



# Investor Presentation

October 2016

# Forward Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be preceded by, followed by or include the words “believes,” “expects,” “anticipates,” “intends,” “plans,” “estimates” or similar expressions. These statements are based on the beliefs and assumptions of our management. Generally, forward-looking statements include information concerning our possible or assumed future actions, events or results of operations. Forward looking statements specifically include, without limitation, the information in this presentation regarding: projections; efficiencies/cost avoidance; cost savings; forward loss reserves; income and margins; earnings per share; growth; economies of scale; the economy; capital expenditures; future financing needs; future acquisitions and dispositions; litigation; potential and contingent liabilities; management’s plans; and integration related expenses.

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The information in this presentation is not a complete description of our business or the risks. There can be no assurance that other factors will not affect the accuracy of these forward-looking statements or that our actual results will not differ materially from the results anticipated in such forward-looking statements. Factors that could cause actual results to differ materially from those estimated by us include, but are not limited to, those factors or conditions described under “Risk Factors” in the Annual Report on Form 10-K for the year ended December 31, 2015 and the following: our ability to manage and otherwise comply with our covenants with respect to our outstanding indebtedness; our ability to service our indebtedness; the cyclical nature of our end-use markets and the level of new commercial and military aircraft orders; industry and customer concentration; production rates for various commercial and military aircraft programs; the level of U.S. Government defense spending, including the impact of sequestration; compliance with applicable regulatory requirements and changes in regulatory requirements, including regulatory requirements applicable to government contracts and sub-contracts; further consolidation of customers and suppliers in our markets; product performance and delivery; start-up costs, manufacturing inefficiencies and possible overruns on contracts; increased design, product development, manufacturing, supply chain and other risks and uncertainties associated with our growth strategy to become a Tier 2 supplier of higher-level assemblies; our ability to manage the risks associated with international operations and sales; possible additional goodwill and other asset impairments; economic and geopolitical developments and conditions; unfavorable developments in the global credit markets; our ability to operate within highly competitive markets; technology changes and evolving industry and regulatory standards; the risk of environmental liabilities; and litigation with respect to us.

We caution the reader that undue reliance should not be placed on any forward-looking statements, which speak only as of the date of this presentation. We do not undertake any duty or responsibility to update any of these forward-looking statements to reflect events or circumstances after the date of this presentation or to reflect actual outcomes.

This presentation includes certain non-GAAP financial measures, such as EBITDA and free cash flow. Tables reconciling such non-GAAP financial measures are available in this presentation.

# Company Snapshot

- Ducommun manufactures complex electronic and structural systems and components, primarily for the aerospace and defense markets
- Strategically positioned on key commercial aerospace platforms, including Boeing 737, 787, 777 and Airbus A320, A330 and A350
- Commercial aerospace industry backlog and build rates are at record levels
- Defense spending in strategic areas, including missile defense, is stabilizing
- Sharpened business strategy and streamlined organization
- 2,700 employees

# Investment Highlights

## Defendable Niche

- High barriers to entry
- Unique, sought-after range of capabilities
- Established relationships with blue-chip industry leaders
- Strategically positioned on key commercial aerospace and defense platforms

## Improving Financials

- Strong cash flow to reduce debt and fund long-term growth
- Streamlined operations to improve financial performance
- Process improvements and supply chain initiative to drive improved margins

## Sharpened Business Strategy

- Transformation into higher margin innovative solutions
- Strategic plan to drive growth and expand shareholder value
- Exit of non-core operations to focus on key customers and markets
- Expanded organizational development activities

# Our Path to Renewed Growth and Increased Shareholder Value

## Recent Accomplishments

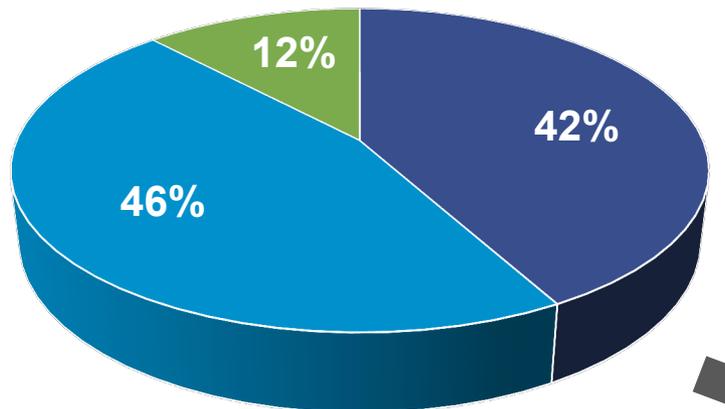
- Strategic wins to support sales in 2017 and beyond
- Exited weak energy markets and low-complexity industrial products
- Divested, closed or consolidated certain sites
- Streamlined organizational structure for greater line-of-sight accountability
- Reduced headcount
- Implemented supply chain savings initiative
- Successfully refinanced debt

