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Earnings Call

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Call Participants

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Presentation

Operator

Good morning, ladies and gentlemen. Welcome to the Kimball Electronics Second Quarter Fiscal 2024 Earnings Conference Call. My name is Dru, and I'll be the facilitator for today's call. [Operator Instructions] Today's call, February 6, 2024 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 turn the call over to Andy Regrut, Vice President, Investor Relations. Mr. Regrut, you may begin.

Andrew D. Regrut
Vice President of Investor Relations

Thank you, operator, and good morning, everyone. Welcome to our second quarter conference call. With me here today is Ric Phillips, our Chief Executive Officer; and Jana Croom, Chief Financial Officer. We issued a press release yesterday afternoon with our results for the second quarter of fiscal 2024. 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 risks 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. Reconciliations of GAAP to non-GAAP amounts are available in our press release.

One other housekeeping item to mention, starting this quarter, we have added a page of other financial metrics to the press release, which includes depreciation and amortization, stock-based compensation, cash conversion days and open orders for the relevant periods. These additional disclosures are in line with our commitment to providing you with enhanced transparency into our business operations and key performance metrics.

This morning, Ric will start the call with a few opening comments. Jana will review the financial results for the quarter and updated guidance for fiscal 2024, and Ric will complete our prepared remarks before taking your questions. I'll now turn the call over to Ric.

Richard D. Phillips
CEO & Director

Thanks, Andy, and good morning, everyone. As we expected, the second quarter of fiscal 2024 was hard fought with our team navigating a challenging operating environment. Global macro headwinds, including pressure from elevated levels of inflation, higher interest rates and geopolitical uncertainties have persisted and the consumer is pulling back. The markets we serve are experiencing demand softening and our customers are changing production schedules and delivery date requirements. Sales in Q2 declined compared to the same period last year with manufacturing output in the quarter being reduced to meet the lower demand as our customers work through elevated inventory levels. Margins, on the other hand, remained stable, thanks in part to proactive measures taken to align our cost structure with slowing sales. We expect industry-wide pressures for the remainder of fiscal 2024 and have updated our guidance for sales and operating income for the full year to align with these trends. Based on what we know today, it seems likely the macro environment will remain challenging for some time. Despite this near-term choppiness, we did not change our guidance for capital expenditures in fiscal 2024 as we continue to invest in long-term growth opportunities.

With a strong funnel of new business supported by favorable industry megatrends, we're deploying a balanced capital allocation strategy focused on driving organic growth, global expansion and long-lasting customer relationships.

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Turning back to the results for the second quarter. Net sales totaled $421 million, a 4% decrease compared to the second quarter of last year. From a geographical perspective, the top line was strong in North America, up low double digits, with particularly good results in our Industrial vertical market offset by declines in Asia and Europe. The decline in Asia occurred in Thailand, which was heavily impacted by our major Medical customer that is involved in an FDA recall, while Europe appears to be a region of the world where the general economic slowdown is more significant compared to other areas of the globe.

One vertical market, Industrial, posted year-over-year growth in the quarter with net sales totaling $113 million, a 7% increase compared to Q2 last year and 27% of total company sales. The strength this quarter was concentrated in charging systems, climate control and public safety products.

We frequently refer to our industrial business as green & clean, and in some respects, we're our own best customer. With products that reduce environmental impacts, promote energy efficiency, safety, carbon neutrality and the responsible use of natural resources, we specialize in heating and cooling systems, factory automation, optical inspection, electronic locking devices and charging stations.

Next is Automotive, where Q2 sales totaled $200 million, a 2% decrease compared to the second quarter of fiscal 2023 and 47% of total company sales. The decline this quarter was driven by weakening demand in Europe, partially offset by incremental strength in China.

Longer term, we continue to see a strong runway for growth in the Automotive vertical, driven by the industry trend toward incorporating more electronic content to vehicles, specifically in steering and braking systems. Our proven expertise manufacturing safety critical products that meet the stringent regulatory requirements of the industry ideally positions us to support further advancements in these systems. As a reminder, most of our Automotive business is currently in steering and braking and it doesn't matter what's under the hood whether it be an internal combustion engine, electric motor or a hybrid of the two. Essentially, the architectures are the same for these vehicles, which is important as consumer preferences and adoption rates evolve and the industry transitions towards EVs.

