

Kimball Electronics, Inc.

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Earnings Call

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CALL PARTICIPANTS 2

PRESENTATION 3

QUESTION AND ANSWER 8

Call Participants

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Chief Financial Officer

Ric Phillips

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Ryuta Makino
Gabelli Funds

Mac Furst
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Presentation

Operator

Good morning, ladies and gentlemen. Welcome to Kimball Electronics Second Quarter Fiscal 2023 Earnings Conference Call. My name is Bailey, and I'll be the facilitator for today's call. [Operator Instructions] Today's call, February 7, 2023, is being recorded. A replay of the call will be available on the Investor Relations page of the Kimball Electronics website.

At this time, I would like to pass the conference over to Andy Regrut, Vice President of Investor Relations. Mr. Regrut, you may begin.

Andrew D. Regrut
Vice President of Investor Relations

Thank you, and good morning, everyone. Welcome to our second quarter conference call. With me here today is Donald Charron, our Chairman and CEO; Jana Croom, Chief Financial Officer; and incoming Chief Executive Officer, Ric Phillips. We issued a press release yesterday afternoon with our results for the second quarter of fiscal 2023. To accompany today's call, a presentation has been posted to the Investor Relations page on our company website.

Before we get started, I'd like to remind you that we will be making forward-looking statements that involve risk and uncertainty and are subject to our safe harbor provisions as stated in our press release and SEC filings and that actual results can differ materially from the forward-looking statements. All commentary today is focused on adjusted non-GAAP results. Reconciliations of GAAP to non-GAAP amounts are available in our press release.

This morning, Don will start the call with a few opening comments. Jana will review the financial results for the quarter and guidance for fiscal 2023, and Don and Ric will complete our prepared remarks before taking your questions.

I'll now turn the call over to Don.

Donald D. Charron
Chairman & CEO

Thanks, Andy, and good morning, everyone. Let me begin by welcoming Ric to the Kimball Electronics family, and congratulating him on his new role. Ric, we're thrilled to have you as a member of the team and feel very fortunate that an executive with your pedigree depth of experience and track record of success will be leading our company. Recognizing that you don't officially start until March 1, we also appreciate you taking time out of your schedule to join us today. I know you're excited to say a few words, and I'll turn the call over in a moment after we review Q2 results, which were very good.

For the fourth consecutive quarter, net sales were at an all-time high for the company, and operating margin expanded both sequentially and compared to the same period last year. Our team continues to ramp up production on new and existing programs, leverage our facility expansions in Thailand and Mexico and begin to work down the backlog of open orders resulting from pandemic-related global supply chain disruptions and component shortages.

We expect improvement in sales and margin to continue for the balance of the year as part of our stair-stepped fiscal 2023, and we are raising our outlook for full year sales and expect operating margin to be in the mid- to upper end of the guidance range. Net sales in Q2 were $437 million, a 39% increase compared to the same period last year and 8% better than Q1, which was previously our best quarter.

While overall conditions in the global supply chain continue to improve, the recovery has been gradual with only modest increases in the availability of the high-grade components needed for the applications we support. A very rough estimate suggests net sales in Q2 were constrained approximately 10% from part shortages. So there was additional upside in the quarter that we could not realize.

Similar to Q1, all 3 vertical markets reported robust double-digit increases with 2 of them posting all-time best. Net sales in the automotive vertical, our largest business, were $200 million, a record high. This represents a 44% increase compared to Q2 last year and 46% of total company sales in the quarter. There was also an 8% sequential step-up from Q1, with the growth fueled by the next-generation electronic braking system in Reynosa, a recent launch. This is our largest automotive program and is featured on some of the most popular pickup trucks and SUVs in North America.

We continue to see excellent opportunities in this vertical as our manufacturing capabilities align with industry growth from the electrification of vehicles. Features such as automated driver assist, lane departure warning and self-parking are available on today's most popular cars and trucks. And we expect more functionality to be added as consumer adoption increases.

More and more functionality resides in the steering modules that we manufacture and over 70% of our work in automotive is in electronic power steering with 3 major market-leading customers who collectively provide steering systems to the carmakers of many of the most popular brands in the world. Significant growth in content is coming from these customers, and we are strategically positioned to benefit.

