

Rollins, Inc.
Second Quarter 2024 Earnings Conference Call
July 25, 2024

Presenters

Lyndsey Burton, VP, Investor Relations
Jerry Gahlhoff, CEO and President
Kenneth Krause, EVP, CFO and Treasurer

Q&A Participants

Tim Mulrooney - William Blair
Ashish Sabadra - RBC Capital Markets
George Tong - Goldman Sachs
Hilary Lee - Morgan Stanley
Heather Balsky - Bank of America
Joshua Chan - UBS
Aadit Shrestha - Stifel
Stephanie Moore - Jefferies

Operator

Greetings and welcome to the Rollins, Inc. Second Quarter 2024 Earnings Conference Call. At this time, all participants are in a listen-only mode. A brief question and answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press star zero on your telephone keypad. As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host Lyndsey Burton, Vice President of Investor Relations. Thank you, Ms. Burton. You may begin.

Lyndsey Burton

Thank you and good morning, everyone. In addition to the earnings release that we issued yesterday, the company has also prepared a supporting slide presentation. The earnings release and presentation are available on our website at www.rollins.com.

We have included certain non-GAAP financial measures as part of our discussion this morning. The non-GAAP reconciliations are available in the appendix of today's presentation as well as in our earnings release. The company's earnings release discusses the business outlook and contains certain forward-looking statements. These particular forward-looking statements and all other statements that have been made on this call, excluding historical facts, are subject to a number

of risks and uncertainties and actual results may differ materially from any statement we make today. Please refer to yesterday's press release and the company's SEC filings, including the Risk Factors section of our Form 10-K for the year ended December 31, 2023.

On the line with me today and speaking are Jerry Gahlhoff, President and Chief Executive Officer, and Ken Krause, Executive Vice President and Chief Financial Officer. Management will make some opening remarks and then we'll open the line for your questions.

Jerry, would you like to begin?

Jerry Gahlhoff

Thank you, Lyndsey. Good morning, everyone. I'm pleased to report that Rollins delivered another good quarter of growth and profitability, reflecting consistent execution of our operating strategies and continuous improvement in our business.

Our financial performance for the second quarter was highlighted by an increase in revenue of 8.7% to \$892 million and we delivered healthy organic growth of 7.7% in the quarter. Overall, we continue to see solid revenue growth across all major service lines as total residential revenue increased 6.3%, commercial rose 9.9%, and termite and ancillary was up 11.8% this quarter.

We continue to invest in growing our business. As you would expect, we made strategic investments in incremental sales, staffing and marketing activities during the quarter. We will continue to invest throughout Q3 to ensure that we remain top of mind and well-positioned for share gains as peak pest season continues. We are well staffed on the technician and customer support front so that our people are on boarded, extensively trained, and ready to provide an exceptional level of service for our customers. This also means that we are positioned to convert our marketing and sales investments into new customer growth.

Our team continuously challenges itself to think of new and different ways to enhance the relevance of our brands with current and future customers. Earlier in the summer, our creative team at Orkin partnered with Emmy nominated composer, Bryan Rheude, to compose a seven-act symphony crafted entirely around the historic emergence of two broods of cicadas.

We hosted the Orkinstra symphony live in Springfield, Illinois, with curated music composed to accompany the recorded songs and rhythms of trillions of cicadas. The event garnered hundreds of millions of impressions for the Orkin brand, and support for this unique initiative continues as the symphony is currently available on all streaming platforms. In fact, I listened to it again just the other day on a flight and found it to be very relaxing. I encourage you to check it out.

On the commercial side of the business, investments we've made to capitalize on a multibillion-dollar growth opportunity in the B2B space continue to pay dividends. Our new commercial division continues to strategically add feet on the street to our salesforce, and we are leveraging data analytics and training to better enable their success.

Investments to drive organic growth are complemented by strategic M&A. We closed 26 tuck-in deals in the first six months of the year, and the M&A pipeline remains healthy. We're actively evaluating acquisition opportunities both domestically and internationally, and remain on track to deliver at least 2% of growth from M&A activity in 2024.

Beyond growth, our dedication to operational efficiency and continuous improvement is an important part of our strategy and culture. Ken will discuss in more detail, but we saw healthy margin improvement in the quarter as we executed our pricing strategy, leveraged our cost structure, and drove efficiencies throughout the business.

