Company Name: AdaptHealth Corp
Company Ticker: AHCO US
Date: 2020-02-25
Event Description: Q4 2019 Earnings Call

Market Cap: 1140.45694875
Current PX: 15.75
YTD Change($): 4.77
YTD Change(%): 43.443

Bloomberg Estimates - EPS
Current Quarter: 0.073
Current Year: 0.47
Bloomberg Estimates - Sales
Current Quarter: 175
Current Year: 771

Q4 2019 Earnings Call

Company Participants

- Christopher Joyce, General Counsel
- Luke McGee, Chief Executive Officer, Director
- Gregg Holst, Chief Financial Officer

Other Participants

- Brian Tanquilut
- Pito Chickering
- Mathew Blackman

Presentation

Operator

Greetings and welcome to the AdaptHealth Corp 2019 Fourth Quarter and Full-Year Financial Results Conference Call. At this time, all participants are in a listen-only mode. (Operator Instructions) As a reminder this conference is being recorded.

It is now my pleasure to introduce your host Chris Joyce, General Counsel. Thank you, sir. You may begin.

Christopher Joyce, General Counsel

Good morning and thank you, Jessie. This is Chris Joyce and I'm the General Counsel of AdaptHealth. I'd like to welcome everyone to the AdaptHealth Corp earnings conference call for the fourth quarter and the year ended December 31, 2019.

Earlier this morning, AdaptHealth released its financial results for the first -- fourth quarter and full year ended December 31, 2019. And our earnings release has been posted on the Investor Relations section of the AdaptHealth website and is also available on EDGAR. In a moment, we will have prepared remarks from Luke McGee, Chief Executive Officer of AdaptHealth; and Gregg Holst, AdaptHealth's Chief Financial Officer. We will then open the call for questions.

Before we start, I'd like to remind everyone that statements included in this conference call and in our earnings release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act. These statements include but are not limited to comments regarding our financial results for 2019 and beyond. Actual results could differ materially from those projected in these forward-looking statements because of a number of risk factors and uncertainties, all which are discussed in our annual and quarterly SEC filings. And the company expressly disclaims any obligation to update the information provided today, except as required by law.

When discussing our results, we refer to certain non-GAAP measures, which exclude certain items from reported results and may be calculated differently than similar non-GAAP data presented by other companies. Reconciliations of our non-GAAP financial information to the directly comparable GAAP financial information appear in today's earnings release, which again can be found on the Investor Relations section of the AdaptHealth website, which is www.adapthealth.com.

With that, it is now my pleasure to introduce our CEO, Luke McGee.

Luke McGee, Chief Executive Officer, Director

Thanks, Chris and thanks, everyone for joining our first quarterly conference call. 2019 was an exciting year for AdaptHealth strategically, financially and operationally.

Strategically, closing the merger transaction with DFB Healthcare in November 2019, and entering the public markets was an important milestone. We are thrilled to have partnered with Deerfield Management and Richard Barasch in that transaction and appreciate their continuing support and the support of all our new shareholders. We believe we've got the best business model in home medical equipment and are poised for exciting organic and acquisition-related growth over the next few years.

Increasingly healthcare is moving away from facilities and into the home, while serving an ever-increasing population of patients with chronic conditions. Having identified that trend several years ago, we have created a scalable, purpose-built, and centralized operating platform that optimizes client service and delivery, improves compliance, drives operational and financial efficiencies, and increases enterprise-wide profitability. We currently serve more than 1.4 million patients annually and perform more than 10,000 equipment and supply deliveries per day across all 50 states. Our daily exposure to patients with long-term and chronic conditions allows us to occupy a distinct place in the home-based healthcare value chain. We take tremendous pride in providing our patients with products and services that allow them to live their best lives. Much of that credit goes to our more than 3,000 employees across the country and I want to thank them for their dedication and their commitment to excellence.

The value of our growing HME platform is reflected in our financial performance for 2019. Our CFO, Greg Holst, will comment in more detail, but I'm pleased to report for 2019, we generated $529.6 million in net revenue, $123 million of adjusted EBITDA, and importantly $75.6 million of adjusted EBITDA less patient equipment CapEx.

As many of you know, we view adjusted EBITDA less patient equipment CapEx as the most important financial metric and how we run the business as it closely tracks unlevered free cash flow. Free cash flow allows us to use internal funds to fuel organic and acquisition-related growth and manage our debt.

