Final Transcript

CENTURY ALUMINUM COMPANY: 1st Quarter 2020 Earnings Call

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SPEAKERS

Peter Trpkovski - Investor Relations
Michael Bless - President and Chief Executive Officer
Craig Conti - EVP and Chief Financial Officer

ANALYSTS

Lucas Pipes - B. Riley FBR
John Tumazos - John Tumazos Very Independent Research

PRESENTATION

Moderator

Ladies and gentlemen, thank you for standing by and welcome to the First Quarter 2020 Earnings Call. [Operator instructions]. As a reminder, this conference is being recorded.

I would now like to turn the conference over to our host, Peter Trpkovski. Please go ahead.

P. Trpkovski

Thank you very much, Grace. Good afternoon, everyone, and welcome to the conference call. I'm joined today by Mike Bless, Century's President and Chief Executive Officer; Craig Conti, Executive Vice President and Chief Financial Officer; and Shelly Harrison, our Senior Vice President of Finance and our Treasurer. After our prepared comments we'll take your questions.

As a reminder, today's presentation is available on our website, www.centuryaluminum.com. We use our website as a means of disclosing material information about the company and for complying with Regulation FD.

Turning to slide 1 of today's presentation, please take a moment to review the cautionary statement shown here with respect to forward-looking statements and non-GAAP financial measures contained in today's discussion.

With that, I'll hand the call over to Mike.

M. Bless Thanks very much, Pete, and thanks as usual, to all of you for joining us this afternoon. Before we get started, I do need to report some truly tragic news. It's obviously very well known within the Century family and within our broader community. If you've had a chance to look at the press release since it was sent out an hour ago, you've seen we suffered a fatality in the anode manufacturing plant at Sebree in the early hours at the 8th of April.

This was really devastating to all of us at Century, and it was especially painful given our collective and passionate commitment to keeping each other safe. We're redoubling our efforts to ensure that a similar event never comes close to happening again, and we're sharing our learnings within the company and with others in the industry. Our late colleague's family is and will remain firmly in our thoughts and in our prayers.

And with that, if you'd please turn to page 3, let me just give you a quick overview of the current situation. As usual, Craig will provide you some detail in a moment, and you'll see that the first quarter financial performance came in quite strong. This is evidence to us that industry conditions before the health crisis were favorable and actually improving. You'll also see that our cost structure resulted in excellent profit and in good cash flow conversion, and this was before the recent further cost reduction actions that we put in in March.

All this gives us confidence that we've gone into this period in very good shape. I'll give you some detail on our response to the pandemic in just a moment. As we reported a couple of weeks ago, all our plants continue to operate normally. And given the present set of facts and circumstances at each of the facilities, we don't see this changing.

In a couple of minutes, Pete will take you through our current view of the industry environment. It obviously goes without saying that any analysis of the conditions in the industry is highly changeable even at the moment it's given.

We did see a significant and almost immediate decline in demand in all of our end markets in the US and in Europe. Thus far, there's little consistent industry-wide data. But based on our discussions with our customers, we believe that there's been average temporary demand destruction on the

order of 30%. This is spread unevenly across the end markets. As has been reported widely, the large market most immediately and significantly impacted has been automotive.

Others like construction are doing somewhat better, so the impact there could lag. And others still are in relatively good shape, for example, utility and certain other infrastructure markets and the defense and military sectors. You've obviously noted some recent announcements of manufacturing plant restarts around the world. Obviously, we've all seen those. So obviously, the situation remains very dynamic, but those do give us some cautious relative optimism on the back half of the year.

All this has obviously led to a precipitous drop in the metal price. You've seen that. As is normally the case, aluminum has been a leading or very coincident indicator here. As we stand today, the LME cash price is down about 17% from its beginning of the year level. At its low, it was down about 21%. Regional delivery premiums are also down meaningfully. Both the US Midwest and the EU Duty-Paid Premium are down 40% from their 2020 highs, obviously, just a couple of months ago.

