



**Real Industry's Fourth Quarter and Year-end 2016 Earnings Call
March 14, 2017**

Operator: Greetings and welcome to the Real Industry fiscal 2016 fourth quarter and year-end financial results conference call. At this time all participants are in a listen only mode. A question and answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press star-zero on your telephone keypad. As a reminder, this conference is being recorded.

I'd now like to turn the conference over to your host, Jeff Crusinberry. Please go ahead.

Mr. Jeff Crusinberry: Thank you operator and good afternoon.

For anyone who is not able to listen to today's entire call, an archived version of the call will be available shortly. Please visit the investor relations section under "events" on the website to access the replay. Additionally we've posted a new presentation on the website containing new information.

Before beginning our discussion we want to make you aware of our prepared remarks and responses to questions may include forward looking statements that involve risks and uncertainties and that actual results could differ materially from any forward looking statement made by us. The words believe, expect, anticipate, estimate and other similar statements of expectation, identify forward-looking statements.

Information concerning factors that could cause actual results to differ from those in the forward looking statements may be found in the company's SEC filings under the risk factors section.

Please be advised that the contents of this conference call contain time-sensitive information that is only accurate as of the day of this live broadcast. Real Industry undertakes no obligation to revise or undertake any forward-looking statements to reflect events or circumstances after the date of this conference call except as required by law.

Now that we've covered the cautionary comments, I'd like to turn the call over to Kyle.

Mr. Kyle Ross: Thanks, Jeff, and good afternoon, everyone. We appreciate you joining us today. Like our last call, I am going to spend a few minutes going over our high-level results, Terry Hogan will give more specific thoughts on the performance of Real Alloy and the market environment, and Mike Hobey will give a report on the financial results. And then we will take your questions.

Real Alloy's strengths... as a market leader, with a diverse and flexible operating structure, run by an experienced team that continually drives business improvement and manages risk with a solid liquidity position... were incredibly important in 2016. Not only did these attributes serve Real Alloy well this year, I believe they left our company stronger, and we are better positioned for a metal price recovery in 2017.

As you have seen from our earnings release, the fourth quarter operating environment at Real Alloy had many of the same business trends as the third quarter, which we described on our November call. Tolling volumes remained lower year over year, buy/sell volumes were higher, and North America continued to face a challenging scrap spread environment. Importantly, like Q3, Europe delivered another strong quarter, even with longer holiday shutdowns.

Despite the challenging environment in North America, Real Alloy still delivered nearly \$68 million in EBITDA for the year, and we completed a number of crucial investments in both of our segments, including what I believe will prove to be an important value-enhancing and accretive bolt-on acquisition in the Beck transaction. These investments as well as our additional productivity gains have strengthened our business and should increase our long-term earnings potential.

In our segments, Real Alloy Europe ended the year with another consistent quarter and ultimately achieved its highest annual segment EBITDA per tonne in five years even with volumes down year over year. RAEU as we refer to it is already off to a strong start in 2017, and market conditions are indicating another solid year ahead. I wouldn't consider the macroeconomic climate in Europe to be overly robust, so this performance is particularly noteworthy. The team there has done an excellent job targeting a more profitable product mix and is using its flexible plants to nimbly adjust to business opportunities even while operating at high capacity utilization. The scrap market there has been quite consistent as well.

In North America, the metal price environment created challenges that our productivity initiatives and flexible cost structure were unable to fully offset. Ultimately, during the second half of 2016, RANA experienced its lowest segment EBITDA over a six-month period since 2009. This lower performance resulted in the goodwill impairment charge we incurred in the fourth quarter, which Mike will discuss. The team remains focused on leveraging its geographic footprint to optimize its scrap sourcing, aggressively targeting new business and ensuring the plants are running as efficiently as possible to best support our customers.

Next, Terry will provide details on the fourth quarter market and how things look today. We aren't going to start giving formal financial guidance, but I do think it's important for our shareholders to have an appreciation for the current environment and how we plan to adapt. Metals markets move quickly. Our suppliers and customers know this well. Prices have risen considerably since the beginning of the year and today are at levels last seen in almost two years. Higher prices are generally positive for our business, although our buy/sell business truly benefits when there is also abundant scrap flow, which typically improves starting in Q2 due to seasonality. Terry will also comment on our commercial arrangements, but the reality is that our financial results in the buy/sell business have a natural lag to the market, so I wouldn't say we are expecting any meaningful changes in spreads in Q1.

At our parent, we made investments to strengthen our M&A team so we can handle more deal volume and rely less on outside professionals and reactive deal flow. We also streamlined our back office, transitioning a majority of our finance and accounting functions to the Real Alloy team in Beachwood, which will improve our operating efficiency and lower costs.

In closing, customer demand at Real Alloy remains good, and I believe our business is stronger today than this time last year from the investments, productivity achievements and adjustments to cost structure our management teams implemented during the year. We are well positioned to build on our strong 2016 in Europe and to benefit from a market rebound in North America where

we are seeing some positive indicators. I'd like to turn the call over to Terry Hogan now who will provide some greater detail on these changes and the prospects for 2017. Terry?

Mr. Terry Hogan: Thank you, Kyle.

As those of you who have been following us know, we had a good start to the year in 2016 in both regions. We followed that up with a strong second half in Europe and, in spite of some volume drops late in the year, we finished out the year with good demand, high utilization rates and steady performance to record a great year overall in our European operations, as Kyle highlighted.

North America, on the other hand, experienced weaker-than-expected demand throughout the year but offset shortfalls in the first half with better-than-expected margins. Signs of margin weakness began to appear as we got into the second half and continued to get worse right through the end of the year.

Both volumes and margins were negatively impacted by several things in Q4 in North America. On the volume side, besides the continuing use of prime aluminum rather than tolled secondary metal by some sheet producers that we have discussed throughout the year, other factors that impacted us in Q4 included plant shutdowns at a number of our automotive customers that extended longer than in recent years, partially due to model/platform changes. In addition, the impact of the influx of secondary ingot from southern Europe that we mentioned in the third quarter, as well as Russia and Brazil found its way into the US market, had an impact as well. As we discussed on the Q3 call, the imported ingot had an additional negative impact on the pricing of the metal that we sell into the automotive sector. Along with that, the significant falloff in steel production and consequently the reduced ferrous scrap demand led to a reduction in the flow of nonferrous post-consumer scrap. The impact of that was an increase in the demand for industrial scrap that created a margin squeeze in the secondary alloy portion of our business.

