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PRESENTATION

Operator

Good morning, ladies and gentlemen. My name is Demetrias, and I will be your conference call facilitator today. At this time, I would like to welcome everyone to the Kimball Electronics Fourth Quarter Fiscal 2020 Financial Results Conference Call. (Operator Instructions)

Today's call, August 19, 2020, will be recorded and may contain forward-looking statements as defined under the Private Securities Litigation Reform Act of 1995. Risk factors that may influence the outcome of forward-looking statements can be seen in Kimball's annual report on Form 10-K for the year ended June 30, 2019, and in today's release.

The panel for today's call is Don Charron, Chairman of the Board and Chief Executive Officer; and Mike Sergesketter, Vice President and Chief Financial Officer of Kimball Electronics.

I would now like to turn today's call over to Don Charron. Mr. Charron, you may begin.

Donald D. Charron - Kimball Electronics, Inc. - Chairman & CEO

Thank you, Demetrias. Welcome, everyone, to our fourth quarter conference call. Our earnings release was issued yesterday afternoon on the results of our fourth quarter and fiscal year ended June 30, 2020. We have posted a financial summary presentation to accompany this conference call, which can be found on our Investor Relations website within the Events and Presentations tab. Or if you are listening via the webcast, you can follow along by advancing the slides or download them from the Downloads tab on the webcast portal. I will begin by making a few remarks on the quarter, and then I'll turn it over to Mike for the financial overview. After that, we will answer any questions that you may have.

We are pleased with the operating results we delivered in the fourth quarter of fiscal year 2020 despite the global interruptions and challenges caused by the COVID-19 pandemic. The health and safety of our employees remains our #1 priority, and we continue to make every effort to keep our facilities safe, utilizing protective shields, face masks, body temperature scanning, social distancing and proper hygiene. Of our 6,400 employees around the world, approximately 1% have tested positive for the virus. And in each positive case, our responses followed our procedures for communication to our employees, contact tracing, self-quarantining, testing and sanitization of the affected work areas.

Because of the disciplined response and extraordinary effort of our people around the world, we were able to perform our mission as an essential business. And amongst many things, completed the first phase of our ramp-up to support the significant increase in demand from our medical customers for their respiratory care and patient monitoring products.

In the fourth quarter of fiscal year 2020, sales from our medical vertical were up 23% compared to the fourth quarter of fiscal year 2019 and up 42% sequentially. We are currently on track with the second phase of our ramp-up to meet the continued demand for respiratory care and patient monitoring products. And expect this momentum in our medical vertical to continue through the first half of fiscal year 2021. I feel honored and privileged that our company can play such an important role to help on the recovery of those infected by the virus.

In our Automotive vertical, fourth quarter fiscal year 2020 sales were down 43% year-over-year and down 41% sequentially. The decline in sales in our automotive vertical was disappointing but not a surprise given the extensive automotive plant shutdowns in North America and Europe during the months of April and May. Fortunately, we were able to redirect machine capacity and manufacturing associates from certain automotive production lines to medical production lines where we were experiencing -- we are experiencing COVID-19 related increases. This helped us on multiple fronts, including employee morale as well as capacity utilization.

While the Automotive industry restart has been slower than expected, we were encouraged to see our June ending run rates start to approach pre-COVID-19 levels. In addition, we continue the ramp-up of several new automotive programs, including a large program for an existing customer who supports a vehicle OEM that specializes in fully electric vehicles. We anticipate our overall run rates for our Automotive vertical will return to a new normal and when added to the ramp-up of these new programs, will return us to pre-COVID-19 levels by the middle of fiscal year 2021.

While we recognized a goodwill impairment charge in the quarter related to our GES reporting unit, we continue to make nice progress on our integration and diversification plan. And GES realized their strongest net sales and operating performance during the quarter since our acquisition of GES in October 2018. On an adjusted basis, excluding the goodwill impairment and a onetime nonoperating charge related to the net working capital adjustment on the purchase of GES after the measurement period, GES was accretive to our EPS for the fourth quarter.

The impairment charge is an adjustment that does not affect the company's cash position, cash flow from operations or debt covenants. It is important to note that while we continue to gain traction with the new business pipeline for GES, we do have a degree of seasonality in that business with fiscal fourth quarter being their strongest.

We also remain excited about the role GES is playing in our Industry 4.0 strategy as we work to roll out EM tab, which is a GES-developed AI-driven manufacturing management software solution in all our global facilities in calendar year 2020.

