Suncor Energy Fourth Quarter 2021 Financial Results Call

Thursday, 03 February 2022

Operator: Good day and thank you for standing by. Welcome to the Suncor Energy fourth quarter 2021 results conference call. [Operator instructions]. I would now like to hand the conference over to your speaker today, Mr. Trevor Bell, vice president of investor relations.

Mr. Bell, the floor is yours.

Introduction

Trevor Bell

Vice President of Investor Relations, Suncor Energy Inc.

Thank you, operator, and good morning. Welcome to Suncor's fourth quarter earnings call. With me this morning are Mark Little, President and Chief Executive Officer; and Alister Cowan, Chief Financial Officer. Please note that today's comments contain forward-looking information. The actual results may differ materially from the expected results because of various risk factors and assumptions that are described in our fourth quarter earnings release, as well as in our current Annual Information Form. Both of those are available at SEDAR, EDGAR and our website, suncor.com.

Certain financial measures referred to in these comments are not prescribed by Canadian GAAP. For a description of these financial measures, please see our fourth quarter earnings release. Following formal remarks, we’ll open up the call to questions.

Now, I'll hand it over to Mark for some opening remarks.

Opening Remarks

Mark Little

President & Chief Executive Officer, Suncor Energy Inc.

Great - thanks Trevor, and good morning, thank you for joining us.

I wanted to begin by talking about the incidents that we outlined in our recent press release. On many occasions, inside the company and externally, I’ve talked about my personal commitment to safety above all else and our drive to operational excellence. I know that many are questioning our focus on this given the recent fatality and operational challenges. These outcomes are unacceptable, and we know that we must do better!

I and the Suncor leadership team are deeply committed to engaging our workforce, so everyone goes home safely every single day and improving the operating performance of our company. I have a comprehensive plan endorsed by our board and we're executing this plan to address these concerns.

Despite these challenges, we had several accomplishments in the quarter:

- We delivered the best quarter of adjusted funds from operations of 3.1 billion dollars. On a per share basis this is $2.17 per share and exceeds our previous quarterly per share record which was set in Q1 of 2014 by 11%.

- We upgraded a combined 515,000 barrels per day of synthetic crude oil which marks our third best quarterly result due to 99 and 90 percent utilization rates at Base Plant and Syncrude respectively.

- We produced 151,000 barrels per day of bitumen from our In Situ operations and Fort Hills which resumed two train operations in mid-December.

- Our E&P production of 77,000 barrels a day reflects the Golden Eagle disposition, and

- In the Downstream, we achieved nearly 800 million dollars of adjusted funds from operations with 96% refinery utilization. And once again, our Canadian refineries outperformed the Canadian refinery average utilizations.

In terms of full year results, we continued to strengthen the company by reducing our net debt by nearly 4 billion dollars. We returned nearly 4 billion dollars of cash through the doubling our dividend and share buybacks – and that's 40% of our adjusted funds from operations within the year. Based on our average 2021 average market cap, that's a 10% cash return to our shareholders.

Looking at our 2021 full year performance, Suncor generated adjusted funds from operations of 10.3 billion dollars. Our regional oil sands assets contributed record annual funds from operations of 6.9 billion, despite completing the largest maintenance program in our history.

These results reflect accretive investments including increasing the utilization of our Suncor-Syncrude interconnecting pipeline, higher volumes from Firebag debottlenecks, improved margin capture through our trading logistic capabilities and continued cash savings from reclamation using our PASS technology.

I'll now pass it to Alister to go through the quarterly financial results.

Financial Highlights

Alister Cowan

Chief Financial Officer, Suncor Energy Inc.

Thanks, Mark.

As you noted, our adjusted funds from operations per share of $2.17 is a 11% improvement compared to our previous quarterly record. This reflects the value of our buyback program as we lowered our share count by approximately 6% during the year, acquiring and cancelling 84 million common shares at an average price of $27.45 Cdn per share.

