

Stifel 2024 Cross Sector Insight Conference

BERT SUBIN: All right, I think we're going to go and kick off. My name is Bert Subin, Senior Research Analyst here, covering aerospace and defense. And today, we have the pleasure of hearing from Cadre Holdings. Cadre has been public now, going on three years and has pursued, I guess, a strategy focused on building out a presence across the law enforcement base, across the federal space, and into New verticals, both organically and through M&A.

Maybe just to kick things off, we have Brad Williams here, president, and Blaine Browsers, CFO. Just to kick things off, Brad, maybe if you just want to give a little bit of an overview of Cadre, what's changed, maybe, since you went public and maybe just a recap of some of the M&A you've been doing over the last year.

BRAD WILLIAMS: Yeah, absolutely. Thank you guys for taking the time to be with us today. Quick overview. So Cadre Holdings, as Bert said, we've been around since November 2021 as a public company, but we're actually over 55 years old as a private company, specializing in protective equipment for law enforcement, military.

And I'll talk about a little bit what's changed since going public. And one of the things that have changed is diversifying into the general, highly engineered safety product space. So that's who we are. We have leading brands and really three major product categories, EOD, which is explosive ordnance disposal, which are bomb suits.

We have high share globally for militaries around the world with that product category. Second category are holsters. So the majority of law enforcement officers in the US and military carry our holsters, our safety holsters within their jobs and also globally. And then the third largest category is body armor. So that's both hard and soft armor within law enforcement, predominantly around the world in that category. What's changed since we went public? What's changed is really four acquisitions since going public. The macros for us have not changed. When you look at law enforcement over many, many years, budgets and police expenditures, especially for protective equipment, pretty much constant over a long period of time. Financial recession, industrial recession, defund the police, which turned into refund the police, by the way, and then, also, COVID.

Nothing typically waivers what's going on from a macro spend standpoint in law enforcement that's stayed the same. Even though headcount is down within law enforcement, it has stabilized, but it has not affected our business overall due to the global nature and diverse product portfolio. Acquisition-wise, we've made four acquisitions.

Our first acquisition was after we went public in January of 2022. That was a company called Radar Holster. So that was our strategy to expand our holster share in Europe. It's a company in Italy that's been

around for 55-plus years also. And so now we have a footprint there to manufacture not just the Radar branded holsters, but also the Safariland branded holsters that are well known throughout the world. Second acquisition was a company called Caelum Technologies. Caelum is a chemical luminescence company, essentially light sticks. And these aren't your party sticks. These are your light sticks that are highly specified for US military and native forces. So they use those in their missions and also in training. The third acquisition happened in January of this year. A company called Ichor Technology ichor is a EOD robotics company, so those are the robots that EOD technicians use, along with our bomb suits. They also use these robots to work on devices that are out there. And then lastly, the fourth acquisition that we made was a diversification play for us.

So we love law enforcement military. We were also looking for something else to continue to build the company out. And so we decided to go into nuclear space where we also love the macros there. And we acquired a company called Alpha Safety, and we make products that are highly engineered within the life cycle of the nuclear process within three different end markets.

BERT SUBIN: Very helpful. You mentioned defund the police. If we go back in history, four core components of business, including nuclear and body armor, duty gear, EOD and then your other products. Can you just walk us through how those different segments were impacted by defund the police and maybe what's changed.

Because it didn't seem like your organic results were overly impacted. How were you able to pass that through? And is that starting to improve, or is that staying similar?

BRAD WILLIAMS: Yeah, definitely not overly impacted. Really not impacted at all. When you look at defund the police and COVID and what was going on a few years ago, back to those strong macros that we've always experienced over time, long history in this end market segment, what's changed there is just from an innovation standpoint.

I mean, we didn't make it this far with the amount share that we have in command globally and also in these three product categories not being innovative. So we've launched a lot of new products since going public, both in the holster side of things. We've also launched law enforcement holsters.

We've launched some consumer holsters, which is a whole different segment compared to our law enforcement segment. We've launched tactical body armor that is differentiated itself, and we've done a really nice job taking share there. We just launched a new Apex carrier system, which is something that can't be found in the marketplace.

We've launched a 3D body sizing app, where you basically officers can measure themselves versus being measured with tape measures. That's been done for 20, 30 years. It's all been about innovation for us and using that innovation to maintain those high shares that we have and then grow into pockets niche areas that we haven't experienced growth in the past.

