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Astec Industries, Inc.

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Earnings Call

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Call Participants

EXECUTIVES

Brian J. Harris
Chief Financial Officer

Jaco G. van der Merwe
CEO, President & Director

Stephen C. Anderson
Senior VP of Administration & Investor Relations

ANALYSTS

David Sutherland MacGregor
Longbow Research LLC

Stephen Michael Ferazani
Sidoti & Company, LLC

Steven Ramsey
Thompson Research Group, LLC

Presentation

Operator

Hello, and welcome to the Astec Industries First Quarter 2026 Earnings Call. As a reminder, this conference call is being recorded. It is my pleasure to introduce your host, Steve Anderson, Senior Vice President of Administration and Investor Relations. Mr. Anderson, you may begin.

Stephen C. Anderson
Senior VP of Administration & Investor Relations

Thank you, and good morning. Joining me on today's call are Jaco van der Merwe, our Chief Executive Officer; and Brian Harris, our Chief Financial Officer. In just a moment, I'll turn the call over to Jaco to provide his comments, then Brian will summarize our financial results. For your convenience, a copy of our press release and presentation have been posted on our website under the Investor Relations tab at www.astecindustries.com. Turning to Slide 2. I'll remind you that our discussion this morning may contain forward-looking statements that relate to the future performance of the company, and these statements are intended to qualify for the safe harbor liability established by the Private Securities Litigation Reform Act.

Factors that can influence our results are highlighted in today's financial news release and others are contained in our filings with the U.S. Securities and Exchange Commission. We also refer to various U.S. GAAP and non-GAAP financial measures, which management believes provide useful information to investors.

These non-GAAP measures have no standardized meaning prescribed by U.S. GAAP and are, therefore, unlikely to be comparable to the calculation of similar measures of other companies. We do not intend these items to be considered in isolation or as a substitute to the related GAAP measures. A reconciliation of GAAP to non-GAAP results are included in our news release and the appendix of our slide presentation. And now turning to Slide 3. I will turn the call over to Jaco.

Jaco G. van der Merwe
CEO, President & Director

Thank you, Steve. Good morning, everyone, and thank you for joining us. On Slide 4, we highlight our first quarter and trailing 12-month performance. Net sales for the quarter increased 20.3% and stood at approximately $1.47 billion on a trailing 12-month basis from a combination of organic growth and inorganic contributions.

Adjusted EBITDA for the quarter was $30.3 million with an adjusted EBITDA margin of 7.6%. On a trailing 12-month basis, adjusted EBITDA and adjusted EBITDA margin were $136 million and 9.2%, respectively.

Positive free cash flow afford us opportunity to invest in organic and inorganic growth opportunities. And in the first quarter, we generated $32.6 million of free cash flow.

Our Infrastructure Solutions segment continues to see healthy demand for asphalt plants and concrete plants and the outlook remains positive. Challenging markets for forestry and mobile paving equipment persisted. However, we are pleased to see a recent uptick in backlog for these products. The total segment backlog increased $37 million, including $17 million contributed by CWMF, which joined Astec on January 1. The backlog for Materials Solutions increased $110 million or 87% from a balance of organic and inorganic contributions. Given the stability of federal funding, healthy state budgets and incremental business from data centers and onshoring activities, we expect positive multiyear demand for Astec products in both segments.

Parts and service sales increased $24 million or 19.7% versus the first quarter prior year and remained at approximately 37% as a percentage of total sales for both periods. Q1 profitability was lower than planned, reflecting a combination of timing effects and near-term cost pressures from tariffs, freight and sales mix.

Overall expenses were also impacted by the ConExpo trade show that occurs once every 3 years. We are, however, encouraged by increased backlog in each segment, and we expect better quarters ahead. As such, we are maintaining our full year 2026 adjusted EBITDA guidance range of $170 million to $190 million.

