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Robert Duncan Brown *Lake Street Capital Markets, LLC, Research Division - Senior Research Analyst*
Scott Eckstein;KCSA;Vice President -

PRESENTATION

Operator

Good day, everyone, and welcome to CUI's Global Fourth Quarter and Full Year 2019 Conference Call. (Operator Instructions) As a reminder, this conference call is being recorded. A replay of today's call will be available on CUI's Global's website later today and will remain posted there for the next 90 days.

I will now hand the call over to Mr. Eckstein of KCSA for introductions and the reading of the safe harbor statement. Please go ahead, sir.

Scott Eckstein;KCSA;Vice President -

Thank you, operator. Hello, everyone, and welcome to CUI Global's Fourth Quarter and Full Year 2019 Conference Call. A copy of the company's earnings press release and accompanying PowerPoint presentation are available for download on the events and presentations page of the Investor Relations section of the CUI Global website. With us on today's call are Jim O'Neil, Vice Chairman and Chief Executive Officer; Daniel Ford, Chief Financial Officer; and William Clough, Executive Chairman.

Today, we'll review the highlights and financial results for the fourth quarter and the full year as well as recent developments. Following these formal remarks, we will be prepared to answer your questions. I would also like to remind everyone that today's call will contain certain looking forward statements made within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities and Exchange Act of 1934, as amended. Such statements are subject to risks and uncertainties that could cause actual results to vary materially from those projected in forward-looking statements.

The company may experience significant fluctuations in future operating results due to a number of economic, competitive and other factors, such as the coronavirus, including among other things: the company's reliance on third party manufacturers, suppliers and service providers, government agency budgetary and political constraints, new or increased competition, changes in the market demand and the performance or liability of its products. These factors and others could cause operating results to vary significantly from those in prior periods and to those projected in forward-looking statements.

Additional information with respect to these and other factors which could materially affect the company and its operations are included in certain forms the company has filed with the Securities and Exchange Commission. These forward-looking statements are based on information available to CUI Global today, and the company assumes no obligation to update statements as circumstances change.

Now at this time, it is my pleasure to introduce Jim O'Neil, Vice Chairman and CEO of CUI Global. Jim, the floor is yours.

James Francis O'Neil ***CUI Global, Inc. - Vice Chairman & CEO***

Thanks, Scott, and thank you, everyone, for joining us today on our Fourth Quarter and Full Year 2019 Earnings Conference Call. In October of 2019, CUI Global implemented a transformational strategy to become a diversified energy infrastructure services company. Since then, we have accomplished several key objectives. First, we sold our domestic Power and Electromechanical operations to strengthen our balance sheet and position CUI Global as a 100% energy services company; second, in our legacy business, we have rightsized our U.K. operations to align costs more appropriately with the challenging business environment we have been experiencing, while at the same time, expanded our capabilities in our Houston office to capitalize on secular trends in the North American renewable energy market; third, in the fourth quarter of last year, we began a greenfield operation, Orbital Power Services.

Headquartered in Dallas, this operation is focused on building an electric transmission and distribution service business to serve utility customers, primarily in the Southwest United States; and finally, last Thursday, we announced our first acquisition in the infrastructure services space, Reach Construction Group, a utility-scale solar, engineering, procurement and construction services company, or EPC company, in Apex, North Carolina.

We are all very pleased with the progress we have made over the past 6 months in executing our strategy to transform CUI Global.

Before I get into more details about our recent accomplishments, I'll briefly review the company's performance in 2019. Revenues were $23.5 million for the full year of 2019, up 15.5% compared to $20.3 million for the full year of 2018. The increase was due to higher integration revenues in our North American operations, primarily due to an expanding customer base that recognizes the quality of work performed in our Houston facility coupled with strategically targeted business development efforts. This was offset by lower integration revenues in our U.K. operations, primarily due to the lack of government projects funded due to the uncertainty around Brexit.

A major achievement in 2019 was the October sale of the electromechanical components business of our legacy Power and Electromechanical segment to a private entity for a total consideration of $15 million, comprised of approximately $4.7 million in cash paid at closing, the retirement of approximately $5.3 million promissory note and the guaranteed 5-year receivable note of $5 million issued by the buyer to CUI Global. This was a significant achievement for us and marked a major step in our plan to reshape the company.

