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Operator: Good day everyone, and welcome to the Willdan Group Second Quarter 2020 Conference Call. Today's conference is being recorded. At this time, I'd now like to turn the call over to Al Kaschalk, Vice President of Investor Relations. Please go ahead, sir.

Al Kaschalk: Thank you, (Solari). Good afternoon, everyone, and welcome to Willdan Group's Second Quarter earnings call. Joining our call today are Tom Brisbin, Chairman of the Board and Chief Executive Officer; Stacy McLaughlin, Chief Financial Officer; and Mike Bieber, President of Willdan Group.

The call today builds on our (inaudible) we issued after market closed today. You may find the earnings release and the Willdan Investor Report 2Q 2020 that accompanies today's call, in the Investor section of Willdan.com. Management will review prepared remarks, and we will then open the call up to your questions.

Statements made in the course of today's conference call, which are not purely historical, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The forward-looking statements involve certain risks and uncertainties, and it is important to note that the Company's future results could differ materially from those in any such forward-looking statements.

Factors that could cause actual results to differ materially, and other risk factors, are listed from time to time in the Company's SEC reports, including but not limited to, the Form 10-K for the year ended December 27, 2019, and subsequent quarterly reports on Form 10-Q.

The Company cautions investors not to place undue reliance on the forward-looking statements made during the course of this conference call. Willdan Group disclaims any obligation and does not undertake to update or revise any forward-looking statements made today.

In addition to GAAP results, Willdan also provides non-GAAP financial measures that we believe enhance investors' ability to analyze the business trends and performance. Our non-GAAP measures include net revenue, adjusted EPS, and adjusted EBITDA.

We believe net revenue allows for an improved measure of the revenue derived from the work performed by our employees. Adjusted EPS and adjusted EBITDA are supplemental measures of operating performance, which removes the impact of certain expense items from our operating results.

GAAP reconciliations for all of these non-GAAP measures are included at the end of the earnings release we issued today. With that, I will now turn the call over to Stacy to provide financial details, who will be followed by Tom who will provide a business update, including commentary on COVID-19 activities and related business outlook for our company before our Q&A session. Stacy?

Stacy McLaughlin: Thanks, Al. I'll start with a brief recap of our business and provide financial details on the second quarter, including our income statement and then discuss our balance sheet. The COVID-19 pandemic and efforts to limit its spread, negatively impacted our business during the three to six months ended July 3, 2020.

But overall, our performance was better than we expected on our last quarterly call, on May 7th. In California and New York, the states in which we have historically derived a majority of our revenue, mandatory shutdown orders were issued in March.

In California phased reopenings began in May 2020 and were subsequently curtailed in July 2020 as a result of the resurgence of COVID-19 cases. In New York phased reopenings began in June 2020. Total contract revenue for the second quarter of 2020, decreased 20% to $83.5 million from $104.4 million for the second quarter of 2019.

The decrease is sort of primarily due to decreased contract revenue from our direct (inaudible) for small business programs, and our energy segment, combined with decreased revenue from our engineering and consulting segments, partially offset by an increase in contract revenue generated from government projects in our energy segment, and incremental contract revenue from the acquisitions of Onsite Energy Corporations and Energy and Environmental Economics also known as E3.

Net revenue defined as contract revenue minus subcontractor services, and other direct costs, was $43.2 million, a decrease 7.7% from $46.8 million in the year ago quarter. Within the energy segment, net revenue decreased by 10.2% which was due to decreased contract revenue partially offset by increases in revenue from government projects, and the contribution of our recent acquisition. Within the engineering and consulting segment, net revenue decreased 1.8% which was due to the decrease in contract revenue.

Direct costs of the contract revenue were $54 million in the second quarter of 2020, a decrease of 26.3% from $73.2 million in the same period last year. The decrease was primarily due to decreased contract revenue from our direct install for small business programs in our Energy segment, partially offset by an increase in contract revenue generated from government projects in our Energy segment, combined with additional direct costs of contract revenue related to our acquisitions of Onsite and E3. Our direct costs of contract revenue were 65% of our total contract revenue in the second quarter, down from 71% in the first quarter of 2020 and down from 70% in the same period the prior year.

