



# Investor Presentation

Q4 2022

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**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 the Company’s management. Generally, forward-looking statements include information concerning the Company’s possible or assumed future actions, events or results of operations. Forward-looking statements specifically include, without limitation, the information in this presentation regarding: our expected top-line growth, margin expansion, targeted aftermarket mix percentage, and key tenets of our shareholder value creation strategy, all through 2027; the expected results, annualized savings and timing of our footprint restructuring initiative, including but not limited to the timing of a potential sale of real estate assets; estimated build rates for narrow body aircraft; our M&A strategy, vision, outlook and timing expectations; and our expectations relating to offloading by defense primes.

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The Company cautions the reader that undue reliance should not be placed on any forward-looking statements, which speak only as of the date of this presentation. The Company does 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.

**Non-GAAP Financial Measures:** This presentation includes certain non-GAAP financial measures, such as adjusted EBITDA, adjusted EBITDA margin and backlog. For a reconciliation of such non-GAAP financial measures to the closest GAAP measure as well as why management believes these measures are useful, see “Non-GAAP Financial Measures” in the Appendix of this presentation.

**Other:** The inclusion of information in this presentation does not mean that such information is material or that disclosure of such information is required.

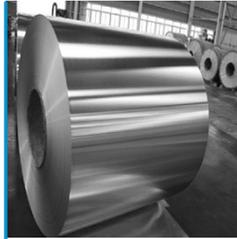
**Industry and Customer Information:** Market data and industry information used throughout this presentation are based on management’s knowledge of the industry and the good faith estimates of management. The Company also relied, to the extent available, upon management’s review of independent industry surveys and publications and other publicly available information prepared by a number of third party sources. All of the market data and industry information used in this presentation involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Although the Company believes that these sources are reliable, the Company cannot guarantee the accuracy or completeness of this information, and the Company has not independently verified this information. While the Company believes the estimated market position, market opportunity and market size information included in this presentation are generally reliable, such information, which is derived in part from management’s estimates and beliefs, is inherently uncertain and imprecise. No representations or warranties are made by the Company or any of its affiliates as to the accuracy of any such statements or projections. Projections, assumptions and estimates of the Company’s future performance and the future performance of the industry in which the Company operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described above. These and other factors could cause results to differ materially from those expressed in the Company’s estimates and beliefs and in the estimates prepared by independent parties. Further, the inclusion of customer logos or references to specific programs in this presentation is not an endorsement by the Company.

# Our Rich History



**1849**

Founded as a watch business, & then general store, during Gold Rush years.



**1950s**

Becomes largest metals materials supplier to the Aerospace industry in Southern Calif.



**2000s**

Expands into Engineered Products through strategic acquisitions.



**1848**

California becomes part of the United States.



**1930s**

Provides aircraft aluminum to Aerospace pioneers Lindbergh, Douglas and Lockheed.



**1960s**

Diversifies into distribution of electronic components for the Aerospace industry.



**2017+**

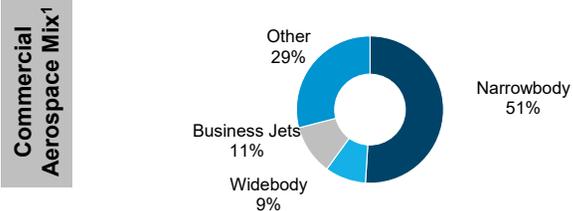
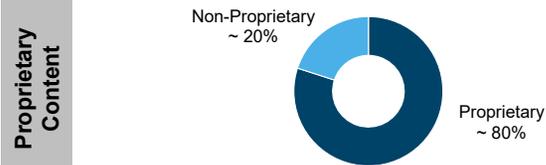
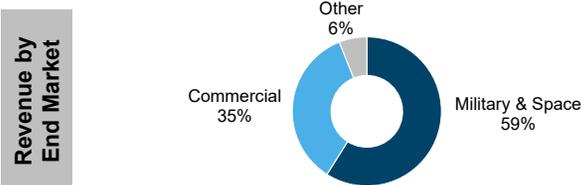
Sharpens strategic focus on Aerospace & Defense along with streamlining the organization and acquiring four companies.

