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# Neogen Corp. (NEOG)

Q4 2023 Earnings Call

## CORPORATE PARTICIPANTS

**Bill Waelke**

*Vice President-Investor Relations & Treasury, Neogen Corp.*

**David H. Naemura**

*Chief Financial Officer, Neogen Corp.*

**John E. Adent**

*President, Chief Executive Officer & Director, Neogen Corp.*

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## OTHER PARTICIPANTS

**Timothy Daley**

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**David Westenberg**

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**Brandon Vazquez**

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Good day and welcome to the Neogen Corporation Fourth Quarter Fiscal Year 2023 Earnings Conference Call. All participants will be in listen-only mode. [Operator Instructions] After today's presentation, there will be an opportunity to ask questions. [Operator Instructions] Please note, this event is being recorded.

I would now like to turn the conference over to Bill Waelke, Head of Investor Relations. Please go ahead.

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**Bill Waelke**

*Vice President-Investor Relations & Treasury, Neogen Corp.*

Thank you for joining us this morning for the discussion of the results of the fourth quarter of our 2023 fiscal year. I'll briefly cover the non-GAAP and forward-looking language before passing the call over to our CEO, John Adent, who will be followed by our CFO, Dave Naemura.

Before the market opened today, we published our fourth quarter results as well as the presentation with both documents available in the Investor Relations section of our website.

On our call this morning, we will refer to certain non-GAAP financial measures that we believe are useful in evaluating our performance. Reconciliations of historical non-GAAP financial measures are included in our earnings release and the presentation, slide 2 of which provides a reminder that our remarks will include forward-looking statements within the meaning of the Private Securities Litigation Reform Act.

These forward-looking statements are subject to risks that could cause actual results to be materially different from those expressed in or implied by such forward-looking statements. These risks include, among others, matters that we have described in our most recent annual report on Form 10-K and in other filings we make with the SEC. We disclaim any obligation to update these forward-looking statements.

With that, I'll turn things over to John.

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## John E. Adent

*President, Chief Executive Officer & Director, Neogen Corp.*

Thanks, Bill. Good morning, everyone, and welcome to our earnings call covering the fourth quarter of our 2023 fiscal year. We're pleased to be with you today to provide an update on our performance and our initial thoughts on the 2024 fiscal year. We delivered a solid performance in the quarter with core growth in both of our segments despite the softening market conditions.

In Food Safety, many large food producers have continued to experience lower unit volumes on a year-over-year basis, which has negatively affected the volume of test they use. While end-user demand remains broadly supportive in our Animal Safety segment, we saw the impact of destocking in the distribution channel, which was the result of some level of macro uncertainty and normal cyclicalities in production animal end markets. Our Animal Safety business also faced a difficult comparison against double-digit core growth in Q4 of the prior year.

In the former 3M Food Safety Division, we saw a significant improvement the third quarter with higher Petrifilm production levels at our transition manufacturing partner contributing to solid core growth and a reduction in past two orders. We're optimistic that we're settling into a steadier operating rhythm with the elevated reporting structure and our expanded onsite presence paying dividends and providing us with significant inputs in the key decisions.

While improving the transition production levels of the flagship Petrifilm product line has certainly been a recent focus, we are also prioritizing continued innovation to further capitalize on this leading market position. An example of our team's efforts in this area is the Petrifilm Plate Reader Advanced, which enumerates 11 different Petrifilm Plates in 6 seconds or less, utilizing AI to improve speed and accuracy.

Although this product launched in 2021, I mention it now for two reasons. First, it was just awarded the prestigious Red Dot Award for product design last month in one of the world's largest design competitions. Second, that same team that developed the Plate Reader is now part of Neogen, where we believe we're placing an even greater emphasis on innovation in this product line. Petrifilm is the clear market leader in indicator testing. It has significant potential for growth not only in core food safety markets, but also near-adjacent markets like commercial labs and pharmaceuticals.

This development team is actively working on next-generation initiatives that we believe will allow us to capture additional market share and drive growth well into the future. In addition to the Transition Management Agreement, integration activities are progressing well. Of the four main product lines in the former 3M business, we expect the three will be completely integrated into Neogen facilities by the end of our fiscal third quarter.

The hygiene monitoring, manufacturing operation was conveyed to us at closing, and we've accelerated the relocation of the sample handling and pathogen product lines. We're also planning to fully exit two of the transition agreements by the end of the third quarter, those covering back office functions and distribution services.

