Transcript of
Astec Industries, Inc.
Second Quarter 2019 Earnings Call
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Participants
Steve Anderson - Vice President & Director of Investor Relations
Richard Dorris - Interim Chief Executive Officer & Chief Operating Officer
David Silvious - Chief Financial Officer

Analysts
Joe Grabowski - Robert W. Baird & Company
Stanley Elliott - Stifel
Lawrence De Maria - William Blair

Presentation

Operator
Greetings. Welcome to Astec Industries Second Quarter 2019 Earnings Call. At this time, all participants are in a listen-only mode. A question and answer session will follow the formal presentation. Please note this conference is being recorded.

I will now turn the conference over to Steve Anderson, Vice President and Director of Investor Relations. Mr. Anderson you may begin.

Steve Anderson - Vice President & Director of Investor Relations
Thank you, Sherri. Good morning and welcome to the Astec Industries conference call for the second quarter that ended June 30, 2019. As Sherri mentioned, my name is Steve Anderson. Also on today's call are Rick Dorris, our Interim CEO and also Chief Operating Officer; as well as David Silvious, our Chief Financial Officer. In just a moment I'll turn the call over to Rick for opening comments and then to David to summarize our financial results.

Before we begin, I'll remind you that our discussion this morning may contain forward-looking statements that relate to the future performance of the company and these statements are intended to qualify for the Safe Harbor liability established by the Private Securities Litigation Reform Act.

Any such statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions. Factors that could influence our results are highlighted in today's financial news release and others are contained in our annual report and our filings with the SEC. As usual, we ask that you familiarize yourself with those factors.

At this point, I'll turn the call over to Rick.

Rick Dorris - Interim Chief Executive Officer & Chief Operating Officer
Thank you, Steve. Good morning, everyone, and thank you for joining us on this call. First of all, I would like to comment on yesterday's announcement that the Board of Directors has selected a new CEO, Barry Ruffalo. His
years of experience in manufacturing and a new perspective on our company will help us become a better company going forward. We welcome Mr. Ruffalo to Astec Industries and look forward to working with him as he begins his leadership of the company on August 12.

As you have seen in this morning’s press release, we announced our earnings per share of $1.03 for the second quarter. Our performance was aided by the sale of the Hazlehurst, Georgia wood pellet plant and the receipt of a $20 million payment for the plant. This sale completely releases Astec from any further obligations related to this plant. It also ends our involvement in the wood pellet plant business and allows us to totally focus on our ongoing efforts to improve our products and services for our traditional customers and improve our performance for our shareholders and employees.

Our earnings less the $20 million pellet plant sale were $0.36 per share, which was slightly below our expectations of $0.40 to $0.50 per share. The lower than expected earnings are mostly due to lower volume and under absorption of production costs.

As adjusted sales were below expectations and below the second quarter of last year in all three groups as we have seen a weakening of demand for equipment and parts in all segments during the first half of the year, resulting in reduced year-over-year backlog. This was most noticeable in aggregate crushing and screening equipment, paving equipment and equipment for the oil and gas industry.

The reduced demand was most evident in domestic markets. Since 80% of our sales are domestic this has had a significant impact on our total volume. As has been noted by several departments of transportation around the country, road construction was delayed in the first quarter due to unusually wet weather.

We believe the late start to the construction season has caused some customers to use existing equipment for the remainder of the construction season. The nearly drought-free conditions across the country have also reduced demand for water well drilling equipment and low oil prices have reduced demand for high pressure pump trailers and process heaters used in oil and gas production. We believe that reduced demand is widespread and is also being experienced by our competitors.

Our gross margins for the second quarter in the first half of the year have also been impacted by the reduced volume and competitive pricing pressures. Despite the market conditions, our backlog did improve during the quarter thanks to orders on asphalt and concrete plants in the United States; improved international orders at two aggregate and mining group companies; a large international order for asphalt terminal equipment; and improved orders for wood chipping and grinding equipment.

And with that, I’ll let David report on the second quarter results.

David Silvious - Chief Financial Officer
Thanks, Rick, and good morning, everyone. Our net sales for the quarter were $304.8 million, compared to $272.5 million in Q2 last year, an 11.8% increase. Sales for the quarter were as Rick mentioned positively impacted by the sale of the Hazlehurst wood pellet plant for $20 million.

