Operator: Hello and welcome to the Columbus McKinnon Corporation First Quarter Fiscal Year 2024 Financial Results Conference Call. All participants will be in a listen-only mode. After today's presentation, there will be an opportunity to ask questions. Please note today's event is being recorded.

And I would like to turn the conference over to Deborah Pawlowski, Investor Relations for Columbus McKinnon. Please go ahead, ma'am.

Deborah Pawlowski: Thank you, Keith, and good morning, everyone. We certainly appreciate your time today and your interest in Columbus McKinnon. Joining me here for our financial results conference call are David Wilson, President and CEO; and Greg Rustowicz, Chief Financial Officer. You should have a copy of the first quarter, fiscal year 2024 financial results, which we released earlier this morning. We have slides as well that will accompany our conversation today. Both the slides and release are available on our website at investors.cmco.com. David and Greg are going to provide their formal remarks. After which, we will open the line for questions.

But right now, if you'll just 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 discussion 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 these 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 with comparable GAAP measures in the tables that accompany today's release and slides.

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

David J. Wilson: Thank you, Deb and good morning, everyone.

We started fiscal 2024 off on a strong note. Sales increased 7% with organic growth of nearly 6%, and at the upper end of our expected low to mid-single digit growth rate for the year. montratec®, the latest addition to our precision conveyance platform, contributed $2.7 million in the quarter for the one month that we owned them. We are really thrilled to have them as a part of this important platform for Columbus McKinnon.

They bring highly advanced automation technology with modular, asynchronous transport systems that we expect to serve as a growth accelerator for this business.

Gross margin expanded 100 basis points sequentially to 36.9% on an adjusted basis. This is in-line with our plan to expand gross margin by 50 to 100 basis points for the year and we will discuss this further on the next slide.

We recorded another strong bookings quarter, with orders up 5% sequentially resulting in a book to bill ratio of 1.1 and our precision conveyance platform achieved 28% sequential order growth in the period.

The customer experience is central to all that we are doing. We are making important strides in this area and there is more opportunity ahead. We believe improvements here will lead to more business earned and market share gains.

In addition, our transformation efforts have provided Columbus McKinnon with a greater opportunity set in vertical markets that are less cyclical and benefit from favorable megatrends. A significant tailwind impacting current demand is the investment that is underway in factory automation across several verticals. In fact, manufacturing capacity capital spending in the U.S. is at an all-time high and which is amplified by investments being made to support reshoring efforts. Intelligent and automated material handling solutions are at the heart of factory automation where Columbus McKinnon solutions are being applied to address global labor shortages and productivity improvements.

We successfully refinanced our debt in the quarter. Greg will cover this in more detail, but the end result was a reduction in the cost of debt and the elimination of financial covenant testing. We expect to be under 2.5 times with our net leverage ratio by the end of the fiscal year.

Shifting to **slide 4**, I'd like to keep in front of all of us the progress we are making and, more importantly, the ground we have yet to cover with respect to gross margin expansion. Our start to fiscal 24 is in line with our expectations to deliver 50 to 100 basis points of improvement in gross margin for the year. This performance is consistent with our expectation to deliver 21% EBITDA margin in fiscal 2027.

Our plan for the remainder of the year includes additional progress with 80/20 initiatives focused on product line, process and factory simplification. We are also advancing our transformation to a higher margin business. Our precision conveyance platform commands higher margins and, in fact, montratec, our most recent addition, has annualized gross margins approximating 50%.

With that, let me turn the call over to Greg to cover the details of our financial results. Greg?

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

Turning to **slide 5**, we delivered sales in the first quarter of $235.5 million dollars, up 6.7% from the prior-year period on a constant currency basis, which was within the guidance we provided last quarter. The sequential decline in sales in Q1 is consistent with what we expect after our seasonally strongest quarter.

Looking at our sales bridge, we realized pricing gains of $8.5 million, or 3.9%, which was in line with what we were anticipating. Volume increased by $3.7 million, or 1.7%. The montratec acquisition added $2.7 million of revenue for the month of June which represented one month of ownership. Foreign currency translation was a small benefit this quarter.

