Superior Plus Corp (2024 Q1 Results)
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Corporate Speakers:

- Adam Kurnik; Superior Plus Corporation; Director of Corporate Finance and Investor Relations
- Allan MacDonald; Superior Plus Corporation; President, Chief Executive Officer
- Grier Colter; Superior Plus Corporation; Executive Vice President, Chief Financial Officer
- Curtis Philippon; Superior Plus Corporation; Executive Vice President

Participants:

- Gary Ho; Desjardins Capital Markets; Analyst
- Robert Catellier; CIBC Capital Markets; Analyst
- Nelson Ng; RBC Capital Markets; Analyst
- Aaron MacNeil; TD Cowen; Analyst
- Ben Isaacson; Scotiabank; Analyst

PRESENTATION

Operator^ Thank you for standing by. And welcome to the Superior Plus' First Quarter 2024 Results Conference Call. (Operator Instructions)

I would now like to hand the call over to Adam Kurnik, Director of Corporate Finance and Investor Relations.

Please go ahead.

Adam Kurnik^ Thank you, [Latif]. Good morning, everyone. And welcome to Superior Plus' conference call and webcast to review our 2024 first quarter results.

On the call today are Allan MacDonald, President and CEO; Grier Colter, Executive Vice President and CFO; Curtis Philippon, Executive Vice President-Superior Plus and President-Certarus.

For this morning's call Allan and Grier will begin with their prepared remarks. And then we will open up the call for questions.

Listeners are reminded that some of the comments made today maybe forward-looking in nature and are based on Superior's current expectations, estimates, judgments, projections and risks.

Further, some of the information provided refers to non-GAAP measures.

Please refer to Superior's continuous disclosure documents available on SEDAR+ and Superior's website for further details.

Dollar amounts discussed on today's call are expressed in U.S. dollars unless otherwise noted.

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

Allan MacDonald^ Well thank you, Adam. Good morning, everyone.

It's been an important week for Superior Plus as we held our Annual General Meeting this week and had the opportunity to update our shareholders on the progress we've made over the past year and our strategy for growth and further transformation of the business. This week marks my first anniversary as CEO, but more importantly, it's also been a year since Superior Plus put a stake in the ground and committed to becoming a multi-energy solutions company, focused on generating sustainable organic growth.

Since that shift in focus, we've made tremendous progress. Through the year, we all -- we had all the challenges one would expect from such a transformation including unseasonal weather, closing the $1 billion Certarus acquisition, retooling our leadership team, evaluating our strategy and building the operating capability to make it all possible.

For me, the most exciting part of the journey has been the renewed sense of optimism we have for our business. Certarus has been an incredible investment.

Of this, there is no doubt. Certarus has a proven business model with consistent returns on capital above 20%, significant market share with 40% of the MSUs in North America and expanded reach into new geographies and verticals and a demonstrated ability to grow by double-digits year-over-year.

Certarus is also propelling Superior Plus into a new age.

It's the leading on-road energy provider for renewable natural gas with over 10% of our fleet now dedicated to RNG distribution.

Certarus also remains a key enabler of critical hydrogen research, as companies across North America test new application for hydrogen fueled applications. And that's just the beginning. Perhaps our biggest source of optimism and enthusiasm is within our traditional propane business unit. With a renewed energy for revolution, not evolution, our propane teams have been working hard exploring opportunities for growth, challenging ourselves to create a new operating model for the next era of propane distribution.

We've come to believe strongly that our propane assets are among the best in the business.

We see significant opportunities as we shift away from our M&A routes and set our sights towards operations excellence, challenging our teams with aggressive growth and productivity targets.

Over the course of 2024, we will be building new capabilities that enable us to acquire customers organically, lower customer churn and reduce the cost of delivery, all with lower capital investments than we've seen in prior years.

Now while this journey takes time and has never really finished, we're excited and engaged in growing the Superior Propane business.

These strategies are the foundation to our leadership's commitment to organic growth and creating shareholder value by operating our business with innovation, passion and pride.

It enables our commitment to conserving capital and reducing Superior Plus' leverage ratio to investment grade.

In Q1, we saw many reasons to be optimistic.