Recall also that Q2 2018 was impacted by pellet plant activity and we have provided a glossary at the end of press release to assist in comparing the results as adjusted for wood pellet plant activity in all periods presented.

So for the quarter adjusted sales within $284.8 million compared to $347.1 million last year, that is a decrease of 17.9%, which is slightly above our Q2 guidance of the 5% to 15% decrease.
As adjusted then, infrastructure sales for the second quarter of 2019 are $113.2 million compared to $157.7 million in Q2 of 2018, a decrease of 28.2%. International sales were $59.5 million compared to $69.1 million in Q2 last year, 14% decrease and that decrease occurred primarily in Canada, Mexico, South America, outside of Brazil, Japan and Africa. And those decreases were offset by increases quarter-over-quarter in Europe, Central America, Asia, and in Russia.

For the quarter, international sales decreased in the energy and infrastructure groups, and remained flat in the Ag and Mining group. Domestic sales were $245.3 million in Q2 compared to $203.4 million Q2 last year, an increase of 20.6%. And for the quarter, domestic sales increased in the infrastructure group, a decrease in the Ag and Mining group and in the energy group. So as adjusted, domestic sales were $225.3 million compared to $277.9 million in Q2 of 2018, a decrease of 19%. And adjusted domestic sales were down in each of the groups, primarily in the infrastructure group.

Part sales were $74.1 million in the quarter compared to $78.7 million last year for a decrease of 5.9%. And for the quarter, part sales decreased in the infrastructure and the energy group and were flat in the Ag and Mining group. Forex had a negative impact of $2.7 million on sales quarter-over-quarter.

For the first half sales were $630.5 million compared to $598 million in the first half last year, an increase of 5.4%. And as adjusted sales were $610.6 million compared to $672.8 million half-versus-half, and that's a decrease of 9.2%.

As adjusted, the infrastructure sales for the first half of 2019 are $268.2 million compared to $305.1 million for the first half of 2018, a decrease of 12.1%. International sales for the half were $122.4 million compared to $124.5 million in the first half of 2018, a decrease of 1.7% and that decrease half-versus-half occurred primarily in Africa, South America, outside of Brazil, Mexico and Russia, and those decreases were offset by increases in Asia, Canada, and Australia.

For the first half, international sales decreased in the energy group and Ag and Mining group, and increased in the infrastructure group. Domestic sales were $508.2 million for the first half compared to $473.5 million in the first half of 2018, a 7.3% increase.

So for the first half, domestic sales increased in the infrastructure and energy groups, and decrease in the Ag and Mining group. And as adjusted, domestic sales were $488.2 million for the first half of 2019 compared to $548.2 million for the first half of 2018, an 11% decrease.

Part sales remained flat at $166.7 million for the first half of this year compared to $166.8 million in the first half of last year. For the first half, part sales decreased slightly in the infrastructure group and were offset by slight increases in the Ag and Mining and the energy groups. Forex had a negative impact of $6.1 million on sales first half versus first half.

Gross profit for the quarter was $83.5 million compared to $1.1 million in Q2 of 2018. Gross margin was 27.4% for the second quarter of 2019 compared to 0.4% in Q2 last year. However, as adjusted, the gross margin for Q2 2019 was 22.3% compared to 23.6% for Q2 of 2018. Our Q2 2019 guidance was for a gross margin of 22% to 23%.

The absorption variance in the second quarter of 2019 was $6.5 million under absorbed compared to the second quarter 2018 variance of over absorption of $800,000. That's a negative change in the absorption variance of $7.3 million.
The as adjusted gross margin for the infrastructure group was then 20% in Q2 of 2019 compared to 21% in Q2 of 2018. For the first half, gross profit was $160 million compared to $79.1 million in the first half of 2018, an $80.9 million increase.

The gross profit percentage was 25.4% for the first half compared to 13.2% the first half of last year. However, as adjusted, the consolidated gross margin for the first half of 2019 was 22.9% compared to 24.3% for the first half of 2018.

The absorption variance for the first half of 2019 is $13.8 million of unabsorbed overhead compared to $3.6 million of unabsorbed overhead for the first half of 2018, a negative change of $10.2 million. That will make the as adjusted gross margin for the Infrastructure Group 21.7% for the first half compared to 22.9% for the first half of 2018.

