Operator: Greetings. Welcome to the Columbus McKinnon acquisition of montratec Conference Call. [Operator Instructions] Please note this conference is being recorded. I will now turn the conference over to your host, Deborah Pawlowski. You may begin.

Deborah Pawlowski: Thank you, Chemaly, and good morning, everyone. We certainly appreciate your joining us today to discuss our announcement of the execution of our definitive agreement to acquire montratec GmbH. Here with me are David Wilson, our President and CEO and Greg Rustowicz, our Chief Financial Officer.

You should have a copy of the news release announcing the planned acquisition which can be found on our website at columbusmckinnon.com. There are also slides available that will accompany our conversation today that can be found there as well.

If you will turn to Slide 2 in the deck, I will 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 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 preliminary and forward-looking non-GAAP financial measures. 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 preliminary non-GAAP measures with comparable GAAP measures in the tables that accompany today's release and slides.

So with that, if you will turn to Slide 3, it is my pleasure to turn it over to David to begin. David?

David Wilson: Thank you, Deb and good morning, everyone. We are thrilled to have you with us this morning as we share the news of our most recent acquisition, montratec GmbH. montratec is a European leader in asynchronous conveying solutions.

As most of you are aware, we have established a very disciplined, systematic approach to executing on our strategy for growth. Shown here is the graphic that portrays our process. It's comprised of CMBS or the Columbus McKinnon business system and our core growth framework that defines how we focus our resources to grow the business. As we execute on our strategy within this strategic framework we are transforming Columbus McKinnon into higher growth, higher value enterprise.

The acquisition of montratec is further validation of progress with our strategy to transform Columbus McKinnon into a higher growth, less cyclical and higher margin business. montratec exemplifies our core growth framework as it grows and expands

our conveying platform by adding differentiated technologies and markets to our mix. We will leverage our existing market channels and operations to gain significant synergies and accelerate growth. This is also an excellent demonstration of our programmatic approach to M&A.

Turn to **slide 4** and I'll highlight the benefits of the montratec acquisition and why we see this as an exceptional addition to our precision conveying platform.

montratec enhances our product portfolio with asynchronous conveyance and Industry 4.0 controls. It advances our platform with differentiated technologies that move us up the technology spectrum and provides higher growth potential at very attractive margin profiles. We see the potential for significant sales synergies as we leverage our strong presence in the U.S. to rapidly expand their business. We also plan to leverage the scale and momentum that montratec has established in Europe to accelerate the expansion our current precision conveyance offerings.

We have been building an enterprise that benefits from several industrial megatrends and montratec will enhance our position as supply chains rebalance geographically, industrial automation becomes more prevalent given productivity requirements and labor shortages, the electrification of the automotive industry progresses, and national security concerns about the supply of semiconductors increase.

Importantly, montratec brings a highly qualified team into the Columbus McKinnon fold and we are excited to have them join us! Their technical talent, commitment and excitement align seamlessly with the culture of CMCO.

Together, we expect to more than double the size of the business over the next three years.

Let's move to **slide 5** and I will provide more detail on montratec.

Located outside of Stuttgart, Germany, montratec was founded in 2017 as a spinoff from a private company. Since its spinoff, montratec has grown rapidly, driven by their success in the automotive market, with an emphasis on EVs, the life science market, electronics and semiconductors.

We have been fortunate to know the business for several years through relationships that were established by our Dorner team. Our collective organizations quickly identified the strategic value of montratec in combination with our precision conveyance platform given the opportunity to leverage the value of our synergistic products, technologies and geographic access.

montratec's technology is highly complementary to our precision conveyance platform, they have demonstrated strong growth and have significant tailwinds, montratec has an earnings profile that is similar to our conveying systems platform and together we have visibility into several future opportunities.

Turning to **slide 6** you can see the elements of their modular asynchronous conveying system. In addition to consuming less energy and requiring less floor space than traditional pallet conveying systems, the modularity of the monorail and shuttle structure provides for significant flexibility. This enables easier adaptation into existing intralogistics processes.

Asynchronous intelligent automation and transport systems are at the heart of the network for production and logistics processes. These systems enable complex internal transport operations that support faster, more efficient assembly processes.

Asynchronous movement enables products to be moved independently of one another, traveling at varying speeds and distributed in multiple directions. These monorail and shuttle/transport solutions are configured for a variety of production needs from low volume/high mix to high volume/high speed.