It is important to note it is essentially the same steering architecture to turn the wheels of a vehicle, regardless of whether it is powered by a motor, an internal combustion engine or a hybrid of the 2. The steering applications we support are largely agnostic. As a result, our growth is not dependent on the type of vehicle produced, which is important as the industry continues to transition to electric vehicles.

Second, as additional functionality is hosted in an electronic control unit or ECU, our average selling price increases. This has been the case over the last decade, and we expect it to continue with new applications. Also, the physical size and space dedicated to the ECU within the vehicle is tight. So adding functionality increases the complexity of assemblies, also aligning with what we do well.

This business -- our automotive business is sticky. The automotive industry is highly regulated, requiring certifications, stringent validation protocols and carefully monitor change management systems. Selecting the right partner in the value chain is crucial and often requires high levels of investment and program life cycles that can span 8 to 10 years in length. Consequently, program awards are frequently single-sourced.

Finally, it's important to stress that our growth in automotive is not solely tied to seasonally adjusted rates of vehicle production around the world. It is also driven by the increase in electronic content being added on a per vehicle basis.

Turning now to the medical vertical market. Net sales were $125 million, a 39% increase compared to Q2 of last year and 29% of total company sales. This is the third consecutive quarter for the business to post gains well in excess of 30% versus the same period in the prior year and is a 9% step-up in sales from Q1.

We are very proud to have served customers in the medical industry for over 20 years, with applications supporting sleep and respiratory care, image-guided therapy, in vitro diagnostics, drug delivery systems, automated external defibrillators and patient monitoring equipment. Future growth within the industry is expected to be fueled by macro mega trends, including an aging population, increasing access to affordable care and decreasing device sizes and connected drug delivery systems.

We are strategically positioned to support this growth. Our current manufacturing capabilities extend beyond electronics and printed circuit board assemblies and includes, but is not limited to, operations involving precision injection molded plastics, complete device assembly for drug delivery systems and sterilization and cold chain management. While printed circuit board assemblies are important, there's a lot of value add beyond them. The essence of our strategy is to grow the medical business at a faster pace and expand to more aspects of the manufacturing solution.

Our branding campaign of Kimball Medical Solutions highlights this full service of capabilities so that customers recognize that our offering extends beyond electronics.
Net sales in the industrial vertical market totaled $105 million, a 27% increase over the recasted second quarter of last year and 24% of total company sales. This result was also an all-time best for the company.

As a reminder, public safety is now included in this vertical. A large part of the industrial business, which we call green and clean, is in climate control, and we are well positioned within the value chain of all major brands for well-known heating and cooling products. Also for the last few years, we have been building out a cluster in smart metering. It started in Europe, and we now have a good grouping of customers with products that promote better consumption of water, gas and electricity by raising consumer awareness.

So in summary, another very good quarter of financial results with record-setting sales, improving margins and momentum that will build throughout fiscal 2023. In November, we were also honored by CIRCUITS ASSEMBLY for achieving the highest overall customer ratings in 7 categories of service excellence. The awards are based solely on direct customer input and an indication of outstanding achievement. I'd like to congratulate and thank our associates around the world for once again receiving this prestigious recognition.

I'll now turn the call over to Jana to provide more detail on the financial results for Q2 and our guidance for the full year. Jana?

Jana T. Croom
Chief Financial Officer

Thank you, Don, and good morning, everyone. As Don highlighted, net sales in the second quarter were $437 million, a 39% increase over Q2 last year and an all-time record high for the company. Foreign exchange negatively impacted sales by 5%. So once again this quarter, the year-over-year growth would have exceeded 40% at historical rates.

The gross margin rate in Q2 was 7.8%, a 120 basis point improvement compared to the second quarter of fiscal 2022, with our record sales volume driving operating leverage versus a year ago when production was more significantly constrained by part shortages.

Adjusted selling and administrative expenses were $16.4 million compared to $13.5 million in Q2 last year, with the increase coming from added resources to support our significant growth, wage inflation and accounts receivable factoring fees. When measured as a percentage of net sales, however, adjusted selling and administrative expenses were 3.7%, a 60 basis point improvement compared to Q2 a year ago.

Adjusted operating income for the second quarter was $17.8 million or 4.1% of net sales, which compares to last year's Q2 adjusted results of $7.3 million or 2.3% of net sales. Other income and expense was an expense of $3.3 million compared to expense of $200,000 in the second quarter of last year, with higher interest expense primarily accounting for the increase, an outcome of elevated debt levels and today's interest rate environment.

