Operator: Greetings and welcome to The ExOne Company First Quarter 2014 Financial Results Conference Call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. [Operator Instructions] As a reminder, this conference is being recorded.

I would now like to turn the conference over to your host, Ms. Karen Howard, Investor Relations for ExOne. Thank you. Ms. Howard, you may begin.

Karen Howard: Thank you, Doug, and good morning, everyone. We certainly appreciate your time today for our first quarter 2014 conference call.

On the call with me this morning are Kent Rockwell, Chairman and Chief Executive Officer; David Burns, President and Chief Operating Officer; and Brian Smith, Chief Financial Officer of The ExOne Company. We will be reviewing the results for the quarter that were published in the press release distributed after yesterday’s market close. If you don’t have that release, it is available on our website at www.exone.com. The slides that will accompany our discussion today are posted there as well.

Referring to the slide deck, on slide two is the Safe Harbor statement. As you may be aware, we may make some forward-looking statements during this discussion as well as during the Q&A. These statements apply to future events and are subject to risks and uncertainties as well as other factors that could cause actual results to differ materially from what was stated here today. These risks and uncertainties and other factors are provided in the earnings release, as well as other documents filed by the Company with the Securities and Exchange Commission. Those documents can be found at the Company's website or at sec.gov.

We’ll have Kent first provide an overview, David will review our revenue results as well as our 2014 Q1 progress, and then Brian will provide a detailed review of the financial results. Then we’ll turn it back to Kent to discuss our outlook.

With that, I turn it over to you, Kent.

Kent Rockwell: Thank you, Karen, and good morning and welcome to our 2014 quarter one review. In our last quarterly report, we took an hour and a half between our presentation and the questions. We’re going to try and expedite our presentation in order to allow more time for questions. So I’ll try to be brief.

In our last quarterly discussion, we outlined a three-pronged approach to our strategic development. It involved a continuation of our machine sales efforts, where we have excellent margins and a growing line of machines. Secondly, it was in the production service center sales, where we have production service centers and we’re increasing them around the globe. We are also working to increase the output of those centers. When the production service centers are up and maturely running, they have excellent margins. Finally, we addressed the ongoing change in strategy that’s come up over the last 12 months, the ExCast strategy, which is a much more vertically integrated production service center strategy that incorporates a lot more effort for specific OEM customers that are requesting a final near-net product or final machined product. The demand for that is very substantial. We will talk about it a little bit more later.

All three of these strategic efforts, have good margins and good opportunities and I’m very comfortable with the direction that we’re taking in achieving our strategic development goals, despite the fact that the quarter was slower than anticipated. David and Brian will address the numbers issues.

I’ll start at slide four, which illustrates some of our latest projects that we feel are an affirmation of our binder jetting technology. As an international company, we look at global media reports just as much as we look at domestic reporting. I’d like to quickly highlight just a couple articles that were in the media. The first one is in the upper left corner; that came from a BMW article in Germany and shows the operator taking out a casting from one of our machines. There is a quote in that particular article from the German magazine which states, “As 3D printing technology becomes more competitive, it will be possible to transfer all of its technical advantages to high volume series production.” We have been working with BMW for several years and they’ve bought multiple machines from us. We meet with them every 30 days to advance our technology and how they’re going to use it.
We believe that they are extremely satisfied with where we’re headed, and the next generation machines that we’re looking at are indeed the high volume series production machines that BMW needs to be able to advance their business opportunities. We said, as far back as 2012, that this was going to be a five-year-or-so effort. Right now, I believe that they’re looking at implementing this technology starting in 2016. But the progress we’re making with the machines is quite substantial. This is an affirmation that binder jetting is considered by one of the largest players in 3D to be capable of high volume series production.

To the right of that there’s another article that came out in a manufacturing machine magazine in Germany. It’s about the Bosch Rexroth foundries and it shows they’re relying on the 3D printing of our machines and you see in there very nicely presented, the ExOne machine, and some of the complex design product that’s coming out of that. This article talks about the complexity that they’ve been able to achieve with the product application from our machines, and we’re extremely pleased about that.

In the lower left-hand corner is the Sikorsky S-97 Raider program. This particular program is very applicable to the development of our ExCast strategy. Sikorsky came to us some time ago, and identified that our technology was the only technology that they could see that could get them to the kind of finished product for some very complex casting parts. We have worked with them at great length and it has cost us a lot of money, especially in this quarter, which will be described later. But Sikorsky has identified for us very large sums of revenue that can come from this. This program award is due about early next spring, and test flights are due in about the last quarter of this year. This is a big program that has led us into other programs with Sikorsky. We’re presently meeting to discuss doing other castings. We do have a second award of casting efforts that starts towards the end of this quarter. And all of this is developmental. We’re continuing to learn and improve how we can deliver the final products for a program like this. To us, it looks like a highly rewarding multi-year opportunity, with very large revenues for this and other customers like this. If you believe that this Company can get up to the couple hundred million in the next couple years that we believe we can get to, you’ve got to fund the development of programs like this, and David will address that in a little bit.

Finally, we have the Inconel® Alloy 625. This is a picture of a turbine blade that we printed to full density and it’s very accurate. The customer was very pleased with this product. This is in participation with customers under NDAs that have asked us to do this work. The release of Inconel® Alloy 625 was completely independent. We now can do this for multiple customers and we are participating with an increasing load of customers looking at using Inconel® Alloy 625 in various aerospace and energy applications. We’re very pleased with where we are on a technical basis.

And with that, I’m going to let David go ahead and tell you about how we’re moving in the quarter and talk about some of our performance issues.

David Burns: Thanks, Kent, and good morning, everyone. This is David Burns. If you flip to slide number six, you see the revenue review for the quarter--on the left-hand side by product line and on the right-hand side by region. Our revenue was $7.3 million. We’ll address by segment, both our expectations and the reality of what happened in the first quarter. A couple of interesting things to note; in Asia, since we didn’t have a machine sale, Asia only accounted for 11% of our revenues and that was entirely in the PSC. This is the first quarter that I remember where we actually have this juxtaposition of PSC revenue versus machine revenue, indicating growth in the PSCs and relatively weak machine sales.

