Operator: Good morning and welcome to the Allient, Inc. Third Quarter Fiscal Year 2023 Financial Results Conference Call. All participants will be in a listen-only mode. [Instructions] After today's presentation, there will be an opportunity to ask questions. A question-and-answer session will follow the formal presentation. [Instructions] Please note this event is being recorded.

I would now like to turn the call over to Craig Mychajluk, Investor Relations. Thank you. Please go ahead.

Craig Mychajluk: Thank you and good morning, everyone.

We certainly appreciate your time today as well as your interest in Allient Inc. Joining me on the call are Dick Warzala, our Chairman, President and CEO, and Mike Leach, our Chief Financial Officer. Dick and Mike are going to review our third quarter 2023 results, and provide an update on the company's strategic progress and outlook, after which, we'll open up for Q&A. You should have a copy of the financial results that were released yesterday after the market closed. If not, you can find it on our website at allient.com, along with the slides that accompany today's discussion.

If you are reviewing those slides, please turn to **Slide 2** for the safe harbor statement. As you are aware, we may make forward-looking statements on this call during the formal discussion as well as during the Q&A. 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 on today's call. These risks, uncertainties and other factors are discussed 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.

I want to point out as well that, during today's call, we will discuss some non-GAAP measures, which we believe will be useful in evaluating our performance. 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 reconciliations of non-GAAP to comparable GAAP measures in the tables accompanying the earnings release and slides.

With that, please turn to Slide 3, and I will turn it over to Dick to begin.

Dick Warzala: Thank you, Craig, and welcome, everyone.

Before we jump into the quarter results, just wanted to remind everyone that we had our inaugural Investor & Analyst Day at the end of August where we highlighted our expanded available markets, long range goals and how we plan to leverage our proven process, global manufacturing, and engineering capabilities to ensure we achieve our goals and objectives. Please visit our investor relations website where you can view a replay of the event or the transcript.

Now on to the quarter. We continued to execute our strategy and delivered solid top-line results, record gross margin, and robust cash generation that enabled us to reduce our debt and make an acquisition during the quarter.

Once again, our Industrial markets led the way with 32% sales growth over last year's third quarter, largely driven by industrial automation projects and power quality solutions focused on the HVAC and oil & gas end markets. Also contributing to our industrial sales growth was continued improvements within the supply chain environment, which supported the shipping of some long lead projects.

Our other three targeted verticals saw contraction during the quarter, though those numbers don't tell the whole story as there are a number of positive elements within each. Aerospace & Defense sales reflected program timing, largely within the space industry during the quarter. On the Defense side, we have experienced a high level of quoting and activity over the past few quarters and we secured a large defense order, which was reflected in our third quarter orders. I will talk about our orders and backlog later in the presentation.

Within our Vehicle markets our automotive customers are ramping up as expected this year although the growth was more than offset by lower demand within agricultural vehicles given the softness in Europe, largely influenced by the Ukrainian conflict.

Lastly, Medical sales were nearly flat as we continued to see a return to a more normalized sales environment focused on surgical and instrumentation-related end markets. We did experience softness in medical mobility, which largely reflects a reduction in the demand that we experienced during the last few years for those products.

Driving higher margins continues to be a focus and we saw nice expansion of our gross margin during the quarter. The 32.7% gross margin rate does set a new high-water mark for Allient, and largely reflects the favorable mix from the end markets I just highlighted.

On the operating performance, you will notice we had a jump in business development costs of about $1 million year-over-year. Those expenses were in support of the recent acquisition and some limited operational rationalization to position us and drive stronger operating leverage in the future. Overall, we delivered net income per share was $0.41, and on an adjusted basis, net income per share was $0.61.

On a year-to-date basis, we generated significant cash from operations of more than $27 million as we have seen modestly improved inventory turns. We did utilize some of that cash to reduce our debt balance by more than $11 million and to acquire Sierramotion at the end of the quarter.

