Schnitzer Steel Industries, Inc. First Quarter Fiscal 2021 Earnings Call

January 7, 2021

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the Schnitzer Steel's First Quarter 2021 Earnings Release Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded. (Operator Instructions)

I would now like to hand the conference over to your speaker today, Michael Bennett, Investor Relations. Thank you. Please go ahead, sir.

Michael Bennett, Sr. Director Investor Relations

Thank you, and good morning. I am Michael Bennett, the company's Senior Director of Investor Relations. I am happy to welcome you to Schnitzer Steel's earnings presentation for the first quarter of fiscal year 2021.

In addition to today's audio comments, we have issued our press release and posted a set of slides, both of which you can access on our website at schnitzersteel.com or schn.com.

Before we start, let me call your attention to the detailed safe harbor statement on Slide 2, which is also included in our press release and in the company's Form 10-Q, which will be filed later today. As we note on Slide 2, we may make forward-looking statements on our call today, such as our statements about our targets, volume growth and future margin expansion. Our actual results may differ materially from those projected in our forward-looking statements. Additional information concerning factors that could cause actual results to materially differ from those in the forward-looking statement is contained in Slide 2 as well as our press release of today and our Form 10-Q. Please note that we will be discussing some non-GAAP measures during our presentation today. We've included a reconciliation of those metrics to GAAP in the appendix to our slide presentation.

Now let me turn the call over to Tamara Lundgren, our Chairman and Chief Executive Officer. She will host the call today with Richard Peach, our Chief Financial Officer and Chief Strategy Officer.

Tamara Lundgren, Chairman and Chief Executive Officer

Thank you, Michael. Good morning, everyone, and Happy New Year. I hope you all had a good holiday break, and like me, are looking forward to a healthier, safer and stronger 2021.

The beginning of our calendar year always coincides with the announcement of our fiscal first quarter results. This year, we are reporting our first quarter results under our new One Schnitzer operating model. The efficiencies from this model, combined with a supportive market environment, contributed to the strong results that we announced this morning.

On our call today, I'll review our quarterly financial results and the market and macroeconomic trends affecting our business. I'll also provide an update on the strategic initiatives and investments we have underway to address evolving industry dynamics and create long-term value through the cycle. Richard will then provide more detail on our financial performance, CapEx investments and capital structure. I'll wrap up, and then we'll take your questions.

But before we get started on this review, I'd like to make 2 comments about the performance of our team. These past 10 months have been full of changes and challenges for all of us due to COVID-19. The operational and financial results that I am about to discuss would not be possible without all our employees from our frontline workers to those who have been working remotely, living our core values of safety, sustainability and integrity. Our success is the direct result of how each of you has embraced these values.

Regarding safety, as you may remember from my comments last quarter, in each of the last 2 fiscal years, we have reduced recordable injuries to record lows for our company. In the first quarter of this fiscal year, many of our sites demonstrated that our goal of an injury-free workplace is achievable. 90% of our locations were recordable free in the first quarter. We still have work to do, but our team's commitment to continuing to improve is clearly showing through. Thanks go to all our employees for making this happen.

So, let's turn now to Slide 4 to get started.

In mid-December, we issued our seventh annual sustainability report, which included multiyear goals centered around our sustainability framework of People, Planet and Profit. As one of North America's largest metals recyclers, sustainability is at the core of what we do and how we operate and has been since our founding in 1906.

Advancing sustainable business practices and further integrating sustainability throughout our operations have been foundational elements of our success. In last year's report, we set forth our first set of multiyear sustainability goals. This year's report describes the significant progress we have already made.

Two accomplishments that I want to highlight here include: first, achieving a 15% reduction in greenhouse gas emissions at our recycling operations; and second, exceeding our 90% carbon-free electricity goal well before our original target date of fiscal '25.

As a result, our new carbon-free electricity goal is to achieve 100% net carbon-free electricity usage by the end of fiscal '22. I encourage you to visit our website to view our latest sustainability report, which describes how we help conserve resources; how we innovate to use less water and energy and to generate less waste; how we create a safe, ethical, engaging and inclusive workplace; and how we give back to the communities where we operate.

Now let's turn to Slide 5.

Earlier this morning, we announced our fiscal '21 first quarter adjusted earnings per share of $0.57. Our results reflect adjusted EBITDA of over $40 million, which was up 40% sequentially and was our second highest first quarter consolidated adjusted EBITDA in the last 10 years.

