

# Creating Tomorrow's **KAMAN** Today

Investor Presentation



## **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 Figures**

Management believes that the Non-GAAP financial measures (i.e. financial measures that are not computed in accordance with Generally Accepted Accounting Principles) identified by an asterisk (\*) 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 herein.

**Our strategy continues to be focused on engineered products, prioritizing a culture of innovation to develop new solutions that address complex customer challenges**

## Key Messages

- Significant sequential improvements in Medical and Industrial end markets with strong order rates
- Anticipating a significant ramp up in sales for our Commercial, Business and General Aviation products in the second half of the year
- Cost control efforts carried forward, demonstrating our ability to maintain profitability despite year-over-year and sequential sales declines
- Highly disciplined in our application of COVID-19 policies and procedures
- Strong balance sheet and significant available capacity under our revolving credit facility

## Q1 2021 Financial Performance

(from continuing operations)

- Net sales from continuing operations of \$171.6 million; Gross Margin of 30.8%
- Adjusted EBITDA from continuing operations\* of \$17.1 million flat with the fourth quarter of 2020 on lower sales
- Earnings from continuing operations of \$8.0 million, up \$8.4 million over the prior year period
- Diluted earnings per share from continuing operations of \$0.29

## Actual Q1 2021 Sales By End Market



50% Defense



28% Commercial, Business &  
General Aviation



12% Medical



10% Industrial and Other

## Consolidated Sales

OEM

87%



Aftermarket

13%



## Commercial, Business & General Aviation Sales 28% of Total

Boeing & Airbus

(Commercial Aviation)(direct and indirect)

27%



All Other





(Business & General Aviation)

73%





## Diverse End Market Exposure with Meaningful Long-Term Growth

Platform / End Markets	Long-Term Growth Drivers
 Defense	<ul style="list-style-type: none"> <li>✓ Defense exposures provide stability and growth opportunities</li> <li>✓ Continue to identify new opportunities on key defense programs, such as Future Vertical Lift, the Joint Strike Fighter, Columbia Class Submarine, while extending the lives of existing programs</li> </ul>
 Commercial, Business & General Aviation	<ul style="list-style-type: none"> <li>✓ Breadth of content on a wide range of fixed wing and rotary wing aircraft</li> <li>✓ Continued investment in R&amp;D through the downturn</li> <li>✓ Positioned to capture share from the COVID-19 market recovery</li> </ul>
 Medical	<ul style="list-style-type: none"> <li>✓ Increasing medical needs of the aging population</li> <li>✓ Increasing biopharma capital budgets</li> <li>✓ Strong technical advances and product development pipelines</li> </ul>
 Industrials	<ul style="list-style-type: none"> <li>✓ Increasing number of robotics applications due to 5G adoption and artificial intelligence</li> <li>✓ Maintenance, replacement, and upgrade of industrial equipment</li> </ul>

Strategically Focused on Highly Engineered Products,  
Generating Higher Margins with Strong Free Cash Flow Profile

## Growth through Innovation

Accelerate internal investments in our products, facilities, and people

## M&A and Capital Allocation

Expand capabilities through accretive M&A while maintaining a disciplined approach to the return of capital to shareholders

## Operational Excellence

Fully deploy operations excellence model to drive significantly improved operating and financial performance

## Designing new solutions to solve our customers' toughest challenges



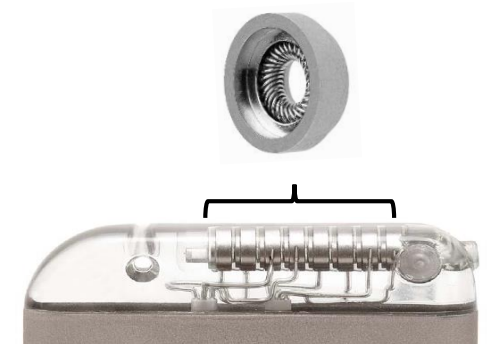
Developing Next  
Generation Munition  
Technologies:  
**Height of Burst  
Sensor**



Evolving requirements  
of our  
K-MAX® operators:  
**Next Generation  
Unmanned Aircraft  
Systems**



Innovative Material  
Science for new  
engineered products:  
**Titanium Diffusion  
Hardening**



Enabling Advanced  
Neuro Stimulation  
Implant Devices  
**Micro Spring  
Contact Technology**

Collaborating with customers to create integrated solutions;  
Leveraging multiple technologies



