

Q4 2021 EARNINGS SUPPLEMENT

FEBRUARY 24, 2022





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.



2021 KEY MESSAGES

EARNINGS

- Achieved our earnings targets by leveraging our new operational excellence model

PERFORMANCE

- Lower JPF sales and gross profit on legacy fuzing programs
- Robust sales in the medical, industrial, and commercial, business and general aviation markets
- Backlog increase of 11% in 2021

INNOVATION

- Began creating lightweight durable solutions with our proprietary Titanium Diffusion Hardening process
- Launched KARGO UAV unmanned aerial system, a purpose built autonomous medium lift logistics vehicle

2021 FINANCIAL RESULTS

\$709 M

NET SALES

33%

GROSS MARGIN

\$49 M

CASH FLOW FROM
OPERATING ACTIVITIES

\$56 M

ADJUSTED FREE CASH
FLOW

Earnings from continuing operations

\$44 M

Adjusted EBITDA

\$95 M

Adjusted EBITDA margin

13.5%

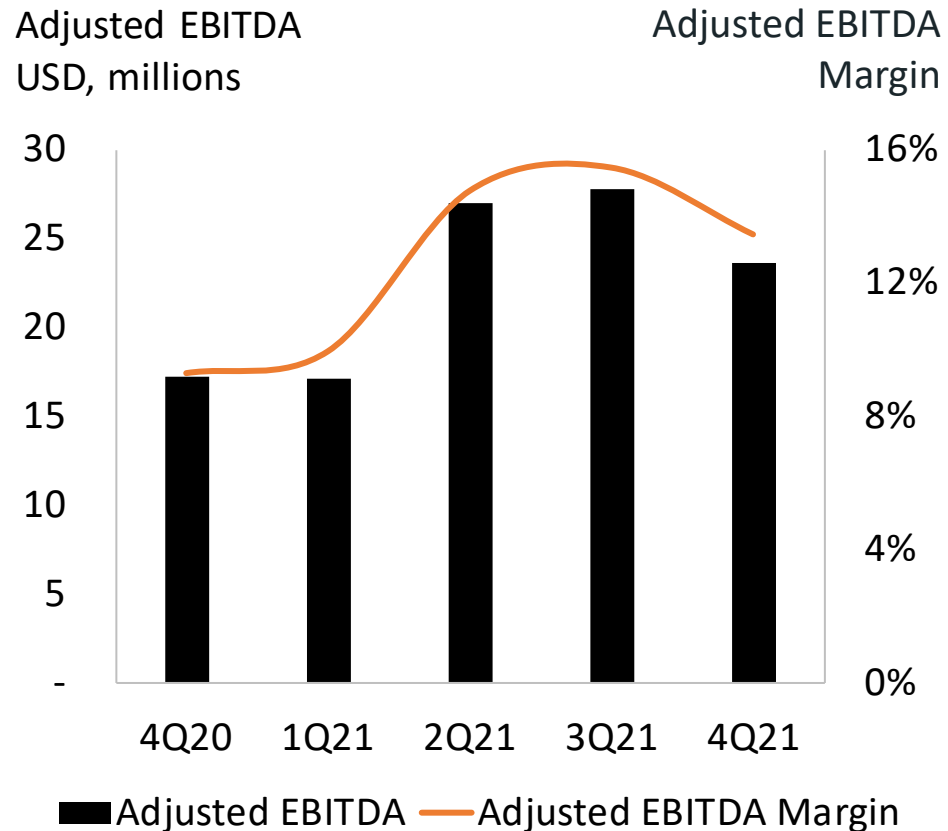
Diluted EPS

\$1.57

Adjusted diluted EPS

\$1.93

SOLID PERFORMANCE FROM DIVERSE PORTFOLIO



IMPROVING MARKETS

Strong medical and industrial demand

Rebounding commercial, business and general aviation markets

SHIFTING PORTFOLIO

Lower JPF sales and gross profit on legacy fusing programs

NEW REPORTING STRUCTURE



Provides sophisticated, proprietary bearings and components; super precision, miniature ball bearings; and proprietary spring energized seals, springs and contacts.

ENGINEERED PRODUCTS



Provides precision safe and arming solutions for missile and bomb systems for the U.S. and allied militaries; subcontract helicopter work; manufacture, restoration, modification and support of our helicopter programs including K-MAX®, SH-2G and KARGO UAV unmanned aerial system.

PRECISION PRODUCTS



Provides sophisticated complex metallic and composite aerostructures for commercial, military and general aviation fixed and rotary wing aircraft, and medical imaging solutions.

