



The Mullen Group Limited

Year-End and Fourth Quarter 2023 Earnings Conference Call Transcript

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Time: 8:00 AM MT

Speakers: **Mr. Murray K. Mullen**
Chair, CEO & President

Carson Urlacher
Senior Accounting Officer

Richard Maloney
Senior Operating Officer

Operator:

Welcome to the Mullen Group Limited Year-End and Fourth Quarter Earnings Conference Call and Webcast.

As a reminder, all participants are in listen-only mode, and the conference is being recorded. After the presentation, there will be an opportunity to ask questions. To join the question queue you may press star, then one on your telephone keypad. Should you need assistance during the conference call you may signal an operator by pressing star, then zero.

I would now like to turn the conference over to Murray K. Mullen, Chair, Senior Executive Officer, and President. Please go ahead.

Murray K. Mullen:

Good morning, everyone. Thank you, and welcome to Mullen Group's quarterly conference call. We'll provide shareholders and interested investors with an overview of the Q4 2023 financial results. In addition, we will discuss the main drivers impacting these results, our expectations for '24, and we'll close with a Q&A session. We'll leave most of the time for Q&A. I see there's already people getting in the queue.

Before I commence today's review, I'll remind everyone that our presentation contains forward-looking statements, and they're based upon current expectations and are subject to a number of risks and uncertainties and, as such, actual results may differ materially. Further information identifying these risks, uncertainties, and assumptions can be found in the disclosure documents, which are filed on SEDAR+ and at www.mullen-group.com.

With me this morning in Okotoks, I have the entire Senior Executive Team: Richard Maloney, who's our Senior Operating Officer; Joanna Scott, who's our Senior Corporate Officer; and Carson Urlacher, who's our Senior Accounting Officer, and who is the primary architect and author of the very informative and detailed Annual Financial Review that we've already posted. Today, Carson will be providing analysis and discussion on our Q4 performance. But before I turn the call over to Carson, I'm going to provide a few opening comments.

Let's talk just in terms of Q4 2023 financial and operating performance. It was just a few weeks ago, December 11, to be precise, that we provided investors with a Q4 2023 update as well as we outlined our business plan for 2024. Meaning that really today's call is basically redundant, because the actual results for Q4 '23 were very consistent with that update.

Revenues came in at nearly \$500 million for the quarter. That's virtually the same as Q4 2022. That's despite all of the disruption taking place in the logistics and transportation sectors. You've all heard or you know by now what those issues are. The general economy just has not been growing at the same robust pace this 2022. Shippers, well, you know what? They needed to adjust inventory levels in '23. These two factors reduced overall freight demand significantly in 2023.

In addition, all the supply that flooded into the market when freight demand was elevated is today's Achilles' heel to that very same freight market. We all know that when supply exceeds demand, prices fall; the joys and the sorrows of the market.

But what about at Mullen Group? You know what, why did we generate results in 2023 virtually the same as 2022? Reason number one, we have a strong diversified network of business

units. We also operate in verticals of the economy where the marketplace disruptions were not as acute as, say, the long-haul trucking market. Reason number three, we completed a couple of timely acquisitions in 2023.

In summary, our business performed extremely well. We matched the highs that were attained in 2022, and I couldn't be happier, especially knowing all of the challenges that many of our peers are facing today.

I'll now turn the call over to Carson, and he's going to give you a detailed analysis of the fourth quarter. Carson, you're up.

Carson Urlacher:

Perfect. Well, thank you, Murray, and welcome, everyone. Today, I'll focus on the highlights from our fourth quarter. The details of both the fourth quarter and our 2023 results are fully explained in our Annual Financial Review, which is available on SEDAR and on our website.

Consolidated revenue in the fourth quarter was \$498.6 million; our seventh straight quarter of generating approximately \$500 million of revenue. Revenue for the quarter was essentially flat compared to the prior year, declining by less than 1% or \$4.1 million, which was due to the following factors.

