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NTR.TO - Nutrien Ltd at Morgan Stanley Global Chemicals and Agriculture Conference

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PRESENTATION

Unidentified Analyst

Thank you. Good morning, everyone. Welcome to day 2 of the Morgan Stanley Conference. Kicking it off today we have Nutrient. Pedro Farah, CFO; and Richard Downey from Investor Relations are here.

Typical fireside chat format. Happy to do Q&A from the audience. Raise your hand when you have something or we'll ask you later. I don't think you were going to make any prepared remarks?

Pedro Farah - *Nutrien Ltd. - Executive VP & CFO*

No.

QUESTIONS AND ANSWERS

Unidentified Analyst

Okay. So let's just start then with sort of the current dynamics. I think everybody is trying to bridge the remainder of the U.S. crop season in terms of where is this going to wind up versus SGA is, and what are the implications for next year. I guess just going to have to combine that. What's happening in South America from a planning perspective? But we're all trying to figure out how much better 2020 is going to be in 2019, not just for retail, which was really effective this year by the lower acreage but also the wholesale business. So maybe just give us a sense of where you see the crop dynamics?

Pedro Farah - *Nutrien Ltd. - Executive VP & CFO*

Yes. I think, of course, this has been a tough year. Everything was thrown at us between weather, trade disputes and everything else in the U.S., most of those 2 concerns. But I think we've done extremely well up until now. Now of course, in -- we recovered in Q3 pretty much most of what we have lost in Q2. That was probably a record quarter for us. And I think speaks a little bit to the supply chain advantage because we -- when we are in conditions in which very -- a lot has to be applied in such a small window of time, that's where we excel against the competitors, especially the more local competitors that we have less capabilities. We apply 50% of what we sell. So that's a great advantage that we have here.

Now going into Q4, of course, it will pretty much depend on weather. I mean we are also watching with interest all the Arctic vortex, the new one, kind of what's coming. We need about 3 to 4 weeks to apply everything we have for Q4. If that happens, I think we'll clear even more of the inventory for this year. We'll have a very good year from a retail standpoint and a very tough year from a macro and climatic standpoint.

So that's -- so it's not written yet what's going to happen, but I think we're feeling good. From a relative standpoint, we gained good market share this year in the U.S. So I think that helped us as well. Margins held up especially in Q3 in some of the chemicals. And so I think that all bodes well now.

Of course, Brazil, has got advantage given the trade disputes. A lot of imports came from Brazil. Brazil was happy to supply that. That had a bit of a premium. However, I think given the potash and all the other kind of nutrients excess supply in the world. In that time, a lot went to Brazil. So I think inventory has kind of piled up in Brazil, which explains the loss of a premium in Brazil. We think that is also temporary because Brazil is also a growing market. We'll be able to absorb that as the global supply and the S&D curve kind of normalizes in the future.

Unidentified Analyst

Okay. Maybe just sticking with retail in the U.S. I mean one of the things that struck me when we looked at the third quarter results is that the year-to-date, the company-owned stores, same-store sales were actually up 1.5%. And I think if you pulled 100 people at the beginning of the year. And so this is what the weather picture is going to be like, that's going to be the planned acreage is going to be. You wouldn't have thought same-store sales would be positive, so what drove that?

Pedro Farah - *Nutrien Ltd. - Executive VP & CFO*

Yes, I think, #1 is the short window of applications. I think people kind of will concentrate on who has the capability to do that, which I think Nutrien has proven the capability. We have also -- inventory is well positioned for the year, so that helps. We also had a very good year from a digital standpoint. So we kind of launched the platform in January. And at this time of the year, we already have 20% of crop protection going through the site. There was a huge amount of orders already going through that. So there was a bit of an uplift. It's kind of hard to tell apart, which is the one component driving this. But obviously, it kind of helped. And we continue to invest very heavily on that.

Unidentified Analyst

So if we think about bridging this year to next year in retail. And you manage to be up on a comparable basis this year despite everything. In the next year, we're talking about somewhere between 10 million and 12 million acres coming back into planting, which presumably is helpful versus this year. That's -- do we just sort of assume that spending increases ratably with that amount of acres? Or what's the bridge?

