Avanos

November 12, 2024
2:45 PM PT

Seth: And now we're on. All right. Well look, thanks, everyone for joining us today out in beautiful California for this fireside chat with Avanos Medical. With us today, we have the interim CEO of Avanos, Michael Greiner. And SVP of Strategy and BD, Scott Galovan, is out in the audience amongst this crowd.

Look, Michael, Scott, it's great to see you guys in beautiful Terranea. Michael, I thought it would be great to start with -- this is your first, we're excited, this is your first meeting as interim CEO. I'm privileged and I'm pumped. I thought we'd start out with talking about the transition and the role that you had before at Avanos. You were Chief Transformation Officer over the past couple of years, you're a CFO. Avanos is in the midst of the second year of its transformation of a 3-year transformation plan. I'm sure investors would love to hear about some color about what the company's been up to, what you've been able to accomplish under your tenure as CTO, and then what more you have to do.

Michael Greiner: Yeah, great. Thanks. First off, thanks for inviting us. As you said, this is a terrific venue and it's a nice change, a change of pace for sure, especially given the last 2 weeks has been quite the little journey here on my side.

It's a great first question, Seth. We didn't have the third quarter we wanted, and I think it's given us an opportunity here to take a step back and really look at what has gone well, and I'm sure there will be some questions here we can talk about the third quarter on some of the product categories. But we have if you remember when we launched this transformation, which we're only 16 months into, we had 4 primary pillars. And the first pillar was around getting the right organization in place, the right go-to-market strategy in place.

The second was portfolio optimization. The third was primarily cost management, but it really wasn't cost management. It was about having the right design in the organization to support the portfolio that we were going to double down on. And then the fourth pillar was ROIC improvements through how we leverage our balance sheet.

I'll tick off each of those. The reorganization, having one Chief Commercial Officer looking in other pockets in the organization to ensure that we're as efficient as we can be, making sure we have the right selling and marketing organization in place, thinking about

what does our R&D organization actually need to be for who we are and where we're going to deploy capital there? That's complete.

The portfolio optimization, which by definition you're always doing some of that, but the things that we laid out on Investor Day, including divesting of RH, our respiratory health business we talked about on third quarter earnings call. We've gotten the limited risk distributors, many of them, over the finish line. With the relationship we have with them, we've transferred our Magdalena plant over to them. That's moving along quite nicely. We acquired Diros just in front of Investor Day. And then we identified about $25 million of products, mostly international pain, but other categories as well that either weren't real growthy, we didn't have the long term right to win, margin profile wasn't there. All of that completion of walking away from those product categories and pruning there is complete as well.

On the cost management, we announced $50 million of gross cost savings that we would have embedded in the income statement by the end of '25. We're well on our way, actually a little bit ahead of the timeline for that $50 million. We've also identified another $20 million to $25 million that we'll be getting out between now and end of next year, early part of '26, related to the RH stranded costs with divesting of the RH business. On track for those. Those are primarily in the plant. A lot of the other $50 million was about 50/50 OpEx and plant. We feel good about those and continue to identify efficiencies where we can there. And the nice thing is the DNA of the company is now shifting on that cost management side which is important.

And then the final thing is how we deploy our balance sheet. We've acquired $85 million worth of share repurchases over the 1.5 years. We just announced last week that the board approved another $25 million of share repurchases. And just to be clear, we view share repurchases as an investment opportunity that we horserace against M&A or horserace against other investment opportunities. We do not buy back shares to offset share dilution. We do not buy back shares to help the denominator effect. We strictly buy back shares when we believe there's a disconnect in the markets on fair value versus what we believe our intrinsic value is plus cushion. The board authorized, after the third quarter earnings, another $25 million of share repurchase, which is great.

We have done some small investments this year on M&A, which has been great. We have not gotten a larger one across the finish line, but I think investors, if they knew why we didn't get those across the finish line, whether it be due diligence findings, valuation that we just couldn't get agreement on, they would applaud our discipline. We're excited about that.

But talking earlier about R&D, we've not been particularly innovative on kind of Molecule 1 type of R&D. But what we do well on R&D is 2.0 protecting our IP, ensuring that our leadership positions in digestive and other parts of our portfolio are maintained. And we're starting to then take some of those dollars that we're no longer deploying for R&D in our P&L and we're doing small $2 million, $3 million investments and getting a beachhead and a relationship for companies that are singularly focused on a product category. We build in a call option or some other opportunity for right of first negotiation, and so that's exciting. I really like how we're deploying our capital. It's much more appropriate for a company our size and it makes a lot more sense when you think about innovative things and where we're going to find innovative things versus what we do really well.

