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Operator: Please stand by, we are about to begin. Good afternoon and welcome to the ARC Group worldwide conference call. Today's conference is being recorded. With me today on the call are Jason Young, CEO and Drew Kelley, CFO. Before we begin the formal presentation, I would like to turn the call over to Mr. Kelley to make a statement regarding forward-looking information. Sir, please go ahead.

Drew Kelley: Good afternoon everyone. As most are aware, this call will contain forward-looking statements as defined by federal securities laws. Forward-looking statements are indicated by words such as expect, anticipate, plan, believe and similar words considering future events. All future events are inherently uncertain and actual outcomes may differ materially. We do not guarantee future performance and past performance is not necessarily indicative of future results. Further, we undertake – undertake no obligation to update our forward-looking statements. We encourage you to review the risks that we face and other information about our company in our filings with the SEC, including our annual report on Form 10-K and quarterly report on Form 10-Q. At this time, I would like to introduce Jason Young, our CEO.

Jason Young: Thanks Drew. Good afternoon everyone and thank you for taking the time to join our call. We announced earlier today results for our fiscal quarter ended 2nd October 2016. Sales from continuing operations for the quarter were $26.8 million, a 13.5% increase compared to the first fiscal quarter of 2016. We increased the company's fourth consecutive quarter of sequential organic sales growth, driven by continued momentum from our new sales efforts. Gross profit for the period was $5 million, an increase of 21.9%, while gross margins were 18.6%, an improvement of 128 basis points compared to the prior year period. Adjusted EBITDA increased 11.4% during fiscal first quarter from $2.9

million compared to $2.6 million in the prior comparable period. Driving sales and growing market share is a key priority for us. We have seen numerous opportunities to grow our business but at this point, our biggest opportunity is to create more capacity in our new product launch area so we can take advantage of the pipeline that we have been building. There is inherent margin pressure as we launch programs, giving the tooling and start-up costs associated with new product development, along with the fact that we are trying to increase capacity and accelerate our speed to market at the same time. However, we believe this should result in the ability for us to drive growth in margins as these programs reach full production scale. I will now turn it over to our CFO, Drew Kelley.

Drew Kelley: Thank you Jason. During the quarter, the company announced the completion of two strategic and financial transactions. Notably the cumulative results of these initiatives were to: one, reduce the company's net senior leverage to less than two and a quarter times, two, materially reduce our financial covenants with the elimination of the senior debts' restriction on total and senior debt levels and three, generally increase the company's financial flexibility and liquidity. The first transaction, completed on September 29 was the closing of a new $42.5 million senior credit agreement. The initial use of the proceeds was to repay all amounts outstanding under the prior senior credit facility. Going forward, the new facility will be used to support the continued expansion of ARC's core precision manufacturing and metal 3D printing businesses. The specifics about the senior credit facility were outlined in the press release and related filing so I will not repeat them here. However, I would like to illustrate a few key benefits of the new borrowing facility relative to its prior agreement. First, we reduced our blended borrowing cost by more than 90 basis points from the prior facility, applying annual interest savings for the company of more than $625 thousand. Similarly, we significantly reduced mandatory amortization of more than $4.8 million in fiscal 2016 to anticipate less than $900 thousand in fiscal 2017, thereby freeing significant cash flow for re-investment and expansion for the business. Overall, we believe the new senior credit facility demonstrates the value of our asset base, the solid financial partnership with our capital providers and positions ARC with the financial resources to continue to build on the company's recent growth. Second, on September 30th we completed the sale of Tekna Seal, a non-core subsidiary of ours for $10.5 million. While Tekna Seal has a great reputation within the hermetic seal industry, the products and services they provided largely reside outside ARC's holistic precision manufacturing solution. Therefore, we felt it was more efficient to focus our resources on opportunities to expand our core businesses inside the precision manufacturing and metal 3D printing sectors. The $10.5 million in gross cash proceeds from the sale of Tekna Seal were applied against our revolving credit facility, reducing it to an approximate $3.1 million at quarter end. Overall, we believe ARC is in a strong capital position to support future growth for the company. At this point, I would like to turn it back over to Jason for some concluding remarks.

