

# **Superior Plus Corp. (SUUIF) Q1 2024 Earnings Call Transcript**

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**Body**

Superior Plus Corp. (SUUIF)

Q1 2024 Results Conference Call

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Company Participants

Adam Kornick - Manager, Corporate Finance & IR

Allan MacDonald - President, CEO

Grier Colter - CFO

Curtis Philippon - EVP, Superior Plus

Conference Call Participants

Gary Ho - Desjardins

Robert Catellier - CIBC Capital Markets

Nelson Ng - RBC Capital Markets

Aaron MacNeil - TD Cowen

Ben Isaacson - Scotiabank

Presentation

Operator

Good day and thank you for standing by. Welcome to the Superior Plus's First Quarter 2024 Results Conference Call. At this time, all participants are in listen-only mode. After the speaker's presentation, there will be a question-and-answer session. [Operator Instructions]. Please be advised that today's conference is being recorded.

I'll now like to hand the call over to, Adam Kornick, Director of Finance and Investor Relations. Please go ahead.

Adam Kornick

Thank you, Latif. Good morning everyone, and welcome to Superior Plus conference call on webcast to review our 2024 first quarter results. On the call today are Allan MacDonald, President and CEO; Grier Colter, Executive Vice President and CFO; and Curtis Philippon, Executive Vice President at Superior Plus and President of Certarus.

For this morning's call, Allan and Grier will begin with their prepared remarks, and then we will open up the call for questions. Listeners are reminded that, some of the comments made today maybe forward-looking in nature and are based on Superior's current expectations, estimates, judgments, projections and risks. Further, some of the information provided refers to non-GAAP measures. Please refer to Superior's continuous disclosure documents available on SEDAR+ and Superior's website for further details. Dollar amounts discussed on today's call are expressed in U.S. dollars unless otherwise noted.

I'll now turn the call over to Allan for his remarks.

Allan MacDonald

Thanks, Adam. Good morning, everyone. It's been an important week for Superior Plus as we held our Annual General Meeting this week and had the opportunity to update our shareholders on the progress we've made over the past year and our strategy for growth and further transformation of the business. This week marks my first anniversary as CEO, but more importantly, it's also been a year since Superior Plus put a stake in the ground and committed to becoming a multi energy solutions company focused on generating sustainable organic growth. Since that shift in focus, we've made tremendous progress. Through the year, we had all the challenges one would expect from such a transformation, including unseasonal weather: closing the $1 billion Certarus acquisition, retooling our leadership team evaluating our strategy and building the operating capability to make it all possible. For me, the most exciting part of the journey has been the renewed sense of optimism we have for our business.

Certarus has been an incredible investment. Of this, there is no doubt. Certarus has a proven business model with consistent returns on capital above 20%, significant market share, with 40% of the MSUs in North America, an expanded reach into new geographies and verticals and a demonstrated ability to grow by double-digits year-over-year. Certarus is also propelling Superior Plus into a new age. It's the leading on-road energy provider for renewable natural gas, with over 10% of our fleet now dedicated to RNG distribution. Certarus also remains a key enabler of critical hydrogen research, as companies across North America test new application for hydrogen fueled applications.

That's just the beginning. Perhaps our biggest source of optimism and enthusiasm is within our traditional propane business unit. With renewed energy for revolution not evolution, our propane teams have been working hard exploring opportunities for growth, challenging ourselves to create a new operating model for the next era of propane distribution. We have come to believe strongly that; our propane assets are among the best in the business. We see significant opportunities as we shift away from our M&A roots and set our sights towards operational excellence, challenging our teams with aggressive growth and productivity targets. Over the course of 2024, we will be building new capabilities that enable us to acquire customers organically, lower customer churn and reduce the cost of delivery all with lower capital investments than we've seen in prior years.

