

Interface, Inc. NasdaqGS:TILE

Earnings Call

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Call Participants

EXECUTIVES

Bruce A. Hausmann
VP & CFO

Christine Needles
Global Head of Corporate Communications

Laurel M. Hurd
President, CEO & Director

ANALYSTS

David Sutherland MacGregor
Longbow Research LLC

Kathryn Ingram Thompson
Thompson Research Group, LLC

Keith Brian Hughes
Truist Securities, Inc., Research Division

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Presentation

Operator

Thank you for standing by. My name is Bhavesh, and I'll be your conference operator today. At this time I would like to welcome everyone to the Q1 2023 Interface Incorporated Earnings Conference Call. [Operator Instructions]. Thank you.

I will now hand the call over to Christine Needles of Corporate Communications. You may begin your conference.

Christine Needles
Global Head of Corporate Communications

Good morning, and welcome to Interface's conference call regarding first quarter 2023 results, hosted by Laurel Hurd, CEO; and Bruce Hausmann, CFO.

During today's conference call any management comments regarding Interface's business, which are not historical information, are forward-looking statements within the meaning of federal securities laws.

Forward-looking statements include statements regarding the intent, belief or current expectations of our management team as well as the assumptions on which such statements are based.

Any forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties that could cause actual results to differ materially from any such statements, including risks and uncertainties described in our most recent annual report on Form 10-K filed with the SEC. The company assumes no responsibility to update forward-looking statements.

Management's remarks during this call also refer to certain non-GAAP measures. Reconciliations of the non-GAAP measures to the most comparable GAAP measures and explanations for their use are contained in the company's earning release and Form 8-K furnished with the SEC today.

Lastly, this call is being recorded and broadcasted for Interface. It contains copyrighted material and may not be rerecorded or rebroadcasted without Interface's express permission. Your participation on the call confirms your consent for the company's taping and broadcasting of it. After our prepared remarks, we will open up the call for questions.

Now I will turn the call over to Laurel Hurd, CEO.

Laurel M. Hurd
President, CEO & Director

Thank you, Christine, and good morning, everyone. Before I move into the quarter's results, I want to update you on our progress with One Interface.

As a reminder, we announced this multiyear strategy after a deep dive into the business with a focus on increasing value for our shareholders. We plan to emerge from this process with more consistent growth in our core business, expanded and sustainably higher gross margins and a far more globally leverageable business.

To do that, we will prioritize investment in our largest, most profitable markets, accelerate our leadership in design and innovation and better leverage our selling systems by delivering strong global products and innovations. We will continue to be committed to our mission to be the most sustainable company in the world across environmental, design, social and economic aspects. This is our foundation.

On our path to get there, our One Interface strategy is focused on 3 main objectives: First, we are working to reduce the complexity of our business model by transitioning from regional to global portfolio management that will drive more global product collections and simplify the operations required to support them. We have already begun this work. In the near term, we are looking at investments in automation

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and other areas with quick paybacks. Over the medium term, we are analyzing and optimizing our supply chain and global footprint to identify synergies and cost savings. As we told you, we are recruiting a Global Chief Supply Chain Officer to lead these efforts.

Second, we are continuously working to improve our pricing and mix management. We are enhancing our efforts in the fastest growing, most profitable categories in flooring today, LVT, the floor rug business, and Nora Rubber, which are all accretive to our core carpet tile business.

In the resilient category, we have the best LVT on the market and continue to gain share. LVT remains one of the fastest-growing categories in floor care, commonly used in both corporate office and education. Our floor rugs are the perfect complement to LVT floor plates, and we are seeing double-digit growth of the FLOR brand in our commercial channel.

Nora is the leading rubber flooring brand in the world, and we will continue to bring design into what has historically been a technical category. We believe the end markets of health care, life science and education have tremendous durability, and expanding our focus on these markets remains a key priority.

Carpet tile remains a core category and a critical component to our success. We're the leading premium player in this category, and we continue to deliver product and design innovation, staying ahead of our customer demand. While the carpet tile category doesn't have the tailwinds that it once did, Interface will continue to gain share with new premium designs across our carbon neutral and carbon-negative products as well as efficiently designed collections at compelling price points.

An example of the latter is our Open Air collection, which we further expanded in the U.S. this quarter. It has a compelling price point, and we have designed it to run efficiently in our plan to meet our margin requirements. To date, this collection is our fastest-growing in history in terms of volume sold, and we are building on the success here.

