Korn Ferry
First Quarter Fiscal Year 2025 Conference Call
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Presenters
Gary Burnison, President, CEO & Executive Director
Bob Rozek, Executive VP, CFO & Chief Corporate Officer
Gregg Kvochak, SVP of Finance, Treasury, Tax & Investor Relations
Tiffany Louder, VP of Investor Relations

Q&A Participants
Trevor Romeo - William Blair
George Tong - Goldman Sachs
Tobey Sommer - Truist
Alex Sinatra - Baird

Operator
Ladies and gentlemen, thank you for standing by, and welcome to the Korn Ferry First Quarter Fiscal Year 2025 Conference Call.

At this time, all participants are in a listen-only mode. Following the prepared remarks, we will conduct a question-and-answer session. As a reminder, this conference call is being recorded for replay purposes.

We have also made available in the Investor Relations section of our website at kornferry.com a copy of the financial presentation that we will be reviewing with you, today.

Before I turn the call over to your host, Mr. Gary Burnison, let me first read a cautionary statement to investors. Certain statements made in the call today, such as those relating to future performance, plan and goals, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

Although the company believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, investors are cautioned not to place undue reliance on such statements. Actual results in future periods may differ, materially, from those currently expected or desired because of a number of risks and uncertainties, which are beyond the company's control.

Additional information concerning such risks and uncertainties can be found in the release relating to this presentation and in the periodic and other reports filed by the company with the SEC, including the company's annual report for fiscal year 2024 and in the company's soon to be filed quarterly report for the quarter ended July 31, 2024.

Also, some of the comments today may reference non-GAAP financial measures such as constant currency amounts, EBITDA and adjusted EBITDA. Additional information concerning these measures, including reconciliations to the most directly comparable GAAP financial measure is contained in the financial presentation and earnings release relating to this call, both of which are posted in the Investor Relations section of the company's website at www.kornferry.com.

With that, I'll turn the call over to Mr. Burnison. Please go ahead, Mr. Burnison.

Gary Burnison
Okay. Thank you, Leah, and hello, everybody. Thanks for joining us. Tiffany, Greg and Bob are going to get into the quarterly results. But first, as we were looking at the results, and this is now my, I think, 89th quarterly earnings call, I was reflecting on how far we've come, particularly over the last several quarters, and what I first described exactly a year ago as a multi-quarter economic reset in many countries, around the world.

And as I reflect on that, I'm more convinced than ever about how capable we have become and the opportunity ahead of us.

From sport to industry, we're operating in the market at its highest level in over five decades in business. I can remember the first acquisition we did in our Consulting and Digital offerings. We doubled the revenue of the business to about $30 million. Today, those solutions are almost $1.1 billion and continue to generate positive momentum.

We didn't have an Interim offering before the pandemic. Today, that solution is generating almost $300 million in revenue and tapping not only a large addressable market, but one that is extremely synergistic to our brand.

Further, more recently, we've seen improved growth in Executive Search, and we're experiencing stable trends across professional search and RPO. Our marquee regional accounts, 37% of our portfolio, cross referrals are about 27% of our revenue. Consulting rates have increased by over a third over the last few years, reflecting the value of our solutions, and SaaS agreements now exceed a third of our Digital new business.

And as importantly, we've added tremendous IP to our more than 100 million assessments, more than 10,000 success profiles, rewards data on 28 million people covering 30,000 organizations and leading-edge technology deployed in our RPO offering.

So yeah, I'm very optimistic about our future. The results clearly demonstrate that our strategy is working. Our top line is more than 30% higher than before the pandemic, which, at that time, was already an all-time high and now with even greater profitability. We are proving that we can leverage and extend our brand and deliver diverse offerings with unparalleled IP and incredible colleagues and expertise across our firm to drive even deeper impact for our clients.

And our confidence is also reflected in our capital allocation, which not only included share buybacks but also more than a twofold increase in our quarterly dividend, year-over-year.

This is just the beginning for Korn Ferry. I'm convinced that we're only scratching the surface of tapping into an estimated $300 billion market opportunity.

And going forward, to capitalize on that opportunity, our strategy will be anchored on five strategic pillars. Number one is our go-to-market approach and nowhere is that more pronounced than with our marquee and regional accounts, in which almost all of our marquee clients use at least three of our service offerings and benefit from our IP full suite of offerings and expertise.

