PARTICIPANTS

Corporate Participants

Christina Kmetko – Investor Relations & Media Contact, Hyster-Yale Materials Handling, Inc.
Alfred M. Rankin – Chairman, President & Chief Executive Officer, Hyster-Yale Materials Handling, Inc.
Rajiv K. Prasad – President & Chief Executive Officer-Hyster-Yale Group, Hyster-Yale Materials Handling, Inc.
Kenneth C. Schilling – Senior Vice President & Chief Financial Officer, Hyster-Yale Materials Handling, Inc.

Other Participants

Joe L. Mondillo – Analyst, Sidoti & Co. LLC
Joe Vidich – Manalapan Oracle Advisors
Michael Shlisky – Analyst, Dougherty & Co. LLC
Brett Kearney – Analyst, G.Research LLC

MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, and thank you for standing by, and welcome to the Hyster-Yale Q4 and Full Year 2019 Earnings Conference Call. At this time, all participants are in a listen-only mode. After the speakers' presentation, there will be a question-and-answer session. [Operator Instructions] Please be advised that today's conference is being recorded. [Operator Instructions]

I would like to now to hand the call over to the conference speaker today, Ms. Christina Kmetko. Please go ahead.

Christina Kmetko, Investor Relations & Media Contact, Hyster-Yale Materials Handling, Inc.

Thank you very much. Good morning, everyone, and welcome to our 2019 fourth quarter earnings call. I am Christina Kmetko, and I am responsible for investor relations at Hyster-Yale. Joining me on today's call are Al Rankin, Chairman, President, and Chief Executive Officer of Hyster-Yale Materials Handling; Rajiv Prasad, President and Chief Executive Officer of Hyster-Yale Group; and Ken Schilling, our Senior Vice President and Chief Financial Officer.

Yesterday evening we published our fourth quarter 2019 results and filed our 10-K. Copies of the earnings release and 10-K are available on our website. For anyone who is not able to listen to today's entire call, an archived version of this webcast will be on our website later this afternoon and available for approximately 12 months.

I would also like to remind participants that this conference call may contain certain forward-looking statements. These statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements made here today in either our prepared remarks or during the following question-and-answer session. We disclaim any obligation to update these forward-looking statements, which may not be updated until our next quarterly conference call if at all. Additional information regarding these risks and uncertainties was set forth in our earnings release and in our 10-K. Also, certain amounts discussed during this call may be considered non-GAAP. The non-GAAP reconciliations of these amounts are included in our earnings release and available on our website.

Now let me discuss our fourth quarter results and activities. I will discuss the highlights first and then get into the details. Our 2019 fourth quarter consolidated revenues decreased modestly to $834.8 million, down $6 million from last year's fourth quarter. Despite this decrease in revenues our consolidated operating profit increased to $8.1 million from an operating loss of $3.4 million last year.

The Lift Truck business' almost 20% increase in gross profit and higher gross margins in all geographic segment was the primary driver of the consolidated improvement in operating profit which was partly offset by lower operating results at both Bolzoni and Nuvera. Net income also improved to $3.4 million or $0.20 per share from a net loss of $1.2 million or a $0.07 loss per share. Looking specifically at the Lift Truck business, Hyster-Yale Group's revenues increased to $798.2 million from $794.2 million in 2018.

In the Americas higher revenues were primarily generated by improved price realization from increases which had previously been implemented to offset material cost inflation and tariffs as well as increased shipments of higher priced trucks. Overall shipments in the Americas decreased because of substantially fewer shipments of lower capacity lower priced Class 1 and Class 5 trucks. The higher Americas revenues were mostly offset by lower revenues in EMEA from unfavorable currency movements and fewer shipments as a result of a weakening market, and lower revenues in JAPIC from reduced productivity while the region made some structural changes.

Consolidated unit shipments improved over the third quarter but decreased compared with the 2018 fourth quarter because shipments in the 2019 fourth quarter continued to be impacted by a shortage of key components on certain heart-of-the-line products from key suppliers, although this impact was to a lesser extent than in previous quarter.

While these supplier issues were generally resolved by the end of the fourth quarter, there will be some lingering effects in the first quarter of 2020. Lower bookings in the 2019 fourth quarter compared with the prior periods shown were partly a result of extended lead times on certain product ranges caused by the same supplier issues as well as lower market level. Backlog and the average sales price per unit in backlog decreased from the prior year and more modestly from the 2019 third quarter as a result of an increase in shipments of higher priced units during the current quarter.

Hyster-Yale Group's operating profit increased to $17.7 million in the fourth quarter, up from $4.2 million last year because of improved results in the Americas and EMEA, partly offset by a higher operating loss in JAPIC as a result of lower parts margins and a shift in mix to lower margin products. In the Americas and EMEA, we were able to realize benefits from price increases as well as pricing actions on lift truck sales that were applied throughout the year that matured during the fourth quarter. These improved results were partly offset by a shift in mix to sales of lower margin products in the Americas and unfavorable currency movements in both the Americas and EMEA.

Higher operating expenses primarily from increased product liability expense, of which we have a self-retained risk of between $3.5 million and $5 million for incidents, and a higher product development cost to support our core strategies, also partly offset the operating profit improvement. At our Bolzoni segment, Bolzoni reported net income of $200,000 and revenues of $87 million for the 2019 fourth quarter compared with net income of $400,000 and revenues of $87.1 million in last year's fourth quarter. Bolzoni's operating profit decreased to $500,000, down from $1.9 million last year primarily due to unfavorable currency movements.

Finally, at Nuvera, revenues were $1 million in the fourth quarter of 2019 which decreased from $2.4 million in the 2019 third quarter. The revenue comparison is a little messy this quarter since Nuvera reported all of its previously deferred revenues in the fourth quarter of 2018 which included fourth quarter 2018 revenues as well as revenue for earlier periods. As such, a cleaner revenue comparison is to the 2019 third quarter.

Nuvera's operating loss for the fourth quarter was $10.4 million up a bit from the $9.8 million loss reported in the fourth quarter of 2018. Both the decrease in revenues and the higher operating loss were the result of lower development funding received from Nuvera's third-party development agreements. Despite an increase in the operating loss, Nuvera's net loss of $7.3 million was comparable to the year – prior year quarter as a result of an accrued dividend from one of Nuvera's investments.