Third, we are globalizing our core functions to support our world-class local selling team. Our recently appointed Vice President of Global Marketing is uniting the local, regional and corporate marketing teams into one global team versus separate teams across the globe. We are doing the same with R&D, design and innovation as well as our back office functions. This will drive efficiency, eliminate redundancy and enable the teams to deliver our best work. We're moving quickly on this front that we recognize as the transformation that will take time. The new leadership team is in place and they are now working to build out their global team.

For the first time in several years, we are bringing our design leaders together for a global design summit to accelerate the transition from regional to global design platforms and quickly identify the designs in our pipeline with the biggest opportunities to drive global growth. We will be launching our first global collection in several years in the back half of this year and are excited about the impact this will have on our business.

Similarly, our supply chain leaders came together to collaborate on our global productivity funnel and improvements in our manufacturing operations to enhance our margin performance. It's early days that these are a few examples of the progress we're making to globalize the company. We believe the One Interface strategy will support our growth ambitions and ultimately create shareholder value by bringing the best of Interface to bear.

Now let's talk about the results for the first quarter. Interface delivered currency-neutral net sales up 5% year-over-year, driven by strength in the Americas, EMEA and Australia, partially offset by weakness in Asia. We are investing in customer-facing activities and innovation to drive our short and long-term growth while managing all other costs and focusing on productivity to improve our margins. The team executed well despite a challenging operating environment, including persistent input cost inflation and currency headwinds. I continue to be impressed with their hard work and dedication to our customers.

During the quarter, education and corporate office were our market segment growth leaders. We also saw growth across all product categories as customers leaned into our diversified product portfolio using a mix of flooring to meet their unique design needs. Our LVT category was up double digits in the quarter, driven by our differentiated offering with superior acoustic properties, enhanced durability and the most recycled

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content in the industry. Interface continues to win in the marketplace and take share in this growing category.

Our gross margins this quarter are not where we need them to be. And while we have been successful in capturing price to partially offset inflation, we're still working through expensive inventory on our balance sheet and inflation for raw materials remained a headwind in the first quarter. We are starting to see signs of lower inflation and potentially some deflation in the future, but there will be a lag before these benefits flow into the P&L. In addition, production rates in Q1 last year were elevated as our plants were catching up to meet the post-COVID pent-up demand.

The good news about where we stand right now is our supply chain has stabilized in terms of raw material and labor availability, and we are meeting customer lead times back to normalized levels. However, production levels were down year-over-year compared to last year's catch-up environment, which adversely impacted fixed cost absorption in Q1 and is incorporated into our Q2 guide.

Looking at orders. Consolidated currency-neutral orders were down 2.2% compared to the prior year, which included Russia, a geography we have since exited. Excluding Russia, consolidated orders were up 1.2%. Currency neutral orders in the Americas and Australia were up 6% and 19%, respectively, and EMEA was up 3%, excluding Russia, reflecting continued steady demand that was fairly broad-based with the exception of Asia, which was down 50% on slow and soft post-COVID recovery. We continue to see steady order flow. However, we are mindful of the tightening macroenvironment, and we have a challenging Q2 comps as net sales were up 18% year-over-year in Q2 2022.

We experienced increased traffic at big trade events across Europe, and we're looking forward to NeoCon, and at NeoCon, we will launch several exciting new carpet tile and LVT offerings, and we look forward to sharing these new product launches with our customers and partners. We have launched several exciting new products across our portfolio in Q1.

In carpet tile, we launched our new Third Space collection to help our customers design for the Third Space trend, alternative places where people work, collaborate and reenergize. This collection combines classic office design with a plush residential feel and a cosier color pallet. We also expanded our very successful Open Air collection and launched Connected Ethos, featuring biophilic design, more recycled yarn content and low embodied carbon.

On the resilience side, we unveiled our new Northern Grain LVT, and we also launched noraplan convia, which features a streamlined design at an attainable price point. It withstands heavy foot traffic, hides messes and absorbs sound, making it ideal across our target segments.

We have much more in the pipeline over the course of the year, including, as I said earlier, a global collection launch planned for the second half. Our differentiated product offering, best-in-class sustainability story and strong financial position continue to set us apart from others in the industry and set us up well for long-term growth.

And with that, I'll turn it over to Bruce.

Bruce A. Hausmann
VP & CFO

Thank you, Laurel, and good morning, everyone. First quarter net sales totaled $295.8 million, an increase of 2.7% versus last year's first quarter. FX-neutral net sales growth year-over-year was up 5.2%.

