NASDAQ:ALNT Q3 2025 Earnings Call Transcript

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Conference Operator | Operator:

Good day, and welcome to the Alliant, Inc. Third Quarter Fiscal 2025 Financial Results Conference Call. All participants will be in listen-only mode. Should you need assistance, please ignore conference pressures for pressing the star key followed by zero. After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press star, then one on your telephone keypad. To retry your question, please press star, then two. Please note, this event is being recorded. I would now like to turn the conference over to Craig Mihalik, Investor Relations. Please go ahead.

Craig Mihalik | Investor Relations:

Thank you, and good morning, everyone. We certainly appreciate your time today as well as your interest in Alliant. On the call today are Dick Rosella, the Chairman, President, and CEO, and Jim Michaud, our Chief Financial Officer. Dick and Jim will review our third quarter 2025 results, provide a strategic and operational update, and share our outlook. We'll then open the line for your questions. As a reminder, our Q3 earnings release and the accompanying slide presentation are available on our website at Alliant.com. If you're following along, please turn to slide two for our safe harbor statement. During today's call, we may make forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those indicated. These risks and factors are outlined in our SEC filings and in our Q3 earnings release. We also discussed certain 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 earnings release, as well as the slides. So with that, please turn to slide three, and I'll turn it over to Dick to begin.

Dick Rosella | Chairman, President, and CEO:

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

Dick Rosella | Chairman, President, and CEO:

Alliant delivered another strong quarter, underscored by double-digit revenue growth record gross margin, and continued deleveraging of our balance sheet. These results reflect the combination of healthy demand across key end markets and the tangible benefits of the efficiency initiatives we have put in place through our Simplify to Accelerate Now program. On the demand side, we saw notable strength in our industrial verticals, particularly power quality solutions for data center applications, as well as improving trends in automation. Our defense programs executed well, and the medical market delivered steady growth, even as mobility solutions remained soft. In addition, our vehicle business improved, led by contributions from commercial automotive and construction. Profitability was another highlight, with gross margin reaching a new record and operating leverage driving meaningful year-over-year improvements. Importantly, these gains were not only a result of volume, but also a reflection of mixed shift toward higher value programs and ongoing cost discipline. Cash generation and balance sheet strikes remain central to our story. Year to date, we have delivered significantly higher operating cash flow and further reduced debt, which has lowered our leverage ratio and enhanced financial flexibility. Jim will walk through some temporary impacts of the quarter, and at a high level, our results so far this year demonstrate our ability to convert top-line performance into stronger

profitability, robust cash flow, and balance sheet progress. Stepping back, Q3 was not just about the numbers. It was about discipline and execution. The results highlight the resilience of our diversified portfolio, the value of our operational transformation, and our ongoing alignment with long-term secular growth drivers. Together, these elements reinforce the momentum we are building as we move toward year-end and beyond. With that, let me turn it over to Jim for a more in-depth review of the financials.

Jim Michaud | Chief Financial Officer:

Thank you, Dick, and good morning, everyone. Please turn to slide five. Q3 revenue increased $13.5 million year-over-year, reaching $138.7 million, reflecting strong industrial market demand along with solid performance in our other core end markets. Foreign exchange contributed $2.3 million in tailwinds, with the remainder organic. Sequentially, revenue declined less than 1%. as the second quarter included 3 to 4 million of customer pull-ins related to anticipated supply constraints on components with heavy rare earth content. Sales to U.S. customers accounted for 57% of Q3 revenue, with Europe, Canada, and Asia Pacific representing the balance. Breaking down performance by market. Industrial market revenue advanced 20%. led by strong demand for power quality solutions in data centers, as well as improving industrial automation trends, which more than offset softness in oil and gas. Medical grew 6%, with surgical instruments offsetting weaker mobility solutions. Vehicle sales were up 6%, supported by commercial, automotive, and construction. Aerospace and defense revenue was up 2%, as scheduled defense and space program deliveries continued. We did experience some short-term shipment delays linked to customer validations during our Dothan facility transition, but overall, demand remains intact and positions us well as validations complete. Distribution channel sales were down 6%, though they represent a smaller share of our overall mix. Turning to slide six, here we show the composition of our revenue over the trailing 12 months, along with the year-over-year change in each market the key drivers of that change. As you can see, our industrial market is our largest vertical at 48% of total revenue, supported by continued strength in data center applications. While industrial automation is still working through the tail end of destocking, we are seeing healthier order flow, which has helped offset softer demand in oil and gas applications. Aerospace and defense increased to 15% of revenue, reflecting both timing of defense and space program deliveries, as well as strong execution on our growth initiatives in this sector. Demand remains solid, and our pipeline and defense continues to provide visibility into sustained growth. Medical accounted for 15% of revenue, led by higher demand for surgical instruments. This growth was partially offset by softness in certain pump-related products and mobility solutions, but overall, the medical sector continues to represent a steady contributor. Vehicle represented 17% of revenue compared with 22% in the prior year. The year-over-year decline primarily reflects reduced demand in power sports and select truck applications. That said, within the quarter, we did see strength from commercial automotive helping to partially balance the softness in recreational markets. Overall, this slide reinforces that our revenue base is better aligned with higher value margin accretive opportunities. We are deliberately positioning the company towards markets with strong secular growth drivers while also managing through areas experiencing softness. Turning to slide seven. gross profit reached $46.2 million, with gross margin expanding to a record 33.3%, up 190 basis points year over year and 10 basis points sequentially. This marks our fifth consecutive quarter of margin expansion. Drivers included mixed improvement, higher volumes, and disciplined lean manufacturing execution. On slide eight, operating income increased sharply to $12.2 million, or 8.8% of revenue, reflecting the continued scalability of our business model. This represents an improvement of 350 basis points year over year and 40 basis points sequentially. Operating leverage was a key driver as operating expenses declined to 24.5% of revenue, a 160 basis point improvement versus last year, even as we continue to invest in strategic initiatives. This demonstrates the effectiveness of our cost discipline and the structural benefits we are capturing. Our simplified to accelerate now program continues to play a central role in driving these results. We delivered $10 million in annualized savings in 2024, and we remain on track to achieve an additional $6 to $7 million in 2025. These savings are being realized through footprint optimization accelerated product development, and lean manufacturing disciplines. Importantly, we are already beginning to see margin tailwinds from the Dothan Fabrication Center of Excellence, with the full benefit expected to phase in during the latter part of 2025. We did record $800,000 in realignment costs

during the third quarter to support this transformation, but these actions are positioning us for sustained efficiency and margin improvement moving forward. Slide 9 shows our bottom line performance. Net income more than tripled year over year to $6.5 million, or $0.39 per diluted share. Adjusted net income was $9.9 million, or $0.59 per share. Our effective income tax rate was 22.2% for the third quarter of 2025, and we continue to expect our full year rate to land between 21% and 23%. Adjusted EBITDA increased to 20.3 million, or 14.6% of revenue, driven by strong conversion on higher volumes and a more favorable mix. This represents margin expansion of 310 basis points year-over-year and 20 basis points sequentially. Turning to slide 10, year-to-date operating cash flow was 43.1 million, up 46% from last year. This reflects both stronger profit generation and disciplined working capital execution. Our free cash flow this past quarter was impacted by approximately $5 million of temporary inventory billed largely tied to rare earth magnets and to ensure continuity during the Dothan transition. In addition, we experienced a modest increase in sales outstanding which rose to 61 days, reflecting sales mix, and we also had the timing impact of certain insurance premium payments. Despite these temporary factors, our underlying cash generation remains very strong. Year-to-date capital expenditures of $5.1 million reflected continued investment in key customer-driven projects. Given project timing and fourth-quarter expectations, we have narrowed our full-year CapEx forecast to $6.5 to $8.5 million from the prior $8 to $10 million range. Importantly, we are executing well against our three financial priorities for 2025. Reducing inventory and strengthening working capital management, we've already improved inventory turns to three in Q3, up from 2.7 at year end, despite the temporary build this quarter. Cost discipline, evident in our SG&A leverage and ongoing benefits, was simplified to accelerate now. Reducing debt, supported by the strong cash flow we've generated. With that, let's turn to slide 11 to review the impact on our balance sheet. Debt declined by 12 million sequentially in Q3, bringing total year-to-date debt reduction to nearly 34 million. Net debt now stands at 150.8 million, and our leverage ratio has improved 2.1 times compared with three at the end of 2024. This consistent deleveraging combined with strong liquidity provides us with substantial flexibility to continue investing in strategic priorities while also strengthening our financial foundation. With that, if you advance to slide 12, I will now turn the call back over to Dick.