Let me walk through our results:

Oil Sands generated Q4 adjusted funds from operations of 2.2 billion dollars with an average realization of $87 Cdn per barrel. On an annual basis:

- Oil Sands cash operating cost of $25.90 per barrel for the full year ended up below the guided range while absorbing a $1 per Giga Joule AECO increase in natural gas prices versus our original guidance assumptions, this equates to approximately $1 per barrel on cash cost basis.

- Fort Hills 2021 cash operating cost of $41.35 per barrel reflects a one-train operation for almost the entire year. As we look to 2022, we are targeting cash operating costs of $25 per barrel at the mid-point with the two-train operation.

- Lastly, Syncrude's annual cash operating costs of $35.20 per barrel was slightly above the guided range impacted by the December operational incidents. The impact of higher natural gas prices was approximately 50 cents per barrel on a cash cost basis.

E&P delivered 425 million dollars of adjusted funds from operations in the quarter reflecting an average price realization of $102 Cdn per barrel.

Moving to our Downstream results, we generated 765 million dollars of adjusted funds from operations with a 96% refinery utilization. Although diesel demand is back to normal rates, gasoline demand was lower by 10% versus Q4 2019 due to renewed Covid restrictions in Canada, particularly in Ontario and Quebec. Early in Q4 we were able to use our upgraded Burrard terminal to export product and maintain refinery throughput given this temporary dip in domestic demand, but as you will appreciate these are lower margin barrels than our domestic retail channels. I should note the advantage our logistics infrastructure and marketing teams provided during the severe BC flooding in Q4. We were able to keep our customers supplied across BC despite significant challenges that cut off all transportation links to Vancouver from the rest of Canada. Our Burrard terminal became an import terminal for refined product into Vancouver keeping it supplied.

Our 2021 full year capital spend of 4.4 billion dollars was within the provided guidance range, but higher than our previously communicated midpoint of 4.2 billion dollars. This was due to increased spend at Syncrude and Firebag late into the year as a result of the operational issues, the earlier receipt of materials for 2022 turnarounds as we managed supply chain, and accelerated progress payments on the Cogen as milestones were achieved slightly faster than expected.

In terms of shareholder returns, during the quarter – we returned 1.2 billion dollars to shareholders in the form of dividends and buybacks, and at the same time reduced our net debt by roughly 500 million dollars.

On a full year basis, we returned nearly 4 billion dollars to shareholders and repaid nearly 4 billion dollars of debt. As a result, we reduced the number of outstanding shares back to 2015 levels and returned our dividend and net debt balance back to 2019 levels.

As it relates to our guidance, our only change is to the business environment for higher commodity prices, which of course increases our cash taxes and royalty ranges slightly. We've also updated maintenance schedules for the year within Investor Relations deck.

Subsequent to the fourth quarter, Suncor's Board of Directors approved a renewal of the company's share repurchase program for up to 5% of Suncor's issued and outstanding common shares as at January 31st, 2022. This program will begin when the 2021 buyback program expires on February 7th, 2022.

I'll now pass it back to Mark for closing remarks.

Mark Little
President & Chief Executive Officer, Suncor Energy Inc.

Thanks, Alister.

Consistent with mines in the region, we too had some challenges in January at our mining operations, which resulted in a slower start to the year than we expected. Q1 production will reflect this softness, including a reduction in shipping rates at Syncrude, as we're accelerating some major maintenance on our hydrotreating and hydrogen assets into the quarter to maximize our full year production.

As a result, we're expecting Q1 2022 production to be consistent with Q4 2021. However, our 2022 production guidance remains intact.

As I currently look at each asset, its nameplate capacity:

- Our Base Plant upgrader carried its fourth quarter 99% utilization momentum into January,
- In Situ assets are operating over 95%,
- Syncrude is operating over at 90%, and
- We're working to stabilize Fort Hills and expect to achieve our annual production guidance for this asset.

