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AutoStore Holdings Ltd. (AUTO.NO)

Q1 2024 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Jo Christian Lund-Steigedal
Investor Relations, AutoStore Holdings Ltd.

Good morning and welcome to AutoStore's First Quarter 2024 presentation. My name is Jo Christian Lund-Steigedal, and I'll moderate this webcast. As usual, I'm joined by the two members of our executive team, Mats Hovland Vikse, our CEO; and Paul Harrison, our Chief Financial Officer.

Quick reminder on the disclaimer with regards to forward-looking statements, it can be read here at your convenience. Moving on to our agenda, Mats Hovland will present the quarters operational and financial development. As usual, all financials are stated in US dollars and we will host a Q&A session right after the prepared presentation. As always, you will be able to post written questions in the webcast player starting already now, if you like. This time we're also providing you with the opportunity to log-on to the webcast via a Teams link and ask verbal questions directly to the management team, by using the raise hand feature in Teams. The link to the Teams meeting is available on our IR website and in the invitation distributed as a stock exchange release a week ago.

After the Q&A, Mats will round-off with some final remarks. And with that Mats, the word is yours.

Mats Hovland Vikse
Chief Executive Officer, AutoStore Holdings Ltd.

Thank you. Jo Christian. So, I'm pleased to report that we continue to perform well in the market in the first quarter with order intake of $183 million, 11% ahead of the first quarter of 2023. Our market leading and highly standardized solution enables us to compete very effectively across a broad range of warehouse automation use cases. These include high throughput projects, which was a strong driver of orders in the first quarter. And this is a continuation of a trend that we observed and talked about in the fourth quarter, as you may remember high throughput applications are a focus area for us and a segment where we see great potential. Our Q1 revenue was $138 million, which is a reduction of 7% compared to last year.

The decline was due to a lower volume of shipments of high throughput projects in the quarter and this was an expected development and is driven by the project schedules of our customers. So, we just see as a timing issue. To some extent the development was countered by growth in shipments in the standard segment where each installation is smaller. But, to be clear, we expect revenue to pick up in the quarters to come. And looking at the backlog, there are several exciting high throughput projects to be delivered in the second half of the year.

The Q1 gross margin was almost 73%, a strong number driven by several factors. There are product mix advantages in the quarter, but we're clearly seeing the results of initiatives we have taken to streamline and optimize our production and procurement processes. Our EBITDA margin was stable year-over-year at 46% level, which I think is a solid evidence of our attractive and scalable business model.

As mentioned previously, we introduced a new price increase of net 3% in December. The price increase has been well absorbed and in Q1 we see a mix of price and volume growth in terms of order intake. The revenue effect of last year's price increase will come through gradually throughout the year. We continue also to strengthen our successful BDM and global accounts initiatives, supplementing and working closely together with our partners, this has yielded strong results. Also, the expansion of our production capacity is on track and, in Q2, we expect our new facility in Thailand to become fully operational.

So, moving on, this well-known slide very efficiently summarizes AutoStore's strong position and why the business is so attractive. We've now delivered 1,450 systems with 67,500 robots in 54 countries. We have about 1,050 unique customers compared to 850 customers one year ago. Within the cubic storage space, we're the only player with such a significant install base providing us with great advantages. And not only is it real proof of the strength of our solutions, it also represents a big base of satisfied customers to expand our relationship.

Around half of our Q1 order intake was from existing customers. Additionally on a daily basis, we are downloading operational data from our installations, helping us to focus relentlessly on increasing efficiency of our system and further developing our product. And finally, this installed base helps us to gradually increase recurring and reoccurring revenue. And let me also reiterate that our research shows that only around 20% of the market for warehouse automation is currently penetrated and that's a tremendous opportunity. We are positioned for strong growth in the future. We have a solution for virtually all end markets in all system types with very attractive economics for the end customers.

