

STRL Earnings Call Transcript

Date: 2025-11-04

Quarter: 3

Operator: Good morning, ladies and gentlemen, and welcome to the Sterling Infrastructure Third Quarter Webcast and Conference Call. [Operator Instructions] As a reminder, this call is being recorded on Tuesday, November 4, 2025. And I would now like to turn the conference over to Noelle Dilts, Vice President of Investor Relations and Corporate Strategy. Please go ahead.

Noelle Dilts: Good morning to everyone joining us, and welcome to Sterling Infrastructure's 2025 Third Quarter Earnings Conference Call and Webcast. I'm pleased to be here today to discuss our results with Joe Cutillo, Sterling's Chief Executive Officer; and Nick Grindstaff, Sterling's Chief Financial Officer. Joe will open the call with an overview of the company and its performance in the quarter. Nick will then discuss our financial results and guidance, after which Joe will provide a market and full year outlook. We will then open the call up for questions. As a reminder, there are accompanying slides on the Investor Relations section of our website. These slides include details on our full year 2025 financial guidance. Before turning the call over to Joe, I will read the safe harbor statement. The discussion today may include forward-looking statements. Actual results could differ materially from the statements made today. Please refer to Sterling's most recent 10-K and 10-Q filings for a more complete description of risk factors that could affect these projections and assumptions. The company assumes no obligations to update forward-looking statements as a result of new information, future events or otherwise. Please also note that management may reference EBITDA, adjusted EBITDA, adjusted net income or adjusted earnings per share on this call, which are all financial measures not recognized under U.S. GAAP. As required by SEC rules and regulations, these non-GAAP financial measures are reconciled to their most comparable GAAP financial measures in our earnings release issued yesterday afternoon. Our discussion of all results today, including revenue and backlog, refer to figures that adjust prior period results to conform to the current accounting for RHB JV, unless otherwise noted. Additionally, all comparisons are to the prior year quarter unless otherwise noted. I'll now turn the call over to our CEO, Joe Cutillo.

Joseph Cutillo: Thanks, Noelle. Good morning, everyone, and thank you for joining today's call. Sterling delivered another outstanding quarter as we achieved strong revenue growth, expanded margins, grew backlog and generated excellent cash flow. We are pleased to discuss these results today with you, but even more excited about the opportunities ahead of us. Beginning with the third quarter results, revenue grew 32%, fueled by 58% growth in our E-Infrastructure Solutions segment, including 42% organic growth. In addition, our Transportation segment grew 10% in the quarter. We grew adjusted earnings per share by 58% to \$3.48 and delivered adjusted EBITDA of \$156 million, an increase of 47%. Our gross profit margins expanded 280 basis points from the prior year to reach 24.7%. Additionally, operating cash flow generation in the quarter was again very strong at \$84 million. Our backlog position and strong visibility drive our confidence in the future. Backlog at the end of the quarter totaled \$2.6 billion, a 64% year-over-year increase. Excluding the contribution from the recent acquisition of CEC, backlog increased a strong 34% year-over-year. E-Infrastructure Solutions backlog of \$1.8 billion was up 97% in total and 45%, excluding the contributions from CEC. When you layer in our unsigned awards and pipeline of future phase opportunities, we have visibility into a pool of work in excess of \$4 billion for Sterling. The Sterling Way, which is our commitment to take care of our people, our environment, our investors and our communities while we work to build America's infrastructure,

