

# 1Q 2023 EARNINGS SUPPLEMENT

May 3, 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.



# Q1 2023 KEY MESSAGES

## EARNINGS

- Maintaining company outlook for 2023

## 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 and K-MAX TITAN programs
- Right size the total cost structure of the organization

## FUTURE PERFORMANCE INDICATORS:

- Backlog of > \$730 M with organic backlog increasing ~45% in Engineered Products year-over-year
- Robust sales and order activity in medical, industrial, and commercial, business and general aviation markets
- U.S. Marine Corps Medium Unmanned Logistics Systems – Air (MULS-A) program award for KARGO UAS
- Agreement with PHI Aviation LLC for promotion, sales and support of KARGO UAV and a non-binding MOU for 50 units

# Q1 2023 FINANCIAL RESULTS

**\$195 M**

NET SALES

**34.7%**

GROSS MARGIN

**\$16.5 M**

1Q23 LTM  
CASH FLOW FROM  
OPERATING ACTIVITIES

**\$(6.2) M**

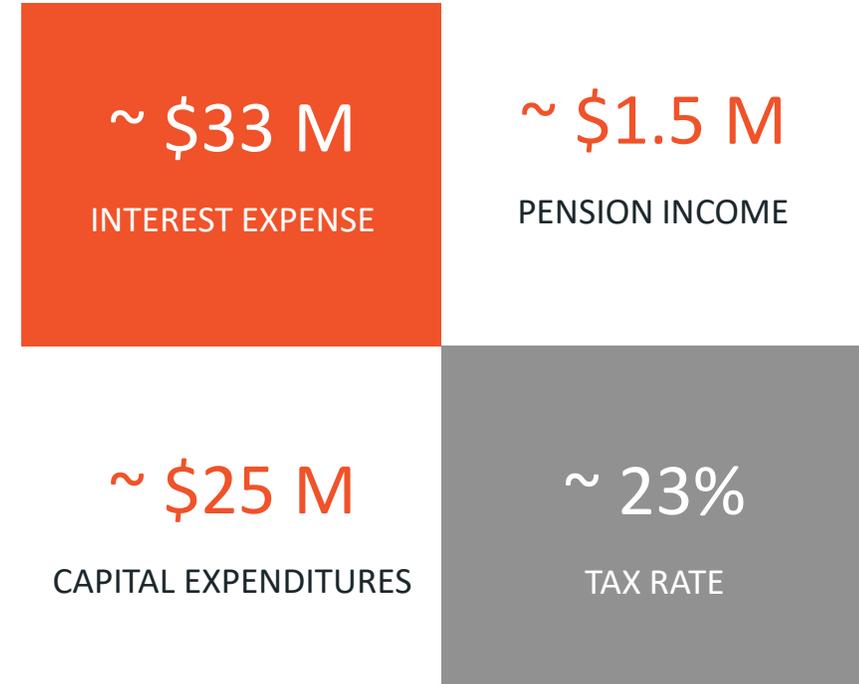
1Q23 LTM  
FREE CASH FLOW

Operating income	\$8.6 M
Net loss	\$(.02) M
Adjusted EBITDA	\$24.8 M
Adjusted EBITDA margin	12.7%
Diluted EPS	\$(0.00)
Adjusted diluted EPS	\$0.08

# MAINTAINING 2023 OUTLOOK

## 2023 OUTLOOK RANGE

Net sales	\$730 M – \$750 M
Earnings from continuing operations	\$4.0 M – \$11.6 M
Adjusted EBITDA	\$95.0 M – \$105.0 M
Adjusted EBITDA margin	13.0% – 14.0%
Diluted EPS	\$0.14 - \$0.41
Adjusted Diluted EPS	\$0.30 – \$0.57
Cash from operating activities	\$60 M – \$70 M
Free cash flow	\$35 M – \$45 M



Note: Full Outlook summary is in the Appendix.

