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Mayville Engineering Company, Inc.

Third Quarter 2022 Earnings Conference Call

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CORPORATE PARTICIPANTS

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CONFERENCE CALL PARTICIPANTS

Vlad Bystricky, *Citigroup*

Nick Dobreff, *Baird*

PRESENTATION

Operator

Good morning and thank you for attending today's Mayville Engineering Company 2022 Earnings Conference Call.

I would now like to pass the conference over to our host, Nathan Elwell. Nathan, please proceed.

Nathan Elwell

Thank you. Welcome everyone and thank you for joining us on today's call.

A few quick items before we begin. First, please note that some of the information that you'll hear during this call will consist of forward-looking statements within the meaning of Section 21E of this Securities Exchange Act of 1934, as amended. Such statements express their expectations, anticipations, beliefs, estimates, intentions, plans, and forecasts.

Because these forward-looking statements involve risks, assumptions, and uncertainties, our actual results could differ materially from those in the forward-looking statements. For more information regarding such risks and uncertainties, please see our filings with the Securities and Exchange Commission, including our filings on Form 10-K for the period ended December 31, 2021 (phon). We assume no obligation and do not intend to update any such forward-looking statements except as required by federal securities laws.

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Second, this call will involve a discussion of certain non-GAAP financial measures. Reconciliation of these measures to the closest GAAP financial measure is included in the earnings press release, which is available at mecinc.com.

Joining me on the call today are Jag Reddy, President and Chief Executive Officer, Todd Butz, Chief Financial Officer, Rand Stille, Chief Operating Officer and Ryan Raber, EVP of Strategy, Sales, and Marketing. Jag will begin with his thoughts on the quarter and the end markets we serve, new business and future plans followed by Todd, who will review the financial results and guidance.

Please note that accompanying slides that are available by the webcast and on the Investor Section of the Company's website at mecinc.com.

With that, I'll hand the call over to Jag, please go ahead.

Jag Reddy

Thank you Nathan, and good morning everyone.

I'm on Slide 3. Our team executed effectively this quarter producing strong improvements across the board. Net sales grew approximately 25% Adjusted EBITDA increased approximately 61% and our net income increased significantly when compared to the third quarter of 2021. The improvements were primarily driven by volume growth, commercial pricing increases and better absorption of manufacturing costs.

I am pleased to report that we commenced production at our state-of-the-art facility in Hazel Park, Michigan during the quarter as planned. Additionally, I am excited to announce that we launched MEC Business Excellence, or MBX, to drive operational and commercial excellence. I believe this will be a game changer for MEC and we'll discuss this in more detail.

We are defining our full year guidance that was originally provided in February, which Todd will discuss later.

After a hundred days, I wanted to share some of my observations and reflections as summarized on Slide 4. I had the opportunity to visit all 18 of our manufacturing plants and have met with hundreds of our team members across the organization. I have also met with many of our customers and learned more about how vital MEC is to their ongoing success. It is clear to me that we are an integral part of our customers' future expansion plans.

Through my site visits and meetings with our customers, I have identified the following observations as key to our future success. Our Company culture is a direct result of our hardworking employees taking great pride in their work to support our customers' needs. This has deepened relationships with customers and enabled us to grow profitably in recent years.

Additionally, the secular trends of reshoring (phon) and outsourcing have been confirmed by our customers. Our investments in automation will support cost reductions, volume productivity and quality to meet the increased demands driven by macro trends. MEC capacity utilization can be improved as we average two shifts per day, four days a week with some weekend work. Although some of our sites present hiding challenges, we see recent improvements in labor availability. We see the potential for significant growth over the next 5 years with continued trends of reshoring and outsourcing.

Our focus expansion into emerging technologies and adjacent spaces will help MEC maintain and expand our leadership position. We have more room for margin expansion through continued value pricing even

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beyond the pricing actions taken during 2022. We also have significant opportunities to improve our operations through standardization, lean manufacturing, and automation.

Today, I am pleased to outline the strategic priorities that will help us achieve our profitable growth aspirations.

I am now on Slide 5. Regarding profitable growth over the next five years, we need to capture the opportunities with current customers while also diversifying into markets and applications such as electric vehicles and renewables. We also can expand our design, prototyping and aftermarket services to better support our customers needs. EBITDA margin expansion beyond 15% can be achieved through commercial and operational excellence, through strategic and value pricing, productivity improvements, capacity digitalization and purchasing and supply chain improvements.

