NASDAQ:AMSC Q1 2026 Earnings Call Transcript

Generated on 8/9/2026

Amy | Conference Operator:

Good morning and welcome to the AMSC 2026 conference call. All participants will be in listen-only mode. Should you need assistance, please signal a conference specialist by 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 withdraw your question, please press star then two. Please note this event is being recorded. I would now like to turn the conference over to Nicole Golez, Director of Communications. Please go ahead.

Nicol Golez | Director of Communications:

Thank you, Amy. Good morning, everyone, and welcome to American Superconductor Corporation's first quarter of fiscal year 2026 conference call. I'm Nicol Golez, AMSE's Director of Communication. Joining me today are Daniel McGahn, Chairman, President, and Chief Executive Officer, and John Kosiba, Senior Vice President, Chief Financial Officer, and Treasurer. Yesterday, After market close, American Superconductor issued its earnings release for the first quarter of fiscal year 2026. A copy of this release is available on the investor's page of the company's website at www.amsc.com. Remarks that management may make during today's call about American Superconductor's future expectations, including expectations regarding the company's future financial results, Plan and Prospects constitute forward-looking statements. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including those set forth in the Risk Factors section of American Superconductors' Annual Report on Form 10-K for the year ended March 31, 2026. which the company filed with the Securities and Exchange Commission on May 27, 2026 and the company's other reports filed with the SEC which are also available on our website. The company disclaims any obligation to update these forward-looking statements. On today's call, management will refer to non-GAAP net income on non-GAAP financial measures, tables for reconciliation of GAAP, to adjusted financial measures can be found in the company's earnings release. With that, I will now turn the call over to Chairman, President, and Chief Executive Officer, Daniel McGahn. Daniel?

Daniel McGahn | Chairman, President, and Chief Executive Officer:

Thanks, Nicol. Good morning, everybody. I'll begin today by providing an update and sharing a few remarks on our business. John Kosiba will then provide a detailed review of our financial results for the first fiscal quarter, which ended June 30, 2026. and provide guidance for the second fiscal quarter, which will end September 30, 2026. Following our comments, we'll open up the line to questions from our analysts. We start off the new fiscal year with our sights set on growth. We have officially surpassed $90 million in quarterly revenue. This represents 30% growth over the year-ago quarter. Our green revenue led the way at over 80% of AMSE's total revenue, which grew over 25% versus the year-ago period. Wind was nearly 20% of our business and grew 45% from the same period last year. Our track record now shows that we have delivered three consecutive years of non-GAAP profitability and two consecutive years of GAAP profitability. We close the quarter with a strong balance sheet of over $150 million. Our revenue this quarter reflects strong diversification across our core markets. Total revenue came from roughly 30% from renewable energy projects, 20% from traditional energy, 20% from materials, including semiconductors, 20% from utility projects, and nearly 10% from military projects. We saw exceptionally strong bookings for the quarter. Total orders now climbed to over $130 million, reflecting the strong market tailwinds behind our business. A major orders highlight includes the recently announced $25 million order from a North American utility to support a large mine expansion. I'll share more details on this later. We have a robust 12-month backlog exceeding $300 million and a total backlog of over $400 million. We have firmly set our sights on growth. We believe this puts us in great position for fiscal year 2026. I'll turn the call over to John Kosiba to review our financial results for the first quarter of fiscal 2026 and provide guidance for the second quarter, which will end September 30, 2026. John?

John Kosiba | Senior Vice President, Chief Financial Officer, and Treasurer:

Thanks, Daniel, and good morning, everyone. MSC generated revenues of $94.1 million for the first quarter of fiscal 2026, compared to $72.4 million in the year-ago quarter. Our grid business unit accounted for 81% of total revenues, while our wind business unit accounted for 19%. Grid business unit revenues increased by 27% in the first quarter versus the year-ago quarter. This year-over-year increase was led by the contribution of Comtrapro. Wind business unit revenues increased by 45% in the first quarter versus the year-ago quarter. This year-over-year change was driven by increased ECS shipments. Looking at the P&L in more detail, gross margin for the first quarter of fiscal 2026 was 26.3%. Included in cost of goods sold in the first quarter was approximately 1.5 million of purchase accounting and non-cash adjustments related to contraffa. This had an impact of approximately 160 basis points on the quarter. We also invested in additional direct labor in Brazil to support the expected revenue growth as a result of the strong bookends over the past two quarters. This investment does lower factories' productivity until they become fully integrated into the manufacturing process. Lastly, gross margins for the quarter were impacted by an unfavorable product mix. We do not anticipate a similar product mix next quarter. Moving on to operating expenses, R&D and SG&A expenses for the first quarter of fiscal 2026 were $22.5 million, compared to 18.5 million in the year-ago quarter. Approximately 23% of R&D and SG&A expenses in the first quarter of fiscal 2026 were non-cash. Our net income in the first quarter of fiscal 2026 was 9.5 million or 21 cents per share. This compares to a net income of 6.7 million or 17 cents per share in the year-ago quarter. Our non-GAAP net income for the first quarter of fiscal 2026 was $7.6 million, or $0.17 per share, compared with non-GAAP net income of $11.6 million, or $0.30 per share in the year-ago quarter. First quarter GAAP and non-GAAP net income included a $8.1 million adjustment to contingent consideration. This is not a taxable item, but it impacted the recognition of tax expense through the FIN 18 approach required of interim tax provisions. a with and without analysis of the FIN 18 tax provision identified a $2 million non-cash tax expense recognized in the quarter. Any tax expense related to a change in contingent consideration within the quarter is not forecasted or included in our guidance. Please see a press release issued last night for a reconciliation of GAAP to non-GAAP results. We ended the first quarter of fiscal 2026 with $153.1 million in cash, cash equivalents, and restricted cash. This compares with $147.6 million on March 31st, 2026. We generated $16 million of operating cash flow in the first quarter of fiscal 2026. Within the first quarter, we experienced strong cash milestone collections on several projects coupled with initial receipts generated from our recent orders. As planned and pursuant to the SBA of the Comtrapa acquisition, we purchased the third factory in Brazil within the quarter for a total cost of approximately $7.4 million. This factory solidifies the capacity necessary to support our growth plans for Comtrapa. I'll turn into our financial guidance for the second quarter of fiscal 2026. We expect that our revenues will exceed $85 million. Net income on that revenue is expected to exceed $1 million or $0.02 per share. We expect our non-GAAP net income to exceed $8 million or $0.17 per share. With that, I'll turn the call back over to Daniel.

Daniel McGahn | Chairman, President, and Chief Executive Officer:

Thanks, John. $16 million of cash generated in the quarter. That's impressive even to me. It really shows kind of what the business can do. There's definitely a drive here that's happening that we're going to talk through the call. Our revenue results for the first quarter surpassed expectations. However, it does make the second quarter revenue challenging as we accelerated some deliveries due to customer demand in the first quarter. Our order momentum shows we're well positioned for growth. The $25 million order from a North American utility represents the largest individual order for a mining project in our company's history. setting a new company record. We expect to deliver this turnkey solution during our next fiscal year, 2027. We do have our sights set on other large orders in our pipeline. This order is significant because it demonstrates the financial and operational leverage of our integrated power solutions. Even without this quarter's largest order, we brought in over $100 million in new orders. This outperforms our last fiscal year's average of roughly $70 million a quarter. Under this contract, our team is handling the design, engineering, installation, and commissioning of a system that combines our proprietary modular StatCom technology, our metal-enclosed capacitor banks, as well as our shunt reactors, a 138 kV power transformer, the associated switchgear to protect the system from the network, as well as additional protection and control equipment. Just to make a note, if we had sold this as a single product solution, this order would be about maybe four to five million dollars. Today we're able to offer a combined solution that reduces project complexity, simplifies execution, and can avoid costly future grid upgrades. This expands our revenue for this type of project by a factor of five. This is an enabler for potential future growth in materials and utility markets. This is what I've been talking about when I say more content or more product for a project. We believe the long-term visibility of our business has never been stronger. The material sector, which includes mining and semiconductor projects, generated about a third of our total orders. Additional energy demand followed with about 30% of total orders driving the business. Our renewables, utilities, and other industrial applications each represented about 10% of total orders. and military represented just under 5% of total orders. We do see major tailwinds and long-term opportunities across our core sectors. In the semiconductor market alone, we're working with a significant project pipeline. Global semiconductor capital expenditures are jumping 20% to $200 billion, led by expansions from giants, including Micron. These global expansions help drive our long-term pipeline. Simultaneously, the global mining project pipeline has reached $1.2 trillion, with over $250 billion actively under construction. Top global mining firms invested nearly $80 billion in 2025, forecasting the growth to $82 billion in 2026, creating more potential demand for our solutions. Traditional energy investments are expanding. In the U.S., the administration's push on more conventional fuels, which drives demand for many of our core products, remain robust. For 2026, projected investment in fossil fuels is expected to be around $1.2 trillion, out of a total of $3.4 trillion in global energy investment. rising approximately 3% after a slight dip in 2025. Oil and gas upstream received nearly 50% of these investments with over half a trillion dollars per year. The renewable energy sector, we see the Indian wind market is expected to double capacity by 2030, and globally it's projected that wind capacity will nearly double and solar will more than triple by 2030. We are capitalizing on massive expansions in the utility business. US utility capital spending is projected to exceed, again that number again, $1.2 trillion over the next four years. This is driven by accelerating grid demand from data centers, AI, cloud computing and the like. We're already delivering solutions to utilities facing these shifts. During the first fiscal quarter, the business accelerated faster than anticipated. The business is in a great position and has reached a new level with quarterly revenue greater than $90 million and a very strong cash position. We believe fiscal year 2026 could be even better than fiscal year 2025. We see significant tailwinds in the material space, and the traditional energy market. Strategically, we're going after a number of key markets, all of which have significant capital being invested in them. And at the same time, we're expanding our offerings and capacity in Brazil and South America. The team is very excited about our growth prospects. Looking ahead, we're excited about what comes next. We see strong demand in the material sector where we're pursuing semiconductors and mining opportunities. We also see continued strength and a healthy pipeline in the traditional energy sector. And we're advancing on additional data center opportunities as well. Together, we believe all of these opportunities combined position us well for continued growth. In summary, the momentum we've generated has set a strong foundation. We're excited about the future and we're exceptionally well positioned to capitalize on the opportunities ahead. Our future-facing technologies help harmonize the world's desire for decarbonization and clean energy with the need for more reliable, effective, and efficient power delivery. I look forward to reporting to you again following the completion of our second fiscal quarter of fiscal year 2026. Amy will now take questions. from our analysts.

Amy | Conference Operator:

Thank you. We'll now begin the question and answer session. To ask a question, you may press star then one on your telephone keypad. If you're using a speakerphone, please pick up your handset before pressing the keys. To withdraw your question, please press star then two. At this time, we'll pause momentarily to assemble our roster. Our first question comes from Eric Stein and Craig Hallam.

Eric Stein | Analyst:

Hi, Daniel. Hi, John. Good morning.

Daniel McGahn | Chairman, President, and Chief Executive Officer:

Hey, good to hear your voice.

Eric Stein | Analyst:

Hey, you too. So I know, I mean, you've obviously built this platform to build out those capabilities. You mentioned the multiplier effect and this order and mining in support of the utility. I mean, do you feel like or what's your confidence that these types of large orders become more of the norm for you? and then curious, you know, when you think about those large orders, I mean, are they more skewed to this type of application, whether it's mining in support of the utility or how should we think about that?