remains our guiding principle as we execute our strategy and grow the company. Now I'd like to discuss our segment results in more detail. In E-Infrastructure, third quarter revenue grew 58% over prior year and over 34% sequentially. Excluding CEC, revenue grew more than 42% over prior year and 21% sequentially. The data center market, again, was a primary growth driver in the quarter, as revenue from this market grew more than 125% year-over-year. Adjusted segment operating income grew 57%, or 48% excluding CEC. Adjusted operating margins for the legacy E-Infrastructure Site Development business were 28.4% and increased over 140 basis points from prior year levels and 10 basis points sequentially. This was driven by our continued shift towards large mission-critical projects, including data centers, where our superior project management and ability to finish jobs on or as scheduled are extremely valuable to our customers. We are pleased to have closed the CEC acquisition during the quarter. We see tremendous opportunities ahead to leverage our expanded service portfolio and are seeing early positive reception from our customers. CEC contributed \$41.4 million of revenue in September and adjusted operating margins that were in line with our expectations. We continue to have very good visibility in the E-Infrastructure business. With the recent CEC acquisition, the aggregate of our E-Infrastructure signed backlog, unsigned electrical awards and future phase site development opportunities total approximately \$3 billion. Moving to Transportation Solutions. Third quarter revenue grew 10% and adjusted operating profit grew 40%, driven by strong market demand and the benefits of the mix shift towards higher-margin services. We ended the quarter with Transportation Solutions backlog of \$733 million, a 23% year-over-year increase. Sequentially, segment backlog was roughly flat, with awards keeping pace with burn. As a reminder, the wind down of our Texas low-bid heavy highway operation is impacting backlog to some extent this year, but will ultimately benefit segment margins. Shifting to Building Solutions. In the third quarter, segment revenue declined 1% and adjusted operating income declined 10%. Adjusted operating margins in the quarter were 12%. Overall demand for homes has been impacted as potential buyers struggle with affordability challenges. Revenue from our legacy residential business declined 17%, driven by softness in the overall housing market. Even with these headwinds in Building Solutions, the strength of Sterling's diversified portfolio and strategy to focus on growth in high-margin end markets enabled us to deliver another record quarter. With that, I'd like to turn it over to Nick to give you more details on some of our financial metrics and full year guidance. Nick?

Nicholas Grindstaff: Thanks, Joe, and good morning. I'll begin with our consolidated backlog metrics, all of which are adjusted to exclude RHB for the prior year. Our third quarter backlog totaled \$2.58 billion, a 64% increase from the prior year second quarter. CEC contributed \$475 million to backlog. Excluding CEC, backlog increased 33.8% year-over-year. We closed the quarter with combined backlog of \$3.44 billion, which was up 88%. Excluding CEC, combined backlog increased 43.5% year-over-year. Third quarter 2025 book-to-burn ratios excluding CEC were 1.23x for backlog and 1.76x for combined backlog. Year-to-date book-to-burn ratios excluding CEC were 1.31x for backlog and 1.58x for combined backlog. Moving to our cash flow metrics. Cash flow from operating activities for the first 9 months of 2025 was a strong \$253.9 million compared to \$322.8 million in prior year period. Cash flow used in investing activities for the first 9 months of 2025 included \$46.9 million of net CapEx and \$484.2 million for acquisitions, including CEC. Year-to-date cash flow from financing activities was a \$80.7 million outflow, primarily driven by share repurchases of \$48.5 million at an average price of \$135.96 per share. Remaining availability under the existing repurchase authorization is \$80.9 million. We are in great shape from a balance sheet perspective. We ended the quarter with a very strong liquidity position consisting of \$306.4 million of cash and debt of \$294.6 million for a cash net of debt balance of \$11.8 million. Our \$150 million revolving credit facility remained undrawn during the period. Now I'd like to discuss our guidance. The strong tailwinds behind our business position us for another record year at Sterling in 2025. We are increasing our guidance ranges to: revenue of \$2.375 billion to \$2.390 billion, which is a more than 5% increase at the midpoint relative to our previous guidance range; diluted EPS of \$8.73 to \$8.87; adjusted diluted EPS of \$10.35 to \$10.52 -- this represents a 9% increase at the midpoint over our previous guidance range -- EBITDA of \$448 million to \$453 million; adjusted EBITDA of \$486 million to \$491 million, a 6% increase at the midpoint over our previous guidance range. From a financial standpoint, we are in an excellent position to continue to take advantage of both organic and inorganic growth opportunities in the years ahead. Now I will turn the call back to Joe.

