

# 3Q 2022 EARNINGS SUPPLEMENT

November 1, 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.



# 3Q 2022 KEY MESSAGES

## EARNINGS

- Consolidated results supported by strength in Engineered Products
- Downward revision in FY22 guidance based upon certain program and supplier challenges

## PERFORMANCE

- Delivered year over year quarterly sales growth in Engineered Products
- Strong backlog of > \$765 M with organic backlog increasing ~40% in Engineered Products year to date
- Sales robust in the medical, industrial, and commercial, business and general aviation markets
- Lower JPF sales and margins year over year

## GROWTH INITIATIVES

- Acquired Parker-Hannifin Aircraft Wheel & Brake – Sep 16, 2022
- Marine Corps selected *KARGO UAV* for its MULS-A program
- On target for demonstration of the full scale *KARGO UAV* unmanned aerial system in 4Q 22

# 3Q 2022 FINANCIAL RESULTS

**\$172 M**

NET SALES

**32.5%**

GROSS MARGIN

**\$0.9 M**

3Q22 LTM  
CASH FLOW FROM  
OPERATING ACTIVITIES

**\$(23) M**

3Q22 LTM  
FREE CASH FLOW

Net earnings	\$0.6 M
Adjusted EBITDA	\$20.6 M
Adjusted EBITDA margin	12%
Diluted EPS	\$0.02
Adjusted diluted EPS	\$0.32

# 2022 OUTLOOK

## UPDATING TO INCLUDE ACQUISITION AND PROGRAM/SUPPLY CHAIN CHALLENGES

### 2022 OUTLOOK RANGE

Net sales	\$695 M – \$710 M
Earnings from continuing operations	\$12.1 M – \$16.3 M
Adjusted EBITDA	\$72.5 M – \$77.5 M
Adjusted EBITDA margin	10.4% – 10.9%
Adjusted Diluted EPS	\$0.95 – \$1.10
Cash from operating activities	\$15 M – \$30 M
Free cash flow	\$(10) M – \$5 M

### DRIVERS FOR 2022 PERFORMANCE

- Strong medical and industrial demand
- Rebounding commercial, business and general aviation markets
- Backlog increase in Engineered Products
- Lower JPF sales and gross profit versus 2021
- Impact from program and supplier challenges
- Acquisition of Aircraft Wheel & Brake

Note: Full Outlook summary is in the Appendix.