First quarter FX-neutral net sales growth in the Americas was up 9% and EAAA was up 1% year-over-year. We have strong FX-neutral year-over-year growth in EMEA and Australia, which was offset by Asia due to a soft post-COVID recovery in China.

First quarter adjusted gross profit margin was 33.3%, a decrease of 466 basis points from the prior year period due to lower fixed cost absorption and higher raw material costs, partially offset by higher pricing.

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Adjusted SG&A expenses were $83.2 million or 28.1% of net sales in the first quarter compared to $78.6 million or 27.3% of net sales in the first quarter last year. The increase was due to higher selling costs and inflation.

First quarter adjusted operating income was $15.2 million, down 50% versus adjusted operating income of $30.6 million in the first quarter last year. The decrease was primarily due to lower gross profit margins, our lower fixed cost absorption and inflationary raw material costs, partially offset by higher pricing.

In the first quarter of this year, raw material inflation was up 9% year-over-year, and that was coming off of a 27% year-over-year increase in raw material costs in Q1 last year. Year-over-year net sales growth came from price as carpet and rubber volumes were slightly down year-over-year, and LVT volumes were modestly up.

First quarter adjusted EPS was $0.07 versus $0.28 in the first quarter last year. Adjusted EBITDA was $26.3 million this year versus $42.9 million in the first quarter last year. We generated $29.6 million of cash from operations.

Liquidity at quarter end totaled $390 million, consisting of $101 million of cash and $289 million of revolver capacity. We repaid $19 million of debt in the quarter, resulting in net debt or total debt minus cash on hand of $399.8 million at the end of the first quarter. The last 12 months of adjusted EBITDA was $159.5 million, and our net leverage ratio was 2.5x, calculated as net debt divided by adjusted EBITDA.

Our required principal and interest payments and all outstanding debt are approximately $9.8 million per quarter. And with our strong balance sheet and strong cash generation, we plan to continue paying down debt as our top capital allocation priority. Capital expenditures were $5.7 million in the first quarter of 2023 compared to $4.8 million in 2022.

Moving to our outlook. Interface is well positioned to navigate through continued macroeconomic uncertainty in 2023 and has successfully managed through challenging periods in the past. We remain cautious given continued pressures from ongoing inflation and rising interest rates. And as a result, we have updated our full year 2023 guidance and now anticipate the following.

For the second quarter of 2023, net sales of $325 million to $345 million. As a reminder, we have challenging comps in Q2 as net sales were up 18% year-over-year in Q2 last year. Comps get easier in the back half of 2023 as net sales were up 2% year-over-year in the back half of 2022.

We are also anticipating adjusted gross profit margin of approximately 33%, adjusted SG&A expenses of $85 million to $86 million, adjusted interest and other expenses of approximately $10 million and fully diluted weighted average share count of approximately 58.2 million shares.

For the full fiscal year of 2023, we are anticipating year-over-year net sales growth of 0% to 3%, adjusted gross profit margin of 33% to 34%, adjusted SG&A expenses that are 25% to 25.5% of net sales, adjusted interest and other expenses of approximately $36 million and adjusted effective tax rate for the full year of approximately 30% and capital expenditures of approximately $32 million. We are confident in our growth strategy, our market leadership position and our ability to enhance value for our shareholders.

And with that, I'll turn the call back to Laurel for concluding remarks.

Laurel M. Hurd
President, CEO & Director
Thank you, Bruce. I want to thank our team for their continued efforts and our customers for their ongoing support. I look forward to building on our momentum and executing on our strategy to position Interface for sustainable growth and enhance value for our shareholders. Thank you.

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Question and Answer

Operator

[Operator Instructions] Our first question comes from the line of Kathryn Thompson from Thompson Research Group.

Kathryn Ingram Thompson
Thompson Research Group, LLC

I appreciate the color you gave in the prepared commentary on the outlook. And just a follow-up clarification on the adjustment in guidance.

To what extent the factors are at play with just the quarter and what happened in Q1 versus any change in opinion you've had for the remainder of '23 that may be different than what you outlined in Q4?

Laurel M. Hurd
President, CEO & Director

I'll take that. So I think -- we started off the year really bullish from an order perspective. In January and February, our orders were really strong. They've remained steady in March and April, but have softened a bit. We're still seeing really continued demand. We've got a tough Q2 comp, and certainly, the market dynamics have gotten a bit more challenging since we last spoke. So we've just moderated our guidance in the back half. We do have growth planned for the back half, and that's partially because our comps get much softer.

