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OVERVIEW:

Co. reported 4Q19 revenue of \$1.36b and GAAP diluted EPS of \$0.50. Expects 2020 revenue to be \$5.725-5.775b and 1Q20 revenue to be approx. \$1.36b.



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PRESENTATION

Operator

Greetings, and welcome to the Waste Connections Fourth Quarter 2019 Earnings Conference Call. (Operator Instructions) As a reminder, this conference is being recorded, Thursday, February 13, 2020.

I would now like to turn the conference over to Worthing Jackman, President and CEO. Please go ahead.

Worthing F. Jackman - *Waste Connections, Inc. - President, CEO & Director*

Thank you, Rita, and good morning, everyone. I'd like to welcome everyone to this conference call to discuss our fourth quarter 2019 results and provide a detailed outlook for both the first quarter and full year 2020. I'm joined this morning by Mary Anne Whitney, our CFO; and several other members of our senior management team.

As noted on our earnings release, 2019 ended on a high note, as financial results for the fourth quarter exceeded expectations on better-than-expected solid waste price growth, E&P waste activity and acquisition contribution. We're also extremely pleased with our results for the full year as underlying adjusted EBITDA margins in solid waste collection, transfer and disposal expanded by 50 basis points, excluding CNG credits.

Moreover, our ability to deliver full year adjusted free cash flow of \$916.8 million or 17% of revenue and 54.8% of adjusted EBITDA on a 16.2% increase in capital expenditures as we reinvested in and expanded our business is indicative of our disciplined focus on quality of revenue and free cash flow generation.

Acquisition activity also accelerated into year-end, as we announced an additional \$130 million in acquired annualized revenue in December. Acquisitions completed in 2019 provided rollover revenue growth of approximately \$170 million in 2020, and the base of acquisition activity remains elevated. Along with strong pricing growth, this already sets us up for high single-digit growth in revenue and adjusted free cash flow. Positive solid waste volumes, any increases in values of recycled commodities or renewable energy credits since year-end or additional acquisitions closed during the year would provide upside to our initial 2020 outlook.

Before we get into much more detail, let me turn the call over to Mary Anne for our forward-looking disclaimer and other housekeeping items.

Mary Anne Whitney - *Waste Connections, Inc. - Senior VP & CFO*

Thank you, Worthing, and good morning. The discussion during today's call includes forward-looking statements made pursuant to the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, including forward-looking information within the meaning of applicable Canadian securities laws. Actual results could differ materially from those made in such forward-looking statements due to various risks and uncertainties.

Factors that could cause actual results to differ are discussed both in the cautionary statement on Page 3 of our February 12 earnings release and in greater detail in Waste Connections filings with the U.S. Securities and Exchange Commission and the Securities Commissions or similar regulatory authorities in Canada.

You should not place undue reliance on forward-looking statements and information as there may be additional risks of which we are not presently aware or that we currently believe are immaterial, which could have an adverse impact on our business.

We make no commitment to revise or update any forward-looking statements and information in order to reflect events or circumstances that may change after today's date.

On the call, we will discuss non-GAAP measures such as adjusted EBITDA, adjusted net income attributable to Waste Connections on both the dollar base and per diluted share and adjusted free cash flow.

Please refer to our earnings releases for reconciliation of such non-GAAP measures to the most comparable GAAP measure. Management uses certain non-GAAP measures to evaluate and monitor the ongoing financial performance of our operations. Other companies may calculate these non-GAAP measures differently.

I will now turn the call back over to Worthing.

Worthing F. Jackman - *Waste Connections, Inc. - President, CEO & Director*

Thank you, Mary Anne. In the fourth quarter, solid waste price plus volume growth was 4%, in line with the upper end of our outlook for the period. Pricing growth of 5.4% exceeded our outlook for the quarter, up 60 basis points year-over-year and 30 basis points sequentially, primarily reflecting the additional price increases implemented in prior periods to address cost pressures and to recover through collection pricing, a portion of the impact from lower recycled commodity values.

Pricing in Q4 range from about 3.5% in our Western region exclusive markets and over 5.5% in our more competitive markets.

Reported revenue growth in Q4 was negative -- volume growth in Q4 was negative 1.4%, consistent with our assessment coming out of Q3 that we had seen some pull forward of volumes from Q4 into Q3, and therefore, expected to see a decline in volumes in Q4. Volumes tend to swing period-to-period as evidenced by our expectation for positive volume growth in Q1 2020.

Looking further at 2020. We expect pricing growth to continue to average about 5%, starting higher at approximately 5.5% early in the year due to the rollover impact of higher price increases implemented during 2019 and exiting 2020 between 4% and 4.5% as that rollover contribution wanes during the year. We expect reported volumes to be about flat for the full year, again starting positive in Q1, with some variability by quarter.

Looking at year-over-year results in the fourth quarter by line of business on a same-store basis, commercial collection revenue increased approximately 5%, mostly due to price increases. Roll-off revenue increased approximately 4.5% on a combination of higher pulls and higher

revenue per pull. In the U.S., pulls per day increased about 2%, and revenue per pull was also up about 2%. In Canada, pulls per day increased about 2%, and revenue per pull increased about 3%.

Solid waste landfill tonnage increased about 1% on higher MSW tons, up about 1%, led by increases in Florida and on the West Coast and higher CND tons, up 7%, with the largest increases in the Northeast.

Special waste tons were down about 2% in Q4 primarily due to certain markets were outsized activity in Q3 as noted earlier while special waste was up 10% year-over-year, but increases in all regions.

On a combined basis, commodity-related revenues from recycled commodities and renewable energy credits, or RINs, from landfill gas sales were largely in line with Q3 as expected, with slightly weaker recycled commodity values offset by stronger RINs.

First, recycling. Recycling revenue, excluding acquisitions, was about \$12 million in the fourth quarter, down \$10 million or approximately 46% year-over-year. OCC prices in Q4 averaged about \$41 per ton, which was down 56% from the year-ago period and down about 5% or \$2 per ton from Q3.

The estimated flow-through from changes in recycling revenue was similar to earlier quarters, with decremental margins of approximately 140% due to the combination of lower fiber values and higher recycling processing costs paid at third-party facilities. The resulting impact was about a \$14 million impact to EBITDA or a drag on reported margins of about 80 basis points and about \$0.04 per share of EPS in Q4.