Following this, in December, we sold the majority of our remaining Power business to Bel Fuse for $32 million in gross proceeds, plus the assumption of certain liabilities and subject to post-closing working capital adjustments. This transaction, combined with the previous sale of our electromechanical components business, removed CUI Global from its domestic Power and Electromechanical business segment. These were significant transactions, and we believe the monetization of these assets was the best way to unlock their previously untapped value to benefit our shareholders.

The remaining Power and Electromechanical operations of CUI Canada and CUI Japan remain held for sale, and we are currently seeking the best option for those entities.

Additionally, in December, we announced a share repurchase program where the company may repurchase up to $5 million of CUI Global common stock at market prices.

We are very happy to return a portion of the proceeds from the sale of Bel Fuse to our shareholders, which is consistent with our commitment to building shareholder value. Besides creating immediate value for our shareholders, the proceeds from these 2 transactions also strengthened our financial and liquidity position and left the company with a virtually debt-free balance sheet. These enhanced financial resources have enabled us to continue to pursue our energy-centric growth strategy into 2020.

As we discussed on our last call, given the ongoing challenging environment in our U.K. operations, we have taken steps to rightsize our resource base there, while at the same time, developing new opportunities for organic growth. We have a talented team of engineers and a world-class integration facility in the U.K. and have now diversified our operations from being reliant solely on gas network revenue opportunities into biomethane-to-grid, operational technology and cybersecurity and industrial user applications.

These new areas of focus are all gaining traction in the marketplace. For example, we have won 2 biomethane-to-grid projects in the first quarter of this year. Before the impact of the coronavirus pandemic and oil price declines hit the U.K. and Europe, we were expecting 25% growth in our U.K. operations with breakeven income from operations and momentum building into 2021. While that short-term financial goal will now be difficult to achieve, given the macro environment in Europe and uncertainty around COVID-19, we believe we have implemented the right strategy in the U.K. for us to succeed over the long term.

Our U.S. integration facility in Houston continues to gain momentum with customers, and given the progress we have made to date, we expect to grow revenues by 20% in 2020, barring potential impacts from the coronavirus or low oil prices.

Primary opportunities in the U.S. are GasPT analyzers, biomethane to grid and mercury measurement system projects. As mentioned in our press release last week, our proprietary VE technology sampling probe is also gaining traction in the marketplace and is poised for significant growth this year, which not only generates product sales, but indirectly supports integration opportunities as well. More importantly, since the Houston operation inception in 2015, gaining access to Fortune 100 companies has been difficult without an established tenure with these clients. But we have recently been accepted by several large oil and gas companies to their vendor list, thereby expanding our pipeline of project opportunities significantly going forward.

In the fourth quarter of last year, CUI Global formed a wholly-owned subsidiary, Orbital Power Services, to launch its electric transmission and distribution services with an operations office located in Dallas and a field service office located in Sherman, Texas.

In late January of this year, the first crews went to work for a utility customer, replacing a distribution line circuit. We will continue to profitably grow this business with new customers throughout the year.

In line with this strategy, last week, we achieved a major milestone with the accretive platform acquisition of Reach Construction Group set to close in April of 2020. Reach Construction is an EPC firm with expertise in the renewable energy industry. Headquartered in Apex, North Carolina, Reach is a leading provider of EPC services in the utility-scale solar industry, whose leadership team has over 50 years of combined industry experience. Reach is a very attractive acquisition for CUI. Not only is it a strong addition to our energy-focused operations, but it also represents a substantial step in our strategic plan to become a diversified energy infrastructure service company.

This acquisition will bring with it several strategic benefits, including expansion of CUI Global's energy services business into the rapidly growing alternative energy industry, particularly building on Reach's established relationships that currently exist with solar developers and panel manufacturers in the utility-scale solar market, diversification of Reach's current capabilities into a broader set of service offerings in the energy infrastructure market and enhancement of CUI Global's revenue while contributing to positive net earnings.

To provide some context for that last remark, for 2020, Reach already has contracted backlog in excess of $100 million. This acquisition is expected to be immediately accreted to CUI Global's consolidated results. And we are extremely pleased to welcome Reach to the CUI family, and look forward to working with their senior management team to continue driving their profitable growth. Most important, adding Reach has given CUI Global a strong base to expand its infrastructure energy services into the growing renewable energy market, while letting us take a strong role in helping to reduce carbon emissions throughout the country.

Reach is already a proven market leader in providing renewable energy EPC services and their extensive renewable energy infrastructure platform combined with CUI's existing energy services business lays the groundwork for a much greater diversified energy services platform.

