NASDAQ:FTEK Q2 2025 Earnings Call Transcript

Generated on 6/17/2026

Alarik | Conference Operator:

Ladies and gentlemen, greetings and welcome to the FuelTech INCOP 2025 Second Quarter Financial Results Conference Call. At this time, all participants are in the listen-only mode. A brief question and answer session will follow the formal presentation. If anyone requires operator assistance during the conference, please signal the operator by pressing star and zero on your telephone keypad. As a reminder, this conference is being recorded. It is now my pleasure to introduce your host for today, Devin Sullivan, the Managing Director of the Equity Group. Please go ahead.

Devin Sullivan | Managing Director, The Equity Group:

Thank you, Alarik, and good morning, everyone. Thank you for joining us today for FuelTech's 2025 Second Quarter Financial Results Conference Call. Yesterday, after the close, we issued a press release, a copy of which is available at the company's website, .ftek.com. Our speakers for today will be Vince Arnone, Chairman, President, and Chief Executive Officer, and Ellen Albrecht, the company's Chief Financial Officer. After prepared remarks, we will open the call for questions from our analysts and investors. Before turning things over to Vince, I'd like to remind everyone that matters discussed on this call, except for historical information, are forward-looking statements as defined in Section 21E of the Securities Exchange Act of 1934 as amended, which are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995 and reflect FuelTech's current expectations regarding future growth, results of operations, cash flows, performance and business prospects, and opportunities, as well as assumptions made by and information currently available to our company's management. FuelTech has tried to identify forward-looking statements by using words such as anticipate, believe, plan, expect, estimate, intend, will, and similar expressions, but these words are not the exclusive means of identifying forward-looking statements. These statements are based on information currently available to FuelTech and are subject to various risks, uncertainties, and other factors, including the not limited to those discussed in the company's annual report on Form 10K and Item 1A, under the caption of risk factors and subsequent filings under the Securities Exchange Act of 1934 as amended, which could cause FuelTech's actual growth, results of operations, financial condition, cash flows, performance, and business prospects, and opportunity to differ materially from those expressed in or implied by these statements. FuelTech undertakes no obligation to update such factors or to publicly announce the results of any forward-looking statements contained herein to reflect future events, developments, or change circumstances or for any other reason. Investors are cautioned that all forward-looking statements about risks and uncertainties, including those detailed in the company's filings with the SEC. With that said, I'd now like to turn the call over to Vince Arnone, Chairman, President, and CEO of FuelTech. Vince, please go ahead.

Vince Arnone | Chairman, President & Chief Executive Officer:

Thank you, Devin. Good morning, and I'd like to thank everyone for joining us on the call today. Our second quarter results were largely in line with our expectations and reinforced our belief that 2025 will be a year of growth for our company versus prior year. For the quarter versus the prior year period, we expanded our gross margin, managed expenses, continued to invest in our emerging technologies, and maintained a strong financial position with cash, cash equivalents, and investments of nearly $31 million at quarter end, and no long-term debt. We are also pleased with the pace of business development at each of our three businesses, which includes the expectation of a receipt of an incremental $2.5 to $3 million in new APC awards before the end of the month of August, as well as customer demonstrations that are underway for our dissolved gas infusion technology, and plan to commence later in the year for our fuel chem business segment. We are also increasingly optimistic about the application of our APC suite of emissions control solutions and the construction of AI-related data centers in the United States, and I'll make further comments on this topic in a moment. Revenues for our fuel chem segment were essentially flat for the quarter versus prior year, reflecting seasonal weather transition from spring to summer. However, the warm weather that much of the country began to experience late in the second quarter has translated into higher energy demand, which has had a positive effect on fuel chem's results as we entered the current third quarter. With each of our base accounts in operation, including the incremental contribution from the new commercial account that we added in the fourth quarter of 2024, we recorded more than $2 million in revenue at fuel chem for the month of July. As of today, we believe that we are well positioned to meet our annual objective of $15 to $16 million in fuel chem revenue. In addition, we are also expecting to commence a new six-month demonstration of our TIFI-targeted infernus injection technology early in the fourth quarter of this year at a new customer's coal-fired unit in the Midwest. The purpose of the demonstration is to improve boiler availability and reliability and reduce maintenance downtime for offline boiler cleaning in order to maximize the power generation profile of this unit. Should this demonstration result in a new contract, we would expect the annual revenue potential to be approximately $2 to $2.5 million based on the customer running the program full-time and with the revenue expected to generate historic fuel chem gross margins. With respect to international fuel chem opportunities, we remain in discussions with our partner in Mexico to expand the provision of our chemical technology and that country. Based on conversations with our partner in Mexico, it is still our understanding that the recently elected government is targeting the implementation of environmental policy aimed at the reduction of pollutants that can cause climate change. As Mexico is planning to use the heavy fuel oil generated from their oil refining operations as fuel for power generation for the near-term future, we are hopeful that our fuel chem program will be an integral part of President Shane Baum's plan. Revenues for our APC business in the second quarter declined compared to the prior period due primarily to the timing of project execution on existing contracts. With that said, we are pleased to report that we are expecting to announce an incremental $2.5 to $3 million in new APC contracts before the end of this month from new and existing U.S. and international customers for our emissions control solutions. Further, we do expect to close an additional $3 to $5 million in new awards before the end of this year, which would be exclusive of any data center opportunities. We are continuing to pursue additional new awards driven by industrial expansion globally and by state-specific regulatory requirements in the U.S., and we are continuing to monitor progress of the EPA's rule for large municipal waste combustor units. This rule reduces the nitrogen oxide emissions requirements for the large NMWC units. FuelTech has had a long history of assisting this industry and meeting its compliance requirements, and we have had discussions with customers in this segment to support their compliance planning. The final rule has been delayed by EPA until December of this year, with compliance deadlines expected three years from the date of issue. That being said, there are some specific states that are currently requiring lower NOx emissions that are consistent with proposed MWC rule, and we are actively pursuing those opportunities today. Additionally, EPA, under the current administration, is currently pursuing the rollback of rules related to the reduction of greenhouse gases. It is important to note that the proposed rollback of the 2009 EPA endangerment finding does not loosen the nitrogen oxide emission requirements for any sources and could potentially extend the life of some coal and natural gas-fired units that may not have to reduce their carbon dioxide emission profile. Lastly, as discussed in our previous conference calls, we are not expecting any specific tailwinds that would come from the implementation of new regulation, and the opportunities that we are pursuing today are not contingent on the implementation of any specific new regulations. For our dissolved gas infusion business, we commenced an extended demonstration in mid-July at a fish hatchery in the Western US that is expected to last until the second quarter of 2026. The demonstration is designed to evaluate the benefits of delivering consistent and precise levels of dissolved oxygen for the raising of game fish in a controlled environment over a complete growth cycle. Specifically, this user is interested in ascertaining how DGI will affect yield, fish growth cycles, and operational costs for the program. What's interesting about this particular demonstration is that our DGI technology will be going head to head with the technology that is currently being used by this hatchery, and we believe that this comparison will provide a very clear view of the advantages of our DGI system in this setting. In addition to this demonstration, we are still in discussions with a municipal wastewater treatment facility in the Southeastern United States, and we are pursuing multiple other end markets of interest for DGI, including pulp and paper, food and beverage, chemical, petrochemical, and horticulture. We continue to receive inquiries regarding DGI from potential customers in multiple end markets, and we are hopeful that we can generate our first commercial revenues in 2025. Additionally, we continue to cultivate our sales representative network to broaden the introduction of DGI to various end markets across the U.S. We expect to add new sales representatives later this year. These would be in addition to the two companies with whom we executed sales agreements in the first half of this year. As a follow-up to the commentary that we provided on our previous conference call, one of the most exciting opportunities that we have seen in quite some time for our company relates to the application of our APC emissions control solutions as part of the proliferation and investment in data center infrastructure being built in support of AI, cloud computing, and the general trend for digital expansion. Data centers are becoming the backbone of the digital age, and as such, their development necessitates the increase in demand for power generation to support data center operation. This demand in power will require emissions control solutions for many of the energy sources that necessitate a low-carbon footprint. In fact, the primary factors that determine whether a data center will require NOx control using SDR technology are the following. First, site location. Is the site in an attainment or non-attainment area for ozone ambient air quality standards, as NOx is a contributor to ozone? There will be more stringent NOx requirements in the non-attainment areas. Second, the planned utilization of the power generation application. Is the generation source for primary, or backup power, and what are the expected number of operating hours per year? Primary power sources and backup power that is expected to run extensively will be more likely to require SDR. And third, the baseline NOx of the power generation source. Some combustion turbines can be equipped with combustion controls to enable a lower baseline NOx emissions level. However, ultimately, the site permit will define the required level of emissions control. The interest in our technology solutions for these applications has continued throughout the recent quarter. And as of today, we have multiple bids outstanding for the integration of our SDR technology with the power generation sources to address the emissions control requirements of data centers to be built in the U.S. over the next several years. We are watching the progress of the bid activity closely, and are proactively working with our supply chain partners to ensure that we are ready to capitalize on the opportunity when it comes our way. As we look ahead to the balance of 2025, based on our effective backlog, impending contract awards, the APC business development activities that we are pursuing, and our previously noted expectations for fuel chem, we are reducing our revenue guidance for 2025 modestly from approximately $30 million to a range of $28 to $29 million. We are confident that fuel chem will well exceed its revenue level for 2024. However, the timing of both the receipts and execution of APC awards has some uncertainty, and as a result, we are being cautious in our guidance. Also, please note that this base case outlook excludes any material contributions from DGI, any significant contributions to APC from data center contract awards, and any material impact from new business development activities for fuel chem. In closing, I want to express my thanks to the FuelTech team for their continued efforts in support of our strategic goals, and I want to thank our shareholders for their continued interest in and support of FuelTech. We are excited about the business opportunity landscape that lies in front of us today, and one of our primary objectives for our company is to build a material contract backlog as we move towards the end of 2025 and into 2026 and thereafter. Now, I'd like to turn the call over to Ellen for her comments on the financial results. Ellen, please go ahead.

