Suncor Energy Third Quarter 2024 Financial Results Call

Wednesday, November 13, 2024

Operator: Good day and welcome to the Suncor Energy Third Quarter 2024 Financial Results Call. At this time, all participants are in a listen-only mode. After the speaker presentation, there will be a question-and-answer session. [Operator Instructions] Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your speaker, Mr. Troy Little, Suncor Energy's Senior Vice President of External Affairs. Please go ahead.

Introduction

Troy Little

Senior Vice President of External Affairs, Suncor Energy Inc.

Thank you, operator, and good morning.

Welcome to Suncor Energy's third quarter earnings call. Please note that today's comments contain forward-looking information. Actual results may differ materially from the expected results because of various risk factors and assumptions that are described in our third quarter earnings release, as well as in our current Annual Information Form, both of which are available on SEDAR, EDGAR and our website, suncor.com.

Certain financial measures referred to in these comments are not prescribed by the Canadian generally accepted accounting principles. For a description of these financial measures, please see our third quarter earnings release.

We will start with comments from Rich Kruger, President and Chief Executive Officer; followed by Kris Smith, Suncor's Chief Financial Officer. Also on the call are Peter Zebedee, Executive Vice President, Oil Sands; Dave Oldreive, Executive Vice President, Downstream; and Shelley Powell, Senior Vice President, Operational Improvement and Support Services.

Following the formal remarks, we'll open up the call to questions.

Now, I'll hand it over to Rich to share his comments.

Opening Remarks

Rich Kruger

President & Chief Executive Officer, Suncor Energy Inc.

Good morning. Let me start with happy holidays, more on this later. Three months ago, I stated our second quarter was about execution and momentum. Execution of major planned turnaround events and momentum in targeted improvement areas. Conversely, our third quarter was about performance and delivery. Performance, largely unencumbered by major maintenance activities and delivery on commitments articulated during our May 21 Investor Day. As usual, Kris will detail quarterly results. I'll provide some color commentary starting with safety.

Personal safety, core value, top priority, continues to be strong year on year. Lost time events down 40%, recordables down 23%. Rates are at or near our best-ever. Similarly, process safety performance year-to-date is at a best-ever level, positions us within the first quartile in North America.

I'll highlight our Oil Sands team for their third quarter performance, particularly those at Firebag. In early July, with wildfires in the region, we moved Firebag to essential personnel only. As a precaution, we shut in production sitewide, thereafter, restarted the least affected well pads, was touch and go for several weeks. Our teams worked closely with local and provincial authorities and responders. Our number one focus was to protect our people and protect our assets. I'm pleased to say the entire situation was managed incident free, a credit to our people, procedures and site leadership. Production impact was material, however, but limited to July only at 60,000 barrels a day for the month.

Every quarter, I talk about reliability or asset utilization because the incremental barrel produced or refined is the most profitable barrel produced or refined. It's delivered at little to no incremental cost, essentially flows to the bottom line. At today's Suncor, a full utilization of installed capacity closely follows safety in our priorities. And as full utilization is achieved, we turn to low-cost debottlenecking. This clear, simple operational framework is delivering tremendous value company-wide.

I'll illustrate with refining throughput and upstream production. Refining throughput in the third quarter was 488,000 barrels a day, up 25,000 barrels a day or 5% compared to a strong third quarter of 2023. It was the best quarter of any quarter in company history. In fact, there isn't even a close second, is 20,000 barrels a day, or 4.3% higher than our previous best quarter. Achieved with 105% overall refining utilization in the quarter, this was our highest overall network utilization in any quarter in history. And all four refineries achieved 100% or higher, every single facility, led by Commerce City at 109%, and Sarnia and Montreal with best-evers, both at 106%.

Year-to-date utilization is 98%, compared to 88% at the same time last year. We're on pace to blow away our previous high. High reliability and resulting throughput enabled us to confidently and aggressively market and sell. The result, refined product sales of 612,000 barrels a day in the third quarter, the highest quarterly sales in our history and our first quarter ever with sales above 600,000 barrels a day. For those that are keeping track, this is now back-to-back-to-back quarterly records.

Upstream production. Third quarter, 829,000 barrels a day, up 138,000 barrels a day, or 20%, from the third quarter of last year. It was our best third quarter in company history, within 6,000 barrels a day of our best quarter ever. Performance exceeded our prior best third quarter by 67,000 barrels a day. And this was achieved despite a 20,000 barrel a day wildfire impact I mentioned at Firebag and a 10,000 barrel a day turnaround impact at MacKay River.

Upgrader utilization in the third quarter is at an unprecedented 99%. Recall, each additional 1% utilization adds $20 million a year in free funds flow. Year-to-date utilization is at 96%, including the impact of turnarounds. Our best prior annual average was last year at 92%. We're set to beat that in 2024. Bottom line, third quarter and year-to-date reliability, our asset utilization has been exceptional, on trend for best-evers across the board, upstream and downstream. Here again, a credit to our people, their expertise, their teamwork, and their determination.

Profitability. Kris will cover overall profitability. I'll highlight cost management and operating leverage. Year-to-date 2024, total OS&G, all in, top to bottom, is $9.65 billion, down $340 million versus year-to-date 2023. However, upstream production is 87,000 barrels a day higher year on year.

Refining throughput is 49,000 barrels a day higher year on year. And refined product sales are 51,000 barrels a day higher year on year. You get the message, free barrels, higher absolute volumes, lower absolute costs, the Oxford Dictionary's definition of operating leverage in a nutshell. Every business segment or major operated asset, upstream, downstream, corporate, is at lower absolute and/or unit costs in the first nine months of this year, compared to the first nine months of last year.

I'll offer you another perspective on year-on-year cost performance. Let's assume for a moment that our fourth quarter 2023 acquisition of Total's 31% interest in Fort Hills never happened. In other words, take out all impacts in 2024 of the additional ownership. So, we'll have an apples-to-apples year-on-year performance with the exact same asset base.

Total OS&G year on year down $880 million, yet upstream volumes are up 34,000 barrels a day and refining, of course, is up 49,000 barrels a day. I'll repeat that, apples-to-apples, $880 million lower cost year on year with higher volumes. Bottom line, operating leverage is being achieved any way you slice it. I've said it before, cost management is about attention to detail, discipline and accountability, a mindset that every dollar matters, cost conscious, determined, results-oriented, today's Suncor.