Finally, Medical with net sales of $108 million, a 14% decrease compared to Q2 last year and 26% of total company sales. This result was in line with our expectations. As I alluded to earlier, our annual guidance reflects a $100 million reduction in sales with a major customer in this vertical partially offset by growth in other programs.

We expect these growth opportunities to continue to emerge as the population ages, access and affordability to health care increases, medical devices get smaller in size and require higher levels of precision and accuracy and connected drug delivery systems become more common. Our manufacturing capabilities extend beyond electronics and printed circuit board assemblies and include, but are not limited to, operations involving precision injected molded plastics complete device assembly for drug delivery systems and sterilization and cold chain management. The business development team focuses on leveraging these capabilities with higher-level assemblies or HLAs, which as a category represent an opportunity for more value-added content.

So in summary, a solid quarter in a difficult operating environment and an updated outlook for fiscal 2024.

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

Jana T. Croom
Chief Financial Officer

Thank you, and good morning, everyone.

As Ric highlighted, net sales in Q2 were $421.2 million, a 4% decrease compared to the second quarter of fiscal 2023. Foreign exchange had a 1% favorable impact on consolidated sales year-over-year.

The gross margin rate in Q2 was 8.2%, a 40 basis point improvement compared to the same period last year, with the increase being driven by a favorable product mix and lower material costs compared to 12

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months ago when we were dealing with global shortages impacting the electronics industry. We are also aligning our cost to the current macro environment.

Adjusted selling and administrative expense in the second quarter were $17.3 million compared to last year's adjusted Q2 results of $16.4 million, with the increase being driven by a $2 million allowance for credit losses. Although the customer associated with this charge is not in bankruptcy, we determined it was appropriate to consider the age of the outstanding amount, the creditworthiness and payment history of the customer and the timing of expected payments. As a percentage of sales, adjusted selling and administrative expenses were 4.1% or 40 basis points higher than the second quarter of last year.

Adjusted operating income for the second quarter was $17.1 million or 4% of net sales, which compares to last year's adjusted results of $17.8 million or 4.1% of net sales.

Other income and expense was expense of $5.3 million compared to expense of $3.3 million last year. The increase was a result of higher interest expense year-over-year, a product of our elevated debt levels and the current interest rate environment. The effective tax rate was 26.5% in the second quarter compared to 24.5% in Q2 of fiscal 2023.

Adjusted net income in the second quarter of fiscal 2024 was $8.3 million or $0.33 per diluted share compared to adjusted net income in Q2 of last year of $11 million or $0.44 per diluted share.

Turning now to the balance sheet. Cash and cash equivalents at December 31, 2023, were $39.9 million and cash flow used by operating activities in the quarter was $30.7 million. Cash conversion days were 117 days compared to 97 days in the second quarter of fiscal 2023 and 103 days last quarter. As a reminder, we have started including customer advances in our CCD calculations. The results from fiscal 2023 reflect this change. The increase in CCD this quarter compared with Q2 in the prior year was driven by an increase in day sales outstanding and contract asset days and a reduction in accounts payable days. In addition to a focus on inventory, we are also looking to significantly improve our cash conversion days as we more actively and aggressively manage its components.

Inventory ended the quarter at $455.7 million compared to $487.5 million at the end of Q2 in fiscal 2023 and $482 million last quarter. We expect this number to continue to decline as we work with customers to rightsize inventory to match the current demand outlook.

Capital expenditures in the second quarter were $13.2 million, supporting organic growth, maintenance requirements and investments in automation and efficiency.

Borrowings on our credit facility at December 31, 2023, were $321.8 million compared to $273.5 million a year ago, and $296.7 million at the end of Q1.

Our short-term liquidity available represented as cash and cash equivalents plus the unused amount of our credit facility totaled $105.7 million at the end of the second quarter. It is important to note that on January 5, 2024, we amended our short-term credit facility to provide additional domestic liquidity for investments needed to meet working capital and other operating needs. The amendment increased the borrowing limit to $100 million from $50 million and changes the maturity date to January 3, 2025, from February 2, 2024.

There were no shares repurchased in the second quarter of fiscal 2024. Since October 2015 under our Board-authorized share repurchase program, a total of $88.8 million has been returned to our shareholders by purchasing 5.8 million shares of our common stock. We have $11.2 million remaining in the repurchase program.

