09-Jan-2024

TD SYNNEX Corp. (SNX)

Q4 2023 Earnings Call

Copyright © 2001-2024 FactSet CallStreet, LLC

CORPORATE PARTICIPANTS

Liz Morali
Head-Investor Relations, TD SYNNEX Corp.

Marshall W. Witt
Chief Financial Officer, TD SYNNEX Corp.

Richard T. Hume
Chief Executive Officer & Director, TD SYNNEX Corp.

OTHER PARTICIPANTS

David Vogt
Analyst, UBS Securities LLC

Adam Tindle
Analyst, Raymond James & Associates, Inc.

Vincent Alexander Colicchio
Analyst, Barrington Research Associates, Inc.

George Wang
Analyst, Barclays Capital, Inc.

Ruplu Bhattacharya
Analyst, BofA Securities, Inc.

Joseph Cardoso
Analyst, JPMorgan Securities LLC

Michael Ng
Analyst, Goldman Sachs & Co. LLC

Keith Housum
Analyst, Northcoast Research Partners LLC

Alek Valero
Analyst, Loop Capital Markets LLC

Ashish Sabadra
Analyst, RBC Capital Markets LLC

MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, good morning. My name is Abby, and I will be your conference operator today. I would like to welcome everyone to the TD SYNNEX Fourth Quarter and Full Year Fiscal 2023 Earnings Call. Today's call is being recorded and all lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session.

At this time for opening remarks, I would like to pass the call over to Liz Morali, Head of Investor Relations. Liz, you may begin.

Liz Morali
Head-Investor Relations, TD SYNNEX Corp.

Thank you. Good morning, everyone, and thank you for joining us for today's call. With me today are Rich Hume, CEO; and Marshall Witt, CFO.

Before we continue, let me remind you that today's discussion contains forward-looking statements within the meaning of the federal securities laws, including predictions, estimates, projections, or other statements about future events, including statements about demand, cash flow and shareholder return as well as our expectations for future fiscal periods. Actual results may differ materially from those mentioned in these forward-looking statements as a result of risks and uncertainties discussed in today's earnings release in the Form 8-K we filed

Copyright © 2001-2024 FactSet CallStreet, LLC

today and in the Risk Factors section of our Form 10-K and our other reports and filings with the SEC. We do not intend to update any forward-looking statements.

Also, during this call, we will reference certain non-GAAP financial information. Reconciliations of GAAP to non-GAAP results are included in our earnings press release and the related Form 8-K available on our Investor Relations website ir.tdsynnex.com.

This conference call is the property of TD SYNNEX and may not be recorded or rebroadcast without our permission.

I will now turn the call over to Rich. Rich?

Richard T. Hume

Chief Executive Officer & Director, TD SYNNEX Corp.

Thank you, Liz. Good morning, everyone, and thank you for joining us today.

We delivered solid fourth quarter results with the gross billings at the high end of our outlook range and a significant EPS beat enabled by the continued execution of our business plan despite dynamic market conditions. Our strategic emphasis on high growth technology areas, coupled with our broad technology portfolio, allowed us to pivot to margin accretive areas of growth. And we saw signs of stabilization with healthy sequential improvement in revenue and gross billings in the fourth quarter.

For the full fiscal year, we successfully navigated the business environment, growing our market share in both Americas and Europe, increasing our business mix of high growth technologies, and expanding our non-GAAP operating margin to 2.85% through a combination of mix shift and full execution of merger synergies.

Our business model improved working capital management and healthier supply chain conditions enabled us to generate robust free cash flow of $1.3 billion, ahead of our original $1 billion target. From this, we returned over $750 million of capital to shareholders through dividend and share repurchases, representing approximately 60% of our free cash flow for the year. This exceeded our 50% target as we opportunistically increased our share repurchases. In total, we repurchased approximately 6.5 million shares or 7% of shares outstanding.

As Marshall will further discuss, we are also increasing our quarterly dividend in Q1 to $0.40 per share or a 14% increase, compared to the prior quarter. Balanced capital allocation and returning capital to shareholders continues to be a top priority for the company as we execute our strategy and drive value for our shareholders.

Moving on to our fiscal fourth quarter results. From a gross billings perspective, the quarter played out at the high end of our expectation with improving year-over-year declines in Endpoint Solutions. As expected, Advanced Solutions declined slightly on a year-over-year basis given the strong performance in FY 2022, enabled by record backlog levels.

From a regional perspective, the market environment in the Americas continued to show signs of stabilization within proving year-over-year declines in Endpoint Solutions. Europe performed better than expected and improved sequentially despite a muted macroeconomic environment. In APJ, we continue to see traction in our portfolio build out, helping to offset some of the softness in Endpoint demand. We made excellent progress on our strategic efforts to strengthen our end-to-end portfolio via new vendor additions, including Workday and Meta, where we are the exclusive North American distributor for their new suite of business products. We also

Copyright © 2001-2024 FactSet CallStreet, LLC

expanded our security portfolio in Europe, one of our key priorities, with the addition of Palo Alto Networks' full range of cybersecurity, hardware and software products to our offerings in the region.

Our strong pipeline of new vendors is bolstering our best-in-class portfolio of over 2,500 vendors, something which is becoming even more important as IT solutions are increasingly comprised of bundled multi-vendor offerings. As part of our focus on solutions aggregation, during the quarter, we launched our ISV acceleration program in North America, which is designed to help independent software vendors of all sizes to grow their businesses by accessing our extensive ecosystem, technical expertise, marketing and sales resources. We were also honored to be recognized by several vendors with a variety of awards spanning the globe, including being named the Global and North American Distribution Partner of the Year by Palo Alto Networks. We are proud of these distinctions and strive to continue elevating our offerings to help our partners grow their businesses.

Our ESG goals and initiatives remained front and center during the fiscal year, and we recently achieved our second consecutive top score in the Corporate Equality Index, a leading benchmark survey and report measuring corporate policies related to LGBTQ+ workplace equality. In addition, we formalized our commitment to disability inclusion at the company through my signing of disability in CEO letter. We're looking forward to sharing additional insights regarding our ESG initiatives and progress in our second Corporate Citizenship Report, which we will plan to publish in the first half of the year.