First, fuel surcharge revenue declined by \$11.1 million as diesel fuel prices decreased by 25% year-over-year. Second, revenue declined by \$13.2 million due to lower freight volumes and a more normalized pricing environment, particularly in the L&W and U.S. 3PL segments, which was somewhat offset by greater demand for services in the S&I segment, while our LTL segment remained stable and consistent year-over-year. Third, we disposed of our hydrovac business in 2022, which led to a \$1.4 million reduction in revenue. These revenue declines were virtually offset by \$21.7 million of incremental revenue from acquisitions.

We generated OIBDA of \$79.2 million, an increase of 2.1% or \$1.6 million compared to the prior year, despite one-time integration costs related to B&R and a more competitive operating environment. Operating margin increased by half a point to 15.9%, reflecting the variable cost structure of our business model and our business unit's ability to adapt to changing market conditions.

Now, let's take a closer look at how we performed by segment.

Starting with our largest segment, revenues in the LTL segment were \$190 million, which was virtually flat to last year as lower fuel surcharge revenue was offset by incremental revenue from acquisitions. The slight decline in freight volumes that we experienced in Eastern Canada was essentially offset by steady, predictable freight volumes in Western Canada. OIBDA was down \$1.9 million to \$29.9 million, and operating margin decreased by 1% to 15.7%, primarily due to those one-time integration costs experienced at B&R. Excluding the financial results of B&R, our LTL segment would have generated operating margins of 18% in the fourth quarter of 2023.

Our second largest segment is our L&W segment. Revenues in the L&W segment were \$140.8 million, down 8.5%, due to the lower freight volumes and competitive pricing, lower fuel surcharge revenue, and from the sale of our hydrovac business in 2022. OIBDA was a respectable \$29.1 million, or 20.7% of segment revenue, which was almost a full percentage point higher than last year. Operating margins improved as our business units adapted to

current market conditions, resulting in lower direct operating expenses as a percentage of revenue.

Moving now over to our S&I segment, revenues were up by \$14.5 million to \$122.5 million on \$14.4 million of incremental revenue from acquisitions. We did experience some revenue declines associated with lower fuel surcharge, from the sale of our hydrovac business and from lower demand for pipeline hauling and stringing services. However, these declines were more than offset by greater activity levels for drilling related services, while Smook and Canadian Dewatering also experienced greater demand.

OIBDA increased by \$5.5 million to \$24.6 million with acquisitions adding \$3.4 million of incremental OIBDA, while improved pricing for the drilling related services and the transportation of fluids and servicing of wells also contributed to the increase. Operating margins improved to 20.1% on lower direct operating expenses as rate increases and greater activity levels resulted in more efficient operations.

In our non-asset based U.S. 3PL segment, revenues declined by 9.3% to \$47.7 million due to both lower freight demand and pricing in the U.S. for full truckload shipments. OIBDA declined to \$400,000 and margins came in at just under 1% due to higher S&A expenses as a percentage of segment revenue. Operating margin on a net revenue basis was 9.8% compared to 19.6% in 2022.

From a net income perspective, it decreased by \$32.1 million to \$29.4 million or \$0.33 per common share. This decrease was almost entirely due to a \$29.3 million negative variance in the gain on sale of property, plant and equipment, which mainly resulted from a significant gain on sale of non-core real estate in the fourth quarter of last year. The weighted average number of common shares outstanding decreased by 4.8% to 88.4 million shares in the quarter as we continued to repurchase and cancel shares under our NCIB program.

We continue to maintain a well-structured balance sheet with a book value of over \$2 billion in total assets with our largest asset class being real estate, which helps us avoid some of those inflationary pressures associated with lease renewals. Our debt to operating cash flow covenant under our private debt agreement is down to 1.83 to 1, meaning we could theoretically add \$200 million of debt to our balance sheet and still be a full turn away from our covenant threshold.

We consistently generate free cash, so adding new debt to our balance sheet would be to grow our business in verticals of the economy with strong underlying fundamentals via acquisitions that meet our precision-based strategy of being the right fit, the right price, and creating synergies for our existing business units.

We now have a total of \$375 million of bank credit facilities, of which \$73 million was drawn at year-end, providing us with over \$300 million of borrowing availability or liquidity. In October of 2024, we have \$217 million of private debt notes coming due that we fully expect to be able to replace with new private debt notes this year.