# ENGINEERED PRODUCTS

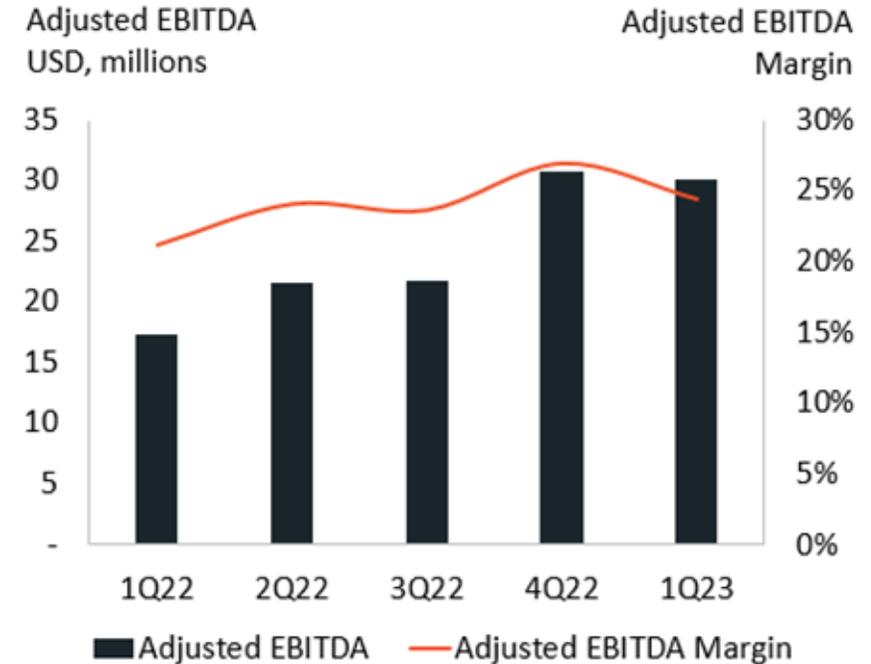
## Q1 2023 Financial Results

Net Sales	Operating Income	Adj. EBITDA	Adj. EBITDA Margin
\$123M	\$19.4M	\$30.1M	24.4%

## Q1 Key Drivers

- Contribution of sales and margin from Aircraft Wheel & Brake acquisition
- Steady strength in commercial aerospace
- Sequential sales volume increase on springs, seals and contacts

## Quarterly Results



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

# PRECISION PRODUCTS

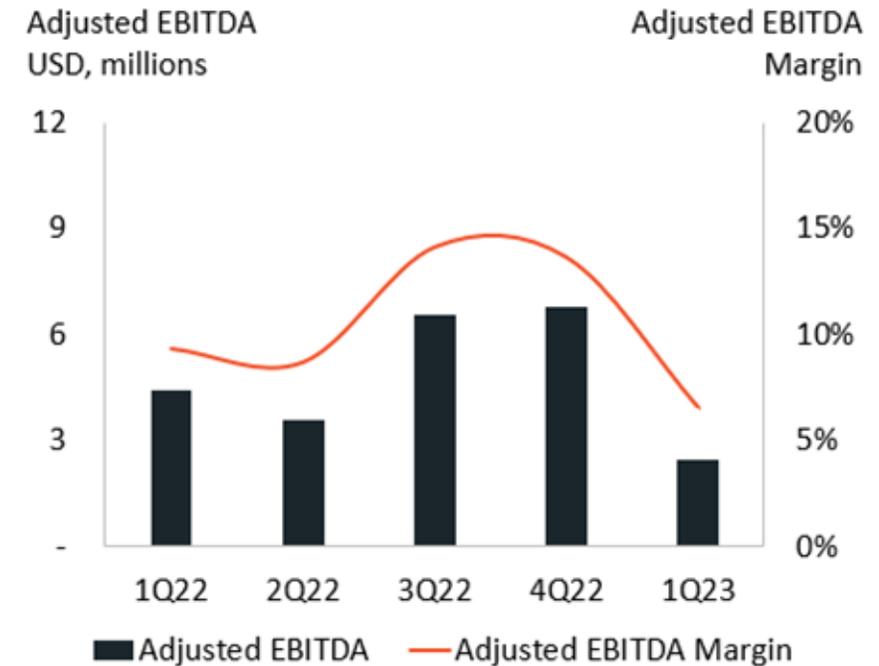
## Q1 2023 Financial Results

Net Sales	Operating Income	Adj. EBITDA	Adj. EBITDA Margin
\$38M	\$1.7M	\$2.5M	6.5%

