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Earnings Call

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Call Participants

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ATTENDEES

Stefan Neely

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Presentation

Operator

Hello, and welcome, everyone, to the Mayville Engineering Company Fourth Quarter 2024 Earnings Conference Call. My name is Becky, and I'll be your operator today. [Operator Instructions]

I will now hand over to your host, Stefan Neely with Vallum Advisors to begin.

Stefan Neely

Thank you, operator. On behalf of our entire team, I'd like to welcome you to our fourth quarter and full year 2024 results conference call. Leading the call today is MEC's President and CEO, Jag Reddy; Todd Butz, Chief Financial Officer; and Rachele Lehr, our Chief Human Resources Officer.

Today's discussion contains forward-looking statements about future business and financial expectations. Actual results may differ significantly from those projected in today's forward-looking statements due to various risks and uncertainties, including the risks described in our periodic reports filed with the Securities and Exchange Commission. Except as required by law, we undertake no obligation to update our forward-looking statements. Further, this call will include the discussion of certain non-GAAP financial measures. Reconciliation of these measures to the closest GAAP financial measure is included in our quarterly earnings press release, which is available at mecinc.com. Following our prepared remarks, we will open the line for questions.

With that, I would like to turn the call over to Jag.

Jagadeesh A. Reddy
President, CEO & Director

Thank you, Stefan, and good morning, everyone. During a period of softer demand within our core vertical markets, our team maintained focused execution in 2024. We delivered consistent profitability, disciplined net working capital management and significant year-over-year growth in free cash flow generation when compared to 2023.

Similar to the third quarter, our fourth quarter performance was impacted by lower customer program activity as OEM customers continue to drive normalization in channel inventory. Lower demand contributed to an 18% year-over-year decline in revenue, which resulted in reduced overhead absorption and lower utilization. During the first half of 2025, we anticipate that the ongoing softness in demand will persist across most of our end markets, consistent with what we have seen during the second half of 2024.

Based on current customer discussions, together with new projects in backlog, we expect demand conditions to gradually recover during the second half of 2025. Our business development team is actively engaged in discussions with both new and current customers within high-value emerging end markets and particularly those that capture multi-year investable teams. These new opportunities, which include exposure to industrial infrastructure investments such as the ongoing domestic data center build-out, have the potential to increase our revenue base across growing less cyclical end markets.

Our business continues to generate strong free cash flow, positioning us to execute on our capital allocation strategy that includes continued debt reduction along with opportunistic repurchases of our common stock. In 2024, we generated free cash flow of nearly $78 million, including $25.5 million from a recently announced legal settlement. Excluding the settlement, organic free cash flow more than doubled versus 2023 levels. During the fourth quarter, we repaid more than $31 million in debt, reducing our net leverage to 1.3x at year-end. This is well below our stated targeted net leverage ratio range of between 1.5x and 2x by the end of 2024.

As we have continued to reduce our net leverage ratio, we have been increasingly committed to a systematic approach to share repurchases under our existing $25 million authorization. To that end, during the quarter, we repurchased nearly $4 million worth of company common stock. For the full year 2024,

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we repurchased $5.9 million of company common stock, partially offsetting the dilution from the shares awarded in 2024 relating to our stock-based compensation program. With $19 million remaining under the existing authorization, we will continue to repurchase shares on a regular basis going forward.

With respect to commercial growth, our team remains actively engaged in efforts to expand our serviceable market across both new and existing verticals. In 2024, we booked more than $100 million in new business wins, an increase of 12% year-over-year and remain focused on driving continued order growth across a broad array of end markets over the coming year. Importantly, even as current demand conditions have evolved, we have had no unexpected customer contract cancellation, a testament to the durability of our customer relationships.

Looking ahead, we continue to seek diversification across less cyclical, higher-value opportunities through a combination of existing business development activities together with targeted inorganic growth. Todd will discuss the outlook in more detail shortly, but I would highlight that our assumption is that entering 2025, customer demand will remain muted as channel inventory destocking continues. While each customer and end market are slightly different, we broadly expect that the inventory destocking trend will be a headwind for year-over-year growth and margin expansion in the first half of the year.

Current expectations are that customer channel inventories will begin to normalize entering the third quarter. Consequently, we anticipate that we will begin to experience ratable demand improvement during the second half of 2025 relative to the first half.

