Operator: Greetings, and welcome to the Columbus McKinnon Corp. Second Quarter Fiscal Year 2023 Financial Results Conference Call. [Operator Instructions] As a reminder, this conference is being recorded.

I'd now like to turn the conference over to your host, Deborah Pawlowski. Please proceed.

Deborah Pawlowski: Thank you, Latonya, and good morning, everyone. We certainly appreciate your time today and your interest in Columbus McKinnon. Joining me on the call are David Wilson, our President and CEO, and Greg Rustowicz, our Chief Financial Officer. You should have a copy of the second quarter fiscal '23 financial results, which we released this morning, and, if not, you can access the release, as well as the slides that will accompany our conversation today, on our website at columbusmckinnon.com. After our formal presentation, we will open the line for Q&A.

If you'll turn to Slide 2 in the deck, I'll review the Safe Harbor Statement. You should be aware that we may make some forward-looking statements during the formal discussions, as well as during the Q&A session. These statements apply to future events that are subject to risks and uncertainties, as well as other factors that could cause actual results to differ materially from what is stated here today. These risks and uncertainties and other factors are provided in the earnings release, as well as with other documents filed by the Company with the Securities and Exchange Commission. You can find those documents on our website or at sec.gov.

During today's call, we will also discuss some non-GAAP financial measures. We believe these will be useful in evaluating our performance; however, you should not consider the presentation of this additional information in isolation or as a substitute for results prepared in accordance with GAAP. We have provided reconciliation of non-GAAP measures comparable GAAP measures in the tables that accompany today's release and slides.

So, with that, please advance to Slide 3 and I'll turn the call over to David to begin. David?

David Wilson, President and Chief Executive Officer: Thank you, Deb and good morning, everyone.

Our second quarter results demonstrate the success of our efforts to drive growth, strengthen earnings power and generate cash.

On a constant currency basis, revenue of $232 million was up 8.5% year-over-year driven by strong pricing power and the contribution of Garvey, our conveying solutions bolt-on acquisition.

Notably, we had record operating income in the quarter driven by nearly 40% operating leverage reflecting the early benefits of our regional realignment.

As a result, even as we face headwinds, we reported record adjusted EBITDA margin of 16.8% in the quarter, which is another solid proof point of progress toward our longer-term financial objectives.

We also effectively converted earnings into cash in the quarter as cash from operations was $17.3 million and we used that to further reduce debt.

As I mentioned last quarter, our new structure is creating an environment of improved collaboration across product teams within the Americas, EMEA and APAC. We are seeing some early signs of success on this front. One example is a project where we were awarded a crane system that was sold in conjunction with a major rail project. Our integrated sales team was able to readily recognize this opportunity and capture the order whereas under our prior structure, we would not have had this visibility.

I also believe we are now able to move more quickly with improvements in our customer engagement practices. We recently completed our first enterprise-wide customer Net Promoter Score, or NPS,

survey and are advancing initiatives to improve the quality, consistency and rigor of our customer performance and communications.

I'll speak more to orders and backlog later in this presentation but will note here that we are encouraged with the strength of quotation levels even as orders declined in the period. Order activity ahead of our June price increase and extended customer project execution cycles were the drivers of this sequential decline.

We expect to see continued opportunities within our target markets driven by the megatrends of automation and digitization, energy and environmental infrastructure investments and the regionalization of manufacturing.

Slide 4 provides a dashboard that highlights the progress we are making in relation to key strategic objectives as we strive to achieve our financial targets for fiscal 2027.

As you know, we are unlocking the potential of Columbus McKinnon through the execution of CMBS and our Core Growth Framework.

CMBS underpins our Strategic Framework by providing the playbook for standard work and scalable processes with an emphasis on being market led, customer centric and operationally excellent. Within CMBS are ten core competency areas where we are working to excel and that will enable scalable, sustainable performance as we deliver on our plan.

The advances we are making toward achieving $1.5 billion in revenue and 21% EBITDA margin by FY27 are our proof points and there are several initiatives that underpin these results. I think it's important for us to share a summary of the progress we are making in relation to a selection of these objectives.

Our recent regional reorganization is enabling us to better leverage our Intelligent Motion Solutions across customers, industries and geographies and is improving our global market position.