## Q1 Key Drivers

- Lower sales and gross profit for JPF program
- R&D spend focused on future growth markets

## Quarterly Results



**Pivot to new technologies and markets**



# STRUCTURES

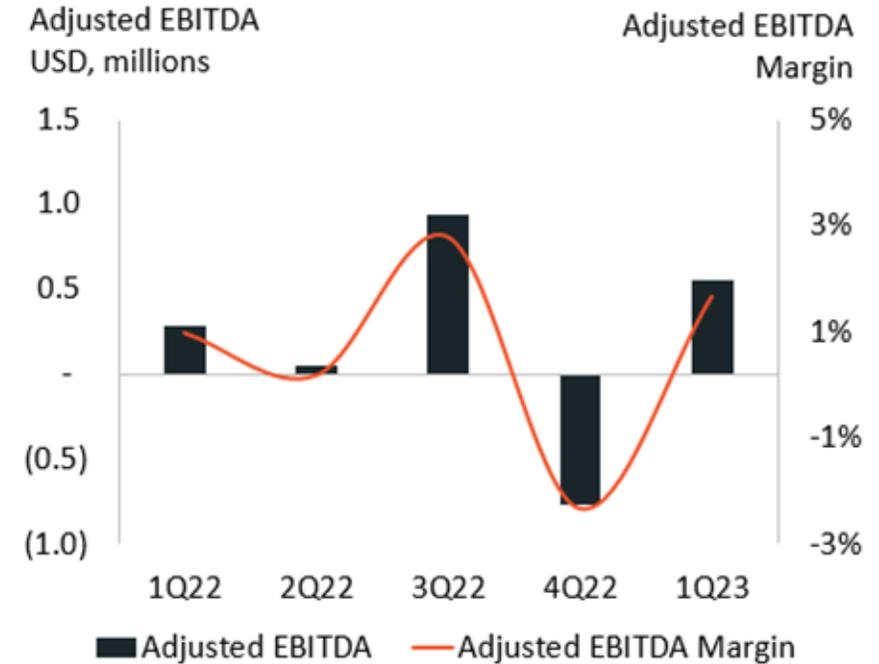
## Q1 2023 Financial Results

Net Sales	Operating Income	Adj. EBITDA	Adj. EBITDA Margin
\$33M	\$(0.2)M	\$0.6M	1.7%