While Sierramotion is a relatively small acquisition, it is very strategic, and it enhances both our application design and development efforts and our customer facing market strategy.

Sierramotion excels at providing rapid product development, prototyping, and low volume production to improve speed-of-play for customers. We further believe we can leverage their teams' skills and capabilities to advance our integrated motion solutions strategy and to expand our reach into our targeted end markets. We also see the potential to enhance their capabilities by leveraging the Allient global manufacturing footprint in order to provide larger scale production capabilities for Sierramotion customers.

Looking ahead, we still see exciting opportunities as we expand our presence in targeted market verticals, launch innovative solutions and further streamline our business for greater efficiency.

With that, let me turn it over to Mike for a more in-depth review of the financials.

Mike Leach: Thank you, Dick. Starting on Slide 4, we provide some details regarding our top line. Third quarter revenue increased 8%, or $10.9 million, to $145.3 million. The favorable impact of exchange rate fluctuations on revenue was $1.8 million in the quarter. Excluding FX, organic revenue growth was 7%. The growth rates for our four targeted markets are noted on the slide and Dick reviewed the pertinent changes within each. The acquisition of Sierramotion did not have a material impact on sales during the third quarter.

Slide 5 shows the change in our revenue mix by market on a trailing twelve-month basis, and the drivers behind the change. Industrial continues to be strong and remains our largest market, making up 43% of total TTM sales. That's an increase of 500 basis points since the comparable period in 2022. The 38% growth in the Industrial space was driven by the same markets as the current quarter. Defense program timing contributed to substantial growth and performance in A&D and the 200 basis points increase in share for the TTM period. Medical growth has benefited from a more normalized sales environment, and Vehicle market revenue was comparable on a trailing twelve-month basis, as commercial automotive and powersports demand offset weaker agricultural demand.

As highlighted on **Slide 6**, our third quarter gross margin was 32.7%, up 50 basis points from the prior-year period. Higher volume and favorable mix more than offset elevated raw material costs.

Consistent with our stated objectives, you can see the progress we are making by executing our strategy in the annualized chart.

Moving on to **Slide 7**, we delivered third quarter operating income of

$11.9 million, or 8.2% of sales, which was down 50 basis points. Operating costs and expenses as a percent of revenue were 24.5%, up 100 basis points, of which 70 basis points was attributable to higher business development costs in the quarter as we continue to rationalize our manufacturing footprint and execute our M&A strategy.

On Slide 8, we present GAAP net income and adjusted net income, along with our adjusted EBITDA results. Our net income and diluted EPS have been adjusted for certain items, which we believe provides a better understanding of our earnings power, inclusive of adjusting for the noncash amortization of intangible assets, which reflects the company's strategy to grow through acquisitions as well as organically.

Net income increased 1% to $6.7 million, or $0.41 per diluted share, and on an adjusted basis, was up 3% to $10.0 million, or $0.61 per diluted share. The effective tax rate was 23.0% in the quarter, and we adjusted our expected income tax rate for the full year 2023 down slightly to be approximately 23% to 25%.

Adjusted EBITDA increased 5% to $20.8 million, or 14.3% of revenue. We use adjusted EBITDA as an internal metric and believe it is useful in determining our progress and operating performance.

Slides 9 and 10 provide an overview of our balance sheet and cash flow. As a reminder, in the first quarter we made a $6.25 million deferred cash payment for a prior acquisition, which was reflected in our cash position at the end of the third quarter. Total debt was approximately $224 million, down $11.1 million from year-end 2022. Debt, net of cash, was about $201 million or 48.1% of net debt to capitalization. Our bank leverage ratio was 2.9x.

We generated $27.1 million of cash from operations year-to-date, a significant increase from cash usage during prior-year period. The increase reflects higher net income and improved working capital management. Based on our cash flow projections, we expect to continue to drive strong cash flows, consistent with historical trends.