If you flip to slide number seven, we take a quick look at non-machine revenue. We’ve got increasing volumes in all categories. We approached $5 million for the quarter. We saw growth in consumables, parts, and everything in general. We also saw growth from the beginning of our ExCast revenue kicking in for the quarter. We’re very satisfied with that and you can see the annual growth rate over three years quarter-to-quarter. Our PSCs are building out the way we would have hoped. As you recall, we have said quite some time ago that we need to build out our non-machine revenue to create a good solid base of stable flow style revenue, which helps us deal with the volatility of machine sales. We’re seeing some of that volatility in the first quarter of 2014. At this point, we’d also like to affirm that we are in the process of opening two new combination production service centers and sales offices. We expect those announcements to be coming out very soon.
Looking at slide number eight, a look at quarterly machine sales, on the left-hand side you can see Q1 in each of the last three years. We said on our last call that we expected that our Q1 revenue for 2014 was going to exceed our Q1 revenue for 2013 and that did not happen. There is a large single order that we expected to have realized in Q1. We haven’t lost the order. It is a question of timing. It will be the largest single order that we’ve had as a Company, over $2 million, and we have had a shift from Q1 to Q2 for that order. With the presumption that you understand something about our gross margins, you can imagine the impact with the shift that that revenue had on our gross margin base. But if we look at trailing 12 months on machine sales, we see good consistent growth. We’re confident in the machine business. We’re confident in our forecasted revenue for this year. I think the emphasis for the quarter is simply that the machine business is lumpy and it’s going to be difficult to deal with at times, but as we get larger as a Company, individual machine sales will have less impact on us.

Moving to slide nine, what I’d like to do over the next three or four slides is just touch on what I would view as news of the quarter -- what’s happened in the ExOne world in the last 12 weeks that we think you’d be interested in.

On the people side, our overall full-time head count increased 14% in the quarter. We added our new Chief Financial Officer, Brian Smith and we added a new U.S. Chief Operating Officer. At this point we think that the bulk of our build out with people is done. We feel that the infrastructure we need is in place. It doesn’t mean we’re going to be doing zero hiring, but the rate of expansion is slowing significantly, and we feel we are positioned to get to be the size Company that we need to be.

On the sales and distribution side, we named a representative in our Scandinavian region. We also hired a new director of sales for Europe about two weeks ago, which was a very key hire for us. We’re thrilled and pleased with the addition of this gentleman and you’ll be hearing more about him, as we go forward.

Please proceed to slide 10. We’ve talked a lot about why we raised money and what we’re doing with it. The build out of our German facility is the largest single expenditure that we’ve got in progress to-date. Shown here is a picture of the building as of about three weeks ago. As some of you know, it’s about 170,000 square feet. The building itself is going to allow us to combine multiple production facilities into a single facility, and the building itself will be representative of us and the image we want to portray as our European headquarters. We’re on schedule and we’re excited about it, expecting the building to open late in 2014.

Noted in slide 11, ISO is the quality certification process we’re employing. We now have quality management and leadership in place in both the U.S. and in Germany that are leading our ISO efforts. We expect ISO certification at all our major facilities by the end of 2014. As we enter this world of ExCast, where we’re becoming the provider of end parts to customers, quality certifications become more and more important to us, so this is a very important initiative, not necessarily the most expensive initiative we have going, but certainly critical.

On the ERP side, the business system side, during the quarter we committed to Pro Alpha, a company that provides ERP systems. We expect our Phase 1 go-live to take place right at the end of 2014. This is important because it is a single global management information system. What we need is a system that yields reliable, real-time global information to us, that allows us to do an even better job as management team. We have a variety of systems that don’t integrate, and as a result, you can imagine some of the difficulties in trying to understand where you are. We’re thrilled and excited about ERP and it is a critical and high priority for us.

Regarding slide 12, Kent mentioned Inconel® Alloy 625 and I want to restate it, because from my perspective, the rollout of Inconel® Alloy 625 is a critical moment for us as a Company. For the first time with a single metal alloy, we’ve achieved greater than 99% density. It has been publicly and privately debated whether the binder jetting technology was going to be capable of yielding this kind of result in direct printing. We’re here to say that the answer is, yes, we have done it. Aerospace, chemical and the energy markets are all critical markets for us as we roll out this new nickel-based alloy metal for use in our M-Flex machines. But much more importantly, it is a validation of binder jetting as a process for efficient, cost-effective, direct part manufacturing and we’re excited about the next round of materials that we’re going to release.
Within the quarter, we announced two acquisitions, MWT and Machin-A-Mation. One is a machining house in the U.S, while the other is a microwave technology provider in Germany. Both of those relate directly to our strategy of vertically integrating, and trying to take more control of the pre- and post-printing steps that we need to accomplish our ExCast strategy.

Finally, just a word about ExCast development, because if anything that has had an impact on our first quarter results, it is this. We have substantially completed our first major ExCast project and that is with Sikorsky. There was a little bit of work left to do that spilled into the second quarter, but we’re mostly done with our first large order. What have we discovered in this process? Well, what we discovered alleviated our concerns about our ability to execute an ExCast strategy, our ability to interface with the variety of steps that both precede and follow 3D printing of sand molds. And our concerns about the supply base to help us get through that process have been, in a sense, mitigated. Getting ourselves through this project, managing the supplier base where we had difficulty accomplishing our objectives has not been an easy process. Unfortunately in the first quarter, we’ve got a chunk of development costs that we’ve endured to try to successfully complete this and make sure that we had a satisfied and happy customer. While I can’t say that all of the costs necessary to develop ExCast are behind us, we believe that a substantial portion of them have been realized, though it did in fact negatively impact our margins in the first quarter.

While it has been difficult to endure this, what I want to point out is that some of the struggles we’re having are almost vindication of the rationalization of why we need to execute ExCast. Without the supplier base, and we were able to interface seamlessly, we wouldn’t have gone down this road in the first place. While it’s been a little difficult to endure, we believe that we are now executing from an operational perspective what we need to do to be a high-end supplier of these sophisticated parts. As Kent pointed out, we see a very, very large market and a large demand for high value, highly complex casting to support especially the aerospace market. Brian is going to talk a bit more in a second about margins, but clearly, the effect of trying to build out ExCast negatively affected our margins for the quarter.

Now, I’d like to introduce Brian Smith, our CFO, to talk a little more in depth about the numbers. Brian?

