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PRESENTATION

Operator

Good day, everyone, and welcome to the First Quarter 2022 Minerals Technologies Earnings Call. Today's call is being recorded. At this time, I'd like to turn the conference over to Erik Aldag, Head of Investor Relations for Minerals Technologies. Please go ahead, Mr. Aldag.

Erik Aldag - *Minerals Technologies Inc. - Head of IR*

Thanks, Jennifer. Good morning, everyone, and welcome to our first quarter 2022 earnings conference call. Today's call will be led by Chairman and Chief Executive Officer, Doug Dietrich; and Chief Financial Officer, Matt Garth. Following Doug and Matt's prepared remarks, we'll open it up to questions. I'd like to remind you that beginning on Page 15 of our 2021 10-K, we list the various risk factors and conditions that may affect our future results. And I'll also point out the safe harbor disclaimer on this slide. Statements related to future performance by members of our team are subject to these limitations, cautionary remarks and conditions. Now I'll turn the call over to Doug. Doug?

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Thanks, Erik. Good morning, everyone. Welcome to today's call. I'll start by walking you through our results for the first quarter and provide an overview of market dynamics as well as some strategic highlights. I'll also provide some context to put our first quarter results into perspective and explain what's driving our strong performance. Matt will then review our financial results in more detail, and we'll also share our second quarter outlook. First quarter was a record financial performance for MTI, and these results reflect the team's successful execution on a number of fronts. Sales of $519 million were up 15% versus the prior year and up 19% on a constant currency basis. From a market perspective, demand remains robust across our segments, our consumer-oriented products, which make up approximately 30% of our sales, continue to benefit from favorable secular market trends.

We've seen steady growth across pet care, personal care, edible oil purification, food and pharma applications. We also continue to see strong demand from our industrial product lines with robust sales to the foundry steel and construction customers. Our results this quarter are also a function of our strategic growth initiatives, driven by multiyear advancements in new product development and geographic penetration as well as additional growth from acquisitions. And I'll take you through this in more detail in a few moments.

Operating income of $68 million was 15% higher than last year and a record for our first quarter. And earnings per share of $1.36 was a record for any quarter. Performance is also driven by the agility of our team, delivering solid execution across operations, pricing actions and cost control. The historic pace of inflationary cost increases continued in the first quarter, including significant spikes in energy costs across the world and Europe, in particular.

Despite the continued rapid inflation, our pricing actions more than offset the higher costs on a dollar basis in the first quarter. We're the price leader in most of our end markets, and our ability to pass through pricing is based on the significant value our products provide our customers every day. In addition, our supply chain team has been incredibly proactive in managing and mitigating our cost increases through this inflationary period. We expect margins to expand further over the coming quarters as additional pricing actions as well as contractual pricing mechanisms take effect in the second and third quarters.

As always, we remain disciplined around cost control and operational efficiency. Our operational excellence culture drives countless incremental improvements every day from employee suggestions and structured problem-solving events. These improvements increase our productivity, reduce our operational costs, remove wasteful activities in general at a period when these efficiencies are critical to meet these levels of demand. All in all, it was a very strong quarter, and this performance is a result of the actions we've taken to position the company for this type of profitable growth.

Our strategy is to grow the company through new product development, growing in underpenetrated regions and also through acquisitions of mineral-based companies with technological differentiation. These 3 elements of our strategy have been aimed at repositioning our portfolio of businesses to generate higher and more sustainable growth rates. Specifically, this repositioning has involved the expansion of our consumer-oriented business portfolio to create more balance with the industrial side of the company.

Our household and personal care product line, which includes many of these consumer-oriented businesses, grew 30% in the first quarter versus the prior year. And over the last 5 years, this product line has grown at a 14% compound annual growth rate. This has been driven by both organic and inorganic investments, including the acquisitions of Sivomatic in 2018 and Normerica in 2021 and sustained market-driven growth across these product lines. This consumer-oriented set of businesses have structurally higher and more stable growth fundamentals. And combined with our leading industrial positions, create a more stable top line growth profile for the company.

New product development is truly accelerating across the portfolio, and it's becoming a much more significant lever of growth. Let me give you some examples of how innovation is driving new product sales and also enabling expansion into new and growing markets. For the past 5 years, we've commercialized new products twice as fast as we used to. In the first quarter alone, sales from new products increased 25% on an annualized basis over last year. And many of these new products are advancing sustainability initiatives in partnership with our customers.

In pet care, we're advancing eco-friendly packaging and increased recyclability. We've commercialized multiple online-only products to support our e-commerce growth strategy and are also developing new product offerings in Asia, where pet care sales grew 36% in the first quarter versus last year. Sales of our Bleaching Earth products are up 32% in the first quarter. These products enable customers to achieve higher purity edible oils, and we're expanding our reach by demonstrating the significant advantage our product has in the high-growth biodiesel filtration applications.

Sales of our personal care products grew 15% over last year as our health and beauty solutions business has expanded capability in the manufacturing of retinal delivery technologies and the private label packaging of skin care formulations. We also continue to see high growth rates and new opportunities for our clay-based rheology modifiers for cosmetic applications. We're also seeing increased interest in our FLUORO-SORB® solution for PFAS remediation, including the use of FLUORO-SORB® as a highly effective media in the treatment of industrial and drinking water. We continue to develop and expand this product line with the introduction of our patented FLUORO-SORB FLEX, which targets short-chain PFAS compounds in a unique and innovative way.

Our product development efforts are also contributing to growth in our industrial product lines. Let me give you some examples. Our latest specialty drilling products are performing well in a number of horizontal directional drilling applications to the installation of underground utility and broadband fiber-optic cables. Our new geothermal ground products are well positioned to take advantage of the trend towards net zero emission buildings. The use of geothermal heating systems is a growing area as building designers look to partially or fully replace fossil fuel heating systems.

In this application, our product not only assists in the drilling process, but also enables more efficient heat conduction from the earth to the recirculating fluid in the heat loop. In Building Materials, our Vintegra product, our new Vintegra product is a dual-purpose waterproofing and vapor barrier offering. This product offers our customers a one-step dual-purpose cost-effective application in the below-grade waterproofing market.

