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TCK.B.TO - Q4 2015 Teck Resources Ltd Earnings Call

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OVERVIEW:

Co. reported full-year 2015 revenue of CAD8.3b and bottom-line loss attributable to shareholders of CAD2.5b. 4Q15 revenues were CAD2.1b and bottom-line loss attributable to shareholders was CAD459m.

CORPORATE PARTICIPANTS

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PRESENTATION

Operator

(Operator Instructions)

Ladies and gentlemen, thank you for standing by. Welcome to Teck Resources Q4 earnings call.

(Operator Instructions)

This conference call is being recorded on Thursday, February 11th, 2016. I would now like to turn the conference call over to Greg Waller, Vice President Investor Relations and Strategic Analysis. Please go ahead.

Greg Waller - ***Teck Resources Ltd - VP of IR & Strategic Analysis***

Thanks very much, operator. And good morning everyone. And thanks for joining us this morning for Teck's fourth quarter and full year 2015 results conference call. Before we start I'd like to draw your attention to the forward-looking information on slide 2. This presentation does contain forward-looking statements regarding our business. However, risks and uncertainties may cause actual results to vary. Teck does not assume the obligation to update any forward-looking statement. I'd also like to remind you when we go to the Q&A session that we do have a number of members of our management team dialing in, so we may pause while we sort out who will be taking your question. And at this point I'd like to turn the call over to Don Lindsay, our President and CEO.

Don Lindsay - ***Teck Resources Ltd - President & CEO***

Thanks, Greg and good morning everyone. I'm going to start with an overview of our annual results, followed by our fourth quarter results and then Ron Millos, our CFO will provide additional color from a financial perspective. As usual, we'll conclude with a Q&A session where Ron, and myself and additional members of our senior team will be happy to answer any questions.

So, the commodities cycle continues to provide a very challenging environment. Prices have declined further, to levels that in some cases, are well below what we saw during the global financial crisis in 2008 and 2009. Of course, this is a cyclical business and down cycles are expected, but this cycle is exceptional in terms of both length and depth. We cannot not control prices, but we do have a plan to navigate an extended low-price environment and emerge even stronger, ready to take advantage of next upcycle. First, we're focused on our operational execution. I think we continue to deliver on that. In 2015 we met or we beat our guidance for full year production for costs and for capital expenditures. We've achieved significant sustainable operating cost reductions through our CRP, our cost reduction program, and that has also been helped by lower oil prices. At the mine level, we've reduced our cash unit costs at all operations year-over-year. And importantly, all of our major operating mines are cash flow positive after sustaining CapEx in Q4 and in 2015. Although Quebrada Blanca is nearing the end of its life and it was not cash positive due to declining grades. And Pend Oreille was ramping up production through 2015 following the restart, but had very good start to the year this year. At the same time, construction on the Fort Hills project continues to progress well and is now past the halfway point. The project is hitting all its major milestones and commissioning is due to begin in the middle of next year, just 17 months away. We're very, very pleased with how that's going.

Overall, we're in a solid financial position to weather an extended low price environment, and we're focused on protecting that position. We exceeded our guidance for year-end cash balance at $1.9 billion. And as of yesterday, we had around $1.8 billion in cash, which exceeds the approximately $1.2 billion that's remaining on our share of the Fort Hills project. Our liquidity remains very strong, at over $6 billion between our current cash balance, and the undrawn $3 billion US committed line of credit. We're also evaluating other opportunities to further enhance our liquidity. And we have a number of options. We're aware of them. And we're carefully evaluating each of them to put ourselves in a position to act in the event that we feel we need to. The two precious metal streaming transactions that we executed in the last half of 2015 generated around $1 billion in cash. And these are good examples of assets on our books with unrecognized value and we have potential to do more on that front to navigate an extended period of low prices.

Finally, we are not compromising on our core values of safety and sustainability. We were recently honored to be recognized once again for sustainability by being included in the Global 100 Most Sustainable Corporations list for the fourth consecutive year, which was announced at the World Economic Forum in Switzerland. We were the top ranked company in the metals and mining category, and the second ranked Canadian company on this year's Global 100 List.

Looking at the overview of full year results on slide 4. Revenue was down 4% to $8.3 billion, primarily due to lower prices for steelmaking coal and copper. However, revenue and gross profit before depreciation and amortization in our zinc business unit were both slightly higher than last year despite an 11% decline in the price of zinc. Overall, gross profit before depreciation and amortization was down 8% to $2.6 billion.

Bottom line loss attributable to shareholders was $2.5 billion for the full year. This reflects non-cash asset impairment charges totaling $2.7 billion after tax, which were driven by changing market expectations for commodity prices in the future. The majority of charges, $2.2 billion, had been taken earlier in the third quarter. This quarter, we have also recorded additional $536 million in impairments related to Fort Hills, Carmen de Andacollo and our decision to not continue mining at Coal Mountain post 2017. After removing impairment charges and other unusual items, adjusted profit attributable to shareholders was $188 million or $0.33 per share.

Turning to slide 5. We reported our achievements against our original 2015 guidance. And as I managed earlier, we had solid delivery against guidance. And we also set a number of significant operating records.

In steelmaking coal, you may recall that we implemented temporary shutdowns in our production in the third quarter and lowered our production guidance as a result.

Our continued focus on cost reduction contributed to us coming in below site cost guidance at $45 per tonne. We also came in below the coal transportation cost guidance range at $36 per tonne. Overall, including inventory adjustments, combined coal costs were $83 per tonne or around US$64.

In copper, we came in near the top end of our production guidance at 358,000 tonnes. Antamina set a new record for annual mill throughput. We also came in below our cash unit guidance range at US$1.45 per pound, even with the much weaker by-product credits than we expected.

In zinc we met guidance for concentrate production and we exceeded guidance for refined production at Trail, which set new records for annual production of both refined zinc as well as for silver.

We also lowered our capital expenditures relative to guidance. So overall, we believe it was a solid operational result.

Slide 6 shows the significant unit cost reductions we've achieved in 2015. Unit costs were reduced at all of our operations, compared with the prior year.

On a US dollar basis, our steelmaking coal unit cost of sales which includes site costs, inventory adjustments, and transportation costs were down by US$20 per tonne,. That's what we report according to IFRS, but we view capitalized stripping as an extension of operating costs, despite the requirement to capitalize it. Including capitalized stripping, our total cash costs were down by US$23 dollars per tonne. In copper, we reduced our C1 unit cost net byproduct margins by US$0.20 per pound. But if you included capitalized stripping, total cash costs were down by US$0.27 per pound.

