Transcript

SYLVAMO: First Quarter 2023 Earnings Call

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SPEAKERS

Hans Bjorkman – Vice President, Investor Relations
Jean-Michel Ribieras – Chairman and Chief Executive Officer
John Sims – Senior Vice President and Chief Financial Officer

ANALYSTS

George Staphos – Bank of America
Paul Quinn – RBC Capital Markets
Jonathan Luft – Eagle Capital Partners
David Steinhardt – Contrarian Capital

PRESENTATION

Moderator	Good morning, thank you for standing by. Welcome to Sylvamo's First Quarter 2023 Earnings call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, you will have an opportunity to ask questions. [Operator instructions]. As a reminder, your conference is being recorded. Now I'd like to turn the call over to Hans Bjorkman, Vice President Investor Relations. Sir, the floor is yours.
Hans	Thanks, Greg. Good morning and thank you for joining our call today. Our speakers this morning are Jean-Michel Ribieras, Chairman and Chief Executive Officer and John Sims, Senior Vice President and Chief Financial Officer. Slides 2 and 3 contain important information including certain legal disclaimers. For example, during this call, we will make forward-looking statements that are subject to risks and uncertainties. We will also present certain non US GAAP financial information. Reconciliations of those figures to US GAAP financial measures are available in the Appendix. Our website also contains copies of the first quarter earnings press release as well as today's presentation. With that, I'll turn the call over to you, Jean-Michel.

Jean-Michel

Thanks, Hans. Good morning and thank you for joining our call. I'll begin my comments on slide 4.

Our first quarter results were strong and in line with our expectations. Adjusted operating earnings per share were $2.51 and we achieved $208 million in adjusted EBITDA with a 22% margin. We maintained a strong financial position with net debt at 1.1 times adjusted EBITDA.

Price and mix, as well as input transportation costs, were favorable to our outlook. Our volume reflected continued inventory destocking and the worse than expected seasonal demand slowdown in Latin America.

Our recently acquired Nymolla Mill posted a strong quarter. The ramp up of cost savings from the recent pulp mill modernization are on schedule. We are also pleased with our progress on other operational and commercial synergies.

We returned $21 million in dividends and shares repurchases to share owners in the first quarter.

I am now on slide 5. We remain committed to operating as a sustainable corporation that creates profit for its share owners while protecting the environment and improving the life of those with whom we interact. With that in mind, since the spin-off, we've been pursuing the formal approval of our 2030 goals for greenhouse gas emissions. We are pleased to announce that we received formal approval of our 2030 emission reduction goals from the Science-Based Target Initiative. SBTI acknowledged that our commitment to reduce our absolute Scope 1, 2 and 3 emissions by about 28% is consistent with a well below 2 degrees scenario.

As this slide shows, our own goal is even more ambitious. We're committed to a 35% reduction in total greenhouse gas emissions relative to our 2019 baseline.

Slide 6 highlights our key performance metrics for the first quarter. We achieved sales of $959 million, up 3% versus the fourth quarter. We generated adjusted EBITDA of $208 million, up more than 20% versus the fourth quarter. As expected, free cash flow was lower than the fourth quarter reflecting an increase in mill inventories in preparation for second quarter planned maintenance outages and the payment of annual incentive compensation. And we posted adjusted operating earnings of $2.51 per

share, an 87% increase over the last year first quarter. These strong performances demonstrate our ability to continue to deliver on our investment thesis.

Now, John will discuss our first quarter performance in more detail. John.

John

Thank you, Jean-Michel. Good morning, everyone, and thank you for joining our call. Let's turn to slide 7 to review our first quarter adjusted EBITDA bridge.

As Jean-Michel mentioned, we posted a solid quarter generating $208 million in EBITDA, up $38 million versus the fourth quarter, and in line with our guidance. Our EBITDA margin was strong also at 22%, 400 basis points better than the fourth quarter.

Price and mix decreased by $8 million, driven by lower market pulp prices in all regions, which accounted for the majority of the decrease. In Europe, we reduced our paper prices as we rolled back Saillat's energy surcharge announced in the fourth quarter. Paper price and mix were stable in the Americas.

Volume decreased by $34 million. In addition to the normal seasonal slowdown in Latin America, orders for the Brazilian government textbook program were delayed beyond the first quarter. Volumes in Europe and North America continue to be impacted by channel inventory corrections, particularly in the commercial printing segment.

