



# Investor Day

May 26, 2021

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**Forward-Looking Statements:** This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be preceded by, followed by or include the words “believe,” “continue,” “estimate,” “expect,” “may,” “plan,” “potential,” “should,” “result,” “target” or similar expressions. These statements are based on the beliefs and assumptions of our management. Generally, forward-looking statements include information concerning our possible or assumed future actions, events or results of operations. Forward-looking statements specifically include, without limitation, the information in this presentation regarding: our growth and value creation strategy, including opportunities to expand current relationships and penetrate and/or increase share on new and existing programs and next generation programs in commercial and defense markets; our framework for driving growth and margin expansion; the recovery of the commercial airline industry in light of the COVID-19 pandemic and air travel; estimated build rates for the B737 family and A320 platforms and expected demand and mix percentage of narrow body aircraft; the expected wave of airline fleet renewals in the near term; expected federal defense budgetary environments; expectations relating to the titanium sheet fabrication market; our expected top line and margin expansion growth through 2025; our efforts to develop and grow our aftermarket support business; our M&A strategy, vision and investment return, product, company and timing expectations; and backlog. Although we believe that the expectations reflected in the forward-looking statements are based on reasonable assumptions, these forward-looking statements are subject to numerous factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those projected. We cannot guarantee future results, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. All written and oral forward-looking statements made in connection with this presentation that are attributable to us or persons acting on our behalf are expressly qualified in their entirety by 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.

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

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**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

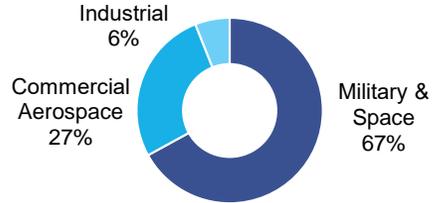
# Our Company

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

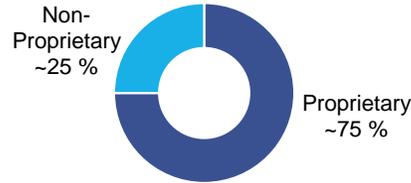
2020 Adjusted EBITDA Margin: **14.0%**

Backlog: **\$808mm**

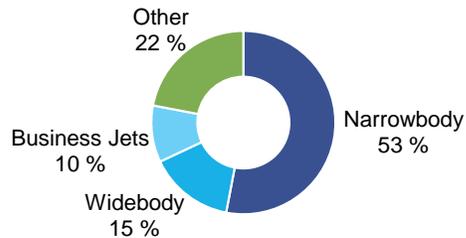
Revenue by End Market



Proprietary Content



Commercial Aerospace Mix<sup>1</sup>



## 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**

Note: Pie charts based on 2020 Net Revenues mix. Adjusted EBITDA as defined in the Non-GAAP Reconciliation in the Appendix and including non-recurring adjustments, such as the Guaymas fire incident. Adjusted EBITDA margin defined as Adjusted EBITDA / Net Revenues. <sup>1</sup> Figures based on backlog as of 2020YE.

# 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 Titanium<sup>1</sup>
- 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

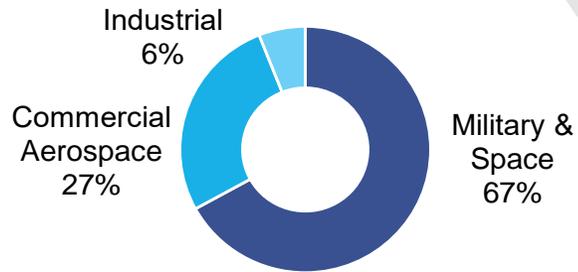
***Significant opportunity for growth and shareholder value creation ahead through 2025***

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

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)

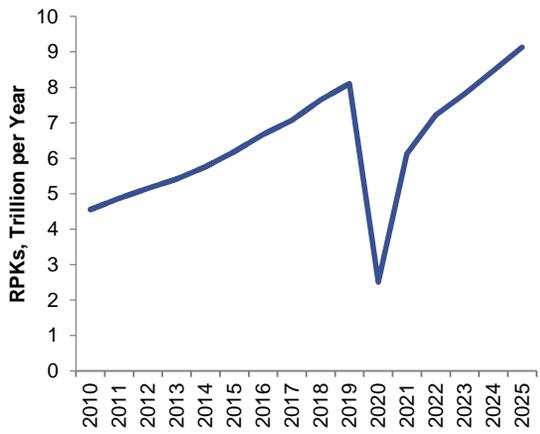
Several avenues of growth through the next generation of defense platforms and priorities

# 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

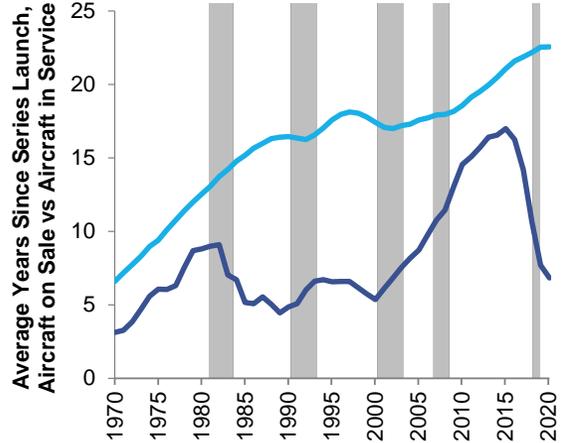
## Build Rates Improving for Key Platforms

