Sensient Technologies Corporation

2023 Third Quarter

October 20, 2023 at 9:30 a.m. Eastern

CORPORATE PARTICIPANTS

Steve Rolfs - *Senior Vice President and Chief Financial Officer*

Paul Manning - *Chairman, President and Chief Executive Officer*

PRESENTATION

Operator
Good morning, everyone, and welcome to the Sensient Technologies Corporation 2023 Third Quarter Earnings Conference Call. All participants will be in a listen-only mode. Should you need assistance, please signal a conference specialist by pressing the star key followed by zero. After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press star and then one using a touchtone telephone. To withdraw your questions, you may press star and two. Please also note, today's event is being recorded.

At this time, I would like to turn the floor over Steve Rolfs. Sir, please go ahead.

Steve Rolfs
Thank you. Good morning. Welcome to Sensient's Earnings Call for The Third Quarter of 2023. I'm Steve Rolfs, Senior Vice President and Chief Financial Officer of Sensient Technologies Corporation. I'm joined today by Paul Manning, Sensient's Chairman, President and Chief Executive Officer.

Earlier today, we released our 2023 third quarter results. A copy of the release and our investor presentation is available on our website at sensient.com.

During our call today, we will reference certain non-GAAP financial measures which remove the impact of currency movements and other items, as noted in the Company's filing. We believe the removal of these items provides investors with additional information to evaluate the Company's performance and improves the comparability of results between reporting periods. This also reflects how management reviews and evaluates the Company's operations and performance.

Non-GAAP financial results should not be considered in isolation from or as a substitute for financial information calculated in accordance with GAAP. A reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures is available in our press release. We encourage investors to review these reconciliations in connection with the comments we make today.

I would also like to remind everyone that comments made during this call, including responses to your questions, may include forward-looking statements. Our actual results may differ materially from those that may be expressed or implied due to a wide range of factors, including those set forth in our SEC filings. We urge you to read Sensient's previous SEC filings, including our 10-K and our forthcoming 10-Q, for a description of additional factors that could potentially impact our financial results. Please keep these factors in mind when you analyze our comments today.

Now, we'll hear from Paul Manning.

Paul Manning
Thanks, Steve. Good morning and good afternoon. Before turning to our results, I'd like to provide an update on the market conditions during the third quarter. As predicted, customer destocking continued throughout the quarter. It was most pronounced in the Colors Group, with gradual improvement in the Flavors Group. We continue to see lower volumes across many of our market categories in the Americas, with a moderate improvement in Europe. We think these outcomes with respect to destocking and lower volumes are consistent with the broad-based volume declines and efforts to reduce inventory at most of our CPG customers.

Now, turning to our results, local currency revenue was down low single digits in the quarter. Our local currency adjusted EBITDA was down about 7%, largely due to the continued impacts of destocking

globally and in particular in North America, as well as declines in volumes in many consumer product categories. In some areas of our business we have seen improvements in customer order patterns and sequential improvements in volumes. However, in other areas of the business we continue to be impacted by destocking and lower volumes. Right now, we believe volumes will sequentially improve in the fourth quarter and into the first quarter of next year.

As I said last time during our second quarter call, we continue to focus on the things that we can control. We continue to win new business while executing on customer service and on-time delivery and avoiding attrition of our existing sales. Our new sales wins continue to be at a high level across all three groups and our sales pipelines across all of our businesses remain robust. This speaks well to our ongoing strategy and our commercial focus activities and suggests a much improved picture in 2024 compared to 2023.

We also continue to manage cost inflation throughout our businesses and we continue to implement pricing where required. While we have begun to see improvements in certain input costs, we do continue to experience overall elevated energy, employee, agricultural, and commodity costs in certain geographic regions. As always, we continue to look for areas to optimize our cost structure and to improve our production capabilities.

Destocking has unfolded differently in each group, depending on product and customer mix and within each geographic region. Within the Flavors and Extracts Group, destocking began in late 2022 and was more pronounced in the first half of this year. The Flavors Group began to experience sequential improvements in customer order patterns in the third quarter. We anticipate continued improvement in the fourth quarter, with a much improved picture starting in 2024.

For the Colors Group, destocking began in the second quarter of this year and became even more pronounced during the third quarter. The impacts of destocking on the Colors Group are about a quarter behind Flavors. We're beginning to see some improved customer order patterns in the Colors Group and anticipate the impact of destocking to be largely behind us by the early part of next year.