BLAINE BROWERS: And maybe just add on that a little bit, when you think about COVID-- and we talked about budgetary and the resiliency of our business through those cycles and the data supports it. But going through COVID, there was a perception, I think, for most counties and cities and states that was going to be a bit of a budget crunch, right? Which would affect-- would theoretically impact law enforcement budgets.

But what we see is where our products sit, they're really mandatory. So if you have an officer on the street, they have to have body armor, right? That body armor is specific to that officer. They're going on the streets with a gun. They have to have the holster, and they have to have the safety holster to keep the gun in the holster and out of the criminal's hands. So what we saw is our business continued on through that summer of COVID, et cetera.

What you see is where they start on the really thinking about cutting costs is on the soft goods. So on the uniform side, boot side, over time. So that went through and proved out what we talked about during the IPO is that we don't have that impact on budgets now. We have the resiliency, and it's all around protection. You just can't send an officer on the street without our equipment.

BERT SUBIN: In terms of maybe delineating between funding and then the actual end market and volumes, it doesn't seem like funding has really, over the last several years, been an issue. It's been more a function of maybe high employment, defund the police movement, making it less attractive to be a police officer. So having high, high attrition during the pandemic and then inability to grow that volume on the other side.

Brad, I know we've talked about this a lot. The data is sparse, but are you seeing anything that you would call encouraging there as a bit more of the same? And is your ability to do so well during that period just been a function of have high market share in your pricing effectively or volumes also getting better?

BRAD WILLIAMS: Yeah. And the encouraging front, I would say, during the COVID period after COVID, you saw a lot of retirements, like you mentioned, just not as desirable and to be in that profession as it is it used to be. And what we've seen now is a stabilization of headcount. And our gauge is not only do we have our own sales force in the US, but we also have company-owned distribution that we have sales teams that are connecting directly in customer base.

And what we see there is they're continuing to kick off recruit classes, which is really a good measurement of that. And then those recruit classes, they're not necessarily filling the classes fully like they used to, but there's enough recruits that are coming in to be able to fill those open spots.

BERT SUBIN: As we think about maybe so the core-- I think if we're going back to the IPO, the core of focus for you is law enforcement. And that was largely driven by the large police departments to think of, so there's less of a federal element to that.

As we think about where you've been going recently, maybe increasing that federal exposure with radar, you increase the international exposure. How different are those markets? And are those more desirable, less desirable, or is that just a effective use of capital, given where your market share is?

BLAINE BROWERS: Yeah, we wouldn't think about the markets by themselves. More about where you play in those markets that make them unattractive or attractive. We play in the federal markets with holsters and EOD, and those are both great businesses, great market share in places we like to supply. The other parts of the federal budget, larger equipment, exposure to tempo of operations, cyclicalities that we would avoid. And we have much the same a little bit, even in law enforcement and internationally. So when we think about the business and how we move forward, it's really about finding those niches where you have value-added products.

You're protected. You have moats. You're minimizing that cyclicalities and that we like the predictability, right? And we've talked about, in our core markets, the budgets grow about 3% every year over a long period of time. And we like that stability. There's a lot we can do operationally, because of that predictability to really streamline results, leveraging the operating model and staying really tight on price where we can deliver outsized returns on the bottom line.

So we don't really focus on, hey, let's grow the federal side. There are components, even when we talk about the Alpha Safety acquisition that are really attractive, have some attractive tailwinds. We'll continue to watch it, and we'll be opportunistic to a bit on what products and what markets we look for. But international is certainly a place we continue to have a bigger presence.

And we bought Radar Leather in January of 2022. still have a desire to have a larger presence in Europe, both in our core markets and new markets. So it's one we'll continue to stay focused on and have a couple of folks internally continue to comb through the potential acquisition targets.

BERT SUBIN: It's been maybe hard to track, just following up on that plane. If we think about what the recipe is for organic growth, it's not been-- there's been some lumpiness in the last couple of years. Can you walk us through that? Is it police budgets on average grow 3%. You pass through inflation and then some pricing, and so that's 1% to 2% more.

And so there's a pretty consistent equation for you to call it low- to mid-single digits year in and year out, or is there a cyclicalities to where maybe some years are flat, and some years are up 8%? How should you think about that trajectory?