The effective tax rate in Q2 was 24.5% versus 23.7% in the second quarter of fiscal 2022. Adjusted net income in the second quarter of fiscal 2023 was $11 million or $0.44 per diluted share compared to adjusted net income in Q2 last year of $5.1 million or $0.20 per diluted share.

Now turning to the balance sheet. Cash and cash equivalents at December 31, 2022, were $26.3 million. Cash flow used by operating activities in the quarter was $11.7 million, and cash conversion days were 103 days, up from 81 days in the second quarter of last year and 99 days in Q1. Once again, this quarter, our cash flow and CCD results were driven by working capital increases to compensate for component part shortages as well as our new product introductions as evidenced by our robust top line growth.

We continue to see meaningful growth across our geographies and expect our inventory to normalize relative to higher levels of revenue over time. Inventory ended the quarter at $487.5 million, up $183 million from a year ago and $38 million from last quarter. As Don noted earlier, we are continuing to see improvement in the global supply chain, but we are still purchasing materials not impacted by part shortages in advance so that we can fulfill customer orders once the components and short supplies are received.

From a growth perspective, our facility expansions in Thailand and Mexico continue to ramp up production, contributing meaningfully to top line growth. It is important to highlight that the increase in inventory is also heavily concentrated at these 2 facilities to support the higher volume and increasing capacity

utilization. We continue to focus on turning inventory faster, measured as production days sales on hand or PDSOH.

Capital expenditures in the second quarter were $22.7 million, focused on completing the facility expansion in Poland, adding equipment in Mexico and capital needed for new productions across our entire footprint. Borrowings on our credit facility at December 31 were $273.5 million compared to $103 million a year ago and $232.5 million at the end of last quarter.

Our short-term liquidity available represented as cash and cash equivalents plus the unused amount of our credit facility totaled $79.8 million at December 31, 2022. On February 3, 2023, we entered into a $50 million short-term credit facility to provide additional domestic liquidity to support additional equipment and working capital needs in coordination with our Mexico facility expansion as well as supporting other customer growth.

There were no shares repurchased in the second quarter of fiscal 2023. Since October 2015, under our Board authorized share repurchase program, a total of $88.8 million has been returned to our shareowners by purchasing $5.8 million of common stock. We have $11.2 million remaining on the repurchase program. As Don noted earlier, we are raising our guidance for net sales in fiscal 2023 and expect full year results to be in the range of $1.7 billion to $1.8 billion, a 26% to 33% increase year-over-year.

As a reminder, the original guidance for net sales was the range of $1.6 billion to $1.7 billion. Operating margin is expected to be in the mid- to upper end of the range of 4.6% to 5.2%. And capital expenditures are estimated to be in the range of $80 million to $100 million.

So with that, I'll now turn the call over to Don and Ric.

Donald D. Charron
Chairman & CEO

Thanks, Jana. As previously announced, I will be retiring at the end of February, so this will be my last earnings conference call and webcast as Chairman and CEO of Kimball Electronics. While I am planning on standing in the Jasper area for the foreseeable future and remaining a major Share Owner of the company, there will be a clean transfer of responsibility and authority to Ric as CEO; and Bob Phillippy as our nonexecutive chairperson on March 1.

It is with immense gratitude and pride that I say farewell, and thank you. I've been very fortunate throughout my career, and I'm confident in our global enterprise, our exceptional leadership team, the Board of Directors and Ric, with his track record of success and inspirational leadership will build on our legacy of award-winning service to customers, the communities where we operate and our shareowners. In my 24 years with the company, I've never been more excited about the future of Kimball Electronics.

I'd now like to turn the call over to Ric and invite him to say a few words. Ric?

Ric Phillips

Thanks, Don. Let me start by congratulating you on your retirement. Today truly marks the end of an era for the company and your legacy is impressive, highlighted by countless achievements and a strong company culture focused on long-term relationships. I feel very fortunate and humbled to be stepping into the role of CEO, and I cannot tell you how excited I am to join the Kimball Electronics family.

The company has a rich history of excellence and is positioned for growth with near record levels of open order backlog, new program wins and increased capacity resulting from the recent facility expansions. The $2 billion annual revenue milestone is in the planning horizon, and I am confident the company will not only reach it but grow well beyond.

