

**VERI-TEK INTERNATIONAL**

**Thursday, May 17, 2007**  
**4:00 p.m. CDT**

Moderator                   Ladies and gentlemen, thank you for standing by, and welcome to the Veri-Tek International conference call. At this time all participants are on a listen-only mode and later we will conduct a question and answer session. Instructions will be given at that time. As a reminder this conference is being recorded. I would now like to turn the conference over to our host, Mr. David Langevin. Please go ahead.

D. Langevin                   Thank you, Beth. Good late afternoon to everyone. Thank you for your interest in Veri-Tek International. On the call with me today is Andrew Rooke. He's our new president and chief operating officer. Hopefully you saw that he was appointed and approved by the board in that position on March 29<sup>th</sup>. So I would like to have Andrew start with some summary on the quarter, and then I will come back on and highlight a few areas and also talk about some of the business going forward. So, Andrew, welcome and go ahead and summarize the quarter please.

A. Rooke

Thank you, Dave, and good afternoon everybody. Just before we start, I would just like to cover the formalities of the Safe Harbor statement. During the call there may be statements that are forward-looking in nature which express the beliefs and expectations of management. Such statements are based on current plans, estimates and expectations, and involve a number of known and unknown risks, uncertainties and other factors that could cause the company's future results, performance or achievements to differ significantly from the results, performance or achievements express or implied by such forward-looking statements. These factors and additional information discussed in the company's filings with the Securities and Exchange Commission and the statements in this release should be evaluated in light of these important factors. Although we believe that these statements are based upon reasonable assumptions, we can not guarantee future results. Forward-looking statements speak only as of the date in which they are made, and the company undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

During the call we are also going to be making certain statements related to restatements for the first quarter of 2006. This refers to certain

reclassifications that have been made to our 2006 financial statements to conform to the 2007 presentation, including restatement of the balance sheet as of December 31, 2006, the statement of operations and the statement of cash flows for the three month period ending March 2006 to reflect the testing & assembly equipment segment as a discontinued operation.

We also defined the pro forma as the unaudited combined results of Manitex, Inc. and Liftking Industries, Inc., which we acquired in July 2006 and November 2006 respectively. These make up our lifting equipment segment.

Veri-Tek announces net income from continuing operations for the first quarter of 2007 of approximately \$0.1 million or \$0.01 a share, compared to a net loss in continuing operations of \$0.04 million or \$0.01 a share, for the restated first quarter of 2006. This also compares to a pro forma net loss of \$0.7 million or \$0.15 a share loss the first quarter of 2006.

Net sales from continuing operations for the first quarter of 2007 reached \$23.1 million. There is no comparison for continuing operations for the restated first quarter of 2006, as we had not yet acquired the entities

comprising our lifting equipment segment. Compared to unaudited results for the first quarter of 2006, our net sales increased 72.4% from our pro forma net sale of \$13.4 million. This increase in net sales as compared to the pro forma prior year period was favorably impacted by improved product availability and shipments. We achieved this primarily through a reduction in supply chain shortages resulting from our improved cash flow available for purchases and the increased capacity of certain suppliers.

In addition to net sales growth, we intend to monitor and drive our performance through a focused set of key performance indicators embedded in the operations. Of these, two important financial indicators are adjusted operating income and the EBITDA. We defined adjusted operating income as operating income before amortization of intangibles and cost of sales charge related to the right of the acquired inventory. For the first quarter of 2007, adjusted operating income was \$1.54 million or 6.7% of sales. EBITDA, which we define as earning before interest expense ... income, income tax, depreciation and amortization was \$1.49 million or 6.4% of sales. These indicators were impacted by the margin decrease resulting from the reduced sales at the start of the year, giving a gross profit range of approximately 13% to 21% from the period January to March 2007.

Additionally, we incurred higher corporate SG&A costs that were impacted by legal and accounting fees relating to our SEC review of our resale registration statements on Form S-3, costs relating to recruiting key personnel to manage our growth strategy, and consulting costs incurred in connection with our Sarbanes-Oxley implementation plan. However, progress is in line with expectations in each of these areas, and the company can reaffirm its 2007 adjusted operating income guidance of between 8% to 8.5%. The company also can confirm that following the decision of its board of directors on March the 29<sup>th</sup> to dispose of the testing and assembly equipment segments, activities continue in this regard and are also on track.

I would like now to hand back to Dave and he's going to talk a little bit more about the operations for the first quarter.

D. Langevin

Thank you, Andrew. I will just try to put some clarification on some of the things that we discussed in our release and also about the business climate. Then we will turn over to questions and answers. Also I'm going to address a few administrative issues so that everyone on the call can be brought up to speed on some of that information as well.

