

Brookfield Business Partners(Q3 2021 Results)

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Corporate Speakers:

- Alan Fleming; Brookfield Business Partners L.P.; SVP, Investor Relations
- Cyrus Madon; Brookfield Business Partners L.P.; CEO
- Denis Turcotte; Brookfield Business Partners L.P.; COO
- Jaspreet Dehl; Brookfield Business Partners L.P.; CFO

Participants:

- Geoffrey Kwan; RBC Capital Markets; Research Division, Analyst
- Devin Dodge; BMO Capital Markets Equity Research; Analyst
- Gary Ho; Desjardins Securities Inc.; Research Division, Analyst
- Jaeme Gloyn; National Bank Financial, Inc.; Research Division, Analyst
- Matthew Weekes; iA Capital Markets; Analyst

PRESENTATION

Operator[^] Welcome to the Brookfield Business Partners' Third Quarter 2021 Results Conference Call and Webcast. (Operator Instructions) The conference is being recorded. (Operator Instructions) Now I'd like to turn the conference over to Alan Fleming, Senior Vice President of Investor Relations. Please go ahead, Mr. Fleming.

Alan Fleming[^] Thank you, operator, and good morning. Before we begin, I'd like to remind you that in responding to questions and talking about our growth initiatives and our financial and operating performance, we may make forward-looking statements.

These statements are subject to known and unknown risks, and future results may differ materially. For further information on known risk factors, I encourage you to review our filings with the securities regulators in Canada and the U.S., which are available on our website.

Joining me today on the call is Cyrus Madon, Chief Executive Officer; Denis Turcotte, Chief Operating Officer; and Jaspreet Dehl, Chief Financial Officer. I'll turn the call first over to Cyrus to provide an update on our business. Denis will then discuss recent activities at our nuclear technology services operations and Jaspreet will finish with a review of our financial results. We'll then be available to take your questions. And with that, I'll pass it over to Cyrus.

Cyrus Madon[^] Thanks, Alan, and good morning, everyone. Appreciate you joining us today. We had a great quarter. We generated strong growth in EBITDA and FFO, and we continue to be really pleased with how our overall business is performing. We're working on a number of initiatives to continue building long-term value, and our balance sheet is in great shape.

Last week, we reached an agreement to acquire Scientific Games' lottery business for \$5.8 billion. This business is an essential provider of services and technology to most of the major government-sponsored lottery programs around the world.

Lotteries represent a critical and growing source of funding for governments globally. In many cases, proceeds from these programs are directly earmarked to fund important social infrastructure initiatives related to health care, education, senior services, infrastructure and environmental protection. In fact, over \$100 billion of lottery sales annually are directed to funding these types of programs. And with increasing budget deficits, we expect governments to rely even more on the proceeds generated from lottery programs as a funding alternative.

Scientific Games' lottery business is really well positioned with long-term partnerships and the capabilities to meet the standards of service and security required by highly regulated lottery programs. Its broad offering includes design, distribution, systems and turnkey technology solutions. The business is integrated across the lottery ecosystem and its very clear value proposition has contributed to a high level of customer retention.

We think we're acquiring this high-quality business at a reasonable value. We plan to work with management to support its growth. We see opportunities to enhance service offerings to existing customers and also grow the customer base. As an essential service provider with a strong technology offering, the business is also very well positioned to benefit from the expected growth of digital lotteries around the world.

We're funding approximately 30% of the equity on closing and with the balance of the equity from our institutional partners.

In October, we closed our acquisition of DexKo Global. And just as a reminder, DexKo is a leading provider of highly engineered components, primarily for industrial trailers and towable-equipment manufacturers. We invested about \$400 million of the equity for a 35% ownership stake.

We're now in the early stages of onboarding and developing our plans for continued growth, expanding into adjacent products and supporting its very successful acquisition strategy.

We're also working to close our acquisition of Modulaire Group, a leading provider of modular unit leasing services in Europe and Asia. We hope to complete this deal by year-end.

These are all great businesses. And over the past few years, we've focused on acquiring similar types of larger scale, resilient operations, which has enhanced the overall profile of BBU. And when it comes time to start selling the larger businesses we've acquired, the size and scale of our monetizations will increase very substantially.

From time to time, we'll also opportunistically acquire smaller businesses that we can grow and scale. Our recent acquisition of Aldo, which closed in August, is a great example of this. Aldo is a distributor of solar power kits for the distributed generation market in Brazil.