Our growth is also supported by the expansion of our core product lines and growing in underpenetrated regions. Global greensand bond sales have grown at a 5% compound annual growth rate over the past 5 years. Our high-performance pre-blended formulations and technical service capabilities help foundry customers improve their efficiency while reducing defects, costs and emissions. For years, we work collaboratively with our customers to bring them innovative formulations to improve their foundry systems. This type of collaboration is also supporting the penetration of our engineered solutions in the Asia foundry market, where sales have been growing at a 10% annual rate for the last 5 years.

As we speak about it often, our PCC business has been growing in the underpenetrated Asia region for the last several years. We secured 3 new satellites there in the last year, including our first deployment of GCC technology for use in coated white board packaging.

Lastly, our Refractories segment is realizing strong growth driven by our complementary portfolio of innovative products, unparalleled steel mill services and high-tech laser measurement equipment. It's this combination that's enabled us to grow with our customers in the newest steel installations in the U.S. Our growth has also been supported through acquisitions. And today, I'd like to announce that we closed on another acquisition of a small bolt-on pet care company called Concept Pet. This acquisition comes with a complementary operational footprint to support the expansion of our European pet care business as well as additional mineral reserves.

The bolt-on of this company will add approximately $20 million in incremental sales on an annualized basis through their customer positions in Western and Central Europe. We welcome our newest employees from Concept Pet to MTI, and we look forward to working with them to grow our European pet care business.

M&A is an important part of our strategy, and we've completed 4 acquisitions over the past 4 years, totaling nearly $300 million in sales, all while prudently maintaining a strong balance sheet and solid liquidity position.

Let me summarize my comments for today. We're executing on all facets of our strategy to build a higher growth, higher profit, higher return company. MTI has a winning combination of unique mineral reserves, world-class operating capabilities, leading technology platforms and applications expertise, all of which results in leading positions across our end markets. Supported by our team of 4,000 dedicated and engaged employees around the world, we see a strong future for the company. What it all means for us in 2022 is that we're on track to deliver another record year.

With that, I'll hand it over to Matt to discuss the financial results and our outlook for the second quarter. Matt?

Matthew E. Garth - *Minerals Technologies Inc. - Senior VP of Finance & Treasury and CFO*

Thanks, Doug. I'll review our first quarter results, the performance of our segments as well as our outlook for the second quarter. Following my remarks, I'll turn the call over for questions. Now let's review first quarter results.

First quarter sales were $519 million, reflecting strong sales growth, both year-over-year and sequentially. Year-over-year sales bridge on the left of the slide shows that sales grew by 15% compared to the prior year and by 19% when excluding the impact of foreign exchange. Sales were higher by double digits across all segments, with organic growth contributing 4%, the America acquisition delivering 6% and selling price actions yielding 9%. Operating income, excluding special items, was $67.8 million in the first quarter and the year-over-year operating income bridge on the lower left of the slide shows that operating income grew by 15% compared to the prior year.

As we expected, our selling price actions surpassed the impact from inflation in the first quarter despite increasing energy costs, particularly in Europe. In total, we delivered $41.5 million of selling price increases compared with $39.1 million of inflationary costs. In addition, continued strength in our Refractories segment, further demand recovery in several of our project-oriented businesses and lower corporate costs helped to offset the slow start to the quarter, stemming from COVID and weather impacts in the United States. The operating margin in the first quarter was 13.1% of sales, which is an increase of 10 basis points compared to the prior year despite the dilutive effect related to inflation pass-through.

Now moving to the right side of the slide. The sequential sales bridge shows that sales increased by 9% compared to the fourth quarter and were 10% higher on a constant currency basis. Sequential operating income bridge shows that inflation continued to accelerate into the first quarter. However, pricing actions delivered nearly $26 million to more than offset inflationary costs. Note that these results include roughly $2 million and additional inflationary costs that will be passed through contractually beginning at the end of the second quarter.

Operating margin improved by 160 basis points compared to the fourth quarter, which was driven by actions on selling price to more than offset inflation and continue to expand margins. And finally, we continue to control overhead expenses with SG&A as a percentage of sales at 10.4%, 130 basis points below the prior year.

Now let's review the segments in more detail, beginning with Performance Materials. First quarter sales for Performance Materials were $272 million, an 18% increase over the prior year and 6% higher sequentially. Sales in Household, personal care and specialty products were 30% higher than the prior year and 13% higher sequentially, driven by continued strong demand for consumer-oriented products and the Normerica acquisition.

Our global pet care business overcame many of the logistics challenges it faced in the fourth quarter to deliver 10% sequential sales growth. Meanwhile, our edible oil purification and personal care businesses continued their robust growth trend. Metalcasting sales were 2% lower year-over-year and 5% lower sequentially due to lower China sales related to the Chinese New Year and Winter Olympics and the timing of large shipments in North America.

Note that the latest China COVID situation began in earnest in the second quarter, and we are seeing a slow recovery in sales in the region. Environmental Products grew 38% year-over-year, driven by increased project activity, while Building Materials sales were 2% lower versus last year, largely due to wet weather conditions in North America that affected building starts. Operating income for the segment was $34.7 million and operating margin was 12.8% of sales. Operating margin improved sequentially as additional pricing actions overcame the impact of inflation.

Now looking ahead to the second quarter. We expect continued strong demand for our consumer-oriented products, and we will be moving into a seasonally higher period for our project-oriented businesses. Metalcasting sales in North America will improve based on strong demand and China sales will continue to be slow during the current COVID situation. In addition, we expect that the benefit from our selling price actions will continue to more than offset inflation. And as a result, we see operating margin improvement and a sequential increase in operating income of approximately 10% to 15%.

And now let's move to Specialty Minerals. Specialty Minerals sales were $163 million in the first quarter, 10% higher than the prior year and 15% higher sequentially. First quarter global PCC and Processed Minerals sales grew by 10% and 11% year-over-year, respectively. Operating income for the segment improved sequentially to $18.4 million as we implemented significant pricing adjustments in the first quarter. As you'll recall, this has been the segment most significantly impacted by energy inflation, particularly in Europe. And in this quarter, SMI absorbed $2 million of additional energy costs that will be contractually passed through beginning at the end of the second quarter. As we look ahead to the second quarter, we expect a modest seasonal increase in sales, selling price actions that offset inflation and an improvement in margins that together will increase operating income by approximately 10% to 15%.

