NASDAQ:WLDN Q2 2025 Earnings Call Transcript

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Operator | Conference Call Operator:

Greetings. Welcome to Will Dan Group's second quarter 2025 Earnings Results Conference Call. At this time, all participants are in a listen-only mode. A question and answer session will follow the formal presentation. If anyone should require operator assistance, please press star zero on your telephone keypad. As a reminder, this conference is being recorded. It is now my pleasure to introduce Al Keshok, Vice President. Thank you, sir. You may begin.

Al Keshok | Vice President, Investor Relations:

Good afternoon, everyone, and welcome to World End Group's second quarter 2025 earnings call. Joining our call today are Mike Bieber, President and CEO, and Kim Early, Executive Vice President and CFO. Our conference call remarks will include both GAAP and non-GAAP financial results. Reconciliations between GAAP and non-GAAP measures can be found in today's press release and in the presentation slides, all of which are available on our website. Please note that year-over-year commentary or variances on revenue, adjusted EBITDA, adjusted EPS discussed during our prepared remarks are on a national basis. We will be making forward-looking statements about our performance. These statements are based on how we see things today. We may elect to update these forward-looking statements at some point in the future. We do not undertake any obligation to do so. As described in our SEC filings, actual results may differ materially to risk and uncertainties. With that, I'll hand the call over to Mike, who will begin on slide two.

Mike Bieber | President and CEO:

Thanks, Alan. Good afternoon. We had another strong quarter of performance, capping a record first half in 2025. In the second quarter, we continued to execute very well, delivering results that exceeded the street expectations and our own forecasts. across revenue, adjusted EBITDA, and EPS. Our formula for catalyzing organic growth with the capabilities of new acquisitions is working. Against a strong Q2 last year, net revenue grew 31% year over year, driven by an outstanding 23% organic growth rate and 8% acquisitive growth. Performance remains strong across all business lines, reflecting the consistency of our execution and the value of our integrated model. With electric load growth expected to increase over the next decade, driven by data centers and electrification, Bulldog's differentiated capabilities position us well to sustain long-term growth. As a result, we're raising our full-year financial targets, which Kim will present a little later. Starting at slide three. Woodland delivers a broad range of energy and infrastructure solutions to commercial customers, utilities, and state and local governments. The energy segment makes up about 85% of our revenue, while our legacy engineering and consulting work makes up about 15%. Demand remains healthy across all customer groups. The 15% of work for commercial customers is mostly centered around electricity usage at data centers. where AI-driven load growth is creating significant demand. LILDAN is helping technology clients navigate energy constraints, optimize infrastructure, and meet aggressive power requirements. Our utility business makes up about 41% of revenue and continues to perform well. Most of our utility contracts are three to five years in duration, funded by ratepayer fees, and continue to provide a strong foundation of recurring revenue. The size of our long-term utility programs is generally increasing across the country as we perform well versus competitors, and energy efficiency becomes a power resource. Work for state and local governments makes up 44% of revenue and continues to grow organically at a double-digit pace. Demand from our government customers remains solid, and the outlook is positive. Most of our government work is funded through user fees and municipal bonds, which have remained stable. On slide four, our upfront policy