Year-to-date capital expenditures were $7.9 million and were largely focused on new customer projects. Due to project timing and supply chain impacts, we adjusted our 2023 CapEx expectations to now range between $12 million and $15 million, down from $16 million to $20 million.

Inventory turns improved to 3.1x in the third quarter compared with under 3x last year. Our DSO was elevated at 57 days, largely reflecting timing and mix of customers.

With that, I will now turn the call back over to Dick.

Dick Warzala: Thank you, Mike. **Slide 11** shows our orders and backlog levels. Third quarter orders of approximately $155 million resulted in a book-to-bill ratio of 1.1x and a backlog of nearly $310 million.

Order levels were up 23% year-over-year and 13% sequentially, largely due to a $31 million defense market order received during the quarter. This order is from an existing program and is expected to convert to sales over the next two years with shipments beginning early next year.

Our backlog increased 4% from the sequential second quarter of 2023, reflecting the defense order and strong demand for power quality solutions, partially offset by continued improvements within the supply chain environment which has enabled the shipping of some long lead industrial market focused projects as customer order patterns return to a pre COVID-19 environment. As a result, we do expect our backlog to decline in the near term as our book-to-bill ratio drops below 1. The time to convert the majority of backlog to sales is within the next nine months.

Turning to **Slide 12**, we expect our business for the remainder of the year to reflect a pre COVID-19 environment and be consistent directionally with our fourth quarter results from prior years. This means there is a higher likelihood of seasonality for holiday shutdowns and customers managing their own inventory levels at year-end.

Demand is expected to continue at relatively strong levels within our Industrial markets, and to benefit from our increased market presence around industrial automation, material handling and power quality solutions. Our other targeted markets are expected to exhibit puts and takes from the ends markets similar to this past quarter.

As we demonstrated, driving cash conversion, and paying down debt is a priority and will continue to be a focus area as we round out this year and move into 2024. Our debt reduction efforts are expected to support our planned M&A activities, which is a key element of our overall growth strategy. As always, we are actively grooming potential opportunities and building out our M&A pipeline.

The increasing global unrest we are all experiencing has the potential to present additional challenges in our day-to-day operations, though we are confident that the Allient team has the experience and dedication to navigate through these uncertainties while still remaining focused on executing our long-term strategy. Overall, we are excited and confident in our future, as we believe we are well positioned to create additional value for all of our stakeholders.

Lastly, for those that didn't get a chance to see our investor day presentation, the image on the left is what we call the House of Allient. It is a refined structure that layers on a strong vertical market focus on top of our technology pillars – Motion, Controls and Power. This is the basis of how we plan to accelerate our future success.

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

Question & Answer

Operator: We will now begin the question-and-answer session. [Operator Instructions] Our first question today is from Greg Palm with Craig-Hallum Capital Group.

Greg Palm: Maybe just starting with the outlook. Early November, normally, you don't have great visibility in year-end inventory, management shutdowns, et cetera, but sort of directionally guided for kind of that decent sized seasonality versus Q3. So, I'm just kind of curious, is that kind of what your visibility levels are, your confidence around that? Is that kind of what you're hearing from customers? Or is it more on the basis of, look, it's a pretty uncertain macro environment out there or you're just wanting to add maybe an extra level of conservatism in there?

Dick Warzala: Well, that's a lot of stuff that we added there. I think as we know and maybe for our shareholders that have been here over several years. The reason why we highlighted pre-COVID 19 environment is that we have in prior years, gone through the seasonality and the fourth quarter would reflect that. And many times, the fourth quarter was a crapshoot because especially some of our larger customers would conserve cash and hold shipments until after the first of the year and so forth. And so that comes into play, and we really don't know what that impact is and how much that's going to affect us into literally late in December. With regard to our visibility, we see what we would call a normal pre-COVID 19 environment with some seasonality, okay? So, we are going to be cautious, and we're going to say that we cannot anticipate what might happen later in December. But given what we have in our backlog today and so forth, we do see some of that seasonality coming into play. And let's just call it the normal environment that we've operated in prior years.

