

# **Ardmore Shipping Corporation (ASC) Q2 2024 Earnings Call Transcript**

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**Body**

Ardmore Shipping Corporation (ASC)

Q2 2024 Earnings Conference Call

July 31, 2024 10:00 AM ET

Company Participants

Anthony Gurnee - President, Chief Executive Officer

Bart Kelleher - Chief Financial Officer

Gernot Ruppelt - Senior Vice President and Chief Commercial Officer

Conference Call Participants

Jon Chappell - Evercore ISI

Omar Nokta - Jefferies

Ben Nolan - Stifel

Presentation

Operator

Good morning, ladies and gentlemen, and welcome to Ardmore Shipping Second Quarter 2024 Earnings Conference Call.

Today's call is being recorded, and an audio webcast and presentation are available in the Investor Relations section of the Company's website, ardmoreshipping.com. We will conduct a question-and-answer session after the opening remarks. Instructions will follow at that time. A replay of their conference call will be accessible anytime during the next two weeks by dialing 1-888-660-6345 or 1-646-517-4150 and entering passcode 88347.

At this time, I will turn the call over to Anthony Gurnee, Chief Executive Officer of Ardmore Shipping.

Anthony Gurnee

Good morning, and welcome to Ardmore Shipping's second quarter 2024 earnings call. First, let me ask our CFO, Bart Kelleher to discuss forward-looking statements.

Bart Kelleher

Thanks, Tony. Turning to Slide 2. Please allow me to remind you that our discussion today contains forward-looking statements. Actual results may differ materially from those projected in the forward-looking statements. Additional information concerning factors that could cause the actual results to differ materially from those in the forward-looking statements is contained in the second quarter 2024 earnings release, which is available on our website.

And now, I will turn the call back over to, Tony.

Anthony Gurnee

Thank you, Bart. So first, let me outline the format of today's call. To begin with, I will discuss the upcoming leadership transition, which we announced earlier this month. Following this, Gernot Ruppelt, who will be taking over as CEO in September, will clarify what this means for Ardmore. He will then discuss our second quarter highlights, the near-term market outlook and our capital allocation policy, after which Bart will provide an update on product and chemical tanker fundamentals and our financial performance, and then Gernot will conclude the presentation before opening up the call for questions.

So turning first to Slide 4, to discuss our leadership transition. Our succession plan has been underway for several years and aligns with what has always been my intention to retire around the age of 65. The Board has done a terrific job with the selection process. And quite frankly, as the founder of the company and a shareholder, I'm extremely pleased with the outcome.

Together, Gernot and Bart have a combined 50 years of experience in the shipping industry, spanning everything from strategy and operations to finance, naval architecture, chartering, sale and purchase brokerage, capital markets and practical experience on tankers. And, in addition to Gernot and Bart, our COO, Mark Cameron; our SVP, Corporate Services, Aideen O'Driscoll; and our newly promoted SVP, Commercial, Robert Gaina, will round out the new Senior Management team effective September.

I believe what you will see is a high degree of continuity in business philosophy and strategy, continuing a dynamic and energetic approach to building Ardmore in the years to come, which I'm really looking forward to following along with the rest of you.

And on that note, I'm more than happy to hand over the call to, Gernot.

Gernot Ruppelt

Thank you, Tony. Ardmore has had an amazing journey since you founded the company in 2010. And, while the company is looking ahead, speaking on behalf of the entire Ardmore staff, there is tremendous gratitude throughout the organization for what you have built over the past 14 years. I am excited to lead Ardmore into our next era to build on the company's substantial success and position us for the future and doing so with such a strong and unique team around me.

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Now, turning to Slide 5. Let me expand on Tony's comments and provide further insights into our strategic thinking. The key message is continuity. Ardmore's long-term strategy has been very consistent over the years. It has been tested and it has been successful. Not only are both Bart and I supportive of the strategy, we have been part of the leadership team that has developed and executed on it. Our focus will continue to be on product and chemical tankers as well as the overlapping trades these ships are involved in.

For Ardmore, this is a core area of expertise and is an important way to differentiate ourselves in the marketplace. We will continue to reinvest opportunistically as we have in the past. This includes opportunities for fleet modernization, vessel upgrades and growth, always provided that such transactions enabled us to increase long-term shareholder value. And, we remain committed to our capital allocation policy.