As we begin our new fiscal year, I wanted to provide a bit more color regarding our recently announced executive changes for the organization. Last week, Patrick Zammit assumed the role of Chief Operating Officer for TD SYNNEX. As COO, Patrick continues to report to me and takes on the responsibility for leading our day-to-day distribution operations, executing our business strategy to further drive profitable growth across the company and accelerating our penetration in strategic technologies. This will also benefit us further by allowing me to focus on leading our strategic initiatives, identifying additional growth opportunities, and focusing on relationships with key external stakeholders, including vendors, partners and shareholders.

I'd also like to take a moment to thank Michael Urban, President of Americas, who has decided to leave the company effective March 1 for his efforts in bringing TD SYNNEX together over the past two years. He and his team delivered a very successful merger integration in the Americas, and we wish him well in his next career chapter.

From a regional perspective, we are in strong position with the continued leadership of Peter Larocque in North America, Otavio Lazarini in Latin America and Jaideep Malhotra in APJ, all longtime industry veterans. And we look forward to announcing our next European leader in the very near future. With this highly skilled and experienced team, we enter 2024 well-positioned to capitalize on the gradually improving IT spending market dynamics.

Looking forward on our outlook for fiscal 2024, we are optimistic that the market headwinds we have experienced over the past several quarters will continue to abate as the year progresses. Early indications are that the gradual recovery in Endpoint Solutions will build throughout the year, fueled by the resumption of more normalized PC buying patterns. This will be balanced by tougher year-on-year compares for Advanced Solutions given the strong growth in the first half of 2023, which should position us well for returning to overall growth as we move through the year. Marshall will elaborate on this later.

As we think about our strategic priorities for FY 2024, a couple of areas of importance I want to touch on are our digital platform capability and advancements in AI. The software and services continue to represent a greater portion of the overall IT spending for the industry, we remain focused on augmenting our capabilities in these

Copyright © 2001-2024 FactSet CallStreet, LLC

areas to help customers assemble the critical solutions that their end users require. To do this, we will continue investing in and building out our digital platform capabilities with the aim to provide customers with a one-stop shop where they can easily access unified multi-vendor offerings.

AI is another clear growth vector as we continue to look ahead in our industry. We have invested for several years in this space via our data analytics practice. This created the foundation for our AI strategy and our decade-plus of experience in data analytics puts us in a leadership position relative to this new, exciting market opportunity. We have built a state-of-the-art vendor portfolio, starting with leading providers in the on-prem and off-prem infrastructure area required to run and train AI models. Many of our leading software vendors have announced or released embedded AI capabilities in their product lines, and we are working with industry leaders for AI foundational models to accelerate the development of use cases across our ecosystem.

In addition, we will leverage our strong relationships with PC OEMs to support and enable the introduction and growth of AI-enabled PCs overtime, as well as our relationships with key component suppliers and customers.

In addition to our previously announced Destination AI program, we are partnering with others in the ecosystem, such as our collaboration with Microsoft where we launched a global AI-enabled journey for Microsoft 365 Copilot last month. We are also working with several other strategic vendors to capitalize on our Destination AI framework to accelerate the adoption and use of new AI product set.

In closing, we believe we have the right strategy and are well equipped to continue navigating the ever-changing IT landscape while positioning ourselves to capitalize on new and emerging growth opportunities. We are committed to continuing to create shareholder value with a keen focus on execution and healthy capital returns.

Lastly, I want to take a moment to extend my sincere thanks to our customers and vendors who, we, are privileged to help achieve great outcomes with technology every day and to our 23,000 co-workers around the world who enable this important work.

I will now turn the call over to Marshall so that he can provide additional details on our financial performance and outlook. Marshall?

Marshall W. Witt

Chief Financial Officer, TD SYNNEX Corp.

Thanks, Rich, and good morning to every one on today's call.

Our fiscal 2023 full year results illustrate the power of our business model, broad technology portfolio and the progress we've made in positioning ourselves as a leader in the high growth technologies of cloud, security, data analytics and AI. Despite a challenging market environment due to industry wide reductions in demand for PC ecosystem products, we demonstrated continued strength across advanced solutions and high growth technologies and grew both our gross and operating margins for the full year. The resiliency of our business model helped offset some of the pressure from the reduced revenue, and our businesses responded appropriately by acting to align our cost to the changes in volume and mix. This enabled significant free cash flow generation and capital return to shareholders.

Moving to our fiscal fourth quarter performance. As Rich mentioned, we had strong gross billings in Q4 and importantly, saw early signs of stabilization in IT spending with lesser year-on-year declines in Endpoint Solutions. Advanced Solutions faced tougher compares given the strong performance last year when backlog levels were

Copyright © 2001-2024 FactSet CallStreet, LLC

still elevated. Fiscal Q4 total gross billings were $19.7 billion, down 6% year-over-year and at the high end of our outlook range, driven by stabilization in the Americas and outperformance in Europe.

Net revenue was $14.4 billion, down 11% year-over-year and near the midpoint of our outlook range. Gross to net revenue adjustments were larger than expected due to a shift in business mix and the migration of a high customer to a consignment model. As a reminder, this migration is due to certain components transitioning to a customer-owned procurement model. While this has a negative impact to our net revenue, it does not materially impact operating profit. For the fiscal fourth quarter, this change impacted net revenue negatively by $270 million.

Non-GAAP gross profit was $1.02 billion and non-GAAP gross margin was 7.07%, up 44 basis points year-over-year, as we continue to see a positive effects of a richer product mix and our progress in expanding high growth technologies, which continued to represent more than 20% of total gross billings for both the quarter and the full year. Total adjusted G&A expense was $592 million, up $10 million year-over-year, and up $15 million quarter-over-quarter, which was expected given the sequential growth in gross billings of $1 billion. Non-GAAP operating income was $427 million and non-GAAP operating margin was approximately 3%. Non-GAAP interest expense and finance charges were $66 million, $4 million better than our outlook and approximately flat quarter-over-quarter. The non-GAAP effective tax rate was approximately 22% better than our forecasted 24%, primarily due to the mix of our business within certain regions. Total non-GAAP net income was $286 million and non-GAAP diluted EPS was $3.13, $0.23 above the high end of our guidance range due to a combination of better than expected performance on gross billings, profitability, interest expense and taxes, as well as higher share repurchases. As a reminder, non-GAAP diluted EPS for the fourth quarter of fiscal year 2022 was $3.44, but the year-over-year comparison for EPS is impacted by $0.33 of high margin recoveries in fiscal fourth quarter of 2022.