Ellen Albrecht | Chief Financial Officer:

Thank you, Vince, and good morning, everyone. For the quarter, consolidated revenues declined to $5.6 million from $7 million in the prior year's period due to lower APC segment revenue. APC segment revenue declined to $2.5 million from $3.9 million, primarily related to the timing of project execution on existing contracts, while, as expected, fuel chem segment revenue remained flat at $3.1 million for the quarter. Consolidated gross margin for the second quarter rose to 46% of revenues from 42% in last year's second quarter due to segment contribution mix. Fuel chem gross margin increased to 47% compared to 46% in the second quarter of 2024 despite flat segment revenues, which was mainly due to account mix combined with relatively flat segment administration expenses. APC segment margin rose to 44% in the second quarter as compared to 39% in the prior year's period as a result of project and product mix. The APC segment contained revenues from capital projects and ancillary revenue for items such as post-contractual spare parts and services. Ancillary -in-time revenue maintain a higher margin profile and will offset fluctuating capital project revenue margins, which are recognized over time based on project completion. Consolidated APC segment backlog on June 30, 2025, was $7.8 million up from a backlog of $6.2 million as of December 31. Backlog at June 30 included $2.8 million of domestically delivered project backlog and $5 million of foreign delivered project backlog compared to $1.9 million of domestic delivered project backlog and $4.3 million of foreign delivered project backlog as of December 30, 2024. We expect that approximately $5 million of current consolidated backlog will be recognized in the next 12 months. SG&A expenses in the second quarter rose slightly to $3.3 million from $3.2 million in the prior year period due primarily to timing of routine expenditures. As a percentage of revenue, SG&A expenses rose to 60% from 46% in the prior year period, reflecting lower consolidated revenue in the current period. For 2025, we expect SG&A expenses to increase modestly from prior year as we focus on the development of our infrastructure and business segments. Research and development expenses for the second quarter rose to $490,000 from $422,000 in the prior year period due to our continuing investment in water and wastewater treatment technologies, specifically our DGI systems, and including the demonstration Vince previously mentioned. Our investment in DGI will continue throughout 2025 to support ongoing site demonstrations and other growth initiatives. Our second quarter operating loss was $1.3 million compared to an operating loss of $715,000 in the prior year period. Interest income increased to $537,000 in the second quarter, up from $334,000 in the prior year period. Interest income in the 2025 second quarter included $257,000 related to the one-time recognition of the employee retention credit funds under the CARES Act. Collection of approximately 75% of ERC funds, including the interest, was completed in the second quarter with the remaining balance fully collected as of today. Our net loss for the quarter was $689,000, or $0.02 per share, compared to a net loss of $421,000, or $0.01 per share in the prior year period. Adjusted EBITDA loss was $948,000, compared to an adjusted EBITDA loss of $529,000 in the prior year period. Lastly, moving to the balance sheet, our financial condition remains very strong. As of June 30, 2025, we had cash and cash equivalents of $10.6 million and short and long-term investments of $20.3 million, for a total of $30.9 million. Shares outstanding at the quarter were approximately $30.9 million, equating to cash per share of $1. Working capital was $25.7 million, or $0.83 per share. Stockholders' equity was $40.7 million, or $1.32 per share. And the company continues to have no outstanding debt. We remain greatly confident in our ability to maintain a strong financial position and to fund our short and long-term growth initiatives. I'll now turn the call back over to Vince.