Dick Rosella | Chairman, President, and CEO:

Thank you, Jim. Orders in Q3 totaled 133.1 million, down slightly from Q2 but up significantly from last year. Our book-to-bill ratio of 0.96 reflects the normal seasonal cadence we typically see, and importantly, it also underscores solid underlying demand, particularly in our industrial and A&D markets, despite the cancellation of the M10 Booker tank program by the U.S. Army, which did have a direct impact on Alliant. Our backlog ended the quarter at 231 million, with the majority expected to ship within the next three to nine months, consistent with our historical conversion patterns. This backlog mix, together with our active quoting pipeline, gives us confidence in the resiliency of demand. As we look ahead, we recognize that the global industrial environment is gradually improving, but remains uneven. Policy and tariff risks Supply normalization and cost volatility continued to influence capital deployment across many verticals. We continue to proactively address tariff-related challenges. Although mitigation efforts are underway, tariffs resulted in a net quarterly impact of approximately $385,000 that we were unable to recover through pricing or other measures. The majority of this impact occurred within our power quality business and mitigation efforts are already underway. On rare earth supply, even though it appears that we will gain some breathing room given the agreement that was reached with China, our multi-pronged strategy, which includes broadening suppliers, qualifying alternative materials, and managing inventory dynamically in close collaboration with customers, will continue to be central to our strategic supply chain security initiatives. At the same time, our focus is primarily on advancing strategic initiatives that enhance long-term value, driving further margin expansion, maintaining working capital discipline, and investing in technology-forward higher-value solutions. The operational and financial momentum we generated in Q3 provides a strong foundation to carry forward into the balance of the year. Finally, it's important to remember that secular growth drivers such as electrification, automation, energy efficiency, digital infrastructure, and precision control continue to underpin our strategy. These themes align directly with Alliant's capabilities and positions us to deliver sustainable, profitable growth through varying market conditions.

Dick Rosella | Chairman, President, and CEO:

With that, operator, please open the line for questions. Yes, thank you.

Conference Operator | Operator:

We will now begin the question and answer session. To ask a question, you may press star, then 1 on your telephone keypad. If you are using a speakerphone, please pick up your handset before pressing the keys. If any time your question has been addressed and you would like to withdraw it, please press star then two. At this time, we will pause momentarily to assemble the roster. And the first question comes from Tomasano with J.P. Morgan. Hello, Duke and Jim.

Dick Rosella | Chairman, President, and CEO:

Good morning, Tom. How are you?

Tomasano | Analyst, J.P. Morgan:

Good, thank you. I would like to ask about the orders and backlogs for the first. And the book-to-bill ratio remained healthy at 0.96, as you mentioned. And how would you view the quality and the visibilities of the current backlog? And are there any areas of concerns?

Dick Rosella | Chairman, President, and CEO:

I would say to you that overall we're – and I want to clarify one thing. We would have been above one, but we did take a cancellation – in our backlog for the M10 Booker program cancellation. So that's in there. And without that, we would have been above one. So that's just a little more clarity on that. As far as the quality goes, I think we're very pleased with what we're seeing. It's the power quality area, data centers is coming strong. We're seeing good activity in the defense area. We're seeing industrial picking up, and we also see Europe has picked up, started to pick up, let's put it that way. It's not back to where it was, but it has started to pick up in the industrial areas. So across the board, I think we're fairly encouraged with the quality and the margin potential generation from the new orders and the backlog we have.

Tomasano | Analyst, J.P. Morgan:

Thank you, and follow up on the margin side, especially like Simplify to Accelerate Now initiatives. Could you elaborate on the progress and the future potential of the initiatives for 2026? Are there further savings or margin opportunities ahead?

Dick Rosella | Chairman, President, and CEO:

Yeah, absolutely. So this year, I mean, I would say to you that some of the actions that were taken in last year and this year, we'll call them, some of them were pretty low-hanging fruit, and we have validated that the actions that we're taking did result in real cost savings. The major action we've taken this year is to, in our Dothan facility, which had final assembly integration test operations, also some machining and so forth, and was co-mingled between many different markets and different types of products. The major effort that we undertook this year was to transfer the production from Dothan into two other facilities, one in Reynosa, Mexico, and in Tulsa, Oklahoma, which better align with the markets and the products that are being produced. And Dothan, what we will retain is we have a strong capability in the machining areas. And so this