Safety remains an important area of focus. In Q2, we enhanced our onboarding program for new teammates by providing more robust safety training, with an emphasis on how we equip our new drivers with the technical skills, awareness, and courtesy needed to be safe on our roads and in the neighborhoods we serve. Our efforts continue to yield solid driver safety scores and further reinforce the culture of safety we strive to promote throughout our company.

We continue to look for ways to modernize our company, and to that end, our Board of Directors recently amended and restated our bylaws to transition from a classified board structure to a declassified one. Going forward, board members that are up for reelection will be elected to one year terms. This step aligns with corporate governance best practices.

In closing, we're excited about where our business stands today. Demand from our customers remained strong with over 7% organic growth in the quarter and for the first half of the year. Our markets are solid, staffing levels are healthy, and our team is focused on driving continuous improvement and profitable growth. I want to thank each of our 20,000 plus teammates around the world for their ongoing commitment to our customers.

I'll now turn the call over to Ken.

Kenneth Krause

Thanks, Jerry, and good morning, everyone. The second quarter reflects continued strong execution by the Rollins team. A few highlights to start. We delivered Q2 revenue growth of 8.7%

year-over-year with organic growth of 7.7%. That was at the high end of the 7% to 8% range we discussed in our recent Investor Day despite having two less business days in June relative to the prior year. Through the first half of the year, the team delivered total revenue growth of 10.9% and solid organic revenue growth of 7.6%.

Incremental EBITDA margins were over 30% for the first half of the year and approached 40% in the second quarter, ahead of the metrics we discussed in our recent Investor Day, driven by strong leverage throughout the P&L.

And last but not least, our team delivered operating cash flow of \$145 million and free cash flow of \$136 million. Year-to-date, operating cash flow approximates \$273 million and free cash flow approximates \$257 million, both growing 10% with very healthy conversion.

Driving further into the quarter, we saw good growth across each of our service offerings. Residential revenues increased 6.3%, commercial pest control rose 9.9%, and our termite and ancillary services increased by 11.8%. Organic growth was also healthy across the portfolio, with growth of 5.4% in residential, 8.6% in commercial, and 11.1% in termite and ancillary services.

Turning to profitability. Our gross margins were 54%, up 80 basis points versus last year. We continue to be positive on the price cost equation. We realized improvements across several cost categories, with the most notable contributions coming from fleet and insurance and claims.

Quarterly adjusted SG&A cost as a percentage of revenue decreased by 60 basis points versus last year. While we saw improvements in insurance claims activity, we also saw leverage across several cost categories. We did see some leverage from customer acquisition costs in the quarter, but we continue to focus on driving demand for our services and expect to make additional investments in these areas during the third quarter.

Second quarter GAAP operating income was \$182 million, up approximately 18% year-over-year on 8.7% revenue growth. Operating margins were 20.4%, up 150 basis points year-over-year on strong gross margins and solid expense leverage.

Second quarter adjusted EBITDA was \$210 million, up over 15% and representing a 23.6% margin. Margins were up 140 basis points versus last year, and adjusted incremental EBITDA margins were approaching 40%, supported by benefits from more favorable claims activity as well as underlying leverage in more traditional operating expense categories.

I'm pleased with the strong improvements in profitability in the quarter and for the first half of 2024. We delivered solid growth with an improving margin profile and remain focused on investing in our business and capturing growth in our very attractive end markets.

The effective tax rate was approximately 26.1% in the quarter. Our ETR was 25.3% for the first half, and we expect this rate to approximate 26% for the year. Quarterly GAAP net income was \$129 million or \$0.27 per share, increasing approximately 23% from \$0.22 per share in the same period a year ago.

For the second quarter, we had non-GAAP pretax adjustments associated primarily with the Fox acquisition related items totaling approximately \$4 million of pretax expense in the quarter. Accounting for these expenses, adjusted net income for the quarter was \$132 million, or \$0.27 per share, increasing over 17% from the same period a year ago despite the higher level of interest costs. Speaking of interest costs, we expect a similar run rate in these costs for the second half relative to the first half.

Turning to cash flow and the balance sheet. Operating cash flow was \$145 million and we generated \$136 million of free cash flow. This is slightly down versus last year, driven by working capital timing. With that said, I'm pleased with the 10% growth in first half cash flow. Our business remains very well-positioned to continue to deliver healthy cash flow performance, enabling a balanced capital allocation strategy. Cash flow conversion, the percent of income that was converted into operating cash flow, was over 100% for the quarter, as well as for the first six months.