Let me give you a quick update on the Midwest Premium more generally because we have begun to see that go through a meaningful slide well before the health crisis. In fact, during the second half of 2019, that is, the Midwest Premium posted down 20%. The fall began very shortly after Canada was exempted from the Section 232 tariffs. It's quite easy to understand the problem when you compare the period since the exemption with a similar time period just before the exemption. And when you do that analysis, you'll see that total primary aluminum imports from Canada are up 30% since the exemption. That was last May. And more particularly, P1020 imports from Canada are up almost 75% since the time of the exemption.

This is in stark contrast to the commitment by the Canadians that post-exemption imports would not surge. The issue, of course, is well known to US government officials. And as you'll remember, at the time of the exemption, the parties agreed that the tariffs would go back into place if a surge were to occur and not to cease. Countering these movements in the metal price, we've seen a decline in the price of the key commodities to which we're exposed, and this was largely continuing trends we saw before the health crisis.

The alumina price index was already coming off in late 2019 due to the rebalance of industry supply, and we've discussed at length. And since the beginning of this year, it's traded down a further 13%. Current level of $235 to $240 a ton represents 15.5% to 16% of the LME price, so a normalized level in our view. US and European wholesale power prices are also down significantly since the beginning of the year. Bottom line, we believe we're well setup to navigate successfully through this difficult environment.

The decline in the price of these raw materials, combined with our recently implemented cost reduction actions, have brought our cash breakeven level down to very near the current LME price. In addition, we have strong liquidity that provides extra support. I'll give you a sense of all this in just a minute, and Craig will give you some further detail. But first, I'd like to give you a quick update on our response to the health crisis and the status of our operations.

If you could turn to slide 4, please. In early March, we implemented a range of preventative and restrictive policies like many companies. These are numerous, so let me just give you a couple of examples so you can get a sense. We segregated our employees into the smallest groups required to accomplish the necessary tasks in each department of each plant. We staggered our essential personnel to preserve the required expertise in each plant. We closed nonessential common areas and began frequent deep cleaning of all other areas.

We changed policies and procedures around use of shared equipment. And we began requiring all people who enter our facilities to get their temperature measured on the way through the gate and on the way back out. Beginning in March, employees who are able to work from home began doing so and continue to do so today. These are just some examples. But hopefully, as I said, it does give you a sense. And as you're all aware, given the required continuous nature of our production process, we simply can't take any risks here.

These changes put a real and extra burden on our people during an already strenuous time. Our folks have taken on these challenges with a strong and positive attitude. And for that, we're really, really grateful. They've kept these plants running and kept the quality of our production high despite these tough conditions. We've also put on hold any activity not solely focused on keeping the plants running safely and maintaining the

quality of the production. The objective is pretty straightforward: it's to allow our folks to focus only on the essential tasks.

Examples of these deferred activities include most nonrecurring maintenance, as well as improvement projects of various types. Thus far, these measures have had the intended effect. As of today, we've had only one confirmed COVID-19 case that's across the entire company, including Iceland and Netherlands. In addition, we have a handful of folks who have been required to quarantine after contact with persons infected or believed to have been infected by the virus. And thus, our plants have continued all to operate without interruption.

As you'd expect, we've been in constant contact with our key business partners. All our critical raw material suppliers have been deemed essential businesses and have thus continued to operate with minimal interruption. The same is true of the logistics providers. All of our production continues to be sold essentially as it's cast. That's as per normal. We do have relatively less exposure to the hardest hit sectors like automotive, for example. That said, some of our customers have asked to reduce their take of value added products for a couple of months.

And obviously, we're working with them, and we're filling in these gaps with increased production of standard products. Of course, these come with lower premiums. We are, however, seeing some good offsets to these trends. For example, at Hawesville, plant is producing record amounts of high-purity metal. As I said before, this product continues to be required by the military sectors, and we're really pleased and proud to be doing our part in this regard.

