Kimball Electronics, Inc.
Fourth Quarter and Fiscal Year 2026 Financial Results
August 13, 2026

<u>**Presenters**</u>
Andy Regrut - VP of Investor Relations & Strategic Development and Treasurer
Ric Phillips - CEO & Director
Jana Croom - Chief Financial Officer

<u>**Q&A Participants**</u>
Brett Fishman - KeyBanc Capital Markets
Mike Crawford - B. Riley Securities
Derek Soderberg - Cantor Fitzgerald
Max Michaelis - Lake Street Capital Markets
Alex Hantman - Sidoti & Company

Operator
Good morning, ladies and gentlemen, and welcome to Kimball Electronics' fourth quarter fiscal 2026 earnings conference call. My name is Cheri, and I will be the facilitator for today's call. All lines have been placed in a listen-only mode to prevent any background noise. After the completion of prepared remarks from Kimball Electronics' leadership team, there will be a question and answer period. To ask a question, simply press star and the number one on your telephone keypad. Today's call, August 13, 2026, is being recorded. A replay of the call will be available on the Investor Relations page of Kimball Electronics' website.

At this time, I would like to turn the call over to Andy Regrut, Vice President, Investor Relations, Strategic Development, and Treasurer. Mr. Regrut, you may begin.

Andy Regrut
Thank you, and good morning, everyone. Welcome to our fourth 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 fourth quarter and full fiscal year ended June 30, 2026. 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. Our commentary today will be focused on adjusted non-GAAP results. Reconciliations of GAAP to non-GAAP amounts are available in our press release.

This morning, Ric will start the call with a few opening comments, Jana will review the financial results for the quarter and guidance for fiscal 2027, and Ric will complete our prepared remarks before taking your questions. I'll now turn the call over to Ric.

Ric Phillips

Thank you, Andy, and good morning, everyone. I am proud of our results in the fourth quarter and very good finish to fiscal 2026. Sales in Q4 were in line with expectations, adjusted operating income was better than estimates, and we generated strong cash from operations, which was used to pay down debt to its lowest level in over four years. Our balance sheet continued to strengthen, and we are actively leveraging it to make strategic investments in growth in the medical CDMO space, such as the build-out of our new medical facility in Indianapolis and the acquisition of Helvoet Polymer Technologies. Our guidance for fiscal 2027 is highlighted by organic sales growth and the accretive impact from Helvoet.

We are expecting medical to continue to outpace the other two verticals and represent more than one-third of total company sales in the fiscal year, which is in line with our objective to balance the portfolio across the markets we serve.

Turning now to the fourth quarter, net sales for the company were $372 million, a 2% decline compared to Q4 last year, but a 5% sequential increase with all three vertical markets posting gains over Q3. Geographically, sales in the fourth quarter were more evenly distributed around the world versus prior periods, with approximately 40% in North America and 30% in both Asia and Europe.

Once again this quarter, our medical business was the headliner, growing both year-over-year and sequentially, and completing a fiscal year where the growth occurred in all four quarters and the total exceeded 10% versus a normalized fiscal 2025 when adjusting for the consigned inventory sale last year. In Q4, medical sales were $109 million, a 1% increase compared to the same period a year ago, and 29% of the total company. Approximately 30% of these sales occurred in both Asia and Europe, with the same year-over-year increases in each region. North America was down mid-single digits, which is below our run rate for most of the fiscal year. This apparent slowdown in the growth trajectory is more of a function of the comparison from a year ago than production this year.

In the fourth quarter of fiscal '25, we were supporting our customers with inventory builds for facility closures and transfers of work. Both were one-time events.

From a product category perspective, the growth was driven by demand for surgical devices, in vitro diagnostics, patient monitoring, and drug delivery.

Next is automotive with net sales in Q4 of $170 million, down 3% compared to the same period last year and 46% of the total. Our business in the fourth quarter was roughly divided a third, a third, and a third between North America, Asia, and Europe, with Poland and Romania reporting mid-single-digit increases as a result of new steering and braking programs. China was up low single digits, and North America was down, driven largely by lower EV demand offsetting these increases.

Steering programs continue to be the largest concentration of work, accounting for approximately 70% of total automotive sales for us. For the full year, our automotive business was down 7% year-over-year, so successive 3% declines in the back half of fiscal '26 suggest a stabilizing trend in this vertical.