Despite the numerous integration workstreams we have underway, we are not losing focus on our customers and finding new ways to meet their needs. We are the leader in natural toxin testing with our Reveal assays providing fast results, both qualitative and quantitative, help food producers keep consumers safe. Recently, we have further expanded our Reveal portfolio to include quantitative assays for histamine in fish and dry animal proteins, as well as for DON and aflatoxin in grains and grain byproducts.

In our genomics business, where we are the leading provider of animal testing services, we broadened our Igenity bioinformatics systems to include the high growth market for beef-on-dairy cattle. Igenity BeefxDairy is a simple genomic test for calves from dairy animals [ph] cross (06:22) with beef genetics to identify performance traits and breed percentages for producers to use to improve their profitability by efficiently marketing, managing and feeding their animals.

All of our genomic tests improve quality and efficiency for our customers, including their environmental benefits of reducing consumption of water and feed, reduced use of antibiotics, and more efficient use of land. Our comprehensive product portfolio is a differentiating factor in the marketplace and we're planning on continued portfolio expansion to help protect the quality of the food chain in the future.

We're making great progress and remain excited about the future of the fully combined business and our market leadership position. I'm looking forward to the opportunities ahead of us in this new fiscal year.

With that, I'm going to turn the call over to Dave for some more insights into our results for the quarter.

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## David H. Naemura

*Chief Financial Officer, Neogen Corp.*

Thank you, John, and welcome to everyone listening this morning. Jumping into the results, our fourth quarter revenues were \$242 million, an increase of 73% compared to the same quarter a year ago. Core growth, which excludes the impact of both foreign currency and acquisitions, was 2% for the quarter. Acquisitions added 72%, while foreign currency was a 1% headwind compared to the prior year.

At the segment level, revenues in our Food Safety segment were \$169 million in the quarter, an increase of 151% compared to the prior year, including core growth of 3.9%. Sales in our Culture Media & Other category grew high-single digits on a core basis with strong growth in food quality and nutritional analysis products in our Megazyme business. Within Bacterial & General Sanitation, solid growth in our Soleris microbiological testing products was partially offset by lower sales of general sanitation and pathogen testing products, some of which transitioned to product lines of the former 3M business.

Rounding out our larger food safety product categories, Natural Toxins & Allergens had a slight core revenue decline due to the discontinuation of our product line of drug testing kits for international dairy markets.

Quarterly revenues in the Animal Safety segment were \$73 million, up modestly over last year's fourth quarter on a core basis. Sales of our Vet Instruments & Disposables had the strongest core growth, led by a new line of business at a large retail customer. This growth was partially offset by lower volumes of small animal supplements and vitamin injectables in the Animal Care & Other product category. Within our biosecurity portfolio, solid growth in cleaners and disinfectants and rodenticides was offset by lower insecticide volumes due mainly to the timing of orders versus the prior year.

Worldwide genomics revenue was up mid-single digits on a core basis, led by solid growth in international beef markets as well as in companion animal testing.

The performance of the former 3M Food Safety Division improved significantly with core revenue growth of almost 8% on a pro forma basis. The growth was led by Petrifilm, which grew low-double digits and included a reduction in backlog of past due orders. We've made good progress with our transition manufacturing arrangement for Petrifilm and believe we are on a path to sustainable levels of higher production. Including the former 3M business, core growth for Neogen as a whole was mid-single-digits on a pro forma basis.

Gross margin in the fourth quarter was 50.9%, representing an increase of 450 basis points from 46.4% in the same quarter a year ago with the increase primarily driven by the addition of higher margin business in the 3M Food Safety transaction, as well as a positive price-cost position.

Adjusted EBITDA was \$63 million, representing growth of 97% from the prior year quarter, driven by the merger with the former 3M Food Safety Division. Adjusted EBITDA margin was 26.1%, a year over year increase of 320 basis points. The increase was driven by gross margin expansion, which more than offset costs added in the quarter to accommodate the larger scale of the combined business.

Adjusted net income was \$30 million for the quarter, with adjusted earnings per share of \$0.14 compared to \$22 million and \$0.21, respectively, in the prior year period. The increase in adjusted net income was driven by higher adjusted EBITDA, which more than offset the increase in interest expense, while adjusted earnings per share was impacted by the increase in weighted average shares outstanding from the Food Safety transaction.

We ended the fourth quarter with gross debt of \$900 million, 67% of which is at a fixed rate and a total cash position of \$246 million driven in part by working capital improvements in the quarter for a net leverage ratio of 2.8 times on a pro forma basis.