Last quarter we drilled into more specific market pricing than we have in the past, which based upon comments received seems to have been helpful. I'm going to go through a lot of numbers and just so you know, there is a chart in the 10-K that will make this easier to refer to, ah for your reference. Looking at the fourth quarter first and then I'll touch on some of the numbers for the first quarter... The average US Transaction Price, which is the LME High Grade price for prime aluminum plus the Midwest Premium, is up \$195/t when you compare Q4 2015 to Q4 2016 and has risen \$115/t when you compare Q3 2015 to Q4 2016. In contrast, the Platts Metals Week price for 380 material, which is one of our main products going into the NA auto industry, has dropped \$49/t year over year from the fourth quarter and is down \$24/t from the third quarter to the fourth quarter of 2016. Much of this drop is the result of the strong dollar and strong demand for secondary ingot, which made North America a more attractive market for the foreign producers than their local economies. So as was the case in Q3, this phenomenon had the effect of putting downward pressure on our sales prices.

At the same time, when you look at a bundle of scrap items typically used to make 380 material, which includes turnings, twitch and old cast material, the average price for this scrap mix reported by Platts from the fourth quarter of 2015 to the fourth quarter of 2016, actually went up \$59/t while the sales price of metal was going down. This increase combined with the sales price decrease drove significant margin compression when comparing 4Q of 2016 to 4Q of 2015. The negative impact on the bottom line in North America as a result of this margin compression is approximately \$6.1 million when comparing fourth quarters year over year and about \$1.8 million when comparing the fourth quarter to the third quarter of 2016.

When we look at the average European prices during the same periods, LME plus Rotterdam duty paid increased €202/t year over year and €149/t from Q3 to Q4 of 2016, while Metal Bulletin 226 averages, which is the European alloy equivalent of MW 380, during the same period of time decreased €70/t year over year and €37/t from Q3 to Q4. Scrap prices on the other hand correlated much more directly in Europe than they did in North America to the sales prices in the region and therefore did not have the same impact on metal margin spreads quarter over quarter that they did in North America.

If we look at what's happened so far in 2017, in North America, the US Transaction Price has continued to rise, averaging \$2,033/t through the end of Feb, up \$155/t from the fourth quarter 2016 average. More importantly for us, unlike in Q3 and Q4 of 2016, the Platts Metals Week price for 380, has also gone up as. The average through February is up \$88 from the fourth quarter of 2016. And although the scrap bundle that I referred to above has also gone up, it's up \$68/t when compared to the fourth quarter averages so you can see the differentiation and separation starting to appear.

In Europe, Prime aluminum or LME, Rotterdam duty paid is up €143/t from the fourth quarter through the end of February, while Metal Bulletin 226 averages €123/t more in Q1 than they did in Q4 through the end of February. Ingot imports have continued to flow into the US in Q1, but with Metal Bulletin currently trading up €269/t from the fourth quarter average, it makes the US a much less attractive option for European producers. And since 226 is not a significant portion of our European volume and mix, we expect this phenomenon to be much less of a factor on our business going forward.

So again, a lot of numbers. I'll refer you to the chart in the 10-K if you want to check some of those.

So to combat these factors that negatively impacted us in Q3 and in Q4, what have we done? We stepped up our sales efforts to establish new customers, particularly in the higher margin buy/sell business. As we talked about on the last call, the Beck acquisition was a key piece of this strategy, and we're quite pleased with the start we've had as we've gotten into 2017. We have also moved production volume between our plants to take advantage of areas where scrap has been more readily available and have optimized furnace capacities between our facilities. We have increased the focus on our productivity initiatives even further that we have in the past, with a particular focus on maximizing overall metal recovery, and have reduced operating costs at our factories in a number of areas, including labor reductions of approximately 7.5% from Q3 levels. At the same time, we have reduced our SG&A costs across the company. All of these initiatives are driving benefits today that will continue to provide benefits going forward.

As always, we continue to have a sharp focus on liquidity and have taken actions to ensure that our overall liquidity remains strong as we work through this phase of the metal margin cycle in North America. While we continue to spend the sustaining capital necessary to keep our facilities running well, along with additional capital for significant cost-reducing projects, we have raised the return threshold for our growth initiatives during this period and will continue to do so until we see a return to more normal margin and EBITDA levels. As announced earlier today, we have entered into a new ABL arrangement that provides more liquidity and is better suited to serve our future needs, which Mike will talk a little more about in a minute.

As we look around the industry and the segments we serve, the outlook for the automotive industry both in Europe and North America remains positive. Current projections call for automotive build rates to be near historical highs and about flat to 2016 in both regions. Aluminum

sheet products continue to be added to new models as the expanded auto sheet capacity continues to come on line in North America. The packaging market outlook remains steady, while projections for aerospace, including sheet, plate and extrusions remain quite strong for 2017. The building & construction market is off to a good start in 2017, and the demand outlook is positive for the rest of the year. And as we look at the steel industry utilization rates, they've been increasing since the first of the year, with most forecasters predicting higher overall production levels in 2017 than existed in 2016. So, the overall outlook at an industrywide basis for aluminum and the markets we serve remain quite positive.

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

Mr. Mike Hobey: Thanks, Terry.

I'll briefly go through the financial results, but would encourage each of you to review our results as filed in our 10-K last night. One item to note prior to jumping into the financials, we did incur a non-cash \$61.8 million goodwill impairment charge in Real Alloy North America as Kyle mentioned. For our impairment testing, we equally weighed the discounted cash flow and comparable company methodologies. The second half of 2016 headwinds negatively impacted both methodologies and drove the charge.

Turning to the annual financial results, the fourth quarter of 2016 is our third full comparable period since the acquisition of Real Alloy last February, although our 2016 annual results are compared to 10 months of data for 2015.

On a consolidated basis for the year ended December 31, 2016, Real Industry reported sales of \$1.2 billion, an operating loss of \$64.7 million, and a net loss attributable to Real Industry of \$102.9 million. Loss per share available to common stockholders was \$3.68.

Our revenue is derived almost entirely from our Real Alloy subsidiary, which generated Segment Adjusted EBITDA of \$67.9 million during the year, on approximately 1.2 million invoiced tonnes.

