MTSSystemsCorporation

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Rich: Good morning everyone. I'm Rich Quaas (ph). I cover the electrical and industrial product names here at Wells Fargo Securities. I'm pleased to present, to kick off this morning, MTS Systems. MTS is a small cap test and sensor supplier. They just reported earnings yesterday. Today, we have Dr. Jeff Graves, CEO, and Brian Ross, CFO. I'm going to turn it over to Jeff, and he'll cover a quick overview of the company, history of the company, and what the company's strategy is, and then we can get into Q&A. So, I'll turn it over to you, Jeff.

Jeff Graves: Thanks, Rich, appreciate it. Thanks so much for coming out this morning. It's good to see you guys.

So, let me start with just a couple minutes. I'm not even going to use the charts; I'll just give you a quick overview of the company, and where we've come from, and how we're positioned now, and where we're headed.

By definition, we're a test and measurement company, and I'll tell you what that means specific to us in just a few moments. But we were founded 50 years ago in Minneapolis, Minnesota, and we're still headquartered there, and that's also the headquarters for our test business. We also have a sensors business, which is sizeable now, too, which is headquartered out of Buffalo, New York.

In short, the company was founded by a couple of fellows doing research on new materials development. They needed machines to test these new materials they were developing, and they couldn't buy them on the market, so they designed and built them. And as they published their research, other researchers got interested in these materials test systems, and they started making them for sale. And then, finally, the parent company they were working for said, you know, we're really not in this business, so they left and started MTS Systems, again, 50 years ago.

So, the company was founded on materials testing systems. Again, these are machines that stand anywhere from two feet high to fit on a desktop, up to about eight feet tall, some of them even multi stories high to measure large pieces of material during development, primarily. So, if you're developing a new aluminum allow, you're

developing a new composite material for an airplane, you'd buy our machines to test that material, to biomedical materials, a whole range of advanced materials now. Small coupons for doing initial development work, up to large-scale coupons, again, that can stand one or two stories high, for testing a piece of an aircraft wing, something like that.

A few years into existence, the company started working its way up the scale of things to test, so it went from materials to components. And then, as a lot of the components were being consumed by automobiles and aircraft manufacturers, they started developing equipment to test subsystems and full systems for cars, planes, trains. So very quickly, within a decade, the company was making a range of products, from small materials test systems, up to full-scale test systems that would test a full-scale car, or even an airplane. If you've seen these dramatic photos of wings being bent on an airplane until they fail, things like that, that's our equipment that does that, okay? So, that's the test side of the business.

From a geography standpoint, again, within the first decade of existence, under $10 million of revenue. The company opened offices in Germany and in Japan, because they saw that as the future for the automotive industry, in large part, and that proved itself. So today, we sell materials and all kinds of vehicle and structural testing equipment worldwide, very well distributed, relatively evenly by geography. Actually, by split, our revenue out of Asia now is our strongest revenue stream. It's about 40 percent of the company is from selling equipment into Asia, and half of that is China, and growing very quickly. The other 60 percent of the company is split relatively uniformly between Europe and the States. So that's the test side of the business.

The sensor side of the business started about 35 years ago, and the idea was our testing equipment was consuming advanced sensor technology, so why not vertically integrate and try and own some of these technologies? The one that the company picked was position measurement, because we make systems where position control under high force is extremely important. So, they acquired a very small, under $10 million sensor business, which over 35 years, grew into a $100 million sensor business. And then, in late '16, we acquired a sensor company that was twice that size. So today, we have a $300 million sensor business, again, very global business. We make a range of sensor products, from position to vibration, acceleration. Highly vertically integrated business, big barriers to entry. These are all for industrial applications. We don't do anything on cars, on trucks, and very few things even on flying airplanes. So most of our equipment is industrially based, and it's all targeted toward either product development, research type applications in laboratories, or it's targeted to machine automation in the case of sensors. So we're in the industrial automation space, and we're in the testing space in R&D labs, okay?

