

THOR Investor Q&A

Wednesday September 28, 2022

Michael Cieslak: Alright, I think we have most everybody here, so we will get started. Thank you for joining us today at THOR's Open House. I know many of you have walked around the displays over the last couple days, but if you haven't I encourage you to stop by the Innovation display after this session today. We'll take a group out for those interested just to see the product. Also, I'm sure you've seen that we did report our Q4 earnings before the market today. So during our time today, Bob, Todd, and Colleen will provide some brief remarks regarding current market conditions, and our quarterly results before we get to Q&A. When we do get to Q&A, we'll first allow our covering analysts to ask questions before we open it up for additional questions. Additionally, as a note, we will look for the transcript of this session and post it to our IR site in the next 24 hours.

So before I turn it over to Bob and team, I'd like to remind everyone that statements made today relating to the company's expected future performance, future business prospects or future events or plans may include forward looking statements as defined under the Private Securities Litigation Reform Act of 1995. These forward-looking statements are made based on management's current expectations and beliefs regarding future and anticipated developments and their effects upon THOR, and they inherently involve uncertainties and risks. Participants are directed to THOR's Form 10-K, which was filed earlier today, for a description of certain business risks, some of which may be outside of the control of the company that may cause actual results to materially differ from those expressed in the forward-looking statements.

With that, let me now turn the floor over to Bob for opening remarks. Bob?

Bob Martin: Well, thank you everyone for coming, taking the time to come down to Elkhart for the open house. It's been definitely missed, to see all of you, all of our dealers. Been the first time in three years we've actually been able to host the RV open house in person. Last few years have obviously been canceled last second the last second due to Covid. This year, dealers, really were on pace for record attendance. Just as with our, our Jayco meeting in July, record attendance, and Airstream. Airstream I think had all but one dealer show up for their dealer day. So dealers are out and about, they want to get here, they want to see product, they want to see what's new. And, for us, we have new [inaudible] that have been introduced. We've got virtually every product that has, new features new interiors, graphics packages. And that's what the dealers really come down here to see.

They, they like to look at the RV, see what it feels like on the inside, check out all the new products, meet their reps and plan their year.

And this is, it's kind of getting back to what I would call a normalized year. I've, I've been in the industry for 27 years and this is, you know, feeling more when you get back to like 2019, you know, we worked down our inventories all throughout the summer. We rationalized our production so we can get to a good point at open house and dealers can come here and plan their orders for next year.

And, you know, our major customers and then customers big and small we'll have about 3,000 dealers here. And with that, they're walking the show. They'll take several days. I know some dealers who haven't even walked our show yet. Because now as you look at the pool family of companies, we'll hear a little bit more of that, as we've added Tiffin, when you walked into the display.

It's been powerful for customers to walk in and see Tiffin right there. Mr. Bob Tiffin a legend in the industry, and it was fun for me yesterday to introduce Bob Tiffin to Peter Orthwein, two living legends that really didn't know each other. So customers have really, they've grown. They said they love seeing them as part of the THOR family. And right across from that was innovation that Todd will talk about here a little bit more later. That would add Tiffin with Airstream, Jayco, Keystone, Thor Motor Coach, Heartland. We just had a good plate of products that we feel that our goal is to get dealers in here and not encourage them to leave. So, yes, we've got a kinder atmosphere, we had our concert last night. I will say for the investment community, we did pay for that last year. We booked this two years ago, and so with the contract we had to pay last year, so, but it went over very well. Even, in the midst of, rain showers. the performance was amazing, but it brings dealers in.

I mean, before that the pavilion was packed. They came in for dinner, our displays were full, and the dealers really, they enjoyed having kind of a party. And so for that, we're, we're excited to have that. As you look at the long-term view, this has kind of played out the way that we thought. We pulled back production earlier in this year, we were probably in a better situation with our '22 models than many competitors. And so for us it was really getting the dealers to flush out their '22s and focus on our '23s, and that's what's happening with the show. So I feel really good with where we're situated, really on all product lines.

