

# 3Q 2023 EARNINGS SUPPLEMENT

November 2, 2023

# CAUTIONARY STATEMENT

## **FORWARD LOOKING STATEMENTS**

This presentation includes "forward looking statements" relating to the announced transactions and future operations of the Company, which can be identified by the use of words such as "will," "expect," "poise," "believe," "plans," "strategy," "prospects," "estimate," "project", "seek," "target," "anticipate," "intend," "future," "likely," "may," "should," "would," "could," and other words of similar meaning in connection with a discussion of future operating or financial performance or events. Forward-looking statements also may be included in other publicly available documents issued by the Company and in oral statements made by our officers and representatives from time to time. These statements are based on assumptions currently believed to be valid but involve significant risks and uncertainties, many of which are beyond our control, which could cause our actual results to differ from those expressed in the forward looking statements. Such risks and uncertainties include, among others, the ability to implement the anticipated business plans following closing and achieve anticipated benefits and savings; and future and estimated revenues, earnings, cash flow, charges, cost savings and expenditures. Additional risks and uncertainties that could cause our actual results to differ from those expressed in the forward looking statements are identified in our reports filed with the SEC, including our Quarterly Reports on Form 10-Q, our Annual Reports on Form 10-K, and our Current Reports on Form 8-K. The forward looking statements included in this presentation are made only as of the date of this presentation, and the Company does not undertake any obligation to update the forward looking statements to reflect subsequent events or circumstances.

## **NON-GAAP FINANCIAL MEASURES**

Management believes that the Non-GAAP financial measures (i.e. financial measures that are not computed in accordance with Generally Accepted Accounting Principles) used in this presentation or in other disclosures provide important perspectives into the Company's ongoing business performance. The Company does not intend for the information to be considered in isolation or as a substitute for the related GAAP measures. Other companies may define the measures differently. Reconciliations from GAAP measures to the Non-GAAP measures are presented at the end of the presentation.



# Q3 2023 KEY MESSAGES

## EARNINGS

- Raising Adjusted EBITDA outlook for full year 2023 based on Engineered Products sustained performance

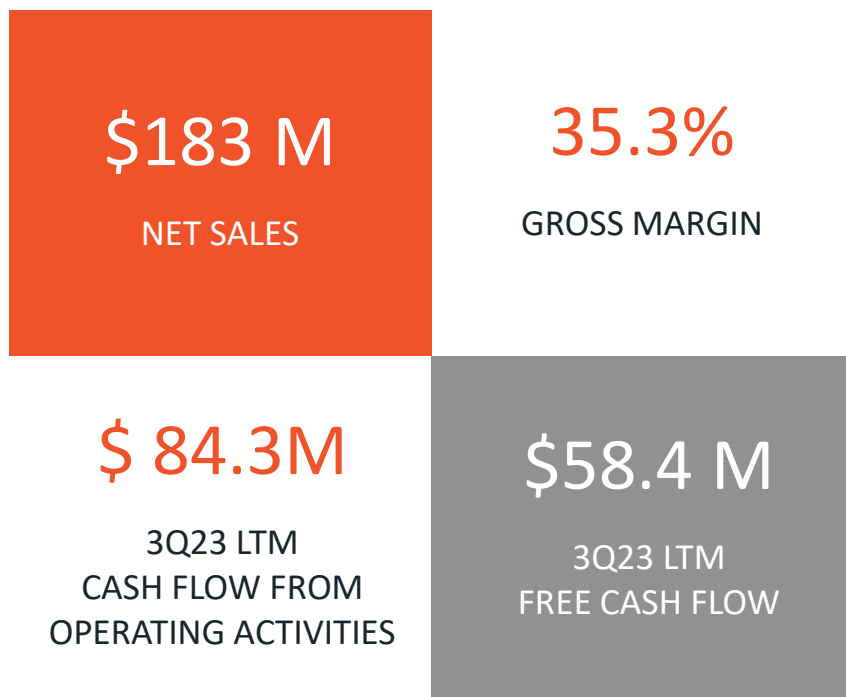
## A FOCUS ON STRATEGIC INITIATIVES TO REDUCE VARIATION IN PERFORMANCE:

- Continued strong growth across our Engineered Products portfolio
- Consolidation of Precision Products facilities
- Discontinuation of K-MAX<sup>®</sup> and K-MAX<sup>®</sup> TITAN programs
- Right size the total cost structure of the organization

## FUTURE PERFORMANCE INDICATORS:

- Backlog of over \$700 M with organic backlog increasing ~30% in Engineered Products year-over-year
- Robust sales and order activity in medical, industrial, and commercial, business and general aviation markets
- Gross margin expansion on higher sales volumes