Now while this journey takes time and is never really finished, we are excited and engaged in growing the Superior propane business. These strategies are the foundation to our leadership's commitment to organic growth and creating shareholder value by operating our business with innovation, passion and pride. It enables our commitment to conserving capital and reducing Superior Plus's leverage ratio to investment grade.

In Q1, we saw many reasons to be optimistic. We posted a 15% increase in EBITDA versus last year, testament to the strength of our business, even in light of some significant headwinds, thanks to an unseasonably warm winter. Certarus grew 9% in Q1 and successfully expanded its fleet, adding 24 MSUs and ending the quarter with 753 MSUs as we continued to expand and build out our network beyond the wellsite. The propane segment was led by the U.S. division, posting 1% increase in EBITDA versus last year and impressive results all things considered and I remain very encouraged about the potential for this business to continue to grow and increase its share in the market.

While that of course will take time, Q1 was encouraging. In Canada, the business was significantly more challenged with weather and its impact on our largely industrial business. We of course must factor in the disposition of the Northern Ontario operations last fall, a requirement to closing the Certarus transaction. But despite successfully growing our customer base, these additions were not sufficient to offset declines in several large industrial customers' consumption through the winter months.

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Now, in any seasonal or weather-related business, quarters with this type of adversity happen from time-to-time and it's our mission to not let this setback distract us from our objectives to drive customer growth, retention and operating productivity. This is exemplified in the progress we made in Q1 with initiatives to reduce costs through workforce adjustment, cooperative go-to-market sales initiatives with Certarus and improvements on the effectiveness of our pricing strategies.

With that, let me turn things over to Grier to walk through the Q1 results in detail.

Grier Colter

Thank you, Allan, and good morning, everyone. Before I get into the results, I'll remind everyone that all dollar figures are in U.S. dollars as we completed our transition on reporting currency beginning in Q1. Generally, we were happy with the performance of the businesses in the first quarter. The weather conditions were challenging, even compared to an unseasonably warm first quarter of 2023, but the results demonstrated great resilience despite this. First quarter adjusted EBITDA of $236 million was a record Q1 for us and represents an increase of $31 million over Q1 2023, primarily due to the contribution from Certarus, which had another great quarter. Our first quarter net earnings of $85 million compared to net earnings of $109 million in the prior year quarter, with the decrease, primarily due to an unrealized gain on derivatives and foreign exchange in the prior year quarter, partially offset by the addition of Certarus.

Now turning to businesses. Certarus achieved record adjusted EBITDA in the first quarter of $51.5 million growing organically by 9% versus Q1 2023. The result was in line with our expectations and represents strong growth compared to a prior year quarter that benefited from an acute decrease in natural gas prices that provided a onetime benefit on fixed price contracts. We continue to grow our industry-leading fleet of mobile storage units, or MSUs in the quarter, adding 24 units and bringing the total to 753 at the end of the quarter.

The U.S. propane business produced adjusted EBITDA for the first quarter of $131.4 million, which represents an increase of $1.3 million or 1% compared to the prior year quarter. Weather was 2% warmer than Q1 2023 and volumes declined as a result, but the decline was more than offset by higher margins. The Canadian business produced $41.1 million of adjusted EBITDA in the first quarter, which was a decrease of $7.6 million compared to the prior year quarter. You will recall from our 2024 guidance expectations, as part of the closing of the Certarus transaction, we were required by the Competition Bureau to divest of various propane assets in Northern Ontario, which were sold in Q4 of 2023.

These assets contributed $4.4 million of adjusted EBITDA in the prior year quarter, and this was a key driver in the decrease in volumes year-over-year, representing approximately 9 million gallons in Q1 of 2023. Volumes were also impacted by challenging weather conditions in Canada, which ran roughly 2% warmer compared to Q1 2023.

The wholesale business generated adjusted EBITDA of $17.1 million in the first quarter, a decrease of $12.6 million compared to the prior year quarter, primarily due to a return to more normalized market differentials. As communicated with our guidance earlier this year, the prior year comparative quarter benefited from unusually strong market differentials that resulted in a one-time boost to adjusted EBITDA of $10.3 million and substantially all of this was realized in Q1 2023. The wholesale business was also impacted in the quarter by the previously mentioned weather patterns across North America.

