Ducommun

175 YEARS 1849 • 2024




Jefferies Industrials Conference

September 4, 2024

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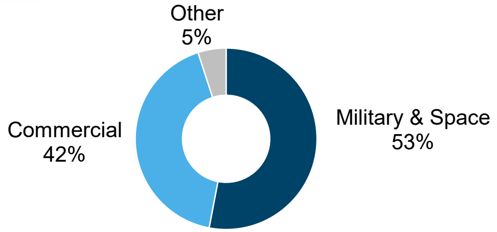
Our Company

LTM Q2 2024 Revenue: $776M

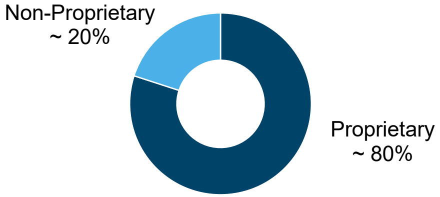
LTM Q2 2024 Adjusted EBITDA Margin: 14.1%

Q2 2024 Ending Backlog: $1.068B

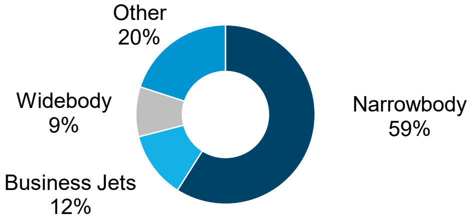
Revenue by End Market[1]



Proprietary Content[1]



Commercial Aerospace Mix[2]



Diverse Product Content on Large and Growing Platforms…

Military Aircraft

Commercial Aircraft

Missiles & Radar

Space, UAS, Ground Vehicles

…Across a Broad Range of Customers

RTX, AIRBUS, LOCKHEED MARTIN, SPIRIT AEROSYSTEMS, BOEING, NORTHROP GRUMMAN, GENERAL DYNAMICS, GENERAL ATOMICS, Viasat, OSHKOSH DEFENSE

Leading manufacturer mainly as a Tier 1 supplier of complex electronics and structural systems for the commercial aerospace, defense, and space markets

[1] *Figures based on LTM Q2 2024 Net Revenues mix.*

[2] *Figure based on backlog as of June 29, 2024.*

Our Segments

		Electronic Systems *(57% of 2023 Revenue)*	Structural Systems *(43% of 2023 Revenue)*
Overview		Innovative and ruggedized electronic and electromechanical products and assemblies	Engineered aerostructure components and assemblies
Financial Profile (2023)	**Revenue**	**$430mm**	**$327mm**
	Adj. EBITDA Margin	**15%[1]**	**18%[1]**
Selected Products		Ruggedized Wire Harness  Human Machine Interface  Complex Circuit Card  Lightning Protection  Integrated Box Build  Motion Control 	Titanium Hot Forming  VersaCore Composite™ & Metalbond  Titanium Super Plastic Forming  Ammunition Handling Systems  Aluminum Stretch Form & Chemical Mill  Extruded Thermoplastics  Magnetic Seals  Aerodynamic Enhancement Products 
Key Customers		RTX, Northrop Grumman, Viasat, General Atomics, Parker, Sikorsky (A Lockheed Martin Company), Lockheed Martin, Boeing	Boeing, Airbus, Sikorsky (A Lockheed Martin Company), GKN Aerospace, RTX, Spirit Aerosystems, Textron, Gulfstream, Stelia (Reliability Performance), Bombardier

[1] *Figures based on FY 2023*

Evolution of Ducommun's Financial Profile

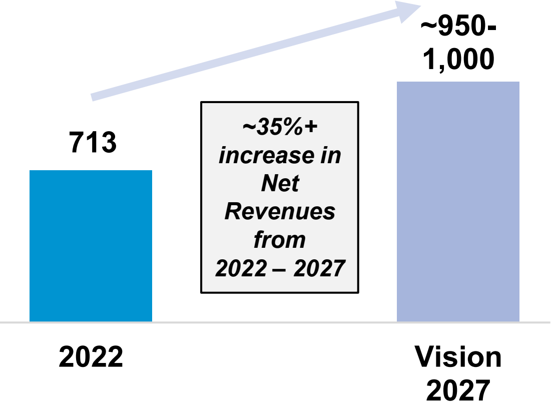
($ millions)

		FY 2016	LTM Q2 2024	Change
Market Statistics	Market Capitalization[1]	$286	$856	199%
	Enterprise Value[2]	$449	$1,090	143%
Financial	Net Revenues	$551	$776	41%
	Adj. EBITDA	$55	$110	100%
	Adj. EBITDA %	10%	14%	~400 bps

[1] FY2016 based on closing share price of $25.56 as of December 30, 2016 and 11.2M common shares outstanding. LTM Q2 2024 based on closing share price of $58.06 as of June 28, 2024 and 14.7M common shares outstanding as of June 29, 2024.
[2] FY2016 and LTM Q2 2024 assumes $163M and $233M of net debt, respectively.

