

Operator: Greetings. Welcome to the Astronics Corporation Second Quarter 2021 Financial Results Conference Call. [Operator Instructions]

Please note, this conference is being recorded. I will now turn the conference over to your host, Deborah Pawlowski, Investor Relations for Astronics. Thank you. You may begin.

Deborah Pawlowski: Thank you, Alex, and good morning, everyone. We certainly appreciate your time today and your interest in Astronics. I have here with me Peter Gundermann, our Chairman, President and CEO, and Dave Burney, our Chief Financial Officer. You should have a copy of the second quarter financial results that were released this morning and, if not, you can find them on our website at astronics.com.

Let me mention that we may make some forward-looking statements during the formal discussion as well as during the Q&A session. These statements apply to future events that are subject to risks and uncertainties as well as other factors that could cause actual results to differ materially from what is stated here today. These risks and uncertainties and other factors are provided in our earnings release as well as with other documents filed with the Securities and Exchange Commission. These documents can be found on our website or at sec.gov.

During today's call, we will also discuss some non-GAAP financial measures. We believe that these will be useful in evaluating our performance. You should not consider the presentation of this additional information in isolation or a substitute for results in accordance with GAAP. We have provided reconciliations of non-GAAP financial measures with comparable GAAP measures in the tables that accompany today's release.

With that, I will turn it over to Peter to begin. Peter?

Peter Gundermann: Thank you, Deb, and good morning, everybody. Our agenda this morning is to talk through a summary of our second quarter, which, frankly, was a little bit of a mixed quarter. On the one hand, sales were a little bit lighter than we expected, as was the income statement. On the other hand, our core aerospace markets continue to recover nicely and we believe we'll be setting up a better second half to 2021. I'll do that summary to begin with. Then, I'm going to turn it over to Dave for a more specific discussion on our income statement and balance sheet, some special items that are happening or expected to happen in the near future and we're also going to be reinstating some revenue guidance more than we have been since the pandemic took hold. It's a little bit of a risky item, but we're here in August. We're well ended the second half already. Much of the business that we plan to execute in the second half is in work, so it seems a reasonable time to do such a thing. And then, of course, we'll close with questions and answers.

The second quarter revenue was, frankly, similar to previous quarters we've had recently at about \$111 million. We've been bouncing around a band from, say, \$105 million to \$115 million since the third quarter of last year and, as one might expect, we are not set up to be profitable at that revenue range. Our goal has been and continues to be, since the pandemic took hold, to execute on our responsibilities in terms of development programs that we think are important to our future and stay cash positive and financially healthy, waiting for the markets to recover. Frankly, when the pandemic took hold in late first quarter, early second quarter of last year, few of us would have expected that we would be sitting here a year later, waiting to see strong recovery, but that's how long it's taken. And even now, as all of you know, there are some clouds on the horizon for the aerospace industry, especially with the delta variant that we're all dealing with.

Our first quarter also was a little bit lighter than we expected, in part because of supply chain problems, which have become a familiar refrain, not only in our industry, but many industries these days. It's a little hard to estimate and it's not really an auditable number, but we feel that our second quarter, absent any supply chain headaches, would have been \$5 million to \$10 million higher in terms of revenue, which would have made our income statement look quite a bit different than it does. Still, in many respects, we actually feel like we're making quite a bit of progress and we think that things are coming around and starting to recover pretty strongly. Even with our second quarter results, when compared with the first quarter, we feel like we're on a pretty positive trend, and both Dave and I feel like the first quarter is a more relevant comparator actually than

the year ago quarter, because the year ago quarter, when the pandemic was taking hold, was full of chaos all around the world.

Compared with the first quarter, revenue was up 5%. Our GAAP net income loss was reduced pretty substantially. Dave will talk through those numbers. Our adjusted EBITDA went from a slight loss to a slight profit, and cash from operations improved from a negative \$7 million to a positive \$4.5 million. We feel like we made progress even on a reduced revenue level, but the best news for the quarter is that our aerospace markets continue to show signs of recovery relative to where they were earlier in the pandemic.

On a global basis or a macro basis, business Jet and GA orders have been very strong for major OEMs. I won't repeat it, but you've probably seen book-to-bills in the industry for our OEM customers of, in some cases, 1.5 up to 2 or even higher, and narrow-body transport activity has been very strong with increasing utilization, especially in the U.S. and China, but also in other places around the world, and plans to increase production rates, both in Seattle and in Talus. Military aircraft, a third part of our Aerospace business has been pretty consistent throughout the pandemic and remains so.

