Transcript of
Materion Corporation
Materion First Quarter 2025 Earnings Conference Call
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Participants

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Analysts

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Presentation

Operator

Good day, everyone. Welcome to the Materion First Quarter 2025 Earnings Conference Call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. [Operator Instructions] Please note that this conference is being recorded.

I will now turn the conference over to your host, Kyle Kelleher, Director, Investor Relations and Corporate FP&A. You may begin.

Kyle Kelleher - Director, Investor Relations & Corporate FP&A, Materion Corporation

Good morning, and thank you for joining us on our first quarter 2025 earnings conference call. This is Kyle Kelleher, Director, Investor Relations and Corporate FP&A. Before we begin our remarks this morning, I would like to point out that we have posted materials on the company's website that we will reference as part of today's review of the quarterly results. You can also access the materials from the download feature on the earnings call webcast link.

With me today is Jugal Vijayvargia, President and Chief Executive Officer; and Shelly Chadwick, Vice President and Chief Financial Officer. Our format for today's conference call is as follows. Jugal will provide opening comments on the quarter. Following Jugal, Shelly will review the detailed financial results for the quarter in addition to discussing expectations for the remainder of 2025. We will then open up the call for questions.

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Let me remind investors that any forward-looking statements made in the presentation, including those in the outlook section and during the question-and-answer portion are based on current expectations. The company's actual performance may materially differ from that contemplated by the forward-looking statements as a result of a variety of factors. Those factors are listed in the earnings press release we issued this morning.

Additionally, comments regarding earnings before interest, taxes, depreciation, depletion and amortization, net income, and earnings per share reflect the adjusted GAAP numbers shown in attachments four through nine in this morning's press release. The adjustments are made in the prior year period for comparative purposes and remove special items, non-cash charges and certain discrete income tax adjustments.

And now I'll turn the call over to Jugal for his comments.

Jugal Vijayvargiya - President and Chief Executive Officer, Materion Corporation

Thank you, Kyle, and welcome, everyone. It's a pleasure to be with you today to discuss our first quarter results and provide an update on our outlook for the remainder of 2025. I am very pleased with our first quarter results.

We delivered record first quarter margins led by strong operational performance. Year-over-year, EBITDA margins improved by 130 basis points. Sales developed in-line with our expectations, up about 4% from prior year, excluding the PMI inventory correction.

In total, we were up about 1% with stronger demand from semiconductor, energy, industrial and aerospace more than offsetting continued softness in automotive and consumer electronics, including the precision clad strip inventory correction. Semiconductor market continues to show signs of gradual improvement, led by demand from data storage and advanced logic & memory applications. However, power semiconductor shipments remained sluggish, impacted by slow demand in automotive and industrial applications.

Aerospace continues to be a strong growth market for us, up more than 30% in the quarter, led by both commercial aerospace and space applications. Airplane bills were up almost 20% in the quarter, and we outpaced that rate with our sales up 25% year-over-year.

As we mentioned last quarter, orders have started to come back for our beryllium-nickel spring material, which drove above market growth of 8% in industrial for Q1. In the Energy market, we delivered materials for a new multi-year agreement with Idaho National Labs to support nuclear energy research and development. We are excited about this partnership and our continued growth in

the nuclear energy space. The remainder of our energy business also saw year-over-year growth.

Automotive market continued to pull-back as lower customer build rates and inventory destocking led to sales being down 13% year-over-year. For the quarter, we benefited from structural cost reductions implemented throughout last year and strong plant performance resulting in record EBITDA margin for the first quarter.

Cash flow is a highlight for the quarter with $35 million improvement year-over-year. We are keenly focused on improving cash flow in '25 by structurally driving down working capital and pacing capital investments as the business grows. Our performance in the first quarter would put us on track to achieve our earnings guidance for the full year.

However, we acknowledge that the noise and volatility around tariffs has inserted a level of uncertainty that makes the rest of the year difficult to pinpoint. While we are taking all necessary actions to minimize the impact, we do expect to see an impact in the second quarter, which could continue in the second half if tariff conditions persist.

From a sourcing perspective, we have some exposure. But in most cases, we are dual sourced and can shift demand to a non-tariff country. We have a handful of materials that are sourced from China, and we have a healthy quantity of those materials on-hand. Where we do incur import tariffs, we expect to recover those costs through surcharges and pricing adjustments. We executed this very well during COVID times and I would expect us to do the same in this situation.