And importantly, this is a really gratifying confirmation of the success of the technology upgrade at Hawesville and, importantly, of the skills of our largely new workforce there. We're by no means ready to declare ourselves through the health part of the crisis, and we'll continue to operate in this manner until further notice. Lastly, we do have contingency plans ready to implement in the event that the health situation in any of the plants were to take a downturn.

With that, let's move on to page 5, please. I'll give you a quick summary of our cost position and some comments about the outlook before handing you over to Pete and Craig. In early March, we did begin to get ahead of the falling metal pricing premiums. And by mid-March, all of these corrective actions were firmly in place. First, all nonessential spending

was ceased and deferred. This includes the types of projects I discussed a couple minutes ago. We instituted a hiring ban, canceled salary increases for higher-earning and non-production personnel.

We put on hold the vast majority of the capital projects. The most significant of these, obviously, is the rebuild of the last potline in Hawesville. That's obviously the fifth of five potlines there. The rebuild of the fourth line was completed earlier this year, very early this year. So essentially, all of the spending for that project was behind us before the health crisis hit. Thus, the restart of that fourth line is now nearing its completion as planned. That produces incremental cash flow even at the current commodity prices.

Further, the fixed cost absorption further improves Hawesville's cost structure. For example, the plant's cash operating cost will be down $300 a ton from Q4 to Q2, the current quarter. As I said, most of these actions were put in place in March, so the positive impact will be realized in the second quarter. And again, we have a next phase of actions ready for implementation if it were to become necessary.

Just a couple of last comments, as we talked about in our written update in late March, we did make partial drawdowns under our two revolving credit facilities. We see no conceivable need for these funds at any time in the foreseeable future.

In that context, let me just give you a quick sketch of the current financial situation and the outlook. And again, Craig will give you some more detail. The performance in the first quarter does give us very good confidence in our expectations for the next couple of quarters. The cost side of the equation, we have well in hand. We're quite convinced of that. Just at a high level, if you've had a chance to take a quick look, Q1 EBITDA was $15 million higher sequentially on a revenue decline of $14 million. And most of that fall in revenue came from lower premiums, so of course, that goes right to the bottom line. We also saw very good conversion of earnings to cash flow.

Again, these results were produced by the cost structure we had in place before the recent improvement actions. The realized raw material prices in the first quarter were before the recent additional decline I just talked about, and the results were before the cost reduction actions, we put in place in March.

As usual, Craig will provide you some detail on the impact of commodity price changes and other factors on forecast sequential quarter-to-quarter EBITDA. Obviously, I'm now [ph] talking Q1 to Q2. As you know, most of our revenues and key cost inputs for the current quarter, i.e., Q2, are already priced at this point, so we have good visibility. And based on this analysis, you'll see decent positive EBITDA and essentially breakeven cash flow for Q2.

Craig will obviously also give you an update on our cost structure for the second half of the year, so you can build your estimates. When he does, you'll see average plant operating costs as well cash operating costs down a further $180 a ton from the levels we showed you just in February. The premiums have also declined, so the direct LME comparable operating cost is down $110 a ton from the February estimates. And as you recall, the operating cost we showed you in February was already down over $200 a ton from the 2018 level.

All this has brought our cash flow breakeven level down a further $125 a ton to around $1,550 a ton. As a reminder, this is also a direct LME comparable metric. So it shows at what LME level the company is cash flow breakeven given current premiums and raw material prices and so forth.

And again, as a reminder, we define cash flow here as net of all items, so debt service costs, taxes, all working capital movements, capex, etc. Backing this up, we've maintained over $200 million in liquidity. So you'll be able to see why we believe we're in a very good position to operate through this environment.

And with that, I'll give you to Pete for some additional comments on the industry structure. Pete?

P. Trpkovski

Thanks Mike. If we can move on to slide 6, please, I'll take you through the current state of the global aluminum market. The cash LME price averaged $1,690 per ton in the first quarter, which is down approximately 4% or $64 per ton from the fourth quarter of '19. As COVID-19 continues to weigh heavily on the global economy, we have seen aluminum prices fall significantly from a high of about $1,811 per ton in late January to a low about $1,421 per ton in the month of April. For the month of April, the average price is approximately $1,460 per ton, and the current three month LME price is hovering around $1,500 per ton.