Now turning to corporate results and leverage. Corporate operating costs for the first quarter were $5.5 million which was an increase of $1.3 million compared to the prior year quarter, primarily due to higher incentive plan costs in the current period as a result of an increase in Superior's share price over the quarter. Our leverage ratio for the trailing 12 months ended March 31, 2024, was 3.8 times, an improvement from 3.9 times a year earlier and also at year end, which was driven by an improvement in working capital. As previously discussed, this number will move around somewhat from quarter-to-quarter due to the seasonal nature of our business, but our objective is to improve the metric to 3.7 times by the end of 2024 and with a longer-term target of 3.0 times.

In terms of our full year 2024 guidance expectations, the company is maintaining its expected adjusted EBITDA growth in 2024 of 5%, compared to 2023 pro forma adjusted EBITDA of $75.5 million. Included in the expected growth, we remain to assume that Certarus will grow between 15% and 20% on EBITDA and 1% to 5% EBITDA growth for each of our U.S, Canadian and wholesale propane businesses and approximately $25 million of corporate operating costs. CapEx guidance is also maintained at roughly $230 million. And finally, the Board has approved a quarterly dividend of $0.18 per share, and we continue to pay that in Canadian currency.

With that, I would like to turn the call over for Q&A.

Question-And-Answer Session

Operator

Our first question comes from the line of Gary Ho of Desjardins Capital Markets.

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Gary Ho

Thanks. Good morning. Very strong propane margins again. And we've seen a decent trend over the past three quarters. Maybe just help us think through rule of thumb, hoping, working by segment, Canada, U.S. and Brazil. That will be helpful.

Allan MacDonald

Hey, Gary. When you say rule of thumb, can you elaborate a little bit more? Do you mean would it be used as our guide or...

Gary Ho

Yes, exactly. It's been pretty strong last few quarters. It remains elevated. I was wondering if those are any sustainable.

Allan MacDonald

Yes. There's a couple of things. We're using competitive data and so and obviously market driven data. The two big things to watch there are customer acquisition and churn because obviously if we're charging too much, we're going to have seen an increase in churn and in customer acquisition and our ability to acquire. I think more than anything, over time, we're going to start to see some divergence, because we're looking at being much sharper when it comes to customers who are on the lower end of the volume scale, where we're looking at more fee-based charges versus just volume related. Tank rentals, we're doing a lot of work there, delivery fees when we're seeing customers that have low activity like seasonal properties.

Looking at the profitability of customers that aren't purely just home heat customers has been an initiative this year. It's very early days, but you'll see some margin improvement through initiatives like this that can't be equated to a price per liter or price per gallon improvement or increase if you know what I mean. We're pretty comfortable that, we're remaining competitive. In some markets actually, I think we still have some margin opportunity, and we think there'll be some continued opportunity on the more monthly fee-based versus just price per liter or gallon.

Gary Ho

Okay. That's helpful. Sorry, I have joined call late. Curtis is there [indiscernible] the 140 ads that you disclosed last quarter, correct me if I'm wrong, that's still relevant. And then, you've disclosed the 785 average for the year, that suggests might be more second half weighted. Just wondering if you can provide a bit more color on when you expect the MSUs to be delivered and deployed?

Curtis Philippon

Gary, yes, those numbers are good numbers to go by. There's obviously the deliveries tend to come in more in the back half of the year, but those are still good numbers to use for your model.

Gary Ho

Okay. And then Curtis, while I have you, maybe just give us an update on the Hubs ad expected this year. Any color you can provide in terms of areas that you're targeting and/or businesses that might be new, et cetera?

