

**Edgewell Personal Care**

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Dara Mohsenian: Good morning, everyone. I'm Dara Mohsenian, Morgan Stanley's Beverage and Household Products Analyst. I'm very pleased to welcome Edgewell to Morgan Stanley's Global Consumer & Retail Conference.

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So with that, we're very pleased to have Rod Little, Edgewell's President and Chief Executive Officer, as well as Dan Sullivan, COO from Edgewell here with us today. So let me switch over here. Rod, you're coming up on your 5-year anniversary at the company. I think it's probably fair to say it's a more wild ride than you expected externally, given what we've seen with COVID and other dynamics. And at the same time, you launched your strategy to reinvigorate organic sales growth. You've driven a lot of productivity, becoming more efficient.

Maybe we start with just top line. Give us a bit of update on where you stand as an organization today, what really the key focus points are going forward from here. And have you seated and installed a lot of those changes already and from here it's more sort of blocking and tackling? Or are there big areas you want to continue to change and tackle going forward?

Rod Little: Good morning, and thanks for having us today. It's good to be back with you this year. Look, we're in an interesting moment with the company, having come through a period where we separated from Energizer in 2015 and had a 3, 4-year period, before Dan and I and the leadership team today arrived, where the strategy was don't change anything. There was a thesis that we might be taken out by a bigger player in that moment when we separated from the battery business. And in that moment where the strategy was to not change anything, everything was changing around the company. How consumers discover brands, how you shop, everything was changing.

So we had this period where when I came in, we had a fresh start, if you will, around a new strategy. Developed the strategy. The board was fully supportive of putting a winning strategy in place. Get the team right. Get the structure right. Get the portfolio right. So we went through a series of divestitures to divest some non-core brands. We went through and have done four acquisitions now with Bulldog, Jack Black, Cremo and now Billie. And we've transformed a portfolio that was largely oriented against U.S.

shave and fem care to being much less dependent on that now. That's about 30% of our business when you look at kind of where we play. And the 70% of our portfolio that is international, U.S. sun and skin care, U.S. grooming is growing in that mid-single digits range.

So from a strategy standpoint, we feel like we got the portfolio right. I've got the leadership right within the company, not just at the leadership level, with Jess Spence coming in to run North America, that was the last piece, Dan being elevated to COO a couple of months ago. The structure is right. It's pretty cool for a company our size where we effectively globally go direct to the markets. So there's no one between us and Japan or China or Colombia, for example. They report directly in to the executive level. So we've gotten the layers out, and we can be very fast.

What this has done is created a lot of internal enthusiasm within the company. I think you struggle today to create energy and excitement with everything that's happening around us. The post COVID way of working. All the geopolitics, the local, political things we all kind of hear and deal with can be quite depressing. But we've got a fired up team with overall positivity scores, engagement scores up 20 points versus 5 years ago at 80% positive. And we were rated last year by Forbes Statista the second best company to work for in America in the midsize company category. So between 1,000 and 10,000 employees, we ranked second out of that whole universe. And so we're proud of that.

I go down that path because I think it's important with all of that in place, the portfolio being right, we are now into the blocking and tackling phase. I'm super confident that from here, after a CAGR rate on sales organic at 2.5% over the last 4 years, inclusive of essentially a flat year last year, that we can deliver our sales growth algorithm in that 2% to 3% at the top and then getting better as we go down the P&L. We've seen margins inflect, cash flow's strong. And so we come into our fiscal '25, which started October 1, feeling really good about where we are and where we go from here.

Dara Mohsenian: Great. That's a great strategic overlay of how we've come to this point. Dan, maybe just taking a step back before we get too deep into the details. Can you talk about sort of the core elements of the business model here in terms of driving forward growth and how you think about that?

Dan Sullivan: Yes. Look, we think we've got a pretty interesting business model. And I'll throw a couple of data points out to evidence that. One, we do not require aggressive top line growth to drive meaningful bottom line growth. You saw that in 2024. As Rod said, the business was essentially flat. EPS was up double digits. Even if you look at it over a 3-year horizon, EPS growth has been twice the level of top line growth, and on a constant currency basis, double digit EPS growth. So the model works and doesn't need massive growth at the top. That's one.