As we look to fiscal 2024, we expect full year revenue between \$955 and \$985 million. This outlook compares to \$920 million fiscal 2023 revenue on a pro forma basis and reflects challenging end market conditions continuing through the first half of the fiscal year. With respect to adjusted EBITDA, we expect a full year range of \$235 million to \$255 million, which compares to \$230 million in fiscal 2023 on a pro forma basis. This expected range takes into account incremental operating expenses that enable the exit of the back office and distribution transition services arrangements planned for the end of the third quarter, as well as some commercial investment in go-to-market initiatives to drive future growth.

As it relates to the first quarter specifically, we anticipate seeing the lowest core revenue growth of the year and also the lowest adjusted EBITDA margin of the year, which still would represent over 100 basis points of expansion compared to the prior year 22.8% margin on a pro forma basis. We expect our typical seasonal shape of the year to apply to revenue dollars, with the first quarter being the lowest followed by the third quarter, then the second quarter and the fourth quarter being the highest.

The largest year of capital spending for the Food Safety integration is expected to be fiscal 2024, which we anticipate will have a total of approximately \$130 million of CapEx. Of this total amount, approximately \$30 million would be normal maintenance and growth CapEx related to the ongoing business. Additionally, as we prepare to exit the transition agreement for distribution services, we expect a one-time investment in inventory of approximately \$40 million to bring the 3M finished goods inventory onto our balance sheet.

These are significant outflows for the year, but we also anticipate that EBITDA growth and improved working capital performance, particularly on the legacy side of the business, should allow these investments to be mostly, if not fully, funded in the year in the year by cash from operations. With respect to adjusted net income, we anticipate an effective tax rate of around 21% and quarterly interest expense of approximately \$18 million.

I'll now hand the call back to John for some closing thoughts.

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## John E. Adent

*President, Chief Executive Officer & Director, Neogen Corp.*

Thanks, Dave. Neogen is a leading solutions provider in both food safety and animal safety, two segments that we believe serve great end markets. Despite the current conditions being soft, we fully expect the historical trend of resilience to continue. Beyond the end markets, I'm very pleased with the progress we've made on the integration while maintaining focus on growing our business. Fiscal 2024 will be an exciting year for Neogen.

By the end of this fiscal year, we expect to have all former 3M product lines, excluding Petrifilm, fully integrated into Neogen facilities, where we'll be focused on driving efficiencies in production. We also expect to be fully independent with respect to back office functions and distribution and similarly focused on driving efficiencies. Construction of the new production facility in Lansing is coming along well and in the interim, we believe the positive developments in our transition manufacturing arrangements are sustainable. We are continuing to prioritize product development as a means of differentiating ourselves in the market. On this front, we're planning to fully leverage the different skills and expertise of our new and existing team members to drive innovation and ultimately revenue growth.

And lastly, I want to thank our team members around the world for their hard work and dedication throughout the past fiscal year and their enthusiasm and excitement as we move into the 2024 fiscal year. The success we have had and the progress we have made have not come easily and have required extraordinary efforts from everyone involved. This team has fully embraced the One Neogen mindset and we are all working together to achieve one common goal to be the global leader in food security.

Now I'll turn things over to the operator, and we will begin the Q&A.

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## QUESTION AND ANSWER SECTION

**Operator:** Thank you. We will now begin the question-and-answer session. [Operator Instructions] Our first question today will come from Tim Daley of Wells Fargo. Please go ahead.

**Timothy Daley**

*Analyst, Wells Fargo Securities LLC*

Q

Great. Thanks for the time everybody and congrats on a great quarter and appreciate the color on the year. So, I guess, just first one here on the Petri business. So strong sequential uptick in revenues. Really good to hear that you're chipping away at that backlog here. But I don't know, maybe, Dave, if you've got the numbers, could you help us understand how much of that lift sequentially was the backlog work down versus maybe changes in the transaction manufacturing arrangement versus core growth? Kind of those three buckets, I guess, any directional color, at least?

**David H. Naemura**

*Chief Financial Officer, Neogen Corp.*

A

Yeah. Tim, I think some directional color here. I think what you saw the sequential improvement was comparing a period of backlog build to a period of backlog reduction. And if we look through it, I think our kind of Food Safety mid-single-digit growth or even – and [ph] seem (17:31) some headwind as the year progress is the better trajectory of what we see in the marketplace. We talked, obviously, that we saw better improvement to the performance under the agreement in March when we came out with Q3 and we saw that continue into Q4.