Pedro Farah - *Nutrien Ltd. - Executive VP & CFO*

Well, our -- Mike Frank, who leads our retail used to say that about 1 million acres is about $6 million in corn. If it's a corn acre. And if it's a -- soybean acre is about a $3 million in corn. So we think we're going to have a lift. But it's going to be equitable to the utilization of the acreage throughout the year. So by and large, I think that would translate into a $50 million lift next year in terms of the acreage. Just...

Richard Downey - *Nutrien Ltd. - VP of Investor & Corporate Relations*

Yes, just from the acreage.

Pedro Farah - *Nutrien Ltd. - Executive VP & CFO*

Just from the acreage. And I think we're going to have some normalization as well because this is a pretty bad year. So next year is we're, of course, not thinking that it's going to be just as bad as this year, it's going to be a normal year. I don't know if it's going to be an abnormally great year or just a normal year. But typically, we've seen a history that there is a rebound after a bad year, such as this one. So at least history, if that serves as a guide, it'll be a much better year.

And then we -- of course, we have a number of acquisitions too which we have made throughout the year in Australia. You asked all the tuck-ins and Actagro and other acquisitions. I think those will cause us to have some lift next year as well.

Unidentified Analyst

And how helpful would it be if we have this Phase I trade resolution on soy, and maybe the soy price perks up a little bit or potentially the corn price perks up a little bit by the time the yield -- final yield numbers come in. Everyone sort of seems to think they're going to be lower. Does it -- how sensitive is retail over $0.25, $0.50 a bushel of either product?

Pedro Farah - *Nutrien Ltd. - Executive VP & CFO*

Maybe I'll ask Richard to comment a little bit. But I think, of course, anything that will free trade will be helpful. I think that as we are bordering kind of a 4 in corn and 9 per bushel in terms of soy that'll be a tremendous help for our growers. But we'll have to see how that plays out. I mean we've seen a lot of announcements before, so we need to see how that actually turns into practice. We haven't seen anything concrete in the market just yet. I don't know. Richard?

Richard Downey - *Nutrien Ltd. - VP of Investor & Corporate Relations*

Yes. Not much to add actually, I agree. Obviously, any trade agreement or improvement would be a positive, but to actually quantify that to retail EBITDA is difficult. But if you're likely -- you're going to push corn above 4. And that just psychologically for the grower is positive. So it just means that at the edges, you do spend a little bit more on some of the specialty products.

Unidentified Analyst

Okay. And just sort of to wrap up on the U.S. fall. Obviously, there's still a game to be played. But your guidance sort of assumes we get that 3- to 4-week window in?

Pedro Farah - *Nutrien Ltd. - Executive VP & CFO*

Yes. I think at this point in time, we are planning that we're still going to be able to do that. We don't need much of a window. We have stocks opposition. We have proven that we were able to apply. And in the past, we applied all the way through Christmas. So it is not unheard off. Another thing, if I kind of may, which is, there's been a lot of articles about the health of the grower. And of course, the grower is our main concern. Is -- how is the farmer economics doing. And of course, we live and die by kind of the health of our pharma. So it kind of concerns us. But surprisingly, even though a lot of the kind of a reading on that I've been doing in terms of the struggle with the banks and some spots where there is more delinquency and all that. We have not seen -- we have a slightly higher delinquency rate, which is like very natural for extreme conditions we have had. But how our receivables are even better than last year in terms of number of current over 90 days and all the other metrics that we track. So it's actually surprising in a positive way that we have been able to keep it all together. I mean we -- of course, we have more receivables because the whole season is shifted a couple of months. But I think we've been tracking, and we've been actually very pleased with that so far.

Unidentified Analyst

Okay. Maybe let's talk more about the digital platform. You referenced sort of you're already getting good penetration on the crop, you said that. What is sort of the overall strategy with the digital platform? What are you trying to achieve? How long do you think it'll take and so forth?