In terms of capital allocation starting in 2023, we will return to normalized Capex spending levels of $20 million to $25 million per year. We plan to focus our M&A activities targets in adjacent markets, specifically lighter weight materials such as aluminum, plastics and composites and design and prototyping services. I remain confident that we have the team and expertise to execute the strategic initiatives and to drive long-term profitable growth at MEC.

Now, I would like to turn your attention to our industry outlook and recent customer wins.

I'm on Slide 6. We currently serve five major end markets, all of which continue to forecast positive near-term demand outlooks. The commercial vehicle market is our largest market and continues to forecast strong demand through the first half of 2023. The industry is predicting a slow down in the second half of 2023, due to expected emissions regulation change in 2024. The emissions change will again drive increased demand in the subsequent years. Currently, OECD forecast predicts 310,000 units in 2022 followed by 296,000 units in 2023.

While supply chain constraints have continued to impact some (inaudible) customers, we expect to see sequential increases over the next couple of quarters due to sizable backlogs at OEMs. We continue to monitor weakening freight fundamentals and forecast our sequential declines through the second half of 2023 and remain ready to adapt to any market changes.

Our scores continue to be an important market for us. While showing some signs of softening, retail demand remains generally positive. Low dealer inventories will continue to drive consistent volumes for the products we deliver. We believe our customers will continue to fulfill retail demand and restart the dealer channel into 2023. Of course, the power sports market is sensitive to discretionary spending and interest rates, and we are keeping a close eye on this industry.

As mentioned on our previous calls, we have had many project wins with existing and new customers, which will provide a buffer to potential market softness. The construction and access equipment end markets are now starting to see the impact of rising interest rates and softening of the housing market. However, non-residential, infrastructure and oil and gas markets are seeing some improvement as we look towards 2023.

The need to restart fleets given fleet age and low dealer inventories continues to drive near-term volumes and are expected to offset weakness in the residential construction market. We continue to see strengthening demand in the Ag market, low global stocks, strong crop prices and low new and used machine inventory will maintain volume growth in the near-term.

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And finally, though the smallest of our end markets, our Military segment, remains stable. Our customers have solid backlogs for U.S. government contracts, and we continue to see good volumes based on new vehicle introductions.

While supply chain disruptions have continued to persist throughout our customer base, we anticipate these supply chain constraints to ease as we move into 2023. Importantly, our new business pipeline remains strong. We have continued to pursue and convert opportunities with our current customer base while focusing on new customers and new markets to drive further diversification.

Let me walk through a few of the exciting opportunities on Slide 7.

We recently won a large family of parts for an electric side-by-side that will make up the battery enclosure on the vehicle. Production of this side-by-side model will fully launch in 2023 and was a great example of using our manufacturing expertise to design a cost-effective solution for a brand-new product for an existing customer.

Last quarter, we made significant progress in working with a new potential customer that focuses on thermal management of electric vehicle batteries and battery enclosures. The family of parts we're coding (phon) will be used in multiple applications and provide us with a great opportunity to expand into the EV space.

Recently, we were awarded a high value takeover project for a current Ag customer supporting a product family for high horsepower tractors. Based on our history of quick turn products, MEC won the business for this exciting project. Building on our earlier win in the light duty truck market, we have continued to engage with the market leading engine manufacturer to develop additional opportunities on this new product platform. We have been able to win incremental business as this project reaches the conclusion of its design phase and ships into production.

Opportunities for reassuring projects continue to grow and I am pleased to report that we closed on a project for a commercial vehicle customer in the last quarter. We are scheduled to start production in early 2023, bringing production to the U.S. replacing an Asian supplier.

We also are able to expand with a new customer in the industrial infrastructure space to supply structural components and enclosures. While this relationship is new, we have been able to quickly support urgent product needs and expect to grow this business in the years ahead.

Overall, it is clear that both our business with current customers plus our pipeline of projects with both existing and new customers remains strong as we look towards 2023.

As I said when I joined, my initial focus will be on accelerating our use of innovation, technology, and lean manufacturing initiatives to help drive profitable growth. The launch of MEC Business Excellence, or MBX program, is an important first step in that process as summarized on Slide 8.

