09-Nov-2023

YETI Holdings, Inc. (YETI)

Q3 2023 Earnings Call

Copyright © 2001-2023 FactSet CallStreet, LLC

CORPORATE PARTICIPANTS

Tom Shaw
Vice President-Investor Relations, YETI Holdings, Inc.

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

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

OTHER PARTICIPANTS

Peter Jacob Keith
Analyst, Piper Sandler & Co.

Peter Sloan Benedict
Analyst, Robert W. Baird & Co., Inc.

Megan Alexander
Analyst, Morgan Stanley & Co. LLC

Sharon Zackfia
Analyst, William Blair & Co. LLC

James Duffy
Analyst, Stifel, Nicolaus & Co., Inc.

Robert F. Ohmes
Analyst, BofA Securities, Inc.

Brooke Roach
Analyst, Goldman Sachs & Co. LLC

Anna Glaessgen
Analyst, B. Riley Securities, Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Good morning and welcome to the YETI Holdings' Third Quarter 2023 Earnings Conference Call. All participants will be in listen-only mode. [Operator Instructions] After today's presentation, there will be an opportunity to ask questions. Please note that this event is being recorded.

I would now like to turn the conference over to Tom Shaw, Vice President of Investor Relations. Please go ahead.

Tom Shaw
Vice President-Investor Relations, YETI Holdings, Inc.

Good morning and thanks for joining us to discuss YETI Holdings' third quarter 2023 results. Leading the call today will be Matt Reintjes, President and CEO; and Mike McMullen, CFO. Following our prepared remarks, we'll open the call for your questions.

Before we begin, we'd 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-Q and the Form 8-K filed with the SEC today. 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.

Unless otherwise stated, our financial measures disclosed on this call will be on a non-GAAP basis. We use non-GAAP measures as we believe they more accurately represent the true operational performance and underlying

Copyright © 2001-2023 FactSet CallStreet, LLC

results of our business. Reconciliations of these non-GAAP measures to the most directly comparable GAAP measures are included in the press release or in the presentation posted this morning to our Investor Relations section of our website at yeti.com.

And now, I'd like to turn the call over to Matt.

Matthew J. Reintjes

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

Thanks, Tom, and good morning, everyone. YETI posted another strong quarter and continues to build momentum with our branded products, particularly when compared to a very strong year-ago period that included the full benefit of our soft cooler lineup as well as strong wholesale replenishment. Further highlighting our reported results, we also saw the strength of our brand in our point of sale data, with consumer demand meaningfully outpacing our reported sales. While we expect consumers to continue to be more discerning with spend, we've seen the positive signs that they're highly receptive to new product.

Leaning into this dynamic has been a key driver of our business year-to-date. In particular, we've seen the success of category expansion in cargo and Drinkware, reaching both new and existing customers. Color, combined with the new product this quarter, showed well in our Power Pink, Camp Green and Cosmic Lilac colorways.

Our data insights and analytics would indicate that these launches continued the positive trend we have seen in the growth of our acquisition and retention of female consumers across a range of age groups, complementing the balanced demographic makeup of YETI across genders, household incomes and regions.

Beyond the top line, our gross margin was a clear positive story this quarter, showcasing the power of the brand. We delivered remarkably strong gross margin expansion of nearly 650 basis points, highlighted by the ongoing recovery of inbound freight costs and favorable product costs. This result further supports our efforts to stay on offense with brand and growth investment, while also taking care of the bottom line.

As we executed our financial plan during the quarter, we were focused on several key initiatives. To start, we successfully reintroduced our M Series Soft Coolers at the beginning of the fourth quarter. This included the return of the M20 Backpack and M30 tote as well as the new smaller M12 Backpack and M15 tote. The third product impacted by the voluntary recall, the SideKick Dry, returned to our DTC channel at the end of October.

Importantly, these product families will continue to build in the quarters ahead as we more fully position inventory across channels, expand colorways and add new sizes. For example, we introduced a limited release all black colorway across many of our coolers and bags in the current quarter, while two additional SideKick Dry sizes are planned early next year.

We also built upon our omni-channel capabilities and reach in the third quarter, including the debut of Drinkware customization in Australia through our e-commerce site and more recently similar capabilities in Canada. These consumer-facing offerings have long been core to our US business and are now part of our global offering. We also opened three US-based retail stores during the quarter, the most openings we have had in a single period bringing our total stores to 17.

Finally, starting at the end of October, we began a new partnership with Tractor Supply with an initial focus on their Fusion doors. TSC's unique national reach and strong heritage in farm and ranch provide what we see as highly complementary distribution to our existing channel.

Copyright © 2001-2023 FactSet CallStreet, LLC

Now, let me give a deeper look across our strategic growth priorities around brand, product, channel and geography. Starting with brand, YETI's diverse reach around the globe continues to show the strength of the connections we are making. From fishing tournaments to Formula One races, golf courses to food festivals, prominent cameos on Netflix to concert tours, our brand and product were part of an integrated and global story in Q3. Continuing the tradition of durability, performance, design and functionality that tie our product and our brand, these connections to broad and diverse global communities are the backbone of our customer acquisition and retention efforts, keeping YETI top of mind and the powerful word of mouth is strong.

Our 15 active enthusiast communities in 180-plus top-tier ambassadors continue to grow our audiences in real, connected, meaningful ways while also deepening our ties. These relationships paved the way for continued product innovation and brand investment unique to YETI. This quarter, we added global ambassadors and partners from Europe to Canada to Japan and from fishing to culinary. Our diverse media coverage included names such as Fast Company, Food & Wine, Parade, Variety, GQ and Outside, showcasing the varied and connected ways in which product and brand seamlessly and naturally fit into culture without being forced upon the consumer.