Now let's turn to Refractories. First quarter sales for Refractories were $84 million and were 14% higher than the prior year, driven by favorable mix from new customer wins and selling price adjustments implemented to cover inflationary cost increases. Refractories segment delivered another strong operating performance as selling price actions and operational efficiencies more than offset inflationary impacts. First quarter operating income for the segment was $16.5 million, an increase of 38% compared to the prior year, and operating margin was 19.7% of sales. As we look to the second quarter, we are seeing some energy and raw material inflation. However, we expect a similar level of operating income sequentially.

Now let's turn to our cash flow and liquidity highlights. First quarter cash from operations was significantly lower than the prior year due to an increase in working capital related to inflationary pricing and accounts receivable and a temporary strategic inventory build ahead of the Winter

Olympics. Despite the $72 million increase in overall working capital, our efficiency is measured by days working capital improved by 3 days year-over-year.

Note that as the strategic inventory positions release, we expect cash flow to strengthen and another year of strong free cash flow around $150 million. First quarter capital expenditures were $19 million, and we repurchased $16.7 million of shares in the first quarter, bringing the program to date total to $28.5 million. At the end of the first quarter, total liquidity was approximately $480 million, and our net leverage ratio was 2.2x EBITDA. We the continue to maintain a strong balance sheet, providing ourselves with the flexibility to continue to invest in high-value, high-return growth opportunities, both organically and through M&A.

Now let me summarize our outlook for the second quarter. Overall, we see continued strong demand across our end markets and another quarter of strong sales growth. We anticipate that the inflationary environment will persist, and our teams are working closely with suppliers and customers on pricing actions to drive margin expansion. In addition, we expect to see productivity improve sequentially as volumes increase, and we will continue to take a disciplined approach to controlling expenses.

In summary, the second quarter is typically our strongest quarter of the year, and we expect another record quarterly performance with operating income increasing by 8% to 10% sequentially, which represents around 15% growth versus last year. Second quarter earnings per share are anticipated to be around $1.45. While there are some uncertainties in the macroeconomic environment, our outlook for the remainder of the year reflects generally stable market conditions, sales growth from acquisitions and further margin expansion that together will generate full year earnings per share around the range of $5.60 to $5.70.

With that, we'll now take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And our first question today comes from Daniel Moore with CJS Securities.

Daniel Joseph Moore - *CJS Securities, Inc. - MD of Research*

Matt, Doug. Maybe start with Concept Pet's intrigue there. Maybe talk about where the reserves are. I know it's small, but what kind of synergies and growth potential you expect? And more importantly, are there similar sized -- are there multiple or other similar sized tuck-in opportunities out there?

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Sure. Thanks, Dan. Yes, we're really excited about Concept Pet. It's a small bolt-on to continue the growth of our European pet care business, which is the brand of Sivomatic. It's complementary in terms of it's Western Europe, but also brings in some customers in the Central European zone. So the reserves are in Slovakia with operations there as well. And so it gives us kind of logistically and positionally throughout Europe -- geographically through Europe, a nice footprint. Those reserves help support that business, but they can also be used for other purposes as well.

So there's not going to be a lot of cost synergies here given its size. It's really going to be more around being able to serve European pet care customers better, more fully and also grow with them more completely. So we're really excited about it. We welcome the 50 new employees to MTI.

Daniel Joseph Moore - *CJS Securities, Inc. - MD of Research*

Got it. Really helpful. Matt, you gave some good detail, particularly within the segments around pricing actions as it relates to this quarter and the guide. When we think about the Q2 guide, how much catch up in terms of pricing do we still have to go that could drive margins further still into Q3 and beyond? Or will we be closer to caught up by the end of Q2?

Matthew E. Garth - *Minerals Technologies Inc. - Senior VP of Finance & Treasury and CFO*

Yes. The way I stack it up, Dan, is a tally beginning in sort of the June time frame last year when inflation really started to pick up. If you track it from that point, we've absorbed about $94 million, $95 million in inflationary costs, and you've seen that on our bridges that we've reported to you over the past couple of quarters. Offsetting that has been now about $77 million in pricing.

So there is still some catch-up, but you're seeing the gap improve. Caveat being there, we're still seeing some inflation, particularly in energy, and that is moving quite spiky in Europe. And so you're seeing that, like we told you about in SMI, about $2 million we absorbed this quarter that will pass through contractually in -- beginning late in the second quarter or early third quarter. And so we'll continue to have that dynamic, but we certainly believe you saw us claw back about $2 million to $3 million of that inflationary gap. We'll expand on that in the second quarter. And as we've given you an outlook for the full year, that's going to mean further margin progression and capturing that gap and then improving on it as we move into the back half of the year.

Daniel Joseph Moore - *CJS Securities, Inc. - MD of Research*

Really helpful. And then China, you have a pretty solid outlook for Q2 despite that. What type of impact do we expect on Metalcasting? Or maybe I shouldn't say Metalcasting, it's overall in China based on where we sit today in Q2.

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Right now -- so Dan, it's Doug. Right now, yes, China was a drag through the first quarter in Metalcasting volumes. We see those rebounding through the second quarter. I think as we sit in April, it's still -- it's moving along sideways. It hasn't ramped up yet. But we see our outlook at least through June and into July as being much more positive. The demand there from both automotive and nonautomotive production still remains strong. We do have some backlogs. We've been working to get those backlogs through our plants, given some of the transportation restrictions. And so we're moving through it, but it has been a little bit slow, but our outlook for the region through the second quarter and further out is pretty positive.

Daniel Joseph Moore - *CJS Securities, Inc. - MD of Research*

Perfect. I've got 1 or 2 others, but I'll follow up and jump back in queue.

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Yes, I didn't answer your bolt-on question, Dan. So if you want to do that later, I can answer it now. In terms of pet care...

Daniel Joseph Moore - *CJS Securities, Inc. - MD of Research*

Yes, curious about the opportunity set, that would be great.