I think the second thing Rod alluded to, this business throws off a ton of cash. Free cash flow yield over 10% gives us great optionality for what to do and how to deploy that capital. If you go one level beneath that, I would point to two other elements, Dara. One, the margin profile of this business is super interesting. We're in categories that are structurally strong with really, really strong gross margin profiles. And we know how to take cost out. We'll talk more about that I'm sure this morning. So we operate at a pretty high level to drive margin accretion.

And then secondly, as you would imagine with two former CFOs sitting on the stage, we're going to be really thoughtful around cost and capital and how we invest and where

we generate return and how we return capital to shareholders. So that all goes into the mix. If you ladder back up, it all hangs within our algorithm where we say 2% to 3% growth at the top translates to 6% to 7% growth at the bottom and free cash flow that's super strong with a conversion of over 100%. That's the model we operate. We think it's pretty compelling.

Dara Mohsenian: Great. Rod, you talked about confidence in getting back to that 2% to 3% organic sales growth sustainably. Just give us a bit more perspective on what drives that confidence, but also maybe what's changed in the last few years. I did mention the external environment has been so volatile. There's been a lot of different divergent results in some of these product categories you're in. Geographically, there's been divergence also. Just how do you think about building up to that 2% to 3%, your level of confidence there that you'll get sustainably back to that going forward?

Rod Little: So at the 2% to 3% rate, the algorithm contemplates an underlying category growth rate where we play in of about that 2% to 3% rate. And so our algorithm doesn't assume we have to go out and grow a bunch of market share or take something from someone else. On average, that's going to be the category growth rate. We're probably at the lower end of that right now. Our categories, particularly shave here domestically in the U.S. has been slightly negative the last couple of quarters. But we're in that 2% to 3% range from our algorithm. That's where we think the categories roughly are as we aggregate out and aggregate up the category growth rate. So that's the first point.

The second point for us is we feel really confident with our international business, which we'd been growing mid-single digits the last couple of years. Japan just finished up 15%, China up 11%, Europe, Latin America up nearly like high-single digits. And so as we kind of go through there and look forward, we see that continuing, and that mid-single digits range is how we have it profiled. So there's a lot of confidence around our international business, which is roughly 40% of the business.

The thing that makes me really confident is we personally hired the leaders that have come in and are running those businesses. And they're super well credentialed, former leaders at what I would call blue chip academy style companies that know what they're doing, and they've built out a really strong team below them. We have also given them autonomy in ways that they haven't had in the past. We've increased their A&P budgets, and we've gotten more local with the innovation. We're just getting that started. We saw the first year of that this past year. So international I feel really, really good about.

Then domestically in the U.S., we've got a grooming business that we feel good about that is -- it's a growth category. We have great brands that are leading the growth in some cases, so we feel good about that. And in sun and skin, ones we had big ambitions for post the pandemic period. It has not played out that way. And I think as we all know, people have gone back to former habits and practices, but that's still a nice growth brand for us with Wet Ones. And then Hawaiian Tropic and Banana Boat had another good year. Season just finished. We expect that to continue, which then leaves shave and fem. And our algorithm expects those to be about flat. We think we'll be about flat with those businesses in the year ahead. We've got good line of sight to that.

When you put that all together, that's -- I think when we look at it and say we're confident we can do the algorithm in '25, not beyond. Beyond, we're confident, but there's no hockey stick here like we're going to do it this year. That's what gives us confidence.

Dara Mohsenian: Great. And Dan, maybe we can drill own into international a bit deeper, given it's now

under your responsibility. We talked about it's a substantial 40% of mix. It's been growing mid-single digits sustainably. A, maybe just take a step back. What are the key markets today in international? Where do you see the biggest growth potential from a market standpoint? And as you think about the organization, there have been some opportunities you've gone after the last few years. International sun care, as an example. What are the biggest opportunities also from a product category perspective in addition to the geography as you think about international?