# Disciplined Approach to M&A Assessment

## Primary M&A Criteria

Technical leadership position in the markets they serve



Exposure to high-growth end markets with global macro tailwinds



Strong margins and cash flows from highly engineered proprietary product portfolio



Attractive financial profile with meaningful synergy opportunities



Maintain existing financial discipline while ensuring appropriate returns on investments

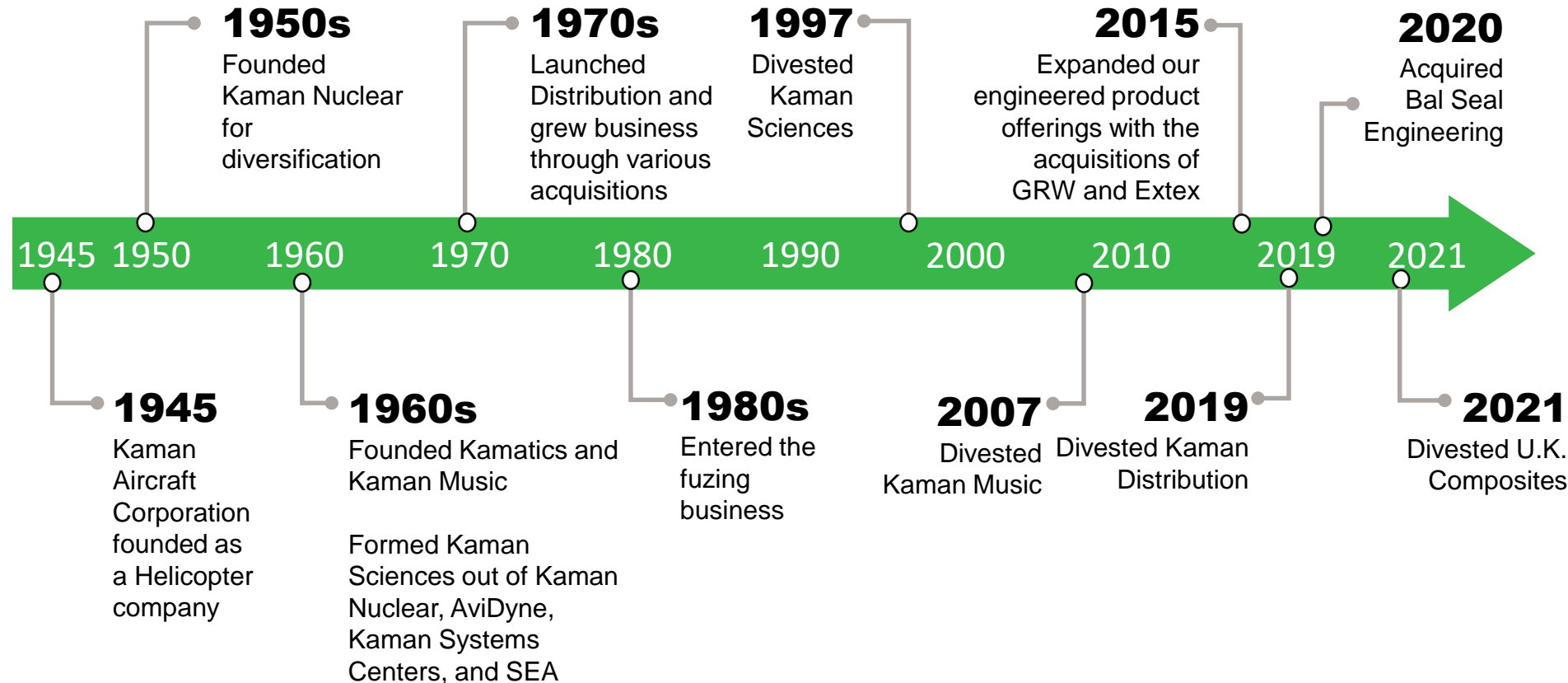


**Execute accretive M&A aligned with our core strategy**

# Proven Track Record of Portfolio Reshaping

**KAMAN**

Long history of portfolio reshaping to drive growth and improve margin profile

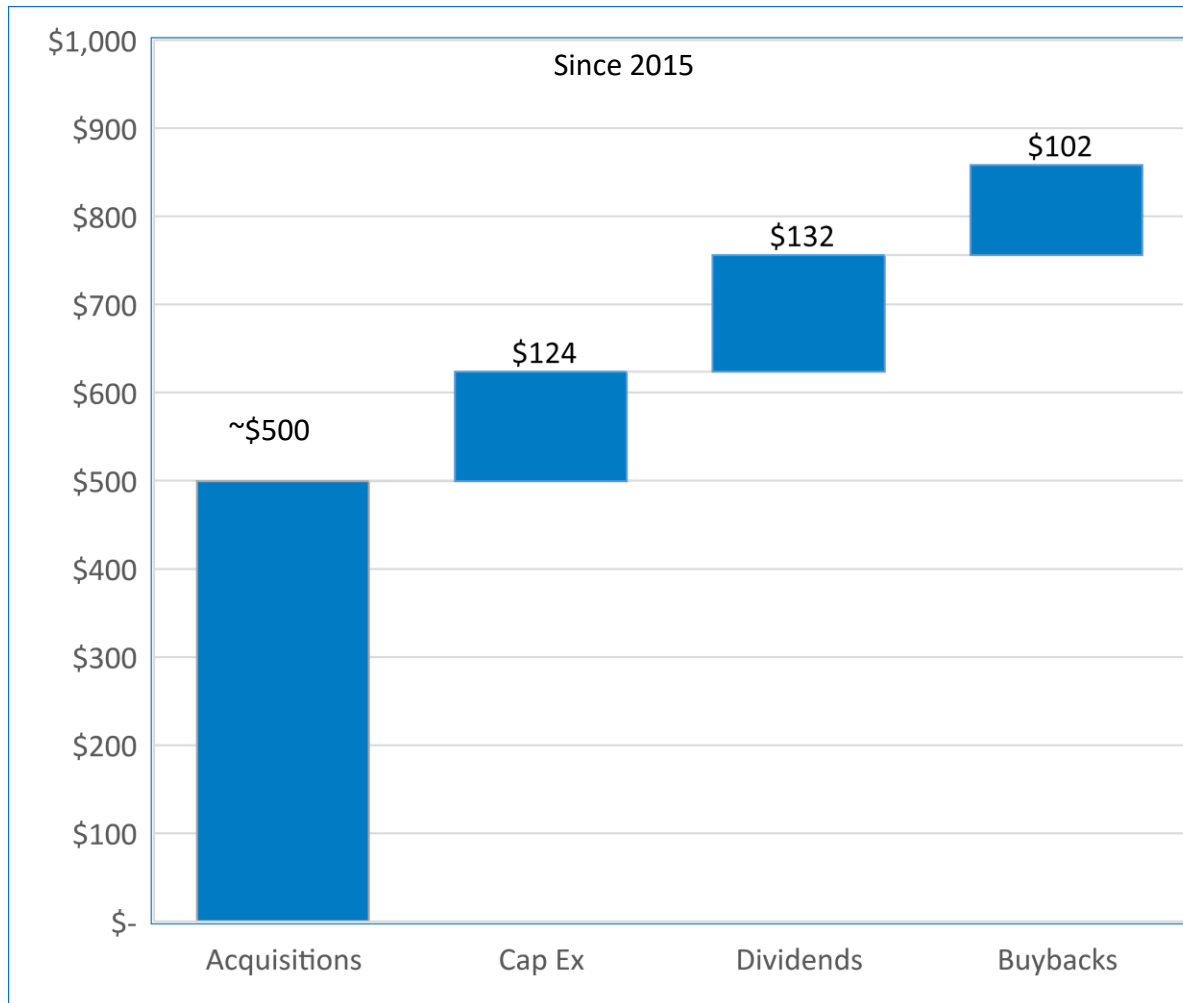


## Looking Ahead

Focus on our leading engineered solutions product portfolio through a combination of organic growth and M&A

# Capital Deployment Framework

## Total Capital Deployed of Approximately \$860 million



## Capital Deployment Priorities Moving Forward



Prioritizing value creating investments;  
high return internal investments and  
strategic acquisitions

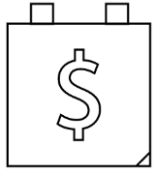


Return of capital to shareholders

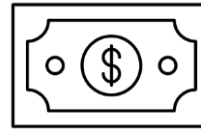


Focus on Leverage  
Long term leverage target of 2x – 3x

Focusing our attention on improving performance across these metrics



**EBITDA  
Margin**









**Free Cash  
Flow Conversion**



**Return on  
Invested Capital**

**Redesigned and Rolled Out Our  
New Operations Excellence Model to Drive Improvement**

# Highly Engineered Product Offerings

	Self Lubricating Bearings	Traditional Airframe Bearings	Flexible Drive Systems	High Precision Miniature Bearings	Engine Aftermarket Components	High Precision Seals, Springs & Contacts
Products						
Differentiator	Karon® Self Lubricating Machinable Liner	Custom Design Capability	Patented and Proprietary technology	Proprietary design, machining, and assembly	FAA Parts Manufacturing Authorization	Proprietary design, machining, and assembly
End Markets	Aerospace, Industrial, Marine, Hydropower, Space, Aftermarket	Aerospace	Rotorcraft	Medical, Industrial, Aerospace	Aerospace	Medical, Industrial, Aerospace