# 3Q 2022 SEGMENT RESULTS

## ENGINEERED PRODUCTS

Net Sales  
**\$92 M**

Operating Income  
**\$14.2 M**

Adjusted EBITDA  
**\$21.8 M**

Adjusted EBITDA Margin  
**23.7%**

## PRECISION PRODUCTS

Net Sales  
**\$46 M**

Operating Income  
**\$5.7 M**

Adjusted EBITDA  
**\$6.5 M**

Adjusted EBITDA Margin  
**14.1%**

## STRUCTURES

Net Sales  
**\$34 M**

Operating Income  
**\$0.1 M**

Adjusted EBITDA  
**\$0.9 M**

Adjusted EBITDA Margin  
**2.8%**

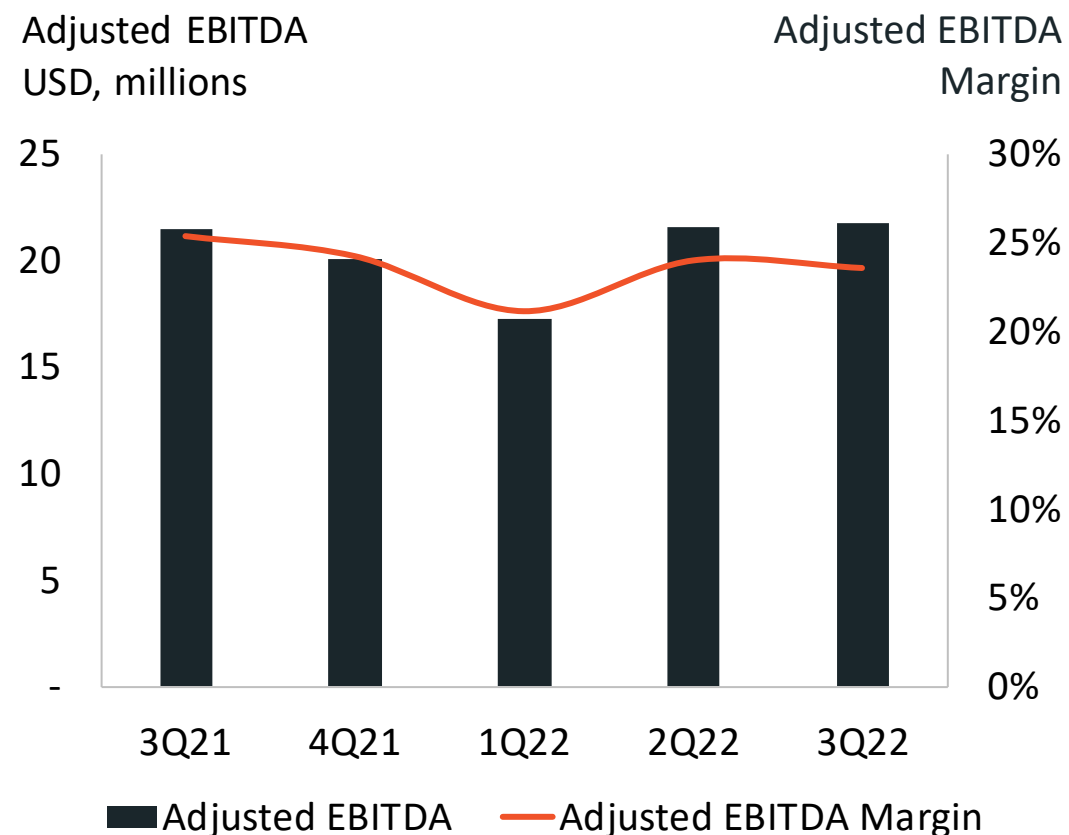
# ENGINEERED PRODUCTS

## 3Q22 vs. 2Q22

- Lower volumes and margins of products for engine aftermarket and industrial bearings
- Higher volumes of commercial bearings
- Aircraft Wheel & Brake inventory step-up

## 3Q22 vs. 3Q21

- Lower sales of defense and industrial bearings
- Higher volumes of commercial bearings and industrial seals springs and contacts
- Aircraft Wheel & Brake inventory step-up