On the cost side, we will continue to drive down the cost structure of our business by increasing our workforce productivity by our targeted 10% through implementation of enterprise-wide systems and processes, continued digitization of our operations, and capturing Syncrude synergies as we've previously communicated. This is expected to result in a year-over-year controllable cost reduction across the company.

Our capital program of 4.7 billion dollars includes investments in highly accretive economic growth at Terra Nova – slated to come online by the end of this year, In Situ well pads, 40-Mile wind farm and the Cogen at Base plant.

At the same time, we consistently evaluate all of our assets in the portfolio. We've initiated a sales process to determine interest for our Norwegian E&P assets. We also intend to assess market interest for part of our interest in the UK Rosebank development later this year as we move closer to sanction, which is consistent with our longer-term plan for this asset.

In 2021, our capital allocation policy favored higher debt reduction bringing the balance sheet back to 2019 levels. This year we'll allocate free funds flow after the dividend and capital program evenly – so 50/50 – between share buybacks and net debt reduction, which is expected to deliver an even higher rate of shareholder returns in 2022 versus 2021.

As many are looking at the strong macro environment, Suncor is well positioned in 2022 to deliver higher production and substantial free funds flow increase with a clearly defined capital allocation framework that accelerates shareholder returns. My commitment to you is to further strengthen our operational excellence to improve Suncor's performance.

And with that, Trevor, I'll turn it back to you.

Trevor Bell: Thank you, Mark and Alister. I'll turn the call back to our operator to take some questions.

Q&A

Operator: [Operator instructions]. Our first question comes from Neil Mehta of Goldman Sachs. Your line is open.

Neil Mehta (Goldman Sachs): Good morning, team. And happy new year, Mark.

Mark Little: Thanks, Neil.

Neil Mehta: Mark, I guess the first question, and this is where investors have certainly been focused here over the last couple of weeks, is around the culture of safety, and I appreciated your comments here around the most recent incidents. But just talk about what mechanisms and safeguards that you're putting in place to mitigate these type of risks going forward? And also, the culture of accountability within Suncor and how you're holding your team to higher standards? Does that make sense?

Mark Little: Yeah. Thanks, Neil. It's obviously -- I mean, as CEO, the accountability for safety and operational excellence is with me. Like, I own this.

And so, several actions have been taken to address these concerns. In September, I realigned the leadership team to sharpen our focus at the executive level and at my leadership table on operations. And so, we brought two more long experienced operators to the table. So, I have four of the executive leadership team focused on it.

Mike MacSween is accountable for all our mines and upgrading. Shelley Powell is accountable for our In Situ and E&P business. Kris Smith is actually accountable for our refining, marketing and distribution system.

And Bruno Francoeur, is accountable for the environmental health and safety, the technical excellence at the center, including things like operational risk management. Some of these are new groups that aligned with our assessment of global best practices last year. We also concluded last year, an assessment of the safety and field, particularly in mines and particularly with the contractors. And so, we completed that independent review. As a result of that, we've spent quite a bit of time reducing the prescriptive procedures, which quite frankly, we found out a lot of people are not using and following, or there was a gap between the practice and the actual procedures. And we're closing the gap with bigger engagement or more engagement with the front line. We're implementing standard risk assessments across all of our sites versus them being specific to the individual assets so that if we pick up something at one site, we can test that risk across all the other sites as well. And we're working on our culture and leadership engagement with the workforce at the front line. And finally, we have been working on this plan for a period of time, but it's just essentially got finalized, is to implement collision avoidance mitigation and fatigue management on all our mine mobile equipment.

We're expecting that to be done in the next 18 to 24 months. This is a technology that's used globally in mining, but it is not used in oil sands. And so, we'll be the first oil sands company to universally use this across all of the mines. And this is something that Teck has really helped with in providing us some of their insights from their global experience around running the mines. So that's the plan.

Neil Mehta: Thank you, Mark. And the follow-up is just on capital returns. You guys have been aggressive around the buyback. Obviously, reset the dividend higher. Just talk about your framework for return of capital this year and what type of cash return yield can investors expect.