**Brian Smith:** Thanks, David, and good morning everyone. If you please turn to slide 14, we’ll talk a bit more about our margins. With the lower revenue base, some of the costs that David talked about impacted us more significantly than we would have expected with a higher revenue base on our margin percentage. Due to that lumpiness, we presented the trailing 12 month numbers as well as the quarter’s. If you look at the trailing 12 months ended Q1 2013, that includes about a $1 million one-time gain in 2013 for our MIT royalty. The second point I want to make is around absorption, as some of our new facilities get up to speed and get up their production levels, those costs impacted our gross margin percentage significantly.

If you’ll turn to page 15, we will talk about SG&A. Our SG&A reflects our investments for growth and our public company costs. Those are the more significant increases. In 2013, in the trailing 12 month numbers, there was about a $7.7 million equity compensation charge that was a one-time charge back in the end of 2012. That compares to the equity compensation charge for the trailing 12 months ended Q1 2014 of about $1 million. In addition, we had about a $100,000 charge in Q1 2013 for equity compensation and about $450,000 in Q1 2014. The other item I want to point out in our SG&A is acquisition transaction costs. We had about $200,000 in costs relative to our acquisition activities in the first quarter of this year; in our trailing 12 months ended Q1 2014, there is approximately $600,000 of such costs. Our SG&A is in line with our expectations. Generally speaking, our SG&A is slightly higher in the first quarter, and then again in the fourth quarter due to our year-end costs.

If you’ll turn to page 16, we’ve summarized our R&D expenditures for the quarter and the trailing 12 months. These were, as expected, principally related to the release of new materials and our next generation machines and the salary and material costs and other costs that are required to get us to that next level.

Turn to page 17, for a capital standpoint and a cash standpoint. Our cash was at $98 million at the end of 2013 and was $77.5 million at the end of the first quarter. We spent approximately $9 million on our acquisitions and about $6.5 million on our CapEx activities, principally spending on our German facility construction, as well as building our own machines for use and deployment in our facilities, our PSCs. And then we built inventory of
about $4 million for working capital for our expected machine sales during the year. On the last call, we had projected out where we expected to be towards the end of the year in cash, which was over $50 million without any further acquisition activities.

Page 18 is our CapEx budget. Because of the significance of our CapEx budget, we wanted to reiterate that, of that $31 million to $34 million expected in 2014, we’ve spent about $6.5 million to-date. Germany, Japan, and North Huntington facility build-outs will total $21 million to $22 million in the current year. And then, the remainder of our CapEx for the period will be machines to support our growth as well as the ERP system that David mentioned that we’re in the middle of deploying.

And with that, I’ll turn it back over to Kent for other comments on our outlook.

**Kent Rockwell:** Okay. Thanks, Brian. On slide 20, we are reiterating the revenue guidance that we had from before. We used to state this in terms of percentages, but the percentages are easily translated into revenues. So, we’re stating a $55 million to $60 million range. That’s the base level of the business. It doesn’t include any of the potential M&A type of growth. This is all organic growth.

In this guidance, we did drop gross margin down for the reasons that have already been stated, and that is primarily the development expenses along a multitude of fronts, in all honesty, have simply gotten a little bit higher than we had assumed that they would. In the whole scheme of things, I consider it to be rather nominal, but in the scheme of the quarter, it comes out as a very pronounced and diminished result.

Our SG&A is stable and shouldn’t have to grow nearly as much anymore. Our R&D is still pretty much in the same level. We see more opportunities in R&D. We’re actually constraining ourselves. We’re very pleased about getting the Inconel® Alloy 625 out. We are working on the titanium and other reactive metals and we’re very confident that these things are going to come on-line in the near term, in the similar fashion to the way Inconel® Alloy 625 has. We have a lot of customers working with us to see that that happens.

So, our guidance is slightly modified. We said it was a transition year. This is transition cost. We should have measured them more accurately and communicated them more accurately and we did not, and for that, I apologize. When you’re growing as rapidly as we are the ability to capture all of this in real time while you’re putting in all these new processes and putting in a new ERP system and everything else, sometimes these things just slide by. From a personal point of view, there is nothing in there that concerns me; there is nothing that we cannot achieve. We could cut back on some of these expenses and go to a lower growth rate and hit profitability without much difficulty at the $60 million level. But I don’t think that that’s what’s our focus is as a management team; we believe that this should be a much, much larger business. If we’re going to get there quickly, we need to spend the money much more aggressively. Brian’s identified that we have plenty of cash to be able to do that.

I might close with one quick story: I sat in this same chair yesterday at 8 AM listening to a global oil and gas customer that came in, one of the biggest companies in the world, and he was highlighting to us his company’s experience. They had started off in 3D some time ago and then sort of walked away from it thinking it wasn’t going to work. They were primarily working in the laser technologies, in their early phases. Then, they were recently challenged by their senior management to come back in, and they put together a team of several people that started getting some parts from us, and showing them to management. Management got very excited about it and said, you’ve really got to do something. And so he was up here to forge a very good agreement with us about the mutual development of a lot of opportunities.

His particular requirements sounded very similar to the Sikorsky story, in that they want a lot of ExCast-type support. That company alone could represent the kind of growth that we will require to get to the expectations that we’ve spoken about. They are very excited about what they’re seeing. We’re working with them on a variety of different materials and so it’s a lot of excitement from a lot of different growing customer involvements. Our collaborations are increasing and they are really, for us, the essence of our future.

This is happening every day. You see these people that were there, they are coming back. They are saying, now I see it, now I get it. They are more excited about it than they were in the past. We believe that we’ve got enough
customers that if we just work with the customers that we’ve got then we’re going to be able to get to those goals that we described over the next couple of years. I’m going to close on that point.

Also, just to remind you, there is a RAPID additive manufacturing tradeshow in June in Detroit. We’re hosting an investor luncheon meeting there on June 12th followed by a tour of our PSC facility in Troy, Michigan. If you need any information, please contact our IR firm, Kei Advisors, and they’ll give you all the information that puts you in line to come visit us and see how we’re progressing. You will be able to see some of the ExCast opportunities when you visit that facility.

Our customers are very enthusiastic about what we’re doing. We thank you for your time. Again, we were not enthusiastic about having to report the quarter that we did but in the whole scheme of things, it’s not meaningful from our perspective. We don’t provide quarterly guidance, but we had anticipated we would see a better quarter. The numbers I just put up for guidance show we’re still very enthusiastic about where the year goes.

And with that, we’ll move on to questions, Karen.

Karen Howard: Great. Thanks, Kent. And Doug, we’re ready to open up the line for questions, please.


John Baliotti: Good morning, guys.

