Ampco-Pittsburgh Corporation

Q1 2021 Earnings Conference Call

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CORPORATE PARTICIPANTS

Melanie Sprowson – *Director, Investor Relations*

Brett McBrayer – *Chief Executive Officer*

Terry Kenny – *President, Air & Liquid Systems Corporation*

Sam Lyon – *President of Union Electric Steel Corporation*

Mike McAuley – *Senior Vice President, Chief Financial Officer and Treasurer*

PRESENTATION

Operator
Good day and welcome to the Ampco-Pittsburgh Corporation's First Quarter 2021 Earnings Results Conference Call. All participants will be in a listen-only mode. Should you need assistance, please signal a conference specialist by pressing the star (*) key followed by zero (0). After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press star (*), then one (1) on your touchtone phone. To withdraw your question, please press star (*), then two (2). Please note that we do ask you limit yourself to one question and a single follow-up. If you have further questions, you may rejoin the queue.

Please also note this event is being recorded.

I would now like to turn the conference over to Melanie Sprowson, Director of Investor Relations. Please go ahead, ma'am.

Melanie Sprowson
Thank you, Rocco and good morning to everyone joining us on today's first quarter 2021 conference call. Joining me today are Brett McBrayer, our Chief Executive Officer; and Mike McAuley, Senior Vice President, Chief Financial Officer and Treasurer. Also joining us on the call today are Sam Lyon, President of Union Electric Steel Corporation; and Terry Kenny, President of Air & Liquid Systems Corporation.

Before we begin, I would like to remind everyone that participants on this call may make statements or comments that are forward-looking and may include financial projections or other statements of the corporation's plans, objectives, expectations, or intentions. These matters involve certain risks and uncertainties, many of which are outside of the corporation's control.

The corporation's actual results may differ significantly from those projected or suggested in any forward-looking statements due to various factors including those discussed in the corporation's most recently filed Form 10-K and subsequent filings with the Securities and Exchange Commission. We do not undertake any obligation to update or otherwise release publicly any revision to our forward-looking statements.

While we look forward to engaging with our shareholders at our Annual Shareholder Meeting on May 13, 2021 consistent with our prior earnings call, we are not addressing the meeting or any events relating to the meeting on this call. We encourage you to review our definitive proxy statement, which was filed with the SEC on March 26, 2021 and is available on the SEC's website. A replay of this call will be posted on our website later today. To access the earnings release or the webcast replay, please consult the Investors section of our website at ampcopgh.com.

With that, I'll turn the call over to Brett McBrayer, Ampco-Pittsburgh's CEO.

Brett McBrayer
Thank you, Melanie. Good morning and welcome to our call. I'm proud of the work Ampco-Pittsburgh employees accomplished during the quarter. Although, we continue to feel the negative impacts of the global pandemic, the team has been resilient and unwavering in its efforts toward achieving our near-term goal of double-digit EBITDA margins.

Despite the lingering headwinds, we delivered another positive quarter of earnings and our liquidity position remains strong. Our Air and Liquid Processing segment continues to enjoy steady demand for their products. Activity in our Forged and Cast Engineered product segment is progressively picking up speed.

We anticipate bookings to return to pre-pandemic levels during the second half of 2021, resulting in a full recovery in 2022. We continue to be encouraged by the positive receptivity of our new customers in our non-roll engineered products. This engineered products revenue stream is a complementary source of growth for our business and fits well with our current and expanding capabilities. I'm excited to see the new capital equipment investment activities accelerate. We anticipate the final phase of our new equipment implementation to complete in 2023. Our safety performance continues to be a focus for our team as we drive towards zero injuries in our workplace. The hard work and dedication of our employees continues to be impressive. Thank you for your excellent work.

For further comments on our business, I'd like to -- Terry Kenny, President of Air & Liquid Systems; and Sam Lyon, President of Union Electric Steel to share some of the highlights in their segment's performance. Terry?

Terry Kenny
Thank you, Brett. As Brett mentioned, the safety of our employees is one of our key priorities. I am pleased to report that Air and Liquid Systems Processing segment successfully reduced our accident recordable rate from 2.87 in the fourth quarter of 2020 to 2.01 for the first quarter of this year.

In addition, I would like to recognize the employees at both Aerofin and Buffalo Air Handling divisions for having zero recordable injuries during the first quarter of 2021. Their commitment to working safely and looking out for one another has proven to be effective. Congratulations, and thank you to all of the employees of both divisions.