STRUCTURES

2021 SEGMENT RESULTS

ENGINEERED PRODUCTS

Net Sales

\$318 M

Operating Income

\$43 M

Adjusted EBITDA

\$69 M

Adjusted EBITDA Margin

21.8%

PRECISION PRODUCTS

Net Sales

\$256 M

Operating Income

\$55 M

Adjusted EBITDA

\$60 M

Adjusted EBITDA Margin

23.2%

STRUCTURES

Net Sales

\$135 M

Operating Income

-\$0.3 M

Adjusted EBITDA

\$3 M

Adjusted EBITDA Margin

2.3%

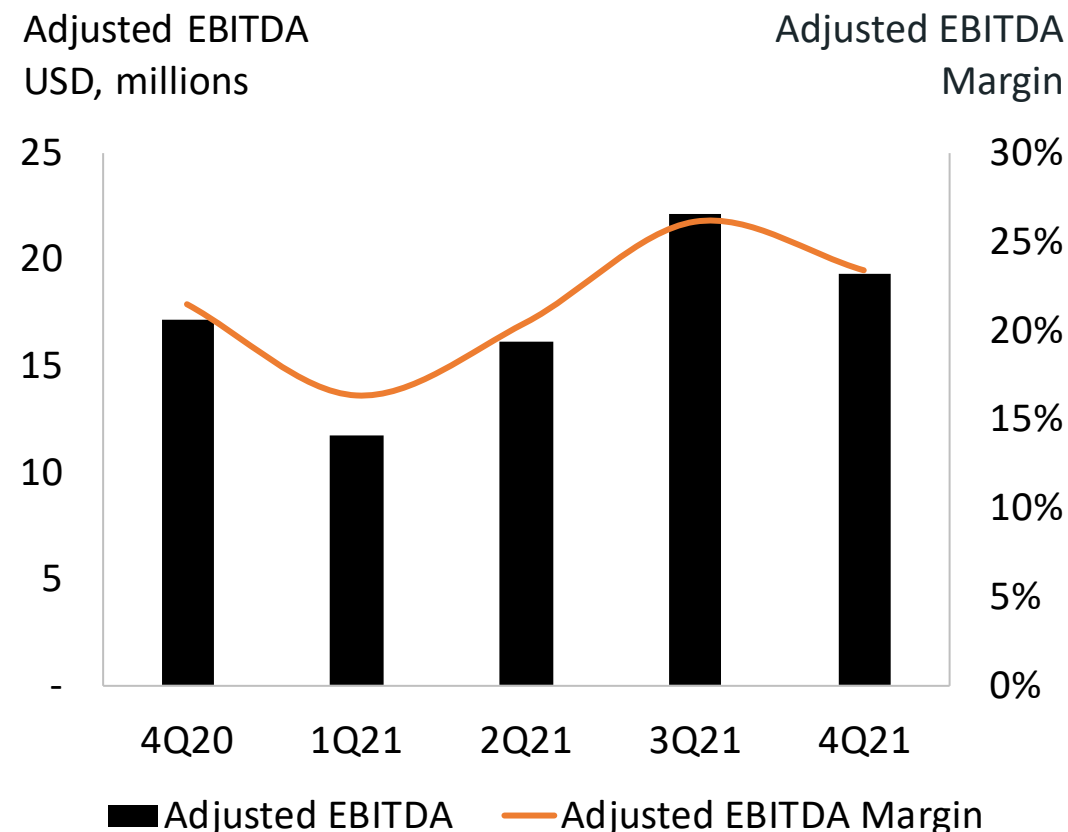
ENGINEERED PRODUCTS

4Q21 vs. 3Q21

- Modestly lower volume for products serving the medical end market

4Q21 vs. 4Q20

- Higher sales and gross margin for products serving the medical end market
- Lower salary and wage expense
- Lower gross profit on defense bearings