The strength in the market has led to pretty solid improvement in our Aerospace bookings. Our Aerospace bookings in the second quarter were \$118 million, which was a book-to-bill of 1.32. 1.32 is normally something we would be jumping for joy about. It continues a string of steady improvement in bookings on a quarterly basis since the pandemic took hold.

Going back to the second quarter of last year, we hit a low point of \$43 million and, since then, our quarterly totals have gone from \$43 million to \$65 million to \$74 million to \$100 million and now to \$118 million. We're pleased with that trajectory, keeping in mind, of course, that in 2019, before the pandemic took hold, we were running typically in the \$175 million quarterly booking range. So, even though \$118 million is a solid book-to-bill, it's still a ways away from where we were pre-pandemic.

And given that, historically, a significant part of our business has been wide-body related and wide-body continues to be very weak in terms of utilization, flights and production rates, it's unclear at this point how long it's going to take to get back to that level. It's probably reasonable to assume that \$175 million quarterly Aerospace bookings is going to be a challenge until we see some wide-body recovery. And again, the delta variance has pushed back recovery that we thought was going to be taking place right about now, actually.

Moving away from Aerospace towards Test. Our Test bookings performance hit a real soft spot in the second quarter, \$8 million, which is a real drop off compared with the \$24 million average that we've had for the previous 4 quarters. Our plan for the quarter wasn't \$8 million. It was actually in excess of \$20 million. We blame COVID, frankly, for a lot of the delay and not necessarily for competitive losses. There's a handful of programs that we are pursuing. We're still pursuing. They've been delayed. We feel, because of COVID, we can't point to a competitive loss that brought us from our expectation of over \$20 million down to \$8 million for the quarter. So that being the case, we would hope for and expect a rebound in bookings for our Test business in the current quarter and in the fourth quarter of this year. Taken together, Aerospace and Test, consolidated bookings for the quarter were \$126 million. That's a book-to-bill of 1.14, which we're still pretty pleased with, leaving us with a backlog at the end of the second quarter of \$313 million.

I'll jump straight to our expectations, before turning it over to Dave, of what we expect to happen in the third quarter and the fourth quarter, and that is, we're predicting revenues in the \$115 million to \$120 million range for both of those quarters. We expect the fourth quarter to be slightly higher than the third quarter based on schedule and we believe that kind of revenue performance, given the way the company is set up right now, will get us in the range of breakeven on our income statement and solidly positive on an adjusted EBITDA basis. There are risks. The major one that I already referenced is our supply chain challenges. These are things that everybody is wrestling with these days. It makes running a business a little bit unpredictable. Our sense is that things aren't getting much worse at the moment, but we don't see them getting a whole lot better either. That's a complicating factor and we'll have to see how things work out in the next not just 2 quarters, but frankly, probably a little bit longer as the world kind of gets back to some level of normalcy.

Also, our revenue projection for the third and fourth quarter is dependent on some level of book and ship business, quick orders that come in and go out that are somewhat unexpected, and there's usually a regular flow to them. Those orders had largely dried up when the pandemic took hold, which made earlier predictions much more difficult. They're starting to come back, and we're assuming continued progress in a book and ship business. So, we have a healthy backlog, we're getting book and ship orders, supply chain is a risk but when you balance it all out, we think \$115 million to \$120 million is where we're going to be. Said another way, though, if we could wave a magic wand and solve supply chain, we would, we think, comfortably be above \$120 million on average. So, we are building in some level of conservatism there in those numbers, hopefully enough.

With that, I'll turn it over to Dave.

David Burney: Thanks, Pete. As Pete said, rather than going through the typical comparisons with the previous year's comparator quarter, which was a period of transition and adjustment as we entered into the pandemic and responded, I think it would be more useful to spend time comparing sequentially with the first quarter of this year. You probably all have read the comparisons with last year's second quarter in the press release, so repeating them wouldn't add a whole lot of value at this point.

