



# GABELLI 28<sup>th</sup> ANNUAL AEROSPACE & DEFENSE SYMPOSIUM

Ian Walsh  
Chairman, President & CEO  
September 8, 2022

# CAUTIONARY STATEMENT

## FORWARD LOOKING STATEMENTS

This presentation includes “forward looking statements” within the meaning of the federal securities laws relating to management’s current expectations or plans for the Company’s future operating and financial performance. Such forward looking statements may include, among other things, statements relating to future sales, earnings, cash flow, results of operations, uses of cash, share repurchases, tax payments and rates, research and development spending, cost savings, other measures of financial performance, potential future plans, strategies or transactions, credit ratings and net indebtedness, other anticipated benefits resulting from the Company’s planned acquisition (the “Transaction”) of the Aircraft Wheel & Brake Division of Parker Hannifin-Corporation (“Parker”), the Transaction, including the benefits of the Transaction, the anticipated timing of the Transaction, and the expected performance and future operations of Kaman, and can be identified by the use of words such as “will,” “expect,” “poise,” “believe,” “plans,” “strategy,” “prospects,” “estimate,” “seek,” “target,” “anticipate,” “intend,” “future,” “likely,” “may,” “should,” “would,” “could,” “project,” “opportunity,” “will be,” “will continue,” “will likely result,” and other words of similar meaning in connection with a discussion of the Transaction or future operating or financial performance or events. 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 materially from those expressed in the forward looking statements. Such risks and uncertainties include, among others, (i) the ability of the parties to satisfy the conditions precedent and consummate the Transaction; (ii) the risk that audited financial statements for the acquired business may not be able to be prepared in a timely manner or at all; (iii) the risk that all required approvals under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and other applicable competition and foreign investment laws will not be received in a timely manner or at all; (iv) Kaman’s ability to arrange financing to complete the Transaction; (v) the risk that the consummation of the Transaction will not be completed in a timely manner or at all (including as a result of the European Commission not requiring Parker to divest the acquired business as a condition to its approval of the Meggitt acquisition or such acquisition not otherwise closing), which may result in Kaman incurring significant costs and expenses and otherwise adversely affect the price of Kaman’s securities; (vi) the possibility that the Transaction will result in adjustments to the capped call arrangements Kaman entered into in connection with its convertible senior unsecured notes due May 2024 that will have a negative impact to Kaman and its current stockholders; (vii) the effect of the announcement or pendency of the Transaction on the business relationships and operating results of Kaman and the acquired business generally; (viii) the outcome of any legal proceedings that may be instituted against Kaman or Parker related to the purchase agreement or the Transaction; (ix) following consummation of the Transaction, Kaman’s ability to enforce and protect intellectual property related to the acquired business; (x) risks that the Transaction disrupts the current plans and operations of Kaman or the acquired business; (xi) the representations and warranties provided by Parker and Kaman’s rights to recourse are extremely limited in the purchase agreement and, as a result, the assumptions on which its estimates of future results of the acquired business have been based may prove to be incorrect in a number of material ways, which could result in an inability to realize the expected benefits of the Transaction or exposure to material liabilities; (xii) the inability of Kaman to successfully integrate the operations of the acquired business and realize anticipated benefits of the Transaction; (xiii) the inability of Kaman or the acquired business to profitably attract new customers and retain existing customers; (xiv) the ability to implement the anticipated business plans following closing and achieve anticipated benefits and savings; and (xv) future and estimated revenues, earnings, cash flow, charges and expenditures. The foregoing list of factors is not exhaustive. Additional risks and uncertainties that could cause our actual results to differ materially from those expressed in the forward looking statements are identified in our reports filed with the Securities and Exchange Commission, including our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K. The forward looking statements included in this report and any exhibits filed or furnished herewith are made only as of the date of this release. Readers are cautioned not to put undue reliance on forward looking statements, and Kaman 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.



**\$1.3 B**  
ENTERPRISE VALUE

**2,800+**  
EMPLOYEES

**52**  
CONSECUTIVE YEARS  
OF DIVIDEND  
PAYMENTS

SALES IN  
**50+**  
COUNTRIES

Note: Data as of December 31, 2021

## OUR VISION

To propel our customers forward by imagining and delivering highly-engineered solutions