Orders for centrifugal pumps and custom air handlers were steady for the first quarter. Orders for custom heat exchange coils were slow as the year began but closed the quarter strong and activity remains solid as we head into the second quarter. First quarter revenue for the Air and Liquid Processing segment increased 5.2% compared to the prior year on increased demand for centrifugal pumps.

Operating income for the segment decreased compared to the prior year due to a slight shift in product mix. The cost of most materials have increased over the past several months. However, to-date, the availability of required material has not been an issue. However, we continue to monitor all critical commodities for changes in price and availability. We have been increasing sales prices when possible to minimize the negative impact on future earnings. We remain optimistic that the demand for the segment's products will provide steady growth opportunities for the foreseeable future.

Brett McBrayer
Thank you, Terry. I will now turn the call over to Sam Lyon. Sam?

Sam Lyon
Thank you, Brett. Good morning. I'd like to begin with our safety performance. Our recordable rate increased from 3.3% to 5.3% year-over-year. Driven by two locations, this increase was a disappointing start to the year.

We have focused on the root causes and put improvement plans in place. On a positive note, our Slovenia operations continued to be recordable-free and our Carnegie plant was recordable-free for the quarter. On the last call, I commented on the rising cost of raw materials and scrap as a significant headwind we were facing in Q1.

While most of our business is protected by surcharge mechanisms that address these increases, there is a one to two quarter lag in realizing the price increases tied to raw materials. This lag was approximately a $400,000 net hit to the statement's results -- segment's results.

From a sales perspective, as stated in the last call, we continue to see more upside potential than downside. Customer sentiment remained strong for 2021, despite the global semiconductor shortage. Our inventory levels continue to be lean and our ability to rapidly respond to quick orders is paying off.

While our customers are posting impressive results, these are mainly driven by price increases. Comparing steel production in Q1 of 2021 to pre-pandemic levels, utilization rates have not fully recovered in our largest markets. North American production was 8.5% lower and European production was 10.6% lower than in Q1 of 2019. Currently, we expect 2021 revenues to come in around the midpoint of 2019 and 2020 levels. We also anticipate roll sales to increase going into 2022 recovering to pre-pandemic levels, despite our backlog being lower than in past years at this time.

Due to shortened industry lead time for rolls and tighter CapEx control with our major customers, much of the 2022 allocation we would typically have in our backlog is not verified. We are still in discussions with our two largest domestic customers, which should finalize in the coming weeks. We're still seeing strength in our non-roll product offerings with an increase of approximately 65% in revenue in Q1 of 2021 when compared to the same quarter of last year. It looks like we will ship more non-roll open-die forged products in the first half of 2021 than we did in all of 2020.

I'd like to close by expanding upon Brett's comments regarding the capital project that we recently launched. This project is centered on our North American assets and targets two critical issues. The first is to modernize our roll finishing assets to provide better reliability, lowering our operating costs. The second is to support our growing sales initiative in our non-roll product offerings. Once completed in about two years, we will have a lower cost structure and an increased capacity of approximately 80% for our non-roll open-die forged segment. This project is very exciting for our team and will position us well for the future.

Brett McBrayer
Thank you, Sam. At this time, Mike McAuley, our Chief Financial Officer, will share more detail regarding our financial performance for the quarter. Mike?

Mike McAuley
Thank you, Brett. Despite continued pandemic-related headwinds impacting end market demand in the roll business, Ampco-Pittsburgh reported diluted EPS of $0.01 per share for the first quarter of 2021. The corporation's balance sheet and liquidity position remained strong with cash on hand at March 31, 2021 of $18.3 million and undrawn availability on our credit facility of approximately $47 million.

Total debt is down 47% compared to March 31, 2020, while total shareholders' equity has risen. As a result, debt to total capitalization at March 31, 2021 was 29.2% or nearly half the level we saw at the end of the March quarter a year ago.