Destocking impacted the Asia Pacific Group beginning in the second quarter of this year. In contrast to Flavors and Colors, destocking in Asia Pacific is mainly with multinationals, and in certain geographies, and is not as widespread. But we do expect some impact in the fourth quarter. Adding to the destock volume declines is a decline in CPG volumes in many food and personal care product categories, particularly in the Americas. Overall, the combined volume declines resulting from destocking and overall market downturns have had an outsized negative impact on our sales and operating profits this year.

We are also facing difficult comparisons to our excellent volume driven performance of 2022. As we have discussed during our last couple of calls, and similar to our customers, we continue to focus on our inventory position across all three groups. While we are strategically investing in inventory for our natural ingredients business within the Flavors and Extracts Group, we continue to be focused on decreasing our inventory across the remainder of our businesses. As a result, we are seeing an improving trend in cash flow and we will continue to focus on improving cash flow throughout the remainder of this year and in 2024.

Now, turning to the groups. Revenue in Flavors and Extracts was down less than 1% in local currency in the third quarter. The Group's revenue benefited from its strong sales win rate and pricing actions, which were offset by volume declines from customer destocking and lower demand in certain food and beverage categories. We continue to see sequential improvement in the group's local currency revenue and operating profit in comparison to the prior year's periods and we anticipate the sequential

improvement to continue in the fourth quarter, culminating with an improved 2024.

Our operating profit has suffered as a result of the volume declines that have continued throughout this year, especially in comparison to the outstanding volume in 2022. Our focus over the years on our product portfolio, sales execution, and customer service are the foundation that will support growth over the long term for the Flavors and Extracts Group.

Revenue in the Colors Group was down 8% in local currency in the third quarter. Local currency operating profit was down approximately 23% in the quarter. The Group's revenue was impacted by a high single digit revenue headwind due to destocking and declines in overall market demand, which was partially offset by pricing and strong new wins. This quarter's volume decline compared to the prior year's substantial volume increase has had an outsize impact on the Group's operating profit.

Revenue in both the food and pharmaceutical product line and personal care product line was down, primarily due to destocking and lower market demand. While we have begun to see improvements in certain geographies at customers across both product lines, the headwinds due to destocking will continue throughout the fourth quarter. To work against these headwinds, we continue to focus on new sales wins, customer service and minimizing attrition on existing business.

Local currency revenue growth in the Asia Pacific Group was up approximately 4% in the third quarter. Year-to-date local currency revenue is up 6%. Revenue benefited from new sales wins and pricing partially offset by lower volumes, primarily due to lower market demand and destocking headwinds in certain regions. Overall the impact of destocking within the Asia Pacific Group is less profound than what we experienced in the Flavors and Colors Groups. The group is also successfully focused on sales execution, customer service and broadening its product offerings within the region, which positions the group for future growth.

Despite the headwinds due to destocking and some decline in demand, my long-term growth expectations for each of the groups has not changed. I continue to expect the Flavors and Extracts Group and Colors Group to both deliver mid-single-digit local currency revenue growth with mid-to- high single-digit local currency operating income growth, and I continue to expect the Asia Pacific Group to deliver mid-to-high single-digit local currency revenue growth and operating profit growth of high single-digit to double-digit local currency growth.

For 2023, I now expect our local currency revenue to be up low single digits and our local currency EPS to be down low double digits. Our previous guidance called for revenue to be up mid-single digits and for adjusted EPS to be down high single digits. I continue to expect our 2023 local currency adjusted EBITDA to be down mid-single digits.

As I mentioned during our last call, 2023 has become a transition year as we move from supply chain and inflationary burdens to a hopefully more normal environment in 2024. We have begun to see pockets of sales improvements in certain of our product lines and geographies. We should see continued improvement within the fourth quarter and in the first part of 2024. We continue to focus on right-sizing our inventory positions. Despite the headwinds, we remain focused on the areas we can control, including new development activities with our customers, winning new business and retaining our existing business. This focus has fueled the exceptional growth we have experienced over the last several years. Our strategy remains sound and we are well positioned for future growth.

Steve will now provide you with additional details on the third quarter results.