On Slide 5, we reiterate our dedication to creating value for all stakeholders by delivering consistency, profitability and growth. Driven by our Astec Build to Connect way of doing business, we create consistency through our constant interaction with customers, execution of our operational excellence initiatives and the delivery of superior products to our customers. As our historical adjusted EBITDA margin in the middle column shows, we have increased profitability in each of the last 3 years.

Growth provides scale and scale enhances profitability. We are making strides in growing aftermarket parts and service sales, consummating acquisitions, developing new products and leveraging the technology and digital connectivity we bring to the market. Our plans to grow are well underway, and we are excited about our future.

On Slide 6, we provide an update on the integration of our most recent acquired companies. On July 1, 2025, we acquired TerraSource, which boasts the flagship brands of Gundlach, Jeffrey Rader, Pennsylvania Crusher and Elgin. And effective January 1, 2026, we welcomed the dedicated employees of CWMF to the Astec family.

Both organizations are highly respected and are strong culture fits for Astec. We are off to a great start. Many integration processes are now complete, including the seamless addition of new employees to our payroll, benefits and e-mail systems. We have successfully integrated all finance functions and have aligned all sales territories. Additional implementations completed or in process include product branding and the identification of cross-selling and procurement opportunities.

We are also assessing manufacturing optimization and sharing of best practices and product designs. Our joint teams work well together, and we anticipate many benefits in 2026. Please turn to Slide 7. As you know, Astec is well positioned to capitalize on the robust road construction and aggregate sectors across the United States, where approximately 80% of our revenues are generated. Steady federal funding for U.S. infrastructure provides stability for our customers and in turn, Astec and our stakeholders.

In 2022, Congress passed the 5-year infrastructure bill valued at $347.5 billion. According to the American Road and Transportation Builders Association, $261 billion or 75% of those funds have been allocated as of February 28, 2026. These formula funds for highways and bridges have enabled more than 116 and 500 new products across our country.

Additionally, the total value of state and local government transportation contract awards was 152.2 billion in 2025, which was up from $132.2 billion in 2024. This was a new record. The existing 5-year bill is set to expire on September 30, 2026. The renewal of the bill has bipartisan support. This is evidenced by the stance of key members of the House Transportation and Infrastructure and the Senate Environment and Public Work Committees.

Transportation Secretary, Sean Duffy summarized it well when he said, it is one of the unique spaces in government where we work together because safety is not red or blue issue, it's an American issue.

Congress has recently finalized transportation funding legislation for the rest of fiscal year 2026 and is focused on passing a timely, comprehensive surface transportation reauthorization bill. Sector developments such as these benefit Astec, a company dedicated to the rock to road industry.

Continued improvements in infrastructure supports ongoing demand for our equipment, parts and digital solutions. Our strong reputation in aggregates as well as road and bridge construction drive steady growth.

On Slide 8, we show first quarter implied orders and book to bill ratios. Organic results exclude the impact of the CWMF acquisition and orders prior to the first quarter of 2025 exclude the impacts of the TerraSource acquisition. Implied orders of $397 million compared to a strong fourth quarter of $465 million. On a year-over-year basis, implied orders increased $85 million or 27.2% from a combination of organic and inorganic contributions.

Book to bill ratios in each segment exceeded 100%. On Slide 9, we are pleased to report that our backlog grew to $549 million compared to $403 million for the same period in 2025. This was an overall increase of $146 million or 36%.

The backlog in Infrastructure Solutions segment increased $37 million or 13%, primarily due to increases in asphalt plants, mobile paving and forestry equipment and a $17 million contribution from the newly acquired CWMF.

Backlog in the Materials Solutions segment increased $110 million or 87% over the same period the prior year from a combination of legacy and inorganic contributions. To recap, our backlog is the total amount of confirmed orders supported by signed contracts. We are pleased with the order activity in both of our segments. And now I will turn the call over to our Chief Financial Officer, Brian Harris.

Brian J. Harris
Chief Financial Officer

Thank you, Jaco, and good morning. I'll now discuss our consolidated results for the first quarter, provide segment-specific details and review our liquidity and leverage. Our financial performance for the first quarter and on a trailing 12-month basis is presented on Slide 11.

