



Investor Day

May 26, 2021

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While it is impossible to identify all such factors, some factors that could cause actual results to differ materially from those estimated by us include, but are not limited to, the risk factors and other cautionary statements contained in our filings with the SEC, including our Annual Report on Form 10-K for the year ended December 31, 2020 and the following: our ability to manage and otherwise comply with our covenants with respect to our outstanding indebtedness; our ability to service our indebtedness; our acquisitions, business combinations, joint ventures, divestitures, or restructuring activities may entail certain operational and financial risks; the cyclicity of our end-use markets and the level of new commercial and military aircraft orders; industry and customer concentration; production rates for various commercial and military aircraft programs; the level of U.S. Government defense spending; we are subject to extensive regulation and audit by the Defense Contract Audit Agency; compliance with applicable regulatory requirements and changes in regulatory requirements, including regulatory requirements applicable to government contracts and sub-contracts; further consolidation of customers and suppliers in our markets; product performance and delivery; start-up costs, manufacturing inefficiencies and possible overruns on contracts; increased design, product development, manufacturing, supply chain and other risks and uncertainties associated with our growth strategy to become a supplier of higher-level assemblies; our ability to manage the risks associated with international operations and sales; economic and geopolitical developments and conditions; pandemics, such as COVID-19, significantly impacting the global economy and specifically, the commercial aerospace end-use market; disasters, natural or otherwise, damaging or disrupting our operations; unfavorable developments in the global credit markets; our ability to operate within highly competitive markets; technology changes and evolving industry and regulatory standards; possible goodwill and other asset impairments; the risk of environmental liabilities; the risk of cyber security attacks or not being able to detect such attacks; litigation with respect to us; and other risks and uncertainties.

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Non-GAAP Financial Measures: This presentation includes certain non-GAAP financial measures, such as Adjusted EBITDA, Adjusted EBITDA margin, and net debt. For a reconciliation of such non-GAAP financial measures to the closest GAAP measure not already included in this presentation, see “Non-GAAP Financial Measures” in the Appendix of this presentation.

Other: The inclusion of information in this presentation does not mean that such information is material or that disclosure of such information is required.

Agenda

Ducommun Overview

Stephen Oswald

Electronic Systems

Dave Wilmot

Structural Systems

Jerry Redondo

M&A Strategy

Suman Mookerji

Financial Outlook

Chris Wampler

Closing Remarks

Stephen Oswald

Q&A



Ducommun Overview

Stephen Oswald

CHAIRMAN, PRESIDENT AND CEO

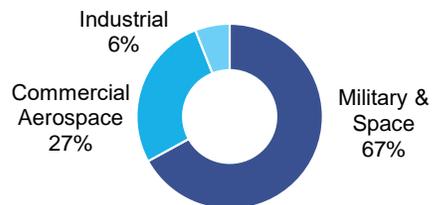
Our Company

2020 Net Revenues: **\$629mm**

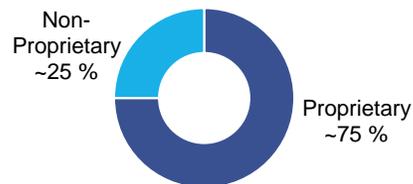
2020 Adjusted EBITDA Margin: **14.0%**

Backlog: **\$808mm**

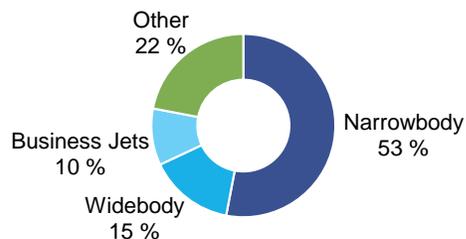
Revenue by End Market



Proprietary Content



Commercial Aerospace Mix¹



Diverse Product Content on Large and Growing Platforms...

Military Aircraft



Commercial Aircraft



Missiles



Space & UAVs



...Across a Broad Range of Customers



Leading manufacturer mainly as a Tier 1 supplier of complex electronics and structural systems for the commercial aerospace, defense, and space markets

Key Investment Highlights for Your Consideration

- 1 Tier 1 Industry Player Entirely Focused on Aerospace & Defense
- 2 Growing Defense Business Well Positioned for Changing Budget Environment
- 3 Reopening Trade in Commercial Aerospace Through 2025 with High Share in Narrowbody
- 4 Expanding Portfolio of Proprietary Capabilities with #1 Market Share Position in Titanium¹
- 5 Aftermarket Franchise Gaining Momentum
- 6 Operational Excellence System in Place with Margin Improvement Runway
- 7 Demonstrated M&A Strategy and Execution
- 8 Good Environmental, Social, and Corporate Governance Track Record

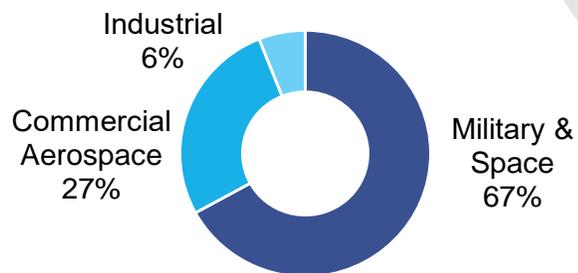
Significant opportunity for growth and shareholder value creation ahead through 2025

1 Tier 1 Industry Player Entirely Focused on Aerospace & Defense



Leading manufacturer mainly as a Tier 1 supplier of complex electronics and structural systems for the commercial aerospace, defense, and space markets

Net Revenues by End Market



Defense Majors and Commercial Aerospace OEM Customers



Tier 2 Customers



中航工业沈阳飞机工业(集团)有限公司
AVIC SHENYANG AIRCRAFT CORPORATION

Tier 1 supplier to Defense majors and commercial aerospace OEMs

2 Well Positioned on Current Platforms

Case Study: Significant Growth with Raytheon



Entered into a Strategic Supplier Agreement with Raytheon Missile Systems in July 2019

Achieved significant share shift wins from long term incumbents

Delivered integrated composite structure and electronics solutions



TOW Missiles



Patriot



Tomahawk



SM2

Continued Share Gains With Defense Majors

Platforms	Highlights
 GENERAL ATOMICS Predator UAV	<ul style="list-style-type: none"> Major share shift from incumbent supplier Great start in the relationship with opportunity for significant expansion
 NORTHROP GRUMMAN Triton UAV	<ul style="list-style-type: none"> New wins on the Triton UAV program Top 3 Defense customer for Ducommun driven by significant new product sales
 AEROJET ROCKETDYNE RS-25 Engine	<ul style="list-style-type: none"> New wins on propulsion system electronic assemblies and interconnects Opportunities to penetrate new programs including GBSD and Hypersonics

52 Defense programs with >\$1mm in Net Revenues in 2020, up from 34 in 2017

Ducommun is bolstering its strong relationships with key Defense Primes

2 Gaining Content on Next Generation Platforms

UAVs



Leveraging experience and capabilities to pursue content on next gen UAV platforms

Hypersonics



Partnering with leading Defense prime on Hypersonics programs

Rotorcraft



Well-positioned to pursue work on Future Attack Reconnaissance Aircraft (FARA)

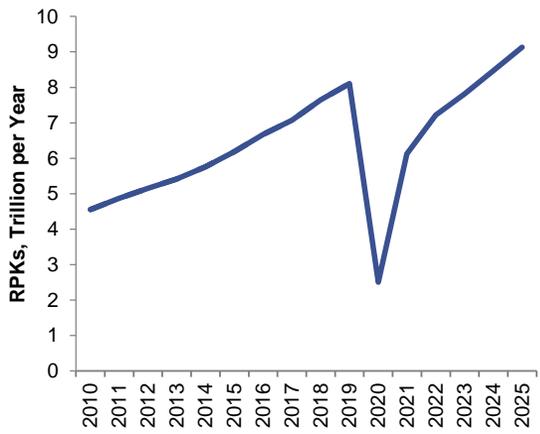
Several avenues of growth through the next generation of defense platforms and priorities

3

Reopening Trade in Commercial Aerospace Through 2025 With High Share in Narrowbody

Swift Recovery in Air Travel

Global RPKs (trillions per year)