On the sales front, we ship approximately $100 million of product to China from the US annually. And that business is one we're watching very closely. In many cases, our customers are pausing order activity, waiting to see what the outcome will be. While I don't expect all of that business to be at risk, if tariff conditions persist, we would expect to see an impact.

On a more positive note, our substantial US footprint positions us favorably compared to our international competitors. We are actively working with customers to identify opportunities that could provide sales upside in the US. As we move through the rest of 2025, we are committed to minimizing tariff impacts, driving operational excellence, staying focused on structural cost improvements, all leading to a 20% plus EBITDA margin for the year.

We will continue working capital improvements and pace capital investments leading to strong cash generation for the year. I would like to thank our global team for their unwavering commitment to improving our company for all of our stakeholders.

Now let me turn the call over to Shelly to cover more details on the financials.

Shelly Chadwick - Vice President, Finance and Chief Financial Officer, Materion Corporation

Thanks, Jugal, and good morning, everyone. During my comments, I will reference the slides posted on our website this morning, starting on Slide 10.

In the first quarter, value-added sales, which exclude the impact of pass-through precious metal costs were $259.3 million, up 1% from prior year. This year-over-year increase was driven by growth in space, energy and improving demand in semiconductor, partially offset by lower PMI shipments. When looking at earnings per share, we delivered quarterly adjusted earnings of $1.13, up 18% from prior year.

Moving to Slide 11, adjusted EBITDA was $48.7 million or a first quarter record of 18.8% of value-added sales, up 8% with 130 basis points of margin expansion from the prior year. This increase was driven primarily by strong operational performance and structural cost improvements.

Moving to Slide 12, let me review first quarter performance by business segment. Starting with Performance Materials, value-added sales were $160 million, up 3% from the first quarter of '24. This year-over-year increase was driven primarily by strength in space and energy, partially offset by lower PMI shipments and automotive market weakness.

EBITDA excluding special items was $40.9 million or 25.6% of value-added sales, up 15% compared to the prior year period with 270 basis points of year-over-year margin expansion. This increase was driven by higher volume and stronger operational performance.

Moving now to the remainder of 2025, we expect to see continued strength across the aerospace and defense and energy end markets. We expect that operational performance and cost-improvement initiatives will help deliver another year of strong bottom-line results.

Next, turning to Electronic Materials on Slide 13, value-added sales were $77.8 million, up slightly from the prior year. This increase was driven by improvement in semiconductors, particularly in data storage and logic & memory devices. Excluding the divested Albuquerque large area targets business, the top line was up 5% versus the prior year.

EBITDA excluding special items was $13.3 million or 17.1% of value-added sales in the quarter, down 8% from the prior year, largely due to some non-recurring one-time items. This decrease was partially offset by continued cost management and operational performance.

As we look out to the remainder of the year, we expect the semiconductor market to improve as the year progresses, particularly within the logic & memory devices and data storage applications. We still expect our power semi-business to remain

challenged with inflated levels of customer inventories and weak underlying demand. We expect strong bottom-line results resulting from our cost improvement initiatives and operational performance.

Turning to the Precision Optics segment on Slide 14, value-added sales were $21.5 million, down 13% compared to the prior year. The lower volume was driven by market weakness in several end markets and order timing, partially offset by strength in defense and semiconductor.

EBITDA excluding special items was a loss of $0.1 million versus income of $0.4 million in the prior year. The decrease was driven primarily by lower volume and unfavorable product mix, partially offset by the impact of cost reduction initiatives.

Looking at the business sequentially, margins improved 460 basis points as we start to see the impact of the business transformation initiatives we announced in the second half of 2024. As we look out to the remainder of 2025, we expect those transformation efforts to result in meaningful year-over-year improvement in both the top and bottom-line.

Moving now to cash, debt and liquidity on Slide 15. We ended the quarter with a net debt position of approximately $436 million and approximately $172 million of available capacity on the company's existing credit facility. We're pleased to see another quarter where leverage remains below two times as cash flow is an important focus.

We expect to generate strong free cash flow throughout '25 as we manage working capital levels and pace our capital investments. As Jugal mentioned, free cash flow improved $35 million versus the first quarter of 2024. A significant contributor of this improvement came from inventory, which was $27 million lower than one year ago as a direct result of our inventory improvement initiatives.

Lastly, let me transition to Slide 16 and address the full year 2025 outlook. While our performance expectations for '25 are largely unchanged from our initial guide of $5.30 to $5.70 adjusted earnings per share for the full year, we continue to review and monitor the potential impact from the unresolved global tariff situation.