Last quarter, we discussed the debut of our Every Single Use campaign, showcasing our product durability and contrasting YETI to single-use disposable alternatives. The campaign was so well received, we expanded across major metropolitan areas and across 18 college campuses as well as internationally, providing a platform to reach new consumers, both domestically and abroad. This is one example of the impactful and nuanced way in which we walk consumers from awareness to consideration to purchase and repeat.

Looking at our product pipeline, I mentioned earlier the heightened importance of meeting a more discerning consumer with a reason to engage. This is taking on even more important in today's marketplace.

In Drinkware, the diversity of our portfolio has been key to driving growth year-to-date. Response to our fall colorways, Rambler Bottles Straw Cap offerings and new Yonder water bottle sizes and accessories were standouts in Q3.

Continuing the health and wellness theme and awareness of the importance of hydration, our two straw mug products continue to outperform our expectations this year. Also, the addition of the highly successful beverage bucket remains a great example of how the brand continues to move beyond individual use Drinkware.

This trend of expansion has continued into Q4. We've launched three smaller capacity, stackable Rambler tumbler and mugs built to the YETI standards of durability and quality and providing more reasons to use YETI throughout the day. Additionally, we officially launched our YETI Cocktail Shaker, packaged together with our classic 20-ounce Rambler or sold separately as a great accessory that fits on top of millions of YETI Ramblers in use since 2014.

We also debuted our insulated Wine Chiller last week, providing another example of the evolution of our Drinkware family. In the weeks ahead, we have a number of product offerings in the works, with the intention to keep YETI top of mind with the consumer, particularly as we go into the crowded time of year for messaging and buying. This will include the return of our annual gear garage specials later in the quarter and the introduction this week of the next size in our straw mug family.

In our cooler business, I would underscore three points. First, we saw strong consumer demand with double-digit increases in both hard coolers and in our soft coolers, not impacted by the recall. Second, the successful

Copyright © 2001-2023 FactSet CallStreet, LLC

introduction of our redesigned soft coolers last month. And third, our ongoing focus of adding size and portability options to expand our global use cases and audiences. With an unmatched product portfolio, we are well-positioned for what we believe will be a competitive holiday period for consumer attention and spend.

Beyond coolers, the equipment side of the business was highlighted by our extended family of GoBox storage and protective cases, which launched earlier this year. This remains a highly productive product family with a tight assortment and tons of potential.

Similar to our cargo products, our discrete range of waterproof and everyday carry bags continues to deliver with reintroduction of the SideKick Dry energizing our waterproof lineup. As we look at the strength of our omni-channel go-to-market, we're increasingly focused on driving impactful and differentiated experiences.

Starting with DTC, the quarter was highlighted by sequentially higher growth, achieving 60% of total sales and our largest third quarter ever in terms of customer acquisition retention. While we continue to see weaker order values against our strong customer acquisition and retention, we believe this is partially due to new consumers we are gaining across very attractive demographics, entering through Drinkware at lower UPT and order value.

As previously indicated, the Amazon channel was strong in the quarter with a particularly successful Prime Day in July, focused on a range of older seasonal colors and end of life products.

In our e-commerce business, we saw outstanding Drinkware performance supported by new product and color execution. We also took continued steps to elevate yeti.com to enhance the premium, distinct site experience. Using a category approach, we've effectively re-engineered the buy flow on yeti.com to align with consumer use cases, showcase the value of our products, and simplify the buying decisions.

We launched this enhanced experience with all day Drinkware in the first quarter and have more recently expanded to Adventure Packed in bags and the Cold Standard in coolers. We've seen positive results from these efforts and are now carrying these enhancements to our suite of global e-commerce sites. Moreover, we plan to build upon these enhancements in 2024.

Corporate sales improved quarter-over-quarter. The performance is expected to remain inconsistent following the tremendous success we experienced last year and some signs of more conservative corporate spending. We are focused on some exciting new partnerships in the pipeline for 2024, as we continue to grow and diversify our global customer base.

YETI stores remains an impactful and unique opportunity for the brand. We're focused on the product and brand experience across all of our 17 stores. In our San Jose, California location, we've debuted an evolved store design, creating what we believe is a strong balance of commerce and brand. Leveraging a similar format, our new store in Honolulu set a first day sales record in just the first two hours of operation. We also piloted in-store Drinkware customization in our original Austin, Texas store, which we are actively looking to expand to several additional store locations.

With opportunities to drive customer acquisition and awareness, we will continue to look to accelerate store efforts in the years ahead. These stores continue to showcase the range and diversity of our evolving product portfolio and play a unique role for our entire omni-channel. YETI stores not only drive purchase, but as importantly, our data would suggest drive awareness, education, and consideration that benefits all of our channels.

Copyright © 2001-2023 FactSet CallStreet, LLC

Shifting to wholesale, results remain varied across the channel. We saw some continued tight inventory management going into the second half of the year. However, our strong execution on demand creation and innovation supported good sell-through overall.

As we continue to build with our existing wholesale partners, we also began late last month, the previously-announced [indiscernible] (00:12:16) launch with Tractor Supply. YETI has a strong heritage in the farm and ranch space and we see this as a great fit, given Tractor Supply's unique scale and Life Out Here strategy. TSC delivers on all three of our longstanding criteria, when considering new dealers, reach new customers, create new buying occasions, and enhance our existing portfolio of dealers.

A mix of Coolers & Equipment and Drinkware will be available over time in approximately 800 of their remodeled Fusion doors and on their website. We will work closely with the TSC team as we look at further opportunities in 2024 and beyond.

International, once again, reached approximately 16% of our sales as our team and the brand performed very well. We were very pleased to deliver double-digit sales gains in all regions, while also building our localized awareness and scale.