This is a rapidly growing market in Brazil, and Aldo is really well positioned. It's a market leader with scale, an efficient cost position and a network of more than 11,000 independent resellers. We plan to support its growth by expanding its service offerings and broadening its product portfolio into adjacent markets that can benefit from increased demand for energy.

On an overall basis, our business continues to grow. Our Adjusted EBITDA is now \$1.6 billion for the last year, well above \$240 million it was 5 years ago. And our recent acquisitions will add about \$400 million to our EBITDA based on their annual historical performance, which will increase as we execute on our value creation plan.

On a per unit basis, our NAV has increased at an annual compound rate of 18%. We're very pleased with our overall progress. Looking forward, we're focused on closing and onboarding our recent acquisitions.

We're also working to complete the launch of our paired corporate entity, Brookfield Business Corporation, and we hope to get this done around the end of this year, subject to regulatory approval. So with that, I'm going to hand it over to Denis.

Denis Turcotte^ Thanks, Cyrus. Good morning, everyone. As Cyrus mentioned, we have business operations professionals working closely with the management teams at each of our operations to advance their business plans.

We provide support and expertise to unlock value, enhance cash flows and grow our businesses. Westinghouse, our nuclear technology services operation, is one of our businesses where our team has had a meaningful positive impact. And I wanted to spend some time today providing you with an update on our progress there.

As a reminder, Westinghouse is our global service provider to the nuclear power industry. The business plays a critical role in ensuring the safe and uninterrupted operation of our customers' power facilities globally.

Westinghouse is the technology provider for approximately half of the global nuclear power fleet. The majority of the business' profitability is generated from regularly recurring plant and refueling maintenance outages and ongoing operating improvement initiatives.

Through all the economic disruptions of the last two years, performance at Westinghouse has remained remarkably resilient. The business continues to generate a lot of free cash flow that will continue to support distributions up to BBU, while also supporting

reinvestment opportunities within the business, building on a broad base of technologies to maintain its industry-leading position.

Westinghouse's core business is the delivery of fuel and maintenance services. The vast majority of its services are delivered under multiyear contracts and the critical and specialized nature of this work ensures very high customer retention.

Within its core business, the total value of orders on a per quarter basis has continued to trend upwards since 2019, underpinned by its stable customer base with predictable demand driven by the scheduled timing of outage and maintenance activity at customer facilities. Currently, the company is experiencing a strong fall outage maintenance season, executing almost 30 outages in the Americas with significantly higher scope and volumes compared to the same period last year.

During the quarter, we identified increased costs on two legacy manufacturing projects at one of Westinghouse's manufacturing facilities in Europe. Both projects have been underway since before we acquired the business in 2018, contracted in 2010 and 2011 and are progressing toward completion.

The costs are predominantly related to lower than expected labor productivity and higher engineering testing and inspection costs on these first-of-a-kind projects. These two projects are unique in their complexity and structure and are not core to the company's ongoing operations. As required with projects in a loss position, we've recognized all estimated future increased costs this quarter.

More broadly, our team continues to work closely with management to advance our ongoing transformation agenda, focused on optimizing manufacturing, supply chain and G&A costs and on driving organic and inorganic growth. The team has made meaningful progress on enhancing its commercial excellence by aligning the business strategy and organization with customer priorities regionally, driving standardization and processes and leveraging data analytics to improve the business.

We think there is still more room to improve and have a line of sight to achieving our annual EBITDA target of in excess of \$700 million, towards \$800 million over the next few years, through a combination of ongoing operational improvements and contributions from recent add-on acquisitions.

Westinghouse has successfully executed seven add-on acquisitions since 2019. Each of these is relatively small, but strategically important in augmenting the business' core engineering and services capabilities, bolstering its digital product offerings and increasing its presence in newer markets.

In October, the business agreed to acquire a partial interest in a Spanish engineering company. The investment further strengthens the business' outage maintenance and digital service offerings, which will increase its competitiveness with customers in Europe and globally.

Once fully integrated and ramped up, we expect total annualized EBITDA from the seven add-on acquisitions completed since 2019 to reach approximately \$70 million annualized, which equates to 10% of total annual run rate EBITDA.

The company continues to lead the industry in innovation as well. As part of its growth strategy, Westinghouse is developing and deploying new products aimed at enhancing the value proposition of its service offerings. It is leading the way in the development of next-generation accident-tolerant fuel and working on innovative new digital solutions, including the first-ever 3D-printed fuel component installed inside a commercial nuclear reactor.