Looking forward, we continue to focus on our core strategic – core strategies and the projects we are undertaking to execute these strategies, which we believe will have a transformational impact on our ability to meet the needs of our customers as well as on our competitiveness, market position and economic performance over the next three to four years. The longer term outlook we've been discussing this past year still generally hold, but we have made some adjustments as we updated our 2020 expectations.

Let me walk you through these updates. In total, the projects we discussed in 2019 required significant upfront expense and capital expenditure investment although we did not spend as much for capital expenditures as we were originally projecting in 2019. Further increased investments in both operating expenses and capital are expected to continue to be made in 2020 but capital expenditures are expected to be substantially higher in 2020 than in 2019 because certain expenditures were pushed to this next year. While this quarter was again one of increased investment, we believe the return from these investments is expected to increase over the next three to four years.

Before I provide an update on our financial outlook, let me provide some updates on specific more immediate projects and how those are expected to affect 2020. We expect the introduction of the first set of modular and scalable counterbalanced trucks to occur in the second half of 2020 in certain markets. The Hyster UT and Yale UX brand of lift trucks from Hyster-Yale Maximal were launched in the JAPIC, Brazil and Latin America markets during the 2019 fourth quarter and will be launched over the course of 2020 to all countries. These trucks are designed to provide high quality and reliable lower intensity trucks for global markets and standard trucks for the Chinese market.

In early 2020, we launched a new 3- to 5-ton integrated lithium ion engine lift truck with numerous ergonomic benefits in the Americas and EMEA markets and we expect to launch a 7- to 9-ton version later this year. We also expect to launch a newer model Reach Truck for the Americas market late in the first quarter of 2020. The first model of the new fuel cell BBR that was to be launched this quarter will now be launched in the second quarter. The first phase of consolidating China production at the Hyster-Yale Maximal was completed in the fourth quarter, the second phase is expected to be completed by the end of this year. We continue to add sales capabilities around the world, but we are also looking to reduce costs in other areas to contain spending.

Bolzoni has shifted – or has completed the shift of manufacturing to Sulligent, and no further restructuring expenses are expected to be incurred in 2020. Shipments of Nuvera products are expected to ramp up in the second half of 2020, but because of all the uncertainty in China surrounding the ramifications of the coronavirus, we have removed the specific breakeven target date from outlook at this time.

The effects of the coronavirus epidemic continue to evolve daily and there is much uncertainty with regards to the ramifications of the situation. Currently, as a result of the extended Chinese New

Year and government mandates associated with containing the coronavirus epidemic in China, the start-up of production at our Chinese facility has been delayed, but is expected to ramp up over the next few weeks. However, this timing is contingent on the appropriate utilities, transportation and other support services being in place as well as the availability of components from suppliers.

Further, the impact and the spread of the virus, which is not predictable at this time, may affect our operations in other areas of the world including Italy. We will continue to monitor the global coronavirus situation and its effects on our businesses and we will take further action as necessary to maintain the health and safety of our global employees and partners and to address any production and supply chain issues which may emerge.

Those were the highlights of the changes made to our investor perspective this quarter regarding the business operation. Now let me provide more information on the overall financial outlook. In summary, while we expect to make continued investments in all of our programs similar to what you saw in 2019, in 2020 we expect the maturation of these investments to begin, and as a result we expect our consolidated operating profit and net income to increase significantly over 2019. Efforts to abate the most severe shortages from key suppliers in the United States have now been successful and the prior shortages that occurred during 2019 were generally resolved by the end of the year with some modest lingering effects in the first quarter of 2020.

The status of tariffs has been changing continuously and although we are still experiencing significant additional costs from both the Section 232 and 301 tariffs, the Section 301 tariffs have been abated somewhat by government granted exclusions and partly offset by our supply chain group procuring alternative non-Chinese suppliers and negotiating price reduction.

In this context, we expect operating profit in the Lift Truck business to improve significantly in 2020 over 2019. Results in the first half of the year are expected to be higher than the first half of 2019, with further substantial improvement expected in the second half of the year compared with both the second half of 2019 and the first half of 2020.

Further improved results are expected with significant increases through 2023. Our objective is to achieve our 7% operating profit margin target in this period assuming reasonable market conditions continue. Likewise, we expect Bolzoni's operating profit to increase in 2020 primarily as a result of the absence of $2.5 million of restructuring charges for the Americas operation with further improvements in the following years leading to achievement of its 7% operating profit margin target. Nuvera's results are expected to improve in 2020 over 2019.

At each of these three businesses, the investments being undertaken are expected to lead to increased operating profit through higher volume, decreased product costs and improved pricing partially offset by a higher level of operating expense in future years. Of course the absolute level of profitability will reflect actual market demand level which showed some softening in 2019 particularly in EMEA.

While markets are still at robust levels, the market appears to be in a downturn which is currently projected to be moderate and of limited duration. As a result, in 2020, the company is currently forecasting stronger but lower forklift market levels in all geographic segments. The company continues to forecast the resolution to the Brexit transition in a way that does not significantly harm Hyster-Yale's business prospects.

Before I open up the call for questions, I wanted to discuss a few balance sheet and cash flow items. Our cash position at December 31 was $64.6 million, up from $62.8 million in the third quarter, but still down from $83.7 million at the end of 2018. Our debt balance was $287 million, down from $351.1 million at September 30, and down from $301.5 million at the end of 2018. The supplier constraints and the expenditures we are making associated with our core strategy have significantly affected our cash flow and our working capital this past year, but we ended the year with consolidated cash flow before financing of $34.7 million, slightly above last year's amount after excluding the money expended from Maximal. We expect our 2020 full year consolidated cash flow before financing activities to increase significantly over 2019.

That concludes my prepared remarks. I will now open up the call question for your questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Our first question comes from the line of Joe Mondillo of Sidoti. Your line is open.

<A – Christy Kmetko – Hyster-Yale Materials Handling, Inc.>: Hello?

Operator: Joe seemed to have pulled himself out of the queue. Please go ahead. [Operator Instructions] We have Joe Vidich of Manalapan Oracle). Please go ahead. Your line is open.

<Q>: Joe Vidich - Manalapan Oracle Advisors>: Yes good morning and thanks for taking my call. I was wondering if you could talk – delve a little bit deeper into Nuvera and what sort of ramp you see for that business this year. And from a bigger picture perspective, given the valuation that your competitors in the fuel cell space have right now such as you know Ballard and Plug Power whether you've considered or would consider at a certain point in time, once the business shows some traction, making that an independent company.