We are working diligently to respond to the volatility in demand and the change in mix of our overall business and continue our relentless pursuit to achieve our operating margin and return on invested capital goals. We are doubling down on execution across all of our units as we continue to drive Lean Six Sigma projects and global supply initiatives to improve yield and throughput to drive improvement in our margins. Margin expansion and capital efficiency will continue to be priorities of focus for us.

Our cash conversion days for the quarter ended June 30, 2020, were 81 days, up from 77 days in the quarter ended June 30, 2019, and flat when compared to the third quarter of fiscal year 2020. While the volatility in demand has made it difficult for us to achieve our inventory objectives and thus, our cash conversion days objectives, we remain committed to our inventory reduction goals and actions.

We invested \$11 million in capital expenditures in the fourth quarter of fiscal year 2020. The majority of these capital investments were for capacity expansion and to support the launch and ramp-up of new programs.

There were no shares purchased in the fourth quarter of fiscal year 2020. As a result of the COVID-19 environment, our plan has been temporarily suspended until further determination by our Board. For fiscal year 2020, a total of \$8.8 million was returned to our shareowners by purchasing 623,000 shares of our common stock, which brings our total to \$76.7 million and 5.1 million shares purchased since October 2015 under our Board-authorized share repurchase program.

And lastly, as I stated earlier, I am so proud of our people around the world and our collective response to the COVID-19 pandemic. Our strong company culture and core values have and will continue to help us get through this together. Our #1 priority continues to be keeping our employees healthy and safe. We will continue to deliver on our promises to our customers. And with our strong cash flow and balance sheet, the company is in a solid position, and we are committed to build success in the future.

Now I will turn it over to Mike to discuss our fourth quarter results in more detail. We will then open the call to your question. Mike?

Michael K. Sergesketter - *Kimball Electronics, Inc. - VP & CFO*

Thanks, Don. During my comments, I will be referring to the slide deck Don mentioned, which can be found on our Investor Relations website within the Events and Presentations tab. Or if you're listening via the webcast, you can follow along by advancing the slides on the webcast portal.

As shown on Slide 3, our fourth quarter net sales were \$286.2 million, which was a 10% decrease compared to net sales of \$318.6 million in the prior year fourth quarter. The decline in net sales compared to the prior year was largely the result of the impact from COVID-19 in the Automotive vertical.

As Don mentioned, the domestic automakers shut down for a period of time during the quarter. However, partially offsetting the Automotive decline were increases in our Medical and Industrial verticals. Also contributing to the decrease in net sales for the quarter were unfavorable foreign exchange rates, which reduced our net sales 1% compared to the fourth quarter a year ago.

Slide 4 represents our net sales mix by vertical market. Our Automotive vertical was down 43% compared to the same quarter a year ago as our fourth quarter results reflect the severe impacts of COVID-19 on current quarter demand in the Automotive industry. Our Medical vertical was up 23% in the current quarter compared to the prior year fourth quarter to a new quarterly record of \$123.7 million, reflecting the significant increase in demand for medical assemblies, specifically those related to respiratory care and patient monitoring products as a direct result of the COVID-19 pandemic and global shortage of respirator equipment.

Our Industrial vertical was up 9% from a year ago as GES experienced strong revenue growth with the increase in delivery of test and measurement equipment. GES has increased more than offset declines due to lower demand in climate control products and program exits. Lastly, our Public Safety vertical sales were \$12 million, which were down 26% from the prior year fourth quarter as a result of the continued phase out of certain programs and lower overall demand.

Our gross margin in the fourth quarter, reflected on Slide 5, was 7.3%, unchanged from the fourth quarter of last fiscal year. Favorable margin increases related to respiratory care and patient monitoring products in our Medical vertical, along with increased margins for GES, were offset by declines across our customer base, most notably in the Automotive vertical on lower volumes. Additional direct costs incurred as a result of the COVID-19 pandemic and higher depreciation expense were largely offset by governmental COVID-19 related benefits in certain countries and lower profit sharing bonus expense.

Selling and administrative expenses, Slide 6 in the deck, were \$11.4 million in the fourth quarter, which were down \$1.7 million in absolute dollars and down 20 basis points compared to the prior year fourth quarter. The decrease in selling and administrative absolute dollars was driven by reduced incentive compensation cost, warranty, travel expenses due to the COVID-19 restrictions and other administrative expenses.