With that, Murray, I will pass the conference call back to you.

Murray K. Mullen:

Thanks, Carson.

Once again, just as I turn to the outlook of what we think is going to happen in '24, we provided previous guidance on December 11, 2023 as part of laying out our business plan for '24, and really this has not changed. But let's very quickly just review the highlights of what we articulated in December.

The first is our analysis of the macro-environment. From our perspective, it appears that the North American economy continues to be okay. It is definitely range-bound. The job market is still strong. Consumers are still spending, but they are buying fewer and fewer items, and that in itself is not good for freight demand.

Basically, the average consumer is really hurt hard by inflation, rising interest rates and taxes. They have the same income, but the earned dollar just doesn't go as far today. This is why inflation hurts the freight industry so much. The only way I see to get more money into the individual's hands is either the government sends the money from the government money tree, or inflationary pressures and interest rates must come down, giving them more disposable income to buy the things they need and want.

Now, furthermore, we believe that the high interest rates are not—what they're doing is the discouraging significant capital investment. These high interest rates are biting hard. Given what we know today, I conclude that the overall consumption of freight demand will probably remain at or current levels for a while.

Now, let me turn to the supply side. There is too much capacity, the competition is fierce and margins are suffering. We hear this every day. We see it in all of our inboxes with acquisition opportunities. Many carriers are suffering with low to no profits and very high debt levels. This also suggests to me that something must give, and I expect more business failures in 2024.

But - and here is where having a well-structured balance sheet plays an important role - today's failures along with industry consolidation will lead to tomorrow's price discipline. Not only can our business outlast the competition, we're going to use this opportunity to grow. We will most likely acquire more companies in 2024 like the acquisition we announced on Container World. We love tuck-in acquisitions, because they bring lots of synergies into play. To us, that's the true way to create shareholder value. LTL remains our preferred choice, because of the nature of the business, and where only those with critical mass and lane density will be successful.

In summary, we still expect to meet our 2024 business plan. The Less-Than-Truckload segment is one of the most stable and predictable parts of our business model. This means that '24 should be pretty close to last year's performance, and we can beat the 2023 results with tuck-in acquisitions.

In the Logistics and Warehousing segment is where we see the continuation of soft volumes in competitive markets. We just don't see any real growth except say from acquisitions like Container World. In other words, we know we're going to be able to grow our revenue base in 2024 and we are going to position ourselves to improve margins once the market stabilizes. We'll use this market to streamline operations and focus on gaining market share for tomorrow.

Now, in the Specialized and Industrial Services segment, we should exceed 2023 because we will have a full year results from the B&R Eckel's acquisition. That's the only business unit we really see some drag is from our premade pipeline group. As Carson mentioned, that's because the major pipeline projects have either wound down or will be completed very, very shortly. Until new pipeline projects are sanctioned, and if they are sanctioned, I'm pretty sure they'll only be for LNG exports, we will simply reduce expenses and wait patiently. Now, offsetting lower pipeline activity in '24 will be increased natural gas drilling in Northeast BC, we believe. Once again, the benefits of having a diversified business model.

In the U.S. 3PL, and let's call that i.e., HAUListic, because it's our only business unit at the moment. We believe they can grow in '24 as compared to '23. HAUListic has a great technology platform, SilverExpress, which we provide to independent station owners who happen to have good customer relationships. We prefer this to the employee corporate sales model because it is both very scalable and it does not increase our fixed costs.

Besides, as I said to the senior team in HAUListic, with all of those layoffs occurring in the 3PL space, there's going to be a lot of free agents available in the market, each that brings a customer rolodex with them. There is opportunity out there, but one must be creative. Our HAUListic team will be.

This concludes our presentation today, and I'll turn the call over to the conference Operator and we'll go right to the Q&A session. Thank you.

Operator:

We will now begin the question-and-answer session. To join the question queue, you may press star, then one on your telephone keypad. You will hear a tone acknowledging your request. If you're using a speakerphone, please pick up your handset before pressing any keys. To withdraw your question, please press star, then two. We'll pause for a moment as callers join the queue.