Curtis Philippon

Yes. On hub additions, we're quite pleased. Recently, we went to full operations at our newest location. We've added a significant operation in South Dakota that's focused on RNG collection and injection. That's our newest operation. It's our newest operating area that we're pretty excited about the really strong position in the RNG market for us. For other locations, maybe I won't get into where exactly we're going on new locations, but the big focus in the near-term is really increasing capacity at some of our existing locations that we are seeing that we've got more demand than we can handle out of a couple of our existing facilities. The big push right now is to ramp up some additional capacity at a few sites to be able to support that customer demand.

Operator

Thank you. Our next question comes from the line of Robert Catellier of CIBC Capital Markets.

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Robert Catellier

Good morning, everyone. I'm happy to see the progress you've made on the U.S. Propane side. I'm wondering what you can detail for us in terms of how you drove that margin expansion. In other words, how much is due to retaining pricing as propane declined versus some of the other strategies that you just mentioned, Allan?

Allan MacDonald

It's a little early for me to give you specifics, Rob. Good morning. A little early for me to give you specifics. We saw an interesting quarter in the U.S. January February were a little more seasonal and actually we're very, very pleased. The March didn't go our way. I would say, some of the gains we made were given back in terms of volume related fluctuations. But it's a game of interest, right? We are doing better and better on making sure that customers that where we've seen either through acquisition had contracts that were perhaps less favorable to us because they had low volume and non-rental agreements with the tanks or for some reason their volume changed and we ended up changing our approach to pricing. It makes a small contribution, but in quarters like this, it can make a difference. All that to say, look, it's really hard for me to give you specifics at this stage, but why don't we just chalk it up to managing the business better and try to keep an eye to making sure that not all margin increases are simply just raising the price per gallon.

Robert Catellier

Okay. I have a similar question on the cost side. Can you detail some of the things you're doing on the operations that are helping you on the cost side?

Allan MacDonald

Over the course of the quarter, we reduced some headcount in Canada to the tune of around 100 people. The U.S. right now is about 200 people lighter than it would have been this quarter last year. That's largely through attrition. Our route optimization, we made obviously fewer deliveries in Q1 than we would have the year before. You see that through the volume. But the deliveries were almost flat. It was marginally lower. Yet, we did that with driving 100,000 fewer miles and with about 73, I think it was or with a substantial fewer number of drivers. We are starting -- it's this vibration from the M&A roots that I was talking about in the opening remarks to more operational focus.

When you have these businesses, they keep pulling together and they just make them more and more aware of the efficiencies, the opportunities they have within the business and start tackling them, they pay a dividend. It's not going to change the world in one quarter, but if we continue to do this quarter-after-quarter, over time, we're building a much more sustainable bottom-line. Like I said, better pricing, being smarter in terms of not just relying on volume, but making sure our customers are profitable. We are starting down that journey. And then, looking to headcount and the operating efficiency we have in the business.

Robert Catellier

Okay, great. Thanks for that. A question on Certarus. I'm curious that the data center is a vertical of interest. We are hearing another operator have some success basically serving as a last mile, where some data centers are natural gas powered, self-powered with the power on-site and with the CNG operator basically serving as a last mile, until they're plugged into a pipeline. Is that a vertical of interest for Certarus?

Allan MacDonald

Yes. The data centers are top of mind for everybody right now. Obviously, they're significant power consumers that create lots of interesting opportunities. We're working on a number of them. They are a very significant power demand though. And so, typically, they are more short-term opportunities for a virtual pipeline situation that you are ideally building a data center in a place where you have pipeline access gas. But I do expect that, as they're building these things out, that there's going to be some interesting opportunities for Certarus to participate in. I think more interesting broadly, I think they tell a really interesting story about the macro things that you see going on in the world that create a great environment for Certarus. Certarus thrives because we bridge these gaps in energy infrastructure and efficiencies.