Operations and costs improved by $18 million, primarily due to lower accruals for the annual incentive compensation and favorable foreign exchange in Brazil. The ops and cost improvements occurred despite taking about 60,000 tons of lack of order downtime in response to our customers' inventory adjustments. About half of the lack of order downtime was taken in Europe and the other half in North America.

We did not conduct any planned maintenance outages in the first quarter, which resulted in $31 million favorable variance.

Input and transportation costs improved by $14 million, reflecting favorable energy and distribution cost trends.

And lastly, our Nymolla Mill added $17 million of adjusted EBITDA and is performing very well since we closed on the acquisition at the beginning of the year.

Let's move to slide 8 and talk about uncoated freesheet industry conditions. In the first quarter, significant inventory destocking continued in all regions, resulting in lower shipments in Europe and North America. We expect inventory corrections to continue in the second quarter and be completed in the third quarter.

With respect to demand, the first quarter is always the seasonally weakest quarter in Latin America. Demand was also adversely impacted by delay of the annual Brazilian government textbook program. This was a material shift since the education segment accounts for about one-third of Brazil uncoated freesheet demand. These orders have started in the second quarter.

The cutsize segment that accounts for about 40% of the uncoated freesheet market in North America, has been the most resilient segment of uncoated freesheet over the last few quarters as demand has increased with more workers returning to the office. The cutsize segment didn't see an increase in inventories in North America, so there was no need to destock.

As we expected, uncoated freesheet imports receded to more normal levels after peaking last October. We anticipate second quarter imports to return to normal levels driven by the adequate domestic supply and reopening of the Chinese economy.

In the first quarter, two competitors announced permanent uncoated freesheet capacity shutdowns. In North America, 240,000 tons in North Carolina was shutdown. And in Europe, a machine in Austria will be shut down as well. We expect these capacity reductions to favorably impact operating rates. And in North America, we have already secured more than 60,000 incremental tons on an annual basis.

Let's go to slide 9 to look at imports into Europe and North America. Driven by domestic supply shortages in the first half of 2022 and lower Chinese demand due to COVID lockdown, Indonesian exports were diverted from China into our regions and increased steadily until peaking in October of 2022. As we mentioned last quarter, we expected that imports had already peaked and would return to more normal levels. And as you can see from the chart, imports have dropped by about half in Europe and two thirds in North America and are back to normal levels.

Moving to slide 10, let's discuss our second quarter outlook. We expect to deliver an adjusted EBITDA of $115 million to $125 million, which

reflects a $59 million increase in planned maintenance outage expense this quarter. We project price and mix to decrease by $45 million to $50 million, reflecting the realization of prior price decreases for pulp in all regions and paper in Europe, as well as less favorable product mix. Keep in mind that pulp accounts for 10% of our sales, on average 100,000 tons per quarter.

We expect volume to improve by $10 million to $15 million, reflecting seasonally stronger volume in Latin America.

We project operations and costs to increase by $10 million to $15 million due to unabsorbed fixed costs as we continue to match supply to our customers' needs.

We expect input and transportation costs to improve by $15 million to $20 million, largely on favorable trends in costs for natural gas, chemicals, and transportation.

Our adjusted operating earnings should be about $0.90 to $1.10 per share, including about a $1.00 per share of higher planned outage expense.

Slide 11 shows our planned maintenance outage schedule for the quarter, with two thirds of the total annual costs scheduled for the second quarter. During this quarter, we'll conduct outages in all three regions. After this quarter, the remaining planned outage expenses will largely occur in the fourth quarter.

I'm on slide 12, which shows again our capital allocation framework and how we think about allocating cash to drive shareholder value. As we maintain our much stronger financial position with about $1 billion of gross debt, we are putting a greater emphasis on returning cash to shareowners and reinvesting in our business to grow our earnings and generate cash. We remain a cash flow story. We leverage our strengths to drive high returns on invested capital and generate free cash flow, and we use that cash to increase shareholder value by maintaining a strong financial position, returning more cash to shareowners, and reinvesting in our business.

Let's flip to slide 13 to review what we have done to enable us to increase the limits on cash returns to shareowners. In March, we repurchased $360 million of our outstanding notes in order to eliminate the covenant that limited cash returns to $90 million per year. We replaced these notes with a new $300 million Term Loan A and short-term debt. This also allowed

us to reduce our interest expense on $300 million of debt from 7% to 6%, and we locked this rate in by executing five-year interest rate swaps.