The focus of MBX is to drive operational and commercial excellence across the Company and it will be a vital part of our achieving our profitable growth potential in the years ahead. While MEC has consistently used lean tools within our operations for many years, the dedicated MBX program will significantly accelerate our efforts and drive exponential improvements across all our processes. Led by a newly appointed team, the program will focus on strategy deployment, operational excellence, commercial excellence, and talent management. This will include value stream mapping, lean daily management and productivity Kaizen events led by MBX lean engineers in all facets of our business.

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As demonstrated on Slide 9, each quarter the MBX team will lead a special event known as the Presidents' Kaizen. These events will include members of the Executive team to further illustrate company-wide commitment to our lean journey.

In September, we held our first Presidents' Kaizen in (inaudible). While targeting a specific wall center process, the team applied several lean tools to significantly improve throughput, reduce labor hours, reduce inventory, and have safety and drive meaningful cost reductions. We are pleased with the results of our initial event and launch up MBX and look forward to the team developing in 2023 and beyond.

I also want to provide an update on the situation with our former fitness customer. Despite best efforts, the Company was unable to reach an amicable resolution with its former fitness customer and therefore filed a breach of contract lawsuit in the Supreme Court of the State of New York in August. The Company remains confident in the protections afforded by the contract provisions. The total amount of damages claimed is substantial, but the amount and the timing of the ultimate recovery is uncertain. As a result, any recovery from this litigation, our settlement of these claims is a contingent gain and will be recognized if and when realized or realizable. At this point, there isn't much more we can say on this subject except that we will provide updates as and when we can going forward.

Our Hazel Park, Michigan facility is an important part of our future, and I am proud to report that we commence production as planned during the quarter. The ramp up in production will continue in the coming quarters. The team has done a remarkable job of launching on time and in line with our plans providing us with the capacity and the state-of-the-art operations in a market with solid labor availability.

In conclusion, I want to thank all our team members for embracing the change and helping to channel ideas into our updated strategy for profitable growth. It's been an important quarter for the Company in which we began a critical journey to build on our proud history, implement new initiatives and expand our horizons to ensure we attain our full potential in the years ahead.

Now, I will turn the call over to Todd, for a review of our financial results.

Todd Butz

Thanks, Jag.

I'll begin with a look at our third quarter, which is summarized on Slide 10.

We recorded third quarter net sales of $136.3 million, which is a 25% increase year-over-year. The increase was primarily driven by improved volumes due to the overall strengthening of the business, commercial pricing increases and contractual raw material price (inaudible).

Manufacturing margins were $15.5 million for the quarter as compared to $10.9 million in the prior year period. The increase were driven by improving demand, improved absorption of manufacturing costs and commercial pricing increases. These improvements were partially offset by a downward shift and scrap income. Hazel Park launch cost and continued customer supply chain issues during the quarter.

Manufacturing margin percentages were 11.3%, which is 130 basis point improvement over the 10% record in the prior year period, despite some of the challenges previously mentioned.

SG&A expenses were $6.5 million as compared to $5.3 million for the same prior year period due to higher consulting and professional fees, CEO's transition costs as well as continued inflationary pressures on wages and benefits.

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For third quarter, income tax expense was $1.5 million on pre-tax income of approximately $8.1 million. Our federal (phon) net operating loss carried forward was approximately $18.5 million as of quarter-end, which was driven by pre-tax losses incurred in prior years. The (inaudible) does not expire and will be used to offset future pre-tax earnings. We continue to anticipate our long-term effective tax rate to be approximately 27% based on current tax regulations.

Adjusted EBITDA increased to $16.1 million versus $10 million for the same quarter last year. Adjusted EBITDA margin percent increased by 260 basis points to 11.8% representing an incremental margin of 22.5%, which is consistent with our historical average. If we remove the impact of customer supply chain issues and raw material price pass-throughs, our incremental margin would've been 25.6%, which is above our historical average.

Basic earnings per share were $0.32, a $0.31 increase over last year as the improvements I've already mentioned, dropped through to the bottom line. As well as the one-time positive impact of unique items at a total of $0.11 per share, which includes stock forfeitures from our former CEO's third quarter retirement.

Now, let me address our capital expenditures balance sheet liquidity. Year-to-date, capital expenditures were in-line with our expectations at approximately $38.8 million as compared to $26.6 million for the same prior year period. The increase relates to the plan (inaudible) repurposing of our Hazel Park, Michigan facility and our continued investments in technology and automation.

