

NFI Group (UPDATE)

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Corporate Speakers:

- Stephen King; NFI Group Inc.; Group Director of Corporate Development & Investor Relations
- Paul Soubry; NFI Group Inc.; President, Chief Executive Officer & Non-Independent Director

Participants:

- Chris Murray; ATB Capital Markets Inc.; MD of Institutional Equity Research for Diversified Industries & Senior Analyst
- Mark Neville; Scotiabank Global Banking and Markets; Analyst
- Nauman Satti; Laurentian Bank Securities, Inc.; VP of Research & Diversified Analyst
- Daryl Young; TD Securities Equity Research; Mining Research Associate

PRESENTATION

Operator: Good day, and thank you for standing by. Welcome to the NFI Group Inc. Conference Call. (Operator Instructions)

I would now like to hand the conference over to your speaker today, Stephen King, Group Director of Corporate Development and Investor Relations. Please go ahead.

Stephen King: Thank you, Kim. Good morning, everyone. Joining me on today's call are Paul Soubry, President and Chief Executive Officer; Pipasu Soni, Chief Financial Officer; Chris Stoddart; President, North American Bus & Coach; and David White, Executive Vice President, Supply Management. On today's call, Paul will walk us through today's announcement. Following that, we will open the call for analyst questions.

I'll now pass the call over to Paul.

Paul Soubry: Thank you, Stephen, and good morning, ladies and gentlemen. As you will have seen this morning, NFI issued a press release providing an update on the market conditions and serious supply chain disruptions that have impacted our company and revisions to our 2022 final guidance. I apologize for such short notice for the press release and for a call. But quite honestly, we finished our detailed review of our current challenge late last night, and we felt it appropriate to advise the market immediately and without delay. In parallel, we are advising all of our employees this morning of this challenge. And, we have continued and will continue to talk directly to our customers.

As you will have seen in the release, we detailed that global supply chain disruptions continue to impact us and all manufacturers around the world. This is not anything new.

NFI is not immune to these disruptions that have caused continuing and escalating challenges to our production and our operations in the second half of 2021, as you saw earlier in our results and throughout 2022. Parts of it are getting better, other parts are not. And further compounding these issues was a recent notification of a decommit by our primary North American multi control module supplier that they are unable to make the schedule for their specific parts to allow us to continue our production run rate as we had planned. And they are unable for the next couple of quarters to provide consistent module supply due to the global microprocessor shortages.

Just for context, we've had constant supply challenges with a series of commodities over the last 9 months or so. The microprocessor issue has escalated for us and anybody else. The microprocessor chip issue is not easy to solve. In this specific case, we are now working 4 levels down in our supply chain and are actively buying microprocessors to supply to a board provider to supply to a module provider to provide to us to build buses. This specific control module, which is the vast majority of this reset of expectations is a critical component for vehicle operations. In fact, you can't move the bus without these modules. And this shortage will impact our production of North American transit buses through the rest of this year.

We have a comprehensive plan to address these shortages that includes looking for an alternate material, or other microprocessor sources, and an adjustment and plan to handle the production and delivery of vehicles to our customers. In simple words, our plan requires us to build buses with an adjusted schedule.

Once the bus manufacturing is complete, the bus goes through the customer inspection process. We will hold the buses, and similar to as we've seen to many other automotive and truck and vehicle manufacturers over the last year, on a temporary basis, until we have a supply of these control modules and are able to install them. Rough order of magnitude, we are taking out approximately 300 to 350 deliveries of our schedule for this year. We are building to a customer order, so these are not lost sales, they are delayed sales.

We've been advised by this specific supplier that it will start shipping the affected control modules in August. Once we receive them, these modules will be installed in the awaiting completed vehicles, a final test and acceptance will be done, and we will plan then for expedited delivery to our customers.

This approach will require us to delay the ramp-up of our planned manufacturing increase in the second half of 2022. It doesn't change our ultimate volumes through 2022 and 2023, but it delays our ramp-up, which will result in the growing of inventory by as much as \$200 million on a temporary basis until these modules can be installed and the vehicles can be safely delivered to our customers. Keep in mind a bus cannot be put into a FedEx package. Once the bus is completed, we need to then deliver it to customers all over North America, which will take some time.

With our current state of liquidity of over \$600 million, we have more than sufficient access to capital to support this temporary investment in work-in-process inventory. And this plan will allow us to recover more quickly in 2022 and be prepared to support our growing backlog for 2023. A certain quantity of these vehicles will not be delivered in 2022, even though it will ultimately be finished; this will carry over into and assist in our 2023 performance.