We made acquisitions totaling \$35 million and we paid \$73 million in dividends in the quarter. Debt to EBITDA leverage is well below one-times on a gross and net level. Our balance sheet is very healthy and it positions us well heading into the second half of the year.

In closing, our performance this quarter and throughout the first half of 2024 continues to demonstrate the strength of our business model and the engagement level of our team. We continue to focus on driving growth while executing on our continuous improvement and modernization initiatives. We are starting the second half with healthy organic demand, and we remain committed to investing in our people and providing our customers with the best customer experience.

With that, I'll turn the call back over to Jerry.

Jerry Gahlhoff

Thank you, Ken. We're happy to take any questions at this time.

Operator

Thank you. We will now be conducting a question and answer session. Please note that at this time, we are limiting participants to one question and one follow up question. If you would like to ask a question, please press star one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star two if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment, please, while we pull for questions.

Our first question comes from Tim Mulrooney from William Blair. Please proceed.

Tim Mulrooney

Jerry, Ken, good morning.

Jerry Gahlhoff

Good morning.

Kenneth Krause

Morning.

Tim Mulrooney

Just one from me on the profitability. Strong profitability seems to be the theme of the quarter here, so I wanted to dig in a little bit on this. Ken, as you highlighted in your prepared remarks, your incremental margins were very strong in the quarter, approaching 40%. But I know there were some elevated claims activity in the prior year period, if I'm remembering correctly. So, if we exclude that, then how did your incremental margins look? Were they still above that historical average range of 25% to 30%?

Kenneth Krause

Thank you for the question, Tim. Appreciate that. And it's a great question, something that we certainly took a close look at as we prepared for the call and reviewed the quarter. And what we found was business -- the performance continues to be exceptional. The margin performance was incredibly healthy. We saw leverage across gross margin. We also saw improvements in SG&A.

As you indicated, our quarterly incremental margin approached 40%. If you exclude some of those non-operational items, I would call, our incremental margins were still at or above 30%. And that's

the pace that we like to see. And in fact, if we go back a couple of years, we've seen some great improvement on those margins. So, it's good to see those margins coming in, even without the benefit of some of those non-operational items at or above the 30% range.

Tim Mulrooney

Got it. Thank you very much. Nice quarter, guys.

Kenneth Krause

Thank you.

Operator

Our next question comes from Ashish Sabadra from RBC Capital Markets. Please proceed.

Ashish Sabadra

Thanks for taking my question. Really strong momentum in the business. But if I had to nitpick on consumer, we did see improvement in the organic growth compared to first quarter, but it's trending slightly below what we've seen historically. So, I was just wondering if you could provide some more color on that front. What are we seeing on recurring versus ad hoc services. And also, was there any impact of the two fewer working days in June? Thanks.

Jerry Gahlhoff

So, Ashish, this is Jerry. So, when we look at the quarter, I'll start with the two fewer working days in June. I mean, that was a pretty significant impact for us in the quarter. You're in the thick of your peak season right in the middle of the year to have two or fewer workdays. More than anything, even though we had a bit of a softer June last year, it affected productivity fairly significantly about ability to get work done and things along those lines. So, I would much rather have those two extra days in a June than I would in an April very early in a quarter. So that's interesting. And there was some impact there.

The recurring business is the additions to our new customer growth are actually outpacing our organic revenue growth. So that's healthy. So when you think about the consumer side of it, the one-time business, while it's still there, it may be a little softer on some of the residential pest control, but we still see a very strong consumer in the marketplace. That consumer, when you look at our termite and ancillary growth in the double-digit range, that tells you, you still have a healthy consumer that really is staying in their home. There's a lot less relocation going on. People are staying at home, investing in their homes, and certainly buying things like pest control and adding that to their home services. That is still remaining very, very healthy. So, we haven't really seen any shift from a consumer side in that regard either.

Would you add anything to that, Ken?

Kenneth Krause

The only thing I would say is we had, what was it, 5.4% residential growth. And so when you look at the one-time or the recurring business was at or above 6% in the quarter. And when you take into consideration some of those factors you described, I mean, they certainly had an -- they have a potential of having an impact on the overall growth rate. So, we feel good about the level of growth we saw in the quarter, the level of activity around customers, and the demand levels we continue to see going into the third quarter.