Dan Sullivan:

Yes. Look, I think that the international results are intentional. We have made it a priority in recent years to improve how we perform in these businesses. If I kind of unpack that, there's a few drivers that Rod alluded to the results on. I think first and foremost, two years ago we made a significant decision to change the operating model. Eliminate the international layer within the organization. Bring the businesses straight into the team. At the time it was Rod and I together, and that brought agility, speed and a key mindset of win locally to the table. That was one.

I think secondly, we made meaningful leadership changes in the organization. Japan, China, Europe, which are our three core focus markets, represent about 75% of international. New leaders came in the door 18 months to 2 years ago, and not surprisingly, brought with them new management teams and better commercial capabilities.

I think thirdly, when you get all that right, now you start to architect the portfolio better. You start to think about brand activation better. Innovation comes to the table in a much more meaningful way. I would personally argue, the best brand work we did as a company last year was the Wilkinson Sword campaign in Europe and the way that that was activated. And I would suggest the best innovation we have in the organization right now is the new Hydro Schick Tokyo, first blade that we introduced in Japan. Two big ideas happening outside of the U.S. And then lastly, when you get all that right, you execute better. Better relationships with retailers, better outcomes on shelf.

So we definitely feel like we are in the early stages of this, beginning of the cycle, not end. Where does it go from here, Dara, and why are we so bullish? I think you have all of that going for you, and now you start to bring the conversation of white space into it. You mentioned sun care. We're still a relatively small player outside of the U.S. in sun care. We only have a 5 share in Europe, as an example. That is a big opportunity for us.

We're going to continue to push into new categories. So starting to play now in more of a skin space. Japan and Europe are good examples of that. In Mexico, we've brought the Hawaiian Tropic brand out of a pure sun space and into skin, sun through the Hawaiian Tropic brand, the beauty concept. So there's a lot happening there around adjacencies and where we build out the portfolio to become less shave dependent.

Then the last thing I would say is the portfolio that is largely U.S.-based today is starting to travel internationally. Cremo has come to Europe in an interesting way and without a whole lot of effort has doubled in 2 years' time. And the Billie brand will make its first move outside of the U.S. as a shave brand into international late in '25.

So you've got a lot of really good things happening. Now we start to move into adjacent categories, and we bring the U.S. portfolio with us over time. You kind of pull all of that together, and I'll reiterate Rod's comments. High, high degree of confidence that this mid-single digit growth, 40% of our business growing at 5%, puts us right in the middle of that algorithm is highly achievable.

Dara Mohsenian: Great. That's helpful. And Rod, maybe let's turn to North America. Can we get a bit more detail by product category, again, given some of the divergence that we've seen. In sun care, 2024 was not a strong year, per se, for the category, but it's been a relatively solid growth business for you guys over time. So maybe just give us an update on prospects going forward after this year's results and how you think about category growth going forward and Edgewell's market share performance and key drivers behind that business.

Rod Little: Sun is a great category. Let's start there. It has growth tailwinds from a couple of angles. One is there's a medical reality that more people every single year, more than 3 million a year, new skin cancer cases domestically in the U.S. every year. And so there's an awareness to that that has to be addressed just from a medical perspective.

The second thing -- and this is a COVID tailwind that is enduring and we think continues on -- is as people focus more and more on wellness and longevity, the number one thing that ages skin is sun exposure. At the same time, people are outside more than ever in their physical routines, whether it's a walk in the park, skiing, hiking, biking, golfing, going to the beach, on the boat, more time outside. So when you put that together and you just think through use occasions, it's up.

And so we have a growing category, even in spite of some bad weather. So this past year, fiscal '24, bad weather season. Actually, it started really slow in the Southeast. It finished slow. It was good in the middle, but not a great category year. We still performed well in the year we were in. I expect as we move forward, the category will be in that low to mid-single digit growth rate, based on some favorable dynamics I talked about at the beginning. We expect to hold a growth share every single year. We're the leader in the category with our two brands. And I think there's a lot of room for growth.