**Broad Range of Premier Engineered Products Serving Diverse End Markets**



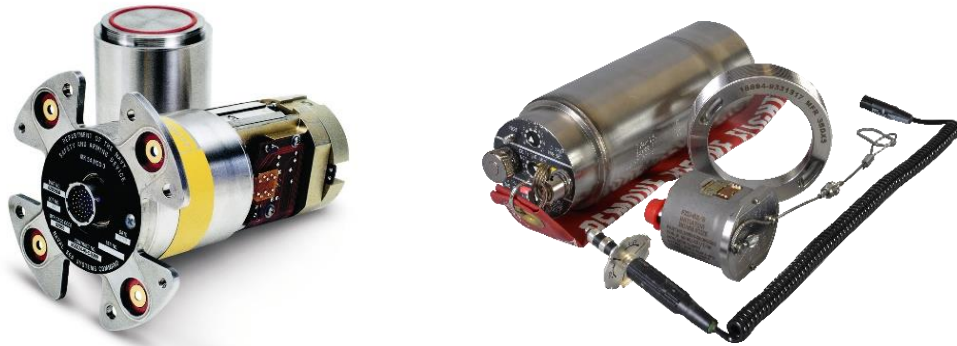
# Advanced Safe and Arm Devices

## Broad Portfolio of Safe and Arm devices

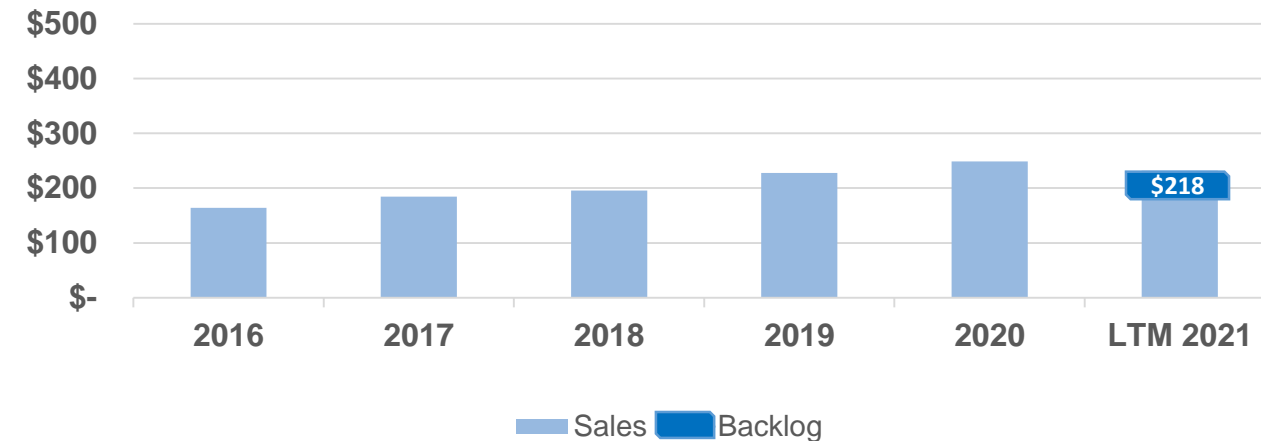
Joint Programmable Fuze  
Harpoon  
Maverick

