NASDAQ:WLDN Q3 2026 Earnings Call Transcript

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Bill | Conference Operator:

Greetings. Welcome to the Will Dan Group Third Quarter Financial Year 2026 Financial 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 during the conference, please press star zero on your telephone keypad. Please note, this conference is being recorded. I will now turn the conference over to Al Kaschalk, Vice President. Thank you. You may begin.

Al Kaschalk | Vice President:

Thank you, Bill. Good afternoon, everyone, and welcome to Will Dan Group's third quarter 2026 earnings call. Joining our call today are Mike Bieber, President and Chief Executive Officer, and Kim Early, Executive Vice President and Chief Financial Officer. 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 IR website. Please note that year over year commentary or variances on revenue adjusted EBITDA and adjusted EPS discussed during our prepared remarks are on an actual basis unless otherwise specified. We will make forward-looking statements about our performance. These statements are based on how we see things today. While 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 due to risk and uncertainties. With that, I'll hand the call over to Mike, who will begin on slide two. Thanks, Don, and good afternoon or evening to everyone on the call.

Mike Bieber | President and Chief Executive Officer:

We had a strong operational performance in Q3. In the third quarter, contract revenue and net revenue each grew 18% and the rest of the group. We've achieved this kind of double-digit growth all year long, which has led us to a record nine-month performance in 2026. Two important things have happened since our last call. First, on October 30th, we closed the acquisition of Mantis Innovation, which significantly scales our commercial and industrial energy management business. Second, with nine strong months behind us and Mantis now closed, we are raising our full-year 2026 targets again and today we are introducing preliminary 2027 targets that call for continued double-digit growth. Before I move on, I want to congratulate our team on excellent business execution and thank our customers for entrusting us with some of their most difficult challenges.

Mike Bieber | President and Chief Executive Officer:

On slide three.

Mike Bieber | President and Chief Executive Officer:

Back in 2024, I talked about our strategy to significantly increase our presence in the commercial market to balance our customer exposure. We believed then that a broader customer base would add stability, create new growth opportunities, and support higher margins. That strategy has been effective. Just two years ago,

commercial work was about 7% of our business. Today, it's about a quarter of our work. And with Burton and Mantis acquisitions on a full-year pro forma basis, commercial work is equally balanced with work for state and local governments and utilities. We've now achieved what we set out to do, grow an equal third leg of the stool that diversifies our risk and leads to more consistent results. Commercial end markets have the additional benefit of growing faster than our company average and providing higher margins. Compared with two years ago, on a pro forma basis, Wildan now has no customers over 10% of revenue, and our work now covers all 50 states. We've significantly reduced our customer concentration risk and heavy concentration of work in California and New York.

Mike Bieber | President and Chief Executive Officer:

On slide four.

Mike Bieber | President and Chief Executive Officer:

We've now finished the HSR process with financing in place and we closed the Mantis transaction last Friday. Mantis is headquartered in Houston, has more than 220 employees across the country, It provides energy management services primarily to large commercial and industrial customers, CNI customers. These energy services include efficiency, procurement, consulting, and controls. As you can see on the slide, Mantis adds an almost entirely new list of blue-chip clients to Wildang, including Savi, DataBank, Chobani, Hershey, Frito-Lay, Molson Coors, and Assa Abloy. In 2026, Mantis is expected to generate about $120 million in contract revenue. The accounts have taken a closer look at the components that build up net revenue, and under those new guidelines, we now expect Mantis to add about $75 million in net revenue, not the $120 million as previously communicated. That change also means that Mantis's margin will be accretive to wilderness, and will be about 35% of EBITDA to net revenue. Strategically, Mantis has a strong management team, a differentiated set of capabilities, and long-standing relationships with blue-chip commercial and industrial clients.

Mike Bieber | President and Chief Executive Officer:

Next on slide five. We've had another strong stretch of contract wins, and here are six notable examples since our last earnings call.