And what we're seeing is consumers are hungry for innovation. Around form factor, we launched Banana Boat 360 all around spray. So a non-aerosol spray format. It's superior. It allows you to get all around coverage. You can get your back and without asking a friend or a parent to get your back. If you have kids or babies, you know the first thing you do when you go an aerosol, they jump back because it's cold. This is not cold. It's room temperature. So a lot of cool form factors. We're the only one that have that form factor.

And then from a formulation standpoint. I feel like we're coming into a real golden age around getting away from the old sticky, white, goopy, pasty formulations. I think we're personally the formulation leader around products that are priced 2x, 3x what we offer. Our formulations are better around rub-in, skin feel, actually adding more like a skin care regimen would create a little glisten or glow to the skin. The thing Hawaiian Tropic is doing today is it's winning with Gen Z and Millennial women, and it's all around skin feel and adding to the look and skin tone while protecting the skin. So that brand has grown share for the last 3 years and has a great trajectory, all around going after new people coming into the category. Which traditionally, that's the group that would be wanting to get more tanning, we're seeing those habits really shift in younger women.

Strong category, strong outlook, and I think we've got room in our portfolio for an everyday offering. Today we're occasion based with our two brands, which we don't want to change, but that creates white space for us portfolio wise as well.

Dara Mohsenian: That's very helpful. Maybe we can turn to another growth area, the Billie brand. It's been almost exactly 3 years since that acquisition. How do you assess the results for that

brand, and give us a sense of the forward plans from here and the growth outlook. It's obviously had very strong growth historically, expanded distribution. What are sort of plans on those fronts going forward?

Rod Little:

It's 3 years as of this past weekend. So good memory on that, Dara. Look, the brand is very strong. It's doing well. When we acquired the brand -- so it started in 2017, so it is a very new brand. We acquired the brand at a time when it was going from being an all online, digital-only brand into retail distribution. And so we helped them do that. We've created a model with Billie where I think -- the founders are still with us, the whole team's with us. But it's the best of both really coming together where they've made us better in omni online brand marketing across our iconic legacy brands, and we've done things that they could never have hoped to do distribution wise and the speed of rollout to get to a national distribution in 2 years.

So it's been very complementary with the teams, how we work. It's given us a Manhattan footprint, which we didn't have before with our headquarters in soho, which we now have non-Billie people in and out of that office, and so that's been a positive. So on all the people front, the non-financial piece, it's been rock solid.

Then when you go to the shave and shave expansion, nationally distributed brand. Grows share every single period. We're approaching a 12 share of women's shave now in brick and mortar after zero 2 years ago and growing every year. It's the fastest growing brand in the set. We have really interesting innovation coming on the brand. We're, for example, launching disposable range now in addition to the systems business that will launch on shelves in February. We're expanding the brand into body care. We did a pilot with Walmart last year. It's going to expand nationally as we get into it in February. And those other categories that you start to think about as a lifestyle brand, places you can go with the brand.

And as Dan mentioned, a complete white space outside of North America, and we're going to go hit our first market in '25. We're really excited about the opportunity to be successful there. The Walmart share is 16, so that's where we went first. We would expect that we can get there quickly with other accounts.

So I think great people, great team, great pipeline, great connectivity with the target, which is a younger consumer. Again, it's going at that younger Millennial, Gen Z female that historically our brands have had difficulty speaking to. So it's a hole in our portfolio that we fill very nicely. And now we've got a ladder as a woman ages and grows in her own life and potentially wants to consider other offerings, we've now got that first consumer captured and then places for her to go, should she choose, in our portfolio.

Dara Mohsenian:

Great. And maybe that's a good segue into just broader wet shave. Can you segment the business into women's versus men's? I think there's probably a little less understanding in the investment community of how much you skew to women's versus other players in the category. So help sort of level set us on the sizes of the two business, the growth opportunity. Maybe you can compare and contrast the growth opportunity in women's versus men's. And just build that up into how you think about overall wet shave going forward.