As of today, we are expecting the second quarter to be slightly better than the first quarter, including a $0.10 to $0.15 earnings per share headwind relating to the current China tariff, which have customers electing to freeze orders as they await further clarity.

When looking out to the back half of the year, if these conditions were to continue, we could expect an additional impact of $0.40 to $0.50 earnings per share. We remain focused on taking swift action to adjust supply chains where possible while managing costs and passing on any tariff expenses incurred. And with our focus on cash generation, we have reduced our capital expenditure expectations by $10 million for the full year.

This concludes our prepared remarks. We will now open the line for questions.

Operator

Certainly. At this time, we will be conducting the question-and-answer session. [Operator Instructions] Your first question is coming from Phil Gibbs with KeyBanc. Please pose your question. Your line is live.

Q: Thank you so much. A lot to sift through, but I just wanted to get to the commentary around the fact you pointed out, what the tariff impacts could be. You pointed out you're working to minimize the tariff impact and then you mentioned the comment you wanted to be over 20% EBITDA margin for the year. And I don't know if that include some of these impacts or exclude some of these impacts. So maybe just take us through that to start.

Jugal Vijayvargiya - President and Chief Executive Officer, Materion Corporation

Yes. Phil, let me start and then Shelly can jump in and maybe get into more. But our commitment, as you know, is to get to a 23% EBITDA margin for the mid-term. We announced that in the last earnings call. We're still committed to that. We want to make sure that on a performance basis, we're driving the actions that are necessary within the company to achieve that. In order for us to get to that 23% margin target, we have to make improvements each year, right? We can't make the full 23% jump, 20% to 23% sort of the last year of the journey.

And so we're committed. We're going to do everything we can to ensure that if there are tariff impacts, we're driving performance improvement to get to that 20% plus EBITDA margin. But I will tell you that it's a bit of a tricky situation, right, for the second half of the year. It's hard to know what impacts are going to be there. Not sure if there will be some recessionary things that we'll have to deal with in the second half. And so I think there is a bit of uncertainty. But I can tell you that we and our teams are committed to continue this journey that we announced last quarter, which is to get to the 23% for the mid-term timeframe.

Shelly Chadwick - Vice President, Finance and Chief Financial Officer, Materion Corporation

Yes, well said, Jugal. And I think the only thing I would add, Phil, is obviously, we're doing a lot of scenario planning, right? So we're kind of taking a look at different scenarios and what the outcome might be, assuming that if the tariffs were to persist, how we would perform and still deliver 20%. Are there other scenarios if the economy slows way down that may be more challenging, of course. But kind of what we're working on is how is our business performing, what do we expect from the markets and then if we've got the tariffs, how do we still deliver 20%?

Jugal Vijayvargiya - President and Chief Executive Officer, Materion Corporation

Yes. And Shelly if I can add one other thing. And I know, Phil, you didn't ask about this, but I think it's important for us to comment on is that we are extremely focused on our cash. Regardless of whether there is the tariff situation or not. I think we had a really improved, a marked improved first quarter from historical levels. And regardless of what the rest of the year will bring on some of these uncertainties that we have, we're making sure that we're very well positioned on driving cash improvement initiatives.

Q: Thank you so much. And then you mentioned freezing orders from buyers within China. What vertical and what businesses is this touching? Is it largely the semis business or is there some overlap into the other segments?

Jugal Vijayvargiya - President and Chief Executive Officer, Materion Corporation

Yes. So we mentioned that we have about $100 million worth of sales from the US into China annually. I would say approximately half of those are for the semi market. The other half are distributed between auto, between consumer electronics, little bit into data and telecom area.

And so when we look at kind of the situation that we're facing with these customers, I would say, it really goes across all of those markets. And you can kind of estimate that, as I said, roughly half of our sales are semi. And so that's clearly an important market where I think customers are pausing and working through inventory and looking at their supply chain, but that's how the business is kind of split up for our sales into China.

Q: And one last question is around the tariffs. When you guys came up with this $0.10 to $0.15 hit and up to $0.50 hit in the second half. Was that merely just an impact from your expectation of just lost volume and the overhead absorption associated with that volume. And I also know you made some comments that you would work on displacing that or bringing down cost mitigation. So that's sort of a -- it feels to me like almost a maximum impact the way that you framed it if I'm understanding you correctly, but how do you come up with the numbers, I guess, is what I'm asking.