Second, innovation and IP. Our continued investments in IP are giving clients a shared language to describe what gray organizations and talent look like. And we're embedding that language across their enterprise and throughout their talent, assessment, coaching and development processes.

Third, our brand, which is a permission brand and just an incredible asset. We are the voice of talent, leadership and organizational strategy.

Fourth, M&A. We're going to continue to explore synergistic and brand adjacent opportunities. And finally, it's all about our colleagues, investing in and developing our own talent and providing growth opportunities.

Fundamentally, none of us know our potential unless we're given opportunity. And our firm sits at the intersection of organizations, their strategy and their talent to create that opportunity. That's what it's all about, synchronizing talent and strategy to drive superior performance and enabling people and client organizations to be more than.

With that, Bob, I'll turn it over to you.

Bob Rozek
Great. Thanks, Gary, and good afternoon or good morning. So our results for the first quarter are really a strong start to our new fiscal year. Both fee revenue and profitability met or exceeded the high end of our guidance. Our adjusted EBITDA margin expanded for the fifth consecutive quarter. Our Consulting and Interim bill rates grew year-over-year by 8% and 9%, respectively.

And our employee productivity, which we measure by fee revenue per head count, is now 36% higher than it was, pre pandemic.

Given the current business environment, this quarter was another opportunity to validate our long-term strategy and, quite simply, we delivered. We continue to, successfully, execute our plan, delivering value to our clients through unique and differentiated solutions and really reinforcing our position as one of the most trusted brands in organizational consultancy.

Our consolidated fee revenue for the first quarter was $675 million, which was down only 2% year-over-year at constant currency. Fee revenue in the first quarter was driven by continued stability in Consulting and Digital, and we actually saw a return to growth for our Executive Search. Additionally, we saw signs of stabilizing demand for our other Permanent Placement Talent Acquisition solutions, both Pro Search and RPO.

Now in the first quarter, we delivered $111 million of adjusted EBITDA. Our adjusted EBITDA margin grew to 16.5%, and our adjusted diluted earnings per share grew year-over-year to $1.18, per share.

The first quarter's growth in profitability is notable and was driven by continuing improvements in our employee productivity and our disciplined cost management.

Our continued ability to achieve greater operating leverage in a prolonged choppy and uncertain business environment is really important, and it positions us for greater earnings growth, when the business environment improves and we start to see top line growing again.

Last, I'd like to provide an update on our capital deployment during the first quarter.

Gregg will give you some more of the details. But I'd like to point out that in spite of the current business environment, we remain very confident that we can maintain our current levels of profitability and, at the same time, reinvest back into the business to make sure we capture future growth and also return capital to shareholders.

In the first quarter, we invested back into the business by hiring approximately 50 fee earners across all lines of business, spending $11 million in capital for both Digital product upgrades and technology that enables our other lines of business. In addition, we returned a total of $43 million to shareholders through a combination of dividends and share repurchases.

Now I'm going to turn the call over to Gregg, who's going to take you through some overall company financial highlights.

Gregg Kvochak
Thanks, Bob. Consolidated fee revenue in the first quarter of fiscal '25 was down 2%, year-over-year at constant currency, stabilizing at $675 million. Fee revenue growth trends for both Consulting and Digital continued to be stable with Consulting up 1% and Digital up 2%, year-over-year at constant currency.

Within Talent acquisition, our Permanent Placement solutions also showed early signs of both growth and stability in the first quarter. Executive search grew 3% year-over-year at constant currency, led by North America, which was up 6% on RPO and Permanent Placement Professional Search stabilized at down 7% and down 10%, respectively. Market demand for professional Interim services remained challenging with fee revenue down approximately 17% year-over-year in the first quarter.

Excluding RPO, consolidated new business in the first quarter was also down 2%, year-over-year at constant currency. Consulting new business in the first quarter was slightly slower and down 2%, year-over-year at constant currency, while Digital new business was stronger and up 7%, year-over-year at constant currency.

Like fee revenue, new business growth trends for Talent Acquisition continued to stabilize with Executive Search up 1%, year-over-year at constant currency and Professional Search in Interim down 14%, year-over-year at constant currency with new business for Permanent Placement Professional Search flat, sequentially.

For RPO, new business in the first quarter was strong at $104 million with new awards, which-- of new awards, which includes $84 million of renewals and extensions and $20 million of new logo assignments.

