NOV, Inc.
Fourth Quarter and Full Year 2023 Earnings Conference Call Remarks

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Director, Investor Relations

Welcome everyone to NOV's fourth quarter and full year 2023 earnings conference call. With me today are Clay Williams, our Chairman, President, and CEO, and Jose Bayardo, our Senior Vice President and CFO.

Before we begin, I would like to remind you that some of today's comments are forward-looking statements, within the meaning of the federal securities laws. They involve risks and uncertainty, and actual results may differ materially. No one should assume these forward-looking statements remain valid later in the quarter, or later in the year. For a more detailed discussion of the major risk factors affecting our business, please refer to our latest Forms 10-K and 10-Q filed with the Securities and Exchange Commission. Our comments also include non-GAAP measures. Reconciliations to the nearest corresponding GAAP measures are in our earnings release available on our website.

On a U.S. GAAP basis for the fourth quarter of 2023, NOV reported revenues of $2.34 billion and a net income of $598 million or $1.51 per fully diluted share. For the full year 2023, revenues were $8.58 billion and net income was $993 million. Our use of the term EBITDA throughout this morning's call corresponds with the term "Adjusted EBITDA" as defined in our earnings release.

Later in the call, we will host a question and answer session. Please limit yourself to one question and one follow-up to permit more participation. Now, let me turn the call over to Clay.

CLAY WILLIAMS
Chairman, President, and Chief Executive Officer

Thanks, Amie.

NOV continued its strong sales growth through the fourth quarter of 2023, with revenues of $2.3 billion up 7% sequentially, completing a year in which the Company generated $8.6 billion in sales.

Full year revenues increased 19% from 2023 versus 2022, driven by strong offshore and international demand, continued supply chain improvement, and increasing uptake in the new technologies NOV has been introducing to its customers.

Fourth quarter EBITDA increased to $294 million, or 12.5% of revenue, up 30 basis points from the prior quarter and up 140 basis points from the fourth quarter of last year. Despite higher-than-expected sales for the fourth quarter, EBITDA leverage was lighter than expected at 17%, falling short of our forecasts due in part to continuing activity declines in North America, and in part to some unexpected charges. Revenues for North America land declined 5% sequentially, hitting our Wellbore Technologies services businesses disproportionately hard. Additionally, we had an approximately $20 million impact on EBITDA in the quarter due to the 55% devaluation of the Argentine peso in December, higher U.S. medical costs and workman's compensation insurance accruals.

Fourth quarter offshore revenue grew 7% sequentially on large increases in managed pressure drilling (MPD) equipment sales, flexible pipe, conductor pipe, and aftermarket spares for offshore rigs. NOV's international land revenues grew by more than 20% sequentially, on stronger shipments of drill pipe, composite pipe, stimulation equipment, and drilling equipment for the Middle East. The Company's offshore and international revenue strength more than offset North America, leading to consolidated sequential sales growth of 7%.

Free cash flow improved significantly during the fourth quarter to $301 million. The inflection in free cash flow signaled relief from the supply chain challenges of the first half of 2023, as additional inventory enabled higher, flush year-end shipments, including strong double-digit sequential growth for the Rig Technologies segment in spare parts and drilling equipment.

While 2022 was characterized by the recovery of activity in North America, 2023 saw continuing momentum in offshore and international markets that is underpinning the steady upcycle we believe will continue to unfold over the next several years, Aramco's Safaniya plans notwithstanding. Despite postponement of plans to grow production capacity to 13 MBOPD, we still expect the Kingdom to remain quite busy as it drills to stem declines in conventional oil wells, and it drills to develop unconventional gas. We expect our revenues in 2024 there to continue to grow.

Broadly speaking, rising activity in critical global offshore and international markets is leading to purchases of the tools and kit needed for our oilfield customers to execute development plans. We remain constructive in our global outlook over the next several years because there are so many areas that look so strong. 2023 saw the re-entry of IOC customers into the deepwater market, after a decade-long hiatus, with several basins seeing renewed energy and focus on exploration (like Namibia and Suriname), brownfield developments (like Norway, West Africa, and the Gulf of Mexico), and greenfield development (like Brazil, Guyana, and Australia). Although we view U.S. permitting constraints on further LNG export growth as unwise from an energy security standpoint, such a move would drive additional calls on LNG production from offshore Australia and Qatar, in our view.