If we look at March and April, to be fair, they were our highest order intake weeks last year throughout the month of March and April. So they're our toughest order comps as well, and we're continuing to navigate through that.

We're continuing, I would also say, to see strong demand in health care and education. And we're also seeing continued trends for Class A office space. So that continues to be strong. And also the regional migration in the U.S., as you know, is continuing. I was in Dallas a couple of weeks ago, and the activity there is just really exciting.

Kathryn Ingram Thompson
Thompson Research Group, LLC

And if you were to look at some of just the moderating pace that you described, are there any end markets or geographies or even a product type that you're seeing with that -- with changes in trend or moderation?

Laurel M. Hurd
President, CEO & Director

Yes, I think the one challenge that we spoke to in the prepared remarks is China. We are seeing a lot of project delays in China. We've got a pretty good pipeline, but that certainly has been challenging for us. The Australia remains really strong. So that continues. We see continued growth there.

And I would say, again, our LVT business, our Nora rubber business are very, very strong. Our floor carpet tile business is strong, and we've had really good success with our Open Air platform, as we mentioned, which is still at a very premium price point but a bit more moderate, which has been taken off like crazy.

Kathryn Ingram Thompson
Thompson Research Group, LLC

It can be a hot button to push. So I'll acknowledge that in advance. But this is a conversation we've had with many types of companies broadly in the construction, industrial value chain that have a global footprint. We have run across some that are just deciding not to do business in China just because it's now become -- it's less predictable, it's not profitable and a variety of factors, both public and private

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companies. What are your thoughts in terms of more specifically your footprint and long-term view on -- in China?

Laurel M. Hurd
President, CEO & Director

Yes, it's a great question, Kathryn. And certainly, it's something that we continue to look at our business, even in that market for a long time, and our business there has been steady for a long time right now. It looks like a lot of project delays versus a significant trend change. But I'd say everything from the table, so we're continuing to consider all those alternatives.

Bruce A. Hausmann
VP & CFO

I agree with what Laurel mentioned. I would just add, we have a really strong government business in China, which serves us extremely well with -- particularly with the Nora business. And so, that's something that we have a strong foothold in, which is great for us. It's profitable business. It also helps us with our fixed cost absorption in our plant. And it's just that they're longer selling cycles to be fair. And some of those -- when Laurel mentioned about project delays, that's where we're really seeing it in these really large government projects. So for the long haul, we view that as a really good business.

And the other area where China is strategic for us is with our strategic accounts. That is an area where our customers look to. They want us to have a presence in order to serve them with the same products they're able to get in our -- in the U.S. market.

Operator

Our next question comes from the line of Mr. David MacGregor from Longbow Research.

David Sutherland MacGregor
Longbow Research LLC

Yes, I would like to maybe start by just getting your assessment of how disruptive is One Interface to results right now? I realize you're shaping the organization up, this is a big chore to consolidate on a global basis like this. But it also can be a distraction, obviously. And so I'm just trying to sort of pair that thought with sort of the published results and get an assessment from you of how disruptive that might ultimately be and how long that would last?

Laurel M. Hurd
President, CEO & Director

David, that's a great question. I would say, certainly, we're making changes, right? And we believe that's the right thing to do for the long-term health of the company.

The company has been wired historically as very regional organizations. So it will take some time. It's not just a flip of the leadership team. We're changing how we innovate, how we build our brands around the world really to better leverage our global scale and drive efficiencies for the long term. So there is -- it's a fair point, there's a lot of change right now. What we're not touching are really our local selling team. So the folks on the street in the market, they're out there every day driving for results.

So I'd say in the heart of the business right now, there's not a lot of disruption, but we're making some change that we believe long term will really bring the best of Interface to life.

David Sutherland MacGregor
Longbow Research LLC

Do you have a means of just assessing quantitatively the impact, in other words, incremental expense or incremental revenue impact from your various initiatives?

Laurel M. Hurd
President, CEO & Director

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From a long-term perspective, we think it will help us to drive obviously accelerated growth, sustainable growth. From a cost standpoint, there's some short-term hits on that. In year cost savings is only about $5 million. So it's not a massive number this year and truly will come from as we continue to globalize the business over time. And it's not just a cost-cutting exercise. We really do believe we can bring more products, better designs, more consistent marketing that will drive more growth long term.