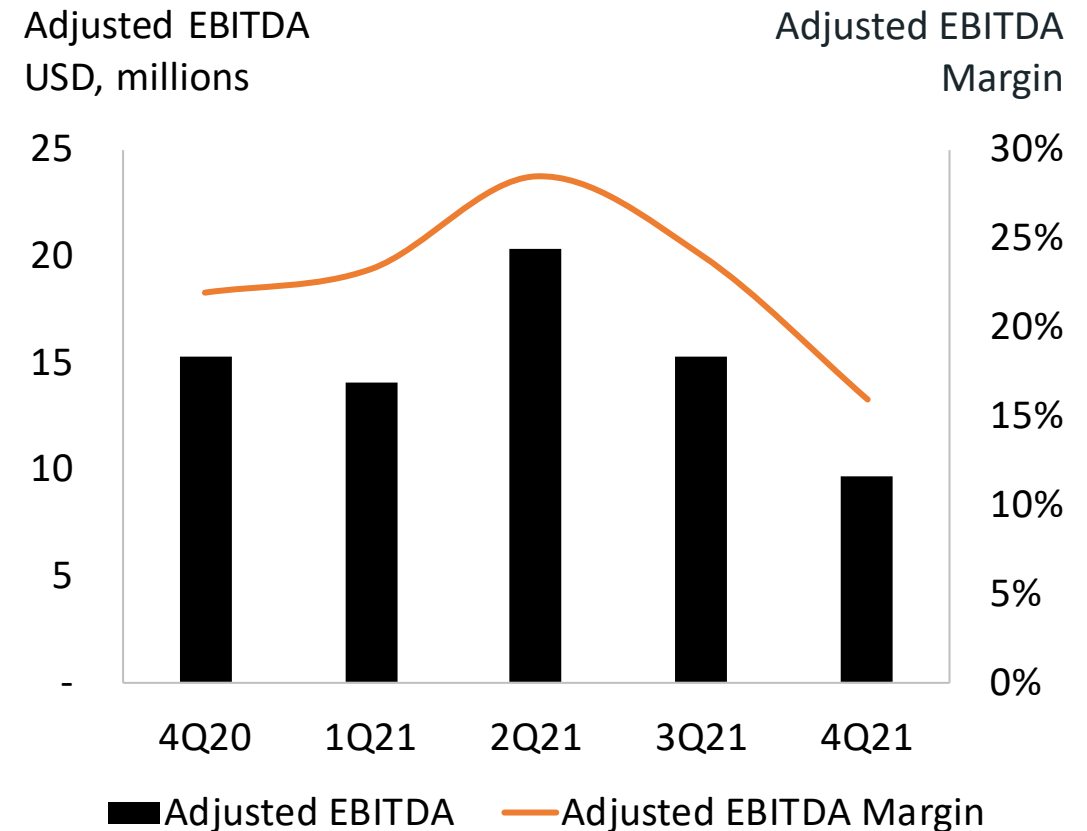
PRECISION PRODUCTS

4Q21 vs. 3Q21

- Lower gross profit on K-MAX[®] aircraft and spares sales
- Higher R&D spend primarily on *KARGO UAV* unmanned aerial system

4Q21 vs. 4Q20

- Lower margin on K-MAX[®] aircraft sales
- Higher R&D spend primarily on *KARGO UAV* unmanned aerial system