### Q1 Key Drivers

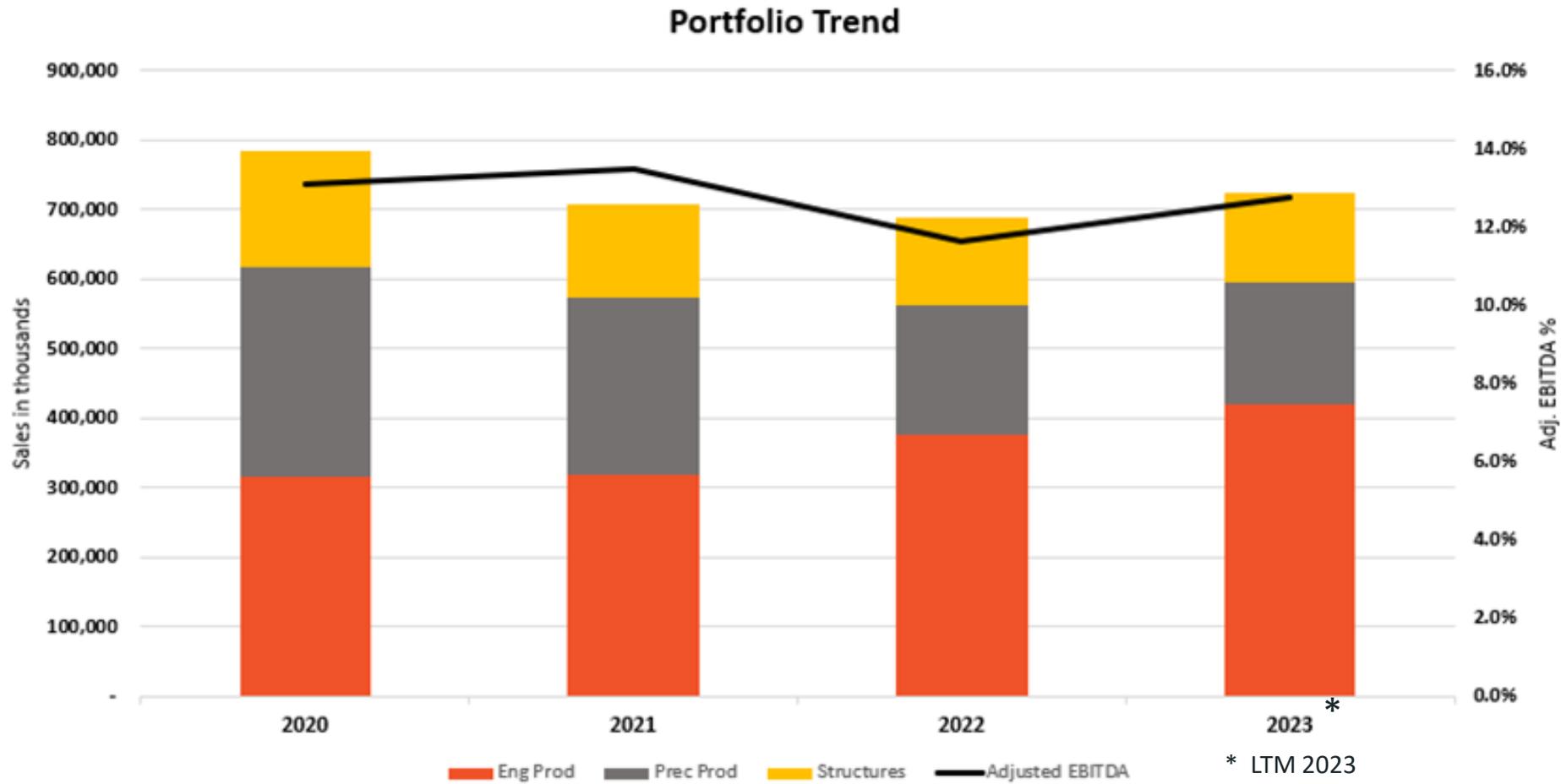
- Strong Vermont composite's business performance
- Higher sales and margins for composites programs, such as Rolls Royce
- Offset by lower sales and associated gross profit on UH-60 program