Earnings and profitability continued to grow in the first quarter, driven by both greater consultant and execution staff productivity and disciplined cost management, across all lines of business.

Consolidated adjusted EBITDA in the first quarter grew $16 million, or 16% year-over-year, with our adjusted EBITDA margin improving to 16.5%, up 280 basis points, year-over-year. Our adjusted EBITDA margin has now improved, sequentially, for five consecutive quarters.

Adjusted fully diluted earnings per share in the first quarter were $1.18, up $0.19, or 19% year-over-year. Fully diluted earnings per share measured by GAAP were $1.17 in the first quarter.

Our investable cash position at the end of the first quarter improved to $553 million.

Our capital allocation continues to be balanced. In the first quarter of fiscal '25, we deployed $63 million of cash, investing $11 million in capital expenditures, using $9 million for debt service and returned $43 million to shareholders, $19.5 million in dividends and $23.5 million to repurchase 351,000 shares.

Now I'll turn the call over to Tiffany to review our operating segments in more detail.

Tiffany Louder
Thanks, Gregg. Starting with KF Digital, fee revenue in the first quarter was $88 million, which was up 2%, year-over-year at constant currency. Digital, subscription and license fee revenue

was $34 million in the first quarter, which was up 7%, year-over-year at constant currency and accounted for approximately 39% of fee revenue for the quarter.

New business for KF Digital was strong at $97 million, with $35 million, or 36% of the total tied to subscription and license sales. The overall pipeline for Digital remains healthy, as we head into the second quarter.

Digital's adjusted EBITDA margin also remained strong in the first quarter, reaching 30.2%, driven by stable fee revenue and disciplined cost management. For Consulting, fee revenue in the first quarter was $168 million, which was up 1%, year-over-year at constant currency. Fee revenue growth was strongest in organizational strategy, which increased 10%, year-over-year.

Consulting's average bill rate was $425 per hour in the first quarter, which was up 8%, year-over-year.

Adjusted EBITDA margin also continued to improve for Consulting, increasing 250 basis points year-over-year to 17.5%, driven by both higher bill rates and greater consultant and execution staff utilization.

Total fee revenue for Professional Search and Interim in the first quarter was $122 million, down $20 million, or 14% year-over-year. Fee revenue trends for Permanent Placement Professional Search continued to stabilize in the first quarter with revenue contracting 10% year-over-year and only 7%, sequentially.

The Consultant productivity in the first quarter for Professional Service also remained stable, sequentially, at $640,000 annualized and was up 10%, measured year-over-year. Interim fee revenue was $70 million for the first quarter, which was down $14 million or 17% year-over-year, but down only 4%, sequentially.

Despite the slowdown in demand, Interim's average bill rate increased to $133 per hour, which is up 9% from one year ago and is reflective of the added value of being part of the broader Korn Ferry ecosystem. Adjusted EBITDA margin for Professional Search and Interim improved to 21.1% in the first quarter, driven primarily by disciplined cost management.

Moving on to Recruitment Process Outsourcing. Fee revenue in the first quarter for RPO stabilized at $89 million, which was down 7%, year-over-year at constant currency and flat sequentially, due in part to an increase in hiring volume by base clients.

Total revenue under contract at the end of the first quarter was $656 million with approximately $295 million, or 45% to be recognized within the next four quarters. Although the timing of new business can be lumpy, the pipeline for RPO remains strong for both renewals and extensions with existing clients and new logo wins.

The adjusted EBITDA margin for RPO improved to 14.1% in the first quarter, driven by both greater fusion staff productivity and disciplined cost management.

Finally, global fee revenue in the first quarter for Executive Search was $209 million, up 3%, year-over-year at constant currency. Global fee revenue for Executive Search has been stable for the past several quarters with Q1 marking a return to growth for the segment.

Both the number of search consultants and consultant productivity measured by fee revenue per consultant improved sequentially in the first quarter, driving adjusted EBITDA to $49 million with an adjusted EBITDA margin of 23.7%.

I will now turn the call back over to Bob to discuss our outlook for the second quarter of fiscal '25.

Bob Rozek
Great. Thanks, Tiffany. For the last several months, our new business growth trends have continued to be choppy. Exiting the first quarter and entering the second quarter, our new business was up 10% year-over-year in July, and then August came back down in line with expectations.