Generally, we feel like we've been making progress, particularly in the Aerospace segment. Looking back one quarter to the first quarter of this year, it was a bit of a step back as our consolidated sales dipped from \$114 million in the fourth quarter of last year down to \$106 million in the first quarter of this year. So, it was nice to see our sales rebound in the second quarter, improving to \$111.2 million. In particular, the Aerospace segment had a strong sequential improvement, with sales increasing to \$89.2 million from \$81.4 million in the first quarter.

Consolidated loss from operations also improved sequentially when compared with the first quarter as did adjusted EBITDA, cash flow from operations and consolidated bookings. In the first quarter, we had a loss from operations of \$9.5 million. The second quarter loss from operations was reduced by \$3.6 million to \$5.9 million. I should point out that the second quarter results do reflect the benefit of the \$2.2 million noncash reduction to SG&A costs related to an adjustment to our contingent consideration liability for the diagnosis test acquisition from 2019. Negatively impacting the quarter was about \$1 million in legal fees at our Test segment relating to several matters. We do expect this rate of spend on legal cost to continue with the Test segment until the matters are resolved.

Adjusted EBITDA improved \$859,000 to positive \$363,000 during the quarter. Cash flows from operations in the second quarter was a positive \$4.5 million compared with a negative cash flow from operations in the first quarter of \$6.9 million. So, we saw some pretty significant improvement there.

Also encouraging was the improvement in our bookings, as Pete mentioned, particularly in Aerospace. Consolidated bookings continued the trend of improvement that we've seen over each of the last 4 quarters. In particular, the Aerospace segment bookings of \$118 million were up about \$18 million sequentially compared with the first quarter and up \$44 million over the 2020 fourth quarter bookings.

On another note, we've announced to employees that we will be consolidating our Fort Lauderdale lighting and safety operation into our East Aurora facility. The transition will take place over the next 6 months, and the building is being put up for sale. The market seems pretty good, and we believe that the building has a value in the range of \$9 million.

On another note, we're finalizing our 2020 tax returns and we expect refunds relating to net operating loss carrybacks to be in the range of \$7 million to \$9 million, which we expect to receive toward the end of this year or early next year. And then, regarding our debt levels, as you can see looking at our balance sheet, our net debt was reduced during the quarter by \$2.9 million to \$139.4 million, and we're forecasting to remain compliant with our debt covenants.

Beginning with the third quarter, our primary financial covenant will revert back to a maximum leverage covenant, which would be 6x adjusted EBITDA as defined in the credit agreement, and that definition does

allow us to exclude certain noncash expenses that you can see by looking at the statement of cash flows; the noncash operating expenses are the majority of those.

That concludes my statements. Pete?

Peter Gundermann: Thanks, Dave. Alex, this concludes our prepared remarks. Why don't we open it up for questions and answers now?

Operator: [Operator Instructions] Our first question comes from Michael Ciarmoli with Truist.

Michael Ciarmoli: Since you just mentioned it on the debt and the covenants, did you say third quarter of this year, it reverts to the MAX of 6x?

David Burney: Yes. We switch off of the covenants that we've been on for the past 1.5 years or so away from the interest coverage ratio and revert back to a maximum leverage ratio, which will be set at 6x for the third quarter; then, it will drop to 5.5x in the fourth quarter.

Michael Ciarmoli: That's on trailing 12 months; I mean the trailing 12 month EBITDA? Even if I have you doing \$4 million to \$5 million of EBITDA, how do you get compliant with a trailing 12 month? You mentioned other noncash adjustments. You have adjusted EBITDA, what else is getting added to get you in compliant with a net debt that will be \$140 million? Can you walk me through that? It seems like you need at least \$22 million to \$24 million of EBITDA to get compliant?

David Burney: It will be a combination of lowering our net debt over the period of time. There are some levers that we can pull in the agreement to allow us to exclude some other costs. We have a lever that allows us to include up to \$10 million of legal costs from the calculation and all the other noncash EBITDA stuff that is defined in the agreement that you wouldn't see in a typical EBITDA calculation.

Michael Ciarmoli: Okay. So, the \$10 million above legal. Pete, on the bookings that you're seeing, can you parse that out a little bit more on where you're seeing the strength? Do you will have that visibility? I mean, I'm assuming it's for narrow-body, but are you seeing some of the airlines come in with sort of aftermarket retrofit orders? Are you seeing any different ordering trends based on geographic locations?