The difference in each period primarily reflects changes in the mix of work and the degree to which subcontractors are utilized. Total general and administrative expenses for the second quarter were $3.4 million compared to $28.4 million for the prior-year period. The increase was due to $2.1 million of amortization and $2 million of increased stock-based compensation. Additionally, we incurred $600,000 of severance costs in the second quarter.

The increased personnel and facility expenses related to our acquisition was offset by other cost reductions taken by the company in the quarter. In response to the COVID-19 pandemic, the company has taken and will continue to take temporary precautionary measures intended to help minimize the risk of COVID-19 to its employees, including requiring the majority of its employees to work remotely, suspending non-essential travel, and restricting in-person work-related meetings.

We generated an operating loss of $3.8 million for the second quarter of 2020 compared to operating income of $2.8 million in the second quarter of 2019. Adjusted EBITDA was $7.2 million for the second quarter of 2020 compared to $7.6 million for the second quarter of 2019.

Adjusted EBITDA as a percent of net revenue, was 16.7% for the second quarter of 2020 compared with 16.2% for the second quarter of 2019. I would like to point out that contract revenue was down 20% due to COVID suspension, but adjusted EBITDA in the quarter was sonly down 5% from the prior-year period. We did a good job of controlling costs in the quarter.

We incurred $1.3 million in net interest expense in the second quarter of 2020, compared to $1.2 million in the same period last year. Despite the higher debt borrowings under our credit facility to fund our recent acquisitions of Onsite and E3, our borrowing rate reduced approximately 200 basis points versus the year-ago period, due to reductions in the one-month Libor resulting in nearly flat interest expense.

For the three months ended July 3, 2020, we recorded the income tax benefit of $.1 million which was flat versus the same period last year. We had a net loss in the second quarter of 2020 of $5 million or 43 cents per diluted share compared with net income of $1.6 million or 14 cents per diluted share in the same period last year.

On an adjusted basis, our net income was $2 million or 17 cents per diluted share. The most significant adjustment from our GAAP net income were stock-based compensation and intangible amortization, which are both non-cash items.

Turning to the balance sheet and cash flow from operations. We entered 2020 with a heavy emphasis on cash collection particularly from some of our large utility customers. These efforts were very successful during the first half of 2020.

During the second quarter, we generated $12.8 million in cash flow from operations, an increase of 536% from the same period last year. For the six months ended July 3, 2020 cash provided by operations was $29.2 million compared to $12.5 million for the same period a year ago.

On May 6, 2020 we finalized an amendment with our lending group that we feel provides enough financial covenant cushion through the second quarter of 2021. The amendment temporarily changes the interest rate for borrowing under the company's credit facility, provides additional flexibility within our debt covenant and makes other temporary modifications.

As of July 3, 2020, we had $118.5 million outstanding on our credit facility. We had no borrowings under our revolving credit facility with $50 million available. Our net debt to adjusted EBITDA trailing 12 months leverage ratio, as measured by the terms of our credit facility was three times.

We estimate interest expense of approximately $6 million for the year. The company anticipates borrowing additional amounts under its existing credit facility during the second half of fiscal year

2020, to support an expectation of growth and the accompanying need for working capital as a result of the easing of COVID-19 restrictions. I'd now like to turn the call over to Tom, to provide a business update, including COVID-19 activities and related business outlook for the company.

Thomas Brisbin: Thanks, Stacy and good afternoon everyone. During our call this afternoon, we will provide an update on how we're managing the company during this pandemic, highlight our second quarter activity and business development update.

Early to mid-March 2020 about 40% of our business slowed or came to a halt. This 40% was primarily our utility direct install business where we assist utility customers across the nation, with energy efficiency. We interface daily with commercial, industrial, multifamily and public sector customers, conducting sales, energy audits, installations and construction inspections.