Daniel McGahn | Chairman, President, and Chief Executive Officer:

I think it's early for us to say that what frequency they'll come at. We have a number in the pipeline. It's what we've been kind of working towards. It really is a culmination of the strategy of the acquisitions that we've done that we can now offer a combined set of complementary technologies that provide power support and power conditioning support to utilities and the material space. Those are the two main areas that we're marketing into and that's where we see traction in the pipeline. We talked in the past about average order size. This hopefully can drive that upwards. I don't see these as regular events per se. those still be projects like we've done all along where we're doing cap banks and filters together or we're adding in the StatCom technology with that or we're providing a power supply for a chemical plant or what have you. But when those opportunities present us, which is like this one, this is a customer that we know well, that knows us very well, and they really asked us, can we do more for them? They like what we've done, they like the service we provide, and they've kind of pushed us in this direction. They see us combining all this stuff together and say, well, can you take on the full project? So this is the first time we're doing that. I hope that we can do that again, but again, I don't see that as where the majority of the business is going to come from, but it is a really nice accelerator that we now have the potential to take advantage of when the customer wants us to do it. At the end of the day, we're going to be driven what our customers want In part, that's why the Q1 revenue results so high. Customers need a product faster. It's really a testament to our capability to deliver on the manufacturing and operations side, and we're able to do that. So much of our business comes from a few handfuls, a couple dozen key customers from us. So we want to make sure that we're moving in a direction that helps them de-risk their projects. And that's what we're doing, and we're benefiting from it.

Eric Stein | Analyst:

And when you talk about, just to confirm, you talk about the customer realizing your capability is one that you know well. Are you referring to that customer as the ultimate mining customer or the utility customer that you are supporting?

Daniel McGahn | Chairman, President, and Chief Executive Officer:

In almost every case, it's both, right? There's almost a triumvirate of constituents we have to serve. There's the engineering procurement construction company. There's the utility company. and then there's the end user of the power, in this case the mine. So we've worked very much in conjunction with the mine but really driven by the utility because what they're worried about is protecting the grid and making sure they have enough power available to the mine as they expand their capacity. So we'll have projects where one of those three will contract with us but all three are usually at the table trying to drive what the capability needs to be put in place. And that's where we excel. We're an engineer-first culture in so many ways that we want to make sure we can conform a configuration of a combined offering that really meets what the customer is asking for.

Eric Stein | Analyst:

Okay. And then maybe last one here, just digging into the outlook here by segment. I mean, first of all, Nice step up again in wind. Is it too early or do you think this is potentially a new level? And then can you just clarify or quantify maybe the grid orders that were pulled forward into Q1 from Q2?

Daniel McGahn | Chairman, President, and Chief Executive Officer:

So on the wind side, it feels a little bit like an acceleration, but then that always needs to be told if they pay timely and get sets to the In this quarter, they were pushing very hard to get some extra, and we were able to deliver that. I can't always promise that that's the case, given the lead times that we have on our end and with the supply chain. But the customer relationship really has never been stronger in India with INOX. And we want to do everything that we can to support them as they ramp. They're really great people. It's a really well-run company. and we want to make sure that we're a good partner in their success. So when we're capable, we certainly will try. It's always, Eric, as we say, it's dependent upon the payment, but it feels like their production level is at a new level and they still need to ramp that further to take advantage of what they already have in backlog, which is very significant. I think it's still in excess of 3 gigawatts, 3.3, 3.2 gigawatts of demand that they have. So they're kind of at a high level for that. And as they build their projects out, we want to make sure that we're able to deliver timely. The other part you were asking about the outlook for the grid side, is that right?

Eric Stein | Analyst:

Just quantifying what you pulled into Q1.

Daniel McGahn | Chairman, President, and Chief Executive Officer:

some of these contracts will have multiple units to be built and sometimes a customer will say well we need the next one or we need the next few and our answer is always you know sir yes sir that's what we're here to do if we're able to. So I wanted to kind of telegraph clearly you know to just do the math we were quite a bit higher than what we had guided to and that's going to create a little bit of a dip on the revenue side because you're basically pulling revenue forward. So if you average the guide of what John said for Q2 with the result for Q1, that kind of puts us at a good level that the backlog at least leads you to believe that that should be sustainable. But again, it really depends upon customers. So the customers are ready to receive and they want things faster. We do everything that we can to be able to make that happen. But the converse is true. Sometimes other equipment hasn't arrived on time and the customer says, can you wait two months or something? And we always want to be able to conform to what our customer's needs are. So that sometimes gives us some uncertainty with how we guide business because as we get bigger, there's a lot more customers involved, there's a lot more projects, which means projects can move in and out. I don't know if that was entirely helpful for what you're asking, but I try to give you some color.