OCC prices currently averaged approximately \$45 per ton and have largely stabilized in the \$40 to \$45 range for the past 6 months. 2019 OCC pricing averaged \$52 per ton, peaking at \$77 in Q1, which, therefore, will be the toughest quarterly comparison in 2020. Current pricing of \$45 per ton is down about 42% year-over-year for the quarter.

We continue to believe that pricing stability and, ultimately, some amount of improvement are reasonable expectations as a result of higher demand for recycled feedstock by both Newton mills and domestic mills expected to convert to accepting recovered fiber. We've also seen indications of higher international demand for OCC, which could also support higher domestic fiber pricing for us.

Next, renewable energy credits, or RINs. Landfill gas revenue was approximately \$12 million in the quarter, down about \$4 million or 25% year-over-year. RINs, which account for about 40% to 45% of landfill gas revenue, averaged approximately \$0.82 in Q4, up 19% from Q3 but down 59% year-over-year, resulting in a drag of about 20 basis points to reported margins in the period and about \$0.01 per share of EPS.

Throughout January, RIN prices remained mostly in line with Q4 levels, but recently have jumped as high as \$1.60. It is too soon to note these levels will persist throughout the quarter and full year. So while we are encouraged by recent increases, we have not baked this into our outlook for the year or, for that matter, Q1.

Moving next to E&P waste activity. We reported \$62.5 million of E&P waste revenue in the fourth quarter, above the high end of our outlook in spite of further rig count declines during the period. E&P waste revenue in Q4 was down about 2.3% year-over-year and down about 5.8% sequentially from Q3, which is our strongest quarter in over 2 years, despite the weakening macro last year.

As noted throughout 2019, our activity held up better than expected, as overall E&P waste revenue increased 4.5% year-over-year in spite of a 20-plus percent decline in rig count. As also noted throughout 2019, we benefited for our asset positioning and diversity of basins as well as contribution from new or expanded facilities.

That said, particularly given the recent decline in crude and concerns about global demand, we remain cautious in our outlook for E&P waste activity.

Looking at acquisition activity. As noted earlier, we closed approximately \$130 million in annualized acquired revenue in Q4, including a new market entry in Pennsylvania and tuck-ins in Illinois and Tennessee. These acquisitions include [pen] waste in South Central Pennsylvania, which

provides solid waste collection and state-of-the-art recycling services. In addition, we acquired a recycling facility in Illinois, which complements our existing operations and allows us to internalize additional recycled commodities in that market. We also expanded our existing market positioning at Tennessee through the acquisition of collection and transfer assets, enabling us to internalize additional disposal volumes in that market.

Along with other acquisitions completed earlier in the year, this brings our total acquired annualized revenue in 2019 to approximately \$300 million and provides rollover acquisition contribution of about \$170 million in 2020.

Three years ago, we had suggested that there may be a 4-year window of outsized acquisition activity. Our experience over the past 3 years has been consistent within that expectations, as we have essentially completed 6 years' worth of transactions over that 3-year period.

As we enter 2020, we continue to believe that the factors that have been viewed favorably by sellers are still relevant. They continue to note the strength of their underlying businesses and the clarity resulting from tax reform under the current administration, with the potential for uncertainty being introduced as a result of any change to the status quo. Given those concerns and the current amount of dialogue, we believe 2020 could be another year of outsized acquisition activity.

In 2019, we deployed approximately \$835 million in acquisitions, with leverage decreasing to about 2.4x debt to EBITDA. And we finished the year with over \$325 million in cash on the balance sheet. As such, we remain well positioned for potential continued outsized capital deployment.

Now I'd like to pass the call to Mary Anne to review more in-depth the financial highlights of the fourth quarter and provide a detailed outlook for Q1 and full year 2020. I will then wrap up before heading into Q&A.

Mary Anne Whitney - *Waste Connections, Inc. - Senior VP & CFO*

Thank you, Worthing. In the fourth quarter, revenue was \$1.36 billion, up \$100.2 million over the prior year period and about \$17 million above the high end of our outlook due to higher solid waste pricing and E&P waste activity as well as contribution from acquisitions closed during the quarter.

In total, acquisitions completed since the year-ago period contributed about \$70.4 million of revenue in the quarter or about \$68.5 million net of divestitures. Adjusted EBITDA for Q4, as reconciled in our earnings release, was \$419 million, about \$14 million above our outlook for the period on higher-than-expected revenue and the benefit of the compressed natural gas tax credit, which was applied retrospectively for 2018 and 2019 in December and totaled approximately \$7.5 million.

EBITDA was up \$21.8 million year-over-year despite an estimated \$18 million hit to EBITDA from recycled commodities and RINs. Adjusted EBITDA as a percentage of revenue in Q4 was 30.8%, down 70 basis points year-over-year, but exceeding our expectations. An estimated 50 basis-point increase in underlying solid waste collection, transfer and disposal margins and a 50 basis-point increase due to CNG credits were more than offset by an estimated 100 basis point impact from lower recycled commodity values and RINs, as noted earlier, and an estimated 70 basis point impact from lower-margin acquisitions completed since the year-ago period.

Fuel expense in Q4 was about 3.9% of revenue or essentially flat year-over-year. We averaged approximately \$2.69 per gallon for diesel in the quarter, which was up about \$0.04 from the year-ago period and up about \$0.08 sequentially from Q3. Depreciation and amortization expense for the fourth quarter, as expected, was 13.8% of revenue, down 20 basis points year-over-year.

Interest expense. Net of interest earnings in the quarter increased by \$1.8 million over the prior year period to \$33.5 million due to a combination of higher total borrowings as compared to the prior year period and lower interest earnings from invested cash balances.

Debt outstanding at quarter end was about \$4.35 billion. And our leverage ratio, as defined in our credit agreement, ended the year at approximately 2.4x debt to EBITDA, with cash balances of approximately \$327 million.



At year-end, approximately 85% of our debt was at fixed rate, and our weighted average cost of debt was approximately 3.4%. Since year-end, we've increased the portion of our debt that is fixed to almost 100% as we completed a \$600 public offering of 2.6% 10-year senior notes in January, which lowered our all-in average cost of debt to approximately 3.3%.

Our effective tax rate for the fourth quarter was 17.7%, slightly lower than expected. There was no impact to the rate from the proposed regulations previously expected to be finalized in 2019 as such regulations still have yet to be finalized.