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Sure, sure. So I didn't answer that earlier. Yes, there are other opportunities, I would say, though, in the pet care business, through Sivomatic Normerica and now Concept Pet, we've put together a really nice portfolio of positions, mine resources, manufacturing locations, next to population densities to be able to really effectively serve those pet [litter] customers. So right now, our goal is, obviously, continue through the integration of Normerica, making sure we finalize that now concept that in Europe and then really utilize this base to grow that business.

Further out, I think, there are in other geographies, some other positions that may make sense. But I think right now, we've really built a nice global base of operations and mine assets to really grow this business. So we're excited about it. We put it together. When we started this business, when we bought Amcol, the business was about $70 million. The business is now about $385 million in revenue. So that gives you a size, and it's growing at about kind of 8% to 10% per year. So that gives you an idea of what we think this is capable of and bolting on Concept Pet is going to be a real help to continue that growth.

Operator

And our next question comes from Mike Harrison with Seaport Research Partners.

Michael Joseph Harrison - *Seaport Research Partners - MD & Senior Chemicals Analyst*

Congratulations on a nice start to the year.

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Thanks, Mike.

Michael Joseph Harrison - *Seaport Research Partners - MD & Senior Chemicals Analyst*

I had a couple of questions here on the Refractories business. First of all, you mentioned some additional raw material costs. Are you having any problems with cost or availability of magnesium oxide? And can you also comment on whether the Russia-Ukraine war maybe leading to some weakness in Russian steel and creating some opportunities for your Refractories business where you participate outside of Russia?

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

So yes, let me start with that, and then I'll pass it to Brett Argirakis, who's leading that business. No, we're not seeing any issues around supply and the supply chain. I will say that part of Matt's comments around our strategic inventory build was making sure that we secured and put on docks from -- ports of that was China and getting some reserves in our raw materials out of the country ahead of time. So we utilized some really good opportunities to purchase and some timing to build those inventories, and that's part of that inventory build that will release throughout the year.

So no, we really did a good job around the supply chain issues. And as far as Russia-Ukraine, this was the business that had some business in Russia and Ukraine is about $5 million. So it was negatively impacted actually as we ceased those sales into the region, probably around $1 million in the first quarter. So it was actually a detractor from the results.

But really, I think, the results that you're seeing right now are just a solid execution, really smart cost control, good procurement and what we're talking about the delivery of these technologies in a package form. These newer formulations wrapped around laser measurement and application technologies that are leading to positions and just delivering higher value to the customers. So anyway, sorry, Brett, if I took a little away from you, but too exciting to hold back. So why don't you give us some more color, particularly in the U.S. around what you're delivering in terms of new sales from this?

Brett Argirakis - *Minteq International Inc. - MD*

Yes. Thanks, Doug. Mike, just to add a little bit more color. So as far as Russia, as Doug pointed out, our overall sales maybe $5 million between Russia and Ukraine. So it's not a big part of our business. But where we may see some indirect support would be the Ukrainian steel production. Some of that is moving to Turkey, where we have a very good business. So we may see some -- from added steel production, some more demand on our refractory products. So we're hopeful that, that helps us out.

Overall, when you look at Russian steel, they produce about 75 million tons of steel, the United States is about 85 million tons. So they do have a very good market. But as I said, we're not very deeply penetrated in that market, mainly refractory and some laser. But going back to what Doug said, our business really has been focused on our growth, new business initiatives. And our outlook looks pretty strong. The business is healthy. We have 8 new contracts, we're starting up in 2022, and they'll all utilize either refractory wire and laser technology or a combination. So we're really excited about that.

The laser business, the Ferrotron laser business is doing very well now. We have a strong order book. And as COVID loosened up, we're able to commission those lasers and also the new refractory formulations continue to show very positive results, and that also is starting to grow and allow us to penetrate the markets globally.

And lastly, really, we've signed over -- now we're up to about $120 million of new sales over the next 5 years. And that puts us in a really good position to continue to grow and keep our margins strong. I hope that answers your question.

Michael Joseph Harrison - *Seaport Research Partners - MD & Senior Chemicals Analyst*

Yes, no. I appreciate all the additional color there. Maybe shifting over to the household pet care and specialty business. The revenue number, I think, was a record there in that low $140 million range. I know that there's some seasonality to that business. But with the pricing efforts you had in place with the growth initiatives and, obviously, we need to bake in the Concept Pet acquisition as well. Is this kind of a good revenue run rate for the rest of the year going forward? Or should we think that Q1 maybe marked some inventory restocking after you had some of the issues in Q4 with supply chain?

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

No, I think it's -- I don't think there's anything significant in the first quarter. Interestingly, you're right. The lower seasons in some of our businesses are the colder months and the lower seasons in the pet care business are in the warmer months as cats are more outdoors. But I don't think that's material. I think what you're seeing with the Concept Pet acquisition is you're going to see this continued run rate of growth. As I mentioned in my comments, this segment has grown 14% compound over the past 5 years. And so we see that continuing.

The pet care business alone has grown, I think, around 8% compound in that segment. So I think it's a good run rate for you, Mike. I think with these new positions and some of the new products and with some of our e-commerce strategy taking off, especially that growth in Asia is starting to become forming. I think this is a good sustainable growth rate frame.

Michael Joseph Harrison - *Seaport Research Partners - MD & Senior Chemicals Analyst*

All right. And then I wanted to make sure to hit a couple of questions here on the project-driven businesses. Can you give us a little more color on the strength that you're seeing in environmental products? And how sustainable that could be into the rest of the year? And then in Building Materials, you noted some delays related to supply chain issues, and we're hearing this about raw material availability. Have those issues run their course? Or do you still see that some customers are going to be struggling to get the materials they need as we get into the busier building season?

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

I don't think we've seen any real supply chain disruptions. The business has been doing well from the manufacturing and the operations side. I want to let -- Jon Hastings, why don't you give us a little color on environmental building?

Jonathan J. Hastings - *Minerals Technologies Inc. - Group President of Performance Materials*

Sure. Mike, a couple of things. You keyed into it. Our pipeline has strengthened significantly. As you know, the markets have opened up. Projects are progressing through funding. We're seeing this in most of our sectors. We see it in the municipal landfills, coal ash pond projects that are supporting the coal-fired power plants. We're seeing waterproofing projects, infrastructure projects, all expanding. So the outlook has grown considerably stronger as we moved from '21 into '22.

