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IIN - Q1 2019 IntriCon Corp Earnings Call

EVENT DATE/TIME: APRIL 29, 2019 / 9:00PM GMT

THOMSON REUTERS

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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the IntriCon Corp. First Quarter 2019 Earnings Conference Call. (Operator Instructions) As a reminder, this conference call is being recorded. I would now like to introduce your host for today's conference, Ms Leigh Salvo of Investor Relations. Ma'am, you may begin.

Leigh Salvo

Thank you, Jimmy. Before we begin, I'd like to preface our remarks with the customary safe harbor statement. Today's conference call contains certain forward-looking statements. These statements are based on the current estimates and assumptions of IntriCon's management and are subject to uncertainty and changes in circumstances. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Actual results may vary materially from the expectations contained in today's call. Important factors that could cause such differences include, among others, those set forth under the headings Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations in our 10-K filing for the year ended December 31, 2018.

With that, I would now like to introduce IntriCon's CEO, Mark Gorder, for a review of the company's first quarter performance. Scott Longval, the company CFO, will then cover the financial results in more detail, and we'll open the call for your questions.

Mark S. Gorder - *IntriCon Corporation - CEO, President & Director*

Thank you, Leigh. And thank you, everyone, for joining us today. We're off to a solid start in 2019 with the progress made on each of the priorities we laid out at the start of the year. These included, one, to continue to meet the volume demands of Medtronic; two, to pursue business development opportunities in our medical biotelemetry business then leverage our core competencies and diversify our revenue base; three, to seek partnerships with best-in-class entrants in the emerging OTC hearing aid market; and four, to prudently expand our direct sales initiatives with Hearing Help Express, while tempering our marketing and advertising programs.

As a brief reminder, IntriCon's core competency lies in our commitment to enhancing the mobility and effectiveness of body-worn devices that connect people to people and to the devices around them with micro-miniature products, microelectronics, micromechanical assemblies and complete assemblies. Our business today is focused on 2 primary market segments, medical biotelemetry and hearing health.

I'd like to take the next few minutes to discuss the recent highlights in each of our core businesses as well as our near- and long-term goals for each of those segments. And then I'll turn the call over to Scott for a more detailed review of our financial performance and guidance for 2019. We'll then open the call for your questions.

Starting with our medical biotelemetry. Revenues increased approximately 30.5% year-over-year and represented 69% of total revenue in Q1. A key contributor to our revenues in this segment comes from our long-standing relationship with Medtronics' diabetes division, where we are a key value-added supplier designed into the majority of their continuous glucose monitors, including all their current MiniMed CGM platforms. These products are distributed in 2 primary categories: integrated insulin pumps and stand-alone CGM. As a point of reference, the worldwide insulin pump market is estimated to be approximately 1.2 million users. Medtronic has an estimated 70% share of this market, which is growing on average roughly 8% per year. Importantly within this category, there has been an increasing trend of CGM use.

We continue to benefit from Medtronic's ongoing conversion to its MiniMed 670G system, the first hybrid closed-loop system for type 1 diabetes. This new closed-loop insulin pump system has driven CGM attachment rates to more than double that of legacy pump systems. As a reminder, Medtronic has about 800,000 type 1 pumps in the global market today. And only about 1/3 of those in the U.S., as of their last commentary in February, have converted. Conversions in Europe commenced late last year following CE Mark approval for the new pump in mid-2018.

The stand-alone CGM market, which Medtronic just recently entered with its Guardian Connect, is a $1 billion category growing at approximately 25% per year. We are designed into the Guardian Connect, Medtronics' first stand-alone CGM system designed to help people on multiple daily injection, or MDI therapy, to improve their management of high- and low-glucose events.

Earlier this month, Medtronic entered into a new value-based agreement with Blue Cross and Blue Shield Minnesota. The outcomes-based agreement is designed to provide greater member access to continuous glucose monitoring using the Guardian Connect system. In addition, as the demand for the continuous glucose transmitter increases with a broader rollout of the MiniMed 670G and launch of the Guardian Connect, so too does the demand for the transmitter accessories we support. As a result of all the factors noted above, we believe we have a long runway ahead with this important customer.

Outside of diabetes, we are making important inroads in other market segments that can benefit from our design, development and manufacturing capabilities. We were delighted to recently secure a new large medical customer for our proprietary medical coils to be used for pacemaker programming in their devices. We anticipate modest volumes in 2019 with greater volumes beginning in 2020.