Our customer base, so today, if you look at it from a financial standpoint, we're about $800 million in revenue; $500 million comes from testing systems, and $300 million comes from sensors. A part of the testing equation for us, a very important part, is servicing the equipment that we sell, because it's designed to last 20 to 30 years in operation. So, believe it or not, these big, massive machines that break airplanes and break cars to test durability and fatigue, can last in a laboratory 20 or 30 years. To show you that, we've shipped about $6 billion of equipment in 50 years, and over $4 billion of that, approaching $5 billion, is still running today, okay? And nicely, it needs to be serviced, so you need routine maintenance, you need calibration, heavily. Occasionally,

you need spare parts and electronics upgrades. So, for the last five years, we've been really focused on building out a service arm to the company to take care of that equipment. Today, of the $500 million of test revenue, about $100 million of that is service revenue, so just taking care of our own equipment in the field. It's a really nice recurring revenue stream for us, and a little bit higher margin. So we enjoy that, and customers really enjoy us doing that. Before we were growing, they mainly took care of that themselves, so it's a relief to them to have us doing it for them.

So, our business, if you look at the drivers of our business, by nature, our revenue stream is the R&D spending in the world. That can come from universities; it can come from OEMs in automotive, aerospace; building and bridge designs, things like this. When they spend money developing a new design of a product, that product has to be validated and tested. It's tested on our equipment, okay? So our revenue stream is the R&D spending, and particularly capital spending in R&D, from large OEMs around the world and university and research companies.

On the sensor side, it's that, so a big part of sensors, about 40 percent, go into testing applications, so they go onto cars, planes, and trains that are being tested, so that's about 40 percent of their revenue. The other 60 percent comes from industrial automation and variants of that. So, when you're trying to automate a machine to see how the bearings are running, to see how the arm on a robot's positioned, to see where the saw blade in a lumber mill is cutting wood, those all require sensors that we manufacture. So, our business in sensors is, in part, driven out of test, the testing space for new products, but it's also, in large part, driven by factory automation, okay?

So, that's the history of the company. Those are the kind of products we make, all industrial, all sold into either research labs or factory automation, and sold primarily to OEMs doing factory automation-type work, so that's where the revenue comes from. A very global business; again, 40 percent Asia, 35 Europe, 25 U.S., and it's growing in about that sequence, okay? So we're growing very quickly in Asia, particularly China today. India is a very exciting emerging market for us. They're going through the same dynamics of factory automation, testing of new products particularly, so big growth opportunities for us there.

If you look at our financial performance and you took a snapshot—we just released earnings yesterday—there is an enormous amount of spending going on in research in the world today, and product development. If you think about the products I just mentioned, you would hear them all. New aircraft are being launched all the time. New cars—the automotive industry is going through a revolution right now with autonomous vehicles and electrical vehicles. If you look at how we're doing today, sensors is booming. We announced earnings yesterday. Sensors growth, what we've advertised as we invested more in sensors was we expect double digit topline growth and EBITDA margins in excess of 20 percent. We announced earnings yesterday; that business today is up 17 percent year-on-year, and we're doing between 21 and 22 percent EBITDA margins, so lovely business. Very low CapEx businesses, both of them, so we consume about 2 to 3 percent of sales on capital to keep that organic growth going. They're lovely cash-generating businesses. So sensors, frankly, right now is booming, 17 percent topline growth year-over-year, 21, 22 percent EBITDA margins.

Test is a little bit of a mixed bag for us, and it's really interesting. About half the test business now is related to the automotive industry in one form or another, either full-scale vehicle testing or components, or materials that go in. It's a good thing, because record numbers of new cars are being developed. The frustrating thing for us is our revenue and our orders for the last few quarters have been down in automotive, and the reason is, if you think about it, what do you read about or hear about in the news in the automotive industry today? You hear about safety concerns on autonomous vehicles. It's a pacing item and getting them on the road, so you hear about safety issues there that have to be resolved. And you hear, in the electric vehicle space, a lot of people are developing electric cars, and they're very glamorous. But if you notice, no one ever talks about the profitability of an electric vehicle, because there really is none today. They're money-losing propositions for companies that are making them, but because of environmental standards, and because of, frankly, the visibility that Tesla's gotten, and others, when they roll out new cars, there's a lot of money going into that, some of it driven by heavy pollution issues in China, India, and elsewhere, so very valid reasons why the world needs electric vehicles. The reality is, today, they're very expensive to manufacture, and the range isn't what they need it to be. So they're introducing a lot of advanced materials, like composites and lightweight aluminum alloys to increase the range of the car, because the batteries are still a limiting factor. That brings up a lot of cost issues, and a lot of new testing issues in general.