# Q3 2023 FINANCIAL RESULTS

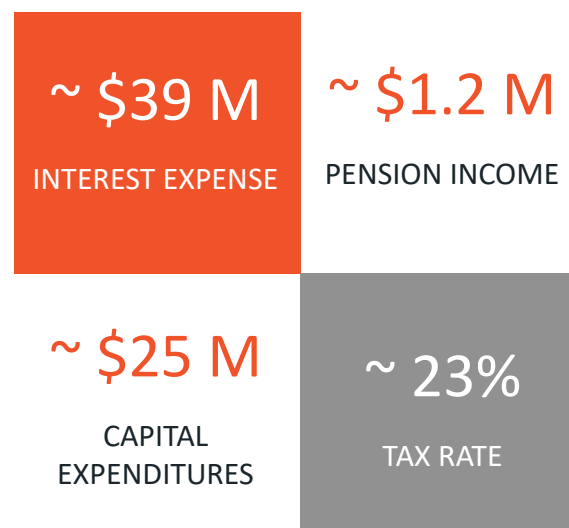


Operating income	\$11.9 M
Net earnings	\$1.5 M
Adjusted EBITDA	\$25.2 M
Adjusted EBITDA margin	13.8%
Diluted EPS	\$0.05
Adjusted diluted EPS	\$0.10
Free Cash Flow	\$3.8 M

# REVISED 2023 OUTLOOK

	PREVIOUS OUTLOOK	CURRENT OUTLOOK
Net sales	\$730 M – \$750 M	\$765 M – \$775 M
Earnings from continuing operations	\$3.7 M – \$11.3 M	\$6.5 M – \$12.2 M
Adjusted EBITDA	\$97.5 M – \$107.5 M	\$102.5 M – \$110.0 M
Adjusted EBITDA margin	13.4% – 14.3%	13.4% – 14.2%
Diluted EPS	\$0.13 – \$0.40	\$0.23 – \$0.43
Adjusted Diluted EPS	\$0.29 – \$0.56	\$0.40 – \$0.60
Cash from operating activities	\$60 M – \$70 M	\$60 M – \$70 M
Free cash flow	\$35 M – \$45 M	\$35 M – \$45 M

Note: Full Outlook summary is in the Appendix.



# ENGINEERED PRODUCTS

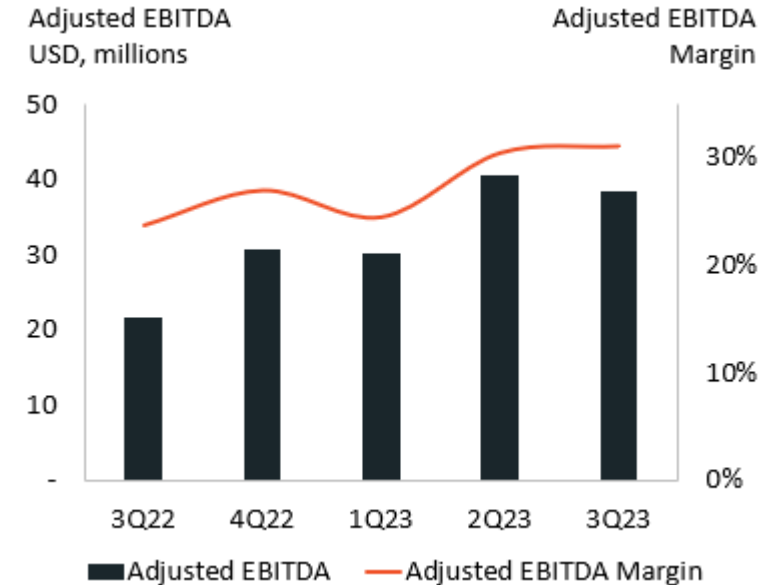
## Q3 2023 Financial Results

Net Sales	Operating Income	Adj. EBITDA	Adj. EBITDA Margin
\$124M	\$29.0M	\$38.4M	31.1%

## Q3 Key Drivers

- Contribution of sales and margin from Aircraft Wheel & Brake acquisition
- Sustained strength in commercial aerospace and PMA Aftermarket programs