Now, turning to the balance sheet. We ended the quarter with cash and cash equivalents of $1 billion and debt of $4.1 billion. Our gross leverage ratio was 2.3 times and net leverage was 1.7 times, in line with our investment grade credit rating and approaching our target of 2 times gross leverage ratio. Accounts receivable totaled $10.3 billion, up from $8.9 billion in the prior quarter, and inventories totaled $7.1 billion, down from $7.5 billion in the prior quarter.

For the fourth quarter, net working capital was $3.3 billion and the cash conversion cycle was 23 days, both flat from Q3. Cash from operations in the quarter was $211 million and free cash flow was $168 million. In total, we generated approximately $1.3 billion in free cash flow in fiscal 2023, ahead of the $1 billion target we guided to at the beginning of fiscal 2023. We returned $374 million to shareholders in the quarter, including $343 million via share repurchases and $31 million through dividend payments. For the full fiscal year, we returned $751 million to shareholders, of which $621 million was through share repurchases, compared to $125 million in fiscal 2022. We currently have approximately $396 million remaining under our share repurchase authorization.

For the current quarter, our Board of directors has approved a 14% increase to our cash dividend and $0.40 per common share, which will be payable on January 26, 2024 to stockholders of record as of the close of business on January 19, 2024.

Moving now to our outlook for fiscal first quarter. We expect gross billings of $19 billion to $20 billion, representing a decline of 3% on a year-over-year basis at the midpoint. We expect total revenue to be in the range of $14 billion to $14.7 billion, representing a decline of 5% on a year-over-year basis at the midpoint. Our guidance is based on a euro-to-dollar exchange rate of $1.09. Non-GAAP net income is expected to be in the range of $232 million to $277 million and non-GAAP diluted EPS is expected to be in the range of $2.60 to $3.10 per diluted

Copyright © 2001-2024 FactSet CallStreet, LLC

share, based on weighted average shares outstanding of approximately $88.4 million. Interest expense is expected to be approximately $66 million, and we expect non-GAAP tax rate to be approximately 23%.

Additionally, I wanted to highlight that effective next quarter, we will begin providing some additional disclosures to enhance our reporting to investors and other stakeholders. Starting in fiscal Q1, we will provide more clarity regarding our gross billings, net revenue and gross profit for Edge Solutions and Advanced Solutions. Edge Solutions, which we previously referred to as Endpoint Solutions, will include PCs, peripherals, mobile, print and other devices, including AR/VR. Advanced Solutions will include hyperscale infrastructure, cloud, servers, networking, storage and software. Our reportable segments will continue to be based on geographies of Americas, Europe and APJ.

As we think about the full fiscal year for 2024, we currently expect non-GAAP gross billings to be approximately flat year-over-year in the first half of the fiscal year, with expected growth of mid to high-single digits in the second half of the fiscal year. We expect to generate approximately $1.2 billion in free cash flow for the fiscal year and remain committed to our medium-term capital allocation target returning 50% of free cash flow to shareholders via both dividends and share repurchases while remaining opportunistic depending on market conditions.

In closing, we successfully navigated the volatile market conditions in fiscal 2023 and are well-positioned to capitalize on a return to growth in fiscal 2024, with a focus on margin expansion, robust free cash flow generation, and a commitment to continued healthy shareholder returns.

With that, we are now ready to take your questions. Operator?

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] We ask that you please limit yourself to one question to allow time for other participants to ask their questions. If there is remaining time, you are welcome to re-queue with additional questions. And we will take our first question from David Vogt with UBS. Your line is open.

David Vogt
Analyst, UBS Securities LLC

Q

Great. Thanks, guys, for taking the question. So, maybe it's a question for both of you. In terms of how you're thinking about fiscal 2024. We appreciate the color on sort of the gross billings commentary for the first half and the second half. If you can kind of help us understand a little bit more how you're thinking about, maybe at a higher level, sort of what's underpinning that spending pattern from an IT spending backdrop, whether you want to talk about it from an Edge Solutions perspective, a new category or Advanced Solutions. Can you kind of help us think about how you're thinking about the broader market and in your position and your ability to kind of grow faster than the market, I would assume, is kind of embedded in your outlook. So maybe we'll just start there, if that's okay. Thanks.

Richard T. Hume
Chief Executive Officer & Director, TD SYNNEX Corp.

A

David, good morning and thanks for the question. This is Rich. Yeah, if you think about the evolution on throughout and then the back end of COVID, obviously, last year at about this time, the PC ecosystem set of products really went into a pretty significant decline. At the same time, back in the COVID, there was pent up demand and backlog for Advanced Solutions products.

Copyright © 2001-2024 FactSet CallStreet, LLC

So, as we come into this fiscal, you have an easier compare within the PC ecosystem, you have a more difficult compare in the Advanced Solutions because of the cycles that had transpired in the past. So, our point of view is when we think about the first half that there will be some level of growth in PC ecosystem, but the Advanced Solutions will be a bit of a more challenging compare.

Then, when we get to the back half of the year, we believe that most of the ramps, if you will, have concluded and that both of those major segments will have growth attributes. And that's what has led us to the guide of kind of flattish in the first half with mid-high-single digit in the second half.

And yes, of course, it's always our intention to do better than the market. In fact, in the prepared remarks, we talked about in the North America Theater, as well as the European theater that we had gained some market share. So, Marshall, I don't know if you have anything to add.