Increasing offshore activity is tightening the market for floating rigs, leading to a doubling of dayrates, with high-spec floaters utilizing sophisticated NOV technologies benefitting the most. Likewise, growing offshore drilling in the Arabian Gulf has materially improved utilization and dayrates for jackups.

Despite some “whitespace” in specific rig contracts popping up in 2024 arising from the completion of older, shorter well-to-well contracts, our customers are using this idle time to accomplish maintenance and SPS surveys. They also report rising operator interest in longer, 3-to-5-year term contracts. This bodes well for future NOV rig technology demand, as customers can achieve payback on incremental capex upgrades on their rigs, given the greater visibility in their future utilization.

We are more subdued in our 2024 outlook for North America. The euphoria of 2022 has matured into a phase of consolidation and strict capital discipline in 2023, exacerbated by continued volatility in oil prices and depressed domestic natural gas prices. I believe E&P capex will likely decline slightly year-over-year. Nevertheless, North America production will remain vital to global supply and energy security. The expected commissioning of incremental U.S. LNG export capacity in 2025 could spark additional North American gas drilling activity later in the year to prove me wrong.

Against this market backdrop of growing offshore and international markets offset by declining North American activity, NOV is posting much improved results, driven by projects aimed at reactivating and upgrading offshore rigs and significant uptake of our new, advanced technology to meet operators' demands for more efficient operations. There remains room for improvement in our profitability and return profile, and we are focused on improving our margins by executing on our cost reduction plan and continuing our commitment to improve pricing where we can.

NOV's investments in technologies over the past several years have focused squarely on providing solutions that drive improved economics for our customers, utilizing new robotics and digital advancements to expand and enhance our traditional product portfolio. We have very intentionally repositioned ourselves to support future energy investments of all kinds. With continued traction in North America and the Middle East, our edge compute, edge-to-cloud, and cloud-based solutions are equipping drilling, intervention, and completions operators on the front lines with more information to make better decisions.

The fourth quarter saw two independents adopt our new artificial intelligence, edge-compute technology to identify critical downhole events like washouts hours earlier than traditional methods. We are also seeing gains in our "one-click" cloud data delivery and our new high frequency data services. In December, NOV was celebrated by a major NOC for providing high-speed data streaming from over 100 rigs from a dozen drilling contractors to enable its big data scientists and algorithms to identify and act on opportunities to drive better efficiency.

Our completions customers are also seeing the benefits of real-time interaction with aggregated field data. We ended the year with more than 3500 active users of our remote monitoring tools for completion operations, up 70% compared to the first half of 2023, and we are introducing new frac monitoring capabilities through our MAX edge platform this year. Overall, fourth quarter MAX edge product revenue more than tripled versus the fourth quarter of 2022.

NOV's proprietary wired drill pipe high-speed data delivery system has seen wide-spread adoption in the North Sea over the past few years, and now a major NOC in the Middle East is reporting 30% improvement in well placement on its pilot drilled last year, significantly improving well economics.

Strong results arising from better data prompted another Arabian Gulf operator to spud with the technology a few days ago, with several others planning to adopt the technology in the region later this year. We believe we are pioneering a new and better way to drill: wired drill pipe technology, combined with NOV's new managed pressure drilling (MPD) offering, will provide unprecedented control and performance, and I believe this technology will become standard in the offshore arena in coming decades.

Better drilling performance enabled by NOV's cutters drove significant market share gains in drill bits in several regions throughout 2023, and revenue from new downhole tools grew 27% sequentially. Our new PosiTrack™ torsional vibration mitigation tool completed its 100th run during the quarter, enabling a doubling of rate of penetration for a customer in Indonesia, while our new AgitatorZP friction reduction tools are enabling operators to move to three-mile laterals in the Permian. Bits, motors, and MWD failures are the leading causes of expensive unplanned trips for horizontal drillers, which has led many E&P operators to rent this equipment directly from NOV because of our exceptional reliability and performance, rather than delegate the supply of these to their directional drillers as they have traditionally done. NOV is very, very well positioned in the performance drilling sector for future share gains.

Similarly, in high-temperature basins like the Haynesville and Eagle Ford, we are receiving repeat orders for our Tuboscope TK™-340TC coating, which insulates drill pipe, and our TUNDRA™ Max mud chiller, to help reduce downhole temperatures that can damage downhole electronics. Again, operators are buying directly from NOV and are reporting fewer equipment failures and improved cost savings as a result.