I'd like to encourage the rest of the industry to be as transparent on these costs as well. As this has become an important part of cash costs that we believe many investors are missing when they look at the industry cost structure.

These reductions reflect the impact of our cost reduction program as well as a weaker Canadian dollar and lower oil prices.

Turning to our free cash flow on slide 7. This shows free cash flow for our core business before our investment in Fort Hills each quarter of the past two years.

I'd like you to think about the Company as having two distinct cash flow profiles. Part of the Company is a fully funded development project, Fort Hills, which is using the cash on our balance sheet. As I mentioned earlier, our current cash balance more than covers our remaining investment in the project.

Our core business, excluding Fort Hills, has been delivering improved free cash flow through the first half of last year, despite being in a constantly weakening price environment. That shows the success of our cost management program.

Subsequently, prices took another significant turn down in Q3, resulting in us being free cash flow negative in that quarter. And we responded. We responded in November with an announcement of further operating and capital cost management for 2016, and apparently saw some of the impact for that in Q4. Canadian dollar continued to weaken in Q4 as well, which offset some of the commodity price weakness.

That’s our challenge for the coming year at these price levels; to maintain the core business at least free cash flow neutral or positive, at these metal prices, while we complete the funding at Fort Hills.

So again on one hand, a fully funded development project and on the other hand, a current business well-positioned to weather the current cycle.

Looking at slide 8 and the value of our diversified business model, the diversity in our operations allows Teck to mitigate downturns in one part of our business with stronger performance in other areas.

Our commodity mix shifts with changes in relative commodity prices. The portion of cash operating profit from steelmaking coal has been declining. It was down to under one third in 2015. And around 70% came from base metals, split equally between copper and zinc.

I'd also like to highlight our estimated sensitivities to changes in commodity prices and exchange rates in 2016. The Canadian to US dollar exchange rate has continued to of move significantly in our favor. Our estimated sensitivity now to every $0.01 change in the Canadian dollar versus the US dollar is around $34 million of EBITDA, which provides significant mitigation to the current lower metal prices. This is lower than what we guided last year due to the sensitivity being calculated now on lower commodity prices.

In steelmaking coal, our estimated EBITDA sensitivity for each US$1 per tonne change in the coal price is $35 million. In copper and zinc are estimated sensitivity for each US$0.01 per pound change in the metal price is $9 million and $14 million respectively.

Looking at an overview of Q4 results on slide 9. Revenue declined 5% to $2.1 billion. Primarily due to lower prices for all of our principal products.

Overall, gross profit before depreciation and amortization was $614 million, and bottom line loss attributable to shareholders was $459 million. After removing the $536 million in impairment charges and other unusual items, adjusted profit attributable to shareholders was $16 million or $0.03 per share.

I'll now review our quarterly results by business unit, starting with steelmaking coal on slide 10.

Coal sales were in line with the target we gave last quarter at 6.5 million tonnes. However, ongoing over supplied market conditions continue to impact coal prices. And on a Canadian dollar basis, our average realized price was down $15 per tonne to $108. Revenue was down 15% to $701 million.

Our cost reduction efforts are continuing to produce significant results in steelmaking coal. In Canadian dollar terms we lowered site costs by $7 per tonne and transportation costs are down $4 a tonne. On a combined basis including inventory adjustments, unit cost of sales is down $13 to $78 per tonne.

Gross profit before depreciation and amortization declined by $37 million to $197 million.

Looking forward, coal prices for the first quarter of 2016 have been agreed with the majority of our customers based on $81 per tonne for the highest quality products. We expect sales of approximately 5.5 million tonnes in Q1.

Turning to our base metals businesses, starting with copper on slide 11. Compared with Q4 last year, revenue was down due to lower realized prices, even though sales volumes were up.

Production was 13,000 tonnes higher than in Q4 2014, with higher grades and recoveries at Highland Valley and record mill throughput and higher grades in Antamina. This was partially offset by lower production at QB due to ore availability issues following the ground movement incident near the SX-EW plant in June.

Our cost reduction efforts have also produced significant results in copper. C1 unit costs net of by-product credits were down US$0.32 to US$1.37. Overall, gross profit before depreciation and amortization declined by $71 million to $203 million.

Looking at our zinc business unit on slide 12. As always, please note that Antamina zinc related results are reported in our copper business unit as zinc is considered to be a by-product.

In zinc, revenues were up 5% in the quarter on higher zinc and lead concentrate sales, despite the lower prices. Refined zinc sales were also higher reflecting the good operating performance at Trail.

Mill output at Red Dog was 15% lower than in Q4 2014, primarily due to an extended annual mill maintenance shutdown. Pend Oreille reached 88% of design capacity of 2,000 tonnes per day and is expected to produce 40,000 tonnes of zinc in 2016.

Trail's production of refined metal met our quarterly production record and was 8% higher than the prior year's quarter.

Overall, gross profit before depreciation and amortization was down 14%. To $213 million due to the lower average zinc price.

Turning to an update on Fort Hills on slide 13. We are now of halfway through construction, and the project remains on schedule and on budget. Favorable weather has allowed for additional site work to be accomplished in Q4, which is a bit ahead of expectations. Currently, our share of the remaining CapEx is $1.2 billion. We look forward to the completion of the project in the second half of 2017, and the additional earnings of cash flow that we expect it to generate.

With that, I'll turn it over to Ron Millos.

Ron Millos *- Teck Resources Ltd - CFO*

Thanks, Don. Our fourth quarter pricing adjustments are summarized on slide 14. Lower prices resulted in $63 million of negative pricing adjustments in the fourth quarter. Copper was down US$0.17 per pound from the end of Q3 2015, and zinc was down US$0.03 per pound. These adjustments are included in our income statement under other operating income and expense.

The chart on the right represents a simplified relationship between the change in copper and zinc prices and the reported settlement adjustments, and usually provides a good estimate of our pricing adjustments each quarter. Fourth quarter settlement adjustments were well within the normal range.

And as a reminder, refining and treatment charges and the Canadian US Dollar exchange rate should be considered in your analysis of the impact of price changes. And you should also consider taxes and royalties when analyzing the impact on our profits.