Finally, sales in industrial totaled $93 million, a 5% decrease compared to Q4 last year and 25% of the total company. Once again this quarter, our industrial business was heavily concentrated in North America, where the majority of the decline occurred from lower demand for HVAC systems. This was partially offset by higher sales of smart meters in Europe, which continue to recover from prior year declines.

I'll now turn the call over to Jana for more detail on our financial results and guidance for fiscal 2027. Jana?

Jana Croom
Thank you and good morning, everyone. As Ric highlighted, net sales in the fourth quarter were $371.6 million, a 2% decrease year-over-year. Foreign exchange had a 1% favorable impact on consolidated sales in Q4. The gross margin rate in the fourth quarter was 8.9%, a 90 basis point improvement compared to 8% in Q4 of fiscal 2025, with the increase resulting from favorable mix, partially offset by incremental costs associated with the ramp-up of our medical CDMO facility in Indianapolis. Adjusted selling and administrative expenses in the fourth quarter were $14.8 million, a $4 million increase year-over-year, with higher expense from investments for future growth initiatives, including personnel costs and IT infrastructure. When measured as a percentage of sales, the rate was 4% this year compared to 2.8% in the same period last year.

Adjusted operating income in Q4 was $18.1 million, or 4.9% of net sales, which compares to last year's adjusted result of $19.6 million, or 5.2% of net sales. Other income and expense was expense of $2.6 million compared to $3.8 million of expense last year. Once again, this quarter, interest expense drove the decrease, down nearly 30% year-over-year as a result of a combination of lower average debt levels and lower borrowing rates.

The effective tax rate in Q4 was 67.8% compared to 48.3% last year, with this year's rate adversely impacted by the resolution of two long-standing dividend withholding matters with tax authorities at international locations. We ended the fiscal year with an effective tax rate of 47.5%, and we're expecting the rate in fiscal '27 to be in the low 30s.

Net income in the fourth quarter was $8.5 million, or $0.35 per diluted share. The adjusted result was skewed by the tax rate, with Q4 posting a loss of $163,000, or a minus $0.01 per diluted share.

Turning now to the balance sheet, cash and cash equivalents at June 30, 2026, were $88.9 million. Cash generated by operating activities in the quarter was a robust $42.4 million, our 10th consecutive quarter of positive cash. Cash conversion days were 82, an eight-day improvement compared to last quarter and three days better than the fourth quarter of fiscal '25. This is our best CCD in 17 quarters, with all components posting good results, with DSO accounting for the most significant improvement versus prior periods.

Inventory ended the quarter at $271.9 million, down slightly, that is $1.4 million, compared to Q3, and $1.6 million lower than a year ago.

Capital expenditures in Q4 were $8.5 million. Much of the spend once again this quarter on leasehold improvements in the new facility in Indianapolis, plus investments to support new programs in Europe. For the full year, we invested $51.7 million in CapEx, which was in line with our estimates.

Borrowings at June 30, 2026 were $116.6 million, representing our lowest level in over four years and a decrease of $46.4 million from the third quarter and down $30.9 million or 21% from a year ago. Short-term liquidity available represented as cash and cash equivalents, plus the unused portion of our credit facilities totaled $411.3 million at the end of the fourth quarter. As a reminder, the acquisition of Helvoet occurred on July 1st, the beginning of fiscal '27, so the financing activities on that transaction are not reflected in the June 30th balances.

We invested $2.1 million in Q4 to repurchase 83,000 shares. Since October 2015, under our board-authorized share repurchase program, a total of $115.6 million has been returned to our share owners by purchasing 7.1 million shares of common stock. In May, our board of directors unanimously increased the share repurchase program by $20 million. We now have $24.4 million available on the program.

As we expected, fiscal 2026 was a year of transition, and I am impressed with our team's resilience and ability to deliver results in a challenging environment. We ended the fiscal year with net sales totaling $1.431 billion, with medical up over 10% after normalizing last year for the consigned inventory sale. Adjusted operating income was $65.7 million or 4.6% of net sales, cash generated from operating activities was $72.3 million, and we invested $11.9 million to repurchase 447,000 shares of common stock.

As a CFO who takes great pride in the condition of our balance sheet, we exited the fiscal year in a position of strength with plenty of dry powder in the form of borrowing capacity and available cash to strategically invest. As Ric highlighted, our guidance for fiscal 2027 projects a return to growth, and we will be leveraging our balance sheet to support those efforts.