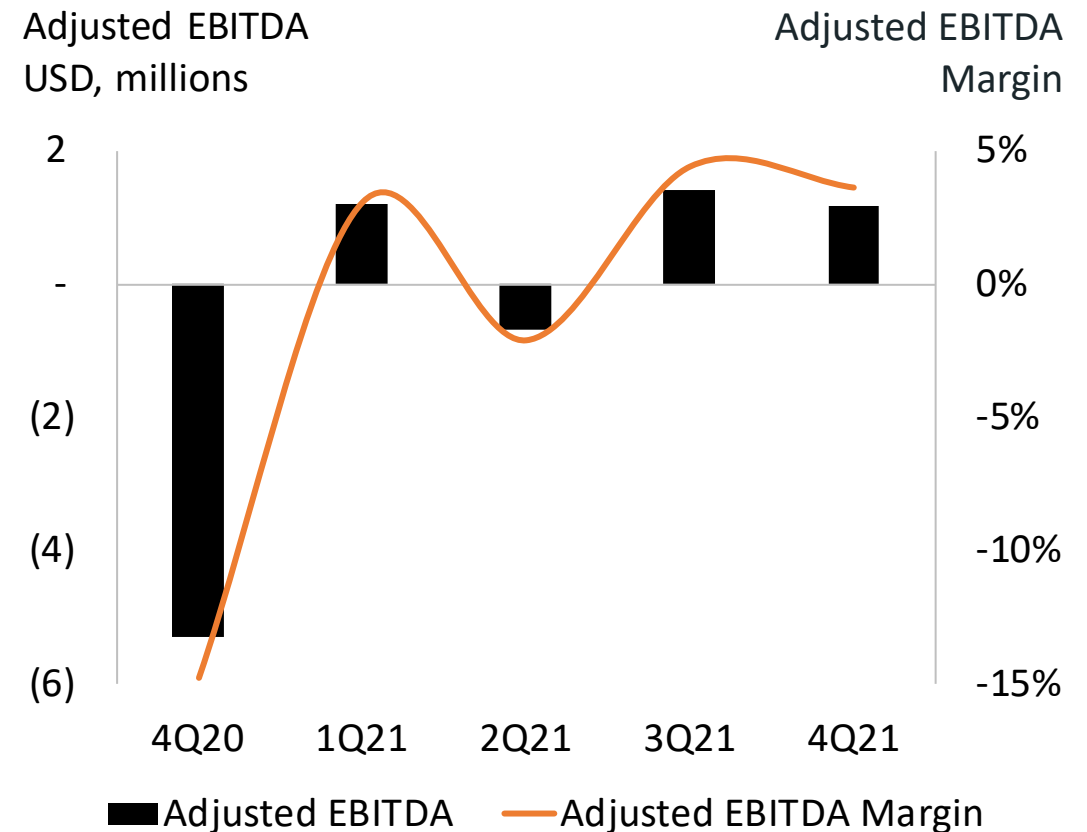
STRUCTURES

4Q21 vs. 3Q21

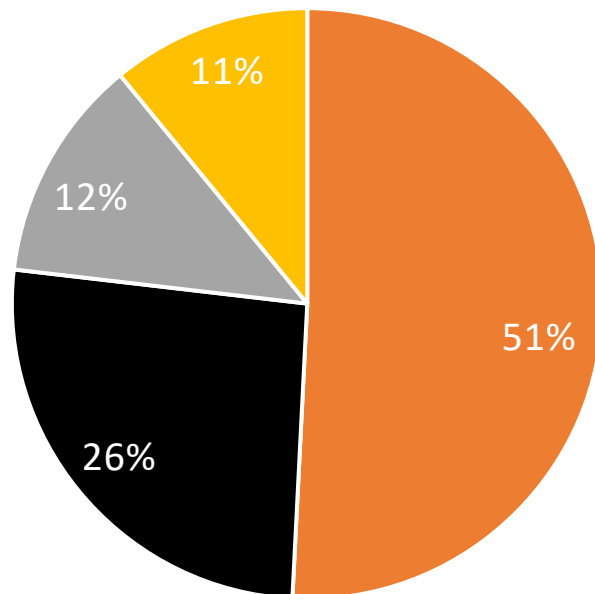
- Lower gross profit due to changes in profit estimates for long term contracts
- Higher sales volumes on AH-1Z

4Q21 vs. 4Q20

- 4Q20 losses in former UK composites
- Continuous improvement efforts



2021 SALES BY END MARKET



- Defense
- Commercial, Business, & General Aviation
- Medical
- Industrial & Other

CONSOLIDATED SALES

~86%

OEM

~14%

Aftermarket

COMMERCIAL, BUSINESS, & GENERAL AVIATION





~28%

Boeing & Airbus

~72%

All Other

2022 MARKET OUTLOOK

PLATFORM / END MARKETS	2022 vs. 2021	FULL YEAR EXPECTATIONS
 Defense	↓	Lower JPF volume offset by improved performance in other defense offerings
 Commercial, Business & General Aviation	↑	Strong order rates and improved performance
 Medical	↑	Strong order rates and improved performance
 Industrials	↑	Strong order rates and improved performance

2022 OUTLOOK

	LOW	HIGH
Sales	\$720 M	\$740 M
Adjusted EBITDA	\$93.7 M	\$99.0 M
Adjusted EBITDA margin	13.0%	13.4%
Diluted EPS	\$1.75	\$1.90
Adjusted free cash flow	\$40 M	\$50 M