There's still dealers with a little bit too many of the small stick and tin. They all have plans to work through that. And there's very, there's no one that has any, No fear. I still see optimism and positive plans for growth for next year. You know,

this fall, they know could be tough with macro headwinds, but dealers are coming from a situation where it was their two best years ever.

Very, very strong. And they're going to get through this and as they find, as they adjust their price, off MSRP, retail flow is there. So retail is happening and, you know, June, July, then even August was, has gotten sequentially a little bit better, depending on the region of the country. So overall, it's really kind of what I expected coming into Open House.

Just a lot of people here, very positive. And with a good long-term view, kind of echoing what we talked about when in June at Airstream. Not much has changed. Its played out the way, that our group has really thought that it would. And so being here at Open House, I'm pleased to say, that, we still, we showed you a lot that same view, long term and short term. We'll have more we'll get into after Open House is done on how it performs.

But, overall, I feel good. And, you know, many of the companies as I'm walking around, they're doing better than I thought. So, it's positive things that we're seeing in the dealer body. And, so as you go along today, you'll see a lot of people here, you'll see a lot of new products. I encourage you to go through automation or innovation, and we'll have more questions later in Q&A, but I wanted Colleen to touch on the financials.

Collen Zuhl: Good. Thanks Bob. Good afternoon, everyone. I'm happy that I'm the one that's able to share the record results with you. So, we released earlier this morning in case you haven't had a chance to look. We did report for the fourth quarter, sales of \$3.8 billion, up 6.4% from a year ago.

About half of that increase came from the addition of Airxcel but we did see sales growth in, both the, the North America towables and the motorized segment. Our European operations are really getting hampered by the lack of chassis, but also the FX rate that has really, decreased on a year over year basis, from that gross margin percentage standpoint, though we reported 17.5% this fourth quarter, that's up 90 basis points from a year ago. So very strong and then EPS of \$5.15, that's a record, for the fourth quarter, and it's our second best, quarter overall in our history. So very strong quarterly results, and then on an annual basis as well.

Fourth quarter was a, a nice way to end, but an amazing, fiscal year. For the year. We had \$16.3 billion in sales up 32.4% on a year over year basis. Margin for the whole year is 17.2%, up 180 basis points from a year ago. And, due to EPS of \$20.59, up almost 74% on a year over year basis, the strong growth in our,

operating results, resulted in just shy of billion dollars in, in cash flow from operations, \$990 million.

We took a very balanced approach, as we said we would, as to the deployment of capital. So, capex was about \$242 million. Principal payments, which we just committed to continuing to reduce our, our long term debt - that was about \$333 million, \$95 million for dividends. And then, share repurchases, which we've just started the program at the end of December. For the fiscal year, we repurchased almost two, 2 million shares with 1.9 million shares repurchased for \$165 million. So overall, it was a great quarter, it was a great fiscal year, and we'll be happy to answer questions.

Todd Woelfer: And I'll, I'll be very quick. I want to urge you, go see our innovation booth. Our innovation booth is a perfect example of how we're thinking about our business in ways that we never had before. In there you will see, innovation that will improve our products and innovation that will improve how we build products. We talked about it at Investor Day a few months ago that we were going to reshape how we build products in our industry.

And in the innovation booth, you will see the first significant step in that direction where we have a significant investment in automation that will be started this coming year in Bristol. There'll be a number of automation projects that branch off from that. You will also see in, in the innovation booth, product enhancements and improvements.

We've got an exclusive relationship for a fuel cell that will fundamentally change how RVers use their units. You'll no longer have to smell a generator. You'll no longer have to hear a generator. And this is a unique product that THOR will have on its units not available to anybody else in the space.

And that's a great example because that's what it is. It's one step. But that's how we're rethinking about how we do business. And, and the idea is, our strategy is very simply we'll leverage our scale to create real differentiation. And that's what we're doing. So I've got the innovation team teed up.

They're waiting for this group to come over. It's 15 or 20 minutes to go through it and see what we're talking about. I think that's really important because it's easy to talk about it. This is real, this is tangible, this is happening. These are investments that we have made, not are going to make, investments that we have made that, that are coming to life now.