As I mentioned earlier, we benefited from strong market demand for recycled metals and finished steel products as well as from the execution of commercial initiatives and productivity improvements enabled by the full transition to our One Schnitzer operating model.

Our Q1 metal spreads expanded as both ferrous and nonferrous prices increased during the quarter, with nonferrous prices seeing a particularly steady rise throughout the quarter. Sequentially, our ferrous volumes were approximately flat, and our nonferrous volumes were lower due to timing of shipments. Demand for our finished steel products was strong, with utilization reaching 97% versus 85% a year ago. We also returned capital to our shareholders through our 107th consecutive quarterly dividend.

Let's turn now to Slide 6 for a review of pricing trends for recycled metals and finished steel products.

As you can see on this slide, global raw material prices rose to multiyear highs by the end of the quarter, driven by a strong recovery in automotive demand, supply chain restocking, a resilient construction market and scrap supply constraints related to COVID-19 restrictions.

More specifically, ferrous export price increases off the East Coast were positively impacted by stronger export demand for Turkish steel products. Through October, Turkey's crude steel production had increased 4.2% year-over-year as steel production returned to pre-pandemic levels to meet higher domestic and export demand, while ferrous scrap imports into Turkey were up 19%.

Ferrous export price increases off the West Coast were driven by strong semi-finished steel import demand from China and higher steel production in Asia.

A key global driver for the increase in West Coast ferrous export prices has been China's increasing steel demand and China's new ferrous scrap import standards, which have reclassified ferrous scrap as a recycled raw material. We expect this to create higher demand for global ferrous scrap.

U.S. domestic prices were underpinned by similar trends. The latest U.S. economic data reflect durable goods orders, industrial production and housing starts rising in November.

Ferrous prices have now reached their highest price points in a decade. December's global auto sales doubled from their April lows and were in line with pre-pandemic levels. Current auto inventories are at

10-year lows. Container shipping is experiencing its strongest demand in at least a decade and some steel order books stretch into March and even April.

If we turn our attention to the nonferrous market, we see an even stronger price recovery environment. Nonferrous scrap prices increased steadily during the quarter and reached multiyear highs in December, driven by strong global demand, including from China.

Zorba, which was trading as low as $0.34 per pound last year, is now in excess of $0.70. While not shown on these charts, PGM pricing has been moving in lockstep with base metal pricing over the last several quarters, also reaching multiyear highs. The recent sharp increases in ferrous and nonferrous prices have been driven by low inventory levels after many quarters of destocking followed by significantly higher steel mill and smelter buy plans and production levels.

There are also many long-term trends that support strong and sustainable ferrous and nonferrous scrap demand, including the transition to lower-carbon technologies, China's elimination of quotas for nonferrous scrap imports that meet its metal content standards and the prospect of China's reemergence as an importer in the global ferrous scrap market. In a world that is seeking decarbonization, we expect recycled scrap metal to be an increasingly important metals carbon solution and for demand to accelerate.

Let's turn now to Slide 7 to discuss some of these trends, which underlie sustainable demand for recycled metals.

Despite the uncertainty in near-term market conditions due to COVID-19, the long-term drivers of recycled metals demand are underpinned by several trends that remain intact and are gaining increasing importance and relevance. These include the increased focus on reducing the environmental impact from steelmaking by lowering greenhouse gas emissions and reducing energy consumption. Our steel mill is one of the very few whose primary energy source comes from hydroelectricity.

Combined with the use of recycled scrap metal as its primary raw material, the steel we produce has an exceptionally low carbon impact as compared to the industry average.

Equally important is that a low-carbon economy is widely acknowledged as more metal-intensive. Whether it is driven by the demand for electric cars, the deployment of renewables, the transition to 5G or the efficiency and convenience of "smart grids", a green economy means a metal-intensive economy. Copper, as a conductor of heat and electricity, is the most relevant and important "green growth" metal. Nickel is likely the next biggest beneficiary of electrification, given its role in batteries. Aluminum demand is also expected to rise as it is key to reducing the weight in vehicles.

Recycled metals require less carbon to produce than mined metals. While a variety of solutions will be required to decarbonize the manufactured metals value chain, increased use of recycled metals is one path that is achievable immediately. We can see how some of these trends have already been translated into higher ferrous scrap metal usage by looking at the chart in the upper right-hand corner of this slide. The proportion of global EAF steelmaking ex-China has been expanding and is projected to increase. And in China, the Chinese government is targeting a 100% increase in EAF-based steel production by 2025. China's increased scrap demand is also being driven by optimization in their BOFs, which can take as much as 30% scrap input versus their 18% current average.