Our go-to-market model is highly efficient with a strong network of 23 integration partners around the world, which again are complemented by our business development and global account teams. And let me elaborate a bit on this point. Over the last couple of years, we've built our team of business development managers and, more recently, global account managers. They work alongside the 2,800 certified sales reps of our partners building awareness about AutoStore's unique advantages and discussing opportunities with potential end clients. And once the prospect is sufficiently matured, it is handed over to a partner who, as always, facilitates the detailed planning, integration, implementation, education and maintenance. And with around 30% of orders initiated for own business development managers, this is clearly a win-win proposition for all.

Our global account managers work with larger international companies building deeper and more strategic relationships, resulting in roadmaps of AutoStores together with our partners. And it is this efficient go-to-market model, together with our highly standardized and scalable solution, which is the foundation for the attractive and stable financial profile you see in these slides.

At the same time, we focus relentlessly on our customer-led product roadmap with around 300 colleagues in R&D driving continuous performance improvement. So, we have included a small selection of 1,050 customers around this page. And as you can see, we are very well-diversified across a wide range of end markets. In Q1, more than half of our revenue came from existing customers, a very strong reflection of customer satisfaction, particularly when you consider that we've added around 500 new customers, over the last two years.

But nothing beats a real customer story, and we love to share them. This time we want to highlight an electronic components distributor in the US, TTI, a Berkshire Hathaway company, distributes electronic components all over the world. They're adding new customers constantly and were in need of a flexible, expandable robotics solution. And the facility in Texas that we're now going through visit, was installed on a brownfield location, massively improving efficiency for TTI.

So, before Paul takes us through the financials of the quarter, please have a look at this.

[Video Presentation] (00:07:48-00:09:34)

Paul Scott Harrison

Chief Financial Officer, AutoStore Holdings Ltd.

Thank you, Mats, and good morning. I like that customer case study, not least because TTI is a customer with an international presence, with many locations representing opportunities for us to deepen our relationship.

Okay. Let's move to the financial highlights on the next slide. The quarter was strong, in terms of order intake which is obviously our most important leading indicator for revenue. Historically, we've seen close to all our order intake convert into revenue underpinning the importance of this metric. Our margins were also strong in the quarter, particularly driven by the high gross margin of 73%, which was influenced by the sales mix with quite a high share of software in the quarter. Our adjusted EBITDA margin was stable at 46%.

Looking at our revenue of $138 million, it is a decline both compared to quarter one last year and quarter four. This trend was expected given the timing of shipments of projects. In this quarter as Mats said, there were relatively few deliveries of high throughput projects, which typically tend to be larger ticket deals. As we discussed before, our revenues can be lumpy given the timing of these larger deals. We live with that but more fundamentally, we continue to see success in the high margin – in the high throughput segment, which represents a massive opportunity for us going forward.

On the next few slides, I'll go into more details on the key financials. Let's start by looking at order intake and backlog. We characterize 2023 as a challenging market. But also one that we outgrew significantly. The first quarter of 2024 sees this trend continue, in terms of strong order intake. As you see from the chart, it is the third sequential quarter of order intake growth and we were 11% higher than in quarter one of 2023. As Mats has mentioned, order intake has been particularly strong for the high throughput segment especially within consumer products and logistics in Europe. It is also good to report that we've seen a couple of pay-per-pick orders coming in in Q1.

Note that we include these projects in full in the order backlog, whilst the revenue impact will be spread over the contract period. I'm delighted to see this trend and we continue to discuss alternative revenue models featuring recurring revenues with a number of existing and potential customers. At March 31, 2024 our order backlog was strong, closing at $492 million. We expect a high proportion of this together with a major part of the second quarter order intake to convert to revenue in 2024, parts of subsequent quarter order intake will also convert to revenue in 2024, albeit at a declining rate as we progressed through the year.

Let me once again stress, when it comes to distribution of absolute revenue between quarters, it's important to bear in mind that we're a project based business and our business model implies some variability in revenues and shipments. On that note, looking at our Q1 revenues, as we expected, we saw a decline compared to both Q4 and Q1 last year, based on the project delivery schedule.