To wrap this all up, the purpose of the transformation in kind of 2 sentences is, 1, shifting

our DNA to one that's focused on efficiency and allocating capital the right way. And 2, being really, really good at what we should be good at. Selling and marketing, deploying capital thoughtfully for a company our size, and making sure we can continue a path towards good balance sheet management through free cash flow generation.

Seth: That's helpful. I mean actually, if I were to digest that, pun intended, you accomplished a ton. Easy for me to say. It seems like a lot of work to do. But now as interim CEO, a lot of this feels like it's fully baked. How do you feel about the future, the ability to compete more effectively, the predictability of the business model on a go forward basis?

Michael Greiner: Yes. I think the thing that's hurt us, and my focus since our first 2 weeks and will be going forward here, is all that stuff has been done. And it's a ton of work, to your point, Seth, and the team should be recognized for that great work. We don't feel it though in the income statement yet. And we don't feel it because the topline has been spotty at best and inconsistent. And so all that great work through the rest of the income statement and through the balance sheet is kind of like an okay, thank you. But unless you're going to grow consistently close to mid-single digits, you're not going to really feel some of those outcomes throughout the rest of the income statement.

Focus literally on day one and through those first 10 days or so and will continue, is on how to drive that consistent topline growth in the pain business. We've gotten it in the digestive business. If you think about our digestive business, it's a $400 million standalone business. If you kind of ripped apart the P&L and allocated some cost, you'd see it's 25% plus in EBITDA margins thereabouts. But you don't really realize that because we've got this inconsistency on the pain side. If we can get some consistency on the pain side organically, people will start paying much more attention to that digestive business and just how stable and consistent it's been. And it just becomes less of a headline risk.

And so, when we talk of pain, I'll just talk to that real quickly, we have 4 primary categories in the pain business. Or 4 primary product franchises in that business that are not exactly themed together. During Investor Day, we tried to create a fanatic around it so people understood how these products are used. And we used the example of EOA and the initial starting point of that disease state you use a hyaluronic acid approach to get some relief. Once that no longer is effective, you would move to an RF device. We have a standard RF, a better standard version, heat version, and then we have the cooled RF, so we have the whole suite of RF devices that could give you up to 18 months to 3 years of relief depending on how you would use that.

But at some point, disease state worsens, you're going to get a knee replacement or something more surgical. In that case, you come out of the surgery with an ON-Q or an ambIT for pain relief while you're healing at home and your leg is wrapped in a Game Ready for the recovery part. We really set it up as a visual of how these products would follow a patient through knee OA across the disease state worsening.

The reality is though that those are really all different call points in total. And so there's -- it's difficult to address all of those product categories even though it makes perfectly good sense when you think of that example. Because you are calling on different people along the way and it's not necessarily the orthopedic who makes all those decisions throughout the process.

Great products. They are 1 or 2 in their particular places throughout, put HA aside. But what we've got to do is figure out how to get the orthopedic understanding that when it

comes to your pain solution set, Avanos is the place to go. And if we can do that and tie these product sets together, I think we can have much more consistent growth just on execution.

The other side of it is we've had some real macro hiccups, some self-inflicted, some that were from the marketplace whether it be HA or whether it be ON-Q or even this quarter with ON-Q, we didn't have some supply available because of our relationship with Leiters who does the refilling of the ON-Q balls. And we just, we've had a few of these along the way. And $2 million for us on a given quarter is a material amount, and so we have to execute really flawlessly. And we've got to recognize that every $500,000 for us on the topline matters. And I'm not sure the organization was always appreciating -- the phrase I often use internally is, we operate on the head of a pin. And the problem is, we've operated on the head of a pin with $500,000 here, $500,000 there, on to the negative. Well, it works in the reverse too. If we just get $500,000 here, $500,000 there to the positive, all of a sudden you have upside surprises that are unexpected. But that requires consistency of execution that we haven't always been able to do.