Looking at a summary of our 2016 guidance on slide 15. In steelmaking coal our production guidance is 25 million to 26 million tonnes which is flat to 2015 levels. Production in the first half of the year is expected to be slightly lower than in the second half due to the timing of plant maintenance work. Our site cost guidance is between $45 and $49 per tonne. And it is important to look at expense site costs in combination with the capitalized stripping cost as normal variability in strip ratios has an impact on how they are split. Overall, we expect to reduce total mining costs in 2016, but with a higher proportion related to current production and less to capitalized stripping. And our capitalized stripping guidance for coal works out to around $11 per tonne, down $5 per tonne from 2015.

Our transportation cost guidance is between $35 and $37 per tonne. And on a combined basis, including capitalized stripping that's total cash costs of between $91 and $97 per tonne, which is equivalent to US$65 to US$69 per tonne using exchange rate of 1.40. That represents a further reduction from the US$76 per tonne that we incurred in 2015.

In copper, our production guidance is for 305,000 to 320,000 tonnes. Lower production is expected in the second half of the year, due mainly to lower grades at Highland Valley. And we expect our consolidated C1 unit cost net of by-products to be between US$1.50 and US$1.60 per pound.

In zinc, our production guidance for zinc in concentrate is 630,000 to 665,000 tonnes. And that includes production from Red Dog, Pend Oreille and our share of production from Antamina. Our guidance from refined zinc production at Trail is 290,000 to 300,000 tonnes.

Please note that at the mine level, we have also provided commentary on expected production levels for the next three years, .being 2017 to 2019, in our news release for the first time.

Looking at the details of our planned capital spending for 2016 shown on slide 16. Excluding capitalized stripping our guidance for capital expenditures is $1.44 billion which is about $140 million less than 2015.

The only major new mine development project being funded is Fort Hills, where we expect our share of spending to be about $950 million. We then look forward to completing the project in 2017.

We expect to further decrease sustaining capital spending to $305 million and major enhancements to $55 million. As an extension of our operating cost, capitalized stripping costs will be reduced this year as well, by $120 million, down to $540 million.

Total CapEx including capitalized stripping, is expected to be almost $2 billion which is a $260 million decline from 2015. And incorporates significant cuts from what we had previously expected to spend this year.

As always the amount and timing of our actual capital expenditures is dependent on numerous factors, including our ability to secure permits, equipment, labor and supplies and to do so at cost levels expected. And of course, we may change our plans depending on commodity markets, results of feasibilities or various other factors.

Turning to our debt profile on slide 17. With the repayment of the US$300 million note that was due in October of 2015, we have no debt due until 2017. And further out, our average maturities are a little bit less than US$600 million per year. We are well below our 50% debt to debt plus equity covenant at 37% as of December 31st. Our net debt to net debt plus equity ratio was 32% at the end of 2015.

On slide 18, I've summarized changes in cash for the quarter. We received $831 million in proceeds from the sale of investments and other assets, most of which was from the Antamina Silver Stream Agreement with Franco, Nevada. Cash flow from operations and working capital was $687 million. In addition, our cash increased by $79 million in Canadian dollar equivalent due to the strengthening of the US dollar.

On the outflow side we spent $532 million on capital projects, including about $300 million on Fort Hills. We also paid $446 million in interest and principal on our debt. Including the US$300 million note maturing in October. Capitalized stripping costs were $176 million, and we paid $29 million in dividends.

After these items, expenditures on financial investments and other assets and distributions to our non-controlling interests we ended the quarter with cash and short-term investments of about $1.9 billion.

Moving on to the next slide, you may recall that we provided guidance last year for an expected cash balance at the end of 2015 in excess of $1 billion. So, we thought it would be helpful to explain why we ended the year with nearly $1.9 billion.

Starting off, we faced the headwinds from the lower commodity prices offset by the favorable US dollar exchange rate, relative to our forecast at the start of the year. And that amounted to about $259 million using our sensitivity guidance. We also repaid the US$300 million in notes from October. You will recall that we provided guidance assuming no net change in debt, and we decided to pay that off with cash balance to save the interest expense.

These items were more than offset by management actions to conserve cash. Our cost management program contributed a little over $200 million. And we cut our can capital spending by $100 million. Reductions in the dividend conserved another $144 million, and we sold some assets that generated $1.1 billion in cash, mainly from the two precious metal streaming transactions.

And based on current commodity prices and exchange rates, we expect to end 2016 with a cash balance of at least $500 million. That assumes we meet our 2016 guidance for production costs and capital spending. And it also assumes we maintain our existing US debt levels, and have no unusual transactions during the year.

On slide 20 we provided an update on our credit facilities and letters of credit. We maintain two primary revolving credit facilities which are available for general corporate purposes. Our US$3 billion facility that matures in July 2020 remains undrawn. And our US$1.2 billion facility that matures in June 2017 has US$740 million in letters of credit drawn against it. We expect to keep the balance of that facility available for any additional letter of credit requirements that may come to us. We also continue to maintain a number of uncommitted bilateral credit facilities that total around $1.7 billion for the issuance of letters of credit primarily for future reclamation obligations.

Please note the issued letters of credit do not constitute debt for the purposes debt-to-debt plus equity covenant in our bank credit ratings and are not required if and when we regain investment grade credit ratings.

Overall, we have ample liquidity for the remaining Fort Hills CapEx of approximately $1.2 billion. And with that, I will turn the call back to Don.

Don Lindsay *- Teck Resources Ltd - President & CEO*

Okay. Thanks, Ron. So in summary on slide 21, our near-term priorities are: First, keeping all of our operations cash flow positive. Second, funding Fort Hills from internal sources. Third, maintaining a strong financial position, including our 2016 targets for our US$3 billion credit facility to remain undrawn and a year-end cash balance of approximately $500 million or more. We're also looking at evaluating other options to further strengthen liquidity.

With that we'd be happy to answer your questions. I want to say once again that please note, that some of our management team members are on the line in different locations so there may be a brief pause after you ask your question while we sort that out. Over to you, operator. Thank you.

QUESTION AND ANSWER

Operator

Thank you.

(Operator Instructions)

The first question is from Ralph Profiti from Credit Suisse. Please go ahead.

Ralph Profiti *- Credit Suisse - Analyst*

Good morning. And thank you. Don and Ron. You touched on this briefly, but does the MD&A disclosure describe most or all of the risks to greater requirements for letters of credit in 2016 and 2017? And if so, where do they come from?

Don Lindsay *- Teck Resources Ltd - President & CEO*

Ron, I'll let you start.