In 2019, AdaptHealth continued to invest in systems, standardize our platform across geographies and bring on additional scale through acquisitions. With efforts led by our President, Josh Parnes, substantially all of our business was on a common billing platform by year end and we anticipate being able to consolidate down to one database over the course of 2020. Being on one database will allow us to drive additional efficiencies from internally developed tools that interact with our core billing system.

On the acquisition side, AdaptHealth completed 18 acquisitions in 2019, that should generate approximately $116 million in annual revenue in 2020. In addition to these 18 acquisitions, our acquisition of patient care services for McKesson, which closed on January 2, 2020. It's particularly exciting for several reasons. By acquiring the business that provides diabetic, wound care, urological and other supplies, we have more than doubled our addressable market to more than $25 billion. This acquisition builds on our strengths by increasing the products that will be provided on our platform particularly in product categories that have a resupply element.

For the trailing 12 months ended October 31, 2019, PCS generated net revenues of approximately $134 million. As we have noted in prior presentations, we expect our aggregate investment in this business inclusive of the upfront purchase price of $15 million and year one turnaround cost of $15 million to be approximately $30 million in total.

Other notable acquisitions in 2019, included a sizable Kentucky-based HME provider, a hospital-based HME in Missouri, a hospice-focused HME in Utah, and innovative PAP supply-focused HME, several tuck-in acquisitions in New York and the PAP re-supply businesses of a handful of non PAP providers. We previously announced the pending acquisition of the HME assets of Advanced Home Care in North Carolina. This is a well-run scaled HME provider with the footprints throughout the Southeastern United States. That is an underpenetrated market for AdaptHealth. So Advanced will create a great race to grow from in these markets. The management team at Advanced is top-notch and we are excited to have them join the AdaptHealth team. We expect this acquisition to close in the near future.

Our acquisition pipeline remains robust, and we expect to be active throughout 2020. We believe we can accretively acquire an additional $100 million HME revenue in 2020 in addition to already announced transactions. We will continue to look at opportunities to expand our product offering particularly for products that help patients with chronic diseases stay at home such as continuous glucose monitors, insulin pumps and other supply categories that were part of the PCS acquisition.

As we continue to grow, we are focused on building out the management team at AdaptHealth. In early 2020, we hired Andrew Pyrih as EVP Of Sales to focus on organic growth. We hope to announce several other exciting additions to our management team in coming weeks.

At this point, I'll turn the call over to our CFO, Gregg Holst, to review our Q4 and full year 2019 results.

Gregg Holst, Chief Financial Officer

Thanks, Luke. We generated net revenue of $149.5 million during the fourth quarter of 2019, a 38% increase over Q4 2018 and 10% higher than Q3 2019. Ordering power -- patterns particularly for PAP supply are typically highest in the fourth quarter of the year, and we benefited from that trend.

Full-year 2019 net revenue was $529.6 million, a 53% increase over 2018. The increase in revenue was primarily due to the acquisition activity as well as organic growth. For the fourth quarter of 2019, we had a loss attributable to AdaptHealth Corp a $3.4 million, and our net loss attributable to AdaptHealth Corp was $15 million for the full year.

In 2019, we had a number of transactions that impacted our GAAP earnings. These include: first, transaction costs and debt extinguishment costs totaled $18.1 million related to our acquisition activity, our Q1 2019 recapitalization transaction and our November 2019 merger with DFB. Additionally, we had equity based compensation expense related to vesting of awards in conjunction with the recapitalization and the DFB merger. And finally a non-cash interest charge of $11.4 million in connection with mark-to-market adjustments associated with the company's interest rate swaps.

Going forward, we have modified our interest rate swaps so that we should not have such charges in the future. On a non-GAAP basis, we reported adjusted EBITDA of $33.7 million for the fourth quarter, 31% higher than Q4 for 2018, and 6% higher than Q3 2019. We reported adjusted EBITDA less patient equipment CapEx of $21.8 million for Q4 2019, a 53% increase over Q4 2018 and $75.6 million for the full year, a 68% increase over 2018.

As Luke mentioned, we believe that adjusted EBITDA less patient equipment CapEx proxy for unlevered cash flow is the best way to judge our financial performance and our internal budget and incentive compensation plans are driven by this measure. Our focus on adjusted EBITDA less patient CapEx is ingrained in our operational DNA and heavily influences everything we do.