We posted a 15% increase in EBITDA versus last year, testament to the strength of our business even in light of some significant headwinds, thanks to an unseasonably warm winter.

Certarus grew 9% in Q1 and successfully expanded its fleet, adding 24 MSUs and ending the quarter with 753 MSUs as we continue to expand and build out our network beyond the well site.

The propane segment was led by the U.S. division posting a 1% increase in EBITDA versus last year and impressive results [all things considered] and I remain very encouraged about the potential for this business to continue to grow and increase its share of the market.

Well that will, of course, will take time. Q1 was encouraging.

In Canada, the business was significantly more challenged with weather and its impact on our largely industrial business.

We, of course, must factor in the disposition of the Northern Ontario operations last fall, a requirement of closing the Certarus transaction.

But despite successfully growing our customer base, these additions were not sufficient to offset declines in several large industrial customers consumption through the winter months.

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

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

Grier Colter^ Thank you, Allan. And good morning, everyone.

Before I get into the results, I'll remind everyone that all dollar figures are in U.S. dollars as we completed our transition on reporting currency beginning in Q1. Generally, we were happy with the performance of the businesses in the first quarter. The weather conditions were challenging even compared to an unseasonably warm first quarter 2023, but the results demonstrated great resilience despite this.

First quarter adjusted EBITDA of $236 million was a record Q1 for us and represents an increase of $31 million over Q1 2023, primarily due to the contribution from Certarus, which had another great quarter.

Our first quarter net earnings of $85 million compared to net earnings of $109 million in the prior year quarter, with the decrease primarily due to an unrealized gain on derivatives and foreign exchange in the prior year quarter, partially offset by the addition of Certarus.

Now turning to businesses. Certarus achieved record adjusted EBITDA in the first quarter of $51.5 million, growing organically by 9% versus Q1 2023. The result was in line with our expectations and represent strong growth compared to a prior year quarter that benefited from an acute decrease in natural gas prices that provided a onetime benefit on fixed-price contracts.

We continue to grow our industry-leading fleet of mobile storage units or MSUs in the quarter, adding 24 units and bringing the total to 753 at the end of the quarter. The U.S.

propane business produced adjusted EBITDA for the first quarter of $131.4 million, which represents an increase of $1.3 million or 1% compared to the prior year quarter.

Weather was 2% warmer than Q1 2023 and volumes declined as a result, but the decline was more than offset by higher margins.

The Canadian business produced $41.1 million of adjusted EBITDA in the first quarter, which was a decrease of $7.6 million compared to the prior year quarter. You will recall from our 2024 guidance expectations as part of the closing of the Certarus transaction, we were required by the Competition Bureau to divest various propane assets in Northern Ontario, which were sold in Q4 of 2023. These assets contributed $4.4 million of adjusted EBITDA in the prior year quarter and this was a key driver in the decrease in volumes year-over-year, representing approximately 9 million gallons in Q1 of 2023.

Volumes were also impacted by challenging weather conditions in Canada, which ran roughly 2% warmer compared to Q1 2023.

The wholesale business generated adjusted EBITDA of $17.1 million in the first quarter, a decrease of $12.6 million compared to the prior year quarter, primarily due to a return to more normalized market differentials.

As communicated with our guidance earlier this year, the prior year comparative quarter benefited from unusually strong market differentials that resulted in a onetime boost to adjusted EBITDA of $10.3 million and substantially all of this was realized in Q1 2023. The wholesale business was also impacted in the quarter by the previously mentioned weather patterns across North America.

Now turning to corporate results and leverage. Corporate operating costs for the first quarter were $5.5 million, which was an increase of $1.3 million compared to the prior year quarter, primarily due to higher incentive plan costs in the current period as a result of an increase in Superior's share price over the quarter.

Our leverage ratio for the trailing 12 months ended March 31, 2024, was 3.8x, an improvement from 3.9% a year earlier and also at year-end, which was driven by an improvement in working capital.

As previously discussed, this number will move around somewhat from quarter-to-quarter due to the seasonal nature of our business, but our objective is to improve the metric to 3.7% by the end of 2024 and with a longer-term target of 3.0%.