Australia and New Zealand had a tremendous performance this quarter. As mentioned, Australia became the first international market to offer e-commerce Drinkware customization. We also drove a number of diverse brand activations across professional rugby, on mountain snow sports and fishing. In addition, our team executed a successful transition to a new distribution center in August, which will provide more flexibility for growth in our customization efforts.

In Europe, I had the opportunity to travel with our team and market during the quarter, meet with our local partners and dealers, and as importantly, see the brand come to life. Even with relatively early stage brand awareness, we are seeing highly encouraging signs and are actively accelerating a range of awareness efforts, particularly as we look at the UK, Germany and the broader DAC region. Operationally, we ramped our new distribution center in the Netherlands this quarter to support growth and efficiency.

In Canada, our wholesale business continues to see strength in our larger accounts, offset by softer independent trends. Our DTC channel remains strong and is increasingly leveraging many of the same tools at the US to drive experience and reach across e-commerce and corporate sales. This included last week's debut of Drinkware customization on YETI.CA and we expect added functionality in the quarters ahead.

Overall, YETI performed well in the third quarter in its position to execute on Q4, while building for long term growth. For the fourth quarter and beyond, we will continue to focus on growing our global brand audience and an elevated cadence of innovation as we further extend our portfolio. The strength of our financial flexibility also means we will remain on offense in this environment, investing in global capabilities, driving our product roadmap, building brand, and thoughtfully allocating capital.

Finally, with the holidays and year end fast approaching, I want to acknowledge and thank our amazing team and all our global partners for their ongoing support, execution and commitment throughout the year.

I'll now turn the call over to Mike to discuss our results and outlook in more detail.

Michael McMullen

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

Copyright © 2001-2023 FactSet CallStreet, LLC

Thanks, Matt. I'll begin with a review of our third quarter performance, followed by an updated outlook for the full year. Our GAAP results reported in today's press release are inclusive of some minor charges and adjustments associated with the voluntary product recall. This primarily includes slightly lower recall-related costs versus what was assumed in our reserve. We did not make any further adjustments to our recall reserve during the quarter as actual recall claim trends are generally in line with our assumptions, which we updated in the second quarter. As is our normal practice, all of the financial details that I will discuss on today's call are adjusted non-GAAP metrics.

Now onto our results. Third quarter sales were flat year-over-year at $434 million. The quarter included $6.3 million of gift card redemptions related to remedies we are offering customers impacted by the product recall. Excluding these gift card redemptions, top line results for the period were in line with our outlook of a low single-digit decline versus the prior year. But similar to last quarter, a portion of these gift card redemptions were used to purchase products with constrained supply, which impacted our ability to fulfill orders from customers and other channels. Thus, we do not believe that the full amount of gift card redemptions are incremental to our results.

Overall, we were pleased with our sales performance in Q3, given several factors that impacted our top line growth. First, due to the product recall, we were without several of our top selling soft cooler products for most of the quarter, including during the key summer months. Second, as we discussed with you all last quarter, we did accelerate the launch of our fall seasonal colors in Q3, which drove a need to start shipping the product in the wholesale in Q2. And third, we faced a challenging compare as we posted a strong 20% total growth rate and a 25% growth rate for our wholesale channel in the prior year quarter.

As a reminder, last year, we benefited from a restocking of our product by the wholesale channel as the channel was able to get back to optimal stock levels after a number of periods of constrained supply. This had an impact across both Drinkware and Coolers & Equipment with the most significant impact to hard coolers.

There are clearly a number of dynamics that have impacted our reported growth rate on a quarter-to-quarter basis this year, but one aspect of our business that we continue to be pleased with is the strong consumer demand that we have consistently seen across our major channels and product categories. In the third quarter, we saw positive sell through growth in our US wholesale channel, across both Drinkware and Coolers & Equipment.

From a channel perspective, direct-to-consumer sales grew 14% to $259 million, representing 60% of total sales. Growth within D2C was led by our Amazon business, including a highly successful Prime Day, so we also saw sequentially higher growth rates in each of our other D2C businesses. In our e-commerce business, as Matt said, we saw exceptional growth in new and returning customers, as well as strong growth in the overall number of transactions. However, this was partially offset by a lower average order value in Q3 versus the prior year quarter.

At a product category level in D2C, we saw strong performance in cargo, Drinkware and hard coolers, which more than offset the impact of the recall and soft coolers. Wholesale sales decreased 16% to $174 million, with declines in both Coolers & Equipment and Drinkware.

As discussed, the decline was driven by the impact of the recall in soft coolers and a significant sell-in comparison versus the prior year. However, as I mentioned, we were very pleased with our growth on a sell-through basis.

By category, Coolers & Equipment sales decreased 8% to $172 million, driven by the factors that I have outlined that impacted hard cooler and soft cooler sales. Our line of GoBoxes have outperformed expectations since their first quarter launch and we were excited to see both color and distribution expansion during the quarter.

Copyright © 2001-2023 FactSet CallStreet, LLC

Bags were also supported by color with Camp Green and Cosmic Lilac, both contributing to growth across our Crossroads collection.

In soft coolers, as Matt mentioned, we reintroduced our newly designed M Series Soft Coolers to the market in early Q4. In order to help support the launch, we did begin the initial shipments of these products into a portion of our wholesale channel in late Q3. This was contemplated in the outlook that we communicated to you all last quarter. Despite not having a full assortment yet, we are pleased with the early results from the launch of these important products.

Drinkware sales increased 6% to $253 million, with growth in D2C offsetting a decline in wholesale. We continue to see our innovation in Drinkware resonate with consumers and put us in a position to capitalize on trends in the market.