Jugal Vijayvargiya - President and Chief Executive Officer, Materion Corporation

Yes. I think as we noted, and we included a slide on tariffs in our deck, our primary impact that we're looking at for tariffs is China. It's the sales going into China. I think the sales coming from the rest of the world into the US are a minimal number for us as well as I think the raw material side. I think we'll be able to manage the raw material impacts if there are any. So I would say at this stage, it's primarily China related, sales going into China.

Looking at what type of situation there could be from maybe perhaps continuing where customers are using up inventory, freezing orders, reducing orders, perhaps loss of share, although we're going to do everything we can to make sure that there

is not a loss of share as we continue to look at our supply chains. And then to your point, you mentioned the absorption issues in our factories and then offsetting that with operational and cost containment actions that we're making sure are happening across the company. So that's kind of how I would put our assessment of that impact that we shared.

Q: Thanks so much.

Operator

Your next question is coming from Dan Moore with CJS Securities. Please pose your question. Your line is live.

Q: Hi. This is Justin on for Dan. Just a question on tariffs, just a bit of a clarification. The $0.50 to $0.65 total impact, is that, so if there's no change to the tariff environment, would that reduce that $5.30 to $5.70 range or does that $5.30 to $5.70 range include that potential impact?

Jugal Vijayvargiya - President and Chief Executive Officer, Materion Corporation

No, I can tell you that, that's an easy one. Obviously, it does not. that would have to mean that we would be in the $6 range or higher for our business. And clearly with the current environment, that's not where things are. And so I think what we're communicating is that operational performance that we have is extremely strong. Our Q1 is off to a great start. And if business conditions continue the way, I call it normal business conditions, we would be very much in-line to deliver on our guide that we have noted.

However, we have these impacts that are there and we've identified what those impacts are. And it's hard to know exactly how things will play out in the second half of the year. I mean we're more certain about the impact that we've shared for Q2, the $0.10 to $0.15. We've identified what could be the impact in the back half of the year. But I think every day we're monitoring the situation and we're working around the clock to minimize the impact.

Q: Okay. And then I know you talked about some of the mitigation efforts. Is there any way you can help us triangulate how much of that like the actual amount that you can mitigate through some of those efforts?

Jugal Vijayvargiya - President and Chief Executive Officer, Materion Corporation

I would say we're continuing to work those actions, whether it be the raw material sourcing that we have where we're looking at dual sourcing that we have for a lot of our materials, working with our supply base to ensure that we don't have a tariff impact or we have the least amount of tariff impact because that would mean that we would have the least amount of pricing discussions that we need to have with

our customers. And then from a manufacturing standpoint, we're continuing to study it. We're continuing to look at options. So it's work in process every day.

Q: Okay. And then just one last one, if I could. What are you hearing from your semi customers about their CapEx plans, not necessarily for the next one to two quarters, but over the next two to three years. Are plans getting pushed out or put on the shelf given the significant tariff and macro uncertainty? Like what are you hearing in real-time I guess?

Jugal Vijayvargiya - President and Chief Executive Officer, Materion Corporation

Yes. I think in general I would say that it's a relatively new situation. I think our semi customers are looking at it as perhaps more of a shorter term impact here and then perhaps continuing the business as usual as they move forward, although they may need to make some manufacturing decisions on regions.

I think overall, we're not seeing a significant change in their CapEx planning. I mean there's some announcements. I mean, for example, one large semi-manufacturer announced some decrease. There are some that have talked about perhaps a slight delay. But I would say in general I think the semiconductor market for the longer term is positioned to deliver the mid-single-digits, higher-single-digits type of growth that it has delivered over the last 20, 30 years.

Q: That's very helpful. I appreciate you taking the questions. Thank you.

Operator

Your next question is coming from David Silver with CL King. Please pose your question. Your line is live.

Q: Yes, hi. Thank you.

Jugal Vijayvargiya - President and Chief Executive Officer, Materion Corporation

Hi.

Shelly Chadwick - Vice President, Finance and Chief Financial Officer, Materion Corporation

Hey, David.

Q: Hey, good morning. Yes. So I have a couple of questions. I guess regarding kind of knock-on effects from the tariff, so not direct, or not near-term but maybe a little bit over the horizon. But in particular I guess you do have R&D and you do a lot of product development work, I would say, in close collaboration with a lot of your customers. And ultimately that leads to contract wins and things that develop over a period of time.