## Quarterly Results



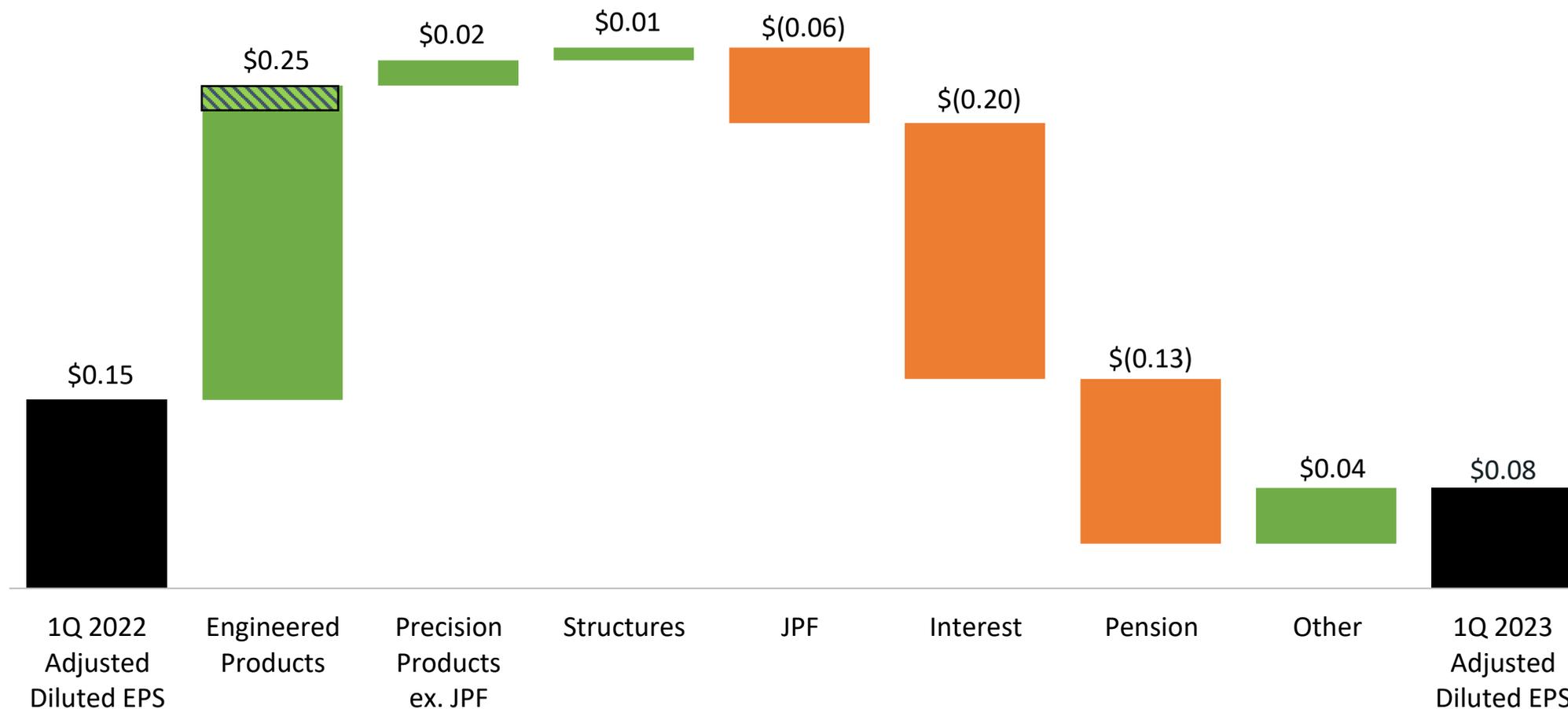
**Deploy Vermont facility blueprint to drive improved quality and performance across segment**

# REPOSITIONING FOR GROWTH



**Growing our core business and increasing our exposure to highly attractive markets through investments in automation and new businesses.**