~ \$15.7 M

INTEREST EXPENSE

~ \$21 M

PENSION INCOME

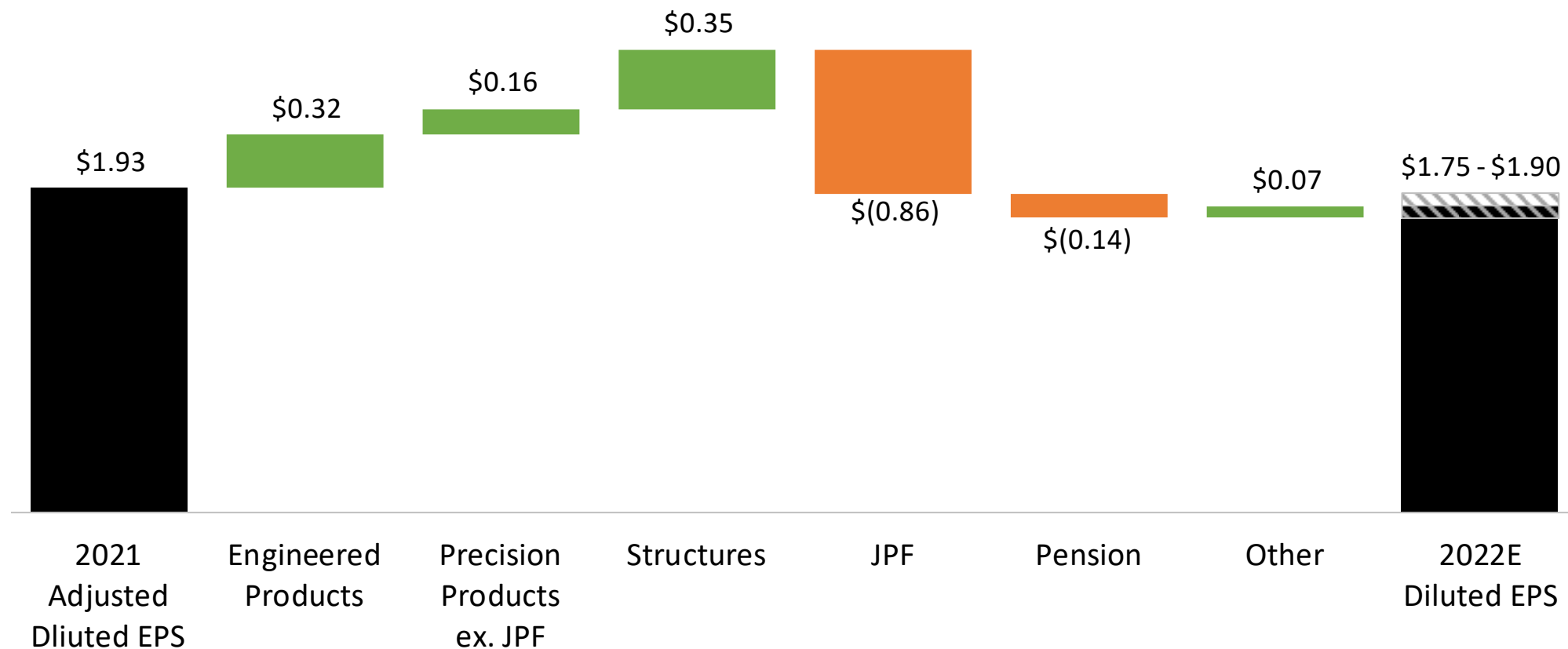
~ \$25 M

CAPEX

~ 21%

ANNUAL TAX RATE

2022 EPS



Note: Data represents the midpoint. The range of \$1.75 per share to \$1.90 per share includes potential variability in the segment contribution. Segment operating results and other include an incremental \$0.06 of incremental pension expense. Other includes corporate, tax expense, interest expense, and depreciation & amortization.

FOCUSED ON PERFORMANCE METRICS

GROWTH THROUGH INNOVATION

Accelerate internal investments in our products, facilities and people

M&A AND CAPITAL ALLOCATION

Expand capabilities through accretive M&A

Maintain a disciplined approach to the return to shareholders

OPERATIONAL EXCELLENCE

Drive significantly improved operating and financial performance

EBITDA
MARGIN

FREE CASH FLOW
CONVERSION

RETURN ON
INVESTED CAPITAL

FOCUSED ON INNOVATION

KARGO UAV, unmanned aerial system, a purpose built autonomous medium lift logistics vehicle