Ampco's net sales for the first quarter of 2021 were $86.8 million. This compares to net sales for the first quarter of 2020 of $91.1 million. The decrease is principally attributable to lower demand for mill rolls than pre-pandemic levels, offset in part by higher shipments of forged engineered products. Gross profit as a percentage of net sales was 19.8% for the first quarter of 2021 versus 23% for the first quarter of 2020. The decline is attributable to Forged and Cast Engineered Products segment, which was impacted by a lower volume of shipments of mill rolls, higher net raw material costs, unfavorable manufacturing absorption, and unfavorable changes in product mix. Additionally, the prior year quarter benefited from a receipt of business interruption insurance proceeds of $0.8 million for equipment outages in the Forged and Cast Engineered Products segment which occurred in 2018.

Selling and administrative expenses of $11.6 million, or 13.3% of net sales for the first quarter of 2021 were down slightly compared to $11.8 million, or 13% of net sales for the first quarter of 2020. The impact from higher exchange rates and additional sales commissions on higher forged engineered product sales during the current year quarter was offset by lower bad debt expense. Depreciation and amortization expense of $4.7 million for the first quarter of 2021 was flat compared to prior year. Income from operations on an as reported GAAP basis for the first quarter of 2021 was $0.9 million. This compares to income from operations in the prior year quarter of $4.4 million, which included the benefit for business interruption and insurance proceeds of $0.8 million.

Other income expense net improved for the first quarter of 2021, when compared to the prior year quarter, due to changes in unrealized gains and losses on Rabbi Trust Investments, principally due to market volatility in the prior year associated with the COVID-19 pandemic, lower foreign exchange losses, as well as higher pension income given lower discount rates favorably impacting interest cost in the current year and expected returns on a higher level of planned assets. The period-over-period change in the income tax provision was driven principally by a benefit of approximately $3.5 million due to the expanded tax loss carryback provisions made possible by the CARES Act, which was recorded in the prior year quarter.

At the bottom line, the corporation reported a GAAP net income attributable to Ampco-Pittsburgh of $0.2 million, or $0.01 per diluted share for the first quarter of 2021 compared to net income of $4.1 million, or $0.33 per diluted share for the first quarter of 2020, which included a combined benefit of $0.34 per diluted share for the CARES Act tax loss carryback and the proceeds from the business interruption insurance claim, both recorded in the prior year quarter.

Here's some detail at the segment level. In the Forged and Cast Engineered Products segment, Q1 2021 net sales of $63.4 million declined approximately 8% versus prior year due to lower shipment volumes of mill rolls, especially large rolls, offset by a higher volume of forged engineered product shipments as a result of increased demand from the oil and gas market and steel distribution markets.

The segment's operating results declined for the first quarter of 2021 compared to prior year due to the lower volume of shipments, lower cost absorption resulting from reduced production levels, higher net raw material costs, less favorable mix of roll sales, and the proceeds from the business interruption insurance claim, which benefited the prior year.

Net sales of $23.4 million for the Air and Liquid Processing segment for the first quarter of 2021 were approximately 5% higher than the prior year period. Sales of pumps improved from a year ago by approximately 22% and benefited from a higher volume of shipments to U.S. Navy shipbuilders, which was partially offset by lower shipments to the power generation industry. By comparison, sales of heat exchange coils decreased from a year ago by approximately 7.5% and were negatively impacted by a lower volume of replacement sales.

Sales of air handling units were relatively comparable quarter-over-quarter. The segment's operating results declined slightly for the first quarter of 2021, compared to prior year, primarily due to product mix. Backlog at March 31, 2021 approximated $240 million, a decrease from $246 million at December 31st, 2020. The decrease is principally due to lower backlog for forged and cast rolls.

An overall increase in foreign exchange rates used to translate the backlog to the corporation -- of the corporation's foreign subsidiaries into the U.S. dollar and higher backlog for Forged Engineered Products due to improved demand helped to offset the decrease from December 31st, 2020.

Backlog for the Air and Liquid Processing segment improved sequentially, principally as a result of improved order intake for air handling units for the hospital and pharmaceutical markets.

Net cash flows provided by operating activities was modestly positive at approximately $1.9 million for Q1 2021, as trade working capital levels increased during the quarter.

Capital expenditures for the first quarter of 2021 were $2.4 million, primarily for the Forged and Cast Engineered Products segment. Drawings on the Ampco revolving credit facility were $5.6 million at March 31st, 2021, down slightly from March 31st, 2020, but $25.9 million less than the $31.5 million drawn at March 31st, 2020. Total debt at March 31st, 2021 was $36.5 million and down 2% from the prior -- from December 31st, 2020 and this has decreased $31.7 million, or 47% from March 31st, 2020.