The last step to increasing the limits on cash returns is to address the credit agreement covenant that restricts annual cash returns to $90 million. When we approach that limit later this year, we expect to deposit $60 million into an escrow account and maintain $225 million in liquidity. These actions will enable us to return more than $90 million. Returning more cash to our shareowners remains a priority.

I'll wrap up my comments on slide 14. We are also reinvesting in our assets to strengthen our business. This year, we plan to invest $175 million to $190 million of non-discretionary capital. We are committed to ensuring safe operations in compliance with all laws and regulations, and we need to ensure reliable operations to remain the supplier of choice to our customers.

In order to remain an investment of choice, we need to maintain our low-cost positions and ensure availability of low-cost fiber in Brazil. We also expect to invest $35 million to $45 million in cost reduction and strategic capital at our flagship mills to improve our low-cost position and ensure the long-term competitiveness of these mills. This slide shows two examples of attractive cost reduction projects, one at Eastover to reduce chemical consumption and one at Luis Antonio to increase energy efficiency. Both projects are forecasted to generate internal rate of returns over 20%.

So with that, Jean-Michel, I'll turn it back to you.

Jean-Michel — Thanks, Jean. I'm now on slide 15. We have revised our full-year outlook. We now project adjusted EBITDA of $720 million to $770 million and free cash flow of $250 million to $280 million. These new projections reflect the impact of previously announced pulp price decreases, our updated views on second-half pulp and paper pricing and volume, and favorable input and transportation costs.

Sylvamo remains a cash flow story. Our revised outlook indicates continued strong free cash flow of about $6 to $7 per share, which will allow us to return more cash to shareowners.

Slide 16, please. We remain confident in our ability to create shareholder value and remain committed to our investment thesis. We will continue to leverage our strengths to drive high returns on invested capital and

generate cash, and we will use that cash to maximize shareowner value. Our three-pronged strategy of commercial excellence, operational excellence, and financial discipline will enable us to continue creating long-term value for shareowners.

We are grateful for our talented and engaged colleagues and their dedication to working safely, delivering on customer commitment, and creating value for our shareowners. We are also grateful for our customers. Without their continued support and partnership, we could not succeed.

With that, I'll turn the call back to Hans.

Hans — Thanks, Jean-Michel, and thank you, John. Okay, Greg, we're now ready to take questions.

Moderator — Okay. [Operator instructions]. The first question comes from the line of George Staphos from Bank of America. Please go ahead.

George — Congratulations on the progress. Thanks for all the details. My two questions, one is going to be on the value return and then also just on the outlook.

So in terms of the value return and the $60 million in escrow and the $225 million in liquidity, John, did you say you will do that or you can do that? I just want to make sure that we're clear on expectations over the course of the year, what your intention is there.

Then on the pricing impact in your outlook, you were very explicit in saying that you had reflected in your 2Q guidance the effect of pulp pricing across all regions paper in Europe. There was no explicit mention of pricing elsewhere in other regions. You then said that you have incorporated your views on paper pricing in the second half. Recognizing that pricing discussions obviously are very challenging at times on an open mic conversation, what do you want us to take away about your paper pricing expectations, the timing of which across the other regions, across all the regions? Thanks, guys.

John — Hey, George. Good morning, and thanks for your question. In terms of the value question you had, our top priority we had going into this year was to increase cash returns to our shareowners. We returned $90 million last year, and we intend to substantially increase that this year. To be able to do that, we do have to address the bank covenants now that we've

eliminated the bond. So, as we approach $90 million, the intent would be to put $60 million into an escrow so that we can return more going forward.

I think the second question was around pricing. Let me give you some color around the outlook. So, as we talk about and look at our first quarter pricing, we did roll back energy surcharge in Europe, and that was really just associated with the Saillat mill volume because, of course, we didn't have the Nymolla Mill last October. We did increase prices in Brazil in the first quarter, and then prices in the Americas, the price mix was constant, it was flat going in.

Our outlook, the $720 million to $770 million that we revised our outlook, does incorporate what we've seen already and would expect in terms of both pulp prices and paper prices across the regions. And that's all I can really say about that.

Jean-Michel — Hi, George. Thanks for joining the call. What I would just add, without getting on projections, if your question was towards Americas and North America and Latin America. We have not seen any price decrease up to now. Our prices are flat.

George — Okay. I will turn it over and come back. Thank you.

