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Astec Industries, Inc.

Fourth Quarter and Full Year 2021 Results Conference Call

February 28, 2022

CORPORATE PARTICIPANTS

Steve Anderson, *Senior Vice President, Administration and Investor Relations*

Barry Ruffalo*, President and Chief Executive Officer*

Becky Weyenberg, *Chief Financial Officer*

CONFERENCE CALL PARTICIPANTS

Joe Grabowski, *Baird*

Stanley Elliott, *Stifel*

Steve Ferazani, *Sidoti & Company*

PRESENTATION

Operator

Good morning. My name is Rob and I will be your conference Operator today.

At this time, I would like to welcome everyone to the Astec Fourth Quarter and Full-Year 2021 Results Conference Call.

Steve Anderson, Senior Vice President of Administration and Investor Relations, you may begin your conference.

Steve Anderson

Thank you, and welcome to the Astec Fourth Quarter 2021 Earnings Conference Call.

Joining me on today's call are Barry Ruffalo, Chief Executive Officer, and Becky Weyenberg, Chief Financial Officer. Before we begin, I'd like to let you know that our news release and presentation slides are posted for your convenience on our website at www.astecindustries.com under the Investor Relations tab.

In just a moment, I will turn the call over to Barry to provide his commentary and then Becky will summarize our financial results. At this point, I would like to remind you that our discussion this morning may contain forward-looking statements that relate to the future performance of the Company. Our news release and Slide 2 of our presentation provide additional details.

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Please also note we will be referring to both GAAP and non-GAAP information, which we believe will be useful in assessing the Company's financial results.

Now, I will turn the call over to Barry.

Barry Ruffalo

Thank you, Steve. Good morning, everyone, and thank you for joining us.

I will begin by discussing key highlights from the quarter and provide an update on actions we are taking to drive operational and commercial excellence. I will also share more detail on what we are seeing in terms of demand and current market dynamics before turning the call over to Becky for details on our financial results. Then we will highlight progress made on our continued strategic evolution and open the call for Q&A.

Turning to Slide 4, the Astec team continued to see top-line growth during the quarter driven by strong market demand as customer sentiment remains positive. Fourth quarter sales increased 12.1% compared to last year and we grew backlog to record levels for the fifth consecutive quarter, up more than double from the end of 2020. I continue to be encouraged by conversations with customers as they're seeing robust demand and are eager to receive our industry-leading solutions.

Second, as we announced in the release of preliminary results on February 7, bottom line performance in the fourth quarter was negatively impacted by industrywide supply chain and logistics constraints in pandemic-related labor restrictions. While I'm disappointed in the overall bottom line result during the quarter, I'm proud of our team's continued discipline around operational excellence and adaptability as we executed our initiatives to combat these headwinds.

That being said, these challenges have continued into the early part of the first quarter of 2022. We do continue, however, to realize benefits from several strategic initiatives to mitigate these industry headwinds. We have been increasing prices to offset inflation, proactively addressing supply chain disruptions and onboarding new talent.

Third, we remain laser focused on operational and commercial excellence to provide our customers with exceptional value, superior service, and innovative industry-leading solutions. The positive trajectory we have achieved since implementation of our transformation strategy has positioned our business well for future growth as we continue to build on our strong foundation. I'm confident in our team's ability to execute over the long term despite near-term challenges that we may face.

Fourth, we remain positioned to execute and grow with a strong balance sheet and continue to focus on operational excellence, enabling us to continue to operate in a challenging macroenvironment, invest in growth and return cash to shareholders with the consistent practice of paying dividends.

Lastly, our business is well positioned for future profitable growth and to drive long-term stakeholder value, guided by the execution of our simplified focus growth strategy. This focus provides us with a stable framework to address the near-term macro headwinds we are facing.

Turning to Slide 5. Our OneASTEC business model continues to serve as our north star. This framework gives our team the tools to navigate industry headwinds, while continuing to enable us to win across the rock-to-road value chain. We are taking actions to improve operations and meet elevated customer demand, such as hiring and training new employees to leveraging our footprint to reduce lead times, optimize revenue and managing costs.