Give you a couple of highlights by region, for example, in North America, we did see the demand pick up in Q1 just as we expected, and now we're fully booked through Q2 and beyond. We even saw within Building Materials, we had a little bit of a blip in the Pacific Northwest with the Teamsters strike that affected some project starts. But our order book has continued to be strong, and we're working through that, and that seems to have been resolved.

In Europe, our second biggest market, bidding activity continues very strong. Southern Europe. They're executing awards and construction of large-scale projects at a much higher clip than what they've done in the past 2, 3 years. So we suspect that some of this is also some pent-up demand, but it also is just an expansion of both Building Materials and also Environmental Products.

Internally, what we're focused on is strategically introducing our innovative new technologies. We're focused on sales of our high-value, high-margin specialty products. And as you would expect from us, we continue to ensure efficient and cost-effective operations to effectively serve all of our markets. So yes, there are some -- there's a little bit of volatility on logistics and raw materials [periodically], but we're really well positioned to continue to offset that with pricing and instituting the best practices, business practice that we put in place, our order book remains full, and we're executing on all cylinders. So I hope that helps, Mike.

Michael Joseph Harrison - *Seaport Research Partners - MD & Senior Chemicals Analyst*

Very helpful. Last question for me is on the guidance. It kind of looks as if you're expecting the second half to be maybe just slightly better than the first half. I think a lot of us have been watching the price cost dynamics and assuming that what would be a headwind in the first half should actually turn into some additional margin tailwind in the second half. So I guess maybe just help us understand if you're trying to be conservative with that $5.60 to $5.70 or if there are some other, I guess, components of margin headwind that we need to keep in mind?

Matthew E. Garth - *Minerals Technologies Inc. - Senior VP of Finance & Treasury and CFO*

I think a few things to note, Mike. Recall that's the first time we've given annual guidance in quite a bit of time. And as we've given you now second quarter and the full year, you are seeing the benefit of a few things like we detailed, improvement in our end markets like it was just detailed by Jon. You heard that from Brett, and we've talked about it, demonstrating some of that.

Being able to price, Doug talked to you about the pricing construct that we have, we've been able to change our contracts, we'd be able to work with our customers. We price on the value that we contribute. So that speaks to the margin potential that we have in pricing beyond just recovering inflationary factors. And so yes, you'll continue to see that as we move through the year.

If you remember last quarter, Doug talked about a flight path in our margin as we move through the year. And that's what we are looking at. And that flight path moves towards that 14% level as you move into the later months in the year. And that's coming from continued volume growth based on stable market conditions, expanding those margins, getting pricing into place that value -- that we believe appropriately values our products, our technologies and our partnership with our customers and pulling that all together to deliver what we think is a strong year.

And in that $5.60 to $5.70 range, around that range, that gives you a sense of some confidence as you look into the second half of the year, around those factors being able to control what we can in the face of some uncertain market conditions that are going to be, obviously, making some headlines, whether that's an economic factor or specific markets that you may see providing some level of contract that we need to manage through, but overall, looking at a very good year in total and progression through the year.

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Sorry, Michael -- also you may have mentioned it, but we still have some room to go on the integration of these acquisitions. So in the back half of the year, we're not done with the integration, and there's still some systems integration going with our Normerica acquisition and still some margin expansion there and also Concept Pet. So yes, there are some things in the back half of the year that we think (technical difficulty) markets and the delivery of revenue from acquisitions that are going to strengthen things for us. So -- but I think, as Matt said, being able to go out that far right now is projecting the confidence that we have in this business and being able to deliver it.

Operator

(Operator Instructions) And we'll hear next from Silke Kueck with JPMorgan.

Silke Kueck-Valdes - *JPMorgan Chase & Co, Research Division - VP*

In your earnings guidance for the second quarter and for the full year, what pricing is embedded in that outlook? So your prices were 9% higher in the first quarter. Like what do you think -- year-over-year, what do you think it might be in the second quarter? And what do you -- what's baking to your guidance for the full year?

Matthew E. Garth - *Minerals Technologies Inc. - Senior VP of Finance & Treasury and CFO*

Yes. I think if you remember, the way that we detailed our full year outlook last quarter was that we were going to experience about 15% top line growth. That was going to be 5% through organic, 5% through the Normerica acquisition and 5% through pricing. Again, what you saw this quarter was about 4% organic, and that's volume and mix despite what we've alluded to was a challenging January and February.

So a very good organic growth component. That 5% looks good as we move through the year. Normerica, contributing about 5% to 6%. Acquisitions, as Doug said, that will trickle through the rest of the year with Concept Pet. So still seeing about that 5% top line growth. Pricing, to your point, came in stronger than what we had anticipated. And there's a few factors surrounding that. One, you're continuing to see inflation, and we are continuing to drive pricing as inflation moves. So that speaks to our value proposition with our customers, the partnership we have and being able to recover that pricing and then furthermore, recovering our margin, which was embedded in that 5% as we came into the year. So as you're looking out at, Silke, you'll continue to see a higher level of pricing as we go through the year just based on the higher level of inflationary factors that we had. But again, that 15% that we guided to feels good.

Silke Kueck-Valdes - *JPMorgan Chase & Co, Research Division - VP*

Okay. So you think pricing should be something more like double digits going forward for the second quarter and fourth year?

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Yes, I think, we're in that -- not saying that 15% is we're still holding to that 5%, 5% and 5%, right? So 5% organic volume growth, 5% from acquisitions, at least through the fourth quarter. We will lap that acquisition number as Normerica kind of annualizes. And we think that given what we currently see with the inflation forward, we still have some pricing to pass through contractually that's going to come through in July, August through the third quarter. And those are largely in our Paper PCC contracts and some in refractory.

So I think you're going to see through the third quarter at least, that 9% in the first quarter, you're probably going to see another 5% in the second and probably that 5% into the third in pricing. Now it depends on where inflation goes. So we will keep that spread, and we will continue to expand margins to -- like Matt said, to that 14% plus kind of run rate in the fourth quarter.

If inflation continues to go at this pace, we're going to continue to do this. I think when that planes over that pricing may come off a bit. But for now, we think at least through the third quarter, you're going to see that kind of 5% average number over prior year.