Designed for easy transport and deployment



Lifting capacity of 800 lbs



Self-deploys with no payload up to 523 nautical miles



Flight testing of scaled model - Completed 3Q21



Flight testing of full-scale vehicle - 2022





APPENDIX

2022 OUTLOOK

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

Net Sales

Adjusted EBITDA

Earnings from continuing operations

Interest expense

Income tax expense

Pension income

Other income

Income from TSA

Depreciation and amortization

Other adjustments

Adjusted EBITDA

Adjusted EBITDA margin

Adjusted Diluted Earnings Per Share

Diluted earnings per share

Adjustments

Adjusted diluted earnings per share

Cash Flow

Cash flow from operating activities⁽¹⁾

Bal Seal Acquisition Retention Payment

Expenditures for property, plant & equipment

Adjusted free cash flow

Discretionary Pension Contribution

	2021	2022 Outlook	
	Actual	Low End	High End
Net Sales	\$ 709.0	\$ 720.0	\$ 740.0
Adjusted EBITDA			
Earnings from continuing operations	\$ 43.7	\$ 49.3	\$ 53.5
Interest expense	16.3	15.7	15.7
Income tax expense	16.8	13.1	14.2
Pension income	(26.2)	(21.1)	(21.1)
Other income	(0.1)	(0.9)	(0.9)
Income from TSA	(0.9)	-	-
Depreciation and amortization	36.6	37.6	37.6
Other adjustments	9.3	-	-
Adjusted EBITDA	\$ 95.5	\$ 93.7	\$ 99.0
Adjusted EBITDA margin	13.5%	13.0%	13.4%
Adjusted Diluted Earnings Per Share			
Diluted earnings per share	\$ 1.57	\$ 1.75	\$ 1.90
Adjustments	0.36	-	-
Adjusted diluted earnings per share	\$ 1.93	\$ 1.75	\$ 1.90
Cash Flow			
Cash flow from operating activities ⁽¹⁾	\$ 48.7	\$ 65.0	\$ 75.0
Bal Seal Acquisition Retention Payment	25.1	-	-
Expenditures for property, plant & equipment	(17.5)	(25.0)	(25.0)
Adjusted free cash flow	\$ 56.3	\$ 40.0	\$ 50.0
Discretionary Pension Contribution	\$ 10.0	\$ -	\$ -

(1) Cash flow from operating activities in 2021 includes the \$25.1 million payment to Bal Seal employees which represents purchase price paid to the former Bal Seal owners that was accounted for as compensation expense under ASC 805 in 2020.

NON-GAAP RECONCILIATION

Adjusted EBITDA - Adjusted EBITDA is defined as earnings from continuing operations 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 differs from earnings from continuing operations, as calculated in accordance with GAAP, in that it excludes interest expense, net, income tax expense, depreciation and amortization, other expense (income), net, non-service pension and post retirement benefit expense (income), and certain items that are not indicative of the operating performance of the Company for the periods presented. We have made numerous investments in our business, such as acquisitions and capital expenditures, including facility improvements, new machinery and equipment, improvements to our information technology infrastructure and ERP systems, which we have adjusted for in Adjusted EBITDA. Adjusted EBITDA also does not give effect to cash used for debt service requirements and thus does not reflect funds available for distributions, reinvestments or other discretionary uses. Management believes Adjusted EBITDA provides 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 it provides 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 is not presented as an alternative measure of operating performance, as determined in accordance with GAAP. No other adjustments were made during the three-month fiscal periods ended December 31, 2021, October 1, 2021 and December 31, 2020 and twelve-month fiscal periods ended December 31, 2021 and December 31, 2020.

Adjusted Earnings from Continuing Operations and Adjusted Diluted Earnings Per Share - Adjusted earnings from continuing operations and adjusted diluted earnings per Share are defined as GAAP "Earnings from continuing operations" and "Diluted earnings per share from continuing operations", 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 earnings from continuing operations 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.

Adjusted Free Cash Flow - Adjusted free cash flow is defined as GAAP "Net cash provided by (used in) operating activities from continuing operations" in a period less "Expenditures for property, plant & equipment" in the same period and any adjustments that are representative of the Company's cash generation or usage in the period. For 2021 we adjusted free cash flow to remove the cash payment made to Bal Seal employees under the retention plan established by the former owners of Bal Seal. Management believes free cash flow from continuing operations and adjusted 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 and adjusted free cash flow should not be viewed as representing the residual cash flow available for discretionary expenditures such as dividends to shareholders or acquisitions, as it may exclude certain mandatory expenditures such as repayment of maturing debt and other contractual obligations. Management uses free cash flow and Adjusted free cash flow internally to assess overall liquidity.

NON-GAAP RECONCILIATIONS

Table 1. Adjusted EBITDA (unaudited)

Thousands of U.S. dollars

	Three Months Ended December 31, 2020				
	Consolidated	Engineered Products	Precision Products	Structures	Corp/Elims**
Sales from continuing operations	\$ 185,288	\$ 79,929	\$ 69,532	\$ 35,827	\$ -
Earnings (loss) from continuing operations, net of tax	(31,420)				
Interest expense, net	4,888				
Income tax expense (benefit)	(6,708)				
Non-service pension and post retirement benefit income	(4,062)				
Income from TSA	(586)				
Other income, net	(304)				
Operating income (loss)	\$ (38,192)	\$ 8,735	\$ 14,221	\$ (6,534)	\$ (54,614)
Depreciation and amortization	11,695	8,477	1,068	1,227	923
Impairment on assets held for sale	36,285	-	-	-	36,285
Restructuring and severance costs	539	-	-	-	539
Cost associated with corporate development activities	207	-	-	-	207
Bal Seal acquisition costs	45	-	-	-	45
Cost of acquired Bal Seal retention plans	5,704	-	-	-	5,704
Costs from transition service agreement	983	-	-	-	983
Other Adjustments	\$ 55,458	\$ 8,477	\$ 1,068	\$ 1,227	\$ 44,686
Adjusted EBITDA	\$ 17,266	\$ 17,212	\$ 15,289	\$ (5,307)	\$ (9,928)
Adjusted EBITDA margin	9.3%	21.5%	22.0%	(14.8)%	

**Corp/Elims Operating income (loss) represents the Corporate office expenses and \$43.7 million of unallocated expenses that are shown on the Consolidated Statement of Earnings as their own line items.