# 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

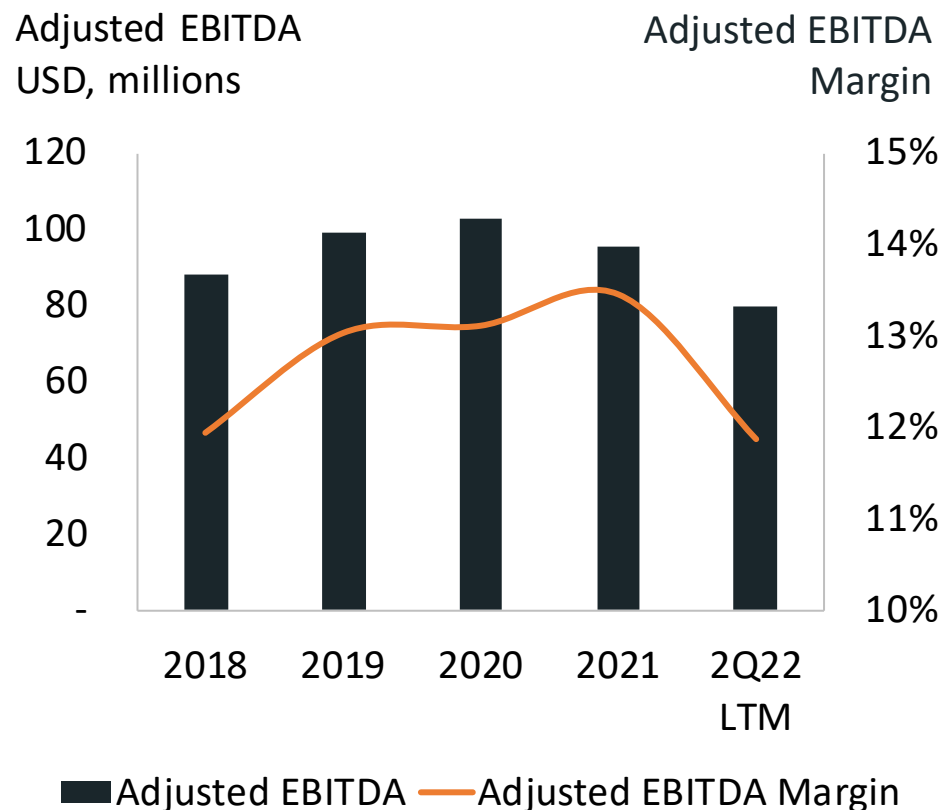
Adjusted EBITDA margin | 13.5%

Diluted EPS | \$1.57

Adjusted diluted EPS | \$1.93

# CONSISTENT PERFORMANCE

DIVERSE PORTFOLIO POISED TO CAPTURE REBOUNING COMMERCIAL AEROSPACE



## PORTFOLIO TRANSFORMATION

2019 - Peak commercial aerospace volumes

2020 - Acquired Bal Seal

- Record JPF deliveries
- Pandemic impacts

2021 - Divested U.K. composites business

- Implemented operations excellence model
- Segmented our portfolio
- Strong year end backlog in Engineered Products

2022 - Announced definitive agreement to acquire

Parker-Hannifin Aircraft Wheel & Brake

- Invested in Near Earth Autonomy
- Improving outlook for commercial aerospace

# SEGMENT OUTLOOK & STRATEGY

	ENGINEERED PRODUCTS	PRECISION PRODUCTS	STRUCTURES
OUTLOOK	GROWING	TRANSFORMING	IMPROVING
MISSION	Grow organically and through M&A	Pivot to new technologies and markets	Strengthen margin
STRATEGY	Win new business  Improve new product introduction  Benefit from rebounding commercial aviation market	Develop new products  Advance autonomous technologies  Launch next generation fuzing systems	Win higher margin programs  Improve quality and on-time delivery  Drive operations excellence



# KEY MESSAGES

## INNOVATION & GROWTH

- Announced definitive agreement to purchase Parker-Hannifin Aircraft Wheel & Brake – May 23, 2022
- Accelerating investment in autonomous technology through equity investment in Near Earth Autonomy
- Investing in automation across our Engineered Products segment
- Increasing research and development in new products and markets
- On target for demonstration of the full scale *KARGO UAV* unmanned aerial system in 2H 2022

## DRIVERS FOR 2022 PERFORMANCE

- Strong medical and industrial demand
- Rebounding commercial, business and general aviation markets
- Backlog increase in Engineered Products with a 33% increase in 1H22
- Quarterly cadence impacted by JPF sales timing





# PARKER AIRCRAFT WHEEL & BRAKE

## LEADING PORTFOLIO

- Trusted provider of mission critical wheel & brake technology products

## ESTABLISHED & PREDICTABLE BUSINESS

- Best in class margins and strong cash flow
- Long standing customer relationships with global reach
- Solutions integrated into 100+ platforms worldwide
- Installed base of ~450,000 aircraft globally serviced
- Scalability for short-term and long-term growth
- Customized proprietary designs protected by intellectual property
- Experienced leadership team

~\$70 M

2021 REVENUE

~40%

2021

EBITDA MARGIN

80%

SINGLE SOURCED  
CONTRACTS

1

CENTRALIZED LOCATION  
AVON, OH

75+

CUSTOMERS

Note: All data including but not limited to Revenue and EBITDA Margin is LTM December 31, 2021 as provided by Parker and has not been audited. See full presentation for acquisition published on May 23, 2022 at [www.kaman.com/investors/investor-presentations](http://www.kaman.com/investors/investor-presentations).