This was partially offset by a \$1.1 million increase in the fair value of the Supplemental Employee Retirement Plan, or SERP liability, which accounted for a 30 basis point increase compared to the prior year fourth quarter. The revaluation of the SERP liability is exactly offset by gains or losses recorded on the SERP investments during the quarter, which is recorded in other income and expense net and as a result, has no impact on net income.

Operating income for the fourth quarter came in at \$1.6 million or 0.6% of sales, as shown on Slide 7 in the deck. Adjusted operating income was \$9.5 million or 3.3% of net sales. This compares to operating income of \$10.3 million and adjusted operating income of \$10.1 million, both 3.2% of net sales in the same period a year ago. The 2019 fourth quarter operating income was adjusted for a \$200,000 income recognized related to proceeds received for class action lawsuits of which were members.

Fiscal 2020 fourth quarter operating income was adjusted to exclude \$7.9 million impairment charge on our GES reporting unit as a result of identifying an indicator of impairment related to future anticipated revenues. Our GES forecast was updated to reflect the adjusted anticipated revenues, aligning with the current economic environment and to update the impairment analysis. The updated analysis indicated that the fair value of discounted cash flows was lower than our carrying value, resulting in the impairment charge.

While the contract nature of the GES business limits our future forecast visibility, our team is making good progress on new opportunities to achieve our growth and diversification goals. We continue to be excited about the capabilities and technologies acquired with GES as we leverage those capabilities, both within the company and across our target market verticals. This impairment charge is an adjustment that does not affect the company's cash position, cash flow from operations or debt covenants and is excluded for the non-GAAP measures.

Other income expense net was an expense of \$2.7 million in the fourth quarter, which compares to expense of \$1.6 million in the fourth quarter of fiscal year 2019. Other expense net in the current year fourth quarter included \$3.8 million pretax charge related to the final net working capital adjustment on the GES acquisition after the end of the measurement period, which was determined through the dispute resolution procedure provided under the terms of the asset purchase agreement. The net working capital adjustment, along with \$900,000 of interest expense, were partially offset by \$1.3 million in gains on the SERP investments and \$600,000 in net foreign currency gains.

The effective tax rate for the current year fourth quarter was approximately a negative 18%. The impairment charge had a negative 35% impact to the effective tax rate. The effective tax rate was also impacted by a favorable mix of earnings in our various tax jurisdictions as well as state and federal R&D tax credits and adjustments. In the prior year fourth quarter, the effective tax rate was approximately 14% and was favorably impacted by state tax credits and adjustments and federal R&D tax credit adjustments.

Slide 8 reflects our adjusted net income trend. Our GAAP net loss in the fourth quarter of fiscal year 2020 came in at \$1.3 million. And we had adjusted net income of \$8.5 million after adjusting for the after-tax impacts of the GES goodwill impairment charge and the net working capital adjustment. This compares to GAAP net income of \$7.5 million and adjusted net income of \$7.4 million in the fourth quarter of fiscal 2019. The prior year non-GAAP adjusted net income excluded adjustments related to lawsuit settlement proceeds.

Loss per share in the current year fourth quarter was \$0.05 with adjusted diluted earnings per share of \$0.34. These compared to both diluted EPS and adjusted diluted EPS of \$0.29 reported for the same quarter last year. Cash and cash equivalents at June 30, 2020, were \$65 million.

Operating cash flow trends are shown on Slide 11. Our cash flow provided by operating activities during the fourth fiscal quarter was \$21.5 million compared to \$12.2 million in the prior year quarter. This increase was driven primarily by net income plus noncash items, a decline in receivables and an increase in accounts payable. Partially offsetting these was an increase in inventories, largely to support the increase in medical order volumes.

Our cash conversion days, or CCD, was up 4 days for the 3 months ended June 30, 2020, when compared to the same period in the prior year, and flat sequentially to the third quarter of fiscal 2020. Compared to the third quarter of fiscal 2020, an increase in PDSOH, or production day sales on hand, our inventory metric, was offset by a decrease in days sales outstanding and an increase in accounts payable days.

Slide 12 reflects our capital and depreciation trends. Capital investments in the fourth quarter totaled \$11 million, largely related to manufacturing equipment to increase capacity and support new production awards. Borrowings on our credit facilities at June 30, 2020, were \$118 million, which is down \$8 million from June 30, 2019.