As Ric highlighted, we are updating our guidance for fiscal year 2024, with net sales now expected to decline 2% to 4% versus fiscal 2023, which compares to our previous guidance of flat with the prior year. Operating income is estimated to be in the range of 4.2% to 4.6% of net sales compared to our previous estimate of flat with the prior year. The guidance for capital expenditures did not change with the range of $70 million to $80 million.

I'll now turn the call back over to Ric.

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Richard D. Phillips
CEO & Director
Thanks, Jana. Before we open the lines for questions, I'd like to recognize our team for once again being honored by CIRCUITS ASSEMBLY Service Excellence Awards. In November, we achieved the highest overall customer ratings in the categories of dependability and timely delivery, technology, value for the price and manufacturing quality. These awards are based solely on direct customer input. I am very proud of our team's consistent focus on building long-term relationships with our customers, regardless of whether they are new or customers we've worked with for a decade or more. They consistently recognize the Kimball team, our culture and the common set of priorities that have allowed us to continuously improve and keep our promises. I'd like to congratulate and thank our team worldwide for receiving this recognition. We are winning together the Kimball way and I'm excited about what's ahead for our company.

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Question and Answer

Operator

[Operator Instructions] Our first question comes from Derek Soderberg from Cantor Fitzgerald.

Derek John Soderberg
Cantor Fitzgerald & Co., Research Division

I wanted to just touch on the current environment by end market. It seems like Industrial has pockets of strength, Medical sort of tracking as expected. Can you talk a bit about where the incremental weakness is coming from by end market that's sort of leading to the revision in the outlook? I would imagine your feeling some of the impact of the UAE (sic [UAW] strike. Is the incremental weakness I expect for this year largely in Automotive? Or really, is it broad-based?

Jana T. Croom
Chief Financial Officer

Derek, and thank you for the question. So let's start off with Medical because that is probably the cleanest and the easiest to understand. Medical is tracking exactly as we expected, which is we're going to see a $100 million decline come through related to one large customer, offset by some new product launches that we have in roughly the $50 million range. And so that one is going exactly as expected.

Industrial, we are seeing significant weakness in Europe, particularly related to the smart metering product line, it is being offset by growth that we're seeing in North America, specifically related to charging stations and also some benefit that we're seeing come through in the HVAC market.

Automotive is really a mixed bag because what we're seeing is softening in the European market. I will tell you, Europe across the board is just really tough and as we are looking at, generally speaking, where the declines are coming from, it is very clear Europe. Automotive in North America is holding in relatively flat. We saw minor disruptions as a result of the UAW strike. We don't anticipate seeing any more disruption coming through for the remainder of the fiscal year. And in China, we also had some nice pockets of strength in the Automotive business.

Derek John Soderberg
Cantor Fitzgerald & Co., Research Division

And just on -- yes? Go ahead. I just want -- You take it -- you can take it.

Jana T. Croom
Chief Financial Officer

[indiscernible] mix volume in North America, but in China, those sales have been really strong.

Derek John Soderberg
Cantor Fitzgerald & Co., Research Division

Got it. And is any of the weakness in Europe? I know you obviously have operations in Poland, you just expanded. In the prepared remarks, you mentioned some geopolitical uncertainty. You've got a conflict in the Red Sea there. Shipping rates are up. I'm wondering if that played sort of a quantifiable impact to how you're thinking about the rest of this year? And if that's not the case, I guess, Jana, what are you seeing in the out quarters leading to the lower operating income guidance?

Jana T. Croom
Chief Financial Officer

So we have seen disruptions in the Red Sea. We actually ended up sending letters to all of our customers related to that impact. It's incumbent upon us, the suppliers to be able to ship and distribute products to the customers who are actively waiting on it. So we are doing our best to find alternative opportunities for freight.

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I'm not going to blame it on shipping and the Red Sea though. What you're really seeing now is a true slowdown in Europe. A lot of it has to do with what we saw in '22 and '23. And if you'll notice, we took out the language of push out, as we had described it last year, relative to customers pushing out demand, this feels more like -- took on a lot of inventory. There was a shortage and scarcity of product availability. They took as much as they could from us, and now they're sitting on a lot of inventory that they've got to work through. And so we know that, that will correct itself over time. But what is causing is just a temporal near-term choppiness as they've got to get that inventory push through to the end market, and then we resume what I would refer to as a normal steady state cadence of growth.