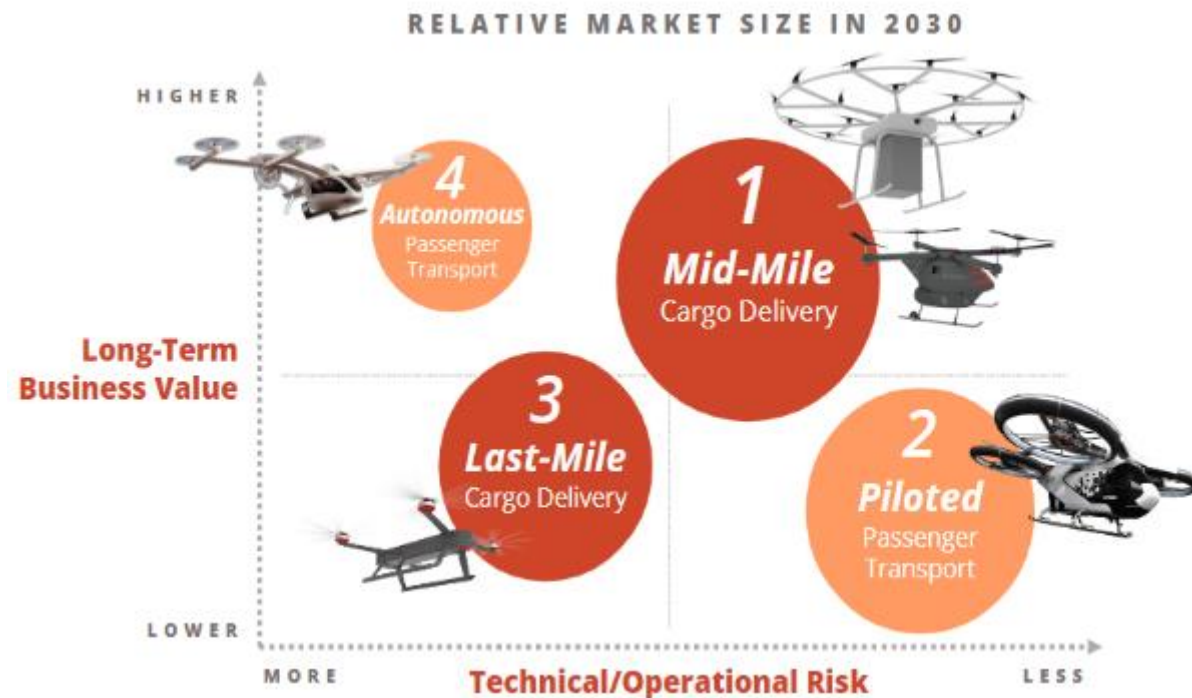
# ADVANCING AUTONOMOUS FLIGHT

## INVESTMENT IN NEAR EARTH AUTONOMY:

Accelerating technology to establish an industry standard in autonomous solutions for the next generation of aviation.

URBAN AIR MOBILITY  
Total Addressable  
Market

15-25%  
CAGR  
2022-2030





# FOCUSED ON INNOVATION

*KARGO UAV*, unmanned aerial system, a purpose built autonomous medium lift logistics vehicle for a wide range of defense and commercial applications