Joseph Cutillo: Thanks, Nick. As we look to the future, we remain very bullish on the multiyear opportunity in each of our markets. Our strong backlog, future phase opportunities and discussions with our customers contribute to our confidence. First, in E-Infrastructure site development, we anticipate that the current strength in data center demand will continue for the foreseeable future. Our customers are discussing multiyear capital deployment plans and our focus on how to align with the right partners to support these plans. We are getting pulled into new geographies by our customers, including Texas, where we are now performing site development work. In the manufacturing market, we are seeing a fairly steady pace of activity in 2025. As we look out to 2026 and 2027, there remains a very big pool of megaprojects on the horizon. This would include planned semiconductor fabrication facilities. The e-commerce market has strengthened significantly in 2025. We have built a sizable level of backlog and believe we should continue to see momentum in 2026. Together, these dynamics support strong growth opportunities over a multiyear period. Moving to CEC. We have very good momentum heading into 2026. Customer demand is very strong, particularly in the data center market, and the organization has booked several large projects in recent months. We continue to see opportunities for margin expansion over the next couple of years. We have a high degree of confidence in our ability to leverage the combination of site development and electrical services as we head into the new year. For 2025, we expect to deliver E-Infrastructure revenue growth of 30% or higher on an organic basis and approaching 50%, including CEC. Adjusted operating profit margins for E-Infrastructure should approximate 25% for the full year including CEC, as compared to 23.7% in 2024. In Transportation Solutions, we are approaching the final year of the current federal funding cycle, which concludes September 2026. We have built over 2 years of backlog and continue to see good levels of bid activity. For 2025, we anticipate continued growth in our core Rocky Mountain and Arizona markets. The downsizing of our low-bid heavy highway business in Texas is progressing according to plan, resulting in some moderation of Transportation Solutions top line and backlog, but should drive meaningful margin improvements as we move through the year. We expect Transportation Solutions revenue growth in the low teens on an adjusted basis in 2025. We forecast adjusted operating profit margins in the 13.5% to 14% range compared to 9.6% in 2024. In Building Solutions, we continue to believe the business is well positioned for growth over a multiyear period. Our key geographies of Dallas-Fort Worth, Houston and Phoenix are expected to see continued population growth, driving new home demand. Additionally, there is a significant opportunity for share gain in Houston and Phoenix. In the near term, we are anticipating a continuation of soft market conditions driven by affordability challenges. For full year Building Solutions revenue, we forecast a mid- to high single-digit decline. We anticipate adjusted operating margins in the low double digits as compared to 14.8% in 2024. As a reminder, from a seasonality perspective, our fourth quarter and first quarter tend to be slower than our second and third quarter, with the first quarter typically our lowest of the year. On the acquisition front, we are continuing to look for small to midsized acquisitions that are the right strategic fit to enhance our service offerings and geographic footprint. Moving to our full year guidance. The midpoint of our increased 2025 guidance range would represent 27% revenue growth year-over-year as adjusted for RHB, 47% adjusted EPS growth and 42% adjusted EBITDA growth. With that, I'd like to turn it over for questions.

Operator: [Operator Instructions] The first question comes from Brent Thielman at D.A. Davidson.

Brent Thielman: Joe, yes, maybe just a first question. It looks -- I mean, it looks like CEC signed and unsigned work has substantially grown since the June deal announcement. So again, I would just be sort of interested on kind of what's behind the momentum and award activity there. And how do we think about -- sounds like some large data center projects. But how do we think about them converting that over the next sort of 12-plus months?

Joseph Cutillo: Yes. So they had very good and strong bookings and wins in the quarter. It's mostly around the data center front as that continues to move forward, along with a couple of other big projects that are a little outside of the data center front. We are -- here's what I'll tell you, they had a great bookings quarter. We're excited about that. But we're really excited about the reception that we're getting from our end customers in our end markets from this combination and are in the early stages of talking about several 2026 projects and how do we do those as a joint package instead of an individual

package. So we're very excited about that. As we said in the call, we have started doing site development in Texas. We think that is going to grow very aggressively as we go into 2026. And I will tell you, the teams are working diligently together to pull each other into that market into these next big future phase jobs. So we're -- man, I'm tickled to death with where we are. The team spent 2 weeks together right out of the chute, working on stuff, and I was excited about the deal before. I came away even more excited after that 2 weeks together on the opportunities they saw between the site development and the electrical teams.

Brent Thielman: And Joe, it sounded as though you're optimistic around some margin expansion opportunities there or some specific things that you're seeing in the award activity that gives you some confidence there. What drives that margin expansion [indiscernible]?

Joseph Cutillo: Yes. So a combination of things. Certainly, on just the pure site development, the size of these projects continue to get bigger and bigger. And what our customers are talking to us about the next level of projects that are coming out, again, they just -- they're getting bigger, which is fantastic for us. On the combination of the electrical and site development side, we've proven significant productivity gains with the small dry conduit business tuck-in we did at the beginning of January. We've seen their margins improve 40% just by combining that with the site development. We think there's certainly some opportunities to lever that larger with CEC. But also as CEC continues to move further and further into data center space, those margins are accretive to their average margin. So if we can build their portfolio and backlog stronger in that area, their margins will continue to increase as well. So we feel very good on continued margin enhancement across the segment.