David Sutherland MacGregor
Longbow Research LLC

Trying to... Yes, go ahead.

Bruce A. Hausmann
VP & CFO

I was just going to add to Laurel. Part of what Interface is all about is about operational efficiencies, and that's what we're driving here and nimbleness and quicker decision-making, which ultimately serves the customer better. So while there are some -- as Laurel mentioned, there are some nominal cost opportunities inside of One Interface. it really is also about serving the customer better and serving the customer in a standardized and -- way around the globe so that we can meet their needs and we can serve them where they are.

David Sutherland MacGregor
Longbow Research LLC

Just wanted to ask you about China. 50% drop in orders is obviously a big number. How much of that is sort of the environment as you referenced? And how much of that might just be sort of follow on from some of the changes that you're making in that part of the world?

Laurel M. Hurd
President, CEO & Director

Yes. I think it's -- about half our business there is -- as Bruce has stated, is our Nora rubber business, which is really project delays, government fund and things like airports, high-speed rail that we believe will be consistent but are delayed. And the other half is our corporate office business, which a lot of that, as Bruce said, is our global customers, and we've seen delays from them as well in some of the work that they've been doing to -- in their office environment.

David Sutherland MacGregor
Longbow Research LLC

And then finally for me on the guidance revision around gross margins. Is there any way to talk at least qualitatively about U.S. versus rest of world, and how they're factoring into that revision??

Bruce A. Hausmann
VP & CFO

Yes, David. The -- we're really seeing -- the dynamics that are growing on with gross margins are pretty broad-based globally. And to overly simplify a fairly complicated topic, there really is 2 things: It's persistent inflation and then it is lower volumes, which are driving less fixed cost absorption in our plants, which is -- I know you know this, but it's not unique to us. It's -- That is an industry-wide phenomenon. We think that we're faring better than the rest of the industry and our volumes were only down mid-single digits, which -- and so all of our growth, as we mentioned in our prepared remarks, came through price.

But even with price being basically at parity with inflation, we -- still we had some margin erosion as a result of inflation. And then the rest of the erosion came from fixed cost absorption. And it wasn't unique in any particular area. It was something that we saw basically in all of our locations.

Operator

Our final question of the day comes from the line of Keith Hughes from Truist Securities.

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Keith Brian Hughes
Truist Securities, Inc., Research Division

In the second quarter guidance, what kind of influence do you expect from currency and then what influence from price?

Bruce A. Hausmann
VP & CFO

So Keith, on the top line -- hang on 1 second.

Keith Brian Hughes
Truist Securities, Inc., Research Division

I'm referring to -- top line is what I'm referring to.

Bruce A. Hausmann
VP & CFO

Okay. On the top line, year-over-year, we don't -- from a translation standpoint, we don't think that currency is going to have a large effect in Q2. It did in Q1. On the top, it -- the translation cost is about $7 million on the top and it costs us about $1 million on the bottom. But that -- if currencies stay where they are today and don't move, then that sort of normalizes in Q2, where it's about flat on the top and flat on the bottom from a currency standpoint.

And then if currencies again stay where they are today, it actually would be a helper in the back half. It would help us on the top, and it would help us on the bottom year-over-year.

Keith Brian Hughes
Truist Securities, Inc., Research Division

What about price in the second quarter?

Bruce A. Hausmann
VP & CFO

Are you asking what -- if we're going to increase prices or decrease prices? I just want to make sure I understand your question.

Keith Brian Hughes
Truist Securities, Inc., Research Division

Yes, sure. Just on the guide, how much pricing gain do you expect?

Bruce A. Hausmann
VP & CFO

Yes. Most of our growth that we're forecasting in Q2 is coming from price.

Keith Brian Hughes
Truist Securities, Inc., Research Division

The midpoint would have you down a couple of points. So I guess that would mean you're expecting a pretty weak unit number in the second quarter. Is that -- am I reading that correctly?

Bruce A. Hausmann
VP & CFO

We are expecting volume to be down year-over-year in Q2, like we saw in Q1. That is at similar levels.

Keith Brian Hughes
Truist Securities, Inc., Research Division

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And then you're kind of forecasting growth with the guidance in the second half of the year. Is that again more price? Or do you expect units to turn positive?