Tomahawk  
SLAM-ER  
JASSM/LRASSM

ATACMS  
Standard  
AMRAAM



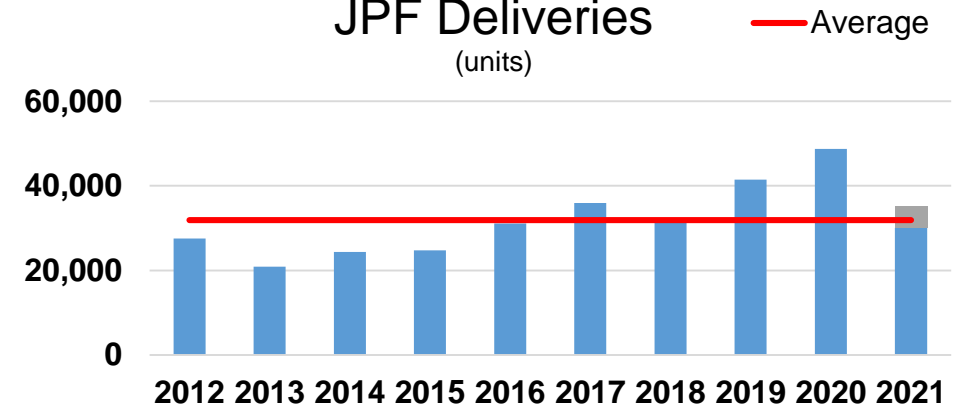
## Safe and Arm Sales and Backlog



## Highlight on JPF

- ✓ Completed negotiation of Option 15 & 16 of USG contract in 2020; \$57.3 million order received under Option 15
- ✓ Projected delivery levels in 2021 in line with historical averages
- ✓ Removed anticipated JPF DCS order from 2021 due to uncertainty caused by change in Presidential administration
- ✓ Working with customers to identify new opportunities

## JPF Deliveries (units)



# Proprietary K-MAX<sup>®</sup> Platform Provides Growth

# KAMAN

## Strong Support for K-MAX<sup>®</sup> Aircraft



- Aircraft meets the diverse needs of our customers
  - Construction
  - Firefighting
  - Logging
  - Humanitarian Aid
  - Agricultural

- Expanding markets - new international certifications
- Four aircraft sales expected in 2021; One aircraft delivered in the first quarter
- Increased service & support revenues in 2021
- Expected fleet size of 45 aircraft by end 2022



## Pursuing the Future of Unmanned Lift



Pioneer in repetitive unmanned lift with proven track record of operations in the field

Working with USMC on shaping unmanned cargo lift requirements

Continued progress on development of commercial UAS technology; First successful test flight of unmanned K-MAX TITAN<sup>™</sup> in first quarter of 2021

# Diverse Supplier of Key Structural Components

**KAMAN**

## Broad Range of Programs Across Critical End Markets



**Medical  
Imaging Beds**



**A-10 Thunderbolt  
Wing Assemblies**



**Blackhawk  
Cockpit**

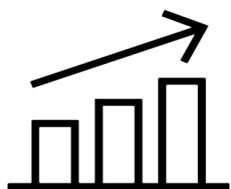


**Commercial  
Engine OEM**

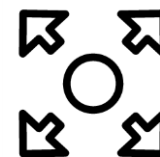


**AH-1Z  
Precision Details**

## Continued Focus on Operational Excellence and Financial Performance



Steadily Improving financial performance



Expanding market opportunities on new platforms and technologies



Customer Recognition as a Leading Supplier



Balanced portfolio across a broad range of platforms

# Premier Global Customer Base

# KAMAN





# Our Manufacturing Footprint



1. **Foothills Ranch, CA**  
Seals, Springs, and Contacts
2. **Colorado Springs, CO**
  - Springs and Contacts
  - Measuring
3. **Gilbert, AZ**  
Aftermarket Components
4. **Wichita, KS**  
Composites Structures

5. **Jacksonville, FL**  
Assembly & Metallic Structures
6. **Chihuahua, Mexico**  
Metallic Structures
7. **Bennington, VT**  
Composites Structures
8. **Orlando, FL**  
Safe and Arm Devices

9. **Middletown, CT**
  - Safe and Arm Devices
  - Memory and Measuring
10. **Bloomfield, CT**
  - Air Vehicles
  - Self-lubricating bearings
  - Flexible drive shafts
11. **Hochstadt, Germany**  
Traditional airframe bearings

12. **Rimpar, Germany**  
Precision miniature bearings
13. **Prachatice, Czech Republic**  
Precision miniature bearings
14. **Goa, India (Joint Venture)**  
Composites structures



# Questions

# Non-GAAP Reconciliations

# Non-GAAP Reconciliation

## Organic Sales

Organic Sales is defined as "Net Sales" less sales derived from acquisitions completed or businesses disposed of that did not qualify for accounting as a discontinued operation during the preceding twelve months. We believe that this measure provides management and investors with a more complete understanding of underlying operating results and trends of established, ongoing operations by excluding the effect of acquisitions, which can obscure underlying trends. We also believe that presenting Organic Sales enables a more direct comparison to other businesses and companies in similar industries. Management recognizes that the term "Organic Sales" may be interpreted differently by other companies and under different circumstances. No other adjustments were made during the three-month fiscal periods ended April 2, 2021 and April 3, 2020, respectively.