For instance, we expanded our Yonder product line with new sizes and lid offering and launched new color-matched lids in our Rambler stainless bottle line. In addition, we had incredibly successful fall color launches in Camp Green, Cosmic Lilac and Power Pink. We also remain encouraged by some of the initial success we are seeing as we look to move beyond individual use drinking vessels into more group-sharing and entertaining options.

As Matt outlined earlier, we think we can further capitalize on these trends in Q4 with our extensive lineup of new innovations. This includes an expanded range of products designed for coffee occasions with three smaller-sized cups and mugs, a great new hydration solution with a Rambler 42-ounce straw mug, and the introductions of new entertaining options with the YETI Cocktail Shaker and Wine Chiller.

Internationally, sales grew 20% to $68 million, representing nearly 16% of total sales with double-digit gains across all three regions, Europe, Australia and Canada. Gross profit increased 13% to $250 million or 57.8% of sales compared to 51.3% in the same period last year. Positive drivers this quarter included 480 basis points from lower inbound freight, 150 basis points from lower product costs, 110 basis points from favorable channel mix and 20 basis points from all other impacts. These gains were partially offset by 110 basis points from higher promotions associated with our successful Amazon Prime Day.

SG&A expenses for the quarter increased 20% to $179 million or 41.3% of sales compared to 34.4% in the same period last year. Non-variable expenses increased 370 basis points as a percent of sales, driven by a rebuild of incentive compensation costs for our employees, sustained investments in areas such as head count and demand creation to support our future growth and the impact of the recall on our top line.

Variable expenses increased 320 basis points as a percent of sales, primarily driven by two factors. One, we had higher Amazon Marketplace fees given the higher growth in this channel. Second, we had higher outbound freight expenses in Q3, given the growth and the corresponding increase in sales mix of our overall D2C business. In addition, outbound freight costs were also driven higher in the quarter by the dynamic of smaller average order sizes in e-commerce, which I mentioned earlier.

Operating income decreased 3% to $71 million or 16.5% of sales compared to 16.9% during the same period last year. Net income also decreased 3% to $53 million or $0.60 per diluted share compared to $0.63 in the prior year period.

Turning to our balance sheet, we ended the third quarter with $281 million in cash compared to $78 million in the year-ago period. Inventory decreased 22% year-over-year to $341 million. After four straight quarters of

Copyright © 2001-2023 FactSet CallStreet, LLC

sequential declines, inventory did increase from Q2 to Q3 by $19 million as we enter our seasonally highest sales quarter.

Total debt, excluding unamortized deferred financing fees and finance leases, was $83 million compared to $96 million at the end of last year's third quarter. During the quarter, we made a principal payment of $1 million on our recently amended term loan.

Now, turning to our updated fiscal 2023 outlook. We now expect full year sales of approximately $1.7 billion, representing growth of approximately 4% compared to fiscal 2022's adjusted net sales. While remaining in the range of our prior outlook, our updated estimate reflects a number of factors. First, it reflects the benefits of strong overall demand across our channels. At the same time, we do expect to see the continuation of several recent trends, cautious ordering patterns in the wholesale channel, somewhat tempered growth in corporate sales following a very strong 2022 and lower average order values in e-commerce.

Notably, our work to establish our Tractor Supply partnership has been in process since earlier in the year and was thus contemplated in our prior outlook. Looking specifically at the fourth quarter, this updated outlook implies approximately 10% sales growth, which puts us back in the range of our long-term growth algorithm. This includes more balanced category growth between Drinkware and Coolers & Equipment, supported by new innovation in Drinkware and the launch of our soft cooler products impacted by the recall back into the market. By channel, we expect to maintain double-digit growth in D2C, while returning to growth at wholesale. From a mix perspective, we still expect D2C sales mix of approximately 60% for the year.

As a final point on our sales outlook, consistent with last quarter, this outlook does not include the impact of any gift card redemptions in the fourth quarter.

Our gross margins continue to improve and thus, we are increasing our full-year gross margin outlook to approximately 56.5% compared to 52.7% in fiscal 2022. This is driven by the combined impacts of lower inbound freight costs and favorable product costs. Year-over-year gross margin expansion is expected to moderate somewhat from the third quarter to the fourth quarter due to more normalized mix benefits as well as the overall strength of Q3 gross margins.

On the SG&A line, we expect full-year SG&A dollar growth to approach the high-teens level. As we have outlined throughout the year, our SG&A growth in fiscal 2023 is being driven by investments to support our future growth, incentive compensation and variable expenses to support our D2C businesses. Our fourth quarter growth rate in SG&A is expected to be in the range of our year-to-date results.

With these updates, we now expect an operating margin of approximately 16% for the year, at the high end of our prior range. For the fourth quarter, we continue to expect a return to over 20% operating margins. Inclusive of approximately $2 million in interest expense and an effective tax rate of 25.1%, our full year earnings per diluted share is now expected to be approximately $2.32, which is the high end of our prior outlook. For cash, we now expect free cash flow of approximately $200 million at the high end of our prior outlook with capital expenditures of approximately $55 million, down $5 million from our prior outlook.

Overall, as we enter the fourth quarter, we are pleased with our execution thus far this year. While our growth rate this year is not where we expected to be going forward, it is in the range of what we set out to do at the beginning of the year given the impact of the recall. Our gross margins continue to recover to the levels we saw before the run-up in inbound freight costs. And our balance sheet, along with our ability to generate good cash flow continues to be a strength.

Copyright © 2001-2023 FactSet CallStreet, LLC

While we are certainly mindful of the ongoing uncertainties with the consumer and macro environment, we remain optimistic as we move closer to the holidays. We believe we have an incredibly exciting lineup of new products in the market, and we believe the YETI brand is as powerful as ever.

Now, I would like to turn the call back over to the operator to take your questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now begin the question-and-answer session. [Operator Instructions] In the interest of time, please limit yourself to one question and one follow-up. At this time, we'll pause momentarily to assemble our roster. Our first question comes from Peter Keith from Piper Sandler. Please go ahead.