Amy | Conference Operator:

The next question comes from Colin Rush at Oppenheimer. Please go ahead.

Colin Rush | Analyst, Oppenheimer:

Thanks so much, guys. Can you talk about the performance advantages and some quantification of how we should think about that relative to some of the other offerings with this turnkey solution that you were able to deliver? or at least book here for the utility.

Daniel McGahn | Chairman, President, and Chief Executive Officer:

Yeah, there's kind of two veins for this. One is risk and the other one is data and information. So the risk side is getting everything delivered timely, all coming, you know, quality tested, things that work together, things that complement and are compatible with each other. And then ultimately the controls then have a lot more common data coming from us as a single vendor. So those are really the two main features that the customers like that they can better control or risk. It means that the timetable is de-risked to a certain extent for the customer because we're able to deliver on a certain cycle our products. And then the way things are designed, what we've noticed is they don't have to then plan for upgrades or certain spare parts or things from multiple vendors. We try to take care of all that with the customer in mind. From a performance standpoint, like power factor and things like that, there are some things that we can do. I think we're going to learn and get better at that. I just think this is an important inflection point for the company because our scope is vast. and either we're going to make the products or we're going to source some of them, but it also gives us opportunity to understand what other products are out in the marketplace that complement what we do that maybe eventually can be part of the product portfolio. As we've done before, we either develop where we find interesting companies that fit our culture that can fit. So there's a lot of goodness that comes out of this project assuming that we're successful. It's very important for us to be successful. But this is a customer that's trusted us for years.

Colin Rush | Analyst, Oppenheimer:

Excellent. And then just in terms of the Contrafu integration, I have two questions here. One, can you give us an update on the qualification for the transformers in the North American markets? and then also start to give us a sense of how much cross-selling you've been able to do in Latin America so far and how we should think about that potentially impacting the potential order flow as we go through the next couple of years with the traditional products being sold through their channel.

Daniel McGahn | Chairman, President, and Chief Executive Officer:

Yeah, I'm not really deviating from what I've said upon the acquisition. The first year, we're really focused on growth in Brazil. There's tremendous opportunity there. There's an absence in the market on the sizes that we're now delivering. And that creates a really good opportunity for us to ramp our capability capacity there to service that market. That's really the reason we like Contrapo. Besides, we like the people, the product works really well. There are efforts to expand in Latin America. It's more of these projects, maybe not as big as this utility one, that combine the capabilities of the overall combined AMSC. So I'm hoping that can start to bear fruit, we'll say, in the second year. The third year, which I think a lot of U.S. investors are really focused on, because we get very myopic on our market. I get that. but to us, you know, profit is profit and a good customer relationship anywhere in the world if managed appropriately really can be a long-term partnership. But to finish the question with North America, part of this project is, you know, we designed the specification in a way where we could potentially use Comtrafo in it. So if we're able to do that, we don't want to necessarily take on additional risk but we're going to understand kind of really where we are as early as next year There are other projects that customers are pushing us to bid on as a transformer supplier in North America. But again, for us, the customer comes first. We need to make sure we can deliver the product at the right price, the right performance that they need, because the hope is it becomes a longer-term relationship. These are not one-off. A lot of the cultural change that AMSE brings to its acquisitions is this long-term customer relationship with a lot of service, with a lot of touch to the customer so they understand we're somebody that they can rely on and count on for years to come, not just for one single project. So I'm optimistic, Colin, that at some point we can talk more specifically about project in North America, but that's not going to happen this quarter or next year, probably the quarter after. Originally, I said it probably would be in the third year. I still think that the risk of that is going down. It's more and more likely that that's going to happen based upon the efforts. I think the risk of us entering Latin America more in the second year, the risk of that has gone down as well. The team is really focused on this. It's one of the main avenues for growth is that having the transformer allows you to look at the electrical system at a different point, some cases earlier. and that allows us to think about how we can engineer the project in a way where the performance from our products becomes even more valuable. And I think that's really the magic and that's going to unfold over the next two to three years.