Steve Rolfs
Thank you, Paul. Sensient's revenue was $363.8 million in the quarter compared to $361.1 million in last year's third quarter. Operating income was $44.5 million compared to $47.5 million in the comparable period last year. Foreign currency increased revenue by approximately 3% and operating income by approximately 4% in the quarter. Interest expense was $6.3 million in this year's third quarter compared to $3.7 million in last year's third quarter. The Company's consolidated tax rate was 17.5% in this year's third quarter, compared to 17.7% in last year's third quarter. Diluted earnings per share were $0.75 in this year's third quarter compared to $0.85 in last year's third quarter. Foreign currency translation increased EPS by approximately $0.03 in the third quarter.

As Paul mentioned, we are focused on our inventory position. While we are strategically investing in our inventory position in our natural ingredients business within the Flavors and Extracts Group, we continue to be focused on reducing our inventory in a disciplined manner throughout a number of our other businesses. This focus will continue throughout the remainder of this year and into 2024. Capital expenditures were $22.6 million in the third quarter of 2023. We continue to expect our capital expenditures to be around $85 million for the year. Our net debt-to-credit adjusted EBITDA is 2.6. Overall, our balance sheet remains well positioned to support our capital expenditures, sensible M&A, and our long-standing dividend and any excess cash will be used to pay down debt.

Regarding our 2023 guidance, as Paul mentioned, we now expect our 2023 local currency revenue to be up low single digits compared to our 2022 revenue and our 2023 local currency EPS to be down low double digits compared to our 2022 adjusted EPS of $3.29. We continue to expect our local currency adjusted EBITDA to be down mid-single digits in 2023.

Our previous guidance called for our 2023 local currency revenue to be up mid-single digits and our 2023 local currency EPS to be down high single digits. As we have discussed, in 2023 our EPS continues to be impacted by higher interest expense. On a quarter-to-quarter basis, our tax rate will fluctuate and therefore we continue to believe our local currency adjusted EBITDA gross is an important measure of our performance. Based on current exchange rates, we expect currency to be modestly favorable for the full year.

Thank you for participating in the call today. We will now open the call for questions.

QUESTIONS AND ANSWERS

Operator
Ladies and gentlemen, at this time we will begin the question and answer session. To ask a question, you may press star and then one using a touchtone telephone. To withdraw your questions, you may press star and two. If you are using a speakerphone, we do ask that you please pick up your handset prior to pressing the keys to ensure the best sound quality. Once again, that is star and then one to ask a question. We'll pause momentarily to assemble the roster.

And our first question today comes from Ghansham Panjabi from Baird. Please go ahead with your question.

Ghansham Panjabi
Hey, guys. Good morning.

Paul Manning
Good morning, Ghansham.

Ghansham Panjabi
Morning, Paul. First off, maybe you could just disaggregate for us price versus volume across the three operating segments, if you could. And then in terms of Colors specifically, just maybe give us a bit more insight across the various end market verticals that you have, food, pharmaceuticals, and personal care.

Paul Manning
Okay. So overall if you look at Q3, pricing is mid-single digits, roughly the same in each group, maybe 5% in Flavors, 6% in Colors, but all within that realm. Overall price is 6% and on the overall revenue we're down 2%, so that implies an 8% reduction in volume. And so the overall volume, how much of that is destocking, how much of that is actual decline in market categories, those are the factors that will vary considerably depending on geography, depending on product lines. So for example, if you look across the portfolio, certain categories like—well, most market categories in the US continue to be down from a volume standpoint. Even certain categories of pet food had declining volumes in Q3. So those would be some of the factors behind the volume.

As you look across the group, to your question about price versus volume around each, inasmuch as if you look at Flavors, we're about mid-single-digit in price but down about one. So, there you see a little bit more than mid-single reduction in volume. Again, principally those factors, destocking and the market declines.

Color, we got about maybe 6% price but we're down 8%. So you see a much more substantial volume reduction in Color. And let me just spend a second explaining that one. As we kind of began this journey, the destocking, as we noted in the prepared comments, late 2022 is really where Flavors' destocking began. Colors did not really begin in earnest for another quarter after that. There are a number of reasons for that, not least of which the value of Flavors tends to be higher than Colors. Flavors tend to have a shorter shelf life in general than many Color products. And so that's ultimately why the consumers, in most cases, elected to start destocking on Flavors first, they had more of the shelf life constraint, would be the most critical factor. So that's why Colors has a much more profound destocking impact right now. But because it is much bigger in magnitude, we don't expect it perhaps to last as long as we saw in Flavors.

