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OVERVIEW:

Company Summary

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PRESENTATION

Dave Pahl - *Texas Instruments Incorporated - Head of IR & VP*

Welcome to the Texas Instruments first quarter 2024 earnings conference call. I'm Dave Pahl, head of Investor Relations, and I'm joined by our Chief Financial Officer Rafael Lizardi.

For any of you who missed the release, you can find it on our website at ti.com/ir. This call is being broadcast live over the web and can be accessed through our website. In addition, today's call is being recorded and will be available via replay on our website.

This call will include forward-looking statements that involve risks and uncertainties that could cause TI's results to differ materially from management's current expectations. We encourage you to review the notice regarding forward-looking statements contained in the earnings release published today as well as TI's most recent SEC filings for a more complete description.

Today, we'll provide the following updates. First, I'll start with a quick overview of the quarter. Next, I'll provide insight into first quarter revenue results, with some details of what we're seeing with respect to our end markets. Lastly, Rafael will cover the financial results, give an update on capital management, as well as share the guidance for the second quarter of 2024.

Starting with a quick overview of the quarter: Revenue in the quarter came in about as expected at $3.7 billion, a decrease of 10% sequentially and 16% year over year. Analog revenue declined 14% year over year, and Embedded Processing declined 22%. Our "Other" segment declined 33% from the year-ago quarter.

Now I'll provide some insight into our first quarter revenue by end market. Revenue declined sequentially across all of our end markets. Our results reflect the current environment, as customers continue to reduce their inventory levels. Similar to last quarter, I'll focus on sequential performance as it's more informative at this time.

First, the industrial market was down upper single digits.

The automotive market was down mid-single digits.

Personal electronics was down mid teens.

Next, communications equipment was down about 25%.

And lastly, enterprise systems was down mid teens.

Rafael will now review profitability, capital management and our outlook. Rafael?

Rafael R. Lizardi - *Texas Instruments Incorporated - CFO and Senior VP of Finance & Operations*

Thanks Dave, and good afternoon everyone.

As Dave mentioned, first quarter revenue was $3.7 billion. Gross profit in the quarter was $2.1 billion, or 57% of revenue. From a year ago, gross profit decreased primarily due to lower revenue and, to a lesser extent, higher manufacturing costs associated with reduced factory loadings and our planned capacity expansions. Gross profit margin decreased 820 basis points.

Operating expenses in the quarter were $933 million, flat from a year ago and about as expected. On a trailing 12-month basis, operating expenses were $3.7 billion, or 22% of revenue.

Operating profit was $1.3 billion in the quarter, or 35% of revenue, and was down 34% from the year-ago quarter.

Net income in the first quarter was $1.1 billion, or $1.20 per share. Earnings per share included a 10-cent benefit that was not in our original guidance, primarily due to the sale of a property.

Let me now comment on our capital management results, starting with our cash generation. Cash flow from operations was $1 billion in the quarter and $6.3 billion on a trailing 12-month basis. Capital expenditures were $1.2 billion in the quarter and $5.3 billion over the last 12 months. Free cash flow on a trailing 12-month basis was $940 million.

In the quarter, we paid $1.2 billion in dividends, and in the past 12 months, we returned $4.8 billion to our owners.

Our balance sheet remains strong with $10.4 billion of cash and short-term investments at the end of the first quarter. In first quarter, we issued $3 billion in debt. Total debt outstanding is now $14.3 billion with a weighted average coupon of 3.8%.

Inventory at the end of the quarter was $4.1 billion, up $84 million from the prior quarter, and days were 235, up 16 days sequentially.

For the second quarter, we expect TI revenue in the range of $3.65 billion to $3.95 billion and earnings per share to be in the range of $1.05 to $1.25.

We continue to expect our effective tax rate to be about 13%.

In closing, we will stay focused in the areas that add value in the long term. We continue to invest in our competitive advantages, which are manufacturing and technology, a broad product portfolio, reach of our channels, and diverse and long-lived positions.

We will continue to strengthen these advantages through disciplined capital allocation and by focusing on the best opportunities, which we believe will enable us to continue to deliver free cash flow per share growth over the long term.

With that, let me turn it back to Dave.

Dave Pahl - *Texas Instruments Incorporated - Head of IR & VP*

Thanks, Rafael. Operator, you can now open the lines for questions. (Operator Instructions) After our response, we'll provide you an opportunity for an additional follow-up. Operator?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question is from Timothy Arcuri with UBS.