Ashish Sabadra

That's great color. And maybe on my follow up, if I can ask a quick question on the commercial side, you talked about the investments there to capture, capitalize. I was wondering if you could talk about, are there certain verticals where you're seeing stronger demand environment. Thanks.

Jerry Gahlhoff

I don't think we've seen necessarily a stronger demand in certain verticals. Where we're getting our results is by building the biggest and best salesforce on the commercial side that we can -- that is possible out there. We continue to add to our salesforce, invest in their training, invest in development and building a very strong cohesive team on the commercial sales side. That's really what's paying dividends, not necessarily one vertical or another. I think we're out there just trying to capture new business through the new people that we're adding to our team.

Ashish Sabadra

That's very helpful. Thanks and congrats on a solid quarter.

Jerry Gahlhoff

Thank you, Ashish.

Operator

Our next question comes from George Tong from Goldman Sachs. Please proceed.

George Tong

Hi. Thanks. Good morning. Is there any way to estimate -- morning. Any way to estimate how much impact the two fewer working days in June affected organic growth in each of your segments. Was the impact greater in certain segments than others?

Jerry Gahlhoff

Yeah. I don't think it was greater in certain segments than others, necessarily. Although, my intuition tells me it affected us more in the residential pest and then maybe a little bit on the termite and ancillary because those are often larger jobs that take time to get, take time to complete. And when you talk about having two fewer days in a month, in a month like June, it will result in some of that work carrying over, not being completed into July that last year would have been completed in June. So it's really that kind of impact, more probably on the residential, both pest, and termite and ancillary than on the commercial side.

Kenneth Krause

And it can probably impact both one time as well as recurring business because we don't have the opportunity to get out and maybe start the recurring business because we're losing those days. And we're also just not seeing the calls from the one-time because we don't have those days, right? You don't get as much one-time in the very -- in the peak of the peak season.

George Tong

Got it. That's helpful. On the residential side, you also mentioned that you're seeing healthy demand levels heading into 3Q. What kind of acceleration would be possible given the exit rates that you've been seeing for the residential business?

Kenneth Krause

Yeah. I wouldn't want to say that we're seeing acceleration in the Q3, but we continue to see just consistent levels of demand for our services and very much giving us confidence in our ability to deliver on the range of growth that we provided at Investor Day of roughly 7% to 8% organic growth. I mean, through the first six months were 7.6% and in the quarter we were at the high end of the range. So we feel good about this business and the ability to drive value for all of our stakeholders when we're seeing demand levels like we saw here in Q2.

George Tong

Got it. That's helpful. Thank you.

Operator

Our next question comes from Toni Kaplan from Morgan Stanley. Please proceed.

Hilary Lee

Hi, guys. This is Hilary Lee on for Toni Kaplan. So, just wanted to talk about the trends that you're kind of seeing in residential and commercial. Like, did you see any changes throughout the months in 2Q, and what have you seen into July so far?

Kenneth Krause

The trends have been positive. Demand remains healthy, in both resi as well as commercial, all giving us confidence in our ability to continue to deliver that 7% to 8% of organic growth that I just spoke about. And so, generally, as Jerry indicated, it was unfortunate the way the calendar fell where you lose a couple of days in peak season, but we certainly continue to see the things that are in our control give us confidence in our ability to deliver on our goals that we've set for ourselves.

Jerry Gahlhoff

That's exactly right, Ken. We don't really see any headwinds that could have some significant impact on what we continue to see.

Hilary Lee

Got it. And just to kind of dovetail off that, you know, it's been kind of a -- not unusually, but warmer July than in recent memory. Do you expect that to kind of help out with the peak season this year, and any indication on what you guys do with taking care of the cicada issue, or is that not really an issue for you guys to handle, even though regarding the symphony as well?

Jerry Gahlhoff

Yeah. I've given up a long time ago trying to predict the weather and what bugs are going to do and pests are going to do about the weather. And so, generally speaking, warmer weather is good for business, but you just never know how fast that could change. If you recall back last year in June, we went through that cold spell and a little bit of June that softened for a couple of weeks there. And then in July, it picked back up and things went crazy again. So, you just kind of never know what's in store in terms of the weather. And we really don't think too much about the weather.