Looking ahead, as I noted earlier, one of our priorities is increasing our resources to support the expansion and diversification of our medical business. I believe we have a tremendous opportunity to leverage our core competencies and capabilities to develop devices that are more technologically advanced, smaller and lightweight to support a wide array of medical devices.

On the manufacturing front, I'm exceptionally pleased with the progress we are making in the validation and qualification of our equipment and production lines in our new manufacturing facilities. Our team has done a great job, not just meeting, but often exceeding the rigorous requirements necessary to qualify our product lines and facilities as a Class III manufacturer of medical devices and components. As the foundation of our business, this is where we excel and why we have been able to foster long-standing customer and partner relationships. We anticipate having all validation and qualification of our equipment and production lines related to the recent expansion complete by the end of 2019. Upon completion, we will be operating at approximately 60% capacity, positioning us to meet anticipated demand growth for the next several years.

Turning to our second core business segment. Hearing health revenue was relatively flat over the prior year first quarter and represented approximately 25.1% of our total revenue. Our approach to this market is predominantly value-based. And by that, we mean we seek to deliver solutions to customers directly or through partners through a comprehensive ecosystem of outcome-based hearing health care, including high-quality, low-cost products, technology, service and support. Within this segment of our business, we have 3 distinct channels to market: Indirect-to-End-Consumer, Direct-to-End-Consumer and legacy OEM. I'd like to take the next few minutes to highlight some recent progress, near-term opportunities as well as our current goals to our Hearing Health business.

Starting with Indirect-to-End-Consumer, which comes from customers who sell to the end users through nontraditional models, we posted revenue of $2.6 million in the first quarter of 2019, down slightly over the prior year period. The modest revenue during the quarter was largely due to the impact of a product cycle from a large customer. We have placed a priority on identifying additional opportunities to accelerate our business in the indirect to consumer hearing health market and are excited about our growth potential. In particular, we are focused on identifying other best-in-class market leaders that we believe have the greatest competitive advantage to rapidly drive volume in this vast under-penetrated space.

Existing brand awareness, business-to-consumer marketing and advertising expertise as well as a strong balance sheet are all attributes that we seek in a partner.

Pursuing partnerships that will enable us to be a dominant and early participate in this emerging market is one of our key priorities. We are very excited about the transition emerging in the U.S. that opens up the OTC market for better, more accessible, affordable hearing aids. I'm confident that our track record for excellence combined with our unique ability to deliver state-of-the-art technologies, including wireless, digital hearing aids and sophisticated self-fitting software solutions, coupled with our customer care competency resident in our DTC operations, positions us far ahead of the competition in seeking partners who have the ability to enter and own this exciting new market opportunity.

Turning to our Direct-to-End-Consumer business. Hearing Help Express revenue in the first quarter of 2019 was $1.6 million. As we have highlighted in the past, we are taking a very thorough and thoughtful approach to this emerging market opportunity. Pending legislation has the potential to dramatically change the hearing health market, and I am confident that we are taking the steps necessary to ensure that IntriCon is well positioned to deliver affordable hearing aid solutions directly to the U.S. market. In the near term, we plan to continue to expand our direct sales initiatives in a measured approach while incorporating the insights we have gained in building an ecosystem of care to address emerging channel. We continue to see meaningful opportunity in our Direct-to-End-Consumer channel and remain very excited by the long-term revenue growth potential as this channel emerges. Legacy OEM revenue, which is being sold into the traditional hearing health model, was $3.3 million in the first quarter of 2019, an increase of 4.9% over the prior year period.

Before I turn the call over to Scott to review our first quarter financials in more detail, I would like to take a few minutes to comment on the exciting changes to our leadership team we are announcing -- we announced earlier today. First, we are delighted to welcome Ray Huggenberger to our Board of Directors. He brings an incredible wealth of experience and strategic vision to our business, specifically in medical device commercialization. Ray is currently on the Board and previously served as President and CEO of Inogen, the leader in lightweight portable oxygen concentrators, where he was instrumental in guiding the company's successful market expansion through both business-to-business and direct-to-consumer channels. His insight will be especially invaluable as we expand our opportunity in the hearing health market.