And then just to finish up your price, volume question, so Asia-Pacific, there again, price was mid-single digits and they're up about mid-single digits. So you can see volume was just down slightly. And there again to our point, there were pockets of destocking, but that's not really been a feature in Asia. It's been very, very choppy. Whereas in the Americas and Europe destocking has been a systematic program reduction in inventory across customers, Asia was pockets of customers, the timing of which was a little bit different, driven principally by multinationals.

So then part two to your question around Color in terms of food and personal care, the food part of the business was down maybe about 6% or 7% and the personal care was down a little bit more than that. So we see a little bit more of the impact of the destocking on the personal care side of things than we did on the food color side of things. On the pharma side, there's actually a lot less destocking. And in fact, in some cases there's volume growth, particularly outside the US. So a little bit of a—well, it's a very different dynamic there. Our beliefs around that is that pharmaceutical excipients, which are sold to principally API providers, they're less concerned about inventory values. There's not nearly the shelf life constraints that you'd see in some of the food-related products. And so perhaps that's driving some of their behavior in the market.

Ghansham Panjabi
Okay, terrific. And then in terms of 2024, obviously a lot going on, but you seem a little bit more

optimistic on new product wins and clearly destocking will be, hopefully, in the rear view mirror. What is your base case in terms of assumption in terms of volumes for 2024? And any other variances that you could highlight in terms of on a year-over-year bridge basis as we finalize our estimates for 2024?

Paul Manning
Yes, I think 2024 will be back on track. As you saw this year, things can be patchy. When the market is as volatile as it has been in ‘23 in a transition year, things can be a little bit patchy in terms of one quarter from the next. But I think the overall picture in 2024 will be quite good. If nothing else, destocking can't go on forever, and destocking has been a massive headwind in 2023. So I think that would be data point number one, which tells you that we would be back on track in ‘24 in a much more profound way than you're seeing right now.

I think the other thing, our win rate remains at historically high levels. Our win rates in Flavors and Colors, I was very, very impressed with our win rates last year, we had record win rates in each of the three groups, and they continue to build on that success. So in the annals of things that you can control, just win, that's working out pretty, pretty well. And unfortunately, it's being optically disguised by a lot of this market reduction in inventory positions, which is not a whole heck of a lot we can do. But I have every degree of confidence, based on the ongoing win rate, the size of the pipelines that we have, the trends that we're driving towards, that win rates will continue to be rather robust in 2024.

It is a big, big focus of this company. Top line, putting customers first, and really spend your time on the things that your customers care about, as opposed to goofy internal things that your customers don't care about. So we're very, very disciplined about that type of approach. And I think that will continue. We'll probably get a little bit more price in 2024, while inflation has moderated it is not entirely out of the picture. Many commodities have reduced, labor is still up, there are other input costs that are still elevated. That may vary by geography, but I think we'll continue to do quite well there.

But I think there's also, as we've been looking at a lot of the market research organizations, there's expectation that volume in the market should flatten out. As I've been telling on these conference calls, for the last few years market volumes in the Americas have been negative for, we're going on two years now. And Europe is now, for the last couple quarters, has a small positive volume growth there in the market, which is a very nice thing to see. But the expectations for most of the third-party providers that we look at here is that volumes should at least be flat coming out of a lot of these consumer categories. That, inasmuch as CPGs have begun in earnest programs around promotion activity, spending more marketing dollars to support and elevate their brands, that should translate into, I'm not asking for a lot, just neutral would be great.

So those would be four or five of the key inputs that tells me we're back on track in ‘24 and that we’ve got a lot of good, underlining inherent aspects of our business. But a lot of these external factors fade away because, like I said, they can't go on forever.

Ghansham Panjabi
Thank you so much.

Paul Manning
Thanks, Ghansham.

Operator
Our next question comes from Joan Lim from BNP Paribas. Please go ahead with your question.
Joan Lim
Hello.

Paul Manning
Hello, Joan.

Joan Lim
Hi. I had two questions. So on your guidance I was just wondering, why was there no downgrade on your EBITDA, despite the downgrade on the top line? And on a similar vein, what is driving that EPS downgrade when you haven't changed your EBITDA guidance? That is my first question.