In the first quarter, regional premiums averaged approximately $0.136 per pound in the US, down 14% quarter-over-quarter, and $147 per ton in Europe, which was actually an increase of 8% from the prior quarter. Current spot prices are around $0.085 per pound in the US Midwest and $100 per ton in Europe. As Mike said earlier, we had already seen a trend of falling input costs from our key raw materials pre-pandemic.

From the end of 2018 to the end of 2019, aluminum prices were down about 8%, but our key inputs of alumina, power, and carbon prices were down approximately 30% each during the same period. Since then, as a result of the health crisis, aluminum prices have fallen a further 17%, but our key raw materials have continued to decline as well. The alumina price index and the Indiana Hub, which is the hub most closely representing power prices for our Kentucky smelters, have fallen 17% and 16%, respectively, during the same period, and coke prices have declined 4%.

We have seen an immediate impact to demand around the world from COVID-19. In the first quarter of 2020, global aluminum demand was down about 8% as compared to the first quarter of 2019. We saw demand contraction in the world, ex China, at 7% and 10% demand contraction in China. Global production was up 2% in the first quarter year-over-year. We saw 3% production growth in the world, excluding China, and 2% production growth in China year-over-year.

Recent market developments have shown positive trends for demand recovery with several OEMs and other downstream manufacturers announcing production restarts or plans to do so in the near term.

And with that, I'll hand the call over to Craig.

C. Conti

Thanks, Pete. Let's turn to slide 7, and I'll take you through the results for the first quarter. On a consolidated basis, global shipments were essentially flat quarter-over-quarter, and realized prices were down 3% primarily as a result of lower lagged regional premiums.

Looking at operating results, adjusted EBITDA was $28 million this quarter, and we had an adjusted net profit of $1 million or $0.01 per share. In Q1, the primary adjusting items were $12.1 million for the net realizable value of inventory and $8.3 million for unrealized gains on foreign contracts.

Our liquidity remains strong with over $200 million of funds available via a mix of cash on hand and credit facilities. As Mike mentioned earlier, we proactively drew down $90 million on our revolving credit facilities via a partial borrowing on each of our US and Icelandic agreements. While we do not have a foreseeable need for the funds, we secured them out of an abundance of caution in this uncertain and volatile environment.

Okay. Let's go to slide 8, and I can walk you through our quarter-to-quarter bridge of adjusted EBITDA. As we forecast on our last call, realized LME was about flat with Q4, and the decrease in regional premiums was more than offset by a decrease in realized alumina. The Q1 realized alumina price of $290 per ton was down $35 per ton from Q4 levels, while realized Midwest and European premiums were down $65 per ton and $15 per ton, respectively.

Domestic power prices continually dropped throughout the majority of the first quarter and generated a 10% or about $3 per megawatt hour savings versus Q4. As we discussed previously, approximately 30% of our Icelandic power pricing is now based on the Nord Pool index, and Q1 marked the first full quarter where this pricing mechanism was in effect. Nord Pool prices were down, on average, $26 per megawatt hour or about 60% from Q4 levels.

Looking ahead to Q2 specifically, the lagged LME of $1,635 per ton is expected to be down $115 per ton from Q1 realized prices, while the US Midwest premium is forecast to be $265 per ton or down about $40 per ton over the same time period. Taken together, the LME and Midwest premium pricing declines are expected to negatively impact Q2 EBITDA by about $20 million to $25 million versus Q1 levels.

Lagged alumina prices are essentially flat to Q1 with a realized value expected in the $290 to $300 per ton range. The recent reduction in spot alumina prices will begin to impact our results materially in Q3 as recently procured inventory is consumed at our plants.