Can you just comment, I mean, in the current environment of high near-term uncertainty, would you say your product development efforts or your collaborative work with key customers for projects that may develop, let's say, over the next year or two. Has your customers' behavior shift extended to maybe pausing on some of those multiyear development plans or alternatively are you still seeing a lot of incoming requests for bids and opportunities to begin new collaborations? Thank you.

Jugal Vijayvargiya - President and Chief Executive Officer, Materion Corporation

I would say the short answer is no impact. We have very, very strong relationships with our customers really in all the verticals that we operate in globally. We have a number of initiatives that we're involved in each of those verticals and our discussions are continuing with the customers. They recognize obviously that there is this uncertainty. But at the end of the day, they're still going to need product, right? They're still going to need product a year from now, two years from now, three years from now. And so that product development cycle has to continue.

Now the manufacturing or some of the supply chain things that may need to evolve over time, that's something that, of course, we'll work with our customers on, but I think product development, R&D activities continue. I mean we have a number of large activities, for example, that we're doing on clean energy. And that is continuing. In fact, I would say the energy, the additional energy generation sort of actions are accelerating because of the increased use of energy around data centers and other areas. So I think in general I don't see any change. Customers are working with us in close collaboration and developing products.

Q: Okay, great. Thank you for that. I appreciate it. Just a question about, I guess, your comments on aerospace and defense. So historically, in terms of end-market performance, that's been one of your very strongest end-markets, let's say, over the last couple of years. And I guess it was kind of a tale of two cities this time, right, where aerospace continues very strong in defense. I mean, you cited timing, but anyway, I'm just wondering on the defense side, is your one to two year projection kind of for more continued trend-line demand growth on the defense side or in contrast might that be something where there was a bump up over the last year or two maybe related to geopolitical drivers that and then maybe that portion of your business is due to moderate on a multiyear period. So if you could separate aerospace from defense I mean how does the defense side of that portion of your end-market profile look, let's say, on a one to two year basis?

Jugal Vijayvargiya - President and Chief Executive Officer, Materion Corporation

Yes. Let me just start I think with the overall comment on aerospace and defense. That's been a really, really a strong market for us. I think this quarter we reported the 16th consecutive quarter of year-over-year growth in that market. It's been led by really all three parts of it, which is the commercial aerospace, commercial space, and

then defense, all three have contributed meaningfully to that. I would say probably a little bit less so on the commercial aerospace over the last couple of years just because of the build rate challenges that OEs have had, both the European OE and the North American OE that some of the build rate challenges that they've had over the last couple of years have certainly been an issue, but I would say overall, it's been a very, very strong market for us.

For us defense has been a strong market, not only for North America, but I think one of the things that we've really focused on in the defense side and we talked about this in our earlier calls is our global activity. We've spent a lot of time on understanding the markets and the possibilities in Europe and Asia. We've been working with the primes here in the US for those applications, but then also customers directly in those regions. So I think defense in general over the next several years, I would continue to see as a good growth market for us. This quarter, it's strictly timing. I think we've talked about it a number of times that defense is a choppy market with orders, a lot of them end up being shipments at the end of the year. And so that creates some lumpiness on the defense market. But overall I see defense is a good strong market for us, particularly for global defense. So I think this overall aerospace and defense will continue to be a good market.

Q: Okay. Thank you. And then I did want to maybe ask a question, I guess, about I think Shelly used the term scenario planning and in the current environment that certainly makes sense, different aspects of that. But it's not a perfect playbook, but I think you've had to do some scenario planning over the past couple of years due to the pandemic. And I'm just wondering if maybe a couple of those pages apply in the current environment. So in particular you talked about inventory reductions this quarter.

And I'm just wondering about whether due to the tariff impacts and potential retaliation from different countries or maybe just extended negotiations. Did you consider increasing inventory selectively and maybe some strategic areas or areas where there might be under scenario planning you could imagine some vulnerabilities.

And then I'm also wondering, would it have been prudent or had you considered increasing I guess your borrowing capability from banks either for defense or for offense to take advantage of opportunities. But maybe just a finer point on steps you've maybe taken in the current environment to just enhance your positioning to respond to different types of uncertainty that may or may not develop over the next quarter or two?