In terms of the balance sheet, we ended the year with $76.9 million of cash and a $161 million of undrawn capacity on our credit lines. As a December 31, 2019, our debt totaled $403.5 million and resulted in a debt-to-adjusted EBITDA leverage of 3.5x. We are comfortable at this leverage level and we intend to operate the business within a multiple turns but less leverage over the long term.

With that, I'll turn it back to Luke.

Luke McGee, Chief Executive Officer, Director

Thanks, Gregg. I'm happy to report, we will be increasing our guidance for 2020. We now expect to generate net revenue of $765 million to $782 million, adjust EBITDA of $155 million to $158 million and adjusted EBITDA less patient equipment CapEx of $95 million to $97 million. This outlook reflects the acquisitions of Advanced and PCS, but excludes anticipated first year PCS operating losses as well as severance and restructuring costs.

As we previously disclosed, the PCS business is a turnaround and we expect to incur a loss of approximately $15 million in 2020, including $7 million of severance and restructuring costs. I previously stated, we consider this $15 million plus the upfront purchase price of $15 million to be our aggregate investment of approximately $30 million in PCS. We expect PCS to break even in Q4 2020 and reach mid-single digit EBITDA and EBITDA less patient equipment CapEx percentages in 2021.

Our forecast for 2020 does not include the impact of any additional acquisitions we may consummate during the year.

I'll now ask the operator to open the call to questions.

Questions And Answers

Operator

(Question And Answer)

Operator

Thank you. Ladies and gentlemen at this time, we will be conducting a question-and-answer session. (Operator Instructions). Our first question comes from the line of Brian Tanquilut with Jefferies. Please proceed with your question.

Brian Tanquilut

Hey, good morning, guys. Congratulations on doing your first call on the strong end of the year. Luke, I guess my first question, since this is our first earnings call, as we look at the growth outlook for the business, you're forecasting EBITDA of about 20% growth, 26% on EBITDA less CapEx. How are you thinking about the sustainability of that growth? And what are the drivers there? Obviously, there's an organic component in M&A. So, if you don't mind, just walking us through the growth algorithm for Adapt as you see it over the next few years.

Luke McGee, Chief Executive Officer, Director

Great. Thanks, Brian. And thanks for the question. So, I think we're very comfortable and we're previously out there saying, we think we can grow the business on a long-term basis at 20% plus per year. As you said, it's a combination of organic growth, we saw for 2019 organic growth full year at the top end of our previously disclosed guidance of 6% to 8%. We are optimistic that we'll stay within that range if not exceed it for 2020. We also have the benefit in 2020 of getting the full-year impact of acquisitions that we did. We're busy this year, we did 18 deals throughout the whole year and so as we get the full-year impact, we're coming in and getting the benefit of that throughout 2020, but I think we're very comfortable that we can do that 20% top line and drop it down to the bottom line, combination of organic and acquisition-related growth.

Brian Tanquilut

And then Luke, I guess follow-up to that, I mean you did a lot of deals this past year. So if you don't mind just walking us through where the acumen for integrating deals, I mean, it's a lot of transactions. How do we -- how do you get investors comfortable that you can integrate that many deals and bigger deals going forward?

Luke McGee, Chief Executive Officer, Director

Yes, I think the first thing and it's important to note, all of those deals that we did in 2019 they are all integrated on our platforms as of today, through year end I'd say 99% of our business was on a common billing platform, today it's a 100%. We got that last 1% done here early in Q1 2020. And I just have to give compliments to Josh Parnes, our President and Shaw Rietkerk, who is our Chief Revenue Officer. Both of those guys have spearheaded the integration efforts in these transactions.

If you split out and look at the 18, I'd say more than half of those were really tuck-in small asset transactions that are going onto our platform day one. And then you had the balance being things that we need to plan in advance and really work hard to get on our systems. We're fortunate to use a billing system that is commonplace throughout the industry and allows us to due diligence integration even more quickly. Two of the recent deals we've announced, PCS and Advanced, we had the good fortune of being able to sign a transaction before closing, which gave us more than ample time to prepare. When we purchased PCS that closed January 2nd, it went on to our platforms day one. And so we have great visibility on that business.

When we closed Advanced, as I said, the closing date is going to be in the near future and we've had 75 days to plan and do all the process mappings, so they're going to go live on our process, on our billing system. And so I think we are respectful of how hard this has been, we've done 65 plus acquisitions since 2012. We certainly have our battle scars and our wounds from mistakes we've made. But importantly, those mistakes have educated the things that we just don't do again. We're pretty good at making sure that if we make a mistake, we just don't make that same mistake a second time.