Vince Arnone | Chairman, President & Chief Executive Officer:

Thanks very much, Ellen. Operator, let's please go ahead and open the call for questions.

Alarik | Conference Operator:

Thank you. Ladies and gentlemen, we will now begin the question and answer session. If you would like to ask a question, please press star and 1 on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star and 2 if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. Ladies and gentlemen, we will wait for a moment while we poll for questions. The first question comes from Sameer Joshi with HC Wainwright. Please go ahead.

Sameer Joshi | Analyst, HC Wainwright:

Hey, good morning, Vince, Ellen, Devin. Thanks for taking my questions. Good morning, Sameer. Good morning. Just a few on the actual financials and outlook. Just want to make sure you mentioned fuel chem revenues for the year are likely to be highest since 2022 and also further clarified it and those to be expected in the 15 to $16 million range. Is that for the year? Is that because of any additional units coming online later in the year? You did mention some 4Q activity. Just would like to get some color on that.

Vince Arnone | Chairman, President & Chief Executive Officer:

Right, now the number that I provided as the range of 15 to 16 million does not include contributions from any new accounts as we see here today. Anything that would be added from a new account perspective would be incremental to those numbers.

Sameer Joshi | Analyst, HC Wainwright:

Understood. And then the backlog of 7.8 million, I think Ellen mentioned 5 million to be expected to be recognized during 2025. Is there any seasonality or other cadence to that over the next two quarters or it's even distributed?

Vince Arnone | Chairman, President & Chief Executive Officer:

Right, and Ellen had actually mentioned that that backlog number is largely going to be recognized over the next 12 months time horizon, not necessarily solely in 2025. And yet the backlog is, it's definitely project specific in nature. So it's not like we can easily allocate that over the 12 month timeframe, if you will.

Sameer Joshi | Analyst, HC Wainwright:

Understood, yeah, no, I misspoke. 12 months is correct. On the DGI front, this nine to 12 month demonstration that the factory, are there any costs being reimbursed or is it being considered as R&D expense from an accounting point of view?

Vince Arnone | Chairman, President & Chief Executive Officer:

It is largely considered to be R&D expense, Samir. And no, we are not expecting to collect any funds from the customer for this demonstration. This is solely a FuelTech investing in ensuring that we look to commercialize DGI as quickly as we can.

Sameer Joshi | Analyst, HC Wainwright:

Understood, and you did reiterate commercial revenues from, I guess, the one or two prior engaged customers during 2025, did I hear that correct?

Vince Arnone | Chairman, President & Chief Executive Officer:

We have not recognized commercial revenues on DGI as of yet.

Sameer Joshi | Analyst, HC Wainwright:

But do you expect to before the end of 2025?

Vince Arnone | Chairman, President & Chief Executive Officer:

It is our hope and expectation that we will be fortunate enough to recognize some commercial revenue in 2025, yes.

Sameer Joshi | Analyst, HC Wainwright:

So then stepping back and just some like higher level micro questions, you did address the role, proposed rollbacks of EPA Clean Air Act regulations. And indicated neither headwinds nor tailwinds resulting from that. Are there any particular areas where you might see some improvements on the NOX front maybe, or some like, just wanted to see because you are in the pollution control, the NOX control business and the regulations might have some impact. That's just, that's how I feel.