Peter Gundermann: As you might expect, it's where the airlines are flying mostly. So, the 2 hottest domestic markets where narrow-body activity has pretty much returned to normal or within shouting distance of it is U.S. and China. That's been where a lot of the activity has been. U.S. Airlines are looking pretty aggressively at improving their fleet. They've had a year to think about things that they want to do, and now they're actually starting to do them.

We're seeing a lot of activity there. Of course, Boeing ramping up the MAX is very helpful to us. That, as you know, was our largest production program in 2019. so we've suffered without it. And the A320 rate is very robust and rumored to be getting stronger also, which is an important program for us, not in terms of line-fit necessarily, but when airlines that are customers of ours buy those airplanes, we end up putting hardware on them. So, that's pretty important. The whole business jet area, though it's not showing up in strength in our shipments at this point on a comparison basis, all indications are that rates are going to be improving there, and we're seeing increased activity on that basis also. And then, finally, the other thing I would mention is, we got a pretty significant order in our antenna business in the quarter, which was really nice to see.

We continue to have pretty good success there with our partner, Collins Aerospace. That's one area where, if we could deliver everything now, they'd probably take it. Unfortunately, that's a pretty complex product with a lot of subcomponents that come from all over the place. It's an example of some of the things that we're struggling against from a production basis, but I'd say it's pretty much across the board, Michael. It's been a healthy environment.

Michael Ciarmoli: Okay. Got it. Last one, and then I'll jump back in the queue. Do you think you are profitable at the operating income level in the second half? And Dave, are there any costs we should be aware of associated with the Florida closing and the transition to East Aurora?

David Burney: Yes. First, on the cost side of the transition, I think for the balance of this year, the savings that we'll see as we transition up here will be neutral with the transition costs, so I don't think there's much impact on 2021. Going forward, probably a couple of million dollars in savings once the transition is complete.

Michael Ciarmoli: And then, at the second half run rate,, I know you're kind of fluttering around breakeven at \$115 million. Do you think you could be profitable operating income in the fourth quarter? Do you think you can do it in the fourth quarter?

David Burney: Yes. I think, by the fourth quarter, we're going to be right around that, if we hit that top line.

Operator: Our next question comes from Jon Tanwanteng with CJS Securities.

Jon Tanwanteng: My first one is for you, Pete. Can you talk about how order rates have improved through the quarter on the Aerospace side and how they've trended through July? And maybe a little bit more color in the order just in terms of the timing, how far ahead are your customers ordering for at this point? Is it 2 quarters, is it 3? Maybe start there and I'll ask some more after that.

Peter Gundermann: Well, I think we're saying that we have, what, \$185 million or something of our backlog at the end of the second quarter scheduled for the second half. That gives you some sense of where it's flowing. It's not necessarily an indication of capacity or anything when you talk about how far out we're scheduling, because sometimes customers scheduled to dovetail with their production rates, which go out maybe 1.5 years, even though we could build it in 2 months; and sometimes, they're behind the 8-ball, and they want it in 2 months, and it's going to take us 52 weeks in today's environment to get material. It's a little bit of a mishmash all over the place.

While I'm on the supplier issue, where it's affecting us is, we traditionally get a fair amount of pull in and push out. There's always that yin and yang, so to speak, among what we're trying to do with our customers in any period of time. Obviously, pushing things out isn't too tough. We just have to agree. But, where we're running in the challenges on occasion is when customers want to pull things in. That's what's hurting us, because of our supply chain. If we're used to a certain level of performance, say 4 weeks or 10 weeks for something that we've been buying forever, and all of a sudden that's 30 weeks. That's the kind of thing that we see from time to time, and it limits our short-term flexibility to bring things in.

So, the scheduling of new orders is kind of a combination of when the customer wants it and when our supply chain can do it. Again, like I told Michael just a minute ago, I think it's safe to say that it's a groundswell of improvement kind of across the board, with the notable exception over the wide-body market. I think I mentioned on our last quarter conference call, our traditional reliance has been roughly 50% for commercial transports, 50% narrow-body and 50% wide-body. Historically, it was much more oriented towards wide-body, but thankfully, the markets have evolved and our companies evolved so we have a pretty strong narrow-body participation also, and it's a really good thing as the pandemic took hold and narrow-body is recovering and wide-body is not. So, our weighting between those two is likely to skew very strongly towards narrow-bodies this year and maybe next year, but in order to get back to the higher level of bookings that we were used to before, we have to see some wide-body recovery.