Net sales in fiscal '27 are expected to be in the range of $1.535 billion to $1.56 billion, a 7% to 9% increase compared to fiscal 2026, with organic sales growth of 3% to 5% and revenue from Helvoet of $60 million.

From a vertical market perspective, organic growth in medical is expected in the high single to low double-digit range, industrial in line with the company average, and automotive will likely be flattish for the year. Revenue should be fairly evenly distributed over the fiscal year.

Adjusted operating income is estimated to be 4.4% to 4.7% of net sales, and capital expenditures are expected to be in the range of $50 million to $60 million. For FY '27, the dilutive impact of the ramp of our new facility in Indianapolis is roughly offset by the accretive benefit from our acquisition of Helvoet. We expect this combination of assets to drive significant revenue synergies as we execute our CDMO strategy over time. This outlook reflects the efforts and contributions from all areas of the company, and I am grateful for the collaboration and our return to profitable growth.

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

Ric Phillips
Thanks, Jana. Before we open the lines for questions, I'd like to share a few thoughts in closing. We are thrilled to see our base business stabilize and a return to organic sales growth, which, as Jana highlighted, will be led by our medical vertical. I noted in my opening comments, our guidance implies medical will approach 35% of the total company in fiscal '27. Helvoet, the newest member of the Kimball family, is an important contributor. Since the deal announcement in early July, the integration efforts have gone very well, with our number one priority focused on unlocking top-line synergies.

Customer interest around the acquisition has been strong, with many customers wanting more information about Helvoet operations in Tilburg and Pune, as well as new requests to tour our facility in Indianapolis, which we welcome as the team there continues to make good progress moving out of the existing campus.

Production equipment is now being installed in the new facility, and the qualification of certain manufacturing processes is expected to start in the fall. If all goes according to plan, early production will commence at the end of this calendar year, and the move will be completed in the next 18 months.

The addition of Helvoet has given us reason to reconsider how we talk about our medical business, in particular, the co-development work that both organizations do. You may have noticed that we're now incorporating the letter D in our reference to the medical CDMO business. This is reflective of our go-to-market strategy as a full-service provider in Kimball Solutions and will be used going forward.

Looking ahead, we continue to evaluate strategic opportunities that could accelerate the expansion of this business, including the lift and shift of active programs currently being manufactured by another provider that could be potentially move to Kimball, the production of new medical products, and/or possible future inorganic growth… over time. Helvoet adds to this strategy, with expertise in precision manufacturing and automation, exposure to highly attractive medical end markets, a presence or expanded presence in a new geography, and a well-run operation with an excellent management team. We believe this strategy will be powerful in driving value creation. Our strategic journey continues to build, and so does my excitement for the future of the company.

Operator, we would now like to open the lines for questions.

Operator
Thank you. Ladies and gentlemen, analysts may ask questions at this time by simply pressing star, one on your dial pad. You may remove yourself from the queue by pressing star, two on the dial pad. We ask that, if you are using a speaker phone, please pick up your handset before asking your question. One moment please for our first question.

Our first question is from Brett Fishman with KeyBanc Capital Markets. Please proceed.

Brett Fishman
Hey, guys. Good morning. Thank you so much for taking the questions and good to be on the call today. Just wanted to start off by asking if you could provide a little bit more color on what you saw in the medical segment this quarter, particularly in Asia and Europe, which seemed a little bit stronger. And then it sounded like North America, the biggest impact was comps, but if there's anything else to call out in that geography as well.

Ric Phillips
No, I think with that adjustment, Brett -- and thanks for joining the call, good to have you -- it really was a continuation of the trend that we've been seeing throughout the year. As you know, Helvoet will now be included in the results, and of course, it wasn't at all in the prior year with the July 1 close. But we saw a pretty consistent double-digit increase over the course of each of the quarters. And again, with that adjustment that you mentioned, Q4 looked pretty similar.

Jana Croom
Yeah, so to give you some technical color, in Q4 of '25, we had two one-time builds for customers. One was related to a transfer of work, and one was related to a facility closure where they needed to build up inventory in support of that. And so if you adjust for those things, a normalized quarter v. quarter FY '26, FY '25 is closer to 10%.

Brett Fishman

All right, great. And then maybe just following up on that, it sounds like a key part of the return to positive organic growth in FY '27 is continued performance in the medical segment with high single digit to low double digit organic growth expected. I was hoping you could just walk through the key drivers and components of that level of growth expected in medical, particularly how much you think could come from the early ramp of the new facility in Indy, or if there's any other incremental contributors compared to FY '26.