Kent Rockwell: Hi, John.

John Baliotti: Hey, Brian, I was wondering, given the sensitivity and the size of the Company, you pointed out that absorption of costs can be significant to the margin. I’m wondering, can you give us a sense, in terms of ExCast, what you think the impact might have been to the gross margin in the quarter in terms of the investments you guys are making?

Brian Smith: Yeah. We’ve been analyzing that a little bit, John. It’s probably a good 5 margin percentage points or so.

John Baliotti: Yeah. Because I was seeing that, even $500,000 could have almost a 700 basis point hit. It’s obviously very sensitive to the dollars.

Brian Smith: Yeah. Because I was seeing that, even $500,000 could have almost a 700 basis point hit. It’s obviously very sensitive to the dollars.

John Baliotti: Yeah. Because I was seeing that, even $500,000 could have almost a 700 basis point hit. It’s obviously very sensitive to the dollars.

Brian Smith: Yeah. And it’s a tough number to capture, John. We’re not calling that R&D.

John Baliotti: Right.

Brian Smith: Because it’s associated with that job, if we were really aggressive here, we’d be trying to carve out a bunch of cost and put it in R&D. That’s just not our nature.

John Baliotti: Right. And you guys have been pretty enthusiastic about ExCast for a while, and I think, given things that we’ve been researching, it still seems that it’s the adoption rate, the educational process that I think you’re helping with by doing this.

David, to your point earlier, the lessons learned while you’ve built up the ExCast process, do you think that it helps you with customers who are going to buy the S machines, in terms of things that you can now help them with? Things that maybe you weren’t aware of before that might help them with their adoption and their learning curve?

Dave Burns: Well, John, absolutely. And I think what I’d like to do is give you a couple of anecdotes, so we understand this question of development cost. We had a case where we were on a very short schedule to deliver one of the castings under this program. We printed thousands of dollars worth of sand molds and delivered them
into a foundry and the foundry itself mis-poured. We ended up having to reprint molds on an expedited basis and fly them to another foundry across the country to get the pour we needed to stay on schedule with the customer. That kind of learning is exactly what this development cost is. I think if you want some essence of it, that’s part of what it is. But having said that, the key is in the linkage between design and what the outcome is from a sand printer. All a printer does is print what you design, and what you want to do is design for manufacturing in this new world of thinner walled castings with different gating systems and all that other stuff. Our ability to be a learning organization and to turn that information around and reflect it back to customers is critical as we roll out more and more machines.

**John Baliotti:** Great. Thank you.

**Operator:** Our next question comes from the line of Peter Misek from Jefferies. Please proceed with your question.

**Peter Misek:** Gentlemen, maybe we could try two things. One, could you give us a sense for the pipeline or how the opportunity set looks like as we go forward? If we try and take a longer-term view, what kind of growth rate should we be expecting for the next year or the year out? How should we frame the pipeline of opportunity? Then, could you give us a sense for what the fixed cost structure or breakeven point is for ExCast, and what kind of levers can you pull there to try and either accelerate growth or try and accelerate profitability? Thanks.

**Dave Burns:** This is Dave. Let me talk about the pipeline first. We said on our last call that we expected the first half of 2014 to be about 35% of our revenue for the year and the second half to be about 65%. We said that we thought that we would show growth at the annualized rate that we expect through the first half. As we model this thing out, we view the second quarter as positive. We’ve got a variety of machine programs that are completing and shipping. We expect the quarter to support those numbers we gave on the last quarter call.

In terms of the out years, a lot of our enthusiasm is about products that aren’t even off the board yet. Kent alluded to this work we’re doing with BMW, and we talked about a machine we’re going to release at the end of this year, which is a leap forward in terms of volumetric output per hour. It’s going to be better suited for production environments. We’ve got one customer that has pre-ordered four of these machines and the design is not even done yet. We’re very enthusiastic about the pipeline.

And the second thing that we’re enthusiastic about now is our rollout of direct printing. Inconel® Alloy 625 is a great example of how binder jetting can lead to direct printed parts that are full density. We’re converting our Print machine platform, which is our second largest platform, to be ready to accept direct metal printing, which gives us a large build chamber for either larger parts or higher volume of smaller parts. So the conversion of the Print platform for direct printing as well as the next generation of sand machines gives us great optimism about the robustness of the machine business going forward.

In terms of breakeven on ExCast, I’m not sure I exactly know how to answer the question. What I can tell you is that the fixed costs necessary to execute ExCast from the ExOne end are in place. The designers are in place, the design software is in place, the stations are in place, and the printers are in place. And yet, the rest of the value chain is not in place and that’s what we’re focused on with M&A. I think the decisions about what we pursue in an M&A environment will change that question of what the breakeven looks like. I’m not sure exactly how to answer the question. I guess it’s probably the best I can do.

**Peter Misek:** Okay. Thank you, gentlemen.

**Operator:** Our next question comes from the line of Holden Lewis from BB&T Capital Markets. Please proceed with your question.

**Holden Lewis:** Good morning. Did you say that you were estimating that the ExCast impact in Q1 was worth 5 percentage points of the margin? Is that the number you used?
Brian Smith: Yeah, Holden. This is Brian. We estimated 5% that we could identify. Again, it’s wrapped up in a project.

Holden Lewis: Sure.

Brian Smith: We’re pretty conservative with what we want to use.

Holden Lewis: Okay. If you add that 5% on though, you’re still talking about a gross margin that’s 27% on a volume number that’s comparable to last year when you got a 36% margin. It sounds like in your guidance, you’re saying that the Q2 to Q4 gross margin is 43% to 46% and that’s the only reason for the drop in the guidance in the Q1 number. But how do you bridge 27% up to 43%, 46% the rest of the year?

Dave Burns: Good morning, Holden, it’s Dave. There were multiple impacts in the first quarter on the margin side. One impact was what we would view as one-time costs associated with ExCast that Brian has put about 5 percentage points on. We’ve got a larger cost base and we’re building out our two new PSCs and some other stuff. There is, at least in my view, about four margin points just associated with PSC build out that isn’t being absorbed yet. My view of this thing is that we were in the low 30s margin-wise with just those two issues alone. Honestly, if this large single order had shipped at $2 million plus at 50% gross margin, we would have been looking at margins that were probably 40% plus for the quarter.