We drove 7.5% year-to-date growth on a constant currency basis as we focused on areas where we can capture growth through cycles. You will recall from our investor day that we are targeting a 5% CAGR for our organic business and, with acquisitions, a 10% CAGR over the strategic planning period.

We are also executing to improve the vitality and customer relevance of our product portfolio. A specific KPI we monitor to measure progress in this area is our "NPD N-3" revenue. This is the percent of revenue that is driven by new products introduced within the last three years net of any cannibalization that can occur from new product introductions. We have practically doubled this metric as a percent of sales since fiscal 2019 and it has grown more than 5 times since FY17.

Not all is perfect, however. The complexity of our previous organizational structure and product portfolio, combined with persisting supply chain delays, has resulted in delivery and communications challenges that have negatively impacted our customer's experience. As I stated earlier, we recently completed our first enterprise-wide customer Net Promoter Score, or NPS, survey and we are advancing initiatives that will improve our company's responsiveness, delivery and communications with customers.

Shifting to bottom-line measures, we are expanding margins and we are driving cash generation.

Gross margin improved to 36.5% on a TTM basis, a new twelve-month record for the company.

Our business realignment actions are both reducing the complexity of our enterprise while also improving our cost structure. This program is simplifying our go-to-market approach and takes-out approximately $6.8 million of cost on an annualized basis with a little under a year payback.

And, as I already mentioned, we reported record operating income and adjusted EBITDA margin in the quarter.

We are delivering on our transformation strategy and are pleased with the progress we are making.

Looking to slide 5, you can see the specific progress we are making on gross margin. To achieve our fiscal 27 goals, we will need to approach the 40% gross margin level. For the first half of fiscal 23, gross margin was 37.4% and we are narrowing the gap to 40%. If you review our investor day deck from June, you will find the bridges that provide the details on how we expect to achieve our goals. Execution requires a combination of volume, strategic pricing, simplification of our product lines, reduction in overhead costs and well-timed acquisitions that are accretive to margin.

Slide 6 depicts the transformation that Columbus McKinnon is undergoing. We are striving to be the global leader in Intelligent Motion Solutions for material handling, leveraging our technologies in areas that are benefiting from the persistent trends of automation, productivity and supply chain regionalization. Within this opportunity set, while all areas of our business will continue to grow, we believe our Specialty Conveying, Linear Motion and Automation solutions will grow at the fastest rates. This is expected to result in a mix-shift over time to our higher margin businesses that are serving less-cyclical markets such as life sciences and food & beverage.

Our disciplined and thoughtful acquisition strategy is also focused on the faster growing product categories. In fact, the benefit of adding our Specialty Conveying platform was clearly demonstrated this quarter. Our strategic move to acquire Dorner, enabled us to acquire Garvey in December of last year and, this quarter, Garvey contributed $9 million in revenue at 50% gross margin rates. This was driven by a project for the EV market and was specific to the management and flow of battery cells in the customer's production process. While we have generally been benefitting from the expansion of production lines for electric vehicles, this precision conveyance application is more specific to the underlying growth in electric vehicle battery production.

The Specialty Conveying platform has been a game changer for Columbus McKinnon and is central to our transformation.

With that… Let me turn it over to Greg to review the financials in greater detail.

Greg Rustowicz, Chief Financial Officer: Thank you, David, and good morning, everyone.

On slide 7, net sales in the second quarter were $231.7 million dollars, up 8.5% from the prior-year period on a constant currency basis, and within the guidance we provided last quarter. Delayed shipments resulting from supply chain challenges continued at a similar pace to last quarter and impacted sales by approximately $26 million dollars in the second quarter.

Looking at our sales bridge, pricing was a major driver of our growth, up $11.0 million, or 4.9%. This amount was up 40 basis points from our Q1 level. Our specialty conveying platform continues to deliver strong performance with the Garvey acquisition providing $9.0 million of growth. Overall volume declined slightly, by (0.4)% or $900 thousand which was largely the result of material shortages that I previously mentioned. Foreign currency translation reduced sales by $(11.0) million, or (4.9)% of sales.