is where you hear us talk about the transition of Dothan into a fabrication center of excellence, that'll be underway. And I will say to you that that will be started in the beginning of the year after the transfer. And the transfer is fully expected to be complete by the end of this year and moving out throughout next year. There's plenty of opportunities for us for cost optimization when we look at the components that we have been buying or purchasing and actually evaluating some of the business we have and looking at better strategic sourcing. I think so, again, I would look at that opportunity as we really begin to move that fabrication center forward. That's where we will see some fairly significant cost savings and potential for us to grow our business in other areas as well. We have some good opportunities that we're working with and they were contingent upon us continue to expand for high precision motion applications and Dothan will give us an opportunity to do that. I also want to stress that while we say fabrication because we're talking about additive manufacturing as well as just machining and not just machining operations. So that's why in the past you would have heard us say Machining Center of Excellence because that's what they do. but we do believe that there's definite value to be added from fabrication. In addition to that, we are setting guidelines and working hard with all of our operations. And Tomo, we had to untangle some of our businesses, which when I say that, the focus on what were the investments necessary, what's the design cycle time, what's the lead in cycle time for design wins, and types of products being produced. And that caused some inefficiencies in the process. So we're doing that. We're much better aligned, and we're close to completing these efforts, much better aligned on the vertical markets that we're servicing, as well as the production processes that they're much more consistent within each, which then allows us to go back and really address areas of, you know, that we feel that we have some significant improvement opportunities. So that's another area. So that'll be unfolding in the next year. So definitely some cost savings, although I don't think we've quantified that exactly yet. In addition to that, I say more importantly is the front end. Looking at business opportunities that provide us better margin capabilities or potential and not getting seduced into some other activities that look, you know, the value looks high, but the true bottom line value is not as great and costs a lot from a capital investment standpoint. So we're very focused on the front end, making sure that we're working, we're focused on the right markets that can meet our margin goals and not get diverted based on some what look like great opportunities, but underlying it is long-term efforts, a lot of capital investment and sometimes not as good a return. So plenty going on.

Dick Rosella | Chairman, President, and CEO:

Thank you, Dick. Congrats on the quarter. Thank you. Thank you.

Conference Operator | Operator:

And the next question comes from Greg Palmer, Craig Hallam Capital Group.

Greg Palmer | Analyst, Craig Hallam Capital Group:

Yeah, thanks. Good morning. Congrats as well from me. I think from a segment level, industrial certainly stood out. And I know you called out stronger data center activities. So maybe you can just remind us exactly what you're selling into that market. Is there something going on that's causing the step up in demand there? I think last quarter you mentioned you're doing a facility expansion. So just wanted to get a little bit more color on that market specifically.

Dick Rosella | Chairman, President, and CEO:

Sure. So you're exactly right. Right, Greg. What's going on in that area is really the big uptick that we've seen or some of the uptick that we've seen is in the data center solutions and the data center solutions around our power quality equipment. So we are and we are expanding our facilities. That's our primary facility for producing that product. And we expect that to come online in early, let's say, second quarter of next year. but we still continue to see or have seen a significant demand uptick, and we don't see it slowing down anytime soon. So that is one of the big drivers, and that also, fortunately for us, is a margin accretive product line for us. In industrial, the automation side. We talked in the past about that. You know, we had a couple years ago, we had a banner year, but it was based on supply chain, issues with supply chain. And when demand freed up, you know, we delivered at a very high rate. In fact, we said we had a $46 million headwind going into last year. Okay. And then if we could average the three years out, and we would see demand coming back to a normalized level, and we've actually seen that again. So each quarter, we've seen a nice step up in our run rates, and we're getting close, and I say close, we're not quite there yet, but we're getting close to where we think the normalized run rate should be. And again, fortunately, it's in the higher-end controls area where our margins are accretive as well. The other industrial markets that we're seeing some improvement, as I mentioned, Europe. Europe has been down and down quite significantly. And the impact on us was from a couple of our businesses is about 25% reduction. And we're not back, but we're starting to see we're chipping back a little bit here. And we've got a runway to go there to get back to where we were and hopefully beyond. But they're starting to see some positive signs. although I do think that'll be a slower ramp up into next year. Defense side, good opportunities. We're working on many new opportunities, certainly in the drone space. Applications where we have a significant manufacturing capability that we've had for years that we're unleashing to make sure that we support the opportunities that are coming our way. And we're well positioned, whether it's the lower cost disposable drone or up to the highest end, highest performing drones, the requirements in the market. So there's a lot of activity going on in that space, and we're addressing it as fast as we can. And we're pretty encouraged that we're well positioned to take advantage of that. And on top of that, munitions. I mean, we know some orders for munitions have been released. And it's our turn to see those orders come through, but there's definitely some encouraging signs that the volume will increase there as well. So overall, and medical was good too. We have this idea of the medical instrumentation, surgical side of it has been positive as well. So signs are good. We talked about in the conversation with Tomo a lot of the activities we're doing to improve our cost structure, improve efficiencies, and Now, I think your question, you're talking about where the growth opportunities are and some of the activities that we're addressing and facing today.