I'd like to thank you, Don, the leadership team and the Board of Directors for this opportunity. I look forward to leveraging my experience and cultural leadership and long-term value creation to work closely with the Kimball Electronics team in writing the next chapter of our success.

In the near term, I will be traveling to many of our facilities around the world to spend time with our people and to get fully up to speed on the business. I look forward to meeting and working with all of you. I would now like to ask Bailey to open the lines for questions.

Question and Answer

Operator

[Operator Instructions] Our first question today comes from the line of Anja Soderstrom from Sidoti.

Anja Soderstrom
Sidoti & Company, LLC

So first, congratulations on the retirement, and Ric welcome on board. So in terms of the gross margin, just like you had some impact there in the second quarter from supply chain challenges. How should we think about that for the second half? Do you see things improving there? Was it something that was extra tough for the second quarter? Or what do you see in terms of the supply chain? And how should we think about the gross margin for the second half?

Donald D. Charron
Chairman & CEO

Yes. So we definitely continue to see gradual improvement, and we expect the same for Q3 and Q4. Obviously, we were constrained still, as I stated earlier in my comments, and it was roughly about 10%. It's a really rough estimate, but still constrained. But we look at the incremental sequential growth from Q1 to Q2, and we're encouraged by that. It's a $31 million step-up overall. And yes, we know we need to make a couple of steps just like it in the second half of our year to get to the run rate that our customers need us to be at. So looking ahead at the part shortages and our expectation of continued gradual improvement, we think we're going to see that gradual improvement. It's going to result in 2 more nice steps in the second half of the year in terms of our revenue.

Anja Soderstrom
Sidoti & Company, LLC

Okay. And you had about a 5% headwind on the revenue from current impact. How did that impact the EPS?

Donald D. Charron
Chairman & CEO

Well, we don't get to that level of detail. It's a little more complicated to get to the impact on the earnings per share or even the operating margin for that matter. Obviously, a 5% impact on the top line in terms of the dollar strength in the period. As we've said in the past, typically, when the dollar gets stronger, it's a bit more of a headwind for us, just overall. And when it weakens, it becomes more of a tailwind for us. But it's really hard to get to an exact number, and we certainly wouldn't want to give you any sort of false sense of precision.

Anja Soderstrom
Sidoti & Company, LLC

Okay. And then just in terms of the end markets, the auto, you had a record quarter, how much of that is sort of backlog? And how much is that driven by the new ramps of the new programs? And how should we think about that growth in the coming quarters?

Donald D. Charron
Chairman & CEO

Yes. Well, the good news is the bigger part now is the true growth from new programs. We mentioned -- I mentioned in my comments, the next-generation braking program, one of the largest programs, the company has ever been awarded. That program was not in our revenue the same quarter a year ago. So you know how hard you've been working to get to the point to ramp up that program. So that was a significant new add of business coming from a new program. We still have some catch up. We still have

some backlog that we're catching up on overall. But the bigger portion of what we see now in this quarter and ahead of us is actually ramping up new programs.

Anja Soderstrom
Sidoti & Company, LLC

Okay. And just in discussions with your clients and given the sort of recessionary environment, how do you see their decision cycles? Has it changed that you see outsourcing increasing or?

Donald D. Charron
Chairman & CEO

Well, certainly, the -- all of our clients remain committed to the outsourcing model. And in some cases, even from pre-pandemic to now, it's even increased in terms of how much they want to outsource. I think our execution during the last few years during this pandemic has gained a lot of trust in the partnerships we have, and they've been willing to give us even more business in terms of how they, let's say, sort of outsourced to multiple partners. Some of our accounts, as you know, are very large. And so if their own risk mitigation strategies have them bringing on other partners besides Kimball to fulfill their needs. But so we have an opportunity to gain more share of their wallet or their spend just through performance. And I think that's something that's really helped us here coming out of the pandemic.

In terms of what our customers are seeing, obviously, we turned up the robustness on our sales and operations planning just to make sure that we understand how they see 2023 calendar year forming for their business, and that's a key part of how we then set our business, not only capacity, but how we drive demand on to our suppliers. And I would say that there is some caution that's factoring into the updated forecast that we're getting from our customers. I think it's prudent. But at the same time, I think they're looking at their business and 2023 and they're planning growth. They're planning growth for us and they're planning growth for themselves.