Compared to the preceding year, 2016 reported volumes were up on a global basis, though decreased when the full 12 months are considered. The decrease was driven largely by reduced tolling business with certain customers who took advantage of low prime aluminum prices at the beginning of the year and did not use secondary metal in 2016. Real Alloy's mix of tolling versus buy/sell was 51% and 49% of total volume, which was a 4% change from the prior year driven by buy/s sell business replacing some of the lost tolling business.

Adjusted EBITDA per tonne for Real Alloy was \$59. Scrap spreads were tighter during the year as a result of the reduced scrap flow that we have previously discussed as well as reduced selling prices which drove compressed margins, primarily in North America. The market difficulties were partially offset by SG&A reductions and productivity improvements, which is a testament to the focused work of Terry and our team.

For the fourth quarter, volumes were down approximately 12,000 tonnes versus the prior quarter on a global basis driven primarily by customer winter shutdowns and offset partially by contributions from the Beck acquisition. Year-over-year volumes were lower by 4%, largely due to the reduced tolling business mentioned above. Revenues for the quarter were slightly lower sequentially by approximately \$10 million due to lower volumes, though increased year over year by approximately \$4 million due to the higher amount of buy/sell volume. Real Alloy's mix of tolling versus buy/sell was 50% and 50% of total volume, which was similar to the prior quarter but a 5%

change from the prior year driven by the buy/sell business replacing some of the lost tolling business. Fourth quarter adjusted EBITDA per tonne at \$42 was a 28% decrease from the prior quarter and a 29% decrease year over year.

Capex for the year, largely in line with prior guidance, was \$30.8 million with \$12 million being spent in the fourth quarter. Fourth quarter capex included spending on the Norway project and various equipment upgrades globally.

Turning to our segments, for the year ended December 31, 2016, Real Alloy North America reported revenues of \$821 million and adjusted EBITDA of \$44.0 million on 786,000 tonnes invoiced, and Real Alloy Europe reported revenues of \$429 million and adjusted EBITDA of \$23.9 million on 371,000 tonnes invoiced.

For the three months ended December 31, 2016, Real Alloy North America reported revenues of \$207 million and adjusted EBITDA of \$7.5 million on 194,000 tonnes invoiced, and Real Alloy Europe reported revenues of \$97 million and adjusted EBITDA of \$4.3 million on 85,000 tonnes invoiced.

For the year ended 2016, operating costs of corporate and other were higher than 2015 driven primarily by one-time expenses related to the separation of our former CEO. Fourth quarter operating costs were lower sequentially and year over year and closer to our expectations of a run-rate number though still do not reflect the consolidation of our Sherman Oaks office.

As of December 31, 2016, on a consolidated basis, Real Industry had \$27 million in cash. Liquidity remained strong with the Company maintaining \$86 million in liquidity with approximately \$76 million relating to Real Alloy from a combination of cash on hand and available borrowings under its North American ABL and German Factoring line. Despite the business's second half performance, Real Alloy's liquidity only decreased by \$7 million year over year with most of the decline due to the Beck acquisition as reported last quarter. Our current total debt is \$357 million.

We are focused on working capital management, efficient capital spending and productivity to continue to drive capital flexibility in the business, and with the current market environment for our Real Alloy subsidiary as discussed by Kyle and Terry, we are comfortable with our capital position. One final note on our capital/liquidity structure: as Terry mentioned, we announced earlier today that we entered into a new ABL agreement. Given our global business and footprint, we had been working on the project in order to create more flexibility and liquidity maximizing ABL structure. And the new ABL with Bank of America Merrill Lynch gives us this. In addition to improved terms and flexibility, we expect our liquidity to increase by over \$10 million.

This completes the 2016 financial report, and I will now pass things back to Kyle.

Mr. Kyle Ross: Thanks, Mike.

I know we have talked a lot about Real Alloy in the last few calls, and we are supplying more information about the business in our disclosures now. Some shareholders crave this information, others I know are more focused on what comes next from an acquisition standpoint.

Our Board has asked me and our executive leadership team to accomplish two major objectives: 1) obtain a greater understanding of the opportunities and risks at Real Alloy so that we can make well informed capital allocation decisions there that are appropriately strengthening the business for its long term success and 2) execute on a more deliberate M&A strategy that drives our

organization toward profitability and to begin realizing the value of our NOLs. That is not in order of priority. Executing on both simultaneously is the path we think that best creates shareholder value. And that is our focus for 2017. One of the benefits of streamlining our back office functions with Real Alloy is that the corporate team can have more of its attention on these two priorities and achieve our goals.

We thank you all for being shareholders. Operator, we can now take questions.

Q&A Session

Operator: {prompts} Our first question comes from Daniel Moore with CJS. Please go ahead.

Mr. Daniel Moore: Good afternoon.

Mr. Kyle Ross: Good afternoon.

Mr. Daniel Moore: In the prepared remarks, you mentioned you expect 2017 volumes flat to up slightly. Do you expect growth in both the tolling and buy/sell business or expect further modest declines in tolling as we look out to this year?

Mr. Terry Hogan: Yeah, I mean, right now, Dan, we're looking at a relatively flat situation on tolling, but with the run up in LME prices, I would say that we think the possibility exists for some opportunities as the year goes on, but we'll see how that plays out.

Mr. Daniel Moore: Got it. And in terms of, you mentioned, you expect scrap spreads and adjusted EBITDA to improve in Q2 and beyond. Just curious in terms of the base - is that also sort of the Q4 run rate levels or, you know, actual improvement on a year-over-year basis?

Mr. Terry Hogan: It's off of the Q4 levels.

Mr. Kyle Ross: Yeah, I think looking after the second half of the year as opposed to a year-over-year, Dan. You know, the environment is improving as we look at or would expect it to look at in - from a seasonal standpoint, but we don't yet know how it's gonna compare year over year. It's more just a look based upon current environment.

Mr. Daniel Moore: Okay. And I know you don't give guidance in terms of EBITDA, but just help us understand the other puts and takes as it relates to potential cash generation this year. Corporate expense you mentioned flattish to down slightly from Q4 - is that right?

Mr. Terry Hogan: Yes.

Mr. Kyle Ross: That's correct.

Mr. Daniel Moore: And just cash interest, your expectations?

Mr. Kyle Ross: I mean, cash interest on an annual basis is low \$30 million.

Mr. Daniel Moore: Yeah. And then any other puts and takes, whether it be working capital, other cash expenses, benefits that we should be thinking about 2017? And CapEx?