Let me provide a little color on sales by region. For the first quarter, we saw a sales decline in the U.S. of (1.9)% compared with the prior year. While pricing was up 5.1%, sales volume was down (7.1)%. This was due to weaker volumes in our Precision Conveyance business due to the cancelled orders with a large E-Commerce customer we discussed last quarter as well as the phasing of our backlog. Outside of the U.S., pricing improved by 1.7% and sales volume increased a strong 16.5%. In addition, the montratec acquisition added 3.2% of growth outside the U.S. We saw volume increase in all regions. We recorded volume gains of approximately 7% in Latin America, 12% in EMEA, 24% in Canada, and 47% in Asia Pacific. EMEA, our largest region, benefited from volume gains in our lifting solutions business, as productivity continues to advance in our largest global manufacturing plant in Germany which implemented a new ERP system last year. Within APAC, we benefited from strong sales in several verticals including general manufacturing, construction and infrastructure, utilities, and transportation.

On **slide 6**, we expanded gross margin sequentially by 90 basis points to 36.8% On an adjusted basis, gross margin was sequentially higher by 100 basis points. Last year's first quarter benefited from a one-time inventory revaluation which was part of the German ERP implementation. That added approximately $2 million to gross profit in the prior year or about 100 basis points. Normalized for this one-time inventory revaluation, adjusted gross margins year-over-year would have expanded about 40 basis points. Let me also remind you that the second quarter last year also benefited from this inventory revaluation by about 50 basis points.

First quarter gross profit increased $4.1 million versus the prior year driven by several factors which you can see in the table. Pricing net of material inflation added $6.5 million of gross profit. We are seeing material inflation decelerate from last year, which is a good trend as we progress into the second quarter. The montratec acquisition contributed $800 thousand to gross profit. We have conformed their financials to U.S. GAAP, and we expect that for the full year, the business will generate gross margins of approximately 50 percent. The business is largely project based, which can be lumpy

and we will see some variability in margins quarter to quarter. June's margin of 30% was not typical and was impacted by disruptions that occur in the first month of an acquisition. Offsetting these items were an unfavorable sale mix which reduced gross profit by $1.1 million as well as unfavorable productivity and other cost changes of $2.0 million. With our sequential gross margin performance and expected margin contribution from montratec, we believe we are on track to expand gross margins this year by 50 to 100 basis points.

Moving to slide 7, RSG&A expense was $58.3 million in the quarter, or 24.8% of sales. This included $4.1 million of pro-forma adjustments for the acquisition, headquarters' relocation, a warehouse consolidation, and business realignment costs. Excluding these pro-forma adjustments, RSG&A as a percent of sales was 23%. Results also include $800 thousand of RSG&A costs for montratec.

Compared with the prior year, RSG&A costs were higher by $5.1 million. Most of the increase was in G&A which was elevated by the pro-forma items and higher stock compensation expense. Helping to offset these expenses was a reduction in selling expense. This was driven by our restructuring efforts, as we lowered our selling costs by 5% even with a 7% increase in revenue. We also increased our investment in R&D by $800 thousand. For the second quarter, we expect RSG&A expense to be comparable to this quarter at approximately $58 million.

Turning to **slide 8**, we generated operating income of $21.4 million in the quarter, or 9.1% of sales. Compared with the prior year, GAAP operating income was impacted by net non-operating adjustments of $2.6 million as outlined on the slide. Adjusted operating income was $25.8 million, or 10.9% of sales. On an adjusted basis, operating income grew $1.2 million, or 5%.

As you can see on **slide 9**, we recorded GAAP earnings per diluted share for the quarter of $0.32 cents, up $0.03 cents vs. the prior year. Our tax rate on a GAAP basis was 27%. Our tax rate was unfavorably impacted by a small discrete item for equity compensation that affected the tax rate by 2 percentage points this quarter. For the year, we expect our tax rate to be between 24% and 26%. Adjusted earnings per diluted share of $0.62 cents was down $0.07 cents from the prior year due to higher interest expense and the increased tax rate. As we increase volume and execute on our 80/20 initiatives, the resulting operating leverage is expected to offset these headwinds.