Our [CEO], likens it to the toilet paper debacle of COVID 2021 where there was a scarcity of toilet paper, everybody ran out and bought as much as they could and then you have to work for you toilet paper supply and then you sort of get back to a steady state growth period.

Derek John Soderberg
Cantor Fitzgerald & Co., Research Division

Yes. Well, I appreciate the detail. If I could just squeeze one more in. Ric, you mentioned some strength in North America around Industrial. You did mention clean & green, some HVAC charging stations seems like that's a growing opportunity for you guys. Is there any way for Kimball to sort of play in the manufacturing tax credits tied to the inflation Reduction Act? Would you have to re-shift manufacturing to Jasper for that? Is that a real opportunity for you guys?

Richard D. Phillips
CEO & Director

It's certainly something that we talk about, yes. We've seen -- We see and we like the strength in North America around those areas. We're proud, as you know, of our North American manufacturing network, and we have customers that want to talk to us about it all the time. So that's certainly an opportunity that we're continuing to explore and could be upside.

Operator

Our next question today comes from Griffin Boss from B. Riley.

Griffin Taylor Boss
B. Riley Securities, Inc., Research Division

Ric, Jana. So first, on the working capital front, we saw a material step-up in days sales outstanding in the quarter. Just curious what your expectations are going forward for this year and then longer term as it relates to receivables?

Jana T. Croom
Chief Financial Officer

And so I'll take that question, Griffin. We have a lot of work to do here, right? And it's in partnership with our customers because as you know, we were ordering according to the demands our customer placed on us and with NCNR. So everything we ordered 52 weeks ago, 39 weeks ago, 26 weeks ago was showing up. And as the demand forecast is moving out from us, that inventory is continuing to build. We're working through it with customers in a variety of ways, right? So some of it is going to be cash deposits from customers and some of it is going to be consignment of inventory for customers. Some of it is carrying charges on the inventory, although my preference right now is not carrying charges, it's cash, which, as you know, in this type of environment is key.

I would expect that our DSO and our PDSOH [weightage] need to come down, as I previously said, it a pendulum that -- it swings too far. And so we've really got to work on the aging of our receivables and get that more in line with our contractual agreements with our customers.

Working capital is a laser focus right now, right? So it's relieving the inventory, but seeing it all the way through to the end, which is the impact that it would have on our balance sheet in terms of debt relief.

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Griffin Taylor Boss
B. Riley Securities, Inc., Research Division

Got it. Okay. So just turning to Medical. I understand, obviously, the fiscal '24 guide accounts for the $100 million reduction in sales related to that FDA recall of a major Medical customer. So can you just remind us, I'm not sure if you said in the past, when you expect that recall to be remediated? Does the program start to hit the top line again in 1Q '25? Or is it later in 2025? Or is that -- do you not have that visibility?

Richard D. Phillips
CEO & Director

Yes. We really don't. What we've tried to be, Griffin, is really conservative about that. I think we've said before, we continue to have a great relationship with that customer. We're discussing multiple opportunities at any point in time, and we stand ready to support. But we've tried to be really conservative and not build that into our expectations.

One point on Medical outside of that customer that you can probably do the back math on, but as Jana said, we're really on expectations overall and haven't changed those expectations for 2024 and our Medical growth in Q2 would have been high single to low-double digits outside of that reduction from that one customer. So we are making progress. We continue to see wins coming in, and we're really optimistic about Medical long term.

But to directly answer your question, we've not built in any expectations related to that program restarting.

Operator

Our next question comes from Jaeson Schmidt from Lake Street.

Jaeson Allen Min Schmidt
Lake Street Capital Markets, LLC, Research Division

Understanding that there have been push outs here just given the macro, but just curious if you're seeing any issues with decommits or cancellations within your backlog?

Jana T. Croom
Chief Financial Officer

We have seen, yes, decommits and cancellations come through with our backlog, which, as you know, is not usual in this business. Normally, you've got from orders, you've got volume, you can see it out far away. Now they haven't been huge and they have been geographically focused, but we've actually seen a good example is Europe Industrial, where we saw significant shifts that were quite honestly, unexpected. And so we work with the customer on what that looks like, and we partner through it.

It's really interesting because we've had a solid ramp of new program launches in NPIs, where we're seeing some of the softening come through our existing programs that have been in place for years where we're seeing decommits, cancels and some push outs.