## Quarterly Results



**Execute on strong backlog, continue to expand margins and deliver solid results**

# PRECISION PRODUCTS

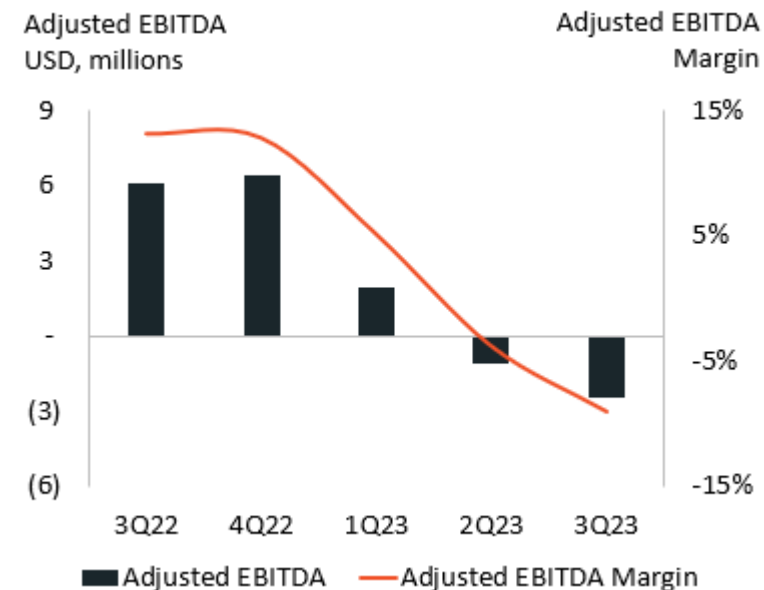
## Q3 2023 Financial Results

Net Sales	Operating Income	Adj. EBITDA	Adj. EBITDA Margin
\$27M	\$(3.2)M	\$(2.5)M	(9.1)%

## Q3 Key Drivers

- Planned lower sales and gross profit for JPF program
- Cost growth on legacy fuzing and measuring programs
- Higher sales and associated gross profit from the K-MAX<sup>®</sup> aftermarket

## Quarterly Results



**Pivot to new technologies and markets**



# STRUCTURES

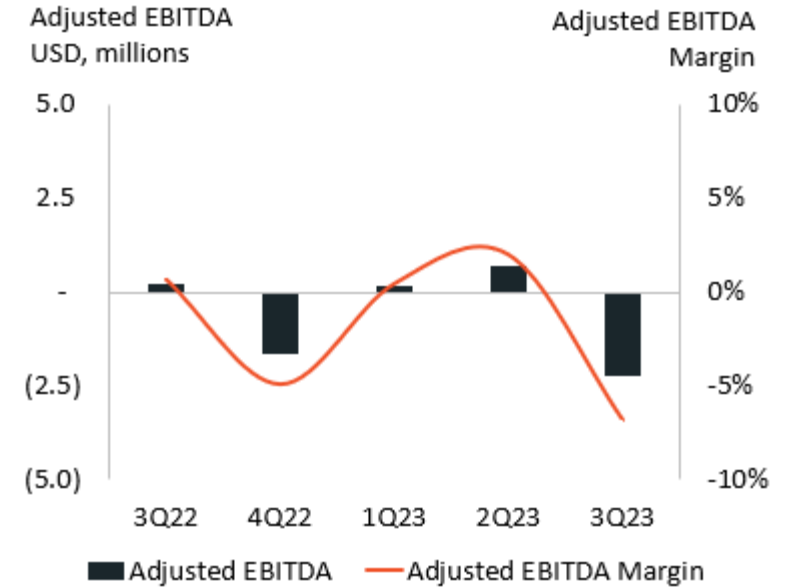
## Q3 2023 Financial Results

Net Sales	Operating Income	Adj. EBITDA	Adj. EBITDA Margin
\$32M	\$(3.0)M	\$(2.2)M	(6.9)%