In contrast, with both quarter four 2023 and quarter one 2023 in this quarter, as I've said, we had relatively low volumes of high throughput deliveries. The standard solutions segment, which in aggregate is less affected by project structure, increased. The right hand side of the slide shows the geographical split, we see growth year-on-year in EMEA, whereas North America contracted, this is also related to the low volume of high throughput business, which is particularly important in the US market.

As mentioned earlier, the continued uncertain macro backdrop with stubborn residual inflation requiring sustained, elevated interest rate, weighs on our customers willingness to commit to often large, broader warehouse automation projects. And remember in this regard, that AutoStore is just one part of these projects which combine our solution with other technologies and often the construction of new warehouse facilities or repurposing of brownfield sites. An understandable caution to commit in this environment should not however be confused with the high conviction we see in our product.

Looking at gross margin and adjusted EBITDA, on the upper panel of this slide, you see that Q1 gross profit ended at $101 million, which was a slight increase in absolute terms from the same quarter in 2023. In quarter one 2024 this corresponds to gross margin of 73% compared to 67% in quarter one, 2023. And you'll note that the gross margin is at the highest level, we've seen in a long time and as Mats said, this is partly due to revenue mix where we saw relatively high share of software sales. These revenues are recurring and they bring high gross margins, meaning that in a quarter with a low volume of modules, warehouse installations, gross margin will be pushed upwards.

As we've said in previous quarters, we continue to focus on our margin development and we see the opportunity to deliver sustainable high margins over time. This is evident in this quarter where despite the contraction in revenue, we continue to report high margins with our adjusted EBITDA margin at 46%.

Let me spend a couple of minutes highlighting our strong cash flow conversion. In the quarter, we had cash flow from operations of $53 million, making – despite making settlement payments of $32 million. The operating cash flow strengthened by reduced level of receivables contributing to lower working capital.

Looking at simplified cash flow conversion, which is calculated as adjusted EBITDA less CapEx investments, it is somewhat down year-on-year at 77% with CapEx growing year-on-year. The increase is primarily related to higher investments in IP, for example, in our patent portfolio. We will continue to see a normal annual level of CapEx of around 8% of revenues for 2024, so slightly lower than the percentage you see in this quarter.

To conclude on this, we ended the quarter with a very strong gross cash balance of $280 million. As we're now into 2024, let me reiterate some of our priorities. The key elements for us are to continue to deliver growth through focus on innovation, market outreach and efficiency, both for our customers and in our own processes. We will continue to focus on product and technology development. And during 2024, we have a very exciting pipeline of product launches and improved functionalities.

Our key focus continues to be on enhancing the performance of our solution. We will also further support our partner network. In 2024, we will build on the success of the BDMs, having also established a team of global account managers tasked with working even closer and on a strategic level with a selection of large global customers.

And thirdly, we'll continue to drive operational efficiency. In 2023, we established industry leading margin levels by leveraging those characteristics of our business that we have discussed this morning.

So with that, I'd like to pass back to you Christian who will lead the Q&A.

QUESTION AND ANSWER SECTION

Jo Christian Lund-Steigedal A
Investor Relations, AutoStore Holdings Ltd.

Thank you very much, Paul. Please continue to submit questions through the webcast player. But now, as mentioned in the beginning, we will open up for questions from the Teams line and please just use the raise hand function to sign-up for questions. First question is from Kristian Spetalen at Arctic. Please go ahead and unmute yourself Kristian.

Kristian Spetalen Q
Analyst, Arctic Securities AS

Thank you. Can you hear me? Yeah. I just have a question on the order intake. Is there any changes with regard to duration or is the order intake in Q1 fully comparable with the last quarter and recent quarters?

Mats Hovland Vikse A
Chief Executive Officer, AutoStore Holdings Ltd.