# Our Company

2022 Revenue:  
**\$713M**

2022 Adjusted EBITDA  
Margin:  
**13.3%**

2022 Ending  
Backlog:  
**\$961M**



## Diverse Product Content on Large and Growing Platforms...

### Military Aircraft



### Commercial Aircraft



### Missiles & Radar



### Space, UAS, Ground Vehicles



## ...Across a Broad Range of Customers



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

# Our Leadership Team



Stephen Oswald  
*Chairman, President, and CEO*  
KKR United Technologies



Christopher Wampler  
*VP, CFO, Controller & Treasurer*



Jerry Redondo  
*SVP of Operations & Head of Structures*



Suman Mookerji  
*VP, Corporate Development, Investor Relations, LDS & MAGSEAL*



Rajiv Tata  
*VP, General Counsel & Corporate Secretary*



Laureen Gonzalez  
*VP & Chief Human Resources Officer*



Best-in-class management with deep operational and industry experience

# Key Investment Highlights

1 Expanding Portfolio of Proprietary Product businesses across several Niche Segments

2 Commercial Aerospace Recovery with Content on Key Platforms

3 Resilient Defense Business with Strong Long Term Macro Tailwinds

4 Tier 1 Industry Player Entirely Focused on Aerospace & Defense

5 Differentiated manufacturing services capabilities

6 Cost reduction initiatives provide margin runway in manufacturing service businesses

7 Monetize real estate assets in California

8 Demonstrated M&A Strategy and Execution

9 Good Environmental, Social, and Corporate Governance Track Record

*Driving shareholder  
value through 2027*

# Expanding Portfolio of Engineered Product Businesses

	Human Machine Interface Products	Acquisition (2019) Ammunition Handling Systems	Acquisition (2021) Magnetic Seals	Acquisition (2017) Lightning Protection	Acquisition (2018) Thermoplastic Extrusions	RF Switches	Motors & Resolvers
							
	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
Proprietary Designs	☑	☑	☑	☑	*	☑	☑
Significant Sole Source Positions	☑	☑	☑	☑	☑	☑	☑
Aftermarket content	☑	☑	☑	☑	☑	☑	☑

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

Increased aftermarket\*\* mix from 6% in 2017 to ~10% in 2022 with a target of 15% by 2027

# Well Positioned on Key Commercial Aerospace Platforms

Shipset value estimate

## Boeing Recovery Play – Content on MAX and 787

**BOEING**

Significant content with titanium superplastic and hot form, thermoplastic and lightning protection products

737MAX ramp up slower than previous estimates but expected to recover through 2027

787 production resumption a positive



737MAX

~\$175k



787

~\$90k

## Case Study: Growth with Airbus Platforms

**AIRBUS**

3X growth in revenues from Airbus platforms from 2017 through 2022

Achieved D2P Supplier status with Airbus in 2020

5-year contract with additional 2-year option received in 2021 for A320 family and A330 platforms



A220

~\$150k



A320 family

~\$55k



A330

~\$45k

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



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

# Tier 1 Industry Player Entirely Focused on Aerospace & Defense



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

## Defense Majors and Commercial Aerospace OEM Customers



## Tier 2 Customers



# Differentiated Manufacturing Services Capabilities

Titanium Hot & SuperPlastic forming	Circuit card assemblies & box builds	Ruggedized Interconnects	Complex Stretch Form & Chem Mill	VersaCore Composites
				
<p>Largest non-OEM titanium hot forming and super plastic forming provider<sup>1</sup> in the world</p>	<p>Significant trusted low-cost domestic footprint Engineering design &amp; rapid prototyping services</p>	<p>Unique capability to stretch and chem mill large structural components including skins</p>	<p>Proprietary VersaCore Composite™ – Nacelle Components with opportunity to expand to other applications</p>	
 <p><b>Rapidly expanding narrowbody fleet</b></p>	 <p><b>Continued use of light-weight materials</b></p>	 <p><b>Increasing electronics content</b></p>	 <p><b>Increased on-shoring of manufacturing</b></p>	

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

# Cost Reduction Initiatives to Support Margin Growth

## Facility Consolidation

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



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



Coxsackie,  
New York

Guaymas,  
Mexico

Joplin,  
Missouri

## Low Cost Footprint Expansion

### Guaymas, Mexico

Increased square footage from 62k pre-pandemic  
to 117k in Q4 2022

Expanded capabilities beyond VersaCore to metal  
bond and wire harnesses



Consolidate redundant footprint & expand low-cost capability driving anticipated **\$11-13M in annual savings**

# Monetize Real Estate Assets

## 2021 Sale Leaseback of Gardena facility



Gardena, California

**\$143M sale with \$111M in after tax proceeds funded MagSeal acquisition and Debt Paydown**

**~\$5M recurring annual OI impact from rent and property taxes**

## 2023 Planned Sale of Monrovia facility



Monrovia, California

**274k sq ft facility | ~9 acres of land**

**Targeting 2H 2023 sale**

# M&A Strategy

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## Mission

Acquire proprietary engineered A&D product businesses that have sufficient runway for Ducommun to create significant value for its shareholders