Ron Millos *- Teck Resources Ltd - CFO*

It certainly will. We haven't issued all the risks. Normally we put it in our AIF, Ralph, and that normally gets filed in early March. Certainly, we're looking at the disclosure that will be required on that.

Scott Wilson - ***Teck Resources Ltd - VP and Treasurer***

Ron, it's Scott. Perhaps I could add that all of the letter of credit requirements that we are aware of are disclosed in the financial liquidity section of the Q4 news release.

Ralph Profiti - ***Credit Suisse - Analyst***

Okay. Got it. Thank you. Just maybe more of a housekeeping question. There's $40 million in major enhancements in the coal business for 2016, which is described as mine life extension. Can I assume that excludes investment in water treatment? And if so, can I get an update on what's the remaining CapEx? And perhaps little bit of help on the timing for that spending.?

Don Lindsay - ***Teck Resources Ltd - President & CEO***

Ian?

Ian Kilgour - ***Teck Resources Ltd - EVP and COO***

Yes, sure. Major enhancements are essentially pit extensions at the Elkview and Fording River mines where we're preparing new mining areas for operation. And that will occur throughout the year. That includes things such as electricity access, water management impairments, top soil stripping, that sort of thing. And there is some water treatment in expenditure this year, which is essentially preparation for our second water treatment plant at Fording River.

Ralph Profiti - ***Credit Suisse - Analyst***

That's great. Thank you.

Operator

Thank you. The following question is from Wilfredo Ortiz from Deutsche Bank. Please go ahead.

Wilfredo Ortiz - ***Deutsche Bank - Analyst***

Yes, good morning, gentlemen. Could you please elaborate a little on the potential options that you're considering as far as strengthening the liquidity? Are these options including equity issuances, unsecured debt to extend maturities, further asset sales? And if any of the above, like in what sort of order would you rank them depending on how things are evolving and accessibility to each option?

Don Lindsay - ***Teck Resources Ltd - President & CEO***

Okay. So I just want to say up front that issuing equity is not an option. That is, our main objective is to go through this severe down cycle without issuing any equity so that on the other side of the cycle we can position ourselves to have excellent share price performance when we'll have more production per share, including Fort Hills, than we had before. We have looked at a number of assets internally. Primarily non-resource assets, because we want to again, hang onto all of the key resources that we have. Which is in contrast to some of our competitors.

Infrastructure assets as you know, tend to trade at much higher EBITDA multiples than diversified a mining company isever going to trade. So we see some real potential there with some of the things that we have. And we've had quite a few inbound calls, inquiries as to expressing their interest in those kind of things. So we're working through the options on that. We had great success with the streaming deals as you've seen. And there's potential to do more of that, although we're not looking at the moment, because we do have over $6 billion of liquidity at the moment. And our objective is to have the Company ex-Fort Hills to be cash neutral. So, and some of these are kind of complicated transactions, so we're not rushing to do them.

In terms of, I think part of your question was secured debt, you'll be aware of the options that we have there, the ability to do it. And that really depends on you how the world unfolds going forward. But it's not something that we want to do. And so, if we can get through 2016 as we've described, without ever touching the US$3 billion credit line and finishing the year with $500 million in cash or better, with Fort Hills then almost finished, I think we'll be through the worst of it. And looking forward to the normal results of a down cycle, where investment of course, dries up and production shuts down and meanwhile, global growth kind of continues to muddle along on an upward trend. Maybe not as high as in some years, but in the long term eventually demand exceeds supply again and commodity prices rise and the whole show starts again. So we're looking forward to that day.

Wilfredo Ortiz *- Deutsche Bank - Analyst*

Great. Thank you. And a second one if I may. As far as you mentioning Quebrada Blanca not being cash flow positive as of the fourth quarter, at what point would you consider perhaps shutting it earlier than the end of its mine life? Or any of the other assets should they become cash flow negative? How long would you wait to shut anything?

Don Lindsay *- Teck Resources Ltd - President & CEO*

We look at those decisions all the time as I'm well aware my competitors do. Two or three key points on that. One is, first, the management team under Dale Andres and Ian Kilgour, our Chief Operating Officer, have really been intensely focusing on the QB issue. I think they've had some pretty reasonable success. Such that cash costs look like they're going to be below US$2. That's a good news story number one. Number two, is that we look at QB as the combined entity of QB1 and QB2. And obviously a lot of the infrastructure assets, are kind of linked to the next project. The workforce, of course is very important. So having some continuity there as we finish the permitting process for QB2 is important. Just in the overall relationships with the regulators in Chile and all the other stakeholders, employees. So we certainly wouldn't shut it down very lightly. There's a cost to shutting down. Of course the cost as you shut down, and there's the care and maintenance while you shut down, and if you wanted to start up again there's a cost to that too. We look at all the factors. At the moment we're carrying on, and stressing getting the costs down so that it's cash positive, which is one of our key objectives.

Wilfredo Ortiz *- Deutsche Bank - Analyst*

Thank you very much.

Operator

Thank you. The next question is from Brian Yu from Citigroup. Please go ahead.

Brian Yu *- Citigroup - Analyst*

Thanks. Good morning. Don, you addressed the plans for 2016. I was wondering if you could talk about 2017? With expectations to end 2016 with $500 million of cash in the presentation slides you go through some of the letters of credit that's maturing and bonds. Are there things we can look for in 2016? Actions you guys might take in anticipation of some of these maturities in 2017, assuming that there's no major recovery in the commodity prices?

Don Lindsay *- Teck Resources Ltd - President & CEO*

So yes there are things that you would look for. I think you can assume that we will either execute on one of these options that we've been describing. We're certainly, as I said, examining them closely and putting ourselves in a state of readiness to act if commodity prices do not increase. So that when we get to the end of 2016, beginning of 2017, I would like to have more than the $500 million. In fact, I'd like to have whatever it takes to finish Fort Hills and finish Fort Hills without ever having drawn on the credit line. In terms of maturities, in terms of their bonds, the first maturity's in January. US$300 million. And then the next one in August of 2017, US$300 million as well. In terms of the other credit line, the US$1.2 billion. You can assume that sometime during the course of the year we would have our normal discussions with the banks. We would usually do that in Q2. And whether we ask them to extend or whatever kind of discussion is, we haven't decided yet. But, in the normal course you have to have your 2016 budget finalized. A three year production forecast established. And these are all the information that banks would be looking to ask for when we go to extend. We've just finalized most of that now. So, we will have those conversations in the normal course. We keep a very, very close relationship with the banks as you can imagine. And we've had positive feedback. We'll go through that and you'll probably see some sort of announcement during the course of 2016 on that as well.