For modeling purposes, even though we are 65% hedged to interest rate exposure, interest expense is expected to increase to $10.0 million in the second quarter with the incremental interest expense from the montratec acquisition.

On **slide 10**, our TTM Adjusted EBITDA was $149.4 million which resulted in an Adjusted EBITDA margin of 15.7%. Our Return on Invested Capital at the end of Q1 was 6.6%. ROIC for all periods shown reflects the impact to after-tax earnings of an increase in our

effective tax rate from 22% to 25%. We expect to achieve double digit ROIC overtime as we transform the business and execute on our 80/20 initiatives.

Moving to **slide 11**, quarterly free cash flow was negative $22.5 million. This includes cash consumed from operating activities of $17.2 million and CapEx of $5.3 million. First quarter cash generation was affected by increases in working capital, namely higher accounts receivable related to the timing of shipments at the end of the quarter and an increase in inventory levels to support our strong order growth and resulting record backlog. We anticipate that CapEx will range between $30 to $40 million in FY24 as we are making investments in a lower cost, center of excellence to simplify our factory footprint as well as increase capacity, productivity, and thruput. For fiscal 2024, we expect FCF conversion will range between 90% and 100%.

Turning to **slide 12**, we completed our financing activities that we discussed on the May earnings call. We increased our Term Loan B by $75 million and added an Accounts Receivable Securitization program from which we borrowed $45 million. Proceeds were used to fully pay-off the Revolver used to fund the montratec acquisition. With no Revolver borrowings at quarter end and our covenant lite credit agreement, our financial covenant is not tested. We also executed another interest rate swap and are now 65% hedged at a swap rate of approximately 2.80% against 3-month SOFR, as we moved towards the upper end our policy range to take advantage of the inverted yield curve.

Our net debt leverage ratio was 2.9x on a financial covenant basis. We paid down $10 million of debt in the quarter and expect to pay down a total of $40 million of debt in fiscal 2024. We expect our net leverage ratio to drop to less than 2.5x by the end of fiscal 2024.

Please advance to **slide 13** and I will turn it back over to David.

David J. Wilson: Thanks, Greg.

As I mentioned earlier, our book to bill ratio for the quarter was 1.1 times and was driven by strong sequential order demand in North America. Industrial automation wins are coming in across several verticals where our intelligent motion solutions for material handling are enabling benefits in a variety of industries; from food inspection technology to metals and grain processing, printing, package handling, automotive assembly, battery production and even rail system upgrades. Our aerospace and defense markets are also quite busy.

Our team remains highly encouraged by the quality of our pipeline and the potential for further growth within our business.

In the quarter, we grew orders 5% sequentially, a notable difference from the seasonal slowdown the business historically experienced when transitioning from Q4 to Q1. Precision conveyance orders, excluding montratec, grew 28% sequentially.

Year over year, orders were down modestly as last year's Q1 benefited from increased distributor demand in advance of a significant, pre-announced price increase last June.

Orders, excluding montratec, over the last six months were in excess of $500 million dollars and are aligned with our plan to achieve revenue of over $1 billion dollars this year.

Backlog achieved a new record at $355 million dollars including the benefit of the $23 million dollar contribution from montratec. Our short-term backlog was up nearly 7% sequentially and provides approximately 70% coverage for our expected sales in the second quarter.

Long-term backlog – which is more indicative of major projects – improved 25% sequentially driven by the montratec additions and new project orders. We had mentioned previously that while our pipeline remained strong, decisions to release projects had slowed. Over the quarter, we saw improvements in customer confidence, and this is beginning to show in our long-term backlog expansion.

Please turn to **Slide 14,** and we will discuss our outlook for the second quarter. We are expecting between $250 million and $260 million in revenue for the second quarter including montratec's contribution. This represents approximately 10% growth year-over-year at the mid-point of this guidance.