Near term, we see strong synergies between Reach and our recently internally developed Orbital Power Services group. With our combined capabilities, we have the potential to take advantage of future customer opportunities by diversifying into synergistic services and expanding geographically to serve the electric power industry as well as the larger infrastructure services market.

There is no better time for our interest into this market given the substantial capital investment programs that energy companies are making and will have to make into our nation's aging infrastructure. These energy assets are just about beyond their serviceable life, and they simply must be upgraded or replaced. It's no longer an option for utilities to do this, it's become a critical need. Then there's the shift in the electric power market as the transmission grid continues to move away from coal and nuclear power to renewable energy sources such as wind and solar and natural gas. The current age and configuration of the nation's electric power grid simply cannot support these new sources of generation.

Lastly, 50% of the workforce across these industries will soon be eligible for retirement within the next 5 years. And given this trend, we expect in the future that our customers will have to outsource more work that is currently being done in-house, which should make more favorable resource demand and pricing environment for our services. For these reasons and many more, we are dedicated to transforming this company into a diversified energy infrastructure services company.

Our strategy remains the same to diversify our existing energy business into the infrastructure services market through both organic growth and by pursuing a targeted acquisition strategy focused on innovative companies and complementary industries. We have begun this process with our acquisition of Reach Construction and the launch of Orbital Power Services, and we look forward to continuing to execute on this plan as we move through the rest of 2020 and beyond.

In summary, our actions during the fourth quarter and in early 2020 have improved our U.K. and Houston integration operations performance and increased the scope of our energy business by building a solid foundation to expand our energy infrastructure service offerings. In doing so we also strengthened our financial and liquidity position, allowing us to continue to pursue a targeted acquisition strategy. By executing on this strategy, focused on innovative companies and complementary industries, we will develop a diversified platform for growth and create long-term value for our shareholders.

That concludes my opening remarks. Now I will pass the call on to Dan, who will review our financial results. Dan?

Daniel N. Ford ***CUI Global, Inc. - CFO & COO of Energy Division***
Thank you, Jim, and good afternoon, everyone. Today, I'll review our fourth quarter and full year 2019 GAAP financial results. I'd like to remind everyone that I will focus my remarks today on the company's continuing operations, which consists of our energy segment. The Power and Electromechanical segment is presented in discontinued operations as Electromechanical business was disposed of during Q3, while the remainder of the domestic Power business was divested during Q4 with CUI Canada and CUI Japan remaining held for sale at this time and also presented as discontinued operations.

We reported total revenues of $5.7 million for the fourth quarter of 2019 compared to $7.4 million for the fourth quarter of 2018. These results reflect the lower integration revenues in our U.K. operations that Jim mentioned earlier related to uncertainty around Brexit. These were partially offset by increased integration revenues in our North America operations.

For the full year 2019, total revenues were $23.5 million, a 15.5% increase compared to $20.3 million for the full year 2018. North American operations had significantly higher overall revenues than in 2018 after a strong fourth quarter, which were offset by a weaker Q4 from our U.K. operations due to the factors I mentioned earlier, primarily related to Brexit.

Gross profit was $1.5 million for the fourth quarter of 2019 compared to a negative $490,000 for the fourth quarter of 2018. And for the full year 2019, gross profit was $5.8 million compared to $2.6 million for the full year 2018. Gross margin was 26% for the fourth quarter of 2019 and 24.7% for the full year 2019 compared to negative 6.6% and positive 12.6% for the fourth quarter and full year 2018, respectively.

The margin increase was due largely to a 2018 increase to inventory reserves of $1.4 million related to a write-down of inventory and a 2018 $1.5 million write-down of long-term deposits and other assets that were prepaid. Both of these accounting adjustments increased the cost of sales as a percent of revenues in 2018. We expect improved cost of revenues as a percentage of revenues in 2020 as a result of increased sales of higher-margin products and better mix of integration projects, along with increased service revenues.

For the fourth quarter of 2019, SG&A expenses increased by $1.1 million to $6 million from $4.9 million in the year-ago period. The increase reflects increased corporate costs related to strategic initiatives, higher professional fees and due diligence activities related to prospective acquisitions. SG&A expenses for the full year 2019 increased $1.4 million to $20.1 million from $18.6 million for the prior year. SG&A expenses as a percentage of revenue was approximately 85% compared to approximately 92% in 2018. Increased SG&A expenses were partially offset by decreased cost in the Energy segment, primarily due to improved operating costs, including lower professional fees in 2019 and lower translated costs for U.K. operations due to generally lower foreign exchange rates and higher costs in the 2018 comparable period from increased marketing expenses related to the 2018 World Gas Conference.