In terms of our full-year 2024 guidance expectations, the company is maintaining its expected adjusted EBITDA growth in 2024 of 5% compared to 2023 pro forma adjusted EBITDA of [$475.5 million].

Included in the expected growth, we remain to assume that Certarus will grow between 15% and 20% on EBITDA and 1.5 -- 1% to 5% EBITDA growth for each of our U.S., Canadian and wholesale propane businesses and approximately $25 million of corporate operating costs. CapEx guidance is also maintained at roughly $230 million. And finally, the Board has approved a quarterly dividend of $0.18 per share, and we continue to pay that in Canadian currency.

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

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Our first question comes from the line of Gary Ho of Desjardins Capital Markets.

Gary Ho^ Very strong (technical difficulty) and we've seen a decent trend over the past few quarters. Maybe just help us think through the rule of thumb (technical difficulty) that will be helpful.

Allan MacDonald^ Gary, it's Allan. When you say rule of thumb, can you elaborate a little bit more? Do you mean what do we use as our guide or...

Gary Ho^ Yes, exactly.

So yes, it's been pretty strong last few quarters (technical difficulty).

Allan MacDonald^ Yes.

Well there's a couple of things.

So we're using competitive data -- so obviously market-driven data. The two big things to watch there are customer acquisition and churn, because obviously if we're charging too much, we're going to have seen an increase in churn and in customer acquisition and our ability to acquire.

I think more than anything, over time, we're going to start to see some divergence because we're looking at being much sharper when it comes to customers who are on the lower end of the volume scale where we're looking at more fee-based charges versus just volume related.

So tank rentals, we're doing a lot of work there, delivery fees when we're seeing customers that have low activity like seasonal properties.

So looking at the profitability of customers that aren't purely just home heat customers has been an initiative this year.

It's very early days, but you'll see some margin improvement through initiatives like this that aren't -- that can't be equated to a price per liter or price per gallon improvement or increase, if you know what I mean.

So we're pretty comfortable that we're remaining competitive.

In some markets, actually -- I think we still have some margin opportunity. And we think there'll be some continued opportunity on the sort of more monthly fee-based versus just price per liter or gallon.

Gary Ho^ And (technical difficulty) the 140 adds that you disclosed last quarter, correct me if I'm wrong, if that's still relevant. And then you've disclosed the $7.85 average for the year that suggests might be more second half weighted. Just wondering if you can provide a bit more color on when you expect the MSUs to be delivered and deployed.

Allan MacDonald^ Yes. That -- those numbers are good numbers to go by. There's -- obviously the deliveries tend to come in more in the back half of the year, but those are still good numbers to use for your model.

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

Curtis Philippon^ Yes.

So on Hub edition, so we're quite pleased recently, we went to full operations at our newest location.

We've added a significant operation in South Dakota that's focused on R&D -- R&D collection and injection.

So that's our newest operation, it's our newest operating area that we're pretty excited about the really strong position in the RNG market for us -- for other locations. Maybe I won't get into where exactly we're going on new locations, but the big focus in the near-term is really increasing capacity at some of our existing locations that we're seeing that we've got more demand than we can handle out of a couple of our existing facilities.

So the big push right now is to ramp up some additional capacity at a few sites to be able to support that customer demand.

Operator^ Our next question comes from the line of Robert Catellier of CIBC Capital Markets.

Robert Catellier^ I'm happy to see the progress you've made on the U.S. propane side.

I'm wondering what you can detail for us in terms of how you drove that margin expansion.

In other words, how much is due to retaining pricing as propane decline versus some of the other strategies that you just mentioned, Allan?

Allan MacDonald^ It's a little early for me to give you specifics, Rob -- little early for me to give you specifics.

We saw an interesting quarter in the U.S., January and February were a little more seasonal. And actually, we're very, very pleased. The March didn't go our way.

So I would say some of the gains we made were given back in terms of volume-related fluctuations.

But it's a game of interest, right? We're doing better and better on making sure that customers that -- where we've seen either through acquisition, had contracts that were perhaps less favorable to us because they had low volume and non-rental agreements with the tanks or for some reason, their volume changed and we ended up changing our approach to pricing.

