PARTICIPANTS

Corporate Participants

Christi Cowdin – Director-Corporate Communications & Investor Relations, Horizon Global Corp.
Carl Bizon – Interim President & Chief Executive Officer, Horizon Global Corp.
David G. Rice – Chief Financial Officer, Horizon Global Corp.

Other Participants

Matt Koranda – Analyst, ROTH Capital Partners LLC
Josh Nichols – Analyst, B. Riley FBR, Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Good morning, everyone, and welcome to Horizon Global's Investor Conference Call. My name is Crystal, and I will be your operator for today's call. All participants will be in a listen-only mode until we reach the question-and-answer session of the conference call. This call is being recorded at the request of Horizon Global. If anyone has any objections, you may disconnect at any time.

I would now like to introduce Ms. Christi Cowdin, Director of Corporate Communications and Investor Relations for Horizon Global. Ms. Cowdin, you may proceed.

Christi Cowdin, Director-Corporate Communications & Investor Relations, Horizon Global Corp.

Thank you, Crystal. Good morning, everyone, and welcome to our second quarter 2018 conference call and webcast. On the call today are Carl Bizon, Interim President and CEO of Horizon Global; and also David Rice, our Chief Financial Officer. Earlier this morning, we announced our second quarter 2018 results. The release is available on many news sites, as well as in the Investor Relations section of our website at horizonglobal.com.

Turning to slide 2, I'd like to remind you that statements in today's presentation will include our views about Horizon Global's future performance, which constitute forward-looking statements. These statements are subject to risks and uncertainties that could cause our actual results to differ materially from our forward-looking statements. We've described these risks and uncertainties in our risk factors and other disclosures in the company's most recent annual report on Form 10-K, quarterly reports on Form 10-Q, and other filings with the Securities and Exchange Commission. Today's presentation also includes non-GAAP disclosures. These disclosures are reconciled to GAAP in the appendices to our quarterly press release and presentation, both of which are available in the Investor Relations section of our website at horizonglobal.com.

With all of that now being said, I would like to turn the call over to our Interim President and Chief Executive Officer, Carl Bizon. Carl?

Carl Bizon, Interim President & Chief Executive Officer, Horizon Global Corp.

Thank you, Christi, and good morning to all of you on the call today. This morning, we'll be discussing our results for the second quarter and I'll be providing an update on our operations, the progress we've made against the Action Plan and our outlook for the global business. Dave Rice, our CFO, will update you on the financial results for the quarter and our company's current capitalization. After that, we will open the call to questions from our covering analysts.

I'm appreciative of the opportunity to lead the Horizon Global team. And since being named Interim CEO on May 8, I have told the team many times that our job is simply to get on with it. There is a great deal of work to be done and we're getting on with it every single day.

A lot has been accomplished in the business, both during the second quarter and early into the third quarter. Namely, we completed the restructuring and reorganization of the Americas and our Kansas City distribution center improved throughout the second quarter. And as we sit today with a warehouse that is just a few months shy of one year old, we now have the capacity and flexibility to dial up or dial down the throughput of that facility.

We currently have the shipping capacity dialed up by operating 24/7 as we attack past due orders as fast as we can. I feel confident that our Kansas City distribution center can now meet the ongoing requirements of the business.
We executed a mutually agreed upon termination of the Brink acquisition. New leadership in our Europe-Africa segment is now in place and embarking on an in-depth review of that business. And just last week, we executed an amendment to our term loan to provide covenant flexibility and additional capital for the business as we execute our Action Plan.

While I have only been in the CEO chair for about half of our company's second quarter, I have had several opportunities to interact with analysts and investors including the recent business update conference call we conducted on June 20. As a team, it is our aim to be clear, open and consistent with our communications. For me, our quarterly earnings conference call is an opportunity to ensure that you all have a plain view of where we are as a company and where we expect to be over the next quarter or so.

Now turning to slide 4, I want to underscore the resiliency and dedication of the Horizon Global team. Across our 58 facilities in 21 countries, we have a team of associates who despite external or internal factors remain focused on delivering excellence for our customers and end users. Whether it is product development, customer service, distribution or any level in our organization, we remain together and focused as one team with one goal.