Marshall W. Witt
Chief Financial Officer, TD SYNNEX Corp.
A

Yeah. David, just some more color. When we do our assessment for quarter one and for the full fiscal 2024, we come at it from a bottoms up perspective. So think about it for all the countries that we do business in, each one of those leaders looks at what that is for their territory. So, there's a country assessment and within that there's certainly a vendor and a customer comparison as well as third-party industry data just to triangulate where we should land. And then, with that, as Richard said, we certainly look at the GDP, the overall trajectory of what that looks like by market, [ph] what IT (00:25:55) spend correlation is expected to be relative to GDP and our ability to outgrow that.

David Vogt
Analyst, UBS Securities LLC
Q

Can I just ask a follow-up, in the prepared remarks you talked extensively about AI and obviously that being a contributor to the business. How should we think about AI across the business, let's say, over the next year or two and how is that factored into your outlook this year, I guess? I mean I would imagine there's a lot of discussion by chip makers, OEMs, et cetera, that [indiscernible] (00:26:27) Endpoint or Edge Solutions market. You'll see stuff at the latter half of, I guess, calendar 2024, but just would love to kind of get your thoughts on how you think that kind of shapes through the year from an AI perspective.

Richard T. Hume
Chief Executive Officer & Director, TD SYNNEX Corp.
A

Yeah. So, David, I would, use cloud as a parallel or an analogy here. So, obviously there is a lot of marketing and fanfare. We call it the [indiscernible] (00:26:57) or I think IDC calls it the [indiscernible] (00:26:59) at the front end where clearly this is a real technology that's going to bring a lot of benefits, but the plans are defined and there is a bit of a gap until the reality starts to flow through the market.

From AI perspective, there will be a lot of AI embedded in existing offerings. So, I'm sure there is going to be a fairly comprehensive discussion on how to count AI as there was cloud back in the day.

David Vogt
Analyst, UBS Securities LLC
Q

Right.

Copyright © 2001-2024 FactSet CallStreet, LLC

Richard T. Hume
Chief Executive Officer & Director, TD SYNNEX Corp.

A

Certainly, there will be the emergence of new AI capabilities. What comes to mind is AI servers, et cetera. So, right now, certainly, there are products in market that are AI-enabled. As we move through time, there'll be more and more and more. We have incorporated the thoughts of AI into our forecasts for the full year. But as you had indicated, it's more of an early ramp with the expectation that there'll be more robust demand as we move through time.

Now, the only other thing that I would tell you is that I believe is the reality is that this isn't just an incremental on top on whatever IT spending might have been planned prior to AI. Every company sort of lives within an envelope, they decide what that budgeted envelope is, and there might be some expansion, but this won't be just a new market segment that provide a complete on top increment, but rather there will be some reprioritization that happens relative to how customers spend their IT dollars moving forward. So, yeah, I think it will have a positive effect on IT growth but, again, it won't be a complete increment.

David Vogt
Analyst, UBS Securities LLC

Q

Great. That's helpful, Rich. Thanks, guys.

Operator: And we will take our next question from Vince Colicchio with Barrington Research. Your line is open.

Vincent Alexander Colicchio
Analyst, Barrington Research Associates, Inc.

Q

Yeah. Rich, curious how you think your share position performed in all your geographies this quarter?

Richard T. Hume
Chief Executive Officer & Director, TD SYNNEX Corp.

A

Yeah. As we had reported in the past, when we think about share, we have really good insight relative to North America and Europe, but we really don't have visibility yet. There is a service that is emerging in Europe. As it relates to the quarter, our information would say we lost a couple of tenths of market share, tenths of 1%, if you will, on the aggregated basis while having grown share for the full year.

Vincent Alexander Colicchio
Analyst, Barrington Research Associates, Inc.

Q

And then, could you provide a bit more color on what gives you confidence in the improvement of Endpoint Solutions throughout the year?

Richard T. Hume
Chief Executive Officer & Director, TD SYNNEX Corp.

A

Yeah. So, as Marshall talked about the very comprehensive process that we go through, our indicators and talking to customers, vendors, working with our own teams are that, we will see growth moving forward in Endpoint. And, in fact, within our Q1 guide, we anticipate some growth within the Endpoint. So, we feel good about that while we have a moderating situation in Advanced Solutions, based on the commentary that I provided earlier.

Copyright © 2001-2024 FactSet CallStreet, LLC

Vincent Alexander Colicchio
Analyst, Barrington Research Associates, Inc.

Q

When you talked about growth in Endpoint, you're talking about sequential, I suppose.

Richard T. Hume
Chief Executive Officer & Director, TD SYNNEX Corp.

A

No, year-on-year.

Vincent Alexander Colicchio
Analyst, Barrington Research Associates, Inc.

Q

Oh, really? That's good to hear.

Richard T. Hume
Chief Executive Officer & Director, TD SYNNEX Corp.

A

Yeah.

Vincent Alexander Colicchio
Analyst, Barrington Research Associates, Inc.

Q

Thank you.

Operator: We will take our next question from Ruplu Bhattacharya with Bank of America. Your line is open.

Ruplu Bhattacharya
Analyst, BofA Securities, Inc.

Q

Good morning. Thanks for taking my questions. My congrats to Patrick on the new role and thanks for giving guidance on billings. I was wondering if you can talk a little bit more about the impact of this mix shift to more netted-down items. Specifically, what year-on-year impact to revenues and margins is embedded in your fiscal 1Q guidance and if you can talk about how we should think about this for fiscal year 2024. So, as this shift happens, should we expect this difference between gross billings and revenue to continue to expand throughout the year?

Marshall W. Witt
Chief Financial Officer, TD SYNNEX Corp.

A

Thanks for the question, Ruplu. So, for Q1, we gave a guidance of gross billings. I think around 3% down on net around 5%. So, Ruplu, if you think about the overall gross versus net momentum, if you want to call it that, we were around 22% to 23% of netted down revenue in fiscal 2022. That has gone now to 25% to 26% in 2023. I would anticipate that will probably continue into 2024. It's hard to call that beyond the first quarter in terms of relationship, but for us, the mix shift is a reflection of how AS has played against ES. I would say that as we think about next year and the increased expected performance of AS, there may be a shift or stabilization of that gross versus net. Maybe it sticks around 26%. It's quite possible, just given what we're seeing behavior wise.