I think that’s the confidence that we feel. If you take away the one-time stuff associated with ExCast, if we continue to expand the revenue base in the non-machine side and get better absorption, and we begin to get a lot of these machine programs with 50% plus margins, the margins are going to bounce right back.

Holden Lewis: Okay. But I’m right in reading this that you’re thinking 43% to 46% is good for the final three quarters of the year?

Kent Rockwell: Holden, this is Kent. In my opinion, you could see a little bit of cost continuing into the second quarter, as we work through the rest of the development aspects of ExCast. I think the other pieces are probably non-recurring. But ExCast margins on the new Sikorsky work may still be a little bit less than what they will be when we get fully integrated, which is our plan. We still have a lot of sub-contracting that goes into the current ExCast strategy, and we need to eliminate some of those sub-contracting margins to be able to bring our margins back up to full value.

Holden Lewis: Okay. And then, can you talk about the burn rate? In Q4, you burned off, I think about $15 million to $16 million of your cash balance. In Q1, you burned off another $20 million. Can you talk about the burn rate in upcoming quarters that you would expect, relative to what we’ve seen over the past two quarters?

Brian Smith: I’ll take that Holden, this is Brian. We had $10 million in the current quarter for the two acquisition transactions that we had. We had a relatively slow quarter, so built inventory. In our previous call we talked about the move into our German facilities that will take place in the second half. We’ve got to get enough machines built up to support our machine program there, so we’ll have some usage of working capital in the next quarter or so. Then, we’ll start selling those machines and improve our working capital, getting cash from working capital in the latter half of the year. We will use some cash in the near-term, next quarter, in working capital.

Relative to the build-out of our facilities, as I said we’re $6.5 million into a $31 million to $34 million year. If you run those numbers you get down into a low $50s million end of the year balance. We won’t burn as much cash in the second quarter as we did in the first, because we’ll be absent any other acquisitions. We’ll be absent from two we had in the first quarter.

Holden Lewis: Got it. You’ll burn less, if for no other reason because of the acquisitions, in Q2. Then in Q3, Q4, you might get a little bit of benefit from working capital, although it looks like your CapEx would probably be up, so you’re thinking about more of like a $10 million type of burn rate per quarter absent acquisitions?

Brian Smith: Yeah, that’s pretty good.
Holden Lewis: Okay. Thank you.

Operator: Our next question comes from the line of B. G. Dickey from Stephens, Inc. Please proceed with your question.

B. G. Dickey: Yeah, thanks, guys. If I could just switch over to revenue for a second, and I know you don’t give quarterly guidance, but I’m just trying to get a sense if you maintained your guidance for the full year, what should we expect in terms of revenue? Are you still saying that you expect that kind of split of 35%, 65% first half versus second half, because obviously you’ve got some delayed orders, so you’ve got some timing issues here. I think that you called out a very large order in 1Q that was delayed, in the magnitude of about $2 million.

I’m curious, is that related to the large government opportunity that you alluded to last quarter? And since we’re on the subject of delayed orders, can you give us an update on the five machines that were pushed out from 4Q into the first half of this year? Any color you can give as to where 2Q is progressing at this point would be appreciated, because it seems that you have a lot of seasonality. Thanks.

Dave Burns: Good morning, Mr. Dickey. This is Dave. I’ll reiterate, we believe 55% to 60%, we believe a 35%, 65% split first half, second half. When we had our last call, we saw things forming up this way, and that’s I the way we still believe it’s going to happen.

The orders that rolled from last year, four of them are clearly in Q2 based on our current visibility, and one appears to be in Q3 at this point. Other things have happened since then that augment our opportunity set. I’m feeling pretty confident at this point that the revenue split is of that magnitude. The large order that we’re talking about this quarter had nothing to do with a government opportunity. This is a program in Russia. The dynamics of the Russian market right now are simply such that we have approval in place, we’ve got a willing customer, we’ve got a purchase order, and the customer has funded what is needed to make this happen. There is a third-party involved in this thing, a leasing company, and we’re simply waiting for funds flow from the leasing company. When that happens, the order will be shipped. We’re cautious about shipping into the Russian market until that happens, for obvious reasons.

We are extremely confident that it’s going to happen and we’re watching it almost by the day. Generally speaking, the rollover from last year all parks in the first half. We think when we report out June that we’re going to have shown significant growth year-over-year, half-to-half.

B. G. Dickey: Okay. Great. Thanks. Then, to follow-up on some previous callers talking about ExCast, it sounds like you said that you’re substantially complete there on the development expenditures. But should we still expect a little bit in the second quarter and subsequent periods or is it going to be pretty de minimis at this point?

Dave Burns: Well, I think Kent emphasized the fact that we feel as if the development costs that we’re dealing with are not completely washed out of the system, and they’re not. The fact is that we’re still wrestling with controlling a supplier base that’s spread all over the U.S., and in order to expedite and hit schedules that we need to hit, very often we’re putting big heavy parts on planes to get them from place-to-place to get operations done.

What I want to do is try to flip this around and turn it into a positive discussion, because our sense for why we want to execute the ExCast strategy is almost reinforced by these struggles we’re going through. What I will tell you is, as we build out our sense of what ExCast can become, and as we create a value chain that delivers these parts the way they need to be delivered, it is going to be an exemplar for how to execute this kind of business. While it’s painful now, I honestly believe this is almost an indicator that the reasons we’re doing it are still valid and right.

B. G. Dickey: Okay, understood. Thanks. I’ll pass it on.

Dave Burns: Thanks.
Operator: Our next question comes from the line of Sherri Scribner from Deutsche Bank. Please proceed with your question.

Sherri Scribner: Hi. Thanks. I just want to dig a little bit into the parts, materials and services segment. Obviously you guys saw nice growth year-over-year and quarter-over-quarter. I would assume that business would be a bit more stable than the machine business, although it sounds like the ExCast business is in that number. Should we assume that that business is more stable going forward? Will it be lumpy with that ExCast business and how should we think about that?

Dave Burns: Thanks, Sherri. This is Dave. I think, if you laid out our non-machine revenue quarter after quarter after quarter, it is stable and growing. The TTM numbers show that, side-by-side numbers show it. Our ExCast revenue is clearly part of our non-machine business and so it will always be in that segment. ExCast helps us to accelerate the growth of our non-machine business. However, we’ve perceived this for awhile so it’s not as if we’re going to see some big change in trajectory because of ExCast. But what I’ll say is this, the customers we are working with – while we are working on $1 million opportunities with them now, have many multiples of that size opportunity behind that. The first sign that we’ve got, that we have moved steadily into the production environment with many millions of dollars, we will be sure to announce that and lay it out in a time phased way so you understand what the effect will be.