and data analytics work informs World End Strategy and helps us navigate market change. In our upfront work, we see particular demand for integrated resource planning and asset valuation on projects associated with data center electricity load. Our upfront work has increased organically at a rate of about 50% this year. These market changes led us to the APG acquisition, which we announced in March, that provides deeper solutions for these clients. In engineering, we saw strong execution and growth, particularly with municipal customers. In program management, we performed above our plan on utility programs and building energy programs for cities. Putting this model to work on the right, as an example, we're hired by technology hyperscalers and their partners to help identify the optimal sites for data centers. This quarter, we rolled out a new proprietary software that we use to help clients site data centers. We think this new software tool is a significant differentiator and provides our clients with minimized interconnect times, lower power and land option costs, and faster speed to market. We then provide clients consulting, engineering, and project management to supply the electricity that powers data centers. The new generation of data centers requires high voltage power, often hundreds of megawatts, with a dedicated utility-scale substation and utility interconnect. After a data center is built, we'll then provide energy optimization inside the data center, as we've done for many years. On slide five, we have a strong pipeline of opportunities that we're converting into contracts. These are just a few examples we've converted since our last conference call. For a confidential Phoenix data center developer, we want a $36 million project to provide consulting, engineering, and construction management for a data center substation and interconnect. For the New York Power Authority, NYPA, We won two contracts worth a combined $20 million to provide energy infrastructure upgrades. NYPA has grown to become among our largest customers, and we thank NYPA for entrusting us with these latest awards. We also won another $17 million data center substation project for a confidential client in Sunnyvale, California. We were awarded a $13 million performance contract with the White River School District in Washington State provide energy efficiency and infrastructure upgrades. We were awarded a $6 million solar generation project in Illinois. And for that same state's Commerce Commission, we were awarded a million-dollar project to evaluate Illinois' electricity resource adequacy under new load conditions. The LADWP program, previously our largest contract, restarted finally in July. We don't expect material contributions from this $330 million five-year contract in 2025, but the ramp has started. Based on our pipeline of new opportunities and program expansions, we feel good about the outlook for 2026. On slide six. From 1970 to 2005, the US experienced several decades of sustained electricity load growth followed by 15 years of relative flatness. Today, we are in a new era of structural low growth, a trend that is reshaping the electricity landscape. This quarter reflected what we've seen over the past few quarters. Demand for our services is expanding across our end markets. The shift towards electrification, coupled with the resurgence in domestic manufacturing and the explosive growth of AI-driven data centers, creates strong tailwinds for WLDAN. Electricity demand in the U.S. is projected to grow by 50% between now and 2050, and we're already seeing the front edge of that demand emerge through multi-year infrastructure investments, grid modernization, and private sector-funded electricity for data center load. This demand environment supports our belief that WLDAN is well positioned to help our clients navigate these changes. We also continued to monitor the uncertainty around tariff risk. While these risks have not had a material impact on our business to date, we remain proactive. We're working closely with our clients to manage potential volatility, including inserting more flexible contract terms and identifying alternate suppliers for key equipment to mitigate pricing pressure if needed. While the economic environment remains generally constructive, a recession remains a potential risk, We would not be immune to a broad-based slowdown, but if that occurs, we believe Wildan is relatively well insulated, given the funding sources of our core customers, particularly utilities and public agencies. Overall, I'm very pleased with Wildan's performance. Q2 was solid across the board and forms the foundation for a strong second half and an even stronger 2026. Kim, over to you.

Al Keshok | Vice President, Investor Relations:

Thanks, Mike, and good afternoon, everyone. Our Q2 results marked the 10th consecutive quarter of significant year-over-year improvement, continuing the trend that began in early 2023. Organic net revenue growth of 23% for the second quarter, the successful completion of recent acquisitions, and strong free cash