Mr. Kyle Ross: I think from a CapEx standpoint, as Terry alluded to, we're focused on maintaining quality of the facilities and going after projects right now that keep costs down to the extent we can. So, we're doing our sort of optimal assessment of how to spend that capital and grow the projects until we get into the later part of the year when the environment opens up a little bit, are probably less of a focus right now in the first half. So last couple of years, we've been running at a \$30 million annual target CapEx. I think sort of high 20s is a reasonable number to be working with.

Mr. Daniel Moore: Got it. Very helpful. And anything on working cap—good or bad?

Mr. Terry Hogan: Nothing material. I mean, Dan, you know, it moves around seasonally. We try to target a minimal impact on working capital every year. If there are opportunities to take inventory out, we do in AR as well, but nothing significant.

Mr. Daniel Moore: Got it. That's helpful.

Mr. Kyle Ross: [Unintelligible--.]

Mr. Daniel Moore: And then, just, Kyle--go ahead, I'm sorry.

Mr. Kyle Ross: I was just gonna say, the one thing on working capital that, you know, as the metal prices change, that does have an impact too. So, there's a management element of working capital but then there's also just the natural result of metal market prices.

Mr. Daniel Moore: Got it. Okay. Lastly, Kyle, you mentioned sort of a dual the mandate. Help us think about your thoughts on M&A over the next several quarters. Would you prefer to wait and see EBITDA and cash flow stabilize, or are you comfortable at that and can continue to go after opportunities like the size of a Beck acquisition as the market sort of stabilizes here?

Mr. Kyle Ross: Yeah, I don't think the Beck acquisition should be a proxy for anything we're looking at right now. I think that was an opportunistic transaction, and we'd do something like that again. But, I don't think that should set the barometer for the types of--the size of deals we're looking at. I think each deal, as we've discussed in the past, is going to be separately financed unless it is something like Beck, which folds up nicely into Real Alloy.

So, I don't know that Real Alloy's underlying performance is a big driver in terms of our M&A activity. Ultimately, I think finding the right deal where we can negotiate the proper structure and value with it, those are executable opportunities today, and that is something that we are definitely focused on. There's no wait and see attitude at all here.

Mr. Daniel Moore: Got it. Thank you. I'll jump back in queue.

Operator: The next question comes from Josh Nichols with B. Riley. Please go ahead.

Mr. Josh Nichols: Yeah, real quick, any details you could provide about the contribution you expect Beck Aluminum to make into 2017 and any plans for the idle plant?

Mr. Kyle Ross: Yeah, Josh, I think, I'll let Terry add to whatever I miss. As you dig in through the K, you will see that, like many bolt-on acquisitions coming out of the gate in the first couple of months because of purchase accounting and having to step up its inventory to fair market value, there wasn't--there was actually a loss that we report for Beck in November and December. We think that business has been right-sized from an operating structure standpoint and should generate sort of typical margins for a buy/sell business go forward. So, for 2017 I think we are certainly encouraged by the early start to the year there and would expect that it delivers, you know, what our management plans were going in.

But, we don't give plant-level guidance on any of our other facilities. I think it'd unfair to talk about that here at Beck. What I can commit is that, we--at the next call, we'll talk about generally how it's performing relative to our expectations. But, without a doubt, 2017, this is going to be an accretive transaction from what we can see.

Mr. Josh Nichols: Great. And then--so, it looks like the overall outlook for scrap spread in North America is improving. I do realize that Q1 probably won't benefit greatly, but could you help me frame a little bit how we should think about the different drivers really impacting Q1 relative to Q4 that we just saw?

Mr. Kyle Ross: I think it starts, Josh, with prices. And if you go back to Terry's comments, and I think it's on--what do we have here--page 33 of the 10-K kind of tells you the story of where, you know, the Q3 and Q4 prices were, and Terry walked us all through what the current market is looking like in Q1. And we've seen our alloy prices, both in North America and Europe, rise, and in some cases actually rise faster than LME or the prime prices, whereas Q3, Q4 last year, LME was rising whereas our alloys were not. So, that's what we are seeing now. The scrap spread environment--excuse me--the scrap flow environment is more of a seasonal one.

So, if you look back over time, Q1 tends to be just the slowest from a flow standpoint, given typical seasonal weather patterns. And so, that's where we look at and sort of suggest that Q2 is generally when you start seeing that flow open up.

Mr. Josh Nichols: So, you expect that, you know, based on what you're seeing right now, is that spreads could actually improve as of Q2, right?

Mr. Kyle Ross: Yeah, if you're talking about timing, certainly where we have our commercial arrangements and the way they're structured, we don't see immediate changes in market prices into our financials. There's a lag that we talked about. So, the environment we've discussed here today really sort of translates itself into reported financials in Q2.

Mr. Josh Nichols: That's helpful. Thank you.

Operator: The next question comes from Steve Dyer with Craig-Hallum. Please go ahead.

Mr. Steve Dyer: Thanks. Good afternoon.

Mr. Kyle Ross: Hi, Steve.

Mr. Steve Dyer: Wondering as it relates to acquisitions the degree of latitude sort of in which you're looking at any end market specifically, is it wide open? I mean, historically, it's--sounded like the last couple calls were maybe leaning more towards the bolt-on angle in metals. Is that still the case?

Mr. Kyle Ross: No, no, Steve. I do think that it makes sense for us to be looking at bolt-on opportunities when they are available, and like we discussed with the Beck transaction, I mean, we're a large, very large player in this space. So, when those sort of things show up, it's certainly natural for us to get a look at them. And I do think from a risk-adjusted standpoint, you know, it's smart for us at the right price, and if it has the right benefits like Beck did, either putting us in new markets, both from a product standpoint, customer standpoint or geography standpoint, we want to go for it. I don't know that we're going to just add capacity to add capacity though.

But, the real strategy of the corporate team is to get beyond the Real Alloy enterprise and ultimately be building the business outside of it, and we can do that in adjacent sort of marketplaces and businesses that have similar technologies, similar furnace utilization, things like

that where you're building a story around it. We can leverage the Real Alloy experience and management team to assist with those sort of opportunities.

But, then the third thing is really any opportunity that, from a financial standpoint, from a delivering a strong conversion of EBITDA to EBIT perspective such that, you know, we are driving towards unlocking the value of our NOLs, that can happen in any sector, in any industry. And so, we're not trying to limit ourselves in terms of what we look at from a sector standpoint.