Mike Bieber | President and Chief Executive Officer:

For the New York Power Authority, NYPA, we were awarded a 10-year multiple award IBIQ contract This represents the recompete of one of our largest contracts. We perform $50 to $60 million per year of work for NYPA on a variety of energy-related projects in New York, and this vehicle will support continuation and further program growth. There was a press release today about this. Secondly, Von Edison and National Grid decided to combine several existing smaller programs into one contract and award us a $25 million per year energy efficiency and electrification program serving gas and electric customers in downstate New York. This work will include our existing Con Ed multifamily and small business work and add national grid. This is the 17th year in a row supporting Con Ed's energy efficiency program and is a significant expansion of the work we're currently performing. For Menlo Digital, we were awarded a $20 million substation project, which is 50 megawatts in size. For Bodkin in Texas, we were awarded a $16 million, $75 megawatt battery energy storage system. I mentioned in the last call how popular these best projects are becoming because they provide owners reserved grid capacity, higher grid resiliency, and improved power quality. Lastly, we were awarded two projects in California for $9 and $8 million, respectively. One is a solar and HVAC project, and the other is a solar best project.

Mike Bieber | President and Chief Executive Officer:

It was another strong quarter full of new winds and the pipeline solid heading into the end of the year. On slide six, there are some macro trends that are fundamentally reshaping the energy sector and creating opportunities for welding.

Mike Bieber | President and Chief Executive Officer:

First, artificial intelligence is driving data center development. Second, a changing climate is bringing hotter summers, more wildfires, and more severe storms. Third, new technologies like batteries, solar, and digital controls are being connected to a grid that in many places is 50 to 100 years old. And fourth, inflation and global conflict are raising the cost of commodities and power equipment. These four trends are having a profound, probably once-in-a-generation, impact on the energy sector. We've been talking for the past 11 quarters about the return to electric load group, driven by the confluence of data centers, electrification, and more extreme weather patterns. This is making wheeled-end services more valuable to customers. There is a massive need for reinvestment in the utility and power equipment space. But the trend that has emerged as the most important to our customers, regulators, and now even the public, is energy affordability. While the average retail electricity rate rose by 5% year over year, many specific locations in the grid have increased by more than 30% in the same period. Residential heating oil prices have increased 75% year over year. The factors described on this slide have converged to make power affordability the most important consideration for most WLDAN clients. Communities and policymakers want low growth, but not at the expense of customer bills. WLDAN sits at the epicenter of this grid challenge. Working with all three of our customer groups, utilities with the planning and energy efficiency programs, state and local governments on siting, permitting, and regulatory frameworks, and commercial clients with energy procurement and efficiency. These trends are all playing towards our strength.

Mike Bieber | President and Chief Executive Officer:

Kim, over to you. Thanks, Mike, and good afternoon, everyone.

Kim Early | Executive Vice President and Chief Financial Officer:

We delivered another strong quarter with net revenue of 18% and adjusted EBITDA of 22% on healthy demand, disciplined execution, and Margin Expansion. Year-to-date, adjusted EBITDA is up 34%, and our adjusted EBITDA margin on net revenue has expanded more than 300 basis points. Even after deploying $56 million for acquisitions this year, we ended the quarter at 0.2 times net leverage, which positioned us to close the Manus Innovation acquisition after the quarter end. Turning to the third quarter results on slide 8, contract revenue and net revenue each grew 18% to $215 million and $112 million, respectively. Organic net revenue growth was 12%, with the balance of the growth from recent acquisitions, including Burton and Compass. Gross profit grew 23% to $82.5 million, and gross margin expanded about 150 basis points to 38.4% of contract revenue. The improvement reflects a favorable revenue mix, including higher incentive revenue under some of our utility programs and increasing revenue from our LADWP street lighting project. adjusted EBITDA increased 22% to $28.3 million, a 25.2% margin on net revenue of 80 basis points from the year-ago quarter. G&A expenses increased 27% to $66.1 million, or 30.8% of contract revenue versus 28.7% a year ago. Growth from non-cash with stock compensation rising 58% to $5.0 million on new grants at a higher stock price and depreciation and amortization increasing 48% to $5.8 million on the acquired intangibles. Salary and benefit costs grew 24% in line with the acquisitions and revenue growth. Interest expense rose 19% to $1.1 million, reflecting increased borrowings to fund the Burton acquisition. The higher stock comp and intangible amortization slowed the pre-tax income growth to 8% over the prior year quarter, or $15.4 million. Our effective tax rate rose to 23% from 4% a year ago, reflecting higher pre-tax income and lower discrete benefits from stock option exercises and facility energy efficiency deductions. As a result, net income