And I think data centers are a prime example of new disruptions in energy demand that are causing strains on energy infrastructure. And anytime you have these strains, you have these great opportunities for Certarus to bridge the gap and generate great returns. And so, I think it's still to be determined exactly what role Certarus will play directly in data centers, but I do expect that, the disruption in the infrastructure caused by data centers are going to create a number of other ancillary demands on the energy infrastructure that's going to cause interesting opportunities for us. As they pull a lot of energy, that creates other gaps where the energy is not getting to for Certarus to fill.

Robert Catellier

Okay. Those are all good points. Last one for me is, I wondered if there's any updated thoughts on a potential U.S. listing? Thank you.

Grier Colter

Hi, Rob. Maybe it's Grier. I'll maybe take this one. I would say, yes, we'll always talk about potential ways for us to add liquidity and the other basic benefits. I'd say, at this point, probably nothing imminent on that.

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Operator

Our next question comes from the line of Nelson Ng of RBC Capital Markets. Please go ahead, Nelson.

Nelson Ng

Great, thanks. Good morning. Allan, I guess congrats on your first year at Superior Plus.

Allan MacDonald

Thanks.

Nelson Ng

Yes, my first question is, I didn't hear quite clearly, but Allan, I think you talked about Certarus allocating a certain portion of MSUs towards RNG. Maybe Curtis can clarify, the portion allocated to RNG. What was that in the last quarter and how was that different from a year ago?

Curtis Philippon

Hey, Nelson. It's Curtis. The RNG allocation, it's in the first quarter, it probably would have been closer to 5% of our fleet in the early part of first quarter. As you trended out to the back end of the quarter, it was pushed in 10%. As we're getting into right now today, we're really moving into that sort of 10% -ish of the fleet allocated to RNG. It's a growing portion of an overall growing fleet for sure.

Nelson Ng

Within 5% at the beginning of this year and 10% at the end of or into Q2. Is that what you said?

Grier Colter

Progress ramp up, Nelson. I think Curtis, Q1 of last year would have been nominal, wouldn't it?

Curtis Philippon

There would have been. Yes, there is the I don't have the exact number in front of me, but it's definitely grown year-over-year. What's one of the interesting applications for RNG is a number of digester projects those number of projects that require ambient heat. And so, you see more deployment of RNG trailers in the spring and summer which is perfect sort of counter winter work for us as well. You see a bit of an uptick over Q2 and Q3 in RNG activity.

Nelson Ng

I see. Thanks. And then my next question probably for Grier, but on the $230 million of CapEx. I think Q1 spend was about $39 million. Can you just talk about the seasonality of your CapEx spend?

Grier Colter

I think it should be relatively even. It was a little lighter than we expected in the first quarter, but we fully expect us to ramp up and increase spend over the remaining three. Yes, as I say, like the $230 million is still the number. We're a little lower than what we would have expected. I think we were probably about $10 million lower than what we would have expected in the first quarter. But as Curtis says, and Certarus is the bulk of the CapEx, it tends to be a little bit tailwind weighted. The other thing too, we took quite a large order right near the end of the fourth quarter 2023 with about 50 MSUs. That's kind of part of the equation as well. But, yes, it should be relatively even, Nelson, but yes, we are a little bit lighter than what we thought in the first quarter.

Nelson Ng

Okay. And then just on the MSUs, are the suppliers having any difficulties delivering on MSUs or are they at capacity or I just want to know, are there any potential delays in receiving MSUs?

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Curtis Philippon

Not so much on capacity challenges, but we are working with our suppliers on some new designs that is causing some delays as we're working through the next generation design and making sure that we get that right before we're shipping those out of one of the manufacturers. And so, we're quite excited about that new product. We are taking our time to make sure we get that right before they ship.

Nelson Ng

Okay, thanks. And then, just one last question. I know it's a bit hard to assess, but do you have a rough estimate of the EBITDA impacts from the mild weather in Q1?