flow conversion attest to the record-setting performance for the quarter and the year to date. This momentum enabled us to complete an expansion and extension of our credit facilities and reduce our total debt by $28 million during the quarter, reinforcing our commitment to disciplined capital deployment. With low leverage and strong operating performance, we're well positioned to continue to invest in growth and development of new opportunities. Turning to slide seven, For the second quarter of 2025, contract revenue increased 23% year-over-year to $174 million. Recent acquisitions contributed $11 million to the contract revenue in the quarter. Net revenue grew 31% to $95 million. The recent acquisitions brought 8% of that growth, yielding the organic growth rate of 23%. Growth was broad-based across both segments. Revenue in our energy segment rose 25%, led by continued strength and funding acceleration in utility programs and double-digit gains in planning and construction management. Engineering and consulting segment revenues increased 16%, reflecting the continuing municipal demand, geographic expansion, and new contract wins. Gross profit grew 40%. with gross margin improving to 39.4% from 34.6% last year, driven by a favorable revenue mix and solid project execution. On the cost side, G&A expenses rose 33%, primarily due to increased wages and incentive compensation aligned with the earnings growth, as well as higher stock-based comp linked to the rise in our share price, and depreciation and amortization from recent acquisitions. Altogether, higher revenues, favorable gross margin, and effective cost control drove a 92% increase in pre-tax income. Due to the impact of discrete items like the stock-based compensation and energy efficiency tax incentives, we reported a 52% income tax benefit for the quarter. Net income thus rose to $15.4 million, up 236% from the $4.6 million we reported in Q2 of 2024. Adjusted EBITDA reached $21.9 million, representing 23% of net revenue, up 71% from a year ago. Adjusted earnings per share more than doubled to $1.50 from 55 cents, and GAAP earnings per share was $1.03, up from 33 cents a year ago. This was a record quarter. Now to slide eight. For the first half of 2025, contract revenue was up 24% year over year, while net revenue increased 28% to $180 million. Gross profit increased 31% to $126 million as the gross margin expanded to 38.7% up from 36.5% last year. Adjusted EBITDA rose 52% to $36.4 million, and adjusted earnings per share grew 125% to $2.14 per share. GAAP earnings per share for the first half was $1.36 up from $0.54. All are record numbers for a six-month period. For some time, we've had a goal of achieving best-in-class adjusted EBITDA performance of 20% or more of net revenue. The 23% level for Q2 brings us our adjusted EBITDA margin to 20.2% for the six months to date and gives us confidence that we're on track to exceeding that 20% goal for the first time this year. Slide 9 outlines our balance sheet and cash flow metrics. We ended the quarter with $28 million in net debt and a net debt to adjusted EBITDA ratio of 0.4 times, modestly higher than year end after deploying $35 million in cash for the recent acquisitions. We had $32 million in cash, $90 million available under a $100 million revolver, and available but undrawn $50 million delayed draw term facility giving us $172 million in total available liquidity at quarter end. Subsequent to the end of the quarter, we reduced the borrowing under our revolver another $10 million, leaving us the full $100 million available at present. In the first half of 2025, we converted 80% of the adjusted EBITDA to cash from operations through a continuing focus on working capital efficiency. DSO was 70 days, reflecting continued strong collection and disciplined cash management. Free cash flow for the first half of 2025 was $24 million, consistent with the $24 million generated in the first half of 2024. On a trailing 12-month basis, our free cash flow was $64 million, or $4.34 per share. Our healthy balance sheets Expanded credit facility and strong operating performance provide us with the financial flexibility to pursue targeted acquisitions and expand capabilities in strategic markets, all while maintaining prudent leverage. Turning to slide 10, based on our year-to-date performance, we're raising our full year 2025 financial target. Net revenue is now expected to be between $340 to $350 million. Adjusted EBITDA is now expected to be in the range of $70 to $73 million. An adjusted diluted earnings per share is projected between $3.50 to $3.65 per share based on an estimated tax benefit of 15% and 15.1 million shares outstanding. These targets do not include the impact of any future acquisitions. For purposes of modeling, we expect Q3 adjusted EBITDA to be similar to Q2's and Q4 to be slightly less than Q3. On slide 11, we delivered solid growth in financial performance and we're raising our fiscal year 25 financial targets. We are well positioned in dynamic and growing markets and we have an active pipeline of strategic acquisition opportunities. We're excited about the future. Operator, we're now ready to take questions.

Operator | Conference Call Operator:

Thank you. If you would like to ask a question, please press star 1 on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star 2 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. Our first question is from Craig Irwin with Roth Capital Partners. Please proceed.

Craig Irwin | Analyst, Roth Capital Partners:

Good evening, and thanks for taking my questions. First, I should start off by saying congratulations. You know, I've never seen above 50 and a quarter for Wildan, so you guys are knocking the cover right off the ball. Mike, what stands out is 31% growth and 23% organic growth. Over the last few years, you've done a lot of work that I don't think investors have seen preparing for future growth capacity, the development of the capabilities of your site managers, your engineering teams, and then these recent acquisitions bring in new capabilities, new engineering talent. Can you maybe unpack for us, you know, the potential of Wildan to deliver on robust organic growth as we look into 26 and 27. You know, will this require substantial hiring beyond what you've put in place over the last couple years? Are there opportunities for leverage that you're seeing, maybe new opportunities that you're seeing with your recent acquisitions?

Mike Bieber | President and CEO:

Yeah, good question, Craig. 23%, one of the best numbers we've ever posted. It's outstanding, and certainly at this size. We've never done anything like that. We've worked hard over the last couple years in intercompany collaboration. When we bring in a new group, a new acquisition, that can catalyze a lot of cross-selling between the new acquisition's capabilities and our legacy clients, and that's what's happening in part. The organic growth rate has actually been increasing over the last several quarters, and some of it is due to that cross-selling. We're in the early stages with the APG. That's a key piece of the puzzle to help clients with data centers and utility clients trying to address these problems, and that has set off a number of opportunities, some of which we listed, many of which are to come later this year and into 2026, but It's the cross-selling that is helping to drive our organic growth above any of our competitors' weight that I have seen at least.