The first question comes from Cameron Doerksen of National Bank Financial. Please go ahead.

Cameron Doerksen:

Yes, thanks very much. Good morning. Just a question around some of the comments in the press release, just around the inventory restock. It does sound like you're more optimistic for 2024 that the de-stocking of inventories in the industry is done, and we could get a bit of a rebound in 2024. Just wondering if you're seeing anything specifically that gives you that confidence. Obviously, you operate some warehouses. I'm just wondering what you're seeing there and maybe what your customers are telling you as far as what they're seeing as far as potential restocking of inventory.

Murray K. Mullen:

I think, Cameron, that's a really good question. It's one that everybody struggles with. I would say to you, we are not seeing any further declines in the inventory rebalancing cycle. I think our customers, the shippers, the manufacturers have basically got inventory levels to where they're at now. They got them right size. They went through. Now, you've got to have inventory that the customer wants for tomorrow. They're going to have to bring in new inventory so that is available when the customer wants to buy. I would think most of the stuff they bought in '22, that's already off the shelves or been disposed of or something like that.

But, I think we're basically over that cycle. That doesn't necessarily mean that there are going to be a re-inventory rebuilding. I just said they're going to have to bring in inventory just in time to meet what the customers want. We're back into an inventory cycle that's more traditional, in my view. Inventories will go up if our customers start thinking that our customers or their customers are going to be buying more product. But until then, I think it's more just in time, in and out. It's in balance. That's what I think now.

Cameron Doerksen:

Okay. That's helpful. Maybe just a quick modeling question. You obviously have this debt that's up for refinancing in October, sounds like you've got good opportunities there to refinance. I'm just wondering any early thoughts on rates. Obviously, industry rates may come down later this year. But any initial thoughts on what kind of rate you might expect there?

Murray K. Mullen:

Well, we debate that all the time, Cameron. Our number one strategy is and has been for—Rich, when did we get our first private debt?

Richard Maloney:

Two thousand and six.

Murray K. Mullen:

In 2006. Our strategy always has been to replace the long-term bonds that we have as they mature, and we're doing what—taking all the necessary steps to replace that, because really that long-term money is really the mortgage on our really good asset, which is our buildings. We think we'll be able to replace those.

What's the interest rate? I don't know for sure. The 10-year keeps bouncing around. In a 6-week period bounced by 1%. We'll pick our timing, Cameron, so when we think we can get the best rate for the next number of years, and then we'll place some long-term bonds again, and then we'll use all of our bank lines, Carson, for growth. We've got lots of bank lines, do we not?

Carson Urlacher:

We have lots of bank lines.

Murray K. Mullen:

We got lots of bank lines that we can grow the business. Yes, I think we're on a good path there, and we'll pick our timing. Obviously, we don't have to pay them off until October. We're just waiting to see where the interest rates, when we can get the interest rate that we think is favourable for our investors for the next 10 years.

Cameron Doerksen:

Okay, great. That makes a lot of sense. All right. Thanks very much.

Murray K. Mullen:

Thank you, Cam. Take care.

Operator:

Once again, if you have a question, please press star, then one.

The next question comes from Kevin Chiang of CIBC. Please go ahead.

Kevin Chiang:

Hey, good morning, everybody. Thanks for taking my question. Maybe just on your HAUListic segment, obviously, it's a small contributor to earnings. Strategically, how are you thinking of this business over the next just in 2024 or maybe even longer out? It seems like there's a little bit of transition happening in the U.S. 3PL market. I'm sure you heard UPS is contemplating, what to do with Coyote. Just wondering if those are opportunities for you to grow market share organically. Does that create M&A opportunities for you as others look to exit this business? Just wondering your thoughts overall.

Murray K. Mullen:

Yes, I think, Kevin, once again that's a really good insightful question when you're hearing about, well, what's going on with all the 3PLs now? Well, in my view, Kev, I think that 3PLs are under a lot of pressure. That traditional 3PL broker model's under pressure, particularly with new technology tools coming in like AI. I think that's really going to displace the 3PL. I think that's going to put it back on to the customer and in the customer's hands and the content hand, which is the carrier.