Sherri Scribner: Okay. I just want to understand because I don’t think I asked the question maybe the right way. You would assume that that segment of the business, the parts, materials and services, which is mostly recurrent, would continue to grow throughout the year. Is that the right way to think about it?

Dave Burns: Correct. Of course, everything in the world is lumpy when you’re dealing with industrial. It’s a lot less lumpy than the machine business, but it’s still lumpy, impacted by size and timing of customer projects. I think you can expect that aggregate year-over-year, if you aggregate 2013 versus 2014, we are going to show the kind of growth rate in non-machine revenue in total that we are trying to achieve overall.

Sherri Scribner: Okay, that’s helpful.

Kent Rockwell: David just a key point there -- you have to understand that it’s trying to look at just one quarter. For example, one order for consumables can be $400,000 in some instances. You really need to be looking at the TTM and the trend lines of that to get the best perspective.

Sherri Scribner: Okay, understood. Looking at the cash conversion cycle, it went up significantly this quarter. I understand you’re holding more inventory, but how should we think about the cash conversion cycle as we move through the year? I assume inventory will continue to be higher until you move into the German facility and you have other things going on. I want to understand how to model that cash conversion cycle.

Brian Smith: Sherri, this is Brian. We’re going to build inventory as we see the demand for our machines. At this point in time we see, based on our budget and based on our cycle, that we’re going to build more inventory in the second quarter again. We’ll have a decline in inventories in the third quarter and fourth quarter as we move to our new facility and slowdown some of our production. We have already got a plan for that. While it doesn’t take six months to build a machine, we need to plan ahead for that move so that we can do that as efficiently as possible. Again, we'll have a growth in our inventory this quarter and then a decline in the third and the fourth quarters. That's our expectations.

Kent Rockwell: Brian, you might point out what is the non-recurrent nature of the expenses of that move as well, because that does hit the margin.

Brian Smith: Yeah. We did mention in our guidance that we would have somewhere in the neighborhood of $1.5 million to $2.5 million of additional margin hit in the current year relative to the move, duplicate facilities, getting up to speed. Those will impact us principally in Q3 and Q4.
Sherri Scribner: Okay. The accounts receivable going up a decent amount, and accounts payable going up, is that related to the delay in the machine sales? How should we think about those as we move through the year?

Brian Smith: Accounts receivable will fluctuate right with our sales and our collection cycles. We don’t have a significant growth in AR projected right now and we could perhaps have growth in the September 30 quarter, but that could decline again in the December 31 quarter, depending on timing of shipments.

Sherri Scribner: Okay. And then can I just ask a little bit about the Inconel® Alloy 625 metal introduction? It sounds like this is something that nobody else has, 99+% density. Do you see anyone that has a competitive product maybe on the SLS side or is this really sort of revolutionary?

Dave Burns: Well, I don’t know that we’ve looked across the entire landscape, so I don’t think I can necessarily tell you what everybody is doing on the SLS side. What I will say is that if you read the popular discussions about 3D printing, one of the things that was pointed out by a variety of people was this question about density and the question about the single alloy. From our perspective, this is a tremendous indication that binder jetting is, in fact, a process that’s going to be applicable for direct printing of near-fully dense metal parts.

If you want we can do a much deeper dive on technology questions side-by-side. I’d be happy to do that offline, but I don’t think I’m necessarily in the business of judging what other people are doing, except to say this is what we’ve done. We know from our customer base that there is tremendous demand for this material within aerospace, chemicals and the energy business.

Sherri Scribner: Okay. It sounds like customers have expressed an interest in it. Have you started to sell this and can customers use it in your older machines or do they have to buy new machines? Thanks.

Dave Burns: Yeah. We’ve announced that we’re going to commercialize on June 1 and we are prepared to do that, which means taking orders. Any of our metal printers has the capability of Inconel® Alloy 625 production and they have to make sure that the furnace cycles are ready as well. We don’t have to sell a new machine because somebody wants Inconel® Alloy 625. Our Flex platform is specifically suited for metal production so we would assume that we’re going to see demand as a result of that.

Sherri Scribner: Perfect. Thank you.

Operator: Our next question comes from the line of Ajay Kejriwal from FBR Capital Markets. Please proceed with your question.

Ajay Kejriwal: Thank you. Good morning. Just to clarify on the inventory build question, with the $3 million increase sequentially. How much of that’s related to the Russian order that was pushed out versus some of the buildup that might be related to your expectations for the balance of the year?

Brian Smith: Really, there is no increase relative to that. That machine was ready back in the fourth quarter. I’m sorry, what was your second question?

Ajay Kejriwal: Is this related to the Russian order or did you have other machines that you’re building for the balance of the year? Based on your answer, it sounds like it is the machines that you’re building for the balance of the year.

Brian Smith: Yeah, that’s right. We’ve got limited space in our facilities over in Germany; that’s why we’re moving to the new facilities. We’ve got a build schedule that keeps us moving to be able to build out enough machines to be able to sell in our machine program while we’re shut down and moving into the new facility. That’s why that number is building. It’s kind of a steady production path if you will.

Ajay Kejriwal: Could you provide the numbers on how much the two acquisitions contributed in the quarter?

Brian Smith: They did not contribute significantly, revenue-wise, $150,000, somewhere in that neighborhood.
Ajay Kejriwal: Got it. That’s helpful. Regarding the PSC, the non-machine revenues, it’s good to see that business growing. Any color on how much of that growth was related to the new PSCs versus the ones that have been operational for more than a year?

Dave Burns: Ajay, this is Dave. The answer is not a lot. We’re just beginning to see product flow out of the new PSCs. I wouldn’t say it was necessarily consequential. We expect to see significantly more volume here as we go through the rest of the year.

Ajay Kejriwal: Got it. So that 32% is more reflective of same-store sales if you will?

Dave Burns: Yes, including the fact that we got major invoicing because of our first ExCast order.

Ajay Kejriwal: Got it. Kent, maybe one for you. As you pursue ExCast and this vertically integrated model, are there processes or technologies that you need to acquire? I know you acquired a couple companies in 1Q, but are there still any processes or technologies that you think could help you position ExCast better?

