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YETI Holdings, Inc. (YETI)

Q3 2026 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning, ladies and gentlemen, and welcome to the YETI Holdings Third Quarter Fiscal 2026 Results Conference Call. At this time, all lines are in a listen-only mode. Following the presentation, we will conduct a question-and-answer session. [Operator Instructions] This call is being recorded on Thursday, November 12, 2026.

I would now like turn the conference over to Arvind Bhatia, head of Investor Relations at YETI. Please go ahead.

Arvind Bhatia

Vice President-Investor Relations, YETI Holdings, Inc.

Good morning and thank you for joining us to discuss YETI Holdings third quarter fiscal 2026 results. Leading the call today will be: Matt Reintjes, Chair of the board and CEO; and Scott Bomar, CFO. Following our prepared remarks, we will open the call for your questions.

Before we begin, we would like to remind you that some of the statements that we make today on this call may be considered forward-looking. And such forward-looking statements are subject to various risks and uncertainties that could cause our actual results to differ materially from these statements. For more information, please refer to the risk factors detailed in our most recently filed Form 10-K. We undertake no obligation to revise or update any forward-looking statements made today as a result of new information, future events or otherwise, except as required by law.

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Unless otherwise stated, our financial measures discussed on this call will be on a non-GAAP basis. We use non-GAAP measures in certain context as we believe they provide useful information regarding the underlying operating performance of our business. Reconciliations of these non-GAAP measures to their most directly comparable GAAP measures are included in the press release or in the presentation posted this morning to the Investor Relations section of our website at YETI.com. Please also refer to the supplemental information posted on the same website.

I would now like to turn the call over to Matt.

Matthew J. Reintjes

Chairman, President & Chief Executive Officer, YETI Holdings, Inc.

Thanks, Arvind, and good morning. We appreciate you all joining. YETI's third quarter results reflect the increasing breadth and balance of our global business and importantly, execution of our Built for the Wild strategy discussed at our recent Investor Day.

Adjusted sales in the quarter grew more than 6%, led by Drinkware and International, with operating margins and EPS growth driving profit significantly faster than sales. And our free cash flow continued to fund both our long term growth plans and additional share repurchases, bringing our total to $150 million year-to-date and $650 million since the beginning of our program in 2024.

Our performance reflects the multiyear work of our team and the consistent investments we have made in brand, innovation and global capabilities. What we laid out at Investor Day in September is coming to life across the business: a powerful, expanding global brand; a growing set of product platforms; a diversified omnichannel business; and a financial model built to compound.

That said, we want to be clear about the near-term demand pressure we're seeing, particularly in the US and Canadian markets. Demand was uneven during Q3, and our current expectation is that it will remain pressured in the fourth quarter, as we believe consumers are increasingly deal motivated. Our cautious view of the near-term environment is appropriate right now, even as we have seen encouraging signals as our steady cadence of innovation continues to cut through a challenging promotional environment.

In the fourth quarter, our focus is on quality growth and driving profitability. What is clearly not changed that our confidence in YETI's long term opportunity. Our brand reads and reception to innovation continue to be positive. And the diversity of our products, channels and geographies supported our execution this quarter and gives us more ways to win, setting us up for 2027 and in the quarters ahead.

Scott will walk through the financials and our outlook in detail. I'll focus on what we're seeing in the business, how our growth platforms are developing, and why we're confident in where YETI is headed. I'll start with four key takeaways. First, the YETI brand continues to extend its reach and broaden its relevance, while staying rooted. Our FOUR Letters brand campaign continues through targeted digital channels with a recent return to linear TV in Q4.

As I mentioned in Q2, the campaign significantly expanded our reach and drove meaningful gains in brand search, consideration and ad recall. Just as important, the campaign strengthened how consumers connected YETI to their lifestyle. Those gains were broad-based, extending across younger consumers, women, sports fans and parents. In Q3, we built on that momentum by tying four letters more directly to our products, our communities and consumers through targeted digital channels.

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In parallel with our overarching brand efforts, we're also focused on driving our community presence. We showed up across fishing, rodeos, surf, trail running, culinary and sports in the quarter, supported by our more than 200 ambassadors around the globe. You could see that connection across markets. The YETI Open, our annual public fishing event, generated more than 1.2 million impressions through event content.

Boardmasters strengthened our position in British surf culture and turned brand energy into retail engagement across Europe. In Australia and New Zealand, we built relevance at the national level through our partnerships with the All Blacks and Commonwealth Games Australia. Once again, the Calgary Stampede deepened our ties to Canada's outdoor and Western communities. And in Japan, our first Fuji Rock activation introduced YETI at an outdoor event with more than 120,000 attendees.

We also extended our reach through partnerships and license products. We broadened our fandom collections across major professional and collegiate sports and signed our first professional soccer player, Michelle Cooper, who last weekend had a game winner in the quarterfinals of the NWSL championship. This balance matters. Reach builds awareness. Authenticity builds trust. And YETI is delivering both. These efforts are bringing new consumers to the brand, deepening engagement with existing ones, and supporting growth across our product platforms, pursuits and geographies.

We're also intentionally continuing a multi-quarter shift in marketing investment further up the funnel. That move can create some near-term transactional impact, but we believe it improves the quality of our revenue and the long-term value of our consumers. For holiday, we're building on that foundation with premium media, more targeted mid-funnel investment and a sharper focus on product discovery.

When consumers are more deliberate about how they spend, brand strength matters. We see brand building as a compounding advantage, one that strengthens consumer connection today and expands the opportunity ahead.

Second, innovation continues to broaden our product platforms, giving consumers more reasons and more ways to engage with YETI. Q3 showed the breadth of that opportunity across soft coolers, bags, storage in protective cases, drinkware and cookware, products designed around clear needs and everyday use, giving us multiple avenues for growth. Soft coolers and bags remained important growth drivers. Daytrip led the expansion of our soft cooler platform, with particularly strong year-to-date growth and building momentum internationally.

Bags delivered strong growth, led by Camino. The Camino Zip added functionality to an already successful franchise and drove incremental demand. And the Ranchero Crossbody exceeded our initial expectations for the bags portfolio.

Hard coolers, one of our core franchises, continues to perform well, while innovation is taking the category into new use cases. Tundra delivered strong performance in the quarter, a good reminder of the lasting relevance of one of our most iconic platforms. Smaller, personal sized hard coolers, like the Roadie 8 and Roadie 15, are driving daily use and opening price points for YETI in the category.