Leveraging our existing expertise in harsh environment drilling, we are addressing the high-temperature, hard-rock challenges faced in the growing geothermal market. Our portfolio of drill bits, MWD tools, composite pipe, liner hangers, and corrosion-resistant pipe liners combat the tough challenges faced in geothermal wells, and we've seen strong demand, particularly in Europe.

Oil and gas producers are committed to reducing the environmental impact of their operations. NOV's proprietary iNOVaTHERM™ cuttings treatment technology is seeing strong demand, particularly in areas like Angola and the Arabian Gulf, which are tightening drill cuttings discharge requirements. Treating drill cuttings on the rig reduces the high CO2 footprint associated with shipping these to shore. Operators are also demanding drilling contractors cut CO2 emissions, driving interest in NOV's new PowerBlade™ and Maestro™ engine management technologies.

Committing to a cleaner future, operators are applying their expertise to carbon capture and storage and using NOV's deep experience in this area as well. We secured the dehydration package for a large carbon capture and storage project in Louisiana aimed at reducing emissions from industrial processes, and we are pursuing several additional CCUS opportunities.

Our sustained investments in new products and technologies helped drive our strong top-line results, as fourth quarter 2023 revenues have increased nearly 90% from the first quarter of 2021 low, which compares to the Big 3 average of about 60% over the same period (equating to approximately 26% CAGR for NOV, versus 19% for the Big 3). And we believe we have room to run, as more E&P's try wired drill pipe, MAX edge-compute solutions, AI-powered optimization software, and more sophisticated drilling tools and robotics. We expect our adaptation to the reality of the industry and the strong results these technologies provide will continue to drive improving top-line results.

As part of NOV's repositioning of its product portfolio, we also continue to review and optimize our shareholders' capital employed across the portfolio. We expect to divest one or possibly two businesses in the coming year and redeploy capital into higher-performing opportunities like electric submersible pumps, which we added this week through an acquisition. Additionally, we expect that improved cash flows in 2024 following supply chain normalization will enable us to increase our return of capital to shareholders in the coming year.

In sum, NOV is well positioned to capitalize on the world's need to invest in energy of all forms. We have a lot of work ahead of us, and I'm grateful for NOV's team and their extraordinary professionalism, their intense focus on the critical needs of our customers, the creativity and innovation they apply to technology to meet those needs, and, above all, their ability and willingness to get the job done. Many thanks to all of you who are listening.

With that, I will turn it over to Jose.

JOSE BAYARDO
Senior Vice President and Chief Financial Officer

Thank you, Clay.

NOV's consolidated revenues for the fourth quarter totaled $2.34 billion and revenues for the full year 2023 totaled $8.58 billion, an increase of 19 percent, or $1.35 billion from 2022.

EBITDA increased 10 percent sequentially to $294 million, or 12.5 percent of sales. As Clay mentioned, flow-through was limited in part due to a larger than anticipated year-end adjustments to our medical and workers comp accruals and the devaluation of the Argentine peso. For the full year, EBITDA increased 47 percent, to $1.0 billion or 11.7 percent of sales.

During the fourth quarter, we recorded $55 million in Other Items, primarily related to a voluntary early retirement program. Additionally, NOV's effective tax rate was favorably impacted by the release of $485 million in valuation allowances, resulting from the Company's assessment of the carrying value of its deferred tax assets and future projections of taxable income. We estimate that our tax rate for 2024 will be approximately 26%.

Cash flow from operations totaled a healthy $377 million in the fourth quarter, supported by a reduction in working capital, but partially offset by $42 million in cash severance charges associated with the voluntary early retirement program and other restructuring related actions.

Capital expenditures totaled $76 million in the fourth quarter and, when netted against cash flow from operations, resulted in $301 million in free cash flow. During 2024, we expect to generate free cash flow in excess of 50% of EBITDA, with a seasonal use of cash in the first quarter and steadily improving cash flow through the remainder of the year.

Our capital allocation hierarchy remains the same as it has been. First and foremost, we prioritize compelling organic investment opportunities, which historically provide us with the greatest risk-weighted returns. As Clay discussed, the new products we've recently introduced are gaining rapid adoption in the market, and we plan to accelerate our build out of these offerings. As a result, we expect to increase our capital expenditures in 2024 to approximately $330 million.