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

# FUTURE COMMERCIAL AIRCRAFT APPLICATIONS



OFFSHORE SUPPORT



HUMANITARIAN AID &  
DISASTER RELIEF



URBAN DELIVERY

# FOCUSED ON TOP QUARTILE PERFORMANCE

## 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 shareholder returns

## OPERATIONAL EXCELLENCE

Drive significantly improved operating and financial performance

EBITDA  
MARGIN

FREE CASH FLOW  
CONVERSION

RETURN ON  
INVESTED CAPITAL

*EXTEND YOUR REACH.*

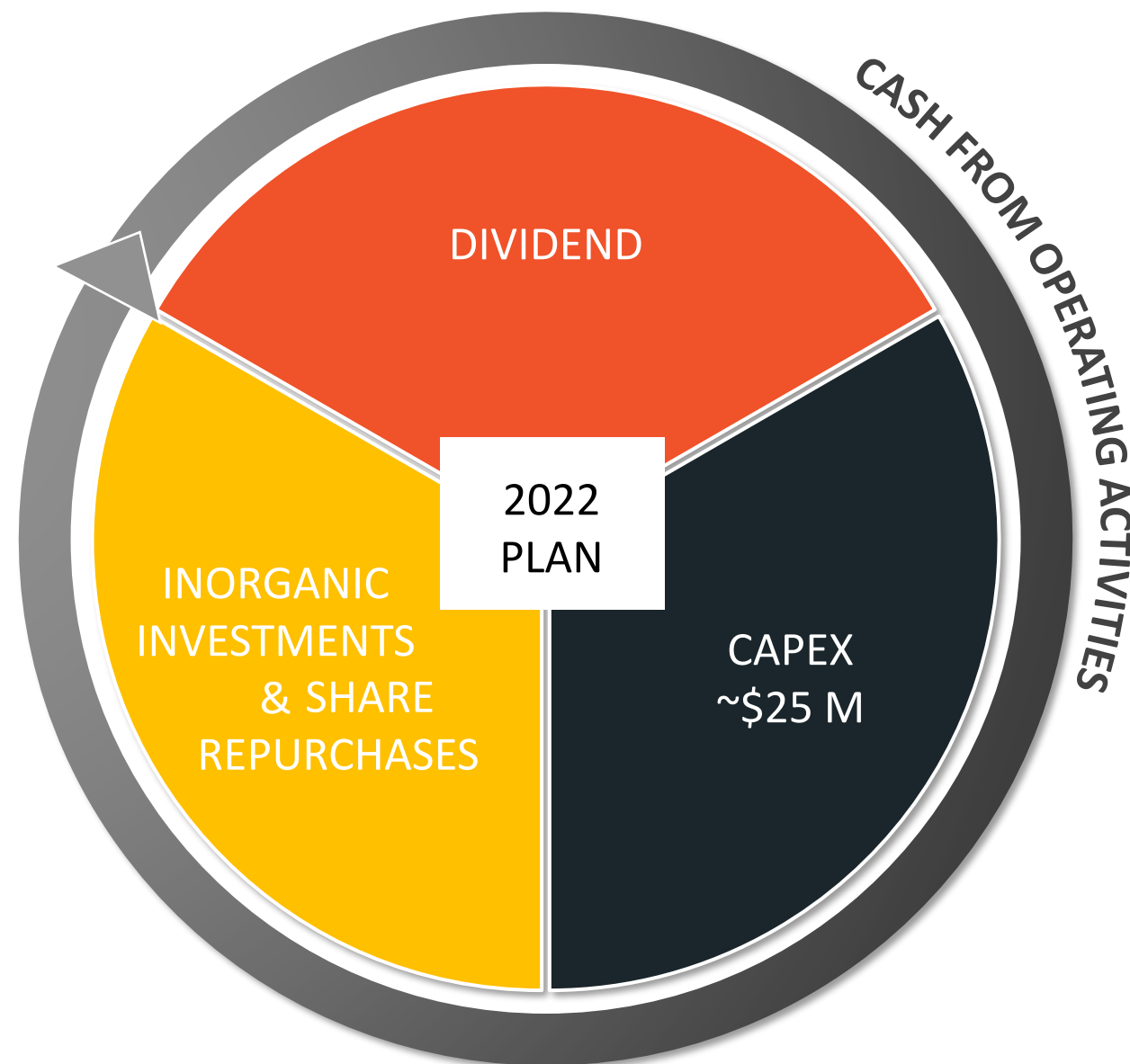




# APPENDIX



# DISCIPLINED CAPITAL ALLOCATION



1

## DIVIDEND

Committed to a strong dividend

2

## CAPEX

Capital investments to grow our assets

3

## INORGANIC INVESTMENTS & SHARE REPURCHASES

Value-creating inorganic growth

Return cash through share repurchases



# DISCIPLINED APPROACH TO M&A

## OUR STRENGTHS

- Product innovation
- Engineering and manufacturing expertise
- Helping customers solve complex problems

## AREAS OF INTEREST

- Businesses with a technical leadership position
- Exposure to high-growth end markets
- Attractive financial profile with strong margins and cash flows
- Markets and technologies we know well

## VALUE CRITERIA

- High return investment
- Meaningful synergy opportunities
- Long term leverage target of 2x-3x



# PARKER AIRCRAFT WHEEL & BRAKE ACQUISITION

## MEETS KAMAN VALUE CREATION CRITERIA



Expands our highly engineered product portfolio



Business with a technical leadership position



Increased exposure on aerospace & defense platforms



Attractive financial profile with strong margins and cash flows



Accretive investment



Significant increase in high-margin aftermarket





# COMBINATION CREATES VALUE



**COMBINED** <sup>(2)</sup>

2021 Revenue	\$709 M	~\$70 M	\$779 M
2021 Adjusted EBITDA Margin	13.5%	~40%	~16%
Global Manufacturing Sites	13	1	14
Number of Employees	~2800	~90	~2900
Revenue by End Market	<p>Ind. &amp; Other 11%</p> <p>Medical 12%</p> <p>Com., Bus., GA 26%</p> <p>Defense 51%</p>	<p>Com., Bus., GA 54%</p> <p>Defense 46%</p>	<p>Ind. &amp; Other 10%</p> <p>Medical 11%</p> <p>Com., Bus., GA 29%</p> <p>Defense 50%</p>
Revenue by Manufacturer	<p>AM 14%</p> <p>OEM 86%</p>	<p>OEM 33%</p> <p>AM 67%</p>	<p>AM 19%</p> <p>OEM 81%</p>

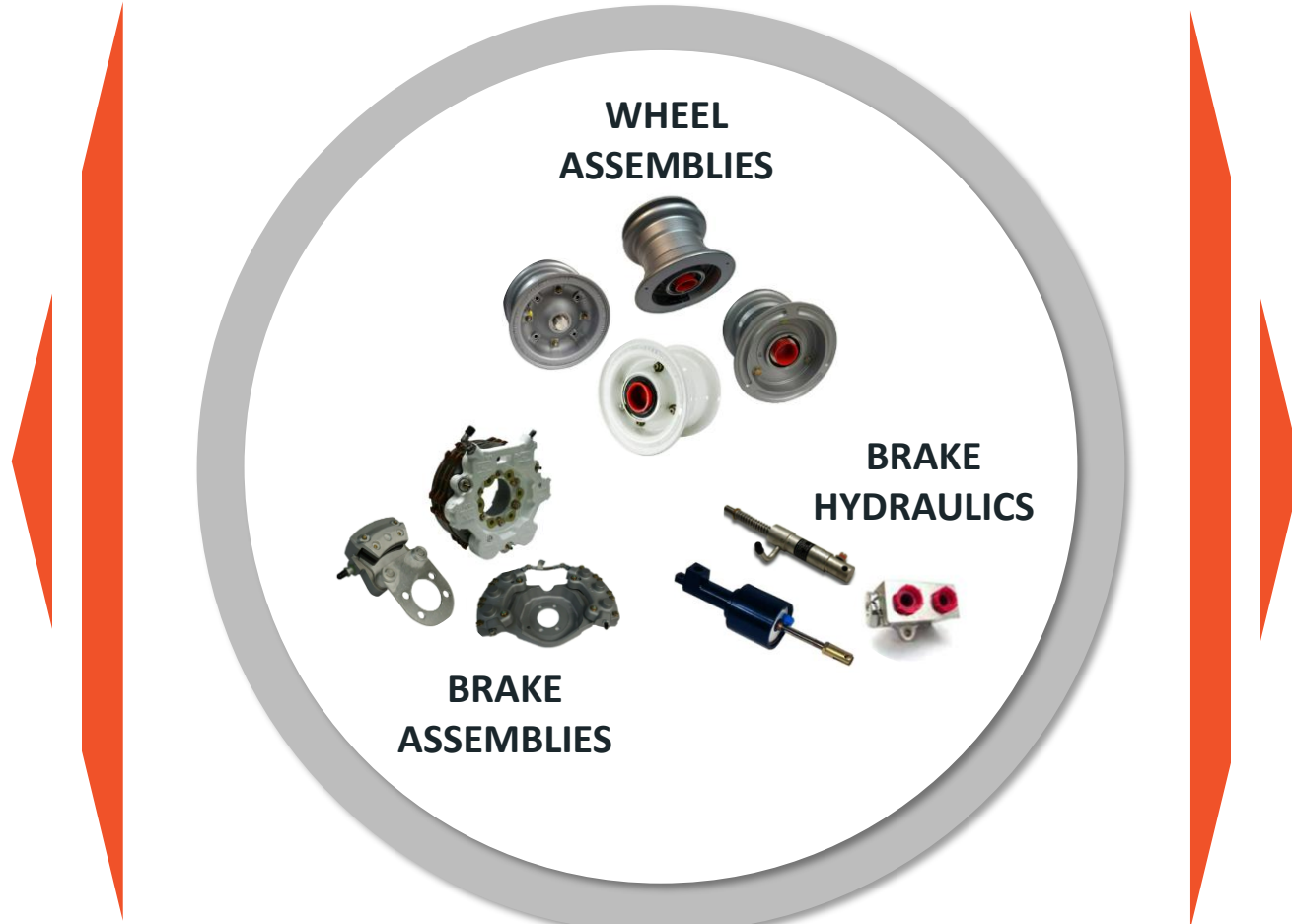
(1) Unaudited financial information provided by Parker, rounded to the nearest whole number. There are no adjustments for Parker for EBITDA margin.