So we'd be really excited to have you go through there and see what we're talking about. So please do that.

Bob Martin: With that. Just to tag onto Todd, something that we're proactively doing, we're taking our top customers one by one through the innovation group and just getting the feedback. And, the fuel cell is kind of a game-changer because in a couple years you can't have a generator in California.

This is an answer for it, no one else has it. The automation for the building of walls, you know, the EVs just really we're trying to really point out the difference of the THOR versus any other competitor really. And then, to even tie in the innovation and the product design of Europe. We don't have European units here because we can't get enough chassis in Europe to bring the units over. Maybe in years to come, we will, and we have quite a few dealers actually go to the Dusseldorf show to see product. So we're just pretty much the entire package of why is THOR different and innovation is at the forefront.

Michael Cieslak: Okay, So we'll open it up to Q&A. I ask that just to help with the recording, that you just state your name and firm before your question.

Bret Jordan: Bret Jordan with Jeffries, on the European subject. Obviously very short on chassis, but do you have any color as far as the retail demand currently? Or any prospects there?

Bob Martin: Can you say that one more time, I'm sorry.

Bret Jordan: On the European side of the business, obviously your, your backlog because of chassis shortage. Could you talk about the, the retail side of the equation? You know, maybe what, what, what the sell through looks like.

Bob Martin: I was able to attend the Dusseldorf show about a month ago and it was, 200,000 retail through the show. Our backlog, you know, probably 50, 60% is retail sold. They're not seeing a fall off.

We're still seeing people, even with all the factors in Europe. The amount of campers that showed up at that show and were camping around the show was unbelievable. So it's, it's ingrained in the European lifestyle. You know at the show For sales itself at the show, it was a bit tricky because most of our brands are sold out for a year, so they were selling, but it, it, and we also decided not to bring our top three brands because their backlogs were sold out.

It just didn't make sense for some of our intricate level products to come. So retail at the show, it is written, it was off, but it was to be expected because retail is so far in the backlog. But, overall, I mean, the retail interest and the retail in Europe, was still very, very good. We didn't know what to expect going to the show quite frankly, because of fuel cost being spent. That's real.

But they're still traveling. I was there in August and the amount of RVers finishing their holiday was simply unbelievable. So they're not going as far, and we can see this through Hymer. It has a rental business unit that we don't have here, but being they rent and they can track that.

People are, they're renting, they're still paying for the rentals. They're just not going as far, which makes sense with your fuel prices. But overall, so very good.

Craig Kennison: Yeah. Thank you. Craig Kennison from Baird. I believe, at your Airstream event, you committed to offering guidance on an annual basis. When will that guidance come out?

First of all, and then secondly, what are the underlying retail assumptions and macro assumptions that you think, we should consider as we expect that guidance in the future?

Todd Woelfer: Timing, Craig will be in conjunction with our Q1 release, so it'll be early December when we come. And the assumptions are still being finalized and developed. We're not there yet.

Collen Zuhl: Yeah. And, and certainly obviously this Open House is going to factor into it. We, we need to see how that's going. And we monitor on a regular basis a lot of factors that'll go into that. It's obviously, as everybody can probably appreciate it, it's really difficult right now to forecast, in this environment.

But we are committed to giving the guidance and it will share the assumptions when we do that so that you have some understanding of what's behind the numbers.

Todd Woelfer: And, and we saw the RVIA latest numbers and we commented on those in our Q&A and called them reasonable. We, that's how we feel about it right now, as we go through Open House, we'll, we'll have a lot more information and data, which will help us, which is why we chose to release, with Q1 to give us a little time.

Bob Martin: That's, that's consistent with what we've said and we wanted to get through this, see where we are and people, they come here, they're over. But imagine a dealer group that has twenty to a hundred dealerships. They don't do all their orders here. They, they go back, they put it in their sales chart of where they're going. So it takes a little bit of time. So we directionally have a good idea when we come out of this. So as far as guidance, it'll be, you know, that December timeframe that we'll have some good, solid information for you.