Peter Jacob Keith
Analyst, Piper Sandler & Co.

Q

Hey. Good morning, everyone. Thanks for taking the questions. I guess, it's encouraging to see that you called out sell-through was positive at wholesale for the quarter. But I guess everyone's kind of nervous on the consumer and maybe some – worried about some slowdown overall in September and October. You are lowering a little bit on the sales guide. Could you give us a sense on maybe the sell-through and overall sales trends how they progressed in recent months?

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

A

Good morning, Peter. Thanks for the question. I would say we feel very good about the quarter we just posted. We talked – both Mike and I commented on the strength of the sell-through – the strength of our ability to not only acquire, but retain consumers in a competitive environment for consumer retention. And I think that's a mix of the strength, the brand, the product portfolio that we have, the products that we continue, and innovation we continue to bring out.

As we look into Q4, those are the same dynamics we're focused on, driving customer acquisition and customer retention, making sure that we're top of mind as people go into this important holiday season. And as you've seen following the story for a while, that's something that YETI has consistently done in the fourth quarter. I think that even with a more discerning consumer, the data that we saw in Q3 and what we expect in Q4 as it will continue to be prominent during the holiday season.

Peter Jacob Keith
Analyst, Piper Sandler & Co.

Q

Okay. That's great. Just – I know you're not guidance to next year, but one thesis that's being floated around is that even though you're lapping that recall with all the various puts and takes that's happened in 2023 that you don't really have an easy compare as we look out to next year. I guess just how do you think about the underlying trends as we pivot from 2023 to 2024 and [indiscernible] (00:31:32) recall?

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

A

Copyright © 2001-2023 FactSet CallStreet, LLC

Yeah. Hey, Peter. So a couple of things I'd say. Number one is, as we look to next year, we'll have more to say on 2024 on our next earnings call, but just at a high level, what really is encouraging for us, like Matt said, the overall strength of the brand and expansion of the brand as we look at other opportunities for us to continue to grow, just the consumer demand strength that we've been seeing, the growth outside the US that we believe is an opportunity for us. Getting our full portfolio back with the M Series and the SideKick Dry coming back to the market.

If you look at the innovation that we've launched in the second half of this year, being able to annualize that, the new customers that Matt talked about that we acquired and what we typically see with those new customers coming in and us able to do increase value with them over time. We believe that we have an opportunity to kind of get back to those growth levels that we've traditionally targeted. And then, despite the – or even with the compare, we just think the opportunity is there for us.

Peter Jacob Keith
Analyst, Piper Sandler & Co.

Q

Okay. Very helpful. Thanks so much, guys.

Operator: The next question comes from Peter Benedict from Baird. Please go ahead. Hi Peter, is your line on mute?

Peter Sloan Benedict
Analyst, Robert W. Baird & Co., Inc.

Q

Yes, it is. I apologize. Good morning, everyone. So my first question is just on the new distribution agreement with Tractor Supply. How do you think about that from an incrementality standpoint? I mean, you've already been in farm and ranch, but clearly, Tractor is the leader in that space. And how should we think about maybe that impact as you kind of move through next year? Any details or color you can provide around that would be helpful. That's my first question.

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

A

Hey. Peter, thanks for the question. Tractor Supply, we've known for a while and we've watched and their names come up, we think they do a wonderful job in that farm and ranch community and then connecting to those consumers as we watch the evolution of their Fusion store buildout and strategy.

One of the opportunities we saw as we looked at the mapping of our distribution footprint and consistent with how we've always thought about distribution, whether we were taking our footprint down or selectively looking at opportunities to expand our footprint, it's always around. Do we think we can intersect with a new consumer in a new buying occasion and is it complementary and incremental or kind of affords us a chance to reach people that fits with the rest of our distribution footprint? And that includes our Amazon reach, our e-commerce reach and our wholesale partnerships.

And when we map that out and looked at our analytics across all those different touchpoints, there was a really nice overlay with where Tractor Supply is located today and where we think that business can play a role for us. So we're excited about the partnership.

As you've seen with us in the past, we're slow and paced in how we roll out these partnerships for the benefit of both parties and making sure that we do it the right way, that we get the right assortment, the right merchandising

Copyright © 2001-2023 FactSet CallStreet, LLC

in the right stores. And we're in the very, very early days of that with Tractor Supply, but see the long-term potential there.

Peter Sloan Benedict
Analyst, Robert W. Baird & Co., Inc.

Q

Got it. That's helpful. Thanks. And then I guess, Mike, maybe one for you. You talked about the SG&A growth, high teens. I know we get the variable components there. But how about the non-variable portion? How do we think about that as we're moving kind of into next year? I mean, this has been obviously a slower year on the top line, but you've kind of forged ahead with a lot of investment within the P&L and SG&A. How should we think about maybe the cadence as we move into 2024 within your SG&A? Thank you.

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

A

Yeah. Hey, Peter. So I'd say a couple of things. So – I mean, like you talked about, the big – as we looked at our SG&A for the year, the non-variable piece is largely the same. What's been a tick higher and – versus some of our comments in prior quarters has really been that variable piece driven by some dynamics in the business, but the non-variable piece has been really consistent. And we said there's really been three primary drivers of that: one, incentive compensation; two, the impact of the stop sale; and three, the investments we're making.

As we look to go to next year, two of those, we believe, are largely not going to be factors on an ongoing basis. The incentive compensation and the impact of the recall and the stop sale on our top line. And we're always going to invest in our business and we continue plan to do that next year.

But it is our intent to, over time, get leverage on our OpEx, whether – we'll have more to say on 2024 specifically when we get into our Q4 earnings call. But over time, we do believe that we can leverage on our OpEx. It's just there were several discrete impacts this year that we believe will not continue as we go into next year.