Colin Rush | Analyst, Oppenheimer:

Awesome. Thanks so much.

Amy | Conference Operator:

The next question is from Justin Clare at Roth Capital Partners. Please go ahead.

Justin Clare | Analyst, Roth Capital Partners:

Thanks for taking the questions here. So just wanted to follow up. Did you disclose the percentage of orders that were data center related in this quarter? And then just given the size of the backlog here, so record backlog, how should we be thinking about the conversion rate there relative to historical trends, any changes given the order mix? Just curious because there's a meaningful emphasis on speed to power in the data center part of the market. So if you could speak to just how those orders might convert relative to other products in your portfolio.

Daniel McGahn | Chairman, President, and Chief Executive Officer:

There's a bunch of things on the data center side that we're looking at that we're bidding on. I think that there'll be an acceleration. maybe as soon as this year in that space for us. However, in this order bucket, there was not a data center order in there. For the backlog, I think simply the message is we're kind of de-risking our plan, we're de-risking your model, that it just makes the certainty and likelihood stronger, particularly in the near term. We think about the next two, three quarters. Given where we are with lead time, average lead times are still about the same, about nine months in aggregate. There's part of the business that's faster. There's part of the business that's slower. I think what we're going to probably see over the next two, three years is our lead times for the entire business probably get longer simply because I think the longer lead time business is going to be where the bigger projects are going to come and more revenue intensity is going to come. So, again, I think the backlog gives us a good situation where we de-risk what we're hoping to do. An order that we generate today, you know, typically isn't going to affect the financials for three, four, five, six quarters out.

Justin Clare | Analyst, Roth Capital Partners:

Got it. Okay. That's helpful. And then I may have missed this earlier when switching between calls, but orders were led by the utility sector mining developments. wondering if you could speak to kind of what is changing that is potentially driving that uptick in the orders for that sector right now, and then remind us what the solution is that you're able to provide to the customers in that segment.

Daniel McGahn | Chairman, President, and Chief Executive Officer:

Yeah, when we talk about materials, it could be chemicals, but it's principally mining and processing of mined minerals and semiconductor. So we see significant investment in both. We see deeper and more trusted relationships with mines and with semiconductor fabs. We see a growing pipeline that's getting, I'll say, less risk to it and more intensity to it, meaning larger orders and larger pipelines. It really comes down to the trillions that are being invested in mining, this whole premise that the rest of the world needs to invest in a bunch of different minerals because much of that source comes from China. So it's a risk reduction and it's a capacity expansion that's happening globally that we're taking advantage of. The same thing with semiconductor. It's just a smaller version of the same story, which there's a drive to reshore manufacturing capability here in the US, but also throughout Southeast Asia. Again, it's really competing with China. So our investment thesis is as this money gets invested outside China, how do we take advantage because so many of these processes depend upon electricity, either the level of power being commensurate with a design or the power quality being regulated to a level that maybe we're the only ones that could provide. So we see mining, we see utility, we see semiconductor as all areas that have strong tailwinds that should help us deliver future growth.

Justin Clare | Analyst, Roth Capital Partners:

Got it. Okay. Appreciate the added detail. Thank you.

Amy | Conference Operator:

The next question comes from Tim Moore at Clear Street.

Tim Moore | Analyst, Clear Street:

Thanks, and nice revenue growth in the quarter, and appreciate you clarifying the timing of that pull-in of the order in the June quarter, probably out of your September quarter, that even sets things. So, you know, one thing I just want to follow up on was – The capital expenditures, you know, I recall John mentioning the third factory in Brazil. I think it was a little bit over $7 million. Do you expect to spend on another factory this year, or do you think the bulk of the CapEx is kind of done for Brazil this year when you do the equipment by the end of this month? Hey, John. John here.