Consolidated net sales for the quarter increased 20.3% compared to the same quarter the prior year and grew 11.5% on a trailing 12-month basis. Most of the growth was attributable to the legacy Materials Solutions business and inorganic growth in both segments. Parts and service represented 36.9% of net sales, which compared to 37.1% in the first quarter of 2025.

As Jaco mentioned, first quarter expenses from the ConExpo trade show and freight, duty and tariff expenses impacted first quarter profitability and margins. As a result, operating adjusted EBITDA declined $4.9 million versus the same period the prior year. For the trailing 12 months, adjusted EBITDA grew $7.7 million or 6%. Adjusted EBITDA margins for the quarter and trailing month period declined by 310 basis points and 50 basis points, respectively. Based on the aforementioned factors, adjusted earnings per share for the quarter were $0.54 compared to $0.91 in the first quarter of 2025, while down only slightly on a trailing 12-month basis.

Moving to our Infrastructure Solutions on Slide 12. Net sales in this segment were $237 million for the first quarter of 2026 compared to $236 million for the same period in 2025. Our newly acquired business performed as expected, while their contributions were partially offset by legacy equipment volumes that measured to a strong performance in the prior year and shortfalls related to timing differences. For the trailing 12-month period, net sales of $858.4 million were down 1.5% compared to the prior year.

Segment operating adjusted EBITDA for the Infrastructure Solutions segment was $34.8 million for the first quarter of 2026 compared to a strong same quarter comparison in 2025. The $8.1 million difference resulted primarily from higher exhibits and promotional costs, along with increases in freight, duty and tariffs.

For the trailing 12-month period, the difference in segment adjusted EBITDA was $12.6 million for a decline of 9.1%. Adjusted EBITDA margin stood at 14.7% for the quarter and the 12-month periods, respectively. Our Materials Solutions segment is shown on Slide 13. We were pleased to see the continued resurgence of our Materials Solutions legacy products during the first quarter. Net sales included organic and inorganic contributions and combined for an increase of $65.9 million or 70.6% over the first quarter in 2025.

For the trailing 12-month period, net sales increased $164.8 million or 36.3%. Segment operating adjusted EBITDA for the Materials Solutions segment was $8.9 million for the first quarter of 2026 compared to $5.2 million for the same period in 2025.

This is an increase of $3.7 million or 71.2%. For the trailing 12 months, operating adjusted EBITDA increased $22.1 million or 59.6%. Increases were primarily due to the impact of net favorable volume and mix and favorable pricing. As with the Infrastructure Solutions segment, higher exhibit and promotional costs, freight, duty and tariffs were partial offsets.

Adjusted EBITDA margin remained at 5.6% for the first quarters of 2025 and 2026, respectively, and grew 140 basis points to 9.6% on a trailing 12-month basis. Moving to Slide 14. Our balance sheet remains strong and is supported by substantial liquidity. At quarter end, we had $73.4 million in cash and cash equivalents, along with $194.1 million in available credit, resulting in total available liquidity of $267.5 million. Including a draw on our revolving credit facility of approximately $70 million for the purchase of CWMF, net debt to adjusted EBITDA stood at approximately 2.3x and is within our target range of 1.5x to 2.5x.

We have the capacity for continued organic and inorganic growth. As we have previously stated, our 2026 outlook entails the following anticipated full year ranges: adjusted EBITDA of $170 million to $190 million, an effective tax rate between 25% and 28% capital expenditures between $40 million and $50 million, depreciation and amortization of $55 million to $65 million and the following quarterly ranges: adjusted SG&A of $70 million to $80 million; interest expense, approximately $7 million.

I will now hand the call back to Jaco.

Jaco G. van der Merwe
CEO, President & Director

Slide 15 provides an overview of the key investment highlights for Astec. Astec has earned a reputation as a reliable provider of internationally recognized brands and high-quality solutions for our customers, and we take pride in this legacy. Our team maintains strong engagement with customers.