Rod Little:

So domestically, here in the U.S., the men's category is roughly 60% bigger than the women's category. So we're talking a couple billion dollars in total when you start to look globally at the size. So big scaled category. 60% bigger here domestically, men's over women's. And that holds true largely internationally as well that men's is roughly that

much bigger. Women's, however, is a growing category. Men's has been declining more around habits and practices around facial hair and just how people present themselves. A bit more of a relaxed lifestyle in general. Like a little stubble, it's okay.

Dara Mohsenian: Stop.

Rod Little: [Silvan's] a good example of that. He's got a little today. Should shave five times a week, not three. That's part of the problem, right, in men's. So men's is bigger, slightly declining. Women's smaller but growing. And what's interesting from our portfolio, it sets up very nicely with those growth trends because our women's business in the U.S. is three times bigger than our men's business. We've got roughly a 35 share of women's domestically here in the U.S. between Billie, Hydro Silk and Intuition, and then preps is in there as well.

So you've got this scenario where the growth in the category is in women's. That's where we've got our best positioning. And outside the U.S., that's also true. But what I really like about our portfolio, I think it's superior to every other portfolio out there from a what it covers from a target perspective. We've got a very balanced global portfolio between men's, women's, disposables and then our private brands group, which we do private label opening price point, partnering with retailers like Walmart, Target, Amazon for their private label business. Those four pieces are almost equal sized for us on a global basis.

And there's no trade down necessarily from a profit margin perspective because this is a tight category. There's still only two or three players that have manufacturing assets, IP and technology. What that gives you is a private label margin structure that is very rich and kind of on portfolio average when we look at it. So it's not like we're trading ourselves down. So we've got a diversified portfolio across types of shave, outcomes in the category, whether it be systems or disposables. And we hit opening price point to value to mid to premium tier across the portfolio as well. So I think globally diversified, pricing diversified, consumer target segment diversified.

Dara Mohsenian: Great. That's helpful. Another important part of your growth strategy is grooming. So maybe give us a sense for how big an opportunity that is for you. You're expecting outsized growth in that business longer term. What are the key drivers of that business, and what does it mean to the organization?

Rod Little: So we had a grooming business of zero 5, 6 years ago. We didn't participate in the category. Today that business is \$200 million, roughly 8% of our sales now in grooming of our global sales total. It can be much bigger than that. I think we're looking at -- as you start to look opportunistically, this should be a \$0.5 billion-plus book of business for us. It's grown -- we called out 4 years ago in our strategy that this -- we expected grooming to grow roughly at double digits, kind of that 10% growth range. It's done that over the last 4 years. We expect that to continue as we go forward.

We love the brands we have. In there, Bulldog, is the number one men's grooming brand in the UK today. We've just launched a premium line on top at premium pricing. Great skin care credentials with that brand. Cremo -- sorry, that was Bulldog. Cremo is a very interesting brand right now. We've launched into body washes really with fragrance and scent as the unique differentiator versus other brands. And in a lot of periods, at Walmart, for example, the number one unit growth brand at Walmart over the past 52 weeks in that body wash category. So there's a lot of momentum with the brands.

Some of our best innovation and creativity in the company is in that brand set and that group, and as Dan said, there's a lot of international opportunity to go from here as well. We start to lump Billie body care launch into this space as well. You start to play in body washes, antiperspirant, deodorant, a big category. Moisturizers we feel like has a right to play there, and we're just bringing Billie into this category as well. So depending on how you do math in categories, we've got Billie now expanding into what we think is a rapidly growing category on the women's side.

Dara Mohsenian: Great. Fem care has been a business that hasn't been as strong as these other segments we just talked about. There's been some market share struggles internally --

Rod Little: Yep.

Dara Mohsenian: -- at Edgewell. Can you talk about how you try to stem that share decline going forward, what the strategies are, and give us some perspective on the growth potential in general for that business from here.