During our May 21 I-Day, we detailed a number of our improvement plans. I'll provide an update on a few. Turnarounds, we previously stated the second quarter was our biggest turnaround quarter in 2024, with 80% of the year's activity planned. If you recall, four big events, $800 million completed on budget and 10% shorter in duration. We've now completed the bulk of the year's remaining activity. Specifically Base Plant U2 upgraders annual maintenance, maintenance in MacKay River, combine the two events, again, on budget, ahead of schedule. For the year, total turnaround spend will be under $1 billion, down 20% from the prior five-year average.

Mining, we've described our mining strategy in a nutshell as fewer trucks, bigger trucks, autonomous trucks, operated better, maintained cheaper. Update on the 55 new 400-tonne trucks that will replace twice as many smaller, less efficient third-party trucks. The first 35 are now in operation. Two more will arrive at Fort Hills shortly. The final 18 will arrive at the Base Plant throughout the first quarter of 2025. These 55 new trucks will lower annual operating costs by more than $300 million a year.

In situ, for several quarters, I've talked about the value of our in situ operations. Performance records keep piling up, particularly at Firebag. Through the first nine months of 2024, two record quarters and five record months, including August at 238,000 barrels a day and September at a whopping 247,000 barrels a day at Firebag.

Last quarter, I highlighted an opportunity that the Firebag team identified a $1 million modification to diluent stripping capacity to increase bitumen production with the expected impact of 3,000 to 5,000 barrels a day in increased annual average production and $50 million in additional free funds flow per year. The opportunity was implemented in the third quarter. It was completed in mid-August ahead of schedule at a cost of $500,000 versus a $1 million. Incremental production to-date has been more than double the 3,000 to 5,000 barrels a day expected. Consequently, the incremental free funds of greater than $100 million a year. This is Suncor's version of a double-double, half the cost, twice the value.

Fort Hills, we just passed the one-year anniversary of the Total Canada acquisition. The primary asset was a 31% working interest in Fort Hills, bringing our ownership to 100%. We've articulated the benefits, production reserves, long-term bitumen supply, tax pools. I've got another example of value added from this acquisition. Recall that Fort Hills applies the PFT process technology, which partially decarbonizes produced bitumen, removes the heavier asphaltene molecules, results in a premium value in the market. Our physical integration allows us to either direct Fort Hills directly to the market or to our Base Plant upgraders.

Until recently, we were pipeline limited to a maximum of 65,000 barrels a day to the Base Plant. However, our team identified an opportunity to increase this capacity. So, for $1 million, we have increased Fort Hills to Base Plant capacity from 65,000 barrels a day to 100,000 barrels a day. We debottlenecked the pipeline with improved hydraulics, completed the work in six weeks with the use of surplus equipment. This adds both operational flexibility and incremental financial value, specifically, $50 million to $100 million a year in additional free funds flow depending on use. This is another tangible example of a competitive differentiator our peers can't replicate.

I've said before there is integration and then there is Suncor integration, this is an example of the latter. These Fort Hills and Firebag examples are representative of the focus within the company today, a laser-like focus on asset utilization, testing facility limits, capturing value, debottlenecking, adding low or no cost barrels upstream and downstream. Our teams companywide are literally raising the ceiling on both our performance and our potential.

With that, I'll turn it over to Kris.

Quarter Highlights

Kris Smith

Chief Financial Officer, Suncor Energy Inc.

Great. Thanks, Rich. Good morning, everyone.

Well, before providing a brief overview of the financial and operating performance for the quarter, I want to go back to how Rich opened the call and start with happy holidays. You will remember that during our investor update in May, Rich talked about a Christmas present for our shareholders, specifically achieving our net debt target by year-end. As you can see from our third quarter financial results, Christmas has indeed come early. This is a significant milestone for our company and shareholders. And starting in Q4, as per our capital allocation framework, we will move to 100% return of excess funds to our shareholders.

This past May, at our Investor Day call, we announced a new $8 billion net debt target. That was underpinned by an ambitious plan generating substantial incremental free funds flow. Today, not only are we executing that plan, but we're ahead of it, enabling us to meet our net debt target well ahead of many external forecasts. How did we do it? By being laser focused on what we can control, production, costs, capital and working capital. I want to congratulate the entire Suncor team, which did an amazing job delivering this result.

Now, by way of recap, at the beginning of the year, we were returning 50% of excess funds to our shareholders. In May, we reset our net debt target to $8 billion to reflect our improved performance and business plan and increased to 75% return of excess funds. Now that we've hit our $8 billion target at the end of September, we are increasing to 100% return of excess funds starting in Q4. Our shareholders asked for a new Suncor and this is yet another example of how we're delivering.

Continuing on the subject of net debt, subsequent to the quarter, in October, we successfully completed a bond repurchase tender, retiring $1.1 billion in principal. With interest rates coming down, building cash doesn't drive value. The tender captured significant economic value by retiring a large portion of our 2038 maturity tower.
As a result of this, we locked in annual interest savings of $70 million a year for the next 14 years, we optimized timing of retirement of the higher-interest US debt, we reduced our largest maturity tower by half, and we lowered our WTI breakeven while strengthening the resilience of our balance sheet. This was a win-win for both Suncor shareholders and bondholders, allowing us to strategically de-lever the balance sheet to manage our $8 billion net debt target, while providing liquidity to our bondholders.

Now that we've hit the $8 billion net debt target, you may still see our net debt move up and down from quarter to quarter around that number, driven by working capital movements that are a reflection of Suncor managing our business. That said, you can rest assured we will be allocating at or near 100% of excess funds on an annual basis while managing these fluctuations and are committed to ensuring maximum return of cash to shareholders while prudently managing our business and balance sheet.

Now, before handing back over to Rich, I will provide a brief overview of the financial and operating performance of the quarter beginning with the business environment. Crude oil prices came down during the quarter, with WTI averaging US$75 a barrel, the light/heavy differentials steady at US$14 a barrel, and the synthetic premium decreasing by US$1.50 a barrel, averaging a premium of US$1.30 to WTI.

On the refining side, 2-1-1 cracking margins decreased, reflecting global supply/demand. However, our 5-2-2-1 refining index remained strong at US$26.05 a barrel, which was US$0.65 a barrel below Q2, driven primarily by lower benchmark cracks, offset by lower crude oil pricing. Natural gas, a key input cost to our operations, also came down in the quarter, averaging $0.65 a GJ.