So as mentioned, we are increasing our exposure to the high throughput segment and continue to drive success there. As was very evident in the Q1 order intake and the project duration on high throughput projects tend to be longer than what's in the standard segment. So, as we continue to drive success in that segment, the duration will also increase.

Kristian Spetalen Q
Analyst, Arctic Securities AS

Okay. Thanks.

Jo Christian Lund-Steigedal A
Investor Relations, AutoStore Holdings Ltd.

All right. Please raise your hands for any additional questions from those of you who are on the Teams call. Meanwhile, we'll have a couple of questions from the webcast with the written questions. One question is regarding the CapEx level. What can you say about the relatively high CapEx level in this quarter? Will that continue? And can you provide any detail on what you are spending the CapEx on?

Paul Scott Harrison A
Chief Financial Officer, AutoStore Holdings Ltd.

Certainly. Thank you. As I said, I think the overall CapEx level for the year will be approximately 8% of revenues that remains the plan. It is a little bit elevated in quarter one, but I wouldn't draw any particular significance to that. It's more a timing issue. I think the really, good thing as we go into 2024 is clearly in 2023, we spent a greater proportion of our CapEx on upgrading facilities, which was a really important initiative. And the plant in both Poland and Thailand were both enhanced. This year, a great proportion of our CapEx will be spent on development, which is clearly a very important underpinning to the innovative objectives that we have for the product.

Jo Christian Lund-Steigedal A
Investor Relations, AutoStore Holdings Ltd.

And there's also a question on recurring revenue. Did you say anything about the share of recurring revenue? Could you reiterate that?

Mats Hovland Vikse A
Chief Executive Officer, AutoStore Holdings Ltd.

So if I look at recurring revenue, it's primarily software and spare parts today, and that is a growing, but relatively modest part of our revenues today, around about just under 10% and total of our revenues on a full year basis. What I'm excited about, as I said in the presentation, is an increasing number of conversations with customers about alternative revenue models that would of course grow over time significantly the proportion of reoccurring and highly predictable revenues within our business.

Jo Christian Lund-Steigedal A
Investor Relations, AutoStore Holdings Ltd.

Thanks. So, let's move back to the Teams call. We have Petter Nystrøm from ABG. Please go ahead, unmute yourself.

Petter Nystrøm Q
Analyst, ABG Sundal Collier

Yeah, thank you. So, three questions from me. You highlighted that a large share of the orders are coming from new customers. Can you shed some light on that? Thank you.

Mats Hovland Vikse A
Chief Executive Officer, AutoStore Holdings Ltd.

Five new customer acquisition, particularly through the initiatives we have around business development. And as you follow the website, we will – as things go live starts to communicate the new customer names as well.

Petter Nystrøm Q
Analyst, ABG Sundal Collier

Understood. Also on the orders, you highlighted strong momentum within the MFC. Is it possible there also to give some more details on what you're seeing? Thank you.

Mats Hovland Vikse A
Chief Executive Officer, AutoStore Holdings Ltd.

MFC for us now has over a few quarters represented slightly more than 10% of our order intake. So, we continue to see the MFC segment gaining some traction and you have [ph] grocery (00:22:48) being a big part of that, which is a narrow but potentially very deep market. So, we still see some caution relative to the beliefs back in 2020, but it's progressing quite well.

Petter Nystrøm
Analyst, ABG Sundal Collier
Q

Thank you. And then final, on the order of momentum into Q2, is it possible to shed some light on how things have developed so far in the second quarter? Thank you.

Mats Hovland Vikse
Chief Executive Officer, AutoStore Holdings Ltd.
A

Early days in the quarter obviously, but we're seeing roughly the same pace as we saw during the past couple of quarters.

Petter Nystrøm
Analyst, ABG Sundal Collier
Q

Okay. Thank you.

Jo Christian Lund-Steigedal
Investor Relations, AutoStore Holdings Ltd.
A

We're moving on to Emilie Engen at DNB sorry. Please unmute yourself.