The ramifications for us is auto companies have to solve those gating factors before they're going to spend money on durability testing, which is really what our machines are really great at. So they've got to solve safety issues; they've got to solve some of the cost issues, design range issues around electric vehicles, in order for them to be really viable. They're committed to it. If you read the annual reports from most of the major automotive OEMs, they are heavily committed to doing this. I would point you to the Japanese, to the Germans. Look at their brochures, and at least one American company, and what they're saying about 2019, 2020, 2021 launch schedules on vehicles that are not yet either economically viable nor have passed all the regulatory issues for safety. They've got to get through those. Once they get through those, the longer-term demand for our products is really nice, because electric vehicles, and particularly autonomous vehicles, are going to be on the road a lot higher percentage of time each day, so that means they're going to hit their mileage design limits, if you will, very quickly, so the durability of a vehicle becomes a real economic issue for them.

So how long can you keep a car? The average American car today, I'll get the numbers wrong, but it's on the road maybe a couple of hours a day, right? Everybody owns a car, too. You drive it a couple, few hours a day to work and back, and that's about it until you go on vacation. With autonomous vehicles, as they move toward that, those vehicles are designed to be run for 20 hours a day, longer, long periods of time, so the durability of those vehicles is extremely important, and that's really what we built our business on.

So, we sit here today. Our test business is being impacted by a drop in orders for vehicle testing; at the same time, they're spending record amounts of money. The reason is, it's on these other issues right now. We see out in front of us, and we run a very sophisticated CRM system, and our sales cycle is very long, so we've got visibility to about $1 billion of orders over the next 12 months. The problem is, that number's been about the same for the last few quarters, as the orders just keep getting moved out in time because the OEMs

are reprioritizing these other issues to get these cars on the road. So we're happy with the long-term outlook; we're a little bit frustrated in the short term right now. So, when we announced earnings yesterday, I spent a lot of time talking about the automotive industry and the drivers there. One thing to remember: We are not tied at all to how many cars are being produced in factories, not at all. We're tied to how many are under development for the future.

So, with that, and I spoke longer than I intended to, maybe we could open it up for questions.

Rich: Yeah, sure. I guess on that point on tests, that's been under pressure, as you alluded to, order-wise, and the margins have been underperforming a bit, as well.

Jeff Graves: Right.

Rich: So, just on how we think about this transition with the OEs putting more capital to electrification, more autonomous, what is it that surprised you with regards to the order pace in the last few months, quarter or two? What is being pushed out, that you would normally be doing, that they're choosing to defer?

Jeff Graves: Normally, at this point in the development cycle, these cars, if they're going to be launched in 2019, 2020, they're going through heavy durability testing, and it would be our primetime. It would be the prime time for selling equipment to these guys. It would have been, over the last year. And what we see is, every single quarter right now, it's hey, we need to do this, guys, but we're pushing that order out in time because we have to solve these other issues, or the car is not going to hit the road, period. So, they're spending record amounts of money. They're trying to address, frankly, safety and range concerns around electric vehicles, and cost issues around electric vehicles, if they're going to hold their timetable. So, it's strictly a call on timing, and every quarter, it seems, it's coming, it's coming, it's coming. Oh, it's going to be another quarter. It's going to be another quarter.

I will tell you, we're quoting darn near record amounts of business right now. The frustration is, it's no flowing through to orders. Now, nicely, it's not flowing through to orders to anybody, so it's not like we're losing orders, but it's certainly not helping us right now.

Rich: That was my next question. So, you're not losing share?

Jeff Graves: No, we don't believe so. We're trying to price properly for the technology we bring. I mean, our equipment is the best in the world and it lasts a long time, so we are trying to price properly. There's not a lot of new players in the industry. But, at the same time, I don't believe we're dropping share. I think these orders—because they're still being worked. We still see them in the pipeline.

Rich: Okay, great. And then, just on the test piece, some of the economics around that, I know historically, the company has had a fixed pricing approach. And that's been really driven to be able to utilize the IP with other customers, et cetera. And a couple years ago, the business got into some trouble with regards to building a great backlog, but part of it was

just labor efficiency. Part of it was some of the repricing, or inability to reprice on changes on customized products, et cetera. Where are you in terms of that process, on (indiscernible) economics?