Vision 2027[1]

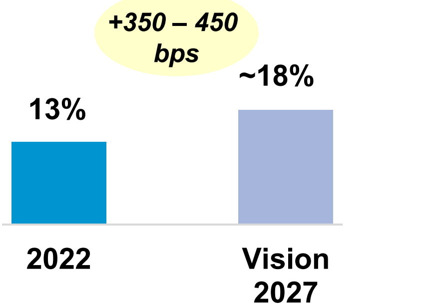
Net Revenues



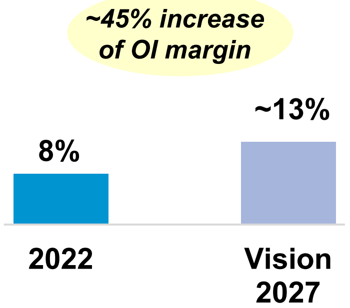
~59%[2]	Defense	~55 – 60%
~35%[2]	Commercial Aerospace	~40 – 45%

Adj. EBITDA Margin & Adj. Operating Margin [3]

Adj. EBITDA Margin



Adj. Operating Margin



Scale from continued Commercial Aerospace recovery and Defense growth

Cost reductions and improved investment decisions

Strategic acquisitions

Pricing strategy focused on value

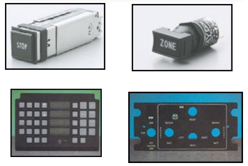
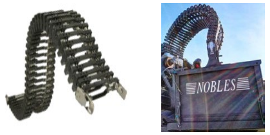
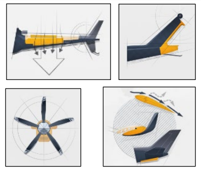
Facility consolidation

Vision 2027 – Key Tenets

- ✓ Defense business built out and at a higher scale: ~$525mm+
- ✓ Commercial Aerospace recovery fully leveraged with Titanium leadership: ~$325mm+
- ✓ Acquisition placeholder: ~$75mm+
- ✓ Business mix: ~55 – 60% Defense and ~40 – 45% Commercial Aerospace
- ✓ Adj. EBITDA margin at ~18%

1. Vision 2027 information as included in the Company's December 8, 2022 Investor Day Presentation, with the baseline 2022 Estimate updated for actuals.
2. Remaining 6% of Net Revenues mix by end-market in 2022 is Other.
3. Ducommun does not provide a reconciliation of 2027 adjusted EBITDA margin or 2027 adjusted operating margin or the most directly comparable forward-looking GAAP measure of net income because the timing and nature of excluded items are unreasonably difficult to fully and accurately estimate.

Expanding Portfolio of Engineered Product Businesses

	Human Machine Interface Products	Ammunition Handling Systems	Magnetic Seals	Lightning Protection	Thermoplastic Extrusions	RF Switches	Motors & Resolvers	Aerodynamic Systems
		Acquisition (2019)	Acquisition (2021)	Acquisition (2017)	Acquisition (2018)			Acquisition (2023)
								
	Push Button Switches & Display Panels	Ammunition chutes, magazines and integrated ammunition handling systems	Magnetic and mechanical seals	Segmented diverter strips and suppressors	Thermoplastic extrusions and assemblies	Microwave switches	High Reliance motors and resolvers	Aerodynamic Systems including FastFin® systems, winglet systems, propellers and flow modifiers
Proprietary Designs	☑	☑	☑	☑	*	☑	☑	☑
Significant Sole Source Positions	☑	☑	☑	☑	☑	☑	☑	☑
Aftermarket content	☑	☑	☑	☑	☑	☑	☑	☑

Grew from 9% of revenue in 2017 to ~15% in 2022 with a <u>target of 25%</u> by 2027

Increased aftermarket mix from 6% in 2017 to ~10% in 2022 with a <u>target of 15%</u> by 2027

**Proprietary process capability held by very limited group of suppliers and aftermarket content percentage is based on management estimates*

Vision 2027 information as included in the Company's December 8, 2022 Investor Day Presentation.