Emilie Krutnes Engen
Analyst, DNB Bank ASA
Q

All right. Thank you. I was just wondering, on the order intake in the quarter. I think Paul you mentioned, in the last quarter that you normally see a contribution of about 85% of the order intake in Q1.

Paul Scott Harrison
Chief Financial Officer, AutoStore Holdings Ltd.
A

[indiscernible] (00:24:030) from Emilie.

Jo Christian Lund-Steigedal
Investor Relations, AutoStore Holdings Ltd.
A

Emilie. I do apologize we're losing you a little bit.

Emilie Krutnes Engen
Analyst, DNB Bank ASA
Q

For delivery this year.

Paul Scott Harrison
Chief Financial Officer, AutoStore Holdings Ltd.
A

Yes. Forgive me. I think we lost you a little bit there. But I think the question was the timing. So both a very relatively high proportion of our backlog, plus a high proportion of quarter one order intake is slated for delivery this year, also a significant proportion of quarter two and that diminishes as the year goes on.

Emilie Krutnes Engen
Analyst, DNB Bank ASA

Q

Thank you. And with respect to the gross margin and your new factory in Thailand, should we expect a further upside to the current gross margin?

Paul Scott Harrison
Chief Financial Officer, AutoStore Holdings Ltd.

A

No, not in the short-term, I would say. So, we've got, as I mentioned, an elevated gross margin nearly 73%. In this quarter, we talked about the relatively high mix of software, we also through much improved procurement processes, saw some really good procurement of aluminum, which is clearly an essential material when it comes to the production of robots. However, as you'd expect, I am mindful of the broader geopolitical environment and commodity prices as well. So, I would reiterate really what I said at quarter four, which is I think those gross margins in the late 60s that we we've achieved throughout 2023 are sustainable gross margins for – as you think about 2024.

Emilie Krutnes Engen
Analyst, DNB Bank ASA

Q

Thank you. And finally, do you expect to guide on 2024 growth at any point of time?

Paul Scott Harrison
Chief Financial Officer, AutoStore Holdings Ltd.

A

The practice of talking about the prospects we see for the year, you've noted, of course, our comments about the challenges on calling the timing of revenue, particularly, quarter-over-quarter. But, clearly, what we do do is keep an eye on where consensus is and comment through that mechanism where appropriate.

Emilie Krutnes Engen
Analyst, DNB Bank ASA

Q

Okay. Thank you.

Jo Christian Lund-Steigedal
Investor Relations, AutoStore Holdings Ltd.

A

Thank you, Emilie. We'll move on to Martin Wilkie. Please go ahead, and then unmute yourself.

Martin Wilkie
Analyst, Citigroup Global Markets Ltd.

Q

Thank you. Good morning. This is Martin from Citi. Just a question on the pipeline. If you could talk a little bit about how the pipeline has developed. And in particular, and pay-per-pick is obviously an emerging model for you. I know it's not yet a significant portion of revenue, but of the pipeline, if you could just give us some sort of sense as to how big that could be in there? Thank you.

Paul Scott Harrison
Chief Financial Officer, AutoStore Holdings Ltd.

A

The leading indicators in general continue to develop positively, both when it comes to pipeline, but also what share of the pipeline are actually being pitched and offered through quotations to end customers. When you think about pay-per-pick specifically, it's still early days. As Paul mentioned during the presentation, we did sign-up a pay-per-pick customer during the quarter and it continues to be an area of discussion with many clients, maybe particularly in the themes of 3PLs and some early stage companies, but it's still early days.

Martin Wilkie
Analyst, Citigroup Global Markets Ltd.

Q

Thank you very much.

Jo Christian Lund-Steigedal
Investor Relations, AutoStore Holdings Ltd.

A

All right. Thanks. We'll move on to Lucas Ferhani. Please go ahead.

Lucas Ferhani
Analyst, Jefferies International Ltd.