Having said that, I think although we've gotten through what I think will be the big sustaining issues, there's two things. One, this relationship continues and we have to continue to kind of manage things. It won't be perfect. I

think few folks have asked us as well is it fixed? And I think the answer is, we're going to continue to work as partners here going forward. And it'll ebb and flow a little bit. But generally, we think we've gotten through some of the bigger issues. And then, we have to go earn back some demand here that we had constrained and we need to bring that back. But overall, we think it's a very good directional sign.

**Timothy Daley**

*Analyst, Wells Fargo Securities LLC*

Q

Great. Appreciate that. And second question here. So, John, I called – you guys called out companion animal as being a nice support of growth in genomics. And just wanted to get an update here on the macro environment headwinds there and how we should kind of think about how animal plays next year into the numbers that were provided today on a full year basis?

**John E. Adent**

*President, Chief Executive Officer & Director, Neogen Corp.*

A

Sure. Sure. Thanks, Tim, and welcome to the call. We're glad to have you on. I think you think about it in two ways. One is, on the larger thing for livestock, we talked about the cyclical nature of this business and we've been in an uptrend. And I think you're starting to see that we are approaching the top in a lot of these markets. Again, I was really bad [ph] at calling the (19:20) bottom. And so I said, I'm not going to call the top, because I won't be good at it. But you start to see – you've seen some of the things where, in the dairy segment, producers are dumping milk, because it's just – there's not enough processing, the prices are cheap. Beef, the historic beef price right now is high, because we're seeing not a lot of calves. Our cattle on feed numbers are still pretty good. The swine guys are hanging in there, but it's not great.

So I think, on the protein side, you're starting – you're seeing really dairy moving first. But my expectation going forward is you're going to start seeing that would be a little bit tougher market. Companion animal, there is a tough compare, because during COVID, all those COVID puppies and all the COVID calves [ph] put (20:08) the longer term traditional growth rates for companion. If you look out over a longer period rather than the last couple of years, it's still a really great market. And that's why we invested in that market space couple of years ago to even improve our service and product offerings around [ph] COMPANION Pet. (20:27) And that's an area that we really think is going to be a strong focus for us going forward. It's a great growing market. We've got tests on the genomic side that others don't have. We just launched our new cat test. These are things that are new to the marketplace and continue to solidify our leadership position.

**Timothy Daley**

*Analyst, Wells Fargo Securities LLC*

Q

Okay. Great. Thanks for the time. Appreciate it.

**John E. Adent**

*President, Chief Executive Officer & Director, Neogen Corp.*

A

Thank you.

**Operator:** Our next question will come from Brandon Vazquez of William Blair. Please go ahead.

**Brandon Vazquez**

*Analyst, William Blair & Co. LLC*

Q



Hi, everyone. Thanks for taking the question and congrats to the strong end of the year. Again, nice guidance and looking forward to the rest of the year. First question is just on guidance on the top line. Can you guys just talk a little bit about, and maybe we're giving a little color on it now, but anything you can give us on what you're expecting in Animal Health versus Food Safety in terms of growth, especially Animal Health is still seeing some kind of macro headwinds that you were just talking about, John, so – or maybe some distributor destocking. So can that business kind of get back to mid-single-digits growth next year, or is that not what's baked in the guidance?

**David H. Naemura**

*Chief Financial Officer, Neogen Corp.*

A

Yeah. Brandon, it's Dave. I think we see both segments in the mid-single-digit range with Food higher than Animal. That's kind of how it shaped the year. Obviously, the guide is kind of a mid-single-digit guide but higher on the Food Safety side.

**Brandon Vazquez**

*Analyst, William Blair & Co. LLC*

Q

Okay. And then on Petrifilm supply, it sounds like great things are going in the right direction, feels more durable. Can you – any sense of are you guys at this point able to kind of go on the offensive? Are you opening new accounts today, or is that still a benefit that's kind of come up in the coming quarters?

**John E. Adent**

*President, Chief Executive Officer & Director, Neogen Corp.*

A

No, I think we are. I mean, it's really nice. I mean, we just held our national sales meeting this week. We're finishing up actually today in [ph] Detroit for USAC. (22:23) And the teams are super excited. It's like a weight lifted off of everybody's shoulders, right. The first conversation they have with customers now is not about when they're going to get their product. The first conversation now is what can we do to help you to make sure that you're protecting your consumers. And I think that's been a really positive. I was in Asia last month, the same thing. So I think you're going to see we've got some real nice tailwind going into this next fiscal year with the teams on their front foot. Now, we got to repair some damage, right? I mean, we heard some relationships over the last couple of years with not having product available. And I don't blame those customers to say, yeah, great, best job for the last couple of months. Let's make sure you can keep it going. And so that will take a lot of time to repair the trust. But the sales teams are on the front foot now, which I'm really excited about.