Pedro Farah - *Nutrien Ltd. - Executive VP & CFO*

Yes. So I -- our objective was to have by 2023, 50% of all of our price go through the digital platform. We're now in 6 months already at 20% for the crop protection part, which is what we launched so far. So we haven't launched the rest of it. And there's a lot more being launched in terms of functionality of the site, and we think we are in a leadership position there. We'd like to keep that leadership position. We think being the bigger -- the biggest cropping -- selling in North America, we should have the best ability to invest and sustain that. And it's not a closed platform. We're trying to have an open platform. We'd like to offer proprietary services where what we can be the absolutely best. But we are opening for a number of different services as well. So we'll like that to be very farmer-centric and not try to push any one specific service or product through it. It should be from the eyes of the farmer, what do you want to have. So that's what we're trying to get in 2 years. So it's a mixture of both effectiveness in terms of deepening the relationship with the grower, providing them agronomic advice, weather services that are specific to their area and region, soil services, whatever we can provide in terms of useful information for them. And we will curate a bit of that and open for others. But also provide efficiency through the e-commerce portion. So check in to any voices, making the payments, open for mutant and financial to do the financing of their receivables. So any other thing. So that's the deepening of that. So we'll see how that evolves. But I think the acceptance has been good. A lot of the sales right now are still be made by agronomers, which we have more than 3,000 agronomists. And they are doing for the farmer. But I think we're seeing more of a pickup of that. Agronomists' to become more familiar with the platform.

Unidentified Analyst

And what does the platform do for Nutrient internally in terms of your expense structure, your distribution? I mean how are things going to evolve there? Presumably there's some favorabilities that come out of there?

Pedro Farah - *Nutrien Ltd. - Executive VP & CFO*

Yes. I think the -- so that's the efficiency part of that. So obviously, the #1 thing it will force us to do is to have much clear visibility of inventory, which is inventory for e-commerce is everything because you can't sell what you -- if you don't know what you have or where you have it. So I think that is a project that we're just implementing, which is the back end of the interface. I mean we're talking about digital, we're talking about the web page, the clicks and all that. But there's, of course, a lot of infrastructure behind that, that actually makes it work. There's all the (inaudible) inventory, all the supply chain, all the logistics that will go behind that, and that is also a big investments we're putting. So we're putting the interface to the customer, but we are also working on deployment of SAP HANA in the back which is actually a greater expense at this point in time, just to roll it out to all retail in North America. We're starting actually potentially this year. I think end of the year with Canada and launching in the middle of next year to North America as well. So that enables that when you click something happens in the back because of the ways -- you can a lot of information there. But you actually have -- you need to have deliveries, you need to know what you have. You need to be able to compare the options and all those things are facilitated by the backbone -- the IT backbone.

Unidentified Analyst

Two other things in retail I think are interesting. You just bought a soil sampling company, which obviously is a service you can provide to farmers, so they probably see also information that you get and better understanding, kind of maybe thinking about a year like this year, right? Where, obviously, doing missed applications or they could have some (inaudible) in the soil, it's just a shrunk time period. How much of a benefit are you going to get from that data collection? Because presumably you see the data when the customers do the soil sampling and have a better understanding, maybe into next year of what demand could look like or why?

Pedro Farah - *Nutrien Ltd. - Executive VP & CFO*

Yes. I think the good thing about Waypoint is that for the people who actually get recommendations. It results in a -- 50% of those recommendations result in a sale. So it is a very important instrument that people find that useful, that it actually turns into a sale very quickly. It's almost like the statistics of selling cars, and I was in that industry at some point in time. The people who do test drive 50% of them buy a car. And it's almost like the same. If you try Waypoint and do the soil sampling, there's a recommendation that drives the sale. Well, maybe, Richard, you'd like to comment more?

Richard Downey - *Nutrien Ltd. - VP of Investor & Corporate Relations*

No, I think it does provide us insight in terms of which regions may be short on NPK in terms of a potash phosphate in particular because nitrogen you're putting on every year. And I think it ties in with the information that we're going to get on the digital side as well. I think just to get a better learning in terms of effectiveness of the precision agriculture products and applications. So...

Unidentified Analyst

So this -- are you charging farmers? Or you just...

Richard Downey - *Nutrien Ltd. - VP of Investor & Corporate Relations*

Well, this is a separate business that we purchased, that's actually a highly profitable business. It's not digital business per se. It is a soil sampling and recommendation.

Unidentified Analyst

(inaudible) goes out to your place.

Richard Downey - *Nutrien Ltd. - VP of Investor & Corporate Relations*

Yes. The agronomist will actually help take the samples send it in and then the farmer gets the results as to -- our agronomist as to what is deficient in the soil. And oftentimes, they'll not just do NPK they'll do the specialty, like the zinc and the borne liquid micronutrients. And that -- we have that product backward integrated as well within retail and the margins on those products are quite significant.