Our short-term liquidity available, represented as cash and cash equivalents plus the unused amount of our credit facilities, totaled \$142.5 million at June 30, 2020, which includes a \$30 million secondary short-term credit facility agreement entered into on May 19, 2020. Our working capital and general corporate purpose is to provide additional domestic liquidity to support the increased demand in medical assemblies attributed to the COVID-19 pandemic.

In conclusion, our financial condition continues to be strong. And we believe we're in a solid position to continue to be able to support the increased demand in the medical market related to the COVID-19 pandemic. And to do our part in helping to solve the shortage of critical medical devices necessary to help save lives. As Don mentioned, we're very proud of the work our teams are doing to support the efforts to combat this disease on a global scale.

With that, I would like to open up today's call to questions from analysts. Demetrias, do we have any analysts with questions in the queue?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And our first question comes from Anja Soderstrom from Sidoti.

Anja Marie Theresa Soderstrom - *Sidoti & Company, LLC - Senior Equity Research Analyst*

Congratulations on a great quarter amidst a challenging backdrop. So the strength in Medical, was that like a pull-in from the first half? Or was it an additional -- did you see the demand for that increase in the quarter? And it's going to be sustainable at the same level as the fourth quarter into the first half of '21?

Donald D. Charron - *Kimball Electronics, Inc. - Chairman & CEO*

Yes. So the demand itself started to move up really as the COVID-19 pandemic had spread and gained, let's say, the pace of the spread in the U.S. and Europe. So really, the first phase of the demand was presented to us in the March, April time frame. And as I mentioned in the script, it was pretty significant demand and you could really look at it in 2 distinct phases.

And so Phase 1 -- in completing Phase 1, you saw that increase that we reported here in the fourth quarter of fiscal year 2020. And the second phase then will need to be executed now here in the first quarter of fiscal year 2021. That's about the extent of the visibility that we have at this point. So you can expect that we'll give you an update at the end of next quarter on where we're at with the sort of COVID-19 related surge. The one important note there is that we have, obviously, a significant increase in those respiratory care and patient monitoring products.

But there has also been, let's say, a negative offset or a decrease in sales to customers that we support that have products that are supporting elective procedures, for example, that are actually down in the same period. So if we put all that together for our Medical vertical, we reported a 23% increase in sales for the quarter. If you took out the COVID-19 related increases and decreases, the net number would still be growth in the upper, let's say, single-digit range. So that -- those are the numbers we want you to understand or to know about in terms of how our Medical vertical is progressing through this period of time.

Anja Marie Theresa Soderstrom - *Sidoti & Company, LLC - Senior Equity Research Analyst*

Okay. That was helpful. And you had mentioned before that you -- there's a rather large contract that's been kind of postponed that you think is going to offset the surge in the COVID-related production in fiscal 2021. How is that coming along?

Donald D. Charron - *Kimball Electronics, Inc. - Chairman & CEO*

Well, we do see primarily program delays right now with our customer base. That's some of the volatility that I mentioned in the webcast script. We're not seeing the pull-ins that we're seeing or the increases in demand are really related to the respiratory care and patient monitoring products that we support -- customers that we support for those products.

I would say, in general, we're seeing more push-outs in some of the larger programs, whether it be in Medical or Automotive or elsewhere. And so we expect that when the pandemic starts to subside that those programs will then get back on track, and we'll -- again, we'll have better visibility. But that may be a quarter or 2 out, at least. So Anja, I would say that current run rate levels and focusing on the COVID-19 impact is what's on our mind these days.

Anja Marie Theresa Soderstrom - Sidoti & Company, LLC - Senior Equity Research Analyst

Okay. Understandable. And then for the Automotive segment, will you be able to sort of catch up in the first half on the lower production in the fourth quarter? Or how should we think about the cadence there?

Donald D. Charron - Kimball Electronics, Inc. - Chairman & CEO

Yes. It's hard to get a good view of that. But I think if you go back to our quarter end in March 31, which should be our fiscal year 2020 third quarter, that's a pretty good benchmark for us to have in front of us because we feel like that's a good of a pre-COVID-19 sort of number that we have to look at. And yes, it was obviously a big impact to Q4. The good news is in June, we started to get to that sort of pre-COVID-19 run rate.