**Brandon Vazquez**

*Analyst, William Blair & Co. LLC*

Q

Okay. Great. And then maybe I'll sneak one last one in here, maybe for Dave. I – if I'm doing my math correctly, the fiscal 2024 guidance is implying something like a mid-20s EBITDA margin kind of at the midpoint of the guide. So I think you're at 26% this quarter, 25% or call it mid-20s for full year next year. What are the puts and takes here of kind of keeping you flat? And then really [ph] look at you that (23:48) incremental 5 points to get you to the 30% EBITDA margin for fiscal 2025 guidance? Thanks, guys.

**David H. Naemura**

*Chief Financial Officer, Neogen Corp.*

A

Yeah. Great question, Brandon. So, you're right, kind of mid-20s in what you see is gross margin expansion next year, at least, that's what we're planning, offset by some higher OpEx. And that takes on two flavors. One, we've invested this year commercially and in the back office to get off some of these agreements. We have a full year



annualization of that plus we'll add some more, both in back office to exit the arrangements with 3M, but also to further get on the offensive, as you noted, with some of the new businesses at the higher scale.

When we look forward and we look at, I won't call 30%, I'll call \$300 million. I think if you do the math, you would say we need to continue to drive the gross margin expansion. You've heard us talk about that. And then with that, it comes down to if 2024 is the investment year on OpEx, 2025 is not, right? And so I think the math would say that that combined with a historically precedented mid-single-digit growth rate even for 2025, but in the zone of what we've talked about.

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**John E. Adent**

*President, Chief Executive Officer & Director, Neogen Corp.*

A

Yeah. And if I can jump in on that Brandon, too. I fully agree with Dave. I mean, we're investing this year in OpEx for growth. We look at what we're doing. There's really two areas that we're really driving and it's investing in the sales teams around the world, right, and that includes in the US. I mean, we're putting head counts, because when you look at the opportunity we have with our share, we can grow our market share just because we need more representation and we need more feet on the street. So, we see that and there's huge opportunities for us, not only in international, but also in the US, because we've got open areas and we're seeing that with some of the talent that we're acquiring to approach those customers and close those gaps. Same thing internationally, like Asia, is a huge opportunity. We're doubling some of the size of the teams we have in Asia. So that's we're investing.

And then lastly, we're investing in analytics. We've doubled the number of sites from last year to this year. My expectation is we're going to double it again next year. I mean, we're really pushing that, because we think we have a very strong competitive advantage versus everybody else in the marketplace. And so we are making the decision to invest this year rather than harvest on these two areas.

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**Operator:** [Operator Instructions] Our next question will come from David Westenberg of Piper Sandler. Please go ahead.

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**David Westenberg**

*Analyst, Piper Sandler & Co.*

Q

Hi. Good morning, guys, and congrats on a real strong finish to the year.

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**John E. Adent**

*President, Chief Executive Officer & Director, Neogen Corp.*

A

Thanks, Dave.

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**David Westenberg**

*Analyst, Piper Sandler & Co.*

Q

I don't know if it's possible to – like maybe give these quantities or maybe it's just purely as simple as percent of revenue, that's Petrifilm. But the question I had – I wanted to ask is, as we go into 2024, what percentage of products are going to be under your control versus 3M's control? And as we get into 2025, what percentage is it? Maybe it's as simple as the calculation of what's the percent of revenue that's Petrifilm. But if it's something else, let us know, because I know you were saying things like back office is all going to be under your control as soon as maybe Q3. So I don't know if that's the right way to think about it. Any way to quantify it would be really helpful.

**John E. Adent**

*President, Chief Executive Officer & Director, Neogen Corp.*

A

It is, David. And you're – but you're right. I mean, it's – we will have everything in our shop by the end of the third quarter except Petrifilm. So if we just back up Petrifilm, everything else will be run by Neogen, right. And that's from a manufacturing standpoint. And at the same time, we'll be exiting the TSA, which is all the ordered to cash back office and the distribution. So distribution will be in our hands also at that same time period. So yeah, just Petrifilm out and everything else will be under, and we're really excited about doing that. And like we talked about last quarter, we've accelerated that for the two other lines, which is the pathogen line and the sample handling line. And we're getting those in place. Sample handling is moving along a little bit faster. We'll get [ph] them (28:19) almost next week. So really starting with some of the lines. So we will have those fully integrated by the end of third quarter.