Now, as Rich has already gone through the operational performance in the quarter, I won't go through it in detail other than to repeat that we saw strong operating performance in the quarter. As Rich said, this included 829,000 barrels per day of upstream production, 776,000 barrels a day from Oil Sands and 53,000 barrels a day from our E&P segment. This was the best Q3 upstream volumetric performance in company history, including record Q3 upgrader utilization and Firebag monthly records in the quarter.

Fort Hills was right on plan at 166,000 barrels per day, and we remain very pleased with the progress of the asset and the focus of the Fort Hills team on delivering against that plan. We also achieved 488,000 barrels per day of refining throughput and 105% refinery utilization in the downstream, which is our best quarter ever. As well, we saw 612,000 barrels per day in refined product sales, also a quarterly record and 101% margin capture on a LIFO basis when compared to our 5-2-2-1 refining index.

The company continued its tight cost focus with total OS&G expenses of $3.1 billion in the quarter, which are down quarter over quarter while production is significantly up. Again, as Rich pointed out, this is operating leverage in a nutshell.

As for CapEx, it was $1.5 billion, excluding capitalized interest in the quarter, which is down from last quarter, driven by less planned turnaround and maintenance activities across the business and is on plan for the year. We continue to prudently invest in sustaining our integrated asset base and advancing key projects like Base Plant cogen project, the Upgrader 1 coke drum replacement project, Fort Hills North Pit development and the Mildred Lake West mine expansion.

This record operational performance underpinned our strong quarterly financial results. Despite the drop in crude price from Q2, we generated $3.8 billion in adjusted funds from operations, or $2.98 per share in the quarter, and adjusted operating earnings of $1.9 billion, or $1.48 per share.

In the quarter, we returned $1.5 billion to our shareholders, including $690 million in dividends, plus $790 million in share repurchases, while, as I've already mentioned, hitting our net debt target.

Overall, the third quarter was a continued demonstration of the new Suncor's focus on delivery of the fundamentals of safety, operational reliability, cost and capital discipline and profitability, including strong financial returns for our shareholders. And rest assured that the Suncor team is focused on finishing this year strong and carrying that momentum into 2025.

And with that, I'll hand it back over to you, Rich.

Rich Kruger
President & Chief Executive Officer, Suncor Energy Inc.

Thanks, Kris. Before we continue comments on full year guidance, I don't have any new numbers for you today, but I'm going to leave that horse right up to the water. Third quarter complete, six weeks into the fourth, upstream production, we continue to track above the high end of our guidance. Refining throughput, we also continue to track above the high end of our guidance. Refined product sales, same message, continue to track above the high end of our guidance. OS&G and CapEx, we continue to track within or better than our guidance ranges. I've repeatedly said today's Suncor is a new Suncor. Tangible improvement plans backed by a growing list of performance proof points and a clear comprehensive roadmap and determination to compete and win.

During our May 21 Investor Day, I stated that with the plans that we had outlined at that time, we projected hitting our at or near $8 billion net debt target sometime mid-year 2025. I also stated that we were committed to do better, that we would pull every lever to accelerate achieving that target and the subsequent increase in buybacks.

Some of you have reminded me, I went so far as to say that I couldn't think of a better Christmas present for our shareholders than to achieve that target by year-end 2024. Well, as Kris described, Christmas is coming early this year at Suncor. I'm sure each of you on the call had the same confidence I had that we would achieve this. Another example of today's Suncor, focused, determined, results-oriented.

Troy has even offered to sing Michael Bublé's Santa Baby to celebrate. But in the interest of time, we'll skip that.

So, Troy, back to you to kick off the Q&A.

Troy Little: Thanks so much, Rich. I'll turn the call back to the operator to take some questions.

Q&A

Operator: Thank you. [Operator Instructions] And our first question will come from the line of Dennis Fong with CIBC. Your line is open.

Dennis Fong (CIBC Capital Markets): Hi, good morning, and thank you for taking my questions. First and foremost, congratulations on obviously a very strong quarter and the achievement of your net debt floor well ahead of schedule. And I would love to see a live streaming of Troy singing Santa Baby.

Rich Kruger: I'll get you that, Dennis.

Dennis Fong: First and foremost, Rich, I appreciate the context you provided in kind of the prepared remarks, especially on individual opportunities that the team has seized. And frankly, knowing you, I'm sure it's never too early to ask what are the opportunities you're most excited coming up next, as we kind of look into 2025 and frankly, beyond?

Rich Kruger: Thanks, Dennis. Dennis, I think what we continue to find as we create this intense focus on asset utilization and our unique level of physical integration, we keep finding examples. They don't always translate into a barrel or – but they translate into dollars. When you take PFT to the Base Plant, we get a yield uplift and we get a higher valued product, for example. And the way these teams, and I'm looking down the table at Dave, Peter and Shelley, the way our operating teams are integrating, looking at our world as an entire system and capturing value wherever it lies, that to me is quite exciting. And so, I think the best way to judge us going forward is on the incremental free cash flow we generate. We'll bring along barrels with it, upstream or downstream. But I've seen value in many, many areas in our business. And I share some of the examples on the calls. For every one I share, there's another 10 of the teams working together to create value. It's – I've been in this business a long time, Dennis, and I've seen a lot of ups and downs. This is as exciting a personal opportunity as I've ever been a part of.

Dennis Fong: Great. No, I appreciate that color. The other item that I wanted to kind of ask about was the cogeneration facility. Wanted to maybe get an update from you guys there and what you think is the opportunity or benefit once that facility or part of your Base Mine ramps – or Base Plant ramps up.

Rich Kruger: Totally. Shelley Powell and her team are managing that project. Shelley, give us an update.

Shelley Powell: Yeah, great. So, this is a really exciting project for Suncor and I think for the province as well. When it comes online, it's going to increase the reliability of our steam system at Base Plant and it also is going to improve the carbon intensity of our barrels. It's going to allow us to also export additional electricity, which is going to head to the Alberta grid and I think really serve us all well. So, we're in the final stages of the project. We're well into commissioning. Things are looking good. We're in the final push to get things up and going before the cold weather sets in at Fort McMurray. But we're really happy with how this is coming together.

Rich Kruger: And we expect that we will do that. Before we get into the winter, we'll have this beast up and running.

Dennis Fong: Great. Thank you for the color. I'll turn it back.

Operator: Thank you. One moment for our next question. And that will come from the line of Greg Pardy with RBC. Your line is open.

