Operator: Greetings, and welcome to Columbus McKinnon Second Quarter Fiscal Year 2024 Financial Results. [Operator Instructions] As a reminder, this conference is being recorded. It is now my pleasure to introduce Deborah Pawlowski, Investor Relations. Thank you. You may begin.

Deborah Pawlowski: Thank you, Doug, 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, our President and CEO; and Greg Rustowicz, our Chief Financial Officer.

You should have a copy of our second quarter, fiscal year 2024 financial results, which we released earlier this morning. There are also slides that will accompany our conversation today. Both the slides and the 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.

Our second quarter results are a testament to the progress our team is making as an organization as we transform Columbus McKinnon into a higher growth, less cyclical enterprise with stronger earnings power. Together, we took a meaningful step forward in terms of performance in the quarter, establishing several new records.

While we are pleased with the results we are delivering, we are more encouraged with the progress we're making and by the potential of our business as we advance the

strategic transformation of Columbus McKinnon. The team remains highly focused on executing our strategic plan and achieving the objectives we have established for the business.

Sales in Q2 were $258 million and at the high end of our guidance. This included $9.5 million for montratec. We are very pleased with the early performance of our montratec acquisition and the broader momentum that we are building within our precision conveyance platform. We also achieved record gross margin in the quarter. Our 38.7% represents a 120-basis point improvement over our previous record, which was established in the first quarter of last year.

Our revenue and gross margin performance in the quarter translated to record operating income and adjusted EBITDA. Our adjusted EBITDA of 17.7% represents a 90-basis point improvement over our previous record, which was established in the same period last year.

We also remain focused on reducing our interest rate exposure and are accelerating debt repayment. Greg will speak to this further, but we have upped our plans to reduce debt by an additional $10 million within the year, bringing our total debt reduction to $50 million in fiscal 2024. Year-to-date, we paid down $25 million, and our net debt leverage ratio now sits at 2.7x, and we see it dropping to approximately 2.3x by the fiscal year-end.

If you'll turn to **Slide 4**, you'll see the progress we're making toward our gross margin expectations and the effectiveness of the work we're doing within the company to enable stronger earnings power. We believe the performance we achieved in the quarter is underpinned by sustainable improvements and reflects the effectiveness of our strategy as we advance the operating and strategic initiatives referenced on this page.

We remain highly focused on improving our customers' experience, and our progress has been validated by recent improvements in our Net Promoter Score. Being customer-led is a foundational component of the Columbus McKinnon Business System, or CMBS, which is driving continuous improvement, discipline, communication and accountability within our business. 80/20 analysis, decision-making and actions are unlocking further value within our CMBS framework, and we are currently focused on product line simplification.

Beyond optimizing financial performance, this will result in improved product offerings, stronger market positioning and the further simplification of our factory footprint. In the period, we saw improvements in capacity planning, material costs, direct labor productivity, factory overhead rates and pricing. The acquisition of montratec served as a strategic lever for gross margin performance as well and added 70-basis points in the quarter.

We are energized by the momentum we're building within the organization and are highly encouraged with the pipeline of opportunities we are seeing in a variety of end markets. Given our progress, we now expect gross margin to expand approximately 150-basis points year-over-year. This is up from our previous expectation of 50 to 100 basis points of improvement in fiscal '24.

I'll now turn the presentation over to Greg to review our results in greater detail.

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

Turning to **slide 5**, we delivered record sales in the second quarter of $258.4 million dollars, up 9.1% from the prior-year period on a constant currency basis. This was at the high end of the guidance we provided last quarter. In addition, we grew sales sequentially by 10%.

On a year over year basis, we realized pricing gains of $10.6 million, or 4.6%, which was in line with what we were anticipating. We were quite pleased with the montratec® acquisition which added $9.5 million of sales. Volume increased by $1.0 million, or 0.4%. Foreign currency translation was a benefit this quarter of $5.6 million or 2.4%.

Let me provide a little color on sales by region. For the second quarter, sales grew in the U.S. by 3.9% compared with the prior year. The increase reflected 3.5% of price improvement. montratec added 30 basis points of revenue in the U.S. and sales volume was slightly up 10 basis points. Volume was up in our automation business as it benefited from strong megatrends but was down in our precision conveyance business due to the timing of projects which reflects the market slowdown we saw in the second half of last year.

Outside of the U.S., sales increased by 23.0%. The montratec acquisition added 9.9% of growth. Pricing improved by 6.1% and sales volume increased by 0.9%.