Silke Kueck-Valdes - *JPMorgan Chase & Co, Research Division - VP*

Okay. And the -- in terms of your electricity and your energy costs, like it seems in paper you have contractual pass-through. Do you have that -- given like the unusual spikes in Europe, do you have that ability of pass-through in all of your businesses or you only have that in paper?

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

In paper, it's contractual, it's actually literally written into that. And we do get -- we receive our utilities, in many cases, from our customers. So in paper, where our satellite facilities sit on site of a paper mill, we received those utilities. They pass on a pricing increase and then we'll pass that through contractually with a delay with other factors. There's other -- other raw material input costs and other factors that go into a pricing formula, which has a delay to it.

In most of our contracts in North America, that's pretty tight. I mean we've moved those to sometimes instantaneous 1 month, 3 months. But in Europe, those -- there are some contracts that still -- legacy contracts that are out there 6, 9 months. When you see times like this, in past times, we've seen inflationary costs of a couple of 100 thousand dollars, which will carry for 6 months and then pass through contractually.

As Matt mentioned, we saw $2 million worth of energy cost increases alone in these businesses, primarily in paper in Europe, given what's going that we're going to carry. We'll carry through the first, we'll carry it through the second and then we'll pass it on the third. So the good thing about our contracts is they protect us. The challenging piece of our contracts is there's a delay to them, and it's exacerbated in some of these really high inflationary periods.

However, the products -- our products are priced -- outside of paper, our products are priced on value. We're able to make sure that we get the value that they provide. And so yes, we are working with our customers very transparently around some of these increases, not just energy. And they understand it. They are, in many cases, in the same position with their customers. So it's always a challenging conversation, but it's not one that's not understood because of the value of our products we provide to our customers. Hopefully, that helps. A little long-winded.

Silke Kueck-Valdes - *JPMorgan Chase & Co, Research Division - VP*

Okay. And if I can ask like 1 or 2 more. Regarding the Normerica acquisition, my memory is that it was a $140 million business when you acquired it, something like $35 million in sales per quarter. And maybe there's like some seasonality, but did the Normerica business in volume terms grow this quarter or it contracted? I thought the acquisition benefit was unusually low.

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

They're about at that pace. They're at that pace, Silke. So they have not contracted. We're running at that rate. We -- I was just looking to Jon, we have some new business opportunities that are taking hold that we're putting in place. So I think what you will see is some growth in revenue in the Normerica business. Again, it's going to be in that pet care business. And so I probably won't call out exactly how much is Normerica or legacy business or Europe. But I think all of that in the new business and the acquisitions are going to contribute to that continued kind of 8% to 10% growth rate in that business. So -- but for the quarter, I think, they were relatively flat with the fourth.

Jonathan J. Hastings - *Minerals Technologies Inc. - Group President of Performance Materials*

Yes. And just to add on from a transaction perspective, the integration continues on pace. As Doug said, we have some systems integration that are going to take -- that is going to take place later in the year. So we'll continue to put effort there. But overall, Normerica remains very much on track.

Silke Kueck-Valdes - *JPMorgan Chase & Co, Research Division - VP*

Okay. And I guess there's a question I wanted to ask about your exposure to the Asian markets and some of the covid-related shutdowns in China. Where does that touch you most, in which businesses? And what do you sort of like -- what do you expect for the second quarter?

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Yes. I think it's most impacting our foundry business, our Metalcasting business. Jon, why don't you tell us where we are with customers and our facilities there?

Jonathan J. Hastings - *Minerals Technologies Inc. - Group President of Performance Materials*

Yes. So, like Doug said, it mainly affects our Metalcasting business, greensand bonds. And what we've seen just in the past couple of weeks and months is that there has been an increase in -- a difficulty in the ability to actually ship out of our plants. However, that's been resolved through a lot of hard work working with the government, working with trucking, et cetera. And so we built up a little bit of backlog with our customers. We have now been supplying. We've worked off that backlog. And going forward, again, it's volatile. We're going to continue watching this.

But so far, there haven't been any real significant disruptions, and we'll continue to generate the volumes for our customers that are needed. So again, no real significant impact so far.

Matthew E. Garth - *Minerals Technologies Inc. - Senior VP of Finance & Treasury and CFO*

Right. And in the guidance we gave you as you go through it, you'll see what we basically said is that China COVID situation is going to continue. Sales are pretty slow in China Metalcasting and that looks like it's going to continue into the second quarter predicated on what's going on with the code condition there. So guidance has embedded that viewpoint. And so we'll work from there. But as Jon outlined, very good performance from the team, working with customers and moving forward.

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Exactly. So I just want to jump in here. We have 500 employees in China. And we have 2 offices, 1 in Shanghai and 1 Beijing. And those -- those teams are at home, and they're continuing to work. They're doing a fantastic job. So a quick call out to them for all they're doing, maintaining that business. And as Jon said, they're working really closely with customers, and those volumes are getting shipped. We're keeping them running. So anyway, I want to put that out (inaudible).

Silke Kueck-Valdes - *JPMorgan Chase & Co, Research Division - VP*

That's helpful. And I have a very last question on -- just on cash flows. I was wondering what your CapEx target is for the year. And what's your share repurchase target for the year?

Matthew E. Garth - *Minerals Technologies Inc. - Senior VP of Finance & Treasury and CFO*

Thank you, Silke. So cash flow, as I said, free cash flow, we're expecting to generate about $150 million. So another strong year of free cash flow. I think we talked through the dynamic of how working capital was going to release as we move through the year, particularly those strategic inventory positions.

CapEx embedded in that assumption is about $80 million to $90 million. If you remember, last year, we did about $85 million coming into this year. We said we'd have a similar experience, really good opportunities for investment inside the company. We're going to take care of those and also sustaining CapEx continuing to be in that $40 million range.

As you look at our use of cash, yes, you're right, we are currently operating under a $75 million repurchase authorization. We anticipate that we'll complete that by October. So purchases will continue there. The other opportunities for our free cash flow, we've talked to you about our balanced approach using some of that cash, we just acquired Concept Pet with cash on hand. We will continue to also look at opportunities to pay down debt, and you'll see that as we move through the year with free cash flow as it's generated. So really using that cash flow on all 3 pegs of the stool, delivering to shareholders, finding opportunities to deploy it to growth and then also maintaining a very strong balance sheet.