So I think we're actually very excited about coming into 2020, looking at larger assets and companies that can join the AdaptHealth platform. You're going to see us we continue to be active in the first half of the year. I think that there may be just a little bit of a slowdown over the summer as we wait for the new competitive bid rates to come out. But the team is hungry. We're ready. We're continuing to hire and add on to the business development and integration teams.

Brian Tanquilut

And then I guess two quick questions from me on numbers. G&A for the quarter at about $9.5 million. Is that a good run rate to be using going forward for 2020?

Luke McGee, Chief Executive Officer, Director

I'm going to defer to Gregg on that one.

Gregg Holst, Chief Financial Officer

Yes, I would say so. We would have had 9.5% or you are saying --

Brian Tanquilut

$9.5 million G&A for the quarter adjusted. We can do this -- take it offline. I guess my last question --

(Multiple Speakers)

Brian Tanquilut

Okay. Yes and then Gregg, quarter cadence, how should we be thinking about -- I know there is seasonality in your business, how should we be thinking about that Q1 to Q4?

Luke McGee, Chief Executive Officer, Director

So I will hop in and Gregg can add some color. I mean Q4 seasonally with resupply orders and patients wanting to make sure that to extent they have some optionality or they can dictate the cadence. We do see patients ordering more in the fourth quarter on any resupply products before their deductible resets. So, Q4 will typically be our strongest quarter and then Q1 as the deductibles were reset and people have ordered, January tends to be a slower month, will certainly pick it up. So, you'll see -- yes, we would not expect Q1 to be as strong as Q4, but then other than that, there're very little seasonality in Q2 and Q3, also in Q1, you'll see on the balance sheet as deductibles reset, our pay -- our receivables will stretch out a little bit. We'll try to do our best to mitigate that by stretching our payables as well. But certainly cash is the tightest in the first quarter.

Brian Tanquilut

Got it. Okay. Thank you.

Luke McGee, Chief Executive Officer, Director

Thanks, Brian.

Operator

Thank you. Our next question comes from Pito Chickering with Deutsche Bank. Please proceed with your question.

Pito Chickering

Hey, good morning, guys. Thanks for taking my questions and welcome to, I guess, public conference calls. It looks like, you talked about organic growth rates running at the high end of 6% to 8% range for 2019 and that should continue in 2020. Can you walk us through the organic growth by segment? And give some color there and how that should continue in 2020 as well?

Luke McGee, Chief Executive Officer, Director

The fastest growing segment that we're currently in scale is sleep, and we're continuing to see that drive a lot of the organic growth. If you segments our business and look at sleep as a certainly a high-single digit grower to us depending on the territory, even low-double digits. We're seeing that carry through to resupply as well, on the sort of barbell of that, if that's a really -- it's a big business for us. It's growing fast, the barbell -- we looked our auction starts were flat year-over-year. We do not see auction as a growth category for us, partially driven by continued sort of pressure on documentation requirements, particularly coming out of an acute care hospital and we just don't see auction as a grower, we didn't see it in 2019, we don't expect in 2020. The nice thing about other product categories in our scale of markets where we've been doing HME, so the beds, walkers, wheelchairs, commodes, crutches, easy daily living. In the Northeast where we are doing it a long time, you're seeing that low-single digit growth in 2019 and that's also what we expect going forward.

We've been out there saying, we want to do more of that across the rest of the country. And so, growth rates aren't even really applicable, because you're growing off a such a slow base, but we started to see traction in the second half of the year in markets like Texas, Colorado, California and the Pacific Northwest basically by broadening our product portfolio. The one thing I'd like to note is with the PCS acquisition, we are obviously in more product categories now.

We are particularly excited. We have a small, but burgeoning diabetes care business, both insulin pumps and CGM. And we think that with all the comorbidities across our 1.4 million patients, that should be an area where we should be able to drive outside organic growth going forward.

Pito Chickering

Okay, fair enough and then on -- let's see the deal market, so obviously doing M&A is important to your growth, where are the multiples today? Are you seeing more competitors come in and try to buy DMEs those you want to buy and do you see those multiples maintaining at the current levels? Are they going up or they going down? Kind of I guess how do you view the overall deal market is doing?

