls to get our house in order to expand our margin expectations, and then deliver on those expectations to reset the mindset around Werner. And I think there has been preconceived notions that were flawed, but nonetheless had to be refuted with actual results, around Werner's Dedicated exposure will be a drag in peak years and that didn't happen in 2018. It didn't happen in 2020. There was a preconceived notion that Werner's Dedicated exposure would, or that Werner wasn't going to be a cycle proof during the out years. And in 2019; we were the only major truckload company that didn't see EPS go negative. We actually built upon 2018 results and held the line in 2019.

During COVID we exceeded expectations all four quarters of the year and have continued to accelerate what we think is a more – a better portfolio blend for us. So, we're excited about where we're sitting. We got work to do like any one, but that was all worth it, needed to be done, before you go out and start saying, hey, let's grow or let's do M&A or let's go buy other people's problems; when we had problems in our own house that needed to be fixed.

Today, I feel differently. I feel like we're running a new entity 81.8% OR in the fourth quarter in our TTS division. That's unheard-of levels for Werner at least, and very few others who've ever been there and that's where we're at today. So, I feel like we have processes that we can be proud of and people that are doing the job the right way with the right energy. And now we can have an appetite toward looking externally at either other opportunities via M&A, and/or leaning into organic growth. But we're not going to stray from that margin first principle. So, we're going to be margin first, revenue second, but revenue will be there for the taking and we're going to take our fair share.

<<David Ross, Analyst, Stifel Financial Corp.>>

And a lot of focus is on the cost side and getting the margin improvement, but let's talk about service for a second. How has your service improved over the past several years versus prior cycles?

<<Derek J. Leathers, Vice Chairman, President and Chief Executive Officer>>

Yes. So, our Dedicated service, which is the majority of us, lead even during all of those years. And now it's 63%, almost 64% is, or is 64% of the fleet really. That's always been 99 plus. And so that's a high service, very sticky business that we've clearly being a leader in for many, many years. But we had worked with them on One Way. And so, the One Way side needed just to refocus and, basically redefine its culture around being a premier service provider, and we've done that.

Over the last three years, we won more customer awards during that period than we had in previous decade combined. And so, it really shows that customers are taking note. They're realizing that there we're a premium service provider that gives you the opportunity to make sure and ask to be paid appropriately for that premier service. It doesn't mean you're going to allow you to beat 15% out of market; that's not my point, but we do expect a premium as it relates to how our product is placed in the market, because it's a premium product, but we've got to deliver on that, and we are.

So, service level is at higher levels. They've been a long time. I still have my eyes toward improving further. I think we can make it a little stronger yet, and that's going to be our focus in 2021.

<<David Ross, Analyst, Stifel Financial Corp.>>

Over the road piece of truckload, I've often thought of as the most complex simple business. Because in theory all you're doing is picking up a load and driving it to another place and dropping it off. But there's way more, that goes into it from optimizing driver time with hours of service, to managing a network for not only at the utilization, but driver home time life balance, for rates. I guess how are you running your network differently today than in past years to drive those better margins and to overall provide a better service product, provide their drivers experience?

<<Derek J. Leathers, Vice Chairman, President and Chief Executive Officer>>

Yes. I think One Way and there's many differences, but one that stands out to me is it's – it's really about the paradigm of how you get to the finish line, right? So, if greater margins are your goal, there's a lot of ways to think about it. But the way we thought about it is, the way I think about it is you start with the people and you start with drivers and you start with getting the best drivers you can get, treating them appropriately, make sure they get the treatment that corresponds with the quality that they represent, give them the best possible equipment that you can put them in, and then let them do their job.

Give the resources and the support they need, but have them do their job. I have high expectations of them. So, in a tight driver market, there's a propensity out there to sometimes coddle drivers or to coddle folks as a reaction to the market and be entitled. I think that's misguided. You hold people to high expectations; it gives them pride in their work. You do all those things, it leads to higher margins. If you start with just raise rates, you cut and go cut a bunch of costs out of the P&L, you'll get higher margins temporarily, but long-term, it's not sustainable. If you culturally do it, it sticks around a lot longer. So, it took us a few years to get there, but we've continuously made improvements through multiple, very jagged cycles, if you will, short-lived very high highs in 18, lows in 19, full disruptions in 20, and in all three



cases, we came out the other end, improving upon our prior year. And so that's the kind of results we're looking for and going forward.