As shown on Slide 11, our total outstanding debt was $74.1 million at September 30, 2022, as compared to $56.9 million at the same point last year. The increase in debt relates to capital spending, but our balance sheet remains strong, the leverage ratio of 1.3 x at the end of the quarter.

We continue to see a solid pipeline of M&A opportunities and are focused on new markets, new materials such as aluminum, plastics and other lightweight materials and new customers to continue to diversify our business. Strategic fit and rational valuation remain our top considerations as we refocus our M&A efforts.

Now I'd like to discuss 2022 guidance, which is shown on Slide 12. We are refining the financial outlook we first provided in February and have adjusted our expectations as follows.

Net sales of between $480 million and $530 million has been updated to between $520 million to $540 million.

Adjusted EBITDA between $58 million to $70 million has been updated to between $58 million to $65 million. As it stands today, our revenues are expected to be at the high-end of our original range due to raw material price pass-through. However, due to falling scrap income prices, increased legal cost, continued near-term inefficiencies related to customer supply chain issues, we expect EBITDA results to be between the midpoint and the low-end of the range.

This forecast also assumes no major supply chain disruptions with our customers or other unusual events at our end markets, as well as any recovery associated with the former fitness customers. We continue to expect our capital spending to be between $55 million and $65 million for the Full Year of 2022. The primary focus is on investment in technology and automation, the addition of equipment related to new programs with existing customers and costs associated with production at our Hazel Park facility. We are nearing the end of unusually high Capex cycle and expect 2023 to return to more normalized spending level, approximately $20 million to $25 million per year.

In summary, our third quarter results continue to reflect steadily improving volume trends, which in conjunction with commercial pricing increases as health (phon) delivered improved results. While the

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supply chain disruptions affected our customers and (inaudible) straight pressures persist, near-term and market demand remains generally soft.

That concludes my comments and I'll turn the call back over Jag.

Jag Reddy

Well, the recent performance and current outlook of the business remains positive as we managed the demand trends we are seeing across our end markets. However, we are monitoring market changes, staying in constant communication with our customers and we'll be ready to adapt as needed. We are maintaining and expanding the relationships we have with some of the best blue-chip companies in the world and are pursuing numerous opportunities with potential new customers and new end markets. We're focused on profitable growth into new platforms, margin expansion with lean initiatives and innovation to drive competitiveness. We are off to a great start and I'm very excited about the future of MEC.

With that, Operator, we would like to open the call for questions now. Thank you.

Operator

Certainly. The first question comes from Vlad Bystricky from Citigroup. Please proceed.

Vlad Bystricky

Good morning guys, thanks for taking my call.

Jag Reddy

Good morning, Vlad. How are you?

Vlad Bystricky

Nice quarter end results and thanks for some of the strategic up look or update, I should say, around some of the long-term priorities and what you're doing with MBX. Just thinking about MBX, can you maybe give us more color on how you're going about implementing MBX? Whether you have the talent and skill you need to drive this more focused approach and wider approach, it seems, to lean and just how you're thinking about the runway for MBX driven improvements to manifest.

Jag Reddy

Yes. Sure. I'll take that. I'll start with my comments, Vlad, and then I'll pass it on to Rand to expand on our implementation. MBX is critical and vital for our profitable growth future. Even though as I mentioned in my prepared remarks, MEC has historically used lean tools. MBX program with it's dedicated team across our network will bring sustainable implementation of our programs. We are going to accelerate the number of Kaizens, we have dedicated teams in the plans right now that are going to drive these Kaizens and we're utilizing, not only internal, but also some external resources to offset short-term strength for the MDX team.

I'm going to pass on to Rand to expand on implementation.

Rand Stille

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Yes. Vlad, thanks for the question.

Again, many of these tools we've been using for quite some time, but it's the acceleration that Jag talked about, and so, with that acceleration, we've dedicated a team fully committed to MBX. So, we have a team of lead engineers led by a Vice President focusing, making sure we're driving this across all aspects of the Company. So, it's just an acceleration and I'll say a hyper focus upon what we are doing in the past, and so we do have those skill sets, and we have those capabilities. We feel very confident about the impact that this is going to have across the organization.