Jeff Graves: So, for the audits, we have a long history of doing—and we still do—fixed-price contracts that are developmental. It was largely—the R&D people in the automotive OEM space don't change very much. R&D-ers don't change very much in terms of personnel. So we had an ongoing relationship with these guys that yeah, we'll be light on the requirements, and we'll do it for fixed price—and light meaning we'll just define a few basic things the machine has to do, and we'll work it out over an 18-month period when we execute the program. The problem became, and this really came to light a couple years ago, is the automotive industry, when you think about two years ago, three year ago, they started going through a tremendous change. As they, for the first time, started taking electric cars seriously, autonomy became a reality, really, back then, in terms of thinking. So, they started coming in rapidly and saying I'm really sorry. I placed an order for this machine, but I need to change it. And, because these are very long-term relationships with these guys, we said we'll honor the contract and we'll go ahead and do this, but going forward, we're going to put in much more stringent requirements in what we'll deliver for a fixed price.

The reason we've stuck with fixed-price contracts, largely, is because we want to own all the IP out of it, because they all eventually want to end up buying the same technology. So, we still do fixed-price contracts. We're a lot more rigorous now in what we define out the back end, and we allow customers to do change orders. So we feel good about delivering margin on the projects we sell today. That risk has really declined for us. Overall, we just have a volume issue right now in the test business.

Rich: Assuming volume recovers, the margin I think yesterday—it's just one quarter, so it's not a trailing 12-month number, but it was 3 percent or so. What's the right operating margin level that you think you can get to in a reasonable growth environment for test?

Jeff Graves: What would you say, Brian?

Brian Ross: So, we've talked as far as EBITDA margins as kind of our general topic percentage. But if you're thinking EBIT margins closer to 10 percent, when we talked specifically to that, our test business is a much better place that we're looking at, and we've talked about that, over the next three to five years that we're getting to those margins, more solid on volume, operational efficiency, and so forth.

Jeff Graves: So, our target margins for the two businesses, and this was asked yesterday, the target margins for the two businesses—and let's talk EBITDA margins, just for clarity. We believe our sensor business will continue growing at double-digit top lines. We believe the EBITDA margins will climb from this 21, 22 range currently, to 25-plus, okay? You get volume leverage, you get sourcing efficiencies, so we see that on the horizon over the next five years.

In terms of the test business, we'd like to drive these margins up to the mid-teens over that same period of time. It's going to take a bit of work on the volume side, and standardization of products, a little bit more of a stretch in the test business. We believe

test, on the topline, can grow in the twice GDP, roughly, so mid- to slightly above mid-single-digit organic levels. And we see EBITDA margins going to 15 percent-plus over the next five years.

Rich: I guess, given the struggles in test, and it seems to me—I don't know if you can characterize—so half the business is auto, half is non-auto. It seems to me there's a potential divergence in the margin profile between auto and non-auto, so what's that disparity right now?

Jeff Graves: Yeah, you know, Rich, there fundamentally really shouldn't be, but the automotive industry does change rapidly, and every time we launch a new generation of technology, for a while, our margins suffer, so, unit one, unit two, unit three. So I've come to believe that what you just said is probably true, there is a bit of a divergence. Over time, we're taking great pain to try to grow faster outside the automotive industry, so we're working on services; we're working on aerospace; we're working on structural testing. We do world class building and bridge testing equipment, and that's in big demand, especially in the developing companies and seismically active parts of the world. We want to do more and more of that. As you see this investment cycle in the U.S. coming, we're really good at that. We want to really emphasize it. Automotive has gotten to be large because we've been very successful in it, and it's to the point now where we really want to grow other things kind of disproportionately, if you will, over time.

Rich: Is auto making money, though?

Jeff Graves: Oh, it is profitable.

Rich: Is it profitable?

Jeff Graves: It is profitable. It will be more profitable when the technology pace for cars slows down a little bit, and we can do replicate machines. Today, almost every machine we do is a new machine, and it's just—you know, I love being out front with technology. I love being the first guy to market; we always have been. But it's frustrating when every machine is a new machine, everything is a new thing. It keeps us out in front, but it also keeps our margins down. So, we're not looking to lose our technology leadership. I just want the industry to kind of get back to its kind of normal pace, if you will. And I really believe once electric vehicles are a standard product, and once autonomy settles in, it will. It's a lovely business. But in the shorter term, we are trying to grow the other aspects of our business.

I would tell you materials testing is in a new era. For those of you that follow almost any industry, you look at carbon fiber composites, you look at additive manufacturing, those materials inherently need a lot more testing capacity. You just have to test the daylights out of them, because every component design is unique when you're laying up a composite, or you're building it with additive manufacturing. So our materials test business today is growing at very high single-digit rates, and it's a really nice margin business for us. So, things like that are really a good trend for us. We talked that up a bit yesterday. Materials testing services, aerospace structural testing we want to see grow faster. It's kind of flat this year. And it's not that we don't like automotive; it's just it's become a very big percentage of the test business.