This customer interface came to a rapid halt as utilities, cities and states, locked down to prevent the spread of COVID-19. Fortunately, 60% of our work was not affected by the lockdown. And our employees were able to work from home. It should also be noted that most of our state and local work was identified as essential.

As a company overall, we were faced with a difficult situation. We had to match our costs with a declining revenue environment. It was like an all hands on deck meeting. The ship was not sinking but we took a hit. The company, its dedicated employees, and customers responded quickly and professionally.

To reduce costs, we had furloughs, nearly 350; layoffs, 80; reduced salaries for all indirect labor, up to 75%; reduced work hours; board fees suspended; suspension of 401(k) match funds; and all discretionary spending was stopped. The company took all appropriate actions to limit the effects of the COVID-19 financial impact.

We also took measures to ensure the health and safety of our employees. We kept the health benefits in place for all (inaudible) layoffs. We expected this COVID environment would last 60 to 90 days, basically all of the second quarter.

In addition to revenue, and cost challenges, we were anticipating a potential cash challenge. We did not know how our customers would function due to COVID-19. We put in a massive effort on cash collection and to our pleasant surprise in both the first and second quarter, we had the best cash collections ever.

Our employees and customers really came through. We generated as Stacy said, $29.2 million in cash flow from operations in the first half of the year, a company record. Of course, cash is always important, but we were servicing approximately $120 million in debt and we had bank covenants that may had been exceeded.

On May 6th we amended our credit agreement but provided increased flexibility under our debt covenants to the second quarter of 2021. As a company, we are proud to say that our cost reductions and cash management have resulted in no covenant limits exceeded from our pre-amended credit agreement as of today.

Sitting here today all contracts except Los Angeles Department of Water and Power, small business, are restarted. The small businesses in LADWP territory are still on lockdown. We're getting some relief on LADWP because they are shifting the focus to Los Angeles Unified School District, in order to get energy efficiency into these facilities where they are closed.

Our LADWP 2020 goal is $70 million. We have delivered over 40% of this goal year to date driven by strength in the schools. We expect this trend, the schools to increase as the year goes on. I would like to point out that no contracts have been canceled and no budgets reduced.

In all cases, work is only delayed. And fortunately or unfortunately, our customers want us to stuff 12 months of work into seven months of operation in 2020. This is a good problem but it will be challenging. There is still COVID uncertainty and our ability to ramp this quickly is also uncertain.

New York City opened for our type of business on July 1st. Our ConEd 2020 goal was 90 million kilowatt-hours. We have delivered 37 million kilowatt-hours year to date, 7-kilowatt hours have been delivered in the month of July. Thus the remaining 53 million kilowatt-hours has to be delivered in the next five months.

ConEd would like us to still hit the 90 million kilowatt annual goal. We will try this year, but there is an understanding by the utilities that the savings not achieved in 2020 will be pushed into 2021. We are not yet fully ramped up but at least the city is open, customers are signing up, incentives have increased by 25%, contractors are running faster because all previous customers who said no, can now get a better deal after COVID.

Also, the New York Clean Heat program will encourage the use of heat pumps. Incentives are high. The customers reduced their energy use by 50% to 70%. The utility sells more like 50% and it reduces greenhouse gas emissions. In New York State utilities have increased the incentive for the customers thus reducing a payback. Sales are strong and we are expected to ramp at startup.

In summary, we are back to work. We are also actively engaged in legislation that will provide energy efficiency stimulus to small business utility programs across the country. We expect this legislation by fall 2020. This would be a big help to the country's small businesses and our COVID recovery.

COVID has not impacted business development to our surprise. Utilities and municipalities are actively conducting procurement. Our engineering segment has remained strong during this quarter and the opportunity pipeline is growing.