## Vision 2027

Transition to higher engineered product content and aftermarket revenues while continuing to build a portfolio of niche A&D businesses that are industry leaders in innovation and customer satisfaction

25%+  
engineered  
products

15%+  
aftermarket

# Evolution of Ducommun's Financial Profile

(\$ millions)

		FY 2016	FY 2022	Change
Market Statistics	Market Capitalization <sup>1</sup>	\$286	\$704	146%
	Enterprise Value <sup>2</sup>	\$449	\$906	102%
Financial	Net Revenues	\$551	\$713	29%
	Adj. EBITDA	\$55	\$95	71%
	Adj. EBITDA %	10%	13%	~300 bps

<sup>1</sup> FY2016 based on closing share price of \$25.56 as of December 30, 2016 and 11.2M common shares outstanding. FY 2022 based on closing share price of \$58.12 as of February 15, 2023 and 12.1M common shares outstanding as of December 31, 2022.

<sup>2</sup> FY2016 and FY2022 assumes \$163M and \$202M of net debt, respectively.

# Historical Key Financial Data

## Historical Key Financial Data

(\$ millions, unless stated otherwise)

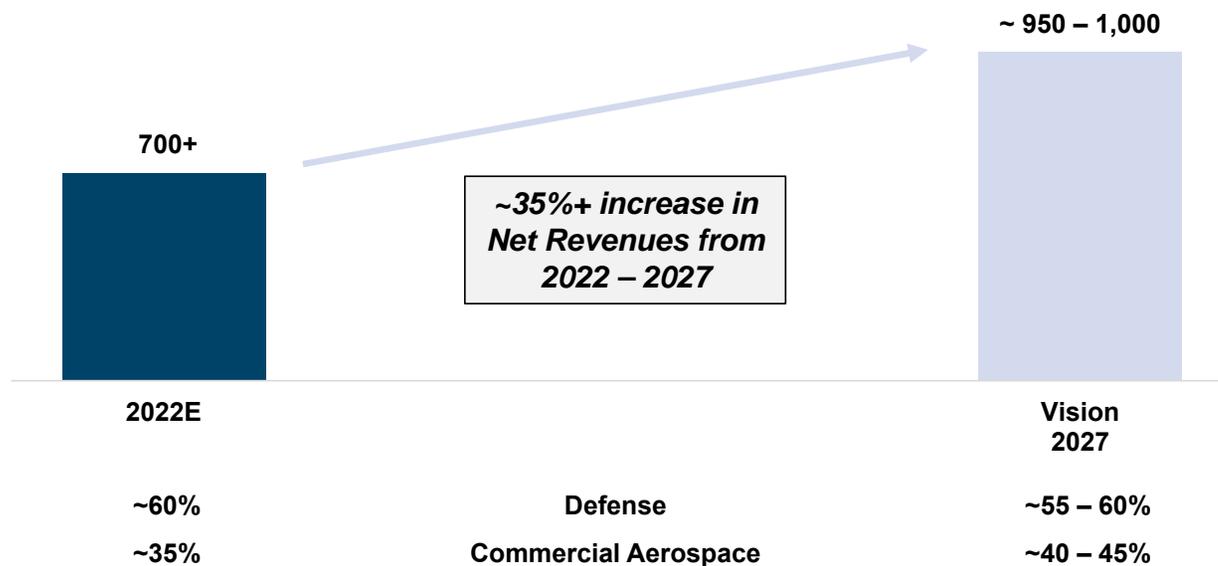
	Year Ending						
	2016	2017	2018	2019	2020	2021	2022
Revenue	551	558	629	721	629	645	713
Adj. EBITDA	55	54	71	92	88	93	95
<i>Adj. EBITDA %</i>	10%	10%	11%	13%	14%	14%	13%
Net Debt	163	216	223	270	264	211	202
<i>Leverage Ratio</i>	3.0	3.4	3.0	3.1	2.9	2.3	2.2

# Vision 2027

(This page is from our December 8, 2022 Investor Day Presentation)

(\$ millions)