From recent discussions, we've observed that customers remain optimistic about ongoing activity in the construction market. We are pleased our commitment to operational excellence is delivering results, and we anticipate further improvement going forward. We are confident our initiatives in manufacturing and procurement are boosting efficiency, which will lead to ongoing gains in adjusted EBITDA.

Several exciting opportunities are fueling our growth, including the expansion of our recurring aftermarket parts and service business, which remains a key focus for the Astec team, the development of strong pipeline for innovative products, stability associated with the multiyear federal highway program, along with strong state and local funding for infrastructure projects in the U.S. market. opportunities for growth in both established and emerging international markets and strong inorganic growth opportunities consistent with our financial objectives. As Brian noted, our strong balance sheet gives us flexibility to invest in growth initiatives and manage our leverage efficiently.
Moving on to Slide 16. We are excited about our 2026 Investor Day to be held on May 13, 2026. We invite you to join us for this virtual event, which will begin at 8:00 a.m. Eastern Daylight Time. During the presentation, we will share more about who we are, our next era of growth, industry megatrends, our Build to Connect way of doing business, reasons to invest and our 2030 financial targets. With that, operator, we are ready for questions.

Question and Answer

Operator

[Operator Instructions] And your first question comes from the line of Steve Ferazani with Sidoti.

Stephen Michael Ferazani
Sidoti & Company, LLC

Jaco, I guess when I look through the numbers, and we obviously expected the higher costs related to ConExpo. But I mean, the surprising number to me was the gross margin. You covered a couple of reasons for it, and it was particularly saw in the Infrastructure Solutions side. can you sort of give us the buckets on how much of it was inflationary freight pressures versus mix versus timing, et cetera? Or were there any efficiency letdowns in the quarter?

Jaco G. van der Merwe
CEO, President & Director

For IS, we definitely saw a different mix this quarter compared to what we saw as a very strong Q1 last year. We did see a lower asphalt plants and parts business during the quarter, which obviously pulled down margins a little bit.

When we look at this business, and we've talked about this a lot, in the past that if you have 1 or 2 plants move out from 1 quarter to the next, it can make a pretty big difference. So if you take a breakdown there, capital and parts, we saw a reduction in both of those. Now tariffs did affect them a little bit to a lesser extent than what we've seen on the MS group.

So we are managing that going forward. I think I mentioned in prior calls that we moved really quickly when it came to pricing when all the tariffs and those came to light. So some of that is maybe just timing catching up. to the pricing. We also have additional pricing that is in the pipeline that should mitigate this in the quarters to come.

Stephen Michael Ferazani
Sidoti & Company, LLC

Because -- yes, that's -- I mean, probably just the follow-up question, which is given the numbers in Q1, your confidence level to hit those full year targets given the year-over-year difference. If it's pure mix and the timing is you're going to be more plants and parts heavy in 2Q and you got the pricing in, I get it. I'm just trying to see if there's anything else here that should be caused for concern.

Jaco G. van der Merwe
CEO, President & Director

No, look, I mean, look at backlog, we're very encouraged by strong backlog. We have another positive book-to-bill quarter, which is always nice. And we have definitely additional pricing in the pipeline. We're continuously evaluating the cost that's coming from these macro trends. And we are also very encouraged about the work our teams are doing to improve our quality cost and our operational efforts. So Steve, we're obviously still confident. That's why we kept the guidance for the full year. And with that strong backlog, we feel that we have the opportunity to achieve that.

Stephen Michael Ferazani
Sidoti & Company, LLC

So given the -- I mean, we saw the -- how much of the order shift sequentially was seasonality?

Jaco G. van der Merwe
CEO, President & Director

From an invoicing point of view or a bookings.

Stephen Michael Ferazani
Sidoti & Company, LLC

The implied orders, the reported implied orders, if you will, that just seasonality and timing.