Adjusted EBITDA loss for the fourth quarter was $6.8 million compared to a loss of $2.1 million in the year-ago period. For the full year 2019, adjusted EBITDA loss was $14 million compared to a loss of $8 million for the full year 2018. Operating loss was $4.9 million for the fourth quarter of 2019 compared to $8.9 million for the fourth quarter of 2018. For the full year 2019, operating loss was $16 million compared to $22.1 million for the full year 2018.

Our backlog was $9.6 million at year-end compared to $15.7 million at December 31, 2018, reflecting the timing of orders and delivery schedules for integration customers.

As for our balance sheet, we ended the year with cash and cash equivalents of $23.4 million. As previously announced, in 2019, the company sold its domestic Power and Electromechanical businesses in 2 separate transactions for total proceeds of $35.4 million. Along with funding the loss from continuing operations prior to year-end, we used some of this cash to pay off the existing borrowing facilities, which were made unnecessary by the cash generation from these sales. In addition to the repayment of the borrowing facilities during the fourth quarter, $1.25 million was utilized to pay investment banking adviser fees related to the transactions.

Also during the fourth quarter, the company used $7.3 million to fund operating activities that included reduction of refund liabilities of $1 million, accounts payable by $0.7 million, contract assets and liabilities net of $0.3 million. Along with those items, we began the greenfield launch of Orbital Power Services. We reduced accrued expenses related to VPS investment of $0.5 million, utilized $0.4 million for the stock buyback of 350,000 -- 353,000 shares and incurred continued costs related to diligence efforts for M&A.

More recently, as previously announced, we entered into a definitive agreement to acquire Reach Construction Group for a combination of third-party debt and company equity in a transaction valued at approximately $37 million. This purchase price excludes working capital and certain other customary adjustments to be made upon closing. We expect to close the transaction in April, subject to routine closing conditions.

Before I turn the call over to Jim for some closing remarks, I'd like to provide an update on our share repurchase plan. As mentioned earlier in December, our Board authorized a share repurchase program under which the company may repurchase up to $5 million of the company's common stock at market prices. For the period since the share repurchase plan was first approved through December 31, 2019, during the open buying window available to us, we repurchased 353,063 shares of our common stock at an average price of $1.17 on the open market.

I will now turn the call back over to Jim for closing remarks.

James Francis O'Neil ***CUI Global, Inc. - Vice Chairman & CEO***
Thank you, Dan. To summarize, the last 6 months has been a transformative period for CUI Global. In just this 6-month period, we have strengthened our balance sheet by monetizing our non-core assets, rightsized and increased customer opportunities in our legacy Energy business, and expanded our service offerings into the electric utility construction space, continuing our transformation into an energy services company.

We believe there is no better time to do this given the increasing investment that's taking place in the energy infrastructure services space as well as the larger infrastructure services market. Looking ahead, CUI Global is in an excellent position to keep executing on this strategy, which should support our ability to expand our revenues, profitability and continue to create long-term value for our shareholders.

Before we go into Q&A, I would like to make a few comments about the coronavirus pandemic as it relates to our company. Following the guidelines provided by the Department of Homeland Security, we will continue to operate CUI Global and its subsidiaries as an essential critical infrastructure workforce and will do so throughout this crisis, as long as our employees and key stakeholders, including our customers and vendors, can do so safely and effectively. Most important, of course, is the safety of our employees and their families, who have been provided the proper protocol to operate during this time.

Due to the coronavirus, we have seen some customers and supply chain interruptions in our U.K. operations. In the U.S., we have experienced little or no business impacts to date. As we all know, the people in Europe have endured this virus several weeks longer than those in the U.S. The situation with the coronavirus changes daily, and we are closely monitoring it and how it could impact our business. Dan and I had originally intended to provide full year guidance on this call, but given this unprecedented situation, we have decided to wait until the pandemic passes so we can properly reassess our financial position for the full year.

We thank you for your patience and urge all of you to keep yourselves and your family safe by following CDC precautions to stay healthy during this outbreak.

That concludes our prepared remarks. Now I would like to open the call for questions. Operator, please go ahead.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And our first question comes from Eric Stine with Craig-Hallum.