As Greg indicated, the montratec business can be lumpy given the project nature of the business and, as such, quarter to quarter results can vary. We expect that the December quarter will likely be montratec's strongest in the year, given our current visibility to customer delivery requirements.

Along with customer experience, our 80/20 initiatives are front and center. We are making great headway with product line simplification for both our electric chain and wire rope hoists. This effort is not only simplifying the portfolio, our supply chain and our manufacturing processes, it will expand our SAM for both products because we are simultaneously solving for better suited solutions at the right prices for both the mid-tier and premium markets. We expect the new lines to launch in the latter-half of fiscal 25, with additional phases for the wire rope hoist portfolio to follow.

We continue to invest in new product development including enhancements to targeted offerings that better serve our customers and provide improved market positioning.

Fiscal 24 remains all about execution and the progress we expect to make with our transformation strategy. We are encouraged by the runway that exists for continued 80/20 improvement and we are thrilled with the addition of montratec to our growing precision conveyance platform. We remain on-track to deliver our FY27 strategic objectives and we expect to demonstrate steady progress along that path this year.

Keith, we can now open the line for questions.

Operator: Thank you. [Operator Instructions] Our first question comes from Matt Summerville with D.A. Davidson.

Matt Summerville: Thanks. Morning.

David J. Wilson: Morning.

Matt J. Summerville: A couple of questions. First, you mentioned on the slide, you had some productivity cost changes. There was a $2 million hit to gross profit. Can you maybe expand on that and put some context around why year-on-year operating leverage was pretty weak in the quarter and how we should be thinking about operating leverage going forward?

Greg Rustowicz: Yes. The adjustment was related to when we implemented the SAP system in our German facility in Künzelsau. We moved from a weighted average costing basis to a standard costing basis. So, that changed how costs were characterized. And so that resulted in a $2 million positive impact in the quarter, a year ago. That was essentially a 100-basis-point tailwind last year.

In terms of, operating leverage, we acknowledged that it was weaker than we would typically see. We expect our operating leverage to be in the 40% range overall. We had a bit of a weaker mix this quarter, and we would expect that on a go-forward basis. When you look at it over the course of the entire year, we would be in that 35% to 40% range.

David J. Wilson: And that's on an incremental basis, Matt.

Matt J. Summerville: Got it. And then can you talk about, you mentioned healthy quote activity, can you put a little bit more color around that? You mentioned a few, but a little bit more end market specificity would be great. Would you say quoting now, is at a record level? I guess, how would you describe the go-forward outlook in that regard?

David J. Wilson: Yes, quoting activity remains robust. For shorter cycle quotation activity, I'd say the size of the quotes is a little bit smaller than we typically see. But on the larger projects, which remain incredibly robust, we are seeing very active demand and an increasing, as I mentioned in my prepared remarks, an increasing level of confidence from customers as it compares to where that confidence was when we entered the year.

Larger customers, larger orders are moving forward with a more predictable level of progress. And we're seeing demand across some really attractive verticals. EV remains robust, e-commerce remains robust or is, you know, improving robustness, I'd say. The activity associated with life sciences has been really positive. We're seeing a steady level of demand on the defense front, as I mentioned. And then in general, the automation demand, we think, driven by the macro trends around labor shortages and increased capacity expansion in the US is really driving very high levels of demand for automated solutions for material handling.

We're pretty bullish on the way the larger order activity is moving forward. I think there's a close eye that we're keeping on short cycle demand, you know, particularly as it relates to Germany and what they're forecasting for the second half of the year.

Matt J. Summerville: Got it. I'll get back in queue. Thank you.

David J. Wilson: Thanks, Matt.

Operator: Thank you. And the next question comes from Jon Tanwanteng with CJS Securities.

Lee Jagoda: Hi. It's actually Lee Jagoda for Jon this morning. Good morning.

David J. Wilson: Good morning.

Greg P. Rustowicz: Hi Lee.

Lee Jagoda: You commented a little bit earlier on input pricing and supply chain. Could you talk a little more about that and how that should translate into margins for both products currently in your backlog and then your new order quoting activity?

David J. Wilson: Just to confirm Lee, you're talking about the input pricing, our cost basis with our supply chain?