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We continue driving operational excellence initiatives focused on identifying and validating multiple supply sources to mitigate supply and logistics disruptions. As we saw during the fourth quarter, macro challenges across our industry did not abate, but our disciplined initiatives lessened their impact, and we expect our actions will help mitigate challenges going forward. I am confident our continued focus on the OneASTEC model will serve us well in the coming year and beyond.

Now in Slide 6, I will review some of the key industry dynamics impacting our business and initiatives we have in place to capture opportunities to address industry trends.

As I mentioned in my opening remarks, we continue to see strong demand for our products across both our Infrastructure Solutions and Material Solutions businesses. Recent conversations with customers support our positive sales outlook well into 2022, with orders now being placed to 2023. Our record backlog reflects continued strong demand for our solutions, and we have initiatives in place to expand capacity.

In addition to the current high levels of demand, our customers continue to express optimism that future funding from U.S. infrastructure spending will drive additional growth and we continue to view the Federal Highway Bill as a long-term tailwind for our business.

We see significant near-term demand for our products, and we have a strategy in place to augment those market tailwinds with incremental, organic and inorganic growth initiatives moving forward.

Labor shortages continue to challenge the industry and the impact of COVID-19 and the Omicron variant negatively impacted efficiencies. We believe pandemic-related challenges could persist in the near term, but are encouraged by improving trends being experienced now versus in early January. Our efforts to hire and retain key talent have been successful in growing the Astec team, with headcount up 14.2% year-over-year, which I will discuss further in a moment.

Supply chain and logistics disruptions were an increasing concern throughout 2021, and the intensity we observed in the fourth quarter was beyond levels we've seen earlier in the year. We continue to deploy operational excellence initiatives and leverage our OneASTEC business model to increase throughput and mitigate the impact of these challenges.

We are investing capital for equipment to deliver products more effectively, and exploring the expansion of our footprint into low cost territories. In addition, as we evaluate attractive acquisitions, we would expect these to provide additional capability, as well as capacity, improving our ability to serve elevated demand.

Finally, we anticipate higher commodity, transportation and logistics costs to continue across the industry through the first half of 2022. We are price clear in the markets we serve and will implement further price increases as needed to offset higher inflationary costs.

On Slide 7, we provide an overview of the actions we have taken to address labor shortages. We have four key elements to hire and retain talent, and they include targeted recruitment, improved engagement and retention practices, improved attraction, and the use of both internal and external recruiting resources.

As a result of these actions, we increased headcount more than 14% in 2021. We will remain committed to these plans into 2022 as we continue to need more talent to serve our large and growing backlog. Our people are the key to our success, and our ability to maintain our talented, dedicated workforce is vital to enable us to serve our customers and meet their growing demand.

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On Slide 8, we provide more detail on our historical backlog as we achieved our fifth consecutive quarter of record backlog, more than doubling the levels seen at the end of 2020. We have confidence in the sustainability of our backlog as experience tells us that orders in backlog are rarely canceled.

Our current expectations are that many of these orders will be converted to sales within approximately three quarters. We are implementing several initiatives to increase capacity to meet higher demands, such as increasing headcount in manufacturing facilities, adding manufacturing engineers to increase project management capability, investing in capital to expand facility output, leveraging cross-site manufacturing where possible, and continue our journey of further automation.

We believe these actions will accelerate the conversion of our backlog to sales and better enable us to deliver end products to our customers at the desired time. Supply chain and logistics challenges may impact our near term potential, however, the actions we are taking will pay dividends for years to come.

Next on Slide 9, I would like to update you on our ESG journey by highlighting areas of focus in 2022. During the next year, we will invest in resources to accelerate sustainability initiatives. We're establishing KPI tracking and assessments for greenhouse gas emissions, utility consumption, and other material factors.