We continue to take a portfolio management approach to capital allocation and will invest in businesses at compelling valuations where we can leverage our core competencies, manufacturing capabilities, global distribution infrastructure, digital platforms, and world-class R&D facilities. An example of this is the very recent acquisition of Extract, a leading provider of artificial lift technologies and services. We will also look to divest businesses where we are not the best owner, and, as Clay mentioned, plan to do so for 1 to 2 businesses in 2024.

With the cash flow guidance I provided, it is also worthwhile to reiterate Clay's previous comment that we remain committed to returning excess capital to our shareholders, and that we anticipate being able to increase the return of capital later this year.

Next, I will walk through our historical segment results, then provide our outlook based on our new segment structure: Energy Products and Services, and Energy Equipment. To help investors understand the change and update their models, we've provided a diagram illustrating the changes in our reporting segments and five years of proforma financial data on our investor relations website and in an 8-K we filed this morning.

Moving on to segment results.

Wellbore Technologies

Our Wellbore Technologies segment generated $824 million in revenue during the fourth quarter, an increase of $25 million or three percent compared to the third quarter and eight percent compared to the fourth quarter of 2022. Exceptionally strong year-end shipments of drill pipe and managed pressure drilling equipment, along with healthy drilling activity levels in international and offshore markets, more than offset a softening North American market. EBITDA was $160 million, or 19.4 percent of revenue, with soft flow-through due to a less favorable mix and operations that were disproportionately affected by the increase in employee benefit costs and the devaluation of the Argentine peso.

Our Downhole tools business reported a modest increase in revenue and EBITDA. Strong year-end drilling motor and fishing tool packages sales into Asia and Sub-Saharan Africa, along with higher rental activity and service equipment sales in the Middle East, drove a solid increase in Eastern Hemisphere revenues, while sales in North America decreased one percent against a four percent decline in drilling activity.

Our MD Totco™ business posted a high single digit revenue increase to achieve another quarterly record high revenue level. The sequential increase was primarily due to growth from its core drilling surface data system sales and rentals, driven by strong activity in the Middle East and Far East. Surface data system rentals remained stable in North America despite the lower rig count. Revenues from our eVolve™ wired drill pipe drilling optimization services decreased slightly due to early completion of two North Sea projects, which we expect will resume in early 2024. Further expansion of eVolve wired drill pipe services and accelerating rate of adoption of our MAX products further underscores NOV's continued success in developing industry-leading digital solutions that Clay discussed.

Our ReedHycalog drill bit business posted a mid-single digit percent sequential decrease in revenues during the fourth quarter, largely due to softening drilling activity in North America. After three quarters of growing US revenues through market share gains, the 20% year-on-year decline in drilling activity finally prevented the unit's revenues from grinding higher. Despite the challenges in North America, the business partially offset these declines with solid gains in several Middle Eastern countries, including Turkey, Qatar, and Kuwait. Additionally, the business expects to return to its growth trajectory in the first quarter with a rebound in Canadian drilling activity and continued strength in the Middle East and North Africa.

Our Tuboscope pipe inspection and coating business realized a low single digit sequential decrease in revenue during the fourth quarter. Inspection revenues were impacted by the continued rig activity declines in North America, the currency devaluation in Argentina, and a decrease in product sales in the Far East, partially offset by improved activity in Mexico, Europe, and the Middle East. Revenue from the unit's coating operation declined on lower sleeve shipments and lower pipe coating volumes in the Eastern Hemisphere, partially offset by improved activity in the Middle East and Mexico. Despite lower drilling activity, U.S. coating revenues and volumes were flat, and backlog remains strong.

Our Grant Prideco drill pipe business realized strong top-line growth with flush shipments following supply chain normalization, permitting the unit to achieve its highest revenue levels since the first quarter of 2015. A more favorable offshore and international sales mix that drove average pricing higher also contributed to the sequential growth. New orders increased sharply from low levels in the third quarter and were weighted toward the offshore and Western Hemisphere customers. Unfortunately, the strong bookings take a few quarters to convert into revenue, and we expect lower volumes and a less favorable sales mix to result in a sharp revenue decline in the first quarter for our Grant Prideco business.

Our Wellsite Services business delivered strong sequential growth in revenue during the fourth quarter, driven by sizeable year-end shipments of managed pressure drilling equipment and strong demand for our solids control offerings. The revenue gains were partially offset by the currency devaluation and reduced solids control activity in Latin America. While the strong capital equipment deliveries are not expected to repeat in the first quarter, we expect strong sales for both our solids control and MPD offerings to return later in the year in key offshore markets, including Brazil, Mexico, and Guyana, as well as in strategic international land markets, such as the Middle East.