Ric Phillips
Sure. Brett, we're really pleased. As we look across the product categories within medical and look at our expectations for the coming year, we see growth in most categories - respiratory care, surgical devices, in vitro diagnostics, imaging, drug delivery. So we're really pleased to see that. I think the Indy impact is definitely going to take time. As you heard on the call, if all goes according to plan, we'll begin to see production by the end of the calendar year, but that's going to start with production that is currently taking place in our -- the facility in Indianapolis that we're going to close. So that would be transfer rather than incremental growth.

What I'd say is -- and we can talk more about this -- we're really encouraged -- and obviously this acquisition just closed as you know, July 1st. But the opportunities that we're talking about in terms of synergies are multiple. Helvoet was looking for U.S. footprint anyway, independent of the transaction because of demand from their customers for U.S. footprint for what they do, which they'll now have. We have customers that want footprint in Europe and India that we didn't necessarily have specifically for those technologies. And we're working together to collaborate on scaled larger programs that bring forth the capabilities of both companies.

So I wouldn't expect you'll see a big impact in '27 from Indianapolis just because new programs take time to ramp. We may have some good opportunities with lift and shift programs that are already in market that we could move there, but those will take some time, as well. So it's really a more broad-based improvement kind of building on the momentum that we saw this year.

Brett Fishman
All right. Super helpful. Last question from me is just on the inorganic contribution. I believe when you announced the deal, I think Helvoet had revenue of around $56 million in calendar year 2025. So it just seems like the outlook for inorganic revenue might be a little bit lower than the normalized growth rate for that asset. So just curious if there's any transition impact that you're assuming for year one or any other near-term headwinds that may be impacting the speed of growth for Helvoet. Thank you so much.

Jana Croom
Hey, Brett. Great question. There are really two impacts. One is actually FX and the FX translation from the INR and the EUR on the U.S. dollar. That's going to be an impact for our fiscal year. And so not really a transition impact because we've been really, really thoughtful about not interrupting what they've got going on in terms of sales and actually trying to unlock opportunity there in terms of cross-selling opportunities geographically. So it's much more just business as

usual and looking for revenue synergies, but there will be some currency impact. But going from $56 million to $60 million-ish, still 8% top line growth, in that range, feels pretty good.

Brett Fishman
All right, great. Thank you so much.

Operator
Our next question is from Mike Crawford with B. Riley Securities. Please proceed.

Mike Crawford
Thank you. Just so we get this into the transcript, what was your EBITDA and EBITDA margin in the fourth quarter?

Jana Croom
Hey, Mike. Thanks for the question. Hold on and I will get that. I should have that here right in front of me. I apologize that I don't.

Mike Crawford
Was it $27.2 million and 7.3%, Jana?

Jana Croom
It's $28.2 million and, yeah, 7.6%.

Mike Crawford
Okay.

Jana Croom
It is in the press release, and we put it in for the first time specifically for you, Mike. It's in the press release.

Mike Crawford
It's hidden in the press release somewhere. Okay. I need to look more closely. So I think, Ric, you said that the drag from Indianapolis ramp in the current fiscal year is going to be offset by Helvoet. But, I mean, so does that mean that there's only a $5 million drag from ramp up in Indianapolis?

Jana Croom
So it -- you can’t necessarily correlate on a revenue dollar for dollar basis. The drag from Indianapolis is probably closer to $6.5 million, $7 million all in.

Mike Crawford
Okay. And would it be fair to assume that there’s really almost no drag in the next fiscal year?

Jana Croom
No. So think of it this way. You've got all of the associated depreciation, plant cost, just all of the things associated, utility expense, etc., for a facility that's empty. It's not that there won't be a drag in FY '28; it's that, eventually, it will produce enough revenue to overcome the drag. So--

Mike Crawford
--Wait, so are you saying the 18 months isn't from -- that's from when you actually start production?

Jana Croom
So -- and we opened the building in February. We're bearing all of the costs associated with that facility, but it is not producing revenue. All of the revenue is at the existing campus. It will start producing revenue -- it will open for production in the fourth quarter of the calendar year, our second quarter fiscal year. And then we'll be putting business in it, and it'll start to ramp, and it will be able to cover the incremental cost.

Mike Crawford
Okay. So just to clarify, it's 18 months to ramp, not from February, but from December.

Jana Croom
Roughly, yes.

Ric Phillips
For new programs.

Jana Croom
For new programs. Yeah.