I think the traditional 3PLs have got themselves in a bit of a box here right now. Because I think technology is going to be able to connect the content with the shipper. You don't need to have a broker that does that anymore. That will be the technology of which we are building out very, very quickly with our HAUListic team, is that it's all about the technology.

The people that are out there. The other thing that I would say is, if customers still want to do business with people, I think they're going to want to do business with—there's going to be a lot of free agents out there, entrepreneurs, as they get laid off or those people are making money for those big logistics companies. Our value proposition to them is, well, why don't you make the money rather than make it for the Company. Why don't you become a station agent owner? You make the money. Be your own independent contractor, and we'll provide you with the platform. We'll provide you with the technology, the platform, and the infrastructure.

We think that's the business model that we're going to go after. I'm delighted we've got HAUListic, because I think that's going to be our entry into that business to get a much, much bigger footprint. I'm not interested in another 3PL. You just got people up. We're going to get station owners. I'm a huge believer in the entrepreneurial spirit in this country, in North America, particularly in the U.S. We're going to use an Uber-style business model, and they're going to have the customer, and we're going to have the technology. Yes, that's our vision.

Kevin Chiang:

Yes, that makes a ton of sense.

Murray K. Mullen:

Our only CapEx, the only thing we're going to be investing in is really technology. Because if we go to the U.S., if Mullen goes to—you're going to have to—the content is already there. There's already lots of content. I think the middleware, the technology is where you're going to bring the value add today, and we're just going to connect entrepreneur with entrepreneur. That's what we're going to do.

Kevin Chiang:

Right. That makes a ton of sense. Obviously, it sounds like that's a pretty good return on invested capital strategy there. Maybe just turning to the LTL segment. Despite pretty challenging freight recession, your overall revenue held in pretty well. If my math is correct, organically, you're down a couple of points here. I'm just wondering, when you look at that organic growth slippage, is a way to think of how much of that was price, which feels like it held in pretty well versus volume and within volume, maybe how much of that was just shipments versus weight?

Then when you think of 2024, what are the opportunities? I know you're conservative in your outlook for LTL. But as you look to grow this business through the next part of this upcycle, what's the lowest hanging fruit? Is it capturing more price? Is it improving density through more shipments? Is it grabbing more weight, succeed at pricing better on a 100 weight basis? Just wondering how that played out in 2023 and what you see in '24.

Murray K. Mullen:

Yes, so you follow the industry, Kevin, and we're all—all of us that are in this business and quote, the LTL, Less-Than-Truckload space, we all know, is that you're going to have to make it up with density, lane density and productivity improvements and those kind of things. It's tough to get pricing leverage today. But I'll be honest with you, I really think the biggest opportunity is we're going to gain market share through tuck-in acquisitions.

Now, tuck-in acquisitions can set you back. Let's look at the B&R group as an example, Carson, last year. Carson's got some data that will help you on the LTL sector, what we were down on shipment count, what we were down on fuel surcharge, blah, blah, blah. But when we bought the B&R group, we knew that they were not operating their LTL part of their business efficiently. We knew that when we did our due diligence, but that was where we said, okay, we'll fix it.

Now, you can fix that by either taking that and putting in technology and building the infrastructure, or we took that business and we restructured it, we took all the costs in the fourth quarter, basically, and we put that business in with our two other business units that have technology, have the infrastructure. We'll get the margin improvement this year, Kev, that we lost in the fourth quarter. What did we do, like 2% down? It cost us at least 1% last year, right?

Carson Urlacher:

Yes, we were almost \$3 million in integration costs.

Murray K. Mullen:

Yes, so those costs go away this year, and I think we'll get some efficiency gains. When you go and take these smaller carriers that do not invest in the technology, they're just hardworking people that make it work, but you've got to have the technology today. We have it in our best-in-class business units, but it takes you a year to integrate them in. It doesn't take three years, but it does take a year. You can't go in like a bull in a China shop and just you'll scare away too many people and customers. It'll take a year, but we'll get it resolved this year. We see more and more of those opportunities coming in where they just—the pressure in the market from competitiveness and not having the right technology is immense.