As you have seen, we're growing storage and protective cases through new GoBox sizes and accessories. And the LoadOut phone case brings YETI durability, design and performance into an entirely new everyday occasion.

That is how we think about innovation. Build on the strength of our iconic franchises, extend successful platforms into new use cases, create entirely new reasons for consumers to engage with the brand.

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Drinkware is another example of that approach at work. While the category remains highly concentrated and competitive, stackable cups remain one of our strongest growth platforms. And bottles and jugs are benefiting from everyday hydration demand.

Hydration is a strategic priority with opportunity across quick-access, leakproof, customizable and sport-related solutions. In the fourth quarter, we're building on those themes with the updated leakproof travel mug and additional ceramic line Drinkware. The SKU concentrated pressure we outlined last quarter is playing out largely as expected. It was an approximately 500 basis point impact to Drinkware growth in Q3, with similar pressure expected in Q4. Our full year expectation is unchanged at approximately 600 basis points to Drinkware.

US Drinkware wholesale inventory was down meaningfully on a one and two-year stack, as this category rotation continues as previously discussed. As those comparisons largely reset, we enter 2027 with a meaningfully more normalized base and a more diversified portfolio.

Beyond drinkware, we're extending YETI into more parts of consumers daily lives. Food is gaining momentum, as consumers build systems across bowls and daytrip rather than buying individual products. While early, cookware feedback has been strong as we look to further build upon that as an emerging growth platform. Taken together, our ability to turn consumer trust into new products, use cases and platforms is an important long-term advantage. In this environment, that breadth also gives us more ways to reach the consumer.

Third, our omnichannel model is creating more ways for consumers to discover, experience and buy YETI. Wholesale was strong, reflecting retailer commitment to the brand. We continue to see opportunity for focused, impactful demand creation and product merchandising, some of which you'll see this quarter at key wholesale partners. Our approach has not changed. Productive distribution that elevates YETI's premium positioning, drive long-term shelf productivity and gives partners more opportunities to showcase the broadening portfolio.

In DTC, traffic on our US website remain pressured year-over-year as we comp Drinkware sales and Camino and Daytrip restocking last year. However, conversion improved and customer lifetime value increased. Amazon remains an important discovery and growth channel, though US sales in the channel declined with the Prime Day shift from Q3 last year into Q2 this year, which had a greater impact than anticipated, particularly due to our reduced participation this year versus a year ago.

B2B returned to strong growth, including in the US, driven by improving inbound demand, larger average order values and strength across platforms. As we move across the fourth quarter, we are tracking consumer behavior closely in every channel. The diversity of our model gives us the flexibility to meet consumers wherever and however they choose to shop. During the holiday season, we can respond quickly as we see consumer behavior shift.

Fourth, international momentum continues to prove that the YETI brand and playbook travel. International grew 19% in the quarter. Europe delivered a strong third quarter with growth across wholesale, digital and B2B. The UK was a standout, benefiting from wholesale growth, strong digital performance and rising brand awareness.

On Amazon UK, YETI reached the number one position in coolers and number two in drinkware. Importantly, growth in the region is extending to more European markets beyond the UK. That is exactly how we intend to build, grow awareness, establish premium distribution and connect with consumers through locally relevant communities and experiences.

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Asia, while still early, but the progress is real. Japan remains a relatively small business, but sales grew significantly, led by e-commerce. In the past few weeks, we opened our first brand stores in Japan and Korea and launched our initial digital marketplace presence in China. Those are important steps in building our presence across the region, including in Korea and China, two of Asia's most important consumer markets. Australia and New Zealand delivered a very strong quarter, led by wholesale and B2B. Growth with key retail partners and momentum across product platforms reinforce the strength of the brand and the opportunity to keep scaling.

In Canada, sales were down in a more challenging environment. We're building from a well-established brand foundation and continue to innovate as the Canadian market works through this softness. Customization and B2B performed particularly well, and innovation is giving consumers new reasons to engage. Additionally, our sports and community partnerships are also extending our reach, with strong engagement across hockey, baseball and golf.

The big picture internationally remains very compelling. We're growing established markets, building new ones and reaching consumers through more channels and more communities. The playbook is disciplined and repeatable. And it's working across very different markets.

Turning to operations, as we scale, we continue to strengthen the capabilities behind the business. Our supply chain team expanded sourcing flexibility, strengthened logistics planning, and added the operating capacity needed to support a broader portfolio and larger global footprint. Project Upcycle, our $100 million productivity program, is gaining momentum, with more than 50 active projects in the pipeline and meaningful wins already in the second half of 2026 that we expect will benefit 2027.

We continue to diversify supply and expand our global development network with teams across the globe building a connected innovation ecosystem that improves speed, testing, supplier collaboration and development capacity. These investments are making YETI faster, more scalable and more productive.

Stepping back, the quarter reinforced the strategy we laid out at Investor Day. Brand power compounds when reach is matched by innovation, creating more value as products become platforms. And disciplined operations and capital allocation turn growth into durable shareholder returns.

We have multiple paths for growth across categories, channels, geographies and consumers. Recent demand trends also remind us to stay agile and, in a more challenging backdrop, drive productivity. So we're staying close to the consumer, focusing investment behind our strongest opportunities and managing the business with discipline.

Taking a more cautious view of the near-term does not mean pulling back. We're staying on offense with brand, innovation and our evolving go to market while continuing to drive programs that underwrite increased profitability.

Our fourth quarter priorities are clear, execute the holiday season. The long-term opportunity remains substantial. The brand is reaching more consumers. The portfolio is serving more needs and occasions. International markets are scaling, and our operating model is becoming more capable and more efficient.

While consumer and market conditions may fluctuate, the fundamentals of our business have not. With a strong financial foundation, a powerful brand, an increasingly diversified growth model, combined with the ability to expand margins and generate free cash flow, we believe YETI is well-positioned to deliver sustained growth, attractive profitability and meaningful long-term value for our shareholders.

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I want to close by thanking our partners around the world and the entire YETI team. Q3 and our full year 2026 plan are a result of their work and reflect strong execution and a great foundation, setting YETI up for the long term.

With that, I'll turn it over to Scott.

Scott C. Bomar

Senior Vice President, Chief Financial Officer & Treasurer, YETI Holdings, Inc.