As you can see on **slide 7**, the key markets served by montratec have enduring tailwinds. We love the growth characteristics of these markets and the breadth of applications in which you can find montratec's solutions. Recently, montratec expanded their cleanroom certifications and increased their payload capacity which will create even more opportunities within these attractive verticals.

Slide 8 provides insight into the precision conveyance technology landscape. As you can see, adding montratec to our product portfolio is a logical next step for expanding our portfolio and advancing as a solutions provider.

Our combined solutions for material handling address several challenges that manufacturers are addressing, including:

- The increasing complexity of assembly operations
- The need for increased flexibility to automate high mix/low volume production resulting from the proliferation of SKU's and brands
- The need to optimize space utilization from floor to ceiling, and
- The need for sustainability through improving energy efficiency, uptime and total cost of ownership over the life of a system

Slide 9 depicts the market landscape for assembly conveyance.

The landscape for assembly conveyance is approximately $4.7 billion and, but for roughly $400 million of "traditional pallet conveyance", this landscape is largely distinct from CMCO's current TAM.

montratec accesses approximately $300 million of this market today and we expect product development initiatives to open up another $400 million in market opportunity over time, as represented by the dash green lines on the slide.

We are excited about the larger potential this acquisition brings as we continue to build our enterprise around intelligent motion for material handling.

I will now turn the call over to Greg to review the transaction and financing. Greg?

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

First, let me take the opportunity to express my positive views on this acquisition. The combination of Columbus McKinnon and montratec is the next step in our transformation to an Intelligent Motion company. This acquisition is consistent with the strategic plan we presented at our recent Investor Day last June. We see tremendous value creation opportunities for our Shareholders as David has already covered. We are buying a high-quality business with a strong margin profile, a double-digit growth trajectory, and an excellent management team. We have made great progress in de-levering this quarter. While our leverage ratio with this acquisition will increase, it will approximate where we ended last quarter on a financial covenant basis. We have a proven track record of managing our capital structure responsibly. We have consistently proven we can generate free cash flow, and we expect montratec will add to that. We will prioritize using our free cash flow to de-lever the balance sheet quickly and efficiently.

So, let's move on to the transaction details on **slide 10**. The all-cash transaction is valued at approximately $110 million at closing using current exchange rates plus an earnout in an amount expected not to exceed $14 million based on EBITDA performance. The transaction is expected to close by May 31, 2023, subject to customary closing conditions. The purchase price will be adjusted for cash and debt at closing with a working capital true-up as well. We expect montratec to be delivered debt free as of closing.

Transaction and integration costs are estimated to be approximately $3.5 million dollars excluding financing costs, with the majority occurring this quarter. We have identified significant growth synergies and expect to double the business over three years. The vast majority of these growth opportunities relate to leveraging our existing precision conveyance channels and customers in the U.S. Given the size of the business and the need for further investments for growth, we do not expect significant cost synergies. We are also planning an additional one-time investment of approximately $0.9 million dollars to unlock additional value.

We expect the transaction to turn accretive one year after close and estimate $0.05 to $0.10 cents per share in the first full fiscal year on a GAAP basis. On an adjusted basis, which excludes tax adjusted amortization expense, we expect the acquisition to be accretive this fiscal year.

We plan to finance this transaction with a $50 million accounts receivable securitization and borrowings from an expanded Revolver. We are currently in process of upsizing our Revolver from $100 million to $175 million. We will be monitoring the credit market and we plan to add $75 million to our term loan B using the Accordion feature in our current Credit Agreement. We will then use those proceeds to paydown the Revolver borrowings which will return us back to a "covenant lite" capital structure.

On **slide 11**, let me review how our capital structure will change with this transaction. We had a record quarter of cash generation in the 4th quarter of fiscal 2023. While still preliminary, we believe cash from operations for the year will be $83.6 million. We also delivered an extremely strong operating quarter with record operating income and adjusted EBITDA. As a result, we reduced our net leverage ratio on a covenant basis to 2.2x from 2.6x as of December 31st. With the acquisition, we expect our financial covenant net leverage ratio to increase to 2.7x on a pro-forma basis. We will prioritize de-levering like we did after the Dorner and Garvey acquisitions and expect to be back into our targeted range of ~2.0x net leverage in FY25.

With that, please turn to **slide 12** and I will turn it back over to David to wrap up.

David Wilson: Thanks, Greg.

Our preliminary results for fiscal 2023 present additional proof points along our path to transform Columbus McKinnon into a higher value enterprise and we expect this acquisition to advance us further along this path.