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

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

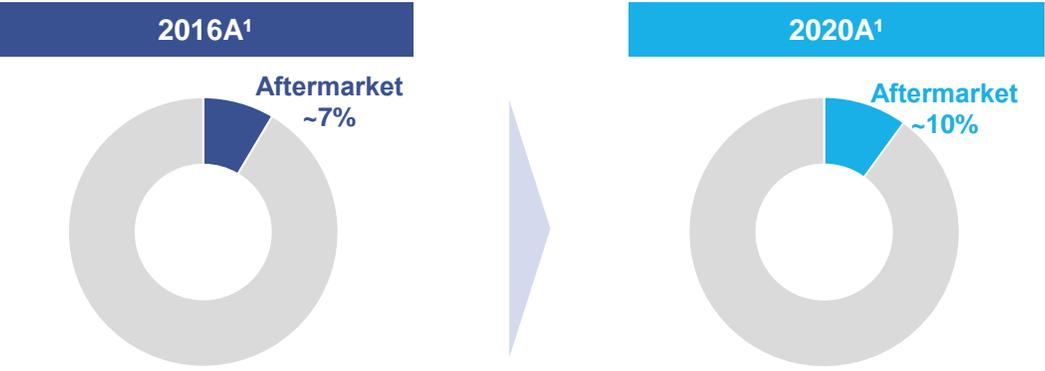
# 4

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



# 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

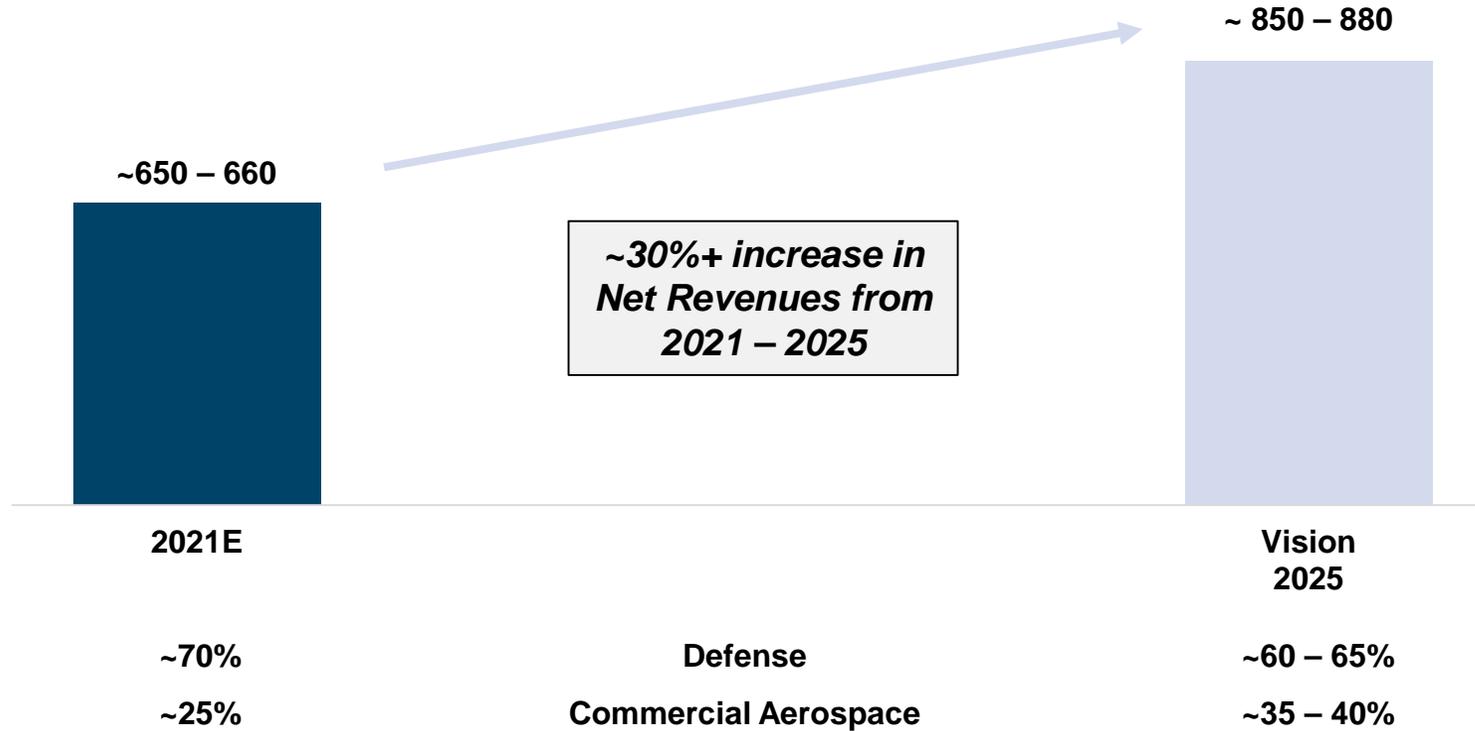
“The Journey Ahead”

**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

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- 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%