Turning now to a more detailed review of market conditions across our primary end markets. Let's begin with our commercial vehicle market, which represents approximately 38% of our trailing 12-month revenues. During the fourth quarter, commercial vehicle revenue decreased by 10.5% on a year-over-year basis. Our net sales to this end market were relatively comparable to the broader commercial vehicle market, as evidenced by a reported 10.4% year-over-year decrease in North American Class 8 truck production according to ACT Research.

As we look forward into 2025, ACT Research currently forecasts the Class 8 vehicle production to decrease 4.8% year-over-year in 2025 to approximately 316,000 units. Strength in vocational truck demand and continued demand in truck orders suggest fleets are preparing for 2027 EPA regulations. These factors are driving demand to modestly increase through most of 2025 prior to a recovery in 2026. The latest forecast shows ACT projecting 2026 full year demand to increase by 11.7% relative to 2025.

The powersports market represented approximately 17% of our trailing 12-month revenues and decreased by 29.1% on a year-over-year basis in the fourth quarter. Performance during the quarter continues to be driven by customer channel inventory destocking, soft consumer demand due to elevated financing rates and production cuts. This was partially offset by the impact of incremental volumes from new project start-ups. Given the current market conditions, we anticipate elevated rates will continue to weigh on demand. However, new product launches should provide incremental improvements to our performance.

Next is the construction & access market, which represented approximately 16% of our trailing 12-month revenues. Construction & access revenues decreased 34.5% on a year-over-year basis in the fourth quarter. This reflects continued soft demand across both non-residential and public infrastructure markets. We expect demand to remain soft through the first half of 2025. Entering the second half of 2025, we anticipate demand to increase based upon increased activity in public infrastructure and non-residential construction.

Our agricultural market represented approximately 8% of trailing 12-month revenues and decreased by 46.5% on a year-over-year basis during the fourth quarter. Our results reflect weakness in both large and small agricultural markets. The outlook remains uncertain due to interest rates, continued inventory destocking and crop prices. Due to these factors, we are not anticipating a recovery until 2026.

Turning now to an overview of substantial new business wins during the fourth quarter. We have continued to expand our share with our commercial vehicle customers as they launch their next-generation models leading into the EPA regulation changes. Many of these products support future growth launching in

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2026 and 2027. We are continuing to see growth in our thermal management market share, picking up additional new products during the quarter as our customer continues to grow their market share.

We remain focused on diversifying our end markets by targeting content related to power generation, supporting the rapid expansion of data centers. In the quarter, we secured a new aluminum extrusion program with one of our large powersports customers. This program leveraged existing relationships at MEC and will lead to future growth over the coming years.

We have continued to gain additional market share with our access customer as they evaluate their global supply base. Our U.S. manufacturing plants located in close proximity to customer facilities continue to provide the best value in their supply chain as they look to increase their volumes. Our sales team is continuing to prioritize the diversification of our end market exposure and customer base. As we have mentioned before, we are in active discussions with new and existing customers to support potential programs in the data center space, including, but not limited to, cooling, electrical infrastructure and standby power applications, which could come into fruition in the next 12 to 18 months.

As before, our MBX framework continues to guide our value creation priorities. Even as demand conditions remain soft, we continue to deploy targeted initiatives around strategic pricing, commercial growth and capital efficiency that over time have positioned MEC to outperform the broader market. Since September 2022, our team has completed over 275 MBX Kaizen events. As a result of these events, the company was able to reduce its legacy manufacturing square footage space by 5% and head count by 12%, along with removing over $5 million in other costs.

Additionally, the success of our MBX efforts were evident in our robust free cash flow generation. During the fourth quarter, our free cash flow was over $35 million. Even when excluding the recent $25.5 million settlement with a former fitness customer, our free cash flow conversion for the quarter exceeded 100% of adjusted EBITDA. The strength in our free cash conversion is owed to improving efficiency in net working capital management. This execution positions us for long-term improvements in our financial profile to drive sustainable shareholder value throughout the cycle.

We are positioning ourselves to become a leaner, more efficient organization equipped to capitalize on a future demand recovery. Our healthy financial position enables our team to focus on executing our long-term strategy. We will remain disciplined in our capital allocation, prioritizing debt repayment, opportunistic share repurchases and accretive strategic acquisitions.

M&A remains a key part of our long-term strategy as we look to accelerate our expansion into high-growth adjacent end markets. Our team has built a pipeline of acquisition targets that meet our criteria. While we plan to pursue M&A, building on our market-leading capabilities, we will remain disciplined and ensure that we are positioned to capitalize on multi-year secular growth trends in front of us.