Rich: On the new machines, outside of automotive, non-automotive, are you able to reuse machines?

Jeff Graves: Yeah.

Rich: Okay, so there's a lot more—better capital efficiency, if you will.

Jeff Graves: Correct.

Rich: Okay. If we—I guess just the last question on test. Hypothetically, if there's not improvement, particularly on the auto side over the next year, is this a business that you feel you have to be in, if it continues to struggle?

Jeff Graves: Well, there's a role in the world for testing equipment for cars. I mean, you really need them. If it, over the long term, really dragged the margins down and the financial performance of the business, we're not married to it. We grew into it quite naturally, but we grew into it over 50 years, so we don't want to make a hasty decision. So the plan right now: Try to grow everything else. Focus on the other stuff. Try to get a balance in the test business. In the long term, if the margins in that business were not healthy, we wouldn't be in it. Frankly, we wouldn't stay in the business. So, you need to make an appropriate return on your investment, and it's among the more capital intensive parts of our business. None of it's highly capital intensive, but it's among the more capital intensive.

So, no, I wouldn't say we're necessarily married to it. It's just we've got this incredible customer base out there that really needs what we do for a living. At some point, we have to make better money at it, right?

Rich: Big picture, do you think it would negatively affect the sensor business in any way, from a customer standpoint, if you were to divest test?

Jeff Graves: Not fundamentally. We're getting some nice leverage, and we talked about this when we bought PCB. We're bringing them into laboratories that they weren't able to reach before. In China particularly, test has a very big sales footprint, and we're in every automotive OEM in the world, even the emerging ones in China. We were able to take PCB in in an early stage and get them to be the standard sensors in the laboratory. So that's the long-term revenue synergy we have between the businesses.

Is it really essential, I mean, if we wound down the automotive business in part? No, I mean, that business is going to grow. It's got tentacles, now, in all the major laboratories. Does it help? Yes. I mean, it helps with the brand and with the engineers' comfort. Our customers' engineers lose their job if a test fails, okay? That's the only way these guys really get fired is if a test fails. The test would—not the design of the car; the testing itself. So that's why, buying our machines, we can get a premium in the market for buying our sensors. We can get a premium because of the quality and technology level, so we think that adds a lot of value and comfort from a customer standpoint.

So, I love the business. We're going to try to—we're working hard to improve the

margins in the test business. We're not married to any one particular piece of it.

Rich: Okay, why don't I stop there and see if there are any questions in the audience. On sensors, you discussed the strength of the business, the margins, and the PCD integration seems to be going very well, based on the overall consolidated results. Where are you on the integration, savings, and more importantly, quite frankly at this point, the revenue synergies? Anything tangible at this point?

Jeff Graves: So the way we laid out the synergies when we bought PCB, we'd get the cost synergies in the first couple of years, we'd get the revenue synergies later on, and I'd say both are very much on track. So we got a big chunk of the cost synergies as we wrapped up '17 that are flowing through now as part of the margin performance. We're getting some more this year, as we complete the integration. I would tell you, our historic sensor business and PCB are fully integrated together. They are fully integrated as a part of the corporation. As you know, they were a private, family-owned company, so they've become a public company now, and all the effort that goes with that, that's all done. It's all finished.

Now is the fun part. We get to take their products into new laboratories and basically introduce them. That sales cycle is a long cycle, so the revenue synergies are largely yet to come. The cost synergies are—I would pick a number. They're half to two-thirds of the way baked in already, and they'll continue to unfold over the rest of the year. And as you know, I mean, you make different priority calls in the out years. Right now, that business is booming. We're doing everything we can to support our customers' demand for the product. It's doing really well. Like I said, 17 percent year-over-year growth, which is not what I would take to the bank every quarter. It was a really nice quarter, but we're confident we'll do double-digit growth the next five years, and hopefully more quarters like this than otherwise.

I'm thrilled. And I would tell you, Rich, in spite of—you know, they have a nice piece of business in land-based turbines for electricity generation, and that business is really dead right now. It will come back someday, but if you read about the OEMs that make that equipment, the sales are really down. So, in spite of that, these guys are just selling a lot of sensors around the world. It's a great product, great range of products.