So yes, we're hoping that the Automotive -- the carmakers in North America and Europe can get back to their run rate. We hope the demand is there from consumers or buyers of those cars. And obviously, what we felt this past quarter was not only the shutdown, but it took a little while to crank up production again, whether it was the carmakers or the Tier 1s or even us as a Tier 2. The whole value chain had to get cranked back up. And so yes, I think June was encouraging to us because we started to see some of those pre-COVID-19 run rates start to appear again in June for North America and Europe.

Anja Marie Theresa Soderstrom - Sidoti & Company, LLC - Senior Equity Research Analyst

Okay. And then on the GES, you mentioned that there is some seasonality there with the fourth quarter being the strongest season that was the -- maybe you said it was the fiscal fourth quarter. So how should we think about that going into fiscal 2021? Should we expect it to be a little bit softer? What drives that seasonality?

Donald D. Charron - Kimball Electronics, Inc. - Chairman & CEO

Well, first of all, we're working hard on a diverse -- growth and diversification strategy that will diversify the business and eventually flatten out some of that seasonality. But GES, primarily today, still serves the value chain that supports smart mobile device assembly and semiconductor manufacturing. And so those are the 2 biggest areas.

And so we -- our seasonality sort of follows their needs, if you will, in those 2 areas. We are working hard on the growth and diversification strategy. I don't think we'll be there by Q4 of fiscal year 2021. So they're -- there will be some seasonality still in the business during fiscal year 2021, at least that's our expectation. But it will be dampened somewhat, I think, with the work we're doing to diversify the business.

Anja Marie Theresa Soderstrom - Sidoti & Company, LLC - Senior Equity Research Analyst

Okay. And in terms of the semi cap, has that been -- was that a big help in terms of the GES in the fourth quarter as that is coming back or...

Donald D. Charron - Kimball Electronics, Inc. - Chairman & CEO

There's no doubt that there's -- we see some recovery there that's helping. And also, I would say, we're doing well in terms of winning projects in the value chain that supports smart mobile device manufacturing.

Anja Marie Theresa Soderstrom - Sidoti & Company, LLC - Senior Equity Research Analyst

Okay. And then the goodwill write-down for the GES, can you just explain that a little bit, why you took that now and what you're seeing there?

Donald D. Charron - *Kimball Electronics, Inc. - Chairman & CEO*

Sure, sure, sure. It was scheduled. The impairment study itself was scheduled for the fourth quarter of fiscal year 2020. We completed the study in the quarter. And yes, at this point in time, in this economic environment with the current projected outlook for the business, we were technically impaired, and that's the charge that we took in the quarter.

But I will say that the strategic assets that we gained in the GES acquisition are very much at work in our business today. And they're helping make us a better manufacturing company and opening up new doors for new growth opportunities for us. So we remain optimistic and about how these assets will continue to add to our capabilities and add to our strategy for becoming an even more multifaceted manufacturing solutions company.

And of course, with our operating performance in Q4, we were very pleased. So it's a little bit ironic that we have the 2 nonoperating charges in the same quarter. We had our best operating quarter since we've owned the company over the last 7 quarters. But that's, I guess, just adding a little more color to that, Anja.

Operator

(Operator Instructions) And our next question comes from Mike Morales with Walthausen & Company.

Michael Morales - *Walthausen & Co., LLC - Research Analyst*

Folks, first of all, a really great job at posting the year-over-year earnings growth despite how significant Auto is your business. And again, a really great job with maneuvering to achieve everything that you have in supporting the medical end markets with everything going on. Really great to see that.

Longer term, I think -- if I think back about a year ago, you guys had talked about certain top line targets, margin targets and the ROIC target that hovered around the 12.5% level. Can you guys just talk about how you're thinking about the ROIC targets that you might have set out a year ago versus how you're thinking about that over the next 12 months and beyond and getting that up a little bit?

Donald D. Charron - *Kimball Electronics, Inc. - Chairman & CEO*

Yes. So Mike, first of all, we -- those still -- those remain as our medium-term and long-term targets. Clearly, in this whole -- during this whole pandemic in this past couple of quarters, we're responding the best we can in the environment we're operating in. But when we look at the fundamentals of the business, we believe those are still the right targets, medium and long term.

I would say ROIC would be more to the long-term side of that with the current capital deployed that we have. We'll need to have some strong recovery in Automotive. And yes, we'll work that piece just as hard, but that may be more towards the long-term part of that answer. And medium term, operating income at 4.5%, which we said last year, at this time, are 4.5%.