In terms of the cicadas, Ashish is probably still listening. He asked about the cicadas. They're typically, to a consumer, not a pest -- not a -- while they are a perceived pest problem, it's not something we can do much about. As I mentioned, you're talking about millions, potentially trillions of cicadas, and the extent that you would have to go through to quiet them down would be pretty extreme. That's not something we necessarily do. Instead, we've chosen to have a little fun with it, create some consumer demand, and build some brand recognition around the attention that the cicadas are getting. Not really a pest problem, however.

On the weather -- just adding on the weather, you are right. You see statistics about warming environment and things like that. But the other side of it is you just never know what hurricane

season might look like here as you get into August and September. I think a lot of people are predicting a pretty tough hurricane season. So that could have a disruption -- a short-term disruption, but you just never know. I mean, overall, when we look at the things we control and we look at what we're doing, we feel good about the demand levels that we're seeing across our business.

Hilary Lee

Great. Thanks guys.

Operator

Our next question comes from Heather Balsky from Bank of America. Please proceed.

Heather Balsky

Hi, thanks for taking my question. I was hoping to drill down on commentary around investing in marketing and customer acquisition. Just how your -- just the pace of it this quarter, how you're thinking about it in the back half, and what you're seeing from the competition as well.

Kenneth Krause

From a competitive standpoint, I don't know that we pay a lot of attention to what's going on in that regard. We kind of look at our business and know what our needs are and measure things on a market-to-market basis. You have to remember, we're still in a very highly fragmented business with a lot of competition, and that includes regional competitors and everything is just so local. So from that standpoint, that just is one of the most dynamic things that we do that can change week to week, sometimes day to day.

I will say philosophically, if you look back to how say the digital marketplace was 10 -- or five to 10 years ago compared to today, it has shifted. And some of that philosophy has shifted over the last few years where we used to spend a lot of our money on the advertising and especially in digital performance, a lot of that was spent, say, late April into September. So you had this curve with a spike that really went right in the middle of season.

And what we've seen now is now that we have these shoulder seasons of pest activity, you've got generally warmer environments, that curve is kind of softened in the middle. And we put more of our dollars on both tails of that curve where we're now starting a lot of those processes on the digital side are now starting in March and running well into October, maybe even early November if the weather holds up and the demand is still good.

So we now kind of -- we really spread it out a little differently than we used to do just because of some of the climate weather dynamics that are out there. So -- but at the same time, even within those quarters, even within that, call it nine-month period of time where we spend most of our marketing, it's still a pretty dynamic decision making process.

Jerry Gahlhoff

Yes, dynamic. And to the point of, like when you look at this quarter and you try to understand the impact of that, you saw a little bit less, you saw some leverage in our selling and marketing costs. And some of that was in the advertising area, as we had pointed out in our presentation that's posted online. What we're seeing, though, is we're ramping that investment here into Q3, and so to take advantage of that longer shoulder season. And so, we're expecting to see a bit of an uptick in these advertising efforts here as we go throughout July because the markets are very healthy for us.

Heather Balsky

Thank you very much.

Operator

Our next question comes from Josh Chan from UBS. Please proceed.

Joshua Chan

Hi. Good morning, Jerry and Ken. Maybe sticking with marketing, I know that across your brand you do a variety of different channels of marketing. Are there certain channels that are more successful this particular year than other channels that you've noticed?

Jerry Gahlhoff

I don't think any of the channels are necessarily any better or any worse. I think we're doing well in all of them. And it's really about having a balanced approach, balance of how you spend, making sure that we're spending our money wisely, getting the return on investment that we want. We don't want to just drive leads for the sake of driving leads where we don't have the capacity to fulfill the demand and all those things come into play.

So I think our brands and our businesses have done a pretty good job of ensuring that what we do, we're disciplined about, we execute to it and we measure our results and we measure our return on investment. So, it's been pretty solid across all those channels.

Joshua Chan

Okay. That's great to hear. And for my follow up, is there any geographic differences in growth within the country that is notable or are the regions growing pretty similarly this quarter? Thank you.

Jerry Gahlhoff

I think. Ken, we've seen pretty solid growth across the business. Geographically, I wouldn't say there's been any significant difference where there's some market that's radically lagging another market or part of the country or even international. So, I would say generally across the board, it tends to be fairly healthy.