Let's turn now to Slide 8 to review the strategic actions we have underway to address these evolving industry dynamics.

Efficiency and innovation underpin our strategic initiatives to leverage our industry's positive near term and long-term trends and to offset cyclicality and structural changes affecting our business.

Let's focus first on what we are doing to optimize our through-the-cycle performance. In April, we announced our plan to transition to a functionally based integrated operating model, which we call the One Schnitzer model. This was the culmination of our evolution to a more simplified operating platform to improve our efficiency and enable greater focus on the critical drivers of our business.

Our operations, sales, services and other functional capabilities have been consolidated at an enterprise level. And with our first quarter results, we have completed our transition and are reporting our fiscal '21 Q1 financial results in a single segment. We have already reaped benefits from the transition to our new operating model.

First, as one integrated unit, we have become more organizationally efficient and able to respond more rapidly to changing market environments, including the COVID-19 disruption.

Second, our ability to increase our focus on growth, including from new products and services, has already begun to deliver benefits in higher volumes; and

Third, by standardizing our operations to ensure our low-cost operating position. We have been able to more quickly adjust our operating costs with supply and production volumes and solidify the productivity benefits and cost savings we delivered in fiscal '20.

In Q1 of this fiscal year, we exceeded the run rate of the targeted productivity initiatives we announced a year ago. In addition, as Richard will describe in more detail, our investments in advanced metal recovery technologies are well underway. Extracting more nonferrous metals is a significant value-added process and is directly aligned with global demand trends.

Copper demand, for example, will benefit materially from the low carbon transition through growth in renewables and electrification. Wind power and electric vehicles are particularly copper-intensive compared to fossil fuel-based technologies. We expect the benefits from these projects to be substantial and to increase our volumes and revenues, lower our operating costs and improve our margins, expand our product offerings and our customer base and support our sustainability objectives of increasing recycling and reducing waste.

So now, let me turn it over to Richard for a more detailed review of these projects and our financial performance.

Richard Peach, Executive Vice President, Chief Financial Officer and Chief Strategy Officer

Thank you, Tamara, and good morning. I'll begin with an update on our advanced metal recovery technology strategy. Construction is steadily progressing on 2 major new nonferrous processing systems on the West and East Coasts and a new Zorba separation system in the Southeastern U.S. being built to serve our East Coast operations. Planning is also well advanced for an additional Zorba separation system in the western U.S.

While we continue to move forward with great focus, we have experienced COVID-related delays to equipment delivery, permitting and construction. Subject to no further delays, we are now targeting the completion of our new installations by the end of fiscal year 2021.

Once implemented, we expect the benefit to EBITDA to be at least $10 per ferrous ton, which equates to operating income per ferrous ton of $8. We also expect the new technology to increase the volume of nonferrous recovered from shredding by approximately 20%, which equates to around 50 million pounds per annum. Based on our planned rollout, we anticipate a quarter of these benefits in fiscal 2021.

We expect our total capital investment for the advanced metal recovery projects to be in the range of $100 million. We have spent approximately $50 million to date, including $9 million in the first quarter. We expect to spend the remaining $50 million in the balance of fiscal 2021.

China's new quality standards for imported raw material became effective in November. Recycled nonferrous metal that meets these new standards can now be imported to China without being restricted by quotas. This structural change reinforces the importance of our technology strategy, in particular, our focus on enhancing product quality and the increased optionality that our new systems will provide.

Now let's turn to Slide 10 to discuss ferrous sales and the market dynamics.

Global demand for recycled ferrous increased in the first quarter, which was driven by continuing economic recovery, benefits of government stimulus and concerns over tight supply. Our flexible operating platform, our logistics expertise and our global sales reach, all help us to maximize the benefits from this heightened demand.

We shipped 63% of our ferrous in the quarter to the export market, and we sold the remainder into the domestic market. Our top country destinations for ferrous exports were Bangladesh, Turkey and

Vietnam.

Now let's turn to Slide 11 for an update on nonferrous market dynamics.

Demand for nonferrous also increased in the first quarter. Market prices for aluminum, copper and Zorba, all reached multi-year highs. Several drivers support these price improvements, including economic recovery, disruptions in supply, low customer inventories and a weaker U.S. dollar. In the first quarter, we sold our nonferrous products to 17 countries, including India, Malaysia, South Korea and China.