GAAP and adjusted net income per diluted share in Q4 were \$0.50 and \$0.69, respectively. Adjusted net income in Q4 primarily excludes the impact of intangibles amortization and other acquisition-related items and impairments. As noted earlier, the impact to our adjusted net income per diluted share from recycling and RINs was a drag of about \$0.05 in Q4.

Adjusted free cash flow in 2019 was \$916.8 million or 17% of revenue and above our \$915 million outlook for the year in spite of higher Capex. Capital expenditures in 2019 were \$634.4 million, up 16.2% year-over-year and approximately \$20 million higher than anticipated due primarily to a high number of fleet deliveries received in December. I will now review our outlook for the first quarter and full year 2020.

Before I do, we'd like to remind everyone once again that actual results may vary significantly based on risks and uncertainties outlined in our safe harbor statement and filings we've made with the SEC and the Securities Commissions or similar regulatory authorities in Canada. We encourage investors to review these factors carefully.

Our outlook assumes no change in the current economic and operating environment, unless otherwise indicated. It also excludes any impact from additional acquisitions or divestitures that may close during the remainder of the year and expensing of transaction-related items during the period.

Looking first at full year 2020. Revenue in 2020 is estimated to be in the range of \$5.725 billion to \$5.775 billion. For solid waste, we expect pricing growth of approximately 5.0%, with volumes about flat. Adjusted EBITDA in 2020, as reconciled in our earnings release, is expected to be in the range of approximately \$1.76 billion to \$1.785 billion or a range of 30.7% to 30.9% of revenue, down 20 to 40 basis points year-over-year as underlying margin expansion in solid waste collection, transfer and disposal is expected to be more than offset by a combined estimated 65 basis point impact from the following: an estimated 25 basis points impact from recycled commodities and RINs, assuming year-end 2019 values; approximately 20 basis points impact from an assumed 10% decline in E&P waste activity; and an additional estimated 20 basis points of margin dilution from approximately \$170 million in rollover acquisition contribution already in place for the year.

Positive solid waste volumes, any increases in values for recycled commodities or renewable energy credits since year-end or additional acquisitions closed during the year would provide upside to our initial 2020 outlook.

For instance, to the extent that higher RIN pricing were to persist at the recent elevated levels described earlier, the annualized incremental EBITDA benefit could be \$15 million to \$20 million.

Regarding tax rates. Our effective tax rate for 2020 is expected to be approximately 21.5%, with some quarter-to-quarter variability. Adjusted free cash flow in 2020, as reconciled in our earnings release, is expected to be in the range of \$975 million to \$1 billion or between 17% and 17.3% of revenue.

Turning now to our outlook for Q1 2020. Revenue in Q1 is estimated to be approximately \$1.36 billion. We expect price growth for solid waste to be approximately 5.5% in Q1, with volume in the range of flat to up 50 basis points. E&P waste revenue is estimated in the range of \$55 million to \$60 million, and RIN revenue does not reflect the recent run-up in pricing described earlier.

Adjusted EBITDA in Q1 is estimated to be approximately \$405 million or 29.8% of revenue, down 120 basis points year-over-year. The margin headwinds expected from lower year-over-year commodity-related revenues, lower E&P waste revenues and acquisition contributions are most pronounced in Q1, totaling over 100 basis points, and therefore, masked our underlying improvements.

One additional headwind specific to Q1 is the impact of 1 extra day in the quarter due to leap year, which is expected to result in a drag of about 50 basis points to reported margins. The drags on reported margins are expected to abate as the year progresses, as we anniversary the toughest comps for recycling and RINs in the first half of the year. And of course, leap year only impacts Q1.

Depreciation and amortization expense for the first quarter is estimated to be about 13.7% of revenue. Of that amount, amortization of intangibles in the quarter is estimated to be about \$31.5 million or \$0.09 per diluted share net of taxes.

Interest expense. Net of interest income in Q1 is estimated to be approximately \$35 million. And finally, our effective tax rate in Q1 is estimated to be about 19.5%, subject to some variability.

Similar to Q1 2019, the effective rate for the period includes a slight benefit to the provision related to excess tax benefits associated with equity-based compensation.

And now let me turn the call back over to Worthing for some final remarks before Q&A.

Worthing F. Jackman - *Waste Connections, Inc. - President, CEO & Director*

Okay. Thank you, Mary Anne. Once again, we are extremely pleased with our results for 2019, driving our 16th consecutive year of positive shareholder returns. We expanded underlying margins in solid waste collection, transfer and disposal by 50 basis points in the year, excluding CNG credits, completed another year of outsized acquisition activity and converted almost 55% of EBITDA to free cash flow.

Most importantly, in spite of continued labor constraints, we've maintained our focus on safety, as evidenced by the over 55% of our operating locations that either posted 0 safety-related incidents in 2019 or drove further year-over-year improvements. We would like to recognize the tireless efforts of our more than 18,000 employees for our continuing success.

Given the headwinds of 2018 and 2019, we appreciate the greater visibility we have as we enter this new year, if you'll excuse the already overused pun, a 2020 vision. That's Mary Anne's little pun. I'll give her credit for that one.

That vision starts with our financial outlook. High single-digit revenue growth from price increases and acquisition contribution already largely in place, continued underlying solid waste collection, transfer and disposal margin expansion and maintaining our industry-leading free cash flow conversion to drive up to \$1 billion in adjusted free cash flow.

And again, positive solid waste volumes, any increases in values for recycled commodities or renewable energy credits since year-end or additional acquisitions closed during the year will provide upside to our initial 2020 outlook.

Our 2020 vision is also focused on engagement with our employees, our customers and our communities. Engagement means continued investment in training and development for our local leaders and frontline employees and building our technology offerings to increase connectivity both inside and outside the company. Engagement drives culture, increases retention and further improve safety.

In addition, our 2020 vision is focused on sustainability. At Waste Connections, we recognize the importance to our stakeholders of our continuing efforts to minimize our impact on the environment but also to measure the positive impacts we have in the communities we serve, the development and welfare of our employees, the financial health of our company and the returns to our shareholders. We hold ourselves accountable to deliver on these commitments. We appreciate your time today.

I'll now turn the call over to the operator to open up the lines for your questions. Operator?



QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from the line of Brian Maguire from Goldman Sachs.

Brian P. Maguire - *Goldman Sachs Group Inc., Research Division - Equity Analyst*

Congrats on being the only company I covered that actually waited until 2020 to give their vision 2020 outlook.

Mary Anne Whitney - *Waste Connections, Inc. - Senior VP & CFO*

It sounded new.