Moderator — [Operator instructions]. And we'll go back to the line of George Staphos. Please go ahead.

George — Hey, guys. So, related to that question, can you remind us how much of your volume is impacted by the pricing that we might see in the published indices against specifically within North America? Then related across the other regions, if there's volume and if so, roughly how much is tied to indices?

The second question for this turn, you did from our vantage point a bit better than expected in overall blended realizations in Europe. Yet, for what it's worth and it's our model, it's not your model, results were a little bit off on our forecasts in Europe. So there some operating costs that clipped you there. And similarly, in North America, you operated very well from what we can see. Any call outs there beyond what you've already shared in the waterfall?

Jean-Michel — So just one thing on indexes, we have no prices linked to index. We're not like market pulp big guys. Our pulp customers are mostly small, medium,

regional customers, no index, and our paper prices have no index relation. So, that doesn't impact us.

The second question was on European costs. I think there were two things. One is, we had some unabsorbed fixed costs because we took, as we mentioned, some economical downtime in Europe, so that's impacting our costs. That was probably some of the costs about it. And John, anything else? I think that was the main reason.

John — No. The only other thing we had is we had a couple of reliability issues at the Nymolla Mill. Nothing really major, but that did impact us.

Moderator — Your next question comes from the line of Paul Quinn from RBC Capital Markets. Please go ahead.

Paul — Thanks very much. Good morning, guys. Just on the 60,000 ton lack of order downtime, what's your level of confidence that the destocking is going to end at the end of Q2 here and that your back half of the year should be full on?

John — Good morning, Paul. Actually, we believe that destocking will not end in the second quarter. It will continue into the third quarter, both in North America and in Europe and this is what we're seeing from our customers. We're really confident that it will be completed into the third quarter. So we are seeing and expect the second half of our outlook is stronger than the first half because we do expect increased volumes across all the regions. One is driven by the destocking is going to work its way through by the third quarter.

In North America, we picked up additional tons from the mill that shut down in North Carolina, which is 60,000 tons. In Brazil, it's seasonally always stronger in the second half. But on top of that, this book, the government book issue, was a significant issue and it's not unusual for when there's a change in government for them not to release the schoolbook publishing contract. They were a little late on that, but we started seeing orders in the second quarter, but we'll actually see the bulk of that in the third quarter, which will make our Brazilian shipment stronger, even seasonally stronger than we've seen in the past.

Paul — Okay. And then just maybe as a follow-up to that, how do you determine between destocking and sort of secular decline in uncoated freesheet?

Jean-Michel — Hi, Paul. Thanks for joining the call. It's always a key question. The way I would mention it is it's difficult to separate it. We do attribute from our customers and what we see on the end use information that helps us. What we can say is coming from our customers, most of them are still talking about some destocking going on, but clearly less than it was in first quarter.

From the end use, probably the only thing we have is the commercial printing. And commercial printing, I would say, especially also the marketing budget of big companies with the uncertainty of the economy, have a tendency to be reduced on advertising, and that reduction on advertising budget is impacting direct mail. So from the end use segment, the only trend we can see is the direct mail. The rest of it, we're not seeing something significant. We're mostly seeing destocking.

John — Paul, let me add to that. I think sometimes in the reported industry statistics it can be confusing when you look at how significant demand declined that was reported in the fourth quarter. One thing to understand, the pulp and paper and product councils, for example, the calculation of demand, it is apparent demand. What they use to calculate that is domestic shipments minus exports plus imports. And so in both North America and also in Europe, imports can have a significant impact on this apparent demand. But because imports increased significantly in the fourth quarter, demand was somewhat inflated in terms of reported numbers. And because the exports receded in the first half, the demand decline numbers looked pretty severe.

But if you look at the six months, the last six months, essentially average those two, you get in North America, for example, demand was down 3% for uncoated freesheet. And that's how we're kind of looking at it. So one is, you've got to look at kind of through the noise. And we have seen, we believe, some demand decline has driven the economy, the slowing of the economy. Particularly we see it in envelopes and we've seen that in lower spending on direct mail.

But, for example, as I talked about cut size being resilient, if you look at the past six months, cut size is actually up 2%. And that's because more people were returning back the offices. So I hope that adds a little more color to the demand situation.

Paul — Yes, that's a great point. Thanks for that, John. Maybe I'll just sneak in a bonus question here. Just the maintenance variance really caught us sort of

by surprise. Sort of big Q2 and Q4 spend. Do you anticipate that sort of same sort of pattern in ’24 as well?