### Q3 Key Drivers

- Lower sales and associated gross profit on the A-10 and UH-60 programs

## Quarterly Results

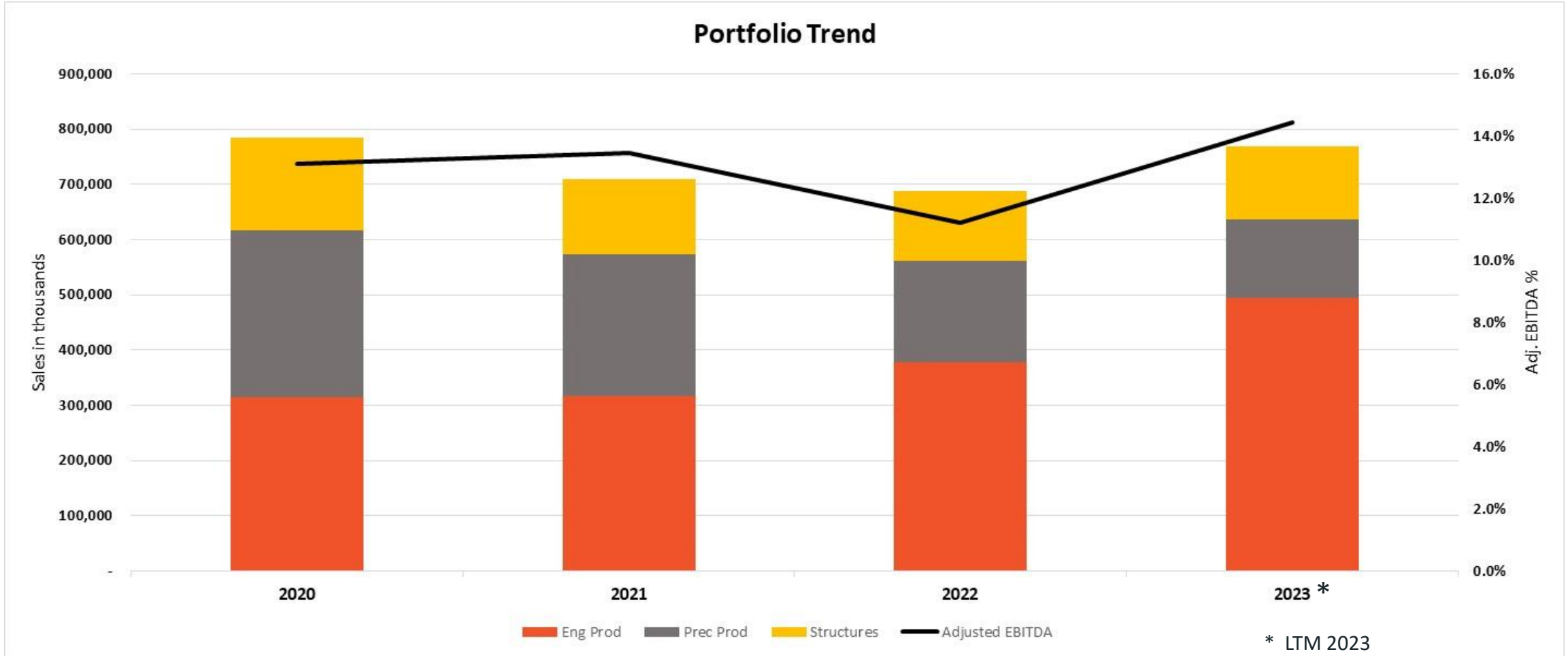


**Drive improved quality and performance across segment**



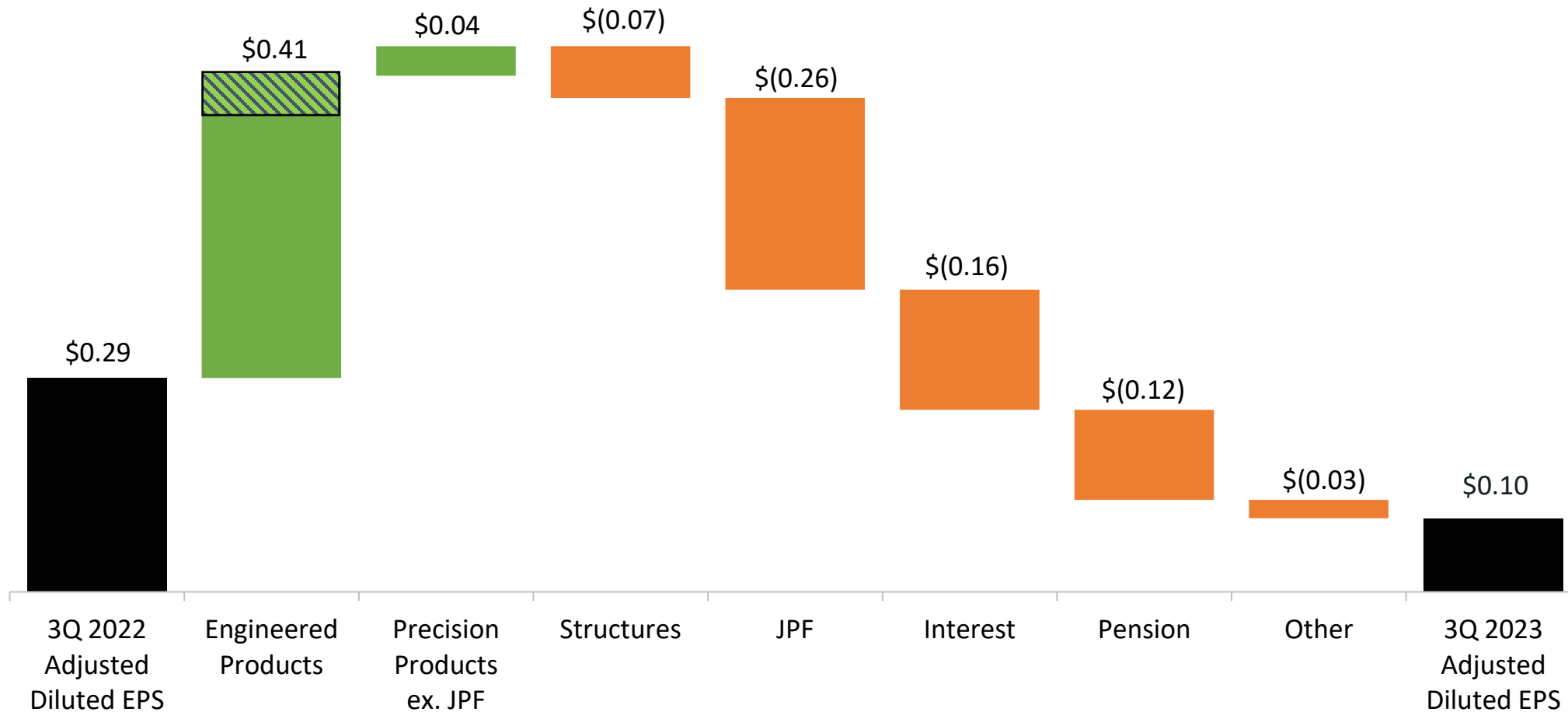