As we mentioned in our release, we had quite a swing for the quarter of our sales, which of course impacted our margins. If you recall from the last time we had a call, if you were involved with that, I stated in January that I was sitting in Texas in an ice storm and I thought that we were going to be able to recover completely from that. And we did, but it wasn't all in the first quarter. We had a swing of, as we stated in our release, of \$5.5 million in sales for January and we finished the quarter with \$11 million. That's consolidated numbers—that's both Manitex and Liftking. But of course, when you generate sales at that level, you have significant swings in your margins, which of course, Andrew spoke about from a range of 13% to 21% for that period. We continue on that level. In April, we did continue at that range, so that is one of the reasons we were able to reaffirm our guidance for '07 of sales between \$95 and \$100 million for the consolidated group. We obviously have the business and we need to deliver.

We also mentioned that we made some changes and we had some realignment of responsibilities because we were not satisfied with the sales level, even though we did have some reasons for it in January. So that has also been very beneficial to us and we have seen the increase in production.

One other comment that I will make is, historically the second and third quarters in this industry, in all my years of experience, are our best quarters because the utilization in the field is the greatest at that time, as you would expect. So the parts business is obviously at a higher level. Also a lot of times our deliveries are for future months, and a lot of times those deliveries are specified in the second and third quarters because of the fact that they want to use those in the field at that time. So not to excuse and we're not satisfied with anything like the January results, but again I wanted to give some clarification on that.

Some of the points that Andrew mentioned, we had some unusual expenses with the registration. As you know, we issued stock in November and we were then reviewed by the SEC. I'm happy to report all the comments and changes to previous years 10Ks, 10Qs everything has been now submitted. We've gone through three rounds of comments from the SEC. This again is all information available on the SEC Web site, and the last set of comments have also been submitted this afternoon. So while we had some unusual legal and accounting fees related to that during the first quarter, and some of that will also carry over into the second quarter because of the fact that we just filed everything, it is an accomplishment for a company that has had consolidation of several

acquisitions, none of which were ever reporting entities. We put our accounting staff and external accountants and lawyers through a fairly rigorous process over the last few months. I know that everybody that's involved has been working very hard and diligently, and there have not been any changes to any of our financial reporting as a result of the SEC review. So therefore that is complete.

A couple other comments that I wanted to make. The debt, our working capital for quarter, because we were building up inventory and reducing payables, our debt did go up \$3 million during the quarter. However, that has come down since the quarter end, not by \$3 million, but by about half of that. But again, as you start to build up the inventory for the increased production, I think that is a natural transition.

Overall, business continues to, as many of you know, from listening and meeting on previous occasions, certainly at Manitex, most of our business ends up goes to energy utilities, infrastructure development and commercial construction. That continues to run at reasonably good levels, and we have the capability to see visibility throughout '07. So therefore, again, we are able to reaffirm our guidance, and we will be working in the upcoming months to see what it looks like beyond '07, but at this point we

are not prepared to discuss that. Those are some of my overall comments, so I would like to turn it over to any questions that we may have.

Moderator                   Certainly, one moment please for the first question. Our first question will come from the line of Sam Nichols with W. Quillen Securities. Please go ahead.

S. Nichols                   First question. I'm curious about is the legacy business. So now all of your revenue and expenses are in discontinued operations?

D. Langevin                 Andrew, do you want to address that? Andrew is overseeing the legacy business and the disposition of that business.

A. Rooke                   Hi, Sam. The financial results that you see, that have been filed, show as a comparison for 2006 some corporate expenses which were in the original legacy business, if you like. But all of the continuing operations and expenses for the testing and assembly equipment segment, you're correct, are shown in discontinued operations.

D. Langevin            We made that determination at the end of March, as we have reported. So throughout the first quarter we did have some expenses which were higher than our current run rate.

S. Nichols            Okay, understood. Your loss in the quarter for the legacy business was \$700,000, which is less than third quarter and I believe fourth quarter of '06. Has something improved?

D. Langevin            Well, when we started this process we had—and I'm going to use round numbers, and Andrew, correct me if you know the exact numbers—but around 60 people, and we have pared that back as we have reduced some of our concentration in the products that that business sold to somewhere around less than 15. So each quarter we would have had reduced operating expenses as a result of that. Is there anything else, Andrew, that you can think of?

A. Rooke            No, that is correct. Post Q1, at the time of the announcement, just after the announcement, we also made some reductions as well, which is part of trying to get the costs under control of the business.