We are thrilled about the addition of montratec to our precision conveying platform. It provides a valuable extension of our product offering, it moves us up the technology spectrum in precision conveyance and it enables significant growth synergies.

This is yet another step forward as we transform Columbus McKinnon into a higher growth, technology focused, intelligent motion enterprise.

We are truly excited about where we are headed as we execute our plan to deliver outsized shareholder value.

With that, Chemaly, let's open the line for questions.

Question & Answer Session

Operator: [Operator Instructions] Our first question comes from the line of Matt Summerville with D.A. Davidson.

Matt Summerville: A couple of questions. First, can you maybe talk a little bit more about the backlog that you've acquired here to the extent you're able to quantify that? What are the major end markets driving incoming orders and backlog, are the major customers concentration we should be [indiscernible] and I would be curious, how much of your backlog stems from new customers versus existing customers building out their install base of montratec equipment?

David Wilson: Thanks, Matt. We're acquiring a backlog that's pretty healthy. The business is at a point where its backlog plus orders shipped-to-date are in the 80%-plus range of their expected revenue in calendar year 2023 and their backlog is approximately $18 million today. Their top 10 customers represent about 50% of the business, but that customer list rolls and evolves year-to-year, but system integrators that make up a reasonable percentage in each given year.

They're growing pretty rapidly in the EV space as well as with pharma and medical devices. Then electronics and semiconductors have come on strong as they've increased their cleanroom certifications and gained access to those markets, so we're pretty excited about the characteristics of the business. There's a nice diversity of customers and the end markets served. They're growing in markets that have really attractive profiles and their backlog, we believe, supports their targeted growth rates this year, which we talked about earlier as being greater than 30%.

Matt Summerville: Got it. And then just as a follow-up. After -- Dorner has been a good deal for you guys. Obviously, that business hit a little bit of an air pocket with respect to the e-commerce, e-fulfillment side of things. And I'm curious as to whether you can give us confidence that we're not going to see perhaps a repeat of that when it comes to this acquisition. And then I'd be curious what unlocks that incremental $400 million TAM you referenced?

David Wilson: So you're right in that the e-commerce downturn and CapEx spending in that space created some headwinds for us as that shook out, but the business has picked up some really attractive new customers and is obviously growing well, and we're building a pipeline of opportunities that get us into other customers that will be pretty exciting as we go forward. As you look at this business, it has access into customers that are less concentrated. We don't believe that there would be a scenario where we run into a similar situation with this business, so we're pretty confident in that.

From an unlocking of potential and access to that broader market perspective, there's NPD initiatives that address both cleanroom certifications as well as the payload capacity of the shuttle carriers within the montratec system that should provide us with incremental access to that $400 million that we mentioned in the update. Greg, you've got something you want to add to that?

Gregory Rustowicz: One thing I think that's different in the case of montratec versus Dorner is from a customer concentration perspective. In our diligence process, we looked back the last four years and on average, the largest exposure to a single customer was only €1.6 million. That was completely different versus the Dorner situation where it was a much more meaningful number, so that gave us confidence that we won't have that one single customer concentration that can create issues in a given quarter.

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

Jonathan Tanwanteng: Maybe just taking a little bit of a different tack regarding exposures, maybe not to a single customer, but to industries. Is there any possibility that a recession could impact us in the same way that losing a single large customer would? Have you included that possibility in your forecast, especially as we look at semiconductor manufacturing and other things that are going on?

David Wilson: So, we've taken a hard look at the business, as Greg indicated through diligence, and we're really comfortable with the markets that they serve and the diversification of markets that they serve. From a legacy perspective, they really built the business around automotive. As that's evolved, they're supporting in a much more significant way the EV space, so as that portion of the market continues to expand, we're excited about development there.

They have grown rapidly in the pharma and medical space as well as in the semiconductor and electronics space. Given macro characteristics in those markets around the broader national security concerns, around the availability of semiconductor and chip manufacturing and overall opportunities, we believe that there's a nice set of characteristics around that as we go forward.

Not to mention the opportunity to really transform this business through additional access geographically to the U.S. markets, leveraging our Dorner channels and the opportunity that we have there to really increase its presence in the industrial automation space, so we're excited about that, Jon.

Jonathan Tanwanteng: Got it. That's helpful. Greg, just help me understand the calculations going to the accretion and calculations of the interest expense that you're expecting to take on with the acquisition spread between the various sources of financing.