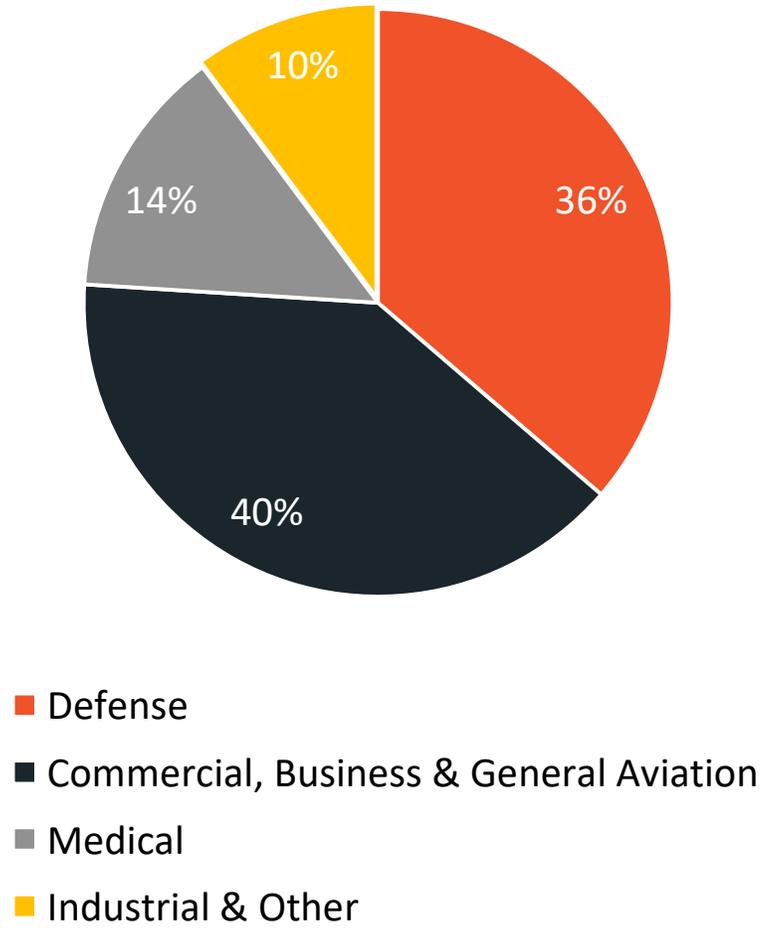
# 1Q 2023 EPS BRIDGE



Note: Other includes corporate and tax expense

 Represents contribution from AWB.

# 1Q 2023 SALES BY END MARKET



CONSOLIDATED SALES: \$ 195M

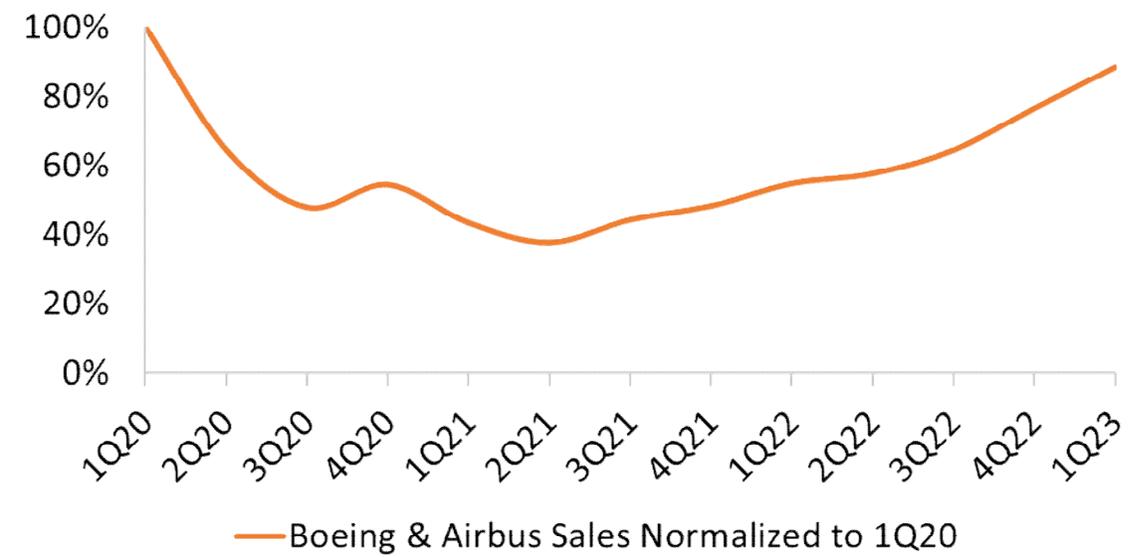
~77%

OEM

~23%

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 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 RECONCILIATION - OUTLOOK

## 2023 Outlook

Millions of U.S. dollars (except share data)	2022	2023 Outlook	
	Actual	Low End	High End
<b>Net Sales</b>	\$ 688.0	\$ 730.0	\$ 750.0
<b>Adjusted EBITDA</b>			
Net Earnings	\$ (46.2)	\$ 4.0	\$ 11.6
Interest expense	16.9	33.2	33.2
Income tax expense	(16.7)	1.2	3.5
Pension income	(20.6)	(1.5)	(1.5)
Other income	0.3	-	-
Depreciation and amortization	40.7	52.3	52.3
Other adjustments	105.8	5.8	5.8
Adjusted EBITDA	\$ 80.2	\$ 95.0	\$ 105.0
Adjusted EBITDA margin	11.7%	13.0%	14.0%
<b>Adjusted Diluted Earnings Per Share</b>			
Diluted earnings per share	\$ (1.65)	\$ 0.14	\$ 0.41
Adjustments	2.77	0.16	0.16
Adjusted diluted earnings per share	\$ 1.12	\$ 0.30	\$ 0.57
<b>Cash Flow</b>			
Cash flow from operating activities	\$ 21.0	\$ 60.0	\$ 70.0
Expenditures for property, plant & equipment	(23.7)	(25.0)	(25.0)
Adjusted free cash flow	\$ (2.7)	\$ 35.0	\$ 45.0
Discretionary Pension Contribution	\$ -	\$ -	\$ -