Greg Palm: That makes a lot of sense. And in terms of the quarter itself, one of the highlights was gross margin. And I know you talked about mix, but I'm hoping you can go into a little bit more detail around it. Because if we look at mix by end market in Q3, it doesn't differ a whole lot versus what the mix by end market was in either Q1 or Q2, but under a slightly lower level of revenue, you still improve gross margins quite a bit by either of those quarters. So maybe just help us understand a little bit of that thought out there.

Dick Warzala: Mike, do you want to answer, and I'll add it to it.

Mike Leach: Sure. Well, currently, I think we've spoken before that within our four market verticals, right? There's niche markets, and I would say margins can differentiate significantly. Within Industrial, I think we've highlighted in the past areas like automation, oil and gas, HVAC, and those are that we enjoy some premium margins that I think have been strong, but were particularly strong in Q3. And then from an A&D perspective too, again, there's differentiation between what markets we sell into within A&D, whether it's space or defense.

And as we've been highlighting the beginning more defense orders as of recently, and we've had an uptick in shipments. And I think we've done a good job too protecting ourselves from a pricing standpoint. Been opportunistic with some of those orders as well that have helped with margins as well. But from a general perspective, right, we continue to drive from the strategy, margin improvement and whether that's for rationalization or driving cost out from a global supply chain approach or the like. I would say, there's an underlying current of those activities behind the mix as well.

Dick Warzala: Yes. And I think, Greg, it really says it all is that we have a wide variety of customers and a wide range of end markets. And certainly, the solution set that we offer. Mike talked about premium pricing, I'll mention say it's more of a pricing that reflects the markets and the end applications that we're working on. And well, if we look into that, it so happens that in those markets that we've seen accelerated shipments over prior quarters or prior years, those do happen to be -- provide some enhanced margins versus some of the other product lines that we would have shipped in the past. But again, it's a continued process that we're working through. And we talked about delays in getting price increases through and so forth and the impact of those. And some of that came into play as well. But it is primarily the reflection of the shipments and the mix that we did have in the quarter and our emphasis on some of those markets that we've had in the past, even in acquisitions and investing in current operations.

Operator: The next question is from Ted Jackson with Northland Securities.

Ted Jackson: So just Greg had actually on some of the things I really wanted to drill into, but I'll ask a few ones around it. So, let's just start with CapEx. So, you've taken CapEx down. If I think about CapEx for $24 million. I mean, would we be thinking that you would go back to kind of your sort of more like the $16 million to $20 million-ish range? Or are you going to kind of on a go-forward basis, keep it a little closer to the trunk of the tree, if you would, with regards to some of your expenditures?

Mike Leach: And that would be my expectation, Ted. I think, again, as highlighted, right? I mean, the reason we didn't hit what we originally projected, I would say, is driven by customer patterns and behaviors in terms of driving projects, projects that haven't gone away, but just in terms of customers' engineering resource availability to drive some of those things. And then supply chain, right? It's just harder to get some of the material capital equipment, and it just tends to slow across the term as well. So, it's a combination of the two. I think the environment continues to get better. As I said, these projects are still in line to take off here in the future, and there'll be capital needs to support those projects that we expect will just push somewhat into 2024, but still be in line with that range you described. That's kind of the target internal target to manage our CapEx spend that range that you might reference.

Dick Warzala: Again, and I'll add to that said. Mike give you directionally where we should be. And I will say to you that there's a real emphasis internally on looking at the return on investment and some of the opportunities that we have internally. So there's been some caution, but we do see that there's significant opportunities to continue to reinvest in our operations and with a stronger focus on ensuring that the investments we are making are in the high-value programs and encouraging and actually -- so I would have stand here and told you that I would expect our CapEx investments to maybe be slightly down next year. But I will also say that we are seeing some real opportunities internally to enhance our operating performance, and those require some investments. So, we're absolutely encouraging that.