Brian Yu *- Citigroup - Analyst*

Okay. Great. And then second question is on Fort Hills. From your prior presentations, I think you guys had indicated that in a high US$30s WTI type of price, that project could break even on a free cash flow basis. With everything that's happened in the market, is that still a right number to think about in terms of free cash flow breakeven?

Don Lindsay *- Teck Resources Ltd - President & CEO*

So on this question I always point out that you have to look at more than just the WTI oil price. You've got to look at the differential and of course the exchange rate. Which is a very, very important variable. I think one thing I'd point to is Suncor, obviously a mature operator and you can public information see what its costs are. And that's was with the older original operations and we all think, and Suncor's of course the operator that Fort Hills with being a newer project and all the learnings that have gone into design will actually be better than what they're doing. So, we think that it will be cash positive by the time it comes into production. Which is almost two years from now before you get to first oil, December 2017 is the schedule. So that's a lot of time for changes in the oil price to occur. So we'll look forward to that day.

Brian Yu *- Citigroup - Analyst*

Thank you.

Operator

Thank you. The following question is from Orest Wowkodaw from Scotiabank. Please go ahead.

Orest Wowkodaw *- Scotiabank - Analyst*

Just coming back again to the letters of credit, is there anything you can do to reduce that requirement at QB2? That's consuming a lot of that available line. I don't know if there's some kind of provision to buy that out? Given that you're not going to need the power for a long time at QB2. And just again, how worried should we be in terms of that maturity date on that US$1.2 billion line of June 2017? Should we just view it as normal course type of annual renewal? Obviously, if that doesn't renew it would consume a fair amount of your US$3 billion line if required.

Don Lindsay *- Teck Resources Ltd - President & CEO*

So on the latter he question I would say we are viewing it as normal course and that's the nature of our discussions with the banks so far. On the first question I'll turn that over to either Scott or Ron.

Scott Wilson *- Teck Resources Ltd - VP and Treasurer*

So the first question related to our ability to lower the letter of credit requirement at QB2. That's a contractual issue with the power developer there. And as long as our credit ratings are below investment grade, we are obligated to provide the letters of credit that have been posted. And just as a reminder, the US$1.2 billion facility, although it was put in place prior to Teck's investment grade credit ratings being reduced. In discussions with the banks, et cetera at that time, the possibility of non-investment grade was certainly there. And so this facility is very much acting as it was intended to. And so the letters of credit on that will likely remain outstanding as long as we're non-investment grade.

Orest Wowkodaw *- Scotiabank - Analyst*

And what happens in the event that QB2 never gets built?

Scott Wilson *- Teck Resources Ltd - VP and Treasurer*

There would be a power obligation on our part, and we would look to lay that off in the market.

Orest Wowkodaw *- Scotiabank - Analyst*

I see. And just so I understand in terms of your other uses for the letters of credit. So is the only potential increase that you can see this increase around Fort Hills from $93 million to $650 million in the next couple years?

Scott Wilson *- Teck Resources Ltd - VP and Treasurer*

Those are the only letters of credit that we are contractually required to provide. And as a clarification on the Fort Hills, that's the maximum amount that we would be required to provide. We've had discussions with various counter parties on Fort Hills, and some of them have required letters of credit and some of them have not. And so, the disclosure that we have indicates the maximum amount that we would have to post. But at this stage it's looking as though that amount would be somewhat less.

Orest Wowkodaw *- Scotiabank - Analyst*

Okay. Thank you. And just again, if I could return to Fort Hills. Maybe ask a question in a different way. How are the partners thinking about starting up Fort Hills if the oil price environment remains where it is today, I.e. do you plan to actually start the project if it would be free cash flow negative in operation?

Don Lindsay - ***Teck Resources Ltd - President & CEO***

I may get Ray to comment but I'd just say up front. It is a theoretical question, and we've all asked it ourselves. But it's such a long time before we get that, that it's really hard to answer. So far we've had very good alignment with the partners and people are working well together. I actually had breakfast with Steve Williams and Patrick just a couple weeks ago and we're very pleased with how the project's going. Ray, do you have anything that you could add to that?

Ray Reipas - ***Teck Resources Ltd - SVP, Energy***

Yes, thanks, Don. I'd just make a couple of points. One is the one we made earlier, that we're still two years away from production start. And remember, production startup isn't at full capacity. We need to ramp that up over the next 12 months. So we have a full three years to see some price recovery. The other thing I'd point out is if you'd take a look at the industry, we are driving costs down across the industry and having good success at that. So we have some time to continue that, and Fort Hills being a brand new asset coming up with the latest design. We're very optimistic we'll see good cost performance out of Fort Hills. The last point I'd make is the partners are aligned there. We do have common infrastructure that gets us to Hardisty, which is a market hub in Alberta. We do think the partners will be aligned in their decision on operating Fort Hills.

Orest Wowkodaw - ***Scotiabank - Analyst***

Thank you very much.

Operator

Thank you. The next question is from Justine Fisher from Goldman Sachs. Please go ahead.

Justine Fisher - ***Goldman Sachs - Analyst***

Good morning.

Don Lindsay - ***Teck Resources Ltd - President & CEO***

Good morning.

Justine Fisher - ***Goldman Sachs - Analyst***

So my first question is just on the discussions with the banks. You said that they're going in the normal course. I was wondering if you could update us on whether there's any discussion of giving security to the banks for that 2017 facility? I think the relationships are good there, and there's no doubt that the banks would certainly continue to extend that credit. But begin where the unsecured credit risk of Teck is trading have the banks at all opened that discussion of providing security to the 2017 facility?

Don Lindsay - ***Teck Resources Ltd. - President & CEO***

Not yet.

Justine Fisher - ***Goldman Sachs - Analyst***

Okay.

Scott Wilson - ***Teck Resources Ltd. - VP & Treasurer***

No.

Justine Fisher - ***Goldman Sachs - Analyst***

Are you in the meat of the discussions? Or do you think you probably have to wait until you get the forecasts and everything that you were talking about before and then Q2 is when you'll have the meat of the discussion?