Let me provide a little color on sales by region. For the second quarter, the 6.9% growth we saw in the U.S. was driven by a 5.8% improvement in pricing. As you are aware, we increased prices in both March and June this year. Acquired revenue added 4.5% growth. This more than offset a (3.4)% decline in sales volume. Outside of the U.S., sales grew 7.5% excluding FX and the acquisition. Pricing improved by 3.7% and sales volume increased by 3.8%. We were encouraged with the volume increases we saw which were approximately 1% each in Europe and Canada, and 36% in Latin America. The growth in

Latin America reflects the region's lagging post-pandemic recovery as well as specific growth initiatives that are showing traction. APAC volume was flat due to the various lockdowns that have occurred in that region of the world.

On slide 8, gross margin of 37.2% was up 90 basis points from the prior year. On an adjusted basis, gross margin was higher by 50 basis points driven by the Garvey acquisition, which was 50 basis points accretive to our adjusted gross margin this quarter.

Let me point out a few highlights on our gross profit bridge. Second quarter gross profit increased $5.2 million compared with the prior year and was driven by several factors. The Garvey acquisition provided $4.5 million of gross profit on $9 million of revenue equating to a 50% gross margin. Pricing net of material inflation added $4.4 million of gross profit demonstrating our pricing power. Offsetting these items was foreign currency translation which reduced gross profit by $4.1 million reflecting the strong U.S. dollar compared to the Euro.

Moving to slide 9, RSG&A or our operating expenses were $52.5 million in the quarter or 22.7% of sales. This included $1.2 million of business realignment costs as we advance our new commercial structure. Sequentially, operating expenses were lower than Q1 by $700 thousand due to the benefits of our business realignment and FX translation.

Compared with the prior year, RSG&A costs were higher by $1.3 million with the acquisition adding $1.2 million. We also incurred $900 thousand of incremental business realignment costs related to our commercial reorganization. We invested an incremental $1.6 million in R&D costs and our annual merit increases became effective July 1st. Offsetting these increases were about $1 million in savings from the commercial realignment and foreign currency translation which reduced our costs by $2.3 million dollars. For the fiscal third quarter, we expect RSG&A expense to approximate $54 million.

Turning to slide 10, we achieved record operating income in the quarter of $27.4 million and adjusted operating income of $28.6 million. Operating income benefitted from the acquisition and our pricing power which more than offset the negative impact of foreign currency translation that reduced operating income by $1.6 million. Adjusted operating margin was 12.4% of sales, a 100-basis point increase over the prior year and up 130 basis points from the trailing quarter. We realized strong operating leverage in the quarter of 38.6%.

As you can see on slide 11, we recorded GAAP earnings per diluted share for the quarter of $0.49 cents. Our tax rate on a GAAP basis was 26% in the quarter. For the full year, the tax rate is expected to be between 29 and 31% which reflects a 6-percentage point impact from the two discrete items that we discussed last quarter.

Adjusted earnings per diluted share of $0.73 cents was down $.01 cent from the prior year. Impacting EPS was higher interest expense as well as FX losses and mark to market investment losses which together impacted EPS by $0.10 cents per share, year over year.

Even though we are 60% hedged to interest rate exposure, interest expense is expected to increase to $7.2 million in the third quarter. FX and investment losses are also expected to continue in the third quarter as well. We estimate these combined headwinds will impact pre-tax earnings by $1 million. Weighted average diluted shares outstanding will approximate 29 million and our pro-forma tax rate is 22% for calculating non-GAAP adjusted earnings per share.

On slide 12, our Adjusted EBITDA margin for the quarter was a record 16.8%, and our TTM EBITDA margin increased to 15.6%. The Garvey acquisition was accretive to our Adjusted EBITDA margin in the quarter by 80 basis points. Our TTM Return on Invested Capital improved to 6.9%. We are making

progress towards our targets of $1.5 billion in revenue with a 21% EBITDA margin as covered at our recent Investor Day.

Moving to slide 13, we had positive free cash flow of $15 million in the second quarter. This includes cash inflows from operating activities of $17 million and CapEx of $2 million. We anticipate that our free cash flow will continue to build through the course of the fiscal year as we drive earnings and reduce working capital as a % of sales back to the mid-teen levels. We now expect full year capital expenditures to be in range of $12 to $15 million, down from previous guidance due to the timing of projects.