As the industry leader in technology and innovation, Westinghouse is also well positioned to lead the way in commercializing the next generation of nuclear reactor design and energy storage solutions, including the development of modular reactors with wide-ranging applications.

Nuclear power will play an increasing role as a clean energy source to meet global decarbonization goals. Westinghouse remains very well positioned to fulfill its critical role in supporting the safety and reliability of the nuclear power industry, which underpins our confidence in the business' long-term growth potential. With that, I'll hand it to Jaspreet.

Jaspreet Dehl^ Thanks, Denis, and good morning, everyone. As Cyrus mentioned, we reported strong performance in the third quarter, generating Adjusted EBITDA for what we formally called Company EBITDA of \$443 million compared to \$381 million last year. Adjusted FFO increased to \$276 million or \$1.86 per unit compared to \$208 million or \$1.39 per unit in 2020.

Performance within Business Services was very strong compared to the prior year. We generated Adjusted EBITDA of \$163 million. Our residential mortgage insurer contributed \$81 million and benefited from low loss ratios, increased market share and robust new underwriting activity.

Home price appreciation in Canada has moderated over the last few months, but the market remains above 2019 levels and is expected to remain resilient in 2022. The business is operating with excess capital relative to the required capital adequacy level.

Yesterday, the Canadian financial regulator lifted a moratorium on dividend increases for banks and insurance companies. We hope with this announcement, we'll be able to distribute some of the excess cash in the business through a special dividend by the end of the year.

Our healthcare services in Australia generated Adjusted EBITDA of \$17 million. Demand for elective surgeries at our hospitals remains strong. Performance during the quarter was impacted by intermittent lockdowns and government restrictions in New

South Wales and Victoria. As these restrictions ease, we're hopeful that activity levels will recover quickly.

Our construction business reported Adjusted EBITDA of \$22 million. Performance benefited from strong project execution in Australia. Bidding on new business has been strong. We secured eight new projects and ended the quarter with a backlog of approximately \$7.8 billion, consistent with the second quarter.

Moving on to our Industrials segment. We generated Adjusted EBITDA of \$171 million for the third quarter. Our advanced energy storage operations performed well and reported Adjusted EBITDA of \$120 million.

Reduced battery demand from auto manufacturers during the quarter, because of global production reductions, was more than offset by growing demand for higher-margin advanced batteries in the aftermarket. We continue to progress our targeted \$400 million of annual profit improvement and are pleased with the cash flow generation of the business.

And finally, moving to our Infrastructure Services segment, where we generated Adjusted EBITDA of \$140 million for the third quarter of 2021. Nuclear technology services reported Adjusted EBITDA of \$56 million. Strong performance was driven by higher volumes, primarily due to the timing and scope of the fall outage cycle across the business.

During third quarter, we identified higher costs on two legacy projects in Europe, which impacted overall financial performance, and Denis discussed this in a little bit of detail earlier. Excluding the impact of these legacy project costs, EBITDA for the quarter increased by about 15% over prior periods.

Our work access services business contributed \$19 million in Adjusted EBITDA for the quarter. Industrial end market activity levels are improving. North American commercial end markets have been slower to recover, and the business is experiencing some impacts from tighter labor markets in some of its regions. During the quarter, we acquired Brace Industrial Group, which extends our footprint into strategic U.S. end markets and service lines.

Before I finish my comments, I'd like to spend a couple of minutes on liquidity. Our balance sheet is in great shape. We ended the quarter with \$2.3 billion of corporate liquidity, which provides us ample capacity to continue funding our growth. We currently have initiatives underway to increase liquidity and maintain a strong corporate balance sheet. Our operations generate significant cash flows, which will fund distributions to support our growth.

As the earnings of our operations grow, their borrowing capacities also increase, and this can provide opportunities to increase debt as a means of generating additional corporate liquidity. That said, we remain mindful to finance each of our operations with an

appropriate level of long-dated debt at favorable rates, which is non-recourse to BBU and can be readily serviced and sustained across all market cycles. And finally, over time, we will generate significant proceeds as we monetize some of our investments.

We also recently increased our corporate borrowing capacity by approximately \$500 million, which will contribute to us maintaining a strong corporate liquidity position. With that, I'd like to close our comments and turn the call back over to the operator for questions.