California energy efficiency programs are on schedule. We are in active negotiations with all four IOUs. The only public information at this time is a partial (inaudible) awards by PG&E. On this list we pursue two programs - industrial and public. We were awarded the public sector, $10 million over three years. We were not incumbent on either program, so we have picked up new market share. We expect more public information in the next 50 days. Startup of these contracts is expected in the first quarter of 2021.

On behalf of our board of directors, management and shareholders, we would like to thank our employees and customers for their resiliency during this pandemic. We performed well during the second quarter and we expect performance to improve in the second half. With that, we can take questions.

Operator: Well, thank you. If you'd like to ask a Question you may signal us by pressing star 1 on your telephone keypad. If you are using a speakerphone please make sure your mute function is turned off to allow your signal to reach our equipment. Once again, that's star 1 to ask a question. We'll pause a brief moment. We'll take our first question from Moshe Katri with Wedbush.

Moshe Katri: Hey. Thanks, guys. And congrats on strong execution in a tough environment. I just want to start to just go back to some of the commentary. I think, you know, the press release indicates that right now roughly about 20% of the business is still impacted by the lockdown. I think you mentioned LADWP. Can we get some more color in terms of where else are we still seeing some of these issues beyond LADWP? And I have a couple of follow ons. Thanks.

Thomas Brisbin: I'll start with as of today, LAWP is the only closed utility contract. And it's only partially closed as I said. They're doing their work at schools rather than small businesses. And we're waiting for them to open up small businesses in the LA territory. Other than that, all other utility contracts across the nation are open and running. So with regards to the 20%, I think that was a part of your question, Moshe?

Moshe Katri: That's correct.

Thomas Brisbin: Mike, would you like to take that part? We're in a separate room so we have to...

(Crosstalk)

Mike Bieber: Sure, Tom. The utility contracts are ramping up at this point and so our estimate of 20% represents that impact that getting back up to speed on a run-rate basis as we saw prior to COVID. So to give you a couple of examples, (new) power for instance, throughout seven states in the midwest, while the contract is open, a lot of the small business customers that we approach are not.

So we may have signed up a project before then and the, you know, delayed the implementation of that project until their business reopens. So that's happening. Sales in general, have been very strong but actually getting access to the business sites, you know, is certainly factored into that 20% of delay. So those are the types of things that we're actually seeing right now.

Moshe Katri: Okay. That's helpful. And then obviously you've been adjusting your - you've been aligning your cost base to some of the pressures you're seeing in revenues. So I guess if we look at it the other way, how quickly do you think you can ramp in terms of hiring and bringing back some of those people that are on furloughs to be able to execute when things kind of open up?

Thomas Brisbin: I think we've got, at this point, Moshe and Mike might have a more current number, of the 350 furloughed I think we're right around 50 are still furloughed. Do you have a more recent number, Mike?

Mike Bieber: No. That's my number.

Thomas Brisbin: Okay. Again, we're in different locations so we can't look at each other, so...

(Crosstalk)

Thomas Brisbin: It's been very good. But go ahead.

Moshe Katri: Okay. Well, that's great. That's good. I just - there's always a concern once we start aligning costs, you know, it always takes time to ramp. But it seems that you've been ramping back pretty quickly. And then you mentioned California before, public utilities.

So are we still going - would the actual schedule on a quarterly basis in terms of the percentages of the work that needs to be outsourced, remember there is a whole schedule. Is that still going on? Or has that been kind of changed or updated?

Thomas Brisbin: It's still going on. They're still on schedule. It's just a matter of when it becomes public to the world. So what we know versus what's been published are two different things. I told you what's been published. We have active negotiations with all four of the IOUs. And until...

Moshe Katri: Okay.

(Crosstalk)

Thomas Brisbin: Yes. And some of those negotiations then we can't really say anything, or until they're published.

Moshe Katri: Okay. Yes. And then can we look at the, you know, at the second half - let's - we'll try to go through our model. What can you - I mean obviously, what should we think about when we're modeling our Q3 and Q4 numbers on the income statement?

Thomas Brisbin: Mike, do you want to take that?