Jason Young: Thanks Drew. We are excited about the opportunities we have to grow our business and the progress we have made in driving a more customer centric culture. Our operative customers' unique and differentiated full solution in precision manufacturing offering which enables us to help them consolidate their supply chain and accelerate speed to market, both of which are key issues for our customers. Now that we have begun to get our message out there with our new centralised sales efforts, it is key for us to build in the capacity of our new product launch areas so we can fully take advantage of the growth that is out there. As I mentioned, there is short-term margin pressure as we launch our new programs but as this moves to full production, the revenue and margin should begin to flow through. Most importantly, our objective is to grow as much market share as we can now with the opportunities we have in front of us. At the same time, we continue to develop our technologies as far as automation and robotics and notably our metal 3D printing. While the metal 3D printing industry is still in its early days we are developing that technology market, we still see big promise in growing that business over time, particularly with how it relates to our core customer base while we have begun to solve problems. Metal 3D printing is likely to be a constructive force in the precision metals manufacturing in the coming years and we feel well positioned to take advantage of that as the market matures. In conclusion, we appreciate everyone's time on the call today and we are now open to questions.

Operator: Thank you. If you would like to ask a question, please press *1 on your phone. Please make sure your mute function is turned off to allow your signal to reach our equipment. Again, that's *1 for questions and we will take our first question from Ananda Baruah with Brean Capital.

Ananda Baruah: Hey guys good afternoon. Thanks for taking the questions. I have a few if I could. First, could you remind us what the impact or the mechanics around the Tekna Seal transaction are to the operating results, just to kind of level-set that from the operational stuff? Then I will get into a couple others, thanks.

Drew Kelley: I think it is a good question. It helps to clarify. To be clear, Tekna Seal, for the large part, was part of operations during the full quarter, due to the accounting regulations, it was only in the financials reported within the net income line, meaning that sales as reported in other line items above that we are not reflecting the benefits of Tekna Seal. In a sense, this quarter would not be apples to oranges or would be apples to oranges to the prior fourth quarter. It is simply comparing them at face. Nonetheless, if you do an apple-to-apple comparison and eliminate as we did in the prior year period, you will see that again, the quarter represented robust top line growth and similarly would have represented improving top line performance on a sequential basis as well. So again, looking at the P&L and to a certain extent the balance sheet, most of the benefits have been stripped out and you only see really the benefit of Tekna Seal in the net income line well below everything else.

Ananda Baruah: And is there any way to ballpark on an apples-to-apples basis what the revenue growth would have been if Tekna Seal were removed a year ago or if you had it this year and then the same on EBITDA?

Drew Kelley: Well again, the financials as presented do already strip that out on a year over year comparison basis so that 13.5% growth does reflect an apples-to-apples comparison. Similarly, we are more than a percent up versus the fourth quarter if you look at an apples-to-apples basis on a sequential performance perspective, that growth is actually quite noticeable or meaningful when you take into account the fact that the first quarter we just completed has three less production days than the fourth quarter, so we were able to achieve growth despite having significant less days of operational performance.

Ananda Baruah: Yeah, thanks for the reminder on the operational days as well. Okay guys, so it has already been adjusted. Jason, on the pipeline, those in the press release and prepared remarks, you thought pretty good about the new product, needing and creating new capacity, market share, things like that. Can you go into a little bit more detail about the mechanics of what's taking place and how much of this has to do with the sales driven culture that you mentioned, also, then I guess secondarily on that, how do you go about creating new capacity? What are the plans and the timelines for that? Thanks.