Jaeson Allen Min Schmidt
Lake Street Capital Markets, LLC, Research Division

Okay. That's really helpful color. And then just following up on that. I know you just gave the example of Industrial, but are those decommits or cancellations concentrated in one of your segments? Or is it pretty broad based?

Jana T. Croom
Chief Financial Officer

Medical is actually tracking really well. And so it's strange to us because one of our peers highlighted Medical as a softening vertical for them. For us, that's actually going exceptionally well. Industrial is

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really where we're seeing more of softening and struggle. And so I think it depends on each vertical sort of where you play and your customer mix. But that's it for us.

I had some softening in European Automotive, again, that's really a result of just the economy and what they're experiencing there and North America is chugging along as expected.

Jaeson Allen Min Schmidt
Lake Street Capital Markets, LLC, Research Division

Got you. And then just last one for me, and I'll jump back in the queue. With all the dynamics across your business and maybe some mix shifts here and there. At a high level, how should we think about gross margin through the remainder of calendar '24?

Jana T. Croom
Chief Financial Officer

Yes. That is a great question. We're working through product mix for the remainder of the year right now and really understanding where our materials and labor costs are going to shake out as a percentage of net sales.

If you look at our guidance range for the full fiscal year 4.2% to 4.6%. What that tells you is our gross margin is going to be somewhere in the range of where you've seen it for the last few quarters and that mid 8-ish level, we're certainly going to do everything that we can to bolster in terms of cost containment and alignment.

And then I know you didn't ask about SG&A, but laser focused there, reducing all the [costs] where we can and where appropriate without sacrificing long-term growth. We just got to hunker down and get through it is the bottom line.

Jaeson Allen Min Schmidt
Lake Street Capital Markets, LLC, Research Division

Okay. No, I really appreciate all that color.

Jana T. Croom
Chief Financial Officer

One thing I will note that Jaeson didn't ask about, but I would like to say an open mic. It was a very thoughtful decision by the leadership team to align cost to the current environment. What we have told you is we're not going to talk about bifurcated or stair stepped or we're not going to have any of those conversations anymore where we just take the absorption and don't respond. We really felt like it was incumbent upon us to make the decision to control the cost where we could and not just let the margin slide into the abyss. And so we are working significantly on that.

Operator

Our next question today comes from Anja Soderstrom from Sidoti.

Anja Marie Theresa Soderstrom
Sidoti & Company, LLC

I have some follow-ups on the questions. So in terms of the Medical customer where they're remediating a product, are you exclusive with that customer on that product? Or could you be working if this was going to be prolonged and their competitors taking share? So you're going to be able to work with the competitors on that.

Richard D. Phillips
CEO & Director

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Yes. We are -- we do have other customers in the oxygen and ventilator business, who we are working with and are seeing an increase in intake. So yes, we do work across that part of the business with multiple companies.

Anja Marie Theresa Soderstrom
Sidoti & Company, LLC

Okay. And Jana, you were talking about the weakness in Europe, and you mentioned the inventory adjustments there. Is that mainly the reason for the weakness there? Or do you also see a broad economical weakness?

Jana T. Croom
Chief Financial Officer

It broader economical weakness, the broader economical weakness is just exacerbating the inventory challenge. We are seeing some target [indiscernible] coming out in the near future. But we're getting data daily.

Anja Marie Theresa Soderstrom
Sidoti & Company, LLC

Okay. And one last one is related to the taxes and the revenue mix, as the North America was doing better than the other regions. I noticed the taxes are higher and should we expect those to continue to be higher as North America might continue to be stronger? Or how should we think about the taxes going forward?

Jana T. Croom
Chief Financial Officer

Yes. Anja, you nailed it. The tax rate is really a direct impact. It's just the mix of where sales are coming through geographically. We expect to control that as much as we can through tax arbitrage and opportunity. But I would say that an effective tax rate in the mid-20s is what you should expect so somewhere in that 24% to 26% range.

Operator

[Operator Instructions] Our next question comes from Tim Moore from EF Hutton.

Timothy M. Moore
EF Hutton LLC, Research Division

Jana, thanks for adding the open orders amount to the press release going forward. So just wondering maybe just on the backlog, open orders. You mentioned EV chargers. You got the HVAC climate control, the public safety. But can you, Ric, maybe just highlight any other areas going well? I remember last time what the towing systems for EV trucks and SUVs to not draining the battery. If you can just maybe shed light anything else that's growing pretty good, you're seeing pretty good interest on orders.