Brent Thielman: Okay. Just last one, I think, along those lines on the E-Infrastructure business and that the current backlog, I guess, for the legacy Site Development side. Joe, could you talk about maybe how the size of projects even within mission-critical has evolved over the last 12-plus months? I know mission-critical is bigger for you now, but how is that sort of being redefined with the projects you're putting in backlog now?

Joseph Cutillo: I don't know that we're really redefining it. The only incremental add to E-Infrastructure is obviously the CEC acquisition piece. But the base business was up, was it 34%, I think in backlog. And so for us, mission-critical, again, is data centers, manufacturing, e-commerce distribution is kind of what I'll call the 3 core elements of it. Did I miss anything?

Nicholas Grindstaff: 45%.

Joseph Cutillo: 45? Yes. So we're up 45% in that area. So we haven't redefined anything, just the project size of these data centers. And when the chip plants come out, those are pretty sizable as well will continue to help us on the margin front. One of the things we really don't talk about in the script that I think is important that everybody understands is -- we said we're in Texas. I will tell you that there's some other geographic footprints that we are aggressively looking at expanding into. Not because there's large projects there today, but we believe there's going to be large projects there based on our customers telling us that over the next 2 to 3 years. So we're trying to get in early, get our footprint established and be ready for those to come up.

Noelle Dilts: Yes, Brent, this is Noelle. I would just say we're now over 80% of our work is mission-critical in backlog, looking at kind of data centers, manufacturing, et cetera. So that continues to move higher. And then to Joe's point, even within that bucket of mission-critical, the projects are getting larger and more complex in that there's underground infrastructure, which is great for us. And so that intensity of the work we're doing continues to expand.

Joseph Cutillo: Yes. And just to add to that, I think it's part -- kind of a thought. If you think -- not only -- we talk about data centers getting bigger. But I will tell you that every piece of mission-critical jobs are getting bigger in size as we talk about e-commerce distribution coming back, and I think we're up 150% in backlog growth in e-commerce distribution. Those jobs are about 2x to 2.5x the size of historical ones. Not only are the footprints getting bigger, but Noelle mentioned, the infrastructure associated with these -- an e-commerce distribution center is starting to look a little bit more like a data center. And what I mean by that is with all the EVs that are being used by an Amazon, all the underground utilities that now have to be run to these charging stations and everything else look like a mini duct bank. So it just continues to add to the complexity, the size and the scope, which is perfect for us. And now adding the electrical piece, you can quickly, in your head, see how we can integrate those two together and

make that part of the package.

Operator: The next question comes from Julio Romero of Sidoti & Company.

Julio Romero: I wanted to hone in on the combined backlog plus the forward pipeline of future phase work of \$4 billion plus that you mentioned. Help us think about the mix of end markets or customers that are driving the growth of that forward pipeline? And then secondly, what's your estimation of when that forward pipeline begins to convert into orders?

Joseph Cutillo: Well, I think you got to break it down into the pieces. The backlog, we're either converting or we'll be converting shortly into work. The low unsigned, those are projects that we either have letters of intent or we have won the physical job or negotiating terms of contracts or there's a final design work that's taking place. Those are likely to start in '26. Depending on the actual project, when in '26 could vary. And some may start first quarter, second quarter, third quarter. A lot of the big design-build highway projects, I will tell you, are going to start second and third quarter of next year, kind of in the process there. And then that future phase work, the way to look at it is as we burn off current backlog, the work we're working on today, that then flows into current backlog. So that spreads out over what I'll call a '26, '27 and into '28 time frame in which that will hit.

Julio Romero: Got it. Very helpful there. And then just -- go ahead, sorry.

Joseph Cutillo: I'm sorry. I just want to make sure I answered everything you're looking for there, really.

Noelle Dilts: I would say in terms of the composition...

Joseph Cutillo: Well, if you take a look at it, \$3 billion of the \$4 billion is in E-Infrastructure. And the highest percentage of that is going to be data center, which would probably be 75% or 80% of that piece there.

Julio Romero: Got it. Extremely helpful there. And then maybe just turning to Transportation Solutions, really notable margin strength there, here in the third quarter. If you could help us unpack the drivers there? I don't think the impact of low-bid phase is starting to come through, unless I'm mistaken. And then just talk about the margin profile of what you have in Transportation backlog and unsigned awards.