Timothy Michael Arcuri - *UBS Investment Bank, Research Division - MD and Head of Semiconductors & Semiconductor Equipment*

Rafael, I'm wondering if you can give us an update on any CHIPS Act money that you may have gotten. I know basically all the money for the advanced nodes has been allocated and has been announced, but there's still like $9 billion outstanding for mature nodes. So can you kind of talk about that for us?

Rafael R. Lizardi - *Texas Instruments Incorporated - CFO and Senior VP of Finance & Operations*

Yes. No, happy to do it. First, let me address the grant, which I think is what you're referring to. On that, frankly, we don't have an update to give. We're still going through that process, submitted our application late last year, are working through the details with the CHIPS Program Office. As we said before, we believe our investments in manufacturing in both Texas and Utah are well-positioned with the objectives of the CHIPS Program Office.

Now let me give you an update on the ITC, the investment tax credit. To date, we have accrued about $1.5 billion on that credit. And based on the recently released regulations, we will be receiving the ITC cash benefit throughout the year in 2024 and beyond. And starting next quarter, so in second quarter, we expect to receive about $300 million, and a total of $1 billion for all of 2024. Okay. Do you have a follow-up?

Timothy Michael Arcuri - *UBS Investment Bank, Research Division - MD and Head of Semiconductors & Semiconductor Equipment*

I do, yes. I wanted to ask about factory loadings and sort of where you think inventory goes for June. If I look at your guidance, the gross margins implied pretty flat ex depreciation. So it seems like loadings have sort of leveled off in June. Is that right? And kind of what do you expect for inventory in June? It seems like it should start to come down a tick maybe in June.

Rafael R. Lizardi - *Texas Instruments Incorporated - CFO and Senior VP of Finance & Operations*

Yes, sure. Of course, we gave guidance. We gave a range on revenue. We gave a range on EPS. And then 90 days from now, we'll discuss that more or less. But for now, I'll tell you that in first quarter, we adjusted factory loadings as we neared our desired inventory levels. And as we said during the prepared remarks, we grew inventory about $80-some million. And then for second quarter, we're going to adjust those loadings depending on future demand.

Operator

Our next question is from Stacy Rasgon with Bernstein Research.

Stacy Aaron Rasgon - *Sanford C. Bernstein & Co., LLC., Research Division - Senior Analyst*

I wanted to follow up on that. If and when revenues begin to recover, how do we think about what that would imply for your factory utilization, given your current inventory position as well as additional capacity coming online, which I guess sort of just naturally gives a downward bias to utilization anyways. Like I guess how long would you need to take utilizations up? Or how much revenue growth would you need to start taking utilizations up, given your positioning on inventories and capacity additions?

Rafael R. Lizardi - *Texas Instruments Incorporated - CFO and Senior VP of Finance & Operations*

Yes. So Stacy, it's a good question, but it's a complex question. And it's -- at the end of the day, it's going to depend. It's going to depend on a number of factors, what kind of revenue profile you -- we're -- faced with and not just in one or two quarters but really over a longer horizon. Maybe the best thing I can tell you is don't expect a significant or even any drain on inventory because just given our business model and how we want to run the company, keeping lead times short and also the upside potential that we have with having this inventory and the capacity in place is so much higher than the downside risk. So hopefully, that gives you some good insight into how we're thinking. Do you have a follow-up?

Stacy Aaron Rasgon - *Sanford C. Bernstein & Co., LLC., Research Division - Senior Analyst*

I do. I was wondering if you could talk a little bit about pricing. So I think last quarter, you'd suggested that pricing was sort of resuming historical trends, which -- I think it suggests it was down -- I think it was low to mid-single digits. Is there any update on what you're seeing in terms of the pricing environment? Is that still the environment that we're in? Are things better? Are things worse? Like where do you see that going as we go forward?

Dave Pahl - *Texas Instruments Incorporated - Head of IR & VP*

Yes. Stacy, I'll comment on that. As I said last quarter, really, we began seeing things change mid last year, in the back half of last year as we began discussions with customers for their demand in the following year and out in time, whenever those pricing windows would open up. And those are really just going back to what we've seen in the last 10, 20 years kind of pre-pandemic. So describe it roughly in the low to very low single-digit declines over time. And I'd say just generally that's what we're continuing to see.