Our thoughts in terms of forecast is as we get into the year, there could be a more balanced growth rates for both the ES and AS, whereas in the past, there's been kind of a predominant ES growth and then that takes a backseat and AS comes in and take the front seat. So, I would view the 25% to 26% adjustment for 2024. And then, as we plot along, we'll inform you as to the behavior what that looks like. One thing just to call out that was in the prepared remarks was the consignment program for Hyve. That had about $270 million impact on net

Copyright © 2001-2024 FactSet CallStreet, LLC

revenue; no impact on profit. We're expecting that to be about $250 million per quarter, and that I'll expects the continuum in volume related to this consignment program with this Hyve customer.

Ruplu Bhattacharya
Analyst, BofA Securities, Inc.

Q

Okay. Marshall, thanks for all the details there. Just for my follow-up, if I can ask, you've guided free cash flow to $1.2 billion and you maintained a shareholder return of 50% returns and 50% reinvestment in the business. So, when we think about that reinvestment, 50%, how are you thinking about organic investments versus M&A now that your integration with the two large companies is now more or less complete in North America, so is it now time for further M&A, so any thoughts there? Thank you.

Richard T. Hume
Chief Executive Officer & Director, TD SYNNEX Corp.

A

Ruplu, good morning. Thank you for the question. This is Rich. So, we talk about our capital allocation strategy. As you know, it's 50% and 50% over the continuum. There could be periods where we're heavier weight one way or the other. Obviously, Marshall talked about FY 2023 in his prepared remarks. And we were, I think, at 60%-ish for return to shareholder in total.

So, as we kind of plot through the year, certainly we have a pipeline of acquisition targets that we continue to look at and work. Those deals have a willing recipient on the other end and they've got to work for us. And usually, we take a look at those acquisition targets and really want to make sure that they complement our strategy. So, going forward, I would tell you that the 50/50 is sort of a good way to think about it. And, again, things don't always go exactly as planned, so we adjust course as required based on the circumstance.

So, Marshall, anything you have to add?

Marshall W. Witt
Chief Financial Officer, TD SYNNEX Corp.

A

Yeah. Ruplu, just one other thing to call out. If you think about our quarter one, there is a little bit incremental SG&A related to, I'll call it, reinvestment for continued investment specifically in AS. As AS softens, we're not going to soften our investment. So, there could be a little bit of a heavier SG&A in the front half of 2024. So, I just wanted to let you know that it may appear as if there's an imbalance in that relationship of [ph] E to R (00:35:46) on a gross billings basis, but it's very well thought out. As we believe, as we get into the second half, AS has an opportunity, forecasted opportunity to recover.

Ruplu Bhattacharya
Analyst, BofA Securities, Inc.

Q

Okay. Thank you for all the details. Appreciate it.

Marshall W. Witt
Chief Financial Officer, TD SYNNEX Corp.

A

Thank you, Ruplu.

Operator: And we will take our next question from Michael Ng with Goldman Sachs. Your line is open.

Copyright © 2001-2024 FactSet CallStreet, LLC

Michael Ng
Analyst, Goldman Sachs & Co. LLC

Q

Hi. Good morning. Thank you very much for the question. Marshall, maybe just to follow-up on the SG&A point that you just made. Is 2.75% to 3.25% of billings still the right way to think about that and maybe you could just help us think about how SG&A evolves throughout the year. And then I just have a quick follow-up.

Marshall W. Witt
Chief Financial Officer, TD SYNNEX Corp.

A

Sure. Yeah, you're right, Mike. It's that range of 2.75% to 3.25% in relation to gross billings. We'll start right around 3% in quarter one. And the expectation is then that structure should help build out the growth in the portfolio and should, we'll call it, ratably or incrementally come down to something below 3%. If I think about a couple relationships, one is the year-over-year on SG&A for quarter one, there's two things.

One was the AS investment. The other thing, although it's somewhat subtle, this time last year, we had already started to see the decline in the performance and started to step down some of our provisions around variable pay. This year, the good news is we're assuming we're going to hit our number and grow it. So, there's a little bit heavier bonus and variable pay associated with quarter one.

The other thing is the actual FX itself from a euro perspective is up. So that's about $10 million to $15 million of headwind on that. And then, finally, the SG&A investment that we've stated on AS is another investment that we believe is important to be made. So, we feel that we're in a strong position. We think that the 3% is probably going to be the top end for fiscal 2024 and we should see that improve as we played out quarter by quarter.

Michael Ng
Analyst, Goldman Sachs & Co. LLC

Q

Great. Thank you. That's very clear, Marshall. And it was encouraging to hear about the new segment disclosures by product around billings revenue, and I think you said gross profit as well. I was just wondering if you could give us a little bit of a preview of some of the potential revelations that we may have as you give out those new disclosures. Does the narrative kind of tighten up around the growth and margin outlook for those segments in the near mid-term? Thank you.

Marshall W. Witt
Chief Financial Officer, TD SYNNEX Corp.

A

Yeah. Mike, I think, as a general response to that, Rich and I have spoken to the margin attributes of AS and ES. We've spoken about the growth attributes, but it just allows us to be more specific. So I do think that the revelations and the clarity that we can speak to the actual performance within the portfolios, I think, just helps drive better understanding of the mix, the profit margins or the gross margins business like .We believe it is an enhancer. We think it is a value contributor and we do think it will help inform the actual performance for the quarter [indiscernible] (00:39:11) our thoughts are for the upcoming quarter.

Richard T. Hume
Chief Executive Officer & Director, TD SYNNEX Corp.

A

Yeah, just to add to that. I think, generally my point of view is the narrative that we provide in the call is fairly directionally correct relative to what I think you'll see in the segmentation going forward. We always talk about the segments and you all ask for insights around the segment, but [indiscernible] (00:39:34) sort of the definitive clarity out there in print. And then, the second point that I would make, Michael, is that you guys are pretty good at

Copyright © 2001-2024 FactSet CallStreet, LLC

modeling. Every time we get an insight relative to models, we are impressed relative to how you guys think about the business and how you lay it out.