Assuming no further changes in worldwide geopolitical conditions, economic conditions, financial markets and foreign exchange rates, we expect fee revenue in the second quarter to range from $655 million to $685 million, our adjusted EBITDA margin to approximate 6.3% to 16.7%, and our consolidated adjusted diluted earnings per share to range from $1.14 to $1.26.

And finally, we expect our GAAP diluted earnings per share in the first quarter to range from $1.11 to $1.23.

Now in closing, I will reiterate the message from our last earnings call. The economic environment we are operating in today is full of contradictions, uncertainties and new challenges. As a management team, we're confronting these issues head on, and we are laser-focused on controlling what we can control, which includes the disciplined maintenance of our cost base and driving productivity to maintain our profitability, while making measured investments to position the firm for long-term growth.

And as I always say, we are at the beginning of what's going to be a very long ball game. And I agree wholeheartedly with Gary, I truly believe our best is yet to come.

With that, we would be glad to answer any questions you may have.

Operator

Ladies and gentlemen, if you would like to ask a question, please press “1”, then “0” on your telephone keypad. You will hear information that your line has been placed in queue. Once again, to ask a question, press “1”, then “0”.

Our first question is from Trevor Romeo with William Blair. Please go ahead.

Trevor Romeo
Hi, thanks so much for taking the questions. First one I had was just on margins. I think, again, really nice to see some upward momentum there, this quarter. But just kind of thinking about the 16% to 18% longer-term target for EBITDA margins, you're already kind of at 16.5%, in this type of macro environment without really much of a cyclical uptick coming through yet. So is that still a good range to think about over the next several years, or do you think there could be some upside to that, once we do get more of a rebound in the cyclical businesses?

Gary Burnison
I do think there could be upside to that. But for now, we feel very comfortable with the 16% to 18%. A year ago, what we've seen over the last year is exactly what we predicted a year ago. And we thought there would be a multi-quarter reset in economies around the world, and it's played out exactly as we thought. And so, we made some very hard decisions a year ago around our operating structure. And those have turned out to be very, very good decisions in hindsight.

And at the same time, we are reinvesting in the business. And as Bob said, this quarter, we brought on 51 new consultants onto the platform, in total. So yes, there could be some upside to that for sure. But for now, we're sticking with the 16% to 18%.

Trevor Romeo
Okay, great. Thanks, Gary. And then for my follow-up here, just looking at the revenue guidance, I think if I take the midpoint, it looks like you're expecting about a 1% sequential decline, Q1 to Q2. Typically, I think you see a pretty nice uptick most years in Q2. So I was kind of just wondering if you could maybe give a bit more color on what you're seeing across the businesses and what, if anything, is different than prior years in terms of that sequential progression. Thanks.

Gary Burnison
Yeah, I think you're right. Generally, we see an uptick of 4%, something like that. So you're right on that. We've had two snap elections, continued trade conflicts, the wars that you know about, the Olympics in Paris. There's just been a lot of things that have been going on and given that environment in July and August with events around the world, we feel like the business will be flattish in this next quarter.

The other thing that's happening is on the Consulting business, and you see it in the rate per hour. We're moving towards much bigger and more impactful engagements. And so for example, engagements over 2.5 million have tripled. And so, those take longer to work through. And so, that's certainly playing into it as well.

Trevor Romeo
Thanks, Gary. That’s helpful. And just maybe to quickly follow up because you mentioned kind of the snap elections in Europe, I believe. Are you seeing any impact or hearing from clients, I guess that there could be some impact in the near term in North America with the U.S. election coming up at all?

Gary Burnison
We haven't seen that. And speaking of EMEA, new business trailing four months, the last four months, it's been up three of the four months which, given the summertime, is a very, very strong sign. But no, we have not seen that in the United States.

Trevor Romeo
Okay, got it. Well, thanks again. Appreciate all the color.

Operator
Next, we go to the line of George Tong with Goldman Sachs. Please go ahead.

George Tong
Good morning. Your North American exec search business saw a notable improvement in its growth rate in the quarter. Can you elaborate on what drove the improvement and how sustainable the current trajectory of growth is?

Gary Burnison
Well, how sustainable it is, the business today is actually doing more new business and revenue, slightly more than before the pandemic. Our productivity was very, very good at about $1.5 million or so. And so we look at that and say there's plenty of room to run, for sure, in that search business.