Jon Tanwanteng: That's great. That's helpful color. I guess the second piece is, we've seen these increasing production numbers out of the major OEMs. Is that matching up with what you're seeing in your order books on the OEM side or do they still have to burn through some inventory before they turn on the stage for you? I'm just wondering if there's a lag effect at all.

Peter Gundermann: For the narrow-bodies?

Jon Tanwanteng: Yes.

Peter Gundermann: No, I think we feel like most inventory has been burned off at this point. We don't want that kind of lag.

Jon Tanwanteng: Okay. Got it. Dave, I'm just wondering what the inflation does to your incremental margins in Q3 and into Q4? Do you have any kind of color on that?

David Burney: Look, it's a difficult thing to measure. It hasn't had a significant impact on us so far. The impact is more coming from the longer lead times than it is the inflation at this point. We've seen a couple of odds and ends of components that have gone up, but they're not having a material impact on the income statement at this point.

Operator: Our next question comes from Dick Ryan with Colliers.

Dick Ryan: Pete, a question on the earn out from the semi-sale. Can you give us an update on what you're expecting or hope to expect and is that cash used in the covenant calculation to kind of give you some cushion?

Peter Gundermann: Well, first of all, it's been kind of a frustratingly slow process to try to bring to resolution, so I don't really have much of an update there. It appears that we do have a disagreement and we need to find a way to resolve it or work it out. Our current initiatives are geared more towards that end. So, your next question will probably be when it might be resolved, and we just really don't know. I'd like to think this year, but it's unclear at this point. As for our covenant expectations, I mean, obviously, it'd be nice to get it resolved, because it would give us some flexibility. Both sides, I think, agree that we're owed an earn out. It's a dispute as to how much. But we're not relying on that, and we're not building that into our assumptions. It's not as though we have a wall or a cliff that we're going to go over if we can't resolve it, so it's not particularly urgent from that perspective.

Dick Ryan: Okay. Where are the legal costs coming from on the Test side? I'm not sure if that's something new or something that's been lingering.

Peter Gundermann: It's kind of like when it rains it pours. We've had this legal issue going on for years now on the Aerospace side with Lufthansa Technik, and we're thinking that might be resolved in 2022, but there are open issues there. With COVID, all the courts are backed up all around the world, so we're not sure about that.

But on the Test side, specifically, we have a similar dispute brewing with a competitor where it's hard to tell whether it's going to have long legs or not. We think it's going pretty strongly in our favor. We didn't bring the suit, we're defending here.

Then, we have a couple of brewing contractual disputes related to transactions we've done over the last couple of years that are also getting a little bit of attention. Again, we don't think they're significant long term, but you have to kind of go through the process. I don't know if it's something in the water these days or what it is. We've been doing this for 30-some years. I've never seen this range of legal activity as a weapon, but that's almost what it feels like. We don't know what to do other than put our best foot forward and defend ourselves, and that's what we're doing.

Dick Ryan: Is that from some of the muni business you've gotten or is that defense related?

Peter Gundermann: It has to do mostly with acquisitions. The contractual stuff has to do with acquisitions, and the bigger one, the looming one, is a technology infringement dispute.

Dick Ryan: Okay. Can you provide some more specifics on your biz jet antenna order with Collins, kind of who, what, when, where, was that a competitive win? Can you kind of handicap that race?

Peter Gundermann: Well, it's kind of the same old story, just with a different verse. We've been working a long time to provide world-class connectivity to larger business jets. There's a clear need for that in the market. We feel like our technology, our antenna is a critical component. We've had a few swings and misses with other partners before, but this program with Collins has really picked up speed.

Collins is a little bit more conservative in our opinion than some other companies in the industry might be, so it's moving a little bit more slowly, but the results of comparison tests has been very positive. It's a Collins'

program, so I can't really speak for them, but they're getting the STCs and the supplemental type certificates for various platforms. They're selling to fleets and, on an aftermarket basis, there seems to be a lot of demand. As you know, business jet usage is way up. The bigger business jets tend to fly internationally occasionally and you have to have KU service to do that mission comprehensively around the world at this point, which is where our antenna fits in. Collins is going to compete us to the extent that they need to probably keep us honest and make sure they're getting good value, but we feel our relationship with them is very strong. We have a roadmap where we're going to go from. We went from the previous generation to the current generation and will go from the current generation to the next generation, which we are developing in collaboration with them.