Steve Rolfs
Yes, Joan, this is Steve. On the guidance, I would think it really comes down to a matter of degrees. So you're correct, we're not changing our EBITDA guidance. We had said that we would be down mid-single digits, so we still believe that's the case. So, things are largely unfolding the way we expected. It's just taking a little longer and in some cases it's been a little bit more severe. So with the incremental downgrade in revenue, we're moving within that EBITDA range. And then of course that's going to impact EPS as well. And the main reason why the EPS is down more than the other metrics is of course because of the interest expense. But it's really just a matter of degrees within the range, and things are largely unfolding very similar to what we expected.

Joan Lim
Okay, that's helpful. Thank you. And then just a question on Red Dye No. 3. I saw that in the California Food Safety Act they had banned Red Dye No. 3. I was just wondering, how will this impact Sensient?

Paul Manning
Well, I would tell you this, Red 3 is not a real big synthetic dye. It's one that's used a lot in, for example, bakery applications. But there's many alternatives to that product. So first things first, it's not a lot of revenue. And I would tell you that, number two, it's going to open up opportunities for natural colors, which is a good thing. That's been the drive in our Food Colors Group for 15 years. We've done quite well there. So actually, I feel really good about that, having a portfolio of naturals that can replace Red 3 in those types of applications, because we believe with California's actions, that that would have an impact obviously on the entire country and perhaps could even change some behavior outside of the US, but time will tell about that one. And I suppose the other aspect, Red 3 has had a rather challenged supply chain for many, many years. So I think that not being as big of a factor, I think that's a good thing.

So in short, I don't necessarily see a lot of bad. I see a lot more good coming out of that than bad. But that's the way we operate, we always operate under the assumption that certain products can be replaced in the market. And so our portfolio has been driven about how do you replace these synthetic dyes, which folks want in the natural version, and that's been a lot of our work. So we are more than ready and willing for this transition.

Joan Lim
Great. That's helpful, thank you. Can I maybe squeeze in one last question on GLP-1s?

Paul Manning
Sure.

Joan Lim
How will it impact Sensient? Are you seeing any changes in terms of your conversations with customers?

Paul Manning
Not really. I think at this point it's used by such a small portion of the population it's really hard to gauge at this point how that will play out. If this does in fact lead to folks consuming fewer calories, that would clearly have an impact on the food industry in the United States, for example. I don't anticipate widespread use of this drug outside of the United States and maybe a couple of other countries. And so does that mean that we would see a difference in composition of the types of products customers buy? Too soon to tell. The overall theme around reduction in calories, sure, that could be a real thing. The question is how quickly would this thing ever get rolled out? When do the economics improve? It's quite expensive in most applications at this point.

So not enough data points, not enough people on the drug to really measure this as a macro trend at this point. So I couldn't really tell you much beyond that. But I think that we assume that things like this could be a threat to certain parts of our business. And as that materializes over the next probably five, ten plus years, I think we could adapt to different types of segments, different types of product lines that could continue to subsidize our business. But very, very early in the game on that one.

Joan Lim
Okay. Thank you.

Paul Manning
Okay. Thanks, Joan.

Operator
Once again, if you would like to ask a question, please press star and then one. To withdraw your questions, you may press star and two.

Our next question comes from David Green from Boldhaven. Please go ahead with your question.

Paul Manning
Hello, David.

Operator
Mr. Green, is it possible your phone is on mute?

David Green
Yes, sorry, thanks for that. A couple of quick questions around comments on improving customer order patterns that you're seeing in Flavors and Extracts and some early signs in Color. It would just be great if you could give us any more detail on that. And a broader question around what the shape of recovery looks like, do you see volume rebounds happening quite quickly post the end of a destock? Or do you think it's going to be a slightly more measured bounce back in volumes before getting back up to historic levels?

Paul Manning
Okay. So, the first part about customer order patterns, yes, I don't want to give you “it depends” because I think you need something a little bit more pragmatic than that. So, here's the pragmatic version of this. Customer order patterns are improving in Flavors, going back to my comments about shelf life, and there's only so much more you can possibly do. But I think most of our customers in the Flavors side of the business are at a much more normalized level. Yes, there's little pockets here or there, but in general I see an improving picture in Flavors, which I think will culminate to a pretty good start to the year in 2024. And so I would not be surprised if we had volume growth beginning in the early part of 2024. There will be a little bit of pricing, but I think that one plays out pretty well.