Cost Reduction Initiatives to Support Margin Growth

Facility Consolidation

Monrovia, CA
(274k sq ft)
Announced
Nov 18, 2022

Berryville, AR
(50k sq ft)
Announced
Nov 7, 2022

Coxsackie, New York

Guaymas, Mexico

Joplin, Missouri

Low Cost Footprint Expansion

Guaymas, Mexico

Increased square footage from 62k pre-pandemic to 117k in Q1 2023

Expanded capabilities beyond VersaCore to metal bond and wire harnesses

Consolidate redundant footprint & expand low-cost capability driving anticipated <u>$11-13M in annual savings</u>

Well Positioned on Key Commercial Aerospace Platforms

Shipset value estimate

Boeing Recovery Play – Content on MAX and 787	Case Study: Growth with Airbus Platforms
BOEING	AIRBUS
Significant content with titanium superplastic and hot form, thermoplastic and lightning protection products	3X growth in revenues from Airbus platforms from 2017 through 2023
737MAX ramp up slower than previous estimates but expected to recover through 2027	Achieved D2P Supplier status with Airbus in 2020
787 production resumption a positive	5-year contract with additional 2-year option received in 2021 for A320 family and A330 platforms

737MAX

~$175k

787

~$90k

A220

~$150k

A320 family

~$55k

Strong position on key Boeing platforms being supplemented by growing Airbus book of business

Positioned to Benefit from Macro Defense Tailwinds

Defense Prime Off Loading

RTX | NORTHROP GRUMMAN | GENERAL ATOMICS

Take non-core manufacturing out of defense prime factories into lower cost Ducommun footprint

Track record of on-time delivery and quality gives customers the confidence to shift work

Win-Win solution with enough value to share between the primes and Ducommun

SPY-6

Next Gen Jammer Mid Band

Gaining content on Next Generation Platforms

Missile defense & Radars

Significant content on next-generation missile defense and related radar programs including SPY-6, LTAMDS/ GhostEye®, NASAMS, SM-3/6

Hypersonics

Partnering with leading Defense primes on Hypersonics and Counter Hypersonic programs

UAVs and Counter-UAS

Leveraging experience and capabilities to pursue content on next gen UAV and counter UAS platforms

Ducommun is bolstering its strong relationships with key Defense Primes

Differentiated Manufacturing Services Capabilities

Titanium Hot & SuperPlastic forming	Circuit card assemblies & box builds	Ruggedized Interconnects	Complex Stretch Form & Chem Mill	VersaCore Composites

Largest non-OEM titanium hot forming and super plastic forming provider[1] in the world

Significant trusted low-cost domestic footprint
Engineering design & rapid prototyping services

Unique capability to stretch and chem mill large structural components including skins

Proprietary VersaCore Composite™ – Nacelle Components with opportunity to expand to other applications

Rapidly expanding narrowbody fleet

Continued use of light-weight materials

Increasing electronics content

Increased on-shoring of manufacturing

Differentiated capabilities supported by significant IP including trade secrets and know-how

[1] *Charles Edwards Management Consulting (April 2021)*

Key Investment Highlights

1. Expanding Portfolio of Proprietary Product Businesses Across Several Niche Segments
2. Cost Reduction Initiatives and Facility Rationalization Provide Further Margin Runway
3. Demonstrated M&A Strategy and Execution
4. Tier 1 Industry Player Entirely Focused on Aerospace & Defense
5. Well Positioned to Capture Commercial Aerospace Recovery with Content on Key Platforms
6. Resilient Defense Business with Strong Long Term Macro Tailwinds
7. Differentiated Manufacturing Services Capabilities
8. Strong Environmental, Social, and Corporate Governance Track Record

Driving shareholder value through 2027

Appendix

Non-GAAP Financial Measures

Note Regarding Non-GAAP Financial Information: This presentation contains non-GAAP financial measures, including Adjusted EBITDA (which excludes interest expense, income tax expense, depreciation, amortization, stock-based compensation expense, restructuring charges, gain on divestitures, net, Guaymas fire related expenses, inventory purchase accounting adjustments, insurance recoveries related to business interruption, insurance recoveries related to loss on operating assets, and professional fees related to unsolicited non-binding acquisition offer), Adjusted EBITDA Margin, Adjusted Operating Income Margin, and backlog.