Vlad Bystricky

Okay. That's helpful. Then maybe just a follow up for me, I know you're not guiding to '23 yet, but as we think about the outlook into '23 here, I just looked at the end market industry outlook, obviously some mixed trends there and obviously concerns about the macro. I guess, can you just talk about, given your work on new wind and reshoring opportunities, et cetera, how you're thinking about the potential or the likelihood of being able to drive growth if we are going into a sort of a broader macro economic slow down here in '23?

Jag Reddy

Sure. Let me take that one out then have Todd chime in as well. Generally speaking, we think about the business in two ways. One is the base business we currently have, that's in 2022, and then the new growth opportunities, we have one that will also start-up in 2023.

Before I actually do that, let me say that we're not providing any guidance for 2023 yet. We'll obviously provide that guidance at the appropriate time but given the uncertain times we have, and I think it's helpful for us to think through this way. So the base business, almost all of our customers today are indicating the volume growth next year, right. But many of those customers are publicly accredited companies that many of you follow and we're seeing the same information that is publicly available today.

So that indicates that there is some growth next year from the base business. But at the same time, we're taking into consideration all external factors and if we assume even a small pullback on the demand in the base business, we feel that we have enough new business that's coming into 2023 that could offset that potential softness in the base business. So, unless the market's turn significantly and if the deeper downturn, then that's a different discussion that we can have at that point. But sitting here almost in Q4, we feel pretty good about next year and we're thinking about it in terms of base business versus our new business.

Vlad Bystricky

Okay. That's really good color, Jag.

Todd Butz

(Multiple speakers), It's certainly, that we're not providing guidance at this point. We will when the times appropriate, but to Jag's point as it stands today, volumes in markets, generally look solid for next year. With the MBX launching, the pricing carry over and the activities that happened in 2022, hopefully supply chain kind of balancing out and getting corrected at our customers will lead to a higher net income. Our expectation for next year would be better in income, better in EBITDA, and along with that, significantly improved pretty cash flow. When Jag spoke earlier, $20 million to $25 million in normalized CAPEX, inventory levels because the supply chain issues are a little high right now, so we would expect terms to

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get better as we move into 2023, and the steel pricing has come down. So in a general sense, we feel very positive about next year, we're really not ready to provide guidance at this time.

Vlad Bystricky

No, that's understandable, but it's all really helpful color. Thanks, again. I'll get back into queue.

Operator

Thank you. Next question comes from Nick Dobreff of Baird. Please proceed.

Nick Dobreff

(Multiple speakers) for taking the question, and good morning everyone. Sticking with this last comment, maybe as we're looking at margins, and Todd, I appreciate that you expect improvement here. We're looking at the fourth quarter, can you comment at all as to how you see the manufacturing margin, your gross profit, evolve sequentially? Thinking about 2023, if we're in an environment in which volumes are at least stable and sounds like some of the cost pressures are starting to moderate, if not outright reverse in some cases, is it fair to expect the manufacturing margin to recover to more normalized levels? Something like, call it 2019, type levels?

Todd Butz

Thanks for the question, Nick. I expect that to be above 2019 levels, quite frankly. We're already providing—our low-end of our guidance is a record in comparison to 2019. So even with, let's call it, similar or slightly less volumes this year because of material price pass-throughs, compared to 2019, we're delivering record EBITDA and it's overperforming 2019 by more than 10%.

My expectation is at this point that our margin profile will continue to look better than 2019. Now, when we think about Q4 and why we narrowed our guidance, we do have rising interest rates, we do have continued expected supply chain issues with our customers and there's potential for some legal costs in the Q4. Outside of that, we have holidays, certainly we expect maybe customers may take a day or two on the schedule because of supply chain issues on their end, but as we get into '23, these things alleviate, we all feel very confident that we can deliver, again, improved results, but not only that, but hit our 15% Adjusted EBITDA goal.

Nick Dobreff

Understood. Then, this industry outlook slide you provided is very informative. I am looking to clarify something, and I apologize if I missed this, but as you're framing the 2023 market outlook, what you have on the slide is your interpretation as to how these end markets will progress in terms of either acceleration or deceleration. Is it you're not really seeing yet any declines in production levels from your customers in areas like power sports and construction equipment, is that correct? Do I have that interpretation correct?