Scott Wilson - ***Teck Resources Ltd. - VP & Treasurer***

I think as Don said earlier, we've just completed our budget and our three year production forecast, et cetera. And this is the sort of information that we think the banks would be looking for, for that discussion. In the normal course, we would look somewhere between 60 and 90 days prior to the maturity or the anniversary of the facility. So that would take it toward the end of March. So sometime between now and the end of March is when we expect we would start that discussion.

Justine Fisher - ***Goldman Sachs - Analyst***

Okay. Thanks. And then my follow-up question is on asset sales. You mentioned you're getting some inbound calls on asset sales and there are clearly some non-mining assets that the Company could sell. I'm wondering given the forecast is for a cash decline in 2016 even though you won't need to draw on the revolver, why is the Company not more ardently pursuing these asset sales, like making a bunch of outgoing calls and saying hey, world, this is what's on the block, come and get it. Why is the Company not more actively pursuing those non-mining asset sales given they might be able to get done more easily in this environment and get a higher multiple?

Don Lindsay - ***Teck Resources Ltd - President & CEO***

It's an interesting question. In a lot of these things if we were very actively doing something we wouldn't necessarily tell you. I think you can assume that we are reviewing all of our options and making sure that they're in a state of readiness to execute if we choose to do so, if we think there's a need to do so. We're on top of the situation and we'll just see how it unfolds throughout the course of the year. We haven't made any public announcements about which thing we're going to do when.

Justine Fisher - ***Goldman Sachs - Analyst***

All right. Thanks very much.

Operator

Thank you. The following question is from Greg Barnes from TD Securities. Please go ahead.

Greg Barnes - ***TD Securities - Analyst***

Don, I believe you were in China late last year. And perhaps you could give us a sense of what you think is going on there with respect to demand for commodities in general?

Don Lindsay - ***Teck Resources Ltd. - President & CEO***

Yes, I was there in November and I'm usually there about four times a year. I'm going to be there in March. So I kind of think that whatever I learned in November is out-of-date. We track it from here as well. Depends on the commodity. Starting with steel, there's no question that steel passed its peak almost two years ago and is forecast to decline again this year. Statements coming out of the government are strongly indicative of closing down excess capacity in both steel and coal. The number they came out with I think last night was 150 million tonnes of coal capacity would be shut down. What hasn't been decided is which steel plants and which coal mines will go. In terms of our customers which are some of the major companies in some of the coastal steel plants that are new, we don't expect it to have any effect. And as you know, we've reduced the amount of coal that we sell to China to targeting 15% or less and that's really to major customers where we're already part of the blend. So we don't think it's going to have that much effect on our volume but China being the marginal buyer, that's the price and I guess it's sort of a balance between less demand because less steel will be produced, less demand for coal overall, but not necessarily less demand for seaborne high quality coking coal to key customers. They made announcements before. This time it looks like they're a lot more serious. In zinc we're quite encouraged about what's going on in zinc, because they imported I think the number was 59% more zinc concentrate last year than the year before. Then our estimate is that 60% of the zinc concentrate that they imported will not exist in 2016 due to the various shutdowns that have been announced so far. So you've seen treatment charges, spot treatment charges in China have gone down dramatically. I should actually be having Andrew Stonkus answer some of this question, more color. I'll just finish quickly. That's indication of how tight the zinc's concentrate market is and of course you've also seen announcements from the zinc industry, the smelting industry, where they were cutting capacity as well. On the demand side, the auto business sales were up 18% in December, albeit with government help, but more and more of those cars are being galvanized and the long-term trend to galvanization looks pretty good. We feel pretty good about the zinc side of it. On the copper side, there are so many views and I'm not sure mine's worth any more than the others. Generally speaking, even as the economy transitions from an FAI investment led growth model, there's still going to be a big need for copper. What they've announced in terms of infrastructure spend and the grid spending I find encouraging. We'll see if they meet their targets. Usually they come pretty close. So certainly demand hasn't just stopped in terms of the base metal side of it. I think that's still going to continue to grow. Steel is the one is the one to watch in terms of how much rationalization actually takes place. Hope that helpful. Andrew, do you want to add anything?

Andrew Stonkus - ***Teck Resources Ltd. - SVP Marketing***

Thanks, Don. The other thing I would add on the zinc side is that with the imports up over 50% and as you mentioned with the closures of various mines it's going to take a lot of concentrate supply out that normally would go to China. You have to look at the metal imports into China. They were up pretty dramatically in November and December. So the imports of metal into China are going up because they don't have the source of concentrates for conversion to metal internally. That's a key point to be watching going forward. China needs zinc units, concentrates or metal. And right now it's on the metal side. And the rate of galvanized production is at 3% and that's another key indicator of ongoing increased demand in China for zinc.

Greg Barnes - ***TD Securities - Analyst***

Okay. Great. Thank you very much.

Operator

Thank you. The following question is from Oscar Cabrera from Bank of America-Merrill Lynch. Please go ahead.

Oscar Cabrera - ***BofA Merrill Lynch - Analyst***

Thank you, operator. Good morning everyone. First a quick comment. I don't know if this was the intended result but the three year guidance helps a lot. I hope you can keep it going forward. Going back to the liquidity, would it be fair to say that based on some of the answers you provided, Don, equity issuance and securing debt would be at the bottom of the priority list and, therefore, infrastructure projects that you mention would be the preferred vehicle to increase your liquidity?

Don Lindsay - ***Teck Resources Ltd. - President & CEO***

Yes, I really need to emphasize this. Equity issuance is not even on the list. It's not at the bottom. It's not on the list. Infrastructure makes a lot of sense because they tend to trade at higher multiples, significantly higher multiples, probably more than double the multiple of EBITDA than a diversified mining Company. That's certainly at or near the top of the list.

Oscar Cabrera - ***BofA Merrill Lynch - Analyst***

So there was a sale of Waneta Dam, I believe it was a third of it. So I'm assuming that is the one that you're referring to. That asset went for $825 million. So how should we think about the level of capital that you think you can get from that? And I assume the other one is one of the ports that you own.

Don Lindsay - ***Teck Resources Ltd. - President & CEO***

I don't want to go into too much detail about this. I should say that transaction in 2009, power prices were higher. But there is a real scarcity value to clean power generation like that, and then of course the remaining two-thirds of that dam does provide the power for Trail. So you'd have to i do a long-term contract of some sort so you could protect that depending on what power price you're prepared to pay. But certainly there's a lot of value there. And in terms of ports, as you've seen throughout the world, with reduction in steel in China and oversupply of coal and different shutdowns in coal mines, there's the potential for consolidation on the port side of the business that could release a lot of value in different forms. It's really intriguing, actually. I don't think I can comment in much detail at this point.