<A – Al Rankin – Hyster-Yale Materials Handling, Inc.>: You want to comment on the progression of sales Rajiv?

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: Yeah. So in the second half of the year we expect to start shipping out 45 kilowatt engines to industrial and commercial customers, predominantly in China. And of course, as Christy said, that's very dependent on how this coronavirus progresses, a number of those customers are in the Wuhan province which you may know is the center of automotive companies in China. So we're watching that carefully, but based on our baseline plan, that's what we expect.

<A – Al Rankin – Hyster-Yale Materials Handling, Inc.>: I think also we'll be working to enhance our volume of forklift truck applications, battery box replacements and perhaps other trucks, fuel cell powered trucks as well. So we see opportunities in both of those areas. But – and as you look to future years, our thinking is that the 45 kilowatt engine is going to be a key driver of our growth, particularly initially in applications such as buses and perhaps delivery vehicles of moderate size.

As to thinking about whether the business would ever be separated, at this point we don't even think about that kind of issue because we're very focused on ensuring that we have the best product in the industry, the highest quality and reliability. These are new products, it's very difficult to get to that position, we feel that the ability of the Hyster-Yale highly sophisticated and experienced engineering and product development and manufacturing capabilities are really very important to the success of the Nuvera business.

And the companies that don't have the connection between a developing, more venture-oriented business and a mature business with all of the different kinds of skill sets that a business like ours has is at a disadvantage, we want to capitalize on that, and that whole process is going to take a considerable amount of time. So at this point – in addition, the company is currently being financed by Hyster-Yale, and so from a financial point of view it's very dependent on the – so at this time that's not something we've given any thought to if it were ever thought about, it just in a relatively remote future and not something we're concentrating on.

<Q> Joe Vidich - Manalapan Oracle Advisors>:**:** Okay. That's great. I appreciate that. I guess just a couple of other questions. I was wondering, in terms of you aftermarket business, what percentage of your Hyster-Yale total sales come from the aftermarket?

<A – Al Rankin – Hyster-Yale Materials Handling, Inc.>: Ken, I am not aware that we...

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: No, we don't break out...

<A – Al Rankin – Hyster-Yale Materials Handling, Inc.>: ...really break out those numbers.

<A – Ken Schilling – Hyster-Yale Materials Handling, Inc.>: We do talk about aftermarket as a percent of total sales. I think that tracks somewhere around 13%. Is that right, Christy?

<A – Christy Kmetko – Hyster-Yale Materials Handling, Inc.>: I believe it's actually a little bigger.

<A – Ken Schilling – Hyster-Yale Materials Handling, Inc.>: 13% in the Lift Truck business, right?

<A – Christy Kmetko – Hyster-Yale Materials Handling, Inc.>: Yeah. It's...

<A – Al Rankin – Hyster-Yale Materials Handling, Inc.>: If you include Bolzoni as far as...

<A – Christy Kmetko – Hyster-Yale Materials Handling, Inc.>: If you include Bolzoni, Bolzoni is a seperate. Those are the numbers that we had at third quarter, I have to go back and double-check the numbers [indiscernible] (00:20:23)

<A – Al Rankin – Hyster-Yale Materials Handling, Inc.>: But it's in that order, it's a very important part of our business because it requires relatively little capital investment and the margins are considerably higher than the margins in our core electric unit business and the GS&A associated with that business is also relatively low in comparison to the Forklift Truck business. So in total it's a very important contributor to not only our profits but the profits of our dealers. Our dealers really make their money in the service business and the parts business as opposed to the new unit business. So it's a critical element.

And it's one where we're trying to expand our offerings from the traditional replacement components and replacement parts to include new aftermarket capabilities that involve such things as telemetry, certain kinds of automation that could be available on an aftermarket basis and generally building a series of supportive activities that will generate good margins for us and where we can bring real value to our customers in terms of enhanced productivity and lower cost of ownership.

Telemetry is particularly important in that regard since it can provide a lot of very useful information to customers that affects not only the trucks but also actions that should be taken with regard to drivers and other kinds of things. And in a time when safety is really of absolutely critical importance to our customers, these are very important capabilities for us to develop. And I think our general point of view in a broader sense is that, as one of the leaders in the industry, we have the capability to keep up and be a leader in these kinds of areas and they're sufficiently technical and removed from the traditional Forklift Truck business that some of the more traditional participants in the industry we think will have trouble adding the kind of value that we think we can add over time.

<A – Christy Kmetko – Hyster-Yale Materials Handling, Inc.>: Just to clarify [ph] Joe (00:23:13), it's actually the break out of all the components on the first page of our 10-K and so – and parts are 12% of our 2019 revenues and then Bolzoni separately is 5%.

<Q>: Joe Vidich - Manalapan Oracle Advisors>: Right. Right. Okay. And that's great. I'm curious, I know that you've been introducing – just over the – you will be introducing and I'm sure you've shown – I would imagine you've shown a lot of these new features on your forklifts to your customers, and I'm just kind of curious what kind of feedback you're getting and what the marketplace is sort of telling you [ph] and where do you think (00:23:54)...

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: Sure, so...

<Q> Joe Vidich - Manalapan Oracle Advisors>**:** How do you think the ramp is going to go?

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: Yeah. So we are – as you know one of our strategies is to drive the lower cost of ownership for our customers and to really understand and fulfill their needs through a lens of [ph] going to market through industries (00:24:12). Both of those really require solutions that address the primary parameters that create operating costs, let's say, per hour for operating a lift truck. And we basically broke – break those down into five categories.

The first one is the operating cost associated with the operator. The second one is safety and the product liability issues that go along with – and work and compensation issues that go along with having people drive these in a kind of tight environment. There is then space utilization of the facility, how effectively you can do that with energy costs depending on the type of energy system you use. And then there is overall productivity.

So we've broken those costs into those segments and then we create a value proposition for our customers based on the application they have and so the sort of solutions that – we're very focused on ergonomics and productivity of the truck so that you can move more material in a efficient way. We focused on systems that support the operator to allow them to drive the truck basically, that's got a lot of traction with warehouse customers because they operate in a very tight environment, including some of the leading players in that area.