Grier Colter

Yes. I probably have, but I don't have it on my fingertips. It's a little bit complex, because we kind of marked everything to market for halfway through, like we released our guidance kind of partway through the quarter and we were aware that the weather had been a bit challenging for the first part and we kind of adjusted our estimates for that. Of course, we were still exposed for March at least, and I think some of February. And so, that kind of was not, I don't have the numbers in front of me right now, but we can take it away. It's probably relatively significant though like probably $10 million, maybe $10 plus million or whatever. But why don't we go away, get the information for you and actually get it right, and then we'll put a note out maybe to the group if that makes sense.

Operator

Our next question comes from the line of Aaron MacNeil of TD Cowen. Please go ahead, Aaron.

Aaron MacNeil

Good morning. Thanks for taking my questions. Curtis, similar question to the one Nelson just asked, but can you give us a sense of how far your suppliers are booked out? And when you might have to make a call on 2025 deliveries? Or, if you've given them any early indications of interest for 2025?

Curtis Philippon

Hey, Aaron. We always worked with our suppliers. We have great relationships with the two main suppliers in this space. And as part of that, we are constantly talking with them about what our needs will be for production slots going into next year. And so, they're well aware of what our plans are and what that looks like and we're expecting that's going to be similar scale to this year, a little bit larger, but similar scale going into next year as well.

Aaron MacNeil

Understood. And then maybe one for Grier. As you think about reducing leverage, are you looking at the potential for targeted underutilized asset positions? And if you are, what types of assets could you look at? What could the magnitude be in terms of proceeds and who might be the potential buyer of those types of assets?

Grier Colter

Hi, Aaron. Yes, for sure. We always need to think through the portfolio and make sure that, we've got -- the assets are yielding sufficient return. I think it's relatively unlikely, I think that, we're going to sell off businesses or regions. I think we'll always be open to it. But I think, just given what we've built up in the markets that we're in, I mean, we like what we've got. I think it's a question of pushing hard to take more market share. But others, it's not like we've identified businesses that are regions that are underperforming and we want to sell. I think that, that's unlikely. That said, I mean, if someone's to knock on the door and give us some type of offer, we are obviously always going to entertain it. But I don't think that's really the focus.

I think probably a little bit more micro and maybe not what you're asking, but I think where we've got, we did a couple of acquisitions in a geography where you get overlapping infrastructure like yards or branches, where you can take out small assets like that. These are way less material. I mean, these would be like $0.5 million or $0.25 million, maybe $1 million on the large end. But, I think it's more stuff like that where you take out duplicative and adding inefficiency to the operation versus outright selling businesses. As I say, we'll always be open to that, but I think it's unlikely.

Aaron MacNeil

That is sort of what I was looking for. In the single-digit $1 million sort of impact, so not overly material, I guess?

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Grier Colter

Sort of more widespread impact, you think about. We have double digit numbers of locations that we've identified to take out. The benefit there is really about increasing efficiency, avoiding maintenance costs and regulatory capital. The disposition value will be nominal. The cost avoidance isn't terribly significant on a location-by-location basis. But if you start to add up to 30 locations to 50 locations, well then, it's starting to yet be another positive contribution to the bottom-line. This is the boring operating day-to-day stuff that we get into, but it's the stuff you have to do and it makes a big difference when you do it well.

Operator

[Operator Instructions]. Our next question comes from the line of Ben Isaacson, of Scotia. Your question please, Ben.

Ben Isaacson

Great. Thank you and good morning everyone and congrats on the quarter. Allan, I think you mentioned at the start of your comments that MSUs, you have a 40% share of the market in North America. Is that right?

Allan MacDonald

Good morning. I really hope so. No, when you think about the market, you can look at it a couple of different ways. You can look at it in terms of volume, which obviously changes day-to-day. But directionally, we have about 40% of the MSUs that are operating in North America.

Ben Isaacson

Okay. Great. Can you talk about the landscape of the rest of the market? Are there consolidation types of opportunities out there? How do margins stack up for your product versus the rest of the street? If there are any consolidation opportunities out there, would there be anti-trust concerns? Thank you.