BLAINE BROWERS: Over the long term, the data holds to that low singles, that 3% to 5% organic growth. And if you break apart our products, there's parts-- we have equipment that's \$100 price tag, and then we have bomb suits, which are \$36,000 a suit. And you start to think about the markets and your customer set. Depending on how they're refreshing, you'll have some-- you may have a 1% organic year, and you may have a 6% organic year.

But it will level out. It really holds true. And as you mentioned, Bert, we really focus on price, price productivity, and leverage with our model because with that consistent growth, that 3% to 5%, if we're focused on getting 1% price net of material inflation, focused on controlling G&A, as we gain the 3% volume, and then focus on productivity, we believe, and we've demonstrated that you can grow your bottom line 10% consistently with that.

And we often get the question of, well, where are you at and the inning is if you squeezed all the juice out of it. And really, the operating model professionalization or really launch is really only happened in the last couple of years. So we're strong believers lots of runway, runway to get EBITDA margins into the mid-20s.

BERT SUBIN: In terms of the productivity side, this is maybe something that comes up less, but you guys both come from operating backgrounds, lean manufacturing and a lot of focus on process and operations. And I think you've instilled a lot of that into what you're doing at Cadre. As you think about, maybe, the incremental opportunity, how much more automation can you deliver, how much leaner can you get. Does that have substantial impact on margins or cash. Or are you in the later innings on that effort—

BRAD WILLIAMS: Early, early innings. You're never done. That's how we grew up. At the three companies that I've been at, you're just never done, right? So it's the only way we know how to operate. Automation-wise, there's a lot we can be doing in that space. So we actually kicked off, at the beginning of last year, automation projects to begin to use cobots within our operations that we have.

And so we've implemented two cobots, which is a way to automate and use a robot-type technology that can work with humans is in our areas within the factory. So we've got two up and running right now, and then we've got multiple CapEx on the way for it. So I would say on the automation front, there's more to do. On the lean front, there's significant amount of activities that we can continue on. So we're in the use the baseball analogy, the second or third inning, we're really early.

BLAINE BROWERS: Now two dedicated resources towards the operating model. I hired one, I guess, beginning of last year, Brad, and another one about a year and a half ago. So there's a real commitment by the company, not just to have the operating model, but leverage these two folks to be the people out in the business to really drive it to that lowest level. And like Brad said, it's really early. The automation is incredibly exciting.

BERT SUBIN: If we put this back into maybe 2024 terms, you've given guidance on sales and margins-- or sales and EBITDA. we can get back into margins. If we think about-- I think there must have been some degree of disappointment after the first quarter when you reaffirmed just based on the stock reaction after a good quarter.

Are there any the factors that you just mentioned in terms of, you're going through some cyclical end where refreshes are lower later in the year. And so some of that goodness, was one weighted, or is that a

conservative outlook? How do you put what you're seeing in terms of improvement in productivity, some improvement in volumes, good traction in M&A? Why is that not maybe putting the bar a little higher?

BLAINE BROWERS: No, it's a great question, Bert, and certainly one that's come up. And I think, first, I'm going to start with just general timeline. We announced the Q1 earnings about 45 days after we provided guidance. So pretty short time frame. So now 45 days, we look at and say not a lot has changed for us to spend a lot of time focused on guidance.

Not a lot has changed in those 45 days. Now, the other piece to keep in mind is our backlog visibility. So when you think about the largest parts of our business, the armor business and the duty gear business, they generally carry about 45 days of backlog. So 45 days, and we're making a call for the year. And we think about that, along with the 45 days that we just did.

You know, our guidance, we take a look and say, hey, nothing meaningful has changed. It was a strong Q1, which was fantastic. I think there was lots of good feedback that the organic growth was high, but they didn't change in that 45 days. It didn't change our outlook. We're certainly very happy with the Q1. We're certainly comfortable with our guidance. And our approach, much like last year, is we get into Q2 earnings. We'll have a better feel for obviously for the first half,. But then also, Q3 and Q4 and will be near-term. And then we'll evaluate and make determinations on guidance at that point.

BRAD WILLIAMS: I would just add to that, we closed two acquisitions in Q1, one in January and one in March. So as we're settling in, getting to know both of those companies and making sure we understand how conservative they're being on their forecasts versus being aggressive, too, we just want to make sure that we get some more time with those.