## 2016 Path to Improved Performance

- Sharpened business strategy
- Increased focus on high-growth areas: commercial aerospace electronics, aircraft engines, titanium, and composite technologies
- Transformation into higher margin innovative solutions
- Continued cost reductions
- Further debt reductions through strong cash flow
- Expanded organizational development activities to strengthen the team

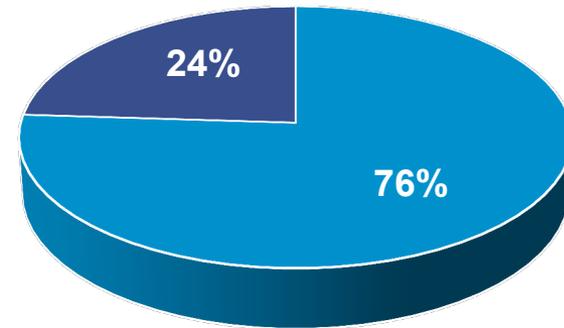
# Two Business Segments – Revenues

LTM Q2 2016 Revenues  
\$543.2 million <sup>(1)</sup>

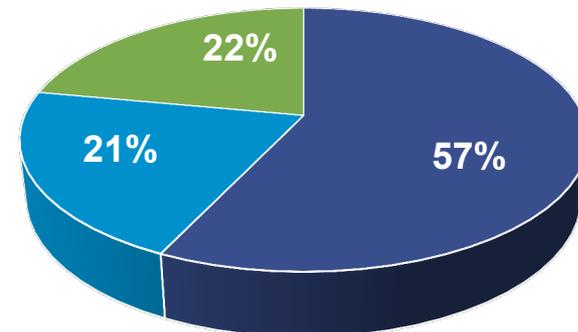


■ Military and Space   ■ Commercial Aerospace   ■ Industrial

Structural Systems  
(42% of LTM Q2 2016 Revenues)



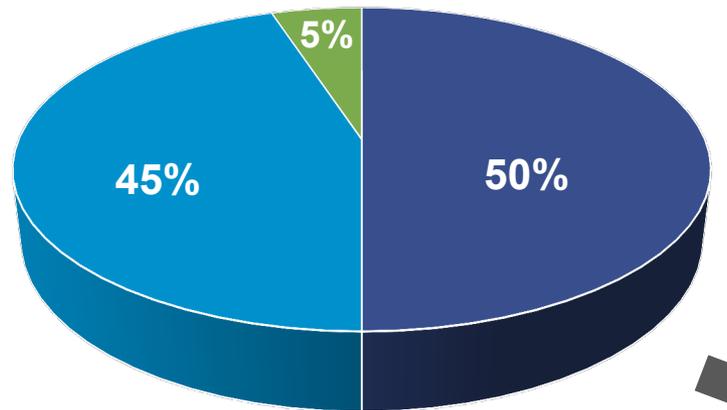
Electronic Systems  
(58% of LTM Q2 2016 Revenues<sup>1</sup>)



<sup>(1)</sup> Excludes revenue of \$22.6 million related to the sale of Pittsburgh, \$22.6 million related to the sale of Miltec, and \$5.4 million related to the closure of Houston

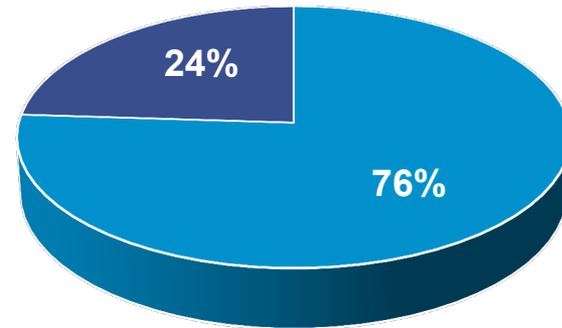
# Backlog Supports Focus on Aerospace and Defense Strategy