Rafael R. Lizardi - *Texas Instruments Incorporated - CFO and Senior VP of Finance & Operations*

Let me add one more thing, Stacy. I want to give you a bonus answer. You always ask about OpEx. So you're not asking, but I'm going to give you OpEx. Remember that second quarter has a full three months of raises, whereas first quarter only had two months of raises. So it's something for your modeling.

Operator

Our next question is from Vivek Arya with Bank of America Securities.

Vivek Arya - *BofA Securities, Research Division - MD in Equity Research & Senior Semiconductor Analyst*

I think in the prepared remarks, you said customers continue to reduce inventory levels, but you're also guiding Q2 sales to be up 4% sequentially. So my question is, should we think of Q2 as kind of a normal seasonal quarter? Just any more color on what you're seeing real time. Are we past the industry inventory correction? Are we kind of getting back to some semblance of -- on normalcy from a demand perspective? Any other color you could give from an end market or geo perspective. Just you are the largest, right, most influential vendor in the market. So I think your perspectives would be very useful to understand where we are in the inventory and the broader demand cycle.

Dave Pahl - *Texas Instruments Incorporated - Head of IR & VP*

Yes. Vivek, let me start with what we saw happen in last quarter because I think it's helpful. First, we saw personal electronics was the first market that went into the correction. It really is -- was the first to come out in the last few quarters. I'd describe it as behaving more seasonal.

If you go to the other end of the spectrum, we've had industrial, which has been declining sequentially from some time. And over the last few quarters, we've been talking about how there's some asynchronous behavior inside of the 12, 13 sectors that we have there. That continued inside of the quarter. So we've got some of the later-cycle sectors that are continuing to decline and declining at double-digit rates. But there are some that are beginning to begin to slow in the declines and even a couple that grew sequentially.

So that I would just describe as being more mixed this quarter, which is certainly different than last quarter. So -- and look, historically, second quarter is a seasonally strong quarter for us. So it's not unusual for us to see sequential growth sequentially. Do you have a follow-on?

Vivek Arya - *BofA Securities, Research Division - MD in Equity Research & Senior Semiconductor Analyst*

Maybe if I press a little bit on that. For Q2, specifically industrial and automotive, do you think -- is your assumption that customers will continue to work down inventory? Or do you think that they have worked down most of the inventory and we are getting back to some semblance of what normal demand looks like for TI in Q2? Like what does your guidance actually imply, that are we below seasonal? Are we seasonal? Or are we something different?

Dave Pahl - *Texas Instruments Incorporated - Head of IR & VP*

Well, again, we're not in the practice of giving guidance by end market. And -- but even inside of last quarter, as we looked at it inside of industrial, there obviously were some customers that are nearing the end of that inventory depletion cycle. So as you know, we don't -- we try to be very cautious and not to try to predict tops or bottoms or those types of things and just report what we see and just stick to the facts.

Operator

Our next question is from Thomas O'Malley with Barclays.

Thomas James O'Malley - *Barclays Bank PLC, Research Division - Research Analyst*

Mine is in regards to China. 2023 data came out recently, and it looks like some of the larger North American players didn't really lose share despite some concerns on the trailing edge that you would have some increased China competition. Can you talk -- has there been any change in the way that customer behavior has kind of trended over the last couple of months? And can you talk about just that competitive environment? Are you seeing more players there? Are you seeing players that you didn't see before? Any color on China would be super useful.

Dave Pahl - *Texas Instruments Incorporated - Head of IR & VP*

Sure, yes. Thanks, Tom, for that question. And I would say no change over the last couple of months. But I think, certainly, over the last few years, there's many things that are changing in China. We've got very competent local competitors there as well as there's subsidized capacity going in place. And when you compare that to five or 10 years ago, is it harder to compete there? It certainly is. But again, I would not describe that as a competitive landscape that's changing overnight. And we've talked about that for some years.

So China is an important market for us. That -- it continues to be a growing market. And we can and will compete there to support our customers. So our competitive advantages, whether that's our manufacturing and technology, the breadth of the portfolio, the reach of the markets, all serve us very, very well in China. Do you have a follow-on?