During the quarter, the corporation received $3.1 million in proceeds from warrants exercised during the quarter, which was a boost to shareholders' equity and accounted for an increase of 539,000 common shares outstanding.

I will reiterate that at March 31st, 2021, in addition to an $18 million cash balance, the corporation also has remaining availability on the revolver of approximately $47 million, an improvement of approximately $16 million in availability compared to March 31st, 2020.

I will now turn the call back over to Brett for some closing points.

Brett McBrayer
Thank you, Mike. Actually, now we're going to open the line for questions.

QUESTIONS AND ANSWERS

Operator
Yes sir, no problem. We will now begin the question-and-answer session. To ask a question, you may press star (*), then one (1) on your touchtone phone. If you are using a speakerphone, we ask you that please pick up your handset before pressing the keys. If at any time your question has been addressed and you would like to withdraw your question, please press star (*), then two (2). We do ask you that please limit yourself to one question and a single follow-up. If you have further questions, you may rejoin the queue. At this time, we will pause momentarily to assemble our roster.

Our first question today comes from Justin Bergner with G. Research. Please go ahead.

Justin Bergner
Good morning.

Brett McBrayer
Good morning.

Justin Bergner
How are you, Brett? How are you, Mike?

Brett McBrayer
Good. Thank you.

Justin Bergner
So, first question just help me understand the mix dynamic in the Air and Liquid Processing. What part of the mix is becoming a headwind or what's the headwind there? Will it continue? That's, I guess, the question.

Terry Kenny
Each market -- hi Justin this is Terry.

Justin Bergner
Hi, Terry.

Terry Kenny
Each market that the Air and Liquid Processing serves has different gross margins, and the demand for the -- in the first quarter was shifted slightly to a few markets that have lower margins but it is not -- we do not feel it as a headwind or something that is going to be continuing.

Justin Bergner
Okay. Second question is in regards to the Forged and Cast Engineered Products business. I was trying to gather from your comments, Brett, if you were suggesting that you could see a return to 2019 levels as soon as 2022 or was it just more common that you expect to get back there in the coming years?

Brett McBrayer
Yes. We're seeing -- based on the activity we're seeing right now, Justin, we're starting to pick up which we anticipated. We stated on the last call that we expected the activity to pick up in the second half and we're already starting to see some momentum in that direction. As we said before, there's somewhat of a lag between the demand from -- or the growth from our customers and when it actually trickles down to us.

I think our customers have taken some positions where inventory levels are lower than traditionally have been, and obviously out of concern about what may happen in the future, and so a little bit if you will a new normal, but activity is picking up, and we're anticipating, based on that, that hitting in 2022 we'll be back to the 2019 levels.

Justin Bergner

Okay. Got it, and then lastly are you underproducing -- I mean was your comment about lower production rates meant to suggest that you were underproducing shipments in the first quarter and that weighed on absorption?

Brett McBrayer
Yes. We took -- well I'll let Sam add to this but we've taken some elective outages in the quarter just want to make sure we're matching up demand with what we're actually doing in the production areas.

Sam Lyon
Yes, and Justin we've also -- we've taken about 20 days out of our large roll lead-time or flow path. So, yes, we made less than we shipped, that's accurate.

Justin Bergner
Okay. So that's just temporary in 1Q.

Sam Lyon
Yes, we don't anticipate taking any more time out.

Justin Bergner
Okay. Thank you for taking my questions.

Brett McBrayer
Thank you, Justin.

Operator
And our next question today comes from John Walthausen with Walthausen & Co. Please go ahead.

John Walthausen
Yes, good morning guys.

Brett McBrayer
Good morning John.

John Walthausen
I guess this is something that has me -- scratching my head. With steel prices up so strong to me that would make everybody's mill viable and profitable. Why is production down?

Sam Lyon
Well, steel prices are up because the recovery happened much faster than anybody anticipated, and as I stated in my comments, the -- in North America and Europe they're still down, which are our two largest areas that we ship into. They're still not back producing at levels that they were prior to the pandemic.