Turning to slide 14, we have a strong and flexible capital structure comprised of a Term Loan B which requires $5.3 million of required principal payments annually and has an excess cash flow sweep depending on total leverage. We paid down $20 million of debt YTD and expect to pay $40 million for the entire fiscal year. The term loan B is 60% hedged with interest rate swaps that blend to a swap rate of approximately 2.08%

As of September 30th, on a pro-forma basis which includes Garvey's LTM adjusted EBITDA but excludes expected cost synergies, our net leverage ratio was 2.8 times. We are prioritizing debt repayment in the current environment. Finally, our liquidity, which includes our cash on hand and Revolver availability, remains strong, and was approximately $173 million at the end of September.

Please advance to slide 15 and I will turn it back over to David.

David Wilson: Thanks, Greg.

As I mentioned earlier, we are encouraged with the strength of quotation levels even as we saw orders decline in the period. Order activity ahead of our June price increase and extended customer project execution cycles were the primary drivers of this sequential decline.

More specifically, trailing first quarter orders were elevated ahead of price increases in June by approximately $10 million dollars and, although we are still seeing healthy quote rates on projects, customers were slow to release orders toward the later-half of the quarter given delays they are experiencing with the execution of these projects.

Our backlog remains elevated given the impact that supply chain delays are having on our product delivery. Motors, drives and controls as well as electronic components continue to constrain our ability to ship product more quickly.

As I noted earlier, we are heavily focused on improving delivery and communications with our customers as we continue to navigate supply chain constraints. Internally, we have simplified our structure and are improving the flow of information to enable more proactive communication with our customers.

Please turn to slide 16.

We expect revenue in our third quarter to be in the range of $225 million to $235 million based on current exchange rates. As I have noted, we are focused on executing our plan and ready to adapt as needed for macroeconomic conditions.

We continue to invest in innovation, the vitality of portfolio is increasing, our teams are driving collaboration across product categories and we are executing on initiatives to improve our customers' experience.

We believe we are improving our position in more secularly driven markets and are delivering solutions to our target markets that help end users scale automation and productivity.

On Slide 17, you can see our long-term goals. We are being very intentional in our strategy deployment process to advance toward our growth and profitability targets. We believe we are a better business than we were just two years ago with a stronger earnings profile, a better product and market mix and a streamlined team that is intensely focused on execution.

Although the macro environment is somewhat unsettling, we are being deliberate in our actions to create value for our customers, execute our plans and deliver on our goals.

With that, operator, we can open the lines for questions.

Operator: We will now conduct the question-and-answer session. [Operator Instructions] The first question comes from Matt Summerville from D.A. Davidson.

William Jellison - D.A. Davidson & Co.: This is Will Jellison on for Matt today. I wanted to start out, Greg, by asking you a follow-up question regarding some of the supply chain issues that impacted volumes through the fiscal second quarter. Can you sort of place those into context relative to your experience, say, in the last year or so? And whether or not what you saw in fiscal second quarter was incrementally worse than what you've seen before or just a persistence of things that you've been dealing with for a while now?

Greg Rustowicz: So, this really became an issue for us, Will, about a year ago, maybe a year and a quarter. I think in the June quarter, we experienced roughly a $25 million impact. This quarter was about $26 million. So, it's about the same level. And the March quarter of last year was a $15 million impact. There are pockets where different suppliers are getting better, some are still being challenged. But net-net, it's still having an impact of about the same level as what we saw in the first fiscal quarter, which is slightly elevated over what we saw in the fourth quarter of last year.

William Jellison - D.A. Davidson & Co.: Understood. Okay. And then -- on the elevated quote activity side, I was wondering, in your view that elevated core activity, where does that stand relative to Columbus' experience in prior cycles where you would normally expect to be at this time of year in this time of environment? Is it better than you would expect about the same? I would love some more color there.

David Wilson: I think it's better than what we'd expect heading into a recession, if, in fact, that's what we're doing, but we don't see any imminent signs of a recession. We do see strength in entertainment, utilities, steel and metals, oil and gas, and mass transit. Also, the stronger secular markets like life sciences and electrical vehicles remain robust. We are also quoting more projects for F&B. Quote rates are up year-over-year across our business. And so, we are really encouraged with the strength of quoting, the engagement with our customers, and what they are messaging around opportunities. The challenge really has been in terms of converting quotes into orders and the time that takes, as our customers are really waiting on other pieces of equipment to be delivered that are associated with their longer cycle projects. Therefore, waiting to release orders to us at a time that is more consistent with when they want to cash flow their project according to the delays that they're seeing.