Brian P. Maguire - *Goldman Sachs Group Inc., Research Division - Equity Analyst*

You might be the only one that actually hits it. So let's see. I just wanted to get at the underlying margin improvement that's in the guidance because there's a lot of moving pieces. And I think you gave a lot of detail there. But it seems to me like the underlying margins in 2020 are going to be up 50 bps, if I break out the, I guess, you said 25 from recycling, 25 from E&P waste, 20 from M&A., probably another 10 or so from the leap day. But just trying to separate all of the noise. And with the 5% price increase that's kind of embedded in the guidance, so I'd assume you're going to get pretty good underlying margin expansion on that.

Mary Anne Whitney - *Waste Connections, Inc. - Senior VP & CFO*

Sure. I think, Brian, you just identified the moving parts. Of course, there's a little drag from CNG because, of course, we've got 2 years' worth of credits in the end of '19, a little drag there, too. So yes, you're right. What the guide suggests is underlying margin expansion in solid waste similar to what we saw this year. And of course, our guidance, we'd like to leave ourselves some room to do better. And so yes, you're right, coming into the year with 5% price, we would hope to meet or beat.

Brian P. Maguire - *Goldman Sachs Group Inc., Research Division - Equity Analyst*

Okay. And I guess, the E&P volumes and sales came in better than you thought in 4Q. It seems like the outlook for 2020 only down 10% is maybe a little bit better or more optimistic than I would have guessed, given the rig count moves and how oils performed year-to-date. So just getting a sense of how conservative you think that is. And what factors drove your volumes to be better than the overall industry. I know you guys added some capacity earlier in the year, just maybe that's a factor. But just what would allow you to kind of outperform the overall market?

Worthing F. Jackman - *Waste Connections, Inc. - President, CEO & Director*

Well, look, you can't respond to that question without recognizing the efforts of our group and how talented they are in this current environment. But obviously, we've said throughout the year -- look the Permian is -- was down in 2019 year-over-year. But the diversity basins allowed us to benefit from increases in Louisiana onshore and offshore. We opened the additional landfill up in the Wyoming, up in the Powder. We've talked about investments we were making also in the Permian during the year last year. Those will start to come online this year. We'll start to see some benefit from those modestly, but still coming off a 0 base from those assets last year that'll help us a little bit this year.

Look, I'll say that January exceeded our expectations internally for E&P waste. And so 1 month down, 11 months left to go. Our view is it has to come down. And so while we haven't seen anything that is worse than our expectations so far, obviously, we'd rather be cautious at this time of the year as we look out ahead. Because if we had not assumed down 10% and assumed this current environment, you'd be asking us why didn't



we assume E&P would be down 10% or at least in the year. And so let's throw a 10% number out there. Obviously, if we're doing well early in the year, that means we've got that cushion above 10% as you move through the year in case things do weaken later in the year.

As you know, we've been expecting a weakening amount of activity for the past almost 12 or 14 months. And again, our hats off to our folks and their execution of our business plan there.

Operator

Our next question comes from the line of Tyler Brown from Raymond James.

Patrick Tyler Brown - *Raymond James & Associates, Inc., Research Division - MD*

Worthing, just want to start with volume. So I appreciate the flat guidance. But in 2019, didn't you guys spend on a couple of new contracts that I thought would give you around a 50 basis-point tailwind in 2020? And if so, does that imply that you're guiding effectively to kind of down core volumes?

Worthing F. Jackman - *Waste Connections, Inc. - President, CEO & Director*

Well, I'd say there are 2 answers to that. One is, obviously, early in the year, you want to give yourself cushion to exceed, right? And we talked about the contracts last year. We said that was about a 50 basis-point benefit to volume for the year. And so if all that plays out, if underlying is flat and we benefit from the new contracts, that would mean there's about a \$25 million bias to the upside for volume growth if things play out like they might. \$25 million is not a big needle mover from a top line or EBITDA standpoint, but we left that as cushion on the upside.

Dave looked at total volumes last year. In 2019, full year basis, we were down about 20 basis points, so we're essentially flat. If that repeated this year and that 20 basis points gets improved by the 50 basis points of new contracts, that means we're up about 30 basis points in volume. So again, the number is starting to get pretty small here. Then, we'd rather leave that for upside versus doing an all-in guide at this point.

Patrick Tyler Brown - *Raymond James & Associates, Inc., Research Division - MD*

Okay. Okay. Conservative. I think that is maybe a good way to put it. But in the same vein, so I'm a little surprised to see CapEx remain somewhat heightened in 2020. I thought you would have had, again, some reprieve from those contracts spending that presumably doesn't repeat. You've talked about E&P being down. Core volumes aren't exactly doing a whole lot, at least under the current assumptions. So any thoughts there on the Capex? And is that something that we might see step down in '21?

Worthing F. Jackman - *Waste Connections, Inc. - President, CEO & Director*

We put some cushion in the guide because we find is that as you move through the year, as acquisitions come in, people stay focused on incremental EBITDA and incremental free cash flow from it and forget about increased CapEx that results from acquisitions too. So obviously, there is some cushion in that guide. I'd also tell you, as you look at 1 month playing out, the landfill volumes in January alone were up mid-single digits. So that persists, obviously, we're also assuming that there might be additional landfill CapEx above and beyond we currently anticipate.

Patrick Tyler Brown - *Raymond James & Associates, Inc., Research Division - MD*

Okay. And then on the landfill side, I may have missed it, but did you give MSW landfill pricing?



Mary Anne Whitney - *Waste Connections, Inc. - Senior VP & CFO*

We didn't break that out specifically, Tyler. As you know, we think about reporting pricing in the aggregate and, of course, talked about our 5.4% core pricing in the year. You've seen through the course of the year, I think we've talked before, in the 2.5% to 3% type of range is the type of increases we've seen on average across our network of landfills.

Worthing F. Jackman - *Waste Connections, Inc. - President, CEO & Director*

But as you move through the year last year, and if we need it again this year, we will as well. I mean, last year, we saw escalating costs at certain sites for leachate handling. Obviously, CapEx at landfills, you're getting less for your dollar these days, right? And so it's not just P&L pressure at landfills, it's the increasing cost to build out landfills over time. And so landfill pricing overall will be moving higher. It's just -- it's a question of kind of what sites and what regions you see the most movement. In some locations, we've moved pricing as much as 5% or 6% last year.