John Kosiba | Senior Vice President, Chief Financial Officer, and Treasurer:

So for the quarter, we invested about $10 million total in CapEx. About $7.5 million of that, give or take, was the building and called another couple million on additional build-out to help support Brazil. We don't anticipate any other building-related capital expenditures.

Daniel McGahn | Chairman, President, and Chief Executive Officer:

The building was part of the transaction. It just occurred at a later period because there were certain restrictions and things that had to be examined and removed. So it's really the tail end of a cost that I would say is related to the transaction. It was planned, it was contemplated, and it just happened to happen. The good thing is it happened in a quarter with really strong cash flow.

Tim Moore | Analyst, Clear Street:

Good. No, no, I like it. I was just waiting for it.

John Kosiba | Senior Vice President, Chief Financial Officer, and Treasurer:

I'm just so you're clear, too, for everybody. There is no additional – we paid for that building with the cash flow in the quarter. There's no additional liability with that building?

Daniel McGahn | Chairman, President, and Chief Executive Officer:

The additional capex that would be spent in Brazil really is the focus on tooling and capacity. and we're going to modulate that relative to the demand and what we're finding now is that the demand is stronger than our capacity and we need to try to catch up. Part of the math that John went through is we're hiring as fast as we can and we're investing in tooling as fast as we can because we believe there's a ramp further coming in Brazil. That's the main reason we bought Comtrafo. the main reason they were excited to have us involved is because of our demonstrated track record in expanding factories. And we think it's a great cooperation between the now broader AMSC to go after this wonderful opportunity in Brazil.

Tim Moore | Analyst, Clear Street:

That was great to see. I'm glad it happened in this quarter. I was just waiting for it this fiscal year, and I'm glad it was earlier because of the demand there. Just my other question is, you're sitting on nearly $150 million in cash. Are you waiting to get to a certain point on integration of Contrappa before maybe you pursue another acquisition? Is there any kind of pockets of grid capabilities that maybe you prefer in your pipeline or funnel of sensible targets that you're considering?

Daniel McGahn | Chairman, President, and Chief Executive Officer:

I don't want to telegraph targets because we're in discussions with a bunch of different companies. We've become known as a good acquirer. We treat the owners well. We treat the company well. We really try to find a way to get at this cultural thing, which I talk about, which is servicing the customer in an exceptional way. We have to break cash balance. We need to continue to digest contraffo, get all that working before we consider going and doing another one. I don't feel like we have to do another one on a specific timetable, but if we see something that comes up that we think fits, it's another piece to our puzzle that we're trying to solve for customers, then we'll go do it. This large utility order gives us a look at equipment that get built at a substation level alongside ours. They may be avenues we want to pursue, but I usually don't telegraph where we're going to go because it makes things in the market more expensive to us if they know that they're more and more important to us. So at the end of the day, what we're trying to do is build a larger company that's more resilient, has less variability in the profit-making capability, and we think that translates into more stability for our customers and more value for our shareholders.

Tim Moore | Analyst, Clear Street:

Thanks, Dan. That's helpful color. That's it for my questions.

Amy | Conference Operator:

This concludes our question and answer session. I'd like to turn the conference back over to Mr. McGahn for closing remarks.

Daniel McGahn | Chairman, President, and Chief Executive Officer:

Thanks, Amy. We really see major tailwinds in materials, including semiconductors, traditional energy, and utilities, and we're driving to expand our capabilities in Brazil as that market is ramping up as we had hoped. It has been a great and exciting first few quarters in Brazil, and we look forward to future financial impact because of that acquisition. And I hope the tone that we're conveying today is with great optimism. The order book really moves us to another level. And then we look to try to continue to be in position to grow in the longer term. Thank you, everybody, for your support and your attention today. And I look forward to talking to you soon.

Amy | Conference Operator:

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