Recovery expected to continue in 2021

Improved RPKs drives increased fleet utilization and demand for new aircraft

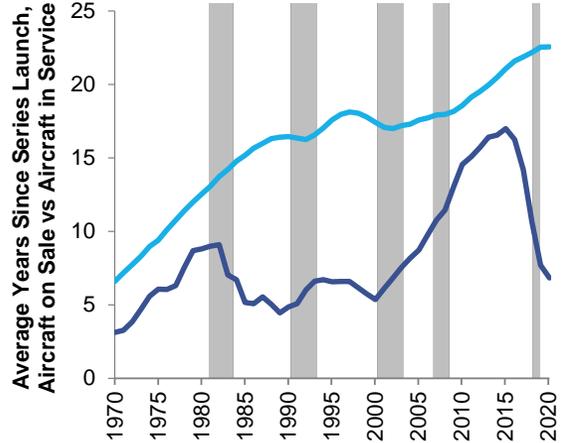
Build Rates Improving for Key Platforms

Platforms	Build Rates
B737 Family	Low rates in 2021; gradual increase to 31/mo in 2022
A320	40/mo, with gradual increase to 45/mo in Q4 2021

Continued demand for single-aisle, narrowbody aircraft

Expect narrowbody mix to increase to ~75% as 737 MAX production resumes

Coming Wave of Fleet Renewals



— A/c on Sale, Avg. Years Since Series Launch
— A/c in Service, Avg. Years Since Series Launch

Relative cost advantages from new-gen planes

Lower average fleet age helps improve operational efficiency

Recovery in commercial aerospace should accelerate top line growth, Airbus will be a big driver

4 Expanding Portfolio of Proprietary Capabilities Positioned Around Key Aerospace & Defense Trends

Key Trends and Drivers

 **Rapidly expanding narrowbody fleet**

 **Continued use of light-weight materials**

 **Increasing electronics content**

 **Increased on-shoring of manufacturing**

Ducommun Positioning

- ✓ Attractive platforms (B737, A320, A220, etc.)
- ✓ Sole-sourced on multiple products
- ✓ Largest non-OEM titanium hot forming and super plastic forming provider¹ in the world
- ✓ Proprietary VersaCore Composite™ – Nacelles
- ✓ Ruggedized interconnects and electronic assemblies
- ✓ Proprietary aircraft switches and panels
- ✓ Significant trusted domestic footprint
- ✓ Engineering design & rapid prototyping services

Value Proposition

Innovative, value-added products and solutions

Differentiated and niche capabilities (trade secrets)

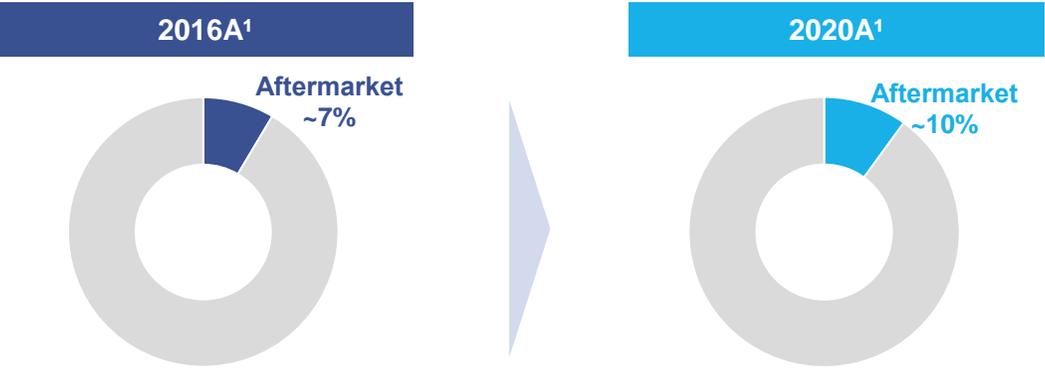
Quality focused culture that meets customer needs

High service levels compared to the competition

Differentiated capabilities supported by significant IP including trade secrets and know-how

5 Aftermarket Franchise Gaining Momentum

Developing and Growing Aftermarket Support Business



Expand Aftermarket on Existing Products

- ✓ Spares for various proprietary HMI products

Business Development to Source New Opportunities

- ✓ Approved OEM / Government repair depot, Apache rotor and main blade repair
- ✓ Leveraged existing relationships and signed new distribution partner
- ✓ Recent acquisitions driving growth

M&A to Accelerate Strategy

- ✓ Continue to leverage recent acquisitions
- ✓ Drive greater share through additional M&A activity

Strategic shift towards aftermarket across platforms provides attractive growth and margin opportunities

What Ducommun Isn't – Post 2018

What Ducommun Isn't

Mainly build-to-print supplier

Minimal competitive advantage

Mainly focused on commercial aerospace structures

Low margin, commoditized products

Forging / casting supplier

Primarily large structural parts (wings, etc.)

Very little aftermarket exposure

No pricing power

Breakeven or loss position in some part production

Boeing and Raytheon House

Vision 2025

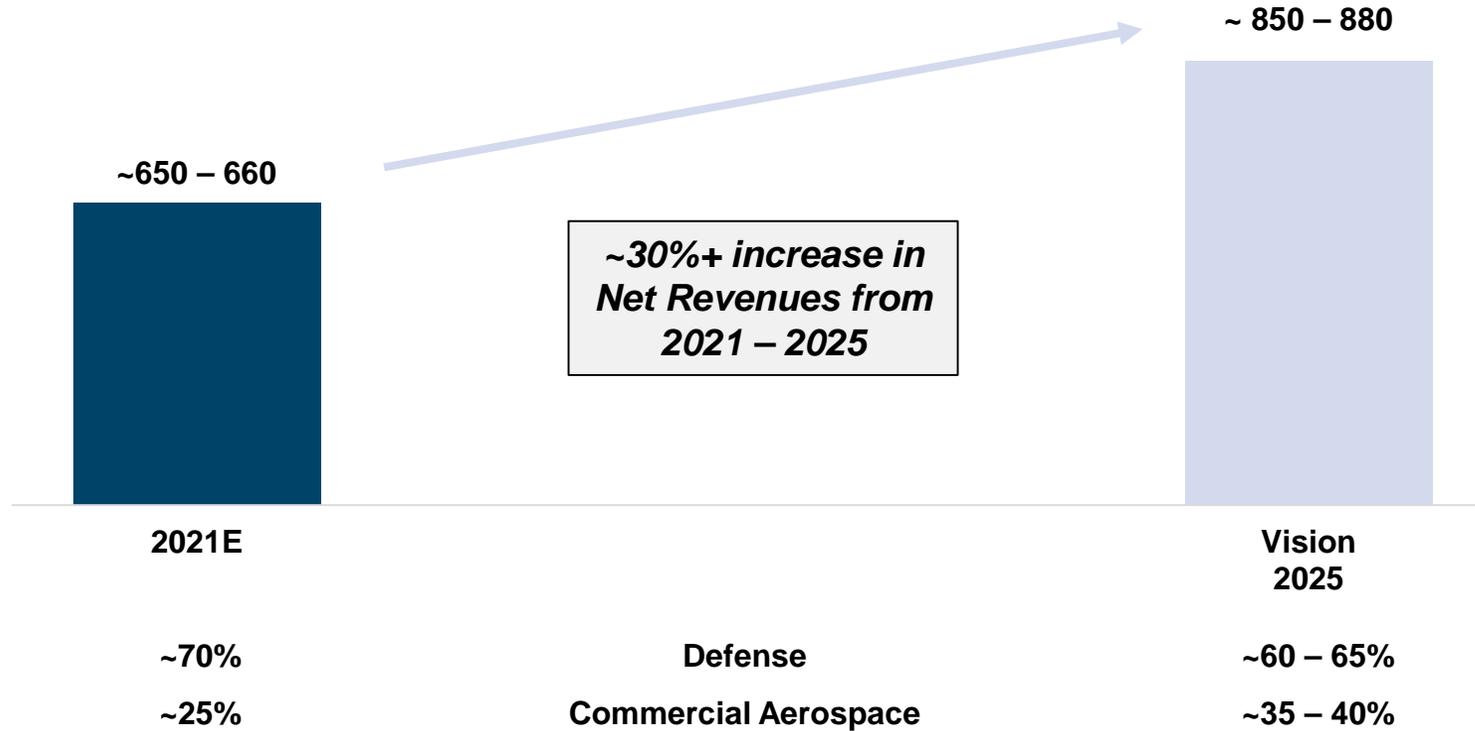
“The Journey Ahead”