Total Backlog at July 2, 2016  
\$537.2 million

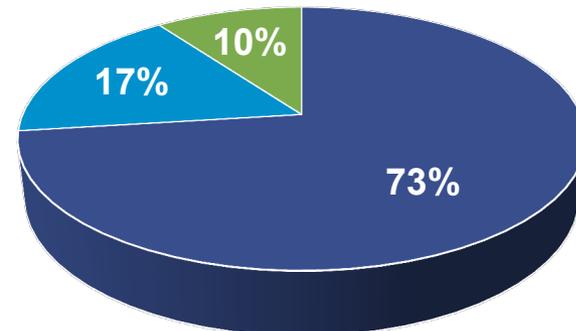


■ Military and Space   ■ Commercial Aerospace   ■ Industrial

Structural Systems  
(47% of Total Backlog)



Electronic Systems  
(53% of Total Backlog)



# We Go to Market as One Company with Broad Capabilities

Each SBU is built on a unique set of competencies

## Strategic Business Units

### Electronic Systems

#### Circuit Board Solutions



- Low-to-medium volume
- High mix
- High rate of change

#### Electronic Integrated Solutions



- Box-level electronic, electromechanical and mechanical assembly
- RF and HMI products

#### Interconnect Solutions



- Cables and wiring harnesses
- High-temperature, pressure, flexibility, and frequency

### Structural Systems

#### Bonded Component Solutions



- Composite materials
- Spoilers, winglets, tail cones, rotor blades

#### Structural Assembly Solutions



- Titanium forming
- Engine ducts, pylons, firewalls, exhaust ducts, nacelles

#### Structural Systems Solutions



- Metal forming and chemical milling
- Skins, leading edges, stabilizers, cargo doors

# Significant Content on Commercial and Military Fixed Wing Aircraft



## Electronics

- 1 Avionics systems
- 2 Cockpit controls, lighted panels and switches
- 3 Radar assemblies
- 4 Fuel management systems
- 5 Brake systems
- 6 Engine and nacelle electronics
- 7 Flight surface control systems
- 8 Communication and countermeasure systems

## Structures

- 9 Ailerons, spoilers, winglets and other flight control surfaces
- 10 Tail cones
- 11 Fuselage skins
- 12 Passenger and cargo doors
- 13 Window surrounds
- 14 Engine ducts
- 15 Exhaust ducts and nozzles

# Significant Content on Commercial and Military Rotary Aircraft



## Electronics

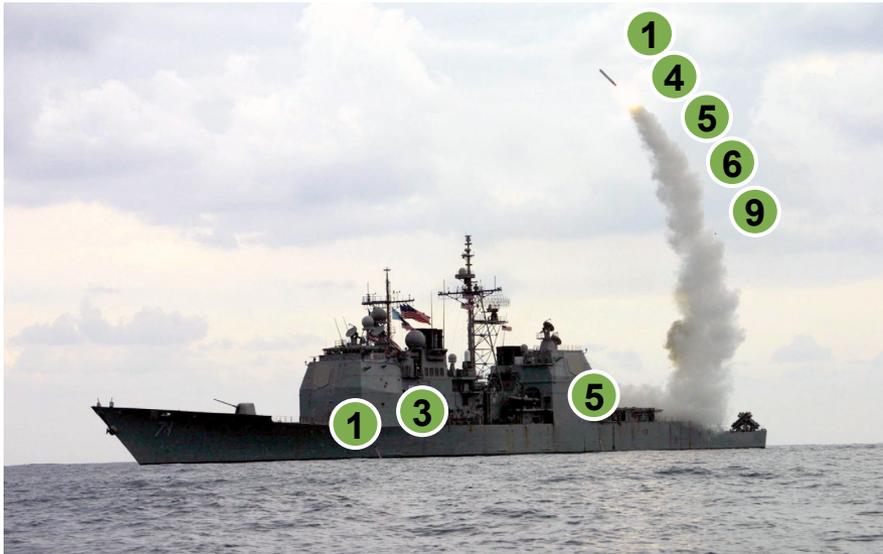
- 1 Cockpit controls, lighted panels and switches
- 2 Communication systems
- 3 Fuel management systems
- 4 Sensor suites
- 5 Avionics systems
- 6 Radar systems
- 7 De-icing systems

## Structures

- 8 Rotor blades and blade abrasion strips
- 9 Engine ducts, nozzles and heat shields
- 10 Door surrounds and bulkheads
- 11 Window surrounds