Mike Crawford
Not lift and shift. Okay.

Jana Croom
Correct. Not lift and shift.

Mike Crawford
Yeah. What -- given that your leverage is now 1x-ish EBITDA, do you have -- is there a best capital structure to run a consistent business like this with perhaps more leverage? And if so, what are your capital allocation priorities then, or deployment priorities?

Jana Croom
Yeah. That's a really great question and something we've been burning a lot of calories on. So somewhere between 1.5 and 2 times feels good for our business. But you need to keep your balance sheet strong enough that, when incremental growth opportunities that are inorganic

present themselves, you've got the dry powder to act. So you're going to see the cost of the acquisition show up on our balance sheet in Q1. We're going to be actively utilizing our operating cash flow and global cash repatriation options to pay that down so that we can continue to have dry powder should another inorganic opportunity present itself. Plus, we've got $50 million of organic CapEx needs that we need to deploy.

We do plan on continuing our share repurchase program at the rate that it's been at for the past few fiscal years. And so we don't plan on stopping that. We think share repurchase, particularly where our stock price is right now, is also a very compelling opportunity. So we plan on doing -- it really is sort of a do it all strategy. Share repurchase, yes. Investment in the organic business, yes. But maintaining the dry powder so that we can take advantage of inorganic opportunities. We could take the leverage ratio actually over 3 times debt to EBITDA. Obviously, that would be short-lived, and we would have to work aggressively to pay it down. But for the right inorganic opportunity in the short run, would we be willing to do that? Probably.

Mike Crawford
Great. Well, thank you very much.

Ric Phillips
Thanks, Mike.

Operator
Our next question is from Derek Soderberg with Cantor Fitzgerald. Please proceed.

Derek Soderberg
Yeah, hey, everyone. Thanks for taking the questions. So it looks like Automotive sales ended up being down this fiscal year and sort of flattish next year. It sounds like European braking growth is sort of offsetting some of the North America stuff. I guess I was wondering if you could just kind of detail your thoughts on that segment sort of turning positive. I know there's individual aspects of the automotive piece by region and braking and steering. I was just wondering if you can maybe comment on when you think that's going to turn positive, kind of the puts and takes between the regions and segments. Just any sort of additional detail on the Automotive segment for us to think about?

Ric Phillips
Sure. And, Derek, thanks for joining the call. I think we're encouraged to see this stabilizing. The decline is really -- as I mentioned earlier on the call, has been driven by low demand for EV programs that we won. It's not programs that we lost. It's just programs that have underperformed in terms of the volumes that we originally anticipated. So we'll see how that continues to evolve with regulations and incentives and so on over time; don't know how to predict that one. But, yes, Europe is strong, and these are fairly new programs that will continue to ramp. So we feel really good about where that's at. China is very competitive. Our business

has performed pretty well there over a good period of time. But the local Chinese competitors are tough.

So I'd say our relationships remain as strong as they've ever been. We continue to win the next-gen programs, which is really important to us. And so stabilization and an eventual return to growth, market-driven there, appears ahead of us, and we're going to stay close to those customers and hopefully see some of that demand come back, which it looks like it is overall.

Derek Soderberg
Got it. Appreciate the detail there. And then, Jana, congrats on the cash conversion days - really has been trending in the right direction for some time here. I was wondering if that sort of 82-day conversion days, is that sustainable as you guys sort of see growth accelerate here, both on an organic and inorganic basis? Any additional thoughts there would be great. Thanks.

Jana Croom
Yeah, thank you. 82 days was hard thought. And so it also gives me an opportunity to touch on what we're seeing in the business now, which is we're getting back to an environment where there's some inventory disruption in the supply chain and golden screw type events. Customers are wanting us to carry more inventory, the turns of certain things as we're waiting for that one golden screw is flowing. And so I'm anticipating that there is going to be some pressure in working capital generally in FY '27.

We've taken that into consideration as we're thinking about the guide for next year and the impact that it's going to have on the balance sheet, and we're managing through it with our customers, but we're already seeing the impact. So if it rose a couple of days in FY '27 -- let me say that differently. We are planning for it to rise a few days in FY '27.

Derek Soderberg
Got it. Appreciate it. Thank you.

Operator
Our next question is from Max Michaelis with Lake Street Capital Markets. Please proceed.