(2) Combined business calculated as sum of Kaman FY 2021 results and Aircraft Wheel & Brake LTM December 31, 2021.



# PARKER AIRCRAFT WHEEL & BRAKE

*COMPREHENSIVE SUITE OF PRODUCTS SERVING COMMERCIAL & DEFENSE PLATFORMS*



# OUR SEGMENTS



*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





# ENGINEERED PRODUCTS

PROVIDING A BROAD RANGE OF PREMIER PRODUCTS FOR DIVERSE END MARKETS

## Self Lubricating Bearings



Karon® Self Lubricating Machinable Liner

## Traditional Airframe Bearings



Custom design capability

## Flexible Drive Systems



Patented and proprietary technology

## High Precision Miniature Bearings



Proprietary design, machining & assembly

## Engine Aftermarket Components



FAA parts manufacturing authorization

## High Precision Seals, Springs & Contacts



Proprietary design, machining & assembly





# PRECISION PRODUCTS

PROVIDING UNMATCHED PRECISION, VERSATILITY AND EFFICIENCY

## SAFE & ARM DEVICES

*Supporting U.S. & Allied militaries*

Joint Programmable Fuze	JASSM®
ATacMS®	MK54
AMRAAM®	SLAM-ER
Harpoon	Tomahawk

## MEMORY & MEASUREMENT

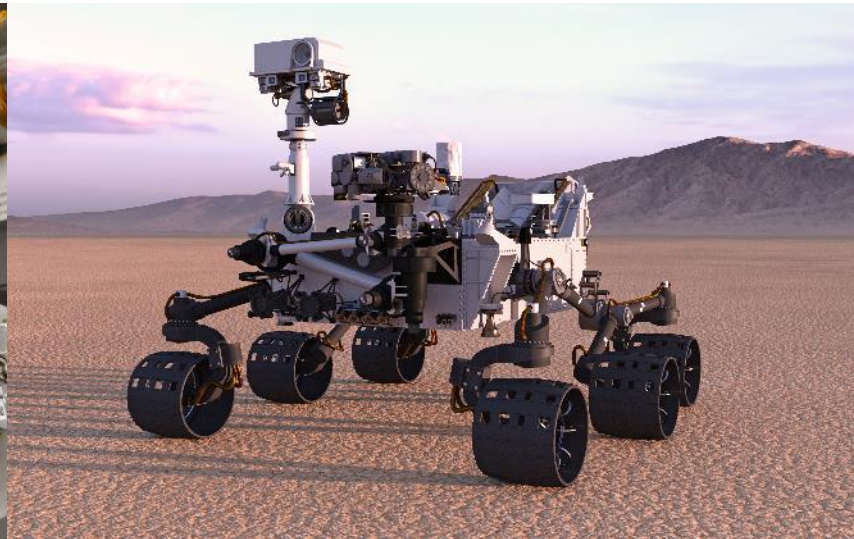
*Supporting mission & flight critical applications*

Ruggedized avionics modules  
Advanced sensor technology  
Signal Conditioning electronics