QUESTIONS AND ANSWERS

Operator[^] (Operator Instructions) Our first question comes from the line of Geoff Kwan with RBC Capital Markets.

Geoffrey Kwan[^] My first question was on Sagen. Jaspreet you mentioned, obviously, the news out of OSFI yesterday. And I'm just wondering the comments that they had made was, it seemed like they expect companies to be kind-of more measured in terms of dividend increases, returning capital or buybacks and whatnot. But given Sagen isn't public, or not really public, do you think you might have more flexibility to reduce your excess capital faster than the publicly traded banks insurers?

And then the second part of my question was, based on the numbers that came out of Sagen with MICAT of 170%, my rough math kind of suggests, sorry - the MICAT was at 214%, but if I assumed 170%, which is above historical, that I think the math cuts to about USD 300 million that could be pulled out to BBU. Is that correct?

Jaspreet Dehl[^] So on the first part -- thanks for your questions, Geoff. On the first part of your question, you're right. Sagen is now private but we're still a regulated entity. And more importantly, we also want to make sure that we're managing the business with the appropriate level of capital reserves that are required for the business. And we're also mindful of the credit rating because that's important for our customers and maintaining a strong credit rating for Sagen.

Having said that, you're right. The MICAT we issued today is at 214%, which is significantly higher than the minimum requirement, which is 150%. And the target that management typically operates with, which is 160% to 165%.

So based on kind of the current available liquidity within the business as well as ensuring that we've got appropriate capital reserves, our view is that we could dividend out approximately at least USD 500 million, and BBU would get its share of that USD 500 million. So that's kind of the plan for now. But then as you know well, Sagen continues to do very well, continues to generate strong free cash flow, and there'll hopefully be opportunities for additional distributions down the road.

Geoffrey Kwan^ Okay. And then with respect to GrafTech, they announced that \$150 million share buyback program, is the intent to kind of tender pro rata or to the extent that there's opportunity to go higher? Or how are you approaching that?

Cyrus Madon^ Geoff, Cyrus here. Look, whether we tender into that we could and we'll just do what's opportunistic for us. And as and when we want the liquidity, we'll just pick an opportune time. We're not in any rush to sell our shares here. If anything, the backdrop is pretty strong for this company right now. So we'll just be prudent and do what's best for our balance sheet.

Geoffrey Kwan^ Okay. And just my last question kind of ties into at the holdco liquidity. Obviously, you guys have run with more debt just because you've been more active this past year and a bit.

Do you have an idea with some of the liquidity stuff that you're looking at when you think you might get back to a net cash position? I know obviously, there's been some monetizations you've contemplated that could be quite huge and gets you back to cash very quickly. But just curious of your thoughts around timing and when that might happen.

Cyrus Madon^ Yes, we're not running our business around any specific time frame, Geoff. We feel we have a huge amount of flexibility today, just given everything Jaspreet just talked about, ongoing distributions, the possibility for up-financings within our portfolio are real and could be quite substantial.

At the same time, I think just given the size of our business and the number of businesses we own today, you should assume actually that we always have something for sale. And I'm pretty confident that something we have for sale will sell at some point. Again, we just want to maximize value. We have no need to sell anything today. But if we want to create more liquidity, we can always do that.

Operator^ Our next question comes from the line of Devin Dodge with BMO Capital Markets.

Devin Dodge^ So just a question on the sanitation business in Brazil. Earnings have been growing pretty substantially there. I think EBITDA was up something in the neighborhood of like 40% in the first half of the year. Can you speak to what the earnings power of that business could be as more of the concession investments that you're making become income generating?

Jaspreet Dehl^ Yes. It's Jaspreet. So you're right that the water and wastewater business in Brazil has been doing well. We had a bit of a slow start out of the gate, but over the last couple of years, we've been seeing strong execution on the capex programs at the business, which adds new economies and supports EBITDA growth.

We also added a pretty substantial new concession that was operationalized in the middle of this year which is all accretive to the bottom line in EBITDA.

And we're going to continue to work with the team there, invest in the business and there may be opportunities to monetize some of the more mature concessions and reinvest those proceeds. But I'd say, overall, the business is doing well and continues to do well.

Devin Dodge[^] Okay. Maybe just switching over to Altera. Fairly significant EBITDA lift there versus what you have been in the last few quarters. Just can you talk to the drivers of that Q3 performance and how we should think about its earnings going forward?