Oscar Cabrera - ***BofA Merrill Lynch - Analyst***

That's helps a lot. And then just one clarification if I may. In your slide number 20 where you say that the only financial covenant is debt to debt plus equity at 50%, it does say excludes issues letters of credit. What are the covenants under those letters of credit?

Don Lindsay - ***Teck Resources Ltd. - President & CEO***

Scott?

Scott Wilson - ***Teck Resources Ltd. - VP & Treasurer***

Sure. The letters of credit themselves have no financial covenants. But that debt-to-debt plus equity financial covenant is one that applies across the board because there's cross-acceleration related covenants in all of our debt agreements.

Oscar Cabrera *- BofA Merrill Lynch - Analyst*

All right. Thank you very much.

Operator

Thank you. The following question is from Michael Gambardella from JPMorgan. Please go ahead.

Michael Gambardella *- JPMorgan - Analyst*

Good morning.

Don Lindsay *- Teck Resources Ltd. - President & CEO*

Good morning.

Michael Gambardella *- JPMorgan - Analyst*

Just wanted to say I really appreciate all the detail you give in your reports. Especially the sensitivity and the water fall charts. Just make it easier for everyone to understand what's transpired over the past year. But if I could just go back to the Fort Hills. I heard your response to an earlier question on Fort Hills was we're hoping that in two years prices go up. But what happens if prices don't go up? Just assuming the currency situation is the same as today. Pricing is the same as today. And you have your own estimates on costs. I mean, what would the Fort Hills project look like to Teck right now, two years from now? What type of negative drain would it be and what would the plan be to address that?

Don Lindsay *- Teck Resources Ltd. - President & CEO*

I think it's a good question but it's not one that we can answer at this time. It remains to be seen what the oil price will be two years from now. If it were at today's spot price, it would be probably cash negative. But we'll have to see what plans Suncor has. They're really the spokesperson on the project. And I think that when we got to that point in time 18 to 20, 21 months from now then we'd look at it in detail, see what the options are and make whatever decisions are necessary. It's pretty hard to predict at this point. I don't want to say anything that would end up being misleading.

Michael Gambardella *- JPMorgan - Analyst*

Do you have any flexibility whatsoever to postpone the spending at this point, just to see market changes?

Don Lindsay *- Teck Resources Ltd. - President & CEO*

We really don't want to do that because the project is going very well. You've got the thousands of people on-site, all working very productively getting good productivity numbers and we obviously didn't make the investment thinking oil was going to be long-term in the US$20s or US$30s and we haven't changed our you view on that. It still looks like the clearing price for oil is going to be north of US$50 or even substantially higher. So it's a cyclical business just like our other commodities. Sometimes you end up building during the downturn and that usually works out quite well, because when oil prices are low or when copper prices are low or coal prices are low, investment stops and production's cut back and eventually the market rights itself and I think it will again here. So we'll just carry on.

Michael Gambardella *- JPMorgan - Analyst*

I mean, what would the harm be in saying, we're going to postpone right now and take the $1 billion -- if you're assuming like an equity offering is off the table. It's ridiculous in your mind. And I agree. But why not take the money you're going to spend on Fort Hills, the $1 billion, and buy back shares? That seems like it's a no-brainer in your mind in terms of you don't -- you figure issuing equity down here is crazy. Why not postpone the project, take that money you intended for Fort Hills and put it in a repurchase program, and then see where you are?

Don Lindsay *- Teck Resources Ltd. - President & CEO*

So I certainly understand the numbers behind the question. We on our own, as a 20% partner, can't postpone the project. That would have to be unanimous decision amongst the partners and I don't think any of the three partners really think that oil price is going to stay at these levels forever. So we think Fort Hills is going to be an excellent project. We've had all sorts of offers on financing on royalties, various things from the oil patch because Fort Hills has such a good reputation and what kind of quality asset it's going to be. So our priority at the moment is to get it finished and see if we can come in on time and under budget and they're making very good progress on that. That's sort of where the three partners are at. If for some reason the other two partners wanted to do that, then that question that you've asked would be a theoretical possibility and it would be a very intriguing possibility but it's not really on the table now.

Michael Gambardella *- JPMorgan - Analyst*

Okay. Thanks, Don.

Don Lindsay *- Teck Resources Ltd. - President & CEO*

It's not lost on me, though, if you see what I mean.

Michael Gambardella *- JPMorgan - Analyst*

I understand.

Operator

Thank you. The next question is from Lucas Pipes from FBR and Company. Please go ahead.

Lucas Pipes - ***FBR Capital Markets & Co. - Analyst***

Hey, good morning everyone again. Ray, Ron, Don, I also have a follow-up question on Fort Hills. And I obviously understand there's been a lot of questions on it. I understand there's still some theoreticals here, but at this point in time other -- I was wondering, what are the other fixed costs associated with Fort Hills, associated with infrastructure, off-take and such things that we could be thinking about that essentially would already be a sunk cost at commissioning.

Don Lindsay - ***Teck Resources Ltd. - President & CEO***

Could you elaborate on that? I'm just trying to think of --

Lucas Pipes - ***FBR Capital Markets & Co. - Analyst***

What I'm trying to understand is -- we can all do the math. What the cash flow is at today's oil prices. But, if you have already made certain agreements for pipelines, for example, then that would be a sunk cost. And we should exclude that from the breakeven on the economics going forward. So I was wondering if you could share with us what the annual fixed commitments are for Fort Hills starting in late 2017?

Ray Reipas - ***Teck Resources Ltd. - SVP, Energy***

Don, I can take that.

Don Lindsay - ***Teck Resources Ltd. - President & CEO***

Go ahead, Ray.

Ray Reipas - ***Teck Resources Ltd. - SVP, Energy***

So, the partners work together to develop infrastructure from Fort Hills, down to the market Hardisty market hub in Alberta. We are aligned on that. That is mostly new build facilities down there. And our transportation service agreements allow us to start using those facilities when we start up Fort Hills. So, that's aligned in the startup. I think part of your question, there certainly would be care and custody costs on the property should we decide not to start up. And those would be a cost we'd carry as a partnership.