Gregory Rustowicz: Thanks for that question, Jon. That is a big driver of the accretion calculation. Obviously, interest rates have gone up substantially. In our calculations, Jon, we assumed essentially an 8% cost of financing in fiscal year '24. We do expect interest rates to start to moderate and decline in our next fiscal year to about 7.5%. So those were the assumed interest rates. That aligns with our current financing cost, with today's 3-month LIBOR, at about 5%, perhaps a little over that and with the 2.75 spread, that's essentially where we got to the 8%.

Now we do have the Accounts Receivable securitization that will finance part of this deal which is at a spread of around 110 basis points to SOFR, so there's going to be a nice reduction there. The remainder of the financing is expected to be at a 2.75% spread on top of LIBOR. I think an important thing to point out is on a GAAP basis, we don't think it will be accretive this fiscal year. It will be slightly dilutive, but we think within a year, it will essentially get to a neutral position. On a non-GAAP basis, where we add back tax adjusted amortization, we do expect it to be accretive in the first 12 monthsor this fiscal year. Just to give you the expected range on that, we expect it to be roughly $0.03 to $0.05 accretive in fiscal '24.

David Wilson: Chemaly, are there any further questions?

Operator: Our next question comes from the line of Walt Liptak with Seaport Research.

Walter Liptak: I wanted to ask about the synergies, and it sounds like the synergies are on the growth side, bringing the product into the U.S. Is there an investment that goes along with that? And how much is that? And is there any sort of cost synergy or any sort of 80-20 application that you guys are doing?

David Wilson: Well, there are modest cost synergies that we'll leverage across shared costs and benefiting from the scale of Columbus McKinnon. As it relates to the broader impact, the most significant synergies are around the revenue side. The largest impact is from growing their business in the U.S. through our immediate access to a very large set of customers and channels.

Also, the ability they have to help us scale and accelerate the scaling of our business for pursuing conveyance in Europe, so we have kind of a dual path from a growth perspective. There are investments that are associated with that and we expect those to be on the order of about $1 million in upfront investment to try to get our organization situated to really capitalize on that growth.

Walt, just to add on to it, on an ongoing basis, we also expect it to be about $1 million a year. We're going to be adding some product sales specialists, some engineering support, some customer service support and also some incremental marketing costs in that $1 million. We do realize that we're going to have to put some dedicated resources to this to drive the revenue growth that we have planned for in the U.S.

Walter Liptak: Okay. Great. So yes, I remember it was like Dorner, you guys had back office consolidation and stuff like that, that was like the initial phase, but that's in the $1 million dollars, right?

David Wilson: Well, from a cost synergy perspective, we will be doing some of that for sure, and as quickly as we can. We will take advantage of the fact that we do have shared services in Europe, so there will be savings in a number of administrative areas. But by the same token, we also recognize that they're a relatively small company, and there's going to have to be some incremental investments that we make to bring them up to public company standards. There will be costs involved in having them integrated

into Columbus McKinnon just from a financial reporting perspective, from an IT perspective and a number of other administrative areas like HR.

Operator: Our next question comes from the line of Steve Ferazani with Sidoti & Company.

Stephen Ferazani: I just wanted to get a sense if you can sort of lay out the competitive landscape that the acquisition may have and how you think it sets up?

David Wilson: Depending upon which tier of asynchronous conveyance you look at, there a number of competitors in the landscape. Companies like Rexroth, which is a Bosch company. Rockwell Automation has some capabilities at the higher end of the spectrum. Stein Injection Technology located in Germany with pneumatic conveying and then some players in the more cleanroom oriented spaces would include Murata Manufacturing and Muratec, a Japanese and a Taiwanese player in the space. We've got a pretty good beat on that landscape more broadly and the competitors that make up that $4.7 billion TAM that we talked about in the Assembly Conveyance space, but those would be the ones that I mention immediately.

Stephen Ferazani: When I think about your growth and your exposure to the chip space and now buying a European company, where you can hopefully build out U.S. sales. Obviously, I have to think about the Chips and Science Act and the expected significant increased investment in the U.S. in '24 or '25. Can you give a sense how well this company could be positioned and how you might be able to market it into '24 versus U.S. competitors that might already be here [indiscernible] too far ahead based on the timing of just announcing this?

David Wilson: You're making a good point, and we're all over that. We have a good beat on exactly who is building and investing where in terms of that complete semi space, both in terms of the fab and then packaging. The opportunity is large, but those are long sales cycle opportunities. We have terrific technology and the montratec team, with the addition of the cleanroom certifications that they recently acquired, they've be able to win some nice opportunities for new lines in the semi space.