I would also like to congratulate Phil Smith as he assumes the role as our Chairman. Phil has been a Director since 2016 and we look forward to his further contributions. He succeeds Michael McKenna who served on our Board for more than 20 years and as our Chairman since 2001. Under his leadership, IntriCon's core business has increased from $39.6 million to $116 million in 2018 as we expanded into numerous growth-oriented market opportunities. On behalf of the IntriCon executive team and the Board of Directors, I would like to thank Mr. McKenna for his faithful and longstanding 21 years of service in the company and wish him well in his retirement.

And I'm delighted to announce Scott Longval's promotion to the additional role of our Chief Operating Officer effective immediately. Scott joined IntriCon in 2005 and has provided excellent financial leadership. During his tenure, he has been an effective steward of our capital resources, driven revenue growth and been instrumental in the completion of several key acquisitions and equity financing. In his expanded role, Scott assumes responsibility for the day-to-day leadership and management of our operations, including manufacturing, quality control, product delivery, human resources and general administration. We look forward to his furthering our mission of being the recognized leader in enhancing the mobility and effectiveness of body-worn devices that provide affordable and accessible care and improve the quality of life for those we serve. I am confident that Scott's deep knowledge of our business as well as the strong leadership skills make him the ideal executive to assume this expanded role. I would like to turn the call over to Scott.

J. Scott Longval - *IntriCon Corporation - Executive VP, CFO, Treasurer & Secretary*

Thank you, Mark. First, I'm excited to assume the additional role of Chief Operating Officer. I look forward to working with our talented teams across many disciplines that are critical to our continued delivery of the highest quality and innovative products that meet our customers' needs.

Turning to the financial results. For the 2019 first quarter, we reported net revenue of $30.1 million, up 18.7% from $25.4 million in the prior year period. The increase was primarily due to year-over-year revenue gains from our diabetes and medical coil markets.

First quarter gross margins were 29.1%, down from 33.2% in the prior year first quarter. Gross margins were constrained by ongoing validation and qualification expense and excess capacity related to the recent manufacturing expansion.

Operating expenses for the quarter were $7.9 million compared to $7.1 million in the prior year period. The increase stemmed from increased advertising investments in our Direct-to-End-Consumer and support costs related to key new business development initiatives.

IntriCon posted net income attributable to shareholders of $775,000 or $0.08 per diluted share versus $769,000 or $0.10 per diluted share for the 2018 first quarter.

In terms of guidance, we are reiterating our previously stated guidance for the full year 2019, which included revenue of $128 million to $133 million and gross margins of 30% to 31.5%. We continue to anticipate year-over-year revenue growth and margin improvement for the full year 2019 and now anticipate the timing of certain orders related to our largest customer's ongoing global commercial product launch will be more weighted towards the second half of the year.

In 2019, we anticipate gross margins to be relatively consistent with 2018, despite the headwinds noted related to our manufacturing expansion and impact of pending long-term customer contract and a significant increase in depreciation. Long term, I believe we are well positioned for continuous growth from our core businesses. In addition to our revenue growth opportunities, we anticipate that over time, we will be able to leverage our current manufacturing infrastructure to expand gross margins to the high 30% range.

Now I'd like to turn the call back over to the operator so we can take your calls.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Jon Block with Stifel.

Jonathan David Block - *Stifel, Nicolaus & Company, Incorporated, Research Division - MD & Senior Equity Research Analyst*

I might ask maybe one or two more than I usually do, but maybe just to start off, the new medical customer, congrats on that. Is that sort of the new run rate in Medical around that 3.5 million, 3.6 million per quarter for this year, and then as you mentioned, going higher next year? Or was there anything that was sort of one-off specific to 1Q '19 in that other medical line?

Mark S. Gorder - *IntriCon Corporation - CEO, President & Director*

Scott, do you want to take that one?

J. Scott Longval - *IntriCon Corporation - Executive VP, CFO, Treasurer & Secretary*

Yes. Thanks, Jon, for the question. What we saw in the first quarter was some of the original benefit of some medical coil increases from that new customer. And we expect that to maybe temper a little bit in the second quarter, and then begin to gain traction second half of 2019, and then clearly as we look into 2020, anticipate that growing at a much higher clip.