SGA&E for the quarter was $53 million compared to $51.3 million for the second quarter of 2018, a 3.3% increase, that increase was driven primarily by consulting fees and R&D costs and was offset by some reductions in payroll and related benefits. SGA&E for the first half was $111.3 million compared to $103.3 million in first half 2018, a 7.7% increase. That increase was driven primarily by consulting fees, exhibit expense, R&D costs and some legal and professional costs.

Sequentially, SGA&E is down $5.4 million compared to Q1 of 2019, and those drivers for that decrease are primarily payroll and related benefits and exhibit expense and other serve-type expenses related to compensation plans. We expect a run rate on SGA&E to remain at this more normalized level in the second half.

Operating income for the quarter was $30.5 million compared to an operating loss of $50.2 million in Q2 of 2018. As adjusted operating income for the quarter was $10.5 million compared to $30.8 million adjusted operating income for Q2 of 2018 and income from operations for the first half was $48.7 million compared to $24.2 million operating loss last year for the first half. However, as adjusted operating income first half was $28.7 million compared to $60.1 million of operating income in the first half of 2018.

We do have interest expense, as we've shown on the income statement related primarily to our current debt that we have in the US and we do have other income and interest income primarily related to investment income at our captive insurance company. The effective tax rate for the quarter was 23.1% compared to 17.3% for the quarter last year. And for the year-to-date period, the effective tax rate is 22.3% compared to a rate of 10.8% last year and we expect the full year of run rate for 2019 to be in that 22% to 23% effective rate range.

Earnings for the quarter, net income was $23.4 million compared to a loss last year of $40.7 million and that's an increase of $64.1 million and that made income per diluted share for the second quarter $1.03 compared to $1.76 loss per share in Q2 of 2018. As adjusted net income this year for the quarter was $8.1 million, or $0.36 per diluted share, compared to $24 million or $1.03 per diluted share in Q2 of 2018.

Earnings for the first half were $37.7 million compared to $20.4 million loss last year and then income per diluted share was $1.66 compared to a loss of $0.89 per share in the first half of 2018. And as adjusted, net income was $22.4 million or $0.99 per diluted share in the first half of this year compared to $46.9 million of income or $2.02 per diluted share in the first half of 2018.

EBITDA for the quarter was $37.1 million, or 12.2% of sales compared to a negative EBITDA in Q2 of last year of $42.4 million, and as adjusted Q2 2019 EBITDA was $17.1 million, or 6% of sales compared to an adjusted EBITDA in Q2 of 2018 of $38.6 million or 11.1% of sales.
And for the first half the EBITDA was $62.1 million, or 9.8% of sales compared to negative EBITDA last year of $9.2 million. As adjusted, it was $42.1 million for the first half of 2019 or 6.9% of sales compared to $74.4 million for the first half of 2018 or 11.1% of sales.

Our backlog at June 30 is $246.1 million compared to $302.9 million at June 30, 2018, a decrease of $56.8 million, or 18.8% decrease. The international backlog is $84.5 million compared to $85 million at June 30 of last year. And our domestic backlog at June 30 of 2019 is $161.6 million compared to $217.9 million at June 30, 2018, a $56.3 million decrease or 25.8% decrease.

Implied orders for the quarter were $314.3 million compared to $130.5 million in Q2 of 2018, a $183.9 million increase. However, as adjusted, implied orders for the quarter were $294.3 million compared to $269.6 million in Q2 of 2018, a $24.7 million or 9.2% increase. Implied orders were up sequentially $97 million or 44.6% and as adjusted, implied orders are up $77 million or 35.4%. Forex had a negative $3 million impact on backlog year-over-year.

On the balance sheet, our receivables are at $139.2 million compared to $144.2 million last year, a $5 million decrease and our days outstanding are $41.1 million this year at June 30 compared to 47.6% last year at June 30. Inventory of $360.9 million this year is compared to $394.8 million last year, a nearly $34 million decrease, but recall that during Q2 of this year, we sold the Hazlehurst Wood Pellet plant, which was included in the June 30, 2018 balance sheet at approximately $60 million, so as adjusted, inventory increased $26 million.

In 2019, we saw 2.5 turns year-to-date compared to 2.4 turns year-to-date at this time in 2018. We owe $28.1 million on our $150 million domestic credit facility and we had $24.9 million in cash and cash equivalents on the balance sheet, primarily at our foreign subsidiaries. Letters of credit are $8.6 million outstanding in June 30, making our borrowing availability $113.3 million.