Luke McGee, Chief Executive Officer, Director

Yes. I mean we still have -- we have a couple of our large peers who continue to be acquisitive and active in the acquisition market. What I tell you is for smaller deals, we're not seeing much price pressure in the sort of sub $10 million range, there's just not a lot of -- most transactions aren't sloppy. For good well-run companies, companies like Advanced and some of the other stuff we have in the pipeline, we are seeing prices by a multiple turn or two tick up, which we're happy to pay for a good well-run business, we've sort of said we want to buy things at 4x to 6x our first year's cash flow. If we have to pay another multiple turn to get a good management team in a good market, we're going to be happy to do that. If we look at the Advanced transaction, we think we're slightly on top of that 4x to 6x guidance and what we expect for the first year, but we're getting a scaled asset in that territory. And so just to conclude (inaudible) for really high quality assets, we're going to run into other buyers and may have to pay another turn or two. For the smaller stuff even if they are quality assets, we think the pricing is flat and stable.

Pito Chickering

Great and then some numbers questions here. For revenues, will you keep on breaking out revenues by sales and rental going forward?

Luke McGee, Chief Executive Officer, Director

Yes.

Pito Chickering

Okay, and then looking at the 2020 revenue growth, guidance is $765 million to $782 million. I think you talked about $160 million from announced deals, $100 million of unannounced deals that sort of about sort of backs into implied organic revenue growth of 5.2% versus the 6% to 8%. So I'm just curious how you walk us through the revenue growth for 2020, M&A versus organic, how should be thinking about that?

Luke McGee, Chief Executive Officer, Director

Yes, so I think you have to back out that $100 million of unannounced that is not included in our guidance. So we're only giving guidance for assets that we own today including PCS plus the Advanced transaction that we hope to close in the very, very near future. And so that $100 million of unannounced deals that would be incremental to any of our projections. So what you're seeing is get this $765 million to $782 million, you're seeing the full-year impact of those announced deals, we are seeing PCS included in those numbers, including a some shrinkage at PCS was $134 million for the trailing 12 months at 10-31-'19[ph], we're projecting closer to $115 million on the first year of our ownership. I can tell you our internal modeling is done at the lower end of that organic growth bridge. So we're modeling 6% organic growth on a blended basis.

Pito Chickering

Great, and then from a margin perspective, margin for 2020 for adjusted EBITDA guided to be 20.2% at the midpoint, 23.2% in 2019. Obviously PCS segment our loss in 2020 pressures that by 90 basis points, but can you just walk us through what impact the margin in 2020 and as PCS rolls through in 2021, is it gets to the mid-single digits? So how your adjusted EBITDA margins should flow through?

Luke McGee, Chief Executive Officer, Director

Yes, so PCS will -- it's a lower margin business. We think that supplies categories in general, even well-run are going to be lower margin businesses. At scale, we think PCS a fully integrated, fully up and running can be a low double-digit margins contributor. You're talking like 12% and so that's going to put pressure or blend down our both our adjusted EBITDA and our adjusted EBITDA less patient equipment CapEx. I think we should still be able to normalize on the EBITDA margins in the low to mid 20's, so 22%, 23% sort of run rate even with PCS and then most importantly, as we said, we run this company on adjusted EBITDA less patient equipment CapEx. We think 13% to 14% with the supply business lines is absolutely achievable.

Pito Chickering

Great and then lastly just for Josh, DSOs came down despite all the deals you guys have been rolling up. Obviously PCS is not in there yet. But just curious, how you have done such a good job on cash collections and integration seems like a pretty hard task, which you guys have done pretty well. So can you just walk us through how you have been able to great -- so great from a cash flow perspective?

Luke McGee, Chief Executive Officer, Director

You mentioned Josh, Josh actually isn't here with us on the call. He's focused on running the business. He's doing a great job at that, but he is the right one to answer that question. Both Josh and Shaw who's our Chief Revenue Officer, we really sat down prior to announcing our transaction with DFB and challenged ourselves to do a better job in collecting our cash flow and being more disciplined in the process. And so Shaw put forth a very thoughtful plan of key hires that we executed on, one that (inaudible) John Moore who came on and they've just every week we are on a call, every Friday talking about our cash collection trends, where there's an opportunity with payers, where there's better automations and rules we can put in place in our billing system. And so, we know DSO will stretch out in Q1 due to deductible season, but we're going to pride ourselves on continuing to increase -- decrease that DSO and increase our performance over the rest of 2020. We still think that there's a little bit of room.

Pito Chickering

Great. Thanks so much.