What I do think makes sense, however, is to limit ourselves from being at every typical auction that's out there. The reality is that we are a unique structure here, and we like to spend our time talking with business owners, talking with financial advisors who have an interest in participating in the future of the business that they represent or the business that they own. And I think that's the right way for us as a company to ultimately structure the transaction, be able to raise the capital for the transaction so it doesn't look like we're just money. I think we want to use our platform to our advantage.

Mr. Steve Dyer: Great. And then curious as to the, sort of the process improvement Six Sigma process that you guys have talked about on previous calls. Is that still sort of part of the playbook, and maybe any way to quantify kind of where we are, whether it's with Beck or Real Alloy?

Mr. Kyle Ross: Definitely, that's core to the playbook. I'll let Terry comment.

Mr. Terry Hogan: Yeah, I mean, that whole process is continued, and we continue to build on that, Steve - serves as the basis for all of our productivity efforts and initiatives. Year over year, '16 was higher than our '15 results from a productivity standpoint, which offset a lot of the headwinds we were facing on the margin front. And so, as I mentioned, as far as increasing our focus on productivity initiatives, that's all led under the Lean Six Sigma approach that we've employed for the last few years.

Mr. Kyle Ross: I think the number, Steve, for '16 was ballpark \$17 million of productivity. And as we look out to '17, I think we've got, you know, maybe not that high of a target out there, but it's still a very substantial number, in the mid-teen range.

Mr. Steve Dyer: Great. Thank you.

Operator: The next question comes from Joe Farricielli with Odeon Capital. Please go ahead.

Mr. Joe Farricielli: Hi, guys. I don't know if it's in the K, but could you tell me what the credit availability is from the factoring facility in Europe and how much cash is in foreign ops?

Mr. Mike Hobey: It's 21 availability on the factoring facility. Cash in foreign ops is--I want to say it's 8--I think it's 7 million, but we can pull that out of the K shortly for you.

Mr. Joe Farricielli: And what is your--.

Mr. Kyle Ross: --And it is in the liquidity section.

Mr. Joe Farricielli: Okay. And what is your ability to repatriate cash from a tax perspective?

Mr. Mike Hobey: It's pretty clean, given the way we're structured.

Mr. Joe Farricielli: Okay. And then just final question - you only have one plant in Mexico. Just wondering what changes in the administration--any impact there? I don't know if you discussed it on prior calls.

Mr. Terry Hogan: Yeah, we've not discussed in prior calls, and I would say at this point, we don't have any clarity as to any changes that are likely to take place as far as how it might impact our business. A lot of the business--the business generally stays in Mexico. There's little cross-border, Joe.

Mr. Joe Farricielli: Is it auto--I assuming it--since there's a lot of auto south of the border, is it supplying local auto?

Mr. Terry Hogan: Yes, it's mostly auto related.

Mr. Joe Farricielli: Okay. Very good. Thank you.

Operator: The next question comes from Mike Crawford with B. Riley and Company. Please go ahead.

Mr. Mike Crawford: Thanks. Given the 916 million in federal NOLs that you need to preserve at the same time as you seek to monetize, is it fair to say, Kyle, from your statement that, as opposed to looking at an auction situation, you're trying to find an owner maybe who used up a tax shield and would be willing to take some equity as part of a potential transaction?

Mr. Kyle Ross: I don't think it necessarily needs to be someone that's used up the tax shield, although that is certainly a strategy that potentially does unlock value because that demonstrates you've got something that is generating a fair amount of income. So, we certainly would look at those sort of businesses, and that is definitely a place that we sort of suggest that advisors as they're thinking through with their clients who would make sense for us to talk to, are people that are heavily profitable. That just make sense, of course.

The second part of my answer to your question would be, but, fundamentally, whether that's the situation or it's just a nice business that we think over time will generate profits and it's a great--it would be a great asset on our platform, I do think having a business owner roll equity or take stock for me as a buyer gives me sort of greater confidence in, you know, the future value of that business if they're willing to ride along with you. And so, I do think that that is a very important criteria that makes sense for us to be talking to advisors and businesses about that it's not just suddenly walking away and taking money and running as it's someone that's there to help you continue to drive future value and they're invested alongside with you. So, without a doubt, that--when we use the word structure, that would be a nice big checkmark underneath that criteria.

Mr. Mike Crawford: Okay. Thanks. And then, in the past, the company has provided some detail on acquisition or M&A pipeline, discussing things like number of companies in the hopper that maybe you've looked at or might be looking at closely or maybe looked and rejected, and I was hoping you could give us some additional color in that regard today if possible.

Mr. Kyle Ross: Mike, if you're talking about the list of five or the typical reporting we used to do, I think from my standpoint, and as we--as I work with my team and our board, less focused on having a certain number in the hopper at any time and really finding those deals that are better aligned with what we want and are more executable. So, whether it's one or ten, I think if that one closes, that's the important one.

And so, that's why we've tried to maybe downplay the number of opportunities looked at or how we're tracking because I think that's less important. Ultimately finding something that matches with our selection criteria and closes is the most important way to create value, not just to create a big list of deals.

I think, though, more directly to your question, when I look at the sorts of opportunities that we're seeing, and I think about the three buckets of, sort of a bolt-on, an adjacency or something that's completely unrelated, I think all three areas, there are opportunities that we're looking at in each of those spheres.

Mr. Mike Crawford: All right, thanks.

Operator: The next question comes from Ken Silver with KLS Diversified Asset Management. Please go ahead.

Mr. Ken Silver: Hey, guys, thanks for the time. Couple questions - you talked about imports from four European countries being a headwind in the third and fourth quarter. Has that slowed down? I know you mentioned that you expect it might slow down going forward, but did that slow down at all in the first quarter?

Mr. Terry Hogan: No, the flow of the first quarter was actually pretty robust, especially early in the quarter. But, when the opportunities arise or when the situation arose to where that 226 was more favorable in U.S. dollars coming here than staying in Europe, they have the ability to book ahead. Typically, they would not do that beyond the point that they had scrap secured.

So, right now, the economics don't make sense to book new business coming here. They're better off selling in Europe on the 226 prices as they've risen here in the last several weeks. And so, we would expect that to fall off, but we don't have a clear handle on how much business was sold forward from perhaps December throughout the first quarter or beyond.

Mr. Ken Silver: Okay, great. And then just sticking on the import theme, I mean, with the UK pound, the British pound down so much, is that something that could become another headwind, flows from UK, or are they just not that big a player and we're not gonna see it?