Max Michaelis
Hey, guys, thanks for taking my questions. Just a few questions around the model - I mean, 8.9% on the gross margin, really strong quarter. Obviously, that was impacted by a favorable mix. Just curious to know what you're sort of expecting for 2027. I mean, should we be looking for gross margins kind of north of that 8% mark just with -- given the increased focus on the medical side of the business? Thanks.

Jana Croom

Yeah. So our S&A is sort of trending in that 4% range again. And so if you consider the midpoint of the guide that we put out being like, call it, 4.5%-ish, you would need a gross margin in the range of 8.5% for that math to work.

Max Michaelis
That's awesome. And then I think I heard on the call, you're sort of expecting a balanced revenue quarter-by-quarter throughout the remainder of next year. Is that correct?

Jana Croom
Yes, and that's important, because sometimes, it's skewed right -- first quarter is really heavy or fourth quarter is really heavy. This year, it just so happens that the way that the forecast is shaking out right now, the quarters are going to be pretty even.

Max Michaelis
Okay, that's it for me. Thanks, guys.

Ric Phillips
Thanks, Max.

Jana Croom
Thanks, Max.

Operator
As a reminder, it is star, one on your telephone keypad if you would like to ask a question.

Our next question comes from Anja Soderstrom with Sidoti & Company.

Alex
Good morning. This is Alex on for Anja. Thanks for taking questions. Jana, I know you touched on FX, and it was a modest tailwind in '26. What euro assumptions, I'm just curious, underpin the 2027 guide now that Helvoet adds euro-denominated revenue?

Jana Croom
Yeah, 1.14. It's engraved in my brain.

Alex
Very good. Thank you for sharing. And I know you've touched on some of the Helvoet contributions for the next year. I'm curious, with the improved balance sheet and recognizing obviously June 30 figures of pre-Helvoet, how you're thinking about capital allocation priorities on a pro forma basis? And is there a leverage level you're managing towards?

Jana Croom

Yeah, so somewhere in the 1.5 range feels good. We don't want to be underleveraged. We don't want to be overleveraged. As I said, the key is supporting the organic growth of the business and the needs there, but also having enough dry powder that, should an inorganic opportunity pop up that was attractive to us, we could use our balance sheet to take advantage of it. And so it's really walking that line of investing in the base business, which I'll remind everyone is still the overwhelming portion of Kimball, and supporting the growth opportunities that we have there, but also dry powder for other tuck-in acquisitions that we were going to be force multipliers for the CDMO strategy.

I would also add, though, that we just closed on this acquisition July 1. We need to absorb it, integrate it, get the revenue synergies, the top line synergies out of it. So it's also not likely that we would make another acquisition for -- in this fiscal year. We had said that we would want to be serial acquirers in terms of our opportunity set, but we need to give this one time to work before we start chewing on the next one.

Alex
Helpful context. Thank you. And last one from us - I'm curious if there have been any surprises, good or bad, post the Helvoet acquisition, customer retention, integration pace, go-to-market, anything that's tracking differently, good or bad, than what you underwrote?

Ric Phillips
Great question, right? There's always -- in any acquisition, there's things that you're going to learn. I'd say, on balance, really positive. The customer conversations, they ask some good questions. Are you going to keep the footprint that Helvoet has today, for example? Yes, we are. And I think those all went really well. We anticipate keeping those customers. And I think probably the integration process itself is going as expected. Really encouraged. All the leaders are engaged. All the functions are engaged. Facilities are talking to each other. We have a master integration plan that we're on track for.

So the process itself feels really good and -- but it's as we expected. I wouldn't see any big changes there. If anything, the top line synergy opportunities, which are very much still taking shape, have been really encouraging. And we're so early when exactly are they going to happen and where exactly will they be located and how big will they be is -- those are the things that we're working on. But the teams across both organizations are talking every single week at least about a pretty impressive list of potential synergy opportunities, leveraging the combined footprint.

And also one of the areas of capital, these aren't huge numbers yet, but there were some things with customers that Helvoet had identified that needed to be funded in order to make that opportunity happen, and we're eager to invest in those and have already identified and started to move forward in those capital processes, which are great returns for us.

Jana Croom
And that is contemplated in our CapEx guide.

Alex
Glad to hear, and thanks again for taking our questions.

Ric Phillips
Thank you.

Operator
There are no further questions at this time. Ladies and gentlemen, thank you for your participation. This does conclude today's teleconference. A replay of the call will be available on the Investor Relations page of Kimball Electronics' website or by dialing (877) 660-6853. ID number is 13761725. Please disconnect your lines, and have a wonderful day.