# REPOSITIONING FOR GROWTH



**Focused on reducing variation and growing Engineered Products business**

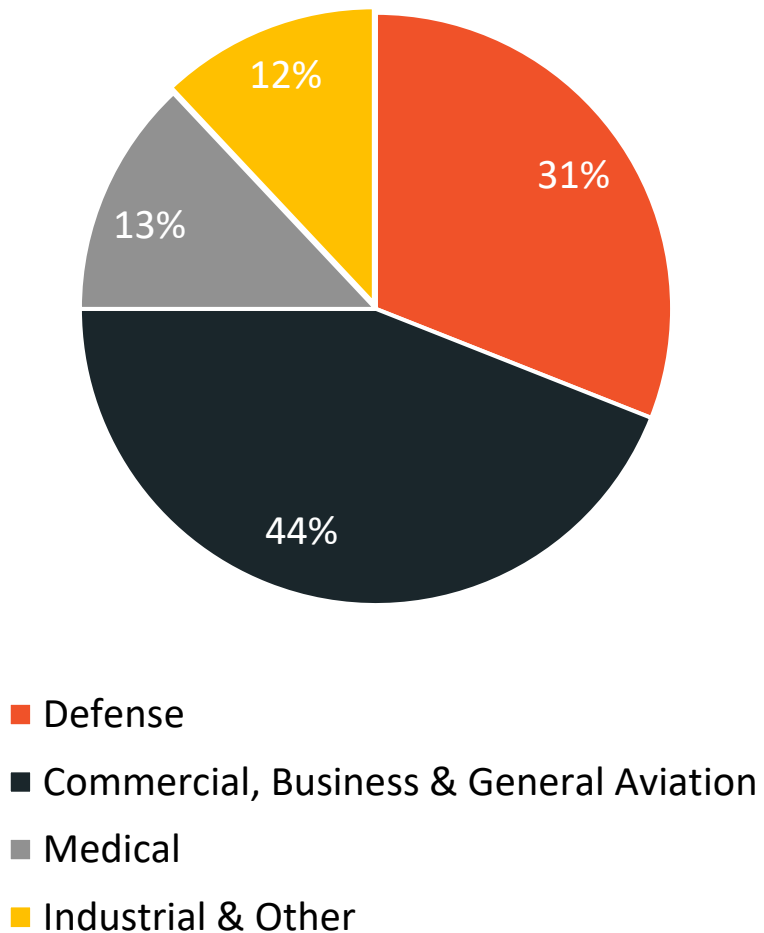
# 3Q 2023 EPS BRIDGE



Note: Other includes corporate and tax expense

 Represents contribution from AWB.