Finally, I would like to briefly comment on our longer term outlook. As we first highlighted at our 2023 Investor Day, MEC has been on a multi-year value creation journey, one that prioritizes a combination of commercial growth, operational discipline and high return capital deployment. Since that time, we have demonstrated the organic growth potential of the business, realized sustained operational efficiencies and continue to deploy capital through a combination of reinvestment in the business and share repurchases.

While our team has successfully executed on our strategic plan, demand conditions within our core markets have been challenged and remain in flux. While a recovery in the second half of 2025 is likely, given what we see from our customers today, the pace of a full demand inflection could take longer. We remain committed to the targets introduced back in 2023. However, the precise timing of achieving those targets remains subject to how demand conditions shape over the coming quarters.

Our 2025 guidance reflects our customer conversations and the MBX-related efficiencies that we continue to realize across the organization. I am confident that the actions we have taken to reposition the business during a transitional period have created a foundation for growth that will deliver value to our shareholders over the long-term.

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Before I turn the call over to Todd, I want to thank him for his hard work and dedication in leading and building a strong finance organization. Todd's leadership has been instrumental in MEC's growth over the past 17 years, and we wish him well in his next chapter.

With that, I will now turn the call over to Todd to review our financial results.

Todd M. Butz
CFO, Secretary & Treasurer

Thank you, Jag. I'll begin my prepared remarks with an overview of our fourth quarter and full year financial performance, followed by an update on our balance sheet and liquidity and I will conclude with a discussion of our 2025 guidance.

Total sales for the fourth quarter decreased 18.4% on a year-over-year basis to $121.3 million. The decline in net sales is driven by customer destocking activities and weaker end user demand, which was partially offset by new project launches. Our manufacturing margin was $10.8 million in the fourth quarter as compared to $18.2 million in the same prior year period. The decrease was primarily driven by the corresponding decline in net sales.

Our manufacturing margin rate was 8.9% for the fourth quarter of 2024 as compared to 12.3% for the prior year period or a decrease of 340 basis points. The decrease in our manufacturing margin rate reflects the impact of lower fixed cost absorption from lower customer sales, fewer working days in the quarter and the completion of cost reduction activities that will yield future margin benefit.

Other selling, general and administrative expenses were $7.9 million for the fourth quarter of 2024 as compared to $7.2 million for the same prior year period. The increase was primarily driven by higher costs related to compliance requirements and annual wage inflation, partially offset by a reduction in legal expenses relating to our former fitness customer. Interest expense was $2 million for the fourth quarter of 2024 as compared to $3.6 million in the prior year period due to a reduction in borrowings relative to the fourth quarter of last year. The decrease of $67.9 million in borrowings over the past year reflects our continued strong free cash flow generation.

Adjusted EBITDA for the fourth quarter was $9.2 million versus $17.7 million for the same prior year period. Adjusted EBITDA margin decreased by 430 basis points to 7.6% in the current quarter as compared to 11.9% in the same prior year period. Our fourth quarter adjusted EBITDA margin is a low point in the cycle and should begin to improve sequentially as we enter 2025.

Now I'd like to provide a brief summary of our full year 2024 results. Net sales for the full year were $581.6 million, a decrease of 1.2% as compared to the prior year. Our 2024 manufacturing margin was $71.1 million as compared to $69.7 million in 2023. This reflects a manufacturing margin rate of 12.2% or an increase of 40 basis points as compared to 11.8% in 2023. 2024 adjusted EBITDA was $64.4 million as compared to $66.1 million in 2023, which resulted in adjusted EBITDA margin for 2024 of 11.1% as compared to 11.2% in 2023.

Turning now to our statement of cash flows and balance sheet. Free cash flow during the fourth quarter of 2024 was $35.6 million as compared to $19.9 million in the prior year period. The increase in free cash flow as compared to the prior year reflects the $25.5 million received from the recently announced legal settlement and our continued focus on net working capital efficiencies. As of the end of the fourth quarter of 2024, our debt, which includes bank debt, financing agreements and finance lease obligations was $82.3 million as compared to $150.2 million at the end of the fourth quarter of 2024, resulting in a net leverage ratio of just under 1.3x at year-end.