Jugal Vijayvargiya - President and Chief Executive Officer, Materion Corporation

Yes. David, let me comment on a couple of things and then I'll turn it over to Shelly to talk about borrowing in particular and any other comments that she would have. Clearly, the playbook that we developed and employed during the COVID times is a playbook that we've looked at. It's just, I guess, it's coincidence that the timing of that

was right around the March of 2020 timeframe. So right at the end of Q1 and here we are kind of Q1, Q2 and if you recall, the biggest impact, I think, not only on us, but on many companies was in Q2 with the immediate changes that happened as a result of COVID.

And so I guess similar timing in a way during the year. But certainly we have a lot of lessons that we learned at that time, including how to manage pricing, how to work with our supply chains, logistics. And I think each of those things, we're making sure that we're leveraging those lessons learned in this environment. We have looked at inventory. I mean, we mentioned, for example, that for the materials that we procure from China, we have good healthy levels of inventory on those on-hand so that we can continue to work with our customers, support our customers in a meaningful way. And so I think where it makes sense, we've made sure that we're making the right moves on inventory and of course, where we can continue to improve on our inventory levels we have. I mean Q1 was a really a good quarter for us on a year-over-year basis.

As we indicated, $27 million less inventory in Q1 of this year than we had in Q1 of last year. So I think the lessons that we've learned and the work that our teams are doing is a balance of making sure we can continue to support our customers, but at the same time driving the important metric of cash preservations, conservation, generation within our company.

Shelly Chadwick - Vice President, Finance and Chief Financial Officer, Materion Corporation

Yes. I guess and just to address the borrowing side, certainly, we keep a close eye on liquidity and we talked about that in our releases and in our 10-Q. I'm pretty happy with what we have for liquidity today. It just so happens that our revolver does come up for renewal this year. And so we're taking a look at where do we want optionality as our terms improve and what kind of needs could we foresee. So we're definitely taking that into account.

Q: Okay. Great. I appreciate all the color. Thank you very much.

Shelly Chadwick - Vice President, Finance and Chief Financial Officer, Materion Corporation

Sure.

Jugal Vijayvargiya - President and Chief Executive Officer, Materion Corporation

Thank you, David.

Operator

Your next question is coming from Dave Storms with Stonegate. Please pose your question. Your line is live.

Q: Good morning, everyone, and thanks for taking my questions.

Jugal Vijayvargiya - President and Chief Executive Officer, Materion Corporation

Good morning, Dave.

Q: You mentioned on inventory that you did a strategic build in some parts yourself. I know Performance Materials had a strong quarter and partly thanks to volumes. Any sense of how much of this maybe your customers having a bit of a demand pull forward to try to for the same reasons?

Jugal Vijayvargiya - President and Chief Executive Officer, Materion Corporation

Yes. I mean, clearly, just like we've looked at things, I'm sure there are some customers that have looked at that as well. But I think I would say that there is the opposite side where customers have also paused and have really questioned whether that's something that they want to take on. So although there may be some level of inventory that they have pulled, I think there's probably equal number of customers that probably have paused. And so on a whole, I'm not sure I would credit much of the Q1 performance to a net pull from our customers.

Q: Understood. Very helpful. And then should some of the macro uncertainties clear up in the next quarter or two, which would be fantastic. Is there any sense of how much of the $0.10 to $0.15 loss that you're expected in Q2, the impact that you're expecting in Q2? Any sense of how much of that could be made up through the balance of 2025 or is that structurally gone?

Jugal Vijayvargiya - President and Chief Executive Officer, Materion Corporation

No. I mean we're very much focused on figuring out how we could possibly recover that. If the tariff issues were resolved to sort of the satisfaction where customers would start putting the orders back in and we could start shipping, our goal and objective would be to get that in as much as possible this year. I think it just depends on the timing, right, I mean, here we are, today is May 1st, right? So we just got to wait and see on how things proceed. And but again, our goal would be to certainly get that in this year, but if things have to move forward into next year based on negotiations then that's where we'll take it.

Q: That's great color. Thank you.

Operator

We have reached the end of our question-and-answer session. And I will now turn the call back over to Kyle Kelleher for closing remarks.

Kyle Kelleher - Director, Investor Relations & Corporate FP&A, Materion Corporation

Thank you. This concludes our first quarter 2025 earnings call. Recorded playback of this call will be available on the company's website materion.com. I'd like to thank you for participating on this call and your interest in Materion. I will be available for any follow-up questions. My number is 216-383-4931. Thank you again.

Operator

This concludes today's conference and you may disconnect your lines at this time. Thank you for your participation.