Greg Pardy (RBC Capital Markets): Yeah, thanks. Good morning. And just to echo the last comment, I mean, just an outstanding quarter. Rich, I wanted to dig into what you're talking about from an operating standpoint. And what I'm trying to better understand is that when you look at the upstream and downstream levels we're seeing, operating levels we're seeing versus history, is this a function just of underutilization? So, the assets simply were just running too slack a manner or are you rerating the assets like Firebag?

Rich Kruger: I think it's more of the latter, Greg. What we're seeing is teams going in and the integrated nature of how we work today with our technical teams, our operational teams, our central teams that bring a level of expertise, where they're looking at assets and identifying where is the bottleneck, where is the limiting factor, the constraint, and then what does it take to modify or change that? And I think I've used several examples throughout the year at Firebag, I used the example earlier in the year coming out of a turnaround at the Montreal refinery. And so, you're incrementally, literally changing the capacity or rerating the facilities as we go. And I won't repeat it, but we all know those are the most profitable barrels, they're the lowest cost.

One of the things we're trying to continue to drive down is our capital intensity. And so, when we have the teams focused on this, we keep seeing examples. And what I would say, I'm pleased at the identification of the examples. I'm even happier with the pace at which folks are capturing them. And I used some examples, Suncor’s double-double, half the cost, twice the value. This is what our teams are accomplishing. And I feel a little remiss on these calls because I have so many examples I could share across the company, recognizing exactly what our teams are doing. So, I think it's more of the – we're rerating, we're raising the ceiling on the potential of this company.

Greg Pardy: Okay, understood. Thanks for that. And then related, how have you re-engineered the maintenance approach? And again, both upstream and downstream, turnarounds have been a bigger focus, quicker, faster, cheaper, what have you. But your safety record has been extremely strong as well. So, there's good integrity to what you're doing. But is there a philosophical change in how you now do maintenance?

Rich Kruger: Absolutely. And I'm going to turn it over to Dave and Shelley here in a second. But I mean, it all starts with safety and integrity. There's not a damn thing we're doing that jeopardizes safety and integrity in the interest of money and cost efficiency. So, it starts with that. But I think our teams, again, we're fundamentally looking at how we maintain our equipment. So, we've talked about turnarounds, but let me, Dave and Shelley, why don't you guys comment again about kind of the mindset or the psychology on how we're executing our work?

Dave Oldreive: Yeah, absolutely. Rich, and thanks for the question, Greg. I think about it a couple ways, we've talked about turnarounds before, and really the way we're approaching turnarounds is the same way we're approaching maintenance. And you could really argue some of our non-turnaround sustaining capital is largely the same approach. And we said before, there's no secret to turnarounds, you have to select the right work and you have to execute it efficiently. And it's the same thing that we try to do for turnarounds, for routine maintenance, as well as we're working, going forward, into our sustaining capital, non-turnarounds sustaining capital.

So, it all begins with benchmarking. We need to understand what competitiveness looks like and then we need to select the work scope that's aligned with those competitive costs. And we're seeing a couple of things with that. One, benchmarking allows us to set really focused and aggressive targets for the turnaround or the maintenance activity or the capital work. But it also shows the whole organization what's possible. They know other people can do it. It's not just a message from headquarters to go cut cost, it's a – we know this can be done. And it's a great rallying drive for the organization to get involved.

And then our risk-based work selection process has become much more focused. And again, that applies to turnarounds, to maintenance, as well as some of our sustaining capital. We ensure the right work is selected to reliably achieve the run. It's really not – it's about doing less work, but it's not only about doing less work, it's really about doing the right work at the right time.

And then with turnarounds, as well as with maintenance and capital, we're getting better at moving the approach so we have our work list locked in earlier. We're applying our new OEMS processes with detailed planning milestones, and that gives us the opportunity to have the work planned ahead of time to allow us to then go optimize the turnaround or the maintenance activity. And the good example is on our Montreal turnaround. We challenged the team. They realized they had a non-competitive duration on their turnaround. So, they looked, they had some time, they looked at how they could pre-build some of the components for their furnaces in more of a plug-and-play approach. And that was really the secret to shave 13 days off that turnaround.

So, we've had some good turnarounds so far this year. I see that moving into next year and even better as we get further along our competitiveness journey. And then I see that also applying to maintenance and sustaining capital over time.

Rich Kruger: So, let me – I just – it gets back to the whole cost management – attention to detail, critically looking at what we do, how we do it, how do we compare externally? If the goal or the vision is to be the best of the best, you need to know who the best is. So, the benchmarking that both Shelley and Dave are bringing in and Peter as well into the business so that we don't necessarily just look at how did we do this before or what was our best-ever, but the – how did the best in the business do it? It is a cultural change and we're driving that wide and deep. And we're seeing results – and as I've said before, we're seeing results faster than what I would have expected. And I really give that – I give all that credit and tribute to our people because they want to be the best of the best and that is exactly what we'll be. Shelley, you have anything else you'd add to that?

Shelley Powell: Yeah. I think I would underline the improvement that's really being driven by our operational excellence management system. I think it really ties into what Dave said, and it's underpinning how we're seeing the entire system come together. So, as an example, on the maintenance side of the world, we have a new process that we've implemented, manage threats to availability. And what happens is we have the key people across all the different functions in our operating areas get together every morning. They look at what's happening in our operation, they discuss what those threats to the availability might be on a given day, in a week, in a month. And then they put their heads together and figure out how do we get in front of those threats, how do we eliminate them before they actually turn into losses, and how do we ensure that we're maintaining and preserving the safety of our operation as we go through that. So, we're really seeing the benefits of that management system come to the forefront.

Greg Pardy: Excellent rundown. Thanks very much.

Operator: Thank you. One moment for our next question. And that will come from the line of Neil Mehta with Goldman Sachs. Your line is open.

Neil Mehta (Goldman Sachs): Yeah. Good morning, Rich and team. Appreciate the good updates here. The first question is just around working capital. It was a nice tailwind in the quarter. But the question we're getting this morning, is this structural or is this more temporary that can wind back? And I think you guys have done some good stuff around accounts receivables, payables, for example, that feels more structural but more color around that would be helpful.

Rich Kruger: Well, I'll ask Kris to comment on it. This has been, like other areas, a focus area now for us for some time and ye of little faith. This is structural in nature. But

Kris, comment on the really the outstanding work your team has been doing.

Kris Smith: Yeah, yeah. Hey, Neil, thanks for that question. And not a surprise that that might be getting asked out there. But as Rich just said, it's certainly working capital can move around from quarter to quarter, we all know that, commodity price changes or inventory management, those types of things. And we'll continue to see working capital move around. But the key point Rich just made it and actually, Neil, you just said it in your own question, there are structural changes built into this.