Jonathan David Block - *Stifel, Nicolaus & Company, Incorporated, Research Division - MD & Senior Equity Research Analyst*

Okay. Great. That's very helpful. And then the gross margin of 29.1%, I mean I view that as sort of the main blemish for the quarter, about 100 bps below where we were. And I think you mentioned finalizing validation this year, at which time you'd be around 60% capacity if I got that all right. I guess, Scott, the question here is your confidence in averaging what we believe is close to 31.5% for the remaining 9 months of the year versus the 29.1% in 1Q to get you to the midpoint of that 30% to 31.5%? Can you get there in light of not finalizing validation until the end of '19? Maybe some thoughts and color around GMs would be very helpful.

J. Scott Longval - *IntriCon Corporation - Executive VP, CFO, Treasurer & Secretary*

Yes. I think the expansion itself, this is a monumental task. We're talking about bringing 17 presses online, various automation systems, numerous molds. it's quite a bit of effort, both internally and on our customer and ultimately through the FDA. That said, we're confident with where we're at in that process, that we can get the final -- or some of the -- those presses through validation and running to the point where we can start to leverage that in the second half of the year. So we anticipate, as we've laid out in the comments, that we see the second half of the year's gross margins starting to benefit from those efforts. Additionally, as we look into second half of the year, we're confident that the overall revenue mix will be more favorable. So we think that will also play a part in helping us achieve the gross margins that we've laid out in terms of guidance for 2019.

Jonathan David Block - *Stifel, Nicolaus & Company, Incorporated, Research Division - MD & Senior Equity Research Analyst*

Okay. And maybe one or two more for me. Because in that Indirect-to-End-Consumer business, I think in the press release and on the call, you mentioned something with one of your partners. Is there a way to go and try to quantify that specific to 1Q? I mean obviously that indirect business grew at a very healthy rate in 2018 year-over-year, flat to slightly down in 1Q '19. Is there a way to go ahead and sort of quantify the impact that you saw in the March quarter?

Mark S. Gorder - *IntriCon Corporation - CEO, President & Director*

Jon, this is Mark. I think from time to time because we have these independent partners that we're working with, they have their own buying and launch cycles at some of these products. And because they're all relatively large buyers as a percent of sales in that group, that has a big impact with a -- we have a launch cycle that ebbs and flows. But overall, we expect year-over-year that business to continue to grow as we're bringing in more partners. So I would expect that the second half of the year, we would expect to see that back on track to show continuous growth.

Jonathan David Block - *Stifel, Nicolaus & Company, Incorporated, Research Division - MD & Senior Equity Research Analyst*

Okay. And last question for me, Mark, I might be sticking with you. You had some comments where the investment specific to DTC or HHE business seemed to be under control, and you acknowledged that you'd be thoughtful on making the investments there. You obviously added someone on the board with a ton of experience, with very impressive experience to the DTC types of businesses. So maybe you can take a step back and just share with us the company's latest thoughts around how aggressively you want to pursue the DTC hearing business and how you sort of feel the best approach to market there.

Mark S. Gorder - *IntriCon Corporation - CEO, President & Director*

Thanks. Good question, Jon. I think the -- we look at the investment that we're putting into HHE and into our manufacturing and technology infrastructure that supports all the legs on the stool here as being leverageable across all these potential partners. So for example, when we purchased HHE, we bought a very good core capability for customer care, hearing health telemedicine. That's going to be useful to all of our partners as we grow this business. So when we talk about we're going to invest prudently to continue to expand our core capability in hearing health telemedicine, but at the same time, we're going to watch our spending very carefully on the marketing side. So as I mentioned in the press release, we were increasing our expenditures going forward in outbound telesales, while tempering the costs in ad spend. Where we see something as not producing the return that we expect, we will moderate that and try other things that we think have a better return on investment. So at the current state, we think we'll get a better return on investment on outbound telesales from a tactical standpoint. So we're going to prudently temper that advertising and marketing expense. Does that answer your question?

Jonathan David Block - *Stifel, Nicolaus & Company, Incorporated, Research Division - MD & Senior Equity Research Analyst*

It certainly does, Mark.

Operator

Our next question comes from Andrew DeSilva with B. Riley FBR.

Andrew Jacob D'Silva - *B. Riley FBR, Inc., Research Division - Senior Analyst*

I'll start with a couple of bookkeeping ones, Scott, if you don't mind. Could you just let me know what cash flow from operations, CapEx and stock-based comp were for the quarter? And then maybe while you're pulling that, Mark or Scott, can you discuss the new medical customer? Is that an expansion with an existing customer or a completely new customer? And just a color on that would be useful as well.