- D. Langevin I also think you have some cost that you recorded for the final disposition of the business. Is that right, in the first quarter?
- A. Rooke That's correct.
- S. Nichols Your projection for 18.5% operating margin before goodwill, according to my calculations, that would give you, for the full year, about 21%, 22% gross margin if you were to meet your estimates. However, your SG&A expense was a tad higher than it normally would be, as you mentioned, in the quarter, so that 21%, 22% might actually turn out to be a little bit higher. Am I correct in that calculation?
- D. Langevin Well, it is, as you would imagine, and we've built out models with our production and looked at the same thing that you have and determined that we could reaffirm our guidance. It's a little combination of both. As Andrew mentioned in our release, he, along with our operating general manager to the operating businesses and the presidents of the operating businesses, are attempting to make sure that we challenge every cost in the SG&A line. Certainly some of the extra cost that Andrew mentioned relating to the SEC and SOx and those types things did result in us having an increase in SG&A. It's a combination of hopefully controlling our

SG&A expenses and increasing. As we continue to run at a higher level of productions through our facilities, clearly then you run with better gross margins. So your assessment is correct and I think it's a little bit more complex than that, but your overall assessment is correct.

S. Nichols                    In March, am I correct to infer here that your gross profit ranged 13% to 22% in the quarter, so the 21% would be March?

D. Langevin                I think that's a fair assumption, yes.

S. Nichols                    Okay, great. Thank you very much I appreciate it.

Moderator                Thank you. The next question will come from the line of Mitch Almy with McAdams, Wright and Reagan. Please go ahead.

M. Almy                    Is there any macro statistic out there that you look at? Is there any sort of trade publication that you keep an eye on specific numbers that might allow me to monitor, I guess, overall demand coming in to your boom truck business?

D. Langevin            Obviously, I work with our dealers or we all work with our dealers, our sales people, our regional sales people that are in touch with our dealers. As you know, we sell through a dealer network covering North America. So the quotation activity and the list of proposals, I mean, they work on some fairly large projects. We work on fairly large orders, so it could, over the next couple of months, roll into '08, which is obviously what I expect, but at this point again, as I indicated earlier, I don't want to quote anything. So we work on the stuff internally. On external, we have reporting but that's all historical. So knowing the people in the industry and speaking with them, I know that I've seen in publications where some our competitors have stated very positive bullish comments about '08, but again, I don't want to express myself until I have a better clarification on what I see for '08. So it's really just through trade publications and internal work with our sales people and our dealers.

M. Almy                Is your new 50 ton boom truck, is that aimed at a market that might be a little bit new to you now?

D. Langevin            We stated this on our last call. We're trying to expand into larger markets, into more expensive custom chasses. We are a truck chasses, and as you get on a larger custom chasses and used in all terrain/rough terrain in cranes,

that's a very large market. A very expensive market, and also a very good gross margins. And again, as I've stated the past, our strategy and our intention is to expand on the high end of the market. We think that's where our engineering capabilities and our technology capabilities and our manufacturing capabilities are best served in the market, and where there's less competition. And we think we can provide a product that is more efficient and more productive and at a lower cost per value to our customers.

Moderator                      Our next question comes from the line of Phillip Anderson from Pinnacle. Please go ahead.

P. Anderson                      Dave, in the press release you say that the slow start to the quarter, \$11 million month in March. Can you share with us, did that momentum from March continues into April?

D. Langevin                      Yes, we did have continuation of that momentum into April, and again, that gave me the confidence to reaffirm our guidance. My expectations are that while I don't think you can expect every single month to be record months, I do anticipate that we will not have another January.

P. Anderson            Then you also say there's certain changes internally. Can you elaborate on what those changes are and why they were made and what consequences or impact those changes have had on the business?

D. Langevin            As I mentioned in my prepared comments, we had a realignment of responsibilities within the plant, so this is more direct into how the production flow was going through the facility, and trying to introduce as much as we can in lean manufacturing and the positiveness that surrounds that. I know, Andrew, that you've been very active in working on that as well. And we have really been seeing the fruits of our labor. Sometimes when you make some changes as tough and difficult those are from a personnel standpoint, you see some results, and we certainly saw that. I don't want to give anybody any indication that it's all one or two personnel related, but it is sometimes the consequences of the fact that, storm or no storm we were not satisfied with the results of the early part of the year. We made changes and we're confident that those changes will be beneficial for us as shareholders going forward.

P. Anderson            On the supply side of the equation, I know that you've brought on at least new supplier recently to help with one particular bottle neck area. How has that supplier been flowing components to you? And kind of part B of

that question, at what level of business would you say that the current supply situation allows the company to operate?