**Significant Value Creation Opportunities at
Ducommun through 2025**

Vision 2025

(\$ millions)

~\$850 – \$880 Million of Net Revenues by 2025 (7 – 8% CAGR)



Vision 2025 – Key Tenets

- Recognized as an industry leading partner by OEM's providing technology and the highest levels of service in the market
- Defense business built out and at a higher scale: ~\$500M+
- Commercial Aerospace recovery fully leveraged with Titanium leadership: ~\$275 – 300M+
- Acquisition placeholder: ~\$75M+
- Business mix: ~60 – 65% Defense and ~35 – 40% Commercial Aerospace
- Adj. EBITDA margin at ~18%



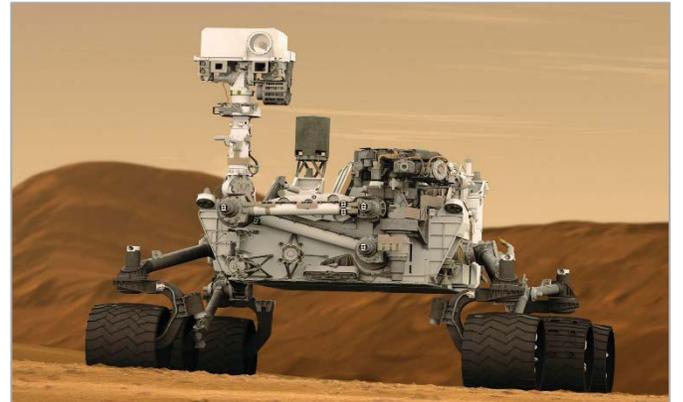
Electronic Systems

Dave Wilmot

VP, ELECTRONICS AND ENGINEERED PRODUCTS

Electronic Systems – Key Products

- Ruggedized interconnects
- Complex circuit card assemblies
- Integrated electronic box builds
- Cockpit avionics switches
- Lightning protection systems
- Complex motors and resolvers
- Custom RF components

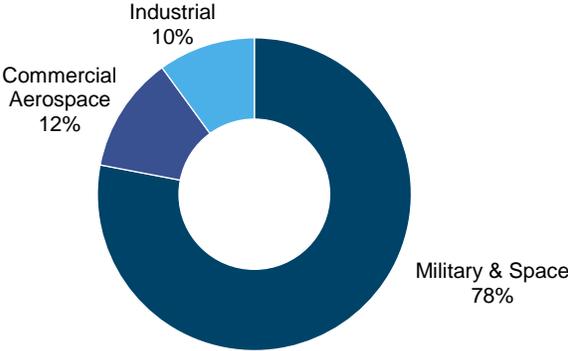


Electronic Systems – Who We Are

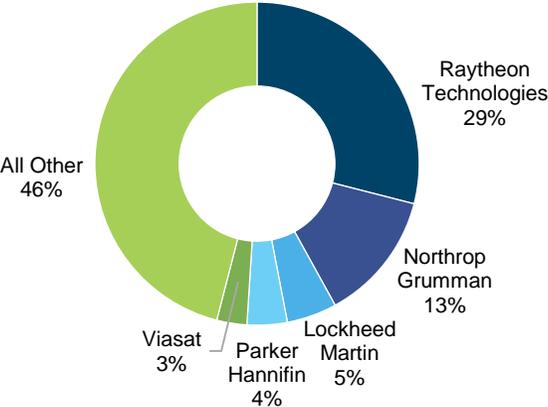
Highlights

- A leader in highly-specialized, mission-critical defense electronics for harsh environments
- Lower cost, trusted domestic manufacturing footprint
- Long-term and high growth defense platforms
- Sole source proprietary positions in niche segments
- Seven scalable Performance Centers (three cleared facilities)

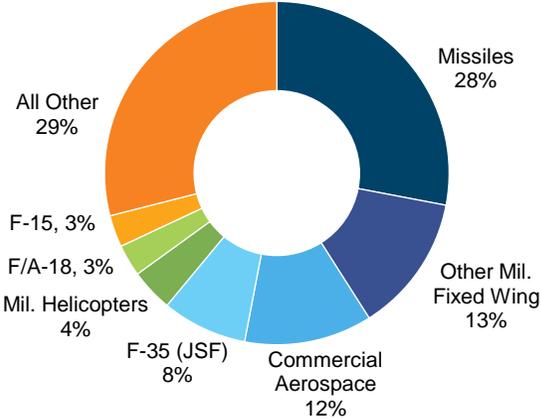
End Market Breakdown¹



Customer Breakdown¹



Platform Breakdown¹



Electronic Systems – Key Sectors & Applications

Missiles



TOW Missile



Patriot



Tomahawk



SM3/6

- Circuit cards controlling actuation & interconnects
- Integrated missile case interconnects
- Wing deploy & control actuation system motors
- Actuation control units



Military Aircraft and UAVs



Joint Strike Fighter



MQ-9 Reaper



F/A-18



Predator

- Integrated electronic boxes and radar racks
- Interconnects for avionics, radar, sensors, fuel and weapons systems
- Circuit card assemblies
- Cockpit panel assemblies and switches
- Lightning protection
- RF components



Naval



Virginia-class Submarine



AN/BLQ-10



Aegis/DDG-51

- Interconnects and complex electronic boxes
- Interconnects for the hull penetrator on warfare systems
- Electronic assemblies for the controller & detector
- Circuit card assemblies for advance naval radar systems



Space and Communications



Viasat



Inmarsat 6



Artemis



Mars Rover

- Modem and server electronic boxes for In-flight Entertainment (IFE) systems
- Interconnect products for solid fuel boosters
- IFE radome lightning protection
- Resolvers for Mars Rover
- Satellite high power RF switch units



Commercial and Business Aviation



B787



B737 MAX



Legacy aftermarket

- Engine start switch modules including legacy models
- Time delay relays and other cockpit panels and switches
- Nose, fuselage and tail radome lightning protection
- Surge suppression for power distribution and common core systems
- Strong legacy aftermarket across many programs



Raytheon Case Study

(\$ millions)

Case Study: Significant Growth with Raytheon



Entered into a Strategic Supplier Agreement with Raytheon Missile Systems in July 2019

Achieved significant share shift wins from long term incumbents

Delivered integrated composite structure and electronics solutions



TOW Missiles



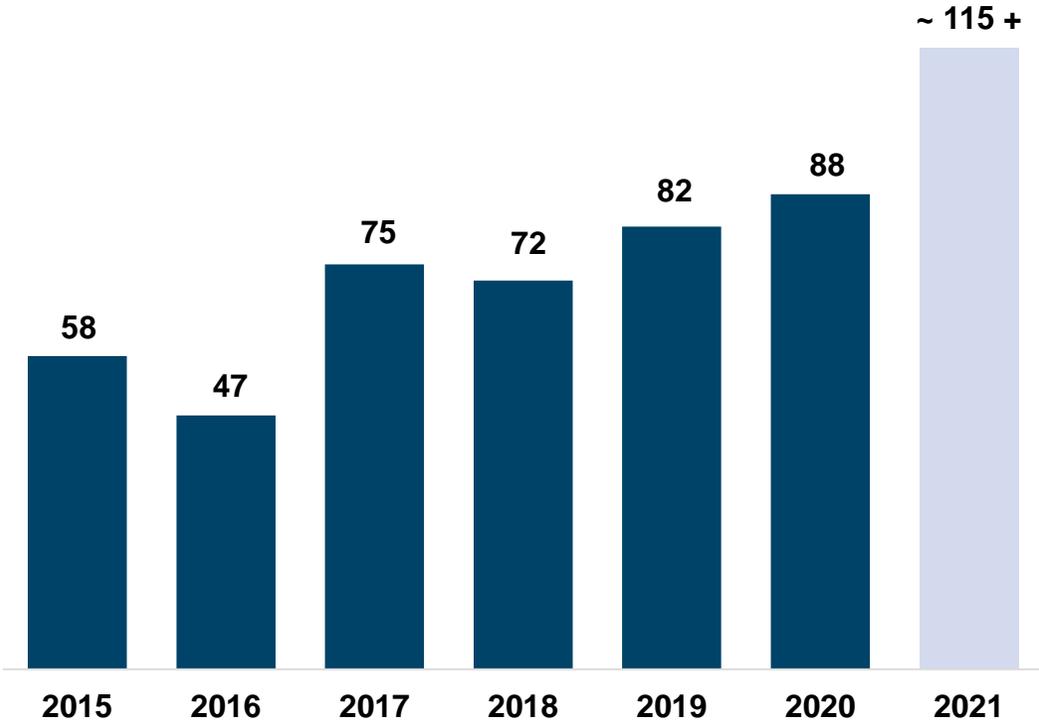
F-18



Tomahawk



Patriot



Electronic Systems – Share Gain with Defense Majors

52 Defense programs with >\$1mm in Net Revenues in 2020, up from 34 in 2017

Share Gain Examples

Highlights



GENERAL ATOMICS
Predator UAV

- Major share shift from incumbent supplier
- Great start in the relationship with opportunity for significant expansion