Michael Ng
Analyst, Goldman Sachs & Co. LLC

Q

Great. Well, thank you for the incremental transparency. I appreciate it, Rich and Marshall.

Operator: And we will take our next question from Alek Valero with Loop Capital. Your line is open.

Alek Valero
Analyst, Loop Capital Markets LLC

Q

Hey, guys. [indiscernible] (00:40:12) for Ananda today. Thank you for taking my question. So, my question is, do you guys believe that Hyve can become involved in gen AI server builds? We've heard from our work that they maybe.

Richard T. Hume
Chief Executive Officer & Director, TD SYNNEX Corp.

A

I'm sorry, can you repeat that? You broke up a little bit.

Alek Valero
Analyst, Loop Capital Markets LLC

Q

For sure. My question was, do you guys believe that Hyve can become involved in gen AI server builds?

Richard T. Hume
Chief Executive Officer & Director, TD SYNNEX Corp.

A

Yes. If the question is, do we believe Hyve will participate in AI server build, absolutely. Remember that the big segment of Hyve is an [ph] ODM (00:40:53) type of business and so we end up building what our customers have interest in and certainly, we have full expectation that we will be participating in the AI builds moving forward.

Alek Valero
Analyst, Loop Capital Markets LLC

Q

Awesome, awesome. So as a quick follow-up, what key spending areas were softer than you may have anticipated or softer than typical seasonality? And maybe if you can touch on what you expect from PC seasonality in February and May quarters?

Richard T. Hume
Chief Executive Officer & Director, TD SYNNEX Corp.

A

Yeah. If I may, as it relates to Q4 in the prepared remarks, and this is – I guess the pleasant surprise is for the most part, the sales were consistent with our expectations. I think Marshall talked a little bit about maybe some a little bit better strength in Europe versus our expectation, but it wasn't overwhelmingly different. And then for each of the segments, they sort of came in fairly consistent with our expectation.

As we move ahead, as we had talked about, because of the backlog runoff last year in AS, we would anticipate a more challenging compare year-on-year. And then as we sort of move through the year that compare sort of, through time, gets a little bit easier as the backlog had had dissipated, if you will, through the year. And so, that

Copyright © 2001-2024 FactSet CallStreet, LLC

would be our expectation. But, again, our crystal ball would say that both of those segments are growing in the second half of next year, both the Endpoint as well as the Advanced segment.

Alek Valero
Analyst, Loop Capital Markets LLC

Q

Awesome. Thank you, guys. Really appreciate it.

Marshall W. Witt
Chief Financial Officer, TD SYNNEX Corp.

A

Thank you.

Operator: And we will take our next question from Adam Tindle with Raymond James. Your line is open.

Adam Tindle
Analyst, Raymond James & Associates, Inc.

Q

Okay, thanks. Good morning. I want to ask on trends and profit dollars for the business overall. And just observing that you finished fiscal 2023 with non-GAAP net income, just down, I think, over 8%. You executed on synergies during the year. So, ex that, I would think non-GAAP net income down double digits. And if I look at the midpoint for Q1 based on your guidance, it looks like net income is going to be down close to 10% and it looks like you've got some cost optimization that maybe helping a little bit in the first half of the year. So, probably north of 10% ex that.

So for investors that are seeing these double-digit net income declines, maybe you could touch on the drivers that are causing that trend and whether you think that's just kind of a structural aspect of the business at this point and we're working on just optimization on that or is there a stake in the ground that you want to put on timing to return that to growth? Thanks.

Marshall W. Witt
Chief Financial Officer, TD SYNNEX Corp.

A

Hey, Adam. This is Marshall. I'll start. So I'll take it first and just the overall revenue attribute and the comment we made about our expectation on ES showing positive growth attributes in quarter one. So with that, comes a gross margin profile that is somewhat lower than the AS margin profile. We think that's probably about 20 bps. And just in terms of the mix, we think that that that plays out for quarter one.

And then, just if I touch on some of the cost attributes that I commented on earlier and thinking about quarter one, quarter one last year was kind of the beginning point where we started to see the volumes of our business fall. We had identified that we had seen some mismatch, inefficient mismatches in quarter two and three, so we took some additional cost reduction opportunities. We were able to kind of recoup that inflated cost back in by the time we got towards the end of this year.

Now, in terms of the net headwinds going into quarter one, as I said earlier, there is some overall expectation that we're going to be growing into a better performance throughout the year. So, with that, we're kind of filling our available expectations for pay versus last year. We had already started to take down those variable attributes given where we thought the business was going. And then, again, as I said earlier, that AS investment, we're leaning into those. So, there's a little bit higher cost associated with that, which is driving maybe some of the margin headwinds on that.

Copyright © 2001-2024 FactSet CallStreet, LLC

So, I think inflationary might be the last one where we are seeing a little bit of a longer tail on some of the inflationary areas around healthcare. But as you probably have seen in the past, we figure out ways to create productivities to offset that. It may take a couple of quarters to get there. So, I do think the compare itself is a little bit more difficult in quarter one from a margin profile perspective, but if I actually think about the margin attribute of AS and ES, our intentions are that we still believe we can grow both of those portfolio margin attributes over the course of the year. It's the mix itself and some of these elements that, I think, are causing some of the story to change a little bit.

Adam Tindle
Analyst, Raymond James & Associates, Inc.
Q

Got it. Okay. So maybe just to follow-up on that. You helped with the gross billings for the year. It's kind of flat first half; mid-to high-single digit in the back. Let's just call it mid-single-digit growth for the year in gross billings overall to keep it simple. Given everything that you just mentioned there, would growth in non-GAAP net income be at a similar level of gross billings growth and why or why not?

Marshall W. Witt
Chief Financial Officer, TD SYNNEX Corp.
A

Yeah, I mean, roughly said, our expectations is that gross profit hopefully will be flat to up and non-GAAP op income will be flat to up. So, again, that's the expectation. We want to see how it plays out as we expect that second half growth profile to be in that mid- to high-single-digit range.