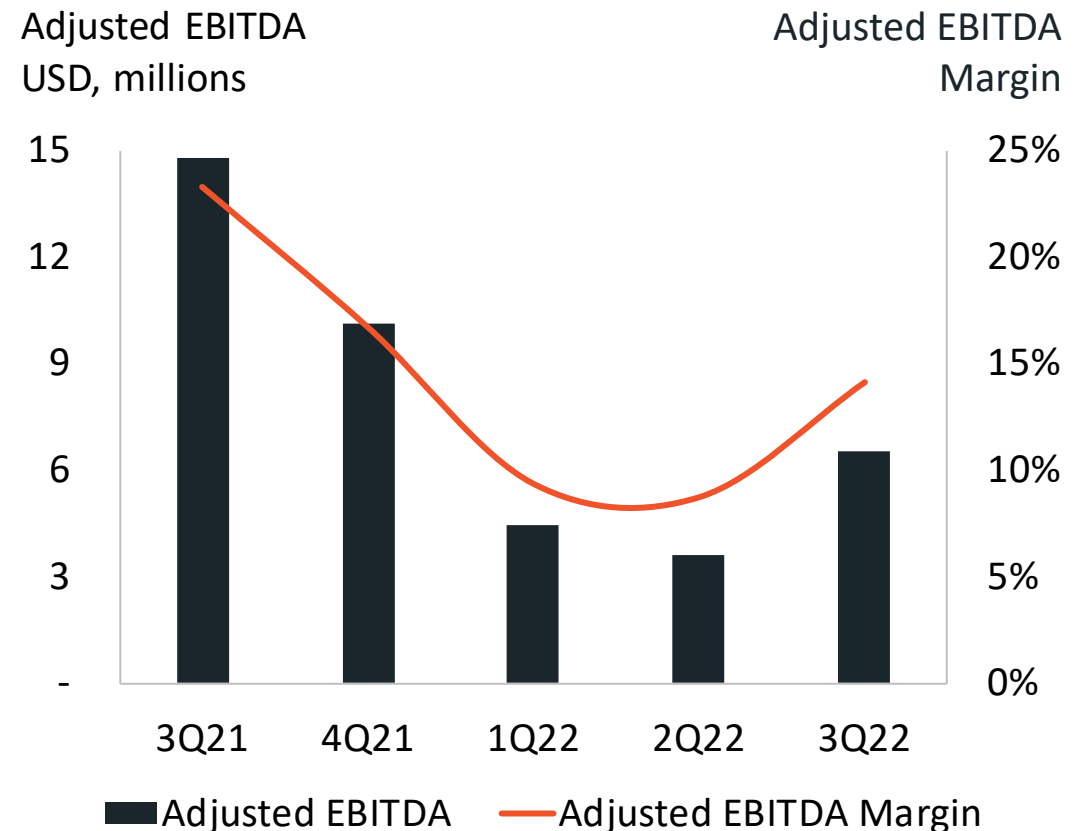
# PRECISION PRODUCTS

## 3Q22 vs. 2Q22

- Higher sales and gross profit for JPF program
- Lower sales and margin for K-MAX<sup>®</sup> spares and support and the SH-2 program

## 3Q22 vs. 3Q21

- Lower sales and gross profit for JPF program
- Lower sales and margin for K-MAX<sup>®</sup> program