# 3Q 2023 SALES BY END MARKET



CONSOLIDATED SALES: \$ 183M

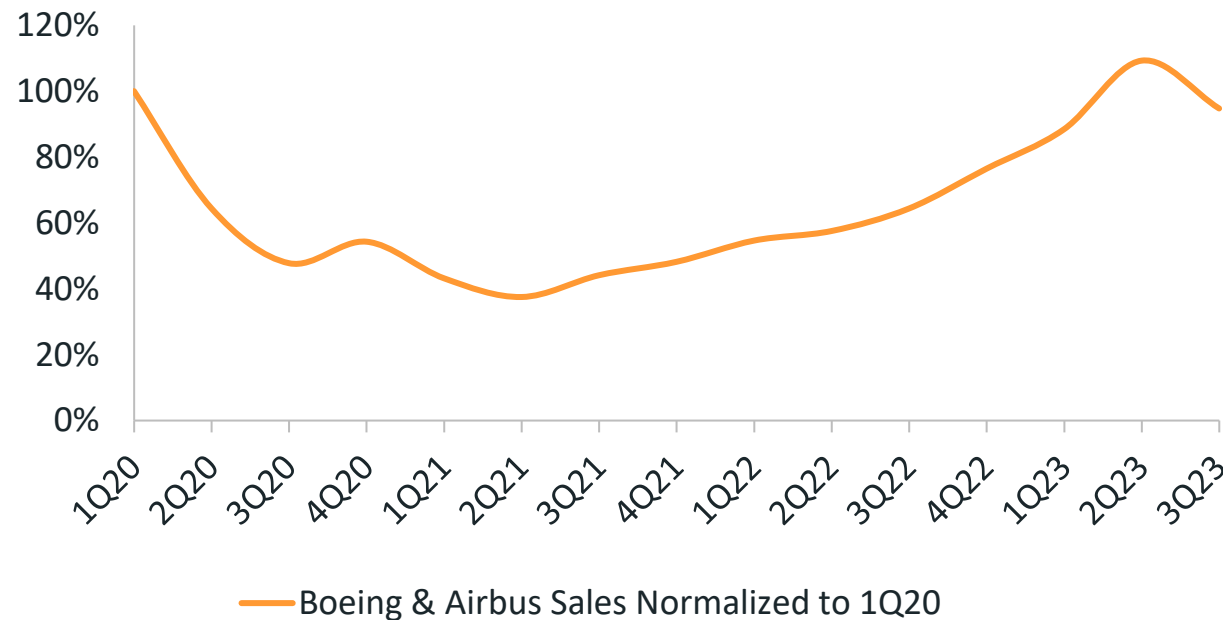
~75%

OEM






~25%

Aftermarket

BOEING & AIRBUS SALES



# 2023 MARKET OUTLOOK

PLATFORM / END MARKETS	2023 vs. 2022	FULL YEAR EXPECTATIONS
 Defense	↑	Improved performance in defense offerings and addition of Aircraft Wheel and Brake
 Safe and Arm Devices	↓	Lower JPF volume
 Commercial, Business & General Aviation	↑	Benefiting from strong order rates, improved performance and addition of Aircraft Wheel and Brake
 Medical	↑	Benefiting from strong order rates, improved performance and adoption of new technologies
 Industrials	↑	Benefiting from strong order rates, improved performance and expansion into new markets

# APPENDIX

# NON-GAAP RECONCILIATIONS

**Adjusted EBITDA and Adjusted EBITDA Margin** - Adjusted EBITDA for the consolidated company results is defined as net earnings before interest, taxes, other expense (income), net, depreciation and amortization and certain items that are not indicative of the operating performance of the Company for the periods presented. Adjusted EBITDA for the segments is defined as operating income before depreciation and amortization. Adjusted EBITDA margin is defined as Adjusted EBITDA as a percent of Net sales. Management believes Adjusted EBITDA and Adjusted EBITDA margin provide an additional perspective on the operating results of the organization and its earnings capacity and helps improve the comparability of our results between periods because they provide a view of our operations that excludes items that management believes are not reflective of operating performance, such as items traditionally removed from net earnings in the calculation of EBITDA as well as Other expense (income), net and certain items that are not indicative of the operating performance of the Company for the period presented. Adjusted EBITDA and Adjusted EBITDA margin are not presented as an alternative measure of operating performance, as determined in accordance with GAAP..

**Adjusted Net Earnings and Adjusted Diluted Earnings Per Share** - Adjusted net earnings and adjusted diluted earnings per Share are defined as GAAP "Net earnings" and "Diluted earnings per share", less items that are not indicative of the operating performance of the business for the periods presented. These items are included in the reconciliation below. Management uses adjusted net earnings and adjusted diluted earnings per share to evaluate performance period over period, to analyze the underlying trends in our business and to assess its performance relative to its competitors. We believe that this information is useful for investors and financial institutions seeking to analyze and compare companies on the basis of operating performance.

**Free Cash Flow** - Free cash flow is defined as GAAP "Net cash provided by (used in) operating activities" in a period less "Expenditures for property, plant & equipment" in the same period. Management believes free cash flow provides an important perspective on our ability to generate cash from our business operations and, as such, that it is an important financial measure for use in evaluating the Company's financial performance. Free cash flow should not be viewed as representing the residual cash flow available for discretionary expenditures such as dividends to shareholders or acquisitions. Management uses free cash flow internally to assess overall liquidity.

# NON-GAAP RECONCILIATION - OUTLOOK

## 2023 Outlook

Millions of U.S. dollars (except share data)	Previous 2023 Outlook		Current 2023 Outlook	
	Low End	High End	Low End	High End
<b>Net Sales</b>	\$ 730	\$ 750	\$ 765.0	\$ 775.0
<b>Adjusted EBITDA</b>				
Net Earnings	\$ 3.7	\$ 11.3	\$ 6.5	\$ 12.2
Interest expense	38.0	38.0	39.0	39.0
Income tax expense	1.1	3.5	1.9	3.6
Pension income	(1.2)	(1.2)	(1.2)	(1.2)
Depreciation and amortization	50.6	50.6	50.1	50.1
Other adjustments	5.3	5.3	6.2	6.3
Adjusted EBITDA	\$ 97.5	\$ 107.5	\$ 102.5	\$ 110.0
Adjusted EBITDA margin	13.4%	14.3%	13.4%	14.2%
<b>Adjusted Diluted Earnings Per Share</b>				
Diluted earnings per share	\$ 0.13	\$ 0.40	\$ 0.23	\$ 0.43
Adjustments	0.16	0.16	0.17	0.17
Adjusted diluted earnings per share	\$ 0.29	\$ 0.56	\$ 0.40	\$ 0.60
<b>Cash Flow</b>				
Cash flow from operating activities	\$ 60.0	\$ 70.0	\$ 60.0	\$ 70.0
Expenditures for property, plant & equipment	(25.0)	(25.0)	(25.0)	(25.0)
Adjusted free cash flow	\$ 40.0	\$ 50.0	\$ 35.0	\$ 45.0
Discretionary Pension Contribution	\$ -	\$ -	\$ -	\$ -