Thanks, Matt, and good morning, everyone. Thank you for joining us. I'll begin with our performance for the quarter, after which I'll provide an update on our outlook for 2026. We look forward to taking your questions following my prepared remarks.

Before I get into the details, let me highlight a few of the most important themes from the quarter. We delivered another quarter of healthy growth, with adjusted sales increasing 6% to approximately $518 million. Growth was broad based across our major product categories and geographies, highlighted by an acceleration in Drinkware, continued momentum in our International business and strong growth in Wholesale.

Profitability was also a significant highlight, as adjusted gross margin expanded 310 basis points. And we generated operating leverage, driving adjusted operating income growth of 35% and adjusted EPS growth of 49%. We also continued to return capital to our shareholders, having now executed approximately $150 million in share repurchases for the year.

Overall, we are pleased with the balance of growth and profitability we delivered in the quarter and, importantly, the progress we continue to make in translating top line growth into faster earnings growth.

During the quarter, we increased the reserve related to our 2023 product recalls. Our adjusted results exclude this reserve adjustment. Please refer to today's press release and our Investor Relations site for supplemental information.

With that, let's dive into the details. Third quarter adjusted sales increased 6% to approximately $518 million. Starting with our product categories, Drinkware adjusted sales increased 8% to $284 million. We are pleased to see growth in both the US and international Drinkware, supported by strength within our core assortment and continued innovation.

Coolers & Equipment adjusted sales increased 4% to $224 million, with contributions from our established cooler franchises as well as newer areas in the portfolio. The growth rate was in line with our expectations, as we lapped last year's particularly strong demand and improved inventory for our highly successful soft coolers and bags extensions.

Turning to our channels, Wholesale sales increased 19% to approximately $237 million, with strong growth across the US, Europe and Australia. Direct-to-consumer adjusted sales declined 3% to approximately $281 million. Lower sales in our US-owned e-commerce and Amazon marketplace businesses were partially offset by growth internationally and in corporate sales. Results also included an unfavorable impact from the Prime Day shift from the third quarter last year to the second quarter this year.

From a geographic perspective, US adjusted sales increased 3% to approximately $399 million, with growth across both Coolers & Equipment and Drinkware. Our International business continued to grow at significantly faster pace than the company overall, with sales increasing 19% to approximately $119 million.

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Europe and Australia were key contributors to the growth, while we continue to expand the YETI brand in Japan. International represented 23% of adjusted sales, compared with 21% in the prior year period. Taken together, our results reflect an increasingly diversified business, with growth across both major product categories and geographies.

Moving to gross margin, adjusted gross profit increased 12% to approximately $305 million, while adjusted gross margin expanded 310 basis points to 59%. About 200 basis points of the improvement reflected lower net tariff costs. The remaining 110 basis points came from operating factors, including pricing and lower inbound freight, partially offset by higher product costs related to commodity inflation. We are pleased with the magnitude of the year-over-year improvement and continued progress we are making across the underlying drivers of gross margin.

Turning to SG&A, adjusted SG&A increased 5% to approximately $215 million. With adjusted sales growing at a faster rate, adjusted SG&A improved 60 basis points as a percentage of adjusted sales to 41.6%. This leverage reflected the benefits of higher adjusted sales and ongoing productivity initiatives, while we continued investing in areas that support the long-term growth of the business.

The combination of top line growth, gross margin expansion and SG&A leverage translated into significant improvement in operating profitability. Adjusted operating income increased 35% to $90 million, while adjusted operating margin expanded 370 basis points to 17.4%, compared with 13.7% in the prior year period. We view this performance as another good illustration of the earnings power of our model and our ability to drive operating income growth meaningfully ahead of revenue growth.

Moving to the bottom line, adjusted net income increased 35% to approximately $67 million, compared with approximately $50 million last year. Adjusted diluted EPS increased 49% to $0.91, compared with $0.61 in the third quarter of 2025. In addition to our operating performance, adjusted EPS benefited from the reduction in our share count as we continue to execute against our share repurchase authorization.

Turning to the balance sheet, we continue to maintain strong liquidity with approximately $74 million of cash and $71 million of total debt, excluding finance leases and unamortized deferred financing fees. Our $300 million revolving credit facility remained undrawn at quarter-end. Inventory was approximately $394 million, up 22% from the prior year. The increase reflects the comparison against lower inventory levels a year ago, which were driven by supply constraints, new product launches, as well as inventory built to support fourth quarter demand and future growth.

With respect to cash flow, through the first nine months of 2026, we generated approximately $110 million of cash from operating activities and approximately $72 million of free cash flow. Our approach to capital allocation remains balanced between investing behind the long-term growth of YETI and returning excess capital to shareholders.

During the third quarter, we repurchased approximately $20 million of shares, bringing total repurchases for the first nine months of 2026 to approximately $150 million. We ended the quarter with approximately $350 million remaining under our share repurchase authorization.

Now turning to our fiscal 2026 outlook. Before I get into the details, I want to note that we are returning to our historical practice of providing guidance on an adjusted basis to exclude 2023 product recall adjustments.

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Turning to our guidance. We are updating our full year expectations to reflect a more cautious view of the consumer demand through the balance of the year. While we continue to see encouraging performance across several key areas of the business, demand is moderated in the early part of Q4.

With the holiday season still ahead of us, we believe our revised outlook appropriately balances the underlying positives with the most recent demand trends that we're seeing. We now expect full year adjusted sales growth of approximately 6%, compared with our previous expectation of 7% to 8%. As a reminder, the prior year included a 53rd week, which created an estimated 100 basis point headwind to this year's growth rate.

Looking at the components of our adjusted sales outlook, we continue to expect Coolers & Equipment to grow high single to low double digits, including a return to double-digit growth in Q4. From a channel perspective, we continue to expect Wholesale to grow high single to low double digits, while direct-to-consumer is expected to grow low single digits. Geographically, our updated outlook reflects moderated expectations across both the US and international markets. We continue to expect the US to grow low to mid-single digits, while we now expect international growth in the mid-teens, compared to our prior outlook of high teens to 20%. The revision in the international outlook is driven primarily by a more cautious outlook for Canada.

Turning to profitability, we continue to expect healthy margin performance. We expect adjusted gross margin of approximately 57.5% to 58% for the year, unchanged from the prior outlook. This outlook incorporates our year-to-date performance resulting from operational drivers, balanced against our current expectations for product cost and other margin drivers. For 2026, we expect the full year net tariff impact to be broadly consistent with 2025 levels.