Jaspreet Dehl[^] Sure. It's Jaspreet again. I can start, and Denis can add. So look, the business is still operating in a challenging environment. We had a little bit of an uplift this quarter because we had some profit sharing arrangements on oil price and volume increases at our customers that were helpful. But the backdrop is still challenging for Altera, and we're continuing to work with the management team there to make sure we're supporting initiatives that are ongoing.

Devin Dodge[^] Okay. And maybe just one clarification. Those problematic projects at Westinghouse that Denis was referring to, how much longer are you guys going to be working on that? When do they wrap up? If you can kind of get some context for how long that will be in the portfolio?

Denis Turcotte[^] Sure. It's two projects. One is to provide five segments to kind-of a global fusion reactor project. The other one is to provide 12 steam generators to EDF. Each contract was in place in 2010 and 2011, so are well underway. The fusion reactor project should wrap up before the end of 2023, and the steam generator project should wrap up by, I think, around 2028 with the final delivery of the 12th unit planned for that point.

Operator[^] Our next question comes from the line of Gary Ho with Desjardins Capital.

Gary Ho[^] Just going back to Clarios, you mentioned the chip shortage impacting OEM sales. Of your significant business in your portfolio that might be impacted by these chip shortage issues, just wondering can you comment on any other ones that you're seeing that might be impacted by these and/or other supply chain disruptions that we're seeing in the space?

Denis Turcotte[^] Do you mean Clarios specifically?

Gary Ho[^] Yes. Clarios and any other significant businesses that you might be experiencing in.

Denis Turcotte[^] No, we have great line of sight to all of the issues. We don't see anything degrading from this point. And in fact, everything is improving with each

passing day, not just at Clarios but even more broadly. But this will be with us for a period of time. And we're focused on everything we can control in that case.

Gary Ho^ Okay. And then, Cyrus, just going back to maybe Geoff's question on the monetization side, maybe can you give us an update on the ones that you might be looking at, that's more mature businesses, anything imminent?

Cyrus Madon^ Yes. Look, we aren't going to comment on specific things that are for sale or when it might be sold. But as I said, you should assume something is for sale at any point in time, just given the number of businesses we own now and a number of them are more mature.

But I think it's better if we don't comment if that's okay. But I just want to be very clear, we do not have to sell anything today. We are in a really strong position here and our preference is to be very disciplined as we sell things just as we are when we buy things.

Gary Ho^ Okay. And then, Cyrus, while I have you, just going back to the Scientific Games transaction. I think it was reported that the company, the parent company, was going through a dual track process, the IPO price was even higher than the \$5.8 billion that you're paying for. Can you give us a glimpse on kind of why you've been successful with these corporate carve-outs valuation aside?

Cyrus Madon^ Well, look, Scientific Games, this is all rumor on the street. So take it for what it is. But it was rumored that there was at least one large strategic party looking at the business and perhaps that reduced the interest of some financial buyers. It was also rumored, and I think it's probably correct, that they were running a dual track process for an IPO.

That may have also reduced the interest of some buyers. And I think we were just able to offer them speed and certainty and immediate liquidity. As you know, when you IPO business, if you want all the proceeds, it could take some time, could take years, right, to get off that size of position.

So I think we offer them speed and certainty and a reasonable valuation. And we have a reputation as a reasonable buyer and not difficult to deal with through these processes. So I think that reputational advantage made a difference here.

Jaspreet Dehl^ Maybe if I could just add one thing, it's Jaspreet. I'd say just on your question on the operational side. On the carve-outs, we've got a really strong operations team that works with Denis.

And we've now quite successfully, stood up a few corporate carve-outs like Sagen and Clarios. So again, that gives us a high level of conviction when we buy a business like this. And we'll be able to stand it up, operate it and enhance the underlying business.

Gary Ho^ Okay, makes sense. And then just last one for me, Jaspreet. Outside of the dividend from Sagen, these internal initiatives that you've highlighted, distributions or up-financing, any way that you can give us a range or magnitude of what that total can be?

Jaspreet Dehl^ Yes. So as Cyrus said, without going into specifics, we've got a few different fires going, definitely the Sagen dividend. The other businesses, you've seen over the last number of years where they've pretty regularly given us \$200 million to \$250 million distribution at Westinghouse and that business continues to perform well, and our expectation is that we'll continue to have dividends there.

There's a number of businesses within the portfolio that are quite mature, more stabilized EBITDA with potential for up-financing.