Mr. Terry Hogan: You know, we've not seen--over the years, we've not seen huge amounts come in from the UK. We've actually tended to see more scrap come in from the UK when that was a case, and that's where a strong dollar is advantageous. So, to date, that's not been the case. Most of it's been from Southern Europe, some from Russia and some from Brazil. Those have been the main areas of import.

Mr. Ken Silver: Okay, great. And then just going to the scrap spreads and sort of looking past as it ended 2Q, I mean, how--we're almost at the end of Q1. I mean, how much of your second quarter volume have you already booked?

Mr. Terry Hogan: I mean, a fair amount of it is booked. We do a lot of business both on formula basis, we also do quarterly business, and we do some spot business. But, right now, the second quarter is fairly well booked.

Mr. Ken Silver: So, okay, great--.

Mr. Terry Hogan: [--Unintelligible.]

Mr. Ken Silver: And is that volume booked at the higher scrap spreads that we've seen in February and March where the higher price--?

Mr. Terry Hogan: [--Unintelligible.] Most of our volume is based on formula type pricing, so as Kyle mentioned, prices are gonna move up or down, and we're gonna see a lag to where that ultimately hits our sales prices and our cost of goods.

Mr. Ken Silver: Right, but the lag--I mean, prices moved a lot--quite a bit in February and March, right? So, the lag isn't three months. The lag is like one to two months, right?

Mr. Terry Hogan: Yeah, we're gonna see higher price, sale prices on our products in April and May than we saw in February and March based upon that, yes.

Mr. Kyle Ross: Yeah, I guess, Ken, just--I know what you're trying to get us to tell you where EBITDA is going in Q2, and the reason why I think Terry is hesitating what you're able to do from a formula basis is more or less project out a quarter where the prices are gonna go. What you don't know is the other side of the equation of what the scrap cost is going to be. And so, that's--you know, you need both answers--or you need both parts to have the answer.

Mr. Ken Silver: Okay. All right.

Mr. Kyle Ross: And so, that's why we're suggesting that, as you think about scrap flow from a seasonal standpoint, that we would expect it opens in Q2, but, we can't guarantee anything right now, but it's an expectation based upon just history.

Mr. Ken Silver: Okay. I got it. Thanks.

Operator: The next question comes from Owen Douglas with Robert W. Baird. Please go ahead.

Mr. Owen Douglas: Hi, guys, thanks for taking the question here.

Mr. Kyle Ross: Sure thing, Owen.

Mr. Owen Douglas: Just wanted to dig in a little bit here. Wanted to get a sense - on the North American business, you talked about the volume being kind of flat to up slightly '17 best you can tell. Is that including--or rather, I should ask the question, how does that look without the Beck volumes in there?

Mr. Kyle Ross: I do think that the number--the guidance we're giving is representative of including Beck for our full year. So, if you were to adjust that out, it's probably, you know, the flat side of the equation.

Mr. Owen Douglas: Okay, understood. And can you give me a sense for--on the auto platform, you know, you sort of mentioned that there's some platform changeovers. Are you guys more exposed to the smaller vehicles versus your larger pickup trucks, or can you give any sort of color around that comment about the platform change?

Mr. Terry Hogan: No, I mean, I don't think it really had a direct impact on the model or the platform. I think, you know, our opportunities are gonna come across the segment. And so, as the

additional CALP lines come on and additional auto body sheet comes out into the market, you know, that's where additional opportunities start to present themselves, regardless of whether it's a sedan or a pickup truck.

Mr. Owen Douglas: What was it just about the fourth quarter comment that I believe Terry made about the auto plant shutdown thing that there were some platform changes in the fourth quarter?

Mr. Terry Hogan: Yeah, I mean, what we've seen in general is that, I mean, a lot of our products go into the Power Train on vehicles, and historically, that's been the biggest segment of the automotive industry for us, so blocks, head--engine blocks and heads and transmissions. And so, as they go through--the auto guys go through changeovers on different platforms, there's a lot of things going on in the market today where, you know, Jeep is shutting down a plant and retooling, and Chrysler's, you know, changing something here, and Ford is doing similar there.

So, all those things have an impact, and when they--when it gets to be time to do a major changeover, then the outages tend to be longer than they would in the three to five years when that's not going on.

Mr. Owen Douglas: Okay. And so, that's helpful there. And finally, just wanted to get a sense for this--so, the Real Industry, the sort of parent-level cash balance, it looked like that's sort of been down about \$10 million year over year. Can you give me a sense for, at the pace which it's going, what are the options or plans to make sure that the parent company has the liquidity it needs to go through its M&A program, etc.?

Mr. Kyle Ross: Yeah, fair point, and you are right. It was about a \$10 million reduction year over year. I think that's why we're focusing on streamlining the back office a bit and trying to take out as much of the cost that we can so we're--you know, cost containment strategy, number one. Number two, ultimately, there is an ability--there's sort of a management fee that's accrued down at the Real Alloy level that, at the appropriate time, there's an ability to move money from Real Alloy for prior services rendered. And then, ultimately, as we go out and raise capital for future acquisitions, there would be an expectation that probably a little capital is put there.

But, ultimately, you know, the ultimate way to reduce the sort of natural burn of the parent is to grow the portfolio, is to add more assets so that there is an ability to spread some of those across more businesses. And so, that would be kind of the biggest wholesale change the next acquisition brings.

Mr. Owen Douglas: Okay, that's helpful. And final one from me - one of the packaging producers or manufacturers to that segment in the U.S. recently, I believe, sort of moved some of that production capability out to Saudi Arabia. A) is that something which you guys think of as having a negative impact on your business in 2017? And B) can you give just more generally your outlook for the packaging business or rather your packaging business?

Mr. Terry Hogan: Yes. I mean, I think the--you know, generally speaking, if manufacturing capacity and manufacturing volumes move offshore, then that's a negative from a tolling standpoint, if you will, related to byproducts generated and so forth. So, that part of it's a negative. On the other hand, I think that if you've got--in the instance you're talking about, if can sheet is produced offshore and those cans--but those cans still come back here, then you've got scrap that's going to be in North America or in Europe, as the case may be, and it's not gonna then be going back into those--that same can sheet that it has historically. So, that makes scrap more abundant in relation to demand. And so, that's a positive.

So, I think there's some pros and cons in all of that. And I think, you know, we'll see how all of that plays out as we move forward. I think that the packaging business has been pretty flat for the last number of years, although it started--I think the forecast right now is for it to be up slightly in '17, mostly driven by the craft beer business.