# NON-GAAP RECONCILIATIONS

## Adjusted EBITDA and Adjusted EBITDA Margin (unaudited)

Thousands of U.S. dollars

	Three Months Ended September 29, 2023				
	Consolidated	Engineered Products	Precision Products	Structures	Corp/Elims**
Net sales	\$ 183,031	\$ 123,598	\$ 27,098	\$ 32,335	\$ -
Net earnings	\$ 1,466				
Interest expense, net	9,405				
Income tax expense (benefit)	462				
Non-service pension and post retirement benefit income	(310)				
Other expense (income), net	849				
Operating income (loss)	\$ 11,872	\$ 29,026	\$ (3,241)	\$ (3,020)	\$ (10,893)
Depreciation and amortization	11,800	9,402	783	798	817
Restructuring and severance costs	571	-	-	-	571
Integration and implementation costs	572	-	-	-	572
Program inventory impairment	417	-	-	-	417
Tax contingency reversal	-	-	-	-	-
Other Adjustments	\$ 13,360	\$ 9,402	\$ 783	\$ 798	\$ 2,377
Adjusted EBITDA	\$ 25,232	\$ 38,428	\$ (2,458)	\$ (2,222)	\$ (8,516)
Adjusted EBITDA margin	13.8%	31.1%	(9.1)%	(6.9)%	

\*\*Corp/Elims Operating income (loss) represents the Corporate office expenses and \$1.1 million of unallocated expenses that are shown on the Condensed Consolidated Statement of Operations as their own line items.



# NON-GAAP RECONCILIATIONS

## Adjusted EBITDA and Adjusted EBITDA Margin (unaudited)

Thousands of U.S. dollars

	Three Months Ended June 30, 2023				
	Consolidated	Engineered Products	Precision Products	Structures	Corp/Elims**
Net sales	\$ 195,158	\$ 133,513	\$ 28,059	\$ 33,586	\$ -
Net earnings	5,255				
Interest expense, net	10,340				
Income tax expense (benefit)	2,115				
Non-service pension and post retirement benefit income	(239)				
Other expense (income), net	99				
Operating income (loss)	\$ 17,570	\$ 30,542	\$ (1,884)	\$ (106)	\$ (10,982)
Depreciation and amortization	13,290	10,874	806	781	829
Restructuring and severance costs	272	-	-	-	272
Integration and implementation costs	1,037	-	-	-	1,037
Program inventory impairment	596	-	-	-	596
Tax contingency reversal	(757)	(757)	-	-	-
Other Adjustments	\$ 14,438	\$ 10,117	\$ 806	\$ 781	\$ 2,734
Adjusted EBITDA	\$ 32,008	\$ 40,659	\$ (1,078)	\$ 675	\$ (8,248)
Adjusted EBITDA margin	16.4%	30.5%	(3.8)%	2.0%	

\*\*Corp/Elims Operating income (loss) represents the Corporate office expenses and \$1.3 million of unallocated expenses that are shown on the Condensed Consolidated Statement of Operations as their own line items.

# NON-GAAP RECONCILIATIONS

## Adjusted EBITDA and Adjusted EBITDA Margin (unaudited)

Thousands of U.S. dollars

	Three Months Ended March 31, 2023				
	Consolidated	Engineered Products	Precision Products	Structures	Corp/Elims**
Net sales	\$ 194,542	\$ 123,326	\$ 37,971	\$ 33,245	\$ -
Net earnings	(769)				
Interest expense, net	9,604				
Income tax expense (benefit)	(206)				
Non-service pension and post retirement benefit income	(381)				
Other expense (income), net	(571)				
Operating income (loss)	\$ 7,677	\$ 19,356	\$ 1,129	\$ (643)	\$ (12,165)
Depreciation and amortization	13,154	10,763	812	794	785
Restructuring and severance costs	2,190	-	-	-	2,190
Integration and implementation costs	797	-	-	-	797
Other Adjustments	\$ 16,141	\$ 10,763	\$ 812	\$ 794	\$ 3,772
Adjusted EBITDA	\$ 23,818	\$ 30,119	\$ 1,941	\$ 151	\$ (8,393)
Adjusted EBITDA margin	12.2%	24.4%	5.1%	0.5%	

\*\*Corp/Elims Operating income (loss) represents the Corporate office expenses and \$2.2 million of unallocated expenses that are shown on the Condensed Consolidated Statement of Operations as their own line items.