So, they're charging tremendously more because the market will bear it for hot-rolled and cold-rolled steel double what it was prior -- or even more prior to the pandemic. Now, just recently the largest blast furnace in ArcelorMittal's portfolio just came back online after a reline. So, they're back to full capacity now. U.S. Steel's ramping up. So, people are getting there, and that's why again we anticipate that based on talking to all of our customers that 2022 will be back to pre-pandemic levels, but we had a lag, and the other comment I'll make is that you see it come back first on the hot-rolled rolls, which we did. Now, we're starting to see it come back on the cold side, and then after that it will come back on the backup rolls. So, there's a lag as they ramp up to when we actually see our production volumes ramp up.

John Walthausen
Right. So -- and in this time where the others bragging about all their cash flows, are they reducing their inventory or backup rolls?

Sam Lyon
I think that they lowered it and they intend to leave it there is what we're hearing. Now, this is only from a couple of customers. So, all of them are different, but they were controlling -- just as everybody was they're controlling cash extremely tightly during the first six to nine months of the pandemic, but yes, you're correct that some of them have been making quite a lot of cash recently. So, that will help going forward.

John Walthausen
So, is it reasonable to anticipate the sort of quarter-by-quarter that we get past the -- you're reducing your lead times there, and we start quarter-by-quarter seeing better production overall or better sales or growth?

Sam Lyon
That's what we would anticipate, yes.

John Walthausen
Okay. Okay. That's helpful, and then the other question I had if I may. In the open-die, you're putting a major emphasis on increasing capacity there. Have you opened up significant other marketplaces in the oil and gas marketplace? And are there some that you can talk about?

Sam Lyon
Yes. There are two areas that we ship into. One is material that goes into making plastic injection molds and the other is material that goes into making automotive tooling. So, our goal -- our end game -- well it's not the end but in a couple of years is that oil and gas will be -- is less than 50% of what we're going to be targeting in those -- in that product line.

John Walthausen
Okay. Great. That’s very helpful.

Operator
Our next question today comes from David Wright with Henry Investment Trust. Please go ahead.

David Wright
Good morning everyone.

Brett McBrayer
Good morning, David.

David Wright
Mike, the press release mentions foreign exchange impact. Can you talk about -- can you quantify the effect from that in the quarter? And then, maybe elaborate a little bit on the extent if any to which you can hedge that, the cost of hedging et cetera?

Mike McAuley
David yes, foreign exchange, we're talking about -- when we're referring to that we're talking about realized and unrealized foreign exchange gain or loss on the P&L, which is an element of other income expense. And during the quarter, that number was about $1.2 million of loss in the current year, and in the prior year, it was $1.7 million of loss. So, that appears in other income expense below operating income. And that's a measure of the difference in exchange rates for when we register a receivable or a payable and the rate in which it settles. It's also a measure of the change in exchange rates on balances in our foreign subs that are in currencies other than their functional currency.

For example, U.S. dollar intercompany loans and things like that. So, our objective is to try to minimize those balances. We have not been hedging their balance sheet. We do some hedging on our earnings. We have not taken a large position on hedging our balance sheet for these balances, because it's a cash risk item, and we have -- for the last several years, we've been trying to preserve cash and it exposes you to a significant cash settlement loss potentially in the event of a shock. So it's a bit more risky than hedging cash flows -- projected cash flows.

So, it's something that we just elected not to focus on hedging, until perhaps we can consider it downstream, but those were the numbers, and I think one of the ways to manage that is the -- on the intercompany balances and so forth is to settle a number of these balances between the subsidiaries to reduce that in terms of international cash management and repatriation opportunities to consider that in the mix, because that's always something that I'm focused on to just get the balances down so the risk is lower.

David Wright
So, you look at this as kind of a $1 million to $2 million a quarter item?

Mike McAuley
No. This is -- no. It often goes the other way and sometimes it's very small or nothing. So, it's just -- it depends on the movement in rates and it depends on the balances in our foreign subs.

David Wright
Okay. Listen that was great savings that you made from changing auditors. I know you don't have a gigantic audit staff -- excuse me accounting staff, and it's a lot of work to change auditors, but that was a great savings that you produced for the company.

Mike McAuley
Thank you, David.

David Wright
A question for Sam. Using a baseball as an analogy and just talking about the things you're trying to do with the operations both in the U.S. and in Europe and leaving aside what you hope to get from the new equipment, what inning are you in in each market in terms of where you want to get to with the ninth inning being you're happy?