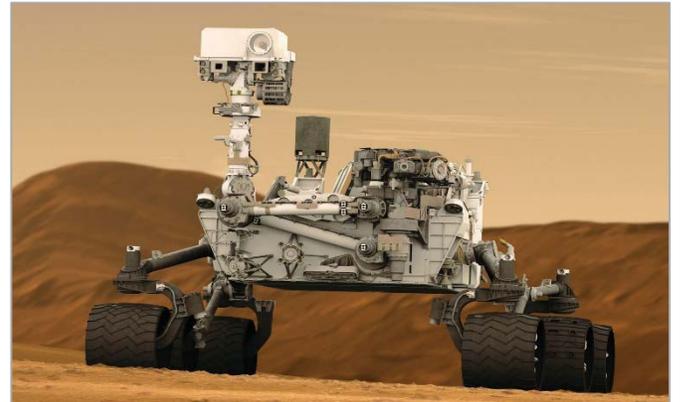
# Electronic Systems

**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

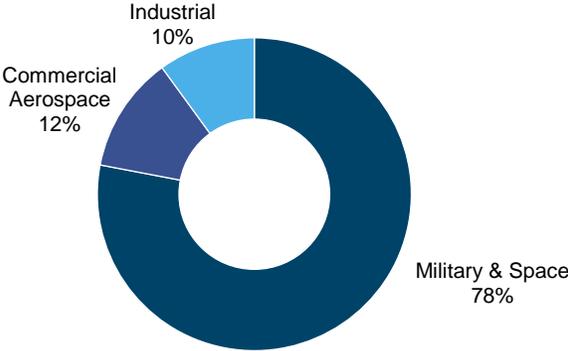


# Electronic Systems – Who We Are

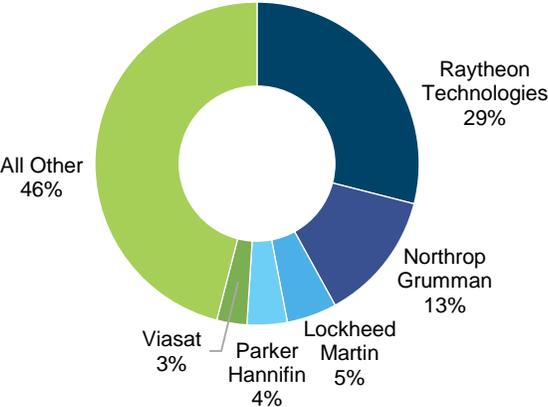
## Highlights

- 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)

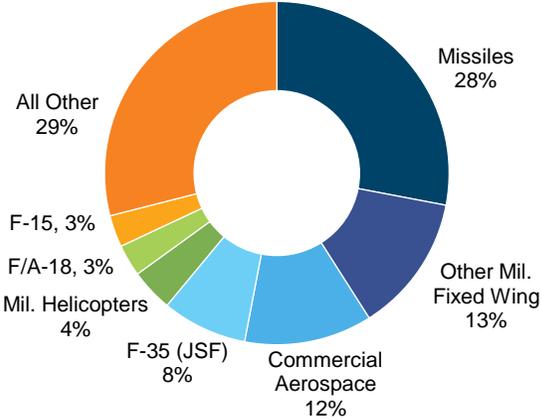
### End Market Breakdown<sup>1</sup>



### Customer Breakdown<sup>1</sup>



### Platform Breakdown<sup>1</sup>



# 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

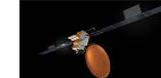
- Interconnects and complex electronic boxes
- Interconnects for the hull penetrator on warfare systems
- Electronic assemblies for the controller & detector
- Circuit card assemblies for advance naval radar systems



## 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



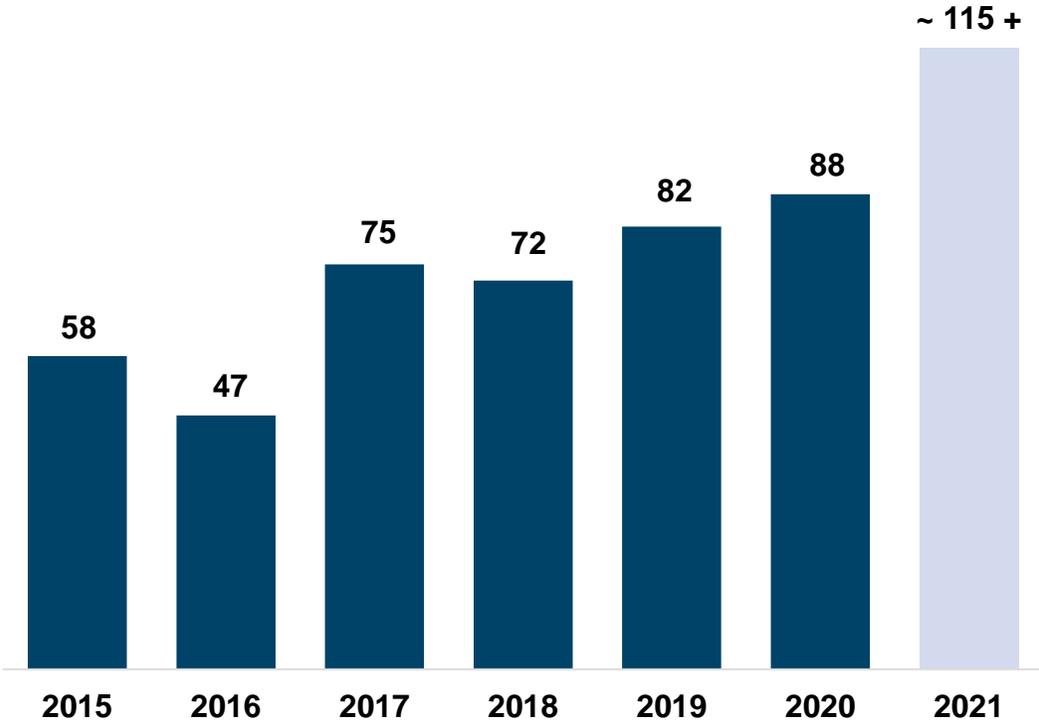
F-18



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

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- ✓ 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)