NORTHROP GRUMMAN
Triton UAV

- New wins on the Triton UAV program
- Top 3 Defense customer for Ducommun driven by significant new product sales



AEROJET ROCKETDYNE
RS-25 Engine

- New wins on propulsion system electronic assemblies and interconnects
- Opportunities to penetrate new programs including GBSD and Hypersonics

Ducommun is bolstering its strong relationships with key Defense Primes

Electronic Systems – Highlights

- ✓ Growing base business with key Tier 1's for new business & share gain on long term & high growth Defense platforms
- ✓ Aftermarket franchise gaining momentum in Commercial and Defense sectors both Domestic & FMS
- ✓ Building scale at all Performance Centers with three each approaching ~\$100M annual revenue
- ✓ Sole source proprietary positions in niche segments
- ✓ Strong book to bill – 55% backlog growth from 2017 to 2020 compared to 24% revenue growth



Structural Systems

Jerry Redondo

SVP OF OPERATIONS & HEAD OF STRUCTURAL SYSTEMS

Structural Systems – Key Products

- Engine nacelles / inlet bulkheads
- Fuselage skin panels
- Firewall & exhaust ducts
- Flight control surface assemblies
- Pylon & auxiliary power units
- Rotary blades
- Structural missile components
- Ammunition handling systems
- Extruded thermoplastics



Structural Systems – Who We Are

Leader in titanium hot forming (HF) and titanium super plastic forming (SPF)

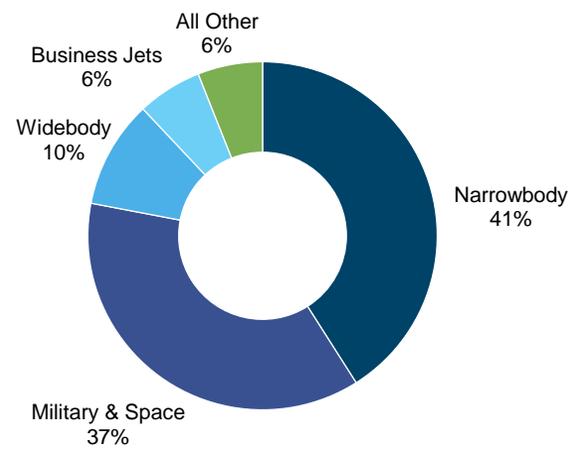
Well positioned for commercial aerospace recovery with narrowbody focus

Growing Defense business

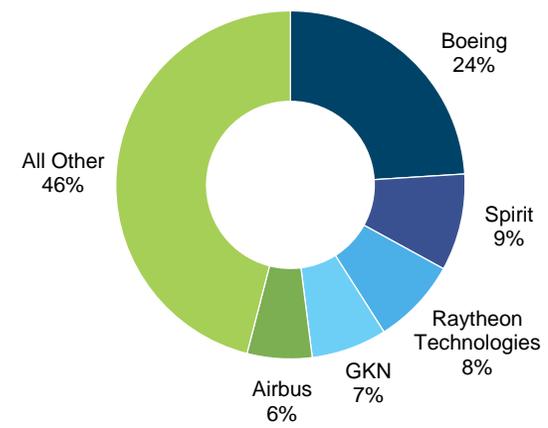
Proprietary VersaCore Composite™ technology commercialized

Six scalable Performance Centers

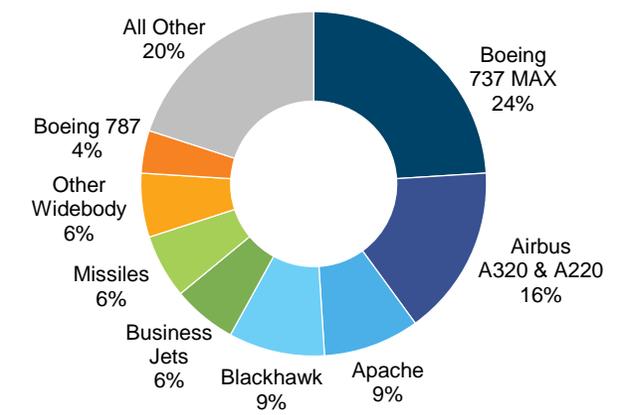
End Market Breakdown¹



Customer Breakdown²



Platform Breakdown¹



Structural Systems – Key Processes

Commercial Aircraft



B737

A320



A220

Titanium hot and super plastic formed detailed parts

Composite / metal bond secondary flight control surfaces

Large aluminum stretch formed and chemical milled fuselage and airframe skins

VersaCore Composite™ nacelle components

Extruded thermoplastics



Military Rotorcraft



Apache

Blackhawk



CH-47

Metal bond blades and abrasion strips

Titanium exhaust ducts

Titanium door surrounds and bulkheads

Ammunition handling systems

Approved OEM / Government repair depot



Missiles, Ground Vehicles, and Other



TOW Missile

SM2



JSF



F/A-18

Composite missile cases with integrated electronics

Titanium dorsal fins

Ammunition handling systems



Business Jets



Global 7500/8000

G500/600



G650/700

Superplastic formed titanium inlet ducts

Stretch formed aluminum lithium wing support structures



World Leader in Titanium

Ducommun positioned as the #1 Tier 1 / 2 Titanium provider in the world today

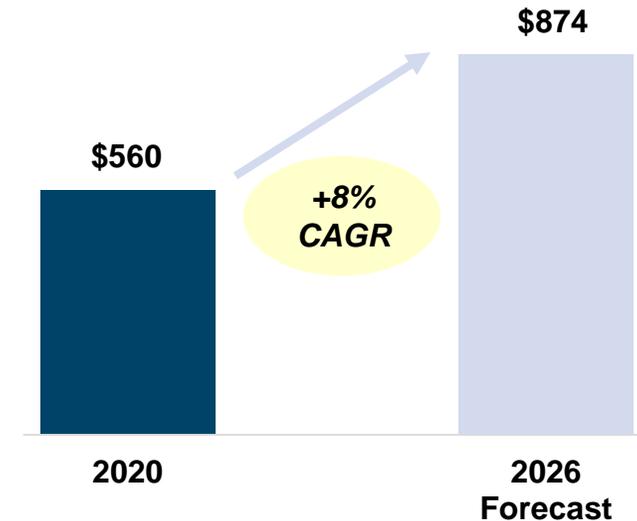
Invested ~\$35M in technology / capex over past four years

40+ years of complex titanium process expertise and experience

Competitive advantage with top Titanium expertise, value engineering and 100% delivery performance

2020 – 2026 A&D Titanium Sheet Fabrication Market Forecast¹

(\$ millions)



Titanium Super Plastic Forming (SPF) is now estimated¹ to be ~25-30% of the A&D Titanium Sheet Fabrication Market

Structural Systems – Airbus & Boeing



- Relationship began ~5 years ago
- Significant growth over that time to become a trusted partner and scale provider of complex titanium structures
- 100% continuous delivery performance over past 2+ years
- Proven IP technology for hot forming and super plastic forming of highly contoured complex parts
- Key provider across narrowbody and widebody platforms



A320 Titanium Products

- Engine cowling sub-assembly
- Forward pylon floors & frames
- Aft pylon frames
- Bavettes, front canopy