Jason Young: Sure, good question. So, over the course of last year, as we've been really cementing this more customer centric culture and really consolidating our sales efforts into more of an ARC solution, selling solution platform as opposed to individual division level selling, which is what we migrated away from. We have begun to get good momentum and good traction with customers and so, frankly, a year ago, probably our biggest problem was trying to get traction on the sales side and generate those opportunities. I'd say, while we still have a ways to go, the biggest problem we have today is new opportunities of which we've been able to become quite successful on over this last year. The issue now becomes, can we launch these programs quickly, and in the volumes demanded. I think that's really where we are currently focused and where we can frankly open up opportunities and if you look at the process for launching products, really the bulk of the development work is in creating the molds, the tools, and then getting the parts qualified for production and then once it's in full production and you ramp and scale that, there is much less effort than the upfront side. So the upfront side is really kind of the traditional bottleneck in the process and so the challenge we've had recently is absorbing all of this new growth, we're launching more molds, quite a bit more molds than we had in the past and so not only adjusting to the current line rate but also trying to self-adjust as the run rate increases and opening up that capacity and at the same time, being able to continue to deliver the timeframes that our customers want from us. That's really what we're trying to solve for and if you think about it, the way the growth will really expand as we have these opportunities is having really a very fast, efficient and high capacity, ability to put programs through this new product development funnel, if you will, because once we move it in to the full production, then these are running on a hands-off basis. It is really getting through that funnel that we are trying to open up capacity in and we are making progress every day but we are also trying to self-adjust as our pipeline grows. Our ability to grow now will largely be driven by our ability to open that funnel up and that is what we are focused on.

Ananda Baruah: Got it. And if things go, as you anticipate, when would you start to see the incremental revenue from these new programs?

Jason Young: A large part of this process kicked off in the spring of this year, of the calendar year, so I think we are in the process now. We are starting to launch some of the programs that we kicked off in the spring so these are starting to trickle in but if you think about the sales cycle, it take a quarter or two to get you these new programs launched, qualified and kicked off and then, it could take another quarter or two at the minimum to get to full scale so I'd say we're beginning launching these programs into production but we're probably another at least three or six months out for those new programs that are just rolling in to hit full production but hopefully as we go forward, if we can keep up this momentum, we'll hopefully have a self-fulfilling or a virtuous cycle here of having new programs rolling in online.

Ananda Baruah: Yeah, that is awesome. I will step aside and get back in the queue. Thanks.

Operator: And we will take our next question from Jon Tanwanteng from CJS Securities.

Jon Tanwanteng: Hey guys, thanks for taking my questions. First one, how much of the gross margin decline sequentially was the impact of that vesting Tekna Seal versus the challenges of ramping up all the programs you have into production?

Drew Kelley: Clearly, the Tekna Seal gross margins are not dissimilar to many of the companies within the precision components group so I would not suggest that much of the decline was related to that nor would I suggest that going forward, our margins wouldn't be able to return to more historical normalised levels. This did carry with it a handsome margin but really, what is driving this is again the almost huge or unprecedented for us, our ramp up of tooling. So to put it in perspective, with one company alone, we launched I believe 26 new tools, which is a tremendous undertaking and as you know Jon, having seen our products, you know the engineering that goes into it is quite tremendous. We are certainly happy to make money on tooling and for most customers, we do. It is not however at the targeted runway production margins that we would expect that Jason said. As we get into calendar 2017, the benefit from the hard work, the investments to-date will really start to pay off, and I would suggest that you would start to see improvement – almost stair-step improvements – in margins, but that will be mitigated somewhat in this upcoming quarter.

Jon Tanwanteng: Okay, got it. So we should expect gross margins to be similar or should they step down again as you launch more stuff in the next quarter?

Drew Kelley: No. Again, our hope is that just given the size and scale of revenue being launched on the production side, while tooling will always be somewhat of a drag, it should simply be less of a drag given the relative contribution. Going forward, we certainly hope to have these types of levels of tooling but again, just will be a smaller percentage in the overall contribution, if you will.

Jon Tanwanteng: Okay, that is helpful, and Drew, you had a lot of transactions and one-time costs in the quarter. What is the normalised SG&A runway going forward?