Patrick Tyler Brown - *Raymond James & Associates, Inc., Research Division - MD*

Okay. Okay. That's helpful. And then maybe going back on the core margin improvement side. What are you guys seeing on the labor inflation side? Have you seen that begin to abate at all?

Mary Anne Whitney - *Waste Connections, Inc. - Senior VP & CFO*

We have, Tyler, and that was encouraging. In Q4, that was really the first time that we saw a step-down. In the past few quarters, we've talked about the fact that same employee increases have been around 4.85%. And this was first quarter, it was in the low 4s. So it dropped by about 50 basis points, which is encouraging and also makes sense because our feeling was that we had been through the worst of those market adjustments we had done really over the past 2 years, which drove outsized wage increases in those markets. So we are beginning to see signs that our optimism about the abating of those cost pressures was well-placed.

Patrick Tyler Brown - *Raymond James & Associates, Inc., Research Division - MD*

Okay. Good. And then maybe my last one here, modeling question, Mary Anne. But any color on cash tax rate or as a percentage of the book?

Mary Anne Whitney - *Waste Connections, Inc. - Senior VP & CFO*

Sure. We talked about a 21.5% effective tax rate for the year. In cash taxes, I would think about them as a percentage of book as being up slightly from 2019, I think, in the 65% to 70% range, a little higher than we talked about last year. Of course, what changes that is that to the extent we do continue to get deals done, and we get incremental benefits from acquisitions, you could see that come down.

Operator

Our next question comes from the line of Hamzah Mazari from Jefferies.

Mario J. Cortellacci - *Jefferies LLC, Research Division - Equity Analyst*

This is Mario Cortellacci on for Hamza. Just quick question on landfill pricing. You'd already mentioned that you've seen pretty good increases so far last year. Just wondering how long you think that's sustainable for. And then maybe you can just comment or discuss what the catalyst has been. The sector has been pretty consolidated for a while and you've been relatively disciplined. Just curious to know if there was any other catalyst in there that's causing these to rise longer term.



Worthing F. Jackman - *Waste Connections, Inc. - President, CEO & Director*

Sure. Well, I think it's -- first, if you look back longer term, over the past 10 or 15 years for us, overall, as a company, we've averaged about CPI plus 150 basis points kind of as a portfolio of market pricing. That's been more elevated than that last couple of years. As you know, last couple of years, this industry's faced the impact from lower recycled commodity values and the need to push the cost of recycling to the generators. You've also seen some episodic spikes in certain cost items. Mary Anne already talked about labor. By the last couple of years, you've seen higher third-party logistics cost.

The other one -- and those mostly have all abated. We've talked about those, getting good line of sight on those, and kind of the surprises stopped in Q2 or so of last year on those. The ones that will persist are more focused on the landfill side. I mean, there -- those that will persist will be leachate cost. We, as a company, are looking longer-term to try to control our own destiny and bring the leachate handling and treatment in-house versus having to rely in some cases on third-party POTW plants. Landfills generate a lot of leachate. They're big rain collectors, right? And so as those costs move up, that's the needle mover for this industry. Again, I already talked about rising CapEx cost, and for that matter, rising litigation costs.

The U.S. is very litigious to society. Anybody with checkbook will get sued. And landfills are -- have a target on their back in some markets. And so look, the persistence of those cost items will not abate anytime soon. So I wouldn't be surprised if you see disposal pricing continue to click up despite other pressures having abated.

Mario J. Cortellacci - *Jefferies LLC, Research Division - Equity Analyst*

Great. One more, and I'll turn it over. Your leverage sits around 2.4x right now. And given your free cash flow and so your free cash flow profile, and if you guys get sub 2x, do you think your balance sheet gets a little inefficient? And if that's the case, do you have any larger deals in the pipeline? Or do you guys just go straight to buying back a lot of stock?

Worthing F. Jackman - *Waste Connections, Inc. - President, CEO & Director*

Well, we agree with you. It is inefficient if it got that low, which is why the only time we ever got that low was episodically in late 2008, early 2009 while we waited to deploy almost \$500 million in acquisitions. You haven't seen us go below 2x since then. We drifted closer to 2.2x in Q3 of last year, and we've increased back to 2.4x.

But look, these are high-class problems to have because leverage is coming down despite spending about \$1 billion a year in acquisitions and returning capital to shareholders above and beyond that. So I don't expect to see our balance sheet fall below 2x. Obviously, as the return on capital increases to shareholders, that'll keep the leverage, probably longer term between 2.5 and 3x when you combine that with acquisitions versus seeing us drift closer to 2x.

Operator

Our next question comes from the line of Michael Hoffman from Stifel.

Michael Edward Hoffman - *Stifel, Nicolaus & Company, Incorporated, Research Division - MD & Group Head of Diversified Industrials Research*

To follow through on sort of the commentary around the business trends and -- sorry, everybody keeps focusing on volume. Can we talk a little bit and remind everybody how the volume calculation works that -- landfill is clearly -- it's straightforward, but vast majority of the business is service space, and therefore, price is really the motivator? And so flat volumes against a strong price on inflation at 2.5% is exceptionally powerful.



Worthing F. Jackman - *Waste Connections, Inc. - President, CEO & Director*

Well, yes, look, I think you're leading the witness with the answer, which is okay. Look, this business is more about, in many cases, a fixed pay system, right, fixed pay service. And so when you look at kind of units of increase, it really narrows down the amount of revenue that's exposed to that and that big third-party volumes at the landfill, which obviously gets weighed, you can look at volumes for that. But third-party disposal revenue in most companies is anywhere from kind of 12% to 15% of total revenue. So even if landfill volumes go up 4%, you're looking at a whopping 50 basis-point contribution to the overall volume growth. Away from that, you've got a point-to-point business in roll-off for construction-related activity. And as we said for that, that's up 2% in pulls. And so if that business is all-in 8% to 10% of total, now you're talking about another 20 basis points or so.

And so it's really difficult to move the needle in this industry on volume on a sustained basis, meaning volume at 2%, 3%, 4%, unless you've got -- when those things happen, those are episodic large special waste jobs, those are the start of large new contracts that one would have to call out. This industry is not about a volume game. I mean, it is an industry where price retention is most important, and we like that kind of a fixed pay approach in good economies and bad.