With respect to our credit syndicate who's been incredibly supportive ever since the start of, well, for many, many years, but ever since the start of COVID-19 in March of 2020, we've continued in advanced negotiations for covenant amendments. When we were made aware of this initial supply disruption, we commenced talking to the lead of the syndicate at to how we would manage, which is why we're not announcing a revised credit agreement today. The syndicate has been incredibly flexible and supportive and will continue to do so. The detailed plans are being evaluated that would see covenants be put in place that are more appropriate to NFI's financial projections than just pure math calculations.

As mentioned, with over \$600 million of liquidity, the need for credit amendments is primarily driven by lower trailing Adjusted EBITDA, combined with NFI's anticipated financial performance and debt profile, making it a calculation issue rather than available liquidity or cash consumption-related challenge. On the demand side of our business, we continue to see a very strong market. We saw a strong first quarter for our market-leading products and services driven by record government investments in public transit and the transition to zero-emission vehicles what we call the zero-emission evolution, or *ZE*volution.

In the first quarter of 2022, we received new orders for 1,407 equivalent units or EUs and had an ending backlog of 8,908 equivalent units. For the fourth quarter ending April 2, 2022, our new firm and option orders are up 45% compared to the same period last year. In addition, our total North American public bid universe, which tracks active procurements we either have submitted or are working on a proposal in response to an RFP, plus our 5-year outlook based on the transit agencies and operators fleet replacement plan is up 12% year-over-year and our active bids are up a whopping 18%.

With the combination of year-to-date results and this most recent supply disruption, we're now revising our 2022 fiscal guidance, and as I mentioned, we wanted to do that without delay. We now expect to deliver revenue between \$2.3 billion and \$2.6 billion with Adjusted EBITDA of \$15 million to \$45 million.

We continue to expect that 20% to 25% of the deliveries we get this year will come from zero-emission electric buses, which is consistent with the road map for our 2025 targets. Our seasonality patterns have changed somewhat, with expectations that we will now report a negative Adjusted EBITDA in the first 3 quarters of the year and positive Adjusted EBITDA in the fourth quarter. This matches the module installation plan once vehicles are completed that I outlined earlier in this call.

Today's supply announcement is nothing new to us and nothing new to anybody that has to deal with very sophisticated supply chains. 2023 continues to have a very strong outlook. In addition to the carryover deliveries, the quality of our firm slots and our expected slots in 2023 are extremely encouraging. You will see more details in our MD&A and press release and materials that will be published on Thursday morning as part of our 2022 Q1 release with additional details.

Let me be clear, though, this is stuff we've been dealing with years now, highlighted and exacerbated in the last 6 to 9 months. This is not fatal, but yet another roadblock in a world of highly customized, low volume, specified products for industrial customers. We have not had customers cancel orders. We continue to build on our backlog.

So, with that, I will hand it back over to Kim, our operator. We'll manage. We will build up WIP that supports delivery to a customer as soon as we possibly can do it. We will not take shortcuts with safety or the ultimate delivery of a quality deal to a customer, and we will get through this.

Over to you, Kim, to take questions.

QUESTIONS AND ANSWERS

Operator: (Operator Instructions) Our first question comes from the line of Chris Murray from ATB Capital Markets.

Chris Murray: So, I guess a couple of questions here. So first of all, just thinking about the WIP build and the delay. I guess a couple of pieces of this. Whenever we've seen this happen in the past, I think you've talked about a couple of hundred million dollars in inventory. Is it really the goal to maybe draw down that \$600 million to \$400 million? Or are you still able to get predelivery payments or milestone payments from your customers? And how are they feeling about supporting new folks through this as you probably have arguably 95% of the value of the bus completed by the time you're waiting for the modules?

Paul Soubry: Yes, it's a great question, Chris. So, quite honestly, it's 99.9% of the bus is complete. We've got 5 hours to replace the modules and go through a final acceptance test. The bus is effectively done. The numbers you're seeing, the projections that we gave you on working capital draw, is the worst case in our minds based on our schedule. Today, we have assumed we do not get milestone payments or advanced payments from customers, which is consistent with the way we run our business. There are a few customers that give us advanced payments.