Kent Rockwell: Ajay, the ExCast process incorporates literally 16 different steps to satisfy, in the most effective manner, the needs of our customers. Of those 16 steps, we have some of the more critical IP steps already involved with our machines and our internal processes. But there are a lot of those steps that are currently performed externally, such as heat treating. Heat treating is not something that we have internally and most people wouldn’t own it internally at this point in time. You have to go to outside heat treating sources and you have to put that in your calculation.

There are various aspects of those steps where you will use outside contractors. Our objective, in order to optimize the turnaround time for customers, is to go out and acquire some of those steps either by bringing them in-house or making acquisitions related to some of those steps. Each one of them adds margin because it takes away margin that is being paid to an outside subcontractor and gives us greater control over the process.

The customers that we’re talking to, the aerospace and energy customers that are most interested in this, are very focused on timeliness. They’re also focused on limited volume production; they’re generally looking at moderate volume on an annual basis of production. You don’t make thousands of helicopters in a year, you make a couple of hundred. But you do it for several years. It’s perfect for their needs, and our abilities to meet them are a perfect match. What we need to do is optimize our ability to do that. We’re willing to spend whatever money it is to keep that customer happy right now because that program matures in 2015.

Ajay Kejriwal: Got it. Thank you.

Kent Rockwell: Sure.

Operator: Our next question comes from the line of Jonathan Shaffer from Credit Suisse. Please proceed with your question.

Jonathan Shaffer: Good morning. It sounds like the ExCast process is obviously growing relatively well. In the anecdote that was cited, it seems like a lot of the additional cost in this quarter was related to challenges around the foundry and the pouring process. Is it time that you guys just bring that foundry process in-house? I know you've discussed on prior calls, the foundry has been a continuing problem, and some of the micro-foundry technology is no longer that expensive. I was just wondering if you could talk about that a little.

Kent Rockwell: It is a natural consequence of studying the ExCast process to consider that we must either make strategic alignments or own the process. That’s part of our commitment to the vertical integration that will get us the best solution for our customers’ needs.

Jonathan Shaffer: Sure. More specifically though, is the foundry process itself one of those technologies that you think is probably critical to bring in-house?
Kent Rockwell: I’d say it is the critical process.

Jonathan Shaffer: Thanks.

Operator: Our next question comes from the line of Hendi Susanto from Gabelli & Company. Please proceed with your question.

Hendi Susanto: Good morning, and thank you for taking my questions. I would like to learn more about the Inconel® Alloy materials. Could you share your expectation on how long the customer qualification process may take? How many potential customers of Inconel® Alloy 625 are you seeing for 2014? Do you have qualification processes in place to have Inconel® Alloy 625 on the S machine platform beyond the M-Flex and X1-Lab that you have?

Kent Rockwell: David will take that.

Dave Burns: Morning, Hendi. Let me think about your questions. How long the qualification process will take? Well, in essence, we’re finished.

Hendi Susanto: I mean, on the customer side?

Dave Burns: It could be a few months or it could be longer depending on the end application. Or, as you well know, if this is going to be using a filtration application in the chemical industry, it could be pretty quick. If we’re qualifying a flight-worthy part for aerospace, it could take a very long time. That said, we are prepared at this point to print on the M-Flexes, and we’ve got plenty of capacity to do so.

As I mentioned before, we are transitioning to the new Print platform to be able to print direct materials. The job box difference is multiples bigger, therefore giving us access to either singular bigger parts or much higher quantity within a job build. We’re obviously excited about the Inconel® Alloy 625 rollout. We feel as if it was a great collaboration with the customer, it led us to a bunch of applications, and we are already getting a great resonance in the marketplace.

Hendi Susanto: Do you have any qualification process to have Inconel® Alloy 625 on your S machine?

Dave Burns: That’s what I was referring to. Taking the Print platform and converting it to be Inconel-ready, we are in process and expect that in 2014.

Hendi Susanto: Okay. So it’s still within 2014 timeline?

Dave Burns: Yes.

Hendi Susanto: Then last question from me, do you have an expectation on the number of ExCast projects for 2014?

Dave Burns: I can tell you that in backlog, what we would consider ExCast, we have between $1 million and $2 million today, with the expectation that we are going to book more programs for completion sometime late this year or early next year. As we get major orders, I think we would be open about sharing that we’ve taken major programs on.

Hendi Susanto: Could you share what the ExCast pricing model looks like?

Kent Rockwell: No.

Dave Burns: No, it’s totally application-specific. I don’t think there’s any singular way to do that.
**Hendi Susanto:** There’s no, like, specific profitability target or margin target?

**Dave Burns:** Well, we talk about being in this 40% to 50% margin range on nearly everything we do. If you wanted a starting point, I think you should think about that.

**Hendi Susanto:** Got it. Thank you.

**Operator:** Our next question comes from the line of Cindy Shaw from DISCERN. Please proceed with your question.

**Cindy Shaw:** Thank you and good morning. On the new Inconel® Alloy 625 material, I know you were reluctant to talk about whether any other machines offer that kind of density. I know a number of the competing metal technologies do offer that density. But it was my impression that they don’t come close to the speed that your machines have. I’m wondering with this new material, are you able to maintain that speed advantage?

**Dave Burns:** Cindy, this is Dave. Let me make sure that I clarify what I thought I was saying. I thought the question was specific to the density and Inconel® Alloy 625, so that’s a case where I don’t know. Clearly, the laser processes offer high density materials. I’m not trying to imply they don’t. I don’t know whether a specific laser company produces Inconel® Alloy 625 in high density. That was my only answer.

Having said that, there is absolutely no difference in volumetric output for Inconel® Alloy 625 versus any other material we print. The process is the same. Now the difference, as you well know, is a function of layer thickness and particle size. Within the Inconel® Alloy 625 world, we may make adjustments because we want thinner layers for surface finish, or some other reason. Generally speaking, the volumetric output for Inconel® Alloy 625 is no different, and you should expect it to be no different, than any other particles that we print.

**Cindy Shaw:** Okay. That’s helpful. As you look at the customers who are interested in this machine, how much do you expect it to be taken up in the near term by people who already own machines and how much do you think it’s going to actually drive incremental machine sales? How long would that take? I know you’ve got quite a long lead time on a new machine sale, particularly with a new customer. If it’s going to drive an incremental machine sale with a new customer, what’s the lead time we should be thinking about for that?