- Long legacy relationship since 1965 includes titanium SPF & HF and metal bond composite solutions to support airframe, nacelles and flight control surfaces on the 737 MAX, 787, 767, Apache AH-64 and F-18 programs
- Sole provider of Apache composite tail rotors since inception of program and authorized Government repair depot for both tail and main rotor blades
- Performance recognition resulted in participation in Boeing's newly launched Premier Bidder Program (PBP)



Structural Systems – Defense Growth

Defense portfolio has more than doubled in revenue from 2016 to 2020 (\$52M to \$114M) and upward trajectory will continue through awards and support of leading programs, with 2021 revenue growth of ~20% expected

Growth drivers include titanium components and assemblies for rotorcraft, composite & metal bond for missiles, and ammunition handling systems

Sikorsky 2019 Blackhawk Supplier of the Year awarded to Ducommun's Performance Center in Coxsackie, New York, for innovative value engineering and prototyping resulting in FARA awards



Structural Systems – Highlights

- ✓ Ensure rate readiness to execute significant defense growth, commercial aerospace share gain and rate rebound
- ✓ Focus on sustaining exemplary 100% on-time delivery to outperform competitors and increase market share
- ✓ Expansion of #1 titanium market position driven through leverage of titanium value proposition, differentiating performance, value engineering and proprietary HF / SPF capabilities
- ✓ Significant defense business growth targeted, using TOW missile case as a blueprint – value engineering and accelerated new product introduction
- ✓ Increased applications of VersaCore Composite™ technology as a solution for customer affordability objectives and product performance



M&A Strategy

Suman Mookerji

VP, STRATEGY, ACQUISITIONS AND INTEGRATION

M&A Strategy

Vision

Build a portfolio of industry leading niche and proprietary A&D businesses focused on innovation and customer satisfaction

Mission

Acquire proprietary A&D engineered product businesses with EBITDA runway and execute on profit expansion plan

Track Record of Successful Acquisitions

Transaction	PP (\$mm) ¹	Overview	Rationale and Highlights	Ahead of Plan? ²
 NOBLES WORLDWIDE 2019	\$77	High performance ammunition handling systems for military aircraft, helicopters, ground vehicles and shipboard systems	✓ Advancing the company's strategy of increasing revenue mix in customized, value-driven engineered products with aftermarket support	✓
 CERTIFIED THERMOPLASTICS 2018	\$31	Precision profile extrusions and extruded assemblies of engineered thermoplastic resins, compounds and alloys	✓ Provides proprietary capabilities which continues diversification into customized, higher value, engineered products	✓
 LIGHTNING DIVERSION SYSTEMS 2017	\$60	Lightning protection for radome systems	✓ Expanded the portfolio of proprietary products with greater aftermarket potential	✓

Extensive acquisition experience and track record of successful integration

Demonstrated M&A Strategy and Execution

Deploy Programmatic Approach to Integration

Appoint executive sponsor to lead and own integration process

Execute detailed review of target functional processes

Develop an integration plan and operationalize objectives into action plan

Detailed weekly tracking on progress with periodic Board and management reviews

Detailed tracking and report out of synergy capture

Typical Revenue and Cost Synergies

Revenue Synergy Buckets

Share Gain Strategy	Accelerate New Product Development	Value Pricing
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Primary Focus of Recent Acquisitions and Current Pipeline

Cost Synergy Buckets

Procurement	SG&A
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Management Integration Capabilities

- ✓ Management has extensive experience with executing and integrating large, transformative acquisitions
- ✓ Deep experience in deploying integration with focus on synergy capture and value creation

M&A Outlook

- ✓ Seeing a further uptick in deal activity in the market
- ✓ Strong pipeline of opportunities
- ✓ Expect to resume cadence of one or more transactions every year
- ✓ Aggressively execute EBITDA expansion plan for each deal

Execute Strategic Acquisitions to Drive Shareholder Value



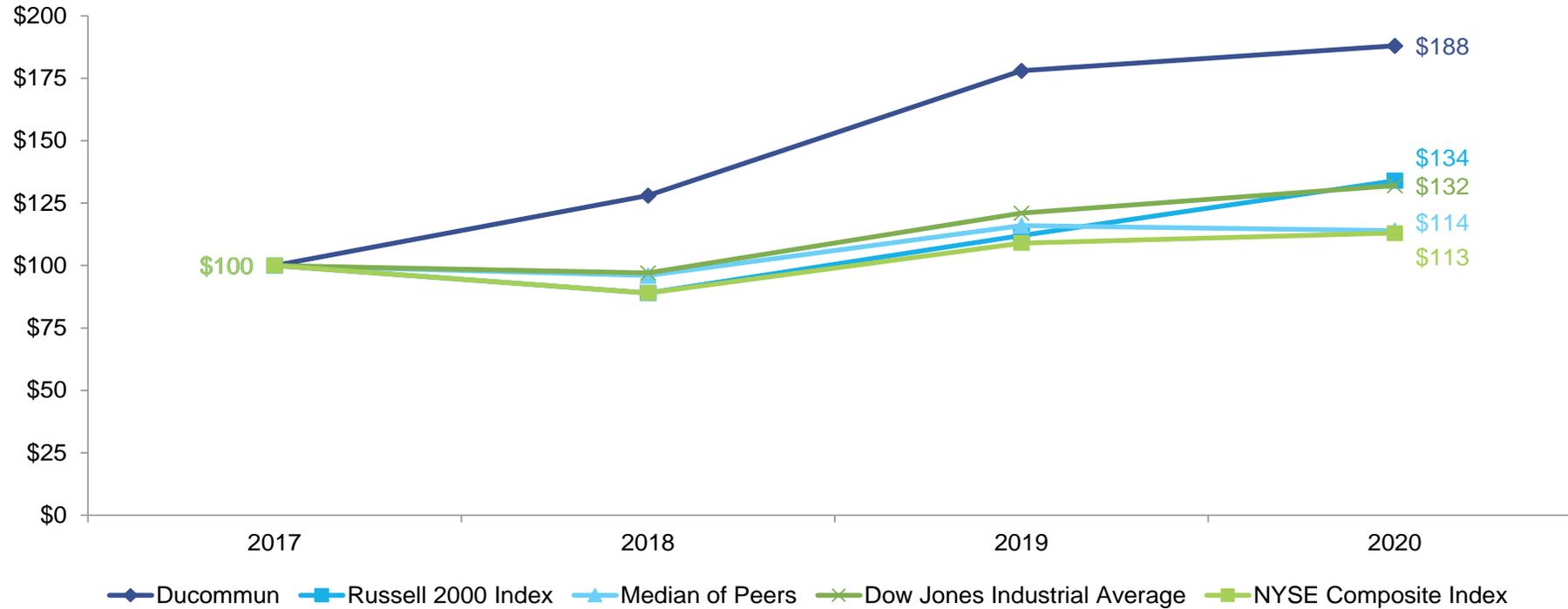
Financial Outlook

Chris Wampler

VP, CFO, CONTROLLER AND TREASURER

Total Shareholder Return

Total Shareholder Return ("TSR") Over Time



Our TSR compared to the Russell 2000 Index over the 3-year period between 2018 and 2020 was in the 86th percentile, ranking 235th out of 2000 companies¹

Evolution of Ducommun's Financial Profile

(\$ millions)

		FY 2016	FY2020	Change
Market Statistics	Market Capitalization ¹	\$289	\$639	121%
	Enterprise Value ²	\$460	\$913	98%
Financial	Net Revenues	\$551	\$629	14%
	Adj. EBITDA	\$55	\$88	58%
	% Margin	10%	14%	~400 bps

¹ FY2016 based on closing share price of \$25.56 as of December 31, 2016 and 11.3mm diluted shares outstanding assuming 0.4mm options (\$20.07 weighted average strike price), 0.2mm RSUs and 0.1mm PSUs. FY2020 based on closing share price of \$53.70 as of December 31, 2020 and 11.9mm diluted shares outstanding assuming 0.4mm options (\$35.46 weighted average strike price), 0.2mm RSUs, and 0.3mm PSUs.

² FY2016 further assumes \$160 net debt and \$11mm pension liability. FY2020 further assumes \$262 in net debt and \$12mm of pension liability.