Q

Thank you. Also on the recurring revenue point just now, you said you're having increasing conversation. Is that mostly small and medium size through 3PL or even now with larger customers do you have those discussions?

Paul Scott Harrison
Chief Financial Officer, AutoStore Holdings Ltd.

A

That includes larger existing and potential customers. And Mats referenced there, for example, 3PL customers and you know from sort of following us, some of those customers you talked to are amongst the largest 3PL players in the world. So the conversations are happening across a range of business and customer sizes.

Lucas Ferhani
Analyst, Jefferies International Ltd.

Q

Okay. Perfect. And just on the comment you made on the Sales force, the BDMs, can you share maybe some more details? I know you had numbers at the time of the IPO on how much they generate in terms of orders to see kind of that impact. Obviously, it's a slower market, you've added a lot, so maybe they've weighed a little bit near-term, but just so we can see the impact they're having on the business.

Paul Scott Harrison
Chief Financial Officer, AutoStore Holdings Ltd.

A

Today and throughout last year around 30% of new sales came from our own business development efforts. And we continue to invest in both new business development managers and into the global accounts teams because we're seeing [indiscernible] (00:28:57) strong results.

Lucas Ferhani
Analyst, Jefferies International Ltd.

Q

Okay. Perfect. Sorry, I have another follow-up, one on what's happening in aluminum. Obviously, we're seeing some strengthen in the supply chain. The Russia ban could be some type of supply choke. Are you seeing kind of any changes, when it comes to aluminium? I know you beefed up your supply chain. Obviously, there's some – yeah, more volatility to manage.

Paul Scott Harrison
Chief Financial Officer, AutoStore Holdings Ltd.

A

I think you make the key point there. We've diversified our supply chain and that enables us to take advantage of the natural competitive tension that still exists in that market and that is evident in that Q1 gross margin. However, as you'd expect, there's got to be a note of caution when you look at the broader geopolitical sort of forces that are around us at the moment. But I'm very content with the improvements we've made in both the smart procurement and production processes.

Lucas Ferhani
Analyst, Jefferies International Ltd.

Q

Thank you.

Jo Christian Lund-Steigedal
Investor Relations, AutoStore Holdings Ltd.

A

Okay. Let's have a few questions from the webcast. Quite a lot of activity there. So, there are a couple of questions related to the software sales and the share of software in the revenue. Can you elaborate a bit on that, talk a little bit about how that has been in Q1 and also how that affects gross margin?

Mats Hovland Vikse
Chief Executive Officer, AutoStore Holdings Ltd.

A

Yeah. So, as I said, taking recurring and recurring revenue, it's sort of just under about 10% of revenues, slightly elevated in this period with lower system sales. And of course, consistent with many software businesses, a very, very high gross margin on those sales. So that's had an impact along with smart procurement on gross margin in this period.

Jo Christian Lund-Steigedal
Investor Relations, AutoStore Holdings Ltd.

A

There's one question on R&D employees seems to be slightly lower than in previous quarters?

Mats Hovland Vikse
Chief Executive Officer, AutoStore Holdings Ltd.

A

Yeah, not significantly so. I mean, there's always ebbs and flows to the number, but we still continue to see the – broadly nearly 300 R&D employees, many of them dedicated to software. So very happy with the developments in that team, the quality of the colleagues that we work with.

Paul Scott Harrison
Chief Financial Officer, AutoStore Holdings Ltd.

A

And to be very clear. This is an area where we continue to invest heavily given the strong conviction, we have both of our position, but also the potential we see ahead of us. So an area we definitely continue to invest in.

Jo Christian Lund-Steigedal
Investor Relations, AutoStore Holdings Ltd.

A

This one specific follow-up on that, are you focusing on adjacencies, also on your R&D, for example, robot arms, as an example you mentioned there?

Mats Hovland Vikse
Chief Executive Officer, AutoStore Holdings Ltd.