Seth: Maybe -- you started with pain. Let's focus on pain and then we could get to digestive. But pain grew 1% in the quarter. Not where you kind of expected it to grow, and I think at Capital Markets Day, it was anticipated to grow a bit higher. I mean is that the new norm, these 4 disparate areas that you talked about? Or how do you get it back on track? I mean how do we do that?

Michael Greiner: This is again where I'm really going to talk about pain differently than I think we have. To me, pain didn't grow 1%. Game Ready grew double digits again for the third quarter in a row. IVP grew 9.9% rather than 10%. Surgical pain was down mid-single digits and HA was down 30%, but we had already signaled that HA would be down 30%. In total, you put that map together, and it's 1%, right? But we really have to start teasing apart the different product lines and talking about them differently than we have historically.

I'll start with Game Ready. Game Ready has had its third consecutive quarter of double-digit growth. We signaled coming out of 3Q that we would be down high single digits in 4Q, but that's because of the comparison of 4Q last year. We had a back -- we're talking about self-inflicted wounds, we had a backorder in Q3 of last year. That relieved itself in Q4, we had a big Q4. We're going to have a solid Q4. It's going to be sequentially slightly up to equivalent to Q3, but that is going to, from a math standpoint, is going to show that Game Ready is down 8%, 9%, 10% in Q4. I don't look at Game Ready being down 8%, 9%, 10% in Q4, just like I don't look at pain only growing 1% in Q3. It had a quarter where it's continuing to stabilize, it's continuing to grow sequentially, but we had a tough comp.

ON-Q -- I'm sorry, HA on the other hand, has been down 30% in Q2/Q3. In Q4, it's going to be flat to slight growth versus last year. Why? Because last year in Q4 was when we started to stabilize some pricing that we had. In volumes we did about $11 million of revenue last year in Q4. Through Q1, Q2 and Q3, we've done $10.5 million to $11.5 million each quarter in HA. And we're going to do the same thing in Q4. That will be 5 consecutive quarters of HA being somewhere between $10 million and $11 million or so. That's how I look at that category.

When you look at IVP, we just said it grew 9.9%. Now, North America IVP, North America COOLIEF in particular, was down. And we've said, look, we didn't get the reimbursement, have not gotten the reimbursement in COOLIEF in America, in the US that we want, and we're still pursuing that. But we've got great reimbursement

internationally, in particular in the UK and Japan. we talked about that on the third quarter earnings.

And then we also have Diros, which is growing meaningfully double digits. That's our Trident brand name RF device. And then you've got Asentech, which is our standard RF. We did more volume in our IVP business in total than we've ever done. It was a record volume quarter for IVP, grew 9.9%. So no, I don't think pain grew 1%. IVP grew 9.9%. And then you've got our what we refer to as our surgical pain business, which has ON-Q and ambIT. ambIT is primarily focused in the ASC setting. It's an electronic pump. ON-Q is an elastomeric pump and is often used in the hospital setting. With the NOPAIN Act that just came out, or the NOPAIN Act that was signed a couple of years ago, and the reimbursement that just came out through the CMS regs, we're excited about what '25 can look like for ON-Q and ambIT, both getting tagged for reimbursement that will cover the full cost of either of those pumps.

We've got some nice tailwinds, but the reality is our pain business will continue to be a little bit lumpy. And I think what we have to do a better job of at the company is we've got to speak to it differently than we have historically. It's not a pain business. It's 4 franchises that serve pain, that are solutions for pain management and recovery, and they each have different dynamics associated with them. Many very favorable, but some not as favorable. And I want to start to, as hopefully permanent CEO at some point, tease apart those and talk about those differently.

Seth: Maybe just to -- I want to dig into just a couple of those. First now, HA. And I think really helpful, 10/10/10, I mean it's kind of hit its stride. How do you -- when you did the OrthogenRx deal, it's probably not where you expected it to land, but now there's some stability. How do you think about HA on a go forward basis, the market and what it means to the company?

Michael Greiner: Yeah, for sure, Seth. Going back to your initial question, when you think about all the work we've done in the transformation and why it may feel like we haven't fully pulled through all of the financial outcomes, the biggest reason is HA. We are $20 million plus lower in revenue of an 80% plus gross margin product than we thought we would be when we laid out those numbers back in June of 2023. That's it primarily. There's some other nits and gnats, but that's primarily the biggest reason.