Jag Reddy

Yes, that's exactly right, Nick. This is absolutely the 2023 outlook here is our interpretation of how it might turn out, right? But as I said earlier, most of our customers are not indicating any declines. They're all being reasonably stable or bullish in their outlook so far, but we're being realistic and we're internally saying that, "Hey, the market softens in our base business, this is how it would look like and here are the areas that might be soft." That's what we're trying to communicate here.

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But having said that, also when I add that, even in Power Sports, we have new business that we're going to be producing next year, new customers and new programs. So, even in an industry that might be softening, we feel like we have new business to offset that potential softness. I'm going to ask Ryan to chime in.

Ryan Raber

Yes. I think generally right now, we still see a macro trend of the majority of the industries having relatively low inventory compared to retail and, and certainly in the short term, there's some refilling of the pipeline that needs to take place. As we look out into '23, certainly the rising interest rates have had an impact on residential construction and other things affecting construction and access equipment. We also see things like strong rental Capex and good signals from our customers about age fleets that are in rental fleets and other things that I'd like to think could provide some potential tailwinds, but still too early to call that into '23. Power Sports, like Jag said, certainly new business coming online, we generally feel like we play in the Power Sports more in the high-end premium product, which has some independence from interest rates when you think about the interest rates affecting that and discretionary income those buyers might have.

So as we look to next year, certainly interest rates, we believe, will have an impact, it's hard to quantify that (inaudible) inventory and the need to restock. But going back to the initial comment, customers are generally sending strong demand signals year-over-year, we believe would be flat-to-up, we'll continue to monitor that as we go into '23 and we remain very (inaudible) in our ability to do business and show some incremental growth as we go into next year.

Nick Dobreff

Understood. Yes. That makes sense. Last question, maybe one on M&A and capital deployment. You mentioned some new technologies here that are of interest to you; plastics and aluminum, and I'm curious if you can expand on that. I mean, are you looking to get into things like injection molding and the like? I guess I'm curious also, in terms of what you perceive to be the competitive edge or core competency of Mayville? I for one, have always thought of it as metal fabrication, but Jag, it seems to me like you're thinking more broadly than that, which obviously has (inaudible).

Jag Reddy

Yes. Thanks, Nick. Yes. When I first came in, (inaudible), I actually looked at, "What do we do well?" We help our customers produce the best products at a very competitive price and we have the footprint and the supply chain capability to support short lead times to these customers. So, if I could take that promise and then say, "What else can we help our customers with and what are the problems—our pinch points that customers are facing right now?"

We're never going to be product designers, but we do a lot of design partnerships with our customers as they were trying to welcome a design phase into manufacturing phase. Design for manufacturing, all of those services are an important piece of our offering. We don't do a lot, or definitely we don't commercially price those activities today, and that's an area where customers, as I talk to them, many have indicated that they're struggling with engineering talent, they're struggling with lead times-to-market. So, all of these areas will help us help our customers to speed up their design to manufacturing speed-to-market. So, design services, prototyping services are an important element where we can really help our customers.

Similarly, as we think about energy transition and customers going to EV platforms, the light weighting in general, even for (inaudible) engines, light weighting is really important. We're generally a steel fabricator,

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many customers are asking us for other areas where we could help them, given our performance and given our long-term partnerships with these customers, some of the customers asked us about aluminum, "Hey guys, can you do aluminum fabrication?" Well, that's not an area today we focused on, we have some offerings, but not a lot, so that's another area we think that is really beneficial for us to enter into, particularly aluminum fabrication, in the long run, and then we can support our customers.

Then beyond that, we have gotten into, this is something that I learned, I did not know on day one, but certainly as I was going through a lot of our plans, I learned we do a lot of sub assemblies. We do cable assemblies, we actually put together metal components with plastic components. So, as I looked at all of that, we said, "Oh, look. We can get into more value-added services such as sub assembly and assemblies, and perhaps, instead of buying some of those plastic components from a third-party supplier and assembling in-house, we could also get into that."

So that's how we're thinking about. How do we expand our offerings? How do others support our customers growth? And that's the reason why we feel like we have the right to play in those adjacent markets and that's where we're refocusing our efforts into M&A.

Nick Dobreff

Very interesting. Thank you for that.

Operator

Thank you. There are currently no additional questions registered at this time.

Jag Reddy

Okay. Well, thank you everyone for your time today and your continued interest in MEC. We'll look forward to speaking with some of you at the upcoming fair and Sidoti conferences.

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