Operator

Thank you. Our next question comes from Mathew Blackman with Stifel. Please proceed.

Mathew Blackman

Good afternoon, everyone. Thanks for - sorry, good morning, everyone. Thanks for taking the question. I just wanted to start on PCS and it is one of the larger deals you've done and was hoping to get a little bit more detail or update on the integration. I think just tracking on plan relative to your typical onboarding of new asset, any surprises so far the good or bad? And then the follow-up is, are you going to call out those PCS specific expenses on the P&L throughout 2020? And I have got one more bigger picture question.

Luke McGee, Chief Executive Officer, Director

Yes, sure. So on PCS, I'll answer your second question first. We do intend for 2020 to on a non-GAAP basis identify the costs associated with PCS, so that we are held accountable and contract both the non PCS and the PCS business. As you point out, it was a large transaction. And so, I think cautiously optimistic, we're about 60 days in, we are tracking at or above plan for the first 60 days, which is obviously nice, but we're certainly not declaring victory, we know the most important thing is getting into those run rate profit margins that we expect to see.

In terms of unexpected, listen, we bought the business from McKesson, Fortune 10 company, great company. But not a typical seller, they're not used to selling things. And so it has been painful at times, some of that caused by Adapt and some caused by McKesson in transitioning off of their systems and making sure that the team there understands the sort of more entrepreneurial spirit at Adapt. But if you adapt in 60 days in, yes, I'm very optimistic about what it's going to do we're optimistic, we've seen and started to really understand the diabetes business that we inherited there, it's a small piece less than 10% of PCS, but fast growing and one we're very excited about.

We think that just as we thought going in, we're realizing that the resupply competency both from a software, from a call center and from a mindset perspective with the patient engagement, things that we do really well on PAP resupply. We're seeing that translate across the PCS business lines. We hope to continue to negotiate better pricing with our manufacturers and the new manufacturers that we've inherited part of PCS as we separate from McKesson and their sort of buying power. But it's a long way to say we're excited about it and we're tracking as planned.

Mathew Blackman

I appreciate all that color. Thanks, Luke. And then from a bigger picture standpoint, the 2021 -- fiscal 2021 budget proposal came out a few weeks ago and there were some DME-related provisions in there. Is there anything in there this year versus prior years that we should be sensitive to as you guys look through that?

Luke McGee, Chief Executive Officer, Director

I don't think there's any major changes, obviously they continue to talk about sort of potential changes to competitive bidding in 2024 and whether each supplier would have their own bid rather than the clearing price and those proposals have been in previous budgets. I think this is the first time they put -- they suggested the 2024 round at this point. I don't want to use an offensive word, but the proposals are certainly not fully baked. Yes, and we're working with our various trade groups whether it be a Homecare or CQRC, you have to make sure that our advocates on the health understand our positions. We are not adverse to the competitive bid program. We've built our business in the face of it and in some respects because of it and so we embrace rational changes to the program to continue to improve the move to clearing price in this round. We thought it was a great change. And so we'll continue to sort of work with our advocates on the health to make sure that they understand our perspective, but nothing overly concerning.

Mathew Blackman

All right, that's all I had. Thank you so much. Appreciate it.

Operator

Thank you. It appears we have no additional questions at this time. So I'd like to pass the floor back over to Luke McGee for any additional concluding comments.

Luke McGee, Chief Executive Officer, Director

Thank you. I'd like to close by reiterating our confidence and conviction in our ability to execute on our strategic priorities. We believe we can grow top line by approximately 20% each year with organic growth of between 6% and 8% and the balance from acquisitions. It's important to note, we believe we can achieve that 20% based on internal funds.

We are seeing a robust pipeline of opportunities to acquire solid businesses. In addition to HME companies, we're looking at other supplies businesses that we can combine our bolt-on to the PCS platform. We plan to address -- we plan to expand our addressable markets to accomplish products for patients suffering from a variety of chronic conditions. We believe we built a platform that is uniquely positioned to serve these patients and build value for our shareholders.

Thank you for joining us today. We'll be presenting at a number of conferences throughout the year, beginning with the SVB Leerink Global Healthcare Conference in New York later this week. We hope to see some of you there. If you have any questions about the financials or information discussed today, please reach out to our CFO, Greg Holst, or Devin Sullivan at the Equity Group. Thanks and have a great day.

Operator

Ladies and gentlemen, this does conclude today's teleconference. Once again, we thank you for your participation. And you may disconnect your lines at this time.