Mark Little: Alister, do you want to talk to that?

Alister Cowan: Yeah, I'll take that one. Good morning, Neil. On the capital allocation, after dividends and the capex, we're allocating our free cash flow 50/50 between buybacks and debt reduction. So, we would expect to see a similar, if not higher, cash return to shareholders than you saw in 2021 based on current strip prices.

Operator: Thank you. Our next question comes from Greg Pardy of RBC Capital Markets. Your line is open.

Greg Pardy (RBC Capital Markets): Thanks. Thanks. Good morning. And Mark, thanks for all the candidness and what sounds like a very well-defined plan here as we go ahead.

Look, I'll come back to the operations in a second. I wanted to just ask you about pathways, completely shifting gears for a minute. You're a founding partner there, obviously, there's negotiations going on in terms of an investment tax credit on CCUS. So, question is kind of two-fold.

A) how is it going? And then secondly is, how big do you think you can be? I mean, we can't think of any other jurisdiction where you've now got what six companies working together like this.

Mark Little: Yeah, Greg. Great question, thank you. Pathways, I think, is going great. One of the things we've realized is I think we have the largest group and coalition of companies globally in our industry that are working to drive down emissions.

So, I'm very proud to be part of the team to be able to do that. We have a plan to take the entire industry to net zero by 2050. Canada's oil sands represent about 3% of the world's production, and I think it's going well. Basically, the whole focus right now is finalizing the poor space in Alberta so we have a place to put the CO2. We're working that with the province. And, also working with the federal and provincial government for us to co-invest the returns that we're getting from the industry into driving down the emissions to not only get to net zero, but to sustain the returns for decades to come of the industry. And I think those conversations are going well, but we still have a ways to go.

Greg Pardy: OK. OK. Great. Here's the nitpick question.

I just want to make sure I've got you straight. So, it sounds like additional work just going on at Syncrude in terms of, I don't know whether it's overburden or maintenance, so a little softer there, I think you mentioned and then Fort Hills I think you're stabilizing. But did I hear you right sort of like overall production in first quarter similar to the fourth quarter? I just want to make sure I got that right.

Mark Little: Yes, it is. And I mean, some of this is the softness in the year, and some of this is we've decided to take down the hydrotreaters and hydrogen at Syncrude just to give us more run room and maximize production out of that asset in 2022.

Greg Pardy: OK. All good. Thanks very much, Mark.

Mark Little: Thanks, Greg.

Operator: Thank you. Our next question comes from Phil Gresh of J.P. Morgan. Your line is open.

Phil Gresh (J.P. Morgan): Yes. Hi, good morning. My first question is just following up a bit on Greg's question there, more specifically, on Fort Hills. Could you just elaborate a bit more on where you stand today on Fort Hills production? I mean, you talked about stabilizing and ramping, how you think about that cadence through the year, both on production, but also just on the cost side of the equation? Is this a situation where you might start higher than the guidance on cost and work your way down and exit rate may be even lower than your guidance? Because, I know you ultimately want to get to a much lower level, so just any additional thoughts on Fort Hills.

Mark Little: Yeah. Thanks, Phil. I mean, obviously, given the cold conditions, all the mines struggled coming in. So, Fort Hills in January we're a little bit below our annual range that we had in January, but we think we'll make this up. The operation is bouncing around a little bit quite frankly. We're kind of somewhere between 70% and 106% utilization on the assets. And, this is just getting lined out, it's getting sorted out, and actually, it's going quite well. We have full expectations that we'll meet our guidance on this asset for the year, which is 90% of nameplate capacity.

And the focus is to get to mid-20s. So, we'll be a little higher at the start of the year and a little lower at the back end. And the focus with the partners is one on the effectiveness, get the oil out of the ground. And then, secondly on efficiency, as you pointed out, around getting costs out, and both of them are getting worked actively through this. And I think we've had very good alignment with the owners on these priorities.