Joseph Cutillo: Yes. I think people grossly underestimate the progress that Transportation group has really made. We have best-in-class margins, and they continue to get better. It's really -- again, it's really around what I'll call project selection and focus as we continue to do more design-build or alternative delivery-type projects, along with aviation and rail, continue to diversify that portfolio, the margins will continue to increase. We haven't seen a significant part of that, though we've seen a little from the wind down of our Texas low-bid business. We'll see that impact more in 2026 as we weed out or wean down, I should say, that backlog. But that will continue. So probably the first -- most of that will be burned off in the first half of 2026.

Operator: The next question comes from Adam Thalheimer at Thompson Davis.

Adam Thalheimer: Joe, I wanted to ask you about -- so you said '26 and '27, big pool of megaprojects. Obviously, your ability to bid on megaprojects isn't -- your capacity to bid isn't infinite. So how do you think about how you prioritize what you're bidding on? And how do you price that work?

Joseph Cutillo: Yes. I think that's a good question, Adam. We do have a fair more capacity. We've been planning for this. We've been in conversations on some of these projects for a couple of years now with our customers. So we have been doing stuff internally to plan for this. As we've said, generally, our biggest limitation to capacity is around project management and the program we put in place to develop future project managers. We've been doing it for, I think, 4 or 5 years now, is really starting to pay off to add some increased capacity. But at the end of the day, I don't want anybody to be surprised if we pass on one of these megaprojects because if the pricing is not right, the margins are not right or the complexity of the contracts don't make sense for us, we're okay to pass on that with the visibility we have in data centers and the rest of mission-critical stuff coming out. But I will tell you, we're looking at those and we will continue to build capacity as needed to do those. Just keep in mind, if we have a year runway to build capacity, we can build a lot. If somebody comes in tomorrow and says, "I've got three \$500 million jobs," it may be tough for us -- and they need to start in 60 days, that would be a challenge for us. But we've got -- our customers have been very good, the hyperscalers, and even these big chip plants have been very good, kind of forward looking and anticipating what's coming out. The other good thing on the chip plants is they've taken much longer than I think the builders have anticipated for them to hit the ground running with all the upfront work that's had to be done. So we've seen these coming

now for 2 years. So we'll be ready.

Adam Thalhimer: And then I was curious, you talked about entering Texas for site prep. I guess you're doing that organically. And I was curious if -- or kind of what you're doing with the assets from the Texas highway work that's winding down?

Joseph Cutillo: Yes. Another good question. Well, you may see those on a site development job or two. The smaller assets that we have there are very capable of doing some of the utility and underground work. With CEC and those assets combined, now we can start doing duct banks in Texas. So I think over the next 6 to 12 months, if you go to one of our sites, you may see some stuff that has a TSC logo on.

Adam Thalhimer: Cool. And then lastly, you said you were -- you continue to look at small and midsize deals. Was that just a comment in the residential segment? Or is that for the whole company?

Joseph Cutillo: No, no. We're -- yes, we're looking -- the vast majority of deals we're looking at are in and around E-Infrastructure. It's not that we won't look at stuff and be opportunistic in Building Solutions. But I would tell you right now, about 95% of everything we're looking at or folks we're talking to is and around added either capabilities, geographic expansion or just pure assets in and around E-Infrastructure.

Operator: The next question comes from Noah Levitz at William Blair.

Noah Levitz: To start off on the transportation side, has there been any impact from the government shutdown on transportation funding? And you've also mentioned in the past about a potential successor bill to the IJA. Can you give any update as to -- do you still think that's moving along? Should it be bigger? Anything you can add there?