was $11.9 million or $0.76 per diluted share versus $13.7 million or $0.90 per share a year ago. Adjusted earnings per share was $1.20 essentially flat with $1.21 in the prior year as the higher tax rate offset the 22% growth in adjusted EBITDA. On an operating basis, it was another very good quarter. Turning to the year-to-date results on slide 9, for the first nine months, contract revenue grew 18% to $601 million and net revenue grew 17% to $322 million, or 21% and 20% of net revenues respectively, of growth respectively, normalizing for last year's extra week. Gross margin expanded 80 basis points to 38.8%, again reflecting a favorable revenue mix and increasing utility revenue. G&A expenses grew 19% in line with contract revenue. Pre-tax income grew 41% to $41.7 million, helped by the higher gross profit margin, a bit of operating leverage despite the increasing non-cash charges, and the absence of last year's one-time refinancing and lease charges. We recognized a $3.0 million tax benefit for the nine months compared to a $4.2 million benefit a year ago. Net income rose 32%. to $44.7 million or $2.89 per diluted share of 28%. Adjusted EBITDA rose 34% to $79.4 million or 24.7% of net revenue up from 21.6% a year ago. And adjusted earnings per share grew 25% to $4.18. All are records for a nine-month period. On slide 10, our trailing 12-month results show the consistency of underlying growth of the business and our ability to convert that growth into higher margins. Contract revenue of $774 million was up 19%, net revenue of $411 million up 16%, but adjusted EBITDA of $99.5 million was up 29%. and adjusted earnings per share of $5.75 reflects a 41% increase. Earnings continue to grow faster than revenue, driven by project management productivity, AI-enabled efficiency, and G&A that grows more slowly than revenue. On slide 11, the consistency of growth in earnings and margins is on display. Our adjusted EBITDA has grown at a 48% CAGR over the past four years, from $23 million in 2022 to the $110 million midpoint of our guidance in 2026. That record has been derived from a combination of organic revenue growth and acquisitions. but also by increasing our adjusted EBITDA margins through a combination of greater project profitability and operating leverage from discipline cost control. Our long-term goal remains adjusted EBITDA margins in the high 20% range, and the margins of 25.2% in the quarter and 24.7% year-to-date keep us on track to expand from 21.8% in 2025 to about 25% this year. The acquisitions of Burton and Mantis will accelerate our progress toward our high 20s goal. Starting the cash flow and the balance sheet on slide 12. Year to date, operating cash flow was $32.9 million compared to $40.1 million a year ago. reflecting a temporary working capital lag in September expected to reverse in Q4. Over the last 12 months, free cash flow was $64.5 million, or $4.17 per share. On a long-term basis, we expect free cash flow to exceed 70% of adjusted EBITDA, aided by the $31 million in deferred tax assets on our balance sheets. We ended the quarter with $23 million in net debt, or 0.2 times the trailing 12 months adjusted EBITDA, down from $33 million and 0.3 times at the end of the second quarter. After repaying another $5 million on our revolver, we had approximately $174 million in available liquidity at the end of the quarter. including $85 million on our revolver, our $50 million undrawn delayed draw term loan, and $39 million in cash. Turning to slide 13, with the closing of the MANTIS transaction after the end of the quarter, this slide shows our capitalization on a pro forma basis, including MANTIS and the related financing. After reducing our revolver balance to zero after the September month end, we funded the acquisition of Mantis with a new $250 million term loan and a $35 million draw on our $100 million revolver, bringing total debt to $332 million at the close and net debt to $293 million. This results in net leverage of approximately 2.3 times the pro forma trailing 12-month adjusted EBITDA, and $154 million in available liquidity for the future. We will focus the majority of our strong free cash flow profile on debt reduction and expect to report a net leverage ratio below 2.0 times the adjusted EBITDA by the end of the third quarter of 2027. We're comfortable with the state of our balance sheet after completing the Mantis acquisition and expect to continue to support a robust organic growth while exploring smaller acquisition opportunities that expand our markets and accelerate our growth while we reduce leverage. Now to slide 14. Based on our results through the third quarter and visibility into our book of business, we're raising our full year 2026 targets. We now expect net revenue of $435 million to $445 million, adjusted EBITDA of $109 to $111 million, and adjusted diluted earnings per share of $5.15 to $5.25. This outlook assumes approximately 15.9 million diluted shares, and the 0% effective tax rate for the year on GAAP earnings. These numbers include Mantis from October 30 and assume no further acquisitions. I'll now turn it back to Mike to preview 2027 on slide 15. Yeah, thanks, Kim.