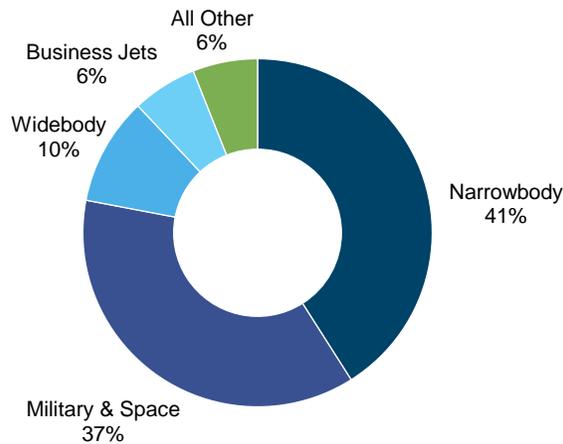
Well positioned for commercial aerospace recovery with narrowbody focus

Growing Defense business

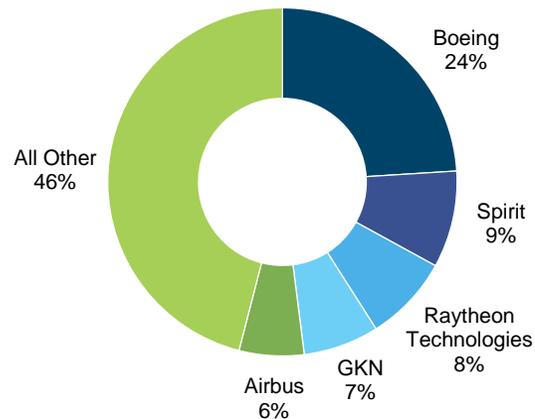
Proprietary VersaCore Composite™ technology commercialized

Six scalable Performance Centers

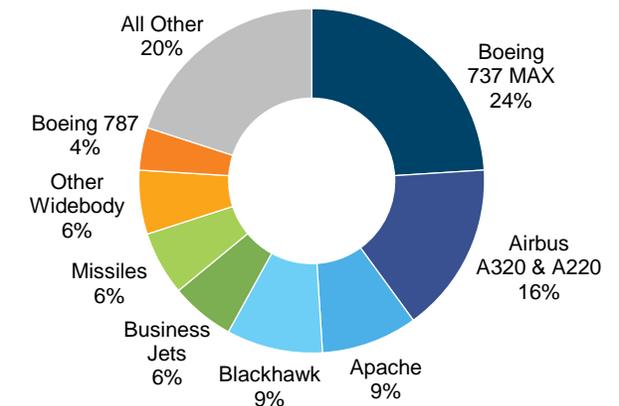
End Market Breakdown<sup>1</sup>



Customer Breakdown<sup>2</sup>



Platform Breakdown<sup>1</sup>



# Structural Systems – Key Processes

## Commercial Aircraft



- 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



- 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



- Composite missile cases with integrated electronics
- Titanium dorsal fins
- Ammunition handling systems



## Business Jets



- 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

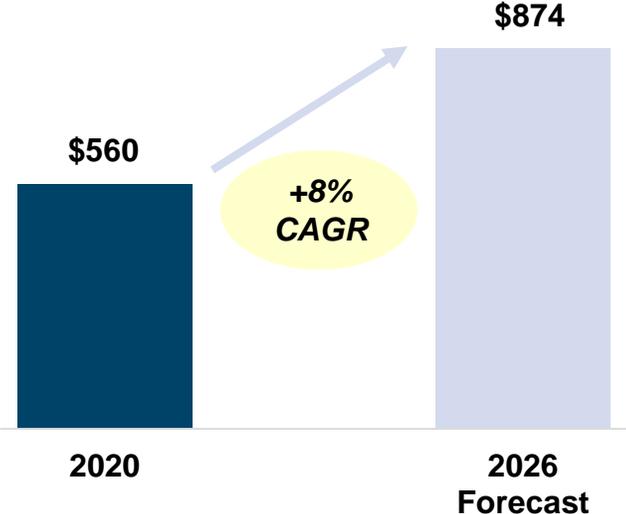
Invested ~\$35M in technology / capex over past four years

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 Forecast<sup>1</sup>**

(\$ millions)



Titanium Super Plastic Forming (SPF) is now estimated<sup>1</sup> 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

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- ✓ 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

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## 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) <sup>1</sup>	Overview	Rationale and Highlights	Ahead of Plan? <sup>2</sup>
 <b>NOBLES</b> 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	✓
 <b>CERTIFIED</b> 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	✓
 <b>LIGHTNING</b> 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

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- ✓ 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**