Thomas James O'Malley - *Barclays Bank PLC, Research Division - Research Analyst*

Yes. Just on auto particularly. I know that you're not guiding the out-quarter, but just conversations that you've had since you last updated us with those customers. I think you just mentioned that inventories are coming down. But through the pandemic, there was a kind of change of stated ordering patterns of just-in-time to just-in-case. Do you see that kind of persisting? Or do you think that we're moving back to a situation in which customers really want to have much lower inventory on their balance sheet? Obviously, you have a unique supply chain, but just any thoughts on just the auto environment, particularly through the last several months.

Dave Pahl - *Texas Instruments Incorporated - Head of IR & VP*

Sure, yes. Thanks again, Tom. I would say that many customers, and especially those in automotive, as they went through and dealt with disruptions that they had in supply chains actually were very thoughtful in looking at where their supply is coming from, what things that they can do differently, well beyond just carrying extra days of inventory. And when they went through that analysis, I think many found that they have a pretty significant dependence on wafers coming out of both China and Taiwan.

And what they described that to us is geopolitically dependable capacity is what they're seeking. And again, we've talked about that before in our capital management updates. We believe that that's going to be highly sought after. It is -- we are seeing that today. And so I think we're in a position to be able to support customers and that growth that will come from that.

Operator

Our next question is from Ross Seymore with Deutsche Bank.

Ross Clark Seymore - *Deutsche Bank AG, Research Division - MD & Semiconductor Analyst*

I'm going to ask a couple of questions. I guess for the first one, Dave, I know you don't want to guide by the segments, but you gave the quarter over quarters. Could you give us what the year over years were by end market in the first quarter, please?

Dave Pahl - *Texas Instruments Incorporated - Head of IR & VP*

I can do that, yes. So the industrial market was down about 25% from a year ago. Automotive was down lower-single digits. Personal electronics was actually up single digits. Comms equipment was down about 50%, and enterprise system was down mid teens. Do you have a follow-on, Ross?

Ross Clark Seymore - *Deutsche Bank AG, Research Division - MD & Semiconductor Analyst*

I do. Rafael, you talked a little bit about the trajectory of the grant side of the CHIPS Act -- or excuse me, the ITC side and where you're getting the money in over time. Does any of that inflows of cash have a differing impact on the income statement? Or is it just the same, it's just a matter of timing and when you're getting that $1 billion as opposed to, I think, you said $500 million before?

Rafael R. Lizardi - *Texas Instruments Incorporated - CFO and Senior VP of Finance & Operations*

Right. No, no direct impact on the income statement. That's already played in as the lower depreciation and are already flowing through the P&L and in our expectations on depreciation. Of course, having more cash does have an impact in terms of you have more cash, you're going to have more interest income. But put that aside, that's kind of below the profit line or the operating profit line.

So speaking of depreciation, let me give you an update on that. We've been talking about depreciation for this year, $1.5 billion to $1.8 billion. That is -- we continue to expect that, but we're more likely to come in at the bottom half of that range. And for 2025, we continue to expect $2 billion to $2.5 billion in depreciation.

Operator

Our next question is from Chris Danely with Citibank.

Christopher Brett Danely - *Citigroup Inc., Research Division - MD & Analyst*

Rafael, just another question on the balance sheet and cash. So you guys have seen the share count kind of flatten out here for the last four or five quarters, and then you're building cash and increasing your debt. I guess what's changed? Traditionally, you've sort of taken the share count down slowly but steadily. Any sort of changes in the long-term thinking there on cash, usage of cash, et cetera?

Rafael R. Lizardi - *Texas Instruments Incorporated - CFO and Senior VP of Finance & Operations*

Yes. When it comes to capital management, it all depends, and it depends on circumstances. And at the moment, our objective when it comes to -- you can -- you've known us for a while. We return all cash flow -- all free cash flow to the owners of the company, and we do that over time. But there are times to increase liquidity and to build up cash. So you have seen us over the last couple of years do that and steadily increase cash on the balance sheet. We finished at $10.4 billion last quarter.

And we've done that very consciously, right, to protect the investments that we're making, particularly the $5 billion per year CapEx investments in manufacturing because that is the most important allocation of capital, has been for the last few years and will continue to be for the next three years. So with that in mind, we've had that in mind as we have made overall capital allocation decisions, including the decisions on repurchases.

Dave Pahl - *Texas Instruments Incorporated - Head of IR & VP*

Do you have a follow-on, Chris?