# NON-GAAP RECONCILIATIONS

## Adjusted EBITDA and Adjusted EBITDA Margin (unaudited)

Thousands of U.S. dollars

	Three Months Ended December 31, 2022				
	Consolidated	Engineered Products	Precision Products	Structures	Corp/Elims**
Net sales	\$ 197,143	\$ 113,972	\$ 49,925	\$ 33,246	\$ -
Net (loss) earnings	(55,942)				
Interest expense, net	8,786				
Income tax expense (benefit)	(18,991)				
Non-service pension and post retirement benefit income	(5,145)				
Other expense (income), net	(2,100)				
Operating income (loss)	\$ (73,392)	\$ 17,168	\$ 5,628	\$ (2,502)	\$ (93,686)
Depreciation and amortization	13,675	11,231	785	856	803
Goodwill impairment	25,306	-	-	-	25,306
Program assets impairment	53,677	-	-	-	53,677
Restructuring and severance costs	6,989	-	-	-	6,989
Cost associated with corporate development activities	1,167	-	-	-	1,167
Inventory step-up associated with acquisition	2,299	2,299	-	-	-
Other Adjustments	\$ 103,113	\$ 13,530	\$ 785	\$ 856	\$ 87,942
Adjusted EBITDA	\$ 29,721	\$ 30,698	\$ 6,413	\$ (1,646)	\$ (5,744)
Adjusted EBITDA margin	15.1%	26.9%	12.8%	(5.0)%	

\*\*Corp/Elims Operating income (loss) represents the Corporate office expenses and \$86.0 million of unallocated expenses that are shown on the Condensed Consolidated Statement of Operations as their own line items.

# NON-GAAP RECONCILIATIONS

## Adjusted EBITDA and Adjusted EBITDA Margin (unaudited)

Thousands of U.S. dollars

	Three Months Ended September 30, 2022				
	Consolidated	Engineered Products	Precision Products	Structures	Corp/Elims**
Net sales	\$ 172,004	\$ 92,052	\$ 46,282	\$ 33,670	\$ -
Net earnings	(280)				
Interest expense, net	3,614				
Income tax expense (benefit)	(114)				
Non-service pension and post retirement benefit income	(5,142)				
Other expense (income), net	1,221				
Operating income (loss)	\$ (701)	\$ 14,156	\$ 5,296	\$ (642)	\$ (19,511)
Depreciation and amortization	9,383	6,856	804	870	853
Restructuring and severance costs	(243)	-	-	-	(243)
Cost associated with corporate development activities	10,725	-	-	-	10,725
Inventory step-up associated with acquisition	760	760	-	-	-
(Gain) loss on sale of business	(457)	-	-	-	(457)
Other Adjustments	\$ 20,168	\$ 7,616	\$ 804	\$ 870	\$ 10,878
Adjusted EBITDA	\$ 19,467	\$ 21,772	\$ 6,100	\$ 228	\$ (8,633)
Adjusted EBITDA margin	11.3%	23.7%	13.2%	0.7%	

\*\*Corp/Elims Operating income (loss) represents the Corporate office expenses and \$0.7 million of unallocated income that are shown on the Condensed Consolidated Statement of Operations as their own line items.

# NON-GAAP RECONCILIATIONS

## Adjusted Net Earnings and Adjusted Diluted Earnings per Share (unaudited)

Thousands of U.S. dollars (except share data)

	Three Months Ended					
	September 29, 2023			September 30, 2022		
	Pre-Tax	Tax-Effectd	Diluted EPS	Pre-Tax	Tax-Effectd	Diluted EPS
Net earnings	\$ 1,928	\$ 1,466	\$ 0.05	\$ (394)	\$ (280)	\$ (0.01)
Adjustments:						
Restructuring and severance costs	571	451	0.02	(243)	(189)	(0.01)
Integration and implementation costs	572	452	0.02	-	-	-
Costs associated with corporate development activities	-	-	-	10,725	8,363	0.30
Inventory step-up associated with acquisition	-	-	-	760	593	0.02
Program inventory impairment	417	329	0.01	-	-	-
(Gain) loss on sale of business	-	-	-	(457)	(356)	(0.01)
Adjustments	<u>\$ 1,560</u>	<u>\$ 1,232</u>	<u>\$ 0.05</u>	<u>\$ 10,785</u>	<u>\$ 8,411</u>	<u>\$ 0.30</u>
Adjusted net earnings	<u>\$ 3,488</u>	<u>\$ 2,698</u>	<u>\$ 0.10</u>	<u>\$ 10,391</u>	<u>\$ 8,131</u>	<u>\$ 0.29</u>
Diluted weighted average shares outstanding			28,350			28,037

# NON-GAAP RECONCILIATIONS

## Free Cash Flow (unaudited)

Thousands of U.S. dollars

	Three Months Ended				Twelve Months Ended
	December 31, 2022	March 31, 2023	June 30, 2023	September 29, 2023	September 29, 2023
Net cash provided by (used in) operating activities	\$ 54,669	\$ (5,453)	\$ 24,259	\$ 10,867	\$ 84,342
Expenditures for property, plant & equipment	(6,063)	(5,948)	(6,888)	(7,028)	(25,927)
Free cash flow	\$ 48,606	\$ (11,401)	\$ 17,371	\$ 3,839	\$ 58,415