So we feel quite comfortable that we've got enough initiatives underway that we'll maintain a strong balance sheet and liquidity position and have no problem funding all of our announced transactions, including the Scientific Games lottery business. And even post that, continue to maintain significant liquidity to fund future growth.

Operator^ And our next question comes from the line of Jaeme Gloyn with National Bank.

Jaeme Gloyn^ I just wanted to dig into the "Other" segment of the Business Services segment. So obviously we have the data on the bigger investments. But that "Other" segment seems to be doing pretty well. Also, would you be able to provide any color on which businesses or is it broad-based that are performing well and driving some of that nice EBITDA growth?

Jaspreet Dehl^ Sure. I can provide some high-level color. As you noted, we don't usually go into details on all of the smaller businesses. But broadly at One Toronto, the casino business in Canada, the casinos have opened back up and we've seen strong foot traffic there.

So that's driving positive EBITDA. Our fuel distribution and marketing business in the U.K. and Canada has been performing quite well. You would have seen some of the news on fuel shortages in the U.K., which has been positive just in terms of being able to supply additional volume in the market for that business. So that's had a positive impact as well. I'd say those are the two bigger drivers there.

Jaeme Gloyn^ Okay. Great. And then in the Industrials segment with Cardone, can you talk about some of the dynamics that are at play there in the auto parts manufacturing space? Maybe a little bit of color on how that business is performing and some of the risks you're seeing.

Denis Turcotte^ Sure. The basic driver there is fundamentally miles driven, which if you have access to that data, is down materially, starting to recover though. But that's the fundamental issue.

We're actually very pleased with the turnaround underway. We're actually ahead of plan on many fronts, and the management team there continues to reposition our product mix in very favorable ways. But we do need the miles driven to come up. We are not losing and, in fact, are gaining market share in certain product lines. So it's really just the fundamental macro factors in that situation.

Operator^ Your next question comes from the line of Matthew Weekes with iA Capital Markets.

Matthew Weekes^ I think most of mine have been asked at this point. So I'll probably just ask a quick clarification question. I believe you'd said earlier that in relation to the two legacy projects in Westinghouse, that there were kind-of some cost overruns that those expected increased costs were all recognized in the current quarter. Is that correct?

Jaspreet Dehl^ Yes, correct. Yes.

Cyrus Madon^ Correct.

Matthew Weekes^ Okay. So is it fair to say that, probably, there might not be an income statement impact going forward, but will that reflect in sort of cash flows as time goes on and the work is completed along those projects?

Jaspreet Dehl^ Yes. It's Jaspreet. So we've worked through both of the projects and have ensured that we've now accrued our best estimate of cost to complete. So we don't anticipate any additional P&L impact.

And because they are loss-making contracts as we incur additional costs, that will have a cash flow impact. And we will be talking to at least one of the customers on potential commercial remediations, but that's still TBD at this point. And it will be small if we are successful.

Denis Turcotte^ And in parallel, we're going to relaunch an effort focused on getting the productivity of the operations up. So hope to have a positive effect from that over the next couple of years.

Operator^ We have a follow-up question from the line of Geoff Kwan with RBC Capital Markets.

Geoffrey Kwan^ My question was with all this talk about higher inflation and higher rates. Within your portfolio, which ones do you see as likely to perform the best? And if you had to pick a few businesses that you own that might be a little bit more vulnerable in that environment, which ones would they be?

Denis Turcotte^ Well, from my point of view, I think of materials, energy, productivity, and labor. And in that regard, the businesses that are more dependent on those as part of its cost to manufacture are inherently more vulnerable, BrandSafway as an example.

There are challenges associated with turnover. But again, the good news is the management teams are hyper-focused on these things. And the worst seems to be, I'll say, closely behind us. And we see things improving moving forward in all regards. There are areas, raw material resin, for example. Through our Schoeller operation, we've had significant increases over the last 18 to 24 months.

Having said that, we've been able to pass those increases through to our customers. So we're very actively engaged on the commercial side of all of these businesses, including Brand, to make sure that we're getting ahead where we can and quickly catching up where we can't get ahead, to pass through all these incremental costs.

Operator^ Thank you. I'll now turn the conference back over to CEO, Cyrus Madon for any closing remarks.

Cyrus Madon^ Thank you very much for joining us this quarter, and we'll speak to you in three months. Thank you.

Operator^ This concludes today's conference call. Thank you for participating, and you may now disconnect.