Lifecycle assessments on major product categories will further highlight the positive contributions and economic benefits of our product offering. We're also working on our ESG digital footprint in a sustainable operations guideline playbook for all Astec sites.

Along with these investments and resources, we will continue to advance social initiatives with a focus on employee safety and welfare in addition to diversity, equity and inclusion, both internally and in our communities.

Lastly, we will maintain sound governance practices through Board oversight, cybersecurity protection, and auto discipline. As our ESG journey continues to mature and evolve, I remain proud of the progress we have made and excited about the strong foundation we are establishing for our Company's future.

With that, I will now turn the call over to Becky to discuss our detailed financial results.

Becky Weyenberg

Thank you, Barry, and good morning, everyone. Moving to Slide 11. We continued to see strength across all product lines, with fourth quarter sales increasing 12.1% compared to the prior-year quarter of $267.8 million. Equipment sales increased 9.8%, while parts sales increased 16.8%. Domestic sales were up 18.2% and international sales were down 6.8%.

Due to strong end market demand, our growing backlog once again reached record levels, increasing 111.5% to $762.6 million at quarter-end, driven by higher Material Solutions and Infrastructure Solutions orders, which were up 120.2% and 105.9% respectively.

Robust order activity is being driven by rising customer demand, and our strong commercial excellence initiatives are positioning us to win new orders. As the macro challenges currently being faced begin to abate, our focus on operational excellence will demonstrate our ability to deliver more value-added services, products, and solutions to our customers.

Fourth quarter Adjusted EBITDA decreased 65.2% to $8.1 million compared to the prior-year period. Adjusted EBITDA margin decreased 680 basis points to 3% and was primarily caused by increased

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SG&A, manufacturing challenges, supply chain disruptions, and COVID-19 related employee restrictions. The benefits from volume, pricing and mix helped reduce the impact of higher inflation.

Adjusted SG&A expenses increased 27% year-over-year or $9.9 million, primarily as a result of increased personnel costs related to the centralization initiatives. That being said, SG&A expenses were in line with the levels reported in the first three quarters of 2021.

Adjusted earnings per share decreased $0.59 to a loss of $0.03 compared to $0.56 in the fourth quarter of 2020, and excludes $8.6 million or $0.37 of transformation, restructuring and other costs, including $5.7 million of costs associated with our ongoing transformation program.

Our adjusted net effective tax rate for the quarter of 350% was primarily the result of the small loss incurred in the quarter. Our full-year adjusted tax rate was 8.9%, driven by benefits such as the valuation allowance release in Brazil, net R&D credits driven by increased investments in engineering, and stock compensation benefits.

On Slide 12, we show the key drivers of our year-over-year Adjusted EBITDA margin contraction of 680 basis points. The negative impact from inflation was mostly offset by volume, pricing and mix. The impact from manufacturing, which is usually a benefit, turned into a headwind this quarter due to the macro items mentioned earlier, combined with higher SG&A and other expenses.

We expect to offset inflation with price increases, higher volume, and favorable mix as we progress through 2022 and anticipate manufacturing efficiencies will again become a tailwind.

Moving on to Slide 13. Our Infrastructure Solutions sales increased 13.6% to $190 million in the quarter, primarily driven by increased customer demand, particularly in domestic markets where sales grew 23.4%. Equipment sales were up 13% and parts sales grew 9.9%. Segment gross profit decreased 8.6% to $36.1 million and gross margin decreased 460 basis points to 19%, driven by supply chain disruptions, COVID-19 related employee restrictions, and higher inflation net of volume pricing and mix.

Infrastructure Solutions backlog at the end of the quarter increased 105.9% to $449.3 million as we continue to see strong and increasing demand for highway construction and road building products across the country.

Turning to Slide 14. Our Material Solutions sales increased 8.5% to $77.8 million compared to the same period a year ago, driven by increased demand across product lines and regions, with domestic sales up 5.3% and international sales up 16.7% versus the fourth quarter of 2020.