I mean as I mentioned in my remarks, this has been driven by focus on the controllables, right? Production, cost, capital and working capital. We've had the teams working hard this year, diving into our working capital. There is structural change that we're seeing. And this isn't just ringing the bell, right? This isn't luck or a tailwind that caused $8 billion of net debt to show up at the end of Q3. And our confidence in going to the 100% payout is our view of Q4 and 2025 and the fact that as we're managing our business and our confidence around managing all of those controllables.

So, we will see working capital move around, we know that. But we also have a lot of confidence that that working capital is well in hand and in the zone. And we're confident that we're in our net debt target zone. So, anyway, thanks for the question, because I think sometimes people do think working capital is just you're a taker on that. Sure, you can be when it comes to commodity price, but there's a lot of things that are in our control as well. And I really have to recognize, again, the works of the teams that have been working on all aspects of our business, including this one.

Rich Kruger: So, while some watch football on Saturday, Troy, Kris and I, we're going door to door collecting accounts receivable.

Neil Mehta: Yeah. That's great, great color. Then the follow-up is just around Fort Hills. And so, Rich, it's obviously been challenging on the southern part of that asset. But the view is as you move towards the mid and then open up the north pits, things just really start moving in your direction. So, just talk about what's happened on the ground there and how you see this evolving over the next couple of years.

Rich Kruger: Absolutely. Peter, you want to comment on Fort Hills?

Peter Zebedee: Yeah, sure. Thanks, Neil. Yeah, you're absolutely right. We're just finishing the final mining in the south pit now and transitioning our ore delivery to the center and the north pits. The key factor there, as we stated kind of a number of years ago now, is ensuring that we've got really solid mine health, a really good mineable ore inventory in front of us with adequate options for blending. And that's been the focus of the mining team. As we transition from the south pit to the center and ultimately the north pit, which is the largest pit, we'll open up large strike areas for good, solid, productive mining and ensuring that we've got lots of blend options in front of us that will ultimately translate into more barrels through the fixed plants.

And as I stated before, I'm really happy with the fixed plants. It's an excellent asset. It's got significant potential to deliver high volumes. So, that's not where our focus is, it's all on the front end and it's all in the mine.

Rich Kruger: We're just about two years into a rebased three-year plan and month after month, month after quarter, our Fort Hills team is hitting the milestones.

Peter Zebedee: Yeah. They've been bang on every single month with respect to our budgeted production volumes. So, we're really pleased with what the Fort Hills team is delivering.

Rich Kruger: And I'd add, not to – I'm smiling as I say this, not to put any added pressure on Peter, but now we're increasingly looking at – he's described these Ferraris we have for a plant, I would prefer to say Lexus. But yeah, we're looking at how can we continue to further debottleneck and support the plant with added ore over time. So, while we deliver on this three-year plan, we're spending much more time now thinking about longer term and how we can get the most out of this asset. More to say at future calls, but we're pretty excited about the opportunity slate we have there.

Neil Mehta: Awesome. Great pump up song, too.

Peter Zebedee: Thanks, Neil.

Operator: Thank you. One moment for our next question. And that will come from the line of Menno Hulshof with TD Securities. Your line is open.

Menno Hulshof (TD Securities): Thanks, and good morning, everyone. I'll start with a question on your $3.3 billion incremental free funds flow target by 2026 that was first talked about in May. How are things tracking internally relative to that target? Does $3.3 billion still feel like the right number and asset because it is predicated on slightly more constructive macro-outlook than we're seeing today, and also because you seem to be flowing through all of your other targets. So, any update there would be good to get. Thank you.

Rich Kruger: Yeah. Menno, you may recall, on May 21, one of the things we did there is we referred to it as the normalized, so we gave a set of kind of the market parameters. So, you could use that to track how we're doing so we wouldn't be able to hide behind or take credit for whatever market changes. So, as we're looking at that – and we look at it that way, to really look at are we – what improvements within our control are we driving? And so, as we sit here approaching year-end, we are ahead of pace on essentially every commitment we articulated on May 21.

We said we would have about a US$4 a barrel reduction in our corporate breakeven in 2024, I don't have a new number yet, but it'll be bigger than US$4. We said, in 2024, we would – the free funds flow, the reference point would be a growth from about $5 billion, I think the number on the chart was $6.3 billion, something like that, we will be above that $6.3 billion for 2024.

So, what we plan to do probably on a bit of an annual basis is give very tangible updates on how are we doing versus that plan and where we stand right now, for all of the 2024 commitments, we are ahead of pace in capturing those. And so, what we're really looking at now are what are those things that were out there later in 2025, in 2026, what can we do to accelerate their capture and bring all that forward.

Now, what will be very key for us in 2025 too is holding the gains of 2024. We've made a lot of progress on cost discipline, asset reliability and things. We're trying to be sure whether we institutionalize those and don't slip back at all. So, we're a little bit of a victim of our own success in 2024, but I'll take that every day.

Menno Hulshof: Okay. Thanks for that, Rich. And then maybe along a similar track and it sounds you've answered this already to some degree, but maybe just confirm that you still see CapEx trending to less than $6 billion by 2026, excluding capital leases. And then similarly, when you look beyond the next five years, where we could, keyword being could, start to see brownfield spending on new bitumen capacity, is there a rough ceiling on annual spending towards the end of the decade that you could share today or is it still too early?

Rich Kruger: That capital profile that we outlined in May still remains. This year, I think our guidance range was for 2024 was $6.3 billion to $6.5 billion. We're tracking, quite frankly, on the low end or below that. And we're in a part – it's not because we're altering our work plan, is we're scrutinizing what we do, how we do it, and finding the most cost-effective ways to do it. So, I think that the next several years would be very consistent with our May 21 I-Day.

And then I think longer term, that's still work in progress. But I want to give you just – I've shared this with a number, but I want to give you just a little bit of context on that, is here's the issue we face. If we were to elect to maintain the capacity of this enterprise at the roughly 800,000 barrels a day, roughly, the Base Plant contributes about round numbers, 30% of that, about 240,000 barrels a day or just walking-around numbers. So, the issue this corporation faces, if we wanted to maintain it flat, is how do we replace 30% of our production in a decade? If we all jumped on a plane and flew to Midland, Texas, and pulled all the operators around the room, they're faced with how do they replace 30% every frigging year.