Gerrick Johnson: Hey, I'm Gerrick Johnson of BMO Capital Markets. Gross margins in Europe and motorized were superb, but towables seemed to trail a little bit and disappointed against our expectations. So, can you talk about the towable gross margin? What happened there?

Collen Zuhl: Yeah, I think with, with the towables is, you know, we've been able to restock dealer inventory, so we did see, especially late in the quarter, we did start to see some softness in the towables side of things.

You know, on the opposite side with, with, motorized and even in European, really strong margins being able to hold those prices given the dealer stock. In those products in particular. But I think overall, even, even though there was a slight pull back in the towables, I think our strategic plan of being very focused on maintaining a sustainable higher level of gross margin across the products is really what we're focused on. And we're committed to that. And, and I think you saw that in the results of the quarter,

Mike Swartz: Mike Swartz, Truist Securities. Maybe talk about gross margin a little more. And I think a lot of us want to understand how promotion and incentive activities come back in after two years of virtually having none of that.

And, and some of it, you know, we understand there's some inventory clearance, rationalization going on short term, but talk about maybe even off season, you know, interest rate kind of, incentives that you offer dealers, how that comes back, and then maybe some of the normal course type stuff we see through the selling season.

Is it a stair step type thing or is it more gradual? Just any color you can provide?

Bob Martin: Well, earlier this year, just as Colleen said, towables were the first products that we were able to fulfill to level set our inventory from really everybody. And so I think one thing that we probably heard a little bit better was, three years ago the industry put a hard line of model change for towables that in July and last couple years hasn't really mattered because we sell right through,

where typically that model changes in the spring. So, everyone did that. But we pulled back production a little bit ahead of that. So we didn't have the amount of '22s, prior model year, that most of our competitors did. So that probably increased some promotion, really from our companies, but from others it affects everybody.

And so as we came into this, we felt really good with our, our '22s were, depleted. So we were focused on our new '23s our new models. I can't say that about everybody in the industry just as we're talking to dealers, so that drives part of it. And then, you know, for us, we, we try not to let our, our groups get pulled in with prior model year promotions.

So there, there has been a little bit of that effect and I think as everybody clears out their '22s that will change since we go through the year. But overall, I mean, we're trying to have our companies be disciplined, not go back to where things were, you know, several years ago where it was heavy fall promotions.

We have no interest rate promotion, that we have had in the past. With flooring, right now dealers, they're able to get flooring, they're able to get increases. Interest rates are higher, but if it's not been something that has come up as I say, the dealers are in their best health they've ever been in.

I'm finding some of the bigger dealers actually own their inventory, so they're not paying the interest on it. So there are some interesting things, out there that. It's just a little different. It's hard to model going forward because, it's a different situation than it's been in years past, but, our teams are working diligently but not, and go down some of the worm holes that we have in the past.

And, so far it's, that's gone the plan.

Joe Altobello: Thanks Joe Altobello, Raymond James, Couple questions on retail. I think, Bob, earlier you mentioned that retail got sequentially better from June through August, depending on where you were under country. So maybe clarify that for us. And secondly, would you expect wholesale and retail to be in line next year?

Bob Martin: Yeah, I mean, so first I just, what I'm hearing on retail is anecdotally, just as I'm talking to some of the large dealers from different regions that they, through August, you know, came in better than they even thought a little bit better than than July as well. And as they go into the fall, you know, it was that July timeframe that was probably tougher for everybody.

So those months have picked up a little bit surprising some of the dealers. So it's good. It's not, you know, a huge number, but it's sequentially for me, that's, it's a positive trend as we go into fall to have retail, you know, our people are getting used to, you know, gas prices getting down. They're kind, getting used to the interest rate a little bit.

We find some of the bigger units, are cash buyers, and if you look, if you're gonna buy a big diesel motor home, do you put your money in the stock market or do you buy a motor home, something that your family enjoys. So we were seeing some different things, and just as far as next year. That'll probably come more to the guidance.