Unidentified Analyst

All right. So we'll see how that evolves. And then also the Loveland brand. It's been a good story over the last couple of years in terms of penetration in both ease and crop protection. So where are you with that? And sort of what is the growth plan over the next few years?

Pedro Farah - *Nutrien Ltd. - Executive VP & CFO*

Yes, it's been a great story. And we think there is still a lot of room to grow. I think a lot of the endonutritious side, a lot of macro nutritions that are going to be -- still be sold, then it's green, it's growing, and it's got good margins. And it's not conflicting with any of the other suppliers that we have. So we think there's also a good role for Loveland brands to play in the life cycle of some of the products as they -- we can kind of extend the life cycle of many of those products through -- with our main partners in terms of that too. So it's -- we think we're still underpenetrated in terms of Loveland products, in terms of the shelf. So there was a lot of growth within the wallet of our existing customers and of course, we could do -- we'll grow as we grow our presence nationwide as well.

Unidentified Analyst

And the other thing that was kind of talked about or has been talked about in retail for a while is maybe going down to Brazil. And I think Mike made an interesting comment in the third quarter call where you talked about transforming, retail has done in Brazil. So I wonder if you can just elaborate on what that transformation actually would entail?

Pedro Farah - *Nutrien Ltd. - Executive VP & CFO*

Yes. I think the -- so Brazil, it's a market that is, of course, growing, but it lacks the retail presence in a way that we know it in the U.S. So a lot of the retail presence in Brazil is the extension of the manufacturer, is the extension of Monsanto, is the extension of Syngenta and others. So the function of the kind of a sales arm extension for the different manufacturers. But there is nobody who is actually representing the customer and offering all the array of products to the customer whatever they will like. So it's very much a push as opposed to a pull from the market. So what we're trying to do there is to use our relationships, and we, of course, have been in conversations to change that equation. And make it a multi-brand kind of offering to the customers. So there'll be very different than what we have before. However, this is going to be a change and -- that'll have to be implemented somewhat gradually here. I don't think it's going to be a flip of a switch. The other thing we're being very careful about Brazil as we enter there is our strategy applies a number of filters. So it's not a free for all, kind of a strategy. We're not -- we're probably not doing mega farms. We're not doing very small people. We're applying a number of filters in terms of, we are focusing on certain crops, certain size of growers in certain regions, and that will be the addressable market in the beginning. And we are doing that very -- in a very thoughtful way so that we start where the value proposition is the greatest, and we can develop the capability. We're also trying to get to scale in a faster way, so we understand that. So Brazil, we don't have the same advantage you have in Australia, where we kind of penetrated through a couple of relatively large acquisitions. So Brazil doesn't -- it's very fragmented in terms of retailers. So I think it's going to be important to create a certain amount of scale, so that then we can start to tuck-in other retailers and to that. So it's going to be getting to scale, being very thoughtful about defining the addressable market in a way that it's going to be very important for the value proposition, and then trying to offer the platform of products through that chain, which will be the transformation of the market.

Unidentified Analyst

Okay. Maybe we shift gears to nitrogen. You guys have a kind of bullish view going forward, not just into next year but just sort of cyclically. What drives the enthusiasm, is it cost curve dynamics? Is it tightening utilization rates and sort of what's behind the view?

Pedro Farah - *Nutrien Ltd. - Executive VP & CFO*

Yes. I think, of course, there will be fluctuations in the market, but we still do not see much of a greenfield case for nitrogen. And therefore, there's not a lot of new capacity being added in the market which is large, is still growing at about -- we believe it's still going to grow at about 1.5% a year. So that will absorb and tighten demand. There will be some brownfields. And we are considering brownfields ourselves, which we think still makes sense. Part of that is ag, part of that is industrial. But I think that is -- it's going to be the demand side that will call for that. There's not a lot of new capacity coming in. Demand still grows at a kind of a steady rate of 1.5%. That is what we think is going to be a bit more tight as we go into the future.

Unidentified Analyst

The wild card on the supply side has really been more of China's production and exports than sort of another round of new capacity in the U.S. So how do you -- this year, we saw a couple of million tons out of China that maybe came -- caught by -- a little bit by surprise, but we also saw a reduction out of Iran that we were all anticipating. So how do you sort of gauge how much sort of shadow capacity still exists?