When we became aware of this a couple of short weeks ago, before we knew of the real impact on our schedule and of any real understanding of how we would mitigate or adjust, Chris Stoddart went out to all of the affected customers and said, "Heads up, I just got a decommit from a major module that goes into our bus. We will keep you posted and see what we can do together on your schedule." Now a number of those customers have

already reached out to us asking how they can help. Some have looked to see if they have modules in their inventory that they'd be able to provide to us to deliver their buses, or to provide us working capital advances to allow us to fund this WIP through this period. And it's actually quite encouraging.

We haven't yet told the customers the exact plan, which we will do, we're doing this morning. We actively engaged with all those customers about the possibility of their participation in funding the working capital. I'm quite encouraged. I know of 2 specific customers that are large customers that have told us they will help, will participate. The quantities need to be evolved. We tried to give you the working capital expectation as if we had to fund the whole thing ourselves. And the question you just asked is the same question we've been talking with the lead of our syndicate in the last 2 days about: what's the range of the drawdown that this might require?

Chris Murray: Okay. That's fair. And then, thinking about 2023, and you kind of alluded to it, but getting back to, let's assume -- I guess, 2 pieces of this. One, we've gone through this a couple of iterations, and there's been different challenges. I think you're calling out the modules now. But I think at one point, there were windshields, there was marine grade lumber, there were different components of the bus, there were issues. Is there anything else that's out there that presents this type of risk that you're seeing? And then the second part of this question is, should you be able to get back to normal operations? Should we be thinking about like we're almost back to a step function in production rates as we go into 2023?

Paul Soubry: Yes. Look, you know the business well, Chris, and most of our analysts have been there and seen this thing, a couple of issues. As I alluded to in my comments, David White and the supply team have worked to solve a million problems, and they relate to plastics, resins, windshields, aluminum extrusions, anything with a microprocessor on it. In fact, if you walk down our plant today and you looked at our production boards, you'd see supply availability in the high 90%'s of material on hand. The problem, the primary problem right now is that any part that goes on a bus that has a microprocessor has risk.

And, of course, in this specific case, without dragging you through the mud, the wafer of the chip is made in the United States. It is shipped over to China for certain processes. It is shipped over to Malaysia for certain processes. It is shipped back to the U.S. for certain processes. It's then embedded on a computer board, which then gets into the module. And we have lots of parts that have computer or microprocessors involved with them. Can I guarantee you that we don't have more and other issues? No.

This is probably the most impossible one to mitigate because the entire bus, the brains of the bus, is controlled by these modules. And all the software on the bus is controlled by these modules. Every bus will have somewhere between 5 and 8, or 5 and 9, of these modules on depending on its sophistication and the attributes of the bus. We don't -- we can't use an alternate chip at this point in time.

And, so, we're actively working with that supply chain. We've gone 3 or 4 levels deep to find some through broker markets. We're working with all of these guys. It is by far the biggest Achilles in the short term because it is not easily mitigatable with an alternate part or an alternate chip. We've tried in this forecast to not only include direct impact of this specific part, and then, of course, the delayed ramp-up in the increased WIP and then the burn down. We've made an estimate of some other bumps and bruises that we may see that we can't see right now throughout to the rest of the year.

The good news, as I said, is that, as painful as this continued dynamic continues to be, some of these buses will effectively be finished and will bleed over into 2023 for revenue recognition. And, based on the funding profile and the bid activity in the backlogs, 2023 looks fantastic. But, as we said today and on previous calls, being able to handicap a very sophisticated supply chain is relatively different is difficult. I go back to: bids are up, funding is up, win rate is up, order book is up, we just are challenged in our ability to finish these buses in the short term.

To your point about a step change in production, it is delicate because every bus is different. And with that highly customized nature to go from—make it up—30 buses a week to, say, 50 buses a week, there is no way we can do that in a short period of time. We'd be crazy from a quality control perspective, safety perspective. So we will -- once we have more confidence back in the supply chain, we now have new commits to those individual parts, we will go from 30 buses to 32 buses to 34 to 36 over a staged and phased period of time.

Trying to hurry that up, we think, would be irresponsible both from a quality perspective, from a safety for our customers. and from a confidence in our ability to execute. And we sure don't want to add complexity or shock to that supply chain.

Chris Murray: Okay. The last question for me. You did make the comment in your press release about the fact that you thought your cash position and capacity under your existing facilities are okay, along with future cash flows. But you also made a comment about needing access to capital markets. And, certainly, last fall, you were maybe forced into a raise and had to cut the dividend. Is your thought at this point that you may need to do an additional equity raise or take the dividend to \$0 in order to get through this?