Phil Gresh: OK. Got it. Thank you. My second question just with where the net debt ended the year at about 16 million. I know in October, you had expected it be closer to 15 billion. Obviously, I see the working capital, I don't know if the rest was December weather. But just I'd love to hear Alister's thoughts on kind of how you reconcile what you're hoping to achieve and where you finished? And then, with any of these things like working capital, does any of that reverse or is that just oil price effects? How do we think about the progression from here?

Alister Cowan: Yeah. Thanks, Phil. There was a couple of issues where we didn't quite get there as we expected. The first one, as you highlighted, was the issues with production at Syncrude and Fort Hills, and at Firebag starting in December that we've highlighted.

There was also a couple of cargoes in E&P that were supposed to go out at the end of the year that didn't quite get out, they only went out in the first week of January. So that impacted the number as well. And then, we had expected a slightly stronger Canadian dollar at the end of the year and that was probably a couple of hundred million dollars on our net debt. That was really the main difference between where we expected to be and where we ended up.

On the working capital, as we move through the year, if oil prices are similar to what they are today, you're not going to see a lot of movement in working capital. We do have the cash tax payment going out in February in Q1, but that's the only kind of significant change I'd expect to see in working capital.

Phil Gresh: Right. OK. So, as we look at '22 then, you're talking about the 50/50 in terms of the ability to reduce debt further by that incremental 50% then, that's the way we should frame that?

Alister Cowan: Yes.

Phil Gresh: Yeah. OK. Got it. Thank you.

Operator: Thank you. And next, we have Doug Leggate of Bank of America. Your line is open.

Doug Leggate (Bank of America Merrill Lynch): That's close enough. Happy new year from me as well, guys. As Alister knows, New Year in Scotland goes on until June. But I'm delighted to be on the call.

Guys, I've got two questions, if I may. Mark, I want to change type just a little bit and ask you about the international assets. Obviously, you acquired your current assets in Norway, I guess, a couple of years ago, now they're for sale. Rosebank, you've talked about. What is the thought to do the future longevity of the international assets given the oil environment, maybe an opportunistic time to think about sale and avoid that long-term abandonment, especially now you've got Buzzard 2 coming online?

Mark Little: Yeah. Yeah. Doug, great question. It's interesting with our E&P business. As we've said before, when you look at our oil sands production, we are super highly concentrated. You literally can drive to all our oil sands assets in two hours, you could probably drive to all of them. And so, they're very concentrated. So, we've seen this as a great diversification of kind of from a production perspective, really liquid barrels, brent price exposure and not subject to all of the infrastructure logistics that are often challenging.

That said, in Norway, we've been in Norway for a decade, exploring and such. And a lot of these developments that are going on are developments that came from that work associated with it. I think our view is that as time goes on, we continue to refine and optimize our base business. Our view was that Norway is something that we should be exploring with.

Rosebank, we really wanted to try and get clear on the development plan and the path forward. Our view was we would always step down and go down to about half of our current interest before we went to appropriation on this project. The project actually looks really good, and we think the operator is doing a good job. In the big scope of it, we obviously have continued to be active on the East Coast of Canada and in the North Sea.

The North Sea has been less significant with the sale of Golden Eagle and we'll see how it goes with Norway. But our focus is primarily in our core integrated business, and so we're testing the waters on a few of these assets.

Doug Leggate: Alright. We'll keep watching. I guess, my second follow-up question is slide eight is, obviously, the whole story here post the Syncrude operatorship and the trajectory you have through 2025. I don't know if I missed it, but I just wondered if you could give us an update. At the end of '21, how do you see that trajectory? Any changes? Are you comfortable still that you're on track? And maybe how much of the $2 plus billion, the 2.15 billion free cash funds increment do you think you have now achieved a run rate at the end of '21? I'll leave it there. Thanks.

Mark Little: Why don't you start, Alister?