The slight change being that as we continue to grow as a company and refine our systems and processes, we really are looking at funding those opportunities that provide the best return. We should have always done that, but I'm talking about it from a corporate standpoint. There's a certain amount of discretionary CapEx up to a certain level in each of our units. But then when you get to the corporate level, when the investments become larger, our focus and emphasis is we line those up to not really the high value return and not necessarily for really long-term projects, but more where we can convert it much more quickly.

Ted Jackson: Kind of just sort of a macro question, maybe around industrial. I mean, Rockwell reported this morning, I haven't gone through the release stocks down. So clearly, there was some unhappiness with something that came out of those numbers. And then they clearly, Rockwell, most of the bigger kind of integrators like that, Rockwell and Emerson and such. I wouldn't say that the last quarters for them were home runs either. I mean we're definitely in an area, and you're highlighting it yourself, Dick, that people are -- I mean every company I listen to everything I pay attention to, everyone's cautious with regards to 2024. But if I think about, say, like a Rockwell and Emerson of companies like that, is it fair for me to infer from kind of their commentary that it's part and the same in terms of kind of what's impacting their business is headwinds for you as well, and it's a fair inference that you -- I guess what I'm saying is that you're kind of, for better or for worse, you're tied to them? Like how do I think about that in terms of a relationship between those companies like that and Allient?

Dick Warzala: Well, first off, a conscious effort that we made many years ago was to diversify our business. And we think that diversification has served us well so that I'd love to see the day when everything is firing on full cylinders here, and we're seeing everything growing and expanding in a very positive manner, but that's not the reality. We always see that there is -- while we see certain of our markets that are growing and expanding and exhibiting certain successes and even go back to covid. I mean, our medical markets and some of the instrumentation that we provided, we saw consistency that many other companies didn't. While you saw others that were really heavily focused on that grow fast, but they dropped just this fast.

So, I think we take great pride in our efforts to diversify our business and to minimize the impact of any one. We've set our goal, if we could set a goal here for the four key markets we identified all being 25% each year, we'd be very happy. So that's 25% each maybe over a long term may occur, but we still have additional investments to make in some of those markets to increase our share. while not necessarily decreasing our top line in the other markets, but growing the business in order to achieve that. So yes, as our major customers feel impacts, I mean, we will certainly feel it as well. But I will say to you that it's because of our diversification that we feel more confident that we can ride through some of these downturns in any one individual market.

Ted Jackson: I agree with all of that. Sticking on kind of individual market things and just going over to the vehicle market, you had an important customer in that area, and they're clearly facing their own macro headwinds. They also, though, are seeing -- they have had a bunch of new product launches as well and kind of given the give and take that kind of the aggregate market and kind of the sports vehicle market, if you would, is weak, but here's a new product going out there. How do we think about that vertical as it relates to Allient?

Mike Leach: I think from the standpoint of looking at that particular market, we have to mention that when we talk about sports utility vehicles and so forth, much of that is used in the industrial marketplace or in commercial applications. So, there's the consumer side of it, and then there's the business side, let's call it. So, I do think, depending on the sentiments that you might see some downturn in consumers, the larger share of that business for us is really driven around the commercial and industrial end uses. So, I would tell you that, yes, we don't see any significant impact there. We see pretty stable year-over-year. And that's maybe for a couple of reasons, continue to expand our reach into that market, to expand our customer base, as well as the emphasis to focus more on the commercial or industrial product versus the consumer product. So that's another one.

Of course, we can be impacted by it. We will be impacted by it. We're not driving the demand in the end market. But is the diversification of our business and the impact that it could have today versus let's go back 10 years ago, it's a much smaller percentage of our business today than it was back then. And to answer some part of your question specifically, I mean we have been and continue to be active participants on new product launches with those customers.