Greg Palmer | Analyst, Craig Hallam Capital Group:

When might we see more of like an uptick or a step up in the drone space specifically? And then maybe you can just confirm, since you mentioned defense overall as a segment, what was the bookings impact on that M10 program?

Dick Rosella | Chairman, President, and CEO:

The bookings impact for this year was about $5 million that we had to take a hit on. And, you know, the longer term impact for us was, you know, a backlog of shipments, you know, averaging around $7 million a year for a number of years forward. So, you know, a lot of work was done on that. There are, you know, we're reviewing costs right now, and there's certainly cancellations coming. We don't know if there will be another outlet for that the M10 Booker tank. But right now, the way it seems is that it is going to wind down. They're just completing whatever was on order and canceling the rest. And I say on order, already in production and canceling the rest. But $5 million in this quarter. So as I mentioned, it would have been a positive book-to-bill ratio. As far as the drones, when you see it, I think, you know, It's like anything else. You have to go through the design in cycle time, get approved. We already have been in drone applications, and we're just seeing

more. But I would tell you that they'll be stepping up throughout the year next year.

Greg Palmer | Analyst, Craig Hallam Capital Group:

Yep. Okay, perfect. And then just switching over to kind of profitability, I mean, I think it's pretty encouraging. You're generating mid-teens EBITDA margins. I mean, back-to-back really good quarters. I'm guessing you're not going to tell us where that can eventually land, but you know, it seems like there's still a pretty big chunk of your business that's operating well below, you know, normalized revenue levels or at least revenue levels from a few years ago. So volumes continue to come back. I'm guessing you start or you continue to see additional operating leverage. I mean, is that a fair statement?

Dick Rosella | Chairman, President, and CEO:

Yeah, definitely a fair statement. And I got a real focus on, um, looking at each individual, look at the foundation we have built, what we call technology units and how we regroup the companies into business units and getting very specific and setting targets. All have to contribute and all have to improve. And that's the key. And I think the bulk of the work in order to have clarity and line of sight and what could be accomplished there is coming into place here now. So I think I feel comfortable that's going to drive improvements and continued improvements in all areas, and that's our goal anyway. So definitely some opportunities there.

Greg Palmer | Analyst, Craig Hallam Capital Group:

Yep, okay. All right, well, keep it up. Thanks, and I'll hop back in the queue.

Dick Rosella | Chairman, President, and CEO:

Thank you.

Conference Operator | Operator:

Thank you. And once again, please press star, then 1 if you would like to ask a question. And the next question comes from Ted Jackson with Northland Securities.

Ted Jackson | Analyst, Northland Securities:

Thanks very much. Good morning.

Dick Rosella | Chairman, President, and CEO:

Morning.

Dick Rosella | Chairman, President, and CEO:

Morning, Ted.

Ted Jackson | Analyst, Northland Securities:

So I got a few questions for you. Just a few cleanup items and then some bigger ones. But with the whole thing with the tank, which is a disappointment, will there be anything that you have to write down in future periods because of that?

Dick Rosella | Chairman, President, and CEO:

No. No, there's full recovery of costs and transit. We're working through that right now. But no, we will not have to write anything down.

Ted Jackson | Analyst, Northland Securities:

Okay. Then going over to the positive FX impact, within your revenue verticals, where was that?

Jim Michaud | Chief Financial Officer:

That was in the European, in the Euro-denominated transactions.

Ted Jackson | Analyst, Northland Securities:

But was it across any verticals? Was it concentrated into anything in particular, I mean, industrial?

Dick Rosella | Chairman, President, and CEO:

No, no. No, no. Geographic. Okay.

Ted Jackson | Analyst, Northland Securities:

And then can you remind us, I don't know if you had discussed this with the prior call, but the orders that got pulled forward from 3Q into 2Q, what verticals were those in?

Dick Rosella | Chairman, President, and CEO:

Power quality, primarily. Okay. HVACs.