Allan MacDonald

I'm going to offer a couple of comments and then Curtis will probably want to chime in. There have been a couple of consolidation opportunities that have come our way in the last 12 months, and certainly in my tenure here, Curtis has probably seen some even more. We didn't ever get to the stage, where we had an anti-trust conversation for the simple reason that acquiring MSUs by virtue of acquisition versus acquiring them organically like what we're doing has one big distinction. When you acquire them by acquisition, you acquire their customer base with them. And in the few that we've looked at, the customer base and the operations weren't as profitable as Certarus's.

What you end up doing is acquiring a company and having to work through where they are to get them up to Certarus' level of profitability. And when we looked at it, greenfield organic growth was a better path. For a lot of cases because these were ancillary or adjacent businesses not pure plays the waste of Certarus. So, not surprised. For us, we haven't seen an acquisition target yet that would rival Certarus and it would be interesting, if we did. I don't expect we will in the short-term, but if we do then we'll certainly have a look at it. Anti-trust, my educated guess would be I don't think we'd have a big anti-trust problem, but I guess that remains to be seen. Curtis, do you have anything you'd add to that?

Curtis Philippon

I think that's a good comment. Our focus over time at Certarus is to keep growing this organically and we feel pretty good about the Certarus team's ability to go grow things directly. And so, we haven't really seen the need to go out and acquire other companies and we haven't really seen a lot of benefit in doing that. We will always look at it eventually as you can grow and scale there will be some interesting tuck-in opportunities. But at this point, we're pretty focused on just greenfield growth.

Ben Isaacson

Thank you. And my last question is just on the seasonably warm weather that we've seen play out not just this year, but over the past few years. Would you say that, in the absence of customer growth on a same not same-store sales, but maybe the same customer sales basis, would you expect volume to be flat or maybe to decline slightly over the coming years as you look at how weather patterns have changed?

Allan MacDonald

Per customer?

Ben Isaacson

Yes.

Allan MacDonald

I don't know like there's going to be some weather-related variability, obviously, warm versus cold. You've got the notion of fuel efficiency. New appliances are more efficient. The exact same home will have a lower energy consumption requirements on the exact year-over-year than it would 10 years ago, insulation, efficiency, things like that. That's a downward pressure. And then, you got us looking at a whole new segment of customers that I think are going to be very good for us. Seasonal customers, backup power customers and what we have to do there is not think about them in terms of the price per liter they're paying, but the return on the investment that we're getting. Putting tanks on a customer that might be seasonal or using propane as a backup, that's a customer we want. We just have to price it on a rental basis with delivery fees and monitoring fees, so it will look a little bit different.

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Our ambition is continue to be mindful of volume obviously, but for me the number one driver is adding getting more share and adding more profitable customers and having better retention. I'll take customer growth and retention improvements with more sort of steady-state pricing versus the traditional model of signing up big volume customers and having great years, when the weather was in your favor and struggling when it wasn't. That's a long way to answer your question, but I think volume is going to still be interesting, but not the only measure of success for us going forward.

Ben Isaacson

That makes a lot of sense. That should help to mute the impact or help with earnings stability and predictability, I guess.

Ben Isaacson

We have a fixed base, a fixed cost business with a variable revenue, and that's what we want to diverge from and get more of a fixed revenue business. Again, we so much acquisition. There's work to be done to go back to make sure everybody's profitable through this lens. That's all underway.

Operator

Thank you. I would now like to turn the conference back to Allan MacDonald for closing remarks. Sir?

Allan MacDonald

Thank you all for joining us today and for taking the time to hear what we have to say and for your very insightful questions. It's such a pleasure to talk to you all and when I think about the work that we've done, we've come so far in the last year and this is just the beginning. Look forward to speaking with you all in the interim and again for our next quarterly results. Thanks very much. Over to you, Operator.

Operator

Thank you. This concludes today's conference call. Thank you for participating. You may now disconnect.

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