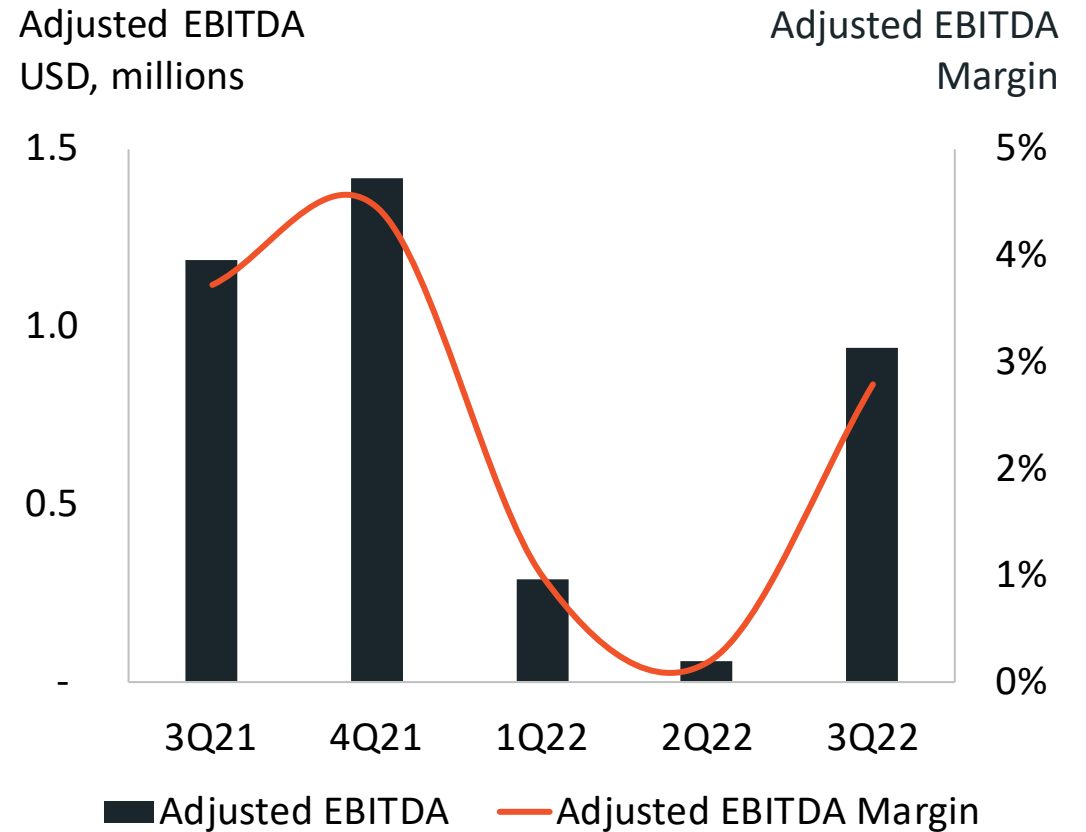
# STRUCTURES

## 3Q22 vs. 2Q22

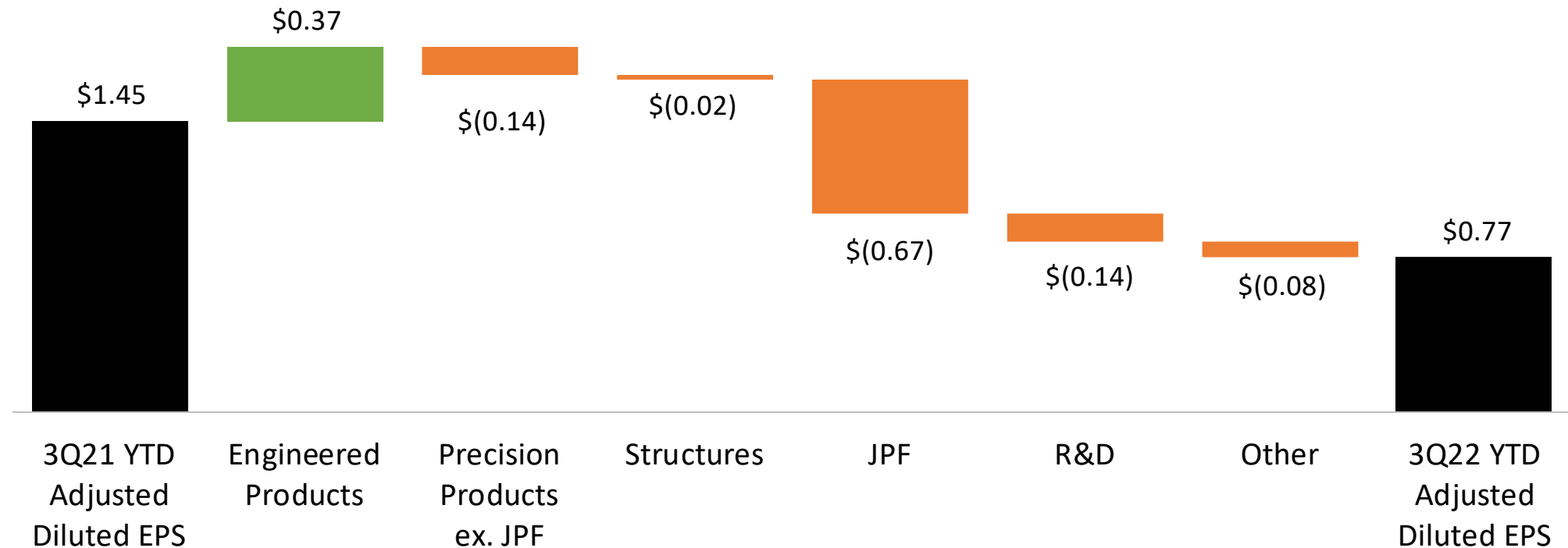
- Higher sales and margins in UH-60 Black Hawk program

## 3Q22 vs. 3Q21

- Lower sales and gross profit in certain composites programs
- Higher sales and margins for Boeing P-8A and Rolls Royce programs