Paul Soubry: No, we are not contemplating an additional equity raise at this time. We are committed to work through -- the conversation with the leads of the syndicate at this point is they get the reality of the complexity of our business. It's not as if we're drawing money down to pay overhead or to anything other than effectively build a finished work-in-process. And, so, we think there's room inside the syndicate line, and there'll be flexibility ultimately whatever covenants get put in place that we don't need to do that.

And, look, if the supply chains get better in 2 months or 6 months or 8 months, it's not like our industry is fundamentally changing. The age of the fleet is getting older. The governments are funding both the renewal of the fleet as well as zero emission as well as charging infrastructure. We've got a pretty exciting outlook to our industry and more

specifically to our business. The reality is we've got to get from here to there. And all the activities we did last year, both the raises in the first quarter and in the fourth quarter, was to readjust our balance sheet and give us that flexibility. At this point in time, there is no plan to reduce the dividend further.

Operator: Our next question comes from the line of Mark Neville from Scotiabank.

Mark Neville: Maybe just trying to -- again, Paul, you said you couldn't look for sort of new supplies of chips. I mean, could you look for new modules, and if it's -- I assume you have other suppliers, but would these be spec'd in? I guess just trying to understand the root of the problem.

Paul Soubry: Yes. So, I described this process of, we buy a module, the module has a series of boards and connectors and stuff in it, which then has chips on those and the chips come through a dealer network that chips are ultimately made in China. I had a call the other day, some investor called me directly and said, you're talking about the battery, can I just take the Evereadys out and put in the Duracells in? These are very sophisticated parts that have very complex and sophisticated software that drive them.

When this decommit came from our module supplier, we did 2 things. We swam back down up this value chain and went into the broker market to try and find more of the same chips. We went back through our allocation both at the dealer level and at the actual chip OEM level to try and get a higher percentage of their allocation.

That helped a little bit and gave us a little bit of runway, but not enough to solve our problem. Chris and David's team also are developing a second module, or replacement module, the next-generation module. But, as you can imagine, it's not like I just take out a frame oil filter and put in an alternate oil filter. These are very complex parts. We do that in other parts of the bus and have done that where we can find an equivalent and alternate part.

But the software and the hardware are integral, and we're talking about a \$1 million asset that has to live in service for 15 to 18 years that now have telematics. It has all kinds of complexities with those vehicles. This is something you just can't take a shortcut on. So, the reality of the chip supply dynamic: we found some on the open market the other day, we bought them. We're buying them at a crazy prices, just to continue to manage and satisfy our customers. But that is not going to solve the problem quickly.

Mark Neville: Got it. And how easy or difficult is it to retrofit these buses once you get these modules?

Paul Soubry: Well, we don't need to retrofit them. We're building them. We get to the end of the line. We get it through customer inspections, and we will remove the modules on that bus. We will take those modules back to the front of the line and build the next bus. When the modules show up, the buses will be sitting in our parking lots distributed

between our facilities in Minnesota, Crookston, St. Cloud Minnesota and Anniston, Alabama.

We will then have the right technician to go out to the bus, install the modules; roughly a 4- to 5-hour process. We'll then do a full engineering check and another test out before we release the bus to be delivered to the customers. So, there's no retrofit. There's an installation of a module.

Mark Neville: Okay. 4 to 5 hours of to install it. Yes, that was the question. Okay. And yes, I guess to follow up to Chris' question, it doesn't feel like there's any slack in the supply chain anywhere. So, is there any other products or parts of the bus or components that you're sort of worried about right now? Because, again, this is the first we heard about this issue, but it sounds like it's been sort of an issue with you guys for a little bit longer.

Paul Soubry: Well, look, first of all, it's a global issue, right? All one has to do is Google chips or microprocessors; you will not find a vehicle or an automotive OEM that has not had these issues. And, on our bus, there are roughly 40 to 50 parts that have microprocessors in them. This specific part, for example, has 3 different types of chips from 3 different OEMs in it.

So, to predict what other problems we may have with chip supply is hard to do. We have now done something we've never had to do before, to actually swim back upstream at all of those major parts to figure out who the actual chip supplier is. And we are continually daily going back to every one of those critical suppliers to try and assess our risk and proactively and actively, if we need to, look on the broker market or the alternate markets for chip supply. This is supplier we've been dealing with for 20 years without any disruption. They're a major, major company, \$20 billion OEM.