So, we believe that they're well positioned. We're certainly going to work to capitalize on that and we're excited about that nice runway of opportunity that you mentioned, supported by the Chips Act.

Stephen Ferazani: If I could ask you, it seems like you're getting with these acquisitions, larger and more complex machinery and obviously, you've had the component shortage and supply chain challenges. I'm guessing this company's part of the backlog is running into it too. How do you think you meet those challenges? And are you seeing any easing given that it looks like you had nice -- really nice cash conversion in Q4, where you gave us some numbers?

David Wilson: Yes, we are seeing some easing. Our team in the supply chain has done a nice job of working to catch up further. We've been reducing lead times in our

operations, reducing past due backlog in our core operations, and we're very focused on the customer experience within Columbus McKinnon as a top priority. The company we're acquiring has a really nice modular design to their products. It's a monorail solution. You saw images of the components and elements that make up the system. It's pretty standard design product.

The product itself is configurable from relatively standard components, but then the differentiation is established through the software and the programming and the controls. There's a fair amount of repeat purchase in the design of their products, so we're excited about the modularity and elegance of the product design and from a product management perspective, believe that there's opportunities for us to leverage that further as well as apply some of those same principles within the Columbus McKinnon framework.

Operator: And our next question comes from the line of Jon Tanwanteng with CJS Securities.

Jonathan Tanwanteng: This goes back to, I guess, the competitiveness. Is the industry growing at the same speed or does montratec, have a significant advantage to gain share? Just to help us understand what is positioning is like and what's enabling the growth that you're seeing?

David Wilson: I think what's happening here is that they have a terrific technology at a price point that makes it more accessible than some of the legacy technologies that have been used in asynchronous conveyance. They have an elegant modular, configurable solution that has an attractive price point that while more expensive than maybe simple, more traditional conveyance applications, is considerably less expensive than traditional asynchronous conveyance technologies.

They're getting into a sweet spot in assembly conveyance, where not only with that price advantage, but with their cleanroom certifications that assist in the pharma and medical space as well as electronics and semiconductors and other markets, are opening up market opportunities to them. I believe they're not only gaining share in a market that existed, but they're increasing the size of the market given their position in the space, Jon.

Jonathan Tanwanteng: Got it. That's helpful. Greg, could you talk about what credits you're being given in the covenants to get you to the 2.7x? It looks like you'll be closer to 3.1x on an unadjusted basis.

Gregory Rustowicz: Yes, give me 1 second here, Jon. We're able to add back deferred financing fees and stock compensation. So that gets added back to EBITDA. There's another adjustment that's related to the end of the 2-year time frame for synergies with Dorner that rolls off. Then, on the debt side, to get to your net debt, that's used in the calculation, you also have to add back standby letters of credit, so that makes it worse, but then you do pick up the credit for deferred financing fees and stock comp.

Jonathan Tanwanteng: Okay. Great. And then finally, just can you talk a little bit more about the strength in the quarter that you're seeing with the preannouncement and the order run rate you're seeing today? What enabled that? And what are you seeing today going forward?

David Wilson: Really nice progress in terms of our orders performance and from a revenue perspective, good execution in our factories, reducing past due backlog, a little bit of easing in the supply chain, which has been helpful and our focus on productivity improvement, advancing our Columbus McKinnon Business System, has really had a good impact on the results in the period, so we're gaining momentum as an organization. We're continuing to advance our strategic initiatives and priorities and really turning a corner as it relates to our impact from a customer experience standpoint, which we think will open up more market opportunities as well.

I feel like it's another strong quarter, some additional proof points along the path to transformation of the company, and we're executing to meet the commitments that we outlined at our Analyst Day a year ago and are excited about progress we're making organically. Then with this acquisition, the addition of products, technology and markets that really support the outcomes that we're targeting longer term. All in all, really, really good results and very proud of the team.

Operator: Okay. We have reached the end of the question-and-answer. I'll now turn the call back over to the President and CEO, David Wilson, for closing remarks.

David Wilson: Great. Thank you, Chemaly, and thank you all for joining us today. We're really pleased with our record results in Q4 of fiscal '23. montratec is an excellent acquisition that advances our precision conveyance platform, and we're continuing to put proof points on the board along our path to transforming Columbus McKinnon into a higher growth, higher value enterprise.

Thanks so much for joining us and have a great day.

Operator: And this concludes today's conference, and you may disconnect your lines at this time. Thank you 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.