Richard T. Hume
Chief Executive Officer & Director, TD SYNNEX Corp.
A

I think, Adam, just to maybe be a bit repetitive, the thing that we've got to work through is the mix shift back now to more Endpoint. And if that happens, as Marshall said, there's probably a 20-basis-point headwind that we need to work on and figure out how to improve upon. So, I would say that we're reasonably proud of the fact that when you take a look at the op income margin for FY 2023, we've been able to hold that or we held that despite the revenue declines that we had faced. So, there is some work to do going forward, but we kind of have our eye on it and the execution engine will kind of focus on how do we drive improvement moving forward.

Adam Tindle
Analyst, Raymond James & Associates, Inc.
Q

Okay. And maybe just a quick follow-up, Rich. You talked a lot about Hyve and consignment, but I think on the last call it was you talked about a new customer ramp that you were expecting in fiscal 2024. Could you give us maybe any update on that and visibility into the timing and magnitude of that? Thanks.

Richard T. Hume
Chief Executive Officer & Director, TD SYNNEX Corp.
A

Yeah. So, the customer ramp was just a little bit delayed due to timing of things, but we fully anticipate that we're cleared to go moving forward.

Adam Tindle
Analyst, Raymond James & Associates, Inc.
Q

Okay. And so, you have a sense of timing and magnitude on it yet?

Copyright © 2001-2024 FactSet CallStreet, LLC

Marshall W. Witt
Chief Financial Officer, TD SYNNEX Corp.
A

Timing, we think the ramp should begin in quarter one and probably show itself a little bit more in quarter two. So, at that point, hopefully, it'll be meaningful enough for us to speak to.

Adam Tindle
Analyst, Raymond James & Associates, Inc.
Q

Okay. Thank you very much.

Richard T. Hume
Chief Executive Officer & Director, TD SYNNEX Corp.
A

Thank you, Adam.

Marshall W. Witt
Chief Financial Officer, TD SYNNEX Corp.
A

Thanks, Adam.

Operator: We will take our next question from George Wang with Barclays. Your line is open.

George Wang
Analyst, Barclays Capital, Inc.
Q

Oh, hey, hey, guys, Rich and Marshall. I just have a question just on the AI PC. I just want to double click to see, especially in terms of the timeline and the kind of cadence for the ramp. Just curious if you have any more color to share, just kind of from your perspective. And also we heard a bunch from the OEM and the kind of [ph] trim makers (00:49:29). Just curious kind of what specification you can disclose to better so they contribute to the AI PC wave, if you will.

Richard T. Hume
Chief Executive Officer & Director, TD SYNNEX Corp.
A

Yeah. Thanks for the question and good morning. Obviously, it's a new technology coming in. All indications that we have it will be sort of at the high end of the premium price band going forward as one would anticipate or in the fiscal year coming, I should say. All of the intelligence that we have says that it'll be sort of a single-digit percent of total of the entire PC population, and then, I think becoming more meaningful in FY 2025 and then into FY 2026. So, great opportunity going forward. Kind of that crystal ball estimate is sort of mid-single digit back half of the year for the total PC volume and then growing meaningfully up to that.

George Wang
Analyst, Barclays Capital, Inc.
Q

Okay, great. That's it from me. Thanks.

Richard T. Hume
Chief Executive Officer & Director, TD SYNNEX Corp.
A

Well, thank you.

Operator: We will take our next question from Joseph Cardoso with JPMorgan. Your line is open.

Copyright © 2001-2024 FactSet CallStreet, LLC

Joseph Cardoso
Analyst, JPMorgan Securities LLC

Q

Hi, good morning and thanks for the question. Yeah, just one for me. Just wanted to piggyback on some of the AS questions. First, can you just clarify, if the year-over-year declines in AS were largely in line with your expectations 90 days ago? And then more specifically, can you just elaborate on the trends you're seeing across some of the product categories there, like servers, networking as well as any others? And just curious if any of those are trending better or worse relative to your expectations. And then, just the second part of that question, as you think about a recovery in the back half, is that broad based across these product categories or you're thinking that it's concentrated to a particular one? Thanks for the question, guys.

Richard T. Hume
Chief Executive Officer & Director, TD SYNNEX Corp.

A

Joe, good morning and thank you for the question. So, the way I would talk about this is I think that the underlying demand across all of these technologies is pretty good. And the lead with how to think about how these technologies emerge and have growth, from my point of view is to think about when their backlogs recovered last year because inevitably, the increment of the compare year-on-year that, I think, sort of distorts the numbers a little bit. And when I come at it from that perspective, server and storage had recovered its backlog earlier and then networking had carried the backlog later into last year. And so, when I think about the recovery on a year-to-year basis, I think server and storage emerged earlier; and networking, because of that backlog hanging around for a longer period of time, will be later in the cycle. As we had stated earlier then, when we get to the back half of the year, we think that each of these categories should have growth attributes. That's at least our expectation.

Joseph Cardoso
Analyst, JPMorgan Securities LLC

Q

No. Makes sense. Thanks, Rich. Appreciate all the color. Thanks, guys.

Richard T. Hume
Chief Executive Officer & Director, TD SYNNEX Corp.

A

Thanks, Joe.

Operator: And we'll take our next question from Keith Housum with Northcoast Research. Your line is open.

Keith Housum
Analyst, Northcoast Research Partners LLC

Q

Good morning, guys. Question for you on the revenue synergies that were anticipated from the ERP integrations, I guess, are those proceeding as you guys expected and how are you expecting those to ramp up throughout the rest of year as it's baked into your guidance?

Richard T. Hume
Chief Executive Officer & Director, TD SYNNEX Corp.

A

So, hey, Keith, good morning. I hope everything's well. Yes, they're proceeding consistent with our expectations. We would anticipate, as we think about this year, that we're going to start to see meaningful progress relative to our cross-sell opportunities with our customers. When we think about our guide, we fundamentally believe that we've baked that opportunity into the guide and it will really kind of ramp up and hopefully, be a bit more meaningful in the back half of the year. Do you have anything to add, Marshall?

