

**Company:** Advanced Forming Technology  
**Conference Title:** ARCW Group Q4 2018 Earnings Call  
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Operator: Good day and welcome to the Advanced Forming Technology ARCW Group Quarter 4 2018 Earnings call.

Today's conference is being recorded. At this time I'd like to turn the conference over to Alan Quasha please go ahead.

Alan Quasha: Thank you. Good afternoon everyone. Welcome and thank you for joining us today on the call. As most of you are aware this call will contain forward-looking statements as defined by federal securities laws. Forward-looking statements are indicated by words such as anticipate expect plan believe and similar words concerning future events. All future events are inherently uncertain and actual outcomes may differ materially. We do not guarantee future performance and past performance is not necessarily indicative of future results.

Further we undertake no obligation to update our forward-looking statements. We encourage you to review the risks that we face and other information about our company and our filings with the SEC including our annual report on Form 10-K and quarterly report on Form 10-Q and our current reports on Form K all of which can be found on our Web site. Please note that during the call all financial measures presented will be non-GAAP unless otherwise indicated.

Now returning – now turning to the results of Quarter 4 I'm going to turn it over to Aaron (Willman) but just as a quick introduction it was very pleased and it was quite a good quarter. So Aaron would you be kind enough to take us through that?

Aaron (Willman): Absolutely Alan. So just some mileage for Q4 here. I'll give you both results from Q4 as to last year Q4 and Q4 to Q3. So fourth quarter sales came in at \$22.7 million this is an increase of 2.4% over last year fiscal Q4 or 5.7% over fiscal Q3 this year. Gross profits were at \$1.9 million this was an increase of 186.6% over last year and 86 – or I'm – excuse me – 68.4% over this year Q3. EBITDA came in at \$1.4 million this is an increase of (111.1%) over last year Q4 or 335.7% over Q3 of this year.

These are the high-level details this is also available in our Earnings Release and obviously the 10-K that's being filed now.

A few more highlights just to announce some. This year we had a cost savings program that saved us \$9.8 million through the year. We had a successful right to offering that generated \$10 million of gross proceeds. And we finally completed an inventory reduction program of \$2.1 million that provided quite a bit to our liquidity for the year.

And with that I will turn it back over to Alan.

Alan Quasha: Yes okay thanks Aaron. And for those of you who have not met or heard from Aaron before we're very pleased that he's joined us as the CFO. So in our Earnings Release which I guess has just been made available you can find a table of segment information but I'll take you through some quick highlights. Fourth quarter sales for precision components groups were up \$677,000 and stamping was up another \$393,000 from the prior year same period.

A large portion of this improvement is due to our growing sales team and improved market approach. We are beginning to get into more profitable markets. In our precision components group there's a focus on aerospace and medical and we have sold out our plastics injection molding capacity through the end of the calendar year. Stampings launched more dyes this last

year than ever before. Additionally we're starting to see them diversify out of automotive and into industrial defense and aerospace.

Meanwhile on the cost side precision components reduced operating costs by \$3.89 million and \$614,000 for stamping in the same fourth quarter period versus the prior year. Please note that we had a successful cost reduction program that Aaron mentioned which saved the company \$9.8 million for the full fiscal 2018 year. And we were able to accomplish that spite an inventory reduction program that reduced inventory holdings by \$2.1 million.

Last quarter I spoke briefly about efforts and focused on returning the company to profitability and improving cash flows. The results of fourth quarter speak well to these efforts. It has been a lot of work and I would pause here to thank all of our employees who have worked very hard to deliver this turn around.

Finally before I turn this over to questions this focus on our core operations has led us to a tough decision. This year we finalized the decision to divest through the MT from our operations. In the Earnings Release there's a proforma table showing our results excluding 3DMT for your reference. This was a difficult decision and a hard one for me personally. 3DMT and 3D metal printing is a great market to be in however ARCW had a difficult choice to make with the resources we have available.

That choice was to continue to invest in our core operations and drive our future growth through our established businesses. We made the latter choice towards divesting of 3DMT. 3DMT is going to do well for a company that has the resources to take them to the next level but we are going to focus on our core operation and continue the success we've had in the fourth quarter and throughout fiscal year 2019 and forward.

So I want to thank you and turn it over for any questions that our shareholders may have.

Operator: Thank you if you'd like to ask a question simply press the Star key followed by the digit 1 on your telephone keypad. Also if you're using a speakerphone please make sure your mute function is turned off to allow your signal to reach our equipment. Once again press Star 1 at this time. We'll pause for just a moment. Again that is Star 1 to ask a question.

Alan Quasha: Well if there are no questions, that's great. And we can end the phone call.

Operator: And there are no questions at this time.

Alan Quasha: Great thank you who's – everybody on the call. And thank you for the person doing the moderation here to put the call together. So we're done.

Operator: And that concludes today's presentation. We thank you for your participation. You may now disconnect.

Alan Quasha: Thank you.

Aaron (Willman): Thank you.