Finally, as Mike mentioned earlier, power prices have continued to fall in both the US MISO and European Nord Pool markets. Globally, we expect an approximate incremental $5 million of EBITDA benefit in Q2 from these market-based power prices versus Q1. Keep in mind that we buy on the day ahead market and we still have two months of unpriced purchases assumed in this incremental impact.

In sum, we expect these items, in isolation, will equate to an approximate EBITDA decrease of $15 million to $20 million from Q1 levels. In order to approximate Q2 free cash flow on the same basis, simply deduct the normal semiannual bond interest payment of $10 million from the EBITDA result. Our Q2 capital and other outflows are expected to be offset by working capital inflows driven by falling raw material prices within the quarter.

Let's turn to slide 9, and we'll take a quick look at our cash flow over the last quarter. We started the quarter with $39 million in cash and ended March with $148 million. During the quarter, we had $6 million of capex spending, the majority of which was related to the ongoing Hawesville restart. Q1 also marked the beginning of the amortization of our loans supporting the restart, which was $5 million in the quarter. As we discussed earlier, our proactive partial drawdowns on each of our US and Icelandic revolvers was a $90 million inflow, and an additional $6 million was generated by the timing of customer receipts.

Next, I'd like to transition to our discussion on the remainder of 2020. Given the rapid changes to the macro economy and more specifically within our own market, we would like to provide you with an update on some of the actions we've taken to strengthen the business' liquidity and cost position. Similar to our last discussion, we'll cover an update to the tools to forecast our business from an EBITDA and cash standpoint using the commodity prices of your choosing.

For today's discussion, we thought it would be most helpful to show this on a second half basis. You will notice that we will be focusing on the cost element of the toolkit only. The timing or lag portion of the toolkit is unchanged from our previous discussion in February.

Let's turn to page 10 to discuss some of the key assumptions we made in providing this analysis. Please keep in mind that the prices on this page are not centrally forecast for the individual prices and commodities. Midwest and European delivery premiums are assumed as $220 per ton and $100 per ton, respectively, while the alumina price index, or API, is assumed as $225 per ton, all similar to recent spot levels. On energy cost, the MISO Indiana Hub, Henry Hub natural gas and Nord Pool price assumptions are assumed at roughly their year-to-date values.

Let's turn to page 11, and I'll take you through the first of two pages we have prepared to give some further insight into the second half of 2020.

We expect our second half 2020 shipments to be about 425,000 tons in total, which is slightly less than our previous discussion due to cash preservation actions, which will decrease the number of pot re-lines completed within the year. The bottom two sections of the page show our gross and net plant cash costs, both of which exclude interest, capex and corporate SG&A.

The midpoint of our gross cash costs are down about $160 per ton in the US and about $210 per ton in Iceland versus their levels just a few months ago, driven by our aggressive cost-cutting actions as well as falling alumina, power and LME prices. The net cash costs are net of premiums and, hence, are presented on a basis that is directly comparable to the LME. The midpoint of these costs are down about $85 per ton in the US and about $150 per ton in Iceland versus what we showed in February. The net cash cost reduction is lower than the gross reduction primarily due to falling delivery premiums.

Turning to page 12, I'll cover some of our other cost expectations for the second half of 2020. SG&A will be $20 million on a book basis, while only $16 million on a cash basis. Interest costs will be $13 million, while our principal pay down of our Hawesville term loan will be $10 million over the second half.

Our second half capex is expected in the range of $5 million to $10 million and represents only maintenance spending. All investment capex has been deferred. The funds required to complete the restart of our fourth line at Hawesville have already been spent in the first half of the year, largely in the first quarter.

Finally, we now expect our cash flow breakeven cost to be $1,550 per ton or $125 per ton less than just a few months ago, driven by enhanced cost controls and falling raw material prices. As a reminder, this cash flow breakeven is on a direct LME comparative basis and highlights the significant upside we have as the market improves in the future.

This concludes our prepared remarks. Thank you for your time and attention. I'd like to turn the call back over to Grace to begin the question and answer session. Grace?