Kenneth Krause

No, I tend to agree as well. I mean, sure, we have things we're doing in certain brands and trying to drive improved performance in certain areas, but overall, the market seems pretty healthy, whether it be the western United States, the southeastern United States. I mean, what we saw earlier in the quarter was, there was maybe a slower start in certain parts of the southeast, but they came right online as we went throughout the quarter and saw some good demand levels. Canada and our commercial business up there continues to do well. So, generally, we're seeing really good performance in the business.

Jerry Gahlhoff

Yeah. And usually if you see those differences, it usually comes on the edges, the back edges of those shoulder seasons or in the wintertime when extreme weather may impact it more is usually when we see more of those differences geographically.

Joshua Chan

That's great color. Thanks for the time and congrats on a good quarter.

Jerry Gahlhoff

Thank you, Josh.

Operator

Our next question comes from Aadit Shrestha from Stifel. Please proceed.

Aadit Shrestha

Hi, Jerry and Ken. Thanks for taking my questions. Just going back to gross profit, it was up 80 basis points this quarter. So it's another strong quarter. But could you maybe break out how much of that was driven by overall price cost spread versus the tailwind from insurance and claims and fleet?

Kenneth Krause

Yeah. Thanks for the question. I want to say the 80 basis points of gross margin leverage, roughly 30 of that is your insurance and claims activity, and the remainder is just good leverage across the gross margin categories, the cost categories. So, fleet, for example, we saw some good leverage there. And so just generally we're seeing combination -- as I said earlier, a good combination of some of the more favorable experience on the claims in the quarter, coupled with some operational leverage and prices certainly contributed to that as well.

Aadit Shrestha

Great. And just to follow up, not really a follow up -- completely not related. The 11% organic growth that seemed to have accelerated within termite and ancillary services, how did that split out between the two? Was one better than the other?

Kenneth Krause

So, I can give you a little color on that. Both those service lines continue to grow very well. Some of the ancillary business does tend to be sort of a higher dollar amount, higher ticket price, and is a little easier to grow at a somewhat faster rate than just pure termite. But generally both are growing quite well, both are in the double-digit range, and both have been very healthy for us.

Jerry Gahlhoff

They've both been really good performers for us here, especially in the quarter. Continue to see good demand levels.

Aadit Shrestha

Great. Thanks. And congratulations on a great quarter.

Jerry Gahlhoff

Thank you.

Kenneth Krause

Thank you.

Operator

Our next question comes from Stephanie Moore from Jefferies. Please proceed.

Stephanie Moore

Hi. Good morning. Thank you.

Jerry Gahlhoff

Morning.

Stephanie Moore

I wanted to touch -- morning. I wanted to touch on maybe acquisitions quickly here, maybe any heightened competition for deals that you're seeing. And then from a strategic standpoint, maybe any areas within pest that are particularly attractive to you guys at the moment. Thanks.

Kenneth Krause

We continue to be very acquisitive. I think we closed 26 deals in the first half. If you go back a few years, you were seeing 30, 35 deals on a full year basis. So we continue to see good demand levels, certainly always going to be competition. This is an incredibly attractive market and space and a lot of people are interested in it. But we feel like our brand of acquirer of choice that we talked about in May and at Investor Day and how we take care and invest in our people and preserve brands is certainly paying off for us.

We continue to be very active in evaluating additional opportunities. Jerry and I have spent some time on the road the last month or so, and we continue to look for new and interesting ideas. And it's not just looking at new and interesting ideas, but it's about also investing in relationships with people that might consider selling their business in the future.

This is a long-term approach. It's not really focused on an auction or anything like that. It's about how do you develop the relationships with people, so they're comfortable turning the keys over to something that is incredibly important and valuable to them. And so, we're trying to take the time to continue to develop that and we think we're seeing some good results.

Stephanie Moore

Got it. Thank you. And then just as my follow up, sorry if I missed it. But did you say how July organic growth has trended?

Kenneth Krause

We haven't. We've consistently said is that it's continuing to see -- we're seeing business that is coming in to give us confidence in our ability to deliver on the ranges that we've set for ourselves. And so, we feel pretty good about our ability to do that.

Stephanie Moore

Understood. Thanks so much.

Kenneth Krause

Thank you.

Operator

This concludes our question-and-answer session. I would like to turn the floor back over to management for closing comments.

Jerry Gahlhoff

Thank you everyone for joining us today. We appreciate your interest in our company and look forward to speaking with you on our third quarter earnings call later this year. Thanks a lot.

Operator

This concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.