Unfortunately, this one caught us. And look, we've had all kinds of issues like this that you haven't heard about that we found a way to mitigate, but this one, unfortunately, the magnitude of it and the fact that it's the brains of the bus, we are not prepared to take a risk or the ultimate result would be to shut the business down for x period of time. That's imprudent from our perspective, both from a shareholder perspective, and employee perspective or a customer perspective.

Mark Neville: Okay. Got it. That makes sense. Maybe just one last one. Just again, on the negotiation with the lenders and the relaxed covenants or the release. I guess if you're not contemplating equity, you don't think you need to take the dividend to \$0. Is there any sort of concessions you might need to make for us to be aware?

Paul Soubry: Well, first of all, we already took the dividend down 75%; the bank didn't tell us to do that. We did that prudently, proactively, to say we're not naive to the realities of the cash flow of this business and the complexities. We think that's an important signal that we're not going out of business, but we have issues associated with the timing and realities of the business. I was in Toronto last week with some of our team meeting with

the 4 primary individuals in our syndicate. This was before we understood the realities of the complexity of this individual problem. We knew it was a problem; we didn't know the magnitude.

We are well into the negotiations around the scope of what a revised agreement would look like. 3 days ago, we told them, boy, it looks like it's going to be tougher than we thought, yesterday, the day before detailed conversations. We didn't think it would be prudent to try to do hurry-up offense to put a covenant package in place before we really understood the magnitude.

They were very supportive, encouraged us to get our heads around how we're going to solve the issue, which we've now done. We finished that last night, and that's why we're telling you about it. What shows up in the covenant package remains to be seen. But I go back to what I talked to Chris [Stoddart] about: we're not asking to lend money to fuel just our machine for the sake of it. We're building finished goods to deliver to the customer. We're not building finished goods for a shelf hoping to sell it. These are funded contracts that we'll ultimately deliver. It's a timing issue.

Operator: Our next question comes from the line of Nauman Satti from Laurentian Bank.

Nauman Satti: I just have 1 question, and it's around your lenders agreement, as well. I'm just wondering if there is -- you guys are not planning to do any equity raise and you said you're sort of developing the comfort with lenders where there's nothing major changing. I'm wondering if there is any assets or anything that you can sell to generate some sort of liquidity or maybe more color on what is going to give comfort to the bankers that they can be comfortable that over the next, let's say, 8 to 9 months, they can commit this capital and hoping that things will work out and you'll get those chips back and eventually deliver those products? Just trying to get a better sense of how the conversations are going.

Paul Soubry: Yes, I think it's an important question, Nauman, because the average investor won't understand the reality of the dynamics around the issue. We have \$600 million of liquidity. We have certain covenants, the math calculations that are going to be out of whack very quickly. We're not asking the banks to again fuel a business for things that we might or speculatively sell. We have funded contracts with specific customers.

This is no question the timing issue. And we'll see how that plays out with the ultimate discussion with the banks. As I said to Mark, just rushing to be able to say I signed a credit agreement is, I think, imprudent or responsible without understanding the full magnitude of this dynamic, which we now do. And we're going to work really, really hard to make sure that we execute to this plan. We've put some risk associated with it already built into the plan.

I go back to -- look, we're not interested in selling off assets. We're not in a fire sale mode. We are in a continuously escalating, very complex supply chain, and the critical components that's hurting us are anything to do with a microprocessor. Sooner or later,

that's going to sort itself out, notwithstanding global economic other issues and the war in Ukraine and Chinese issues and all this other stuff.

Microprocessor supply in manufacturing is a multiyear journey, and there's zillions of dollars going into it. So, to run around to do things short term to try and sell an asset to generate cash for the short term, I think that makes no sense when we have the liquidity inside our current syndicate. We need to find terms that are comfortable to them for us to manage our way through it. If I need \$200 million more of working capital to make parts, to have people turn parts into near-sold buses. I think that's a very prudent thing to do.

I also go back to: our 2022 firm order options are up 45%. It's not like I don't have a customer. The funding dynamic, specifically exemplified in the United States, is up 10x of what it was last year. The number of bids that are on the street are up dramatically. This is a business in an industry that is fundamental to the government's plan of not only public transit for everyone, but also green and environmental responsible products. We're winning that race. We're leading. We've got the highest market share and the highest win rate.