Peter Sloan Benedict
Analyst, Robert W. Baird & Co., Inc.

Q

Okay. Fair enough. Thanks so much, guys. Good luck.

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

A

Thanks, Peter.

Operator: The next question comes from Megan Alexander from Morgan Stanley. Please go ahead.

Megan Alexander
Analyst, Morgan Stanley & Co. LLC

Q

Hi. Thanks for taking our questions. I guess, maybe a little bit of a follow-up on the earlier question, but could you just help us unpack what's changing in the implied 4Q wholesale guide? I think if my math is correct, it maybe implies wholesale is up low-single-digit versus double-digit prior. So is it possible to contextualize maybe how much of that was a benefit to the third quarter from early load-in? And how much of it is what you're seeing in terms of retail order replenishment and conservative retail ordering patterns?

Copyright © 2001-2023 FactSet CallStreet, LLC

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

A

So I'd say a couple of things as we look to the fourth quarter. I would agree that the implied is that we said we wanted to get back to growth in Q4. That's coming off a Q3 where we had a pretty challenging compare. In the prior year Q3, wholesale grew 25%, which is a big part of the reason why – what led to the results this quarter.

But as we look to – now believe we're at more normalized inventory levels as we look at where how sell-through is performing, being positive across both Drinkware and C&E, having our full complement of products available with the M Series coming back. We believe that, that kind of leads us to kind of those growth levels that we communicated for Q4.

At the same time, we do believe that we are seeing a more cautious ordering environment. It's not consistent across all dealers, some dealers that we're seeing are doing really well with us. But it's just as we look at the environment and kind of how different dealers are looking at their outlook for the consumer, we felt like that was the kind of what we see for the fourth quarter. But I think the most important thing is we continue to be encouraged by what we're seeing at a sell-through level and expect that to continue.

Megan Alexander
Analyst, Morgan Stanley & Co. LLC

Q

Okay. That's helpful. And then maybe just a follow-up on the gross margin. Obviously, a very impressive performance even despite a pretty large promotion headwind from Prime Day. I guess, how should we think about the bridge to 4Q and then to 2024?

Would you expect freight and product costs to continue to build into 4Q in 2024? And then I guess on the promotion piece, presumably the Amazon Prime Day headwind goes away, but how should we think about that promotion line more broadly? And is there an opportunity to perhaps lean into Amazon and promotions in more earnest given what you're seeing from some of your retail partners?

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

A

Yeah. I'd say on gross margins, we were obviously thrilled with the results that we posted in Q3. As we look to Q4, really nothing has changed on our outlook for gross margins in Q4 by itself. We took the year up again this quarter to 56% – approximately 56.5% really, the strength in Q3 is what led us to do that. Q4 is largely kind of in line with what we've expected for the last few quarters.

On the product COGS side, expect that to generally be in line with what we've been posting. I would expect the benefit from inbound freight – I would not expect that to continue to build, because in the prior year, we started to see some of the benefits of the lower rates roll through our results in Q4 of the prior year, whereas Q2 and Q3 of last year were kind of the peak impact of when we saw those higher rates. And if you look at the drivers that we provided on a quarter-to-quarter basis, you can see that the negative impact went down from Q3 to Q4 of last year. So I would not expect that line specifically to continue to build.

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

A

And, Megan, I'd just add one thing on the promotional cadence. YETI has been consistent in our approach to promotion and very selective as a primarily full price seller consistent across all of our channels to market. And we

Copyright © 2001-2023 FactSet CallStreet, LLC

think that's one of the values is that – we drive the value behind the brand and drive the demand behind the product.

The way we've looked at promotion and it would be consistent with the way we would do in the future is, if you think about product transitions, selective things as we think about inventory, inventory management on the margin and then really kind of optimizing and selective at busy time of the year where you're trying to drive attention demand, traffic to the brand. And that largely stays – will stay the same and consistent and I think it will be consistent with quarters in the past and going forward inclusive of how we use Amazon.

And so, I think, as we called out, we had a successful Prime Day. It was successful and it accomplished a number of objectives for us and we think it's consistent with how we approach the brand and how we approach promotion.

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

And, Megan, the only other thing I'd say back on gross margin is you asked about 2024, we do expect and continue to be able to recapture more gross margin benefit from inbound freight as we look into 2024. We gave up somewhere in the neighborhood of 600 basis points directly related to inbound freight. We're going to recapture 400 basis points or so in total this year, that would imply we've got more to go as we go into 2024.

Megan Alexander
Analyst, Morgan Stanley & Co. LLC
Q

Got it. That's really helpful. Thanks so much.

Operator: The next question comes from Sharon Zackfia from William Blair. Please go ahead.

Sharon Zackfia
Analyst, William Blair & Co. LLC
Q

Hi. Good morning. Thanks for taking the call. I guess I wanted to ask two questions kind of on your longer-term outlook, because it's been kind of hard to figure things out from the outside with the stop sale and recall this year. I guess, is a 20% operating margin still kind of an achievable number over time for the business? And if so, kind of what's the timeline do you think you can recapture that?

And then, secondarily, on the idea of double-digit revenue growth, I know, historically, you had expected that to come from both Drinkware and Coolers & Equipment over the long term. Just wanted to check if that's still the case? Or do you expect a disproportionate impact from either or? And maybe embedded in that kind of what you need in the US business to achieve double-digit over time, just given how international is growing?

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

Morning, Sharon. Thanks for the question. I would say, while on this call, we're not updating 2024 and updating our kind of long-range guide. What I think the – we have shown through even a really challenging in period with this recall is that there is gross margin opportunity in front of us that, and as Mike just talked about, we see operating margin improvement opportunity based on some of the unique things that affected and are affecting 2023.