On slide 5, we are outlining some of the trends during the quarter and Horizon's related performance. From a macro perspective, we continue to see growth in the OE channel in all geographic regions. The retail trend towards e-commerce continues to apply pressure on customers and competitors in both the aftermarket and retail channels. We see ongoing uncertainty around U.S. trade actions and this is something we are keeping a close watch on. Up until last month we had been unaffected, as we do not import raw steel but only finished products or components.

Recent actions are now impacting a minor product line we import or assemble in Mexico. We believe our competitive set in the U.S. also sources the similar product out of China. We estimate an annual impact of approximately $2 million in additional tariff costs, and we will look to pass this cost on as appropriate.

Commodities, especially steel, continue to experience upward pressure which is expected to continue putting pressure on margin performance. Wherever possible, we have instituted price increases across our three operating regions and across the multiple channels where we do business. We also continue to be impacted by freight cost increases, particularly in the U.S. where carrier availability is tight. And low unemployment rates are also impacting distribution labor availability here in the U.S.

Dave will be taking you through a detailed review of our financial performance in just a few moments. So, I'll just highlight a few key performance items here. Notably, our Q2 reported results were significantly impacted by a non-cash impairment of goodwill in the Europe-Africa segment. This does not affect our results on an adjusted basis, and Dave will provide more details surrounding this.

Consolidated revenue decreased 8%. Revenue in the quarter was significantly impacted by the continued ramp-up of our Kansas City distribution center as we exited the quarter with past due orders of approximately $23 million.

On an adjusted basis, second quarter earnings per share were $0.36. Our OE business was up 4.5% on the prior year in constant currency. The company received 14 new awards during the quarter, representing a full year run rate in excess of $10 million in sales.
We also made solid progress against our Action Plan, which we will turn to next, with a great deal accomplished or completed in the Americas and a good deal yet to work on in our Europe-Africa segment.

Turning to slide 6, I want to take you through the progress we have made regarding our company's Action Plan. As I've said previously, we view the challenges in our business as operational in nature and eminently fixable. I'm quite glad to report that we made solid progress in addressing those challenges in the second quarter and are continuing this positive momentum into quarter three.

We made considerable progress with our Kansas City distribution center with a significantly improved shipping volume since April, when aftermarket inventory was consolidated into this facility. We are currently exceeding our daily shipment target, but this is partially driven by running the warehouse 24/7 in order to bring the past due orders down to more normal levels. At its peak, our unshipped past due orders were approximately $26 million. And as of this past Sunday, that figure is now approximately $17 million, a reduction of 35% in just a few short weeks.

As we move with speed to decrease past due orders, we are appreciative of our customers' support and resiliency and see the opportunity before us to service the market during the high season in our industry. We are confident we have the right leadership in place in Kansas City and we expect to reward our customers' patience and faith in us.

As we discussed previously, the Reynosa manufacturing facility has achieved its production targets and is no longer being reported on as an Action Plan initiative.

We are also pleased to report that our planned 30% reduction in the Americas, U.S.-based salaried workforce is complete ahead of our planned timing. Also now marked as complete, we closed the Mosinee location earlier in the third quarter and completed the closure of our Solon office just last week, ahead of schedule. Our Horizon Americas team is now working shoulder to shoulder in our Plymouth office and it is a true benefit to the team being all under one roof.

Back in late May, I was in our Europe-Africa business to conduct a review of the state of the business. Coming out of that review and assessment, we announced our intent to expand the Europe-Africa Action Plan initiatives. The first of which was a change in leadership, and our current President of Asia-Pacific has had his role expanded to include responsibility for Europe-Africa.

We have also promoted our Asia-Pacific Divisional Finance Officer to the position of Vice President Finance with responsibility for both regions. The new leadership is now in Europe on the ground and already getting on with it.

Using my initial assessment of the business as a guide I'll be working very closely with the Europe-Africa team over the next handful of quarters. Jason and his team will be targeting productivity improvements, business and process simplification and a continued focus on our core markets, brands and products.