Lee Jagoda: Yes, exactly.

David J. Wilson: Okay. Yes, we are seeing some improvements in freight costs, logistics costs, we're seeing metals prices improve. As we look at the way that our forecasted gross margin expansion profile is modeled for the balance of the year, we feel comfortable with what we've guided to, which is the 50 to 100 basis points of gross margin expansion including our expected input cost position.

Greg, I'm not sure if there's something you would add to that.

Greg P. Rustowicz: Yes. We ended up with pricing overall that was up $8.5 million, which more than offset $2 million of material inflation. Material inflation is decelerating

from last year. Now, if you annualize the $2 million, it'd be about $8 million. We're confident that our pricing, net of material inflation, will continue to be a positive for the company and it will be accretive to our overall margins.

Lee Jagoda: Great. And then on montratec, it sounds like the early integration is going well. Can you talk about them more globally, the major growth markets that should drive growth and sales for montratec for a couple of years? In particular, how big an opportunity is there for things like semiconductor onshoring coming to the U.S.?

David J. Wilson: Sure. We feel really good about the business. Over the last couple of years, they've really diversified their end market participation from primarily automotive to now include pharmaceuticals and life sciences, health care, the semiconductor space, electronics manufacturing. We continue to see increasing demand across the majority of those markets. There is a heavy level of opportunity relating to electric vehicle and battery production. There is, as you know, a wave of activity that's currently underway.

We do believe that with their cleanroom certifications and increased capacity improvements on their shuttles that we can see growth in a broader array of markets, including the semiconductor space in the US. So, integration activities are well underway. Several meetings have taken place both in Germany and in the U.S. with their teams and our teams to work the commercial and technology fronts. We feel really, really good about that business and its potential for growth as we go forward.

Greg P. Rustowicz: Yes. And, Lee, just to add on, we expect this business to double within three years. Today about 20% of their business is in the U.S., and 20% in Asia. They don't have a very strong presence from a personnel perspective in either of those two locations. We think that probably half of the growth over the next three years is going to be in the US as we leverage our sales team and our Precision Conveyance Platform that we have here and we also think there's an opportunity in Asia as well where we have a significant presence.

David J. Wilson: Is that helpful, Lee?

Lee Jagoda: Yes, it does. I was on mute trying to ask another question, actually. So...I'm sorry.

David J. Wilson: It's okay.

Lee Jagoda: So, knowing that those are mostly capital equipment sales, once those systems get installed, how should we think about the recurring sales and service in montratec versus your rest of your core business?

David J. Wilson: Yes, their recurring revenue and aftermarket sales today are above the average for our broader business. Today they're in the 20% range, and that's something that we anticipate should expand as their installed base grows and customers, continue to see the benefits of adding and expanding on those initial installations.

Lee Jagoda: Great. Very helpful. I will hop back in queue. Thank you.

David J. Wilson: Thanks, Lee.

Operator: Thank you. And the next question comes from Steve Ferazani with Sidoti.

Steve Ferazani: Morning, David, Greg. Thanks for all the color on the call. Just wanted to get a sense of your confidence level on that gross margin improvement target. I'm just thinking about, I know you reported pretty strong sequential improvement in conveyance systems orders, but in general, you've highlighted the weakness from that one big e-commerce provider. I guess, one your confidence level in meeting that target, and then two, the pieces to that, is that more pricing, is it mix? Because we would think as conveyance systems grows faster, that contributes more. Can you just sort of walk through the pieces to that?

David J. Wilson: Right. Steve, you touched on a lot of the major components, and we are very confident in our ability to deliver the 50 to 100 basis points this year. We're obviously working on achieving a target that goes well beyond that as we progress through the balance of our strategic plan execution phase and remain very confident in that outcome as well.

The benefits we expect to see this year are tied to productivity improvements in our business and improved execution that will drive expanded margins. We certainly expect there to be a level of price improvement, net of inflation, as Greg mentioned. As we do sell more of our Precision Conveyance products and our efforts there to expand the mix of business in that particular segment progresses, we do anticipate that there will be benefits coming from that. It's an aggregation of those items that we see as contributing to the benefit this year and continuing to contribute to the expansion that we're seeking over the strategic planning horizon.