Vince Arnone | Chairman, President & Chief Executive Officer:

Yeah, so at this point in time, our opportunities for APC, they are being driven predominantly by continued business expansion. The contract awards that we're looking to announce here in this next two to three week timeframe are for plant expansions, both in this country and in Europe as well. So we'll continue to participate in those types of activities as we continue to have manufacturing build out around the world. And then obviously our largest opportunity that we're seeing today is indeed the AI related data center build out that pretty much everyone has been speaking about here over this past several months. Regulatory we are not expecting any downside nor any upside that will be driven by regulation as we sit here today.

Sameer Joshi | Analyst, HC Wainwright:

Understood, so the upside and you did address it on your commentary, the APC, a opportunity from the data center slash crypto slash AI space. So it will be because they will be deploying more power resources that will require your services. That's where you see the upside from. Is there, I think that is correct. Is there any timeline, are you seeing increased activity toward this or you just are expecting it in the future?

Vince Arnone | Chairman, President & Chief Executive Officer:

Yeah, I don't have a specific timeline for you as we sit here today, Samir. We have active proposals in place with multiple turbine manufacturer OEMs. The proposals are, there's a combination of both budgetary and what I would call commercial proposal activity. The commercial ones are likely to be more current in their timeliness relative to the customer acting on them. But as we sit here today, we would expect to hear some level of response on these awards before the end of 2025, but hopefully sooner than that. Hopefully sooner than that. These projects do take time to develop obviously and we are working with our partners very, very closely and we are active in terms of supporting them with bids for our services. And it's something we're following extremely closely. It is literally the largest opportunity that we have seen for our technologies in probably 10 to 15 years. So it's critical for us to capitalize on these.

Sameer Joshi | Analyst, HC Wainwright:

Yes, yes. I know that was sort of where I was going and towards my last question as well about what is the pipeline of opportunities, not only from the AI, but also from FuelCam in the next two years or even the GI that you're emerging, just the broader marketplace pipeline for the company for the next two years.

Vince Arnone | Chairman, President & Chief Executive Officer:

Right, so I'll start with FuelCam. So we don't actually measure a pipeline for FuelCam because that's recurring revenue. So as I said, for 2025, we are looking at 15 to 16 million in revenue. 26 and beyond is going to depend on whether or not we are able to add some new commercial accounts to our base accounts for FuelCam. I had mentioned that we are looking at demonstrating at a large coal fired unit here before the end of 2025. If that does come on board and is operational for the majority of 2026, that could be an incremental two to two and a half million dollar revenue amount for 2026. And that would also assume the same level of contribution from all of our other base accounts. So no backlog, if you will, for FuelCam recurring revenue with some opportunities for upside. For DGI, I really can't speak to a backlog number here at this point in time. It's where we're still pre-revenue and it would be on my behalf making a statement that I really don't have any justification for here today. So we'll hold off on DGI for the time being. For APC, the pipeline just for the bids we have in place related to AI data centers, it's approximating a hundred million dollars in bids that we have outstanding today. It's a significant material opportunity for our company. And then the pipeline for call it what I would call more standard APC business that's related to normal business growth, I'd put that in the 20 to 25 million dollar range.

Sameer Joshi | Analyst, HC Wainwright:

Yeah, no, that's the number I was getting at. It's a significant opportunity ahead of you and it is emerging. So good luck with that. Thank you very much for your question.

Alarik | Conference Operator:

Thank

Sameer Joshi | Analyst, HC Wainwright:

you.

Alarik | Conference Operator:

Thank you. The next question comes from Mark Silk with Silk Investment Advisors. Please go ahead.

Vince Arnone | Chairman, President & Chief Executive Officer:

Hey, Mark. I'm sorry to interrupt Mark. Maybe we can barely hear you.

Mark Silk | Analyst, Silk Investment Advisors:

Oh, how's that?

Vince Arnone | Chairman, President & Chief Executive Officer:

That is much better, thank you.

Mark Silk | Analyst, Silk Investment Advisors:

Okay. Did you say the opportunity for the data centers is a hundred million dollars?