We expect adjusted operating expenses to increase approximately 5% to 7% for the full year. Given the softer demand environment, we remain focused on disciplined expense management, while continuing to fund the investments that are important to YETI's long-term growth. Taken together, we expect adjusted operating income to increase approximately 7% to 9%. We expect adjusted operating income margin of approximately 14.9%, which is unchanged from our prior guidance.

Turning to the remaining P&L items in our guidance, we expect an effective tax rate of approximately 24% and diluted weighted average shares outstanding of approximately 75.1 million. We now expect adjusted earnings per diluted share of approximately $2.90 to $2.95, representing growth of approximately 16% to 18% compared with 2025. We continue to expect capital expenditures between $60 million and $70 million and free cash flow between $200 million and $225 million in 2026.

Looking ahead, our confidence in YETI's long-term opportunity has not changed. As we outlined at Investor Day, we believe we have substantial runway ahead, supported by a durable brand, a proven innovation engine, an increasingly global business, and an operating model designed to scale. We are still early in realizing that potential with opportunities to expand into new categories and use cases, build bags and soft coolers into a much larger platform, and extend YETI's reach across international markets.

The opportunity is not limited to the top line. Project Upcycle is designed to help offset macro cost pressures, create capacity to invest in the business and support sustainable margin expansion. Together, these growth and productivity initiatives underpin the long-term financial framework that we shared at Investor Day.

So while we are taking a more cautious view of the near-term term consumer environment, it does not change our conviction in the long-term potential of this business. We are focused on executing with discipline, continuing to

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invest in high return opportunities, and positioning YETI to deliver durable, profitable growth and sustainable value for our shareholders.

With that, I'll turn the call back over to the operator.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Your first question comes from Peter Keith from Piper Sandler. Please go ahead.

Peter Jacob Keith
Analyst, Piper Sandler & Co.

Q

Oh, thank you. Good morning. And hope everyone's doing well. I guess I want to dig in first on the DTC weakness. It's a bit surprising to me, coming off the heels of the FOUR Letters brand campaign and you have been citing increased search activity, but you're also highlighting a consumer that is more deal-motivated. So I'm wondering, do you think you might be pivoting to a bit more promotional cadence as we go into the holiday? And related on a – just given the Q4 sales outlook, should we expect DTC to be negative again in Q4?

Matthew J. Reintjes
Chairman, President & Chief Executive Officer, YETI Holdings, Inc.

A

Hey, Peter. Thanks for the question. I would say a couple things. As we talked about at our Investor Day and we've continued to believe, the power of our go to market and that omnichannel approach and the importance of our wholesale partnerships and the various elements of our DTC. In Q3, we had some dynamics. The Amazon Prime (sic) [Prime Day] shift from Q3 to Q2 was a significant shift for us.

And as we talked about the traffic in our dot-com in Q3, which was really a rollover of the restocking efforts in Camino and the Daytrip soft coolers last year. And then this dynamic we've talked a lot about, which is the concentrated Drinkware SKUs and the trend in those and the pressure in the quarter and the pressure on the year.

So when we look at all those dynamics, our commercial go to market, our omnichannel approach, the power of the way we go to market, we think continues to be a competitive advantage. And when we study our owners, what we see is that just under half of our owners' shop three-plus channels that we operate in, and almost three-quarters-plus shop at least two channels. So, that power of the omnichannel is incredibly important. It doesn't mean we prioritize one over the other. We're really trying to drive the overall impact to go chase all the unmet demand that we continue to believe still sticks out there for YETI.

Scott C. Bomar
Senior Vice President, Chief Financial Officer & Treasurer, YETI Holdings, Inc.

A

Just a couple add-ons. If you exclude the impact from the Prime Day shift, DTC would have been approximately flat in Q3. And as it relates to Q4, we do expect to see positive growth in DTC in Q4.

Peter Jacob Keith
Analyst, Piper Sandler & Co.

Q

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Okay. All right. That's good. Maybe just looking forward, I guess the implied guide for Q4 would have sales growth below the long-term sales algo of mid to high single-digit. As you look forward to 2027 – I know you're not guiding next year, do you see opportunities to get back up to that mid to high single-digit algo target?

Scott C. Bomar
Senior Vice President, Chief Financial Officer & Treasurer, YETI Holdings, Inc.
A

Yeah, thanks for the question. Look, we're not seeing anything that makes us feel differently about 2027 than we did during Investor Day. We're early in the process and are working through our planning cadences to prepare for issuing guidance. And we're not doing that today, but we do expect it to be within our long-term algo. As a reminder, Q4 did have a 53rd week a year ago. If you adjust for that, that's 300 basis points. So we're not far off the algo, even in Q4 with the revised expectations we put out there today.

When we look at this, we say our core franchises just continue to perform well. We've got a robust innovation pipeline. We don't have some of the pressures that we talked about. There's no 53rd week in 2027. We don't have the pressure from these trend-driven SKUs that we've talked about. So we feel like, broadly, the backdrop is constructive for 2027.

We are seeing continued cost pressures related to inflationary pieces, things like resins, stainless steel, magnets. Fuel prices are weighing on our transportation costs, but we're not standing still. We've got Project Upcycle, as Matt referenced in his comments, that's delivering real returns. And we're working through the cost pressures and starting to see some terrific results from our initiatives to change the cost structure of this business going forward. So broadly speaking, we expect to be within the long term algo as we come out with 2027 expectations.

Peter Jacob Keith
Analyst, Piper Sandler & Co.
Q

Very helpful. Thanks so much, guys.

Matthew J. Reintjes
Chairman, President & Chief Executive Officer, YETI Holdings, Inc.
A

Thanks, Peter.

Operator: Your next question comes from Randy Konik from Jefferies. Please go ahead.

Randal J. Konik
Analyst, Jefferies LLC
Q

Hey, good morning and thanks for taking the questions. Just on the – back to the long-term algo, Scott, as we think about next year, can you just give us maybe some of the puts and takes on the top line in terms of how we should be thinking about that mid to high single-digit range? Just curious on the different launches that are coming through, geographies that are being expanded upon or getting deeper in terms of distribution. Just give us some of the puts and takes that we should be thinking about next year as we think about just modeling within that mid to high single-digit framework.