Moderator Thank you. [Operator instructions]. And our first question is from the line of Lucas Pipes. Please state your company, followed by your question.

L. Pipes Hi, good afternoon everybody.

M. Bless Hi, Lucas.

L. Pipes So on the breakeven price that you just laid out, first, that's very good to hear. I wanted to ask what sort of kind of other assumptions may be baked into that. So for example, on the Midwest premium or added value, could you disclose what sort of levels would be included in that breakeven level? And then I assume the breakeven is at the asset level. So kind of what sort of other cash considerations, working capital, overhead, etc., should we consider on top of that?

M. Bless Lucas, it's Mike. Let us help you. So the assumption is incorrect. That $1,550 is at the corporate level. It's after all plant costs, it's after all corporate SG&A, it's all after all interest expense. It's after everything. It's net-net, bottom line, where you should expect to see just change in cash every quarter, to be very pedantic about it, change based on an LME either above or below $1,550. So it's after everything.

The premiums and as Craig said there on slide 10 there. So the Midwest, for example, as he said, is the spot price. We just tried to use today's prices. And last, product premiums are our salespeople's best estimates based on discussions with customers as exactly where we are today.

I mean, as you know, the only change there—take a step back, as you know, most of our sales are contracted a year in advance. So those premiums, to a great, great majority were locked a year ago—well, nine months ago, but locked before the beginning of the year for the full year. The only change in the weighted average product premiums is, as I said, we have had some customer's request that a certain portion of their volume; small, but a portion of their volumes moves for a period of time from value-added products, billets and such, and thus, we've supplemented that with production of standard products.

Go ahead, Craig.

C. Conti And one other thing, Lucas, to make this maybe a little more user friendly, in the appendix on page 17, we broke out the regional premium, and then we did the value added premium, but to make it, again, user friendly is we did it in overall tons. So to look into the second half cash costs, you would take what we did on page 10. Those were the assumptions. And

then to break that out between the US and Iceland overall tons, you could use the guide on page 17.

L. Pipes

Very, very helpful, I appreciate all of the color on this. I wanted to maybe switch over to the industry side, and then I'll go back in queue for potentially some more questions. But in terms of the overall supply response, what's your outlook?

There's been a lot of talk that yet again, you're not seeing much curtailments on the aluminum side and structural to the industry probably, but what's your take? Where do you see supply potentially coming offline? And how much do you think would need to come offline to balance this market here?

M. Bless

Well, to balance the mark—I'll take the, if you don't mind, it's Mike again, Lucas—the last part of your question first. That's a tough one right now because you really have to make the assumption of where demand goes. I mean, to balance the market at this point in time you would need millions and millions of tons to come off if you assume that demand would never snap back to any significant or any meaningful degree.

But to answer the first part of your question, you're quite right. We haven't seen much of a supply response yet. You've seen small pockets here and there, but each one, of course, is important to the persons impacted by those, but they're a rounding error when you're talking about the global or even non-China total supply at this point in time.

I think the answer—regrettably, I'm not going to give you much more of an answer than you already could have, quite frankly, answered yourself, which is if the current conditions do start to improve here, if over the next month or two, and people begin to see that there's some lags to this restart of the downstream customers, i.e., the folks who matter most, i.e., that take the product, our guess is you probably won't see much of a supplier response. It is what it is. You are seeing some in pockets of the world. There are rumors of some more in China.

But if it's a transitory thing here, a reasonably transitory thing, you may not see much more supply response. If it does look like this thing is going to be, to use an overused term, lower for longer, our view is that you might start to see some folks make some more structural or long-term decisions.

I'm sorry to give you what sounds like and probably is a non-answer. It will be a better discussion when we talk to you in three months because it will either have started to turn up or it won't have.

L. Pipes — No, it's a very helpful answer, in fact, I appreciate the color. And best of luck and everybody stay healthy.

M. Bless — Thank you for your questions and same to you.

Moderator — Thank you. And next, we'll go to the line of John Tumazos. Please state your company, followed by your question.