# 3Q 2022 YEAR TO DATE EPS BRIDGE

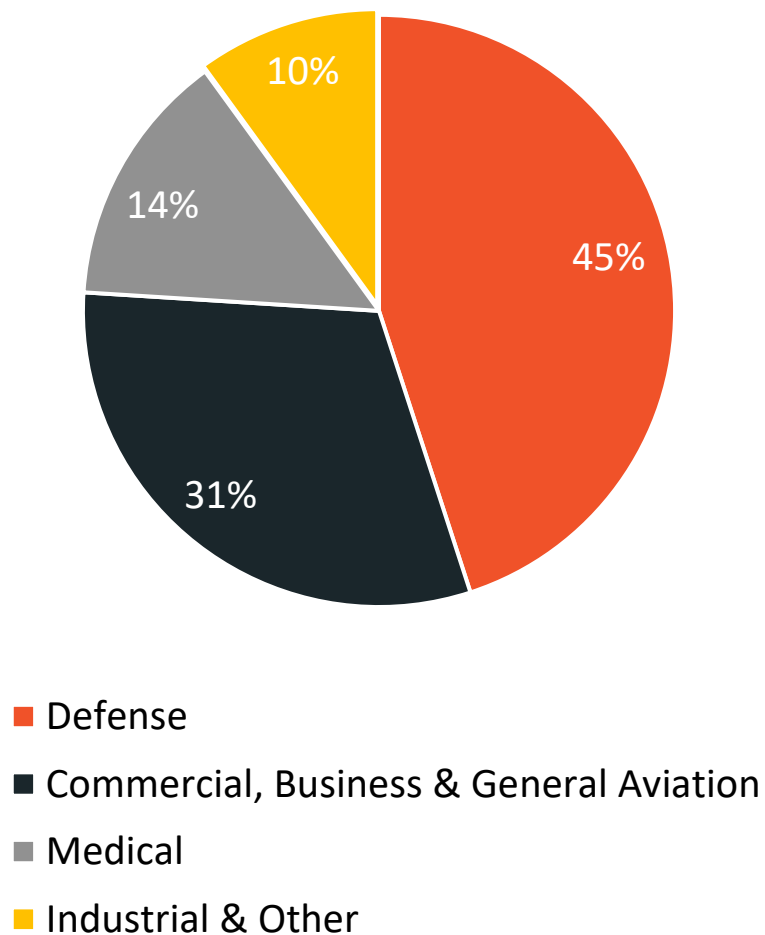


Note: Segment results excludes R&D expense. Other includes corporate, tax expense, interest expense, and depreciation & amortization.