Operator

And our next question comes from David Silver with CL King.

David Cyrus Silver - *CL King & Associates, Inc., Research Division - Senior VP & Senior Analyst*

Yes. I think the first question -- the first topic I'd like to ask you about is the PCC business. And I'll just apologize this is going to be one of my famous kitchen sink question styles. But I would like to focus maybe on the sequential growth in that area, both the paper and the specialty side. It was pretty striking compared to a typical 4Q to 1Q. And I'm just wondering if you could maybe break down that well into double digits growth that was there sequentially.

And in particular, were there a few start-ups? I think Baiyun on my list is scheduled for first half of this year. There may have been a restart in the U.S. But what are the elements that led to that very strong sequential performance in your PCC business this quarter? And will that carry through the second quarter or sometimes I believe there's a seasonal dip there? So just the trend, the last quarter, next quarter kind of trend in that business would be helpful.

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Sure. I think in general, David, it was really due to some seasonality, but also I think in the fourth quarter, I think, you're referring to about a 14% sequential growth rate in that business. So we did see some stronger performance. We are moving from a period in December, which was really challenging from both COVID logistics around the world and that December was a really tough one through into January. But then I think as you see, as you get into the March time frame, a lot of different things start to kick in some construction, automotive builds have been higher, the paper -- some paper mills that have taken some outages and were down due to COVID, have come back.

And so I think what you're seeing in that sequential growth is a lot of just kind of factors that were in late in the fourth quarter that March is a totally different scenario in terms of where we are in the market. But I do think if you take that March and you look through the second quarter, that's the kind of pace that we're on going into this next one. So I think we saw some strong growth due to some things that in December. But I think if you take the March performance and you take that up the second quarter, that's the construction, the automotive, the paper, the seasonal activity you're going to see, and I think you're going to continue to see some growth into the second. So that's at least the dynamic that's happening. D.J., do you want to give more specifics about what's behind it?

D. J. Monagle - *Minerals Technologies Inc. - Group President of Specialty Minerals & Refractories*

Yes. A couple of things, David. On the specialty side, we're really taking advantage of those expansions that we had put into place and the pull from the -- from both the automotive and the construction industry remains very strong, and the outlook is very strong. We've also been very effective in -- with pricing in that area. So -- and we see that continuing, and that's part of what's built into Matt's guidance.

On the paper side, you're seeing North America remained extremely strong in terms of its run rate in the industry. And we've got some upside in China and India as COVID settles down. And then as both Matt and Doug have talked about earlier, you're going to see the contractual price increases kick in towards that second half of the year.

And then finally, just to remind you on some of the expansions that you mentioned, you highlighted Baiyun, that's correct. That will be coming in towards the end of that second quarter. Then we have the India contract with SPB that starts kicking in probably late in the third, sometime in the fourth and then the other GCC opportunity that we add will be in 2023. So the trajectory is good. just based on the current builds. And I would give you just a little further insight, I'd say the pipeline is robust as well.

David Cyrus Silver - *CL King & Associates, Inc., Research Division - Senior VP & Senior Analyst*

And just to follow up briefly, D.J., but if I just take the simple revenue numbers for the first quarter, $121 million total for your paper PCC plus the specialty, so you're over $120 million. And if I go back in my records, I mean, it's been -- I think, 2015, 2016 was the last time we had that kind of revenue rate, and of course, some not inflation adjusting there. But maybe if you just had a moment, I mean, just reflect on kind of how you see the business situated now early 2022 and with the diversification into packaging grades relative to how the business looked 5 years ago. I'm thinking that there's just a lot more end market diversification and new applications relative to the last time the business was generating this type of revenue.

D. J. Monagle - *Minerals Technologies Inc. - Group President of Specialty Minerals & Refractories*

So thank you. So a couple of things. If we concentrate on that paper business, the team is doing a really good job of shifting that portfolio both to advanced products in the printing and writing grades that allow for more consumption per ton of paper that's made, but also into that packaging, and I'll refer to that pipeline, David.

If I looked at that pipeline 5 years ago, maybe I would have had a packaging opportunity in there, probably not. Now if I look at a dozen active engagements with customers, probably 30% of those are packaging, some of them PCC, some of them like the GCC opportunity that we looked to earlier and then some of them also non-PCC-related technologies. So those last 2 statements I made are 2 different platforms that help us position in that market.

Then the other one on the Specialty PCC side, there's a couple of items of significance. The first one is these advanced products that we're making on rheology control, they continue to get good traction in strong markets. We did make the small acquisition, but an important acquisition for us in North America with our assets in Missouri. And then we've also been penetrating further in food and pharma applications of Specialty PCC. So both -- from a PCC standpoint, both portfolios are well positioned for the future.

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

And David, the only thing I'd add is, I guess, it's a good -- I appreciate you bringing the look back. It's a different business. It's not quite there yet. We've transformed it from 99% base copy paper into one that -- and we mentioned it, across the portfolio of companies, one that is a much more higher tech products, they're positioned in markets that are structurally growing and in geographies that are growing.

So I think it follows along the thesis of what we've been doing over the past years to create more stability and position the business into higher growth products and regions. And I think both in Specialty and in Paper PCC, that's what you're seeing. And as D.J. mentioned, throughout this year and into next, there's still -- there's some secured contracts that don't show up in the top line yet. That will. So I think you'll see that continue.

David Cyrus Silver - *CL King & Associates, Inc., Research Division - Senior VP & Senior Analyst*

Yes, no. I mean I considered the development of that business, just a very good microcosm, Doug, of how you talk about a mineral base, but with a differentiation or a technological edge to it. So that's why I kind of brought it up. Okay. Doug, I appreciate you mentioning the new product development earlier in your comments. I was wondering if you could just give us a quick update on FLUORO-SORB® in particular. And then you did mention rheology modifiers. I haven't heard you talk about that in a while. I may have missed it. But I mean, to me, that's very, very high ground area within Performance Materials. Just wondering, for you calling it out today, was there -- has there been some movement or some development in your business in that area that you consider noteworthy?