Capex for the quarter was $4.9 million and compared $10.6 million on a year-to-date through June 30 basis for 2019 and we’re forecasting around $25 million for the full year of 2019. Depreciation for the second quarter is $5.3 million for the quarter of $10.7 million for the six months, and we are forecasting depreciation of around $23.5 million for the full year of 2019.

That's the end of my prepared remarks and I'll turn it back over to Rick.

**Rick Dorris - Interim Chief Executive Officer & Chief Operating Officer**

Thanks, David. While we remain cautious in our outlook for the third quarter and the remainder of the year, we believe that exiting the wood pellet plant business and our performance improvement efforts will continue to provide benefits in the second half of the year and beyond. We also expect to see our SGA&E revert to more normalized levels in the second half.

In terms of financial results, we expect the third quarter to look much like the second quarter of this year as adjusted. For the remainder of the year, we expect the second half results to be in line with the first half results as adjusted.

Regarding our performance improvement activities, we have reduced manpower at the company's most affected by lower volume. Total manpower was reduced by 161 during the second quarter and has been reduced by a total of 402 over the last year. We just concluded our engagement with the consulting firm on strategic procurement and sales and operational planning.
We are beginning to see savings from the strategic procurement effort and believe that the savings will continue to grow throughout the rest of the year as we complete engineering validation of new vendors and components and deplete inventory of existing components and material.

Our new sales and operational planning procedures are producing changes in our bill schedules and will make a difference in cash generation going forward as we do a better job of building equipment and controlling inventory to match more accurate forecasts.

As part of our centrally lead operational excellence plan, all our companies either have or are in the process of hiring an operational excellence leaders. These leaders meet as a group on a monthly basis via webinar to discuss operational improvement plans. They also all participate in an online training program and have regional face-to-face meetings with their peers to share best practices and benchmark with each other.

Our strategy of increasing emphasis on international sales through the establishments of new regional international sales offices and the designer products for international customers is validated by the impact of the drop in domestic sales this year. Our new product development is also continuing and all three groups will be introducing new or improved products before the end of the year. Some of the products will fill gaps in our portfolio, some will make us more competitive internationally and some will make us more competitive domestically.

Over the past year, we have invested time, money, and effort into projects that will improve our performance for our customers, our shareholders and our employees. Some of these projects will require a little time to provide returns, but we are excited about the future of Astec and believe that our current initiatives, as well as the perspective of a new CEO will make us a stronger and more profitable company going forward.

Thanks for your interest in Astec.

**Steve Anderson - Vice President & Director of Investor Relations**
Thank you, Rick. Sherri, if you would open up the lines for questions, we'll be glad to answer those.

**Operator**
Our first question is from Mig Dobre with Robert W. Baird & Company. Please proceed.

**Q:** It's Joe Grabowski on for Mig this morning.

**Steve Anderson - Vice President & Director of Investor Relations**
Good morning, Joe.

**Q:** Maybe, I'll start out with the appointment of Mr. Ruffalo, as CEO, and maybe expand a little bit about what his experience and skill sets are that make him the right person to lead Astec.

**Steve Anderson - Vice President & Director of Investor Relations**
Hi, Joe, Steve Anderson here. Barry graduated from the University of Wisconsin. He has a Bachelor of Science in Biomechanics and Master of Science in Industrial Engineering and has a lot of publicly traded company experience, most recently with Valmont, as you saw in the news release, which is about a $2.5 billion company and also some experience with Lindsay Corp. So with his engineering background and his roles in management positions of operational excellence in engineering, support structures, energy and mining, it's a good fit with our company.
Q: Great. Okay. Thanks. Thanks for the color on that. And then, getting back to Q2 sales. Obviously, a little bit below the guidance range provided. Rick gave some good color on some of the businesses that were a little soft in the quarter, but maybe kind of expand on where the sales came in below what the expectations were 90 days ago?

**Rick Dorris - Interim Chief Executive Officer & Chief Operating Officer**
I think the biggest impact was that our aggregate and mining company dealers have rental fleets that are not being utilized and not converting to sales. Utilization did improve a little bit during the second quarter, but conversions to sales just haven’t been as good as what they have in the past and what we expected.

Q: Got it. Okay. And, I guess, on the bright side, infrastructure orders were pretty good in the quarter, the backlog grew sequentially. And, again, I think Rick you kind of mentioned a few big orders that came through in the quarter, but maybe talk a little bit more about was it just a couple of big orders or did it feel like underlying demand improved? How important was the Bauma show for orders? Maybe talk about that a little bit?