Jean-Michel So there are two things into that. And we try to outlook it when we give our numbers, but maintenance outages are due to regulatory obligations and sometimes to timing with the weather. So in some mills, you don't want to do it when you're close to risk of hurricane season or strong cold season when you are in Ticonderoga. You have also Saillat, which is maybe a little bit troubling because we are not on a 12-month outage rotation at Saillat, we’re on an 18-month rotation, which means you have 2 years with about $20 million negative impact and you've got a year with zero in maintenance.

Last year we had zero. This year we have an annual outage which is $20 million. And we do it according to regulatory.

But we usually always have strong seasons, which are second and fourth quarter, when you look at the history of our outage, as I mentioned, due to regulatory and weather.

Paul All right. Thanks very much. Best of luck.

Jean-Michel Thank you.

Moderator Your next question comes from the line of Jonathan Luft from Eagle Capital Partners. Please go ahead.

Jonathan Hey, guys. Thanks for taking my question. I was hoping you could flesh out a little bit the capacity closures and what you’re seeing and how you’re able to take some of that share? Was it competitively bid, was it something that the customers came to you? That’s my first question.

John Jonathan, thanks for your question and thanks for joining the call.

We were working with actually existing customers for a lot of these orders in terms of moving some of that business that they had sourced with the mill that was closing back to us. We wanted to be selective, we wanted to make sure that we've got attractive business and so our sales teams targeted those particular businesses that were attractive to us.

Jonathan Great. And the closure in Europe that you mentioned, did that happen yet or is that to come? And is there a similar opportunity to take some volume there?

John — The short answer is no, it has not happened yet and they have yet to announce exactly the timing of that shutdown. But we do expect that, like anything, there's opportunity there to pick up business. Yes, we target that.

Jonathan — Thanks. My last question on the guidance. In looking at slide 15, in talking about the second half, you talk about favorable input in transportation costs. I was hoping you could flesh that out. Are those related to items that might have annual contracts? Is it something that maybe will benefit you going into ’24 or is it really spot contracts that you’re seeing lowered? What's going on there?

John — Well, Jonathan, it's really kind of a mix. Most of it is driven by spot prices in terms of it’s like fuel, fuel surcharges for our freight. And we're seeing it also in terms of energy as you see gas coming down. And so that'll move maybe with somewhat of a lag sometimes. In fact, what we really haven't seen yet is chemical costs going down, but we expect that in the future to go down because that also is driven by the energy markets, so that's a little bit delayed. But we expect to see that in the second half. And yes, all those costs for the most part will carry on into hopefully into the next year.

Now, having said all that, costs are still extremely high compared to where they were a couple of years ago, but also that's supportive of pricing.

Moderator — Next, we'll go to the line of George Staphos. Please go ahead.

George — Hi, guys. A couple of questions. First of all, having owned Nymolla for a couple months now, what are your learnings with it? You said you had some reliability issues. You said it wasn’t significant, but what was behind that as well? So what did you learn with Nymolla, what was in reliability, what’s the horizon opportunity there? That would be sort of the multi-part question number one.

And then just as we think about, again, destocking and consumption and the like, are you seeing better trends or worse trends depending on whether we’re talking about retail versus commercial print versus distribution? My sense is probably your big box retails customers are doing okay in terms of demand because you said cut size there’s not really any destocking to go through. So if you could, one, affirm that or correct that. But two, give us some color there.

Then last, the coated paper markets have been perhaps even more challenged based on the operating metrics. Obviously, it really wouldn’t

hit you that much in cut size, but are you seeing any effect of that coated paper in your commercial print markets in uncoated freesheet or is there something that you've embedded in your second half guidance for that potential risk? And if not, why not? Thank you, guys.

John — Well, I'll take the first one and maybe we'll tag team, so Jean-Michel will take the second question, maybe your third question too. But let me just say from a Nymolla perspective, we've been very pleased with the performance of that mill. Very happy with the asset, with the people that we have. So this issue that I talked about in terms of the reliability is not atypical. I mean, we have that in our other mills that will crop up over time. This just happened to impact our energy consumption and increased our costs, but that issue is behind us and the mill is performing very well.