## DIVERSE AERIAL SYSTEMS

*Supporting heavy & medium lift applications*

SH-2G  
K-MAX®  
K-MAX TITAN  
KARGO UAV unmanned aerial system





# STRUCTURES

PROVIDING KEY STRUCTURAL COMPONENTS ACROSS CRITICAL END MARKETS



**Black Hawk Cockpit**  
Sikorsky multi-year  
contract awarded in  
Dec 2021



**AH-1Z**  
Bell blade skin to  
core structural  
components



**Medical Imaging  
Tables**  
Partnership with Mirion  
Technologies in Jan 2022



**A-10 Thunderbolt**  
Boeing wing  
assemblies contract  
through 2030



**Commercial**  
Engine OEM



# 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**

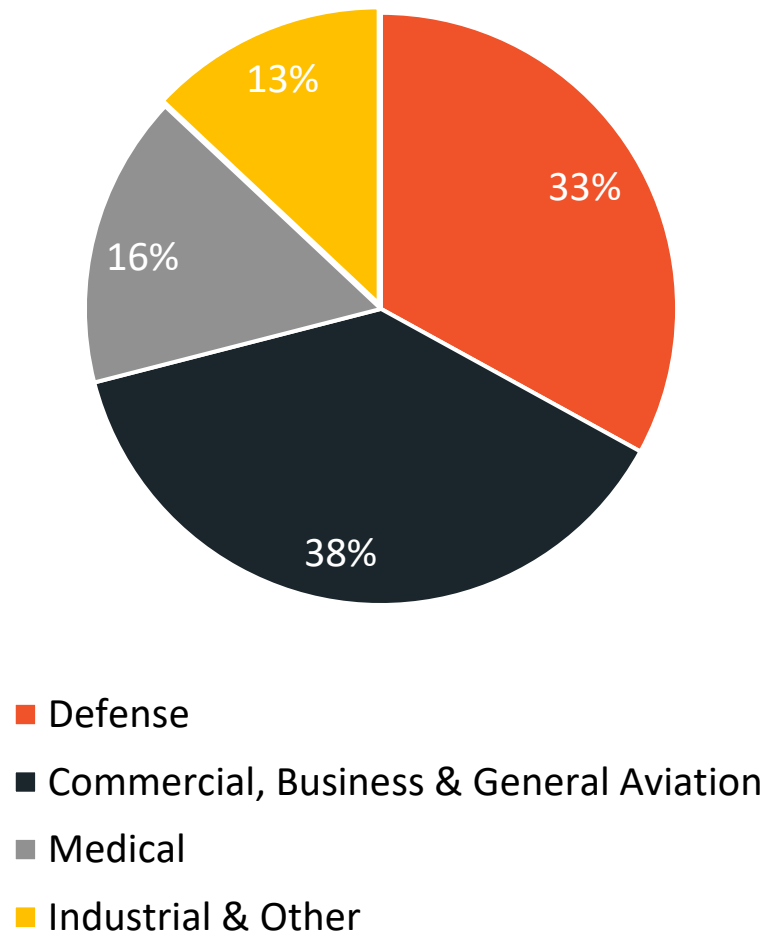
Adjusted EBITDA

**\$ 3 M**

Adjusted EBITDA Margin

**2.3%**

# 2Q 2022 SALES BY END MARKET



## CONSOLIDATED SALES

~80%

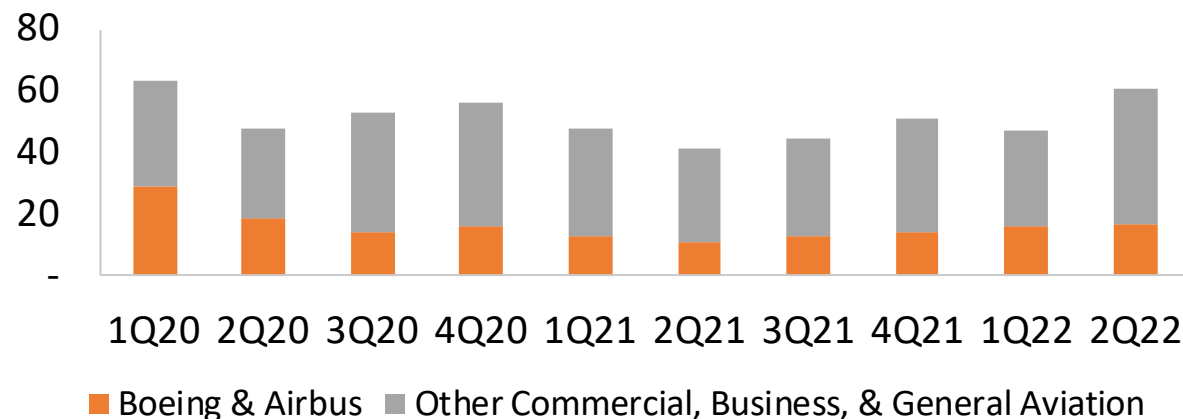
OEM

~20%





Aftermarket

## COMMERCIAL, BUSINESS, & GENERAL AVIATION

USD, Millions



# 2022 MARKET OUTLOOK

PLATFORM / END MARKETS	2022 vs. 2021	FULL YEAR EXPECTATIONS
 Defense	↓	Improved performance in defense offerings to offset lower JPF volume
 Commercial, Business & General Aviation	↑	Benefiting from strong order rates, improved performance and market share wins
 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