In EMEA, our largest region outside of the U.S., we saw volume decline by ~2% or $1.1 million dollars. This was largely project related. The pipeline of opportunities remains solid, but we are experiencing delays with quote to orders. Sales volume increased in APAC by a strong 46%. Keep in mind, however, APAC represents just 6% of total sales. Within APAC, we benefited from strong sales in Malaysia, Singapore, and Taiwan especially in the energy, utility, and transportation verticals. Volume declined by approximately 1% in Latin America. And in Canada, which is about 4% of total revenue, we saw volume decline by 24%.

On **slide 6**, we recorded record gross margin of 38.7% in the second quarter which is a 190 basis points increase sequentially. As David pointed out, we are quite pleased with the progression we have made with gross margin expansion and believe we have a path to achieve 40%+ gross margins by FY27.

Gross profit increased $13.7 million, or 16% versus the prior year. This was driven by several factors which you can see in the table. The largest items driving gross profit expansion were pricing net of manufacturing cost changes including material inflation which added $5.7 million and the montratec acquisition which contributed $5.5 million to gross profit. montratec was accretive to gross margins by 70 basis points this quarter with an overall gross margin of 57%. Let me remind you that our fiscal third quarter is a seasonally softer quarter. With less shipping days, given the holiday season, we would expect approximately a 100-basis point reduction in gross margin sequentially from this quarter's gross margin.

Moving to **slide 7**, RSG&A expense was $59.1 million in the quarter, or 22.9% of sales. This included $800 thousand of pro-forma adjustments primarily related to the montratec acquisition, with the remainder related to our headquarters' relocation, business realignment costs and a warehouse consolidation. Excluding these pro-forma adjustments, RSG&A as a percent of sales was 22.6%.

Sequentially, RSG&A costs were higher by $800 thousand as we had a full quarter of montratec costs which added $2.6 million. We also recorded higher stock compensation costs of $1.3 million. Both items were partially offset by lower montratec acquisition deal and integration costs and headquarters relocation costs compared with the first quarter of fiscal 24.

Compared with the prior year, RSG&A costs were higher by $6.6 million. montratec accounted for $3.3 million of the increase. The remainder of the increase was in G&A which was elevated by higher incentive compensation and stock compensation expense. We also increased our investment in R&D by $1 million. Helping to offset these expenses were lower business realignment costs of $1.1 million. For the third quarter, we expect RSG&A expense of approximately $58 million.

Turning to **slide 8**, we generated record operating income of $33.4 million in the quarter, or 12.9% of sales. This represents an increase of $6.0 million, or 22% over last year's second quarter. Adjusted operating income was also a record at $34.1 million, or 13.2% of sales. On an adjusted basis, operating income grew $5.5 million, or 19%. This record performance demonstrates the success of our strategy and is another proof point in our transformation journey.

As you can see on **slide 9**, we recorded GAAP earnings per diluted share for the quarter of $0.55 cents, up $0.06 cents vs. the prior year. Our tax rate on a GAAP basis was 24%. For the year, we expect our tax rate to be ~25%. Adjusted earnings per diluted share of $0.76 cents was up $0.03 cents from the prior year as higher adjusted operating income more than offset the negative impact of higher interest expense and the increased tax rate year over year.

For modeling purposes, interest expense is expected to be about $10.0 million in the third quarter, down slightly from the $10.2 million we recorded this quarter as interest rates stabilize and we accelerate our debt reduction plans.

On **slide 10**, we achieved record adjusted EBITDA margin this quarter of 17.7% demonstrating the earnings power of the company. This step change improvement gets us closer to our stated goal of 21% EBITDA margin in FY27. With this quarter's record performance, our TTM Adjusted EBITDA is now $156.1 million which represents an Adjusted EBITDA margin of 16.0%. We believe that while variable from quarter to quarter, our EBITDA margin in Q2 is sustainable given the underlying improvements in the business.

Our Return on Invested Capital improved 20 basis points to 6.8% from Q1. Our goal remains to get to a double digit ROIC over our planning horizon.

Moving to **slide 11**, quarterly free cash flow was $11.7 million in the second quarter. This includes cash provided by operating activities of $16.7 million and CapEx of $5.0 million. Working capital was a use of cash in the quarter of $12.2 million. We would expect this to improve over the remainder of the year as our working capital levels continue to normalize. We anticipate that CapEx will range between $30 to $40 million in FY24 as we are continuing to make 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**, our capital structure is improving as our net debt leverage ratio is now 2.7x on a financial covenant basis which is down from 2.9x that we reported last quarter. As we have previously discussed, we have a covenant lite credit agreement. With no Revolver borrowings outstanding at quarter end, our financial covenant is not tested. We are also accelerating our debt reduction plans as we paid down $15 million of debt this quarter. We are now planning to pay down $50 million of debt this fiscal year, up from $40 million. We expect our net leverage ratio to improve to ~ 2.3x by the end of this fiscal year. This once again demonstrates our ability to de-lever quickly after an acquisition.