Eric Andrew Stine ***Craig-Hallum Capital Group LLC, Research Division - Senior Research Analyst***

Jim, Dan, just wanted to start on Reach. Maybe if you could talk about the growth profile of that business over the last couple of years. And then I know that you talk about the $100 million plus backlog, just curious how we should view that, whether that's a 12-month backlog or not?

James Francis O'Neil ***CUI Global, Inc. - Vice Chairman & CEO***

So that $100 million in backlog is just backlog for this year, so it wouldn't be 12-month backlog. They do have, I think, an additional $40 million in backlog beyond this year. And what we anticipate them doing this year is 100% in backlog. So the company was founded in 2013, and they started off as being a foundation company, doing most of the ground clearing and leveling and pile driving, which is the most difficult part of solar projects. And then they transitioned into being an EPC provider at the request of their customers around 2016, and so their growth trajectory has kind of taken off from that point. And last year, I believe they did close to $30 million in revenue. And this year, we're forecasting around $100 million.

Eric Andrew Stine ***Craig-Hallum Capital Group LLC, Research Division - Senior Research Analyst***

Got it. And I guess, one, just confirming that the management team with the Reach is staying with the company? But also you talked about you referenced in the release that while they're going to help you get into utility-scale solar, you're also going to help them get into other parts of your business. So maybe if you could just expand on that?

James Francis O'Neil ***CUI Global, Inc. - Vice Chairman & CEO***

No. Yes, the team is absolutely staying on board, young management team. Again, needed the balance sheet to grow, that's a perfect situation. And they are quite opportunistic and are ready to expand their service offerings into new areas that are synergistic to what they do. And for example, one of the things they do on these utility-scale solar jobs is they'll subcontract out the interconnection to the grid. Well, we can do that in-house now. We have that capability, that's a synergy. But also build on that synergy and move into the utility arena and do work for utility and municipality electric providers as well. So there's significant opportunity there for us to grow in the southeast region of the U.S. where they are located.

Eric Andrew Stine ***Craig-Hallum Capital Group LLC, Research Division - Senior Research Analyst***

Got it. Maybe last one for me, just any thoughts on margins, whether it's EBIT or EBITDA? And then also -- so it sounds like it's going to be debt equity that you will issue, are you going to use any cash on hand?

Daniel N. Ford ***CUI Global, Inc. - CFO & COO of Energy Division***

Yes. So we're not using any cash on hand for this acquisition, it is all seller-financed debt. So we were able to do this without meeting bank financing or otherwise. There's a equity component of approximately 2 million shares that they will be receiving. And then in respect to the margins, the net margin, we expect to be better than 10% on their business for 2020 and going forward as well. So it's a very good margin business. It operates lean from an overhead standpoint. Its main cost drivers are delivering to the customer. So -- and that can be adjusted as needed based on project work available.

James Francis O'Neil ***CUI Global, Inc. - Vice Chairman & CEO***

And Eric, we'll announce the deal structure when we close the deal, which will be in the next week or 2.

Operator

Our next question comes from Liam Burke with B. Riley FBR.

Liam Dalton Burke ***B. Riley FBR, Inc., Research Division - Analyst***

Dan, in his prepared statements, was talking about the systems integration business, how those margins is typically your lowest margin business, but they're improving, and you'd expect that into 2020 to do better. Jim, is it because you've got more CUI content in that integration business? Or are you seeing better pricing? Or what people want to pay up?

James Francis O'Neil ***CUI Global, Inc. - Vice Chairman & CEO***

It's really volume, Liam. We need more volume. The margins that we're making on these contracts is good. It's to cover the indirect. We've got engineering and support staff that are very specialized that help differentiate us in what we do. And we just need to get the volume up in these businesses, which we're doing. But the projects are profitable, it's just more covering the overhead.

Daniel N. Ford ***CUI Global, Inc. - CFO & COO of Energy Division***
Liam, to your point, though we are also seeing significantly greater volume related to the VE technology. And that is an opportunity for us to capture some more margin on projects and analytical systems that we're building. So that is helping the line.

James Francis O'Neil ***CUI Global, Inc. - Vice Chairman & CEO***
I mean that's a good point. We sold 20 of those -- 20 of the VE sample probes, but with that, we've gotten pull-through value. And we're doing 4 projects that total almost $0.5 million that are -- involve integration of that technology. So -- and that could be 20% to 30% of our revenue in Houston, it's just because of this new technology that we launched. 20% to 30% of our revenue this year. So there's a lot of good things going on right now in the way of growth opportunities.