Craig Irwin | Analyst, Roth Capital Partners:

Excellent. And then can you maybe talk about your positioning for work with AEG? Now, Wildan, over the last several years, has had particularly strong relationships with utility commissioners. you know, as a service provider, you know, facilitating, you know, energy efficiency, you spent time educating commissions on different technologies and different solutions and helping them understand the returns available. How does this change WILDAN or position WILDAN for growth on the grid side as your, you know, your commercial and state and federal customers look to, you know, solve these grid problems? I mean, there's big problems and they need big solutions, but they need companies they can trust.

Mike Bieber | President and CEO:

Yeah, good question, Craig. You need to have a reputation and be trusted by these large IOUs, especially. That's true for the cities as well. So we've got a good background in working for IOUs across the country, and that helps us when we take a commercial client in for an interconnect, or do grid planning work or try to site data centers. We are standing up energy efficiency programs that tend to offset new generation. That reputation of delivering really helps. It's been going on for a long time. We really started in California and New

York, and now we're working across the country to

Craig Irwin | Analyst, Roth Capital Partners:

Excellent. And then cash flow has been particularly strong as well these last couple quarters. You know, I know you do have about 45% fixed price work out there. Can you maybe give us a little color on the character of that work? And, you know, going forward, is the balance of sort of cost in excess, billings in excess, and the cash flow cycle on some of these exciting projects going to be something we'll have to look closely at? Or is the character of the work that you're doing something where this is lower risk than some of these very large E&C projects that others tend to complete.

Al Keshok | Vice President, Investor Relations:

Yeah. Well, we are fortunate to get good cash flows from those fixed-price projects, you're right. And they do offer us a supreme opportunity to get paid in advance for work that's done subsequently and reduce the working capital requirements in the company. And we work hard on that, as well as working hard with our utility customers on faster invoicing and processing of those kinds of invoices. As far as the risk profile of the fixed price contract that we've got, it's relatively low compared to a classic EPC kind of a contractor. We subcontract, as you know, a fair amount of the work that we do. And the pricing on the projects that we execute in terms of materials is really pretty well handled in advance. We don't do a lot of self-performance kind of work where you rely on chubs where we've downloaded some of that pricing risk to them. We feel like those fixed price contracts are a little less risky than what you might think of the classic EPC contractor. Also, part of those fixed price contracts are actually service agreements. really no EPC risk involved in some of the work that we do in terms of planning and analytic stuff that is fixed price in nature. It's just based on the scoping of the work that we do. It's typically with the kinds of customers that we work with for quite some time on projects that we know well. The downside is pretty small with those. So we're pretty happy with that. We're pretty happy with the way that we've been able to bring down that overall working capital requirement on the cash flows. And I think, as you can see from the numbers, we've had pretty good success.

Craig Irwin | Analyst, Roth Capital Partners:

Understood. Last question, if I may. Obviously, the momentum across your markets is broad-based. It seems like everything's really working for you right now. Can you maybe call out for us any specific elephants that you might be chasing? You know, I know you've landed some chunky data center and power opportunities recently. Are there any projects or awards that are potentially, you know, $100 million plus that are potential bookings over the next couple quarters?

Mike Bieber | President and CEO:

You're looking into our playbook, Craig. Yes. We've got a few of them that we've been chasing for quite some time actually and they have come to maturity. I think it's likely that you'll see some announcements. We've been chasing an important contract in New York and I think we're nearing completion on that one. That's a nice big opportunity and there's a series of opportunities with some of the RENs in California. We've talked about RENs in the prior quarters. Those opportunities are coming out later this year. They'll probably be awarded either late this year or sometime early in 2026. And those are all nice, big, new chunks of long-term contracts.

Craig Irwin | Analyst, Roth Capital Partners:

Fantastic. Well, congratulations, guys. Really impressive results. Thanks, Craig.

Operator | Conference Call Operator:

Our next question is from Tim Moore with Clear Street Capital. Please proceed.

Tim Moore | Analyst, Clear Street Capital:

Thanks and congratulations on the continued organic sales growth and the cross-selling EBITDA margin expansion despite the Los Angeles Water and Power contract not really kicking in yet. I just want to kind of touch base on one aspect I think maybe similar to cross-selling APG, but A little bit different. The software and analytics side, I mean, you have that gem of a business, the E3 acquisition that you did. So I was just wondering, are you seeing that, you know, as a carrot tangle, really bringing in more penetration, you know, getting you into the door, some of these, you know, clients to really show them the power, you know, support and innovative resource planning? Or is that something you kind of tack on to other existing businesses?