Mark S. Gorder - *IntriCon Corporation - CEO, President & Director*

Well, we made a commitment to invest in trying to diversify our medical business. Now fortunately, we had some ongoing activity for the last several years trying to draw -- grow our medical coils space. And because that's in an FDA-regulated environment, the life cycle of getting a product from gestation through the FDA is very lengthy. So some of these -- this particular customer we've been working on for, I would say 3 to 4 years from -- of starting the development of the product to where it now has FDA approval and they're starting to launch it. And as Scott mentioned, I think, in the write-up, we expect modest sales in 2019 and more vigorous growth in 2020. We have other medical coil customers who are in a similar situation to the one that we just started to launch, and we expect additional launches in the future in that product line. But in addition to that, as we mentioned in our press release, we hired Doug Pletcher to head up VP of Business Development in the medical space. And his role is more strategic, and we expect that he will have a strategy on how to build a platform using our core technologies to take to a broader array of large medical device companies starting in the second half of this year. So there's a 2-pronged approach there. There's the more tactical approach where we're already gaining traction in medical coils, and then strategic approach where we're investing to take our core technologies, build a platform and reach a broader array of customers with body-worn medical device technology. Now I'll turn it back to Scott.

J. Scott Longval - *IntriCon Corporation - Executive VP, CFO, Treasurer & Secretary*

Yes. Andy, for cash flow from operations, roughly $430,000; CapEx spend, $950,000; stock-based comp, $330,000; and depreciation and amortization was $810,000.

Andrew Jacob D'Silva - *B. Riley FBR, Inc., Research Division - Senior Analyst*

Great. And then Mark, just following up on that comment, so did that -- so this is a completely new customer? It's not like another subsidiary of a parent or anything like that? Is that the correct assumption?

Mark S. Gorder - *IntriCon Corporation - CEO, President & Director*

Yes, correct assumption.

Andrew Jacob D'Silva - *B. Riley FBR, Inc., Research Division - Senior Analyst*

Okay. Great, great. And then if you mentioned this, I'm sorry, I was jumping between calls. But last quarter call, you noted establishing a new contract with a large existing partner. Any updates on that front?

J. Scott Longval - *IntriCon Corporation - Executive VP, CFO, Treasurer & Secretary*

Andy, this is Scott. We're -- we believe we're really close to securing a long-term contract. And while we're working to finalize that contract in the near term, I guess it's important to point out that relationship is something that we've been working with this customer for well over a decade. We're deeply integrated into their ecosystem. I think if you look at how both parties have worked over the last several years, investing millions of dollars, there's a vested interest on both sides to get something finalized. So we're working towards that. We're excited to do that. And when we do, we'll be able to share that with the group.

Andrew Jacob D'Silva - *B. Riley FBR, Inc., Research Division - Senior Analyst*

Okay. And the guidance is kind of around where you would expect the renegotiated contract to shake out? That's a fair assumption? Or do you think that there could be some variance related to how the guidance could shake out based on how the partnership is established?

J. Scott Longval - *IntriCon Corporation - Executive VP, CFO, Treasurer & Secretary*

No, there is no relation.

Andrew Jacob D'Silva - *B. Riley FBR, Inc., Research Division - Senior Analyst*

Okay. Good. And then can you help cross-walk Q1 gross margins for me? They're about 90 bps, basis points lower than Q4. On a segment-by-segment basis, it seemed at least somewhat close sequentially, from a top line standpoint at least. I'm just trying to figure out where the majority of the margin compression happened during the quarter. I mean the manufacturing utilization issues, I believe, are still relevant last quarter as well. So I'm just trying to figure out why there was a little bit more compression this quarter.

J. Scott Longval - *IntriCon Corporation - Executive VP, CFO, Treasurer & Secretary*

Yes, correct. There was an uptick, Andy, what we noted in the call and in the press release on just the costs associated with going to the validations and qualifications, so adding some additional expense in the first quarter that we didn't recognize in the fourth quarter.

Andrew Jacob D'Silva - *B. Riley FBR, Inc., Research Division - Senior Analyst*

Okay. I hear you. Okay. And then I kind of -- I see what's going on there. And then just one last one for me, if you could maybe discuss the value-based contract that you highlighted with Medtronic that was established at Blue Cross and Blue Shield of Minnesota? How many of those do you think can be established? Or what's the landscape look like for VBC contracts right now? And then from your experience with previous product rollouts, how beneficial are they to actually ramping up sales?