Now let's turn to Slide 12 to discuss our performance trends and our outlook.

Our adjusted EBITDA in the first quarter was $40 million. This performance was up significantly from $28 million in the fourth quarter of fiscal '20 and was quadruple the adjusted EBITDA in the prior year quarter. The combination of improved market conditions and benefits from management initiatives led to an expansion of our operating margins.

Adjusted EBITDA per ferrous ton reached $38, taking us to pre-pandemic levels last achieved in fiscal 2019. This also represented a sequential improvement of $11 per ferrous ton. Around half of that increase came from improved markets and the other half from actions we have taken. These included our commercial initiatives and productivity improvements, which were enabled by our new One Schnitzer organization model and a benefit of $2 per ferrous ton from a sales contract settlement.

Benefits in the quarter from average inventory accounting were approximately $2 per ton. This compared to a similar impact in the previous quarter and an adverse impact of $4 per ton in the first quarter of the prior year. Ferrous volumes increased by 8% year-over-year and sequentially were down slightly by 1%. Nonferrous volumes were slightly below last year's first quarter and were down sequentially by 13% as sales volumes in the previous quarter partially benefited from the timing of shipments.

With the U.S. economy still recovering, supply conditions remain tight and our ferrous, nonferrous and car purchase volumes are not yet back to the average quarterly run rates we saw in fiscal 2019. Finished steel sales volumes were up year-over-year by 18% and decreased sequentially by 4%. Rolling mill utilization was 97%, which reflected the steady demand for long products in the western U.S.

Sequentially, average selling prices for ferrous and nonferrous rose by 14%, and finished steel prices were up by 1%. For ferrous and nonferrous, market price improvements exceeded the sequential change in average selling prices because our shipments reflected sales orders made before the significant rise in markets later in the quarter.

Sales prices for platinum group metals also rose significantly, and this contributed positively to our EBITDA results.

Looking ahead, it's still early in our second quarter, and there are still almost 2 months to go.

In the second quarter, we expect our ferrous and nonferrous sales volumes to increase by 5% and 20%, respectively, on a year-over-year basis. Sequentially, we expect ferrous and nonferrous sales volumes to approximate the first quarter as benefits from higher demand are anticipated to be offset by seasonality and tight supply of scrap.

Our finished steel sales volumes in the first quarter benefited from strong demand in a rising price environment. In the second quarter, we expect normal seasonality will lead to finished steel sales volumes being down sequentially by approximately 10%, but still up by 5% for the first half of fiscal '21 compared to the same period in the prior year.

Based on the higher price environment for recycled metals and continuing benefits from our productivity improvements and commercial initiatives, we expect EBITDA per ferrous ton in the second quarter to be up sequentially by approximately 20% on a year-over-year basis to be higher by approximately 60%.

Now let's move to Slide 13 and discuss our cash flow, capital structure and corporate items.

Operating cash flow in the first quarter was an outflow of $7 million, driven by increased working capital from the higher price environment and the timing of previously accrued incentive compensation payouts for fiscal 2020.

Looking ahead to the second quarter and subject to the timing of shipments, we expect to return to positive operating cash flow. Net debt increased sequentially to $136 million. And at the end of the first quarter, our ratio of net debt to adjusted EBITDA was still only 1.2x.

Capital expenditures in the first quarter totaled $32 million. For fiscal 2021 as a whole, we expect to invest capital expenditures of up to $125 million. Approximately half of this amount will be for growth projects and the remainder for maintaining the business, including on environmental-related capital projects. Our effective tax rate was an expense of 27% on our adjusted first quarter results.

Looking ahead, we expect our tax rate in the second quarter and also for fiscal '21 to be approximately 25%. This projected tax rate is subject to our performance trends in the balance of our fiscal year. Finally, in the first quarter, we achieved productivity improvements of $6 million and have now exceeded the targeted annual run rate on the initiatives we announced in the first quarter of the prior fiscal year.

I will now turn the presentation back over to Tamara.

Tamara Lundgren, Chairman and Chief Executive Officer

Thank you, Richard. Our strong first quarter results reflect the resiliency of our operations and the agility of our team in leveraging positive market conditions while delivering on our productivity and operational efficiency initiatives and executing on our longer strategic initiatives. We have a strong balance sheet with low net leverage and interest expense, a strong track record of delivering positive through-the-cycle operating cash flows, an ability to invest in the growth and productivity of our company, and an uninterrupted record of returning capital to our shareholders through our dividend.