Christopher Brett Danely - *Citigroup Inc., Research Division - MD & Analyst*

Yes, Dave. Just another question on China but more on the, I guess, insourcing side. So some of your competitors have talked about this impacting them. Do you guys see an impact of this on TI? Would or will this alter your long-term, I guess, growth expectations or thoughts on your China business? Just any color there would be very helpful.

Rafael R. Lizardi - *Texas Instruments Incorporated - CFO and Senior VP of Finance & Operations*

Yes. So I'll start and, Dave, if you want to chime in. But as Dave alluded to earlier on the call, China is a very important market. We need to compete there. We do compete there, and we compete to win there. China, there -- it's pretty clear that there's an incentive to design local semiconductor suppliers. I think that's what you're referring to as insourcing. And today, that share, my guess, my sense is 10% to 15% of the local content is sourced by local semiconductor suppliers. I think the exact number is 12%, the one I saw. So that means there's another 88% that is shared now between U.S. and European suppliers. And our goal is to continue that fight and maintain and gain that share, competing with local suppliers but also competing with U.S. and European semiconductor suppliers.

Dave Pahl - *Texas Instruments Incorporated - Head of IR & VP*

Yes. And maybe I'll just add. In China -- in any market, we've just got to have the best parts. And when we have that, that means we've got to be ahead of competitors, whether that's on performance, on support, availability and cost. So -- and we have customers in every region that are beginning to think about where they're sourcing products from. So customers that aren't in China are looking at our, as they describe it, geopolitically dependable capacity. And that's about 80% of our revenue.

The 20% that's in China, we have customers in China that have and support global markets. And they're coming and describing our geopolitical dependable capacity and wanting to have access to it because it is very unique. We're the only ones that are building at scale outside of China and Taiwan capacity. So customers understand that. They understand it both in China as well as outside.

Operator

Our next question is from Joe Moore with Morgan Stanley.

Joseph Lawrence Moore - *Morgan Stanley, Research Division - Executive Director*

I've asked this question before, but it keeps coming up. Can you talk about how you think about pricing kind of more strategically as you contemplate having a decent amount of capacity, more 300-millimeter capacity, more subsidization? Does that change the pricing paradigm at all? Are there markets where you might be more price-aggressive than you wouldn't be, if any of that were different?

Dave Pahl - *Texas Instruments Incorporated - Head of IR & VP*

Yes. So the answer will be amazingly consistent with how you've asked it before. But we haven't changed our strategy on pricing. You know that pricing doesn't move quickly in our industry, and it isn't the primary reason why customers choose our products overall. So we regularly monitor pricing for all of our products. That includes all end markets and all product categories and all regions. And we price to be competitive. And we can do that because we've got a great product portfolio, and we've got great access to the markets through our channels. And we've got competitive products because we build it on 300-millimeter. So hopefully, that's amazingly consistent. Do you have a follow-on?

Joseph Lawrence Moore - *Morgan Stanley, Research Division - Executive Director*

Yes. Yes, in terms of the Embedded business, I know you've had a number of kind of vertical markets that you deemphasized and things like that with kind of a focus on more of a core kind of catalog strategy in that business. Where are you in that? Do you expect that you would -- that your Embedded business would sort of track the broader microcontroller business? Or just how do you think about the transitions that are happening there?

Dave Pahl - *Texas Instruments Incorporated - Head of IR & VP*

Yes. I think that we continue to make progress overall in our Embedded business. The goal there is to have that business growing and contributing to our free cash flow over a long time. We think it's a great business and continue to invest. So we're very happy with that strategic progress.

So I think in the near term, of course, we're not going to be immune to cycle-related corrections. It's a little bit later because of the constraints that we have due to Embedded relying on foundry supply. And as you know, we're investing to put capacity in place. And we'll have control of that in the future and really are in a good position to gain share there.

Operator

Our next question is from Tore Svanberg with Stifel.

Tore Egil Svanberg - *Stifel, Nicolaus & Company, Incorporated, Research Division - MD*

Dave, I had a question about the Q4 -- I mean the Q2 outlook. So I know, obviously, you can't guide by market and things like that. But from a bookings perspective, are we starting to see sort of a broad-based recovery in bookings? Or would you still say it's quite selective in all the different applications that you're targeting?