I'll take our replacing 30% in a decade any time. I've got a lot of confidence as we go through the internal suite of opportunities we have to debottleneck and expand a Fort Hills to continue to get more out of this rockstar of Firebag. I have very high confidence that we will address that challenge in the most economic manner for our shareholders when the time is right, in the right ways, and we will do that within a very disciplined capital construct that will allow us to compete and to continue returning significant capital to our shareholders while making the investments that make this company strong for the long term.

So, we've talked about it in Investor Day, we've showed some charts. I'm looking forward to when folks stop asking me about what's going to happen a decade from now, because what I can assure you, it'll be in the shareholders' best interest, we'll be very, very thoughtful and I'm not losing any sleep over that. I think we have a wealth of opportunities.

Menno Hulshof: That's very helpful. Thanks, Rich. I'll turn it back.

Operator: Thank you. One moment for our next question. And that will come from the line of Manav Gupta with UBS. Your line is open.

Manav Gupta (UBS): Good morning, guys. My first question is, looks like both Syncrude as well as the Base Mine are doing very well, exceeding expectations. And can you help us remind what role is that bidirectional pipe playing in the outperformance of both these assets at this point of time?

Rich Kruger: Yeah, I'll make a couple of comments and then I'll ask Peter if he has anything to add to it. One of the things just broadly that we have constructed here that is quite unique relative to our peers or competitors is this physical integration, where we can move barrels when we have maintenance in the mine at the Base Plant. We can backfill the upgrader with Firebag barrels and increasingly, I've described Fort Hills barrels, and we get even an uplift when the Fort Hills barrels come in. So, we've created the Base Plant and the upgraders much like a refinery that can be fed through multiple feedstocks. That is part of our winning formula.

Now, as we've extended in the bidirectional pipeline to Syncrude, we've kind of let them in on that party. So, when Syncrude has challenges or maintenance in the mine, we can keep the upgraders full or we can move different products because of the different pots and pans at the Base Plant or Syncrude to maximize the value of each and every molecule. So, that's a long answer to say that's been very, very important to the performance at Syncrude.

Peter, anything you would add to that on the bidirectional line?

Peter Zebedee: Yeah, no. I think, Manav, I think a good way to think about it is that it really helps to buffer out variability in the upstream. And so, we like to keep those upgraders running extremely steady. That's where they run the best, that's where we maximize our yield benefits of the upgraders. And so, having the ability to flexibly move bitumen where we need it, when we need it, is really what is differentiating. And you're seeing that start to manifest in the very high upgrader utilizations that we've seen both at Suncor and at the Base Plant.

So, as an operator, it offers yet another degree of operational flexibility and allows us to keep the overall system stable. And as Rich said, we're hunting for every bit of value, every barrel, making sure we're maximizing our margins on that with the integrated production system.

Rich Kruger: And just to comment on that, this is – we talked about this before, keeping the upgraders full is so essential because the – depending on whether it's Syncrude or the Base Plant, round numbers, they operate at $5 or $6 a barrel, roughly, something like that. Different processes, so a little different cost. Well, they take a low value to bitumen product and upgrade it to a high-value product. So, the uplift is tremendous. So, job one is to keep the upgraders full and I think that's exactly why you're seeing record utilization rates because of our organization recognition of where value is created.

And when we put barrels into the upgraders, we actually reduce our total production because of the consumption, the shrinkage that goes in it, we reduce the barrels, but we greatly enhance the value. And so, that's – those are the examples why I keep saying that I think they just judge us on the value we keep creating because that's exactly how we have the entire organization focused is on value.

Manav Gupta: Perfect. And then my quick follow-up here is, if we adjust for the FIFO, your refining earnings were almost flat quarter over quarter. Now, when I look across the North American comp group, earnings are down in some cases 60%, in some cases 90%. So, how have you been able to achieve a relatively flat quarter in refining while all your peers are down 60% to 70%?

Rich Kruger: Yeah. I'm going to turn it over to Dave. I know. Wouldn't you rather have our downstream than anybody else's downstream? I sure would. Dave, you want to comment on that?

Dave Oldreive: Hey, thanks, Rich. And we continue to make our downstream better. Manav, I think of it in two aspects. One, we delivered record rates in the quarter and that certainly helped. We also had strong margin capture. So, both of those contributed to strong free funds flow or AFFO coming from our downstream.

Rich mentioned the record 488,000 barrels a day, 20,000 bpd over a prior record, we set monthly and quarterly rates in Montreal. Commerce City, around 109% in the quarter. And Edmonton, actually, we ran into a few external speed bumps, a rail strike as well as a third-party caused power outage. But still the team in Edmonton delivered a 100% utilization for the quarter.

I'd say a record performance in the downstream. I wouldn't attribute it to just one thing. It's a combination of things, but certainly our clear and focused priorities are really helping remove distractions at our assets and our teams – my teams tell me that every day. It may sound a bit cliché, but our leaders are able to act as leaders and our engineers get to be engineers. And it's a lot of fun for them and they get to go bust through constraints. We're using benchmarking and we're proving our turnarounds and we have this culture of busting through constraints.

I'll give you a couple examples that also kind of highlight, Manav, just how structural some of these improvements are. If you think, for Sarnia, we completed our turnaround in the second quarter. And in that turnaround, we increased the size of a feed control valve on our crude unit and added 3,000 barrels a day of capacity. That's about a $20 million value for less than $100,000 investment.

We talked about – I talked about earlier in Greg's question around our Montreal turnaround, using that plug-and-play approach to make the turnaround shorter and we can continue to use that approach going forward. Once Montreal started up, the team was focused on conducting a bunch of test runs and they were able to structurally add 12,000 barrels a day of capacity in both the light and heavy crude modes. And that's a $50 million uplift for no incremental investment.

And I get really excited because our – what we're seeing now when we use our benchmark and we have this culture of constraint busting and we're challenging the organization, we're seeing everyone contributing. So, I actually get more excited about the small opportunities. Our team at the Montreal terminal recently changed the material of the totes that they receive additives in, it sounds like a small thing, it's worth $50,000 a year. Not a big deal in the big scheme of things but you add those up. We get 15,000 people in this company doing that, we're going to continue to drive improvements. So, those small wins continue to add up.