Strategic continuity also means that we will continue to evolve as a business. We will evaluate and embrace new ways to integrate technology and machine learning in how we run the company, both onboard and ashore. It also means that we will continue to build out the strong culture we have at Ardmore, and to develop our incredibly competent and diverse teams. Thereby, we will strengthen our organization and increase our capabilities.

Today, we have a fully-integrated global platform. Our shore-side team is strategically located across key regions and they work closely with our seafaring colleagues onboard our modern fuel-efficient fleet. This gives us the scale and reach to service a diverse high-quality customer base. Our markets and our industry continue to change. Continued demand growth, the energy transition, environmental regulation, geopolitical complexity and the natural evolution of cargo and trade flows. We expect that all these factors will create ample opportunities, and we believe that our agile and forward-looking approach to running the business and developing our organization should position us well to capture these opportunities.

Moving to Slide 6. You will have heard us discuss in the past how integrating performance and progress forms an important part of our cultural bedrock. This slide shows three examples of our approach to driving strong performance, while at the same time being a progressive company.

As highlighted at the top, we performed to a very high-standard when it comes to TCE results, both in terms of absolute and relative performance.Our breakeven levels are very low due to strong cost discipline throughout the cycle and minimal debt, which among other things has enabled us to provide a meaningful dividend yield to our shareholders.

We continue to see a strong link between our operational performance and the way we embrace progress as a company. Today's performance paves the way for future investment and continued progress, which in turn further enhances our future performance. We have a dedicated team to seek out energy efficiency and innovation projects and we consistently rank at the top of the industry's ESG scorecard.

With that, let us turn to our second quarter earnings, the near-term market outlook and an update on capital allocation.

Turning to Slide 8. We have seen exceptionally strong rates in the seasonally slower summer period, reflecting positive fundamentals along with ongoing geopolitical impacts. Seasonal volatility is playing out around a very high baseline. Our second quarter performance reflects robust market conditions with adjusted earnings of $47.6 million or $1.13 per share and elevated rates even in the seasonally slower third quarter.

Our MRs earned $41,400 per day for the second quarter and $33,700 per day so far in the third quarter with 45% booked. And, our chemical tankers on a capital adjusted basis earned $36,100 per day for the second quarter and $31,200 per day for the third quarter with 50% booked so far. As you can see from the chart on the upper right, we see robust market strength with TCE rates showing a substantial increase year-on-year.

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Meanwhile, we continue to execute on our long-standing capital allocation policy. We are declaring another quarterly cash dividend of $0.38 per share consistent with our policy of paying out one-third of adjusted earnings. And, we also continue to invest in the fleet to improve performance and reduce emissions, while also taking a gradual and opportunistic approach to fleet modernization over time. Overall, Ardmore continues to benefit from having strategic focus and optimizing our spot trading performance, while tightly managing cost and reducing our breakeven level down to $12,650 per day.

Moving to Slide 9. The near-term outlook continues to be very positive. Strong macro fundamentals are cemented by multiple layers of tonne-mile demand with limited supply additions. The chart on the upper right highlights the ongoing impact of the EU Refined Product Embargo, which continues to drive higher tonne-miles due to the bifurcation of the global fleet.

Some emerging trade routes such as exports from West Africa and biofuels from China to the U.S. and Europe are further supporting market strength. Finally, it also highlights the significantly extended voyage distances caused by the re-routing of vessels away from the Red Sea and around the Cape of Good Hope.

As we pointed out in the past, this is only a relatively small portion of overall MR demand, seen in isolation, the Red Sea situation is more and a large story and we're happy to touch on this further in Q&A. In addition, near-term demand drivers are robust. As you can see from the graph on the lower right, global refinery runs have surpassed pre-COVID highs with further growth forecasted into 2025. Also OPEC+ will start to phase out 2.2 million barrels per day of supply cuts in September. And, the global economy remains resilient with IMF keeping forecasts steady with growth of 3.2% in 2024. Meanwhile, the low scheduled deliveries this year will result in limited net fleet growth.

Moving to Slide 10, where we highlight our long-standing capital allocation policy. Given our strong financial position, we continue to pursue all of our capital allocation priorities simultaneously, which are shown on this slide. In particular, we are pleased to declare another dividend of $0.38 per share highlighting our commitment to returning capital to shareholders.

Meanwhile, we refinanced two of our lease ships, while lowering our cash breakeven further. We continue to develop and evaluate potential transactions and this includes the gradual modernization of our fleet.

And with that, I would like to hand the call over to, Bart.