Mike Bieber: I would look for increased revenue in Q3 (inaudible). I look for margins which haven't fully recovered yet, to, you know, maybe improve slightly from where they are and that's adjusted EBITDA as a percent of net revenue. It's about 16.7% this quarter. It should be a little higher next quarter.

And then Q4, which is a little more of a wild card, revenues typically come down in the fourth quarter. That may not happen this year. It may be more flat Q3 and Q4. We just don't know. That depends on the pace of reopening. And margins should remain high in the fourth quarter.

Moshe Katri: Okay.

Mike Bieber: If you need more color on the (inaudible) we can talk after the call.

Moshe Katri: Sure. Yes. Yes. And then the final question, any color on where we are on the - in integrated analytics, software business in terms of the pipeline? When should the quarter - how does the second half look like, etc.?

Thomas Brisbin: You're doing great, Mike.

Mike Bieber: All right. I'll take that one. So we had a couple of small wins in the second quarter. We have not had any large wins thus far this year. The pipeline looks good. We've had one project that I know of that has been delayed from this year into next year because of COVID spending.

So that was one - I still think they will probably have a pretty good year this year. The pipeline really matures typically in Q3 and Q4 and we're seeing that again this year. So we're doing a number of demos and we're actually in negotiations on a couple of pricings which are deployments that will start up late this year. So I think it looks pretty good, Moshe.

Moshe Katri: All right, great. Thanks for the color.

Operator: Once again, everyone star 1 if you have a question or comment. We'll move to Craig Irwin with Roth Capital Partners.

Craig Irwin: Hi. Good evening and thanks for taking my questions. So if we can look beyond the immediate contracting opportunity in California and look at the opportunity for 2021 and 2022 as far as new contract initiations, how do you feel the utilities are prepared for the entire process?

I mean are we going to be reinventing the wheel again the way we did for this process that's I guess largely held up by the commission at this point? Or will the processes and procedures developed over the last two years be something that gives us a smooth path to progress?

Thomas Brisbin: Well I can't really answer for the utilities but early indications are in New Jersey that there's a little bit of confusion. And we hope they straighten it out. The other states that we're tracking are asking some very good questions that we feel are favorable to what we do and that's about all I can say on that. So it's state by state and nothing could be worse than California. Let me just say that. I shouldn't say that (inaudible).

(Crosstalk)

Thomas Brisbin: Craig, it's been five years. So...

Craig Irwin: Oh. It's insane. It is completely insane. But the commission was right, you know, fundamentally utilities are not motivated to eliminate the use of their primary product, right? That's just not what they do. Of course, they're going to squander the money.

I probably shouldn't say it quite like that because that may make the utilities cringe, but it's true. So your execution this quarter was obviously much better than we or anyone else expected. So congratulations. I know you all in the executive team, took large pay cuts and really participated in the downsizing that was done to deliver a good quarter but maintain the loyalty of your employees.

Is there a specific set of hurdles or goals or milestones that you would look at for reinstating compensation levels of employees working at different levels in the organization? And, you know, can you tell us what the visibility is? is this something you think happens maybe by next year and, you know, is there a defined policy by the board yet?

Thomas Brisbin: I'll let Mike handle that one. He's closer to where we are across all the operations in the reinstatement.

Mike Bieber: As a general comment Craig, pay has been restored to pre-COVID levels with limited exceptions. And the limited exceptions are businesses that are particularly impacted by COVID for one reason or another. And that's not much of our business.

So in general, pay has just been restored here in the last I think week or two; 401(k) is a discretionary expense we will look at in Q3. Thus far it has not restored. As well as board expenditures, who the board met two days ago and elected to suspend their pay for this quarter and they'll investigate that next quarter. So that's the current status. We're returning to normal slowly I'd say.