Alister Cowan: Yeah, OK. Thanks, Doug. If you look at 2021, we achieved roughly 465 million of the 2.15 billion -- and that really was driven out of margin capture in the upstream and the downstream business provided by our supply, trading and marketing operation. And you could see that in some of the realizations we've been able to achieve, particularly, in the downstream business.

It's a reduction in our ARO spend around treating and tailings, a couple of hundred million. As we move into 2022, we're focusing, enhancing and building on those margin enhancements, as well as we expand, particularly in the product streaming business. But we're beginning to achieve our cost reductions as we implement our enterprise-wide systems and processes in the first half of the year. So, you'll see those cost reductions coming through in the second half of the year. We're targeting on top of the 465 million we achieved last year, another 400 million in 2022.

Mark Little: Maybe I would just add to that. One of the things about this is we really want to make sure we keep a huge focus on this because this is the key lever for driving shareholder returns. So, Bruno Francoeur that I talked about that leads our central group is actually coordinating all of the projects in the stewardship so that we're driving strong accountability and delivering those projects and driving the cash out for them. Alister's team actually goes in and verifies that.

And our internal targets are actually greater than the $2 billion because we know that we've essentially done $2 billion on a risk basis. So, I think the organization is making significant progress. And the big event that we have coming up right now is really the implementing standard wide processes across the company and leveraging technology to be able to improve productivity and drive down our cost structure.

Doug Leggate: Appreciate the answers, guys. Thank you.

Mark Little: Thanks, Doug.

Operator: Thank you. And next we have Manav Gupta of Credit Suisse. Your line is open.

Manav Gupta (Credit Suisse): Hey, guys. My first question is a little bit on the return on capital employed. There was a good improvement versus last year, I think you hit about 8.6. And I'm trying to understand a little bit as obviously you go forward and try and realize these incremental funds flow of 2.15, like is there a targeted return of capital employed you want to achieve in the next three years or five years? If you could give us some guidance or where you would like this number to eventually be in the next three to four years?

Mark Little: Yeah, Manav. Thanks for the question. I mean, our focus is to get this number to 12-15%. We're doing it through optimizing the business. We're doing it through investing in projects that are going to get us a 15 plus return associated with it, but that's what we're targeting.

Manav Gupta: Perfect. And a quick question here, a follow-up on Fort Hills. As you stabilize operations, as you bring down the op cost to increase the attractiveness of this asset, is there a desire somewhere to own a little more of it? I mean, there is a willing seller in one of your partners. Would the company consider increasing ownership at the right price?

Mark Little: Yeah. Manav, what we've -- I think we've been very consistent in saying that when we do M&A, they have to be good-quality assets. They have to be worth more in our hands than the way they're held today. And thirdly, it needs to be accretive to our shareholders. So, are we open to do an M&A? Yes, we are. It just needs to be at the right price. You can apply that to a number of assets in our portfolio. The best part of this is we feel like our current portfolio of assets is complete. We don't have any major gaps, and so we don't have to do any M&A. So, we're only going to do it if this makes imminent sense for the shareholder.

Manav Gupta: Perfect. And the last very quick one is, you mentioned during 4Q there were lockdowns in Canada, gasoline demand did go down 10% versus '19. Are we seeing a rebound of that? Because your refining is generally a big strength of yours. So, if those lockdowns are abating, is there a possibility that gasoline demand does make a full recovery here maybe in the first half of 2022? And I'll leave it there.

Mark Little: Yeah. Manav, I think actually in January they got worse, not better, unfortunately. But the beauty of it is, I would say, and particularly Alister talked about Ontario and Quebec, that's particularly true in Ontario and Quebec. But you know, our view is, and you look at the jurisdictions in Canada, it looks like all of these lockdowns are rapidly coming to an end or it's certainly getting less constraining.

And so, we're starting to see demand coming back already. And we're expecting to see, as you get out to mid-year, normal demand. So, we think this year will be much stronger demand in Canada than what we saw last year.

Manav Gupta: Thank you for taking my questions.