Scott C. Bomar
Senior Vice President, Chief Financial Officer & Treasurer, YETI Holdings, Inc.
A

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Sure. Yeah. Maybe I'll just start with a couple of things that are related to the absence of headwinds. The absence of headwinds, there's no 53rd week comparison. There's no – the trend-driven SKUs we've brought up a number of times in the last couple quarters, that essentially goes to zero starting in Q1. So that pressure subsides.

And then, our innovation pipeline is robust. You saw a little bit of that. We gave you a teaser on some of the things that we're bringing out in 2027 during the Investor Day. We see continued efforts to optimize and refine and enhance our commercialization strategies. We've had terrific results in Europe and Asia and some of the early launches there. We're seeing terrific results from our investments in those markets.

And so, we think on balance, again, the diversity of the business model, where we expect to see progress across channel and product categories, we feel like we are well-positioned for 2027 and again think, in spite of the unevenness we've seen in customer demand in the last month or so, we expect to have a constructive backdrop for 2027.

Randal J. Konik
Analyst, Jefferies LLC

Q

Great. And then, maybe the same kind of puts and takes type question as it pertains to thinking again over into 2027 for the margin side of the ledger, in terms of you talked about some headwinds on resin pricing and so on and so forth. But there seems to be other items in terms of – on the SG&A line, for example, with Project Upcycle. So maybe kind of give us again how we should be thinking about puts and takes as it pertains to margins as we get past the fourth quarter and into next year as well. Thanks.

Scott C. Bomar
Senior Vice President, Chief Financial Officer & Treasurer, YETI Holdings, Inc.

A

Yeah, sure. Thanks, Randy. Look, nothing's really changed meaningfully quarter-over-quarter as it relates to the pressures that we're seeing. It's the same things we talked about before. It's fuel and fuel-related inputs, whether they affect the price of resins that move – that are part of plastics, stainless steel, fuel more directly as it relates to our transportation costs. Those haven't meaningfully change quarter-over- quarter. We had sort of a partial year impact from that in 2026 and we'll see that wrap around in 2027. Although, look, we're sitting here in November, back half of next year is quite a ways away. And so, we'll see how that plays out over time.

Let me spend a quick second on tariffs. I think this is an important one to clarify. Tariffs in 2025, as we've talked about a number of times, were approximately $40 million in the P&L. That was sort of a half year convention, where we had 20%, roughly, 20% tariffs affecting roughly half the year in 2025, which is about $40 million. We had a number of changes, as you've all followed very carefully over the course of 2026, including the refunds, a change in the expectation about the base tariff rates. All-in 2026 tariff impact is approximately $40 million as well.

And so, year-over-year, the tariff impact to 2026 versus 2025 is effectively zero, approximately zero. And so when we highlight full year expectations of 16% to 18% earnings per share growth, essentially that's tariff-neutral. That reflects the operating power, the operating model, and the economic engine of YETI. And so, that I think is important to be clear about that. As that rolls forward into 2027, there will be a little bit of overhang on tariffs because in the early part of the year, effectively there were no tariffs realized in the P&L in January and February, as the 122 tariffs didn't come into place until late February.

So as far as an overhang, as it relates to cost, there will be a little bit of additional tariff pressure. That said, we continue to work hard. Project Upcycle continues to deliver success. We have 50 active projects, a few early wins. The benefit from that effort isn't going to happen all at once. It's going to take time. But we're really excited about the momentum that the team is building there and the impact that could have on the P&L over the long haul.

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Randal J. Konik
Analyst, Jefferies LLC

Q

Thanks so much.

Operator: Your next question comes from Phillip Blee from William Blair. Please go ahead.

Olivia Witte
Analyst, William Blair & Co. LLC

Q

Good morning. This is Olivia Witte on for Phillip Blee. So I guess for the softness in the domestic direct channel, do you think there's any correlation with consumers increasingly using AI as a product discovery tool and traditional search marketing becoming less effective, or are you seeing anything across your own site or Amazon that suggests the weakness is driven more by general consumer and macro pressures? And have you seen any meaningful change in customer acquisition costs, site traffic or conversion that would help distinguish between those factors?

Matthew J. Reintjes
Chairman, President & Chief Executive Officer, YETI Holdings, Inc.

A

Hi, Olivia. Thanks for the question. Obviously, that's something we pay a lot of attention to and we talked a little bit about in the past of our efforts to make sure that we are showing up really well, which we believe we do today in the off-platform search, in the various models. And some of that is the richness of the content we create. Some of it's the changes we continue to make to our website to make sure that it shows up and our products show well in those searches.

The direct attribution, I think is tougher right now. And so, but we're looking for ways to see where consumers are discovering us off-platform in a distributed commerce way and then ultimately where they transact. And I think that's the point of why we think this omnichannel model we have with incredible wholesale partnerships who have their own digital properties, really strong marketplace relationships, and then YETI.com as a flagship, and that we can capture a consumer as they move between those different channels and as they purchase. That's really something that we've seen in our data, which is our consumers continue to be – kind of make those channel choices based on really real-time intent, not necessarily a direct preference on the channel. So we think we're well-positioned for that evolution, but it is something we spend time on.

As I talked about in the prepared remarks, we are looking at our full funnel spend and really in Q2 and again in Q4, driving that top of funnel brand awareness because we think that ultimately reflects to all the channels to market in which we operate. And as we think about, as we move down the funnel to our mid-funnel and our lower funnel, it's really about getting in front of the consumer, targeting product preference, driving product discovery in a world where we are actively watching search change. I think all the cost in the customer acquisition pieces, because of the nature of how we go to market, those really get fragmented between all of our channels.

Olivia Witte
Analyst, William Blair & Co. LLC

Q

Okay, great. That's really helpful. And then, corporate sales have been choppy this year, but returned to growth this quarter. So how should we think about the durability of that improvement? How do the recent efforts around drinkware innovation and category expansion affect the outlook for this channel?

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Matthew J. Reintjes
Chairman, President & Chief Executive Officer, YETI Holdings, Inc.

A

Yeah, our corporate sales B2B business was a real highlight in Q3. It has been a strong business for us for years. Obviously, in this business, there are quarter-to-quarter movements because we deal with consumer demand in the B2B sense, corporate demand. But we look at that channel as a growth channel and continue to see opportunity.

So our focus is on two fronts. One, it's making sure that we continue to create the awareness of the offering and then the awareness of the breadth of product. And to your question, the expansion in drinkware provides more optionality for that B2B channel, as does the expansion of our protective cases and storage boxes, our hard coolers, our soft coolers. We've just added capability to do quicker turn marking on our hard and soft coolers co-located with our 3PLs, which is will be a great benefit to that customer group.