Lucas Pipes - ***FBR Capital Markets & Co. - Analyst***

And is there a way to quantify that cost?

Ray Reipas - ***Teck Resources Ltd. - SVP, Energy***

Don't know the answer to that. That work hasn't been done. We're still, as I say, a couple years away from startup. And I don't have a number for an option where we wouldn't start up. We haven't done that work.

Lucas Pipes *- FBR Capital Markets & Co. - Analyst*

Okay. Thank you. Then Ron, as a follow-up question. In the release, you mentioned at least $500 million cash by the end of the year. I was wondering if you could give us a little bit more parameters around that number? And how we should think about it? For example, what would you expect in terms of working capital? Does that go into that $500 million cash balance? Also, what should we be thinking about in terms of cash taxes for 2016? Any other items would be helpful as well.

Ron Millos *- Teck Resources Ltd. - CFO*

The working cash we think we need is somewhere in the order of $300 million to $400 million, just to run the day-to-day affairs of the business. So we've got a little bit of cushion with $500 million. On a cash tax basis, the cash taxes that we're likely to pay will be any of the mining taxes on the coal operations in British Columbia and Alberta, and not likely to be any Canadian income taxes because of the tax pools that we have and then the taxes in the foreign jurisdictions will be the cash tax portion. And again, that will be dependent on what the commodity prices are.

Lucas Pipes *- FBR Capital Markets & Co. - Analyst*

At current commodity prices, so would that be in line with 2015? Any ballpark figure that you could give us?

Don Lindsay *- Teck Resources Ltd. - President & CEO*

Generally in line I would think.

Lucas Pipes *- FBR Capital Markets & Co. - Analyst*

Thank you. And best of luck.

Don Lindsay *- Teck Resources Ltd. - President & CEO*

Thank you.

Operator

Thank you. The next question is from Alex Terentiew from Raymond James. Please go ahead.

Alex Terentiew *- Raymond James Financial Services, Inc. - Analyst*

Good morning. Just have a couple questions here on your coal business. I noticed -- you noted that you'd be looking to optimize production from your five other coal mines to replace the 2.25 million tonnes lost from Coal Mountain. Can you give us any idea where these additional tonnes would come from and what would be needed to get those to the market? And a final related question, your AIF from of last year says that for Cardinal River, mining beyond 2019 would require significant improvement in coal prices. Is this still what you guys are thinking? And are there other mines that in a few years' time could face the same situation?

Ian Kilgour - ***Teck Resources Ltd. - EVP & COO***

Thanks, Alex. It's Ian here. In terms of the replacing the production that we'll lose from Coal Mountain at the end of 2017, we'll just be doing that by incremental increases in production from our Elk Valley mines. As you know, we've got four other mines in the Elk Valley which in fact create the bulk of our production. And we think there's some very good low capital scenarios for us to incrementally increase production there. In terms of Cardinal River, yes, the situation hasn't really changed at this point. The end of 2019 sees the completion of the pits that are within our current mining areas and to go further would require starting a new pit somewhat further away from the industrial facilities and would require a higher coal price than we're seeing now for us to continue.

Alex Terentiew - ***Raymond James Financial Services, Inc. - Analyst***

For Coal Mountain and Cardinal River, are you able to quantify at all what that coal price would be? And I guess related question, is there a certain amount of time that you need to have before you -- so with Coal Mountain you suspended the Phase II stripping. If coal prices went up nice quarter, for example, would you be able to continue mining Coal Mountain in 2018 or would there be some sort of gap?

Ian Kilgour - ***Teck Resources Ltd. - EVP & COO***

We made the decision that we won't be commencing Coal Mountain Phase II. That again is a satellite pit remote from the current industrial facilities and it's basically more economic for us to replace that production with the low cost incremental production from the other Elk Valley mines.

Alex Terentiew - ***Raymond James Financial Services, Inc. - Analyst***

Okay. And then just one last question if I may. BC Hydro I think it was earlier this week or last week announced a cost deferral program that they're offering to a bunch of the miners in the province. Is this something you expect Teck to be participating in? And I was wondering if you could quantify the potential savings to you guys this year from that? And also is it included in your guidance?

Ron Millos - ***Teck Resources Ltd. - CFO***

Don, Marcia is on the call if you want Marcia to respond to that.

Don Lindsay - ***Teck Resources Ltd. - President & CEO***

Okay, Marcia, go ahead.

Marcia Smith - ***Teck Resources Ltd. - SVP, Sustainability and External Affairs***

I'm happy to respond. I would say at this point we're still looking at the details of the program. The Ministry of Finance to the Government of British Columbia is working with each of the individual operations in the province. So, we're going through that work but we don't have any view yet on whether we'll take advantage of the program. And we didn't include any of the thinking on it in our release.

Alex Terentiew - ***Raymond James Financial Services, Inc. - Analyst***

Okay. Thank you.

Operator

Thank you. The following question is from Richard Yu from Citi. Please go ahead.

Richard Yu - ***Citigroup - Analyst***

Thanks for taking my question. Sounds like when you're talking about the potential infrastructure sale you're not quite ready to do it. You said you were getting to a state of readiness to do so, but what is it going to take for you to feel like you're in that state? Is it a certain time if commodity prices don't increase? What are you looking for?

Don Lindsay - ***Teck Resources Ltd. - President & CEO***

It's a combination of factors. It would be in the judgment of the Board whether a deal surfaces that we think is good value, that still leaves the operating assets associated with infrastructure in the right position. Also, the outlook for commodity prices. If zinc takes off like we think it will at some point, it changes the whole picture and you wouldn't need to do anything. So it's all of those factors and at some point the Board will make a decision on whether to pull the trigger on something.

Greg Waller - ***Teck Resources Ltd. - VP of IR & Strategic Analysis***

We're going to have to cap it here. We're well past our hour. For those of you who are still in the queue for questions if you want to contact us directly we're certainly happy to talk to you later this morning, or in the afternoon your time. But we'll have to cap it at this point.

Don Lindsay - ***Teck Resources Ltd. - President & CEO***

Okay, with that I'd like to say thank you all for joining us on the call, And as Greg said we're happy to answer further questions directly. And we look forward to speaking to you at the end of the Q1. Thank you.

Operator

Thank you.

Greg Waller - ***Teck Resources Ltd. - VP of IR & Strategic Analysis***

Thanks so much. Goodbye.

Operator

The conference has now ended. Please disconnect your lines at this time. Thank you for your participation.