Now turning to a review of our 2025 financial guidance. For 2025, we now expect the following; net sales of between $560 million and $590 million, adjusted EBITDA of between $60 million and $66 million and free cash flow of between $43 million and $50 million. Please note that our midpoint assume demand conditions to gradually recover during the second half of 2025 as customer destocking activities and consumer demand normalizes.

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Additionally, embedded in this guidance is the following view of our current end markets as compared to 2024. Commercial vehicle, flat to slightly down; construction & access, flat to a low-single-digit increase; powersports, low-single-digit decrease; agriculture, low-to-mid-20s percentile decline; military, comparable to the prior year; and other end markets, low-to-mid single-digit increase. Due to its high interest rate sensitivity and current channel inventory levels, we believe our powersports market bears the most uncertainty.

If our end markets were to perform below these expectations, we would push our guidance to the lower end of the range. Conversely, the second half market conditions improve at a faster pace than expected, we would anticipate to be near the higher end of our guidance. But given the uncertainty of the current demand cycle, we will continue to monitor and report throughout the year any material changes to this outlook. Furthermore, embedded within our 2025 adjusted EBITDA guidance is $1 million to $3 million of cost improvement driven by our MBX operational excellence and strategic value-based pricing initiatives, net of inflationary pressures.

As it relates to free cash flow guidance, we expect that our capital expenditures for the year will be in a range of between $13 million and $17 million and we'll continue to focus on high-return, capital-light automation advancements with payback periods of less than 18 months, further supporting our planned growth and increasing efficiencies. Based on our free cash flow guidance and excluding any M&A activity, we expect to be below 1x net debt leverage by year-end.

Lastly, I would like to reiterate that our financial position enables the team to focus on executing our long-term strategy. We will remain disciplined in our capital allocation, prioritizing debt repayment, opportunistic share repurchase and accretive strategic acquisitions, positioning the company to capitalize on the multi-year secular growth trends ahead of us.
With that, operator, that concludes our prepared remarks. Please open the line for questions as we begin our question-and-answer session.

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Question and Answer

Operator

[Operator Instructions] Our first question comes from Ross Sparenblek from William Blair.

Robert Samuel Karlov
William Blair & Company L.L.C., Research Division

This is Sam Karlov on for Ross. I want to touch on your margin guidance for 2025. I know you plan to use your plant shutdowns in the fourth quarter as an opportunity to execute on some additional MBX initiatives. I was wondering if you could update us on the progress that you've made and then give us a sense of how much of this progress is contemplated in your 2025 margin guidance?

Todd M. Butz
CFO, Secretary & Treasurer

Yes. As it relates to Q4, certainly, we had a lot of activity. We closed a facility. And like we indicated on our remarks that, that is the low point. When we look at 2025, we anticipate $1 million to $3 million of improvement driven by MBX as well as pricing, and that is net of inflation. So you got to keep that in mind. The gross number is a bit higher. But that impact is somewhat muted, meaning that our volume in the first half continues to be in a depressed situation or lower point. And so the pull-through when you think about all these MBX and cost saving initiatives gets a little bit muted. And so as we begin in the second half and even into '25, all these cost initiatives that we've done, we really -- we'll see the benefit of that and that pull-through in a much more substantial manner as we enter back half of '25 and into '26.

Jagadeesh A. Reddy
President, CEO & Director

Just to add to that, Sam, we conducted a significant number of MBX Kaizens in Q4, as we indicated in our prepared remarks. We also started Q1 with significant activity in many of our plants. We continue to drive cost reduction, productivity improvement projects across our plant network. We have not took the gas pedal -- our pedal off the -- put off the gas pedal, I guess, right? And we continue to drive additional productivity measures across the enterprise.

Robert Samuel Karlov
William Blair & Company L.L.C., Research Division

Got it. That's super helpful. And then given your 2025 guidance does not reflect any impact from tariffs, can you help us frame where the company is most exposed to potential tariffs from an end market perspective? And then I know the situation is still fluid, but maybe help us frame the sensitivities -- what the sensitivities could look like if the proposed tariffs remain in place for an extended period of time?

Jagadeesh A. Reddy
President, CEO & Director

Absolutely. First, I want to remind everyone that we are as pure-play domestic manufacturer as it can get. All of our manufacturing footprint is U.S. based. 95% of our inputs are domestically sourced. Less than 5% of our inputs, i.e., hardware, some castings, some forgings, aluminum, et cetera, are subject to any potential tariffs. So if you think about that, within that 5% or less, majority of that is really the aluminum we get from Canada. And all of our steel and aluminum costs are passed through to our customers.