So, to make short-term decisions based on these continued crappy supply chain dynamics we think isn't the right thing to do. And the fact that we beefed up our balance sheet last year twice with 2 different raises. And look, I guess, there was an equity, there's a debt component. We've already derisked the banks by turning some of it into convertible debentures. The guys have been ridiculously supportive to us having to navigate this one. So far, we've had a bunch of punches in the gut, we've mitigated. This one is the punch in the head, we've had to change our production schedule.

Nauman Satti: Okay. Fair enough. No, it makes sense that this is temporary, and you don't want to make decisions based on these short-term lifts, but I was just wondering that, that liquidity itself is dependent on those covenants. So fair enough, I guess, you guys are getting support from most of your lenders there. Okay. Appreciate it.

Operator: Our next question comes from the line of Daryl Young from TD Securities.

Daryl Young: In the release, you made reference to the international operations not seeing the same headwinds. Was that specific to the to the processors? Or is that, overall, the supply chain environment is better in your international operations?

Paul Soubry: Yes, it's a super question. The production impact, the WIP growth the delayed ramp-up of recovering of our production schedule to meet firm demand is specifically a North American issue that is specific to a certain supplier. But, as I said, kind of in some of the other questions, there are lots of other parts that have had and continue to have concerns around ultimate microprocessor supply and the supply chain leading up to it.

To date, just to be clear, the PLC systems that are the brains of the bus in North America is different than the brains of the bus that Alexander Dennis uses. These parts, we do sell

some of them in the aftermarket, but the microprocessors or the modules that we sell aren't a big aftermarket dynamic. Those 2 parts of our business are impacted by this specific issue. But there's no question, they've had their own challenges.

Our guys in Alexander Dennis are managing certain supply chain dynamics; they've done exactly what we did in North America: alternate supply, swimming upstream to find microprocessors to make sure our supply chain hasn't been impacted. That will continue until there's a little bit more of an oversupply on the microprocessor side. But we wanted to be crystal clear: this specific issue doesn't affect Alexander Dennis buses.

Daryl Young: Got you. Okay. And then you also made reference to staffing and personnel levels and took late 2022, early 2023 recovery. Is everything still intact in such a way and the headcount intact that the recovery can happen? Or will you be backfilling positions at a higher cost as the ramp-up continues?

Paul Soubry: Well, look, I appreciate you asking the question because it's absolutely relevant. There's 2 factors here. The first factor is that we are now operating with both direct or shop floor people and indirect support professional people that are higher, if you will, than the production rate requires. So, our overhead and our direct labor efficiency is lower. Why? Our volumes are down, and our parts supply has impacted our ability to be very efficient on the production lines. The first part of our ramp-up, we basically pick up already paid-for capacity or efficiency by going from somewhere in the 60% efficiency in the shop to 70% to 80% and so forth.

The second issue is we had planned to ramp up specifically New Flyer and MCI production capacity starting just after the halfway of the year. And we've delayed that now for a quarter. We had intended and planned to add more people back to our facilities as we went from somewhere in the 30s production capacity per week, for example, on the New Flyer side, to somewhere in the high 40s.

We continue to still plan to do that. But we've maintained, with full support for the Board, to keep most of those people here because as we ramp back up, if we let them go, the chances of getting them back are going to be very difficult, both on the professional or support ranks, but also in the direct labor. Will they come at a higher cost?

Look, the reality of our world is that inflation is going crazy. Ultimately, we continue to adjust production -- sorry, direct labor wage schedules and all kinds of other stuff. We've been working on that, and we'll continue to do that. That is part of our forecast, but there's cost drift associated with that.

Operator: I'm seeing no further questions at this time. You may proceed.

Paul Soubry: Thank you very much, Kim, for hosting today. Ladies and gentlemen, apologies for the short notice on the call, the press release this morning. I should tell you, our Chair flew here a couple of days ago to sit with us to go through the math, go through the plan, make sure that he fully understood what we were doing.

We came to the final analysis last evening and really came to the conclusion that we just can't wait until next week. We need to tell you right now this thing has set us back a little bit. We're going to phase and delay the ramp-up. We're going to build our customers' product as promised, and we're going to deliver to our customers as soon as possible. Thanks for your patience. I look forward to talking to you again next Thursday with both our investor call and then our AGM following. And any further details that we think are appropriate or pertinent to this, we will absolutely provide you. Thanks for your time today.

Operator: This concludes today's conference call. Thank you for participating. You may now disconnect.