Segment gross profit decreased 7.3% to $16.4 million and gross margin decreased 360 basis points to 21.1% due to inflation.

Material Solutions backlog at the end of the quarter increased 120.2% to $313.3 million, driven by continued dealer restocking and strong market activity.

On Slide 15, we show full-year results. I won't go over the details, but will highlight that net sales grew 7.1% and backlog more than doubled due to strong end market demand. Adjusted earnings were negatively impacted by the macro factors mentioned earlier.

Turning to Slide 16. We continue to maintain a strong balance sheet, with minimal debt and a net cash position of over $131 million. Overall, we have available liquidity of $281.9 million, including over $134 million of cash on hand, with only $2.9 million in total debt at the end of 2021.

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With virtually no leverage, we are well positioned to maintain a strong and flexible balance sheet with ample liquidity that we believe will enable us to withstand a variety of economic situations. As stated in prior quarters, we will plan to operate in the general range of 1.5 to 2.5 times net debt to EBITDA.

Turning to Slide 17. Our disciplined capital deployment framework remains consistent with what we have previously shared. We follow a targeted capital deployment approach within the context of our long-term strategic objectives and related revenue, earnings and cash flows in order to maximize shareholder value. We estimate our capital expenditures will be between $30 million and $40 million for the year ending December 31, 2022.

Regarding acquisitions, the pipeline remains active and our strategic approach remains consistent, with a focus on acquisitions that align with our strategic filters and financial criteria to support our growth pillar.

Importantly, we remain committed to delivering returns to shareholders and have done so through the funding of our dividend. As we highlighted on our last call, in the fourth quarter, we increased our quarterly dividend to $0.12 per share.

With that, I will now turn it back over to Barry for his closing comments.

Barry Ruffalo

Thank you, Becky. Picking up on Slide 18, international business and global growth continue to be a priority for us. In 2021, international sales grew 23% and also represented 23% of our total sales. We are gaining traction in these markets and will continue to do so.

Secondly, opportunities to drive growth will continue in our parts and service businesses. During 2021, parts sales grew 10% year-over-year, reflecting the momentum that we are gaining in this area. Parts sales have consistently averaged 30% of revenue in 2021. Opportunities related to dealer expansion, cross-selling strategic accounts, and new product development wrapped out our organic growth initiatives.

These are long-term pursuits and our dedicated team is working hard to realize our potential. We are gaining momentum across these areas and I am confident our related strategic initiatives will drive future profitable growth across our businesses.

I'll conclude on Slide 19 with our key investment highlights, which remained consistent. Overall, our team made great progress on our simplified focus growth strategy in 2021 against a challenging macro backdrop, particularly in the fourth quarter. I am proud of the progress that our team continues to make on our transformation strategy.

We still have a long path ahead of us, but the past two years have demonstrated our team's ability to adapt to changing market conditions and remain laser focused on positioning our organization for long-term growth.

Our customers remain at the core of everything we do at Astec and I look forward to continuing on our evolutionary path as we serve our longstanding customers with industry-leading innovative solutions and the best-in-class service. We have made a lot of progress as an organization over the past two years and have significant runway ahead of us for growth.

Looking forward in 2022, we experienced a significant drop-off in the COVID-related labor restrictions we experienced in the fourth quarter of 2021 along with a spike in January 2022. Although there is still

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uncertainty with how the pandemic will affect us moving forward, the supply chain and logistics issues will have an impact on our ability to deliver products and grow revenue throughout the year.

Our teams continue to address these issues on a day-to-day basis by managing current suppliers, certifying new suppliers, driving new designs to minimize the impacts on the supply base, and leaning on each other as OneASTEC to minimize all disruptions.

Because I spend time with our customers at events like World of Concrete, the National Asphalt Paving Association Annual Meeting, the U.S. Composting Council Annual Meeting, and on the phone day to day, I know our markets are strong and our customers have a book of work that takes them well into 2022, with confidence that the demand will be present well beyond the current year.