Operator

The next question today comes from the line of Jaeson Schmidt from Lake Street Capital.

Jaeson Schmidt
Lake Street Capital Markets, LLC, Research Division

I also want to pass along my congrats to you, Don, on the news, and best wishes on the next chapter. Yes, definitely. I wanted to kind of follow up on kind of your comments just now. I mean, you guys obviously are feeling more confident in fiscal '23. But can you help us kind of reconcile that confidence with the macro, which seems to have gotten more challenging. Are you just seeing such broad-based strength? Or is it a couple of programs or customers are really giving you that confidence?

Donald D. Charron
Chairman & CEO

Yes. I would say yes to all of the above. We too are cautiously optimistic knowing and seeing what's going on in the world in terms of forecasted economic growth. I do think that there's a pent-up demand picture it's probably more unique for us as a company and for the end market verticals we serve. A lot of that has to do with the fact that the components that go into the stuff we build for our customers are not the same components that go into cell phones and computers. And so while those components have fully recovered for the most part, some of the high-grade material we use and high-grade components we use are still lagging supply to demand.

So we do have that sort of pent-up demand sort of piece of it, coupled with, again, we just -- we won a lot of new programs that are ramping up. That gives us a great deal of optimism -- the customers that we serve, they have a longer-term horizon, but at the same time, they have pretty good visibility short term in terms of what their needs are going to be -- they're able to lay out their 4-, 5-, 6-quarter operating plan and what they see developing in their end markets, and they share that with us.

Every month, we're updating to our sales and operations planning process as we're updating those demands. And so coming out with an increase in our guidance for the top line is after a fairly thorough review of that demand profile being placed upon us. It's after a fairly thorough review of component availability and how we see our success and the ramp-ups of some of these programs. And so yes, overall, we're cautiously optimistic. We're looking at what's going on around us in the world, but we're not alone. Our customers' input is really huge in terms of how we see the future.

Jaeson Schmidt
Lake Street Capital Markets, LLC, Research Division

Okay. That's helpful. And I assume just based on that, you guys haven't been seeing any significant issues from decommits or cancellations.

Donald D. Charron
Chairman & CEO

On the buy side, Jaeson, is that what your question is aimed? Just answered on both sides. On either side, we see some softening, and we factor that in, on the customer side in terms of demand input they put on us. And yes, we still have shortages, as I mentioned earlier, that constrained our output in Q2, but it's improving. And I would say our suppliers are doing a better job of getting their arms around their backlog and being more consistent in their recovery plans. So overall, that's -- when we say we see the environment continuing to improve, albeit gradually, it's improving all of those areas are improving with it.

Jaeson Schmidt
Lake Street Capital Markets, LLC, Research Division

Okay. And then just the last one for me, and I'll jump back into queue. Jana, just following up on your comments on inventory, should we then expect current levels to start to be worked down this quarter? Or will they remain elevated here in the near term?

Jana T. Croom
Chief Financial Officer

So my anticipation is that it's going to take 2 quarters to work down the level of inventory and then you're going to start to see a normalized level, right, in terms of absolute dollars and better returns. And part of that, as Don alluded to, is just the timing of that final component coming through and our ability to ship. So as we said, it's definitely getting better, and it's continuing to get better. My expectation is for fiscal year-end 2023.

Donald D. Charron
Chairman & CEO

And maybe to build on that also, Jaeson, that if you think back, and I think you've been following us at least that long and more than six quarters now that we've had -- we've been in this sort of component shortage situation that's really hampered our ability to not only ship what our customers want us to ship but execute on some of our own operational plans. And so -- and that's -- it seems like a long time, it seems even longer to us than our teams, how long we've been working these shortages. And -- but it's got our full attention in terms of having this inventory peak in dollars start to work down from there. Days should get much better with our expectations of what we'll ship in Q3 and Q4. It's got our full attention, and our teams are working on it, and we do expect, as Jana said, to see some improvement over the next few quarters.

Jana T. Croom
Chief Financial Officer

And Jaeson, I don't think our experience is too terribly different from our peers. I think we're all carrying higher-than-normal inventory days. Some of it is customer directed. A lot of it for us is new product introductions, right, building up in anticipation of -- which is what you would expect given our expansions in Thailand and Mexico. And then we'll just continue to work the backlog down as that last golden screw comes through.