Jaco G. van der Merwe
CEO, President & Director

Yes. I mean if you look at implied orders for IS, quarter-over-quarter, it was pretty flat. Obviously, we have CWMF in that number now. And on MS quarter-over-quarter, that's where we saw the biggest variance. Now those came on top of Q4, which is typically our strongest bookings quarter. But overall backlog, if you look at the backlog and the book-to-bill ratio, both positive in MS and in IS.

So that's why we like to give the annual guidance and not try to guide on a quarterly basis. We know we're going to have these quarterly fluctuations.

Stephen Michael Ferazani
Sidoti & Company, LLC

And if you could just touch on synergy realization and where you are with integration of the acquisitions and potential synergy realization over the next multiple quarters?

Jaco G. van der Merwe
CEO, President & Director

Yes. We are very happy with the way the integrations are going. From a synergy point of view, the realization is coming through the pipeline now pretty quickly.

I will say the synergies on the CWMF acquisition is coming in faster than what we saw on PSG just because it's so close to home. We do business with a lot of the same suppliers. So we're pretty positive there. But the number that we gave the Street for synergies on PSG, we're very confident that over the next 12 months, we're going to realize those.

Stephen Michael Ferazani
Sidoti & Company, LLC

And if I could get one more in, in terms of, obviously, you've been generating much stronger parts and aftermarket numbers. Some of that's from the acquisitions. But I know that was a priority when you became CEO, Jaco. Where are you in that progress? And is there a lot more to go? Or do you feel like you've achieved a lot of what you wanted to?

Jaco G. van der Merwe
CEO, President & Director

Yes. No, in my mind, there's a lot more to go. During Q1, which is typically a strong parts quarter for us, we were close to 37% parts and service. Next week, we're going to have our Investor Day where we're going to talk about our aspirations there. But we still see significant opportunity to improve that mix.

Operator

Your next question comes from the line of Steven Ramsey with Thompson Research Group.

Steven Ramsey
Thompson Research Group, LLC

I wanted to start with, obviously, the topic of the day, demand data centers. You cited strong demand from this market. I'm curious if you could ballpark how much of a contributor that was in the quarter and maybe compare that to last year? And then maybe go through your success here, if it's following your customers versus intentional initiatives to capture this demand?

Jaco G. van der Merwe
CEO, President & Director

Yes, Steve, good question. The data center demand and actually some of the other demand around chip factories and things like that is obviously something that we are keeping a very close eye on.

If you look at our backlog for the MS group, it's up significantly year-over-year and even during the quarter, it increased nicely.

So Stephen, we see the benefit from that. It is a little bit difficult for us to track it specifically just for data centers or other onshoring. What I will say is, obviously, our customers that provides aggregates to these markets are very close to these markets.

They typically enjoy the business if they were in a 30 or 50-mile radius from where the construction goes. And we enjoy business with all of those customers. So we see cases where customers need to increase output, some cases, as much as 10x what they did in prior years just to deal with the demand that's coming from these data centers.

so we don't have a specific number there, Steven. We are looking at a way to try to track that. But I think if you look at the big aggregate suppliers, they are very outspoken about the effect this have. And obviously, we do business with all of those companies, and that's where we see the benefit. We have seen some uptick in our industrial heating space that is in the infrastructure group, also supplying to data centers, but to a much lesser extent than what we've seen on the Material Solutions side.

Steven Ramsey
Thompson Research Group, LLC

Okay. That's very helpful. And I wanted to think about order activity from the perspective of market share and how your orders are comparing to the marketplace? Do you feel like you're tracking the market? Or do you feel like you're gaining share overall or just any pockets of strength within orders?

Jaco G. van der Merwe
CEO, President & Director

Yes. So I will say we don't feel that we're losing market share anywhere. Obviously, we have various product lines that is in our portfolio. We feel very good about our product portfolio that we have. And I mean, you joined us on the stage for ConExpo. We were very encouraged by the reaction from the market on all the new products that we showcased at ConExpo. And when you have new products, the positive flow-through typically result in you taking some market share. We have, over the last year or 2 in the Material Solutions side, put a renewed focus on large system sales.