Bart Kelleher

Thanks, Gernot. Building upon Gernot's comments on the market outlook, we will further examine the industry fundamentals. As we've been discussing, the supply-demand dynamics remain highly favorable.

On Slide 12, we highlight the significant supply-demand gap, and I'll address each component in more detail in subsequent slides. As we can see from the green bars in this chart, the strong forecasted tonne-mile growth, which is a result of the positive underlying demand fundamentals and ongoing market dislocation.

In contrast, we can see the limited net fleet growth across both product and chemical tankers and in particular MRs, as indicated by the gray and blue bars. So overall, we believe the limited net fleet growth across these sectors, combined with increasing tonne-miles, supports ongoing market strength.

Moving to Slide 13, where we highlight how the low MR tanker orderbook contrasts sharply with a rapidly aging fleet. The chart on the left provides an important visual representation of the changes in the MR fleet over time.

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15 years ago, as highlighted in the red quadrant, we observed a modern fleet with a large orderbook. However, over time the orderbook has declined while the fleet has aged. Currently, as highlighted in the green quadrant, we have a low orderbook by historical standards and the oldest fleet in two decades, with an average age of nearly 14 years.

Looking at the graph on the right side, the current MR orderbook is equivalent to 11% of the existing fleet. But, it's important to put this in context. Vessels over 15 years of age typically experience some trading restriction. And right now, four times as many MRs are over 15 years old compared to the newbuildings on order.

With the overall product tanker orderbook standing at 17% of the current fleet, it's important to re-emphasize that the impact the lack of Aframax crude tanker newbuildings has on the overall product tanker orderbook. Currently, the Aframax crude tanker fleet is shrinking, while still experiencing demand expansion, including some notable growth as a result of the Trans Mountain pipeline, which recently opened in Western Canada. This implies that an increasing proportion of LR2's, most likely older vessels, will naturally transition to the crude trades to cover the shortfall in the Aframax fleet.

Turning to Slide 14, where we address demand drivers in greater detail. As previously mentioned, the ongoing conflict between Russia and Ukraine, coupled with the EU Embargo on refined products has resulted in persistent re-ordering of global product trades, thereby enhancing overall tonne-miles. At the same time, energy reality is moderating the pace of energy transition and market forecasts consistently indicate an annual increase in oil demand.

In addition, the enduring trend of oil refinery and petrochemical production capacity expansion in the East, along with closures in the West continues to drive increased tonne-miles. In summary, these positive long-term fundamentals point to continued strength in the product and chemical tanker markets.

Moving to Slide 16, and turning our attention to the company. Ardmore continues to build upon its financial strength. As a reminder, the chart on the bottom left highlights our focus on significantly reducing our cash breakeven levels, achieving a reduction of almost $4,000 per day in an elevated interest rate environment.

As a result of our effective cost control, lower debt levels and access to revolving credit facilities, we see a potential pathway to further reduce our breakeven to below $11,500 per day. In the second quarter, we refinanced two of our leased vessels at our first available opportunity for a total of $41 million. And as always, Ardmore is focused on optimizing performance while closely managing cost and preserving a strong balance sheet.

Turning to Slide 17, for financial highlights. As noted, we're very pleased with our performance as we report results of $1.13 per share for the second quarter. We are correspondingly reporting strong EBITDAR for the quarter and continue to frame EBITDAR as an important comparable valuation metric against our IFRS reporting peers. While I won't go into detail here, there is a full reconciliation of this presented in the appendix on Slide 29.

While we continue to hold our $10 million stake in Element 1, the developer of methanol to hydrogen reformer technology, in May, we divested our small stake in its affiliate e1 Marine for $1.65 million realizing a modest gain of $0.5 million. However, given our position in Element 1, we will continue to benefit from e1 Marine's growth in the Maritime sector. Also, please refer to Slide 30 in the appendix for our third quarter guidance numbers.

Moving to Slide 18, examining our fleet. As highlighted in the chart on the upper right, the majority of our drydocking and fleet enhancement program for this year is now complete, with increased revenue days and enhanced earnings power expected for the balance of the year. Capital expenditure payments for the fleet in 2024 are currently forecasted at approximately $25 million including $15 million of CapEx related to efficiency enhancing technologies and scrubber installations. 50% of our MR fleet now has scrubbers, with a further forward to be outfitted in 2025.

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Finally, we are preparing for the implementation of FuelEU Maritime, which comes into effect on January 1, 2025. While a lot of planning is going into this by our chartering and operations team, in essence, this is a pass-through voyage expense. Also, it's important to note that this regulation increases market complexities, which likely lead to even greater trading inefficiencies, representing new opportunities for our nimble chartering team.