Copyright © 2001-2024 FactSet CallStreet, LLC

Marshall W. Witt
Chief Financial Officer, TD SYNNEX Corp.

A

No.

Keith Housum
Analyst, Northcoast Research Partners LLC

Q

Appreciate it. And if I could just touch on real quick the acquisition from like you're announced over the past week or two, I believe [indiscernible] (00:54:12) please correct me if I say the name wrong, but it appears more of a lifecycle services company. I guess, first talk, about the strategy in making that investment now, when I think your largest competitor actually got out of that business recently, perhaps there's a strategy diversion and is that an opportunistic or a competitive advantage you have versus your competitors?

Richard T. Hume
Chief Executive Officer & Director, TD SYNNEX Corp.

A

So, first of all, let's talk about the primary capabilities that are offered with the acquisition. First is around repair, and then tests, and refurbishment. We certainly participate in those businesses today and really we connect quite well relative to assisting our vendors in that regard. And we like the business and, obviously, it also offers a 220,000 square feet piece of real estate, which will allow us to do more integration for customers as well. But we see a good demand, a solid demand for, Keith, those services with our vendors and they've been encouraging us to grow that footprint, which we are doing.

The other thing I'd like for you to think about is there's more focus on these types of things, especially the refurb segment moving forward as sustainability comes front and center. So, we also see sort of, if you will, a bit of a revival around refurb as the world tries to become more sustainable. So, we think that there's going to be an extra kicker relative to these types of businesses moving forward based on that focus.

Keith Housum
Analyst, Northcoast Research Partners LLC

Q

Great. Thank you.

Operator: And we'll take our last question from Ashish Sabadra with RBC Capital Markets. Your line is open.

Ashish Sabadra
Analyst, RBC Capital Markets LLC

Q

Thanks for taking my question. There was a lot of discussion around AS dynamics near term for the first half and second half of 2024. But as we get through some of that near-term volatility, I was wondering if you can talk about how should we think about the midterm growth for the AS solution as well as margin profile for that business over the midterm? Thanks.

Marshall W. Witt
Chief Financial Officer, TD SYNNEX Corp.

A

Yeah. So, I'll start, Rich, and you can chime in. So, for AS, as we had said in our prepared remarks, we still have some backlog from a comparative standpoint that will be make it a difficult comparison year-on-year as we're in quarter one. We think as we play out the rest of fiscal 2024, we expect to see a return to growth for both portfolios ES and AS, that we'll call it the sequential momentum of that or ratability of that is still somewhat to be determined. But I do think back to the comments we made about how we build up our forecast. We do rely quite a

Copyright © 2001-2024 FactSet CallStreet, LLC

bit on our leaders at the country level to look their AS relationships and to figure out, determine how best we think that's going to grow. But thinking about that low or mid-single-digit to high-single-digit growth rate, I would also think about AS performing in that same range in the second half.

Ashish Sabadra
Analyst, RBC Capital Markets LLC

Q

Maybe just to clarify like [indiscernible] (00:57:49) like the when you think about exiting at mid- to high-single-digit growth for AS in 2024, is that the right growth profile or could we see a further acceleration there over the next three years, let's say, midterm?

Marshall W. Witt
Chief Financial Officer, TD SYNNEX Corp.

A

Yeah. So, beyond the thoughts we gave, we don't provide guidance or thoughts around what it looks like in 2025 and 2026. Certainly, we go back to our initiatives and how we position our investments and the commentary we made near term about what we're doing to lean into, AS SG&A and the skill sets and how important it is to retain those and grow those, we're certainly confident in that market space, but beyond the commentary, not much more we can provide in terms of what that looks like.

Richard T. Hume
Chief Executive Officer & Director, TD SYNNEX Corp.

A

Yeah, I guess and the only thing that I would add to Marshall's comments is we always have an aspiration to grow a bit faster than the market. I think history would say that we had been successful relative to that pursuit. We would we would kind of characterize 2025 and 2026 with that type of expectation that whatever the market growth is that we would aspire to execute a little bit above the market expectation.

Ashish Sabadra
Analyst, RBC Capital Markets LLC

Q

That that's very helpful color. And maybe if I can ask a clarifying question. PC decline obviously was a big headwind in fiscal year 2023. Have you quantified or is there a way to think about the total revenue headwind from the PC decline in the fiscal year 2023 last year? Thanks.

Marshall W. Witt
Chief Financial Officer, TD SYNNEX Corp.

A

So, that's a specific number, no, it clearly was in the PC ecosystem, a negative contributor to the overall decline in our revenue portfolio. So, it did have a meaningful impact. If I step back and think about ES and AS, I think ES had its moment in 2021 and halfway through 2022 and AS had its moment in 2022 and 2023. So, we're happy that we've got such a broad and diverse portfolio. And yes, we have certain attributes that behave differently from time to time, but the benefit of our large portfolio allows us to have a balanced view and when certain aspects of ES are down and certain aspects of AS could be up. But the complementary line card I think is what really benefit them.

Richard T. Hume
Chief Executive Officer & Director, TD SYNNEX Corp.

A

Yeah. Just a way of thinking about this is, last year, we knew AS had grown and ES had declined. Those are the two major segments of our business. So, if you take a look at the net change in revenue, year-on-year, it's probably getting close to the answer.

Copyright © 2001-2024 FactSet CallStreet, LLC

Ashish Sabadra
Analyst, RBC Capital Markets LLC

Q

That's very helpful color. Thank you. Thanks.

Operator: And ladies and gentlemen, I will now turn the call back to Mr. Rich Hume for closing remarks.

Richard T. Hume
Chief Executive Officer & Director, TD SYNNEX Corp.

Well, thanks, everyone, and thanks for participating in the call today. FY 2023 certainly played out different than we all had anticipated as we had sat around the table this time last year. That being said, I'm very proud of what we've accomplished. I'm very proud of our relationships with our vendors and our customers. They are our primary stakeholders and my congratulations to our 23,000 coworkers around the world for doing a great job executing in this more challenging environment than anticipated. With that, I wish you all a great day.

Operator: And, ladies and gentlemen, that concludes today's call and we thank you for your participation. 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 2024 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.