We said in our presentation that the pulp mill upgrades that were completed prior to the acquisition, we're seeing those benefits now that the ramp up curve is actually going better than expected. So all in all, we're very pleased with the performance of the Nymolla Mill and really believe that's just going to be a great asset, a great business for us in Europe.

Jean-Michel — Concerning destocking, as you mentioned, you're correct, we're seeing it much more in the commercial printing, which impact merchants, than we're seeing it on the retail and cut size. The cut size has been more resilient, as John mentioned, so we're seeing a difference.

And by the way, we're seeing some of our customers which are telling us it is doing much better. They've done the biggest destocking they needed to, so that's why we plan to continue to have some in Q2, maybe less than Q1, and think by third quarter it will be gone.

Effect in coated paper is very, very small. We sometimes see it on some of our high-end products from Ticonderoga, but it is not significant to us.

George — Thank you.

Moderator — And you have a question from the line of David Steinhardt from Contrarian Capital. Please go ahead.

David — Hey guys, can you talk about the new additional directors that came on through the co-op agreement with Atlas, how they have impacted the board, how they might have been helpful so far? And any thoughts that you might have about the company as you approach your important two-year anniversary?

Jean-Michel Yes, thanks for the question and thanks for joining the call.

First of all, let me tell you it's a good experience. As we expected, we have two experienced persons. So in our April board meeting, we welcomed the two new directors. The timing was perfect since April is when we conduct our strategic reviews with the board. All the sessions were productive, helped bring our new directors up to speed. As I mentioned, they bring unique experience and talent, and they are aligned with our objective of creating value for shareowners. So I would say all in all, a good experience, nothing special.

David Got it. And any thoughts around that you might have about the business as you approach your two-year anniversary?

Jean-Michel I'm not sure I understand the question. I'm sorry. If anything, I would just say that Sylvamo is doing well. I mean, we expect again a year of $720 million to $770 million, a strong free cash flow. So two great years, 2022 was a good year and expect another good year in 2023.

John I'll just say, David, we really believe that the uncoated freesheet markets that we operate in provide attractive conditions that allow us to leverage our competitive advantages to generate high returns on invested capital. And we believe we can generate first quartile total shareholder returns. We feel very positive about that, even in light of maybe some challenging economic clouds that are rolling in. But we believe that we will continue to generate high returns on invested capital. We're generating over 25% returns on invested capital today, and we believe that there's more to be done, and we can increase our earnings and our cash flow going forward.

Moderator Thank you. And next, we'll go back to the line of George Staphos. Please go ahead.

George Hi, guys. I have one last question for you. Working capital was a touch more negative than we were looking for. One of the things that we saw was payables were down, and I'm just guessing that's as you've been trying to work working capital down, you also haven't needed as much in the way of chemicals and other inputs that would go into production. But just wanted to ascertain if that was it and if there's anything else other than obviously the destocking in that working capital line. So, what was in accounts payable and working capital? Have a good quarter. Thank you.

John	Thank you, George. Thanks for your question. Our free cash flow in the first quarter was as expected. The key things that were driving that, as you rightly said, is that payables were down. One of that was the incentive plans that we paid, and that was a big contributor to that. The other thing was the increase in inventories that drew our working capital, and that was in preparation, getting prepared for this significant outage quarter that we had right now. So that was the key factors that drove the working capital change in the first quarter.
George	So nothing beyond that in terms of payables then? I appreciate it, guys.
Jean-Michel	Thank you for your question.
Moderator	And at this time, there are no further questions. I'd now like to turn the call back to Hans Bjorkman for any closing comments.
Hans	Thanks, Greg. Before I wrap up the call, Jean-Michel, any closing thoughts?
Jean-Michel	Thanks, Hans. First of all, thanks, everybody, for joining our call. I think it's important to say this year we remain confident in our ability to generate very strong EBITDA between $720 million and $770 million, free cash flow of $250 million to $280 million. Just to put it in perspective, that represents an adjusted EBITDA of more than 18% and a return on invested capital above 25%. So we're expecting good numbers, and that will allow us to achieve one of our main goals, which is to return more than $90 million to shareowners. We'll do that via dividend and share repurchases in 2023, and that remains one of our priorities. With that, thank you for joining the call.
Hans	Thanks for joining the call. We appreciate your interest in Sylvamo, and we look forward to continued conversations in the coming weeks and the months ahead. Thank you very much. Have a great day.
Moderator	Once again, we would like to thank you for participating in Sylvamo’s First Quarter 2023 Earnings call. You may now disconnect.