We remain committed to our long-term financial targets and I'm optimistic for the future of Astec as we continue to execute our strategy, and confident that we are building a stronger and more agile organization.

Our strategic initiatives and focus on commercial and operational excellence are driving continuous improvement, profitable growth and long-term stakeholder value.

With that, Operator, now we're ready to open up the call for any questions.

Operator

Your first question comes from the line of Mig Dobre from Baird. Your line is open.

Joe Grabowski

Hey, good morning, everyone. It's Joe Grabowski on for Mig this morning.

Barry Ruffalo

Morning, Joe.

Joe Grabowski

Good morning. I guess we'll start with manufacturing efficiencies. Obviously, a big swing factor in the quarter, from a 200 to 250 basis point benefit in 2Q and 3Q to a 240 basis point headwind in 4Q. How much of this swing was specifically due to the Omicron spike? Now that the spike has subsided, how do you think this will look in the first quarter and beyond the first quarter?

Barry Ruffalo

Joe, this is Barry Ruffalo. Thanks for the question and good morning again. As reported in the pre-release, the impact from the Omicron virus and the pandemic in general were really a big contributor to the quarter. As a matter of fact, we had one site in South Africa actually shut down for a month also, in addition to the Omicron, for a countrywide strike. That was another impact to the quarter as well.

Back to the Omicron, we saw the Omicron cases start to spike really through Q4, Joe. We saw that actually peak in the early parts of January of 2022 where we had roughly about 10% of our employees actually had tested positive. That doesn't even take into account the quarantines that came along with those.

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Subsequently, Joe, I can tell you that, today, I think we have a report of three positive cases across the whole Company. Just as you see kind of in the public forum, it spiked through the end of last year, end of January, and now it's basically not impacting us at all.

We feel good, Joe, that as we've been able to build our workforce up over the course of 2021 to get to that 14% increase in headcount as we finish 2021, that, ideally, the issues we're dealing with moving forward are not Omicron, but then turn into primarily supply chain.

I don't think we're in any different position compared to a lot of companies, although I would tell you that we have a great procurement team that's worked hard. We have an escalation process that ultimately, if I have to get involved, I've had many phone calls with suppliers. It's an all hands-on-deck situation when it comes to the supply chain. We're managing that pretty proactively as we enter into 2022.

Joe Grabowski

Again, the manufacturing efficiencies were a benefit in 2Q, 3Q. Once we get past the absenteeisms, is the supply chain that much worse today than it was, say, in 3Q or, again, once we get past the absenteeism, maybe the efficiencies go back to being a benefit?

Barry Ruffalo

One thing that I'm proud of, Joe, is that, as you're pointing out as well, when we finished 2020 at around 23.8% or 23.9% gross margins, we were able to hold that as we went through Q3 of 2021.

In consideration of the pandemic and supply chain issues, I think that was a pretty good feat, with all the inflation that we also were impacted with through that same timeframe. We believe as we move forward into 2022, Joe, we'll start to reclaim that gross margin and have less under absorption on the labor front as we move through 2022.

Joe Grabowski

Got it, and maybe sticking with the waterfall chart, moving over to inflation, it got 250 basis points worse in the fourth quarter versus 2Q and 3Q. We have seen steel prices come down pretty significantly from the fourth quarter, at least in the spot market, I guess. What's the outlook for the magnitude of inflation as we go through 2022?

Barry Ruffalo

Good question, Joe. I'll approach it maybe from two different perspectives. We do see the steel, especially on the coil side of it, to drop down. Plate hasn't really done that. We have a generally, I would say, pretty even mix across our Company with regards to plate and coil. Where we can switch to coil, we obviously have. So, we're trying to take advantage of that situation as much as possible.

Ultimately, as we've said over the last couple of quarters, Joe, we see, as we move through 2022, that that price cost elements that we've been talking a lot about pricing over the last year or so, we'll start to see that neutralize out, and, ideally, Joe, we start to see some of those manufacturing efficiencies, as Becky called out in the script, should come back and help us offset like they have over the last many quarters.