Sam Lyon
Geez, I don't know, third? Probably third. We came a long way on savings just getting the organization where it needed to be getting the right leadership in place, the right amount of people in the facilities. And so now, what's left is really the implementation of the capital. Right now, we're ramping up our European assets to meet future customer demand.

So, that's key in front of us, and then we still have just ongoing year-over-year cost savings projects scrap reduction on-time delivery that kind of normal stuff. So, I don't know, third I guess. Maybe the bottom end of the third, top of the third. I don't know.

David Wright
Would you say that both operations are kind of at the same place, one is not further along than the other?

Sam Lyon
Yes, I'd say that. There's more opportunity I think in Sweden, UK is very stable. Slovenia is very stable and our equipment modernization here is really important.

David Wright
Okay, and then, when you say that you're hopeful that 2022 will get back into 2019 levels in terms of mill roll business, are you talking revenue, or are you talking units?

Sam Lyon
Revenue. It's fairly similar. I mean, we've been able to get some pricing, but both really.

David Wright
All right. Thanks very much.

Sam Lyon
You're welcome.

Operator
Ladies and gentlemen, as a reminder, to ask a question. Please press star (*), then one (1).

Today's next question comes from Greg Venit with Morgan Stanley. Please go ahead.

Greg Venit
Hi. Is labor an issue right now? I've been hearing that people have been having a hard time getting back to work. Does that impact any of your operations?

Sam Lyon
I'll talk on the steel side. We're -- it's difficult to find qualified people but we've been really reducing people through productivity. So, we haven't really had a need for a lot of people, and then in the UK and Sweden there's not -- overseas there's not much of an issue at all. So, it's not really affecting the steel side of the business.

Greg Venit
Okay. Go ahead.

Terry Kenny
On the Air and Liquid Processing side it is a challenge. It's not only a challenge to get people -- new people in but get them trained and then retain them, but we're able to overcome most of the issues that are presented to us as a result of productivity improvements. But yes, it is -- we are seeing difficulty in hiring at times in the Air and Liquid Processing segment.

Greg Venit
The modernization program and the CapEx for that is broken down, it sounds like into two categories. One is the modernization and the other is actually in the non-roll business that you're going to be entering new markets. Is any -- either one of those going to take effect or begin this year and may have an impact – a positive impact for this year?

Sam Lyon
No, the lead time on the equipment is a year plus. So we're thinking probably Q4 of '22, we'll start seeing some benefit.

Greg Venit
The -- you mentioned something that in the non-roll, it would increase your capacity by 80%. Is that -- you're going to take market share away from other competitors in that area, or these are new markets? And is that from foreign sources? The competition, or is that domestic?

Sam Lyon
This almost -- almost all of this would ship domestically, and so certainly the 232 -- Section 232 has increased the need for domestic sources of material. So -- and we're not a very big player. So, it's not -- we're not taking a huge share away from anybody we don't believe.

Greg Venit
So, the customers the auto or plastics are they buying from foreign sources, correct? Is that what's happening right now?

Sam Lyon
One of our larger customers we shipped to was buying foreign, and this was actually from -- I believe it was Brazil and they had a quota system. So, they got put on a quota system so they can only ship 70% of what they used to ship into the U.S., so, therefore that opens up an opportunity for the other 30%. And then I think they enjoy the short lead time we provide. The customer is not very far away from us, and they don't have to order stuff six weeks out and project, and so, I think once we got in there, we're having success.

Greg Venit
The size of that market, if we were to look out two years from now, three years from now, what kind of sales for the investment that you're going to make, what sales do you think you could generate?

Sam Lyon
We're -- we would -- last year, we had about $11 million or $12 million and it could be $60 million to $70 million.

Greg Venit
Really. That’s pretty impressive. Okay. Thank you very much. Appreciate all your work.

Sam Lyon
Thank you.

Operator

Ladies and gentlemen this concludes the question-and-answer session. I'd like to turn the conference back over to Brett McBrayer for any closing remarks.

CONCLUSION

Brett McBrayer
Yes. Thanks, Rocco. Just a few comments. Again, I want to thank the employees of Ampco-Pittsburgh for their continued hard work and dedication to the success of our businesses. I also want to thank those who joined us on our call today. We are excited about our future and look forward to demonstrating the full capabilities of Ampco-Pittsburgh. Thank you very much.

Operator
Thank you, sir. This concludes today's conference call. You may now disconnect your lines and have a wonderful day.