The Company believes the presentation of these non-GAAP financial measures provide important supplemental information to management and investors regarding financial and business trends relating to its financial condition and results of operations. The Company's management uses these non-GAAP financial measures along with the most directly comparable GAAP financial measures in evaluating the Company's actual and forecasted operating performance, capital resources and cash flow. The non-GAAP financial information presented herein should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. The Company discloses different non-GAAP financial measures in order to provide greater transparency and to help the Company's investors to more meaningfully evaluate and compare the Company's results to its previously reported results. The non-GAAP financial measures that the Company uses may not be comparable to similarly titled financial measures used by other companies.

Under ASC 606, the Company defines performance obligations as customer placed purchase orders with firm fixed price and firm delivery dates. The Company defines backlog as customer placed purchase orders and long-term agreements ("LTAs') with firm fixed price and expected delivery dates of 24 months of less. The majority of the LTAs do not meet the definition of a contract under ASC 606 and thus, the backlog amount disclosed herein may or may not be greater than the remaining performance obligations under ASC 606. Backlog is subject to delivery delays or program cancellations, which are beyond the Company's control. Backlog is affected by timing differences in the placement of customer orders and tends to be concentrated in several programs to a greater extent than the Company's net revenues. As a result of these factors, trends in the Company's overall level of backlog may not be indicative of trends in its future net revenues.

For more information on our non-GAAP financial measures and a reconciliation of such measures to the nearest GAAP measure, please see the "Non-GAAP Reconciliation" slides on the following pages.

Adjusted EBITDA for 2016 through Q2 2024

($ millions)

	2016	2022	LTM Q2 2024
Net Revenues	**$ 551**	**$ 713**	**$ 776**
GAAP Net Income	**$ 25**	**29**	**23**
Non-GAAP Adjustments:			
Interest Expense	9	12	19
Income Tax Expense	13	5	3
Depreciation	13	15	16
Amortization	10	17	17
Stock-Based Compensation Expense	3	11	15
Restructuring Charges [1]	-	7	9
Gain on Divestitures, Net [2]	(18)	-	-
Guaymas Fire Related Expenses	-	4	1
Inventory Purchase Accounting Adjustments [3]	-	1	6
Insurance Recoveries Related to Business Interruption	-	(5)	-
Insurance Recoveries Related to Loss on Operating Assets	-	-	-
Professional fees related to unsolicited non-binding acquisition offer	-	-	1
Adjusted EBITDA	**$ 55**	**$ 95**	**$ 110**
Net Income as a % of Net Revenues	***5%***	***4%***	***3%***
Adjusted EBITDA as a % of Net Revenues	***10%***	***13%***	***14%***

Note: May not sum due to rounding.

(1) 2022 and LTM Q2 2024 included $0.5M and $1.2M respectively of restructuring charges that were recorded as cost of sales.
(2) 2016 included gain on divestitures, net in our electronic systems operating segment related to the divestitures of our Pittsburgh and Miltec operations.
(3) 2022 and LTM Q2 2024 included inventory purchase accounting adjustments of inventory that was stepped up in the purchase price allocation from acquisitions of Magnetic Seal LLC, and BLR Aerospace in Dec 2021, and Apr 2023, respectively, and are both part of our Structural Systems operating segments

Adjusted OI Margin for 2022

($ millions)

GAAP Operating Income	**$ 40**
Restructuring Charges [1]	7
Guaymas Fire Related Expenses	4
Inventory Purchase Accounting Adjustments [2]	1
Other Debt Refinancing Costs	-
Amortization of Acquisition Related Assets	6
Non-GAAP Adjusted Operating Income	**$ 59**
GAAP Operating Income as a % of Net Revenues	***6%***
Non-GAAP Adjusted Operating Income as a % of Net Revenues	***8%***

Note: May not sum due to rounding.

[1] 2022 included $0.5M of restructuring charges that were recorded as cost of sales.

[2] 2022 included inventory purchase accounting adjustments of inventory that was stepped up in the purchase price allocation and amortization of purchased intangible assets from acquisition of Magnetic Seal LLC (f/k/a Magnetic Seal Corporation) in December 2021 and is part of our Structural Systems operating segment.

Non-GAAP Reconciliation for Backlog

($ millions)

	Q2 2024
Remaining Performance Obligations[1]	$ 840
Backlog[2]	$1,068

Note: There is no reconciliation between GAAP remaining performance obligations and the non-GAAP backlog amount.
(1) Based on customer placed purchase orders with firm fixed price and firm delivery dates.
(2) Based on customer placed purchase orders and long-term agreements with firm fixed price and expected delivery dates of 24 months or less.