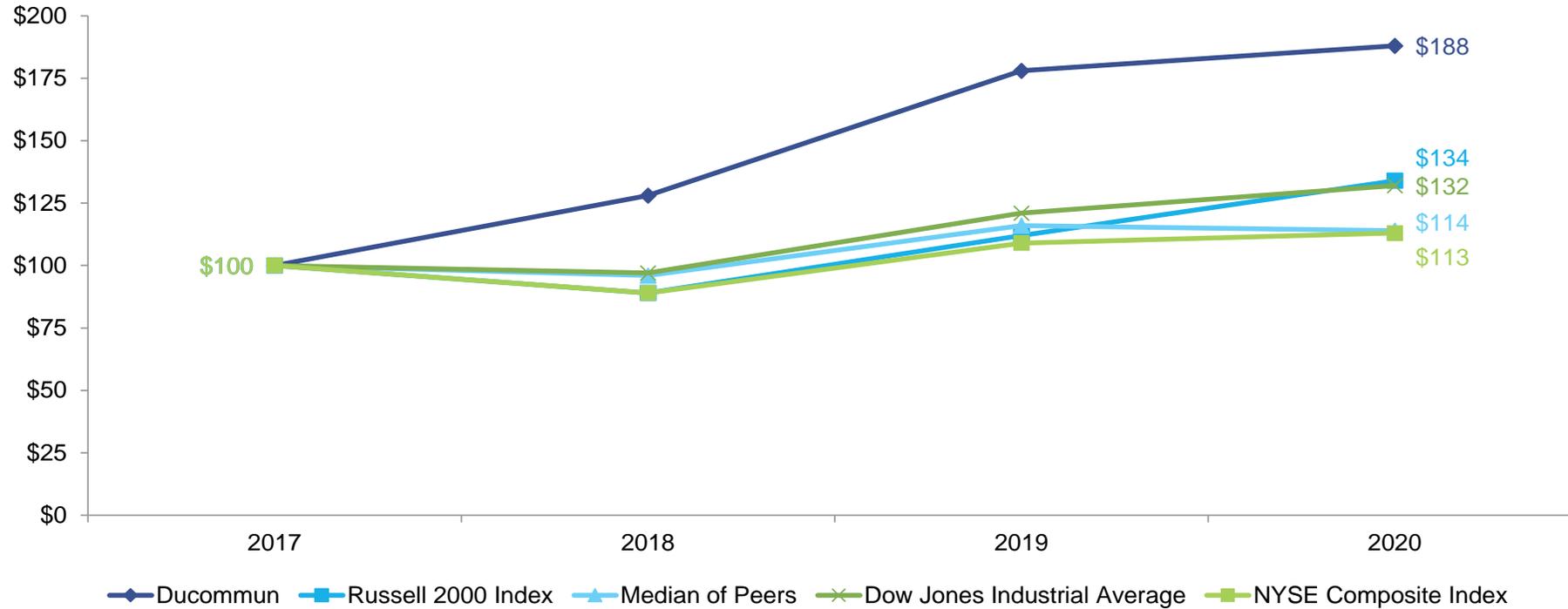
# Financial Outlook

**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 86<sup>th</sup> percentile, ranking 235<sup>th</sup> out of 2000 companies<sup>1</sup>**

# Evolution of Ducommun's Financial Profile

(\$ millions)

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

<sup>1</sup> 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.

<sup>2</sup> 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

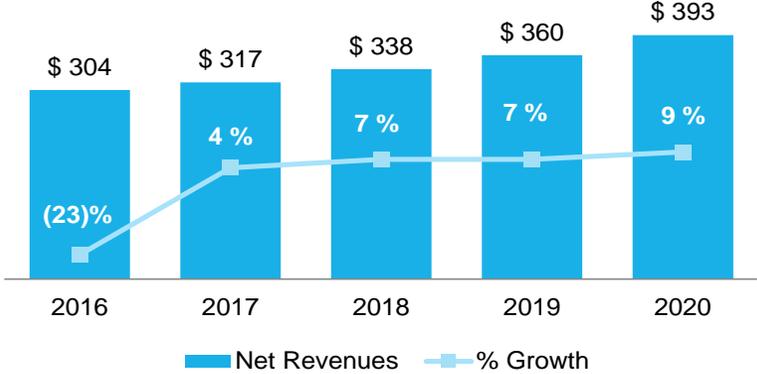
(\$M, unless stated otherwise)

	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

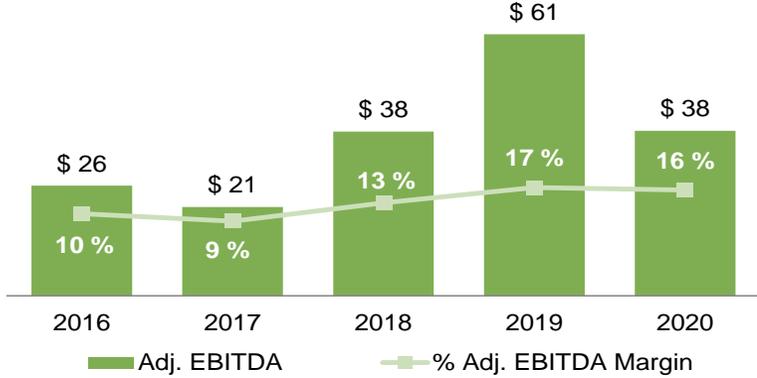
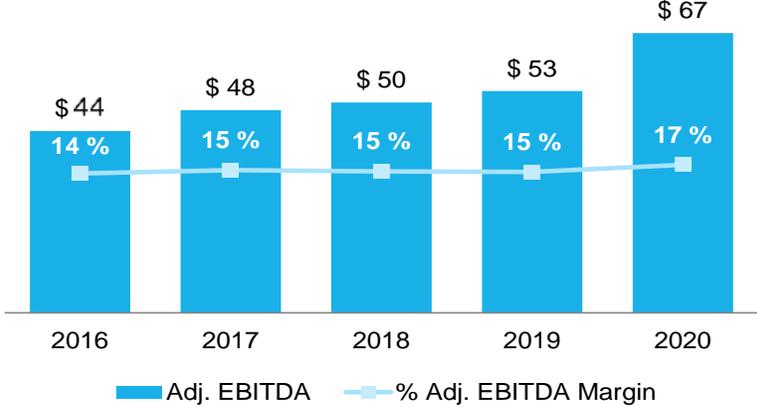
## Electronic Systems