We, as you said, we've had some 5 quarters now, we will have 5 quarters of stability. Unfortunately, what we're learning in the market, and this is this is on us, this is on me. I was the CFO when we acquired OrthogenRx. We did not have a full understanding of the HA market. All of the market participants participate in both the commercial private payer market in HA and in Medicaid/Medicare. We're only in Medicaid/Medicare. Our thesis when we acquired it is that's an advantage for us for pricing stability because we're only in Medicaid/Medicare in 3-shot, 5-shot. Everybody else is playing in both spaces. And we looked at that's a smaller part of the market, maybe that market could be ceded to us because they would, folks would focus on the commercial side, which is a larger TAM.

What we did not realize is that when you do ASP plus 6% and you submit your pricing, you're submitting your pricing across the commercial, what you sell it for, and for Medicaid/Medicare. And there's things you can do in the commercial space that you can't do in Medicaid/Medicare. I'll just leave that there. And so, we are squeezed on a pricing standpoint right now because we're not participating on the commercial side. We have 2 choices right now from a strategic standpoint. We could start to participate in the

commercial side. Or we could double down on the on the Medicaid/Medicare space and really look to acquire more volume to try to offset the pricing dynamics that will continue to be a little bit of a headwind for us. We're looking at that.

I mean volume, one of the -- when we first acquired OrthogenRx, one of the concerns folks have, which was actually one of my concerns, is going to ASP plus 6%, do people really believe in the therapy, the HA therapy? And is it now economically interesting enough for those that administer it to continue to pursue it? Based on volumes, it is still growing. It was our highest, similar to IVP, in our highest volume quarter. The third quarter was our highest ever volume quarter for total volume for our 3-shot and 5-shot. The procedures are there, the volume is there. People using HA is there. But we will continue to have some headwinds in pricing going into '25 on HA, and we have to think about strategically. I made reference to this generically in our earnings call where I said we're relooking at all of our go-to-market strategies. This was one of those go-to-market strategies that we're currently relooking at and reassessing the right approach there. But we will continue to have in the near term headwinds on pricing and we will continue to have really good, stable consistent volume to slightly growing volume in HA.

Seth: That's helpful. Maybe -- I mean just from a time perspective, I'd like to talk about DH. At Cap Markets Day, you laid out a plan to grow mid-single digits. I think people -- you say the word enteral feeding, GI consumables, people actually don't really know what that means. This business seems really well positioned. It seems to have grown. You've launched new products. I mean, can you take us through like why is it well positioned? Why is this like Steady Eddy continuing to chug along? How long can this grow?

Michael Greiner: Yeah. We look at our enteral feeding business in 3 pockets. Short term, long term, and then our NICU offering which is NEOMED. Which the feeding mechanism is similar to our short-term mechanism but for neonates, so obviously the technology is very different. We're a leader in each of those pockets. We have the best brand recognition. If you go into any hospital system with our MIC-KEY and our CORTRAK, NEOMED. When you think about what those products do, they are saving neonates' lives. They are allowing people that have some sort of feeding disorder to live a normal everyday life and get the nutrition they need. They are ensuring that people that are going through chemo or other hopefully shorter term disease states but require feeding in the meantime to get that feeding so that they can get healed by the other things they're working through. It's a great product. It's one of those products that we talk about every day the why of why people like working in Med device. And you ask anybody and it's because you know you're helping people. And in our case, our tagline and our vision is getting patients back to the things that matter. And DH fits that perfectly because people using our products in the DH space, and enteral feeding in particular, can get back to doing the things that matter. Great products, great brand recognition.

Continue to innovate, back to the R&D comment, that's an area where we do a nice job innovating. We're a leader in this space. We innovate against our intellectual property. We innovate against next generation type of products and sustaining our leadership position there. And then the other thing that's not as well-known is manufacturing these products, because of the requirements around the extrusion, the viscosity, the sizing of the tubes, what's comfortable for MIC-KEY peg for buttons, that you don't want to have issues with leakage and things like that. There's some real manufacturing know how that we have in the space. And so, there have been competitors that have tried to come after the DH space and have not succeeded because it is not an easy space to do really well and consistently.

Great leadership position. We'll sustain that leadership position. As you said, we want some products to protect our leadership position and have more to come in 2025. And when you have a great brand name like that, as long as you continue to invest behind it and deliver what patients and caregivers expect, you tend to maintain that leadership position.