Operator: Our next question comes from Steve Ferazani with Sidoti.

Stephen Ferazani - Sidoti & Company: I just wanted to follow up the last question in terms of you are seeing quotation rates up. Did you give a sense on orders in October versus the previous quarter?

David Wilson: No, we didn't, Steve. I can share with you that orders are up nicely sequentially versus prior quarter in the first 3 weeks. Although 3 weeks does not make a quarter, we're up about 10% sequentially quarter-over-quarter in total orders in the first 3 weeks of October. And that split is roughly

up 12% with our conveyor solutions, up 5% in our project orders, and up low teens in our short-cycle business.

Stephen Ferazani - Sidoti & Company: When I think about mix going forward and how much of the mix is now Dorner and Garvey. What are you seeing in terms of growth trends that could impact gross margins in a slowing environment, which is to say, is the mix going to lead to some gross margin improvement even if the market in general, slows?

David Wilson: I think given the growth rates that we anticipate, portions of the portfolio would expand gross margins over the rest of our portfolio. So, we would expect that in a slowing environment overall, with secular trends enabling further growth in those faster-growing areas, we would anticipate that we could expand margins in that environment.

Greg Rustowicz: So, Steve, just adding on to it. The gross margins in our precision conveyance business are in the mid-40s. That is accretive to the overall gross margins for Columbus McKinnon legacy business.

Stephen Ferazani - Sidoti & Company: Great. And if I can get one quick one in on cash flow. Saw a nice cash flow this quarter despite inventory still up. It seemed in the release, you said that inventories may have peaked despite the fact that we're still seeing significant supply chain constraints. Can you give a little color there and whether you would consider ramping up the debt reduction given the interest rate environment?

Greg Rustowicz: From an inventory perspective, our turns in the quarter were 3x. We ended the March quarter at 3.9 turns. So, clearly, we've taken on a lot of inventory in the first 6 months of the year from a cash flow perspective, as you mentioned. Inventories are up $31 million when you exclude the impact of FX. So, we have plans in place to bring, in total, our working capital as a percent of sales back into the mid-teens. That's going to require significantly improving our inventory turns. That process has already started. Our inventory levels crested in August, and they have started to come down. As you can imagine, it's not something that you can turn on a dime. It's like turning a battleship but we've got ample time left in the fiscal year to get inventories down substantially, get our turns up, and generate more cash. So, you're right, we are in an elevated interest rate environment. Marginal interest rates for us now are 7% on our term loan. I would remind folks on the call, like I said in my prepared remarks, we are 60% hedged. That clearly is tamping down what our interest expense would be if we weren't hedged. From a capital allocation perspective, we look at that on a regular basis with our board. We also are mindful that interest expense is elevated. As we generate more cash, absent an absolute perfect, small, bolt-on acquisition, our focus would be to try to use that cash to pay down more debt.

Operator: Our next question comes from Jon Tanwanteng with CJS Securities.

Jonathan Tanwanteng - CJS Securities: I just wanted to go back to the stronger quotations and maybe weaker orders. Do you expect that gap to close? Or is maybe the risk of a lower conversion rate more likely as we go forward? And in markets around the world start to deteriorate? How are you thinking about that in the coming quarters?

David Wilson: We anticipate that it is going to close given what the level of quoting activity is and the order trends we've seen thus far in this quarter. For right now, just to give you an illustrative example, if typical conversion cycle between when a quote is sent, and an order is received is 3 to 6 months in normal conditions. Customers today have component lead time changes on other pieces of equipment that they're waiting for. So, if someone is waiting for a robot, or if someone is waiting for engineered control panels, or they're waiting for packaging machines. Those lead times have been extended from being measured in months to being measured in over a year in some cases. What's happening is where

you would typically place an order for elements of our portfolio that have shorter lead times within 3 to 6 months. Those lead times are now being extended based on those customers now waiting for other pieces of equipment. But we do expect those gaps to narrow. We think the supply chain is starting to ease, certainly in specific areas, and we're encouraged by not only quotation activities, but the early Q3 order rates.