As you could imagine using both lithium ion and particularly fuel cells, we are working with our – we have [ph] a motive (00:25:57) power team that's working with our customers – a number of customers that have the right power solution for them. And in general, customers, once they understand the value proposition, are attracted to these solutions. And I would say we are in the early stages of this, this is part of the transformation we are doing and we are building on knowledge and capability and we expect this to accelerate over the next couple of years.

<A – Al Rankin – Hyster-Yale Materials Handling, Inc.>: To add to that, if you want to speak specifically about 2020 that we expect the new line of counterbalanced low intensity trucks [ph] to build would it be (00:26:40) offered in pretty much all global markets over the course of 2020. On the other hand our new modular and scalable line of counterbalanced trucks which is beginning with lower capacities will be really getting underway in the second half of the year and probably not have a major impact on results in 2020, although we certainly expect to generate considerable customer following. And as the availability of that truck expands globally over the course of 2021, we think it should have a substantial impact in 2021.

So those are two very important product efforts. They're supplemented by some significant new products in the warehouse area particularly in the low intensity side and in North American core product offerings that we think will be new and highly competitive in the industry in that particular segments of those warehouse markets in which they are being offered.

So it's a significant year for the company in terms of new products and I think it's our view that the momentum of those and their placement in the market will be increasing over the course of the year. And it's one of the reasons why we have said in the overview that Christy gave you earlier that the second half of the year should be better not only than the second half of 2019 but also better than the first half.

So we expect real momentum to be building over the course of the year, but as Rajiv pointed out, it's in conjunction with the industry strategies, the strengthening of our own direct involvement in sales activities for larger customers and the continued program to enhance the capabilities of our dealer network on a worldwide basis.

So a lot going on and on the other hand our projects in the main are very much on track. And a lot of those projects to reach a level of implementation over the course of 2020, some moving into 2021 but from there on, the balance shifts significantly from completion of the project to its implementation effectively and gaining the results from them over time in the marketplace. And so it's a really critical transition period from our point of view.

<Q>: I appreciate all the depth in that. That's really great, and I look forward to seeing the results. Thanks very much, guys.

<A – Al Rankin – Hyster-Yale Materials Handling, Inc.>: We do, too.

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: Thank you.

Operator: And our next question comes from the line of Joe Mondillo of Sidoti. Your line is open.

<Q – Joe Mondillo – Sidoti & Co. LLC>: Hi, everyone. Good morning.

<A – Christy Kmetko – Hyster-Yale Materials Handling, Inc.>: Good morning.

<A – Al Rankin – Hyster-Yale Materials Handling, Inc.>: Good morning.

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: Good morning.

<Q – Joe Mondillo – Sidoti & Co. LLC>: Sorry about getting dropped there. I'm not sure what happened. So a few questions, first off, it sounds like you're relatively positive, and I say relative to the outlook for 2020, relative to the orders and backlog. So your orders were up 20% in the fourth quarter and backlogs now down year-over-year 6% going into 2020 and I'm just curious if you could frame relative to that why you are so positive.

<A – Al Rankin – Hyster-Yale Materials Handling, Inc.>: Well, let me start by just saying that the fourth quarter was significantly affected by the duration of the backlog and the customers – we were not able to meet all of our customers' needs because of product availability that was very much related to supplier shortages, and I think that those are pretty much resolved. We have some catch up in our own machining activities in terms of components to using the suppliers' raw materials, but we should be in a better position to both get new orders and also to produce the product more – at a higher volume levels, and that's going to be a key driver so we kind of looked at the fourth quarter as a time when there were some significant continuing problems from a sourcing point of view and we feel we're pretty much over that, but then you have to add all the comments that I made earlier about the products that are being introduced in 2020 to kind of get the full implications for volume that we expect to sell for margins and for our production capabilities. Rajiv, you want to add anything?

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: Sure. So I think going into the quarter we had a conscious plan to reduce backlog because as Al said our lead times were outside our normal windows, they're extended which does impact customers and impacts orders, so that was a conscious decision. The second area was we did – if fourth quarter is a rich quarter for our larger customers to book and with the product constraints that we had, we consciously focused in on making sure that we were getting the pricing we needed for these products that we could put into the marketplace and that allows – really caused us to walk away from some deals in the fourth quarter that were pretty high volume deals, but challenging ones from a margin point of view. So we made some conscious decisions, and I think our dealers made some conscious decisions in the fourth quarter which caused it to be below our plan for bookings. But then that basically led to stronger start to the year. So, I think it's a bit of a transition.

<A – Ken Schilling – Hyster-Yale Materials Handling, Inc.>: And Joe, we're still tracking at fairly strong backlog levels at [ph] 41,000 units (00:34:03). Average sale, average price of a truck in the backlog is fine but only slightly, and we're just under $26,000. We were at $26,000 at the end of the third quarter and about $27,100 in backlog at the end of last year. The interesting thing is the average price of the trucks we booked is actually growing. We went from [ph] $23,600 (00:34:29) in the end of the year bookings in the fourth quarter last year to [ph] $23,700 (00:34:34) that the price of the trucks we booked in the third quarter, now up to [ph] $24,300 (00:34:40). So we're seeing a small increase and I think that's reflective of the comments that both Rajiv and Al have made.

<Q – Joe Mondillo – Sidoti & Co. LLC>: Okay. To follow up with that, could you talk about what you're seeing in just the overall market itself around the world? Maybe address your three major geographies.

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: Sure. I think at a very high level, Joe, what we're continuing to see is a market that's at a high level in historical terms. But there is some flattening to softening depending on where you are. Certainly we saw some softening, a significant softening in the – in North America in the early part of 2019, but then the – third and fourth quarter it came back end of the year around 6% down. Europe kind of softened close to the – towards the end of the year. It was 7% down for the full year. So those two markets have held up pretty well given – if you look at it in historical context. And we expect the same in 2020. JAPIC is tougher to figure out because of the impact of coronavirus and certainly it was a challenge last year and I think starting in 2020 it's going to be slower. But we – our expectation is going to be flat.

<A – Al Rankin – Hyster-Yale Materials Handling, Inc.>: Yeah. Just to further to – the questions that were asked earlier and yours, I just say that we're very encouraged to have the supplier shortages kind of pretty much behind us and working through the last remnants of that in the first quarter. We're very encouraged to have the new products coming on stream and there are a lot of really important projects that are coming to maturity.