We are fortunate we have a strong base of business in Europe and real scale. The issue in the region is not revenue generation. It is one of managing costs in the business effectively. With the right operational focus and discipline, we believe we can position that business for its next stage of development. Given my operational background, I cannot overemphasize the need for a team of operationally capable and focused managers to execute our plan in that region.

Our low cost country production in Europe-Africa is currently exceeding our Action Plan target of 25% of total production. We continue to make progress in reducing our logistics expenses in the region through consolidation and ongoing negotiations with vendors.

You will note that our Action Plan currently has a placeholder for a European profit improvement plan initiative. We believe that an important ingredient for success is allowing the team on the ground, closest to the operations, to have significant responsibility for taking the appropriate corrective actions. We expect the details of this plan for Europe-Africa to take shape over the next several weeks as the leadership team there completes its in-depth operational review.

We intend to share the scope and the content of this forthcoming Action Plan initiative in conjunction with our Q3 earnings call.

While it is not on this slide, it is also worth noting that beyond the efforts in our operating segments we have prioritized initiatives here at the corporate office and are working to improve efficiency and reduce costs through good old fashioned belt tightening wherever possible. This work is being undertaken while still making sure our operating segments have the resources they need to operate their business.

In this regard, we just announced an amendment to our term loan, which Dave will discuss in more detail in just a few moments. The amendment provides for $50 million in incremental borrowings and greater flexibility for the company as we complete our Action Plan.

Before turning the call over to Dave to review our financials, I want to reiterate some thoughts I shared on our June 20 investor call. Not only in this quarter, but over the next several quarters, we expect to demonstrate our company's commitment to being clear, informative and insightful regarding our operations, assessing where we are, determining where we can go and estimating how long it might take us to get there. Our company has a solid foundation and we have a fundamentally good business despite the operational challenges we are facing today. We are a global leader in the towing and trailering industry with great brands, great products, deep engineering resources, reliable and efficient manufacturing capabilities, strong customer relationships and a solid supply chain. As I've said before, all the ingredients for success are here, we just need to execute.

Now Dave will take us through the financials.

David G. Rice, Chief Financial Officer, Horizon Global Corp.

Thanks, Carl. In the commentary to follow, I will be discussing our performance in the quarter on an adjusted basis excluding special items, which have been identified in the appendix of today's presentation. Also included in the appendix is a reconciliation of all adjusted non-GAAP results to the most comparable U.S. GAAP measure. References to earnings per share in my commentary refer to adjusted diluted earnings per share attributable to Horizon Global excluding special items. Cash flow and balance sheet commentary will be on an as-reported U.S. GAAP basis.

With that, please turn to slide 7 for a summary of our second quarter results. On an overall basis, the most significant factor impacting performance in the quarter was the transition of our aftermarket and retail distribution network in the Americas to a single central hub in Kansas City supporting six regional DCs. The closure of our Dallas aftermarket hub in the quarter following the closure of the South Bend retail hub in Q4 2017 has resulted in one shared-use facility in Kansas City. As the Dallas transition occurred early in the quarter, incoming orders significantly outpaced outgoing shipments, creating the past due orders Carl talked about. This transition contributed to the decline in net sales of 8% to $233 million compared to $254 million in the second quarter of 2017.

Removing the impact of currency changes, net sales declined 10.5%. Net sales were favorable year-over-year in our OE channel, while the balance of our channels were negatively impacted by the Kansas City transition and [ph] start-up (15:46).

We finished the second quarter with operating income of $14 million, $12 million lower than the prior year. This decline reflects lower volume and unfavorable channel mix as aftermarket, retail, industrial and e-commerce were all affected by the Americas distribution transition. Operating profit was also pressured by input cost headwinds, specifically metal and freight in advance of price realization, primarily in the Americas and Europe-Africa segments.