I mean, right now we've been saying, you know, consistent with RVIA and that local hundred ish, and as I talk to dealers, they, they, we compare notes and they feel that's a good number and that's still a really good year for the industry. And then the dealers usually they strive for more. So for us for now, like I think probably about one to one as we get in next year, Probabaly pretty safe.

I mean, this is where I'll know more after this show. If dealers are coming and buying, you know, packs of certain models for shows, you know, right now, I, I haven't seen the numbers. I don't have that in my, in my finish up right now.

Todd Woelfer: Yeah, I, I think once we get inventories of mine, like we have on the towable side, then, then that's how we think about it one to one.

We have an opportunity on the motorized side still, right? We have pockets of dealers who still don't have the inventory they need. So there'll be, there'll be some differential there I would expect, but, overall once we get the inventories aligned, that's how we're thinking about it. We want to be One to one ,thanks

Scott Stember: Hello, this is Scott Stember from MKM. Could you talk about your expectations for pricing at this show? And then maybe also talk about, know there's a lot going on, a lot of chatter about a rebalancing of different brands that typically wouldn't be selling on certain dealers. How is THOR affected by that?

Bob Martin: Pricing. I mean, our companies price several times a year and they price to market, overall, adding in for features they've added. So they had gone through repriced but you know, some of the pricing through commodities have had grown quite a bit over the last year. And so some of our companies have de-contented and tried to come out with some price savers for the show season. There is definitely a dealer mindset. This started, I go back to the Jayco dealer meeting in July where it was very clear that the dealers are starting to pick their partner.

And this is something that Open House is really, this is why we started this, and that's why we do things like automation. That's why we really leverage the fact that we have this platter of companies that to a dealer, my opinion, they don't need any other brands. So it's something we we're talking a lot, here, and this is where some brands that have been picked up over the covid timeframe, simply because the dealers can call me and I couldn't pull them strings to get them any more product.

So they were forced to pick up some B and C brands. And we know that right now that they're looking at those brands, they're noncore. For us, we share best practices. We try to, you know, dealer with a fair company. And it's even adding Tiffin, I mean, the, the dealer body was very happy that that fell under our umbrella because it strengthened that company.

It was a private company, going through the time of shortages that there would've been a different road for them had they not had THOR support. And the dealers understand that. So they look throughout their entire portfolio, they are looking at, you know, where do they grow and where do they pull back.

And from all the meetings that I've had, they're, they're looking to grow with our brands. You just walk around. I mean, the Tiffin, the Airstream, the Jayco, Keystone, even KZ, it's funny, some of the smaller companies that we bought have been huge beneficiaries of, of new Covid campers and picking up some of the big 20 group dealers.

They're expanding with brands like KZ. Part of it is they're part of THOR and it's a great product and they're in this display. This is where Tiffin is really excited just to have product here. Because they're getting looks from people that, you know, Tiffin hasn't displayed in Elkhart for years. They used to, but they're off in a field on their own. And, now they're the premier spot right as you walk in. So I do feel that and then I'm talking to all of our top dealers. I'm having good one on one meetings with them to see where their heads are at. And they are definitely looking at rationalizing. And as they look at their orders for next year, they want to make sure they're putting the money, their investment in what they're going to get the best return. And so right now I feel really good with where we're situated and we'll come out a winner.

Brian Biros: Brian Biros with Thompson Research Group. At the Investor day a few months ago, you guys presented a downside scenario that kind of had some, some floors, I think for gross margin, EBITDA margin and some other numbers.

Now that we're further through that downside scenario, kind of in the middle of it, are there any updates to those numbers or just how you're thinking about the numbers you provided and just how it's, how's the business structurally better now than it was during the last downturn?

Collen Zuhl: Yeah. I'll take the first question as far as is there any updates?

No. That was meant to be, a downside scenario. It's not our forecast, it's not our guidance. It was meant to be a, a downside. And so it's still valid as a downside scenario. So I think that that is said as, as we look forward. I think that was your second question. You know, we really are in, so many ways more, better structured now than THOR was back in, say the '08, '09 timeframe. And it's everything from our dealer body who, who's also stronger, quite honestly, as there's been some consolidation on that side, but we're also more disciplined. And it goes back to the things that we talked about in June as far as our strategic plan.