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Thanks, David. Let me give you just some -- I guess, frame up the innovation kind of pipeline in the company. I mentioned a number of comments and number of stats. I think if you looked at the total value of the portfolio, upwards of $800 million worth of ideas through different stages in that portfolio. And so if you think of like we've got a much bigger funnel of thinking, but that funnel is focused on some very specific areas, right? And I'll give you a couple of those threads.

One of them is we've always been in rheology modification. I mean just about everything we do in Specialty PCC and in some of our clay-based products are rheology modifiers. What is that? What it does is it imparts kind of -- I'm going to get out of my element here, even in engineering. It imparts an ability for a formulation to flow or a physical property of flow. I'll give you an example in construction, automotive sealants, being able to have a robot put out a line of sealant and then have it set and not sag. So it has to come out really quickly, but it can't go anywhere from that, and you can't have a tail of a string once the gun is pulled away.

So -- but what makes it do that is our Specialty PCC. And so being able to engineer the particle and engineer how it goes into that process, it helps that flow under that pressure, which is what rheology is. And so -- but we had that capability across the company, and we apply it with our different minerals. And some of these are in cosmetic applications, and we use clays to do the same things. And so it's been a part of the technology of the company for a long time. We're finding opportunities in markets to be able to apply it more broadly.

Jon was just mentioning right now, it's in drilling. Our drilling muds are basically rheology modification, being able to lubricate the drill as it goes through and then set up to hold the whole in place. So I think it's nothing new. It's a base technology we have in the company. We're just being able to apply it with our growth in these other markets and many of them consumer more broadly. And so it's really nothing, it's a base technology.

But sustainability is another thread in that innovation pipeline. 60% of the products in our innovation pipeline are either something that helps us make a product more sustainable or helps our customers with a sustainability issue they face. And that's grown from almost 40% just a year ago, so 1 -- 5 years ago. 60% of the portfolio of $800 million of products is something to do with a sustainability initiative, right?

We're generating about $270 million of revenue from new products on an annualized basis this year over products that we've commercialized the last 5 years, that's up from $210 million last year. So if you think of it, crank -- we're turning the crank a lot faster. It's a lot more focused, and we have a lot more kind of focused projects that are in that funnel that are coming out to deliver these types of results. And we think that's going to continue to accelerate. As far as PFAS, Jon, do you want to give us an update on...

Jonathan J. Hastings - *Minerals Technologies Inc. - Group President of Performance Materials*

Sure. Sure. Glad to. You mentioned FLUORO-SORB® and PFAS. Again, we're getting a lot of attention from potential customers and strong performance is being (inaudible) in all of our pilot applications. We've got 90 successful demonstrations. Just to give you a couple of concrete things, since last year's Canadian DoD in-situ project, we've got FLUORO-SORB® that's been impregnated into our reactive mats, and they've been installed at the U.S. DoD site. We've got mobile filtration systems that have been placed at 2 other sites. We've got one in North American landfill. That's in the in-situ space.

In the drinking water space, we're pleased that in the next month or 2, so in Q2, we're going into 2 new municipal drinking water systems. And as you know, other utilities and regulators are watching that really closely. The performance that we see with FLUORO-SORB® is substantially better than other competitive technologies. So we're pretty excited about having those drinking water systems, commercial and installations coming up in the next couple of months.

So looking at the road map going forward, as you know, EPA continues to set the stage. And we're poised to take advantage of the demand once it manifests itself in the marketplace. So a lot of excitement, a lot of trials, some commercial applications and certainly poised to satisfy the demand once it comes from the regulatory environment.

Operator

And our next question comes from Daniel Moore with CJS Securities.

Daniel Joseph Moore - *CJS Securities, Inc. - MD of Research*

One more. I'll ask you as quick as I can. But you're seeing, obviously, faster top line growth now faster bottom line growth leverage based on your implied '22 guide is comfortably below 2x, and you're going to generate a lot of cash in the back half of the year. So I guess stock's still trading where it is in the 10, 11x forward EPS range. Are there things you're considering to try and shine a brighter light on the consumer business, which is now 1/3 of your business and less cyclical, be it resegmentation, another Analyst Day? Just anything. You give great color. I'm just wondering if there's anything higher level. That's number one. And number two, maybe why not buy back stock even more aggressively just given where the leverage is and all those metrics I just cited?

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Yes, let me take the last one first. No, I appreciate that the cash flow generation where the balance sheet is would support higher levels of share repurchase. I think where we are and we're kind of been is the $75 million is 50% of kind of that free cash flow, that average free cash flow number. That can certainly go higher. But at the moment, we think that's a comfortable place for a balanced use of that cash to make sure that we also see opportunities on the acquisition front. So we'll continue to make sure our debt stays and our balance sheet stays in that 2x position. So you might see some debt repayment this year.

But we want to -- we see those opportunities out there through acquisitions, and we like to balance the use of that cash to make sure we have opportunities to do that. As they wane, we can update share repurchase. And as they get closer, we might back off that share repurchase, we see that use of that cash for that strategic acquisition. So we like where that is. We think it's a good balance, but we recognize that our balance sheet and cash flow could go higher if acquisitions plan.

On the other side of things, I think that's a great question, Dan. I think we're doing -- we spend a lot of time, as much time as we can with investors and talking about this strategy. Hopefully, the comments today you found were a little bit more clarifying in terms of where we've been and where we're directed. I do think that coming out -- going out with an Analyst Day is something that we want to do. We're trying to actually -- it's interesting you said that because we've been talking about the timing of that and exactly when we can do it. We're thinking about possibly this fall. So more to come on that.

But yes, I think that would be very helpful to you and the rest on this call, but also to our investors to really see where this is going and what we see further out than just 2022. So stay tuned. I think it's a great idea. It's something we're going to do. We're going to try to plan that and more than likely, we'll do it. So try to get that out and have a real robust day around where we're headed.

Operator

And there are no further questions at this time. I'd like to turn the call back over to Mr. Dietrich for any additional or closing remarks.

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Thank you very much, Jennifer. Thanks, everyone, for joining the call today. I appreciate the questions, and we'll talk to you in 3 more months. Thanks.

Operator

And this concludes today's conference. Thank you all for your participation. You may now disconnect.