Michael Edward Hoffman - *Stifel, Nicolaus & Company, Incorporated, Research Division - MD & Group Head of Diversified Industrials Research*

Okay. That helps. And then where are we as a company on infrastructure-related spending to -- as you get bigger and bigger, things like ERPs moving from servers to clouds? And I'm assuming you're doing that -- all those investments as normal course of business that we don't need any particular carve-outs for them.

Worthing F. Jackman - *Waste Connections, Inc. - President, CEO & Director*

No. We've never called out or added back any sort of IT-related. That's just the cost of doing business. And look, it depends on what you're talking about. I mean, it's -- Amazon's got a very powerful product out there on the cloud. And obviously, we've moved certain components of our business up to the cloud. Things that we're doing right now, looking at new technology deployment also pulls in the cloud. New connectivity that we talked about with regards to employee engagement and customer connectivity. These are things that we just -- are part of running the business. And so I don't -- we're making all the right investments. We have a lot going on. Like most companies, IT is probably our biggest growth department in the company. And that's a good thing, given all the benefits that we'll realize in a matter of time.

Michael Edward Hoffman - *Stifel, Nicolaus & Company, Incorporated, Research Division - MD & Group Head of Diversified Industrials Research*

Okay. And then because cash flow is so important, one should really try to do a multiyear model and just think about sort of trend lines. So if I take this economy and all of your headwind-related issues, recycling RINs, everything stays constant from this point forward. Is the right way to think about price is something in the low 4s consistently, a 0 to a little bit of positive volume, and then inflation's 2%, 2.5%. And therefore, I can -- you can model through how you want to think about operating leverage. If you're taking a sustained long view about how to think about the model?

Worthing F. Jackman - *Waste Connections, Inc. - President, CEO & Director*

Absolutely. I mean, we've always talked about this being kind of a 4% to 6% price plus volume growth business, especially in that 2.5% type underlying CPI. Obviously, we were on the low end of the 4% to 6% range in Q4. We'll be on the high end or better of that in Q1. And so it kind of can move around quarter-to-quarter in that kind of 4% to 6% organic growth.

If it's price-led, ought to drive EBITDA growth and free cash flow growth on a dollar basis, slightly above that. Acquisitions are additive to that. And obviously, on a per share basis, as we start returning more capital to shareholders through buybacks, per share basis, you get growth that accelerates faster than that as the denominator starts to shrink.



Michael Edward Hoffman - *Stifel, Nicolaus & Company, Incorporated, Research Division - MD & Group Head of Diversified Industrials Research*

Got it. And last question, just to make sure that nobody gets confused. You would never overpay for a deal to keep your leverage at 2.5 or better. The capital allocation will still be strictly done on good returns-based metrics.

Worthing F. Jackman - *Waste Connections, Inc. - President, CEO & Director*

Yes. We could've been doing that the last 22 years, if you want. I mean, when you see cash building up at \$300 million, \$400 million, \$500 million clips, that's just because we're saving it for the better deals versus blowing it on deals that have gotten done.

Mary Anne Whitney - *Waste Connections, Inc. - Senior VP & CFO*

And Michael, we tried to be very clear about the fact that we're not chasing a growth rate, and that we should expect more return to shareholders over time, to the extent that deal activity slows down.

Operator

Our next question comes from the line of Noah Kaye of Oppenheimer.

Noah Duke Kaye - *Oppenheimer & Co. Inc., Research Division - Executive Director and Senior Analyst*

So you called out the improving employee engagement. Obviously, the strong safety performance and improvement there as well as the lower labor cost pressure, could you tell us where you're currently with the labor turnover rate? And can you remind us of the historical benchmark?

Worthing F. Jackman - *Waste Connections, Inc. - President, CEO & Director*

Sure. Well, I'll tell you the -- our historical low as a company was coming out of Great Recession, where we bottomed out at about 11%, 12% all-in. We -- as the economy improved, total turnover -- by the way, the total turnover for us is voluntary and involuntary. Involuntary for us runs about 1/3 of our total turnover, just to make sure you're framing it correctly. Because, again, we still believe it's important. We can make our life easier if we didn't have involuntary turnover. But again, if you're risk-based scoring your employees, you want to make sure you're mindful of what the right thing to do is here.

But the turnover clicked up to about 16% by 2015 or so. The combination with Progressive Waste, which had turned over north of 40% in 2016. That combination obviously, pulled the total company turnover up into the low 30% range following that transaction. And we've trended that now back down towards the mid-20s on a total basis. Again, that's voluntary plus involuntary.

And our goal is to continue to move that closer to 20%. The fact that through -- between '16 and '19, we've been able to bring it down from the 30%-plus range down in the mid-20s. In the face of tightening labor environment, just shows you how much effort we're spending to lean into this and bring that lower. And we've got additional things lined up this year to hopefully benefit from what we started last year that -- I hope we'll continue to see improving trends within that direction.

Noah Duke Kaye - *Oppenheimer & Co. Inc., Research Division - Executive Director and Senior Analyst*

Great, helpful. And then on M&A, I mean, you've mentioned potential during the prepared remarks for another year of outsized activity. And in the past, you've provided some metrics around, say, the amount of LOIs out there. So just anything you can do to characterize the pipeline in terms of LOIs or other sort of sense of quantity and then the mix of tuck-ins versus new markets?



Worthing F. Jackman - *Waste Connections, Inc. - President, CEO & Director*

Yes, I'll just say that the -- there's nothing needle-moving in and of itself, right? I mean, there's half dozen or more in that kind of \$10 million to \$50 million range that, collectively, if we just execute, embed our averages, I would think that by our July call, we've probably signed or closed, what I would call, a full year's worth, meaning \$125 million to \$150 million of revenue. We still have half a year left, so really playing out no different than how the last 3 years have played out with regard to that.

People have asked us over time, "Hey, does your pipeline include anything from potential waste and advanced combination?" And the answer has always been no. We don't think of that as something we ought to include in any pipeline. Obviously, we've been very cautious in our dialogue around that. And it's way too early to tell whether or not we'll benefit from any of that.

Operator

Our next question comes from the line of Sean Eastman of KeyBanc Capital Markets.

Sean D. Eastman - *KeyBanc Capital Markets Inc., Research Division - Senior Equity Research Analyst*

I guess just continuing on this leverage discussion and the deal pipeline. Just curious to feel you out on where you're at on maybe considering some more noncore M&A. We've seen some of your peers look at some more environmental services type stuff. Just curious on where you guys are at there relative to what you have in the pipeline on the traditional solid waste side.