Jana T. Croom
Chief Financial Officer

Yes. So you nailed a lot of it. We're seeing in terms of charging station, new Medical customers, that's going well. Automotive, North America steering and braking, going really well. Also Automotive in China. It's going well for us. We've got some new product and program launches that we're going to see there that are encouraging and exciting, offset by just some inventory that we've got to work through and softening in Europe.

Timothy M. Moore
EF Hutton LLC, Research Division

Great. That's helpful. Just shifting gears, maybe I'd love to hear maybe what Ric's appetite and your appetite is for M&A? Is there still willingness maybe to do Medical as the priority near term? I know you've

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got the corporate development team in place. Has anything changed around that for your kind of appetite in potential timing?

Richard D. Phillips
CEO & Director

Yes. I think our thinking probably hasn't shifted significantly of late, Tim. It's obviously something we never ignore and we continue to monitor opportunities. We do see a really healthy funnel as Jana mentioned, and as we look forward in the out years, you know the lead time on wins, I mean, we see some really nice wins. We like the places that we're playing and so we think the organic growth opportunities are really robust. And as Jana said, we also are working on the balance sheet to free up and create flexibility for the future.

So I wouldn't say we're ever out of the game, but we're really focused organically right now, and we think that's the right place given the balance sheet and given the opportunities that are coming our way.

Jana T. Croom
Chief Financial Officer

Yes. Tim, if you would [indiscernible] some, it would be one of our customers deciding that they don't want to produce a particular program or book of business, and they want us to take on the higher level assembly and they're going to drop out that business, and we're going to take it over. And in some cases, the current macroeconomic environment is interesting because it causes our customers to evaluate their own margin improvement opportunity and ways that we can partner with them to solve that. So if you were to see us do something on that front, it would be in that vein.

Timothy M. Moore
EF Hutton LLC, Research Division

And Jana, you beat me to it. That was exactly going to be my next point. That's was the asking question because I know I've talked with you and Ric about that before. You've actually had some customers come to you. I mean, I don't know if they've been proposing it themselves, but it would seem like you have a lot of organic or hybrid opportunities on the Medical front with taking some work off other people's plate where it's not a big focus for them because they might have higher-margin businesses that they care about or allocating capital to. And -- that's good. That's good.

And then I just got one last question. Regarding your Investor Day, I think you might be doing one this year. Do you still plan on maybe laying out the dollar amount range or maybe the rough timing of global capital expenditures for plant expansion? Cadence by year? Or is that maybe on hold a little bit due to the macro slowdown? And do you have any rough range of when maybe your Investor Day might be, is it going to be the spring?

Jana T. Croom
Chief Financial Officer

So the Investor Day wouldn't be this spring, if we were going to do the Investor Day, it would be this fall. And the only reason for that is we need more data, right? And so as we continue to look at FY '25, '26 and beyond, we really need the market to settle out and to see sort of where we're shaking out in terms of growth trajectory.

In terms of growth expansion internally, we certainly have a blue plan and a strategic plan for future expansion. Quite honestly, Tim, if I were to come out to you right now and tell you that I'm expanding in other region of the world, you would not be happy with me.

Timothy M. Moore
EF Hutton LLC, Research Division

That's why -- that's why I was asking. I'm glad I got those out.

Jana T. Croom

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Chief Financial Officer

So yes, well, again, certainly, we have that strategic plan, and we've put a lot of effort into it. We also recognize that in this current environment, what we've got has to work harder before we add on to it in the future.

Timothy M. Moore
EF Hutton LLC, Research Division

Great. That's really what I want to hear, I am glad it's not going to be in the next month. Yes. No, it makes sense. Just wait it out. It happens to all -- a lot of other companies. You're not the first one in this boat and slowdowns pretty much globally now in some pockets. So that's really great. I'm looking forward to the Investor Day in the fall or whenever it is, and I'm glad it's not next month.

Operator

Thank you, everyone. That concludes today's Q&A portion of the call. There will be a replay available after today's call. The details for this are as follows: please dial +1 (929) 458-6194. The access code to this is 848149.
Thank you, everyone. That concludes today's call.

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