Jonathan Tanwanteng - CJS Securities: Got it. And maybe just to build on that, what do you think is driving the strength in quotations? Is it just because you're exposed to these less-cyclical markets that you've been driving towards? Or is it more that maybe it's pent-up demand or maybe just people trying to get ahead of price increases and an increase in cost of capital to finance these things.

Greg Rustowicz: I think it is because we're playing in some pretty attractive markets that are seeing demand driven by macro drivers or megatrends. I also think that we've been benefiting from our commercial reorganization and the collaboration that our teams are driving in the markets where we're getting more opportunity within the same customer base because we're able to cross-sell and represent a broader portfolio. So, I feel like we're self-helping and we're benefiting from trends that are occurring in the marketplace.

Jonathan Tanwanteng - CJS Securities: Great. And if I could sneak in one more, just directionally, how should we think of margins in the next quarter? Revenue at to down maybe, but you've done a good job with restructuring and then driving costs out. and maybe there's some inputs that might be coming down like freight and logistics. How should we think about that?

Greg Rustowicz: Typically, what we see, Jon, in the third quarter relative to the second quarter is a 50 to 100 basis point decline in gross margins. That's largely due to fixed cost absorption in our factories. We do have four fewer shipping and production days with the holidays. In the U.S., we have Thanksgiving as well. So what we would typically see is a 50 to 100 basis points decline in gross margins-- if you look back in history.

Jonathan Tanwanteng - CJS Securities: Okay. Great. And sorry, did you think -- is there anything different this year going into that calculation?

Greg Rustowicz: I would say we would expect a similar decline in that range.

Operator: Our next question comes from Patrick Baumann with JPMorgan.

Patrick Baumann - JPMorgan: Congrats on the strong execution in the quarter. A quick question on just the end market demand profile that you're seeing, can you walk through key verticals and where you're seeing trends hold in versus where you're seeing trends maybe fade a little bit, if anywhere?

David Wilson: As we said earlier, overall quote activity is up versus prior year. Short-cycle order demand is slowing a bit, but global project orders are taking longer to convert. That has been a bit of a challenge in terms of converting to orders. The entertainment, utility, and steel and metals markets have been robust. Oil and gas, is obviously experiencing some positive significant trends. Good positive activity trends in mass transit. Our rail business is experiencing some nice upticks. As it relates to our newer business areas, we have really nice trends in life sciences and electric vehicle activity. We mentioned the Garvey activity with the battery cells for electric vehicle battery production. We're also seeing really good quality leads for projects, albeit some smaller projects, which are really attractive in the food and beverage space. Then e-commerce shipments are off about $8.5 million year-over-year through the first half, and that's really related to a pause in demand from our largest e-commerce customer. But we do see those orders coming back online in fiscal '24 based on the very close relationship we have with that customer. I also would mention that although we've seen that decline,

we've really made great inroads at gaining traction with a number of other attractive e-commerce accounts and that's partially offsetting the decline. Kudos to our team at Dorner for the great work they're doing in the industrial automation space, where they've been able to grow that portion of the business pretty readily to help offset the challenges introduced by the year-over-year decline we saw with that one customer.

Patrick Baumann - JPMorgan: That's helpful color. And so, I would imagine that e-commerce business, that's most of -- that explains the entire decline that you're seeing at Dorner, I guess, in terms of revenue. And that's being offset by some of the other stuff.

David Wilson: That's right.

Patrick Baumann - JPMorgan: And then maybe, Greg, can you talk about the nuances of the inventory accounting that are impacting gross margins these days? I just -- I asked because I was looking at the LIFO reserves and they've gone up quite a bit so far this year. I'm just not sure how to interpret that from the outside, maybe give some CFO color on that.

Greg Rustowicz: We are on LIFO in the U.S. at a number of our U.S. factories. Dorner and Garvey are not on LIFO. So, this is legacy Columbus McKinnon and the LIFO reserves are going to move with inventory levels. As our inventory has become elevated, the LIFO reserve has gone up. But once again, as we expect to lower our inventory levels over the course of the balance of the fiscal year, the LIFO reserve should also go down. In terms of the LIFO reserve itself, you don't have the final calculation until the end of the year.