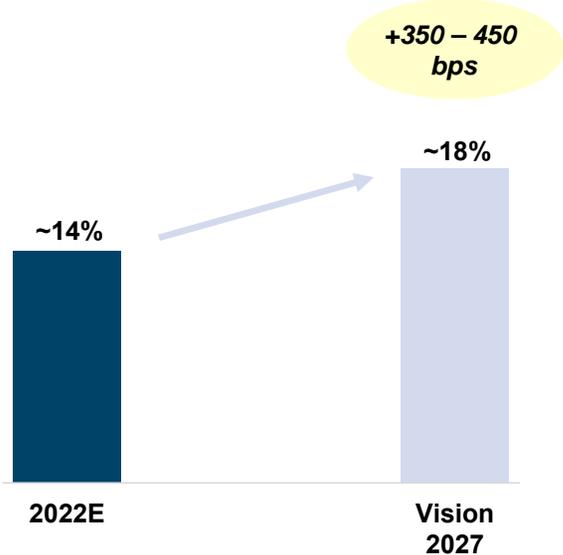
**~\$950 Million – \$1 Billion of Net Revenues by 2027 (6-7% CAGR)**



# Vision 2027

(This page is from our December 8, 2022 Investor Day Presentation)

## Adj. EBITDA Margin (%)



Scale from continued Commercial Aerospace recovery and Defense growth

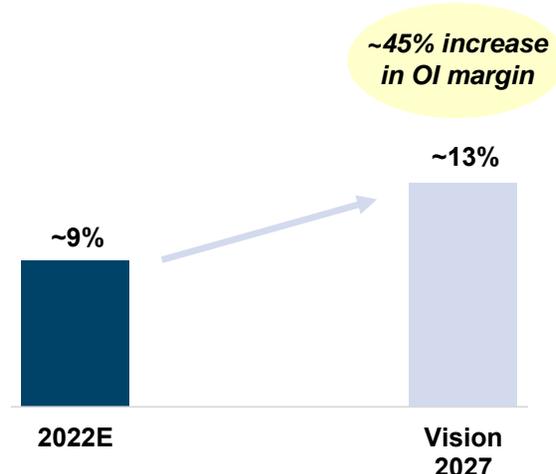
Strategic acquisitions

Pricing strategy focused on value

Facility consolidation

Cost reductions and improved investment decisions

## Adj. Operating Income Margin (%)



# Vision 2027 – Key Tenets

(This page is from our December 8, 2022 Investor Day Presentation)

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

# Key Investment Highlights

1 Expanding Portfolio of Proprietary Product businesses across several Niche Segments

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*Driving shareholder  
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# Appendix

# Non-GAAP Financial Measures

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**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, Guaymas fire related expenses, insurance recoveries related to business interruption, inventory purchase accounting adjustments, loss on extinguishment of debt, and other debt refinancing costs), adjusted EBITDA 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.

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 or less. The majority of the LTAs do not meet the definition of a contract under ASC 606 and thus, the backlog amount disclosed herein is greater than the remaining performance obligations disclosed 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.

# Key Facts

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## Ducommun Incorporated

Exchange: Ticker symbol	NYSE: DCO
Share price <sup>(1)</sup>	\$58.12
52-week high / low share price <sup>(2)</sup>	\$58.28 / \$38.89
Common shares outstanding <sup>(3)</sup>	12.1 million
Market cap <sup>(4)</sup>	\$703.6 million
Cash <sup>(3)</sup>	\$46.2 million
Net debt outstanding <sup>(5)</sup>	\$202.2 million
Enterprise value <sup>(6)</sup>	\$905.8 million
2022 revenue	\$712.5 million
2022 adjusted EBITDA <sup>(7)</sup>	\$94.7 million

# Adjusted EBITDA for 2022

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*(dollars in thousands)*

Net income	\$	28,789
Interest expense		11,571
Income tax expense		4,533
Depreciation		14,535
Amortization		16,886
Stock-based compensation		10,744
Restructuring charges		6,686
Guaymas fire related expenses		4,466
Insurance recoveries		(5,400)
Inventory purchase accounting adj		1,381
Loss on extinguishment of debt		295
Other debt refinancing costs		224
<b>2022 Adjusted EBITDA</b>	<b>\$</b>	<b><u>94,710</u></b>

# Non-GAAP Reconciliation for Backlog

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	<u><b>12/31/2022</b></u>
Remaining Performance Obligations <sup>1</sup>	<u><u>\$853</u></u>
Backlog <sup>2</sup>	<u><u>\$961</u></u>

*Note: There is no reconciliation between GAAP remaining performance obligations and the non-GAAP backlog amount.*

<sup>1</sup> *Based on customer placed purchase orders with firm fixed price and firm delivery dates.*