Joseph Cutillo: Yes. So first, no impacts from government shutdown. The funding that's on these jobs has already been allocated. It's out there, so no impact at all on that. That's not to say there may be some grant projects or grant programs that somebody has out there, they could be delayed. Good news is, I'm not aware that we have anything tied to that. I haven't heard a single word from our business units in a few or so, not an issue there. On the next bill, the existing bill ends at the end of September of 2026. I will say that -- I was with the DC team, it's probably been 4 weeks ago now or 5. Things have been progressing very well. I always use the caveat, it is DC, and it is the government, and we can see the functions or dysfunctions of things. But they're probably 6 months ahead of where they have been historically. And I'm optimistic that something will happen in a timely manner. However, keep in mind that why we are not losing any sleep over this is we will go into September with roughly 2 years of backlog. Second, if there is not a resolution or a new bill passed is probably how I should phrase it, they will put an extension in place, generally. Or historically, the extensions have been the current kind of spend rates plus an inflation adjustment. So we don't stop. We continue at that. The thing that does generally happen in that year where there's a gap or that 6 months or whatever time frame it takes to bridge to the new bill is the states tend to do more smaller projects than the big multiyear projects because they're unsure of how much funding they'll have over a multiyear period. But the reality is the world doesn't shut down. Our projects don't stop. The bid activity projects change a little bit. But what we're seeing -- the thing that people don't understand is that there is spending that will continue to take place on this current bill. There's still 2 years of spending left approximately on the current bill that they have to get out before the end. So today, we're anticipating going in with 2 years of backlog. We can go in with more backlog than that, depending on what projects get squeezed into this last, call it, 18 months or less now. I guess it's almost a year until the next one.

Noah Levitz: Great. That's helpful. And then just my last question. You said that data center growth was greater than 125%, which is exceptional, and it comes after last quarter, which was more than doubled. Can you break that down a bit more? Just -- is that growth in existing projects? Is that new projects coming online? Is it the current phases that the work was being done during the quarter being bigger phases? Like can you -- yes.

Joseph Cutillo: Yes, it's a combination. I think if you talk to our teams out in the field, one of the things we're most proud about in the quarter isn't the great quarter they had and the results they were able to deliver. But it was really impressive for them to grow total backlog with the burn rates that they have. But some of that is new projects. And the way to look at it is if we didn't get new projects and we just shifted from future phase to backlog, our total would have decreased, right? So we not only shifted

future phase to backlog, but we won enough new projects to offset that burn rate and grow that total backlog.

Operator: The next question comes from Alex Rygiel at Texas Capital.

Alexander Rygiel: Very nice quarter. A lot of good answers here so far on the call, but I've got a few here, questions for you. Do you generally experience any permitting issues that possibly delay project starts historically?

Joseph Cutillo: Well, what I will tell you is the permitting process certainly is longer today than it was pre-COVID. And I would have told you, pre-COVID, that it sucked and was really long, okay? It definitely takes longer for permits to happen. But we -- generally, on the site development side, where we see the delay isn't from the time we get the contracts to start, it's more waiting to get the contracts. So we know the projects are coming. We know that it's going to -- we're going to win them. But we may not win them in this month, and maybe a month later, it may not be this quarter, maybe the next quarter. We haven't seen historically where we've got equipment ready to go, we're ready -- or on the site and we have delays. So we're fortunate in that where it takes place in our process tends to be before we start. However, I will tell you that from historical numbers, it certainly is -- what used to take 6 weeks for a permit now takes 3 months. Maybe 5 in certain markets. So that upfront piece is delaying stuff. It's also why some of these megaprojects are taking so long to hit the ground. These chip plants, we know they're there. We know they're coming, but they're still going through a lot of the permitting, getting utilities. And utilities require permits and everything else, right? So it kind of cascades. So it's definitely a long pole in the tent. I will tell you -- and I have told everybody this. If the U.S. wants to accelerate onshoring, reshoring chip plants, whatever it is out of build, if they can get through the regulatory and permitting issues, it would speed up these projects and spending and funding exponentially.

Alexander Rygiel: And then within Building Solutions, are you seeing any signs of green shoots?

Joseph Cutillo: I'm sorry. Say that again?

Alexander Rygiel: Within Building Solutions, are you seeing any signs that 2026 could start to improve again?

Joseph Cutillo: No. I think we don't believe, honestly, that anything would happen until the second half of '26 at the earliest. Certainly, interest rates continue to creep down, builders have a lot of programs in place. We have not seen -- we've flattened, okay? It's not getting worse. That's the good news. But we have not seen anything that would tell us we're going to see an uptick here anytime soon.

Operator: Thank you. We have no further questions. I will turn the call back over to Joe Cutillo for closing comments.

Joseph Cutillo: Thank you. Thanks again, everybody, for joining today's call. If you have any further follow-up questions or would like to set up a call, please contact Noelle Dilts. Or if -- contact information is in our earnings release. I hope everybody has a great day, and I appreciate you taking the time. Thanks.

Operator: Ladies and gentlemen, this concludes your conference call for today. We thank you for participating, and we ask you that you please disconnect your lines.