# Diverse Content on Key Missile Platforms

## Land, Sea and Air

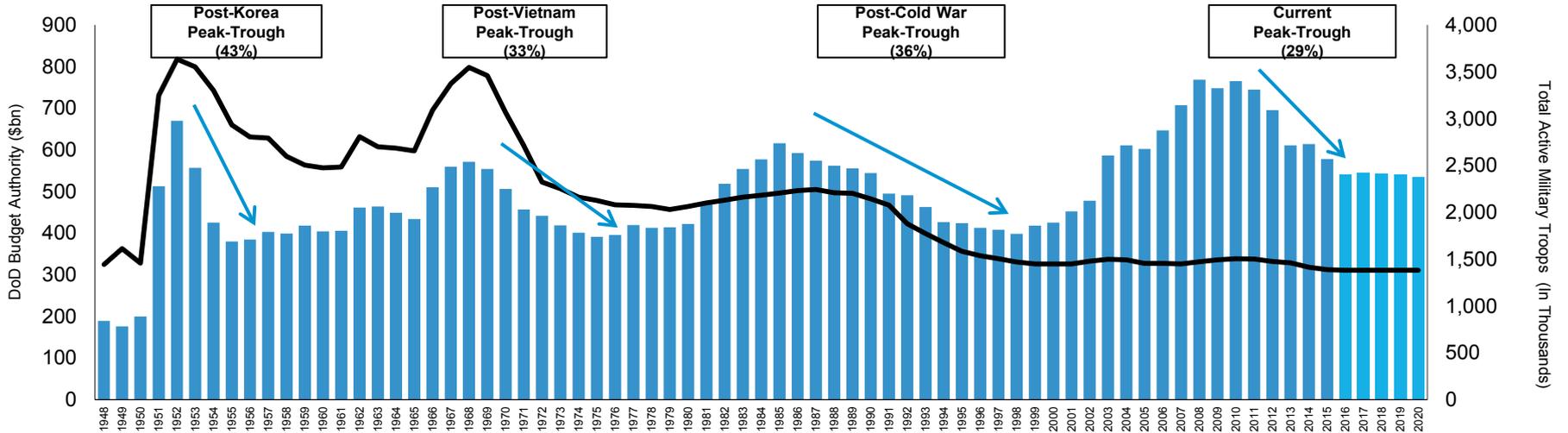


### Electronics

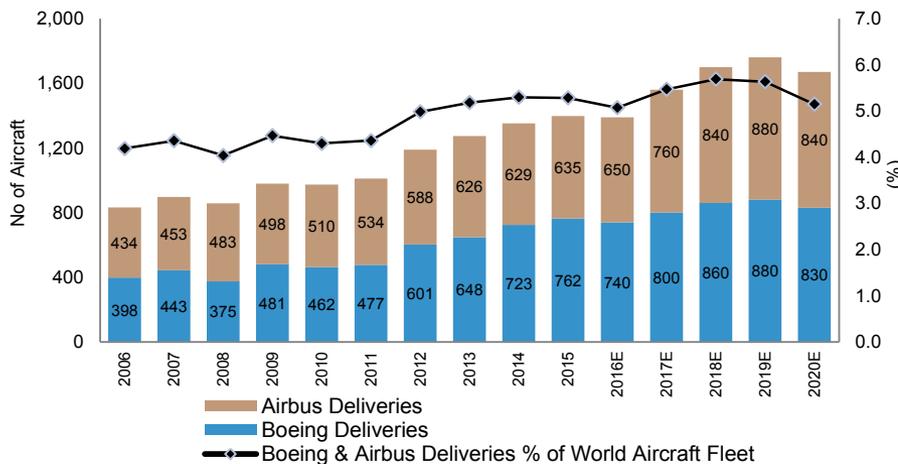
- 1 Target acquisition systems
- 2 Launch systems
- 3 Command and control systems
- 4 Range safety antennas
- 5 Guidance systems
- 6 Navigation systems
- 7 Warhead electronics
- 8 Umbilical container cables
- 9 Automated test systems