NON-GAAP RECONCILIATIONS

Table 2. Adjusted EBITDA (unaudited)

Thousands of U.S. dollars

	Three Months Ended April 2, 2021				
	Consolidated	Engineered Products	Precision Products	Structures	Corp/Elims**
Sales from continuing operations	\$ 171,616	\$ 71,779	\$ 60,533	\$ 39,304	\$ -
Earnings (loss) from continuing operations, net of tax	7,984				
Interest expense, net	4,251				
Income tax expense (benefit)	207				
Non-service pension and post retirement benefit income	(6,643)				
Income from TSA	(475)				
Other income, net	289				
Operating income (loss)	\$ 5,613	\$ 5,158	\$ 13,076	\$ 355	\$ (12,976)
Depreciation and amortization	9,209	6,590	1,031	861	727
Restructuring and severance costs	1,352	-	-	-	1,352
Costs from transition service agreement	705	-	-	-	705
Loss on sale of business	234	-	-	-	234
Other Adjustments	\$ 11,500	\$ 6,590	\$ 1,031	\$ 861	\$ 3,018
Adjusted EBITDA	\$ 17,113	\$ 11,748	\$ 14,107	\$ 1,216	\$ (9,958)
Adjusted EBITDA margin	10.0%	16.4%	23.3%	3.1%	

**Corp/Elims Operating income (loss) represents the Corporate office expenses and \$2.3 million of unallocated expenses that are shown on the Consolidated Statement of Earnings as their own line items.

NON-GAAP RECONCILIATIONS

Table 3. Adjusted EBITDA (unaudited)

Thousands of U.S. dollars

	Three Months Ended July 2, 2021				
	Consolidated	Engineered Products	Precision Products	Structures	Corp/Elims**
Sales from continuing operations	\$ 182,394	\$ 78,956	\$ 71,539	\$ 31,899	\$ -
Earnings (loss) from continuing operations, net of tax	11,856				
Interest expense, net	4,335				
Income tax expense (benefit)	5,502				
Non-service pension and post retirement benefit income	(6,577)				
Income from TSA	(442)				
Other income, net	158				
Operating income (loss)	\$ 14,832	\$ 9,592	\$ 19,345	\$ (1,526)	\$ (12,579)
Depreciation and amortization	9,182	6,579	1,054	855	694
Restructuring and severance costs	1,516	-	-	-	1,516
Cost associated with corporate development activities	415	-	-	-	415
Costs from transition service agreement	999	-	-	-	999
Other Adjustments	\$ 12,112	\$ 6,579	\$ 1,054	\$ 855	\$ 3,624
Adjusted EBITDA	\$ 26,944	\$ 16,171	\$ 20,399	\$ (671)	\$ (8,955)
Adjusted EBITDA margin	14.8%	20.5%	28.5%	(2.1)%	

**Corp/Elims Operating income (loss) represents the Corporate office expenses and \$2.5 million of unallocated expenses that are shown on the Consolidated Statement of Earnings as their own line items.

NON-GAAP RECONCILIATIONS

Table 4. Adjusted EBITDA (unaudited)

Thousands of U.S. dollars

	Three Months Ended October 1, 2021				
	Consolidated	Engineered Products	Precision Products	Structures	Corp/Elims**
Sales from continuing operations	\$ 179,836	\$ 84,399	\$ 63,584	\$ 31,853	\$ -
Earnings (loss) from continuing operations, net of tax	14,667				
Interest expense, net	3,646				
Income tax expense (benefit)	4,447				
Non-service pension and post retirement benefit income	(6,612)				
Other income, net	(172)				
Income from TSA	(14)				
Operating income (loss)	\$ 15,962	\$ 15,563	\$ 14,283	\$ 556	\$ (14,440)
Depreciation and amortization	9,083	6,557	1,022	857	647
Restructuring and severance costs	2,611	-	-	-	2,611
Cost associated with corporate development activities	136	-	-	-	136
Costs from transition service agreement	24	-	-	-	24
Other Adjustments	\$ 11,854	\$ 6,557	\$ 1,022	\$ 857	\$ 3,418
Adjusted EBITDA	\$ 27,816	\$ 22,120	\$ 15,305	\$ 1,413	\$ (11,022)
Adjusted EBITDA margin	15.5%	26.2%	24.1%	4.4%	

**Corp/Elims Operating income (loss) represents the Corporate office expenses and \$2.6 million of unallocated expenses that are shown on the Consolidated Statement of Earnings as their own line items.