The fundamentals of the business and the business we're winning in, when we look at the anticipated financials of that business, we still think that's the right target. And so we're working hard to get there. We were pleased with how the quarter ended up. And if you take out those 2 nonoperating adjustments, we were at 3.3% for the quarter. You could put back some of that -- put back that SERP number, if you wanted to, that would boost that operating income a little more, 30 basis points or whatever. And so you start to get within shouting distance of that 4.5% even with Automotive being down 43%. So that gives us a lot of encouragement that we can get there. And so yes, we're pushing hard to get to the 4.5% medium term being in the next 4 to 5 quarters.

And then longer term, the ROIC number, we feel like is also going to be within our grasp.

Michael Morales - *Walthausen & Co., LLC - Research Analyst*

Great. That's helpful. And really thinking about fiscal '21, as you guys head into it, in my mind, it seems like the first half of fiscal '21, the world is still going to be focusing on the medical needs and those products and by and large going to drive a lot of the growth or revenue generation in the company.

Maybe thinking about the second half, is it reasonable to think that Auto might start to be a more meaningful contributor, at least from where you guys sit today, so that even if that Medical piece does fall off a little bit as we go into the back half of the year, the Auto might make some of that up? Am I thinking about that correctly or...

Donald D. Charron - *Kimball Electronics, Inc. - Chairman & CEO*

That's certainly a possibility and one we'd like to have happen. I think, obviously, that consumer -- I mean, the carmakers have lost a lot of production time. Here in the U.S., especially if you take, for example, General Motors, lost production during the GM strike, which seems like forever ago, but that was just in the December ending quarter of 2019 and then went right into the COVID-19 impact, lost a lot of production. So they will be eager to ramp up and replenish inventories. Then it will come down to real consumer demand.

Europe seems to start -- seems to be picking up traction. And China for us kind of returned to pre-COVID-19 levels, obviously, a lot sooner. So yes, Mike, our outlook for Automotive is it could get there. As we said in the script, when we look at our -- everything we got on our table between the contracts we had and where they were running at pre-COVID-19, the new program ramp-ups that we've got out ahead of us, when we add those 2 together, yes, I think it's feasible to think that we -- I mean, get back to the pre-COVID-19 levels by the middle of the fiscal year. And then let's see where the consumer demand takes that number by the end of fiscal year 2021.

Michael Morales - *Walthausen & Co., LLC - Research Analyst*

Great. Makes sense. Lastly for me, you guys mentioned some of the new programs that you're winning. Maybe just in a broader sense, has any of the work that you guys have been doing in that Medical vertical related to COVID, has that started to open up more opportunities to speak with those customers and maybe talk about winning non-COVID business in a more normal environment? And has that opened up any conversations that maybe you haven't been able to have in the past? Or are those conversations happening more frequently? How are you thinking about growth beyond those?

Donald D. Charron - *Kimball Electronics, Inc. - Chairman & CEO*

Well, first of all, I mean, the short answer is yes. Our response and what we've done for the customers we're supporting is not lost on them. I will say these are customers that are long-standing customers of ours, customers who really value us as a partner. And so already, we were in very good standing and very good position to win new programs.

But with our efforts and what we've done in response of the COVID-19 related surge in respiratory care and patient monitoring, absolutely. It's only improved our position. And yes, we are in a good position to continue to win business after this pandemic is behind us in these same areas and in others as well.

I think from our point of view and what -- our customers' point of view, the -- it's interesting to look at which of these respiratory care and patient monitoring products and derivatives of those products will be most important to providing care for infected patients in the future.

I think early in the pandemic, the focus in the media and elsewhere was really on ventilators. It's interesting as we've had to continue to develop and evolve the care for infected patients, derivatives and other products that are not, let's say, ventilators, but breathing-assistance products. That evolution has been interesting for us to watch and be a part of. And of course, we'd love to be the ones that are chosen to produce those products as they come to market.

Operator

We currently do not have any further questions in queue. I'd like to turn the call back over to Mr. Don Charron for any closing remarks.

Donald D. Charron - *Kimball Electronics, Inc. - Chairman & CEO*

Thank you, Demetrias. Thank you, everyone. That brings us to the end of today's call. We appreciate your interest and look forward to speaking with you on our next call. Thank you, and have a great day.

Operator

At this time, listeners may simply hang up to disconnect from the call. Thank you, and have a nice day.

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