Drew Kelley: As I look at it, in particular at a corporate expense level, there was in excess of a million dollars above of normalised level. About three quarters of a million were simply related to the writing-off of the historical dead cost that otherwise would have been amortized. We also had lingering costs associated from the previously completed audit and then there were certain one-time non-cash issues related to the issuance of options so while the transaction expenses certainly contributed to the increase in SG&A, some of that is added in our EBITDA calculation, but your point, I would expect a pretty material improvement going forward there as well once we get all these transaction expenses and other extraordinary items flushed through the system, if you will.

Jon Tanwanteng: Right, is it the full million that comes down or is this something else that we should be thinking about?

Drew Kelley: No. Again, I would expect, in that quarter or in the current quarter, there was at least a million of non-recurring items so I would expect that to be, kind of our bogey and attempt to outperform that level as well.

Jon Tanwanteng: Okay, got it. Jason, can you just talk about the underlying trends in your end market goods. Where are you seeing strengths or weakness? What may or may not have surprised you compared to when we last spoke on a call.

Jason Young: Sure. I would say generally, we are seeing, no material weakness in any of our end markets. I would say aerospace, automotive, firearms, defense, our medical industry, generally no negative surprises. I think they are – the industry is always from our perspective. We are generally kind of chugging along and growing. Firearms have been going well; we will see how that plays out with the elections. A big part of what we have done in firearms is actually diversify our customer base and a big part of our growth area is kind of non-consumer so we will see how that plays out. We have not seen any red flags, but I would say kind of on a larger point, a big part of where we see opportunity is either through taking market share of creating new application for metal injection moulding or 3D. Not only is ARC too small but also many of the opportunities we see, if we are doing our jobs right, should not be as macro-dependent.

Jon Tanwanteng: Got it, that is helpful. Any plans for the cash and the new found flexibility from the sale of Tekna Seal and the new credit agreement.

Drew Kelley: Again, I think what we built in a tremendous amount of flexibility; we parked that cash in the senior credit facility and have repaid the revolver again, taking it down to $3.1 million at quarter end. So again, we continue to evaluate our best use of that cash, whether it be for the continued investment internally. We always look at acquisitions and continue to think that that's important as it relates to the expansion of our holistic solution and finally, we will always look at capital structure so whether it be things like share repurchases or perhaps doing something with the subordinated debt, all the things are on the table and quite frankly, it's a fortunate position for us to be in so we are content to be where we are and have this flexibility of the dry powder and the overall ability really, to choose how to best grow the company so we're not terribly eager to do anything at this point other than to continually evaluate our opportunities.

Jason Young: Yeah, and Jon, just to kind of layer in on that, I think at the moment, we are so busy, focused on operational issues and chasing down this growth that we have that that's frankly been kind of consuming most of our time and focus to really try to take advantage of that. We have been opportunistically evaluating acquisitions and I think we'll continue to do so and perhaps do something, if the timing and strategic rationale makes sense but as you said, I think we're seeing a great comfortable capital position and we really want to make sure that we can maintain that flexibility, not only now but going forward.

Jon Tanwanteng: Right, thanks for the help. Appreciate it.

Operator: And just as another reminder, that's *1 if you'd like to ask a question. We'll go next to Saliq Kahn with Imperial Capital.

Saliq Kahn: Hey guys.

Jason Young: Hey Saliq.

Saliq Kahn: Looks like another good quarter review as you compared apples to apples and so congratulations on that as well. Couple of questions that I have for you. If you look at the sale of Tekna Seal, I am curious, will you have any ongoing relationship or partnership with Tekna Seal so there is no sort of disruption to other customers that they have or any of the crossover or the sharing of the customers that you guys might have as a larger entity?

Drew Kelley: No. I think it is a good question. At the root of that is the very fact why we chose to sell the business. Quite candidly, there was little to no cross-sale opportunities for us, hence when we were approached by the strategic buyer, this was really a win-win situation for both parties. Therefore, while we certainly maintain a good relationship with the seller, assuming we are the buyer, and we would always love to do things opportunistically from a real-world perspective. Unlike all of our other businesses, to a large extent, we just don’t see the impact from the sale; it was a good opportunity for us both and we were certainly happy to make that transaction.