Operator
The next question today comes from the line of Hendi Susanto from Gabelli Fund.

Ryuta Makino
Gabelli Funds

This is Ryuta on behalf of Hendi today. Congratulations on your strong efforts and your retirement Don. I guess my first question is on your gross margins. So there's -- beside the supply chain, there's headwinds are ramping up a facility expansion and ramping up new programs. So would you be able to share more color on how this headwind will subside? Do you still expect gross margin to return to its normal range exiting in June fiscal year '23?

Donald D. Charron
Chairman & CEO

Yes, we do. As we take the next 2 steps in this stair-step fiscal year '23 that we have, we do expect gross margins to get back to where they were in the 9% and a little north of 9%. That's our expectation, especially as we get to the last step in the stairstep plan. So if you look at -- if you do the math on the updated guidance, we have to have another couple of $30 million a quarter step. So $430 to $460 to $490, however you do the round off in the math, that's what we got to do. And as we do that, it will drive better utilization, better absorption, and we expect at that time, we'll see gross margins that are at historical levels, if you will, a little north of 9%.

Ryuta Makino
Gabelli Funds

Pretty helpful. And then just my second question, you doubled manufacturing capacity in Mexico and Thailand. Do you have a milestone target of when the new capacity addition will be fully utilized?

Donald D. Charron
Chairman & CEO

As Ric mentioned in his comments, we can see the $2 billion in annual sales now in our planning horizon. As we get to that $2 billion number, we'll be looking at where else is our footprint bulging, if you will. We have a pretty good idea based on the awarded business we have right now, but we'll dial that in a little tighter. We also have the Poland expansion coming online this summer. So we're well positioned where we need to be, but we do have some plants that have done very well in terms of winning new business and approaching also full capacity.

So hard to put an exact number to it in terms of the consolidated annual number that puts us at our capacity. It kind of depends where it ends up in our footprint. But I would say in the next 2- to 3-year plan, we'll be looking at further footprint expansions to satisfy the needs we have from a capacity standpoint for the growth that we see that lies ahead.

Operator
[Operator Instructions] The next question today comes from the line of [Mac Furst] from Singular Research.

Mac Furst
Singular Research

This is Mac of Singular Research. First of all, congratulations on the quarter. Excellent. Congrats to Don, and congratulations to Ric. Can you provide a little bit more color on the component shortage that has been going on for quite a while. When do you think this will -- the situation will improve? Can you comment maybe on the region where you have the biggest problem? Can you maybe comment on the type of components that you're struggling with obtaining?

Donald D. Charron
Chairman & CEO

Yes. So maybe starting with the automotive grade components, which typically have an entirely different manufacturing part number than any of their sort of similar parts that are served in other applications,

consumer, computer, communications type products. So there 2 factors really are happening. And it's -- the first is the capacity constraint itself. The second is that the technology sort of range of those components is a bit behind the leading edge, maybe 7 years to 10 years in some cases.

So when I said what we buy and what we put -- what we build into our products for our customers is very different than what's in a computer or a cell phone. Those products typically have the leading-edge technology incorporated into their designs. In these long-lived product life cycles of automotive, medical and industrial. The components are typically off that trailing edge, as I said, by maybe as much as 7 to 10 years. It's difficult for those component manufacturers to make capacity decisions. So when they add capacity, when do they think they'll work it off, they've all been burned in the past by adding too much capacity in the wrong technology range. So they're cautious about that. And we're very aware of that.

And so we work very closely with our customers on what we see as the life of those components and when designs need to change, et cetera. That's ongoing work that hasn't changed. But coming back to when do we see it getting better. Again, we saw some gradual improvement in Q1, more gradual improvement in Q2. We expect the same in Q3 and Q4. And our expectation is by the time we conclude with Q4, we're talking a lot less about part shortages and the constraints. That's our view anyway, and we're watching it very carefully, and our people are watching it very carefully, and we're working on it every day.

Operator

[Operator Instructions] There are no additional questions waiting at this time. So I'd like to pass the conference back over to Don Charron for any closing remarks. Please go ahead.

Donald D. Charron
Chairman & CEO

Thank you. Thank you, everyone, for joining the call today. We wish you all the best, and we look forward to talking to you on our next call. Take care.

Operator
This concludes today's conference call. Thank you all for your participation. You may now disconnect your lines.

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