Worthing F. Jackman - *Waste Connections, Inc. - President, CEO & Director*

Yes. It's been our belief that our runway is long enough in solid waste. Last time I checked, there's still almost \$18 billion of private company revenue in the sector, and \$3.5 billion to \$4 billion of that fits our model. Now if we close all \$4 billion of that during this year, which we won't, then you can ask that question. But now we remain focused on solid waste services. Obviously, there's a lot that comes through here because people know we -- they want us to be the buyer of choice for a lot of unrelated or closely related businesses, and we passed.

Again, it's -- our view is that shareholders ought to go buy the stocks, because other companies, they want to play those sectors.

Sean D. Eastman - *KeyBanc Capital Markets Inc., Research Division - Senior Equity Research Analyst*

Okay. That's helpful. And the -- you guys highlighted a \$15 million to \$20 million number. Could you just remind me exactly what that was? I guess, what I'm trying to understand is this -- what this \$1.60 RIN price today translates into for 2020 EBITDA, if that holds?

Mary Anne Whitney - *Waste Connections, Inc. - Senior VP & CFO*

Sure. Sure, Sean. So what I said in the prepared remarks is that there could be as much as \$15 million to \$20 million in annualized EBITDA impact if the RINs were to stay at the elevated levels that we referenced. So in essence, if you had year-end numbers around \$0.80 and they've hit as high as \$1.60. What that's saying is a doubling of RIN equates to \$15 million to \$20 million on a full year basis.

Worthing F. Jackman - *Waste Connections, Inc. - President, CEO & Director*

Of benefit.



Mary Anne Whitney - *Waste Connections, Inc. - Senior VP & CFO*

Yes.

Sean D. Eastman - *KeyBanc Capital Markets Inc., Research Division - Senior Equity Research Analyst*

Okay. Got it. And then can I just ask where the recycled commodity basket sits today relative to the exit 2019 level that's reflected in the outlook?

Mary Anne Whitney - *Waste Connections, Inc. - Senior VP & CFO*

Right. As we've said, we've really been sitting in that low to mid-\$40 range for OCC, which is a good indication of where the basket is. As a whole, what we've seen recently is that there's indications of higher pricing in February, and that's the basis for some of the optimism in the short term. And as we've said before, longer-term throughout the course of the year, the optimism came from the additional mills expected to come online. And you're also seeing some dynamics internationally, where the spread between OCC and mixed paper is widening as demand increases for OCC.

So I'd say, in the near term, we are seeing some improvement, kind of a couple of dollars up from where we exited the year. We think longer term is where there's more benefit.

Worthing F. Jackman - *Waste Connections, Inc. - President, CEO & Director*

And frankly, if we continue to benefit from higher RINs and higher recycling, it'd be nice for that to finally become a tailwind after fighting 2 years of headwinds, especially around recycling.

Sean D. Eastman - *KeyBanc Capital Markets Inc., Research Division - Senior Equity Research Analyst*

Got it. And last quick one for me. I'm kind of ducking for cover from Michael asking you a volume question. But just curious on the -- those lumpy special waste type opportunities. Are there things like that potentially in the pipeline this year? And what point in the year will you have line of sight around that type of upside driver on the volume side?

Mary Anne Whitney - *Waste Connections, Inc. - Senior VP & CFO*

Sure. So certainly, Sean, every year, you have just between really 2% and 3% of our revenue in special waste activity. And it is lumpy, which is why we talked about it in Q3, as potentially impacting Q4, and that's exactly what happened. The line of sight is typically around 90 days.

Sometimes you have indications longer-term if there's infrastructure projects or something going on specific to an individual market, because it all becomes about asset positioning. We -- typically, it's logistics driven. And so if we're in the market, we're likely to get the job. And then the question is when does it start and how long does it last. That's where the uncertainty comes in.

So certainly, there's that potential out there. Again, we think the prudent way to guide at the beginning of the year is to say volumes are flat, and we'll let you know if we do better.

Operator

Our next question comes from the line of Chris Murray from AltaCorp Capital.



Christopher Allan Murray - *AltaCorp Capital Inc., Research Division - MD of Institutional Equity Research for Diversified Industries & Senior Analyst*

Just thinking about the guidance for 2020. It's interesting. A lot of the headwinds you guys talk about in terms of the EBITDA pressures are probably ones I would have thought that would have had an upside impact on free cash flow. And we're looking at CapEx being fairly flat year-over-year. So I guess my question is even with all those pressures, how are you actually kind of growing free cash flow? And a couple of things I'm looking at, working capital seems to be year-over-year, even in a growing business positive. Any thoughts around how we should be thinking about you're getting to hit those operating cash flow numbers?

Mary Anne Whitney - *Waste Connections, Inc. - Senior VP & CFO*

Well, certainly, coming into every year, we try to position ourselves to have some flexibility. As you know, we guided to \$915 million in free cash flow, did an extra \$20 million in CapEx and still achieve that number and didn't deliver more than that as we did last year. If you think about it last year, we exited the year, and we actually delivered about \$20 million higher than expected. So on that \$915 million or \$917 million we delivered this year, arguably, that base is even higher. So we don't see that being as much of a stretch year-over-year as it might indicate otherwise. So we try to come in with working capital cushion and to plan accordingly. And so that's really the basis for our expectation that we can achieve those numbers.

Worthing F. Jackman - *Waste Connections, Inc. - President, CEO & Director*

Yes. On a percentage growth basis, it's fairly consistent with the percentage growth in EBITDA. And so it's -- I think the other way you can ask the question is could it have been -- could we have guided higher? Yes, but it's too early in the year.

Christopher Allan Murray - *AltaCorp Capital Inc., Research Division - MD of Institutional Equity Research for Diversified Industries & Senior Analyst*

Okay. Fair enough. And then just thinking back about acquisitions and maybe kind of back to Michael's questions we're thinking longer term. Again, even going back to your comment about we're kind of hitting the fourth year or 4. So let's assume, for argument's sake, that this will be another, call it, \$300 million, \$400 million of acquired revenue type a year that we've seen in the last few years. Historically, you've always sort of said 3% to 4% of revenue's the normalized run rate. And is this something that as we go through an election cycle that -- is this sort of the last year at the party? Or is it something that longer-term you think could actually extend, but it depends on a couple of different actions, I'm sure?