So there's the customer acquisition side of it, and then there's the operational improvement. And that's a big area of focus on how we drive cost and productivity, how we drive efficiency, how we drive kind of speed, speed to process there. So those things are also wrapped up in Project Upcycle, as Scott mentioned. So it's really a high level of focus for us because we think it's not only a growth driver, but can continue to be a strong productivity driver.

Olivia Witte
Analyst, William Blair & Co. LLC

Q

Okay. Thank you for the color. I'll pass it on.

Operator: Your next question comes from Brooke Roach from Goldman Sachs. Please go ahead.

Brooke Roach
Analyst, Goldman Sachs & Co. LLC

Q

Good morning and thank you for taking our question. Matt, Scott, I wanted to get more color on the drivers of strength in wholesale, which appears to have a widening gap in performance versus DTC. Matt, you'd mentioned commitments from wholesale partners as a driver in your prepared remarks. What exactly does that mean? How is sell-through trending? And can you speak to your expectations for wholesale growth in the fourth quarter, which implies a pretty healthy deceleration? Do you see any loss in shelf space, as some of these items have become more competitive and as the consumer has become more deal focused?

Matthew J. Reintjes
Chairman, President & Chief Executive Officer, YETI Holdings, Inc.

A

Yeah. Good morning. Good morning, Brooke. And I'll have Scott – can kind of weigh in on a few of the things here, too. But let me start with our wholesale partnerships. As you've seen over the long-term, we have incredible wholesale partnerships. We think we're out there operating with the best of the best. And part of that partnership is we continue to work together on better and stronger merchandising solutions that help not only drive shelf productivity, but drive product discovery.

And one of the things I said in my prepared remarks is with some of our key partners, you're going to see in Q4, some merchandising solutions, things that we're testing, things that we're rolling out and building to make sure that the brand is highlighted. I think what our wholesale partners know and what we know is when consumers intersect with the YETI brand, when they're in the shopping mode, the shelf productivity follows suit. And so,

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making sure that we're not only showing up in those holiday and those buying moments, but we're showing up in the right way.

And then, the other thing that's more of a into 2027 and beyond that is a hyper focus for us is the merchandising and assortment planning and making sure that we have the right products in the right channels for the consumers that walk through those doors. And so we have really productive and active conversations with our partners around that.

As it relates to the strength of Q3, if you go back a number of quarters, we constantly said we have really strong wholesale partnerships, the quarter-to-quarter movement in demand, sell-in demand, really is a function of innovation, launching replenishment purchases, dynamics that are happening in the market. So you see some of those movements quarter-to-quarter. But what we wanted to emphasize in Q3 is the performance of wholesale is really a sign of the wholesale commitment to the brand.

Brooke Roach
Analyst, Goldman Sachs & Co. LLC

Q

That's really helpful. And then just, Scott, a technical follow up for you and one we're getting a lot of questions on today. You made an adjustment to your product recall reserve and as well as the methodology and the way that you're guiding for the year as a result of that. I think historically, you had only been updating that on an annual basis in the fourth quarter. And the quantity of the reserve really changed this quarter versus what we've seen for the last two years, which had been more of a fade out. Can you help us understand what changed in the methodology, why the reserve is so much larger at this point, and why now to change the guide rather than at the end of the year on product recall?

Matthew J. Reintjes
Chairman, President & Chief Executive Officer, YETI Holdings, Inc.

A

Yeah. Thanks for the question, Brooke. Right. So just as a reminder, this is related to a 2023 recall that we had related to soft coolers. And so, this is a function of products that were purchased 2023 and before. And so the reserve that we have is related to the redemptions of that recall. We took a look at the trend rates.

And you start this, you have an actuarial process that looks at the decay of the expected returns, redemption rates. And were seeing that the redemption rates were exceeding our forecast and we felt like we needed to make a reserve adjustment. There is a disclosure on the Investor Relations website with all the ins and the outs of that. But essentially, this is a reflection of what we anticipate to be the full liability associated with the continued redemption of those reserves.

We adjust it from a non-GAAP basis, as was the prior practice, based on the materiality of this particular change. And the key point is that this reflects purchases that were made 2023 and before and therefore not reflective of the operating performance of the business as it stands today. And again, we have a pretty detailed disclosure out there on our Investor Relations website.

Brooke Roach
Analyst, Goldman Sachs & Co. LLC

Q

Great. Thanks so much. I'll pass it on.

Operator: Your next question comes from Peter McGoldrick from Stifel. Please go ahead.

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Peter McGoldrick
Analyst, Stifel

Q

Hey, guys. Thanks for taking my question. As you point to expectations for DTC growth in the fourth quarter, can you help us think about the relative bridge between the third quarter and the fourth quarter expectations in your DTC subchannels and on a traffic and conversion basis? And then related to that, you mentioned more favorable lifetime value dynamics. Does that suggest there's room for leaning into customer acquisition as we move forward?

Scott C. Bomar
Senior Vice President, Chief Financial Officer & Treasurer, YETI Holdings, Inc.

A

So as it relates to DTC, the bridge between Q3 and Q4, as we mentioned, there's been some general unevenness in the demand signals that we saw early in the quarter. We have much of the quarter's business remains as we are just now entering the high-volume period. So there's a lot to be learned about the performance in Q4. We're taking a cautious and prudent approach to the outlook, but we see encouraging signs in the DTC business. Conversion rates are up. And we feel like we've got an activity calendar that will lead to driving demand and driving activity in the quarter, and so feel good about our positioning relative to Q3. And again, as a reminder, Q3 had the impact from the Prime Day shift.

Matthew J. Reintjes
Chairman, President & Chief Executive Officer, YETI Holdings, Inc.

A

Yeah. And I would say on the LTV piece of it, when we look at LTV, one of the things that we're seeing, that we really like, is that returning customers are really kind of driving a lot of the early innovation adoption. And then we take that and we look at the way that we have studied for years how customer acquisition and customer discovery ultimately happens.

In the top three, always, is seeing something in use or someone telling you about it. And so when those returning customers are the ones that are the early adopters of the innovation and then they become the advocates, that has this flywheel effect of kind of pushing on LTV. And so, we are really focused on that, not just in our dot-com channel, but I want the LTV in our wholesale – or the wholesale partners to be contributing to the LTV and Amazon also, because we think that's ultimately how we win long term.