And we are definitely seeing the positive momentum from that product line, and we believe that will continue. Maybe one last comment. The work that we're doing on our digital platform, we are definitely seeing positive reaction from our customer base.

We are talking and growing that business significantly through especially our major customers transitioning to one platform. And in various examples, they've chosen us to be that platform provider. So, and that will have a positive effect in the future on equipment sales. It will have a positive effect on our parts and service sales.

Steven Ramsey
Thompson Research Group, LLC

Okay. That's great. And then last one for me. You had very strong free cash flow in the quarter. It appears like much of that was working capital driven. If you zoom out and look forward, can you give a general view on free cash flow conversion out of EBITDA...

Brian J. Harris
Chief Financial Officer

Yes, Steve, it's Brian here. Thanks for the question. Yes. Look, I think that's going to continue to be pretty strong. You're right that in the quarter, we did benefit from working capital movement.

Our inventory was actually down quite a bit from the year-end position. A lot of that is in raw material, but raw material and finished goods were both down. We had, Q4 is always a big sales quarter. So we had some good cash collections in Q1 as well.

And I think that trend there's a bit of seasonality in the business. So working capital will move up and down during the course of the year. But I think the underlying efficiency of our working capital, our working capital turns certainly improved in the quarter, and we'd expect to see that continue. We have a pretty strong operating cash flow in the quarter and in the balance of the year. So I think conversion ratio will be good.

Operator

[Operator Instructions] your next question comes from the line of David MacGregor with Longbow Research.

David Sutherland MacGregor
Longbow Research LLC

I guess my first question was for Brian. And I just wanted to go back to the whole discussion around price cost. And you, I think, were very clear in your prepared remarks about the timing of price traction versus the emerging cost inflation. You use FIFO cost on your balance sheet.

So you've got some pretty good visibility, I guess, on what's coming up here over the next couple of quarters. Can you just talk about what you see coming in the backlog versus the pricing initiatives you have in the marketplace today and how that should play into 2Q or second half? And obviously, you've left the guidance unchanged. So you're expecting some kind of recovery. I'm just trying to get some sense of cadence or timing around those margin dynamics.

Brian J. Harris
Chief Financial Officer

Yes. Look, I think if you go back to that Q1 of 2025, we had a gross margin of over 28%. If anything, that was a little bit of an outlier when you look at Q1 historically. And that was because we got ahead of the game, we talked about this before on pricing. And so the tariff situation cost didn't really begin to materialize until April and beyond. So we had a strong comp in Q1 of 2025.

Tariffs kicked in this quarter to a greater extent. We did, we felt cover a lot of the underlying inflation outside of tariffs with our pricing initiatives. we've got more pricing that we can implement here in the balance of the year. And we're very careful about making sure that we try to anticipate those costs when we quote and the price that we quote that's in our backlog should accommodate our anticipated inflation and tariff increases that are coming. Obviously, freight and duties related to higher diesel and hydrocarbon costs are another factor that's certainly affecting things in the short term and have a little bit of uncertainty in the balance of the year, but we're trying very hard to make sure that when we price our products in the market that we're taking that into account.

David Sutherland MacGregor
Longbow Research LLC

Right. So just to try to summarize on this, is this something where we're still going to see some year-over-year margin pressure in 2Q before it's fully normalized in the second half?

Brian J. Harris
Chief Financial Officer

It's possible, but I think Q2, we're going to emerge with stronger margins in the second quarter than we saw in the first.

David Sutherland MacGregor
Longbow Research LLC

Okay. Good. I guess second question, maybe for Jaco. How much of a catalyst do you think a highway bill reauthorization will be to just order releases? And I'm just trying to get a sense of from your conversations with your counterparts in the marketplace, if you sense that people are maybe holding off on purchase orders until there is a bill in place.