The one thing that causes us concern is the one that Rajiv mentioned, at the moment, coronavirus, it is clearly having an impact on the situation in China. There are – people are returning from the traditional Chinese New Year holiday period more slowly and under some government restraints and it's been difficult to get the plants back up and fully operating.

We've had, as you know, some issues in Italy, and that has an impact at least in the short-term on our plants there. So the one unknowable at the moment is what happens in coronavirus, but I think that's – it's not of course just us, it's a broad consideration for the health of the global economy. And we just watch it very carefully, we're trying to do what we can to mitigate any problems that are emerging at this time. We kind of see our way toward a – only a moderate impact on our activities, but there's just unknowable questions involved there.

<Q – Joe Mondillo – Sidoti & Co. LLC>: Okay. Understandable. I wanted to ask a couple of questions on the modular truck production. How much of a – I guess one of the questions that I have is, how much of a benefit to the gross margins will this be as you start rolling these out? And then also, how much costs, I guess, and [ph] expense bases (00:38:48) will it add, if at all, in 2020?

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: Yeah. So, and again, it will improve our gross margin, I don't think we'll get into how much. It will definitely – that's part of the reason we're doing this program. In terms of expenses both for product development and launching the truck as well as capital expenditure is going to be the highest point because we're launching it in our Ireland plant first and then – but majority of the investment that our suppliers will be made then and then it will kind of ramp down from there. Still be a high level in 2021 but starting to ramp down. It will be higher expenses than 2019 but not in a significant way because majority of the engineering is behind us now, it's mostly validation that's going on with that product and kind of improvements associated with the validation. We are – go ahead.

<Q – Joe Mondillo – Sidoti & Co. LLC>: I was just going to follow-up on and say in terms of the benefits here both on, I guess, on a demand front but also on the gross margin front because I think it's going to be a little more cost efficient for you. Will this be more of a – you're saying that you're going to be sort of introducing this mid-year or second half of 2020. Will we see much of a benefit in 2020 or is it more so – going to be more of a needle mover in 2021?

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: Maybe more of a needle mover in 2021, Joe, 2020 is going to be a ramp-up and the other thing to bear in mind is we are actually going to produce the new and the old at the same time because this is the heart-of-the-line product for us and as you can imagine there's a lot of changes associated with this new product and we want to bring it up to volume in a considered way while still serving the market with the existing product.

<Q – Joe Mondillo – Sidoti & Co. LLC>: Okay. And then in your press release and I'm not sure if you stated it in your commentary or not, but you mentioned that new products are going to lead to changes in supply chain sources and some of your largest facilities, you mentioned three of them, are undergoing significant changes that will result in reduced cost. Is that related to the modular truck or is that something else? Could you just expand on that?

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: Yeah. No, no. That's absolutely related to modular trucks. The Craigavon, Berea and our China facilities are going through significant changes to launch that product and our supply chain is quite different than current products. There's more concentration with fewer suppliers, but then that leads to higher resiliency because we have both geographical as well as kind of plant diversification in our supply base. And that's all learned from what we went through in late 2018 and most of the way through 2019 with having supply shortages. The new products being designed and supplied, selected to mitigate those type of situations so we don't have them in the future.

<Q – Joe Mondillo – Sidoti & Co. LLC>: Okay. And in terms of the three geographic segments, how will the modular truck production introduction – how will that play out in terms of the three geographies? Is there going to be more first in [indiscernible] (00:42:40) the Americas and then EMEA and thereafter?

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: No. EMEA has the lead, mainly because of some emission regulation changes that EMEA is going through where this product is critical to fulfill that, which starts in the second half of this year, which is the Stage 5 emission regulation change in Europe. So Europe will launch first in our Craigavon plant, and then Americas and Berea will launch in 2021, more in the middle of 2021, and then we will – China will go in between those two. So it will be in the Craigavon first, China second, and then Americas and our Berea plant third.

<Q – Joe Mondillo – Sidoti & Co. LLC>: Okay. And just [indiscernible] (00:43:29)

<A – Al Rankin – Hyster-Yale Materials Handling, Inc.>: To be clear, this is a multi-year program and Rajiv was particularly focusing on our lower capacity counterbalanced truck line.

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: I am. Yeah.

<A – Al Rankin – Hyster-Yale Materials Handling, Inc.>: And other products will be coming, other product groupings will be coming later – in later years. So it's a multi-year program. On the other hand, one of the reasons of course, no surprise, that we selected the smaller counterbalanced capacities to come first is that this is a largest single portion of the market in – on a global basis and with the ability to serve that market with these kinds of products and not only standard and premium, but also in the low intensity area over time. Over the next year or year and a half, I think it's going to be a very significant benefit from our point of view in terms of sales and margin prospects sooner. The other products are critical and necessary, but we have, in most cases, pretty competitive products as it is. And so this really is designed to go after the heart of the market with fundamentally more customer effective products.

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: And the timing I gave you, Joe, is more around the internal combustion engine trucks and then the electric – even on the smaller trucks, the electric launch will come a little later, just staggered out. We have a phased approach to launching this – it's a huge program but it's spread out in terms of all the various models.

<Q – Joe Mondillo – Sidoti & Co. LLC>: Okay. And can you remind us the size of the smaller counterbalanced markets and what your share is currently? In terms of the low intensity, I'm just – I'm wondering because historically I know you have not played a whole role – a big role in that market and I know that's strategy with Maximal and now with the modular truck.

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: Right.

<Q – Joe Mondillo – Sidoti & Co. LLC>: I'm just wondering what the [ph] potential there (00:46:10).

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: Right. Yeah. I think the way we're looking at that market is a little different. When we had the UT Lift brand we were pretty much looking at what the Chinese sales [ph] are new (00:46:20) to the market. And depending on the market, they were somewhere between 15% to 40%, for instance in Argentina. But – or even higher. But what we are doing now is actually looking at low intensity – the intensity of usage and so we think that makes that portion of the market bigger and our estimate is somewhere between 35% and 40% of trucks used in most regions fall into that category where the trucks are used less than 1,000 hours and they're not lifted to maximum capacity or maximum lift height. So that – we're looking at that market in a very different way than we were even two or three years ago. And we think that some of our big customers can use this low intensity vehicles in certain applications.