Worthing F. Jackman - *Waste Connections, Inc. - President, CEO & Director*

Well, as I said earlier, I mean, there's about \$18 billion of private company revenue out there. And if all we're doing is knocking down \$300 million or so in an outsized year, that's effectively the growth rate of that basket. And so there's a long runway here. And as we've always said, look, sellers or owners of good businesses pick the time to sell. Sellers drive the timing. And so while there's been a kind of a heightened amount of activity in the last 3 years and expected again this year, there's still a large revenue basket out there that will continue to come to the market over time. And I'll just meter itself out over a long period of time. That's why I talked about kind of a long runway for M&A growth.

And again, if you think about the capital outlay dollars as we grow the business kind of in this third decade of our existence, I mean, you've got -- obviously, the organic growth is now 75% to 80% of top line growth on an average year. That has a lot less CapEx dollar or dollar -- capital dollar outlays. Then if you looked at -- our first decade of existence where M&A growth was at 75% to 80% of top line growth.

And so you just have to -- for the realities of how you're evolving as a company, you don't force the growth. You don't know overpay. And again, you let sellers drive the timing for M&A, and M&A will continue well beyond this year.



Operator

Our next question comes from the line of Kyle White from Deutsche Bank.

Kyle White - *Deutsche Bank AG, Research Division - Research Associate*

Following up on the recovered paper discussion. With OCC up \$10 per ton on average here in February relative to the end of 2019, what kind of benefit does this provide on an annualized basis? Similar to the -- similar fashion to what you've been providing for RINs. Are you able to provide that for recovered paper?

Mary Anne Whitney - *Waste Connections, Inc. - Senior VP & CFO*

Sure. And again, what I said was pricing was a couple of dollars higher than where it had ended the year. If you look at our overall numbers, for the full year, a 10% movement in the recycled commodities works out to about \$6.5 million. And so that's the way to think about the benefit on revenue and EBITDA, and it would be a good indication of what that movement would be.

Kyle White - *Deutsche Bank AG, Research Division - Research Associate*

Yes. That's helpful. And then where are you seeing this increased demand internationally on the recovered paper? And do you believe it? Is it something that's short-lived? Or do you see that something that is a little bit more sustainable?

Mary Anne Whitney - *Waste Connections, Inc. - Senior VP & CFO*

And just to be clear, most of what we handle is we handle it domestically. What I mentioned was that there's an international effects, which could have ripple impact on the domestic market that could impact our pricing. And what we were referring to was India, for instance, where they've pushed out mixed paper. And therefore, the demand for OCC, the higher quality paper, has gone up. And that spread has widened between OCC and mixed paper.

Kyle White - *Deutsche Bank AG, Research Division - Research Associate*

Got you. And then just last question, just quick thoughts on SG&A for 2020. You've made good progress on this line item. Do you see more progress this coming year? Or is 10% of revenue kind of the good target?

Worthing F. Jackman - *Waste Connections, Inc. - President, CEO & Director*

No. Look, you could see -- and you can see us over time drive that as a percentage of revenue down as we grow the top line of business. And we're probably right now in that 10% plus or minus 20 or 30 basis points around that.

Operator

(Operator Instructions) Our next question comes from the line of Mark Neville from Scotiabank.

Mark Neville - *Scotiabank Global Banking and Markets, Research Division - Analyst*

Just trying -- I just want to understand, I guess, for the, again, the sensitivities around the RINs and the recycled commodity. \$15 million, \$20 million RIN. The \$6.5 million for OCC, that's an annual number on the 10%?

Mary Anne Whitney - *Waste Connections, Inc. - Senior VP & CFO*

Yes. And it's all recycled commodities.

Mark Neville - *Scotiabank Global Banking and Markets, Research Division - Analyst*

Yes, okay. And then, I guess, is this effectively a 100% contribution margin? Again, just trying to understand the sensitivity.

Mary Anne Whitney - *Waste Connections, Inc. - Senior VP & CFO*

Yes. I mean, that's how we're thinking about. It be very handful, sir.

Mark Neville - *Scotiabank Global Banking and Markets, Research Division - Analyst*

Yes. Okay. Okay. And maybe just on the margin guide, again, lots of color. And again, I apologize for getting maybe too granular. But I think there was a 20 basis point benefit from the absence of the 401(k) match? Was that in the 50 basis points of underlying? Or is that, I guess, something separate?

Mary Anne Whitney - *Waste Connections, Inc. - Senior VP & CFO*

We didn't break that out separate. What I tried to call out are the things that -- with the headwinds. And then, arguably, there are moving parts within the underlying solid waste margins. As I said, there are a couple of drags from leap year and the CNG tax credit not repeating 2 years' worth, but just one. And then, yes, there's some pickup from something like 401(k). There have been other puts and takes during the year, whether it was some stock market moving, which impacted deferred comp and things like that. I just haven't gotten that granular on the underlying solid waste margin expansion.

What I would encourage you to do is think about it as being similar to 2019.

Mark Neville - *Scotiabank Global Banking and Markets, Research Division - Analyst*

Okay. Okay. That's helpful. And maybe just one last one. I think, Worthing, you made some comments, just on the CapEx and I missed them. I thought something around building some cushion into the number or I just sort of missed what you said, if you could repeat that, that would be helpful.

Worthing F. Jackman - *Waste Connections, Inc. - President, CEO & Director*

Yes. I think what we're talking about is, look, it's not atypical for us as we budget 1 year. And as you move through the year, things come up, right? And so it's our view is as you lay out capital for the year -- or CapEx expectations, make sure you've increased it to allow for some cushions for the unknown and to make sure you have people focused on a higher number because, frankly, as we close acquisitions during the year, the CapEx that goes along with those newly acquired sites. People always seem to tend to model in revenue and EBITDA from acquisitions and don't below a P&L and get to the CapEx line. And so we're trying to be anticipatory of some of that as well.



Operator

Mr. Jackman, there are no further questions at this time. I will now turn the call back to you. Please continue with your presentation or closing remarks.

Worthing F. Jackman - *Waste Connections, Inc. - President, CEO & Director*

Thank you. If there are no further questions, on behalf of our entire management team, we appreciate your listening to and interest in the call today. Mary Anne and I are available today to answer any direct questions that we did not cover that we're allowed to answer under Reg FD, Reg G and applicable securities laws in Canada. Thank you again. We look forward to speaking with you at upcoming investor conferences or on our next earnings call.

Operator

Thank you. That does conclude the conference call for today. We thank you for your participation and ask that you please disconnect your lines.

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