Bruce A. Hausmann
VP & CFO

It will be -- a lot of the growth will come from price. We're thinking that units will be slightly down in the back half. The biggest difference between the first half and the back half is the comps. The back half we're comping a 2% growth rate versus the first half where we're comping a double-digit increase year-over-year last year.

Keith Brian Hughes
Truist Securities, Inc., Research Division

But what were your units last year? I mean, there was just a lot of price coming in last year. I think you started off with some pretty strong units in the first quarter. I'm not sure what they did the rest of the year in '22.

Bruce A. Hausmann
VP & CFO

Our units -- Sorry, can you ask that question again? I'm not sure if I understood it.

Keith Brian Hughes
Truist Securities, Inc., Research Division

So what kind of unit growth would you see in '22?

Bruce A. Hausmann
VP & CFO

In 2022, units were relatively flat year-over-year. They're -- Well, it changed. In the first half, they were up. In the back half, they were relatively flat. And so -- and of course, what we're seeing now is we're seeing units being slightly down mid-single digits.

Keith Brian Hughes
Truist Securities, Inc., Research Division

And I guess also, you had talked about weaker orders in May and April and -- March and April. I know you got a tough comp, as you had said. What kind of order rate on that top comp? What kind of order percentages are you saying year-over-year?

Bruce A. Hausmann
VP & CFO

So if you look at where we landed at the end of Q1 -- I'm going to give you a bunch of different numbers to help you get some text on this. So if you look at total company, our FX-neutral orders were down 2.2%. And if you look at -- remember, that includes the Russia business that we exited. But if you exclude Russia, our orders were up 1.2% FX-neutral total company. Now you double-click down on that, and there's a lot of different pieces.

Actually, our Americas orders were up -- nicely up about 6%. Our EMEA orders were up nicely around 3%, excluding Russia. The biggest challenge that we have is our orders were down in Asia and they were down about 50%. So we think that what we saw in Q1 around delayed projects in Asia, principally in China, is going to continue through Q2 based on the best information that we have, and that's all built into our guide.

Keith Brian Hughes
Truist Securities, Inc., Research Division

And I assume that the numbers you just gave me in March and April, the numbers were below that in terms of order rates and other geographies. Is that correct?

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Bruce A. Hausmann
VP & CFO

April -- I wanted -- the dollars that are flowing in are fairly steady, but the year-over-year growth rates are not as -- are more challenged because we had such strong order growth rates in March and April. So we have really tough comps from an order standpoint in March and April.

But to be -- but I want to be -- I want to make sure I'm communicating effectively. The order flow is steady from a dollar standpoint, it's just really tough comp.

Operator

We have a follow-up question from David MacGregor from Longbow Research.

David Sutherland MacGregor
Longbow Research LLC

Just one more for me. Could you help us with your expectations around working capital for the year? I'm just trying to round out the cash flow model here. You've given us a CapEx number, but I guess we can sort of imply an EBITDA number, but how are we thinking about the balance sheet?

Bruce A. Hausmann
VP & CFO

Yes. That's a -- because we're very focused on working capital. We think that -- I think you saw some nice progress around inventory in Q1. Year-over-year, it was down 2%, while our revenue was up FX-neutral 5%. So that was a good outcome. And we're going to continue to be managing our inventory and making certain that our inventories stay at the right level. And you also probably saw that we generated a lot of cash around accounts receivable. We're very focused on making certain that we collect the cash.

So I think that this will be a good year for us from a working capital standpoint. Certainly, Q1 was very strong. I don't think the rest of the year will be as strong as Q1. But I think -- but we believe that working capital -- we're focused on increasing our turns, making sure that our inventory stays in line with our growth rates and making sure that our accounts receivables managed effectively. So again, I think it will be a good cash flow year.

David Sutherland MacGregor
Longbow Research LLC

Do you have a conversion rate in mind? Is there a number that you can share or...?

Bruce A. Hausmann
VP & CFO

Not something that we necessarily publish, David. I think we -- but I think it will be in line with -- as you know, last year was not where we wanted it to be from a cash flow standpoint. But I think if you look back in the years prior to that, I think it should be similar, if not a little bit better, given the focus that we have on it.

Operator

There are no further questions at this time. I will now turn the call back over to Laurel Hurd for closing remarks.

Laurel M. Hurd
President, CEO & Director

Great. Thank you, everyone. I appreciate the questions. Appreciate you listening today. And I just want to thank all of our associates and our customers for their continued support and their hard work.

Operator
Thank you. That concludes the conference call today. You may now disconnect your lines.

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