Greg Rustowicz: Yes, and we were really pleased with the fact that our margins expanded 100 basis points sequentially because our fourth quarter is normally our strongest quarter from a seasonal perspective. We think with the operating leverage in the business, and the fact that our largest facility in Germany continues to make progress from a productivity perspective, that we'll continue to see gross margin uptick as we go through the year. We feel really good about the 50- to 100-basis-point expansion.

Steve Ferazani: Perfect. And just, Greg, you mentioned that there were some timing issues related to the significantly higher receivables this quarter, which looks like that had the biggest impact on your cash flow. But it sounds like you offered pretty significant guidance for cash flow conversion, if you could just touch on those two points.

Greg Rustowicz: Yes. You're absolutely right. We had a very strong month in June from a sales perspective and with our typical terms, June sales are not collectible, as they have 30-day terms.

David J. Wilson: June sales are not collectible on Q1, but they're collectible in Q2.

Greg Rustowicz: Yes, thanks for clarifying. We also have record backlog with montratec, so we added some inventory to the system as well. And we would expect that inventory to start to flush through, especially with the guidance that David gave on revenue for our Q2.

For the year, it's not unusual for our first quarter to have negative free cash flow, as we saw it last year, and we ended last year very strong. Last year, I think our free cash flow conversion was147%. This year, we think it's going to be more likely in the 90% to 100% range, but our CapEx guidance is 35 to 40 million, which is substantially higher than a year ago, and that's because of investments we're making in our manufacturing facilities that will have big benefits to us down the road from a cost perspective and a productivity perspective.

Steve Ferazani: Right. So that still means, based on your guidance, pretty good cash flow, but you're guiding for $40 million in debt repayments. Any chance you escalate that or are there other uses of cash you're thinking about?

Gregory Rustowicz: We ended the quarter with cash of, I want to say, $106 million. And of that, we had about $15 million that was sitting in the U.S. One of the things we're going to look at is seeing what levers we can pull to bring back cash into the U.S. because that's where we need it in order to pay down our external debt. I think we will, to the extent we're able to, pull some levers on a tax efficient basis. We'll use that excess cash to further pay down debt, especially with interest rates where they are, our marginal interest rate today is over 8.25%, I think it's more like 8.36%. So, that's a pretty good return relative to what we're earning with just having cash in bank accounts around the world.

Steve Ferazani: Perfect. Thanks, David. Thanks, Greg.

David J. Wilson: Thanks, Steve.

Operator: Thank you. Next question comes from Walt Liptak with Seaport Research.

Walter Liptak: Hi. Thanks. Good morning, guys. Just maybe a follow-on on that last one. It sounds like for some of the cash repatriation, the timing there might be more visible. Is that something that you're expecting, you know, shortly here in the next quarter or so?

Greg Rustowicz: Yes, Walt, I would expect so. We are actively working on that, that's a key project for us. To the extent we can pull cash back and have excess cash in the U.S., we will absolutely use it to pay down debt. We get an opportunity essentially once a quarter to pay down debt at the end of the quarter. It's not going to impact interest expense this quarter, but it will help us in the future quarters. This quarter's interest expense at $10 million is pretty well locked in.

Walter Liptak: Okay. Got it, thanks. And, you know, a lot of my questions were already asked, but I think I'm okay there. But, I wonder if you could just refresh us on the distribution channel and how much of your sales go through distribution. And you know, what you're hearing from the channel and what they're doing with their inventory levels?

David J. Wilson: Sure. Yes, thanks Walt. Roughly 50% of our business moves through distribution on an aggregate basis, and the inventory in the channel has not been at elevated levels, simply given the demand that we've had and some of the excess backlog that we've been carrying as it relates to that demand. We're not in a position where we're feeling that the channel is heavily loaded. And I think that our channel partners are being responsible as it relates to potential slowdowns in short-cycle demand that could be tied to any slowdown in the economy.