I think the other piece of the LTV, and it's been interesting as our innovation has continued to come out in this environment where we think there is more concentrated, more cautious buying, is we've seen that some of our innovation in our lower price points, our opening price points has been incredibly attractive. And so, we like that because it's adding to the lifetime value. But it's something that we're watching as we go into Q4, just what the consumer behavior is and what the absolute spend looks like.

Peter McGoldrick
Analyst, Stifel

Q

Appreciate that. And I did want to ask on the Canadian influence on international growth, can you help isolate that portion? It seems like the consumer behavior is mirroring that of the United States. And I wanted to get a sense of international growth, excluding Canada, and just outside of North America, how should we be thinking of that as we turn the calendar to 2027?

Scott C. Bomar
Senior Vice President, Chief Financial Officer & Treasurer, YETI Holdings, Inc.

A

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We haven't broken out the Canadian growth specifically, but it is one of our scaled businesses within our international portfolio. And there's certainly a cautious consumer there. And we are expecting that to continue through Q4. And that is one of the big drivers of the impact on the international overall performance. While we're not breaking out the specific number, it weighed pretty heavily on that as well.

And we're expecting a little bit more modest performance out of Australia, New Zealand as well. Our European business continues to perform extremely well. We're really excited about what's happening in Japan and throughout Asia. And so the new businesses there are performing extremely well. But we're cautiously watching the performance in Canada.

Peter McGoldrick
Analyst, Stifel

Q

Thank you.

Operator: Your next question comes from Joe Altobello from Raymond James. Please go ahead.

Joseph Altobello
Analyst, Raymond James & Associates, Inc.

Q

Thanks. Good morning. Just want to go back to the demand softness you guys cited earlier on the call. It sounds like it didn't really impact the third quarter and it really started to kind of crop up in the fourth quarter. But which categories are you particularly seeing it most acutely, I guess? And secondly, are you seeing trade down or just a more deal-focused consumer or is the overall category slowing – or categories?

Matthew J. Reintjes
Chairman, President & Chief Executive Officer, YETI Holdings, Inc.

A

Yeah, thanks. Thanks, Joe. I would say broadly, we're seeing it across the portfolio. So it's not an acute thing. But what we're seeing is that it's the higher price points that are under the most pressure. The things that are maybe at higher transactional value price points tend to be holding up. That was a little bit of my point earlier about some of our innovation, when I think about our Daytrips, some of our Drinkware ex those concentrated SKUs, those are the green shoots that we're really excited about. As we built out the portfolio, we called out the Roadie 15 and the Roadie 8. Those are both our entry price levels for our hard coolers.

And so, when we think about cycling through a cautious consumer that's more deal-driven, having innovation in those really important and attractive price points, we think, which are premium, but for YETI, they give an entry level that has been different than the past. I think it's really important. I think as we go through the quarter, we're going to watch that closely.

I think the other thing that weighs on this year, and we've talked about this now for the last couple of quarters, is that Drinkware drag. And when you think about not only that drag on the Drinkware category for us, but the drag ultimately on overall YETI. Cycling through that for us in Q4 and, as Scott said, largely being out of it going into 2027, it just – it takes a headwind off the table. And we think it's going to – some of those things getting behind us are actually going to allow for what we've been talking about the success of some of our innovation to really kind of peak through.

Joseph Altobello
Analyst, Raymond James & Associates, Inc.

Q

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Very helpful. And maybe a question for Scott. You called out a number of gross margin headwinds next year. I think you said incremental tariffs, commodities. You're lapping some IEEPA refunds obviously this year. And I would think maybe channel and geographic mix might be headwinds as well. Is Project Upcycle enough to really offset that for next year?

Scott C. Bomar
Senior Vice President, Chief Financial Officer & Treasurer, YETI Holdings, Inc.

A

Yeah, we'll come back with more detail on that next quarter, where certainly the team is hard at work at that. And we've seen some pretty meaningful early wins as it relates to that project. So we'll come back and give you more detail on the puts and takes of that. But again, we do feel like we are well-positioned for 2027 and think we can deliver terrific shareholder returns. And we'll give you more details coming up.

Joseph Altobello
Analyst, Raymond James & Associates, Inc.

Q

Okay.

Matthew J. Reintjes
Chairman, President & Chief Executive Officer, YETI Holdings, Inc.

A

Yeah, the only thing I would just add, Joe, just to make it perfectly clear, is Project Upcycle is not in the thinking stage. It's in the execution stage. So the team is working it and putting points on the board. And that is a rhythm and a muscle that we're continuing to strengthen and continue to expect, as we talked when we were together in September, that is a multi-year impact on this business.

Joseph Altobello
Analyst, Raymond James & Associates, Inc.

Q

Got it, okay. Thank you.

Operator: Your next question comes from Noah Zatzkin from KeyBanc Capital Markets. Please go ahead.

Noah Zatzkin
Analyst, KeyBanc Capital Markets, Inc.

Q

Hi. Thanks for taking my questions. I guess first just on inventory, I think ended the quarter up 22%. So hoping you could speak to the complexion of inventory and the level of comparability there. Thanks.

Scott C. Bomar
Senior Vice President, Chief Financial Officer & Treasurer, YETI Holdings, Inc.

A

Yeah. So I think it's important to give a little context as it relates to inventory. Last year, we talked a lot about some of the in-stock challenges we were having with some key items, specifically Daytrip and Camino and the Stackables. And so, last year's inventory was down 12%. On a two-year basis, inventory is up 6%, which is consistent with the sales growth over that window. We're in better position. We have better stock prepared – and better prepared for the holiday season this year. And we've also launched a lot of new products. So we feel like our inventory position is healthy. We're in-stock and we're ready to support the customers' demand.

Noah Zatzkin
Analyst, KeyBanc Capital Markets, Inc.

Q

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Thanks. And then, maybe in terms of recent launches, including the outerwear launch, I know it's early, but just hoping you could provide some maybe early feedback that you've received. Thanks.

Matthew J. Reintjes
Chairman, President & Chief Executive Officer, YETI Holdings, Inc.

A

Yeah. Hi, Noah, thanks for that. It is early. What I would say is the reviews have been really strong from people who know technical in outerwear, performance outerwear. And so, it's doing exactly what we wanted it to do, which is we're getting into the hands of people that are using it. We're gathering feedback. It's a constant cycle of improvement.