Moving to Slide 19, where we highlight the power of our strong operating leverage. In these volatile markets, we can experience significant jumps in charter rates. So, it's important to understand what a $10,000 per day increase in TCE rates means for our performance. It equates to an annual increase of about $2.30 in earnings per share and a boost of nearly $100 million in free cash flow generation. That's the kind of exciting potential Ardmore is positioned to harness in this market.

With that, I'm happy to hand the call back to, Gernot and look forward to answering any questions at the end.

Gernot Ruppelt

Great. Thank you, Bart. To summarize then, first the market. Rates continued their strong momentum in the second quarter. Even during the seasonally slower third quarter, we tracked rates up substantially year-on-year. Key drivers of this market strength are the persistent changes in product tanker trades due to the EU products embargo and other geopolitical factors creating more tonne-mile demand and new cargo flows.

Long-term market fundamentals are supported strongly by a significant supply gap, limited newbuilding deliveries and an aging fleet on one hand versus steady growth in oil demand and emerging new trades on the other. Regarding Ardmore, we are achieving strong TCE performance and simultaneously effective cost control enabling us to drive our breakeven lower. The result is a robust balance sheet allowing us to execute on all our capital allocation priorities.

Before we open up the call for questions, I'd like to hand over the call to Tony, for some concluding remarks.

Anthony Gurnee

Thank you, Gernot. Many people have been proving me why I'm retiring now, and the simple answer is that this has been in the worst for many years as it was always my intention to step down around the age of 65. And, if you're wondering why September is to align with a personal commitment I have starting at that time.

I do believe we're in the middle of what I think of as a long-cycle upturn that was 14 years in the making, part of a clear historical pattern and one where the upturn portion typically lasts four-years to six-years. Of course, there are no guarantees, but I do believe that historical patterns as strong as this are usually very powerful predictors.

Given this market outlook and the opportunities that lie ahead for Ardmore, this is not an easy time to step down. I will, of course, also miss friendships that have developed during 40-odd years in the industry as well as colleagues at Ardmore. But, it is definitely the right time to move on to new challenges, and I also believe this is an excellent time to pass the torch on to what is an eminently qualified new generation.

I have to say I'm very proud of the Ardmore team at all levels of the organization. As you can imagine, with changes like this at the top, there is a knock on effect down many levels, likely all to be filled internally. It is therefore important to explain that the Ardmore team from top to bottom is bound not just by shared goals, but also shared values, in particular, our belief in the power of combining performance and progress.

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As a consequence, I'm very excited about Ardmore's prospects. I believe the company is better positioned to succeed now than ever before. And, I look forward to watching it go from strength-to-strength in the years ahead.

And with that, we'd like to open up the call for questions.

Question-and-Answer Session

Operator

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. [Operator Instructions] Your first question comes from the line of Jon Chappell from Evercore. Your line is now open.

Jon Chappell

Thank you. Good afternoon. Congratulations, Tony. Heck of a run going out on top of the market and don't have to answer our questions anymore. So, well done. So, I'll ask my first one to Gernot, on the market. So Gernot, several years ago, you locked in some time charters when the market was somewhat peaky. I think to get some balance, and that proved to be very well-timed. I think the outlook for the next 24 months is different than, when you did that back in 2020. But, just wondering how you're considering the balance of maybe locking in some duration here at elevated historical rates?

Gernot Ruppelt

Yes. Hi, Jon. Thank you, and great question. And I think, in general, the way we look at our time charter exposure is really governed by opportunity and our policy. And, I think as you said, you said correctly, we had taken on a lot more coverage in 2021 when markets were a lot more difficult and kind of switched to a more time charter in approach, and we opened up the exposure for the year that came to fully capitalize on the market strength.

I think looking ahead, there's always liquidity on deals and we're kind of evaluating those constantly. At the moment, we feel very strongly about the potential that the spot market holds for us, which is why we are predominantly in the spot market. We have done an interesting spread play, where we took a ship extended one of our ships for 12 months to 18 months, not too long ago, rolled that spot over the winter months and then kind of locked in that remaining periods to realize adoption value at a significant premium kind of locking in, I think, $2.5 million.

So, we can always continue to do sort of relative value plays. And, as far as time charter opportunities are concerned, we're consistently monitoring. But right now, again, we think the potential of the spot market is quite significant.