Saliq Kahn: And Drew, I am doing some rough math here, but if I strip out what could have been the revenue out of the Tekna Seal division for the fourth quarter, it looks like even after stripping that out, the top line actually grew slightly in the first quarter of this year. Is that correct?

Drew Kelley: That is correct. You’ll find some details in the 10-Q which was also released simultaneous to our press release but full reference Tekna Seal in the fourth quarter – had it been included – would have increased top line by approximately $1.3 million backing it out as we did both from the current period and the previous period, you’re getting the apples to apples perspective and then we’ll continue to strip that out going forward but as you suggested, if you look sequentially and if you back out Tekna Seal, yes we would have grown despite the lack of similar days in the production schedule.

Saliq Kahn. I know that doing a year over year comparison, even after we strip it out, where you guys were last year and where you are today, its very different company as well so, at least for me I think –

looking at it sequentially, makes a lot of sense. It is good to see that you guys are growing in that regards also. Couple of questions that I have for you – I'm sorry. Go ahead.

Jason Young: I think that is a good point. A big part of what we tried to do from last year to today outside of the operational focus of sales, technology, etc. is we've really tried to focus the business down on our core offering and as we mentioned, really get rid of things that are not strategic so we can really focus on one ARC and for solution and things that really fit well into that wheelhouse so a big part of the rationale for where we've been taking the business from a capital structure standpoint is making sure that we're homed in on the core that will maximise our resources that will maximise the benefit of our return on equity. So, that's really how we're thinking about the focus of the business operationally and then also, we really want to put ourselves in a strong capital position and Drew and the finance team had been working very hard over the last year to put all those pieces in place and so we are very happy to have completion there.

Saliq Kahn: Just a few other small questions for you guys. If I look at the pixel forming division, which I believe is less than ten million or so in sales and I could be wrong because I am performing on the numbers that I had previously. How is that business going? Is that a business that is still a core part of the overall entity?

Jason Young: Yeah, that is a good question Saliq. Pixel is on the smaller side, it is in the low single digit millions. It is certainly within the core wheelhouse of what we do so I think that is good clarification. They are in the precision metals moulding business so I would certainly say that that fits into our broader offering. What pixel focuses in on is precision magnesium parts so it certainly is well within our wheelhouse and, frankly, it has been a division that had been kind of somewhat, I don't want to say neglected but maybe hadn't gotten as much love as some of our other conditions. However, I do think that there are mini applications for that market. We have a very low cost structure and a competitive solution so frankly, the onus is really on us to really tie that into the full solution offering but I would say the product is really strong in our strike zone. I think we can really drive it and grow that weakness over time so it is a key part of what we are doing.

Saliq Kahn: And Jason, if I took a look at – on the firearms side – if I take a look at the federal firearms license that you have in Colorado, I believe it was the back half of next year, if that comes up for expirational renewal. Is there an update on that as well?

Jason Young: You are talking about our federal firearm license?

Saliq Kahn: Yes.

Jason Young: Yeah.

Drew Kelley: That has already been renewed. That is an ongoing process so there is no risk of business.

Jason Young: Yeah, and we just actually got it – those firearm license for part of our facility in Florida as well so we have been through that process. It is something that we are kind of well versed in, at this point.

Saliq Kahn: Got it, and then lastly on my end then I should be good is that the 3DMT division continues to grow at a pretty nice rate. By and large, that has been more of a low volume, high value type of an area where you guys were dealing with the aerospace customer base. Is that still the case or have you been able to go ahead and diversify the customer base outside of aerospace for 3DMT?