Seth: That's fair. You're doing well there. I assume that there's product gaps. Are there like any areas that you look at and you say, God, we'd love to have this, we need this in the bag? I mean because it seems like a dollar spent in DH pays for itself?

Michael Greiner: Yeah, no, it's a great point. We have signaled, yeah, we've done some M&A over in the pain side. We've talked about that. And we have signaled very clearly that where we deploy capital for M&A for the foreseeable future will be focused in the DH side. Just because we think we have some real carry through there that is intriguing. Areas that we think are interesting is, if you think about our feeding tubes, something goes through those feeding tubes and that's more and more high quality real technical nutrition products. We are looking at opportunities to look at nutrition companies because they go through it too. Obviously, there's an obvious synergy there.

You mentioned GI. That's a space that would be a little bit ancillary, but is a nice space that would make sense for us to pursue. And there's some other smaller categories that we would pursue as well. But there's a lot of nice niche products. Depending on how you define GH, we're more narrowly defining enteral feeding because our current products are really enteral feeding. But as you expand that definition to digestive health and GI, you expand your universe of opportunities for M&A. And we think we're well positioned to be one of the global leaders in that space and to really grow in that space. There's definitely categories that we want to go after. As I alluded to earlier, a couple of the M&A we did not get over the finish line this year for a range of reasons, whether it be due to findings during due diligence, just valuations just didn't seem to make sense. We're in the digestive space. We are definitely pursuing those hard and we'll continue to do that going into '25 and beyond.

Seth: As you evaluate these opportunities, what's -- one that's worked out really well, I would imagine it's probably the best deal that the company has done, NEOMED -- maybe next to the S&IP divestiture. But I mean that said --

Michael Greiner: That's because you led that.

Seth: Maybe. But all kidding aside, so I mean, why has NEOMED gone so well?

Michael Greiner: I think it goes back to what I just said. Great product, great leadership, brand recognition and consistent delivery of what's expected. You're dealing with neonates that are days to weeks old and literally are surviving based on the fact that they're getting the nutrition they need, that they can't obviously get on their own. And you've got to make sure there's no clogging, there's no sort of issues that are disrupting the caloric intake those neonates need at a very, very, very young age. Born, 3, 4, 5 pounds, babies that are born prematurely. There is just, when you consistently deliver that, that's great.

Secondarily, there's been a conversion cycle with how you attach the feeding tube called ENFit. It's a more secure way to fasten the feeding device. And so that conversion cycle has really been a nice tailwind for us. We've been signaling for probably 4 or 5 quarters now we're in late innings, we're in late innings, and we continue to grow 20%, 25%. We do believe we are in late innings, but we continue to find pockets of hospital systems that

have not yet done the conversion and we've been able to take advantage of that. That's exciting.

We do think that the growth rates, although remaining double digits into '25, will moderate as we get to the back half of '25 for sure. And then that normal sustained growth rate for NEOMED through just replacement cycle plus getting those smaller hospital systems, the rural hospital systems and whatnot that want to move to the ENFit cycle, we'll attach them. But you're just not going to get the same level of growth. We'll settle into a 7%, 8%, 9% growth rate for NEOMED for the foreseeable future. Combine that with our legacy DH products of 3-4-5 and you've got a solid 5% plus grower on our DH side of the business with, as I said, kind of standalone 25% plus EBITDA margins.

Seth: One of the things you said before, maybe when we talked about the financial profile of the company, you talked about that gross margins haven't been where you want them to be. Because HA carried a high gross margin and we lost some sales there. I think you've done a really nice job, at least outside in looking at the calls and hearing about cost cutting, managing, inflation and pressures. How sustainable is that and how is that part of your ecosystem? I mean, is that something that you're working on every day on an ongoing basis to drive margins?

Michael Greiner: Completely. And it goes back to the transformation. One of the goals of transformation was to shift our DNA around how we think about where we spend our money, the ROI, but efficiencies as well. And so we are -- our gross margins have hung around that 58%, 59% range, 59.5% all year long. We'll continue to print that in Q4 and into 2025. But that's 100 or so basis points lower than we thought we would be going into '25. We signaled 60% to 61% in '25. As we talked about in Q3, we're needing to come off a little bit of those '25 targets just given some of these headwinds. But we still feel very confident longer term, back to your point about embedding where you're going with these margins, that we can we can get to that 60% to 61%. It's just going to be delayed a little bit.