J. Tumazos — So it's John Tumazos, Very Independent Research. Condolences on the loss of your teammate, and congrats on—

M. Bless — Thank you, John. I appreciate you saying that. I can't tell you—it's really made a tremendous impact on our folks. So I appreciate you saying that.

J. Tumazos — So we feel it, too. It made us feel terrible, I cover Vale when they lost all those people last year.

M. Bless — It's just dev—I don't want to still use all those melodramatic words, but it really is—you know what to me made the greatest impression was how the ownership, that how folks, especially at that plant, felt and reacted to this and took accountability and ownership for it. It was quite extraordinary.

But I appreciate it, John. You've been around as long as I have, so you've seen a couple of these. This was the first one in the modern history of the company, quite frankly, on the smelting side. So it doesn't make it any easier.

J. Tumazos — Congratulations on just producing in the first quarter through all this trouble. And it looks like an almost normal income statement in the most abnormal of conditions.

M. Bless — Thank you, John. It was a good quarter. And frankly, the other companies that we've looked at and the other companies that I'm personally affiliated with, the first quarter, trading conditions were pretty good. Now that's a different world, of course, but it does give us some confidence.

What gives us more confidence, again, is the cost side. We can't dictate the revenue side, as you're well aware, but we feel pretty good about where we are on the cost side right now. And you see that in the breakeven level and in the guidance that Craig gave you for the second quarter.

It hopefully will give folks a pretty good view of what the company looks like for the next nine to 12 months, even if things don't improve from here. As unrealistic as that might sound, it just gives you a sense, hopefully.

J. Tumazos Even as Century is doing well relative to many companies so far in this crisis, I think there's an understanding that China has increased their aluminum output in the first quarter, but their vehicle sales fell 42%. Alcoa said on their call that they think the Chinese built 2 million tons of inventories, which is 10% of the market, unheard of.

We know you're in good shape, but if you asked Washington for bailout money in terms of the loans that are intended for airlines or other worse-affected industries or a larger than 10% tariff or a restoration of the Canadian tariff, you'd probably get it or get some of it. Even though you're in good shape, will you be seeking some of those helps?

M. Bless That's great, John. So let me take all of those three. We, as you would hope, looked long and hard at every part of the program that was passed by the Congress. Regrettably, we are sort of one of those that don't fit, unfortunately, in any of the programs that have been rolled out thus far. Either in terms of our size or taking by both the letter and, I would say, spirit, in my opinion, here of the legislation and as it's being implemented by Treasury and others, SBA, etc., we just don't fit there.

But we're continuing to look at it. There's some recent stuff that's come out that might change that answer a little bit. But thus far, we've studied all of it, but we have not applied under any of those programs.

On your second and third question, which go to the entire relief, i.e., the 10% on non-exempted metal, both product and country exempt non-exemptions and Canada specifically. You can assume that we've made our opinions known. You know us, and we're not shy about that. And as I said, as you would expect, this issue, both in respect of the efficacy of the entire program, given where we are today, given the fact that metal continues to flow unimpeded from even non-exempted regions, number one.

And number two, the Canadian problem, which is stark. I mean the data are available. You can see it. You can go on the Commerce Department website and see it. So yes, we've discussed all that with the relevant folks.

J. Tumazos Thank you and good luck.

M. Bless Thank you very much John. I appreciate those comments, I really do; we really do.

Moderator Thank you. And I have no further questions in queue at this time.

M. Bless Okay. I'll give it a second just to see if anyone wishes to change his or her mind.

Okay. With that, we appreciate very much your time and attention this afternoon, and we'll look forward to providing you updates as we move forward, certainly talking to you no later than, of course, when we report second quarter earnings. Take care, everybody, and stay safe.

Moderator Ladies and gentlemen, that does conclude your conference for today. Thank you for your participation and for using AT&T Executive Teleconference service. You may now disconnect.