Jon Chappell

Okay. That makes sense. And Bart, I understand want to keep the strategy in place, especially as you go through the leadership transition, and a strong balance sheet is a core of that. By anyone's estimation, you're going to be pretty close to net cash by the end of this year, if not before. So just wondering, as you think about a net cash position, does the capital allocation strategy change? Is there a difference in the way you're looking at risk aversion as it relates to current asset values? Just help us think about the early stages of '25, if the path continues the way that we think it does.

Bart Kelleher

Sure. Thanks, Jon. I think as always, we're guided by the capital allocation policy that's been in place for a number of years. And we still do have some further scope for deleveraging through this year and always looking at and still making plans for investing in our current fleet to increase its efficiency. And also you saw us do the pair trade, so on the potential for fleet modernization. So, I think it really remains situational related to that, while also continuing to pay our substantial dividend.

I think it's important to point out the benefit that we've had from this delevering mission, if we didn't do so, our breakeven would be close to $17,000 per day versus the current level of $12,650 and on a path to $11,500 And so as a consequence of that, we've got an additional $40 million per annum of earnings or about $1 per share. So, I think continue on that front, further enhance that and continue to see situationally if things come up on the investment front.

Jon Chappell

Okay. Thanks, Bart. Congrats again to you and Gernot, and all the best, Tony.

Anthony Gurnee

Thank you, Jon.

Bart Kelleher

Thanks, Jon.

Operator

Your next question comes from the line of Omar Nokta of Jefferies. Please ask your question.

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Omar Nokta

Thank you. Hey, guys. Good morning. Also, Tony, congrats on your retirement. And Gernot, Bart also congrats on your elevated roles. A couple of questions. First, just kind of thinking about the way the market is and how you've been deploying capital. So, maybe thinking about the last topic of discussion. Earlier this year, you acquired the 2017 built MR. We've seen prices, I think, firm from here. But just wanted to get a sense from you on how you're seeing values having trended since you acquired that vessel?

And then also, do you see returns still looking compelling in the MR segment or in the chemicals? Any kind of color you can give on what you're seeing there in the sale and purchase market?

Gernot Ruppelt

Yes. Hi, Omar. Thanks for that. Look, I think we are really committed to the way we approach capital allocation through our capital allocation policy, where we return capital to shareholders, but also find different ways to reinvest in the business.

And we have done a lot in terms of just really upgrading our existing fleet, sometimes with incredible returns between 40% to 100% IRR. But of course, as you're pointing out, we've also done an interesting spread play, selling one of our older ships, a 2010 build at an incredibly strong price.

And then also paying in accordingly appropriately for a market price for a much more fuel efficient, more modern and more versatile asset that was 2017 built. And I think that's how we will continue to approach the market. We've been focused on opportunity across the whole bandwidth of reinvestment from upgrading our existing assets to continue to be focused on gradual fee monetization or even growth.

You're making a good point, markets are very strong. We can't fight the markets. We're, of course, fully benefiting from that with the amount of cash flow we're generating here. But I think even within sort of the larger stroke cycle, which is very positive, there's always going to be opportunities to find pockets of value. It's a big sector, quite fragmented still and we're engaging kind of in all fronts to make sure that we identify opportunities as they develop.

Omar Nokta

Thanks, Gernot. And then, yes, just maybe on that spread trade. So the 10 that was sold in the 17 acquired, do you is that kind of I mean, it seems like you've got the critical mass of 20 odd ships plus and you're obviously able to punch above your weight at least relative to other big companies, you're still able to capture very decent realized rate it seems quarter in quarter out.

So, perhaps growth isn't necessarily needed. So, are you saying basically that you've got the footprint you want or need and further investments really just about fine tuning. So you'll sell maybe the 13 and replace with older ones. So kind of doing a spread trade, is that the thought or the ideal scenario going forward?

Gernot Ruppelt

Yes, I think that will continue to play a part, but I think we want to kind of think about not just growing the fleet, but also building the business and building the organization. So, I think there's a lot we can do to evolve the business even around a consistent fleet size.

But I don't think it has to be this binary. Again, I think for us, the approach is really finding value to make sure that we kind of look at this as lateral as possible. And as markets evolve and opportunity presents themselves, kind of continue to pursue both avenues of reinvestment.