But, it's been a solid consistent performer, and so, honestly, I think we'll have to see how it plays out between the loss of some can sheet production but the scrap still being generated here in the U.S. or Europe.

Mr. Owen Douglas: Okay. Thank you very much.

Operator: The next question comes from Andrew Shapiro with Lawndale Capital Management. Please go ahead.

Mr. Andrew Shapiro: Hi, thanks. Few follow-ups from others, maybe fill in a piece of the puzzle here - with steel prices up, how long generally does it take for increased demand for ferrous scrap to respond, and then by extension, an increase in the aluminum scrap supply that comes from that?

Mr. Terry Hogan: I mean, what we've seen recently is that the shredders have started back up or are running longer hours than they had been. And so, the correlation to non-ferrous scrap coming out of the auto shredders is pretty direct. So, I think, as more cars get shredded, there'll be more zorba and twitch generated, and that happens pretty quickly.

Mr. Andrew Shapiro: Okay. And you said on the last call that October and November would be the key months to determine whether real secondary alloy output might gain back market share from primary and in the can sheet market as these are annual contracts that roll up and then are up for renewal. Is it correct to assume, based on the results that were announced here, that the renewals went to the primary for the coming year, or did secondary gain some market share back?

Mr. Terry Hogan: I think that--I think it'll remain to be seen how that plays out. The discussions in October, November usually are for the future year, so it'd be for not for 2017. Prime at the time was still advantageous to scrap, and so there were a lot of prime deals done. That being said, as the LME moves up, if someone owns prime, they can also sell that prime back to the market and use more scrap if it's financially advantageous for them. So, that was in reference to the comment I made earlier where I think we'll see how that plays out as the year goes on.

But, I think, generally speaking, we're cautiously optimistic that we would see some opportunities if the pricing dynamics stay the way they are today.

Mr. Andrew Shapiro: Okay. So, based as they are today, they don't have to even improve further than--you think there could be a shot at getting some of that?

Mr. Terry Hogan: Yeah, it all gets down to what are scrap prices in relation to prime.

Mr. Andrew Shapiro: Okay. You also said that the acquisition of Beck and its primary metal business would give Real the opportunity to participate and generate sales and margin even if secondary didn't regain share in this year's contracts. Can you expand on what happened or is happening with the Beck portion of the business?

Mr. Terry Hogan: Yeah, that's the ramping up process, but we're quite pleased with the way that's starting out. I mean, we're selling prime-based products that we have not sold in the past as a result of the Beck acquisition, and so as Kyle mentioned, we feel like it's on track as we're starting out the year.

Mr. Andrew Shapiro: Okay. And is the high purity casting alloy pricing and spreads in comparison to their primary metal experience in the same market dynamics as aluminum?

Mr. Terry Hogan: There--it's been mixed, but I would say, generally speaking, the primary-based alloy, the pricing is more tracked with prime. And so, it's been let's say healthier than the cast alloys have been over the last several months--.

Mr. Andrew Shapiro: --Okay--.

Mr. Terry Hogan: --Really last couple of quarters in Europe.

Mr. Andrew Shapiro: Yeah, one or two more questions on Beck, and I have a question or two for Kyle on the structuring here and such. Can you update us - so, on the Beck acquisition and your integration process, what have you done, and is there anything left to be done?

Mr. Terry Hogan: We have restructured the way the plants operate so that they're more consistent with how our other plants operate. We've also absorbed a lot of the metal procurement in the commercial side of the business into our existing business. We did pick up a couple of people from the Beck operation that have been key additions for us, but we've been able to leverage existing capabilities on the commercial side of the business to benefit.

And so, those are the things that have been done, and I would say, generally speaking, other than continuing to fine tune and get the Beck facilities culturally more in line with where we are from a safety standpoint and Six Sigma, a LEAN standpoint and so forth, those are the things we're working at now. We've had some great progress made already.

Mr. Andrew Shapiro: And with--combined with your business, have you been able to run their plants at higher utilization yet or is that something yet to come?

Mr. Terry Hogan: Yeah, that's in process, but the volumes and the efficiencies of the facilities have been ramping up on a month-by-month basis since we acquired.

Mr. Andrew Shapiro: Okay. And so, that's Wisconsin and Texas. So, what's the status of the plant in Pennsylvania was idled? What circumstances would bring about its restart and profit generation, or alternatively, what are the other options for this asset and its potential value?

Mr. Terry Hogan: Yeah, I mean, right now, it remains idled. We've explored and are continuing to explore two or three possibilities for that facility. I think, if we get an opportunity that we're convinced will drive profitability at that facility, then we would look to start it back up, but we won't start it up for the sake of starting it up. There's plenty of capacity that--and we don't need that furnace there. So, we'll just, you know, keep that absorbed in our other operations.

Mr. Andrew Shapiro: Right. And what city in Pennsylvania is that in?

Mr. Terry Hogan: In Lebanon.

Mr. Andrew Shapiro: Lebanon, okay. And then on--.

Mr. Kyle Ross: --Sorry, Andrew, we would also--the further point of what you asked, though, is, you know, to the extent it's not operational because it doesn't make sense from a financial standpoint, we'd look at alternative uses or to potentially divest it at some point.

Mr. Andrew Shapiro: Right. What's it on the books for in terms of like, you know, cost or value?

Mr. Kyle Ross: I don't know that it's a material number. I think the entire PP&E effect was \$6 million or so with three plants.

Mr. Andrew Shapiro: Yeah, yeah.

Mr. Kyle Ross: And so, if you want to do a simple math and say it's \$1 million to \$2 million or something like that.

Mr. Andrew Shapiro: Right. And speaking of somewhat immaterial in size, it hadn't been mentioned, but what's the status of the Cosmedicine monetization efforts?

Mr. Kyle Ross: So, still working through that. We did impair its inventory at the end of the year - just made sense to clean that up, but still seeking alternatives to find a best way to maximize the IP value and ultimately sell the inventory if we can, so working through it, nothing material to report though.

Mr. Andrew Shapiro: Right. Now, what are the key covenants in the company's debt, and what is the look back measurement period on them, and does goodwill impairment get automatically excluded from the measurement, or is there a waiver needed?

Mr. Kyle Ross: No waiver needed, goodwill impairment's a non-cash charge and does not impact any sort of EBITDA calculations, and I don't think we've got any. I'm looking at Mike--.

Mr. Mike Hobey: --No, no, I mean, just it's negative because we don't have any covenants that we need to report on like that.