BERT SUBIN: Can you give us a sense for maybe the process under which you build that revenue assumption? If we think about the government services industry, there's a book of business, and there's a probability of when assign to things, and then you could toggle that. If you guys-- if you just said 45 day backlog on some of your larger selling products, how do you-- how do you triangulate into that number. And what confidence do you have around it?

BLAINE BROWERS: Yeah, we'll talk about armor and duty gear. I mean, we can switch gears and talk about EOD, which is a little bit different because they have a little bit more visibility and backlog. In armor and duty gear, we break down the business in really two components, really a run rate component, which is order size less than x, and then we have large projects.

That run rate, because of the size of the orders, the number of agencies we participate in, it's very predictable within a couple points. And it's a very steady number. On top of that, then we have our large projects or large opportunities. And much the same way you're talking about when you track each project, whatever, or agency, the equipment, and then you understand the competitive dynamics and you assign your probability to win.

So looks very, very much the same. And that actually-- when we talk about, sometimes, the lumpiness within a year or a quarter, that's what drives us, those large orders, right? You can have larger agencies refresh in a quarter or two quarters. That can drive revenue up. And it was one of the drivers that we talked about in Q1 was an order received in Q3 of last year that was shipping out of the armored business in Q1.

So that's the armor and duty side of the business. We move over to EOD. I mentioned the bomb suits are \$36,000, a much more expensive piece of equipment. There's only about 20,000 EOD texts in the world and about 10,000 suits. It's a very limited number of end users, right? And so that team is able to really track every agency or department.

It's really not departments-- every federal EOD squad. And we really track them one by one and say, OK, here are the 15 that really matter. Here's when we last refreshed. Here's when we expect to refresh again. Here's where at the tender. And keep in mind that EOD business has really our leading share. I mean, it's north of 80%, so they're able to track it with a high probability.

Now, what you can account for in both those scenarios-- and I think much like probably you've seen in government services, is what the government's going to do. And they may expect to order on this date, but sometimes, budgets get pushed and pulled. And that's the wild card. And that's a bit of another factor in the conservatism. As we go through the year, we want to be confident that what we put out there for guidance, we're able to hit and deliver to our investors.

BERT SUBIN: In terms of, maybe, some of the project activity, what's the visibility you get there? Can things be happening? I mean, things are always happening domestically. There's more going on in the last couple of months. Does that lead to maybe faster or more project activity with certain departments. Or is the lead time on the projects normally longer in terms of actually ordering to sell?

BERT SUBIN: I would say they're all-- there's a lot of variability across those, depending on if you're looking at tenders, for example, international tenders that'll come out, that we have visibility of. And obviously, everyone else does in that space. But those take quite a while to fulfill those tenders because they're larger. It's not like the US where there's over 20,000 agencies, law enforcement agencies in the US.

Internationally, there are large national police forces. So they'll do like a body armor tender for thousands of pieces of body armor, where, in the US, you can have a hundred-person, agency, where they're buying a few pieces of body armor at a time, when their body armor expires from a warranty standpoint. So there's a lot of variability from that standpoint.

You know, when you're looking at each of these agencies and sometimes, they're predictable. And they'll hit that five-year mark when the warranty is over with for body armor or if they're doing a new gun change out. Or they're adding lights or optics or things, then it gives us that predictability to say, hey, wait a minute, holsters are getting ready to come up also. But it can be difficult from a visibility standpoint.

BERT SUBIN: Can that stuff drive margin variability, or should we expect that just because if you're getting thousands of orders on one project, that's presumably going to increase your utilization of the factory? But if you're not getting that, you're going to be running lower. I mean, do those things have a meaningful impact or—

BRAD WILLIAMS: Not with the way we manage. Back to the operating model and how disciplined we are, I mean, many years ago, I would say that was more of a challenge in terms of chasing revenue. But we position our products in that premium segment because of the innovation that we bring to the market space and how much time we spend understanding what our customer base needs. So we continue to stay positioned there. And we don't go down to the lower price point levels.

BLAINE BROWERS: That's one of the reasons we talk about in the body armor space. We primarily focus on law enforcement. And there's really, in my mind, two drivers why we don't participate in the military. First is, the margins are tougher, right? It's a more competitive environment. But point two is really those tempo of operation, those ups and downs, right? As a business that could be huge one year, and it could be down, 75% or 80% the next year.