Pedro Farah - *Nutrien Ltd. - Executive VP & CFO*

Yes, I'll ask Richard to jump in as well. But I think what we saw this year was up to 4 million tons of export. We thought it was going to be between 2 and 4. So it was in the higher-end of what we expected. We think next year, it's going to be about the same. There's still -- we don't believe that China, given environmental concerns and given just the cost structure of producing nitrogen of nitrous oxide. It's going to be -- it's going to continue to be a costly, be very prudent, and so I think they're going to stick to their strategy. So yes, there's a little fluctuation that all that margin makes a difference. But I don't think structurally, it's something that is going to be a concern. It's also the longer, some of those places stay closed. How hard it is to put it back into capacity, even if you wanted to. But I -- we don't believe that they change there. Richard?

Richard Downey - *Nutrien Ltd. - VP of Investor & Corporate Relations*

No, I think you covered it. The only thing, I think, over the next couple of years is that given the lack of greenfield builds, you're probably going to need at least a couple of million tons out of China, just to supply the growth in the market globally. Now some of that might come from Iran if it's -- but Iran's been trickling it out. So I don't know how much excess capability, additional they've got on top of that. So we do think it's really just a tightening of -- as demand grows, and there's not enough new capacity being built in the short term, that will tighten up, and it'll be more of a supply -- sorry, demand-driven market.

Unidentified Analyst

And then your evaluation of your brownfield opportunities consists of which areas are you looking at, which products?

Pedro Farah - *Nutrien Ltd. - Executive VP & CFO*

We are looking in terms of utilizing already the sort of the feed plants and stock that we have to see if we can go a bit more down market, potentially, just ammonia, urea. But it's going to be leveraging the assets we already have, leveraging the capacity. So we think that the payback it's a lot shorter. And the risk is a lot smaller as well because we're not -- we're trying to do as much turnkey as we can. So reducing the investment risk. A part of that capacity is likely going to be for industrial use as well with long-term contracts. So a lot of the losings are being tightened up.

Unidentified Analyst

Okay. Maybe shifting to potash. One of the things that I think investors have been struggling with is just sort of understanding the difference between shipments and use, and how we sort of wound up in a situation this year where we had a pretty strong start to the year, and then sort of the middle of the year, we'll kind of hit a wall, and you can kind of point to the U.S. season, obviously, was challenged. Palm oil economics were challenged. But -- and you talked earlier about looking all this capacity, all the supply moves to Brazil. And then all of a sudden, China has got too much inventory. So what is it that sort of creates that snowball effect where it looks like we're going to have another year of shipment growth and announced that we're going to have shipment declines? And we've taken 3 million tonnes offline in the fourth quarter that nobody anticipated. So what is it about the visibility in the supply chain that we can't see that things are piling up?

Pedro Farah - *Nutrien Ltd. - Executive VP & CFO*

Yes, I think you got a point in terms of the supply chain visibility is -- it's probably good in under certain circumstances. And I think we've kind of just tested the limit of how many things can go wrong in one period of time. And up to Q2, China had a record import here. So they obviously -- I don't think this was all a strategy. I think they actually thought they needed a tonne. And of course, weather, swine flu, beyond deceleration of economy or a confluence of those things just caused that clot. And we think that actually, inland inventories are not very large, but port inventory is, of course, high. So that needs to flow. But China will probably need about 1 million tonnes a month as we start the year. So at some point in time, those -- that's going to flow in, and they're going to need some more. And now when exactly -- we are trying to be patient because, as we said before, a bad deal is worse than no deal. So we'll have to be patient. It's not the first time that had happened. We just got to -- the India contract provides price discovery for that, so it establishes a benchmark. So we think it's a good start. But we'll have to see what we end up there.

No -- yes. I mean I think so much happened in such a short amount of time that I think tested the amount of adjustments that you could make. So I think the market actually acted very rationally. And I don't think it acts in its own self-interest. Everybody look at their customer portfolio and look at the orders and kind of decide to do the rational thing from a cost standpoint. So it is good, but the market is acting rationally. And I think the same thing, which is going to happen next year as we start the destocking and start to flow. We think it's going to be a crescendo throughout the year. Of course, the beginning of the year, you still need to place inventory. So a bit of that's going to -- it's going to depend on weather in the U.S. or the U.S. specifically. But we see palm oil prices recovering quite nicely already. So that should push Southeast Asia demand. Also the ecological kind of programs they have, which was actually the biggest decline year-on-year. So I think a couple of those items are clear. And we're going to see -- we don't think -- we think it's going to be a crescendo throughout the year. But we are fairly positive. So nothing really structurally changed. But yes, the circumstance show kind of a situation that was -- the short-term situation required a lot of adjustments that had to be made in a hurry.