<sup>2</sup> *Based on customer placed purchase orders and long-term agreements with firm fixed price and expected delivery dates of 24 months or less.*

# Structural Systems – Key Sectors and Applications

## Commercial Aircraft



- Titanium hot and super plastic formed detailed parts
- Composite / metal bond secondary flight control surfaces
- Large aluminum stretch formed and chemical milled fuselage and airframe skins
- VersaCore Composite™ nacelle components
- Extruded thermoplastics



## Military Rotorcraft



- Metal bond blades and abrasion strips
- Titanium exhaust ducts, door surrounds and bulkheads
- Magnetic and mechanical seals
- Ammunition handling systems
- Approved OEM / Government repair depot



## Missiles, Ground Vehicles, and Other



- Composite missile cases with integrated electronics
- Titanium and other hard metal dorsal fins
- Ammunition handling systems



## Business Jets



- Superplastic formed titanium inlet ducts
- Stretch formed aluminum lithium wing support structures
- Magnetic seals



# Electronic Systems – Key Sectors & Applications

## Missiles & Radar



Patriot/LTAMDS



NASAMS



Tomahawk



SM3/6

- Integrated systems for missile guidance/control, seeker and power distribution
- Circuit cards for weapon navigation, guidance and control and telemetry
- Interconnects
- Wing deploy & control actuation system motors



## Military Aircraft and UAVs



F-35



B-21 Raider



F-15EX



Coyote B3NK

- Integrated electronic boxes and radar racks
- Interconnects for avionics, radar, sensors, fuel and weapons systems
- Circuit card assemblies
- Cockpit panel assemblies and switches
- Lightning protection
- RF components



## Naval



SPY-6



Virginia-class Submarine



Aegis/DDG-51



AN/BLQ-10

- Circuit card assemblies for advance naval radar systems
- Interconnects and complex electronic boxes
- Interconnects for the hull penetrator on warfare systems
- Electronic assemblies for the controller & detector



## Space and Communications



Viasat



Inmarsat 6



Artemis



Mars Rover

- Modem and server electronic boxes for In-flight Entertainment (IFE) systems
- Interconnect products for solid fuel boosters
- IFE radome lightning protection
- Resolvers for Mars Rover
- Satellite high power RF switch units



## Commercial and Business Aviation



B787



B737 MAX



Legacy aftermarket

- Engine start switch modules including legacy models
- Time delay relays and other cockpit panels and switches
- Nose, fuselage and tail radome lightning protection
- Surge suppression for power distribution and common core systems
- Strong legacy aftermarket across many programs



# Extensive Offerings on Commercial & Military Fixed Wing Aircraft



## ELECTRONIC SYSTEMS

- 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
- ⑨ Lightning diverter strips and suppressors

## STRUCTURAL SYSTEMS

- ⑩ Ailerons, spoilers and other flight control surfaces
- ⑪ Fuselage skins
- ⑫ Passenger and cargo doors
- ⑬ Window surrounds
- ⑭ Engine ducts
- ⑮ Exhaust ducts and nozzles
- ⑯ Tail cones
- ⑰ Extruded plastics (interior)
- ⑱ Magnetic & mechanical seals

# Diverse Content on Key Missile & Munitions Platforms for Land, Sea & Air

**ELECTRONIC SYSTEMS**

- 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
- ⑩ Mission critical components and assemblies for missile defense programs
- ⑪ Turret control systems

**STRUCTURAL SYSTEMS**

- ⑫ Missile defense structural applications
- ⑬ Ammunition feed and eject chutes
- ⑭ Complete ammunition handling systems
- ⑮ Magnetic seals

**ELECTRONIC SYSTEMS**

- ① Target acquisition systems
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**STRUCTURAL SYSTEMS**

- ⑫ Missile defense structural applications
- ⑬ Ammunition feed and eject chutes
- ⑭ Complete ammunition handling systems
- ⑮ Magnetic seals

# Expansive Footprint on Commercial & Military Rotary Aircraft



## ELECTRONIC SYSTEMS

- 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

## STRUCTURAL SYSTEMS

- 8 Rotor blades and blade abrasion strips
- 9 Engine and exhaust ducts, nozzles and heat shields
- 10 Door surrounds and bulkheads
- 11 Window surrounds
- 12 Magnetic & mechanical seals

## Additional Information

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For additional information on our organization, please refer to our Investor Day Presentation from December 8<sup>th</sup>, 2022 which can be found on our Investor Relations tab at [www.Ducommun.com](http://www.Ducommun.com)