# Macro Trends

## Historical Defense Spending (1)

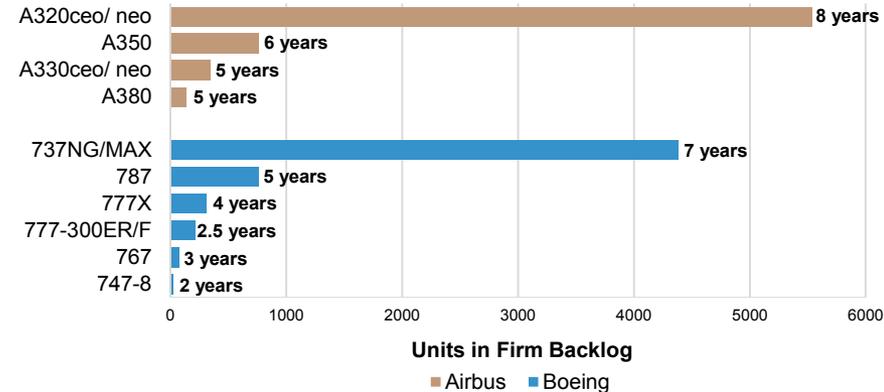


## Commercial Aircraft Build Rates | # of Aircraft



## Air Transport Aircraft Backlogs

Airbus and Boeing have record backlogs, approaching 8 years even at increased production rates



Sources: Airline Monitor Report, AeroDynamic Research, Boeing and Airbus

(1) Department of Defense Comptroller, National Defense Budget Estimates for FY16

# Where Our Growth Will Come From

	% of LTM Q2 2016 Revenue	% of Backlog at 7/2/16	Key Platforms	Growth Outlook	Commentary
<b>Commercial Aerospace</b>	46%	45%	Boeing 737 and 737 MAX Boeing 787 Dreamliner Airbus A320/A330/A350 Rolls-Royce Engines	 4-6%	Aircraft and engine OEM build rates and shipset gains support growth through the medium-term.
<b>Military and Space</b>	42%	50%	Black Hawk Helicopter Trident Missile System Tomahawk Missile SM-3 Missile	 0-2%	Proposed two-year DoD budget supports continued strong funding of missile defense systems with some offset in fixed and rotary wing platforms. Growth tempered by current budget.
<b>Industrial</b>	12%	5%	High-end industrial and medical products	 0-1%	Continued strong relationships with existing strategic customers on a more focused customer base. Growth tempered by medium-term industrial outlook.