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

David J. Wilson: Thanks, Greg.

Orders were up 2% year-over-year in the quarter, driven by strength in the Americas. In EMEA, while we began to see signs of moderating demand in Germany, demand in the Middle East remained robust, and the region held up reasonably well despite the broader economic and geopolitical headwinds.

Precision conveyance orders were up 11% in the quarter, and our lifting business was up 7% year-over-year. Overall, short-cycle orders increased a robust 11% compared with last year. Project orders slowed, however, in the quarter, but visibility to project order opportunities improved throughout the quarter.

We remain encouraged by the overall quotation and order pipeline for our business. While we would caution that the first month of a quarter does not necessarily define a trend, we have realized double-digit order growth in the first month of this quarter versus the same period last quarter.

Our backlog remains quite healthy at $318 million. During the quarter, we reduced our past due backlog by 28%, and we're beginning to see backlog normalize as lead times and deliveries improve. Our orders and backlog levels continue to support our revenue expectations for the year.

Please turn to **Slide 14**, where I will summarize our outlook for the business. Notwithstanding a global backdrop of macroeconomic and geopolitical uncertainty, our outlook for the business remains encouraging as we are benefiting from participation in more secular growth markets and several megatrends, including significant fiscal investments in infrastructure and defense, the near shoring of manufacturing capacity, automation and the scarcity of labor resources, energy conservation and electrification.

We expect to deliver sales between $245 million and $255 million in Q3 and to surpass $1 billion of revenue for the year. We are also raising our full year gross margin improvement guidance and now expect approximately 150 basis points of improvement in fiscal '24.

As I mentioned earlier, we're gaining traction with our customer experience initiatives, especially in the key areas of ontime delivery, reduced lead times, overall responsiveness and communication. Our montratec acquisition is performing well, and we're encouraged by the robust level of quotation activity in the order pipeline across our precision conveyance platform.

We also continue to deliver organic growth through investments in commercial initiatives, innovation and new product development. On a year-to-date basis, our Vitality Index, or NPD [-3] rate, was 3.3% through Q2. We are executing all elements of our strategy, and our second quarter results demonstrate the progress we're making as we advance the transformation of Columbus McKinnon.

With that, Doug, we can open the line for questions.

QUESTION & ANSWER

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

Matt J. Summerville – D.A. Davidson & Co: You touched on a couple of end markets, David. Can you talk a little more broadly about some of your other larger end-market verticals like auto, construction, oil and gas, general industrial? And maybe in the context of your project-related comments, where you've seen that conversion-to-order momentum start to elongate a bit?

David J. Wilson: Thanks, Matt. Yes, so we have been encouraged by the activity across end markets in general. And I would say that, notably, aerospace and defense, electric vehicles, and food and beverage have been markets that have been pretty robust for us. When you ask about the general industrial markets, they've maintained the momentum, and the Americas has been pretty strong for us overall.

The timing of projects is something that has been a bit lumpy, as you would expect. And we are really encouraged with the activity we've seen in the pipeline, as well as the quoting and the discussions that we've had. Those opportunities range across attractive end markets like food and beverage, electric vehicle manufacturing, and the industrial markets, in general.

I feel like we're pretty well positioned in this quarter, as we're advancing through October to see a nice uplift in year-over-year order activity based on the performance we saw quarter-over-quarter. Oil and gas is another one I didn't mention that I think is worth noting. We've had pretty significant investments in both the Middle East, as well as in Asia Pacific, as it relates to that market specifically.

Matt J. Summerville – D.A. Davidson & Co: Got it. And then just a quick follow-up. As you, Greg, take leverage down to 2.3x, do you view Columbus McKinnon as sort of being in M&A mode as you get into fiscal '25? And then with respect to fiscal '25, what would your thoughts be on incremental price realization?

Greg Rustowicz: Thanks, Matt. As you mentioned, our focus is really on paying down debt this year. We continue to work an active pipeline because you always have to look at opportunities. But we think with where we sit today, we're on a pretty clear path to de-levering to 2.3x by the end of the fiscal year. And I think once we get to that level, we have more capacity to look for the next potential acquisition that could be accretive and bring synergies to the company.

So, our strategy includes M&A as part of our growth to get to the $1.5 billion. I think we'll be in good shape next year. Once again, a deal has to make sense. It has to make sense financially because the incremental costs today for interest are substantially higher than they've been in the past.