We're going to be well situated to continue to add lane density. That's where you make your money up in LTL. I don't care if it's Amazon, UPS, FedEx, or all of our competitors. If you look at

them, they match lane density and that's how they get most of their productivity improvement, and we'll be doing the same thing in terms of us. Maybe that'll help you with what we see.

Kevin Chiang:

No, that helps.

Murray K. Mullen:

I think the market's okay, Kev. I don't see the economy growing, I don't see LTL shipments going up. I don't see a lot of pricing leverage, but I still see opportunity, which is basically picking up market shares, either through people not making it because it's just too tough out there or through tuck-in acquisitions.

But Carson, just in terms of '23, our same-store sales of our businesses, let's just give some highlights on that for Kevin, what we did on the LTL side.

Carson Urlacher:

Yes, Kevin, I'd say the big thing that's a phenomenon, particularly for the LTL segment, is fuel surcharge. If you look at fuel surcharge in 2023, just in the LTL segment alone, we were down \$22.5 million in fuel surcharge, which—it was quite a headwind in '23 versus '22. I don't know if that continues on into '24, but it doesn't appear that we would see that same headwind going forward into 2024. Fuel surcharge plays a big component into that segment just because of the nature of it. I would say that had a lot to do with the results in the fourth quarter and in 2023, which I don't see as a big of a headwind going into 2024.

Kevin Chiang:

That's super helpful, Carson, and I appreciate the color. Thanks a lot, everybody.

Murray K. Mullen:

I think if we backed out, Kev—all-in-all, I think if we backed out the B&R increased business—acquisition, that revenue, and you take a look at the overall market, I think we actually improved margin on same-store sales on the businesses that we had, Carson, by a little bit.

Carson Urlacher:

Yes, we would have—instead of coming in at 15.7%, we would have been at 18% in the LTL segment in the fourth quarter. You back out those (multiple speakers) costs.

Murray K. Mullen:

What you saw in '23 on that deterioration in LTL, that was a one-time event and we knew what we were doing, because I wanted to get it in. It'll either buffet some of the headwinds we got in LTL or we're going to improve our numbers in 2024. But we'll be back at—I think we'll be back to where we were in 2022 in terms of margin, yes.

Kevin Chiang:

Yes. That's very helpful color. Thank you very much and best of luck as you get through '24 here and you close on the Container World deal. Thank you.

Murray K. Mullen:

Thank you.

Carson Urlacher:

Thank you.

Operator:

The next question comes from David Ocampo of Cormark Securities. Please go ahead.

David Ocampo:

Thanks. Murray, one of your competitors in Canada just talked about a tougher competitive environment just given Driver Inc. If I take a look at your businesses, and you called it out with LTL, but even L&W, just backing out those one-time calls, you did see some margin improvement. Just curious if you can comment on Driver Inc. and how that's negatively impacting your business.

Murray K. Mullen:

Yes. The Driver Inc. model has been around for quite some time, and some carriers have been—some of our competition in that business has been a bit loosey with some of the rules. They have a distinct competitive advantage when you use the Driver Inc. model, because you don't pay the people that are doing the work - benefits, for example - and you don't pay them what we'd call a fair-going rate that larger carriers and the rest of us have to comply with.

But in saying that, I think it's a CRA issue, is that if a Driver Inc. model is similar to an Uber-style model, a Lyft kind of model, they're an independent driver. I don't like it, but it is what it is. But that may explain, David, why we do not have a big footprint in the full truckload business because if our competition, of which a lot of it is in the full truckload business, boy, I'll tell you what, they're tough competitors because they have a lower cost structure. They don't have better technology. They don't buy equipment cheaper. They don't buy fuel cheaper. They have one competitive advantage. They do not pay their people the same as larger carriers. That's why we didn't get into and do a lot of acquisitions in the full truckload business. We're not really hurt as much as some other carriers on that side.

David Ocampo:

Got it. That makes perfect sense.