Jaco G. van der Merwe
CEO, President & Director

Yes, David, I mean I will tell you, obviously, everybody knows that there's a lot going on in the world right now. Our industry has been hit with inflationary pressures around, like Brian just said, fuel prices, tariffs, obviously is something.

But a highway bill, I will say, for smaller players in the market, typically a highway bill gives a lot of confidence because if you're going to buy an asphalt plant, you want to know that there's going to be 3 to 5 years of good funding available.

Our industry has gone through significant customer consolidation, as you guys know. And I think our bigger customers are better managing their CapEx through different cycles and are maybe less prone to cut spend without the clarity of an infrastructure bill. Now what I will say is we are very involved with our trade organizations. We're very involved talking to the respective people involved in creating the highway bill. Just this morning, actually, I received a note from our team at NAPA, the National Asphalt Paving Association. And they think that the first language around the bill could be published as early as the 18th of May. So we're looking forward to that. We know that there's discussions taking place right now.

We know that like we said in the prepared remarks, this is something where government actually works together very well on. So we're positive that we're going to see a bill. Hopefully, it comes sooner than later. The good thing is that funding is available for the full year this year. So our customers are busy. They have a lot of work. A highway bill that's focused on roads and bridges, I think, will be a nice injection for '27 and beyond.

David Sutherland MacGregor
Longbow Research LLC

Right. That's great color. Next question I just wanted to ask you around the whole notion of price analytics. And you've been investing in price analytics here. I'm just trying to get a sense of where we are in that journey from a margin development standpoint. Do you feel like you're still in the early innings of the kind of the efficacy of that investment? And I guess, at a point in time where we're really trying to sort of wrestle through price cost here, this is a pretty big part of the story. So I'm just trying to get a sense of where you are in...

Jaco G. van der Merwe
CEO, President & Director

I will say from a process point of view, we're probably in the best state that Astec has been in for many years. Now on the flip side is, obviously, the variability right now is big. So our teams are continuously looking at movement in prices that we buy versus what we sell for.

Our procurement team is very actively renegotiating as tariffs change. I mean, as you guys know, there's actually some of the tariffs that should start to lower over coming periods. And getting that thing back from suppliers is a key focus for us.

So David, yes, we feel that we have a good process in place. But the amount of variability that's happening on a daily basis is definitely challenging for the team. But at least we have a team, we have a process and it gives us much better outlook than what we had before.

David Sutherland MacGregor
Longbow Research LLC

Okay. Good. I wanted to ask you about Astec Signal. You talked about ConExpo. It was a good reaction there to the new product rollout. Just trying to get a sense of what kind of reaction you got specifically to the Signal platform. And from that reaction, what's your sense of sort of the ability of that technology to accelerate placement cycles?

Jaco G. van der Merwe
CEO, President & Director

Yes. We're very excited about that, David. I mean we are investing significantly in further developing the platform. We're investing in additional manufacturing capability. Next time when in Chattanooga, we'll show you that.

We think that this is just starting. We have a really good platform. It's going to provide a lot of benefits both to us and our customers in the future. So overall, reception has been really positive. So we'll talk quite a bit more about Signal during our Investor Day next week as well.

David Sutherland MacGregor
Longbow Research LLC

Great. Great. And then last question, Brian, where do you see the balance sheet leverage at year-end based on the guidance you've got right now?

Brian J. Harris
Chief Financial Officer

Yes. David, I think if you take the midpoint of the guidance, we should end somewhere around about 1.7 times.

Operator

And now I'll turn the call over to Steve Anderson, Senior Vice President of Investor Relations.

Stephen C. Anderson
Senior VP of Administration & Investor Relations

Thank you, Rebecca. We appreciate everyone's participation in our conference call this morning, and thank you for your interest in Astec. As today's news release states, the conference call has been recorded. A replay of this conference call will be available through May 20, 2026, 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 5 business days. This concludes our call. But as always, feel free to contact me with any additional questions. Thank you. Have a good day.

Operator
Ladies and gentlemen, this concludes today's conference call. You may now disconnect.