So we're pretty confident that the current tariff regime, at least what was announced yesterday, will have limited impact on MEC as a whole. Of course, we will continue to try to mitigate any impact to our customers by finding additional sources, alternative sources to reduce any tariff impact. But on the steel and aluminum as a whole, it is a pass-through expense for us. So we don't expect any dollar margin impact from these tariffs. But obviously, if the steel prices go up, aluminum prices go up, that will have an impact on our margin percentage rather than dollar impact.

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Operator

Our next question is from Ted Jackson from Northland Capital Markets.

Edward Randolph Jackson
Northland Capital Markets, Research Division

Todd, first of all, I want to tell you that I'm sad that you're leaving. I've really enjoyed working with you and I look forward to hopefully keeping in touch in the great things that you're going to do with the rest of your life. The question -- I have a couple of questions. So one of them is, you just -- you talked fast and I write slow. Could you provide the guidance you gave for powersports and ag again, please?

Todd M. Butz
CFO, Secretary & Treasurer

Powersports, we had the market declining low-single-digits. And then ag, we had in the 20th percentile decline, meaning 20% to 25% year-over-year. Does that clarify your point?

Edward Randolph Jackson
Northland Capital Markets, Research Division

That is it. That is it. Then jumping over to tariffs, is there a case to be made that over the longer term that the change in tariff structures could be good for you? And where I'm going with that is as many of your customers might be forced to bring some of the manufacturing that they do overseas back into this country that they're going to need partners like Mayville to make that kind of stuff? And does that resonate with you? Have you had any kind of dialogue with any of your customers or any potential customers as they start rethinking their supply chains and how they might be able to reconfigure them to meet this kind of new dynamic that Trump is bringing into force?

Jagadeesh A. Reddy
President, CEO & Director

Yes, Ted, great question. We've said this before, there are parts of our end markets and customers that have the flexibility to outsource to low-cost countries and regions. And primarily, those components are in the powersports market. We have seen some of our customers go to Asia, as an example, or Mexico to manufacture some of these components. So we do anticipate if these tariffs stick, we don't know, right? It changes day-to-day, hour-to-hour. But if these tariffs stick, we do expect some level of return to the U.S. So we will be a beneficiary of that trend if the tariffs remain.

At the same time, we have seen a reasonable amount of interest from many of our existing customers to start thinking about completely changing or at least dual sourcing their components to U.S. manufacturers like MEC. We have seen increased activity on our coating team. And we anticipate that will be in the long run a tailwind for MEC.

Edward Randolph Jackson
Northland Capital Markets, Research Division

Yes. That's how I would think about it myself. I mean, I understand there's disruptions, but I think over the longer term, if anything, it's probably a positive for the company.

Third question, just kind of when you gave the free cash flow guidance for '25, it's -- honestly, it's a robust number. I wonder if you could kind of walk through some of the mechanics of how that you're getting there. I assume a lot of it is working capital oriented. How are you driving that free cash flow guidance? And then I have one more follow-up after that, I believe.

Jagadeesh A. Reddy
President, CEO & Director

Yes. I'll start and then pass it on to Todd. In end of 2022, Ted, we had 6.2 turns of inventory performance. We ended 2024 at 9.1 turns of inventory. That just shows you the power of MBX and then how we are driving down our work-in-process, inventories and our planning of our raw material purchases, et cetera.

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So net working capital reduction has been a huge lever for us in addition to working with our customers and our suppliers to change payment terms. So those are some of the actions that we have taken over the last couple of years to drive this level of performance and we continue to drive similar activities going -- coming into 2025.

Todd M. Butz
CFO, Secretary & Treasurer

And as Jag mentioned, I mean, certainly, working capital is a big driver and that really is the result of MBX initiative. But not only inventory, but as Jag mentioned, our terms with suppliers, we've changed things with our customers, we collect quicker. In addition to that, we've also -- we're reducing a bit on our capital expenditure, $13 million to $17 million versus last year. So all those factors are playing into why we expect to be at that 72% to 76% conversion rate as it relates to 2025. Now certainly, the first quarter will probably be a bit muted, but you'll see and as we historically have done, you'll see quarters 2, 3 and 4, we'll see that nice free cash flow generation.