Murray K. Mullen:

It's a real issue for anybody that's in the full truckload business, I can tell you. If you employ that business model, that gives you a very, very, very big cost advantage for sure. Carriers, you're going to either have—either CRA lets everybody do it or you've got to—or they're going to have to address that situation to make the playing field even. Right now, the playing field is not even. But it doesn't really impact Mullen Group that much because we're not big in the full truckload business and I've stayed away from it for that very reason. That may explain it.

David Ocampo:

Got you. That makes perfect sense there. Then just shifting gears here, you guys called out potentially making more acquisitions in the S&I segment just given your market outlook section in the MD&A. Curious where you guys are seeing the most opportunity there, and how do the multiples in that space compare to your preferred acquisition area, which is LTL?

Murray K. Mullen:

Well, there's opportunity everywhere, right?

Carson Urlacher:

Yes.

Murray K. Mullen:

Yes. I think it's across the board, David. When I say to you I think there's companies that are stretched, because of high interest rate, I think that's right across the board. Anybody that did acquisitions in 2022, David, you paid too much. Fact. Anybody that took on debt when interest rates are very low, your mortgage is coming due and the mortgage rates are a lot higher today than they were back then. That is really squeezing people in this market and it's across the board. We did not do deals in '22, because truthfully I just didn't think that it was sustainable.

Number two is, David, we did not add any debt in our Company since we did our last bond deal in 2014. All we did during that time is we did one convertible debenture, that's all we did. We've stayed away from taking on a whole bunch of debt, but our peers didn't and it's across the board. We're getting opportunities come in, virtually—our inbox is inundated with them. What we have to do is filter through that and, say, well, where do we want to strategically think we can get the best synergies and the best opportunities for the future. LTL is clearly one of them, David.

Then, we did Container World. I think booze, liquor, wine will be hauled for quite a while, way past Murray's career. I think it'll still be there, and all we'll do is—once we get that, we've got a really good footprint once the Competition Bureau gives their blessing on it. We don't think that'll be an issue, but you've got to get their blessing. But once we get it, then we'll go in and we'll work with, for example, Container World. We know the business is there. We'll just work on improving processes and reducing costs and driving efficiencies, and I really see new technology in AI really helping that business drive efficiency over the long-term.

We're going to look for unique opportunities where we get a really nice footprint like Container World. That's a good strategic move, and then lots of tuck-ins that help our existing 40 business units. That'll help all of them. Because we already got great management teams in place. We already got facilities. We just want more throughput and the market's not giving that throughput right now. The acquisition market is giving that opportunity, but not the economy itself.

David Ocampo:

Murray, I'm curious just how you're balancing the acquisitions against buying back more stocks since you guys are trading under 6 times EBITDA. I'm not sure if the acquisition markets are favourable and we can acquire stuff in the 4 or 5 times range?

Murray K. Mullen:

I think from a Board perspective we talk about that, and the Board will give the senior executives the wink-wink of what to do on share buyback. But, we're going to be still buying back shares. Joanna, I think we're going to renew our NCIB here again. We just know what the long-term opportunities are for this Company. We're situated as well or better than everybody. There's only a couple of us in Canada that can really do acquisitions right now, David. One is in Montreal and one is out in Alberta. There are not many others that can really do them. We get to look at a lot of things and make the right choices that'll help each of our respective business units and get critical mass. I feel pretty good about it. If investors don't want to own our stock then we'll buy back because we like the long-term fundamentals of our Company.

David Ocampo:

Got it. That's it for me. I'll hop back in the queue.

Operator:

This concludes the question-and-answer session. I would like to turn the conference back over to Mr. Mullen for any closing remarks.

Murray K. Mullen:

Thanks, folks, for joining us. It's already mid-February. We're already mid through the quarter already. We'll be looking forward to giving you a further update in April, which is only—not that long away. Spring is around the corner. We've got lots of work to do. We're delighted to have '23—that's it for '23. I'm not going to talk about it again.

Enjoy, folks, and we'll talk to everybody in April. Thank you very much.

Operator:

This concludes today's conference call. You may disconnect your lines. Thank you for participating and have a pleasant day.