Mike Bieber | President and CEO:

No, you're exactly right, Craig. The software offering is now being paired with our services where we didn't provide that type of integrated consulting before. And a number of new projects have been awarded over the last, I'll say, 18 months with that recipe. It's really working pretty well pairing the software with the consulting services. We mentioned also earlier that upfront consulting work grew organically 50% year over year for the first half over the last half. So it's on fire. It's doing exceptionally well right now. We're adding new capabilities and recruiting a lot of new hires.

Tim Moore | Analyst, Clear Street Capital:

That's very helpful, Micah. I appreciate that. I just want to just, you know, really follow up, I guess, on the broad-based growth question I kind of asked this last quarter. Considering you had that gap for the Los Angeles Department of Water Power Contract pretty much in the first half of this year, is there anything you can pinpoint besides the upfront consulting work? Anything jumping out that you really think is coming back and getting momentum to really kind of reconcile a bit more the organic sales beat in the June quarter?

Mike Bieber | President and CEO:

It's tough to do that. We've been growing into teams. We have previously posted individual quarters up in the 20s. This was exceptional. 23% is one of the best numbers we've ever posted, and it really was sort of across the board. It was a combination of expanding existing long-term agreements where those big annuity-type IOU relationships increased in volume It wasn't a lot of new awards. It wasn't any single big award. And additional cross-selling, where we're pairing our legacy civil engineering work with performance contracting. We won a number of new contracts in Southern California. Also, if you look at the large IOU engagements on the East Coast and on the West Coast, California contracts, especially SDE, those were all significantly up as well. So all of those areas contributed to that 23% outstanding performance.

Tim Moore | Analyst, Clear Street Capital:

And that's terrific color and built conviction for investors. And my last question is, you know, I just want to follow up a question I asked for Kim, I think last quarter. You know, tariffs comes up a lot. You know, we know that I think maybe if I got this wrong, equipment materials might be 25% to 30% of your overall contract value from the non-consulting business side. You have price escalators. You use subcontractors. So is there a chance that, you know, you kind of reach the end of this year or early next year where there's a gap maybe a little bit in the price escalator clauses kicking in from some of the older contracts? I'm just kind of wondering how you deal with that.

Al Keshok | Vice President, Investor Relations:

Yeah, you know, we don't expect it to have a significant impact, obviously, this year. But we think we're pretty well covered from that end. As we move into next year, we do, as we indicated, a number of our contracts are going to provide opportunities for us to pass along pricing increases and changing contract terms. It's going to offer us the opportunity to also update pricing to the extent that tariffs may impact them. It's not sure, as you've seen with the volatility of exactly what those tariffs are going to be or what they're going to impact and how much of our equipment is actually imported and subject to those tariffs. But right now, we're still not considering that to be a major threat to us. I'm sure there'll be some increases in material costs in some of our contracts and we may some impact from those. But as Mike mentioned in his comment, I think that we're in a pretty good position to manage that risk at the moment anyway.

Tim Moore | Analyst, Clear Street Capital:

Great. Great. Thanks, Kim and Mike. I appreciate it. And that's it for my questions.

Operator | Conference Call Operator:

Our next question is from Paul Stringler with Satori Capital. Please proceed.

Paul Stringler | Analyst, Satori Capital:

Congratulations on another great quarter. Well done. Just got a couple quick administrative questions. I noticed in the one big beautiful bill, the Section 179D tax credit was terminated. It will be wound down sometime next year. And I know, obviously, this court, you've had a large tax benefit. Can you just talk about what that means going forward?

Al Keshok | Vice President, Investor Relations:

Yes. Well, that is something that we have seen as well. We're not happy to see that go away. We're not sure whether it will stay away. There's certainly going to be efforts to see if that provision can be restored. But it will have a significant impact on our tax rate for this year, and we'll continue to enjoy that benefit really probably pretty much through the end of next year. I think it's all the projects that get started through sometime in the fall of next year. I can't remember exactly what month it is. But yeah, that will be an impact for sure if the cancellation of that tax benefit goes away. We've been able to enjoy tax benefits in the low teens and the credits, of course, For this year, we would expect the tax rate to be relatively low next year as well because of that benefit we'll continue to enjoy. But, you know, if it goes away, we'll have that higher tax rate, and that's just something that we'll have to deal with. But we're in pretty good shape.