In terms of margin capture, with our refineries running full and we had more volume to capture margin on, but it also lowers our operating costs. Year on year, for the third quarter, we're down $0.40 a barrel. Year-to-date, we're down $0.75 a barrel, that's more volumes and lower absolute costs. Steady operations allow us to go optimize between our refineries and across our logistics network. We moved record volumes of diesel from the west to the east through the quarter, which helped drive volume. And another example of optimizing molecules is we began moving intermediate components between Sarnia and Montreal to allow us to run higher rates during our turnarounds. And we'd like that so much that we're doing that also in the fourth quarter to manage some smaller maintenance events.

We're growing our sales and marketing organization. That's where our highest value products are sold are through our sales and marketing domestic sales, through our retail and our wholesale channels. We're up quarter on quarter and we're up year on year on both retail and wholesale volumes. And we're seeing record jet fuel production and sales. Petro-Canada in the quarter regained its number one share of the market. So, lots of things going on to help us capture that 100% margin capture for the quarter and drive volumes to our shareholders. So, I think it's structural and I think there's more upside to it going forward.

Manav Gupta: Thank you for the detailed response. I'll turn it over.

Operator: Thank you. One moment for our next question. And that will come from the line of Roger Read with Wells Fargo Securities. Your line is open.

Roger Read (Wells Fargo Securities): Yeah, thanks. Good morning. A lot of the stuff's been covered here, but I think question wise I'd like to go is, you've done a lot on the cost side, right, and a portion of that is clearly just running better. So, you lower your per barrel or per unit costs. And another part is you're just taking costs out of the system. If you're running your refineries above 100%, probably not a lot more we're going to get on the top side there. So, I was just curious, as you look at the downstream and at the upstream operations, like what's the next thing you want to do in terms of improving the overall cost structure?

Rich Kruger: I think it's a combination, the – continuing to operate well. It's been mentioned a couple times, Shelley mentioned it, our new – and I mentioned, I think, two calls ago, our operational excellence management system that really digs into the details of how we manage threats to availability, how we manage turnarounds, how we conduct safe operations, and on and on, it's just continuing to do everything better. That is a part of it and that's what the best do.

And the other aspect of it is continuing to find those large and small opportunities that just keep adding value. And it's interesting, I like the nature of these calls. A year ago, 15 months ago, it was kind of a what the hell can you guys do to get off your knees and back on your feet? And now folks are asking, how high can we take this? We believe we can continue to take this enterprise higher. But it's no one or two things, it's 15,400 people focused like a laser on adding or creating value, and that's cultural. And increasingly – we don't talk about culture a lot, but increasingly, what we're fundamentally doing here is changing the culture of this organization.

When we're done on this call, this team goes over and we're meeting with, for the next day and a half, with 450 leaders in our company to talk about leadership, culture, what it's like at today's Suncor, that's all part of it. So, where is the limit and what's next? I'd say, I don't know what the limit is next and I think – or what the limit is and I think there continue to be a lot of areas for us to add value.

Roger Read: Let me follow up on that just one other way. So, other companies, very large oils and even some of the smaller refining companies, we've seen them maybe carve out underperforming assets, right, dispositions, addition by subtraction in a sense, to help out costs and margins. You haven't really had to move out of a lot of stuff. You've actually probably consolidated a little bit. So, I'm just curious, are there – we should think about maybe a paring in the future a little bit here and there to improve the – further improve the structure?

Rich Kruger: Well, I think, our model at the essence is we like to operate with 100% ownership through an integrated asset base. For all the examples, I won't go through them again on where we can add and create value. So, we'll continue to look at opportunities that align with that. And then on anything that is not aligned with that, we will continually ask and look at its performance and say, are assets worth more to us or are they worth more to others? And we haven't had anything of a material nature since, I guess, our wind and solar sale a year ago, a little bit more than a year ago and our North Sea assets. So, we'll always be looking at the asset base where we can enhance it and/or what doesn't fit with our proposition to win.

Roger Read: Thank you.

Operator: One moment for our next question. And that will come from the line of Doug Leggate with Wolfe Research. Your line is open.

Doug Leggate (Wolfe Research): Well, thank you. Thank you, everyone. Appreciate you taking my questions. Rich, nothing short of impressive delivery as everyone has opined this morning. But I've got two questions I was hoping you could clarify. So, one is, we've obviously – weather is always a factor when you look at utilization rates and your – things seem to be a bit of a tailwind this year. So, I'm trying to understand what inning do you think you're actually in on a normalized basis on execution? And I guess just another way of asking, how much of the US$10 do you think you've actually achieved and at what point will you give us the upside case?

Rich Kruger: In the US$10 a barrel, we designed that, we showed you in the May 21 update that we thought we'd get – we target about US$4 of it in – US$4 a barrel in 2024, US$2 in 2025 and US$4 in 2026, and that's just tied with the activities, the work we had planned. We're going to capture more of it this year.

And now, we're looking at those things that are on our radar screen of work in later 2025 and 2026, what are the opportunities to bring it forward to accelerate it while at the same time starting to replenish or repopulate the opportunity list for what's – what in addition to that. So, I think I'm a little early to say what that might be, but I can confidently say we're capturing improvements at a rate or a pace faster than we had even anticipated as recently as literally six to nine months ago.

And Doug, on the utilization rates and the weather and winterization, we're looking at what are the things we can do to be more immune? We know we operate in the environment we operate in, so we've – I think Dave's in his refining sector has looked long and hard on how we can do that, we're doing the same things across our upstream assets, trying to create a level of – a bit of an immunity to what conditions. Mining, for example, the miners love it this time of year. Once you start to get up in Canada at a Celsius, minus 5 to minus 10, that's when they smile and they come out to play because trucks can operate most efficiently. Now they don't like minus 30, minus 35, they want to go hibernate. So, there's a sweet spot in that.

So, we're trying to build our operations, whether it's through autonomous systems, working with original equipment manufacturers on further winterization of our equipment. We're trying to do things that allow us to be more predictable, ratable, stable throughout the year and whatever – obviously the business environment from a cost standpoint, but then operationally just throughout the inevitable swings we have in the business. That is the vision to be more predictable, ratable, consistent week after week, month after month.

Doug Leggate: I know it's a work in progress and a tremendous effort all around showing up in the numbers, obviously. But I guess my follow-up is a little bit selfish of a question, Rich, and I know we'll get a chance to get into this next week, but if you could forgive me this one. A very large company with a very long runway, it's kind of hard to move the needle in terms of market recognition of value from a DCF standpoint. Obviously, the breakeven coming down, big, big positive to the free cash flow. But from our sense, market recognition of value flows to the dividend. So, when you talk about the US$10 drop in dividend breakeven, my question is what happens to the dividend policy as you deliver the reduction in that breakeven, what happens to your dividend growth story as you go forward?