Mike Bieber | President and Chief Executive Officer:

So on slide 15, with less than two months to go this year and having closed Mantis, let me provide you a preview of what we think 2027 We see a continued strong market for our services and anticipate the kind of continued strong execution you've come to expect. We're working toward becoming a trusted advisor to our clients. I see this in our work, but investors can also see this because more than 80% of our work comes from the same repeat clients. We've now become a trusted expert. at helping solve some of the electricity grid constraints in and around our major metropolitan hubs. Coming into 2027, we have a fresh set of new technical capabilities and client relationships, so we'll be focusing on internal cross-collaboration. As a company, we've become far more effective at this collaboration and more of our teams are interdisciplinary than ever before. For clients, that means that we can assemble the kind of national expertise they need for their unique challenge. We think this picture will come together in 2027 such that, for the first time in the company's history, we will achieve a billion dollars in contract revenue, implying about 19% annual growth. That kind of top-line number will be complemented by more than a half billion dollars We're now expecting more than $140 million in EBITDA for 2027, which represents more than 25% annual growth and continued margin improvement over 2026. Our track record of consistent growth shows that we've got the right management team, the right systems and processes, and the right long-term customer relationships to drive us past the billion-dollar revenue milestone in 2027. On the last slide, in summary, we've generated record results this year and are raising our 2026 financial targets again. As a reminder, we are on the cusp of achieving an adjusted EBITDA of 48% per year over the last five years. The Burton and Manis acquisitions in the last six months have significantly strengthened our capabilities for commercial and industrial customers and have now equally balanced our customer portfolio. Electric load growth and the massive need for grid modernization are driving the majority of our customers to increase spending. We are an excellent cash generator, so we are targeting to reduce our leverage ratio below two times by the third quarter next year. And finally, we're introducing preliminary 2027 targets, which continue our double-digit performance and which achieves a billion dollars revenue next year. Operator? Let's now open up the call to questions.

Bill | Conference Operator:

Thank you very much. We will now be conducting a question and answer session. If you would like to ask a question, please press star 1 on your telephone keypad. A confirmation tone will indicate that 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 any speaker equipment, it may be necessary to pick up your handset before pressing the star keys. Thank you. Our first question is from Craig Irwin of Ross Capital Partners. You may proceed with your question.

Craig Irwin | Analyst, ROTH Capital Partners:

Good evening, and thanks for taking my questions. First, congratulations on another really solid quarter in here, impressive execution in this market. The equities the last few days have been dominated by concerns about data center, right? You're tripling your business at APG, 75 million this year, up from 25 last year. and Mantis actually brings you some really interesting assets in that market. Mike, you have a real world level of visibility on the market right now. The customers obviously talk to you daily because you're executing projects for them. Can you maybe talk a little bit about fair expectations for data center that might be included in your guidance for a billion dollars in revenue next year? Are you expecting a triple again at APG? Are you expecting Mantis to have a similar growth rate? Or do you have sort of moderated expectations around that? And how fungible are the resources that you have positioned at data center to address some of these significant problems elsewhere in the grid? Like NYPA, I guess, was a good example that you shared on the call today.

Mike Bieber | President and Chief Executive Officer:

Yeah, Craig. This has received, obviously, a lot of press. I'd characterize it as the political wave running against data centers might allow supply chain and the labor market to catch up with the current demand for data centers. Remember, demand for these data centers is not wavering. It's not going away. No, we're not expecting a major slowdown, a major change in what's already and many others. It's a robust market out there. More importantly for Wilden, the and the grid constraints aren't just coming from data centers. It's climate change I mentioned, electrification. These changes are real across the country. No one factor is driving it. It's multiple factors. The grid's just undersized right now for this modern world that we live in. We're in the business of solving that and so our utility customers in particular and even the state and local customers have high demand for these types of services that look at constraints, evaluate them, help plan for those changes, and alleviate the stress points. Business is good.

Craig Irwin | Analyst, ROTH Capital Partners:

I like that. I like that. So second question, if I may. Anyone that knows you knows that you're a very conservative guy. You have ambitious goals, and you're about to meet one of those with a billion dollars in revenue. but you plan for a range of scenarios, right? So when I step back and I look at this Mantis acquisition, I find the property extremely interesting for the lack of overlap between your data center customers, the fact that they're mostly unique to each of the two companies and then the fact that Wildan with APG has significant expertise, a great resume and high voltage while Mantis has a great resume and expertise experience in medium voltage. Can you maybe talk about how transferable these services might be between your customers and whether or not Mantis customers could eventually be served by Wildan? I'm not asking for a timeline or specific impact on the revenue outlook, but the bigger picture as far as whether or not these two Two key things sort of fit together longer term.