And part of that is because of the better disciplines, because of how we thought about when we started to embark upon the transformation and the cost efforts, we had a different plant footprint. We're now going to be a much smaller plant footprint. We've closed another plant and a half than we thought we were going to close. That brings more volume into the 2 plants that we are going to have remaining. One primarily focused on DH manufacturing, the other primarily focused on our pain management and recovery products. There are things we're doing to offset inflation and also offset, which is a meaningful headwind as you just mentioned, $25 million less in a product that was 80% plus in gross margin. Really happy with what the team has done there.

And similarly, on the OpEx side, we continue to take a step back and go okay, if our revenue is not going to be at 730-ish, which is what we had signaled on Investor Day. Well, what we signaled on Investor Day was $750 million. And then we took that revenue down by $20 million for 2024 for the HA pullback and then that would be kind of the ultimate target, that $730 million organic revenue in 2025. We're not going to be at $730 million. We'll lay out our targets here at a different conference in the coming weeks here. Not as good as this one, but a different conference, and we'll lay out our 2025 targets there.

But even with that revenue being a little bit less, gross margins being a little bit less, we're addressing it through continued OpEx discipline and by and large our profitability measures will be within shouting range of where we thought we would be. On top of the

fact that our balance sheet is actually a little bit stronger than we thought we might be by the end of '25, excluding any M&A that we would do in '25.

Love where our balance sheet is. We're going to finish this year with net debt of $20 million, leverage ratio of less than 0.25 turn. The margin profile, although a little bit delayed on ultimately where we want to get to which is 60% to 60% plus gross margins and 20% plus EBITDA margins. Really like where we're going there and have had meaningful strides there. But all of that comes together if we can consistently grow across the portfolio in that 3%, 4%, 5% range consistently. And we're doing it on the DH side. We have done it on the DH side. We have to have more consistency within each of the four pieces of our pain management and recovery portfolio.

Seth: I mean, we're coming up on time. I don't know, Michael, any closing remarks, anything you want that we left out? Things you want to touch on? Feel free.

Michael Greiner: Yeah, I think a few things that come to mind, and I mentioned one of them. Really great balance sheet. So to your comments about M&A and adding to the bag, we're well positioned to do it. And we will do it when we find something that is at a reasonable evaluation, not 20x EBITDA or 8x revenue, at a reasonable valuation, we're happy to deploy that capital. And in the meantime, we'll build a cash position and we'll repurchase shares where we think there's a disconnect in the market.

We have executed very well against the transformation priorities. They just, as I said before, aren't as obvious to everybody because of the inconsistency I'll say on the topline revenue growth. We've got to fix that. If we fix that, the numbers will take care of themselves.

And then 3, we have to maintain our edges with our product categories. We are in almost all our categories the number one or number two player in the space. And so even ON-Q. Depending on how you define that space, you would say, well, ON-Q is not EXPAREL, you've got others. And sure, for localized 24-hour type of pain management, EXPAREL or somebody else is better. But is there another nonopioid product that allows you to go home in your own home to recover and have 4 to 5-day pain management that you self-titrate? There really isn't a product like that. We are number one in that category.

Same with Game Ready. If you're talking about over-the-counter iceless, yeah, there are products out there over the counter. But if you're talking about your D1 schools, your professional schools, your orthopedic offices and which products are being used there for cryocompression, Game Ready is your number one player in the market, we've already talked about DH.

We've got to continue to innovate around those products where we already have a great beachhead and great following and great brand recognition and then protect those positions and then add to those through smart M&A strategically as those become available and be opportunistic in that space. I love the setup of where we are. I'm excited to be interim because I really believe in the Avanos story and I think if we can eliminate a lot of the self-inflicted wounds that we've had over the last couple of years, we can do a better job as an organization working together and winning together collectively. I think there's some really interesting things ahead for Avanos, so I'm super excited for this opportunity and even more excited to demonstrate what Avanos can be when we consistently execute and deliver on the topline. The rest of the financials will take care of themselves.

Seth: Thank you, Michael. I think we're out of time, but I appreciate everyone joining us today and hope you have a good conference.

Michael Greiner: Yeah, thanks. Seth. Thanks for having us.

Seth: Thank you.