NON-GAAP RECONCILIATIONS

Table 5. Adjusted EBITDA (unaudited)

Thousands of U.S. dollars

	Three Months Ended December 31, 2021				
	Consolidated	Engineered Products	Precision Products	Structures	Corp/Elims**
Sales from continuing operations	\$ 175,147	\$ 82,549	\$ 60,673	\$ 31,925	\$ -
Earnings (loss) from continuing operations, net of tax	9,169				
Interest expense, net	4,058				
Income tax expense (benefit)	6,676				
Non-service pension and post retirement benefit income	(6,397)				
Other income, net	(417)				
Operating income (loss)	\$ 13,089	\$ 12,784	\$ 8,662	\$ 275	\$ (8,632)
Depreciation and amortization	9,180	6,580	1,041	889	670
Restructuring and severance costs	675	-	-	-	675
Cost associated with corporate development activities	647	-	-	-	647
Other Adjustments	\$ 10,502	\$ 6,580	\$ 1,041	\$ 889	\$ 1,992
Adjusted EBITDA	\$ 23,591	\$ 19,364	\$ 9,703	\$ 1,164	\$ (6,640)
Adjusted EBITDA margin	13.5%	23.5%	16.0%	3.6%	

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

NON-GAAP RECONCILIATIONS

Table 6. Adjusted EBITDA (unaudited)

Thousands of U.S. dollars

	Twelve Months Ended December 31, 2021				
	Consolidated	Engineered Products	Precision Products	Structures	Corp/Elims**
Sales from continuing operations	\$ 708,993	\$ 317,683	\$ 256,329	\$ 134,981	\$ -
Earnings (loss) from continuing operations, net of tax	43,676				
Interest expense, net	16,290				
Income tax expense (benefit)	16,832				
Non-service pension and post retirement benefit income	(26,229)				
Other income, net	(142)				
Income from TSA	(931)				
Operating income (loss)	\$ 49,496	\$ 43,097	\$ 55,366	\$ (340)	\$ (48,627)
Depreciation and amortization	36,654	26,306	4,148	3,462	2,738
Restructuring and severance costs	6,154	-	-	-	6,154
Cost associated with corporate development activities	1,198	-	-	-	1,198
Costs from transition services agreement	1,728	-	-	-	1,728
Loss on sale of business	234	-	-	-	234
Other Adjustments	\$ 45,968	\$ 26,306	\$ 4,148	\$ 3,462	\$ 12,052
Adjusted EBITDA	\$ 95,464	\$ 69,403	\$ 59,514	\$ 3,122	\$ (36,575)
Adjusted EBITDA margin	13.5%	21.8%	23.2%	2.3%	

**Corp/Elims Operating income (Loss) represents the Corporate office expenses and \$8.1 million of unallocated expenses that are shown on the Consolidated Statement of Earnings as their own line items.

NON-GAAP RECONCILIATIONS

Table 7. Adjusted Free Cash Flow (unaudited)

Thousands of U.S. dollars

	Twelve Months Ended
	December 31, 2021
Net cash provided by operating activities from continuing operations	\$ 48,698
Expenditures for property, plant & equipment	(17,530)
Cash paid for acquired retention plans ⁽¹⁾	25,108
Adjusted free cash flow	<u>\$ 56,276</u>

(1) Operating cash flow from continuing operations includes the \$25.1 million payment to Bal Seal employees from the first quarter of 2021, which represents purchase price paid to the former Bal Seal owners accounted for as compensation under ASC 805.

NON-GAAP RECONCILIATIONS

Table 8. Adjusted earnings from continuing operations and Adjusted Diluted Earnings per Share (unaudited)
Thousands of U.S. dollars (except share data)

	Twelve Months Ended December 31, 2021		
	Pre-Tax	Tax-Effect	Diluted EPS
Earnings (loss) from continuing operations	\$ 60,508	\$ 43,676	\$ 1.57
Adjustments:			
Restructuring and severance costs	6,154	4,810	0.17
Costs associated with corporate development activities	1,198	941	0.04
Costs from transition services agreement	1,728	1,370	0.05
Income from transition services agreement	(931)	(739)	(0.03)
Loss on sale of business	234	234	0.01
Tax-related items	3,131	3,131	0.11
Tax effect on sale of UK operations	287	287	0.01
Adjustments	<u>\$ 11,801</u>	<u>\$ 10,034</u>	<u>\$ 0.36</u>
Adjusted earnings from continuing operations	<u>\$ 72,309</u>	<u>\$ 53,710</u>	<u>\$ 1.93</u>
Diluted weighted average shares outstanding			27,891