We feel good that the supply chain issues were about as bad as they could get in Q4. I think that they've been pretty status quo as we enter into 2022. We feel good about the pricing.

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We don't see a lot of inflationary pressures on top of what we've experienced, although there will be some, obviously, but it's really going to come down to the supply chain in regards to what we're able to get from revenue growth and really kind of maximizing the labor efficiencies.

Joe Grabowski

Got it, and if I could just sneak in one more quick one, headcount up 14% in 2021, revenue up 7%. When do you expect the increased headcount to lead to higher throughput, and thoughts on SG&A in 2022?

Barry Ruffalo

Obviously, as you add that for us anyway, Joe, that number of people, teammates into the Company, there's inefficiencies, obviously, that come just from the training element that we've also been dealing across the course of 2021.

If you look at those, that 500 new associates we've added to the Company, it's really been pretty evenly over the last three or four quarters that we've added those. We should start to see some of those efficiencies and effectiveness of our labor force continue to get stronger as we go through the 2022 timeframe, and I think that was it.

On the SG&A, Joe, I'm going to turn that over to Becky.

Becky Weyenberg

SG&A, on a year-over-year basis, we are seeing about 4%, maybe a little bit higher than 4% inflation, largely from wages and benefits, but then also incremental people and their personnel where we've had some open positions and we're seeing our travel coming up along with our participation in shows.

We've done World of Concrete, World of Asphalt is right around the corner, so we are getting back out there more. We do expect our range on SG&A to be somewhere in that $56 million to $58 million each quarter this year.

Joe Grabowski

Okay. Thank you.

Operator

Your next question comes from the line of Stanley Elliott from Stifel. Your line is open.

Stanley Elliott

Hey, good morning, everybody. Thank you all for taking the question. Becky, piggybacking on that SG&A comment, how much longer I guess on the ERP systems? It seems like we're fairly early in the process, but that should be a pretty good run rate for the time being until we get a little more progress on that.

Becky Weyenberg

We're expecting that to go up quite a bit this year. You're right, we're very early. In 2021, the focus was largely on the blueprint. They were in design phase and we're developing our first prototype right up as we speak. By the end of the year, we'll have our third prototype, and we'll go live with our first site in 2023.

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We have another three years to go, and so the run rate certainly gets higher as you start implementing and getting the people onboard and more people involved. We do expect that to go up and we think that'll be in the range of $25 million to $30 million per year going forward.

Stanley Elliott

Perfect, and then any comment on dealer inventories? I imagine they're still fairly low, but would be curious about that. Then, kind of as a follow-on, you mentioned some contractors, customers having good visibility through this year, taking some orders in 2023, maybe highlight some of the things you're doing to protect the price cost on the out orders.

Barry Ruffalo

Good morning, Stanley. This is Barry. Thanks for the question. You're correct. Our dealer inventories, although we've seen them slightly go up, probably single digit percentage points, it's still much lower than it needs to be in order to really be able to support the demand in the marketplace that our customers are bringing through.

We still have a lot of dealers that have orders in that start out as an inventory unit, but by the time we actually ship it, it's retailed and has a customer name on it. We're still working hard to try and get those inventory levels for our dealers up to where they really need to be.

Stanley Elliott

Great guys. Thanks very much and talk to you soon.

Operator

Your next question comes from the line of Steve Ferazani from Sidoti. Your line is open.

Steve Ferazani

Good morning, everyone. I wanted to ask about the Capex guidance, up from the last couple of years, where the spending is going to be.

Becky Weyenberg

We really underspent the last two years from a historical perspective, and largely that was due to COVID and lack of MEs, our manufacturing engineers to run those projects. We have hired, that's been part of our hiring this year. We have many projects in flight, and we do expect to be in the range of $30 million to $40 million this year.