Rich: What areas within sensors, verticals, and markets have you realized the most benefit from combining with PCB? And if, say, there hasn't been a whole lot maybe to date, but what are you most optimistic about?

Jeff Graves: So they run their business in four verticals. The position sensor business, which is our business historically, is really doing very well. We worked hard during the downtimes with earth-moving OEMs and others to get designed in, so that business is doing very well. There's been a nice cultural infusion of DNA there in terms of driving growth, so I give it some benefit from a synergy standpoint. But the major vertical where we benefit from the integration is in the test vertical, they call it. So it's sensors going onto cars, planes, and trains for testing, and that's really where we will continue to get the biggest bang for owning both businesses.

Rich: Okay. Sensors is a topic that's discussed frequently among industrial companies, whether they're particularly—they have a product line there or they're looking to

augment existing equipment and make it more intelligent. With PBC largely behind you at this point, what's your appetite to add more assets via M&A?

Jeff Graves: I'd say I love the sensor space, and particularly the industrial sensor space. There are adjacencies that we can continue to look at and go into. For example, we don't do much in medical sensing today, which is a lovely business. The sensor assets are very expensive on the market, so you've got to pick and choose. But there are a number of family-owned small bolt-on opportunities in that business that are just lovely additions. Once you have critical mass, like we do, bolting on some adjacencies, some new technologies, is a great thought. The timing's, you know, an issue. They're privately owned, and they're lovely properties, but those small ones reach a limit they really can't grow beyond, and we give them that capability.

So I would tell you, I would love to add more on to sensing, as long as it's in our wheelhouse. We don't like things on moving vehicles because of the long-term price pressure. We like the industrial space; we like markets that are hard to get into with barriers—medical always comes to mind in that space. So high-quality, technology-leading, barriers to entry; I wouldn't say lack of pricing pressure altogether, but it's a more mild pricing environment. People that value the technology and the quality, and are willing to pay for it in the long term, those are the markets we would target. But yeah, we'd love to add on to it.

Today, $300 million in sensors, $500 million in test. We'd love to see a better balance in that number.

Rich: What are the parameters for M&A at this point for you? PCB was really your first, and clearly your largest transaction. But what—you know, is there an EBITDA multiple you target? I think PCB was 13 times, right, so that was, at the time, fairly rich. But just, what are the parameters around how should investors think deployment of capital?

Jeff Graves: I did view PCB as an expensive acquisition. It brought us critical scale and mass in that business that we couldn't get another way. And our timing was really good. We did it in 2016, did the integration largely in '17, and we're ready for this kind of high-demand environment. I hate paying that much. I mean, I think multiples are really high right now. I really don't like that. It would have to be something extremely valuable and important to do something of that scale again. We're not a highly acquisitive company.

Also, we carried leverage on the balance sheet. We still do. We're paying that down rapidly this year, but it's—our primary focus right now is run the business well, de-lever the balance sheet. We're proud of our dividend. We yield—for you guys' reference, we yield about 2, 2.25 percent today on the stock. We've paid a quarterly dividend for 145 quarters consecutively, without ever reducing it, so we're proud of that number. So capital deployment, we focused on supporting organic growth in the business, we like our dividend, and we are de-levering the balance sheet.

So, in terms of appetite for acquisitions, right now, the focus is on de-levering. We're always in discussions with small bolt-on companies to—because you never know the timing of those. You know, larger things are kind of hard to envision right now. You never say never, but it's not something we've been out actively really pursuing very

much. So, we're excited with the growth we have organically, so we're quite fine doing that and de-levering our balance sheet.

Rich: Are you capacity constrained in sensors?

Jeff Graves: No.

Rich: You're in good shape?

Jeff Graves: We're in very good shape. We're in very good shape. We can sustain—on (indiscernible), we can sustain double-digit topline growth at this level of CapEx investment for the next five years.

Rich: Okay.

Jeff Graves: So that's, pick a number, 2.5 percent of sales for the next five years, and we'll deliver double-digit topline growth in support of that.

Rich: Okay. Let me see if there's any questions in the audience. Okay, any last comments?

Jeff Graves: Thanks for your attention today. We're excited about the business. Certain sectors always have ups and downs, but all in all, we've got a hard-earned 50-year position in some key markets that are very healthy and very sustainable for the future. So, I appreciate the interest and coming in to hear us talk today.

Rich: All right, thanks, Jeff.

Jeff Graves: Thanks.