<<David Ross, Analyst, Stifel Financial Corp.>>

And how do you think of 3PL's or brokers as partners versus competitors? Knowing you're trying to maximize your utilization across lanes and fill empties or get back hauls. Do you find yourself using more or less retail business or broker freight than you used to?

<<Derek J. Leathers, Vice Chairman, President and Chief Executive Officer>>

Yes. I'd say we use less than we used to, but there's still a role for them to play in our network. It's not a very major role, but there were times and places where we need to balance our network. We need to get trucks right in the right lanes. We might've used more of it during COVID than normal, because we had more imbalances than normal, because you have some customers closed completely and other customers at 50% surge levels, depending on the products that you had.

So, you need to get back to those surge markets quicker than ever. And so, to do so you're going to need known freight as well as unknown freight. And then unknown freight does come via 3PL sometimes. We also have our own large 3PL, and so we have the opportunity to, make sure you collaborate across our units, give the customer the best possible product. And if that means it ends up on a Werner truck, then, then that's where it ends up. But that's always done with full transparency to the customer and with their full acknowledgment. But yes, 3PLs have a role to play in our network. They have a lot more of a role to play, a bigger role to play in small carrier networks than they do in ours.

<<David Ross, Analyst, Stifel Financial Corp.>>

Is the term shipper of choice making a comeback now?

<<Derek J. Leathers, Vice Chairman, President and Chief Executive Officer>>

It always does. Yes, it's out there. It's real. And they're real shippers of choice. I mean, I would tell you that since if you think of 2017 – started 2017 and go to the end of this last year, that's a wild ride. 2018 got real tight, real fast, 2019 got loose quicker than anybody expected, and then 2020 was purely disruptive from start to finish. And yet through that, there was shippers out there that stayed true to who they were. And those folks are shippers of choice in my mind, they won't be easily forgotten. We're going to stand by them and do good work for them.

We'll be asked to be paid appropriately for that work because the work we do is valuable. And so, we've done a lot of collaboration with shippers, especially in 2020, to really separate the winners and people who have winning models who view

supply chain as a competitive advantage. That's who we want to work with. Those who view supply chain as a cost item, and they're looking to cut costs is from some corner office. That's not really the type of relationship that's going to stand the test of time or work real well for us. And luckily trucks have wheels, and so you migrate to the shippers that you think have these winning models and have a winning philosophy and think of their supply chain as a competitive advantage, and you do more business with folks like that.

<<David Ross, Analyst, Stifel Financial Corp.>>

And you guys are fortunate to have a lot of them; I guess, a lot of your trucks running Dedicated. So, you don't run into this as much as some pure over the road guys. But what are your thoughts on the bid process? Is it painful? Is it outdated? Is it optimal with the idea of going every year back and spending your energy for a month or two months trying get a rate locked in?

<<Derek J. Leathers, Vice Chairman, President and Chief Executive Officer>>

Yes. I think it's painful and outdated in its traditional form. I think it causes disruption which causes waste, which causes costs that are avoidable for both sides that we should be trying to avoid. But there's hybrid forms where it makes more and more sense. And we try to work with our shippers to think about and engage them with more hybrid approaches to it. So, it may not be annual, or it could be annual with incumbency preferences, incumbency earn-outs you will. So that if you're performing over a certain level and you've been doing so for the last 12 months, the disruption of rebidding that business is far greater than any savings you might realize by putting in a new carrier normally works out. So, we work through those kinds of issues all the time with our shippers.

And so, we don't want – I don't think that, I think the real answer is there's no one size fits all. I no more want to go to a three-year cycle with everyone than I do to be on a one-year cycle with everyone. I'm like a mix of both. I'd like to know what my risks are at any given quarter, any given months. I'd like to not have outsized exposure with any one customer, or even within a customer. We try to make sure and tier when that business is at risk. It's better for them. It's better for us. I mean, nobody wants cliff events and I can tell you that the way our bids are built and the way our contracts are built, even with a customer that might have a \$100 million of revenue with Werner, I can assure you, it's not a \$100 million on one bid.

<<David Ross, Analyst, Stifel Financial Corp.>>

And in this rate environment the contracts that have come up past couple quarters. Are you seeing any general pushes in one direction or the other, either for different contract terms, longer terms, opt out clauses and agreements and anything that you're seeing shippers push right now?