I'll tell you that the level of work that we're doing these days in Executive Search is probably the highest that I've seen, and that ranges from sport to industry. We've seen quite a bit of work, recently, a focus around succession. And that clearly has been driving some of our search business, as well as our Consulting business. And the broader backdrop is the demographic trends, peak 65, the number of people turning age 65, over the next two to three years.

The United States is probably going to lose 4 million, 5 million workers, a year, from the last of the baby boom retirements. And so clearly, that provides--can provide sustained momentum.
And so we've seen--yeah, we've seen an uptick since we last talked to you in June, and we'll have to see what the environment holds in the future. But we feel very, very comfortable and confident about where we're operating in the Executive Search business in North America.

George Tong
Got it. That’s very helpful context. You also cited stable trends in your professional search and RPO businesses. Can you talk a little bit about what you would need to see for those stable trends to inflect into more positive trends?

Gary Burnison
I think one thing that is--there's a couple broader perspectives on the results. One is China, and although not a significant part of the firm, what you've seen in China has definitely had an impact on our growth rates. And it's been significant for us. And I just reflect on--I read some place that before the pandemic, there were something like 325 flights to China, Mainland China a week from the United States. And now it's like 35. And that's definitely reflected in our business. So our growth would have been substantially different or the decline wouldn't have been as much with China.

But the other thing on the--on both the Professional Search and Interim side, it goes back to a decision that we made over a year ago, slightly over a year ago. And that was when we thought about the megatrends and the forward 12 to 24 months, we really did see this multi-quarter reset. And we made a decision that we would pivot the Pro Search and Interim businesses towards more profitable engagements. And with that, we made a decision that we would adjust the number of consultants in that business.

So when you look at Pro Search and Interim, you're seeing--when you see the revenue decline, a big part of that story is not only the macro environment, which is definitely challenging, as Bob said. But it's also decisions we made to move the business towards what we have now proven to be true, more profitable work. And so we've reduced the number of consultants in that--in those businesses, year-over-year, like 25%. And now this last quarter, as Bob said, we did reinvest in the platform in terms of number of consultants, as well as putting money into CapEx.

George Tong
Very helpful. Thank you.

Operator
And next, we go to the line of Tobey Sommer with Truist. Please go ahead.

Tobey Sommer
Thank you. I wanted to ask about your hiring of additional fee earners. Is that 50, 51 number, is that a net number? And maybe could you talk about how they're dispersed around the businesses and whether your posture for the balance of the year is still to be sort of a net hirer and just comment on why? Thanks.

Gary Burnison

It is our posture. I'll have Bob maybe could break it down a little bit. But our posture over the next year is absolutely to grow the net consultants that we have across the platform. At the same time, we're going to make sure, like we've always done, that we do quarterly talent management, which any great company will do.

I will tell you that we certainly have a bias for Professional Search, Interim, Consulting and Digital. Those areas we're putting an increased focus on. Part of that is because of the decisions that we made a year ago to focus on more profitable work. So we do have an appetite to be in the market. We promoted a lot of people this last quarter. And Bob, maybe you can provide a little bit more detail.

Bob Rozek
Yeah, the fee earners that we brought on, Tobey, were more concentrated across Executive Search and Consulting. That's where the--I would say, the lion's share of the 50 or so that came on board were in those lines of business.

Tobey Sommer
And is that 50 or so number sort of a reasonable way to think about things on a go-forward basis? Because just from a modeling perspective, we're talking about 50 hires, but is that net of consistent talent management, etc.?

Bob Rozek
No, the 50 hires is gross. I mean, it was the gross number of hires we had this quarter. As Gary indicated, we made some decisions in a couple of the other lines of business to, proactively, performance-manage folks out. But I would say, yes, the number of hires that you see, I would expect us to be for the next couple of quarters in that same range.

Tobey Sommer
Okay, that’s helpful. And then, could you give us some more detail about what the pivot to more profitable engagements in Interim and Pro Search means, give us some other characteristics of what those look like? And does it impact your TAM that you're sort of not willing to dip down to something that is slightly less profitable? Maybe just dig into that a little bit more, if you could.

Gary Burnison
Well, I think the first thing is around industry pivots. And so, we've certainly made some decisions there, for example, to focus more on the industrial sector. That's been a conscious decision that we've made. So part of it starts with the industry focus. The opportunity, a big opportunity there is outside the United States.