Jason Young: The bulk of the opportunities that we see in 3D – on the metal 3D side – are still primarily in aerospace and I think that is the industry where there is most reception and adoption for that solution and it is probably the most advanced as far as the applications at the moment. I would say that the bulk of the opportunities we see are still on the aerospace side just because that market is more developed than the other industries. That being said, the aerospace industry, as you know, leads a lot of the public development in technical solutions in manufacturing, which very much is a leading indicator for other industries. We have begun to see applications in oil and gas, in automotives. There is a kind of exciting slash firearm application that we are keen to develop that could be meaningful for us in the new calendar year. So we are beginning to see some of that diversification. I think it'll certainly happen over the next 2 to 3 years but my guess is that it will primarily be, mostly in aerospace industry for the next maybe year or so, year or two but we're certainly seeing new opportunities and obviously the acquisition for recently and all the activity going there on air in the middle of the 3D printing side. It kind of speaks to the continued development and adoption in precision cast parts, recently borrowed 3D metal competitors – I think that is a couple of weeks ago. So, I think as we see, and that was primarily more on the aerospace side too but I think we are encouraged to see, adoption in some of these early pioneers, like GE step up and really help support the industry.

Saliq Kahn: Okay thank you guys.

Jason Young: Thank you.

Operator: And we will take our next question from Ananda Baruah with Brean Capital.

Ananda Baruah: Hey guys, just to follow up on the 3D printing question. Where are you guys? What is the right way for us to think – or at least what is a good way for us to think about where you are right now capacity wise in 3D metals and where you want to go with that, say in 2017?

Jason Young: To be honest it is a bit hard to say. It's still a journey much in ebb and flow of where the industry is so there will be times when we see very strong growth and then there are times where there will be idle machines and so I think, a big part of the challenge is, educating our customer base, getting them comfortable with adopting this new technology and so I'd say that, it's very hard for us to predict at the moment because the current run-rate is a bit lumpy in that business and I think part of that is due to the nature of the industry being in the early stage. I think part of that is just due to the fact that we're still ourselves learning how best to sell that technology and solution and get our customers to begin learning it and adopting it so I think it, on the one hand, in earlier stage industry so it's very hard to predict kind of how that evolves over the kind of short and medium term but I will say that, with a lot of the opportunities we're seeing and the activity in the M&A space, I think that we will continue to see, increased investments, across the industry in this technology and I think the news and activity and excitement around it will continue which will hopefully accelerate the awareness and the willingness of people to adopt it so I think, as far as the short term shows us, it has frankly been kind of ups and downs. I think part of that we can control ourselves by becoming smarter about how we sell and more purposeful in the opportunities we go after and then I think the other part would be somewhat by a lot of the action in the industry to increase the profile so I guess that's a way-long winded way of saying I think short term, we're driving hard to grow it. It has not been linear. That being said, we are still quite optimistic about the opportunity medium to long term and I would be surprised by probably 2019, 2020 if this were not a very significant industry. What we are really trying to prepare ourselves for is having the technical know-how, the capacity and the customer base to take advantage of that. When the inflection point in the industry happens, of which, I don't think it's 5 years away but it's not, it's probably not happening in the next 6 to 12 months but I think we're coming up on that inflection point and what we're really trying to do is position ourselves from our market share and know how to most importantly probably capacity as well to take advantage of that. So that's really what we're positioning ourselves as and I'd say, I'd look at our competitors of which we're one of the last independent ones left standing – to be honest, I'd say we're pretty far along the way to be able to be a great competitor there.

Ananda Baruah: That's helpful context, I appreciate it. Do you – I guess just to drill just real quickly, do you think it'll be so you're counting on capacity – do you think you'll be net adding printers in 2017, if things go as anticipated?

Jason Young: Yeah. If things go as anticipated, we will be net adding and I would not be surprised if we did not net add a meaningful amount.

Drew Kelley: So now we are on that front again, we recently received the three printers we had to announce a while back. We've since placed another order in connection with the new senior credit facility we probably didn't make it as big as we should have but Citizens is also providing us with a $5 million line for the purchase of 3D printers so that is anticipated to be used as Jason said relatively quickly so we're going to already start looking at that next necessary and as Jason said, in calendar 2017, we have both the flexibility as well as the anticipated interest and materially expanding our install base, if you will, subject to making sure that there is the right return on investment.

Jason Young: And just to add one note to Drew's comment. The $5 million line from Citizens for the 3D equipment would be through an operating lease so it will not be adding net debt to our capital structure.

Ananda Baruah: Yeah, yeah got it. Great guys, thanks so much.