J. Scott Longval - *IntriCon Corporation - Executive VP, CFO, Treasurer & Secretary*

Very good question. I think if you step back and broadly look at what Medtronic's doing, that's definitely an area of focus. Not only on the diabetes group, but corporate-wide, trying to enter into these value-based agreements. And this isn't the first one they have, but obviously something that they're very excited about. And if you think about the products which they're offering in the diabetes group that's falling under this outcome-based value-added umbrella, really supported by the monitoring, the diabetes -- the glucose monitoring and the importance of ensuring the patient is keeping their A1C levels within that defined range provides the best outcome. So as they enter into these agreements and they continue to expand on that front, we believe we're going to be the beneficiary of that as the demand for CGM continues to increase.

Operator

And our next question comes from Dick Ryan with Dougherty.

Richard Allen Ryan - *Dougherty & Company LLC, Research Division - VP & Senior Research Analyst of Industrials*

Say guys, when you look at the indirect market, part of that's United, part of that are the other vendors, collective of vendors that are going to the consumer market in their own right. We've seen that pull back from the levels of Q3 and Q4. Can you talk about where that weakness occurred? Is it more on the United side or the other vendors' side?

J. Scott Longval - *IntriCon Corporation - Executive VP, CFO, Treasurer & Secretary*

I can't get into the specific makeup of that, but as Mark mentioned, we have a couple of large customers to drive that revenue base. And for the number to end up where it was in the first quarter, obviously it was impacted by a large customer.

Mark S. Gorder - *IntriCon Corporation - CEO, President & Director*

(inaudible)

Richard Allen Ryan - *Dougherty & Company LLC, Research Division - VP & Senior Research Analyst of Industrials*

Sorry. Mark, what's your current thoughts on the FDA right up for the coming regulations?

Mark S. Gorder - *IntriCon Corporation - CEO, President & Director*

Good question. I was out in D.C. again at the end of March to assess where all this was at, and I -- my feeling is still that the FDA will issue some type of guidance document by the end of 2019, and then by statute, they have a period of time where they have to allow for comments. And that could take as long as 6 months. So I would say that our expectation is mid-2020 that the regulation will be in effect. Now statutorily, they could take another year longer than that, but the feedback that I got when I was there was that there's a lot of pressure to get this done, that the politicians such as Senator Warren's office being part of pressure on to get this done. And we think the FDA will move sooner rather than later. So that's the current feedback that I have, Dick, from my most recent discussions.

Richard Allen Ryan - *Dougherty & Company LLC, Research Division - VP & Senior Research Analyst of Industrials*

Okay. Great. What are you guys doing now on your self-fitting software? Where do you stand in that process?

Mark S. Gorder - *IntriCon Corporation - CEO, President & Director*

Well, twofold. We had an initiative, as we've mentioned in the past, going in Europe. That's still going very well. We're using that to test and debug the technology. So that's going well in Germany. They're doing expansions now into Australia and Switzerland over there. But the real benefit of that in the long term is coupled with the OTC legislation. We can do self-fitting direct to the consumer without the -- without including a professional in the process, allows us to create a much more efficient and more value-added process for the consumer. Now where we stand on that, we're in the process of submitting a 10-K with clinical trials in the U.S. to get FDA approval to put that in the U.S. market and our goal is to get that done prior to the release of the regulations. So we're in the process of defining what our 10-K submission will look like and then moving that forward. And we're benefiting from the fact that Bose already got a de novo approval for a self-fitting science that was announced in October of last year. So that allows us to do a 10-K substantial equivalence to what they did, and we have every confidence to believe that our technology is a substantial equivalent. So our goal is to get that done by mid-2020, so that we're ready for a OTC completion of the regulations.

Operator

And I'm showing no further questions in the queue at this time. I'd like to turn the call back to Mark Gorder, President and CEO, for any closing remarks.

Mark S. Gorder - *IntriCon Corporation - CEO, President & Director*

Thank you again for joining our call today. I'm pleased with the solid performance the IntriCon team is making. And we'd like to thank them as well as our shareholders for your continued support. We look forward to seeing many of you during upcoming conferences and marketing trips. Have a great evening.

Operator

Ladies and gentlemen, thank you for your participation in today's conference. This does conclude your program and you may all disconnect. Everyone, have a great day.