Paul Stringler | Analyst, Satori Capital:

And then just I was thinking more about the impact to customer decisions on, you know, making energy efficiency upgrades. Because they lose that 30% tax credit. What does that do to payback periods for some of these projects?

Al Keshok | Vice President, Investor Relations:

Well, that 30% tax credit is not the 179D. That's a different issue. But yeah, the elimination of the incentives for some of those generating projects, you mean, for renewable energy? Yes. Yeah. It's a minor issue, I think, for us. That's not what drives... much of the work that we're doing within our government sector. That's where we get the benefit from the 17090 are generally from government and non-taxpaying kinds of clients doing utility scale generation of wind and solar projects, which is where the biggest impact of the cancellation of those investment tax credits is going to be impacted. is a relatively minor part of what we do. We don't do utility-scale generating projects really at all. We're focused on smaller-scale projects that we do as part of our facilities improvement and the infrastructure we do for some of the public entities.

spk02:

Great. Well, thank you so much. Congratulations, and keep up the good work. Thank you.

Operator | Conference Call Operator:

As a reminder, there's star one on your telephone keypad if you would like to ask a question. Our next question is from Richard Eisenberg, private investor. Please proceed.

Richard Eisenberg | Private Investor:

Yes, good afternoon, and congratulations on a great quarter. Thanks, Richard. You're welcome. Are you close to making any more acquisitions this year? And in states like North Carolina, South Carolina, and Georgia, is it harder to do business there because the governor is a Republican and he doesn't have the same policies as the blue states? Thank you.

Mike Bieber | President and CEO:

Well, acquisitions, you never can tell when you're in them, when or if they'll close. What we can say is that we do have a good pipeline of new opportunities that we're looking at, evaluating, and talking with. So that's gonna play out for us over this year and certainly the first half of next year based on the companies that we're already generating relationships with. That's what the M&A pipeline looks like. And it's likely that over that period of time, we will have acquisitions that make it through our gaps and close. We'll tell you about them when they do. In terms of North Carolina, South Carolina, and Georgia, it's interesting, actually. We do have a large contract with Duke that serves North and South Carolina, especially, and several other states. And no, it's not harder to do business there, actually. That contract's doing very well. You know, so... sometimes don't believe everything you read in the newspapers. We read a lot about polarizing policies at the political level, and it generally has very little to do with the actual work we see on the ground. North Carolina and South Carolina are vibrant markets for us right now. Okay, that's good.

Richard Eisenberg | Private Investor:

Also, if that... That elimination of the tax credit in the big bill, the big beautiful bill, as they call it, if that goes away, how much would your tax rate go back up to? Right now it's about 15%. How much would it increase if that actually stays law, stays part of the bill?

Al Keshok | Vice President, Investor Relations:

Yeah, well, that tax rate, that 15% you're talking about is a 15% benefit, not a 15% tax rate. But, you know, previously we were looking at... you know, maybe the low teens or mid, mid kinds of teens tax rates. And with the elimination of that, um, you know, we're likely to get, you know, much closer to 20, um, somewhere in that kind of a range, I would guess, you know, it varies from year to year, just based on the square footage of how the properties that, uh, that get completed. So it's tough to just tie it to a number because it's, it's tied to, uh, actually to a square footage piece, but, But it will have a significant impact, I would say, you know, let's call it five points or so on what our effective tax rate would be on a normalized basis. So it's significant. But, Richard, you likely wouldn't see that until 2027 or later. Yeah, yeah.

Richard Eisenberg | Private Investor:

Okay. So it wouldn't go like to 25% or 30%. It would just go from, let's say, 15% to 20%.

Al Keshok | Vice President, Investor Relations:

Yeah, that would be my best guess at this time as to what we look for. We have other benefits that we get that run through our tax rate as well to arrive at the effective tax rate that we get. But it would definitely increase our effective tax rate over what it would be if 17090 stayed in place. It's significant for us and really helpful.

Richard Eisenberg | Private Investor:

Okay. Okay. Okay, thank you very much, guys. Thanks a lot.

Operator | Conference Call Operator:

We have reached the end of our question and answer session. I would like to turn the floor back over to Mike for closing remarks.

Mike Bieber | President and CEO:

Well, thank you all for attending. We'll see some of you over the next few months, and we look forward to speaking with all of you next quarter. Thank you.

Operator | Conference Call Operator:

Thank you. This will conclude today's conference. You may disconnect at this time, and thank you for your participation.