Ted Jackson | Analyst, Northland Securities:

Um, then, uh, in the vehicle market, you know, I mean, I know you've worked very, very hard at lowering your exposure within the power sports world, you know, and it's, you know, but I'm kind of curious, you know, with regards to that segment, you know, if you could maybe cover, you know, uh, kind of the mix of where that revenue comes from these days, you know, you, you highlighted strength in, um, uh, uh, commercial vehicle and construction. Um, and then, so I'm kind of curious, like, um, how much of that business now is exposed within power sports? What's the mix for that to construction? You know, how much is commercial vehicle? And then maybe, you know, what, you know, some color with regards to, like, construction and commercial vehicle as to sort of where are you providing your solutions and what?

Dick Rosella | Chairman, President, and CEO:

Okay. So I would say to you first, Ted, we don't and we haven't in the past and, you know, giving you the real specifics on the percentages of each in the market, but I will give you some guidance on it. I mean, we've said to you that commercial automotive would always be something that we would stress to be below 10% of our annual revenues, and it is below 10% of our annual revenues, okay? And why do we want to do that? Well, we do like the core unit volume that gives us the strategic purchasing power. It gives us the ability to apply what we have in the automotive markets into other related vehicle markets. So getting a cost advantage there. But I would tell you that our vehicle, our commercial automotive market is performing well. It has definitely where when we started talking about it, you know, four or five years ago, that there were real challenges there, that, you know, the book of business that we had acquired and some of the challenges in the market itself through supply chain and, you know, price increases and so forth. We worked our way through it, and it's something that's performing, you know, I would tell you the net differential has been very, very positive for us. As far as power sports go, we did mention that, we have mentioned that one of our major customers had a two source, even the day we bought the company was going to have multiple sources while we were single source for a long time. They had advised us that they were going to be having multiple sources of supply and therefore we did lose portion of that business starting a little over a year ago. So that business is down. The market's been down. And it is below 10% of our business. So before, if you were back in 2013, 14 timeframe, you would have realized that that was maybe 22, 23% of our business. And now it's below 10%. So we think that's healthy. And I would want to make a statement. It's not that We want it to be less. It is. And, you know, there's certainly some things that are going to impact it going forward. You know, the tariffs, the USMCA agreements, the content of North American content that's in vehicles and so forth. So, you know, we've got a very robust solution that's, you know, it's the higher end of the performance range and we're applying that in other areas. So, We like the diversification we're seeing into other markets. But power sports is definitely from where it was in its heyday early on. And when power steering became a part of every vehicle, we were one of the leaders in that. And we enjoyed higher margins. But it's definitely a challenge today in getting automotive-like, I'll call it. And then the rest of it is made up of the other vehicles. We talk about large trucks, rail, marine, construction, bus, all of that. So it's a combination of all of those agricultural. And those are all solid. And those are all solid. And those are all solid. And we're emphasizing that we'd like to see growth in those as well. That's about the best of the color I can give you at this point. I hope that helps.

Ted Jackson | Analyst, Northland Securities:

Oh, it was great color, Jake. I appreciate it. You know what I mean? Because if you look at that section, that segment, excuse me, you know what I mean? You know, I just said like a little over a year ago, you know, you kind of, you know, went to dual source. But, you know, the business is really stabilized. Let's just call it $20, $22 million in quarterly revenue. And, you know, now that that business is where it's at, you see what I'm saying? The headwinds are gone. Of it, you know, I'm talking about power sports are giving away. So I'm kind of wanting to understand the mix of it to see, you know, where, you know, what growth will come now that you have, you know what I mean? Because our sports market in and of itself is clearly, you know, flatlining at this point. Then you have these other verticals as well. So I want to understand it because I, you know, the segment's actually poised probably to start performing better.

Dick Rosella | Chairman, President, and CEO:

I had another question I want to ask you really quick. Give me a second. I lost my train of thought. I'll step out of line because I just completely went out of my mind. If I think about it, I'll punch back in. Thanks. Okay. Thanks, Ted. Thank you.

Conference Operator | Operator:

And that does conclude the question and answer session, so I would like to turn it over to management for any closing comments.

Dick Rosella | Chairman, President, and CEO:

Well, thank you, everyone, for joining us on today's call and for your interest in Alliant. As always, please feel free to reach out to us at any time, and we look forward to talking to you all again after our fourth quarter 2025 results. Have a great day.

Dick Rosella | Chairman, President, and CEO:

Thank you. The conference is now concluded.

Conference Operator | Operator:

Thank you for attending today's presentation.

Dick Rosella | Chairman, President, and CEO:

We now disconnect your lines.