Then to your second part of the question, with pricing, we would expect pricing next year to moderate somewhat. I think this year, we're just under 5% on a year-to-date

basis. We've seen inflation come down on materials. As we think about pricing strategies for next year, it will be more modest than it has been the last couple of years.

Jonathan E. Tanwanteng – CJS Securities, Inc.: Very nice quarter. The incremental gross margin was 60% in the quarter, over the last quarter, which is really great. Is that kind of increment sustainable once you get back to seasonally stronger quarters? Or should we think of it like deflation or some of the components you may not be repeating? Any thoughts on how that plays out as we go through the rest of the year?

David J. Wilson: Jon, we feel really good about the sustainable improvements that we've put in place within the business the way that we're performing now. For the seasonal adjustment that Greg spoke of as we head into our Q3, we see the levels that we're performing at now as being sustainable. Clearly, you know what our longer-term goals are, and we intend to keep executing in a way that results in us expanding those margins over time.

But from an operating perspective, we've driven a lot of improvement in the underlying business. We have other levers that we've been speaking to that we continue to exercise and that have more room to advance the business. As we indicated in our prepared remarks, we are now targeting approximately 150 basis points of expansion in this fiscal year.

Jonathan E. Tanwanteng – CJS Securities, Inc.: Okay. Great. And then second question, you mentioned that the projects in the pipeline were pretty strong, but we've seen some news, and the media is saying that the EV demand hasn't been quite as strong. There's been pushouts of battery manufacturing facilities. I know some of your future prospects are tied to that and some of your current business as well. I'm wondering what you're seeing in the project pipeline, specifically regarding EVs and batteries, and the timing of those projects as you go forward.

David J. Wilson: Actually, we're pretty encouraged with the volume of activity that we're seeing in that space, both domestically and abroad, as major customers of ours are investing and are engaged with us in pretty active discussions around opportunities that we're expecting will come to fruition here in the near future.

Greg Rustowicz: Just to add on, Jon, it's really dependent on the specific customers. We are linked with two of the more substantial, larger players in the EV market, both in the U.S. as well as in Germany.

Stephen Ferazani – Sidoti & Company, LLC: Just wanted to get a sense of how much the montratec acquisition is potentially outperforming and how much that led to the more positive view on gross margin improvement this year. Can you guys give us a little sense on the integration of montratec and what you think for cross-selling opportunities now that you've had a full quarter under the belt?

David J. Wilson: We feel really good about the opportunities for the montratec business. The business is performing well, and it's performing up to expectations in the quarter. The team has been doing a great job of participating in cross-selling and integration-related activities, both in Europe and in the United States. And our teams in the United States have built up a pipeline of opportunities that they're actively pursuing as we seek to help scale that business over here in the U.S. beyond the penetration that they've had in the past.

In the quarter, they were a good contributor to the performance. They contributed 70 basis points of margin in the quarter. That was the accretive impact of their gross margin contribution. In general, we're really pleased with the way that the team is performing and the prospects for the business. So, we remain very bullish on that piece of the business.

I want to emphasize our bullish view on the overall precision conveyance business that we're engaged in more broadly. Obviously, we've seen some sequential declines in sales activity tied to some softness in the market that we saw over the past year and with the challenges we've seen in the e-commerce space with one large customer. But we see a lot of opportunities on the horizon, and our team is very actively engaged in good discussions around the development of that business.

Stephen Ferazani – Sidoti & Company, LLC: When I think about precision conveyance becoming a larger part of overall sales, it sounds like you're still guiding towards traditional December quarter seasonality. Obviously, we look at the revenue change last September to December, which was very minimal. Any reason to think you're entering years now where you're just not going to see the same traditional seasonality?

Greg Rustowicz: Our core lifting business is still approximately 60% of the mix. So, I think we will continue to see a seasonal impact on gross margins. I would point out, though, Steve, that last year, we saw a 160-basis point sequential decline. This year, we don't think it's going to be near that level. I would say that's due to the positive impact that our precision conveyance business and the montratec acquisition, in particular, will have on our overall gross margins.

David J. Wilson: I would just add that I think your instincts are right as it relates to the mix of business shift and the opportunities we have as we continue to push that mix of business. We're leaning on a traditional view of the markets and the business has produced a seasonally adjusted result that's been lower in this upcoming quarter. We anticipate that will continue this year. But our goal, over time, is to see that moderate.

Walter Liptak – Seaport Research Partners: Great quarter. I wanted to ask a refining question; you made some comments about October, I wonder if you could just go over those again? How was October for short cycle versus projects?