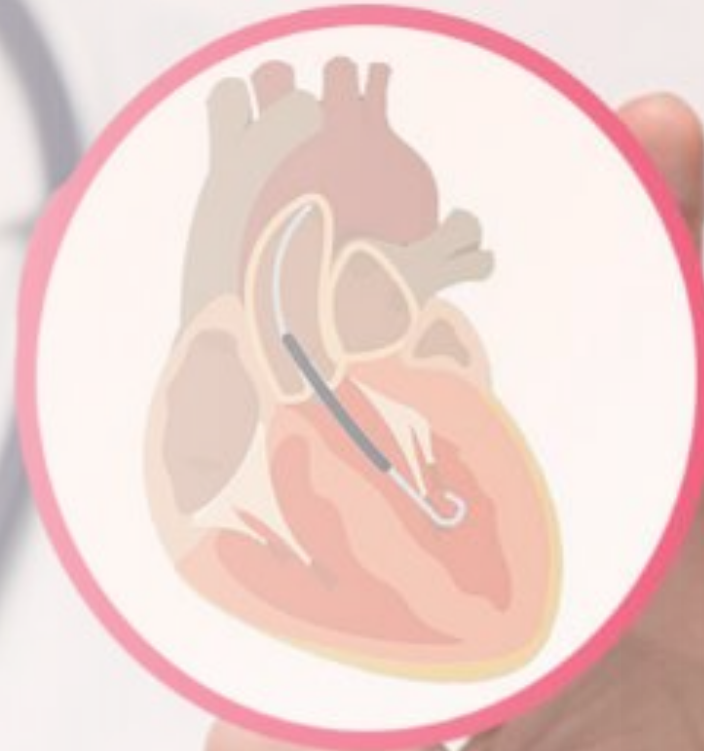
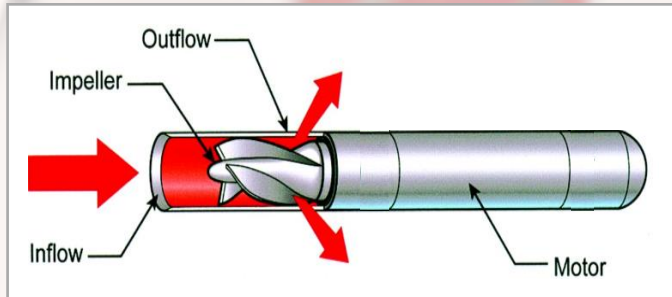


# FOCUSED ON INNOVATION

EXPANSION OPPORTUNITY INTO MEDICAL DEVICES FOR VASCULAR CIRCULATION

*Kaman is developing a solution for high RPM seals in pumps that provide a minimally invasive option for blood circulation*

- Working with customer to certify product
- Targeting commercial launch 2024-2025





# FOCUSED ON INNOVATION

HIGH PRECISION MINIATURE BEARINGS FOR TURBO MOLECULAR PUMPS

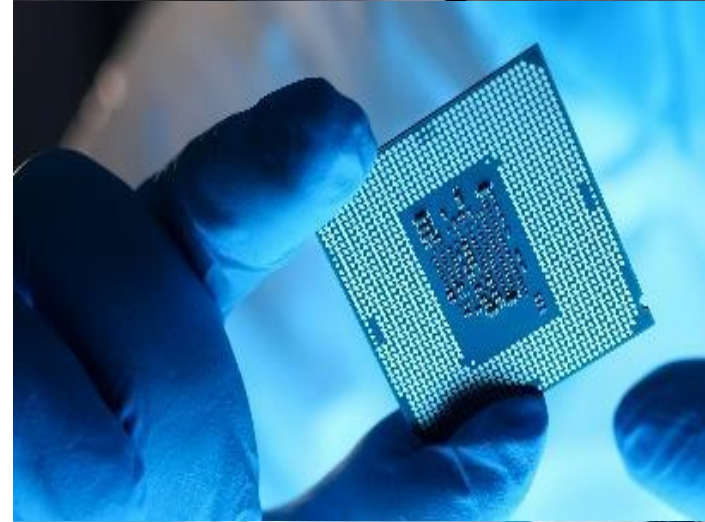


## SOLUTION FOR APPLICATIONS WITH:

- High vacuum
- High vibration
- Limited thermal dissipation
- Low drive power

## USED IN HIGH-TECH, ULTRA-CLEAN MARKETS:

- Semiconductors
- Solar Panels
- Laboratory Equipment
- Surface Coatings







# FOCUSED ON INNOVATION

## TDH™ - TITANIUM DIFFUSION HARDENING

Hardens titanium to a greater depth than alternative processes, providing exceptional wear resistance characteristics and improved durability against abrasion and friction.

### KEY ATTRIBUTES:

- High strength/weight ratio
- Performs well at high temperatures
- Corrosion resistant
- High hardness level
- Low wear & friction

### SOLUTIONS FOR:

- Rotor/Helicopter bearings
- Fixed wing bearings
- Marine bearings
- Rocket bearings
- Oil/Gas/Chemical valves
- Suppressors
- Medical devices/implantables



# NON-GAAP RECONCILIATIONS

## For Kaman:

**Adjusted EBITDA and Adjusted EBITDA Margin** - Adjusted EBITDA for the consolidated company results 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 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 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", 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.

## For Parker:

**EBITDA and EBITDA Margin** – EBITDA and EBITDA margin for Aircraft Wheel and Brake represent unaudited financial information provided by Parker. EBITDA is defined as earnings before interest, taxes, net depreciation. EBITDA margin is defined as EBITDA as a percent of Net sale. EBITDA and EBITDA Margin are indicative of the operating performance of the Company for the periods presented. Management believes EBITDA and EBITDA margin provide an additional perspective on the operating results of the organization and its earnings capacity and helps improve the comparability of results between because they provide a view of operations that excludes items that management believes are not reflective of operating performance. EBITDA and EBITDA margin are not presented as an alternative measure of operating performance, as determined in accordance with GAAP.