During the second quarter, we took a non-cash goodwill and intangibles impairment of $56 million in Europe and Africa. This impairment is the result of an unfavorable shift in channel sales, increased commodity cost not offset by pricing actions and delayed realization of benefits from shifting production to lower cost manufacturing sites. This non-cash charge, which does not affect the company's ongoing operations or cash flows, does reduce reported operating profit, net income and earnings per share on a GAAP basis. We have treated this impairment as a special item for purposes of evaluating the company's operating results and continuing activities.

Adjusted net income declined to $9 million from $22 million in the prior year and earnings per share for the quarter was $0.36 as compared to $0.84 in 2017. Through the second quarter, we used $35 million of cash for operating activities compared to $15 million of cash used through the same period in 2017. Efforts to manage the sales, inventory and production processes during 2018 resulted in a $21 million reduction in cash used for working capital as compared to 2017. Total debt increased to $321 million compared to $281 million as short-term borrowings on our ABL provided liquidity normally generated through operations in the second quarter.

LTM bank EBITDA declined $12.5 million from Q2 2017, consistent with the change in operating profit, contributing to an increase in our second quarter leverage to 5.7 times as compared with 3.9 times at the end of the second quarter in 2017. The recently completed fourth amendment to our term credit agreement provides a leverage covenant of 7 times as of June 30.

Please turn to slide 8 for a summary of our segment performance. Second quarter net sales in our Americas segment of $108 million declined $30 million from the prior year. This decline primarily relates to the transition to Kansas City, impacting all channels except OE. In addition, on a comparative basis, revenue is down due to the sale of the Broom & Brush business in the fourth quarter of 2017.

The Americas operating profit of $11 million or 9.8% of sales represents a decline of $12 million from the second quarter of 2017. Operations were negatively impacted by lower volume and a decline in sales to more profitable channels. In addition, input costs, primarily material and freight costs, were only partially offset by pricing realization.

Performance of Europe-Africa is highlighted in the middle of this page. Net sales in our Europe-Africa segment increased approximately $4 million due to favorable currency exchange of $6 million as the euro strengthened in relation to the U.S. dollar. In constant currency, sales declined

2.2%. Net sales in our automotive OE channel increased $1 million, however, this was offset by a $3.4 million decline in the aftermarket channel driven by limited product availability resulting from a shift of production to a low cost facility in Romania in addition to lower demand from our warehouse distributor customers.

Operating profit for Europe-Africa decreased to $2.6 million or 2.9% of sales resulting from an unfavorable channel mix and commodity cost increases in excess of pricing realization. As Carl presented in his discussion of the Action Plan, we expect to communicate additional productivity improvement plans developed by this segment's new leadership at the time of our third quarter earnings release.

Performance of Asia-Pacific is highlighted on the right side of the page. The Asia-Pacific segment continues to perform in line with expectations with net sales increasing to $34.4 million, an increase of 17.5% in constant currency. This volume increase reflects strength across the region and includes $5.5 million of incremental sales from Best Bars acquired in Q3 of 2017.

Operating profit increased to $4.9 million or 14.1% of net sales compared to $4.6 million or 16% of sales in the same quarter of 2017. Operating profit margin declined 190 basis points as a result of increasing input costs from China and Thailand as well as countrywide energy cost growth. These factors more than offset continued realization of benefits from previously implemented productivity and restructuring initiatives.

Slide 9 is a view of our leverage and liquidity. Our net leverage ratio increased to 5.7 times from 3.9 times at the end of the second quarter last year as LTM consolidated bank EBITDA declined $12.5 million from the prior year. In addition, net debt increased to $321 million at the end of the quarter from $281 million in the prior year. This increase primarily results from additional borrowings under our ABL of $43 million to fund the operations of the company given the reduction in operating cash generation.

The financial covenant under the recent amendment to our term loan increased to 7 times through the balance of 2018, stepping down to 6.5 times at March of 2019, 5 times at June of 2019, 4.75 times at September of 2019 and 4.5 times at December of 2019 and thereafter. This aggressive decline in our leverage covenant underscores our belief that challenges facing the business are relatively short-term in nature. This amendment resets the spread on the entire outstanding balance of the term loan to LIBOR plus 600 and modifies the definition of EBITDA to allow for addbacks of costs associated with the execution of our Action Plan.