<Q – Joe Mondillo – Sidoti & Co. LLC>: Okay. So this is not low or minimal sophisticated type trucks that are sold to emerging markets that are low margin, this is low intensity to maybe your bigger customers that operate in these regions?

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: Yeah. Yeah. That's the way to think about it. We expect the margins to be appropriate. The costs are appropriate for the usage the truck gets, so – and they are lower but the margins are still expected to be more normal margins than any kind of low cost associated margin.

<Q – Joe Mondillo – Sidoti & Co. LLC>: And there – is there any way of framing how big that market is relative to the 1.5 million trucks globally that are sold to the market?

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: I think if you break out the counterbalanced and the small trucks out of that, and China is obviously a big part of that market, it's somewhere around 600,000 units, and we think about 40% of that is the low intensity. And China has a large part of it but that it's pretty much everywhere around the world.

<A – Ken Schilling – Hyster-Yale Materials Handling, Inc.>: And Joe we are [indiscernible] (00:48:32)

<Q – Joe Mondillo – Sidoti & Co. LLC>: [indiscernible] (00:48:32)

<A – Ken Schilling – Hyster-Yale Materials Handling, Inc.>: ...a counterbalanced truck company in the industry overall. So while I would – from a percentage perspective greater than 50% of all the trucks we sold are in those classifications, [ph] across Class 1 and class 5 (00:48:49).

<Q – Joe Mondillo – Sidoti & Co. LLC>: Okay. Okay.

<A – Ken Schilling – Hyster-Yale Materials Handling, Inc.>: It's important – that's an important product category for us. Very important.

<Q – Joe Mondillo – Sidoti & Co. LLC>: Okay. Perfect. To transition to your, I guess, sales and marketing strategy and what you've been investing in, I know you mentioned that you're closing in on maturity, you saw SG&A, I think up about 10%, I want to say, in 2019, at least at the Lift Truck business, I think SG&A was up 10% or so, and that was on minimal sales growth. So I'm just curious – what's – how much more or what stage are we at in terms of new more incremental investment in 2020? Any more color you can provide there?

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: Yeah. So I think the sales and marketing investment is maturing in terms of we have the people in place, we have the processes in place, the new tools have developed and now it's a clear question of execution. And we are refocusing that team, they've gone from a development phase of these tools and support systems to now in execution phase so we are modifying the organization a little bit to allow them to execute. So we think the run rate is pretty solid from a sales and marketing point of view. We may redeploy some people to, again, focus on this, but not a lot of addition. Product development, on the other hand, we will go through probably some increase in 2020 just as we get into the launch phase which is always pretty resource intensive on these programs. So we'll see that somewhat go up.

<Q – Joe Mondillo – Sidoti & Co. LLC>: Okay. And then in terms of product development, just specifically I guess more so on automation, where were you relative to the overall market in terms of leading in automation? I know you launched that Reach Truck in 2019, any comments you can say on [indiscernible] (00:50:59)

<A – Al Rankin – Hyster-Yale Materials Handling, Inc.>: Can I just make one other comment on that? I think it probably wouldn't be too far off to say that the biggest difference between 2019 and 2020 in terms of GS&A operating expenses overall is basically that the fourth quarter is going to be pretty much annualized over the course of the year and that we're sort of catching up the rest of the – in the earlier quarters in comparison to the fourth quarter.

[indiscernible] (00:51:48)

<Q – Joe Mondillo – Sidoti & Co. LLC>: And just to follow up on that, you're referring to the $133 million of SG&A that you saw in the fourth quarter?

<A – Al Rankin – Hyster-Yale Materials Handling, Inc.>: Well. I don't have in my head exactly what that number is on a Lift Truck only basis, but...

<Q – Joe Mondillo – Sidoti & Co. LLC>: Okay. On a Lift Truck-only basis.

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: Yeah.

<A – Al Rankin – Hyster-Yale Materials Handling, Inc.>: It's strictly on the Lift Truck only basis that I was making my comment, not on the three businesses. And that's where what Rajiv was commenting on was in the Lift Truck business only in terms of the relative maturity now. So, we're going to have inflationary cost in our GS&A but I think that increasingly we're at the point where we put the capabilities to work, now they got to execute.

<A – Ken Schilling – Hyster-Yale Materials Handling, Inc.>: And think of supply [ph] deeply your comments global to (00:52:42) Hyster-Yale as the public company as well as the Lift Truck company [ph] outside of that (00:52:50).

<A – Al Rankin – Hyster-Yale Materials Handling, Inc.>: Yeah. But I really want to focus on – strictly on the forklift truck business.

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: So, Joe, you're asking about automation and where we think we are. So, we are taking a multiple approach to automation, and again I would just – when we talk about automation we're taking about automated forklift trucks which really run dual mode so you can jump on it, operate the truck or hit the button and let it run itself. So that's what we call our dual mode. And we've been – step one in this is working with two partners, [ph] JBT and Balyo (00:53:27) and that's where we have put both the Reach Truck solution as well as some of our horizontal movers and order pickers with [ph] Balyo (00:53:38) into the market.

We're learning. We're building up our capability and certainly the interest from customers are very high, but as you can imagine that the difference between interest and then actually executing a program, there is a quite a time lag because it's such a big change to the infrastructure and it involves changing, linking into the warehouse management system or the manufacturing management system and – so it's quite software intensive as well as system intensive. So projects take a while to mature and then customers are taking a measured approach to it. But we're seeing some good results in our customer payback and especially in an environment where our customers are struggling to get the personnel to operate forklift trucks, now we see this accelerating.

In parallel to that, we are developing our own internal automation system all built around what's happening in the automotive industry and that will be introduced in 2021 as a Phase 1 and then for our horizontal movers and then over the next two or three years after that into our counterbalanced and warehouse products, and finally the big trucks. We have quite a program around automation, it's very important to us, very important to our customers, but I think it will start to get more traction in 2021 and 2022.

<Q – Joe Mondillo – Sidoti & Co. LLC>: Okay. And I wanted to throw in at least one question in for Nuvera.

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: Okay.

<Q – Joe Mondillo – Sidoti & Co. LLC>: What is the stat – where were you before I guess maybe coronavirus with vehicle certification and what's the status right now? Any color on that? And then also could you comment on what you're doing with automation and developing low cost suppliers, where you're at in terms of trying to lower the cost base?