Vince Arnone | Chairman, President & Chief Executive Officer:

I said that that's what we have in our pipeline today. The opportunity itself could be larger than that. But that represents what we have in terms of bid pipeline activity today.

Mark Silk | Analyst, Silk Investment Advisors:

That's impressive. Most of my questions are answered, so I just have one more. Obviously, the data centers is a big US phenomenon, but is there also additional data centers being built around the world that you could be part of as well?

Vince Arnone | Chairman, President & Chief Executive Officer:

We believe that we will see data center build out in other parts of the world as well. We're involved in what I would call a lesser amount or number of inquiries for those opportunities because they are not as developed or not as advanced as the activity that we are seeing here in the US. But we would expect that there would be some opportunities outside of the US prospectively.

Mark Silk | Analyst, Silk Investment Advisors:

Great, that's all I have. Good luck going forward.

Alarik | Conference Operator:

Thank you,

Vince Arnone | Chairman, President & Chief Executive Officer:

Mark.

Alarik | Conference Operator:

Thank you. The next question comes from Richard Grulick with REG Capital Advisors. Please go ahead.

Richard Grulick | Analyst, REG Capital Advisors:

Thank you. In related question, so I noticed in the 10Q that you changed your global sales pipeline range from in the last quarter, it was 50 to 75 million, and in this 10Q, it's 75 to 100 million. Does that reflect accelerating interest in the data center area or maybe accelerating bids placed by you?

Vince Arnone | Chairman, President & Chief Executive Officer:

It actually does. And as I just mentioned to the prior caller, our range in total is at this point in time, it is greater than $100 million in terms of our sales pipeline. And yes, it is specifically being driven by the opportunities that are out there related to AI data centers.

Richard Grulick | Analyst, REG Capital Advisors:

If these opportunities came to fruition, would you be able to expand your production capacity or installation capacity on a timely basis to take advantage of that over the next year or two?

Vince Arnone | Chairman, President & Chief Executive Officer:

Yeah, we are working with our supply chain partners and have had discussions with them over these past few months as some of these inquiries have come in. FuelTech does not manufacture anything ourselves. We use our supply chain partners to actually manufacture and fabricate the equipment that we provide. So we do have the ability to scale up by bringing on board additional qualified suppliers for this type of work. And that would be our intention.

Richard Grulick | Analyst, REG Capital Advisors:

For the benefit of people who may not have listened to the last conference call, in that call you delineated sort of why this is such a big opportunity in the sense of not just having multiple centers but multiple units at each center. Is that still the case?

Vince Arnone | Chairman, President & Chief Executive Officer:

That is absolutely the case. Most of the bids that we are providing to our customers, it can range from anywhere from one up to 25 to 30 units that we're actually bidding on. The data center sites are scaling up in blocks or in stages. And typically each stage will require a multitude of units for that stage. And then that enables them to develop and add modularly to that site prospectively when they have additional data requirements that they're looking to fill. So yes, answering your question, these bids are for multiple units at a site.

Richard Grulick | Analyst, REG Capital Advisors:

And the revenue that you receive for each unit is in the range of what?

Vince Arnone | Chairman, President & Chief Executive Officer:

Per unit. The range is anywhere from a little over a million dollars per unit to as high as two and a half million dollars per unit.

Richard Grulick | Analyst, REG Capital Advisors:

Okay, great. Thank you very much.

Alarik | Conference Operator:

Thank you. Thank you. A reminder to all participants, you may press star and one to ask a question. The next question comes from William Bremer with Vanquish Capital Partners. Please go ahead. Good morning, Ben.

Vince Arnone | Chairman, President & Chief Executive Officer:

Hey, good morning, Bill.

William Bremer | Analyst, Vanquish Capital Partners:

The previous caller did an excellent job of articulating where I was going. What I'll add in terms of the modular mix of these data center opportunities for the SCR units is I'm assuming your engineering team, once they fulfill the specific engineering that's needed for the turbine manufacturer, I'm assuming that going forward, that time to prove yourself for the technical aspect just needs to be tweaked so thus you can leverage the building out of the bids that you're possibly doing right now. Is that correct?