Now, Food Colors, which again, trailed Flavors, but it has been probably a bigger impact in terms of the customer's activity, there again we'll feel another big destocking in Q4. But I think that will largely swing a little bit faster than Flavors. Flavors, it was kind of elongated. It was a 12+ month destocking effort at a number of our customers. I think the Color one will be a little bit shorter than that. And so I could see in the early part of 2024 as well volume returning to the Color Group, just simply based on that reduction in destocking.

Now, the other piece, though, the big piece that's going to really drive the volume is the new win rate. That, beyond any other factor, after destocking goes away, is going to be the winning outcome here. So as revenue and volume recover, revenue gets fixed first and then operating profit lags that, as you know, because we have inventory, we have fixed costs, and the timing of when operating profit recovers is not precisely aligned to revenue. And so you'll see the revenue and volume improve first, and then you'll see operating profit improving, and therefore EPS and the company improving.

So that's how I would anticipate it. If the market volumes return from a negative picture to a more neutral or slightly positive, like we're seeing in Europe, that’s a real good thing. But I can't predict when that will be. I can hope, and I'm hoping right now it's Q1, but the sense that we get from our customers is 2023 is a transition year, it's a clear the decks, folks, and let's start anew on January 1, and that feels very much like what we're seeing. Nevertheless, destocking is not a perfect science. It's an unprecedented thing. We haven't done this kind of thing in the food industry, I don't know, in my lifetime in the food industry, I can't speak to before that, but this is a pretty unprecedented thing. And so customers may not hit that perfectly, and we see signs of that. We've been getting more urgent orders. Hey, I need a bunch of stuff, because maybe they got a little bit too aggressive on destocking in some cases. That has been a little bit of a factor in some pockets.

But the other thing, too, is when your service levels are good, like ours are, you start to get shorter lead times from your customers, which makes forecasting a little bit more problematic in these out months. So that's what clouds my crystal ball, because you know I have a crystal ball here, it clouds it just a little bit. But I think what I'm also seeing is bigger in the month orders, not necessarily a thing we've seen for the last six to nine months in parts of the company.

So that's largely how I see it unfolding. So not an exact science, but I think the net-net here is I think we're going to have a much improved in 2024 that we'll all be real happy with.

David Green
I seem to remember you saying at one point that you saw the destock headwind broadly was about 10%. Is that still consistent with—

Paul Manning
Yes, it's about like that in Color right now. But Flavors in Q3 moderated to more like a mid-single digit, maybe mid to high. And Asia Pacific low single. So yes, for the overall company we're in the high single, probably, is the net-net of that. Oftentimes it's hard to laser cut the distinction between destocking and the product categories declining. So, it's not that precise at the customer, they deal in a lot of SKUs and where yours go and which SKUs. And lining that all up by no means—think about cutting that with a hammer rather than a laser. So as a rough estimate, you're about right.

Operator
And ladies and gentlemen, at this time and showing—
David Green
Sorry—

Operator
Mr. Green, do you have an additional question?

David Green
Yes, I just had one final one there, if that's okay. If we look across the food, beverage and staples universe, there seems to be a little bit of a shift in mood music in terms of, I think most companies are talking about increasing ad spend as we go through this year and going into next year, and maybe that's a way of compensating for lower volumes. Is that something you've been seeing in terms of new tenders and new pitches for work?

Paul Manning
Yes, there's definitely been a pickup in ad spend for sure. In fact, we're optimistic that that will be continuing here in Q4. That is certainly, through customer testimonials, happening. But we also see that at a broader market because there's more interest in seeing volume growth at CPG customers. And so I think they've been responding to that need, and promotion is one of their key steps for doing that. So yes, absolutely a big part of what we're seeing now, which is, again, another nice positive for the business.

David Green
Great. Many thanks.

Paul Manning
Okay. Thank you, David.

CONCLUSION

Operator
And once again at this time, and showing no additional questions, I'd like to turn the floor back over to management for any closing remarks.

Steve Rolfs
Okay. That will conclude our call for today. Thank you very much, everyone, for participating. Thank you.

Operator
And with that, ladies and gentlemen, we'll conclude today's conference call and presentation. We thank you for joining. You may now disconnect your lines.