Rod Little: Fem care's been our weakest performing business. And I go back to my time joining the company through to today, a lot of it was cleaning up the portfolio of the past. There were SKUs and a range that was too broad for what consumers wanted or needed, frankly. So we went through a period of cleaning that up.

As we did that, we made the last big move that I felt like was necessary this past year, which is to streamline the portfolio to get pads and liners on the Carefree brand. We played Stayfree/Carefree across those brands, but move to a singular power brand behind Carefree. There's great equity in that brand. We're the leader on liners when you start to look at the business, and we thought there was a big opportunity to consolidate around pads. Playtex Sport is the number one sport tampon.

We've got a great pipeline, great technologies to come against those two brands, which are effectively our power brands within our portfolio. And it's a simplification to retailers. It's a simpler brand to shop at shelf. So we're just rolling that out. So I'm actually quite optimistic on where we go from here, but yet unhappy with the performance over the last year on how we got here. And a lot of it was around that transformation and consolidation on the brand portfolio.

Look, there's effectively another category here where there's three players that play in the branded space. Technology matters, and we have it. We could be much better at the branding and communication and messaging part of the business with that business. We've got a good team on that business. So I'm confident that we'll get it going from here. And we should look -- our growth rate should look much more like the category going forward.

Dara Mohsenian: Right. Okay. Great. And Dan, you've obviously been named COO and taken operational responsibilities, but maybe we can take you a little bit back to the CFO hat and just opportunity from here on productivity, how you think about that from a gross margin perspective. You mentioned earlier the savings in the business over the last few years. As we look out from here, how much opportunity is left? And from a gross margin standpoint, what are some of the key buckets of expansion looking out over the next few years?

Dan Sullivan: Yes. The productivity element of our business has been critical for us. We're 5 years at it here. And I think the underlying point of your question is like what does the future look

like. You've been doing this now quite successfully. It's easy to assume that we're going to start to slow in how we think about it, but in fact, we're gaining momentum and actually driving more impact, not less. 2024 was our single biggest productivity savings year. We drove about 280 basis points of cost savings through the P&L. So 5 years in, we just had our 1-year realization, and in fact, '25 we think we'll exceed that. So, early in a process that we've been at 5 years.

We're really good at it. It is a competency within the organization. We know how to do it. There are multiple levers we are pulling to deliver this from footprint optimization efforts where we will continue to optimize where we manufacture, how we distribute, where we assemble to line up better with geography demand. That's an opportunity. Global procurement, we're still in the early innings of in terms of laddering up the global organization, getting real category competency on both direct and indirects.

Third element for us is how we think about labor. We've invested in automation to continue to take labor off the floor. We've gotten better at how we schedule labor, part-time, full-time complement all the elements of running a good shop. And then lastly, we've invested in capabilities around process reengineering and being absolutely ruthless on waste.

So if you put all of that together, both things can be true. We've been what I would argue is best-in-class, Dara, in realizing these savings. And as we look out now 2, 3, 4 years down the road, there is no reason to think we won't continue to generate 200, 250 basis points of savings per year. That's how the organization is built.

Dara Mohsenian: Okay. And you've outlined 75 basis points of gross margin expansion this upcoming fiscal year. Is that a good rule of thumb for the way you think about annual expansion over time? Obviously there are a lot of puts and takes year to year. So just trying to get a rough idea of as you translate everything down to the gross margin line, how much expansion opportunity is left

Dan Sullivan: We've stated publicly, the first step in this journey is getting back to pre-COVID margin levels. We're about halfway there based on a very strong 2024. We delivered 140 basis points of year-over-year accretion. You're right. We've got 75 basis points built in for '25. At constant currency, it's more like 90 or 95. So we're confident. This statement around getting back to pre-COVID levels is not an ambition; it's a commitment. That's what we are doing.

The pieces that we control very directly around good productivity savings, good price and revenue management, high, high confidence. We're getting better at it by the day. But as you mentioned, there's other elements we don't control. Inflation, while easing, is still there. We're staring at north of 100 basis points of inflation in the year ahead. So it's not the 600 that the world's been dealing with, but it's still there. And FX is choppy. We know that. But I think that only impacts the pace at which we recover the margin. It does not take away from our commitment to get this business back to that 45% range.