Completion & Production Solutions

Our Completion and Production Solutions segment generated revenue of $803 million in the fourth quarter of 2023, a six percent sequential increase and a nine percent improvement compared to the fourth quarter of 2022. EBITDA was $86 million, or 10.7 percent of sales, representing a healthy flowthrough of 44 percent compared to the third quarter.

We continued to see strong demand from international and offshore markets pushing orders up 28 percent sequentially to $676 million, representing a book to bill of 132 percent and the highest level of orders since 2014. Backlog at year end was $1.82 billion, up 12 percent sequentially and 14 percent year over year.

Our Intervention & Stimulation Equipment business posted an upper single digit sequential increase in revenue with solid EBITDA flow through. The unit benefited from flush year-end deliveries in all major product lines following supply chain normalization. Pressure pumping revenues improved on higher pump and blender deliveries; coiled tubing sales increased with the delivery of a new unit, several support trailers, and nitrogen units; and wireline improved with strong deliveries into Latin America and the Middle East. The business also posted strong bookings, which improved 71% sequentially, resulting in a 154% book-to-bill. Despite the softening North American market impacting shorter-cycle products like coil tubing strings and aftermarket spares and services, we saw strong demand for capital equipment orders to close out the year. While much of the demand is coming from the Middle East, Latin America, and Asia Pacific regions, service intensity is only increasing in North America, and the wear and tear continues to drive attrition and the need to replace equipment. During the fourth quarter, we booked a replacement DGB frac fleet for a customer in the US and continue to have active discussions with customers regarding additional DGB and eFrac spreads. Despite strong orders and backlog, we expect Q1 revenues to decline following flush year-end shipments.

Our Subsea flexible pipe business posted a strong finish to the year with solid revenue growth, healthy EBITDA flow through, and strong bookings. Throughout 2023, the business unit continued to work through some lower margin projects but produced its highest footage of pipe its history, and our discipline to hold out for better pricing is being rewarded with strong bookings at highly accretive margins. The business unit posted a book-to-bill of 147%, and we also expect strong bookings in the first quarter. Although we still have lower margin projects in our backlog and anticipate a sequentially less favorable mix with lower volumes in the first quarter, we expect the business unit's margins to steadily improve throughout the course of 2024.

Our XL Systems conductor pipe business achieved significant revenue growth during the quarter with strong shipments to both the Gulf of Mexico and offshore West Africa. While we expect a sharp sequential decline in first quarter revenues, we expect the unit's results to improve through 2024 with increasing exploration and development activity in most offshore regions.

Our Process and Flow Technologies business experienced a modest drop in revenue after a very strong third quarter from our Wellstream Processing operations. Despite the decline in revenues, margins improved slightly with higher margin backlog continuing to displace less favorable projects. Bookings increased 29% sequentially and included orders for a mono-ethylene glycol module and a sulphate removal unit for projects in the North Sea. Additionally, we were awarded a contract to provide a CO_2 dehydration package for a supermajor's carbon capture and storage project on the Gulf Coast, which will capture 800,000 tons of CO_2 annually. These project awards demonstrate NOV's continued leadership in gas and liquid processing technology and capabilities.

Our Fiberglass business unit posted flat sequential revenue, with improved demand from oil and gas, chemical and industrial, and marine sectors offsetting declines in revenue from the wastewater sector and in fuel handling product sales. EBITDA improved due to a more favorable sales mix. Demand remains strong for our Fiberglass business, and we continue to realize solid growth from multiple countries in the Middle East, where we are increasing our capacity to better serve the region. In North America, we received an order from an operator for 11,000 ft of 8" composite spoolable DuraFlex™ pipe, which is the largest order we have ever received for this product. We continue to make inroads into the semiconductor market and received an order to supply a large tank farm for a major new semiconductor fabrication facility. Additionally, we are realizing more opportunities to provide our lightweight, corrosion resistant Bondstrand™ solutions for ballast systems in FPSOs leaving the business well positioned to capitalize on growing offshore activity.