I think our relationship there is very healthy, and we're working closely with our channel partners as it relates to real current demand. But, there's not a lot of excess inventory in the channel. And what I would say is that the demand that our channel partners are seeing is robust. Quotation activity is high. The average size of our book-to-bill quotes has been down. The conversion cycle on some of those book-to-bill quotes has been longer, as I think partners are being prudent as it relates to the timing and the need for that demand. I think that's also tied to lead times on related equipment.

So, when you think about the delivery of automation solutions from other providers in the space that might tie into our systems, the delivery of robotic equipment that may interface with our systems. If you're waiting for receipts on some of that equipment and our lead times fall within the delivery times of those elements, you might be ordering the more standard or book-to-bill elements -- book-to-ship elements, excuse me, that are within that cycle a little bit later than you would typically order them. You get that quote and then that quote might not convert as readily as it may typically convert in a period where there is elongated lead times for some of those other elements.

Walter Liptak: Okay. Great. It's good to hear the increased quotes and, the sense of confidence level among your customers. I wonder, you mentioned that June, I think

ended a little bit on a strong note when you were talking about accounts receivable. How was July looking? Was the tone of business still good in July?

David J. Wilson: Yes. On the execution front, obviously, we're executing from an elevated backlog position and are very focused on achieving the growth rates that we've targeted for the quarter, which on an aggregate basis are healthy as you look at year-over-year performance at the midpoint of our guidance range.

As it relates to order demand, July typically would start out a little softer given the holiday period in the U.S. and the beginning of a holiday period in Europe. I'd say demand profiles remain in line with where we would typically expect to see them. And the discussion around quotation activity, particularly for larger project activity, is very healthy and robust across the verticals that we serve.

Walter Liptak: Okay. Great. Okay. Thanks for that color.

Operator: Thank you. And the next question is a follow-up from Matt Summerville with D.A. Davidson.

Matt J. Summerville: Thanks. Just a quick one. With respect to some comments you made in the prepared remarks, you mentioned the e-commerce cancellations. Did that order actually get de-booked? And then you also mentioned backlog phasing in the U.S. Maybe put a finer point on that because I was a little surprised to see volume down, you know, 7%, I think you mentioned.

Greg Rustowicz: On the U.S. side, we talked about it in the May call, Matt, that as of March 31, we had removed the significant orders that we had from that large e-commerce customer, and we took it out of backlog because the orders were received in fiscal year 2022. We also talked about the fact that we received $7.6 million of cash, which is sitting in a customer deposit, which will be either used as they buy additional product or if they don't at the end of the agreement, that amount gets recognized as revenue.

And so, the second part of your question...

David J. Wilson: Second part of the question, I'll take it, was related to the phasing of revenue in the Precision Conveyance business for the US as it related to the volume decrease in the quarter. That was basically the timing of project orders, Matt. As you think about some of the lumpiness associated with the phasing of order activity and how that translates into revenue in our business. We had a period in the first quarter where in the U.S. Precision Conveyance business, we did not have as much revenue as we anticipate we're going to have as we go forward. Clearly, you saw order bookings in the period were up 28% for our Precision Conveyance business in the quarter. That will

phase into future quarters' booking or quarter revenue. But in the period, we had a bit of a phasing issue just related to the timing of prior orders and how they phase in revenue.

Matt J. Summerville: Got it. That's all for me. Thank you.

David J. Wilson: Thanks, Matt.

Operator: Thank you. At this time, there are no further questions in queue. I would like to turn the floor back over to Mr. David Wilson for closing comments.

David J. Wilson: Thank you, everyone, for joining us today.

We had a solid start to the year in Q1, we are making excellent headway with our 80/20 initiatives, and we added yet another terrific business to our precision conveyance platform in the quarter. We remain on-track to achieve our FY27 strategic objectives and are solidly on the way to becoming a top-tier industrial technology performer.

We appreciate your interest in Columbus McKinnon.

Have a great day!

Operator: This does conclude today's teleconference. You may disconnect your lines at this time. Thank you for your participation and have a great day.

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.