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: Yeah. So where we were was that we're – so there's two levels of certification in China, you have to certify the engine, which we had done, and we were in the process of certifying the truck over the New Year period. So that's come to a halt right now. And as soon as they're able to, the plan is to resume certification of the truck. Once the truck is certified, then you have to do a 20,000 kilometer durability cycle, and then it's available for putting into the catalogs that the cities can buy from.

<A – Al Rankin – Hyster-Yale Materials Handling, Inc.>: Buses.

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: Buses.

<A – Al Rankin – Hyster-Yale Materials Handling, Inc.>: [ph] Rather than trucks (00:56:39).

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: Buses. Yeah. Kind of obsessed about trucks. Yeah. Buses. So we think it will defer things – assuming that the Wuhan area goes back to – and which there seems to be some movement now that the Chinese government seems to be saying, really encouraging back to work mentality. If that happens, then I think in the end we will probably fall about a couple of months behind our original schedule. But we do need to get through these two steps so that it can – the solution can be then put into the catalog that the cities can buy from.

<Q – Joe Mondillo – Sidoti & Co. LLC>: Okay. I'll hop back in the queue. Thanks for taking my questions.

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: Yeah.

<A – Christy Kmetko – Hyster-Yale Materials Handling, Inc.>: Thanks, Joe.

Operator: And our next question comes from the line of Mike Shlisky of Dougherty & Company. Your line is open.

<Q – Mike Shlisky – Dougherty & Co. LLC>: Hey, guys. I just have one quick question for you on the pricing environment. Last year, so you've been doing some deals with customers to try and gain their fair share in an effort to expand your business. Now we're heading into a bit of a softer year for the lift truck market [indiscernible] (00:57:57), I would imagine [ph] the time and effort that you've done it for (00:58:00) a couple of years and hopefully gotten some of your targeted accounts. I'm curious whether you'll be able to add back some pricing this year if it's a tighter environment for demand or not. And is it getting a little bit sharper out there as far as pricing goes, given that this could be a tougher year than was last year?

<A – Al Rankin – Hyster-Yale Materials Handling, Inc.>: Well, let me comment on that because I think there needs to be a little bit of readjustment of some of the factual backdrop here. Basically, the sort of development activities that you are mentioning occurred largely at the end of 2017 and 2018. In 2019, we felt that we had been able to demonstrate the capability of our trucks, that we had accomplished the purpose that we had in mind and in terms of a large and important industry customers, particularly in the warehousing area, and so we focused on ensuring that, we were gaining margins that were appropriate for the value-adding capability of our trucks.

And so last year was a year of very significant improvement in our pricing and our margins, the gross profit margins, and that of course is called out in our earnings release. And so I think the answer to your question is that we see nothing in the environment ahead that won't permit us to continue to gain the margins that we were able to gain last year. And secondly, that as these new products come in they themselves will have somewhat improved margins over the products that we have previously been selling so that we're more likely to get margin improvement from new products coming in to the marketplace than – and then continuing a pattern of last year with regard to general pricing.

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: I think I'll just reiterate that I think our pricing discipline in 2019 was very good. We did walk away from some businesses where we probably didn't have the right solution for those customer base, and so rather than selling and using pricing as a tool now we've just kind of used time as a tool where we'll go back to them once we have the right products for them. And that's really the guts of our industry strategy and our pricing discipline, to make sure we're applying the right product to the right customer. And when you do that, we seem to do very well from a pricing point of view.

<Q – Mike Shlisky – Dougherty & Co. LLC>: I guess, [indiscernible] (01:00:56) Rajiv, I guess the question is, can you keep that going in 2020 if it's a bit of a softer environment? That was the crust of the...

<A – Al Rankin – Hyster-Yale Materials Handling, Inc.>: [indiscernible] (01:01:04) what we said – what we also said was that the market was weaker in the first half and in the second half last year, particularly in the fourth quarter, particularly in the Americas prices, our markets just strengthened. And so I think we see more moderate or more stable levels of demand in the course of 2020 than in the course of 2019. So I don't think we see a lot of further softening happening. If anything, it has stabilized at this point.

<Q – Mike Shlisky – Dougherty & Co. LLC>: Okay. That's great color. Appreciate it guys.

Operator: [Operator Instructions] Your next question comes from the line of Brett Kearney with Gabelli Funds. Your line is open.

<Q – Brett Kearney – G.Research LLC>: Hi, guys. Thanks for taking my question.

<A – Christy Kmetko – Hyster-Yale Materials Handling, Inc.>: No problem.

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: Good morning.

<Q – Brett Kearney – G.Research LLC>: Good morning. Just wanted to ask – one of the initiatives you have under way more segmented and industry specific selling approach. Just want to ask, I know it's still early days, but I guess, how that's going both internally with the sales teams and then receptivity both your distribution partners and then any indication again from customers at this stage?

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: Yeah. Brett, I think, as I said a little bit earlier, I think the processes and tools have developed very, very well. Where we are in the stage of evolution is we're now expecting the execution to take over and re-roll this process and the tools that go with it out to our broader, certainly internally, through our salespeople and then through them to our dealer network, and we expect that to mature over 2020. The leadership team is highly focused on this, that's what we spend a lot of our time, reinforcing, reviewing and then making adjustments. So – and wherever it's done, and the way we expect it to, the customers have been very engaged and see the value of it.

<A – Al Rankin – Hyster-Yale Materials Handling, Inc.>: I think that you – it's probably useful to keep in mind that we've had a direct selling program with large national accounts for many, many years and I would say that, that team has been very familiar with selling process that provides solutions for people in various specific industries and applications and so this is not an entirely new process for us. We have formalized the selling techniques involved, we have developed the industry strategies and really the first wave and the wave that we're looking to have the biggest effect over the course of 2020 is one of the two channels that Rajiv mentioned which is the larger accounts, they're smaller than national accounts in general but they're larger than the accounts that dealers are typically comfortable selling to.

That's the area where we have expanded our selling capabilities very significantly over the last couple of years and we see that coming to maturity over the course of 2020. And I think it's reasonable or – and sort of obvious that we have an ability that is greater to train and develop our own people and a set of resources that they can rely on for support than it is to have that kind of a program effectively executed by all of our dealers.