Ted Jackson: I got two more for you, and they're a lot more fun. One is you have this new defense win, and congratulations on that. And I think a lot of investors have wondered if you're going to see some pickup in activity within aerospace and defense with all the conflicts going on in the world. And just to the extent that you can, I mean, I guess, could you provide a little more color in terms of the application that drove that win? And then are you seeing further pick up strengthening in terms of activity projects within that vertical that could prove to provide some growth or strength as we think about kind of the coming quarters or year?

Dick Warzala: Sure. So first off, we'll talk about in the coming quarters and year and sit there and say that we mentioned increased quoting and activity. And part of that increased quoting and activity, not just the quantity of those, but the volumes that we're seeing. That win was in munitions, okay? So, munitions are being consumed at a pretty high rate, and we are on many of those programs. So, we fully expect that this will continue with other programs. I mean they're being consumed and they need to be replenished. Yes, there were stockpiles, which surprised us is how big the stockpiles have been and been able to reach in with the stockpile, but they do have to be replenished. So, from a munition standpoint, we are designed into many applications, and we fully expect that over the coming quarters and year, we'll see some increased activity in some orders that need to get replaced. What we are hearing as well is the -- what's perhaps delaying some of those orders is not because of our ability to deliver. We're faster than other suppliers can be for the end product.

So what's delaying some of this is the inability for the other suppliers of other content to provide their products and the solution. So as that catches up, and we will see. We fully expect to see that the demand will continue to increase and the volumes will increase. And these are long-term programs that we've been designing for years. It's not a matter of if, it's a matter of when. On the other side, let's call it the other side of the defense business. And some of the trends that are occurring there that are longer term, but we do see some acceleration and we think we're very well positioned. We acquired FPH in Canada. Their key core technology is composite lightweighting products and technologies as well as the ability to do application engineering and assembly of electromechanical systems. So the combination of electromechanical systems with lightweighting technologies is especially now driven towards the electrification of the vehicles, and we've become a major element of that. We're well positioned. And we're seeing some activity there.

We're seeing programs that, quite frankly, we're moving along at a snail's pace, which is not unusual for those programs starting to accelerate. So we might see some short-term activity, but longer term, we believe we are very well positioned to capture a decent share of that market. And it's one of those markets where we're strongly emphasizing and investing in internally, and we do see some excellent long-term growth there as well.

So we're uniquely positioned as a company to provide not only the composite lightweighting and structural side of it. This is where we focus and emphasize as well as the electromagnetic and mechanical solutions as well as all the other technologies that Allient could bring to bear. And this is one of the areas where I highlighted at the house of Allient and said, here's our key technology pillars and motion controls and power.

And we talked about the further emphasis of certain verticals and bringing the power of Allient to that market, and that's one of them. So, I would tell you that I would fully expect that we're going to see a ramp-up in munitions side of the business, and we're also going to see a slower but very strong growth opportunities into the future here longer term beyond the one year in the electrification of ground-based defense vehicles.

Ted Jackson: Well, I'm going to plug your Investor Day because -- and I can tell you're very enthusiastic about the composites and the electrification because you were just as enthusiastic in New York. So, I will look forward to seeing what happens within that business because you're clearly are fired up about it. My last question is just, and again, fun and more simple. It's just talking about the M&A pipeline. Congratulations on the acquisition. I know it's a very important part of the growth for the company and obviously, a key driver of getting to your long-term growth goal of $1 billion in sales. What's the environment like with regard to the M&A front? I mean can you give some color around the pipeline, around kind of what you're seeing with valuations? I mean the competition with regards to other competitors or PE, given what's happening with cost of capital, basically just kind of paint me in broad brush strokes, a picture of what you're seeing and kind of how we should think about the opportunities for you to execute on something in the next, say, 12 to 18 months.