D. Langevin

Andrew, I would be curious to here your thoughts on this as well, but I have not heard any—usually I hear when there's problems and issues, and I inquire, of course, and I have not heard any issues regarding suppliers. So what happened in the first part of the first quarter was not supply related, and we are not completely up yet. That supplier that you are referring to, we are not completely up to speed on that supplier yet, but we are going through the quality transition and those types of things. We expect that we will, in that particular area, have some multiple suppliers, and again, supply seems to be improving. I don't know, Andrew, if you have any other thoughts or comments on that.

A. Rooke

I would agree with you there, Dave. Certainly one of the comparative factors is as well that probably the first quarter of 2006 there were a lot of suppliers that were very, very tight on capacity, and that has been freed up through either investment or just through improved process that's allowed them to get more products out into the market as well. And we've benefited somewhat from that as well, I think.

- Moderator            Our next question will come from the line of Jeffrey Lone with Tuxedo Road Associates. Please go ahead.
- J. Lone                I just wanted to reconfirm what I think I heard from you, and that is that the incremental expenses coming from SOx and from getting compliant with the review from the SEC pretty much are behind us, and on a going forward basis that expense rate should be reduced significantly, if not down to just normal operating rates?
- D. Langevin           Thanks for the question, because I want to make sure that I'm clear on this and not misleading anybody. I think what I said, and if not I'll pretty much summarize it again, is that SOx is something that is obviously here to stay, and being new to this arena of taking two companies that were not compliant previously and working on it, we do have consultants advising and assisting the organization. I do expect that cost to continue at least for the next couple of quarters. And then that will start to reduce because once you get the systems and the compliance in place, then we can monitor and control that mostly ourselves, possibly with a little bit of outside advisory on the work going forward, but certainly at a much reduced pace.

So I don't think that is totally behind us yet. However, the major cost that we had in the first quarter was all this change to comply with the SEC review of our S-3 and that was significant. That was Qs and Ks and pretty much a full blown everything that we filed since we went public in March of '05. And there will be some of that in the second quarter because we just finished filing everything today. So again, that is something that is behind us. So assuming that the SEC, when they respond to us next week, doesn't have more comments, but again we're hopeful that they're only taking one kick at this and that we will have responded to everything that they inquired about. So that should be reduced in the second quarter and then hopefully, diminimous after that.

J. Lone

Just one follow up question, if I may? To some degree you're pioneering going upscale by going to 50 tons, but the inner volume is down at lower levels. Are you looking at anything in the 15,000 to 20,000 ton area, where the unit volume seems to be the highest?

D. Langevin

We have a 17 ton that we have a prototype of now, and I think that we will be announcing shortly that that is a project that we will be moving aggressively on. So to answer your question, yes, we do want to participate in that area as well, but we're trying to outsource enough of the

components so that we can simply assemble it and be profitable at the lower end as well. Because you're right, that is a very large piece of the market and one in which we have not participated in.

Moderator           And we have a follow up question from the line of Sam Nichols with W. Quillen Securities. Please go ahead.

S. Nichols           Hi again, I just had a follow up question as well on the SG&A expense. In the fourth quarter it was almost exactly what it was in the first quarter, and in the first quarter we had the increased accounting fees. That would imply that your SG&A expense actually have gone down a bit?

D. Langevin         I'm trying to figure out, we did do obviously some fund raising in the fourth quarter; we did acquire a company in the fourth quarter. There may have been some of that. I'm trying to think. I don't know, Andrew, if you have any comment. I don't know of any reason why it should be down between the fourth quarter and the first quarter. We added more people in the first quarter because we had a very small staff. We did add a staff person in the fourth quarter to our accounting—we added two accounting people in the fourth quarter. I'm just trying to rattle off the things that I know of.

S. Nichols           Have you quantified what the extra accounting expense was relating to the S-3?

D. Langevin           It looks like to me, in looking at the invoices and trying to identify them, it's somewhere in the neighborhood of \$150,000 in the first quarter, for just those fees.

Moderator           And at this time there are no further questions. Please continue.

D. Langevin           Well I would like to thank everyone for their interest in Veri-Tek, and please if there are additional questions or issues, we're more than happy to answer and respond, and look forward to talking too many of you again in the future. Thank you again.

Moderator           Ladies and gentlemen, this conference will be available for replay after 7:30 p.m. today through May 24, 2007. You may access the AT&T teleconference replay system at anytime by dialing 1-800-475-6701 and entering the access code of 873968. International participants may dial 320-365-3844. That will conclude our conference for today. We thank you for your participation and for using AT&T Executive Conference. You may now disconnect.