Unidentified Analyst

Right. And then with your own assets, you're kind of just standing by watching the market develop in terms of when you'll things back to...

Pedro Farah - *Nutrien Ltd. - Executive VP & CFO*

Yes. We have the lowest -- we are in the lowest part of the cost curve. So we are fortunate that way that we have got quite a few choices. We also have a lot of excess capacity, which was invested even prior to the merger. So we have capacity that we can bring at a moment's notice. We have the supply chain to do it. So I think what we need to see is the volume recovering, and we can turn it on and get it there in a short time.

Unidentified Analyst

And just thinking about -- I think your forecast for next year was 68 million to 69 million tonnes globally. So what are the key markets that are going to drive that increase from the mid...

Pedro Farah - *Nutrien Ltd. - Executive VP & CFO*

6 to 7? 6 to 9?

Unidentified Analyst

(inaudible)

Pedro Farah - *Nutrien Ltd. - Executive VP & CFO*

Yes. I -- yes. It will be -- we think China is actually going to be flat year-on-year, given the fact they had such a big increase in the first half. We think Southeast Asia, it's probably going to be a good increase year-on-year. We think Brazil will continue to increase, probably not at the same pace they had before. Just because they were kind of the favorite market this year. But the market -- the underlying growth of the market continues. So I think that would absorb more capacity. And the U.S. should be a good recovery, of course, will depend a bit on Q4 in terms of -- if we're going to have the room for a refill now or we have to wait for Q1.

Do you have any other perspective?

Richard Downey - *Nutrien Ltd. - VP of Investor & Corporate Relations*

No, it's mainly, Southeast Asia really was (inaudible) 2 million tonnes. So we expect to get most of that back about 1.5 million up and then U.S. up over 1 million in other parts of South America. So we've seen this before, you get a pullback, market psychology, the first half was very, very strong and someone pulls back. And there's been a bit of a confluence of factors. And then everyone sort of pile in and holds off. And usually in that type of year is followed by a very strong growth year. So that's -- and we think that will happen again.

Pedro Farah - *Nutrien Ltd. - Executive VP & CFO*

And in U.S., if we think that in Q4 last year, we're already having some weather issues. So we had Q1, Q2, Q3, Q4, I mean it's been a long time. And we have seen from our Waypoint data that there was a lot of nutrient deficiency in the soil. So we think that there is inherent need to put it back there. So we think it's eventually going to -- it's going to have to come.

Unidentified Analyst

Okay. Does anybody have any questions out here in the audience?

Maybe you just want to talk a little bit from a cash flow, balance sheet perspective, what your goals are and sort of what the targets are and plans are from that perspective?

Pedro Farah - *Nutrien Ltd. - Executive VP & CFO*

Yes. So our capital allocation strategy kind of remains pretty much the same. But #1 is sustaining the assets that we have. We have excellent assets. And we'd like to keep in good maintenance all the time, that I think improves our liability. We think it's actually the most financially prudent thing to do. Then we'll like to keep our balance sheet strong. Our leverage rate. So we'd like to keep a BBB flat kind of a balance sheet. It helps us a lot with commercial paper and smoothen seasonality over the year. And that -- so we've kind of live in that 2 to 3 kind of a leverage -- net leverage to -- debt-to-EBITDA kind of a position. Our dividends are primarily funded by our retail cash flow, and we think that there will be -- it's a very kind of a more stable source of funding, which provides a good funding for our dividend going forward. We'll like to keep it to be relevant, to be growing, to be stable. So that is -- it's been our policy since the beginning. And I think even from some of our legacy companies. And then the rest is going to be compete for capital. So basically, have a long list of things we'd like to do from an investment standpoint. And one of those investments will be distribution through share repurchase, of which we have done quite a bit in the last year. So we didn't want to have idle cash sitting in our balance sheet. So a lot of that was distributed. So that'll be on that basis. That would depend on each -- the return of each for those projects. Thank you.

Unidentified Analyst

Thank you.