Dave Pahl - *Texas Instruments Incorporated - Head of IR & VP*

Yes. So let me speak to bookings at the top level. We saw bookings increase each month of the quarter. That is very typical that we would see in a first quarter. I don't have bookings by end market. If there's something very unusual going on, of course, that would jump out at us. So that's just not something I have here in front of me. But I would describe it as behaving as we would expect it to. And of course, those bookings and other demand signals that we get from our customers are obviously imbued into our guidance. Do you have a follow-on, Tore?

Tore Egil Svanberg - *Stifel, Nicolaus & Company, Incorporated, Research Division - MD*

Yes. That's very helpful. As my follow-up, you mentioned there's a few segments within the industrial category that are starting to grow or perhaps have found the bottom from an inventory correction perspective. Can you talk about which segments those are?

Dave Pahl - *Texas Instruments Incorporated - Head of IR & VP*

Yes. Again, as we talked about over the last several quarters now that there was markets that were behaving -- or sectors that were behaving asynchronously, so there are shorter-cycle investment sectors that began to roll earlier, longer-term investment cycles that were rolling later, really just the last couple of quarters into it. So it's really -- if you had to kind of divide them out, that's what they would look like.

Operator

Our last question is from Chris Caso with Wolfe Research.

Christopher Caso - *Wolfe Research, LLC - MD*

First question is related to the buybacks, and I think you addressed this in a prior question. But I guess the question is, what would be the trigger for being able to resume some degree of buybacks? We realize that the intention is to return 100% of excess free cash flow. But at what point does the cash in the balance sheet and kind of industry conditions allow you to kind of come back to what you've been doing previously?

Rafael R. Lizardi - *Texas Instruments Incorporated - CFO and Senior VP of Finance & Operations*

Yes. Well, a couple of things. For example, the data point that I'll give you is our free cash flow for the trailing 12 months was $940 million. And we returned in -- also in trailing 12 months $4.8 billion. So one catalyst for a change there would be once we're past this investment phase that is consuming a good chunk of that free cash flow. Another catalyst is obviously revenue and how that behaves over a number of years. But -- so these are just some of the puts and takes that we think about when we're allocating capital.

Dave Pahl - *Texas Instruments Incorporated - Head of IR & VP*

Do you have a follow-on, Chris?

Christopher Caso - *Wolfe Research, LLC - MD*

I do. And I guess the question is about where TI is allocating the R&D investment going forward and how that may be changing. Over last year, it looks like auto, industrial is about 70% of your revenue, and I know that's by design. But you've got some segments such as comm equipment that have been down a lot more. As we look out over the next two years or so, do you think that percentage of revenue on the segments kind of stays about where it is right now? Or based on the R&D investments you're making, do you think that changes substantially?

Dave Pahl - *Texas Instruments Incorporated - Head of IR & VP*

Yes. And it's a great question, Chris. So let me just use as a backdrop for those that hadn't looked at our capital management slide deck. And Slide 21 shows our percentage of our revenue by end market. And the middle column there talks about what we're doing directionally from an R&D spend. So -- and we've talked about for some time that -- our belief that there's going to be secular trends and increasing semiconductors in industrial and automotive. And as a result of that, we have been taking investments up there.

And the other markets, though, if you look at personal electronics and communications equipment, our investments there have been and continue to be very steady because we can find great opportunities inside of those markets. And so we'll continue those investments.

And then enterprise systems, we've taken up the investments there slightly. And there's just opportunities, and enterprise systems likely will be a good grower as well. It doesn't have quite the same dynamics as industrial and automotive for us. But certainly, things that sit inside of enterprise, we believe, will make that an above-average grower over the next decade plus.

So with that, I'll turn it over to Rafael to wrap up.

Rafael R. Lizardi - *Texas Instruments Incorporated - CFO and Senior VP of Finance & Operations*

Okay. Thanks, Dave. Let me wrap up by emphasizing what we have said previously. At our core, we're engineers, and technology is the foundation of our company. But ultimately, our objective and the best metric to measure progress and generate value for our owners is the long-term growth of free cash flow per share. While we strive to achieve our objective, we will continue to pursue our three ambitions. We will act like owners who will own the company for decades. We will adapt and succeed in a world that's ever changing. And we will be a company that we're personally proud to be a part of and would want as our neighbor. When we're successful, our employees, customers, communities and owners all benefit. Thank you and have a good evening.

Operator

This concludes today's conference. You may disconnect your lines at this time. Thank you for your participation.