Copyright © 2001-2023 FactSet CallStreet, LLC

The top line, as we've shown outsized growth internationally and as we continue to prove the demand opportunity there and as we continue to mature our operations internationally, we think that continues to be a really interesting area to drive long-term growth for YETI.

As it relates to the US market, I think while we obviously have a very well-established and in-demand business, when we talk about things like sell-through being strong, our sell-through data comes from the US market. We don't have that same level of visibility globally on the sell-through. So, you can extrapolate from that, that the US market continues to be very vibrant for us, which means that the innovation, the expansion, the new colorways within Drinkware, within coolers, hard coolers, within soft coolers, there's a really receptive market and opportunity for us in the US.

So, I think all those elements as we get into talking about 2024 and what our guide is in 2024 will be a piece of that. And then, as we start to talk about what long term looks like is an update from our original back in 2018 when we were public.

Sharon Zackfia
Analyst, William Blair & Co. LLC

Q

I guess just a follow-up on that, I don't think you talked about kind of categories. So, I know historically, coolers and Drinkware were supposed to both grow at a double-digit pace. Do you think that's still kind of the right long-term growth rate for both categories?

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

A

Yeah. Thanks, Sharon, for catching my miss in that. I would say, I think it's – I don't think there's anything about the opportunity in those broadly defined categories that would say, one, over time, will naturally grow slower or naturally grow faster. I think really, it comes down to how do we continue to expand the definition of Drinkware, you've seen us do that this year and with success as we called out.

I think in Coolers & Equipment, there's a lot of things, as we called out on this call that are under that umbrella that we really like the growth. And if I take Coolers & Equipment, hard coolers, our longest standing category, continues to be an outstanding performer and we also called out what I would call the very limited assortment we have in cargo and gearboxes continue to be an outstanding performer.

So, I think it would be tough to sit here and say one versus the other, because a lot of that will be predicated on the innovation and the acceleration and the awareness we bring within those two portfolios.

Sharon Zackfia
Analyst, William Blair & Co. LLC

Q

Okay. Thank you.

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

A

Thank you.

Operator: The next question comes from Jim Duffy from Stifel. Please go ahead.

Copyright © 2001-2023 FactSet CallStreet, LLC

James Duffy
Analyst, Stifel, Nicolaus & Co., Inc.

Q

Thank you. Good morning. Great execution, guys. Hey, I'm going to take a different approach to questions on future years. Matt, I'm hoping you can speak to how you're thinking about strategic objectives for the organization in 2024. What are the areas of the business that are going to be prioritized for allocation of capital? What are some of the areas where you want to strengthen your organizational competencies? What are some of the operational objectives where you believe you have room for improvement? Thank you.

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

A

Morning, Jim. Thanks for the question. I'd answer it in a couple of ways, and I think you'll hear us talk more about this as we go into 2024. But if I refer back to my prepared remarks, we sound simplistic, but we introduced a little bit of new language, which is four key things; brand, products, channels, and geography.

And I'll take three of those four. The investments we've made in growing the brand and the places that we're showing up and the way we're connecting with consumers domestically and globally, I think you'll see us continue to do that and take what I believe is the greatest in-house marketing and creative team out there and putting us in front of a really diverse audience.

And I think you saw elements of that if you followed us this year and you heard elements of that in the quarter. But I think that investment is one of those things that just in the rhythm of what YETI has done and done really well without outsized sort of investment – it's a big part of the rhythm of what we do. We're really smart with the dollars we spend. We're really directed in how we do it in a really impactful nuanced way.

I think on the product side, you're going to see us continue to invest in innovation, and that's capabilities and capacity as an asset-light business. That's smartly adding talent to an incredibly talented R&D and product and design and sourcing team that we have within YETI. And so I think that would be the second piece is really amplifying the capabilities that we have within the business and then rounding out capacity and rounding out skills that allow us to get into more and more, what I'll call, YETI-worthy innovation areas.

As it relates to geography, to Sharon's last question, we think the US market remains incredibly receptive and strong for product innovation and to our expanding brand reach. But really, when I think about geography, I think about the international opportunity. In the very early days, we are in the UK and Europe and the large attractive markets where we haven't hit maturation in scale, and we can do that in an efficient and effective way like we have seen in Australia and Canada. And then looking kind of further out to what the opportunities are in select markets in Asia.

And so I think if I round it all up, I would say, continue to grow the brand the right way, smartly as we think about our OpEx and SG&A, put kind of positive pressure into the innovation and expansion of the product portfolios and the redefinition of Drinkware and the expansion of Coolers & Equipment. And then the third one would be the thoughtful acceleration of our geographic expansion to take advantage of the inherent opportunity that we see the proof points for.

James Duffy
Analyst, Stifel, Nicolaus & Co., Inc.

Q

Excellent. Thank you so much.

Copyright © 2001-2023 FactSet CallStreet, LLC

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

A

Thanks, Jim.

Operator: The next question comes from Robby Ohmes from Bank of America. Please go ahead.

Robert F. Ohmes
Analyst, BofA Securities, Inc.

Q

Hello. Good morning. Thanks for taking my question. It was actually the – the question is really, I just want to clarify on the hard coolers. So hard coolers were down against tough shipment comparisons, but they're an outstanding performer at retail right now and that's the sell-through or is it doing really well on D2C, because it sounds like the weaker D2C – that there's some pressure from average order size. I'm just trying to get an understanding of what hard coolers did in the quarter.

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

A

Yeah. Hey, Robby. So what I would say is it did – hard coolers did well on a consumer demand basis, which encompasses both wholesale sell-through where we saw really strong growth of hard coolers on a sell-through basis, as well as within D2C. So when we talk about consumer demand, that's essentially what we're referring to as kind of US based sell-through in our major D2C channels and we did see growth of hard coolers within D2C.