Both those, Professional Search and Interim, both those businesses are undersized from given our brand in what they could be outside the United States, particularly in EMEA. And so, I think you'll see us making investments in those businesses in EMEA over the next few months to grow.

And the other thing is to focus not only industry, but geography, but the type of clients. And so, we've got 14,000 clients around the world. We've got a laser focus on our marquee and regional clients, which are only about 350 of those 14,000. And part of it is to make sure that we're moving all of our solutions towards that go-to-market approach, not exclusively.

But we want to make sure that we are penetrating and driving deeper impact on our existing client base. It's cheaper in many, many respects. And so, we've had over the past four or five quarters, this huge push on making sure that on our marquee and regional accounts, we're bringing all of our solutions, including Professional Search and Interim, to those clients.

And a year ago, we thought that we weren't doing as good a job as we could, particularly around Interim and Pro Search, given that Interim was a relatively new offering for us that we needed to make a bigger push on those solutions around marquee and regional accounts. And the other one that we still—I'm not satisfied with is the Digital penetration on the marquee and regional accounts. That's going to be a push for us over the next four quarters.

Bob Rozek
Gary, it's Bob. The other thing I would add, as well, is that when you bring these companies into our ecosystem, they're connecting with our Executive Search partners who have phenomenal relationships. And so, the companies are naturally operating at a higher level than perhaps they were prior to being acquired by Korn Ferry. So that drives up some of the profitability, as well.

Tobey Sommer
Right. Last question for me, if I could. Gary, you mentioned large engagements over 2.5 million have tripled. Could you give us some context for over what period have they tripled? Is that year-over-year? And in approximate terms, how many of those engagements there are? Thanks.

Gary Burnison
Well, I'll have to have Bob give you the details. I'll tell you that I think even sequentially they've improved. Our backlog in Consulting at the end of the first quarter was essentially about the same backlog, and Bob can correct me, as it was in the fourth quarter. And then in terms of some of the depth, Bob, maybe you can comment on that.

Bob Rozek
Yeah, I think the--I don't have the exact number of engagements, Tobey. But when you look at the backlog going into Q1, it was approximately $150 million. And going into Q2, it's roughly in the same ballpark. Where we saw the large increase in engagements above $2.5 million, those went from about $3.5 million up to a little bit north of $12 million in just in a 3-month period of time.

Operator
Tobey, are you still there? Are you muted.

Tobey Sommer
I am, I'm all set, that was my last question. Thank you very much.

Operator
Thank you. And our last question will come from Alex Sinatra with Baird. Please go ahead.

Alex Sinatra
Hi. This is Alex Sinatra on for Mark Marcon. Thanks for taking my question. First off, congratulations on the continued margin strength. You've done a really good job keeping that. And I was wondering if you could touch on how that progress has been received, internally. I guess, in particular, how it was received in those newer Interim and Professional Services areas because you did mention quarterly talent management?

Gary Burnison
Well, I think everybody recognizes the environment that we're in, and all of those decisions go back well over a year. So nothing has really changed over the last three months, six months. Those decisions which were hard were done a year ago. And so when you take those decisions, those are the worst decisions that I have to make. And they weigh on my heart and my mind.

We're past that. And I think everybody, you look around and you see a very, very interesting environment, for sure. And I think employees recognize that and colleagues recognize that. So I don't see any issues there.

Alex Sinatra
Okay, great. And then really quick, I was hoping to get a little bit more color regarding the confirmed orders, by month. You mentioned July being up, year-over-year. And I was just kind of wondering what you were seeing from flash reports for the current month, given the increasing signs of labor market softening.

Gary Burnison
Yeah, we don't know anything here in September. I would just say the last four months have been pretty consistent with what you've seen. September is way too early to call.

Alex Sinatra
Great, thank you.

Operator
And we have no other questions. You may continue.

Gary Burnison

Okay. Thank you, everybody, for joining us. As I said at the beginning, I think for us, this is the beginning. I'm incredibly proud of our colleagues in our organization and where this brand is operating, around the world. So thank you for your time. Thank you for listening, and we'll talk to you next time.

Operator

Ladies and gentlemen, that does conclude your conference for today. Thank you for your participation. You may now disconnect.