## Structural Systems

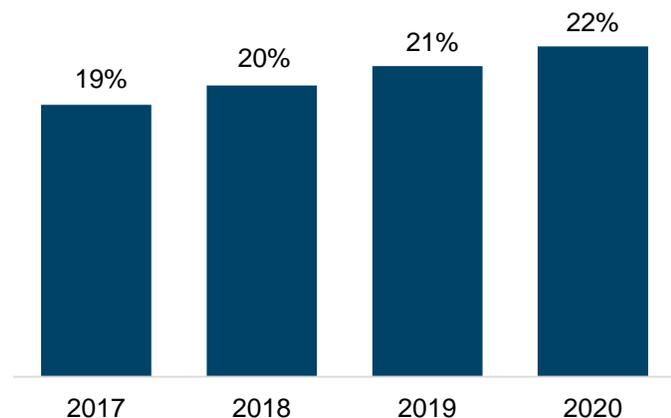


Adj. EBITDA

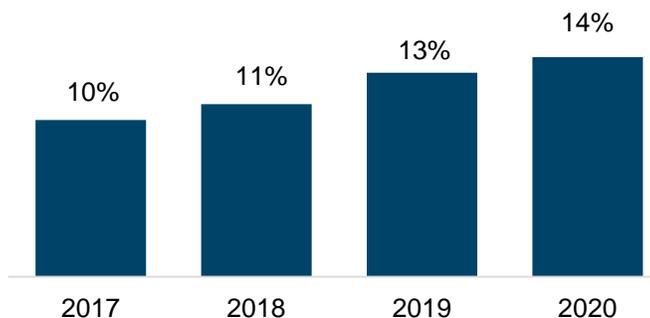


# Financial Performance

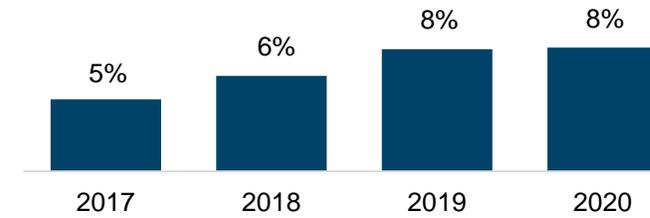
## Gross Margin (%)