And it's the discipline to, to really focus on, on gross margins across the board. It's, it's some of the things that we're doing, even in the. SG&A costs to just really watch at, at a different level. Matt Zimmerman, who was at Airstream with us in June, spoke about it. Matt is, does a fantastic job, really helping manage the North American operations on the RV side.

And that's been paying tremendous dividends of just sharing the best practices, getting, the new companies like a Tiffin on board very quickly. But it's amazing what we share now between our subs. Compared to '08, '09, when, when there was virtually no, no sharing of what works, how do you do it, how do we say that sort of thing.

And then Troy James also [inaudible] in June, and, and he's doing a great job with, with EHG. We're looking forward to a time when they have chassis, because that's really been their biggest, hurdle over this last fiscal year is the lack of chassis in supply. But they're ready to go and start to share.

As Bob said, sharing information, sharing product, ideas, things like that as soon as we're able to, to get back to some normalcy and get their dealers satisfied. So to me it, it's, a totally different world than it was in '08 and '09. Sorry, I could talk a long time on this, but, but it also goes to some of our controls and things.

It's, it's the things about not overbuilding and having a lot of opens and, and so it's, it's monitoring the dealers much closer than we have. So, to me alot different.

Bob Martin: And I would say just in general, this is very different than in '09. I mean this is, it's more like '19, you know, '18 was huge year - we, the industry built a little bit too much. We were very diligent. We pulled back in '19 and it's, it's unfortunate that no one really got to see it. But in earlier 2020, we were probably 20% up as we went through shows. So we were feeling really good going into 2020 with our inventory situation, having fresh inventory out there. Many of those competitors were not, and Covid really helped them.

So for me, the situation from '08, '09 to now is very different. It's more similar to compared to '19. And, you know, that's where structurally the industry, dealer health, dealer financials, and then us as a company, we're going to go through this a little bit differently. And it is. What Colleen said, I mean, we have monthly president's meetings and many of you had this story before.

Back when I was at Keystone, I, I didn't care what happened at Dutchman. They were across the street and if something happened it was fine because I was all Keystone. And now are the presidents, they meet monthly, we share more than we ever have. Just, you know, what we're hearing on the market.

And, so that's where when we pulled back, everybody did it as a group because they, they knew and we can find shutdowns. There's a group that actually makes it even better for the suppliers. So the bulk of the THOR does it. They know how to adjust their supply. So it's really just been working better together, in ways that, 10 years ago we just, we didn't do it.

So, we feel better with our situation.

John Healy: John Healy from Northcoast, just a question on expenses in your q and a, you talk about it a little bit, but could you give us some color on what the game plan is for Europe this winter? How you're thinking about production? What sort of sensitivity there might be to rising energy prices?

And what kind of contingencies and safeguards do you have?

Bob Martin: I mean, I'll start just with the contingencies. Obviously there's a concern for energy over there. And so, for us in the short term, we have ample supply of oil products to keep our factories going and heated, but we are planning for the future because we don't think this is going to go away.

We have plans for biomass heating into our factories. So it plays into our ESG plan as well. Todd probably knows a little bit better than I, but we have short-

term and long-term plans through this. We are getting through, and still in Europe our biggest constraint is still chassis.

I went over there, you know, part of my priorities to go meet with Mercedes. Stellantis, Fiat and try to, somewhat beg for more chassis. Sometimes it works sometimes doesn't, but, but overall, that's still our biggest constraint. And, and getting through the winters we have our short-term and long-term time covered. So we feel good about that. Again, if it wasn't for chassis, the European story would be very different.

Todd Woelfer: Yeah, we saw, we saw the potential for this issue some time ago and we started planning for alternatives for our plants during the winter. It is, if they have a bad winter that companies that didn't do that are in trouble. We now are in a position where each one of our facilities will be fine and we have no concerns about that.

Sean Wagner: Hi, Sean Wagner with Citigroup. If so, if we it's worse - what measures do you have in place to sort of, prevent an unwanted inventory build and I guess is it good enough to react to conditions as they are in real time, or do you really have to dial in your, your assumptions going forward?