Rig Technologies

Our Rig Technologies segment generated revenues of $766 million in the fourth quarter, an increase of $80 million or 12% compared to the third quarter and 24% compared to the fourth quarter of 2022. The strong growth was primarily the result of large capital equipment deliveries at year-end, a higher rate of progress on projects, and a typical seasonal fourth quarter increase in aftermarket activities. Adjusted EBITDA improved $9 million sequentially, and $21 million year over year, to $109 million, or 14.2% of sales. EBITDA flow-through was limited by a less favorable sales mix and higher medical and workers comp related costs.

New capital equipment orders increased $36 million, or 20%, sequentially, totaling $214 million. Total backlog for the segment at year end was $2.87 billion, an increase of $75 million over the prior year.

Solid offshore and international industry fundamentals continue to support the segment's aftermarket operations, which has doubled its revenues since the fourth quarter of 2021. The outlook remains positive with customers continuing to push forward reactivation, upgrade, and recertification projects. Our total value of projects rose another $71 million with the average size per project increasing 10%, sequentially. As customers dig deeper into their stacks for reactivation, and as the broader rig fleet continues to age, the size and scope of projects continue to increase. This growth in service and repair work more than offset a small decline in spare part bookings, where an understandable decline in orders from the U.S. was mostly offset by increased orders from the Middle East and Asia.

Continued improvement in on-time deliveries from our vendors has enabled better execution from our manufacturing facilities, allowing us to continue to chip away at the backlog of orders in both our spare parts and capital equipment operations and better manage our inventory levels. A meaningful improvement in casting deliveries from our vendors helped increase our ability to manufacture key product components, contributing to a sizeable increase in shipments of top drives, BOPs, and iron rough necks for our customers.

The outlook for rig capital equipment continues to improve in international and offshore markets, particularly in the Middle East where activity is grinding higher, driving incremental demand for equipment orders. We are seeing a growing number of opportunities to upgrade rigs in the Middle East and North Africa with operators pushing for contractors to update DC rigs to AC power systems and improve mechanization. While we expect demand from North America to remain soft until excess equipment capacity in our customers' yards is absorbed, we are capitalizing on opportunities to support upcoming drilling projects in Alaska and continue to gain traction in the lower 48 land market with automation upgrades.

Despite the increase in project costs from higher interest rates and inflation, the economics of offshore wind remain attractive in many regions of the world, outside of North America. We and our customers still see a sizeable shortfall in vessel capacity needed for projects that have been sanctioned, and we are continuing to have promising conversations with multiple contractors. While new WTIV orders have been delayed, we expect a couple projects will move forward later this year, and we continue to capitalize on other investments required to build out key infrastructure for offshore wind power development. During the fourth quarter, we received an order for a large interconnector cable-lay system and crane from a key European provider of power transmission cables. The order booking marks our second order for a large power transmission cable-lay vessel, further solidifying our position as a leader in providing the key enabling technology and equipment needed for large-scale related infrastructure projects. In addition to our prospects for additional WTIV and large transmission cable lay vessel orders, we also see opportunities to build smaller inter-array vessels which will lay cables between wind turbines and feed into larger transmission lines.

Outlook

Looking forward to the first quarter, the flush shipments we delivered in the fourth quarter following supply chain normalization in all three segments, combined with an incrementally more cautious outlook for North America will result in a larger than average seasonal drop in the first quarter. We anticipate our legacy Completion & Production Solutions and Rig Technology segments will see seasonal declines that are in-line with their average over the last seven-years. However, our legacy Wellbore Technologies segment will see a greater than average decline primarily due to extraordinarily strong shipments of high-spec drill pipe and MPD capital equipment that will not repeat in the first quarter, all of which points to a year-over-year increase in consolidated first quarter revenues of between five to ten percent.

For our new Energy Products and Services segment, we expect first quarter revenues to improve in the mid-single-digit percent range year over year, with EBITDA flow through in the 30 percent range. For our new Energy Equipment segment, we expect revenues to improve between eight to ten percent year over year, with EBITDA flow through in the mid-twenty percent range. We also expect first quarter eliminations and corporate costs to be in-line with the first quarter of 2023.

For the year, we expect our consolidated company revenues from North America to decrease in the low to mid-single digit percent range and our revenues from international markets to grow in the low double digits, resulting in 2024 full year revenue to improve four to eight percent year over year. We also expect continued margin improvement through a combination of improving quality of our backlog and our cost-out program to result in full year EBITDA flow through in the mid-thirty percent range.

With that, we'll now open the call to questions.