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Omar Nokta

Okay. Thank you. And one just one final one for me. Bart, you touched on this a bit on the e1 sale. Wondering if I recall at the time of that transaction a few years back, there was a preferred equity issuance as a result or as part of that transaction. Any interest I guess, one, the sale, does that sort of trigger I know it's a small amount that was sold, but does that trigger in any way that preferred? And then also is there interest on your part to redeem that?

Bart Kelleher

No. So, yes, good question, Omar. Yes, as a reminder to the listeners, when we did the transaction for e1 Marine and Element 1, we also simultaneously did a transaction of $40 million preferred equity piece on our balance sheet. And it really it come to a point for the exit of e1 Marine after building up the business for three years.

That company needs additional capital to scale and we thought about our own capital allocation policy and felt that it was best to exit. It doesn't trigger anything automatically for the preferred at all. And so going back to my answer for Jon, we see further pathway for deleveraging from the traditional bank debt side first, and then enhancing the breakeven and then can continue to assess something from there, but no immediate plans in terms of taking action on the preferred.

Omar Nokta

Very good. Thank you. Thanks Bart. Thanks Gernot. And Tony, congrats again.

Gernot Ruppelt

Thanks, Omar.

Operator

[Operator Instructions]. Your next question comes from the line of Ben Nolan of Stifel. Your line is now open.

Ben Nolan

Thank you. So, I have a couple. The first is just I suspect I know the answer, but the Eco-Mods are doing in the third quarter so far a bit better than the Eco-Design. Is that just asset positioning or does this have some specific something that people find more desirable or is there anything to that?

Gernot Ruppelt

Yes. Hi, Ben. Good question. Right now, it's just a pretty small data set. The Eco-Mod portion of the fee is now comparatively small and while the quarter is just underway, there's just not that many voyages booked yet. And of course, then you sometimes find different ratios between front haul, backhauls, triangulation opportunities that have to kind of fully average out over the quarter.

These ships are very good ships. Of course, they've been under our care for a long time. Three of them are now with the tonnage provider that we're close with on charter back to us and they're doing a really great job operating those ships.

So, even though they are on the older end of the age profile of our fleet, extremely well received in the marketplace, very broadly acceptable all majors. And so we can really fully face them to our audience desire. And I think you can see this layout on the earnings. But again, just take this as a small data set for now.

Ben Nolan

Sure. Okay. That's what I assumed. And then secondly, I got three, hopefully that's okay. But secondly, on the Matterhorn, which started in, I believe it has an option to extend for six months in September. Curious when you have to exercise that option and what the rate is for the six month extension.

Gernot Ruppelt

Alright. Yes. So that time charter is actually structured as a min max period, where we don't actually have to exercise the option. We basically can [redevelop] (ph) the ship by providing a notice, and that gives us kind of full flexibility in that sense.

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So, typical contracts you're right are kind of firm periods with option declaration dates, but in this case, it's just a min max period. So, that's kind of that.

Ben Nolan

Okay. That's helpful. And then lastly for me, stepping into a new role, obviously, big shoes to fill here. As you -- and appreciating and you guys did cover this well, talking about continuity and sticking to the plan and so forth.

But, just sort of big picture, as you look out three, five years down the line, what how would you envision success, as the leader of the company? And it's a cyclical business and we all appreciate that. But what do you think that you can do and that you'd say mission accomplished?

Anthony Gurnee

Yes. Good point, Ben. Definitely big shoes to fill, and I'll be working very hard to do justice, but I have full faith in the team around me, including Bart of course, who's got incredible background and really diverse experience and a real high value network. And I think between him and I, we'll do our best to be up to the task.

Now in terms of my vision, looking ahead, yes, the point I made is very is something I'd like to reiterate. We have had an incredible run, incredible journey, a well-tested and successful strategy. But if I were to kind of fast forward, I think we would have as a company have raised opportunities to truly innovate the business and ways to reintegrate technology, whether it's hardware or more machine learning, both assure and throughout the fleet.

So, innovation focus, being opportunistic on transactions and continuing to kind of build and develop the organization and the culture that we have. So looking back in five years, I would like to think that on those three elements, innovation, opportunistic transactions and culture, we would have continued to progress and advance as a company.

Ben Nolan

Great. I appreciate it. And let me just say, Tony, congratulations, and I look forward to turning the tables and critiquing some of your and, to Bart, Gernot. I'm excited to continue to work with you guys.

Anthony Gurnee

Great. Thank you, Ben.

Operator

We don't have further questions at this time. This concludes today's conference call. Thank you for your participation. You may now disconnect.

**Load-Date:** July 31, 2024

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