Barry Ruffalo

Steve, Let me just add onto that a little bit too. I would tell you that so what types of things are we spending that capital on? As of right now, we have five of our facilities that we're actually spending capital on, have approved capital for expansion, in order to support our demand. We're excited about that. Our employees are excited about that. That's going to take us a little while to get that construction in place.

We've also spent money on more automation. We've spent money on equipment replacement in order to have more throughput, to reduce costs, but also give us more quantities.

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When I look back, in the past, the Company spent a lot of money on office redos and office upgrades, and now we're spending money on capital that's really going to create value for our customers and our shareholders.

On top of that, maybe if I'll just take a second to talk a little bit about other things we're doing for capacity, Steve, with our operational excellence initiatives that we started over two years ago now, we have many of those value stream maps and those types of exercises done where we can see capacity up, capacity enhancement opportunities, if we can get the supply chain in place in order to support it with the components that really drive those types of volumes.

We talked about the site expansions. I think just the fact that, over the last year or so, Steve, we talked a lot about labor being our big constraint. Now that we've actually gained traction and been able to hire people, we believe that that's also kind of a fundamental change for our business that's going to allow us to get some of those volumes through our facilities more effectively.

Steve Ferazani

Do you feel like you don't have the ample production capacity? Is that holding you back right now or is it component shortages and labor? Is that something that could be an issue later in terms of production capacity being an issue?

Barry Ruffalo

I would say to kind of go to the back half of your question, we've done much better on labor. I don't see labor as being a constraint, although we do have more people to hire into the Company as we move through 2022. Assuming we have the same type of success that the team's driven over the last couple of quarters, I think that that will be less of an issue.

I think, ultimately, that additional headcount will allow us to have more capacity through our facilities, but it is going to be really constrained, ultimately, Steve, by the supply chain. At this point in time, as I alluded to earlier, Q4 was about as bad as we've seen it, and it's been about really status quo as we move into 2022 so far.

As that starts to come back around, with the labor in place, with the operational excellence initiatives in place, with the capital investment we've made, we should be able to leverage some of that demand and turn it into growth as we get to the latter half of 2022 and into 2023.

Steve Ferazani

Great, and if I can get one more in, just I'm sort of circling around here on free cashflow for this year. How are you thinking about working capital? Clearly up this year. I can understand inventory being way up to manage supply chain constraints. Do you see a pullback at some point next year where that can be a benefit to cashflow?

Becky Weyenberg

That's a very good question and a challenging one. It really depends on our supply chain and our ability to have the throughput. I will say, on our international side, we are poised for growth. We will continue to grow our needs for cashflow on the international side, but again, it'll come down to that throughput. I wouldn't expect another big spike.

Barry Ruffalo

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I think just to add a little more color on that, as you can imagine, Steve, on many of the components that we have in our raw today, it's to support that growth in production throughput.

But, when you have three or four things that don't show up that you can't finish or complete the unit, that impacts us from actually being able to ship it. We think we have the inventory in place to be able to support the growth. We just need to make sure we have all the inventory in place to be able to get it shipped.

Steve Ferazani

Fair enough. Thanks very much, everyone.

Barry Ruffalo

Thank you.

Operator

There are no further questions at this time. Mr. Steve Anderson, I turn the call back over to you for some closing comments.

Steve Anderson

Thank you, Rob. Again, we appreciate everyone's participation on this conference call. Thank you for your interest in Astec.

As today's news release indicates, the call has been recorded. A replay of the conference call will be available through March 14, 2022. An archived webcast will be available for 90 days. The transcript will be available under the Investor Relations section of the Astec Industries website within the next seven days. All of this information is contained in the news release distributed earlier this morning.

As Rob said, this concludes our call, and as always, I'm happy to connect if you have additional questions. Thank you. Have a good day.

Operator

This does conclude today's conference call. Thank you for your participation. You may now disconnect.

ViaVid has made considerable efforts to provide an accurate transcription. There may be material errors, omissions, or inaccuracies in the reporting of the substance of the conference call. This transcript is being made available for information purposes only.

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