So the dealer application – the dealer execution of that program is going to take longer. But secondly, it's also fundamentally of less importance because the more – the dealers are really focused on the smaller accounts. They're typically less specialized by application, it's more general run of the mill trucks that are sold on a more standard basis and so we feel pretty good about how we're rolling that program out, but I would just emphasize that it's being implemented mainly in 2020 with our own people with these larger accounts.

And I think we've said in the past, our market share is generally quite good in the national account area. It's also quite good in the small dealer business area. Where we've had more challenge is in these middle accounts where we've now put a direct sales force in to cover them. So in one sense, we're bringing additional value added with our industry program. In another sense, we're deploying a set of sales capabilities that we think are designed to give us our fair share of that business and as we have it in the other two portions of it. So that's another way to think about it.

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: Right.

<A – Christy Kmetko – Hyster-Yale Materials Handling, Inc.>: Brett, to calibrate that just a little bit and add emphasis to what Al just said, we make the statement in our earnings release that the program using this industry sales approach has been successful on our national accounts, and we have some numbers that support that in our 10-K. If you look at our national account sales in 2018, they were 16% of our sales, and in 2020 – or sorry, in 2019 they were 21%. So that supports the fact that it is successful and that's why we're moving it [indiscernible] (01:07:33), we just have to implement...

<A – Al Rankin – Hyster-Yale Materials Handling, Inc.>: Just as another – and Rajiv is probably in a better position to comment on this than I am, but generally speaking, when we bring creative solutions to our customers and there's one instance relatively recently in the heart of the steel industry in North America where we were able to bring some very significant additional solution capabilities to them and they moved away from a long time supplier and moved toward us. So part of it is the industry strategy, but it's really giving the customer a better solution than the one that he has today.

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: Right

<A – Al Rankin – Hyster-Yale Materials Handling, Inc.>: It also avoids selling trucks on price because you're selling trucks on value and ability to solve the customer's problem.

<Q – Brett Kearney – G.Research LLC>: Terrific. That's very helpful. Thank you, guys.

Operator: And our next question comes from the line of [ph] Mike DeRop (01:08:36) of Robotti Securities. Your line is open.

<Q>: Hi. Thanks very much for taking my question and the comprehensive investor perspective in the press release. As it relates to that, there was a question at the Investor Day regarding the company's profitability and why the company isn't more profitable. And I guess as you look out over the next few years, what are the things that the investors should be looking at in terms of achieving your profitability goals? And in particular, I'm interested in things that may not be volume dependent, whether they are operational or strategic, just things that you're working on as part of this comprehensive perspective and plan that you put in place. Thank you very much.

<A – Al Rankin – Hyster-Yale Materials Handling, Inc.>: Well, in fact I think our point of view is that they are largely volume dependent. We talked earlier about the significant margin enhancement adjusted standard margins that has come from focusing on solving customers' problems where we can get a margin that is attractive. We did that over the course of 2019. We felt we had demonstrated what we wanted to do in certain areas where, as Rajiv said, we may not have had exactly the right product but we had very important products that we wanted to get into certain league of customer applications. Now that they've seen the value, we want to sell the value and have reasonable margins in those accounts or we are disinclined to take that business.

So I think there is room for margin improvement from new products but that's not going to be the major driver. We pointed out that GS&A is likely to be relatively stable. If you look at the fourth quarter, it's sort of annualized and seasonalized in terms of impact. And so the volume is really the key and it does two things. One, it adds adjusted gross – adjusted standard margin profit from the sale itself but it also covers with that incremental profit, with the incremental volume it reduces the manufacturing variances in our plant, and then in total the added standard margin with the relatively level adjusted standard margin that brings a larger incremental contribution to the bottom line.

So it is very significantly a volume story. On the other hand, the volume is not driven by just wanting more volume, it's being driven by all these programs that we've been describing and it is very much a program not to be gained by price but to be gained by the value that we're bringing to the customers from these new products and the way we're selling them.

<A – Rajiv Prasad – Hyster-Yale Materials Handling, Inc.>: But as – Al is absolutely right, this volume – but the nature of the volume for 2020 and 2021 is going to be the two large drivers for – the first one is the low intensity products. It's a part of the market that we haven't really participated in very well and I think now we have the product set to go for that part of the market, and as I said before, these will be in a sales [indiscernible] (01:12:31) target standard margins because you're serving the customer rather than selling just the low cost truck.

The second area is the industry approach and we have some new products coming out, Al touched on the new Reach Truck that's coming out in Americas but we have some other – including the maturation of the end-rider product and then some electrification, additional electrification products that are coming out through 2020 that would support the industry approach, along with our – the whole selling process. So those are the two key areas to watch for, how we progress on those, because they're the key drivers of profitability – the additional profitability over the next year or two.

Operator: As there are no further questions in the queue, I'll turn the call back to the presenters for any closing remarks.

Christina Kmetko, Investor Relations & Media Contact, Hyster-Yale Materials Handling, Inc.

Do you have anything you want to add, Al?

Alfred M. Rankin, Chairman, President & Chief Executive Officer, Hyster-Yale Materials Handling, Inc.

Well I think it's clear that we feel that it is a very important year ahead that we have the opportunity to add significantly in all of our businesses to our profitability and total as a company and we've got a lot of execution ahead. That's what we're all focused on, and as Rajiv commented a little bit earlier, we're trying to ensure that the people capabilities that we have really can get the job done in terms of executing these programs. So they're developed, had certain set of skills, now we got to execute them in the marketplace, that's another set of skills. So we're very much focused on that. And as I said in my early remarks that this is a ramp-up process over the course of 2020 and ought to be thought about that way in terms of earnings comparisons with the previous year and with the first half, second half.

Rajiv K. Prasad, President & Chief Executive Officer-Hyster-Yale Group, Hyster-Yale Materials Handling, Inc.

Thank you.

Christina Kmetko, Investor Relations & Media Contact, Hyster-Yale Materials Handling, Inc.

Yeah. Thank you. If you do have any follow-up questions, please reach out. I'm happy to answer any calls. Thank you.

Rajiv K. Prasad, President & Chief Executive Officer-Hyster-Yale Group, Hyster-Yale Materials Handling, Inc.

Bye-bye.

Operator: Thank you for your participation in today's conference call. Just a reminder that archived replay of today's call will be available two hours after today's call is concluded. If you'd like to access that please dial 1-800-585-8367, that's 1-800-585-8367. Thank you for today and we may now disconnect.