Bob Martin: I mean, for us, We. It's Covid probably the best example. I mean, we were shut down in a day and as we see retail faltering in any way we pull back in days or weeks, both. We can shutter plants. We've proven over the years that we can shutter plants. Head count reduction is painful, but it's the lever that we can pull very quickly.

The preferred lever is working five days to four days or three days but our companies can still be profitable three days a week. We can retain employees. And so we, we've done that at different times, and no one's really noticed. We don't publish that. But it depends on each plant, we manage it by plant.

And so for us, if we see a slowing, we simply react very quickly. And I think that's for, you know, even this spring when we saw some times, you know, early summer, getting through the '22s was going to be tough. We had our plants pull back quicker and I think that helped set us up for about our fall right now.

Brandon Rolle: Brandon Rolle, DA Davidson. Quick question on pricing. It seems like it took another, you know, meaningful step, this most recent quarter. How do you feel about affordability of your, you know, product lines given more price, conscious consumer and higher interest rates? And where would you like

to see pricing potentially go next year? As you know, you might try and work a little bit.

Bob Martin: Thanks. Well it all depends on the product. I mean, we, we're hyper conscious of the price of the small travel trailers. And definitely everybody knows over the last couple years commodities have gone up. Commodities are, are indexed for us, steel and aluminum.

So we provide the aluminum, and even for own aluminum company, but to our companies, as the aluminum comes down, our aluminum company, it will hurt them a little bit, but it'll help our companies, our motor home and travel trailer companies primarily, steel same thing. So for us, we're watching that.

And as we're having these conversations with dealers, there are sweet spots that we all have to work together. And it's a lot of this [inaudible] contracting over, over the last couple of years. It's not just commodities. I mean, our groups have just added a lot of great features and sometimes they cost a lot.

And when you get to a time that interest rates are going up, you have to be conscious and manage that. So, this is nothing new. This is something that our companies do all the time. Just managing the content that goes in. You know, I can go back, you know, it was probably almost 10 years ago when I worked at Keystone, Montana got out of a sweet spot for a price point.

So we did content of about \$5,000 and we launched it and it just took off. So we've been having these projects. Depending on the product, the little trailers are probably the most sensitive. The motor homes not as much, but we're constantly having conversations with the suppliers. We want to work together because we don't want to price out of the market.

So it's top of mind. It's been a lot of conversations, that's tough until everybody else gets across the line. But overall, we haven't been, you know, hitting hard walls anywhere. You know, it is tougher on the little trailer and I think that's where you're seeing a little bit of the build. Because that's the payment buyer. So that's where you. Show the guys are putting more creative, on what they're offering is, and you know, the dealers are as well. And part of it too, the dealers, when they were at MSRP, they knew they had to come off their price a little bit and they've been doing that.

And that's probably the best use for me. As I talked to dealers, as they turned pricing down a little bit, retail flow picks back up. So that's still something we're

watching every day. It's top of mind. And our goal is to bring costs down to the retail customer.

Bret Jordan: Bret Jordan follow up. For the folks that that did over produce, I mean, obviously you guys pulled back, but maybe Forest River didn't as much.

How much inventory do you think is sitting that's roughly a finished goods that's sort of sitting in the market here that needs to be shipped before it's cleared? I mean, there's a ton of Forest River fifth wheels around the south side of town, and, you know, Do you have a guesstimate for how many units are out there?

Bob Martin: I really don't. I mean, it's all anecdotal. I drive around and see shipyard. I can see competitors. It's lower than spring. This spring everybody had, yards that as you drove around it, it was, probably more than I've ever seen and, and that was one of our signs when I could see some of my competitors that I could consider C brands building up and, in ship yards.

That was the first red flag for me. So for us, I think a lot of what you're seeing are some '22s that they're, they're going to try to move at the show. I don't know that for sure, but just from what I'm hearing from dealers, there are some that are sitting on, larger numbers. and I just, I know what ours are and I feel very good with our situation, it's tricky for some of our competitors.