Mr. Andrew Shapiro: Okay. And in terms of the look back in measurement period, are you dealing with financial covenants, or are they covenants that when you're gonna do an acquisition, add new debt, things like that--?

Mr. Kyle Ross: --That's exactly right. [Unintelligible] looking forward--it's looking back to do forward items.

Mr. Andrew Shapiro: So, it's not--it's pretty covenant-like then, so--.

Mr. Mike Hobey: Yeah.

Mr. Kyle Ross: Correct.

Mr. Andrew Shapiro: Okay, great. Then that addresses my concern about equity issuance to delever. And then one or two thing--last thing here is what upcoming conferences or non-deal road shows, IR presentations do you have planned for the coming three to six months now to I guess explain, you know, what the situation is and where we're going?

Mr. Kyle Ross: Yeah, without a doubt, we will be on the road and meeting with shareholders. I think we'll take our traditional trips to each of our three analyst conferences that typically come in the sort of spring/summer time. So, I don't have the dates in front of me. We'll get a press release out to let people know what we're gonna be attending and look forward to seeing everyone at those conferences.

Mr. Andrew Shapiro: Right. I guess if you do that far enough in advance, then one can make plans to go and attend. If it's the same week, it's kind of late.

Mr. Kyle Ross: I will commit to you we will get it out early.

Mr. Andrew Shapiro: Thank you. I'm done. Thanks.

Mr. Kyle Ross: Thanks, Andrew.

Operator: The next question comes from Matt Vittorioso with GoldenTree. Please go ahead.

Mr. Matt Vittorioso: Yeah, thanks for taking my question. Maybe just to follow up a bit--I know there's been a lot of questions asked, but just with regard to the debt, I know you guys are focused on expanding the portfolio up at the parent, and I think there was a comment about, you know, sort of moving away from just being Real Alloy. I mean, part of that strategy will need to include putting Real Alloy's balance sheet on a sustainable or extended path, right? So, you've got this bond that comes due in January of '19. It doesn't sound like there's great visibility into a big rebound in EBITDA in 2017.

So, how do you feel about your prospects for refinancing that debt, you know, sometime in early '18, you know, with something similar to your current leverage profile of high fours to five turns of leverage? And I guess as part of that question, I mean, it sounds like you were recently working with BofA around your ABL. You know, any discussions with banks to give you some clarity or some options on how you might address the debt maturity?

Mr. Kyle Ross: Yeah, fair questions. I do think that, from an acquisition standpoint, as I previously mentioned, the plan is that each deal would be structured separately. And so, I think from a creditor standpoint, they're gonna be more focused on the nature of the asset that they're gonna be financing - doesn't mean they won't also look to the totality of the enterprise. So, I think, you know, I'm not gonna suggest that they would ignore what we have under the parent corporation.

But, I think, fundamentally, the credit decision's gonna be made at the target asset. You know, there are potential situations where we could do a transaction that was in a similar enough vein of Real Alloy and potentially, you know, do a wrapping financial solution somewhat blending the current capital structure with the future operation. I think there's a number of different ways that we could tackle it. And as you noted, we do have--certainly, we're in the non-call period.

So, there-- plans are in place and we're brainstorming, but we don't have anything that we've got to do tomorrow sort of thing. So, yes, working with BofA kind of started that, obviously, education process with our company, and I think that's a great group to work with from an ABL standpoint, and I'm sure they're gonna be talking to us about ideas they have on longer term capital structure, as well.

Mr. Matt Vittorioso: Okay. So, we--I mean, the call period I guess begins in early '18, so probably nothing to do this year with the cap structure. I mean, would you consider--I guess it's hard to be specific at this point, but the bank loan market still seems very strong where pricing is--continues to tighten in, so a very advantageous market for finance--or for issuers. I mean, would you consider more of a split structure with bank and bond or just move into the bank market?

Mr. Kyle Ross: I don't think we sit here today and want to suggest that we've got the number one answer right in front of us. I think, right now, we've got flexibility and time, and as you know, the markets move around. So, we'll probably investigate all options.

Mr. Matt Vittorioso: Okay.Thanks.

Operator: The next question comes from Victor Reskin with Wells Fargo. Please go ahead.

Mr. Victor Reskin: Hi, my [unintelligible] so this could have been addressed already. Wanted to find out if you have been circling around some areas besides metals for an additional acquisition and what they may be?

Mr. Kyle Ross: Yeah, Victor, without a doubt, we're looking at acquisitions outside of metals kind of consistent with prior conversations we're sort of presenting ourselves when we are out talking with financial advisors and company owners that what are the sort of hunting grounds that makes sense for you. And we've got the bolt-on examples like Beck. We've got strategic adjacencies that might make sense with Real Alloy, and then it can be completely different. It does not need to be in metals whatsoever.

So, I think, at this stage, I don't have anything to be describing explicitly in terms of what's within the pipeline, but I think each of those sort of three main areas are all--all have opportunities that we're looking at.

And I guess, importantly, because I think sometimes when I enumerate those sort of areas, buckets, and I start with bolt-ons, people then jump on well, bolt-ons are the first and the highest priority, and that's really not the case. It's just more the way I describe the opportunities, all three potential strategies are being evaluated at the same time, and it's far more--our selection process is far more driven on, you know, looking at the risks of that deal and identifying the right value and right structure as opposed to walking into a situation and knowing what the answer is. We want to be smart and opportunistic.

Mr. Victor Reskin: Does that include the focus on something that's more about cash flow and a lot less capital intensive so that the NOLs can be used more readily?

Mr. Kyle Ross: Yeah, I don't know if you've heard in my--one of the other answers I gave - exactly, that's correct. Looking at businesses that convert EBTIDA to EBIT at a higher rate--they're--when you're doing that, you've got the depreciation and amortization out of the schedule. So, exactly as you noted - less capital intensive businesses.

Mr. Victor Reskin: Okay.

Operator: Ladies and gentlemen, that is all the time we have for Q&A today. I would like to turn the call back to Kyle Ross for closing remarks.

Mr. Kyle Ross: Thanks, operator, and thanks to everyone that listened and stayed with us through this call. We appreciate all the questions. As I noted in response to Andrew's question, we are going to be on the road, and we will get an announcement on the conferences well in advance so that people can make arrangements, and we will look forward to seeing you all in person in the coming months.

Operator: This concludes today's conference. You may disconnect your lines at this time. Thank you for your participation.