In addition, the company secured additional commitments in the aggregate amount of $50 million which are being used to reduce the amounts outstanding under our ABL.

Cash on hand decreased $11 million to $29 million from $39 million at the end of Q2 2017. The cash generation of the business combined with total availability under our revolving credit agreements including the incremental $50 million is expected to provide adequate flexibility for the demands of our business including the continued execution of our Action Plan.

In closing, I'd like to leave you with a couple of takeaways from our financial performance in Q2. The second quarter presented many operational and financial challenges to our business in what is historically our strongest quarter. Despite these challenges, our team remained focused on executing the Action Plan that Carl updated earlier, completing many significant initiatives that set the stage for a leaner, more aligned organization in the Americas.

Our team will support our new Europe-Africa leader as he develops action plans to improve the performance of our Europe-Africa business, and we look forward to updating you on those initiatives on our third quarter earnings call.

We believe there are positive signs for Horizon as we move through the third quarter. The Action Plan in the Americas has meaningfully reduced our SG&A cost structure and the Americas distribution network is now operating at the level necessary to meet the business needs, currently flexing up to ship past due orders. We are optimistic about what the business can achieve going forward.

If you'll turn to slide 10, I'll turn it back over to Carl to cover our long-term goals and wrap up our prepared comments. Carl?

Carl Bizon, Interim President & Chief Executive Officer, Horizon Global Corp.

Thanks, Dave. Turning to slide 10. It has been a little less than three months since I was brought in as Interim CEO. In that short amount of time, we have made great progress. We conducted a review of our operations and identified areas in the greatest need of attention and focused effort. We made solid progress against our Action Plan. We restructured and realigned the Americas organization. We replaced several leadership roles across our global team. And we successfully executed an amendment to our term loan.

Let me reiterate our confidence in Horizon Global's underlying business. We have a leadership position in markets we serve, significant manufacturing and distribution resources, engineering and product development expertise, solid suppliers and a loyal, patient customer base, all of which will get us through this transition. We are demonstrating meaningful progress against our Action Plan. We have already achieved several initiatives and we believe we have the resources to accomplish our goals.

Our team's efforts are also targeted on simplifying the business and improving profitability. The hard work and intense focus of the global team is expected to drive productivity improvements across our operations. With one team and one goal as a connector, our organization is focused, determined to succeed and dedicated to establishing a stronger base for the business, which we expect to result in improved operating performance during the rest of this year and beyond.

As I've said before, I believe that the bulk of our operational issues require short-term intense effort to fix. Some aspects of our business may take a few quarters to get fully back on track. But I have confidence we will get where we need to be to position our company to achieve our financial targets in the longer term.

My focus is clearly on fixing the operations, getting the right people in the right jobs and generating operating improvement to pay down debt and restore the confidence of our employees, our customers and our shareholders.

I will now turn the call over to the operator so we can take questions from our covering analysts. Operator?

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] And our first question comes from the line of Matt Koranda with ROTH Capital.

<Q – Matt Koranda – ROTH Capital Partners LLC>: Hey, guys. Good morning.

<A – Dave Rice – Horizon Global Corp.>: Good morning, Matt.

<A – Carl Bizon – Horizon Global Corp.>: Good morning, Matt.

<Q – Matt Koranda – ROTH Capital Partners LLC>: So, just wanted to start out in the Americas and it looks like the Kansas City distribution center backlog improvement is encouraging and suggests that you might burn through that backlog over the next several weeks. I mean, is that a reasonable projection? When do you think that goes to zero?

<A – Carl Bizon – Horizon Global Corp.>: Look, Matt, I think I've said before that I would expect the backlog to be substantially dealt with by the end of the quarter, if not early into the fourth quarter. I think the recent results are quite encouraging. The team in Kansas City is doing a fantastic job. I wake up every morning to an e-mail that tells me what the order intake was yesterday and what they shipped the day before and it puts a spring in my step to see the sort of results that they're achieving. So, I'm absolutely positive that the guys will make a meaningful impact on this through the third quarter. And they're doing a great job down there.