And when you start to introduce that variability, you start to lose, in our opinion, focus and opportunity on the operating model. Because now you're dealing with these wild swings, and you're ramping up labor and ramping down. So that's just a reinforcing of having that stable law enforcement focused model that is diversified where a single order isn't going to make or break the year or the quarter for you. It's really important to us.

BERT SUBIN: Yeah, I think people miss that, because every earnings call, I feel like someone asks about op tempo in the Middle East or Ukraine. And then all of a sudden it's like, well, we don't really service that. What are the opportunities in the military? Where would you want to play? I think you've sold holsters into that market. I mean, there are areas you play. How do you pick and choose where to play with the EOD?

BRAD WILLIAMS: So I think it has to fit in a couple of things. One, first and foremost, is that from a price positioning and product standpoint, does it fit the end users need? So that's the first test that we look at. And if that works, then can we actually service the customer, right? Because that's important to us, too. Are we going to take on something that is too large, that we can't service it within their time frame?

That's important to make sure that we're aligned on that. So we look at both of those. Yes, we do have pretty much all the major US military branches all have our holsters. EOD, as Blaine mentioned, pretty much all the majority of the EOD techs, 80-plus percent of them around the world have our bomb suits. So we like those two product categories in the military space.

We just don't necessarily like the body armor margins. So that's why we stayed away from it. And then Ichor, the new robot company that we acquired, we like the margins within that product category, within

any militaries. And then the last one, as I'm thinking through the categories, is silent. So light sticks, believe it or not. So that's the biggest customer of ours of light sticks is native forces and US military. And we've had those contracts for many years because we're able to meet the tight specifications required for those products. And it meets that niche for us, which is tight specs, high-performing products that serve that space. And it's not as price sensitive on those.

BERT SUBIN: I guess the other thing in the military side that I feel like has stopped coming up recently was you had a reasonable opportunity on blast sensors which mean-- you can have a better understanding. But my understanding is you put a sensor on the back of the helmet, and it gives you an assessment of different traumatic brain injuries that can come as a result of impact. And there was another competitor that I believe you were going against that, but that's been three years in the making. Can you just give us a appraisal of where that is and what you think it could mean.

BRAD WILLIAMS: Absolutely. Still, it's an opportunity. It's an area that we're continuing to invest in. So what Bert's referencing is we've been working with SOCOM, so special forces on a project, where we're doing paid R&D work for the US military to take our-- so we have a blast sensor today that's used in the EOD technicians.

But what the SOCOM specs is really to create a blast sensor that you can put on a field soldier so that traumatic brain injuries can be better understood. It's a big problem within our military folks, not just the US, but also around the world. So we've been working on that R&D project for a few years since we went public. And we've been meeting the various phases of criteria with the last phase, being a delivery that happened last year.

And we were supposed to get communication in the first quarter. The final feedback on the sensor and testing on that side of things. I was actually-- we had a leadership team meeting up at the EOD headquarters in Ottawa last week. And it's a project we were talking through. And we just haven't gotten the feedback yet. We've gotten a little bit of feedback here and there. Nothing bad. Doesn't mean anything bad.

Overall, they've been super happy with us and our testing. We're just waiting on that feedback. And then based on the feedback, are they going to change any other specifications or add anything to it? For those that have been involved in those R&D projects with the US military, that's just the way they work. So I guess I've learned my lesson. I've stopped quoting dates at this point, so we will quote things when they actually happen as we go forward on that project.

BERT SUBIN: What is the opportunity-- I mean, what is the even-- in terms of what you're bidding for, there are certain lot number of sensors.

BRAD WILLIAMS: So we sized it at IPO time. You can see it in any of the public information out there, but we sized it at \$500 million. So if you take blast sensors, and you put them on every field soldier in the US-- we're not talking outside the US-- it blows up even larger if you-- no pun intended, by the way-- a bit

larger if you look at all the other countries out there, which, by the way, have the same problem. It's a \$500 million type TAM opportunity.

Now, it's not clear if they're going to dual source it between us and the other company that's doing R&D work or they'll end up choosing a single source. Overall, we feel good about what we've done. We do this with one sensor, either on the back of the helmet or on the top of the helmet. It's not clear yet. We've done testing in various areas on the soldier versus our competitor uses three sensors that has to go on a soldier to triangulate their data.