Operator: Thank you. And next, we have Dennis Fong of CIBC World Markets. Your line is open.

Dennis Fong (CIBC World Markets): Good morning and thank you for taking my questions. The first one maybe is directed toward Alister. It's really just around idea of capital structure and obviously such a large focus on the capital allocation between debt repayment and the share buyback. In our expectations, you'll be able to reach that 12-15 billion target closer to year end of this year given the higher commodity prices happen to be. Just wanted to understand how aggressively you want to pursue the 9-12 by 2030 kind of after you hit kind of this 12-15 billion target?

Alister Cowan: Yeah. Thanks, Dennis. If you look at our capital allocation, I mean, it's predicated on having a strong balance sheet. We think that's very important for this industry as we go forward, and we want to be -- have a leading balance sheet in the industry.

We want to be able to grow our dividend and a low breakeven around the $35 WTI that we've priced, we've talked about, but then we also want to be able to return cash to shareholders through a significant buyback program. And you see us execute on that during the last year, and we'll continue to do so in 2022. We set our debt targets, a 2025 target. And I would agree with you that we have the opportunity to accelerate both buybacks and debt reduction with higher oil prices, and we'll be taking advantage of that in certainly this year and going forward.

We will continue to drive the debt down if the price allows us to do that in an accelerated basis. So, we're not stopping when we hit the 12 to 15. We'll continue on to our 2030 target. And if we get there earlier, I would be very happy to see we get there earlier.

Dennis Fong: Great. Great. And then, the second question that I have is maybe just a follow-on to that, the 2.15 billion of free funds flow rollout. I know that you indicated back with Q3 results the kind of realizations of 465 million in 2021, as well as another approximately 400 million here in 2022, of realizations of that.

If we look at the schedule that you outlined at your investor day, there's maybe another 500-odd million potentially namely from Forty Mile coming online, mine optimization, as well as the implementation of digital. That, coupled with the accelerated debt repayment, how should we be then thinking about the dividend level, as I know that that was one of the major considerations when you doubled your dividend back in Q3?

Mark Little: Yeah. When -- and Dennis, thanks for that. It's interesting. I mean, when we originally doubled our dividend, I think we said like essentially, we were catching it up to debt reduction and share buybacks. We were kind of working on what we said at our investor day, our 2023 numbers for some of those pieces associated with it. So, we gave 75% of what we had talked about achieving by 2025. Obviously, the macro environment has changed a lot. Everything is getting accelerated from debt repayments, share buybacks, as well as the dividend. And so, you know, this is something that the board continues to work out.

Of course, we're working to continue to achieve what we set as our 2025 targets. We're just expecting it to get accelerated. And the faster we go on our debt metrics and stuff, the better chance we have on achieving further increases in dividends. Alister, do you have anything to add to that?

Alister Cowan: Yeah. No. I think, Mark, we said when we doubled the dividend in October last year, that we would not be looking at it in February. And the board considers the dividend every quarter, and the faster we can get to take costs out of our business and achieve $2 billion means we will come back and look at the dividend when it's appropriate.

Dennis Fong: Great. Really appreciate you answering my questions. Thank you.

Mark Little: Thanks, Dennis.

Mark Little: Well, maybe just before we sign off, I just wanted to emphasize a couple of the points that I said at the start of this. Like I know we need to do better. I have a plan and it's been endorsed by the board.

And in fact, it's in execution, and this is critical for us. We think we have a great company, and we're generating significant free cash flow and shareholder cash returns in 2021, and we expect both of these to be even higher as we get into 2022. And I'm strengthening the balance sheet, making investments for our future to support the continued growth in cash flow and shareholder returns for many years to come. So, thanks for joining us today. I appreciate it. And with that, I'll turn it back to Trevor.

Trevor Bell: Great. Thank you, Mark. Again, thanks everyone for joining us today. I know it's busy season. We're around all day if you have any other questions. Thank you, operator.

[Operator concludes call]