**Rick Dorris - Interim Chief Executive Officer & Chief Operating Officer**
The Bauma show isn’t typically a good show for us for receiving orders, but the big impact in the second quarter in the Infrastructure Group was the sale of asphalt plants. Bookings on asphalt plants were much better in the second quarter. So that was the big difference, I think, in the Infrastructure Group.

Q: Got it. Okay. Thanks. A few more for me. The procurement project, you mentioned kind of the consulting part of the project is over. How do you see the savings kind of flowing through over the next few quarters? Are you starting to see any savings yet? And how would they kind of come through second half of the year and into 2020?

**Rick Dorris - Interim Chief Executive Officer & Chief Operating Officer**
We are seeing some savings now. We did get some just direct price reductions from existing vendors and we are recognizing some of those savings now. But a big part of the savings that we expect have to go through engineering validation where we are switching components or vendors and we have to validate those new components to make sure that they will perform like we need them to. And so that’s what we’re doing now.

Obviously, the price reductions will continue on through the rest of the year. And through the third quarter and the fourth quarter, probably by the end of the year, we will have all of our engineering validations complete and should start seeing savings on all of that by the end of the year.

Q: Got it. Okay, great. Two more for me. The guidance was a little more qualitative this time than the last couple of quarters. Do I understand that kind of Q3 sales and EPS similar to Q2 and second half sales and EPS similar to first half, is that kind of the right way to think about it? And, I guess, does that kind of work out to about roughly $2 of EPS for the year?

**Rick Dorris - Interim Chief Executive Officer & Chief Operating Officer**
That’s correct.

Q: Got it. Okay. And last question, the US construction spending numbers that come out every month, I believe year-to-date public street and highway construction spending is up 18%. It’s probably the strongest start to the year that we’ve seen in over a decade. How does that kind of jive with what you’re seeing as far as you mentioned construction delays because of weather and maybe some of your customers are just going to kind of get by with the equipment they already have? How does that fit with these numbers we’re seeing that show that public—I guess specifically, public construction spending on street and highway up nearly 20% year-to-date?
Rick Dorris - Interim Chief Executive Officer & Chief Operating Officer
Yes. I mean, we hear from our customers that they are busy and they have been busy, but it just hasn't converted the orders for the most part. And typically in the year ahead of the exploration of a highway bill, we start seeing some pullback from contractors on their capex spending. We are a little bit early for that, but could be that we're seeing some of that, because the FAST Act does expire in October of 2020. So even though our customers are busy, they have been holding off on orders and we are seeing it with our competitors too. They're giving quicker deliveries and same kind of things that we are seeing.

Operator
Our next question is from Stanley Elliott with Stifel. Please proceed with your question.

Q: Rick, sorry, we won't get to hear your voice on the calls going forward, maybe they'll let you sneak in. On the sourcing plan and the savings that you're talking about there, one point you're talking about kind of 26% gross profit by year-end, is that still achievable with kind of the lower volume run rate we have now, or where does all of that stand?

Rick Dorris - Interim Chief Executive Officer & Chief Operating Officer
No. We don't expect that based on our lower volume. The savings that we are seeing through procurement and what we are doing with our operational excellence and the other initiatives, I believe are really what's helping us maintain our margins where they're at with reduced volume and increased under absorption. So had our volume been up obviously our margins would be better, but I think that the things we are doing are helping us maintain our margins where they’re at.

Q: And you mentioned pricing being tough in the marketplace. Can you help us with kind of what's going on in terms of pricing, because it seems like you had higher steel cost; the whole industry has, right? You guys are market leaders in a lot of your product categories. Why do you think pricing has not been as realizable as maybe it would have hoped?

Rick Dorris - Interim Chief Executive Officer & Chief Operating Officer
The market is just more competitive. We're having to discount a little bit higher than what we have in the past, because of the competitive situations in the market.

Q: And you mentioned some of the kind of the push out on some of—the customers are busy, but maybe not necessarily ordering right now. Do you think that that is because of weather? Do you think that's because of uncertainty at the federal level in terms of funding? And then, I guess as a tack on, what does the budget deal end up doing for the funding environment into 2020?