## Adj. EBITDA Margin (%)



## Adj. Operating Income Margin (%)



Improved product mix

Pricing strategy focused on value

Overall better operating performance

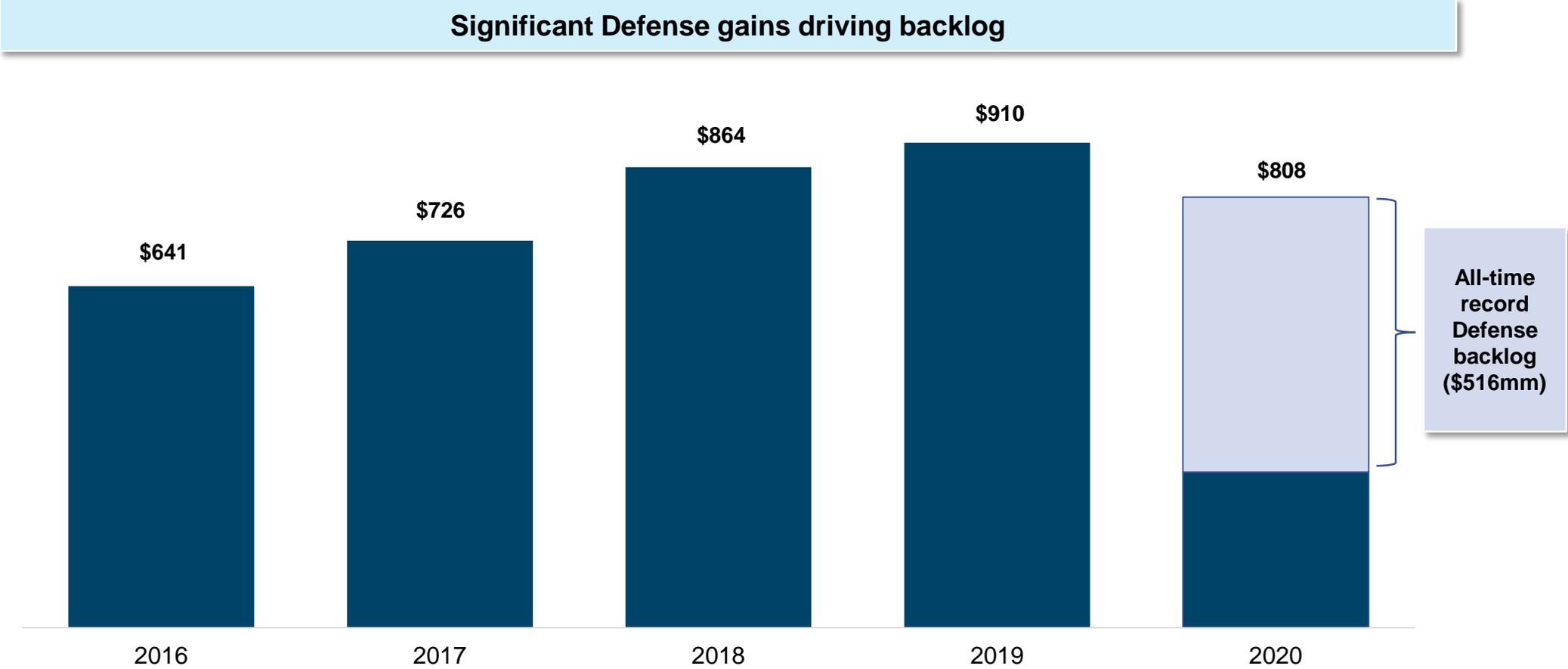
Implemented pay-for-performance culture

Cost reductions and improved investment decisions

Reduced layers of management

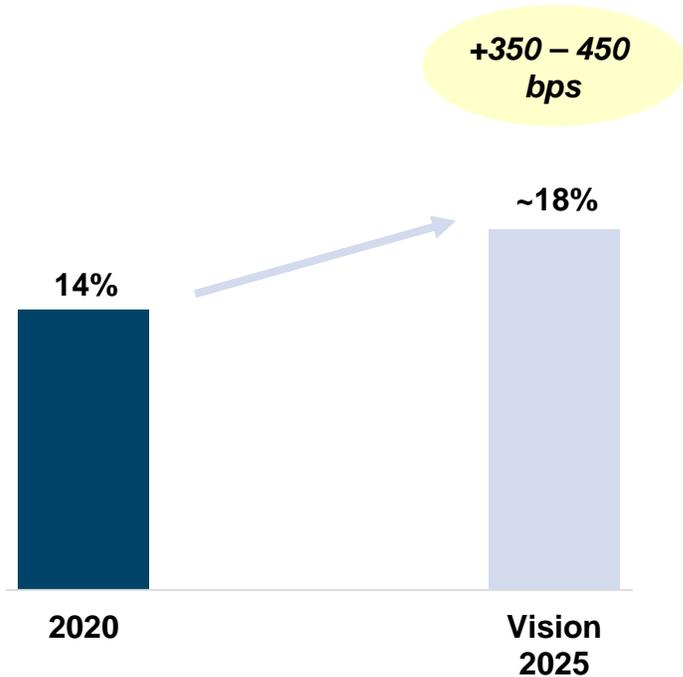
# Backlog Over Time

(\$ millions)



# Vision 2025

## Adj. EBITDA Margin (%)



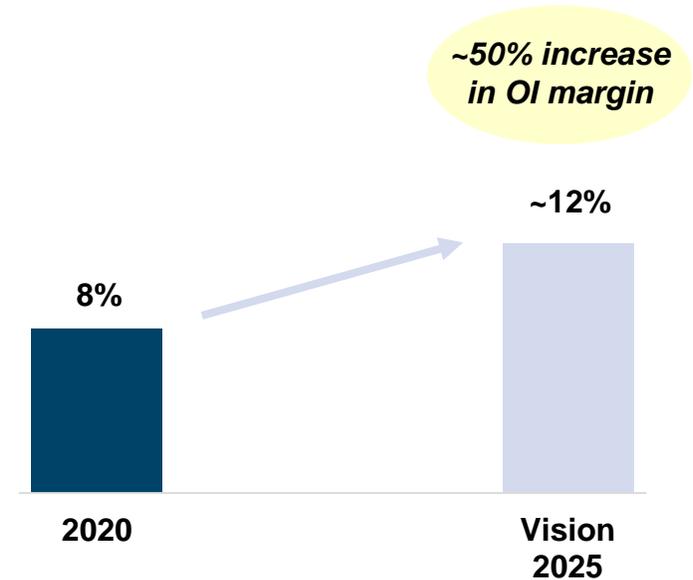
Scale from Commercial Aerospace recovery and Defense growth

Strategic acquisitions

Pricing strategy focused on value

Cost reductions and improved investment decisions

## Adj. Operating Income Margin (%)



# Vision 2025

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**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

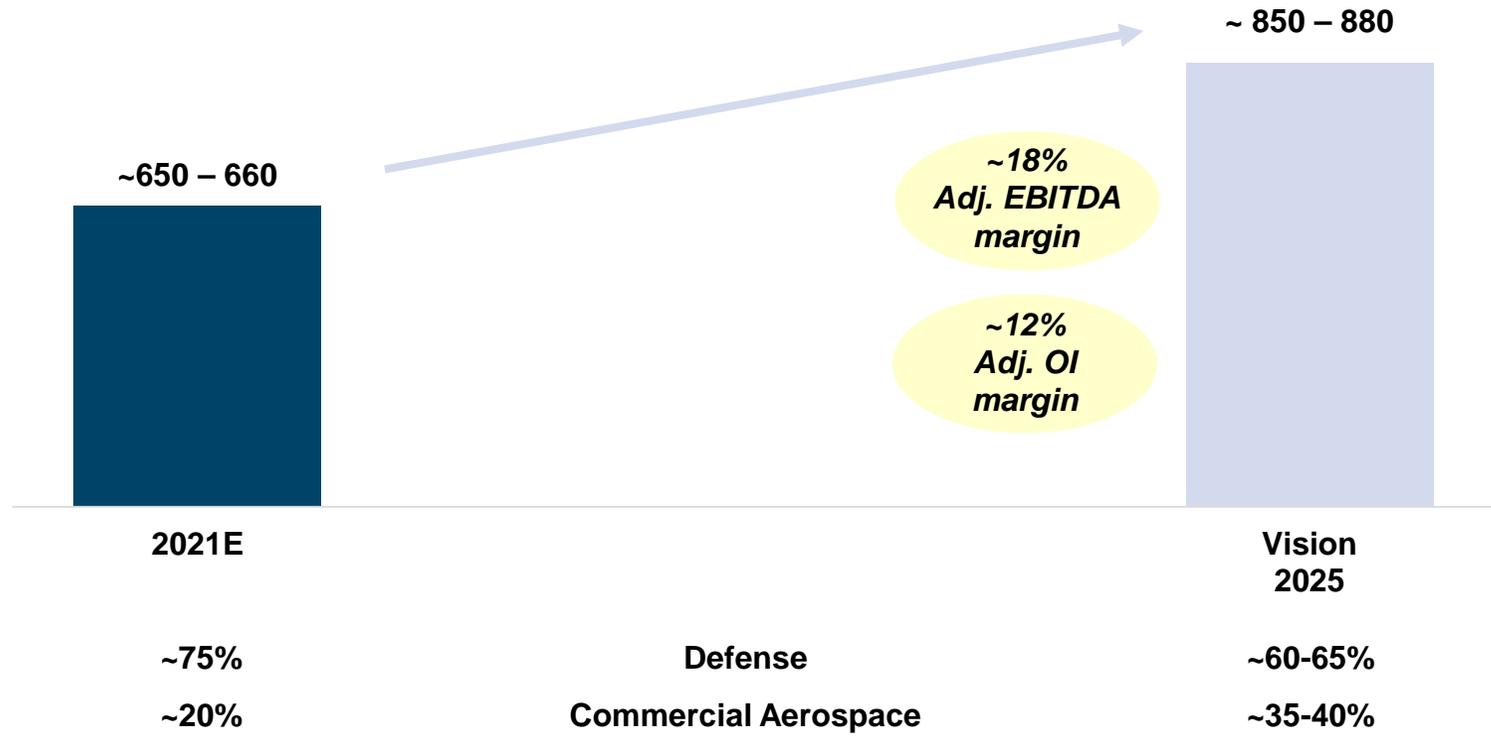
- 1 Tier 1 Industry Player Entirely Focused on Aerospace & Defense
- 2 Growing Defense Business Well Positioned for Changing Budget Environment
- 3 Reopening Trade in Commercial Aerospace Through 2025 with High Share in Narrowbody
- 4 Expanding Portfolio of Proprietary Capabilities with #1 Market Share Position in Titanium<sup>1</sup>
- 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