**Dave Burns:** What Inconel® Alloy 625 provides us, being used with our binder jetting technology, is an extremely cost-effective solution to the direct printing of parts. I would say that it’s unlikely that our current customer base that has bought machines pre-supposed that Inconel® Alloy 625 was going to be available. I would believe that from the machine side, any machines we sell specifically for Inconel® Alloy 625 production are likely to be new customers or new opportunities.

We presumed some of this in our sense of growing 40% plus this year. We’re not changing our view of how many machines we’ll sell. We plan to sell 18 M-Flex machines this year and we would expect some of them would be related to Inconel® Alloy 625, but we thought about that back in the planning process before the year started.

**Cindy Shaw:** Okay. So it’s in guidance, but as we think about it past this year, it certainly does open up that opportunity to keep the top line moving and open up to the customer.

**Dave Burns:** Absolutely, yes. I hope what it does is strengthen your sense that as new things are happening, our guidance is something we’re going to have more confidence in.

**Cindy Shaw:** Okay, okay. Good. If I could switch gears to the ERP system, the first phase due at the end of this year -- what sort of benefits should we except from that first phase? Anything we should think about in terms of next year just being more manageable from your end? I know it’s tough to manage a global business without it.

**Brian Smith:** This is Brian. We hope to remedy a lot of our control issues with that system. As David said, we expect to be able to get more real-time consolidated information into the hands of our management team to be able to make decisions quicker and to close more quickly. All those things are all benefits. As we talked before
about ERP systems, it’s a long phase-in process. This first phase is significant for us, and we’re excited about it. I think what you may see is us getting to be able to close more quickly and provide our information earlier during after the quarter.

Cindy Shaw: Good.

Dave Burns: Cindy, let me just add one point here, because I want you to think for a second about, for example, Germany today. We are in six buildings, we’ve got products scattered all over the place, and we don’t have good information flow. Imagine a brand new ISO-certified facility and a new ERP system that gives us tremendous real-time information. That’s why we’re so excited about this Company, because if you envision that for a second and the power of that as a tool filled with capability, that’s really exciting, and that’s why we are so bullish on this Company.

Cindy Shaw: Good. One final question. It sounds like there is a desire to do more M&A, if nothing else, around the foundry process. Should we think about future acquisitions as well as the recent ones? How should we think about them in terms of being dilutive or accretive to the bottom line?

Kent Rockwell: Well, I don’t think that we have to worry about doing something that would be dilutive at this point. The pieces that we might be adding are all small but are margin that we feel we can add in the ExCast process. They should be between what they can reduce in our cost and what we can do to help with the volume of their business. I would say that they should almost all be accretive. I don’t see any reason to expect a dilutive acquisition.

Cindy Shaw: Good. Well, thank you. I’ll look forward to seeing you in Detroit next month.

Kent Rockwell: Very good. We’ll certainly be there and I hope you’re coming to see our facility there.

Cindy Shaw: Absolutely.

Operator: We have time for one last question. Our last question is a follow-up question from the line of Holden Lewis from BB&T Capital Markets. Please proceed with your question.

Holden Lewis: Great. Thank you again. A bit of a bigger picture question, I think maybe hard to answer, but I’d like to get your perspective. Are you able to give some sense of how much the potential customer base has expanded? You’ve always had your traditional customers, the BMWs, things like that, but the key to the story obviously is not only selling more to the traditional customers, but significantly expanding to those who could be customers for you. Do you have any way for us to look at how you look at the customer targets today versus what it might have been a year, year-and-a-half ago?

Kent Rockwell: Do you want to take it, David?

Dave Burns: Sure. Holden, it’s Dave again. I’ll give you another anecdote. Within this three-week period, we are either speaking at technical conferences or presenting to the management team of three Fortune 100 companies that we probably weren’t talking to a year ago. I don’t mean, we’re going to make a lunch time presentation to three engineers, I’m talking about being invited to symposiums, including the major management groups of three companies that jump-off the page in terms of who they are.

I don’t know how to quantify exactly, what that means, but any one of these companies needs desperately, the kind of things that we can provide, and could, as Kent said before, easily provide tremendous revenue for us, just within their segment. In every case, they’re in one industry slice. The horizon remains very, very bright.

The exposure level is tremendous and that’s a function, I think, of media exposure as well as internal accomplishment. I think that even our IPO process helped bring us into focus with a bunch of folks. We’ve got a lot of people with titles like CTO walking in, and saying, my boss said, I have to come and figure out who you guys
are. A year ago, this was all evangelizing from our end, trying to reach out and grab people. These are reasons that we remain very bullish about where we are.

Kent Rockwell: I might just follow up by saying that, what's really happening is the vindication of binder jetting by the customer base as a viable cost-effective technology that in many cases is a good alternative to some of the laser and e-beam technologies. We see it from the customer base, but the NDAs really don't allow us to say much about what they're seeing. We get repeated visibility of that and it's increasing every month. We have got a couple more instances where they're saying, holy cow, this is really working well for us and it’s going to manifest itself as we go through the year, as some of the customers start buying machines.

Brian Smith: If I can add to that Kent. Holden, this is Brian. In the current quarter, one machine sale was to a recurring customer and the other two of the three were to new customers.

Holden Lewis: Okay. When you say that these customers desperately need what you do, is that you trying to convince them of that or are you having customers come in saying, we don’t need to be educated on the technology -- we need to buy something and we want you to tell us why you’re it.

Kent Rockwell: I think that we have a little bit of both of that, but what we are really doing is getting them to understand that binder jetting isn't just some small subset of the 3D printing experience. It is a major alternative in terms of applications that are specific to their needs, because they're coming back and giving us more and more R&D funds to pursue specific applications that meet their requirements.

Holden Lewis: Okay. Thank you, guys.

Kent Rockwell: Yeah. Thank you. I think with that, we're at the end of our time.

Operator: I’d like to hand the call back over to management for closing comments.

Kent Rockwell: Okay. I want to thank everybody again. We were disappointed with our reported financial results, but in the whole scheme of things as we see this performance, it doesn’t scare us from the opportunities that we’re facing, the opportunities that we’re addressing. We’re still maintaining our forecast and I think that the story for binder jetting continues to get more and more exciting in each quarter.

We have other materials that are coming online that are going to significantly advance the application of our machines into a variety of new settings. So thank you for your time today.

Operator: Ladies and gentlemen, this does conclude today's teleconference. Thank you for your participation. You may disconnect your lines at this time and have a wonderful day.