# 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

# 3Q 2022 SALES BY END MARKET



CONSOLIDATED SALES: \$172 M

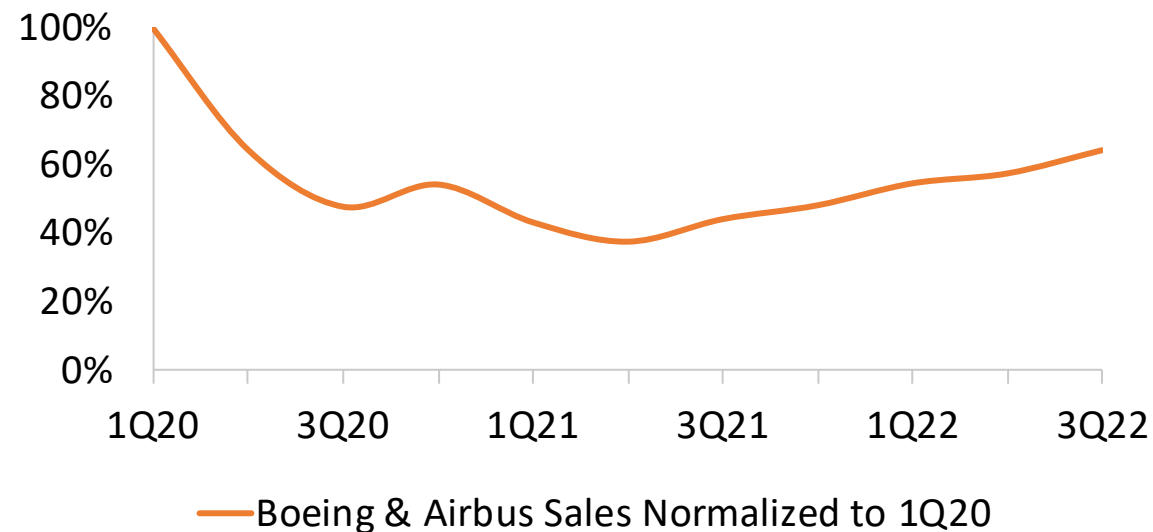
~83%

OEM





~17%

Aftermarket

BOEING & AIRBUS SALES



# 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 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

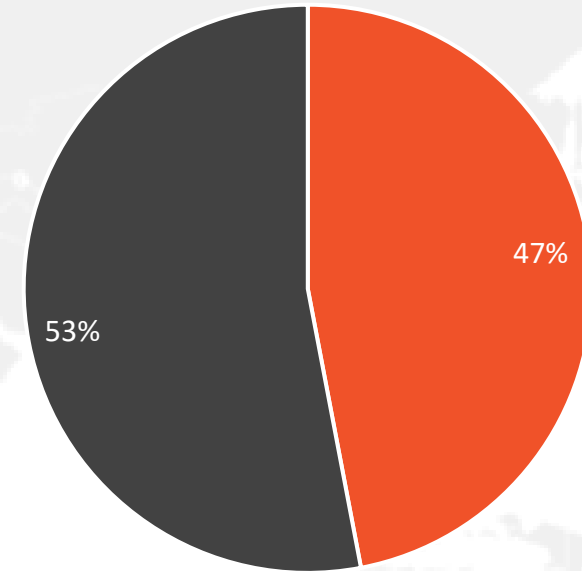


# AIRCRAFT WHEEL & BRAKE

WHEEL, BRAKE AND HYDRAULIC SOLUTIONS INTEGRATED INTO 100+ PLATFORMS WORLDWIDE



2021 Revenue: ~\$70M



- Defense
- Commercial, Business & General Aviation

# FOCUSED ON INNOVATION

DEVELOPING CARBON BRAKES FOR FUTURE MILITARY AND CIVILIAN APPLICATIONS



## LONGER LIFE

More landings per overhaul



## LIGHTWEIGHT

Lighter weight = less fuel required



## COST EFFECTIVE

Competitive life cycle costs



## ENHANCED PERFORMANCE

Increased heat tolerance







# APPENDIX

# 2022 OUTLOOK – 3Q 2022 UPDATE

Millions of U.S. dollars (except share data)	2021	2022 Outlook	
	Actual	Low End	High End
<b>Net Sales</b>	\$ 709.0	\$ 695.0	\$ 710.0
<b>Adjusted EBITDA</b>			
Net Earnings	\$ 43.7	\$ 12.1	\$ 16.3
Interest expense	16.3	15.6	15.6
Income tax expense	16.8	3.1	4.2
Pension income	(26.2)	(20.6)	(20.6)
Other income	(0.1)	2.6	2.3
Income from TSA	(0.9)	-	-
Depreciation and amortization	36.6	41.0	41.0
Other adjustments	9.3	18.7	18.7
Adjusted EBITDA	\$ 95.5	\$ 72.5	\$ 77.5
Adjusted EBITDA margin	13.5%	10.4%	10.9%
<b>Adjusted Diluted Earnings Per Share</b>			
Diluted earnings per share	\$ 1.57	\$ 0.43	\$ 0.58
Adjustments	0.36	0.52	0.52
Adjusted diluted earnings per share	\$ 1.93	\$ 0.95	\$ 1.10
<b>Cash Flow</b>			
Cash flow from operating activities <sup>(1)</sup>	\$ 48.7	\$ 15.0	\$ 30.0
Bal Seal Acquisition Retention Payment	25.1	-	-
Expenditures for property, plant & equipment	(17.5)	(25.0)	(25.0)
Adjusted free cash flow	\$ 56.3	\$ (10.0)	\$ 5.0
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 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 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.