We said it was going to be non-impactful to Q4 and that we were going to be thoughtful about how we stepped into this. But we're making serious gear. We're making serious gear with serious materials, design, fit. So I think as you see us over the next couple of seasons, you'll see us continue to build that out. And we're just now branching into showing it in some of the international markets as recently in the last couple of weeks. So we're excited about the feedback we're getting. We're learning a lot. We see the opportunity really clearly and we'll continue to push forward.

Noah Zatzkin
Analyst, KeyBanc Capital Markets, Inc.

Q

Thank you.

Operator: Your next question comes from Anna Glaessgen from B. Riley Securities. Please go ahead. Anna, your line is now open.

Anna Glaessgen
Analyst, B. Riley Securities, Inc.

Q

Oh, sorry. Can you hear me now?

Operator: Yes, we can.

Anna Glaessgen
Analyst, B. Riley Securities, Inc.

Q

Okay, perfect. Thanks. Good morning. Wondering if you could share some more perspective on the deal-driven consumer environment you spoke to. Is that alluding to greater than expected promotional intensity from competitors? We've picked up on some higher promos from drinkware competitors recently, but considering the 600 basis point headwind was reiterated, wondering if you could share more color on what you're seeing across product categories and the extent to which this could extend into 2027. Thanks.

Matthew J. Reintjes
Chairman, President & Chief Executive Officer, YETI Holdings, Inc.

A

Thanks, Anna, for the question. What I would say is when we think about our promotional posture, we remain consistent with what – in both in tight volume as we have in the past and the purpose we use the promotional items for. I think when we look against the market backdrop and what we expect broadly beyond the categories we operate in, we think this is going to be a highly promotional and deal-driven environment.

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I think we started to see that in the back half of this year. As we came out really strong sell-through first half, we saw some changes in consumer behaviors moving into the back half of the year. As Scott said, we saw it more acutely in the start of Q4 as we ramp up to holiday.

I think as it relates to our specific categories, as we've said for a number of quarters, we think drinkware is going to continue to drive a settling out into our specific SKUs that are part of that. But that impact for us, we think we'll lap as we get out of this year. But I think the market is what – as relates to spilling into 2027, I think when we think about our inventory posture, our shelf space positioning, our conversation with our wholesale partners about driving productivity in merchandising and assortment, the opportunity we have with our marketplaces, our dot-com and leveraging our B2B business, we feel really good about our specific promotional posture and how we continue to maintain the premium nature of this brand.

Anna Glaessgen
Analyst, B. Riley Securities, Inc.

Q

Great. Thanks, Matt.

Scott C. Bomar
Senior Vice President, Chief Financial Officer & Treasurer, YETI Holdings, Inc.

A

Thank you.

Operator: Your next question comes from Justin Kleber from Baird. Please go ahead.

Justin E. Kleber
Analyst, Robert W. Baird & Co., Inc.

Q

Hey, good morning, guys. This is Justin on for Pete. We just had a few questions on the gross margin outlook, Scott. If you take the top end of your full year range, it seems to imply 57.5% for 4Q, which is obviously below what you did in 3Q. And we've never seen that to be the case, at least as far back as our model goes. So the question is, are the product cost headwinds just becoming that more burdensome in 4Q? Is it something to do with the promotional intensity that Anna just asked about? And then, the last part of the question is just does the revised outlook assume you recognize the $5 million or so of what looks to be the residual tariff refund that's still hung up on the balance sheet at quarter end?

Scott C. Bomar
Senior Vice President, Chief Financial Officer & Treasurer, YETI Holdings, Inc.

A

So let me take that one first. Yes, the outlook does include the residual tariff benefit. There are a lot of factors that weigh into gross margin. Channel mix matters, geographic mix matters. And so there's more than just the cost headwinds. The cost headwinds quarter-over-quarter haven't meaningfully changed. And so that's been part of our expectation. We've known what those are, those input costs. We had a pretty clear sense of that last quarter, and even to an extent the quarter before that. So that's not really the driver there.

There's a lot of puts and takes as it relates to margin and we feel like we're well-positioned. Nor would we say that there is a drag related to promotional activity. Broadly, our promotional activity is comparable to years past. And so we don't see that as a margin driver. And so, there's a lot of layers to this one. It's harder to isolate just one thing. But we feel like we've had some really strong gross margin performance this year and expect that to continue into future periods.

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Justin E. Kleber
Analyst, Robert W. Baird & Co., Inc.

Q

Okay. If I could just sneak one more in. We noticed some NFL branded YETI Ramblers on Target.com. Could you just talk about the nature of that relationship? Is it just limited sports assortment or is this the beginning of a broader opportunity with Target online and potentially in their stores? And then, just how you guys are thinking about the incrementality from a customer standpoint. Thank you.

Matthew J. Reintjes
Chairman, President & Chief Executive Officer, YETI Holdings, Inc.

A

Yeah. Hi, Justin, I'll take that one. The NFL licensed, broadly, our NFL licensing arrangement has part of the opportunity is to make sure we're in the channels where the NFL licensed products are usually represented. And that's what led to the Target thing. We have not indicated any expansion or otherwise beyond that.

I think it's a rounding out of all the places where we sell NFL licensed product in partnership with their fanshop. So I would think about it as part of an overall program versus a material change in our stance or a material part of our overall customization – or excuse me, our licensing of Drinkware business.

Scott C. Bomar
Senior Vice President, Chief Financial Officer & Treasurer, YETI Holdings, Inc.

A

Just one more clarification on your prior question around the capitalized – tariff refund capitalized [ph] in Q4 (01:04:20). Not all that hits in Q4. Some of that does bridge over into Q1.

Justin E. Kleber
Analyst, Robert W. Baird & Co., Inc.

Q

Got it. Okay. Thank you, both. Best of luck on holiday.

Matthew J. Reintjes
Chairman, President & Chief Executive Officer, YETI Holdings, Inc.

A

Thanks, Justin.

Scott C. Bomar
Senior Vice President, Chief Financial Officer & Treasurer, YETI Holdings, Inc.

A

Thank you.

Operator: This is all the time we have for today's question. I will turn the call back over to Matt for closing remarks.

Matthew J. Reintjes
Chairman, President & Chief Executive Officer, YETI Holdings, Inc.

Perfect. Thank you all for joining us and look forward to speaking on our Q4 call as we look to 2027.

Operator: Ladies and gentlemen, this concludes today's conference call. You may now disconnect. Thank you.

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