Edward Randolph Jackson
Northland Capital Markets, Research Division

Okay. And then my last question, just on the M&A side. I know it's something you talk about it a lot. It's nice to know that you have a good pipeline in place. The balance sheet is as strong as it's been in years. You're below target in terms of your leverage. I have to imagine that some of the market dynamics that are impacting the top-line are hopefully impacting some of the valuation metrics for the targets that you have on that list. Can you talk a little bit about the areas that kind of when you look at that list, like I guess, I'd go to the areas that are kind of the higher on the list in terms of the possibilities, the likelihood we see something in '25 and what you're seeing in terms of kind of target values, the values for the kind of acquisitions that you're looking at, how about that and size maybe? That's my last one.

Jagadeesh A. Reddy
President, CEO & Director

Yes. As we laid out, Ted, last quarter, I believe, our targeted range would be somewhere between $50 million and $150 million in revenues. And we want these acquisitions to be margin accretive on day 1 and provide market diversification for us. As we have mentioned, many of our end markets are highly cyclical. So we're looking for more secular growth end markets. So some of them will include, and we're actively pursuing them, are in the power infrastructure, standby power related to new investments in data centers, and similarly, long-term, highly profitable and growth-oriented end markets.

So having said that, we can never predict the timing of any of these transactions. Our M&A team continues to be very active engaging with potential targets, working with investment banks and continuing to generate our list of relevant targets based on our framework. At the same time, we have not seen any changes to the multiples. I would say that the multiples have been stable. Part of the reason is the interest rate regime, which remains high, helps us in terms of multiples, even though our interest expense might be higher. But certainly, right, our purchase price will be slightly lower given the current interest rate regime we're having to deal with.

Operator

[Operator Instructions] Our next question is from Andy Kaplowitz from Citi.

Unknown Analyst

This is actually Jose on for Andy. Both on your release and during the call, you've mentioned the muted demand conditions and the expectation for the first half to be weaker and for gradual improvement in the second half. Could you comment though on how you're seeing the path to the 14% to 16% EBITDA margin targets you had set at your Investor Day when your '25 guidance at the midpoint looks to be around 11%? And obviously, with the understanding that revenues haven't really grown at the levels you had initially expected back then.

Jagadeesh A. Reddy

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President, CEO & Director

That's a great question. As we mentioned in our prepared remarks, we continue to see the 2023 Investor Day targets for 2026 as achievable. At the same time, the current base business needs to come back to a normalized level. So those targets are based on those assumptions. Given the current market conditions, we are expecting the time line of achievement of those targets will take a little longer. At the same time, we continue to drive significant productivity within our manufacturing network. And 2026, the CV end market will be much higher than 2025. That's a significant volume given it is 38% of our overall sales. Higher volumes will help us absorb better and the volume leverage will help us get into that range in 2026.

Todd M. Butz
CFO, Secretary & Treasurer

Yes. The other comment I would make, Jose, as you look at our annual 2025 guidance, not to look at it in a silo, meaning we talked about first half, second half, and this really is a first half versus second half story. We expect volumes to be down in the first half as we stated. And that's going to have an impact on our margin rate. And so you look at first half, we're probably in that 8% to 10% range. But second half, we're growing to that 11%, 13% range. And so when you think about how that margin cadence and build-up as we enter 2026, we still see a very solid pathway to achieving that 14% to 16%. It's really just a market volume-dependent timing situation.

Unknown Analyst

I appreciate the color, guys. And then just as a follow-up, I did want to touch on Hazel Park and see if you could provide us an update on how that ramp has been progressing for you guys, sort of exit run rate did you close 2024 with? And how should we be thinking about revenues in '25 versus '24?

Jagadeesh A. Reddy
President, CEO & Director

Yes. Nothing has changed with our expectations of Hazel Park. Certainly, current end market demand has impacted top-line sales, but we remain on track with our new product launches and that we're well positioned to meaningful bottom-line improvements as markets recover.

Operator

We currently have no further questions. I'll hand back to Jag Reddy for closing remarks.

Jagadeesh A. Reddy
President, CEO & Director

Once again, thank you for joining our call. We appreciate your continued support of MEC and we look forward to updating you on our progress next quarter. Should you have any questions, please contact Noel Ryan or Stefan Neely at Vallum, our Investor Relations Counsel. This concludes our call. You may now disconnect.

Operator
Thank you for joining. You may now disconnect your lines.

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