**Free Cash Flow** - 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. Management believes free cash flow from continuing operations 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 RECONCILIATIONS

**Table 1. Adjusted EBITDA and Adjusted EBITDA Margin (unaudited)**

Thousands of U.S. dollars

	Three Months Ended October 1, 2021				
	Consolidated	Engineered Products	Precision Products	Structures	Corp/Elims**
Net sales	\$ 179,836	\$ 84,399	\$ 63,584	\$ 31,853	\$ -
Net earnings	14,667				
Interest expense, net	3,646				
Income tax expense (benefit)	4,447				
Non-service pension and post retirement benefit income	(6,612)				
Income from TSA	(14)				
Other expense (income), net	(172)				
Operating income (loss)	\$ 15,962	\$ 14,931	\$ 13,792	\$ 330	\$ (13,091)
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	\$ 21,488	\$ 14,814	\$ 1,187	\$ (9,673)
Adjusted EBITDA margin	15.5%	25.5%	23.3%	3.7%	

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

# NON-GAAP RECONCILIATIONS

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

Thousands of U.S. dollars

	Three Months Ended December 31, 2021				
	Consolidated	Engineered Products	Precision Products	Structures	Corp/Elims**
Net sales	\$ 175,147	\$ 82,549	\$ 60,673	\$ 31,925	\$ -
Net earnings	9,169				
Interest expense, net	4,058				
Income tax expense (benefit)	6,676				
Non-service pension and post retirement benefit income	(6,397)				
Other expense (income), net	(417)				
Operating income (loss)	\$ 13,089	\$ 13,502	\$ 9,092	\$ 531	\$ (10,036)
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	\$ 20,082	\$ 10,133	\$ 1,420	\$ (8,044)
Adjusted EBITDA margin	13.5%	24.3%	16.7%	4.4%	

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

# NON-GAAP RECONCILIATIONS

**Table 3. Adjusted EBITDA and Adjusted EBITDA Margin (unaudited)**

Thousands of U.S. dollars

	Three Months Ended April 1, 2022				
	Consolidated	Engineered Products	Precision Products	Structures	Corp/Elims**
Net sales	\$ 158,048	\$ 81,452	\$ 47,549	\$ 29,047	\$ -
Net earnings	4,028				
Interest expense, net	2,481				
Income tax expense (benefit)	1,307				
Non-service pension and post retirement benefit income	(5,263)				
Other expense (income), net	504				
Operating income (loss)	\$ 3,057	\$ 11,042	\$ 3,409	\$ (617)	\$ (10,777)
Depreciation and amortization	8,832	6,227	1,031	906	668
Restructuring and severance costs	169	-	-	-	169
Cost associated with corporate development activities	128	-	-	-	128
Other Adjustments	\$ 9,129	\$ 6,227	\$ 1,031	\$ 906	\$ 965
Adjusted EBITDA	\$ 12,186	\$ 17,269	\$ 4,440	\$ 289	\$ (9,812)
Adjusted EBITDA margin	7.7%	21.2%	9.3%	1.0%	

\*\*Corp/Elims Operating income (loss) represents the Corporate office expenses and \$0.2 million of unallocated expenses that are shown on the Condensed Consolidated Statement of Earnings as their own line items.