**David Westenberg**

*Analyst, Piper Sandler & Co.*

Q

Perfect. Thank you very much. And then can you talk about, is there any new product launches that are expected to hit – that are in the 2024 guidance that we should think about? And what kind of market segment are those going to be in?

**John E. Adent**

*President, Chief Executive Officer & Director, Neogen Corp.*

A

There are. I'm not going to go ahead too far. But I think you saw what we did this year with the number of launches we had. I think we had close to 10. And it was across the gamut, right? You saw we did the new histamine, an allergen. We launched new quantitative test for DON and afla on the toxin side. So with the new – I'm really excited about the new reader. We're really getting great uptake on the new Petrifilm reader. We can do 11 tests in under 6 seconds. We continue to make next gen. So that's the next thing is what is the next upgrade for the equipment. So I think you're going to see equipment upgrades. You're going to see continued expansion in the core lines, just like this year. And this year we had toxin, allergen, and pathogen. And that's something we strive for to continue to improve those lines every year.

**David Westenberg**

*Analyst, Piper Sandler & Co.*

Q

Got you. And then I just want to speak maybe one more in, because labor tends to be kind of a topic in all the companies we're dealing with right now. As we're looking at your customers, how are they prioritizing labor spend versus willingness to try new products or willingness to really integrate food safety versus controlling labor cost and how they're kind of prioritizing that? And then I'm just kind of [ph] tick one (30:09) for it. How should we think about labor markets for you in this really tight labor market in terms of controlling SG&A spend? Thanks.

**John E. Adent**

*President, Chief Executive Officer & Director, Neogen Corp.*

A

Yeah. So when the tight labor market hits, that's a benefit for us, because what our systems do is it allows us to be more efficient than traditional methods in our competitors. So we're able to save our customers' time and manpower, right, which was why our customers were so upset with the back orders on Petrifilm, because we're forcing them to have more people involved to do their testing, right. So we are very – it's a positive for us when the labor markets are very, very tight.

And not only in addition to that, we also see that it improves efficiency and effectiveness, right, because when you have new people and you're training them, new people make mistakes, you got to get them trained. Once you set

up our equipment and run it, you set up and walk away and you have very high confidence on the results coming out of the equipment. So that's a very – that's a – it's a positive for us. It's something – it's a great selling point for us. It's something we focus on with our customers. And they really are receptive to those messages.

On our front, we're like everybody else. I think what we do that helps us as a growth company, we don't have a lot of [ph] – I'm sure, (31:44) we have to restructure and lay off large amounts of people. So we have a pretty good reputation in the markets where we serve, then when you come to work for Neogen, it's a strong company that if you do a good job and you work hard, there's going to be an opportunity for you to continue to grow.

We had almost four – Julie was telling me – [ph] 47 in the quarter (32:07) internal promotions. So we continue to promote internally, which is a great thing for recruiting. So, I think, we're in smaller markets, but the way that we're moving our new centralized warehouse to Kentucky, that's a – we're in a great market there. It's a great growth market. We're pulling from really strong pools of employees. So knock on wood, right now, we're at the lowest turnover rates we've had in close to five years, which has been a lot of work and a lot of different things, but I think we're really heading in the right direction.

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**David Westenberg**

*Analyst, Piper Sandler & Co.*

Q

Thanks, John. And congrats, again, on the great finish to the year.

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**John E. Adent**

*President, Chief Executive Officer & Director, Neogen Corp.*

A

You bet. Thanks, David. Appreciate it.

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**Operator:** And at this time, we will conclude our question-and-answer session. I'd like to turn the conference back over to John Adent for any closing remarks.

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**John E. Adent**

*President, Chief Executive Officer & Director, Neogen Corp.*

Thank you, Alison. We really appreciate your support, and once again, I want to thank the Neogen team. It has been a challenging 2023 and the team did a fantastic job to deliver outstanding results. We're really excited about 2024. There's a lot of change going on, but we really are excited about what we see coming ahead. And we look forward to talking to you about first quarter results in the fall.

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**Operator:** The conference has now concluded. We thank you for attending today's presentation. You may now disconnect your lines.

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