It makes a small contribution, but in quarters like this, it can make a difference.

So all that to say, look, it's really hard for me to give you specifics at this stage, but why don't we just chalk it up to managing the business better and try to keep an eye to making sure that not all margin increases are simply just raising the price per gallon.

Robert Catellier^ Okay.

I have a similar question on the cost side.

Can you detail some of the things you're doing on the operations that are helping you on the cost side?

Allan MacDonald^ Over the course of the quarter, we reduced some headcount in Canada to the tune of around 100 people. The U.S. right now is about 200 people lighter than it would have been this quarter last year. That's largely through attrition.

Our route optimization, we made obviously fewer deliveries in Q1 than we would have the year before, you see that through the volume.

But the deliveries were almost flat.

It was marginally lower. Yes. We did that with driving 100,000 fewer miles. And with about 73, I think it was -- with a substantial fewer number of drivers.

So we're starting -- it's this migration from the M&A routes that I was talking about in the opening remarks to more operational focus.

And when you have these businesses that you keep pulling together and you just make them more and more aware of the efficiencies that they -- opportunities they have within the business and start tackling them, they pay a dividend.

It's not going to change the world in one quarter.

But if we continue to do this quarter after quarter over time, we're building a much more sustainable bottom line.

So like I say, better pricing, being smarter in terms of not just relying on volume but making sure all customers are profitable.

We're starting down that journey. And then looking to the headcount and the operating efficiency we have in the business.

Robert Catellier^ Okay. Great. And a question on Certarus.

I'm curious if the data center is a vertical of interest.

We're hearing another operator have some success basically serving as the last mile where some data centers are natural gas powered, self-powered with the power on-site and with the CNG operator basically serving as a last mile until they're plugged into a pipeline.

Is that a vertical of interest for Certarus?

Curtis Philippon^ Yes, data centers are top of mind for everybody right now.

Obviously there are significant power consumers that creates lots of interesting opportunities.

So we're working on a number of them. They are a very significant power demand, though. And so typically, they're more short-term opportunities for a virtual pipeline situation that you're -- ideally you're building a data center in a place where you have pipeline access gas.

But I do expect that as they're building these things out, there's going to be some interesting opportunities for Certarus to participate in.

I think more interesting broadly, I think they tell a really interesting story about the macro things that you see going on in the world that create a great environment for Certarus that Certarus thrives because we bridge these gaps in energy, infrastructure and efficiencies. And I think data centers are a prime example of sort of new disruptions in energy demand that are causing strains on energy infrastructure. And anytime you have these strains, you have these great opportunities for Certarus to bridge the gap and generate great returns.

And so I think it's still to be determined exactly what role Certarus will play directly in data centers, but I do expect that the disruption in the infrastructure caused by data center, they're going to create a number of other ancillary demands on the energy infrastructure that's going to cause interesting opportunities for us.

So as they pull a lot of energy that creates other gaps where the energy is not getting to for Certarus to fill.

Robert Catellier^ Okay. Those are all good points. And last one for me is I wondered if there's any updated thoughts on a potential U.S. listing?

Grier Colter^ Rob, maybe -- it's Grier.

I'll maybe take this one.

I would say, yes, look, we'll always talk about potential ways for us to add liquidity and the other basic benefits.

I'd say, look, at this point, probably nothing imminent on that.

Allan MacDonald^ Yes, agreed.

Operator^ Our next question comes from the line of Nelson Ng of RBC Capital Markets.

Nelson Ng^ And Allan, I guess, congrats on your first year at Superior Plus. Yes, my first question is, I didn't hear it quite clearly.

But Allan, I think you talked about Certarus allocating a certain portion of MSUs towards RNG.

So maybe Curtis can clarify the portion allocated to RNG.

What was that in the last quarter and how was that different from a year ago?

Curtis Philippon^ Nelson, it's Curtis. The RNG allocation, it's -- in the first quarter, it probably would have been closer to 5% of our fleet in the early part of the first quarter. And as you trended out to the back end of the quarter, it was pushing 10%. And as we're getting into right now today, we're in the -- we're really moving into the sort of 10%-ish of the fleet allocated to RNG.