Historical Key Financial Data

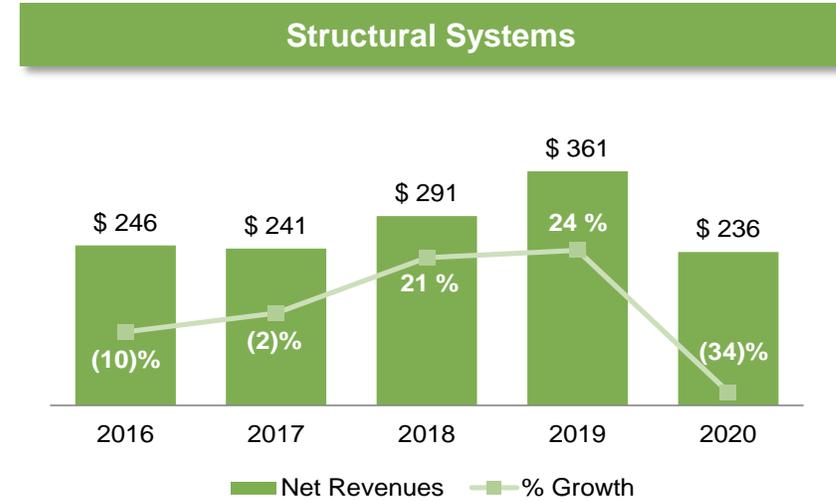
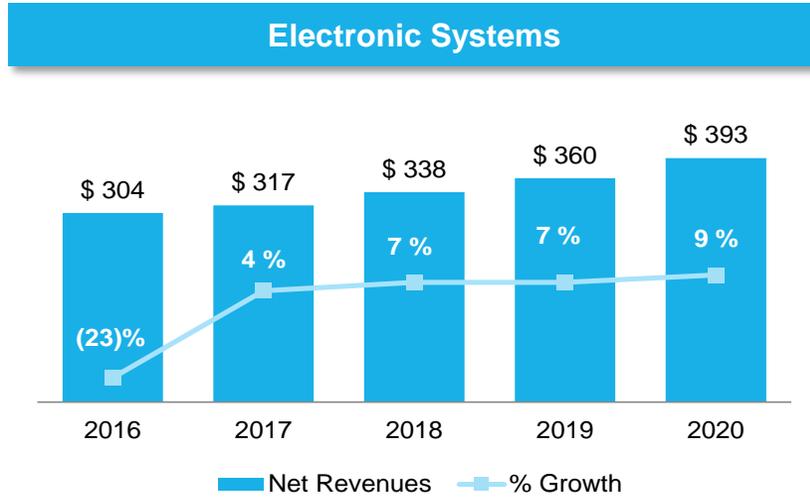
Historical Key Financial Data

(\$M, unless stated otherwise)

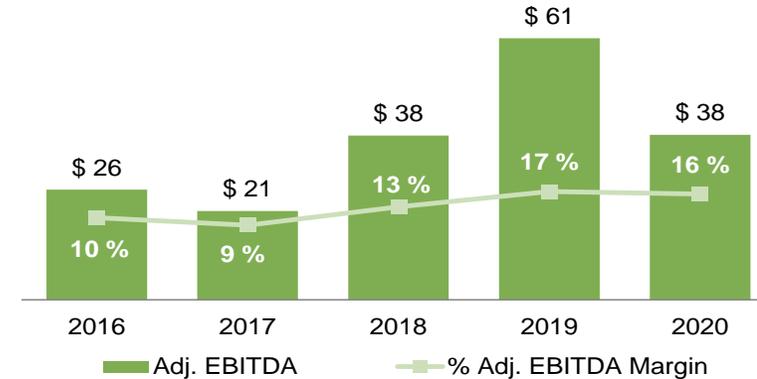
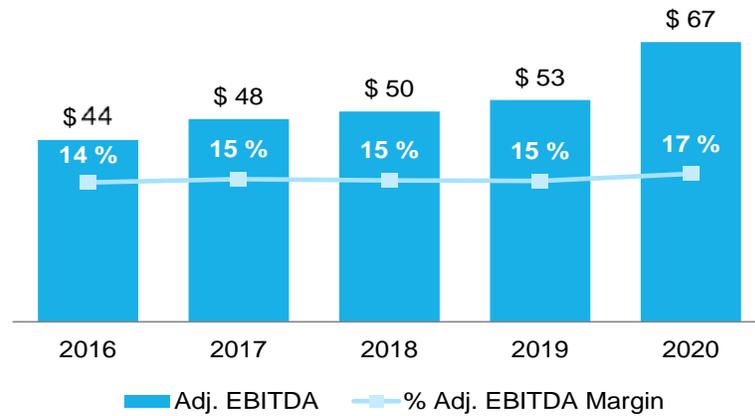
	Year Ending				
	2016	2017	2018	2019	2020
Revenue	551	558	629	721	629
Adj. EBITDA	55	54	71	92	88
<i>Adj. EBITDA %</i>	10%	10%	11%	13%	14%
Net Debt	160	214	221	268	262
<i>Trailing Net Debt / EBITDA</i>	2.9	4.0	3.1	2.9	3.0

Financial Performance

Net Revenues

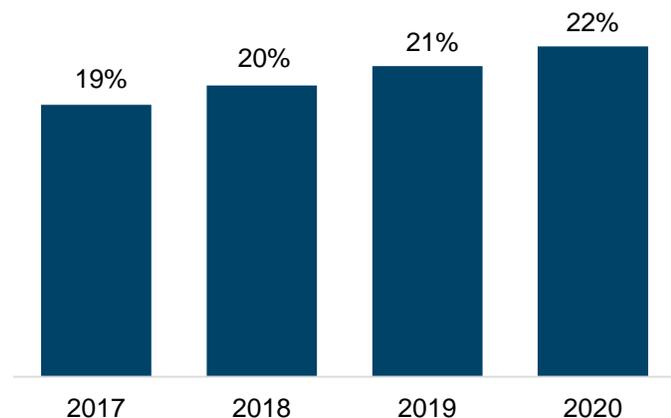


Adj. EBITDA

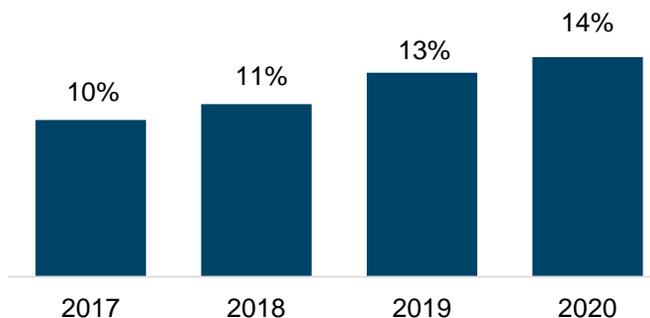


Financial Performance

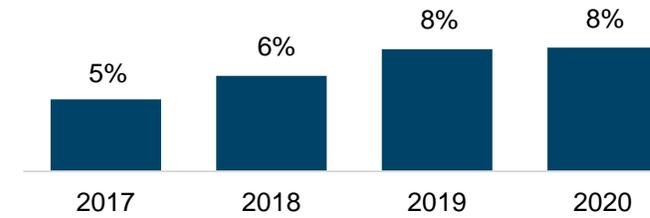
Gross Margin (%)



Adj. EBITDA Margin (%)



Adj. Operating Income Margin (%)