# NON-GAAP RECONCILIATIONS

**Table 5. 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	(19)				
Interest expense, net	9,604				
Income tax expense (benefit)	(5)				
Non-service pension and post retirement benefit income	(381)				
Other expense (income), net	(571)				
Operating income (loss)	\$ 8,628	\$ 19,356	\$ 1,674	\$ (237)	\$ (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	\$ 24,769	\$ 30,119	\$ 2,486	\$ 557	\$ (8,393)
Adjusted EBITDA margin	12.7%	24.4%	6.5%	1.7%	

\*\*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 Earnings as their own line items.

# NON-GAAP RECONCILIATIONS

**Table 6. 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	(54,943)				
Interest expense, net	8,786				
Income tax expense (benefit)	(18,724)				
Non-service pension and post retirement benefit income	(5,145)				
Other expense (income), net	(2,100)				
Operating income (loss)	\$ (72,126)	\$ 17,168	\$ 6,016	\$ (1,624)	\$ (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	\$ 30,987	\$ 30,698	\$ 6,801	\$ (768)	\$ (5,744)
Adjusted EBITDA margin	15.7%	26.9%	13.6%	(2.3)%	

\*\*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 Earnings as their own line items.

# NON-GAAP RECONCILIATIONS

Table 7. 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 8. Adjusted net earnings and Adjusted Diluted Earnings per Share (unaudited)**

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

	Three Months Ended								
	March 31, 2023			December 31, 2022			April 1, 2022		
	Pre-Tax	Tax-Effectuated	Diluted EPS	Pre-Tax	Tax-Effectuated	Diluted EPS	Pre-Tax	Tax-Effectuated	Diluted EPS
Net (loss) earnings	\$ (24)	\$ (19)	\$ (0.00)	\$(73,667)	\$ (54,943)	\$ (1.96)	\$ 5,335	\$ 4,028	\$ 0.14
Adjustments:									
Goodwill impairment	-	-	-	25,306	18,874	0.67	-	-	-
Program assets impairment	-	-	-	53,677	40,034	1.43	-	-	-
Restructuring and severance costs	2,190	1,730	0.06	6,989	5,213	0.19	169	128	0.01
Costs associated with corporate development activities	-	-	-	1,167	870	0.03	128	97	-
Inventory step-up associated with acquisition	-	-	-	2,299	1,715	0.06	-	-	-
Integration and implementation costs	797	630	0.02	-	-	-	-	-	-
Adjustments	\$ 2,987	\$ 2,360	\$ 0.08	\$ 89,438	\$ 66,706	\$ 2.38	\$ 297	\$ 225	\$ 0.01
Adjusted net earnings	\$ 2,963	\$ 2,341	\$ 0.08	\$ 15,771	\$ 11,763	\$ 0.42	\$ 5,632	\$ 4,253	\$ 0.15
Diluted weighted average shares outstanding			28,117			28,051			28,082

# NON-GAAP RECONCILIATIONS

**Table 9. Free Cash Flow (unaudited)**

Thousands of U.S. dollars

	Three Months Ended				Twelve Months Ended
	July 1, 2022	September 30, 2022	December 31, 2022	March 31, 2023	March 31, 2023
Net cash provided by (used in) operating activities	\$ (25,937)	\$ (6,746)	\$ 54,669	\$ (5,453)	\$ 16,533
Expenditures for property, plant & equipment	(3,643)	(7,106)	(6,063)	(5,948)	(22,760)
Free cash flow	\$ (29,580)	\$ (13,852)	\$ 48,606	\$ (11,401)	\$ (6,227)