I think the comments around AOV, I think are driven by a couple of things. One, not having the soft coolers in D2C for the full quarter. And number two, more of kind of strength of Drinkware and new customers coming into – growth of new customers coming into the brand via Drinkware and a UPT question within Drinkware as well. So that was the real story around kind of the AOV. But to your original question, we feel really good about how hard coolers performed at a point of sale level within wholesale as well as within D2C.

Robert F. Ohmes
Analyst, BofA Securities, Inc.

Q

That is really helpful. And just a follow-up question. I'm just curious if you're seeing any changes in the competition and what they're doing? And are any of the partners looking to sort of merchandise into lower price point versions of what you guys do, just given that the challenges out there for the consumer.

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

A

Thanks, Robby. I'll take that one. I would say a couple of things to that. We're not seeing lower price point trade down. I think that as we talked in the past, I think when you have products in a premium category, we tend to be a want – kind of a want category, not a need category. And I think our job and we've done it successfully for years.

And I think in the most recent quarter is drive that desire. So we haven't seen that trade down. I'd day from the competitive environment, particularly in Drinkware is I think there's a lot of interest in that category. There's a number of entrants that have come into it over the last 12 to 18 months or kind of driven, what I would call a significant share of voice in that space.

But I think that, when we look at our results, the partnerships we have with our wholesale partners, the success we're seeing in our D2C business, we're taking a different tact, which is continuing to thoughtfully expand our

Copyright © 2001-2023 FactSet CallStreet, LLC

Drinkware category and business. You've seen us do it this year, which is not just chase what I think is an important trend, but a trend in hydration, make sure we have relevant products.

But there also we continue to redefine the game and make sure that we're in front of consumers in more broadly defined Drinkware. I think you'll see us continue to do that. We think that's a winning strategy. We think it's not only a winning strategy in the near term, but the mid and long term. And we're seeing that receptivity in our sell-through and point of sale, and we're also seeing that receptivity from the – welcome from our wholesale partners.

Robert F. Ohmes
Analyst, BofA Securities, Inc.

Q

That's great. Thanks, Matt.

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

A

Thanks, Robby.

Operator: The 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. I was hoping if you could elaborate on your plans for contribution of growth from new innovation versus the core, as you look ahead. How are you thinking about the potential for the YETI brand to move into new categories beyond the targeted expansions of your current categories? And do you think that adjacent categories require any innovation know-how or functionality that you currently don't have in-house?

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

A

Hi, Brooke. A great question. And I would – I'll mix a couple of things. I think I would call – it is really – it's definitional to start with, which is if you say that our base is – and we have a proven competence in Drinkware, hard coolers, soft coolers, I would extend the early days of cargo, but all the capabilities and competence in cargo, in bag.

We think within that, what I would call, base, there's significant opportunity for expansion, new customer use cases, new use environments, innovation, including things like colorways, but also new form factors.

So within that core, we think there's significant opportunity. And I have all the confidence in the world, in the talent and capabilities between our in-house engineering design plus our incredible supplier relationships and sourcing and procurement teams.

As we think about the roadmap beyond where YETI could go, where customers, we believe, have given us explicit permission and almost borderline demand that we would move into it, I think we do have many of those capabilities in-house to go some of those things.

I think some of them, as I mentioned earlier, may be additional talent capability, capacity that we would bring into the business, but that's no different than our evolution from being a hard cooler only company back in 2014 to adding soft coolers, to adding Drinkware, to adding cargo, to adding bags. The small, but mighty chair business

Copyright © 2001-2023 FactSet CallStreet, LLC

we have, we made incredible chairs and blankets and all these other things that are sort of percolating out there. So I don't think there is something that is so epic a shift that it wouldn't feel in line with what we're doing, but I think that's part of – to one of the questions earlier, that's part of the investment area that we're going to continue to make.

Brooke Roach
Analyst, Goldman Sachs & Co. LLC

Q

Great. Thank you so much.

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

A

Thanks, Brooke.

Operator: And our last question comes from Anna Glaessgen from B. Riley. Please go ahead.

Anna Glaessgen
Analyst, B. Riley Securities, Inc.

Q

Hey, guys. Good morning and thanks for taking my question. I just have one. I just want to understand a little bit better the Amazon Prime dynamic. Great that it did well for you guys.

My understanding was that historically, the discounts you offer are on end-of-season colors like, I think, the yellow and purple from this most recent season. Did you just have more of those colors left over after the key selling period? Or was there more product allocated for the Amazon Prime Day versus the prior year?

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

A

Yeah. Good morning and good question. I would say, to your point, what we did for Prime Day this year was largely consistent with how we've acted on a promotional basis in the past. It was end-of-life product, prior season colors, and I do think it's an important point.

While we did have a big Prime Day, we were less promotional on e-commerce this year than we were last year. So – but specifically to answer your question, we were thrilled with the results of Prime Day. We did make a larger assortment of – or volume of product available than we have, and we were thrilled with the results.

We thought it was a really good sign of just demand for the overall brand. There was another Prime Day. And obviously, this quarter that we really didn't participate in. We chose to participate at a greater level the one in July and we're thrilled with the results.

Anna Glaessgen
Analyst, B. Riley Securities, Inc.

Q

Great. Thanks.

Operator: This concludes our question-and-answer session. I would like to turn the conference back over to Matt Reintjes for any closing remarks.

Copyright © 2001-2023 FactSet CallStreet, LLC

Matthew J. Reintjes

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

Thank you all for joining us today. Look forward to speaking on our Q4 call and updating you on the continued progress of YETI.

Operator: Conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

Disclaimer
The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2023 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.