Rick Dorris - Interim Chief Executive Officer & Chief Operating Officer
I think that the weather did push or delay some orders that could end up being delayed until next year, just because the season started so late that it's not likely that contractors will want to buy a piece of equipment that they can only use for part of the season and have to leave it until the next year. And I do think there probably is some concern about the federal spending, because the president and Speaker of the House seem to be making some progress on a bill, but then it died and there hasn't been much said about it recently.

So I think there is some concern about that that could cause some delay in ordering until that's resolved. As far as the budget deal, I don't really know how that will affect it. They need to come up with a plan for funding the highway program and that still has to be worked out. It doesn't seem to be much progress on it yet, although they are talking about it.

Operator
Our next question is from Larry De Maria with William Blair. Please proceed.

**Q:** Just staying on the, I guess, the domestic infrastructure cycle vis-à-vis a highway bill. Obviously, as you noted things tend to get a bit more uncertain a year beforehand. Both had a decent upgrade cycle, so where are we in this upgrade cycle? And historically, these bills have obviously been delayed as you know. So, should we have low expectations for the next, I don’t know, year or two, on domestic infrastructure replacement and has much of the replacement reoccurred, or is there a good prospect for recovery in the next 6 to 12 months? And how do we just think about this from a higher level over the next few years? Thanks.

**Steve Anderson - Vice President & Director of Investor Relations**

Hi, Larry, this is Steve. I'll start by saying even though we're a little over a year out on renewal of the Federal Highway Bill, there is a lot of a bipartisan support. Both the president and the Speaker have listed it as a top priority. Certainly border control and other different things come into play and tariffs and things like that, but there is at least bipartisan support. The thing that could be different in this cycle versus prior cycles, over 20 states have increased their state gas taxes after living through the 30-plus continuing resolutions at the renewal of the former highway bill.

So, the states spending is up. The real estate markets have been good. State budgets are in good shape and the states have stepped up with highway gas tax increases that are indexed. So that should be a positive going this time, plus lessons learned from a decade of continuing resolutions previously.

**Q:** I guess put another way then Steve, has the fleet been largely renewed at this point? And at this point we can go couple of years at replacement demand and maybe where is replacement demand compared to where we are now?

**Steve Anderson - Vice President & Director of Investor Relations**

I think we had the renewal of the federal bill as you know in December of 2015. We did see some release of pent-up demand which is consistent with prior cycles and early 2016 and had some good comp numbers coming through in 2016 and 2017. And that we're on a more normalized pattern and as we get closer to the renewal, typically as Rick mentioned that that can have some impact. So, some of that is yet to be seen.

**Q:** Okay. Something else then, how about the pricing you guys talked about? Is it really pervasive in the market across the board, or is it a result of maybe the Deere-Wirtgen deal, or just talk a little bit more broadly about the pricing? And what's the expectation for your kind of net pricing in the second half? Thanks.

**Rick Dorris - Interim Chief Executive Officer & Chief Operating Officer**

I don't think the Deere-Wirtgen deal is a factor. Wirtgen was always competitive prior to the Deere acquisition. So, I don't think that has anything to do with it. I think that where we have seen the most pricing pressure is in paving equipment and in aggregate crushing and screening equipment. So, it's pretty widespread, but those are the areas where we have seen it the most.

A little bit improvement in demand, obviously, will help pricing and I think we could get that later in the year and early next year, but we're just not seeing it at this point looking at our forecast.

**Q:** So, then, does this—and you guys are adjusting your pricing and your cost structure through what you guys referenced in your—obviously in remarks about the consulting is being done and doing engineering, etc. Does that put you in a position to get positive net pricing next year from a lower base, or how do we think about that going into next year?

**Rick Dorris - Interim Chief Executive Officer & Chief Operating Officer**
I would say that that's accurate, yes.

**Operator**
We have reached the end of our question and answer session. I would like to turn the conference back over to management for closing remarks.

**Steve Anderson - Vice President & Director of Investor Relations**
Thank you, Sherri. We appreciate your participation on the second quarter conference call and thank you for your interest in Astec. As our news release indicates, today's conference call has been recorded. A replay of the conference call will be available through August 6, 2019 and an archived webcast will be available for 90 days. A transcript will be available under the Investor Relations section of the Astec Industries' website within the next seven days. All of that information is contained in the news release that was sent out earlier today.

And as Sherri mentioned this concludes our call, so we thank you all and have a good week.

**Operator**
Thank you. This concludes our conference. You may disconnect your lines at this time and thank you for your participation.