David J. Wilson: Walt, I don't have the short cycle versus project broken out top of mind or in front of me right now. I know that through the first four weeks of October, orders are up double digits over the prior quarter's same period. So, we're encouraged.

We wanted to highlight that, obviously, with the project orders being down in the second quarter. We are emphasizing that the pipeline is very attractive, and we're working on some exciting opportunities. In this quarter, we're seeing orders accelerate coming out of last quarter. So that's the bottom line.

Walter Liptak – Seaport Research Partners: Okay. All right. That sounds great. You mentioned the project orders being a little bit slow. I'll think about what that might be from, but why do you think the project orders were down?

Greg Rustowicz: I think, Walt, part of it is due to rising interest rates, and companies are looking at their CapEx spend and looking at what it's going to cost to finance some of these projects. While they're good projects, I think they're being more discerning. Also, I think as we approach the end of the calendar year, there's a lot of companies with budgets that are being used up or maybe they've reduced what their original budgets were for CapEx.

We would see that typically with a little bit weaker December. So, I would expect that some of these projects will get let loose, if not in our fiscal third quarter, certainly, in our fiscal fourth quarter.

David J. Wilson: Yes, and I also think that it's the lumpy nature of project activity. We did see the orders down 9% year-over-year in project-based business. Short-cycle business was steady and up 11%, and the pipeline of opportunities is even more encouraging than it has been.

So, it's a matter of where those projects phase, our customers' schedules, and our ability to adapt to do what we can to best service them. But we're not concerned about the order rates that came through in the second quarter from a project standpoint. We're encouraged about the activity we're pursuing and the prospects for the business more broadly.

Walter Liptak – Seaport Research Partners: Okay. All right. Great. And then maybe a last one for me. It was nice hearing that 80/20 is going well, and you guys are working on PLS. I guess, in one of the prior questions, you touched on this, too. Are there any other 80/20 efforts that you guys are going after?

David J. Wilson: Yes. For sure, Walt. Our product line and P&L segmentation work and the opportunities we have from a cost perspective as it relates to certain lines of business and a rationalization perspective, as well as the factory footprint simplification

opportunities coming from the CapEx investments we're making to increase capacity in key areas and develop this center of excellence that Greg has been speaking of.

So, I feel like we're in a good position to really advance the business from a performance perspective, leveraging 80/20 through those tools. We're excited about the work that we're doing and the work that's yet to be done that will lead us to becoming a higher-performing enterprise.

Jonathan E. Tanwanteng – CJS Securities, Inc.: I think you touched on this, but I wondered if there's a little more clarity or color on the e-commerce business and that large customer you have there, just the split between the pipeline for those two.

David J. Wilson: So, what I would say, Jon, is that we have taken the opportunity with the slowdown in business in that area to do a lot of business development work with a broader base of customers and we've been able to gain access to a number of new and attractive customers where we are growing.

We've also maintained very close connections with that specific customer we've mentioned in the past, and we're in great discussions regarding the development of new opportunities for them with their R&D teams. We're encouraged by some promising prospects and potentially near-term opportunities associated with that pipeline.

Jonathan E. Tanwanteng – CJS Securities, Inc.: Okay. Great. And then finally, just to be clear, at a high level and from what you're seeing in October order rates and what you're seeing in your project pipeline, it doesn't seem like demand has weakened outside of your normal seasonality. Is that fair to say?

David J. Wilson: I think that's generally fair to say. As we stated in the prepared remarks, there's been some softness in Germany. But that is not something that has been dramatic, and it's something that we've been working to offset with opportunities we're pursuing more broadly. So, the short answer to the question is no, we're not overly concerned about that.

Operator: There are no further questions in the queue. I'd like to hand the call back to Mr. Wilson for closing remarks.

David J. Wilson: Great. Thank you, Doug, and thank you, everyone, for joining us today.

We took a meaningful step forward this quarter and established several new performance records. This is a testament to the great work being done by our global associates across Columbus McKinnon, and I thank you all.

We are pleased with our results to date and are more encouraged by the progress we're making as a team and the potential we have as a business. We're growing in attractive

markets, building a higher-margin profile, generating cash and accelerating debt repayment. We now expect to exit the fiscal year with a net debt leverage ratio of approximately 2.3x. Our team remains highly focused on executing our strategy and achieving our strategic plan objectives.

Thank you for your attention and have a great day.

Operator: Ladies and gentlemen, this does conclude today's teleconference. Thank you for your participation. You may disconnect your lines at this time and have a wonderful 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.