<Q – Matt Koranda – ROTH Capital Partners LLC>: And then in terms of just getting that back to normal operations, I know you referenced it's running 24/7. I'm guessing maybe some overtime in there as well. I mean, are we confident we can get that back to normal operations by early next year as we head into next year's selling season?

<A – Carl Bizon – Horizon Global Corp.>: Yeah. I think we will be at the right operational configuration for the seasonal volumes through the fourth quarter. So we'll obviously adjust our performance and adjust our resources as the backlog reduces. But I would expect by the end of the fourth quarter, we should be in alignment in terms of our operational cadence and our order bank. So that's my expectation. We have that flexibility built into that facility.

<Q – Matt Koranda – ROTH Capital Partners LLC>: Okay. Can we talk about pricing in the Americas in Q2? And how have pricing actions stuck by channel? If you could get into a little bit more detail in terms of aftermarket, retail, OE. And then what was the specific timing of some of the price increases that you put through? Would like to get your take on price cost trends during the quarter, and then maybe if you could talk a little bit about how it's trending into Q3, that would be helpful.

<A – Carl Bizon – Horizon Global Corp.>: Sure. Well, in the aftermarket, we did pricing actions in the back end or in quarter four of last year. And then again in the first quarter this year. But I think if you understand our customer base, some of those customers have varying degrees of take-up in terms of the way price rise are effected in our market. So I think there has been some effect of that pricing movement through the second quarter, but there was no specific actions taken across the market for pricing in the second quarter.

<Q – Matt Koranda – ROTH Capital Partners LLC>: Got it. Okay. And then is it possible to break out how much of a headwind material costs were specifically during the quarter? Can we do that?

<A – Dave Rice – Horizon Global Corp.>: Material in the aggregate, so we have baked into our material numbers, obviously going to include inbound freight as well as our China purchases. It was around $3 million to $5 million in the quarter in the Americas.

<Q – Matt Koranda – ROTH Capital Partners LLC>: Okay. Got it. Yeah, okay. Perfect. And then I guess just in terms of the recent steel price index increases that everybody can see, I mean, obviously you guys buy steel a ways out in order to get visibility and understand the actions that you need to take to sort of offset those increases. But could you help us understand the levers that you still have to pull as we head into the latter part of this year or early 2019 to offset some of the recent increases?

<A – Carl Bizon – Horizon Global Corp.>: Look, Matt, I think it's an ongoing review. We look at what we've paid for steel, when new prices become effective, the operational configuration we're in, competitive pressures, there's a lot of inputs into the decision to move market prices. And I think my challenge right now particularly in the Americas is to restore our customer confidence. And I think we'll review pricing when it becomes appropriate. But right now, I'm quite happy with where we are.

<Q – Matt Koranda – ROTH Capital Partners LLC>: Got it. And then just maybe one on Europe. I know you guys are going to share more detail in Q3 as you kind of dig into the plan a bit more, or the full operational review that you're doing. But I think in terms of negotiating warehouse and freight, which was on the slide that has the progress update, that's been sort of ongoing for several months now. What needs to happen to kind of complete that action? What are the savings associated with that specifically? It would be helpful to get a little bit more color on that.

<A – Dave Rice – Horizon Global Corp.>: Yeah. So, the actions are ongoing, as Carl mentioned, in terms of consolidating and moving channels. There's some distribution impact that really we need Jason to take a look at as well that will add to the benefits of the logistics efforts. But Matt, we've gotten away from talking about the synergy type things we talked about before. And primarily the reason for that is, as you look at the performance in the segment, it's not reading through yet, and until we're seeing meaningful productivity change, that reads through in the financials, we're not going to declare either victory or the benefits yet. We just want to get our arms around the whole thing, reset the Action Plan and then we can talk specifically about the expectation looks like going forward.

<Q – Matt Koranda – ROTH Capital Partners LLC>: Okay. I'll leave it there, guys. Thanks.