Drew Kelley: Thank you.

Operator: And we will take our last question from Paul with our private investor.

Paul: Alright guys. Congratulations on a great quarter.

Jason Young: Thanks Paul.

Paul: You bet. I was just wondering if you, if someone could comment on ARC Mexico and where we stand there and if there are any contingency plans to move that back to the United States given the change in Washington? And if you could comment on what the majority of those sales in ARC Mexico? In which group would they fall? I appreciate, thank you.

Drew Kelley: Yeah, thank you Paul. Thanks for the question. Obviously, we have had a tremendous amount of interest over the past 24, 48 hours on the number of subjects, Mexico being one of them. First, you have to educate or otherwise remind individuals the situation, which we are using, and our partners down there have been around since the sixties and our partners have more than a decade of experience. This isn't a situation tied to NAFTA] so perhaps looking at how our business may change, while anything is possible, I would be most likely – unlikely that a material situation were to rise to which we would need to shut down those operations. Again, we only leased the facility and the machines we put in are ours. We can just as easily remove those as we put them in. But, to your overall point or question, it should be clear that our primary operations are to our domestic facilities and to a certain extent, our Hungarian facilities. The Mexico facilities give us a low-cost alternative where we cannot otherwise service profitably our customers. So, this is typically in secondary processes, processes which again – the product generally will come out of our Colorado or Florida facility. To the extent we cannot automate or otherwise efficiently use robotics, automation or other processes to mitigate or balance our competitors, our competitors who would otherwise throw labour at it. It gives us really just another tool to again provide that holistic solution. We have prided ourselves in being an American company, we believe in the same way as farm to table. There is this movement to bringing manufacturing back to the US and this again really is the catch-all. Mexico really provides us with that situation where we cannot otherwise be competitive and for that, it would be our hope that we can maintain that presence in some form or fashion for the foreseeable future.

Jason Young: And Paul, just to add on to that. I think we'd be surprised if there were any material policy changes that affected the trade setup that we have down there so we're not expecting anything material or anything at all to affect it and further, I think that to a big extent we look to keep a lot of the operations here in the US which we over time want to further automate through robotics, etc. This will be from all the stuff that we can't do efficiently here and as you said it comes on an as-needs basis, and the only other area that we'd look to grow that operation is – I mean, at the end of the day, we service the major, multinational OEMs. So, if you look at these companies that we service and they have multiple facilities all around the world and so, where we've now begun to see some of the migration happen, it is on a local basis. So now that we are in Mexico, we realise that a lot of our customers are there as well and in some cases, some of those customers may want to locally consolidate their manufacturing, production or distribution in those areas. So over time, we may grow our Mexico facilities for local consolidation with our customers' Mexico facilities as well. But that may be for Mexico distribution or distribution to South America so as we grow our global business, I think that the bulk of our facilities – nine of which are in the US – ultimately we will likely service US businesses over time as we grow internationally, very much I would expect us to have lots of presences in other countries, including Mexico to service as we mentioned, more on a local basis as it in fact moves more to a local service as opposed to this massive global supply chain, putting containers six thousand miles around the world which, given the future manufacturing, we believe that is likely not to be how it all works in the not too distant future.

Paul [?]: I see. Well thanks and so basically, the – that ARC Mexico would fall into the category of precision components group? I mean that would be what the nature of the business in Mexico would be.

Jason Young: It would be supporting that group. So you guys will be support work for that group for we've seen some opportunities for us to service precision manufacturing needs for the local Mexico market so yes. It would be in that group.

Paul [?]: Alright. Well great, I am glad I asked that and again, congratulations and love seeing that debt come down to you guys so really appreciate that. Well alright. Well, have a great evening. Appreciate, yeah. Bye.

Operator: And with no further questions in the queue, I will turn the call back to our speakers for any additional or closing remarks.

Jason Young: Thanks everyone for joining the call and your interest and support in ARC. We will talk to you next quarter. Thanks.

Operator: Thank you and that does conclude today's conference. Thank you for your participation. You may now disconnect.