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**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
<b>Net Revenues</b>	<b>\$ 551</b>	<b>\$ 558</b>	<b>\$ 629</b>	<b>\$ 721</b>	<b>\$ 629</b>
<b>Net Income</b>	<b>\$ 25</b>	<b>\$ 20</b>	<b>\$ 9</b>	<b>\$ 32</b>	<b>\$ 29</b>
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 <sup>1</sup>	-	9	15	-	2
Gain on Divestitures, Net <sup>2</sup>	(18)	-	-	-	-
Guaymas Fire Related Expenses	-	-	-	-	2
Inventory Purchase Accounting Adjustments <sup>3</sup>	-	1	1	1	-
Loss on Extinguishment of Debt	-	-	1	-	-
Other Debt Refinancing Costs	-	-	1	-	-
<b>Adj. EBITDA</b>	<b>\$ 55</b>	<b>\$ 54</b>	<b>\$ 71</b>	<b>\$ 92</b>	<b>\$ 88</b>
<b>% of Net Revenues</b>	<b>10 %</b>	<b>10 %</b>	<b>11 %</b>	<b>13 %</b>	<b>14 %</b>

Note: May not sum due to rounding.

<sup>1</sup>2017 and 2018 included \$0.5 million and \$0.1 million, respectively, of restructuring charges that were recorded as cost of goods sold.

<sup>2</sup>2016 included gain on divestitures, net in our electronic systems operating segment related to the divestitures of our Pittsburgh and Miltec operations.

<sup>3</sup>2017, 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
<b>Electronic Systems Net Revenues</b>	<b>\$ 304</b>	<b>\$ 317</b>	<b>\$ 338</b>	<b>\$ 360</b>	<b>\$ 393</b>
<b>Electronic Systems Operating Income</b>	<b>\$ 29</b>	<b>\$ 31</b>	<b>\$ 31</b>	<b>\$ 39</b>	<b>\$ 52</b>
Other Income	-	1	-	-	-
Depreciation and Amortization	14	14	14	14	14
Restructuring Charges	-	1	5	-	1
Inventory Purchase Accounting Adjustments	-	1	-	-	-
<b>Electronic Systems Adj. EBITDA</b>	<b>\$ 43</b>	<b>\$ 48</b>	<b>\$ 50</b>	<b>\$ 53</b>	<b>\$ 67</b>
<b>% of Net Revenues</b>	<b>14 %</b>	<b>15 %</b>	<b>15 %</b>	<b>15 %</b>	<b>17 %</b>

# Non-GAAP Reconciliation for Structural Systems

(\$ millions)

	2016	2017	2018	2019	2020
<b>Structural Systems Net Revenues</b>	\$ 246	\$ 241	\$ 291	\$ 361	\$ 236
<b>Structural Systems Operating Income</b>	\$ 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
<b>Structural Systems Adj. EBITDA</b>	\$ 26	\$ 21	\$ 38	\$ 61	\$ 38
<b>% of Net Revenues</b>	10 %	9 %	13 %	17 %	16 %

# Non-GAAP Reconciliation for Backlog

(\$ millions)

	<u>2016<sup>1</sup></u>	<u>2017<sup>1</sup></u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Remaining Performance Obligations <sup>2</sup>	<u>N/A</u>	<u>N/A</u>	<u>\$ 723</u>	<u>\$ 745</u>	<u>\$ 780</u>
Backlog <sup>3</sup>	<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.

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

<sup>2</sup> Based on customer placed purchase orders with firm fixed price and firm delivery dates.

<sup>3</sup> 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