So it's a growing portion of an overall growing fleet for sure.

Nelson Ng^ So within -- so 5% at the beginning of this year and 10% at the end of -- or into Q2? Is that what you said?

Allan MacDonald^ Projects ramp up. Nelson I think -- Curtis, Q1 of last year would have been nominal, wouldn't it?

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

So you see a bit of an uptick over Q2 and Q3 in RNG activity.

Nelson Ng^ And then my next question probably for Grier.

But on the $230 million of CapEx, I think Q1 spend was about $39 million.

So can you just talk about the seasonality of your CapEx spend?

Grier Colter^ I think it should be relatively even.

It was a little lighter than we expected in the first quarter, but we fully expect us to ramp up and increase spend over the remaining 3.

So yes, as I say, like the $230 million is still the number, we are a little lower than what we would have expected.

I think we were probably about $10 million lower than what we would have expected in the first quarter.

But as Curtis says, and Certarus is the bulk of the CapEx, it tends to be a little bit tail-end-weighted.

And the other thing, too, we took quite a large order right near the end of the fourth quarter of 2023 with about 50 MSUs.

So that's kind of part of the equation as well.

But yes, so it should be relatively even, Nelson.

But yes, we were a little bit lighter than what we thought in the first quarter.

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

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

So we are taking our time to make sure we get that right before they ship.

Nelson Ng^ Okay. And then just one last question.

I know it's a bit hard to assess, but do you have a rough estimate of the EBITDA impacts from the mild weather in Q1?

Allan MacDonald^ Yes.

I probably have, but I don't have it at my fingertips.

It's a little bit complex because we've kind of marked everything to market for halfway through like we released our guidance kind of partway through the quarter and we were aware that the weather had been a bit challenging for the first part and we kind of adjusted our estimates for that.

Of course, we were still exposed for March at least and I think some of February. And so that kind of was not -- I don't have the numbers in front of me right now but we can kind of take it away.

It's -- yes, it's probably relatively significant, though, like probably $10 million, maybe $10-plus-million or whatever.

But why don't we go away, get the information for you and actually get it right and then we'll put a note out maybe to the group, if that makes sense.

Operator^ Our next question comes from the line of Aaron MacNeil of TD Cowen.

Aaron MacNeil^ Curtis, a similar question to the one Nelson just asked, but can you give us a sense of how far your suppliers are booked out and when you might have to make a call on 2025 deliveries or if you've given any early indications of interest for 2025?

Curtis Philippon^ So we always work with our suppliers.

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

Aaron MacNeil^ And then maybe one for Grier.

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

Grier Colter^ Yes, for sure.

I think we always need to think through the portfolio and make sure that we've got -- the assets are yielding sufficient return.

I think it's relatively unlikely, I think, that we're going to sell off businesses or regions.

I think we'll always be open to it.

But I think just given what we've built up in the markets that we're in, I mean we like what we've got.

I think it's a question of pushing hard to take more market share.

But it's not like we've identified businesses that are -- regions that are underperforming and we want to sell.

So I think that that's unlikely. That said, I mean if someone's to knock on the door and give us some type of offer, we're obviously always going to entertain it.

But I don't think that's really the focus.

I think probably a little bit more micro and maybe not what you're asking, but I think of where we've got -- we did a couple acquisitions in a geography where you get overlapping infrastructure like yards or branches where you can take out small assets like that.

These are way less material.

I mean these would be like $0.5 million or $0.25 million, maybe $1 million on the large end.

But I think it's more stuff like that where you take out duplicative and adding inefficiency to the operation versus outright selling businesses.

As I say, we'll always be open to that, but I think it's unlikely.

Aaron MacNeil^ That is sort of what I was looking for, so it's in the single-digit millions. so not overly material, I guess?

Grier Colter^ Sort of more widespread impact. You think about -- we have double-digit numbers of locations that we've identified to take out. And the benefit there is really about increasing efficiency, avoiding maintenance costs and regulatory capital.

So it will -- the disposition value will be nominal. The cost avoidance is terribly significant on a location-by-location basis.

But if you start to add up to 30, 50 locations, well then it's starting to yet be another positive contribution to the bottom line.