Short answer to your question, yeah, I think 75, 80, 90 basis points is a really good proxy for how we think about it. All things equal and absent of diving in on inflation and FX, I think that '25 is a good proxy for how we think about the recovery.

Dara Mohsenian: Great. And on the A&P line, it's moving back up as a percent of sales this year, approaching nearly 11% of sales. Do you think that's the right level, given some of the growth priorities we talked about? Should it continue to move up over time? How do you

guys think about that line item?

Dan Sullivan: Yeah, you're right, it's 11% of sales. If I take away private brands that Rod spoke to which don't carry any A&P, it's more like 13%. That's not an unhealthy amount. Now, would we love to invest more? Of course, we would love to invest more. But I don't think we start by saying 13% is unhealthy. Our focus is less about how much and more about how well. What are we deploying and what impact are we getting?

I'm going to share with everyone that Wilkinson Sword campaign that we launched over the summer is the example of what we see around really good activation and really good execution. Now it's limited data. Over a 2-month period when we launched the new brand, we saw a 15-point increase in awareness, we saw meaningful gains in purchase intent, and we broke through the clutter that we all know exists around how we speak to consumers. 2-month period, major Western European cities. And we did it with a share of voice that was under 5%.

So it can be done. You can spend really well and get really good returns. That is the model that we are after. But I think 11% is a healthy proxy for us, Dara. I don't think it needs to be meaningfully more than that. But I think most importantly, we're going to continue to take cost out of margin and look to reinvest a portion of that in growth.

Dara Mohsenian: Okay. And maybe we can end on capital allocation, the tension between M&A versus repurchases. I think early on in your tenure, Rod, you guys pursued a number of acquisition opportunities. You saw the ability to add value, more legs on the stool for EPC and growth drivers. And you've been able to bring in some of these businesses and really add to them from an organizational standpoint, distribution standpoint, et cetera. So you've had success with a number of these acquisitions.

You've also started repurchasing shares more aggressively recently. So is that just sort of ROI on those repurchases has been so attractive? How do you think about the M&A piece of it in terms of its importance to the organization going forward and how big a focus it will be? And also on the other side of it, are you comfortable with the portfolio today, or could there be some divestitures over time or things of that nature?

Rod Little: I'll start and then flip it to Dan. We're comfortable with the portfolio we have today. Could it be better? Always. I think everyone could say that. But we really like the portfolio we have. And the acquisitions, the four we did, very intentional to drive that shift in portfolio. All four acquisitions have been successful. As we go back to the economics we had laid out and promised, we're doing that.

The bar is very high for us around acquisitions, partly because we feel like we're undervalued. That's one of the final things that I want people to take away from this. We're putting our own allocation of resources against repurchase right now because we think it's getting ridiculous at the level of undervalue that we see versus where we should be. So we're going in and leaning there. We're going to be very disciplined with anything we do. The bar is high. Dan, I don't know what else you'd add.

Dan Sullivan: Yeah, I think that's right. We spent '24 delevering. We took a half a turn of debt off the balance sheet was the right thing to do. We are committed in '25 to stepping up in share repurchase. We've got \$90 million to \$100 million baked into our models for the exact reason Rod describes when we're trading at under 8x, there's value to be had.

Equally, at the same time, we look at a lot on M&A. We're by no means sitting on the

sidelines. There's a lot of interesting brands out there. We've done quite a bit of work on these brands. We'll continue to do it. But we have a high threshold. And so if something meets that threshold, we certainly won't hesitate to act, but it's a high bar.

Rod Little: We've been good to founders, and we're friends with everyone still that we've worked with. And that's unusual. A lot of times it doesn't go like that. So we sometimes get first look at things even that we shouldn't be getting looks at, given our size.

Dara Mohsenian: Great. Well, that's very helpful. Thank you guys so much for being here today.

Rod Little: Thank you.

Dara Mohsenian: Appreciate it.