And we get very, very, very good readings from a single sensor overall. And then what happens is this data gets sent to the cloud. And then that data can be analyzed and tied back to the medical records for each individual soldier to understand when a blast happened, what type of a blast was it, the direction it came from so that we can help these individuals that are putting their lives on the line for us, quite frankly, to help them during the military or when they come out of the military.

It'll even tell them, at what point they've been exposed to too much blast intensities and field training, for example? And they need to be pulled out of training and sit on the sidelines for a given amount of time, based on the procedures of whatever branch that is. So it is one that we will continue to invest in. We've got an interest-- I've not disclosed what countries, but there have been two other countries outside the US that have requested our sensors.

And so we've sent them. And they're doing testing on the sensors also. So we're going to hang in there. We're going to continue, as long as however long it takes them. And if they draw this out, we're going to be right there.

BERT SUBIN: Is this something you're paying for, or is this being covered under—

BRAD WILLIAMS: All the paid R&D work is through SOCOM. So we do a lot of paid R&D work with our EOD business. So we do like next generation bomb suits, helmets, you name it, for the US military. So they pay and fund for those products or that research. And then once it's completed, it's our IP, and we get to incorporate that IP into the product so that we can sell it to other customers.

Maybe we've got two minutes left just to finish up with you, Blaine, on the margin side. Last quarter, you guys made some comments that you think you can get well into the seconds on margins. Right now, you're in the high tens range, which it's been-- I'd have to go back through the model. But I think you were like 16, and now maybe you're closer to 18. Some of that's been pricing and mix. All of it's been M&A. Can you just walk us through how margins evolve from here? And if you do ultimately get to 22%, 23%, 24%, how that happens?

BLAINE BROWERS: Sure. Yeah. I mean, I think the big drivers from what you're referencing IPO and now has been really price and productivity. Mix always plays an impact. And for us, when you think about mix, it's not just product line mix, it's also channel mix, right? And then you throw in M&A as well.

And what I mean by that is on the channel mix, it's a little bit less than 10% now, goes to consumers direct to consumers through our e-comm and Amazon. Very favorable mix on that side. And then there's some channels internationally that are just-- they're lower than average. So it's that balance on that mix, which will always plus and minus.

I wouldn't say that's a significant driver from where we were to where we are now. What I say is really driven that is that focus on price. We're targeting that 1%. And we don't have a high inflationary environment, so it's not the case we're trying to pass on 10% or 12% price increases. These are very much single digits. That will continue to be a lever we'll pull on.

As we go forward, where we send a premium products, the innovation side, our ability to serve our customers, we'll continue to push on that. And when we think about price, don't think about it as a broad brush. It's very much a pinpoint approach. We're going to look at not a product line. We're going to look at a individual product, how it prices versus our competitors, what's the value we deliver to our end users, and price that way.

You may have in a particular duty year. You may have some parts that are going to be above average, a couple of points, maybe some parts that don't get any price. So the way we'd walk away, thinking it's this broad brush approach, and we just do x percent and move on, but that will continue to be a part. The piece, I think, that's exciting is the momentum as we get focused on the operating model and really moving towards with automation that will continue to evolve to be a significant component. And then M&A will absolutely be a driver. Not that we will only do accretive acquisitions, but that's certainly our bias towards accretive acquisitions as we go forward. If we're looking at what we call a fixed business or a fixed acquisition, a business that's lower than average, part of our checklist is what's the path to make it a accretive, right? And in a reasonable path-- and we want to focus on not a path that relies on outside forces.

So we're not going to rely on growth to drive it. It's what can we do with the business, whether that's operating model, all the tools available there to move it up. If it's a synergy with cost, whatever it may be. But we're really going to focus on there and getting them to be accretive. So those are the drivers. Like I said, I think it's exciting. The automation is exciting, the operating model. There's a lot to do, and we're ready.

BERT SUBIN: So if we were to rank it, maybe it's automation, growth and consumer price?

BLAINE BROWERS: I think price is going to be at the top, just because you're getting that 1%. It's a pretty outsized return. I think you have automation close and then the other two. That's really the focus, that price and the operating model automation.

BERT SUBIN: Great. Well, Brad, Blaine, thanks so much for your time.

BRAD WILLIAMS: Thank you.

BLAINE BROWERS: Thank you.