# NON-GAAP RECONCILIATIONS

**Table 1. Enterprise Value (unaudited)**

Thousands of U.S. dollars, except share data

	December 31, 2021
Common shares outstanding	27,860,373
Closing Price	\$ 43.15
Market Capitalization	1,202,175
Long-term debt, excluding current portion, net of debt issuance costs	189,421
Cash and cash equivalents	(140,800)
Net Debt	48,621
Enterprise Value	\$ 1,250,796



# NON-GAAP RECONCILIATIONS

Table 2. Adjusted EBITDA and Adjusted EBITDA Margin (unaudited)

Thousands of U.S. dollars	Twelve Months Ended				Three Months Ended				Twelve Months Ended
	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	October 1, 2021	December 31, 2021	April 1, 2022	July 1, 2022	July 1, 2022
Sales from continuing operations	\$ 735,994	\$ 761,608	\$ 784,459	\$ 708,993	\$ 179,836	\$ 175,147	\$ 158,048	\$ 160,766	\$ 673,797
Earnings (loss) from continuing operations, net of tax	15,877	56,446	(70,434)	43,676	14,667	9,169	4,028	4,064	31,928
Interest expense, net	20,046	17,202	19,270	16,290	3,646	4,058	2,481	1,993	12,178
Income tax expense (benefit)	9,259	(15,859)	(7,730)	16,832	4,447	6,676	1,307	557	12,987
Non-service pension and post retirement benefit income	(12,127)	(396)	(16,250)	(26,229)	(6,612)	(6,397)	(5,263)	(5,024)	(23,296)
Income from TSA	-	(3,673)	(8,439)	(931)	(14)	-	-	-	(14)
Other expense (income), net	(92)	(309)	(728)	(142)	(172)	(417)	504	690	605
Operating income (loss)	\$ 32,963	\$ 53,411	\$ (84,311)	\$ 49,496	\$ 15,962	\$ 13,089	\$ 3,057	\$ 2,280	\$ 34,388
Depreciation and amortization	27,875	25,854	43,899	36,654	9,083	9,180	8,832	8,822	35,917
Non-cash, non tax goodwill impairment charge	-	-	50,307	-	-	-	-	-	-
Impairment on assets held for sale	-	-	36,285	-	-	-	-	-	-
Restructuring and severance costs	7,353	1,558	8,359	6,154	2,611	675	169	2,927	6,382
Non-cash intangible asset impairment charge	10,039	-	-	-	-	-	-	-	-
Non-cash write-off of inventory	709	-	-	-	-	-	-	-	-
Employee tax-related matters in foreign countries	3,040	-	-	-	-	-	-	-	-
Cost associated with corporate development activities	1,081	10,090	4,539	1,198	136	647	128	2,400	3,311
Bal Seal acquisition costs	-	-	8,506	-	-	-	-	-	-
Cost of acquired Bal Seal retention plans	-	-	22,814	-	-	-	-	-	-
Inventory step-up associated with Bal Seal acquisition	-	-	2,355	-	-	-	-	-	-
Costs from transition services agreement	-	4,673	12,515	1,728	24	-	-	-	24
Senior leadership transition	-	-	280	-	-	-	-	-	-
Reversal of employee tax-related matters in foreign operations	-	-	(1,859)	-	-	-	-	-	-
Reversal of environmental accrual at GRW	-	-	(264)	-	-	-	-	-	-
Loss (gain) on sale of business	5,722	3,739	(493)	234	-	-	-	-	-
Loss on sale of assets and liabilities of Engineering Services	661	-	-	-	-	-	-	-	-
Gain on the sale of land	(1,520)	-	-	-	-	-	-	-	-
Other Adjustments	\$ 54,960	\$ 45,914	\$ 187,243	\$ 45,968	\$ 11,854	\$ 10,502	\$ 9,129	\$ 14,149	\$ 45,634
Adjusted EBITDA	\$ 87,923	\$ 99,325	\$ 102,932	\$ 95,464	\$ 27,816	\$ 23,591	\$ 12,186	\$ 16,429	\$ 80,022
Adjusted EBITDA margin	11.9%	13.0%	13.1%	13.5%	15.5%	13.5%	7.7%	10.2%	11.9%

# NON-GAAP RECONCILIATIONS

**Table 3. 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 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)	<u>\$ 49,496</u>	<u>\$ 43,097</u>	<u>\$ 55,366</u>	<u>\$ (340)</u>	<u>\$ (48,627)</u>
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	<u>\$ 45,968</u>	<u>\$ 26,306</u>	<u>\$ 4,148</u>	<u>\$ 3,462</u>	<u>\$ 12,052</u>
Adjusted EBITDA	<u>\$ 95,464</u>	<u>\$ 69,403</u>	<u>\$ 59,514</u>	<u>\$ 3,122</u>	<u>\$ (36,575)</u>
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 4. 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 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	\$ 11,801	\$ 10,034	\$ 0.36
Adjusted earnings from continuing operations	\$ 72,309	\$ 53,710	\$ 1.93
Diluted weighted average shares outstanding			27,891

# NON-GAAP RECONCILIATIONS

**Table 5. 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 <sup>(1)</sup>	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 6. Parker Aircraft Wheel & Brake EBITDA and EBITDA Margin (unaudited)**

Millions of U.S. dollars	Twelve Months Ended December 31, 2021	
Net Sales	\$	70
EBIT	\$	27
Depreciation and amortization	\$	1
EBITDA	\$	28
EBITDA margin		40.0%

NOTE: Unaudited financial information provided by Parker, rounded to the nearest whole number.