# NON-GAAP RECONCILIATIONS

**Table 4. Adjusted EBITDA and Adjusted EBITDA Margin (unaudited)**

Thousands of U.S. dollars

	Three Months Ended July 1, 2022				
	Consolidated	Engineered Products	Precision Products	Structures	Corp/Elims**
Net sales	\$ 160,766	\$ 89,765	\$ 41,267	\$ 29,734	\$ -
Net earnings	4,064				
Interest expense, net	1,993				
Income tax expense (benefit)	557				
Non-service pension and post retirement benefit income	(5,024)				
Other expense (income), net	690				
Operating income (loss)	\$ 2,280	\$ 15,467	\$ 2,550	\$ (830)	\$ (14,907)
Depreciation and amortization	8,822	6,147	1,043	887	745
Restructuring and severance costs	2,927	-	-	-	2,927
Cost associated with corporate development activities	2,400	-	-	-	2,400
Other Adjustments	\$ 14,149	\$ 6,147	\$ 1,043	\$ 887	\$ 6,072
Adjusted EBITDA	\$ 16,429	\$ 21,614	\$ 3,593	\$ 57	\$ (8,835)
Adjusted EBITDA margin	10.2%	24.1%	8.7%	0.2%	

\*\*Corp/Elims Operating income (loss) represents the Corporate office expenses and \$2.9 million of unallocated expenses that are shown on the Condensed Consolidated Statement of Earnings as their own line items.

# NON-GAAP RECONCILIATIONS

**Table 5. 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	625				
Interest expense, net	3,614				
Income tax expense (benefit)	128				
Non-service pension and post retirement benefit income	(5,142)				
Other expense (income), net	1,221				
Operating income (loss)	\$ 446	\$ 14,156	\$ 5,730	\$ 71	\$ (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	\$ 20,614	\$ 21,772	\$ 6,534	\$ 941	\$ (8,633)
Adjusted EBITDA margin	12.0%	23.7%	14.1%	2.8%	

\*\*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 Earnings as their own line items.



# NON-GAAP RECONCILIATIONS

**Table 6. Adjusted net earnings and Adjusted Diluted Earnings per Share (unaudited)**

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

	Three Months Ended			Nine Months Ended					
	September 30, 2022			September 30, 2022			October 1, 2021		
	Pre-Tax	Tax-Effect	Diluted EPS	Pre-Tax	Tax-Effect	Diluted EPS	Pre-Tax	Tax-Effect	Diluted EPS
Net earnings	\$ 753	\$ 625	\$ 0.02	\$ 10,709	\$ 8,717	\$ 0.31	\$ 44,663	\$ 34,507	\$ 1.24
Adjustments:									
Restructuring and severance costs	(243)	(189)	(0.01)	2,853	2,225	0.08	5,479	4,280	0.15
Costs associated with corporate development activities	10,725	8,363	0.30	13,253	10,334	0.37	551	432	0.02
Inventory step-up associated with acquisition	760	593	0.02	760	593	0.02	-	-	-
Costs from transition services agreement	-	-	-	-	-	-	1,728	1,370	0.05
Income from transition services agreement	-	-	-	-	-	-	(931)	(739)	(0.03)
Tax benefit on sale of UK operations	-	-	-	-	-	-	287	287	0.01
(Gain) loss on sale of business	(457)	(356)	(0.01)	(457)	(356)	(0.01)	234	234	0.01
Adjustments	\$ 10,785	\$ 8,411	\$ 0.30	\$ 16,409	\$ 12,796	\$ 0.46	\$ 7,348	\$ 5,864	\$ 0.21
Adjusted net earnings	\$ 11,538	\$ 9,036	\$ 0.32	\$ 27,118	\$ 21,513	\$ 0.77	\$ 52,011	\$ 40,371	\$ 1.45
Diluted weighted average shares outstanding			28,088			28,076			27,889

# NON-GAAP RECONCILIATIONS

**Table 7. Free Cash Flow (unaudited)**

Thousands of U.S. dollars

	Three Months Ended			Twelve Months Ended
	December 31, 2021	April 1, 2022	July 1, 2022	July 1, 2022
Net cash provided by (used in) operating activities	\$ 34,575	\$ (1,017)	\$ (25,937)	\$ 875
Expenditures for property, plant & equipment	(6,166)	(6,877)	(3,643)	(23,792)
Free cash flow	\$ 28,409	\$ (7,894)	\$ (29,580)	\$ (22,917)