## Adjusted EBITDA from Continuing Operations

Adjusted EBITDA from continuing operations 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's for the period presented. Adjusted EBITDA from continuing operations 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 period 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 from continuing operations. Adjusted EBITDA from continuing operations 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 from continuing operations 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 from continuing operations 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 April 2, 2021 and April 3, 2020.

## Adjusted Earnings from Continuing Operations and Adjusted Diluted Earnings Per Share from Continuing Operations

Adjusted Earnings from Continuing Operations and Adjusted Diluted Earnings per Share from Continuing Operations 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 from Continuing Operations 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. The following table illustrates the calculation of Adjusted Earnings from Continuing Operations and Adjusted Diluted Earnings per Share from Continuing Operations using "Earnings from Continuing Operations" and "Diluted earnings per share from continuing operations" from the "Consolidated Statements of Operations" included in the Company's Form 10-Q filed with the Securities and Exchange Commission on May 4, 2021.

## Adjusted Free Cash Flow

Adjusted Free Cash Flow from continuing operations - Adjusted Free Cash Flow from continuing operations 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 will 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 from continuing operations 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 from continuing operations and Adjusted Free Cash Flow internally to assess overall liquidity.

# Non-GAAP Reconciliation

## Organic Sales

	For the Three Months Ended	
	April 2, 2021	April 3, 2020
<i>(in thousands)</i>		
Net Sales From Continuing Operations	\$171,616	\$ 207,322
Acquisition Sales	-	-
Sales of Disposed Business	1,704	8,486
Organic Sales	\$ 169,912	\$ 198,836
\$ Change	\$ (28,924)	
% Change	(14.5)%	

## Adjusted EBITDA from Continuing Operations

	For the Three Months Ended	
	April 2, 2021	April 3, 2020
<i>(in thousands)</i>		
Net Sales From Continuing Operations	\$ 171,616	\$ 207,322
Earnings (loss) from continuing operations, net of tax	\$ 7,984	\$ (407)
Interest Expense, net	4,251	3,247
Income Tax Expense (benefit)	207	(443)
Non-service pension and Post-Retirement Expense	(6,643)	(4,063)
Other expense, net	289	218
Depreciation and Amortization	9,209	9,509
Other Adjustments		
Restructuring and severance costs	1,352	1,795
Cost associated with corporate development activities	-	1,787
Bal Seal acquisition costs	-	8,483
Expenses associated with Bal Seal purchase accounting	-	6,880
Transition service agreement cost, net of transition service agreement income	230	1,166
Reversal of prior year accruals in current period	-	(1,475)
Loss (gain) on sale of UK business	234	(493)
Adjusted EBITDA from Continuing Operations	\$ 17,113	\$ 26,204
Adjusted EBITDA Margin	10.0%	12.6%

# Non-GAAP Reconciliation

## Adjusted Earnings from Continuing Operations and Adjusted Diluted Earnings Per Share from Continuing Operations

	For the Three Months Ended April 2, 2021			
	Adjustments to Net Earnings, Pre Tax	Tax Effect of Adjustments to Net Earnings	Adjustments to Net Earnings, Net of Tax	Calculation of Adjusted Diluted Earnings Per Share
<i>(in thousands, expect per share amounts)</i>				
Net loss from continuing operations			\$ 7,984	\$ 0.29
<b>Adjustments</b>				
Restructuring and severance costs	1,352	273	1,079	0.03
Transition service agreement cost, net of transition service agreement income	230	46	184	0.01
Tax benefit on sale of UK operations	(1,512)	-	(1,512)	(0.05)
Loss (gain) on sales of UK businesses	234	-	234	0.01
<b>Adjusted earnings from continuing operations</b>			\$ 7,969	\$0.29
<b>Weighted Average Shares Outstanding – Diluted</b>			27,867	

## Adjusted Free Cash Flow from Continuing Operations

	For the Three Months Ended
	April 2, 2021
<i>(in thousands)</i>	
Net cash used in operating activities from continuing operations	\$(2,415)
Expenditures for property, plant and equipment	(4,678)
Cash paid for acquired retention plans	25,108
Adjusted free cash flow from continuing operations	\$18,015