# Our Customers Want Fewer, More Sophisticated Supplier-Partners

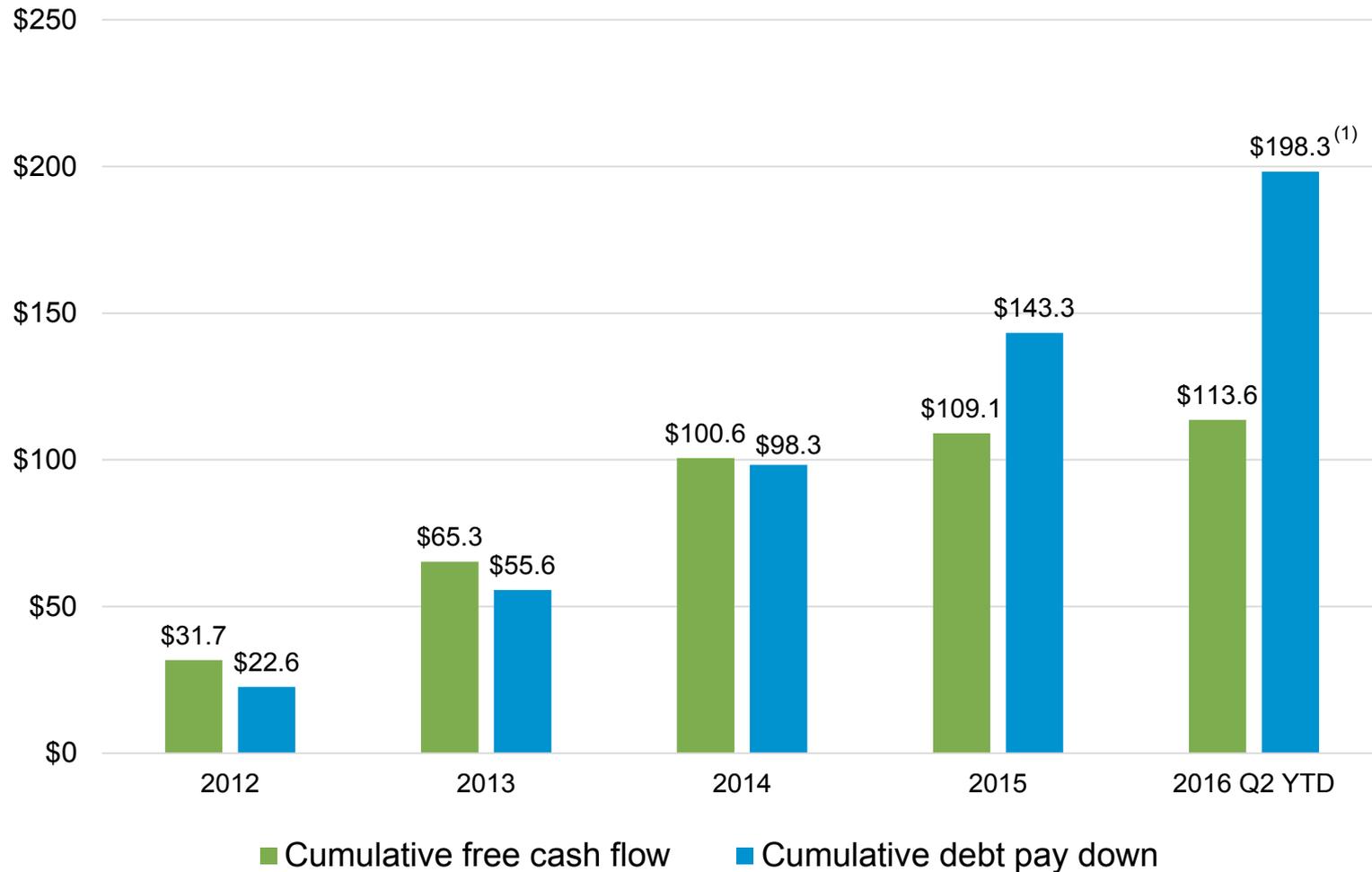
## One-Ducommun Approach



# Why We Win

- ✓ Innovative, value-added solutions for tough technical challenges (e.g., temperature, weight, vibration, pressure)
- ✓ Diverse product capabilities
- ✓ Agile, flexible and adaptable
- ✓ Consistently exceptional customer experience – low-risk partner
- ✓ Electronics and structural integration capabilities for increased technology content
- ✓ Engineering design and rapid prototyping services support innovative outcomes
- ✓ Ease of doing business – common processes across Ducommun

# Strong Free Cash Flow Is Driving Deleveraging



<sup>(1)</sup> Cumulative debt pay down includes net proceeds of \$55 million from divestitures

# Why to Invest in Ducommun

- Defendable niche – high barriers to entry
  - Unique range of capabilities are in demand
  - Long-term relationships with broad base of blue-chip customers
- Well-positioned in large, growing A&D markets
  - Strategically positioned on key platforms
- Transformation into higher margin innovative solutions
- Consistently strong cash flows to reduce debt and fund long-term growth

# Appendix

# Key Facts

## Ducommun Incorporated

Exchange/Ticker	NYSE: DCO
Share price <sup>(1)</sup>	\$22.84
52-week high/low <sup>(1)</sup>	\$24.86/\$12.28
Diluted shares outstanding <sup>(2)</sup>	11.3 million
Market cap <sup>(1)</sup>	\$255.1 million
Cash <sup>(2)</sup>	\$9.2 million
Net debt outstanding <sup>(2)</sup>	\$180.8 million
Enterprise value	\$400.2 million
LTM pro forma revenue <sup>(2)(3)</sup>	\$543.2 million
LTM adjusted EBITDA <sup>(2)(4)</sup>	\$47.5 million

<sup>(1)</sup> As of 9/30/16

<sup>(2)</sup> As of 7/2/16

<sup>(3)</sup> Excludes revenue of \$22.6 million related to the sale of Pittsburgh, \$22.6 million related to the sale of Miltec, and \$5.4 million related to the closure of Houston

<sup>(4)</sup> See detailed calculation on page 20

# Consolidated EBITDA for LTM Q2 2016

*(dollars in thousands)*

Net income (loss)	\$	(55,680)
Gain on divestitures		(18,815)
Depreciation and amortization		24,749
Goodwill and intangible asset impairment		90,180
Interest expense, net		9,936
Income tax provision		(24,897)
Stock-based compensation		3,019
Loss on extinguishment of debt		11,878
Other <sup>(1)</sup>		7,144
<b>Consolidated EBITDA</b>	<b>\$</b>	<b><u>47,514</u></b>

*(1) Includes interest for the legacy LaBarge retirement plans and nonrecurring expenses.*