Improved product mix

Pricing strategy focused on value

Overall better operating performance

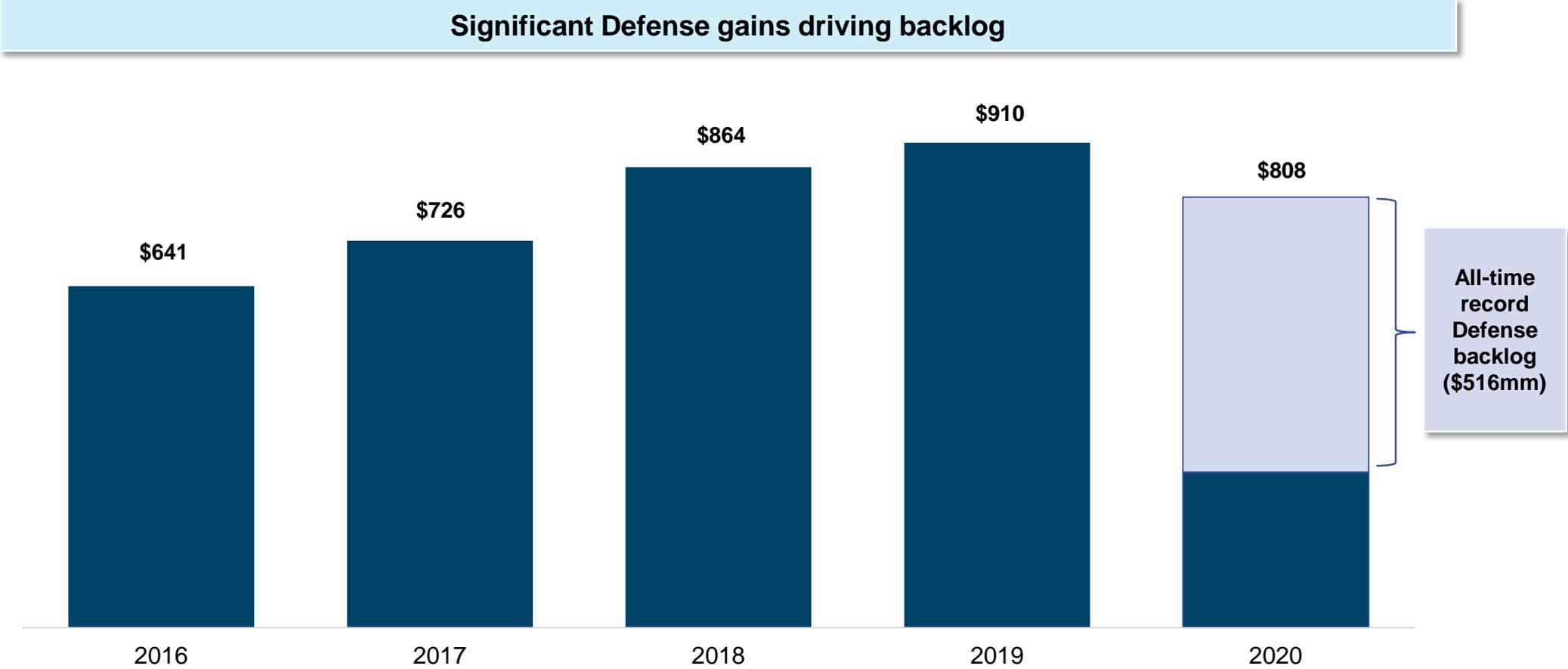
Implemented pay-for-performance culture

Cost reductions and improved investment decisions

Reduced layers of management

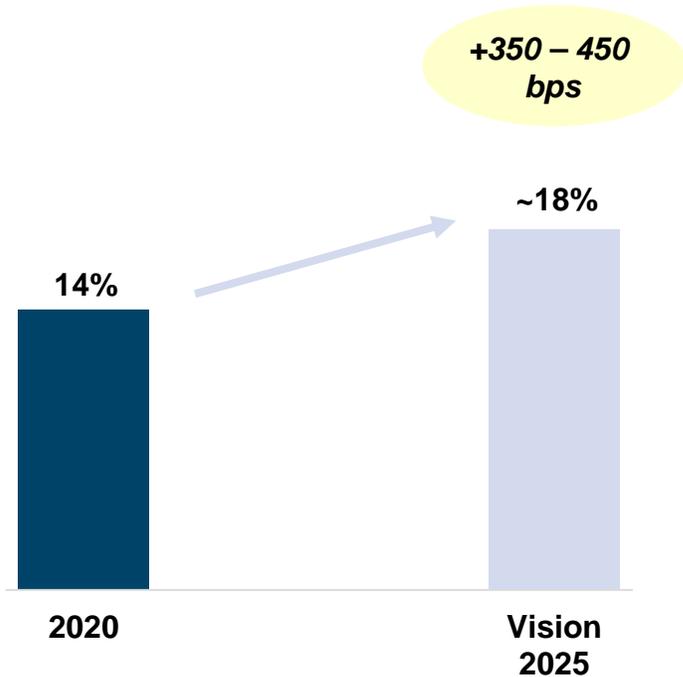
Backlog Over Time

(\$ millions)



Vision 2025

Adj. EBITDA Margin (%)



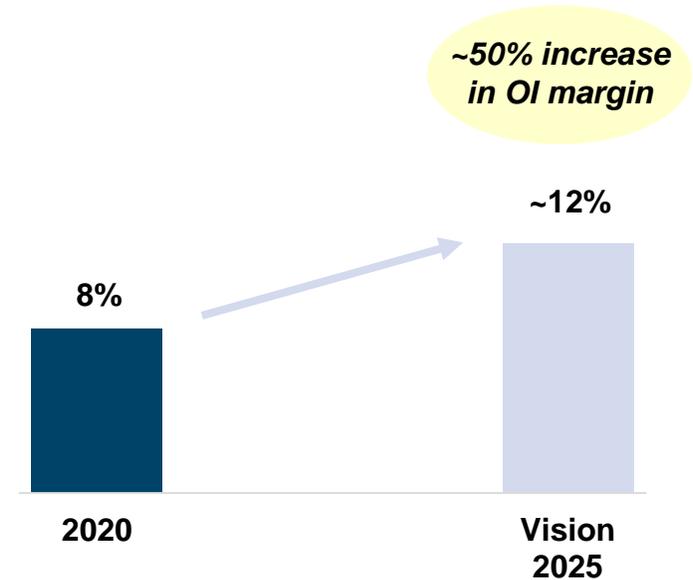
Scale from Commercial Aerospace recovery and Defense growth

Strategic acquisitions

Pricing strategy focused on value

Cost reductions and improved investment decisions

Adj. Operating Income Margin (%)



Vision 2025

GROW net revenues at ~7% to 8% CAGR with Defense momentum and Commercial recovery

EXPAND margins ~350 to 450 bps leveraging available scale across the Performance Centers, strategic value-added pricing and cost reductions

INVEST in acquisitions, cybersecurity requirements and technology to drive efficiency along with expected capital spend of ~2.5% of revenue