Mike Bieber | President and Chief Executive Officer:

We think there's a great opportunity here for cross-selling. I mentioned that, you know, the cross-collaboration is going to be a primary focus, especially in the next six months. And we have our kickoff meeting for that in two weeks. We think there's a great opportunity because Mantis is coming, you're right, with a set of blue chip clients that is all new to Wheelband. There's essentially no to focus on cross-selling all of the capabilities and the energy that we provide those types of clients.

Craig Irwin | Analyst, ROTH Capital Partners:

Excellent. Then last question, if I may. You gave us a preliminary look on 27 as far as net revenue EBITDA. Is it fair for us to expect your free cash flow generation to more or less track your EBITDA in 27, similarly to the way it's developed in 26?

Kim Early | Executive Vice President and Chief Financial Officer:

Yeah, I think that's a fair assumption, Craig. That's what we would expect.

Craig Irwin | Analyst, ROTH Capital Partners:

So more than $100 million in cash flow is probably a fair starting point. Is that something that we can say? Yeah.

Kim Early | Executive Vice President and Chief Financial Officer:

Well, we said, you know, more than 70%, and 70% of that 140 would be 98. So we are in the right neighborhood, yeah.

Craig Irwin | Analyst, ROTH Capital Partners:

All right. And you guys are conservatives, so I like that. Hey, congratulations. Another solid quarter. I'll hop back in the queue.

Mike Bieber | President and Chief Executive Officer:

Yeah, thanks, Craig.

Mike Bieber | President and Chief Executive Officer:

Thank you.

Bill | Conference Operator:

Our next question is from Tim Moore with Clear Street. You may proceed with your question.

Tim Moore | Analyst, Clear Street:

Thanks, and we appreciate you providing preliminary guidance for next year, and it was nice to see that net debt leverage target for next September or so provided. I have a question that is really an industry expertise question. It's a little bit different than the one you just got because mine's been teed up since sunrise yesterday after the election results. Partially due to maybe The Outcome in the Texas Governor Election, and even Ohio. We've been getting a lot of calls on this with data center permitting moratoriums and restrictions. I just want to bounce off of you, Micah, if you don't mind sharing. Can you kind of share me the rough timing on interconnection permitting? Isn't that usually early design phase? I mean, some of these big data centers take 18 to 24 months to construct. So wouldn't an interconnection moratorium or a pause really be for data centers that might not power on until late 2028 anyway, right, because it's early stages. I'm just kind of trying to wrap our head a little bit better around, you know, the delay, and it doesn't seem to be impacting next year's power on, because the queue's, you know, pretty far out anyway. Just if you can share anything on what you're aware of on just interconnection, permitting, timing.

Mike Bieber | President and Chief Executive Officer:

It's a great question. I'm glad you asked it, because we just researched this. In fact, one of our people put together a chart on this by Geography. And interconnection times, by and large, across the country, take years. It's not months. It's years. It's a multi-year process, typically. And so you really start your other permitting with data centers. You may even design, build, and construct the data center without the interconnect. You may be able to operate that if it has additional power sources, which many of these do have. The interconnect may be the last thing that happens. But eventually, most of these data centers do get connected to the grid. It's just way on down the process and generally does not stop from what we've seen, the actual upfront, sometimes the design and actual construction of these facilities.

Mike Bieber | President and Chief Executive Officer:

So multi-year. Thanks for that.

Tim Moore | Analyst, Clear Street:

We appreciate it. I just had another question on battery energy storage. It's growing so rapidly. Is there any way you could share maybe what your battery energy storage systems maybe are as a percentage of your revenue this year or maybe how much they've grown over the last year?

Mike Bieber | President and Chief Executive Officer:

Good question. I don't have a number on that. I think it's an interesting question. We'll get back to you offline on it. I'm guessing it's in total 5% or less right now, something like that. You're right, it's growing very quickly. And I just looked at a queue of a bunch of new projects that clients are asking us about. So it's a really interesting area and something that we're very good at. So clients tend to seek out Will then for that particular expertise.

Tim Moore | Analyst, Clear Street:

That's great. I've noticed in your last couple of presentations that you had that. Yeah, I mean, Beth, I think it's going 20% to 30%, so I imagine you're doing pretty good with it. But thanks a lot. That's it for my questions. Thanks, Mike.

Mike Bieber | President and Chief Executive Officer:

Thanks, Jim.

Mike Bieber | President and Chief Executive Officer:

Thank you. Our next question comes from Stephen Warhatif from Wedbush Securities.