Patrick Baumann - JPMorgan: And how has that impacted, if at all, like the gross margin, like are there -- is there LIFO liquidation impacts on profits at all?

Greg Rustowicz: Not in a material way, Pat. The margins are really being driven by the pricing, and the Garvey acquisition.

David Wilson: I'd add product mix. The mix of sales, the pricing actions we have taken, the work we're doing to address our cost structure, and the work our team is doing in the supply chain to help offset inflationary costs. The LIFO reserve has a non-material impact on the margins for the period.

Operator: (Operator Instructions). Our next question comes from Joseph DiMieri with Onex Credit.

Joseph DiMieri – Onex Credit: My question is regarding more on the competitive environment. Given that Crosby/Kito distribution is a large competitor in the space, how does that affect you guys? Maybe if you could speak to market or product overlaps.

David Wilson: We competed, before the announced acquisition with both Crosby and Kito, with our product portfolio because we play both on the rigging side of the business where Crosby competes and, in the lifting and hoist side of the business where Kito competes. So, we were competing with them as separate companies in the past, and we anticipate that we'll be competing with them as they go forward and come together. We feel like the competitive dynamics don't change very much as it relates to them coming together as a single company. We feel that we've got a very competitive position with our channel partners and with the work that we do with our innovation strategy, with the new products we've been introducing, and with our new regional focus as a leadership team. We feel there are opportunities for us with our elevated focus on our customer experience and working to make sure that we're advancing competitively. We feel like we're well positioned to compete as that acquisition is completed.

Operator: We have a question just queued up. We will take the questions from Jonathan Tanwanteng.

Jonathan Tanwanteng - CJS Securities: Just following up on the topic of industry consolidation. Can you comment on the acquisition of Altra today by Regal Rexnord? That's one of the companies I think you've been trying to target in your long-term objectives. Just any thoughts there and maybe a validation of your strategy there.

David Wilson: Yes, that's exactly right, Jon. I don't want to comment on the specific transaction, but I will say that it clearly validates the strategy that we have as a company, it underpins everything that we've been trying to do as a company, and it speaks to the value creation that we're driving, as well as the opportunity for us as we think about that competitive landscape, how we're performing with our gross margins, our growth, and our expanding EBITDA margins given the good work that our team has been doing, and how that compares against that peer set from a multiples perspective. We're excited about our strategy. We're executing well. We're marching towards our 5-year targets of $1.5 billion in revenue and 21% EBITDA margins.

Jonathan Tanwanteng - CJS Securities: Could you just remind us what you had built into the long-term targets in terms of the potential for a recession in the near future? Was there a specific, I guess, expectation of a decline or anything like that in that 4-, 5-year period?

Greg Rustowicz: Jon, when we looked back in the summer, obviously, things have changed quite a lot since then, it was clearly the view that if there was a recession, it would be mild, there would be a soft landing, and we would be able to recover very quickly.

David Wilson: Right. And at this stage, we're seeing nothing to indicate anything other than that, Jon, because we are seeing, as you saw this morning, GDP actually pivoting to a growth position. We are not seeing any signs of deteriorating demand in the conversations we're having with our customers.

Operator: Ladies and gentlemen, we have reached the end of the question-and-answer session. I would like to turn the call back to Mr. Wilson for closing comments.

David Wilson: Thank you again for joining us today.

We are demonstrating our ability to execute to our plan while operating in an unsettled environment. CMBS provides the playbook to drive results through all market conditions and we believe we have the team in place to deliver. We are driving continuous improvement both strategically and operationally and are excited about our future. We have the plans, the people and the capabilities to enable scale, strengthen our earnings power and create intelligent motion solutions that move the world forward and improve lives.

Thank you for your time this morning and have a great day!

Operator: Thank you. This concludes today's teleconference. You may disconnect your lines at this time and thank you very much for your participation.

Note: This transcript has been edited slightly to make it more readable. It is not intended to be a verbatim recreation of the Columbus McKinnon Corporation (CMCO) financial results teleconference and webcast that occurred on the date noted. Please refer to the webcast version of the call, which is available on the Company's website (www.columbusmckinnon.com), as well as to information available on the SEC's website (www.sec.gov) before making an investment decision. Please also refer to the opening remarks of this call for CMCO's announcement concerning forward-looking statements that were made during this call.