So this is the boring operating day-to-day stuff that we get into, but it's the stuff you have to do and it makes a big difference when you do it well.

Operator^ (Operator Instructions) Our next question comes from the line of Ben Isaacson of Scotia.

Ben Isaacson^ Congrats on the quarter. Allan, I think you mentioned at the start of your comments that MSUs, you have a 40% share of the market in North America.

Is that right?

Allan MacDonald^ I really hope so. No. Yes. When you think about the market, you can look at it a couple of different ways, you can look at it in terms of volume, which obviously changes day to day.

But directionally, we have about 40% of the MSUs that are operating in North America.

Ben Isaacson^ Okay. Great.

So my question is, can you talk about the landscape of the rest of the market? Are there consolidation types of opportunities out there? How do margins stack up for your product versus the rest of the street? And if there are any consolidation opportunities out there, would there be antitrust concerns?

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

So what you end up doing is acquiring a company and having to work through where they are to get them up to Certarus' level of profitability.

And when we looked at it, greenfield organic growth was a better path.

So -- and for a lot of cases, because these were ancillary or adjacent businesses, not pure plays, the way Certarus is.

So not surprising.

So for us, we haven't seen an acquisition target yet that would rival Certarus and it would be interesting if we did.

I don't expect we will in the short term.

But if we will -- if we do then we'll certainly have a look at it.

Antitrust, I'd be -- my educated guess would be, I don't think we'd have a big antitrust problem, but I guess that remains to be seen.

Curtis, do you have anything you'd add to that?

Curtis Philippon^ I think that's good comment. The -- our focus over time at Certarus is to keep growing this organically and we feel pretty good about the Certarus team's ability to go grow things directly. And so we haven't really seen the need to go out and acquire other companies and seen a lot of -- we haven't really seen a lot of benefit in doing that.

We will always look at it. Eventually, as we grow in scale, there will be some interesting tuck-in opportunities.

But at this point, we're pretty focused on just greenfield growth.

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

Allan MacDonald^ Per customer?

Ben Isaacson^ Yes, per customer.

Allan MacDonald^ I don't know like there's going to be some weather-related variability, obviously warm versus cold. You've got the notion of fuel efficiency, so new appliances are more efficient.

So the exact same home will have a lower energy consumption requirements on the exact and year-over-year than it would 10 years ago, insulation efficiency, things like that.

So that's a downward pressure.

And then you got us looking at a whole new segment of customers that I think are going to be very good for us, seasonal customers, backup power customers. And what we have to do there is not think about them in terms of the price per liter they're paying, but the return on the investment that we're getting.

So putting tanks on a customer that might be seasonal or using propane as a backup. That's a customer we want.

We just have to price it on a rental basis with delivery fees and monitoring fees.

So it will look a little bit different.

So our ambition is to continue to be mindful of volume, obviously.

But for me, the #1 driver is adding -- getting more share and adding more profitable customers and having better retention.

So I'll take customer growth and retention improvements with more sort of steady state pricing versus the traditional model of signing up big volume customers and having great years when the weather was in your favor and struggling when it wasn't.

So that's a long way to answer your question, but I think volume is going to still be interesting but not the only measure of success for us going forward.

Ben Isaacson^ That makes a lot of sense and that should help mute the impact or help with earnings stability and predictability, I guess, right?

Allan MacDonald^ We have a fixed base -- fixed cost business with a variable revenue and that's where we want to diverge from and get more of a fixed revenue business. And again, we have so much acquisition. There's work to be done to go back to make sure everybody is profitable through this lens.

So that's all underway.

Operator^ I would now like to turn the conference back to Allan MacDonald for closing remarks.

Sir?

Allan MacDonald^ Thank you all for joining us today and for taking the time to hear what we have to say and for your very insightful questions.

It's such a pleasure to talk to you all. And when I think about the work that we've done, we've come so far in the last year, and this is just the beginning.

So look forward to speaking with you all in the interim and again, for our next quarterly results.

So thanks very much.

Over to you, Operator.

Operator^ Thank you. This concludes today's conference call. Thank you for participating.

You may now disconnect.