<A – Dave Rice – Horizon Global Corp.>: Okay.

<A – Carl Bizon – Horizon Global Corp.>: Thanks, Matt.

Operator: Our next question comes from the line of Josh Nichols with B. Riley FBR.

<Q – Josh Nichols – B. Riley FBR, Inc.>: Yeah, hi. Thanks for taking my question. So a lot of improvement it seems like at the KC distribution facility. And on that note, I wanted to ask, from a high level how should we be thinking about Q3 relative to Q2 given the workdown in the backlog that's expected?

<A – Carl Bizon – Horizon Global Corp.>: So Josh, I think we've got an expectation to substantially affect the backlog as we go through Q3, and I'm very pleased with the work the team has been able to achieve quarter-to-date.

I suppose the other impact that is yet to be visualized is just what our order intake looks like as we go through the quarter. So I think as we start to ship with greater reliability and our customers see our improving performance, I think there's a degree of unknown in terms of what will happen on top of the shipping of the backlog. So in that regard, we're quite optimistic about the third quarter, but the order intake is something that we obviously can't control but we certainly have an expectation that the backlog will be substantially dealt with by the end of the third quarter. And again I'd just reiterate what a fantastic job the team is doing down in Kansas City to serve our customers.

<Q – Josh Nichols – B. Riley FBR, Inc.>: Thanks. And then could you talk a little bit about, are you seeing many customers going to competitors, or has that not really been much of an issue and you don't expect that to be a headwind with the workdown in the backlog?

<A – Carl Bizon – Horizon Global Corp.>: I think there's a couple of things to think about with that, Josh. And I think the aftermarket business is effectively a stock availability business. And if you don't have the stock, you might miss that particular order if they can't get it when they need it. But some of our relationships with our customers go back decades and they know us very well and a lot of our customers have been through the sort of warehousing moves that we're currently experiencing. And I've personally received a lot of words of support, some frustration from our customers, but certainly a lot of support in terms of support for our brands and our products and they just want it to get better as fast as they can.

So, I think that whilst we may have missed some orders in terms of not being able to ship in the time that our customers needed the product, I've got great confidence in the resilience of our long-term relationships with our customers.

The second point I'd like to make is that our industry is an industry with a finite capacity. And I think to some extent our competitors may have taken advantage of our recent operational issues. But the industry does not have infinite capacity. And I think the strength of our order book underlines the fact that our customers are staying with us. There may be some short-term movement amongst the industry but, again, I believe our long-term good standing with our customers will provide value in the longer term. So, I'm expecting to have a good quarter as we exit quarter three, and hopefully the market will hold up as we exit into Q4.

<Q – Josh Nichols – B. Riley FBR, Inc.>: And then last question from me. Things looking good in the OE channel. Can you talk a little bit about the trends the company is seeing though at a higher macro level in the aftermarket and retail channels though?

<A – Carl Bizon – Horizon Global Corp.>: I think there is an ongoing shift to e-commerce, and I think we're seeing that across our distributor customers. But a lot of those have got strong e-commerce platforms as well. But I think when you look through the aftermarket business, there has certainly been a shift to more e-commerce rather than bricks-and-mortar. But that being said, we have some very large and substantial distribution customers who continue to move a lot of product. So I think we watch it closely, but we're not seeing huge swings that are affecting the business in the short-term. I think these are longer term trends rather than short-term swings.

<Q – Josh Nichols – B. Riley FBR, Inc.>: Thanks, Carl. I'll hop back in the queue.

<A – Carl Bizon – Horizon Global Corp.>: Thanks, Josh.

<A – Dave Rice – Horizon Global Corp.>: Thanks, Josh.

Operator: We've reached our allotted time for questions. I will now turn the call back to Carl Bizon.

Carl Bizon, Interim President & Chief Executive Officer, Horizon Global Corp.

Thank you. Thanks, everyone, for being on the call today. I certainly look forward to updating everyone with our progress through the third quarter in our coming third quarter earnings call. Thank you for your support and thank you for attending today's call.

Operator: This concludes today's conference call. You may now disconnect.