<<Derek J. Leathers, Vice Chairman, President and Chief Executive Officer>>

No, I wouldn't say there's any one trend. It really depends on the relationship and the size of exposure. The mutual trend, if you will, so it's not them pushing it, it's us and them working together would be. I really think it makes a lot more sense when we can take and carve out some portion of business, where we've earned the right to do so. Not having that subjected to the whims of a one-year, over a year bid process, and have stability that we can build around to build better driver lifestyles. And therefore, those drivers be, or able to be retained better. And that shipper benefits from that retention through better service and better related overall costs.

That's sort of the ideal setup, right? So, it's a matter of when their comfort level is with that concept. And then you migrate up and down the pendulum from there as to how much is able to be earned and incumbent and how much is still going to be put into a bid package. And frankly, it's just as likely that they would have want to put more into the earned pocket than we're comfortable with, as it is that they're not wanting to put as much in there as we'd like. Because it really depends on where the starting point is with rate structure and the relationship. So, everyone is a different negotiation and depends on the circumstance.

<<David Ross, Analyst, Stifel Financial Corp.>>

So, for the last – say, 18 to 20 years, there's been a ton of stuff on the regulatory agenda. That's been top of mind, whether is EOBR's that became ELDs, or hours-of-service multiple times, CSA, Drug and Alcohol Clearinghouse most recently. Is there anything that pops to mind right now that you're concerned about, or you think is going to potentially have an impact on capacity one way or the other?

<<Derek J. Leathers, Vice Chairman, President and Chief Executive Officer>>

Well, I think the Drug and Alcohol Clearinghouse has only just begun to show us in fact, for one, I think that is still going to be the biggest story of 2021. And in all likelihood, you still have a lot of companies that haven't went out and registered. There's, side-by-side different estimates that I've seen estimates as high as two-thirds, but let's just say half the companies happens, well that was – now that we've anniversary the one-year date, the penalties for not having registered become pretty significant. I think you're going to see an uptick in registrations and uptick in compliance and with that and uptake, unfortunately, in failure rates. We noticed that over 50,000 drivers failed last year, we know that basically zero have made it all the way through the cycle to be able to come back into the industry. I don't suspect that that, that change is going to be dramatic as we look forward, and I think that 50,000 number will grow from here.

What I'm really proud of in our fleet is we've been hair follicle testing for many years, and actually in January, we just had the lowest failure rate in our history. And that's indicative of the fact that people know we take it seriously. And so, they don't

apply here if they're under the influence. And so that's a good situation to be in. Matter of fact, our, urinalysis rate was for the first time ever was 0.0, it rounded to zero because that's how low it was. And so, we liked that. But that we know failures are a real thing. And in November, as you know, there was a sweeping set of state legislation that there are states that pass new legislation further enabling drug use, but nobody's really in favor of 80,000 pounds going down the road under the influence. So, we're going to have additional friction, not less, as we go forward on that.

<<David Ross, Analyst, Stifel Financial Corp.>>

No, we're bumping up on time. I want to sneak one last question in, because Werner is one of the biggest players in the U.S., Mexico trade lane. Comments on trends and North South trade and how you view that going through this year and pick it accelerates even further?

<<Derek J. Leathers, Vice Chairman, President and Chief Executive Officer>>

Yes. So, I think, so 2020 was a tough year for U.S., Mexico trade in general. And you involve more COVID-related than any kind of trade war or any other issues. Really COVID related, but we had a lot of fits and starts with what was the central businesses in the U.S. not being in the same categories in Mexico and vice versa. You had widespread COVID implications across Mexico and vastly under reported in my view. There was a lot of supply disruptions from the two countries that was more outsized, because it was two different countries, both going through pandemic, both with different expectations of how to handle it.

So we look at Mexico as a real positive as we went to 2021, because we think as the smoke clears and we get the pandemic further behind us, and you see some of the early returns on some people thinking more about near-shoring because of what's happened with the Asia trade issues over the last several years, the opportunity to near shore and kind of shore up your supply chain security is, is better than it's ever been. And we love our franchise there. So, we're as excited about Mexico as ever.

<<David Ross, Analyst, Stifel Financial Corp.>>

Excellent. Well, we're right on time and I'm going to end on that good note. Derek, thank you very much. John, thank you very much for joining us today. Wish you all the best, talk soon. Next year, we're back in person and for everybody else, we'll back for another session shortly.

<<Derek J. Leathers, Vice Chairman, President and Chief Executive Officer>>

Thanks for having us. We appreciate it, Dave.

<<David Ross, Analyst, Stifel Financial Corp.>>

Thank you.

<<John J. Steele, Executive Vice President, Treasurer and Chief Financial Officer>>

Thank you, Dave.