Our performance can be attributed to the steps we have taken over the past several years, and steps which are currently underway, to continually improve our business performance. With the construction of our advanced metal recovery projects expected to be completed this fiscal year, the greater emphasis on recycling, the continued growth in global EAF steelmaking capacity and the increased metal intensity of lower carbon-based economies, the future for our business and industry is bright.

In closing, I'd like to thank our employees for their extraordinary efforts. It is your contributions and performance that demonstrate why we have continued to be a leader in our communities and the recycling industry for over a century. Thank you for everything that you are doing to remain safe, to keep your families and friends safe and to support your colleagues, your communities, your country and our company.

Now operator, let's open the call for questions.

Operator

(Operator Instructions) Our first question comes from Tyler Kenyon with Cowen.

Tyler Kenyon, Cowen

Just with respect to China's relaxation of the ferrous import ban, I mean we've been hearing of some cautious behavior on behalf of both buyers and sellers in the near term. I mean perhaps the absence of some arbitrage, given current price levels and maybe some uncertainty around regulations and quality specifications, et cetera. Kind of wondering if you were hearing the same and maybe how big you think the intermediate-term opportunity is for Schnitzer and other U.S. exporters to supply ferrous material to China?

Tamara Lundgren, Chairman and Chief Executive Officer

Well, thanks, Tyler, for that question. And it's a very good one right now. Because this is a big move to have China reemerge as a buyer of ferrous scrap in the global market. In the last 10 years or so or, let's say, 2010 -- last 10 years or so until they banned ferrous imports in 2018, they were importing probably around 2 million tons -- 2 million ferrous tons a year in that range. But their buying was really underpinned by raw material pricing arbitrage.

I think today, and it's early on, obviously, this change was effective January 1, it's January 7 right now. So, it's very early times. But their decision, as they've articulated it and as it's been reported is to -- is driven not by pricing arbitrage, but by their goal to lower steelmaking emissions as they move to decarbonize their economy. So, I think that this is impactful to the global market. I think it will -- I'm sure, it takes time to ramp up. But we, as a company, have dealt with China on the ferrous and nonferrous sides for decades. And I anticipate that they will come back and be a meaningful player in the global markets going forward.

Tyler Kenyon, Cowen

To your point, I mean, as China marches ahead of these longer-term plans to increase EAF steel production within their borders, I mean do you have any expectations or any thoughts around any potential additional forthcoming shifts in economic policy to address kind of the constraints that we're seeing in scrap collection? I mean it really seems that, that's where it is, just in the collection phase. The processing infrastructure seems relatively decent. But yes, curious as to how you see them resolving this problem, particularly at such high levels of Chinese steel demand right now?

Tamara Lundgren, Chairman and Chief Executive Officer

Well, I think it's driven very much as it's driven in the rest of the world by where your mills are processing and where your scrap is being generated. Because no matter who you are, scrap doesn't travel long distances efficiently over land. And so, I think that their scrap collection process is going to be a function of that proximity.

Tyler Kenyon, Cowen

Got it. Okay. And then just a question just on kind of the scrap flows. I think Richard, you may have made mention to this just in your comments. But yes, I'm curious if you could comment exactly where flows are now pulled versus pre-pandemic levels. And if there's kind of a significant variance pulled across grades and/or across input sources?

Richard Peach, Executive Vice President, Chief Financial Officer and Chief Strategy Officer

Tyler, it's Richard. The supply volumes are still running below our fiscal '18 average quarterly run rates by something around 10% in terms of the flows. So as the economy continues to recover, we should see volumes increase. And as you know, we get an operating leverage benefit as our volumes go up, I think we've previously established that for every 100,000 tons our volumes go up, we get an operating leverage benefit of around $1 per ton across all tons.

In terms of your question regarding where we're seeing strength versus weakness. We have seen some increases in dealer and peddler flows and a bit of a pickup in manufacturing. But auto is still lagging with less miles being driven, and there's generally low inventories being held by suppliers as they manage the market risk. So, this is something that we're very focused on from a commercial point of view. I think we're doing very well, but we see benefits to our volumes and our margins as supply picks up with economic improvement.

Tyler Kenyon, Cowen

And just one last one, and I'll turn it over. Did you enhance the per ton target from your new advanced metal recovery technology investments? Or maybe you mentioned $8 a ton of EBIT, previously $10 a ton of EBITDA. Is that right to some extent?