Bill | Conference Operator:

You may proceed with your questions.

Stephen Warhaftig | Analyst, Wedbush Securities:

All right, thanks for taking the time, guys. I appreciate the questions, and congrats on another very strong quarter. I kind of want to turn my attention to the fiscal year 27 guidance. I mean, the numbers themselves are very strong. We're looking at a contract revenue of a billion, net revenue of 500 million, and then very strong even in numbers. I want to get a better understanding of the split between the commercial, the utilities, and the state and local governments into fiscal year 27, because you laid out the long-term A third, a third, a third split between those three businesses. But can we get a better understanding of what your expectations are for fiscal year 27 if that's going to be reaching that long-term target or what kind of, what are you baking in there?

Mike Bieber | President and Chief Executive Officer:

No, we're there already on a pro forma basis. So for 2027, it'll be about equal thirds. A third, a third, a third for our three customer segments.

Stephen Warhaftig | Analyst, Wedbush Securities:

Okay, and then it's supposed to maintain throughout fiscal year 27, if that's the assumption. And then for that guidance, can we also get a little bit of an understanding of what that's going to be between the energy revenue and the rest of the business? Good question.

Mike Bieber | President and Chief Executive Officer:

There, you know, from a gross revenue perspective, it's going to revert. Right now, 15% is in our engineering segment, and that's going to shrink to more like 10-ish percent. of our total revenue, maybe even a little less than that, with the remainder, you know, 90-plus percent of our revenue being focused on energy and in the energy segment.

Mike Bieber | President and Chief Executive Officer:

Okay, got it.

Stephen Warhaftig | Analyst, Wedbush Securities:

And then specifically on the Mantis acquisition, because you mentioned how it was originally going to be $120 million of contract revenue. and you mentioned that the margins were a little bit lower from a contract revenue or from a net revenue standpoint, but it's actually going to generate about 75 million of net revenue. Can you kind of give us a better understanding of what your expectations are from an organic basis? What's really going to drive the organic growth and what's going to be that split between organic and inorganic heading into fiscal year 27 as well?

Mike Bieber | President and Chief Executive Officer:

Sure. We don't have a bottoms up on that yet. We're just starting our planning process for Wildan and Mantis for 2027. So, we're not going to provide specific guidance on that until late February next year. But, you know, if you look historically, and this trend line is continuing right now, it's a, you know, low double-digit type organic growth business. And we'd expect that for the rest of Wildan. We're seeing that right now. And We think that's going to continue. So it's similar to the rest of Wildanc.

Stephen Warhaftig | Analyst, Wedbush Securities:

Okay, got it. And then just last question from me, specifically on the deleveraging path, because it was great to get some color on reaching below two times by 3Q27, but it's As I'm doing the math, we're getting to around that $100 million of free cash flow. It seems like this is a pretty conservative target. Is that why the timeline is basically a 12-month ending, not really close to the six to nine months? Because it seems like it's a very strong cash-generating business, and you can pay down that debt pretty aggressively. But is it more so you're giving yourself wiggle room to do some of those smaller tokens, or is there something else that I'm missing?

Kim Early | Executive Vice President and Chief Financial Officer:

Well, you know, the cash flow is, you know, it's not consistent throughout the year. Our first quarter tends to be a little heavier use of the cash flow. And so, you know, first quarter tends to be a little bit weaker. And as you'll see this year, in the past couple of years, our fourth quarter tends to be the strongest in terms of the way the cash flow goes. So that's why we're, you know, we're giving ourselves plenty of room there. Get through the first quarter, We'll have really good cash flow this fourth quarter, so we've only got two months left of that. Q1 will be a little weaker, and then Q2 a little stronger. It's possible that we reach that goal in the second quarter, but again, just trying to be conservative and making sure that we've got room there, then by the third quarter, it should be solidly below the 2.0 mark.

Mike Bieber | President and Chief Executive Officer:

Okay, understood. I appreciate the time and congrats again on the results. Thank you. Great. Thanks, Stephen.

Bill | Conference Operator:

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

Mike Bieber | President and Chief Executive Officer:

Well, thank you for your interest in WILNAN. We appreciate it very much to all our stakeholders out there. And we will talk to you in late February where we'll plan to give full year 2027 Thanks a lot and talk to you then.

Bill | Conference Operator:

Ladies and gentlemen, thank you for your participation today. This concludes today's teleconference call. Please disconnect your lines and have a wonderful day.