There are also other Collins competitors out there. We're not aware of a similar kind of product that has global reach and global performance like our system does at this point. So, we're pretty happy with the program.

Operator: Our next question is a follow-up from Michael Ciarmoli with Truist.

Michael Ciarmoli: Did you see any incremental headwind or pressure from the 787 program? Did you have that level of visibility? I mean, I know the whole wide-body market is weak, but that program seems to be the problem child more so than the rest out there.

Peter Gundermann: Well, it certainly doesn't help. We have a little bit of standard line set product on the 787 and what was it?

David Burney: Fuel access.

Peter Gundermann: Yes. It's maybe \$30,000 a ship or something like that. The bigger portion, which is practically line-fit though not technically line-fit, is every 787 gets a seatback IFE system and those seatback IFE systems come from 1 of 2 or 3 suppliers. We provide power to those 2 or 3 suppliers, so we tend to have high content on the 787 for that. That's typically up around \$0.25 million or something per ship. And so, yes, they cut the production rate and that hurts, no doubt about it. The wide-body production market in general, between rate reductions in Airbus and rate reductions at Boeing and delays on the 777, is not helpful, obviously. It's disappointing that the major destinations in the world with the delta variant are having a hard time opening up their doors, because I think vaccinated people anyway want to travel. You can debate whether vaccination is appropriate or even effective with delta, I suppose, but from an industry perspective, it would be really nice to see more of those doors open than what we're seeing today.

Michael Ciarmoli: Shifting, what about Test on a go-forward here? I mean, this \$8 million bookings, when does that start to impact your quarterly run rate here? Should we be kind of calibrating ourselves to maybe get a little bit more conservative? Have you seen any changes quarter-to-date in that Test order flow?

Peter Gundermann: No, we haven't really. It was a surprise to us. As I said, we went into the quarter thinking we'd be up around \$24 million or something like that, we ended up at \$8 million. That's not just a little miss. That's a huge miss. But, the Test business is open to that, or susceptible to that, in the sense that it's not a bunch of little orders typically. It's a few big orders, and if a few big orders get delayed out of one quarter into another, you can have that kind of effect. You've been following us long enough to know that sometimes we have bang-up quarters, and that means you get a lumping or a group of big orders that all happen to follow in the same quarter. We don't get too excited about any particular miss.

What's different about the second quarter was that it seems like a lot of the misses were due to basically COVID restrictions with municipalities in particular, on the transit side, land radio and defense, too. The other thing just seems to be moving a little more slowly, because a lot of people aren't in the office. They're working from home and it's harder to get a hold of them in that context. It's harder for them to make decisions or get approvals and push the paper the way it needs to be pushed in order to get us orders.

I'm really interested to see how the work from home thing in that environment evolves in the fall here. I think there was an expectation that everyone's going to be back in the office, maybe there still is to some extent,

but if not, it's possible we could have another delay on orders. To get to your question, that would start to affect us towards the end of this year or the beginning of next year. We're watching it pretty closely. The good news is that we didn't lose anything. It's not as though we had a \$15 million program that went to 0 because we lost it. It's still a \$15 million program. We just have to wait for it to happen, we think.

Operator: Our next question is a follow-up from Jon Tanwanteng with CJS Securities.

Jon Tanwanteng: I wanted to follow up on the previous questions around the Test business. What's implied in your guidance in terms of Test revenue? Do you have to land those orders to make that revenue number or is that exclusive of that?

Peter Gundermann: We are thinking that we're going to have Test volume of around \$80 million or so this year. That could come into question if we don't have bookings in some level of significance over the next 3 months or so. If we would get past that, it doesn't really matter for this year. But we had a pretty healthy backlog going into it. It's not an immediate crisis if that's a way to answer your question, Jon.

Operator: Ladies and gentlemen, we have reached the end of the question-and-answer session. I will now turn the call over to management for closing remarks.

Peter Gundermann: No closing remarks. Thank you for your attention. We're pleased with the progress in the market and we think that's going to bring improved results on our income statement. We're looking forward to that. Second half should be a healthier half compared with the first half. So, thanks for your time. We look forward to reporting again in another 3 months. Have a good day.

Operator: This concludes today's conference, and you may disconnect your lines at this time. Thank you for your participation. Have a wonderful day.