Rich Kruger: I think, Doug, the last time we met, we talked about this as well. What I'd say, fundamentally, we want to have a track of predictable, reliable, growing dividend that do we want it to be the highest yield? No, we would prefer to have a high fundamental, underlying share price on it, but predictable and reliable and growing over time.

And a bit inside our brain right now is with our ability to be buying back shares, it's even better if we're able to buy back shares at a rate equal to or greater than the fundamental growth rate on a dividend per share. Because then that helps with this whole breakeven concept that we're not growing our dividend in absolute terms, but it's increasingly manageable as we strengthen the business.

So, I brought in several concepts in that, but that's fundamentally what we're trying to do, reliable and growing dividend and in absolute terms, buy back shares equal to or greater than that growth in the dividend rate, so that the total dividend doesn't continue to grow over time.

Doug Leggate: Appreciate the answers. Thank you, Rich.

Rich Kruger: Kris, anything? Is that fair?

Kris Smith: Oh, no. It's a great summary, Rich. And Doug, I think, we laid it out at our May 21 investor update. We absolutely do view that this dividend will grow over time and will grow ratably and reliably on the back of us continuing to grow free cash flow in this business. And obviously, as Rich said, buying back our shares just provides another flywheel to that dividend. And at the same time, we're driving down our breakeven, so that we're resilient and we don't get ahead of our headlights and we keep the company very resilient in that respect too.

Rich Kruger: And just one final point, I think everyone knows this, we look at the dividend as a commitment, an obligation. It's in our breakeven. So, in any business environment, we want to be that reliable and growing mantra. So, the dividend is extremely important to us.

Doug Leggate: Appreciate it, guys. Thank you so much.

Kris Smith: Thanks, Doug.

Operator: Thank you. One moment for our next question. And that will come from the line of Patrick O'Rourke with ATB. Your line is open. Mr. O'Rourke, is your line on mute?

Nolan Akins (ATB Capital Markets): Oh, hey. Good morning. Can you hear me?

Rich Kruger: We can.

Nolan Akins: Nolan Akins for Patrick here. Thank you. Thanks for taking my questions. I've got two for you here. My first question is on Firebag performance. The nameplate capacity is about 215,000 barrels per day and in your updated presentation, you've spoken to 230,000 plus, we've seen that asset run considerably higher than that on a full month basis in September. Where is the run rate for that asset sitting now and what's the max single day production been from the asset so far this year?

Rich Kruger: Firebag is the gift that keeps on giving. As we keep finding opportunities to increase it, so I think I mentioned September was a monthly record high at 247,000 barrels a day. I mean, if I were to slip and let the cat out of bag, I might say October is even higher than that. We're still finalizing some of the numbers on it, but we're having stream days in the north of 250,000. And that again, it gets back to what we're trying to do at all of our assets. We operate them, we start out each day, looking at what are our threats to availability. We're focused like a laser on them. We're looking at debottlenecking to incrementally increase that capacity. And I think Firebag is kind of the epitome of our strategy and the results it produces.

Nolan Akins: Thanks for the color.

Rich Kruger: Sorry, Peter. I didn't say I was going to slip out of the bag that October was better. I couldn't help myself. Second question?

Nolan Akins: Second question's on Syncrude operating costs in the quarter, obviously very good. Could you provide a breakdown between kind of what was structural, durable there and what was helping support some of those lower energy input costs?

Rich Kruger: Peter, you got any comments on Syncrude?

Peter Zebedee: I would say – I mean, not just in Syncrude, but across the region, we've been really focused on improving the overall productivity of our mining business. That is the single largest cost driver at all of these assets, certainly the mining assets. And so, the more that we can do with what we have already offsets more expensive alternatives that we would have to bring in to complete the work required.

So, am I confident that these cost savings are structural and sustainable? The answer is yes. And that is absolutely the focus of the team to drive and continue to improve on our mining productivity so that it drives more expensive third-party costs out. And then you start to see that on the Syncrude bottom line. But indeed, across Fort Hills and Base Plant, it's the same story.

Rich Kruger: And Peter, keep me honest here, in delivering a barrel to the market of a product, the cost component, if you break the Syncrude or the Base Plant into three pieces, you've got the mining, extraction and the upgrading. And we've got – you got tailings and other things to deal with. But mining is the highest single cost component of that. And then depending on which asset either upgrading or extraction are closer, they're similar numbers. So, when you hear our strategy, it's heavily focused on driving mining costs down. It's heavily focused on maximizing upgrading utilization. It's – the difference in Suncor today is we're zeroed in with lasers and rifles versus shotguns to identify where are the biggest prize, aggressively target it, capture it and, then move on to the next prize.

Peter Zebedee: And maybe – and I'll just maybe add a couple more things, Rich. And bringing performance focus to the mining business is absolutely critical because you see it result in the bottom line costs. We have done that by benchmarking both externally but also internally. We mentioned a couple of calls ago about our MineConnect program, where we can literally benchmark very minor details of our mining operations and really look to optimize that across our various mines and focusing on the small things in a business that moves 1.3 billion tonnes a year really adds up to a lot on the bottom line.

And so, while we will focus on an extra kilometer, an hour faster on the whole cycle or an extra tonne on the truck, that adds up when you're moving as many cycles as we are. And that's what the teams have been doing.

Nolan Akins: Thank you for your color on that. I'll turn it back.

Operator: Thank you. I'm showing no further questions in the queue at this time. I would now like to turn the call back over to Mr. Troy Little for any closing remarks.

Troy Little: Yeah, I'm going to briefly turn it back over to Rich.

Rich Kruger: Yeah, I'll just wrap up quickly. Thank you for your questions today. But the themes I'd like you to recall is what we're talking about is cross-functional teamwork, with a level of clarity and focus on results and value that is part of an evolving or part of today's Suncor. This is the culture, increasingly the culture of this company and what our job is to continue to promote that culture and institutionalize it deep embedded in the very fabric or DNA of this company. And that's exactly what the folks on this phone call today are working on each and every day.

So, with that, thank you. Troy?

Troy Little: Thank you, everyone, for joining our call this morning. If you have any follow-up questions, please don't hesitate to reach out to our team. Operator, you can end the call.

Operator: This concludes today's program. Thank you all for participating. You may now disconnect.

[Operator concludes call]