A

Good question. And we are. So big part of our R&D is continuing to improve our existing modules, the core software and building more orchestrating software on top. In terms of robot arms, we're working with many companies in this field and we have north of 20 installations operating with robotic [ph] piece picking arms (00:32:03) as part of it. Just continuing to improve the value proposition of the system that we offer.

Jo Christian Lund-Steigedal
Investor Relations, AutoStore Holdings Ltd.

A

There's one question here on margins. You have very high margins. How do you consider sort of optimizing margins versus going further into and investing more into market growth, customer growth, etcetera?

Paul Scott Harrison
Chief Financial Officer, AutoStore Holdings Ltd.

A

It's a very good question. And as you would expect a source of much discussion and evaluation within the business because there's a balance to be achieved. The high margins we see in the business are a product of our business model, the leverage of a partner channel is highly standardized product set. But at the same time, as Mats has mentioned, we face look into a tremendous growth opportunity as we look into this market. So, we will continue to invest substantially in products innovation. And we talked specifically, for example, in 2023 about the new R5 Pro Robot. And we continue to look at numerous examples to maintain a very strong market leadership.

Jo Christian Lund-Steigedal
Investor Relations, AutoStore Holdings Ltd.

A

What drives software license sense? What are the drivers for that? It's a question here.

Paul Scott Harrison
Chief Financial Officer, AutoStore Holdings Ltd.

A

So the software license sales pertain to every system that we sell. There is an annual software license associated with those systems. More recently, we've moved a number of customers up to our highest software product, which is the router product. And incidentally, one key benefit of having that sort of software presence is the ability to continue to scrutinize usage logs that we have in that by inspecting those logs feeds directly into the R&D process, as we talked about earlier, because we see opportunities there to enhance our products. So, there's a nice virtuous circle as a result of that.

Jo Christian Lund-Steigedal
Investor Relations, AutoStore Holdings Ltd.

A

Are you considering going directly into direct customer sales in addition to the partner model?

Mats Hovland Vikse
Chief Executive Officer, AutoStore Holdings Ltd.

A

So we work with end customers through our business development and global accounts programs. But the partner based business model that we have is a big, big part of what makes us so successful. So, having that combination where we go to market through partners and everything goes through partners combined with our business development and global account efforts is a very, very efficient model.

Jo Christian Lund-Steigedal
Investor Relations, AutoStore Holdings Ltd.

A

Okay. We have one more question or one more participants from the webcast with questions. Eirik Rafdal at Carnegie. Please go ahead.

Eirik Rafdal
Analyst, Carnegie AS

Q

Yes. Hi, guys. Thank you for taking my question. I was just wondering historically, when you've added a new customer. How long does it typically take for that new customer to come back and place a second order?

Mats Hovland Vikse
Chief Executive Officer, AutoStore Holdings Ltd.

A

It can obviously vary a lot. It depends on the plans of that end customers, the number of distribution centers that end customer has. But also the underlying growth of that end customer, which then will determine what extension order that plays. But typically we will see them come back within two, three year time period. But as I said, big variability.

Eirik Rafdal
Analyst, Carnegie AS

Q

Perfect makes sense.

Jo Christian Lund-Steigedal
Investor Relations, AutoStore Holdings Ltd.

Very good, as there are no further questions from the Teams line. We are nearing the end Mats

Mats Hovland Vikse
Chief Executive Officer, AutoStore Holdings Ltd.

Thank you. So let me summarize some key points. So first, we are the pioneering global leader in cubic storage and operate in a market that's still in its early stages of development. And even though more and more warehouses are automated, still only around 20% of warehouses globally are automated today, leaving plenty of space for growth. Within this market, we have a leading technology and a proven growth strategy with an efficient and scalable go-to-market model. Last, all of this has enabled a long track record of delivering strong revenue growth at high margins. So we are very excited and optimistic about our future and remain confident in our ability to continue delivering strong profitable growth.