CONVERT greater than 100% of net income to free cash flow



Closing Remarks

Key Investment Highlights

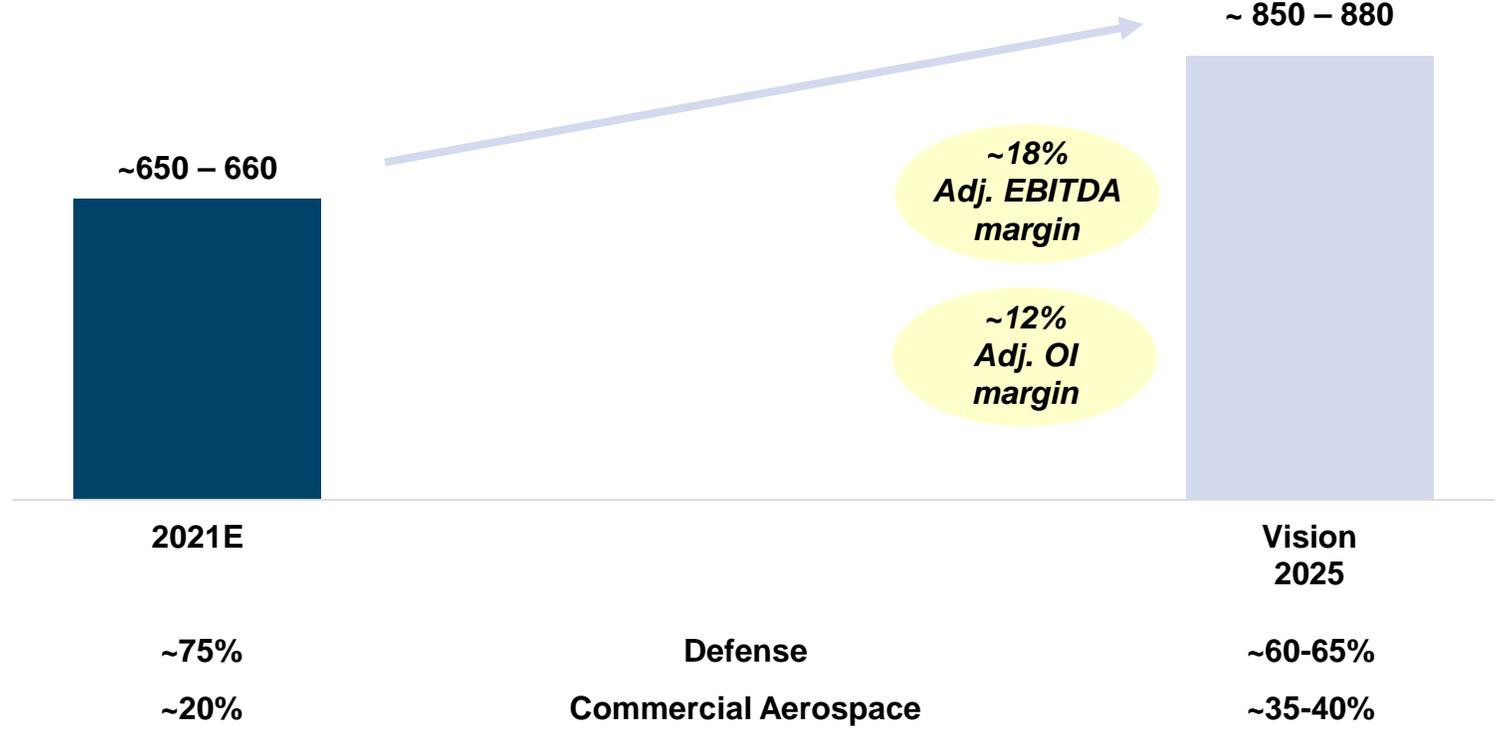
- 1 Tier 1 Industry Player Entirely Focused on Aerospace & Defense
- 2 Growing Defense Business Well Positioned for Changing Budget Environment
- 3 Reopening Trade in Commercial Aerospace Through 2025 with High Share in Narrowbody
- 4 Expanding Portfolio of Proprietary Capabilities with #1 Market Share Position in Titanium¹
- 5 Aftermarket Franchise Gaining Momentum
- 6 Operational Excellence System in Place with Margin Improvement Runway
- 7 Demonstrated M&A Strategy and Execution
- 8 Good Environmental, Social, and Corporate Governance Track Record

Significant opportunity for growth and shareholder value creation ahead through 2025

Vision 2025

(\$ millions)

~\$850 – \$880 Million of Net Revenues by 2025 (7 – 8% CAGR)





Q&A



Appendix

Non-GAAP Financial Measures

Note Regarding Non-GAAP Financial Information: This presentation contains non-GAAP financial measures, including Adjusted EBITDA (which excludes interest expense, income tax expense (benefit), depreciation, amortization, stock-based compensation expense, restructuring charges, net gain on divestitures, Guaymas fire related expenses, inventory purchase accounting adjustments, loss on extinguishment of debt, and other debt refinancing costs).

The Company believes the presentation of these non-GAAP financial measures provide important supplemental information to management and investors regarding financial and business trends relating to its financial condition and results of operations. The Company's management uses these non-GAAP financial measures along with the most directly comparable GAAP financial measures in evaluating the Company's actual and forecasted operating performance, capital resources and cash flow. The non-GAAP financial information presented herein should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. The Company discloses different non-GAAP financial measures in order to provide greater transparency and to help the Company's investors to more meaningfully evaluate and compare the Company's results to its previously reported results. The non-GAAP financial measures that the Company uses may not be comparable to similarly titled financial measures used by other companies.

We define backlog as customer placed purchase orders and long-term agreements with firm fixed prices and firm delivery dates of 24 months or less. Backlog is subject to delivery delays or program cancellations, which are beyond our control. Backlog is affected by timing differences in the placement of customer orders and tends to be concentrated in several programs to a greater extent than our net revenues. Backlog in industrial markets tends to be of a shorter duration and is generally fulfilled within a 3-month period. As a result of these factors, trends in our overall level of backlog may not be indicative of trends in our future net revenues.

For more information on our non-GAAP financial measures and a reconciliation of such measures to the nearest GAAP measure, please see the "Non-GAAP Reconciliation" slides.

Non-GAAP Reconciliation for Adj. EBITDA

(\$ millions)

	2016	2017	2018	2019	2020
Net Revenues	\$ 551	\$ 558	\$ 629	\$ 721	\$ 629
Net Income	\$ 25	\$ 20	\$ 9	\$ 32	\$ 29
Interest Expense	9	9	13	18	14
Income Tax Expense (Benefit)	13	(12)	1	5	3
Depreciation	13	13	14	14	14
Amortization	10	10	12	15	15
Stock-Based Compensation Expense	3	5	5	7	9
Restructuring Charges ¹	-	9	15	-	2
Gain on Divestitures, Net ²	(18)	-	-	-	-
Guaymas Fire Related Expenses	-	-	-	-	2
Inventory Purchase Accounting Adjustments ³	-	1	1	1	-
Loss on Extinguishment of Debt	-	-	1	-	-
Other Debt Refinancing Costs	-	-	1	-	-
Adj. EBITDA	\$ 55	\$ 54	\$ 71	\$ 92	\$ 88
% of Net Revenues	10 %	10 %	11 %	13 %	14 %

Note: May not sum due to rounding.

¹2017 and 2018 included \$0.5 million and \$0.1 million, respectively, of restructuring charges that were recorded as cost of goods sold.

²2016 included gain on divestitures, net in our electronic systems operating segment related to the divestitures of our Pittsburgh and Miltec operations.

³2017, 2018 and 2019 included inventory purchase accounting adjustments of inventory that was stepped up in the purchase price allocation from acquisitions of Lightning Diversion Systems, LLC, Certified Thermoplastics Co., LLC and Nobles Worldwide on Sep 2017, Apr 2018 and Oct 2019, respectively, and is part of our Electronic Systems, Structural Systems, and Structural Systems operating segments, respectively.

Non-GAAP Reconciliation for Electronic Systems

(\$ millions)

	2016	2017	2018	2019	2020
Electronic Systems Net Revenues	\$ 304	\$ 317	\$ 338	\$ 360	\$ 393
Electronic Systems Operating Income	\$ 29	\$ 31	\$ 31	\$ 39	\$ 52
Other Income	-	1	-	-	-
Depreciation and Amortization	14	14	14	14	14
Restructuring Charges	-	1	5	-	1
Inventory Purchase Accounting Adjustments	-	1	-	-	-
Electronic Systems Adj. EBITDA	\$ 43	\$ 48	\$ 50	\$ 53	\$ 67
% of Net Revenues	14 %	15 %	15 %	15 %	17 %

Non-GAAP Reconciliation for Structural Systems

(\$ millions)

	2016	2017	2018	2019	2020
Structural Systems Net Revenues	\$ 246	\$ 241	\$ 291	\$ 361	\$ 236
Structural Systems Operating Income	\$ 17	\$ 6	\$ 19	\$ 47	\$ 20
Other Income	-	-	-	-	-
Depreciation and Amortization	9	9	11	14	15
Restructuring Charges	-	6	8	-	2
Inventory Purchase Accounting Adjustments	-	-	1	1	-
Guaymas Fire Related Expenses	-	-	-	-	2
Structural Systems Adj. EBITDA	\$ 26	\$ 21	\$ 38	\$ 61	\$ 38
% of Net Revenues	10 %	9 %	13 %	17 %	16 %

Non-GAAP Reconciliation for Backlog

(\$ millions)

	<u>2016¹</u>	<u>2017¹</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Remaining Performance Obligations ²	<u>N/A</u>	<u>N/A</u>	<u>\$ 723</u>	<u>\$ 745</u>	<u>\$ 780</u>
Backlog ³	<u>\$ 641</u>	<u>\$ 726</u>	<u>\$ 864</u>	<u>\$ 910</u>	<u>\$ 808</u>

Note: There is no reconciliation between GAAP remaining performance obligations and the non-GAAP backlog amount.

¹ The Company adopted ASC 606 in 2018 using the modified retrospective method so it was N/A for 2017 and 2016.

² Based on customer placed purchase orders with firm fixed price and firm delivery dates.

³ Based on customer placed purchase orders and long-term agreements with firm fixed price and expected delivery dates of 24 months or less.



Investor Day

May 26, 2021