Richard Peach, Executive Vice President, Chief Financial Officer and Chief Strategy Officer

You're absolutely -- you're correct there, Tyler. At least $8 per ton of EBIT per ferrous ton is equivalent to $10 per ton of EBITDA, so we've mentioned them both. We've not enhanced the target, but we gave today both an EBITDA measure and operating income measure, but they are equivalent in nature, $10 and $8.

Michael Leshock, KeyBanc Capital Markets

So first on the steel side. I'm just wondering if you're seeing better pricing power now that one of your competitors recently left the California market.

Tamara Lundgren, Chairman and Chief Executive Officer

I think that the pricing activity, the level of demand is really driven broadly by the market. And so, we haven't seen any significant difference on the pricing levels.

Michael Leshock, KeyBanc Capital Markets

Okay. And then within CSS, they benefited from strong West Coast construction markets in FY '20. I'm just -- I'm wondering if you could provide some more detail on kind of what you're seeing there within construction. We've seen some of the construction spending data points decelerate a bit. But just wondering if there's some pent-up demand or has that been largely worked through at this point?

Tamara Lundgren, Chairman and Chief Executive Officer

I think that the West Coast market construction demand is being driven by both public demand that is still more wait and see, but it's definitely needed. And in the current environment, the new administration may well be unleashed with more power, with more acceleration. And then on the private side, the nonresidential and industrial construction has remained very strong.

The other thing that we are looking at is just overall change in terms of emphasis on construction and infrastructure-oriented stimulus.

And in light of yesterday's certification of the new administration and the determination on the Senate, one of the things that we were looking at is Senator Schumer's comments in October of 2019 when he was -- when he introduced and was very supportive of an EV transition plan. And I think that, that -- the infrastructure that will support the transition to electric vehicles is one that is also very relevant on the West Coast and is something that there may be a higher probability for these days.

Michael Leshock, KeyBanc Capital Markets

Great. And then how much would you bake in for net working capital headwinds this year?

Richard Peach, Executive Vice President, Chief Financial Officer and Chief Strategy Officer

Michael, it's Richard. Well, we're not giving a projection on net working capital headwinds, but you're correct to point out that in a rising, I think you're -- what underlies your question is in the rising price environment, you have -- you generally have a build of working capital. So, we aim to have our profitability, our increases in profitability more than offset any buildup in working capital. And I did say in our prepared remarks that we expect a positive operating cash flow in the second quarter. And underlying that is a view that we aim for with our profitability to more than offset any build in working capital during the second quarter, subject to the timing of shipments. So that's certainly our target, higher profits offsetting working capital build.

Michael Leshock, KeyBanc Capital Markets

Okay. So maybe more specifically, if I -- on your internal inventory directionally, if I could ask what your plans are over the next couple of quarters?

Richard Peach, Executive Vice President, Chief Financial Officer and Chief Strategy Officer

Well, we don't speculate on inventory. We continue to turn our inventory regularly. So, it's a question of buy, process and sell there. Michael, our inventories are -- they're within historical norms, but they're at relatively low levels because of the tight supply market, as you would expect. So, while we will look to see economic improvement and grow our supply and therefore, grow our inventories, we hope to translate that into higher sales volumes as well. So, I think all I can say at this stage is we certainly aim for increased profitability to more than offset working capital build and lead to positive operating cash flow. I mean, I think if you look back, as I know you do, you'll see that over the last several years, we've averaged positive operating cash flow on an annual basis of -- in excess of $100 million. And we're certainly, going into the year, aiming for that type of performance, but we'll have to see.

Operator

And This concludes the question-and-answer session. I'd like to now turn the call back over to Tamara Lundgren for closing remarks.

Tamara Lundgren, Chairman and Chief Executive Officer

Thanks, Shannon. Before concluding our call today, I want to take a moment to share my perspective about the violent events that unfolded at the Capitol yesterday. The United States serves as a beacon of democracy around the world. And what happened yesterday were destructive acts against our cherished democratic principle of a peaceful transition of power. It's time for us to move forward as one nation peacefully and respectfully and to rebuild our country as we recover from the devastating impacts of the pandemic. So, as we begin a new year, let's commit to finding common ground on the issues that divide us and unite behind the shared values on which our democracy was founded. I look forward to speaking with you again in April when we report our second quarter results. In the interim, stay safe and stay well.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you for your participation. You may now disconnect.