Liam Dalton Burke ***B. Riley FBR, Inc., Research Division - Analyst***
Okay. And Jim, on the development of Orbital Power, the acquisition of Reach, you've got an organic strategy where you've deployed your first crews. How do you look at the balance as you grow this business between acquisition and organic development?

James Francis O'Neil ***CUI Global, Inc. - Vice Chairman & CEO***
That's a good question. I don't think there's any recipe to it, I think it's just being opportunistic. We still plan to do 2 to 4 acquisitions a year. This year is a little different, we've got the coronavirus going now, so I don't know how that's going to impact us long term. But where we see opportunities to grow, organically, opportunistically, we'll do that. And at the same time, we're going to try to do at least 2 to 4 acquisitions in each year.

Liam Dalton Burke ***B. Riley FBR, Inc., Research Division - Analyst***
Great. And Dan, real quick, Jim mentioned that there needs to be some additional investment in the Houston facility. Is there any meaningful step-up in capital expenditures in 2020?

Daniel N. Ford ***CUI Global, Inc. - CFO & COO of Energy Division***
It's -- the CapEx that we're investing is going to be mostly related to the power services group, and so there is going to be a step-up. It's not going to be that dissimilar from what you were used to in our Power and Electromechanical business from a dollar standpoint, but there is a step-up, particularly in Q1 of what we're investing on equipment for that group. You can imagine the heavy trucks and lifts and all the things that go with serving a utility construction industry space. So for overall power services, there will be investment in equipment. For the 2 overall gas groups in the U.K. and the U.S., we don't see a lot of investment necessary for their operations from a CapEx equipment standpoint. And then Reach being more of a project management firm, again, is fairly capital investment light, CapEx light.

Operator

We have a question from Rob Brown with Lake Street Capital Market.

Robert Duncan Brown ***Lake Street Capital Markets, LLC, Research Division - Senior Research Analyst***
Just wanted to follow-up on the Orbital Power systems business that you're building greenfield. Could you give us a sense of what kind of run rate you expect that to be in the next sort of year or 2 or how we look at it and maybe some of the customers that that's addressing, and the markets it's addressing?

James Francis O'Neil ***CUI Global, Inc. - Vice Chairman & CEO***
I'll talk qualitatively about it. Again, with the virus, it may slow us down. We haven't seen any slowdown to date, but I think this business can ramp pretty significantly over the next several years. And it's going to be meaningful contributor to the bottom line, we hope this year. I don't want to throw any numbers out right now until we get through this pandemic. But clearly, it will be a contributor to the bottom line this year and beyond.

Daniel N. Ford ***CUI Global, Inc. - CFO & COO of Energy Division***
That being said, we are seeing significant interest from the markets where that team is being introduced, again, in the southeast, particularly around Oklahoma, Texas, New Mexico areas. So we...

James Francis O'Neil ***CUI Global, Inc. - Vice Chairman & CEO***
Southwest.

Daniel N. Ford ***CUI Global, Inc. - CFO & COO of Energy Division***
Yes, Southwest. Clearly there's a strong market for that team.

Robert Duncan Brown ***Lake Street Capital Markets, LLC, Research Division - Senior Research Analyst***
Okay. And maybe could you give a sense of the typical project size, if there is one in that business? What's the typical project size and the scale?

James Francis O'Neil ***CUI Global, Inc. - Vice Chairman & CEO***
Look, they work in crews of 4 to 6 people on a crew with 2 bucket trucks and a digger derrick. So I mean that's what -- they work in crews, and they go out and they're given a certain amount of work to do each day. So it's a very recurring revenue stream, typically done on units or time and material. So -- and right now, we probably have about, all in with support staff, probably 30 to 35 people in that group right now. So it's relatively small. But we do plan to ramp it fairly rapidly because we are building momentum and there is, like Dan said, interest from other customers to take some of our crews.

Operator
I show no further questions at this time. I'd like to turn the call over to Mr. Jim O'Neil, Vice Chairman and CEO, for closing remarks.

James Francis O'Neil ***CUI Global, Inc. - Vice Chairman & CEO***
Well, I'd like to thank everyone again for joining us on today's call and for your continued interest in CUI

Global. And we look forward to having follow-up conversations with many of you and to updating you on our continued progress. Thanks again, and have a great rest of your day.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect. Everyone, have a great day.