Craig Irwin: Thank you for that. My next question is the corporate opportunity right, so onsite brought you a different type of sort of industrial customer that you can service over the next several years. With this current environment, you know, one would expect that the activity on the corporate side could potentially increase greatly given the motivation to save money and, you know, that's what you guys do. You help people reduce their energy costs and provide them equipment upgrades that are, you know, sustainable and long term for those returns.

Are you seeing much of an uptick for the industrial customers that you're pursuing through onsite and some of these other pieces of the organization? What should we think about that as an opportunity as we exit this calendar year and look at 2021?

Thomas Brisbin: Go ahead, Mike.

Mike Bieber: You're right, Craig, in your thesis and this is brand new information. So we're watching it closely but it does appear that industrial customers are increasing their spending with us significantly. And I'll go to one of our largest customers, AT&T, we're going to do as much work as we possibly can for AT&T.

And they've just simply asked us - they've opened the gates and said how much can you get done for us this year? That's partially being driven by corporate sustainability goals. It is partially being driven by (inaudible) equipment. Relative to other players in the industry we're performing very well in that area, for industrial customers.

And you're right, I think there is this overwhelming focus on cost management of which energy is a significant input and that's driving that market. So we're ramping up significantly in the industrial sector.

Craig Irwin: Great. And then last question if I may, the traditional engineering side of the business seems to be paying in a little bit better than the unemployment numbers would suggest, right; 40 million unemployed is a very scary number.

And, you know, we definitely feel for all of the families that are impacted. But it seems that your core customer base is continuing to spend money on a very similar trajectory. You know, I guess there's optimism in there that COVID is over soon.

So, you know, I share that optimism. But can you maybe describe for us what the conversations are these days with your engineering and consulting customers? You know, do you feel that that revenue would stay flattish there over the next, you know, number of quarters?

Thomas Brisbin: Craig, all indications at this point is (inaudible) that they're not impacted. They'll be flat or maybe even improving. You know, we're primarily focused in California and there's no indication from the city or development that anything is going wrong.

And we're usually the first to know about it. Because we're out there, you know, doing the permitting parts of the city. But we thought we would have seen it by now. The cities don't indicate that anything is wrong. So it's kind of - I want to say we could look too much past two or three quarters. That's like predicting a recession. But as of right now, we haven't seen anything.

Craig Irwin: That's really good to hear. Do you think that's because Willdan has a track record of giving local governments much broader access to technical services and engineering capabilities for far less than they would spend to develop this internally? You know, it's a way for towns to share resources indirectly through Willdan. And just get the best talent to solve their problems. Is that really what this or is it - is it just local government kind of (inaudible) forward and marching to the music?

Thomas Brisbin: I think they have turned to Willdan a lot, you know, to supplement their staff. A lot of their staff couldn't get in the field and couldn't do things and they turned to Willdan. So - and construction has (inaudible) so that's about all I can say at this point.

Craig Irwin: Excellent. Another question I want to ask is about IA. Within the last nine months you added a number of salespeople in there, I guess I should say a few salespeople in there. And then we went into sort of this no-fly COVID zone we've all been dealing with.

Can you share with us what the pipeline looks like of IA? Have the conversations continued to mature? Do you feel that these new sales employees are able to fully show their value to the company and participate in deal capture in this current environment? And do we still have hope that that's potentially a large contributor to the bottom line over the next couple of years?

Thomas Brisbin: Go ahead, Mike.

Mike Bieber: I would describe it this way, Craig. We have opened up at least two new sales channels for IA products and technology. Brand new sales channels we didn't have at the beginning of the year. The first one is to work with E3's consulting services and E3 (inaudible) where these types of technologies are needed with customers. And there is a good communication and regular exchange of information between E3 and IA. That's worked out well. It's still early. The sales cycle takes a while but that's a new sales channel for us. That's working.

And the second is working with the rest of the EE business, we have some new technologies which I won't bore you with on this call, but new exciting technologies we believe no one else in the world has right now. And we intend to launch this to the world and optimize energy efficiency in ways that have never been done before.