Vince Arnone | Chairman, President & Chief Executive Officer:

I would say yes to that, Bill. Once we have a specific design in place for a specific turbine, that design can be leveraged for future applications. Assuming that the permitting requirement for the emissions reduction for the site is indeed similar in nature. If the permitting requirements are different, we would then need to modify that design accordingly. However, I will say that having a base design in place for a turbine of a certain make and model does provide some leverage, absolutely.

William Bremer | Analyst, Vanquish Capital Partners:

And I guess what surprises many of us is that the minimum potential dollar figure is just a single seven figures, a single million dollars here. I mean, so boy, if you guys start receiving clusters of these, the leverage you'll have is tremendous.

Vince Arnone | Chairman, President & Chief Executive Officer:

No, agreed, agreed. Now, as I noted, we are extremely excited about this opportunity.

William Bremer | Analyst, Vanquish Capital Partners:

Fantastic. I wanna go to Mexico. And there's been recent, and what I mean by recent, I'm talking, hey, in March of this year and even currently in the last week, there's been more and more news regarding PEMEX and the fact that they are not fulfilling their emissions regulatory fulfillments there. And there seems to be an increased amount of pressure down there. Are you seeing that as well?

Vince Arnone | Chairman, President & Chief Executive Officer:

We have been waiting for pressure to be applied, not just on PEMEX, but on CFE, who is the state-owned power generation company as well. But seeing the pressure being put on PEMEX is a good indicator of what might be coming here in the future. It's been our hope and expectation that this administration would be looking at these issues more stringently. And I think, to your point, we are starting to see the administration perhaps put a little bit more focus in this area. So I'm hoping it's trending in the right way, Bill, because again, this is another opportunity for us. And we've talked about this now for several years, but this might be the best opportunity that we have to see something move forward for fuel chem down in Mexico, that the additional pressure on the emissions, whether it be from PEMEX, CFE, or other industries in Mexico, that is, it's good to see. And hopefully that will indeed expand to the point whereby our program in Mexico can be well expanded.

William Bremer | Analyst, Vanquish Capital Partners:

Agreed. I mean, and we're talking about fuel chem, which is currently your highest margin product. Correct. You have some facilities down there currently being run right now. That's my assumption. That's what I recall. And the fact that the leader down there is an environmentalist. So it seems as though all the potential is right there that, so I know you're dealing with a partnership down there. Can you give us some color in terms of the partnerships, engagement to the entities in Mexico and back to us?

Vince Arnone | Chairman, President & Chief Executive Officer:

The engagement is very heavy. We've worked with this partner for more than 15 years. They were able to establish our chemtech program down there, going back to 2007, 2008 timeframe. So quite a long time ago. The issue has been the lack of support of an administration to actually have concern for the environment. So our partner is well engaged and well connected with parties down there without getting into too much detail. I have phone calls with him at a minimum every two weeks, getting updates on where things stand and where his team has been working to go ahead in and try to push this forward. So it's regular and ongoing. It's great to see that the government is providing some additional pressure. And again, we're watching for that next step.

William Bremer | Analyst, Vanquish Capital Partners:

Final question, if you did receive an order via your partner from Mexico, how quickly would you be

William Bremer | Analyst, Vanquish Capital Partners:

able to complete that order with the Fuel Chem Division and send it down there?

Vince Arnone | Chairman, President & Chief Executive Officer:

Yeah, very, very quickly. We actually have equipment that is ready to go. So it would be less than a couple of months deployment time for us to be able to get up and running on a new facility down there. It would be a fast response.

William Bremer | Analyst, Vanquish Capital Partners:

Fantastic, I look forward to seeing orders, Vince. Thank you.

Alarik | Conference Operator:

Thank you, Bill. Thanks for your questions. Thank you. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to Vincent Arnone for the closing comments.

Vince Arnone | Chairman, President & Chief Executive Officer:

Thanks very much, operator. Again, a reach out and thank you to the FuelTech team and the same for our shareholder base. Thanks for your confidence in us. We are well motivated, very excited about the landscape of opportunity that we do see in front of us today. And we look forward to executing on this opportunity. I wanna thank everyone for attending the call today and everyone have a good remainder of your day. Thank you very much.

Alarik | Conference Operator:

Thank you. Ladies and gentlemen, the conference of FuelTech has now concluded. Thank you for your participation and you may now disconnect your lines.