Dick Warzala: Sure. M&A is an ongoing process for us. And I mean, of course, we have a balancing act here to play from an understanding the capital markets and how we're going to fund these and what we're going to do. We had a big flurry in the recent past, and we brought out tremendous amounts of technology here that we have not fully leveraged yet and we're working on leveraging. So, I will say to you that we are very focused on certain opportunities. We are building longer-term relations for other opportunities, and we are very selective in that process. But it's ongoing, and we fully plan to continue to manage our business in those areas from an M&A standpoint, consistent with what we did in the past. We're not going to overpay. We're going to pay a fair price. It's going to have to be additive in certain areas. And we do take a long-term view on some of the acquisitions that they don't necessarily come out of the chutes delivery, firing on all cylinders. But getting them aligned within the company, taking advantage of the talent that we're bringing on board, as well as looking at the new end markets and opportunities that we have for continued growth.

So, I would say to you, that's where our emphasis and focus has been in the recent past. We also said to you that looking at the Investor Day and really highlighting out Allient and the change to Allient and the three pillars is that it does expand our opportunity to look at true value-added strategic acquisitions and areas beyond motion. And so we do believe we have several viable opportunities here that all have to come into the balance. So, understanding where we are in the capital markets, understand where the environment we're in, and understanding the impact it can have on the future growth and success of the company. And we will continue to do that.

We mentioned if we acquired something in the past, we acquired a company that said, "Hey, don't expect much from this, but the long-term impact, so this is very strategic and very strong. And without going into details, it absolutely turns out to be the case and positions us extremely well in key markets where the necessary investment was there but did not prove to benefit the bottom line much at that time. So, it's active. We continue to grow. We continue to groove. We have a team in place. And the beauty of that is just like the team growing everywhere else is it's a set of developments, set of relationships and the expanded team can build to help us in that area. I mean, it's powerful.

You mentioned our most recent acquisition of Sierramotion. So just for our shareholders understanding, we happen to take our Board meetings out into our facilities, not just sit in the corporate office each quarter and meet there -- but we'd like to take and our board likes to visit our facilities. And we took the opportunity to visit. We have an expanded facility in Tulsa, which is really state-of-the-art and represents and reflects the positive growth that we've seen in Tulsa and prepares us for future growth opportunities as well. So, our new acquisition, Sierramotion, we had the management team come in at the same time, get a chance to meet the Board, get a chance to spend time with the team in Tulsa, which is where there is a really significant opportunity and the synergies that we see between the two of them. But we mentioned Sierramotion and the front-end ability to really respond and react quickly on project developments and program developments. But also, they've taken up another level from a systems integration, which we've been talking about for many years, your system solutions.

So to bring those two teams together, to see the excitement of each of them recognizing the quality of what the other brings in terms of their product designs, their technology, production capabilities, their ability to get to the market quickly, their experience levels and to let our board see that and say, hey, when we talk about making investments and setting the stage for the future, the excitement that comes with that. So, our acquisitions, Sierramotion is something we've been talking to the key leadership for a couple of years here now, and we both just kept saying that there is such a great fit, and it gives us an opportunity to leverage the strength of both to really grow this business. So, we will continue in M&A. We are very excited about the M&A that has happened, and we're very excited about leveraging some of the skills and the strengths of the teams that are coming together here to help us continue to execute the strategy in the future. So hopefully, that gave you some color and tell you that, yes, we're in the market.

Operator: This concludes our question-and-answer session. I would like to turn the conference back over to management for any closing remarks.

Dick Warzala: Thank you, everyone, for joining us on today's call and for your interest in Allient. We will be participating in two upcoming conferences: the Baird Global Industrial Conference on November 9 in Chicago, and then the Roth Technology Conference on November 15 in NYC. As always, please feel free to reach out to us at any time and we look forward to talking with you all again after our fourth quarter 2023 results. Thank you for your participation and have a great day.

Operator: The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

Note: This transcript has been edited slightly to make it more readable. It is not intended to be a verbatim recreation of the Allient, Inc. (ALNT) 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.allient.com), as well as to information available on the SEC's website (https://www.sec.gov/) before making an investment decision. Please also refer to the opening remarks of this call for ALNT's announcement concerning forward-looking statements that were made during this call.