And we're starting to talk about that with our customers. At one point I'd like to give you a demo actually, and this is brand new for us. It's a new sales style for IA technology. And that is something that we also hope will bear fruit - we're just starting, but will bear fruit over the next 12 and 24 months. That's how I'd describe it.

Craig Irwin: Excellent. Well, thank you for taking my questions and I should say congratulations to the whole Willdan team for executing in a very difficult environment. It really takes the team pulling together and you guys have done a great job.

Thomas Brisbin: Thanks a lot, Craig.

Operator: And next we'll move to Mark Riddick with Sidoti.

Mark Riddick: Hi. Good evening, gentlemen. I'm wondering if we can touch a little bit and forgive me, I'm sorry if I missed this. I wasn't sure if I heard this, but I was wanting to touch a little bit on the, you know, given the long term acquisition of goals of the company,

I was wondering if you could sort of touch a little bit on maybe what you've seen out there as to, you know, attractive targets going forward and maybe whether or not that pipeline, you know, how different that pipeline may look to (inaudible) wanting to be - sort of just give a general overview as to what that opportunity set looks like to you now versus maybe what it would look like going into the year.

Thomas Brisbin: Well rather than - go ahead, Mike. It's just easier.

Mike Bieber: All right. Tom and I were just talking about this with the board. You know, we had an active pipeline, a well-developed pipeline of targets before COVID. And we've suspended all activity on those, but some of those have come back to us and said, you know, even where they weren't sure that they wanted to join Willdan they've come back and indicated that they now want to enter into, you know, those types of discussions with us.

We will do that cautiously and slowly over the next quarter or two, so don't look for any transactions certainly in Q3, maybe not in Q4 I don't know. But the pipeline has gotten better because of recessionary pressures and concerns about the economy.

In addition, no one else is doing any acquisitions, so none of our targets are, you know, companies that we were engaged in discussions with have sold during this period of time. So I think it certainly looks better and I hope that pricing looks better when we get back to acquisitions.

Mark Riddick: Okay. Do you have the sense that -that's certainly encouraging form a long term perspective, and that's kind of where it was going not necessarily, you know, what you might do between now and the end of the year. But I was kind of thinking about, you know, from that - that certainly is encouraging from a longer-term perspective. Also, wondering from the sense of what it looks like from your vantage point is to the desirability or - of those particular targets.

And have the priorities of maybe what types of targets you're looking at or what type so verticals that are most attractive to you so you get the sense that that has changed or very much given what we've seen year to date, how that maybe has shifted or how should we think about - or is it fairly similar to where things were at the beginning of the year? Thank you.

Mike Bieber: Tom, why don' you address how the industry is changing and how EE is becoming more integrated - the integrated solution that the utilities want?

Thomas Brisbin: I think we've talked about this a little bit. Historically, they just generated and matched whatever low is out there, kind of like we build highways. We continue to build highways to match whatever traffic is out there. So if there is a traffic jam our solution has been more highways.

What they're trying to do going forward, is instead of just more and more generation, they're trying to get a control on the load, which would be the users' electricity and manage that. So as that balance takes shape there's a primary thing that has to happen.

We have to use the least amount of energy and use it and balance it between generations and load. So what happens next then if you can optimize that then you can start to use renewables with storage. And then you can start to reduce your carbon footprint. And that is where everyone is headed.

And that is right in the middle of where we're headed. So EE as we do today is just like a first step. All of the things that E3 does, IA does, our engineering people do, all are based on the total solution that the country is headed to. And that's what I referred to as the integrated approach. Does that answer your question, Mark?

Mark Riddick: That's certainly helpful. (Inaudible) I appreciate it. Thank you.

Operator: Okay. That does conclude our question and answer session at this time. I'll turn the call back over to our speakers for any final or additional comments.

Thomas Brisbin: Yes. Thank you all today for participating. We appreciate you being a shareholder of Wildan and we'll see you next quarter.

Operator: That does conclude our conference call for today, everyone. Thank you all for your participation. You may now disconnect.