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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d)**  
**of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): October 28, 2020**

**DUCOMMUN INCORPORATED**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-08174**  
(Commission  
File Number)

**95-0693330**  
(IRS Employer  
Identification No.)

**200 Sandpointe Avenue, Suite 700 , Santa Ana, California**  
(Address of principal executive offices)

**92707-5759**  
(Zip Code)

**Registrant's telephone number, including area code (657) 335-3665**

**N/A**  
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$.01 par value per share	DCO	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02 Results of Operations and Financial Condition.**

Ducommun Incorporated issued a press release on October 28, 2020 in the form attached hereto as Exhibit 99.1.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<b><u>Exhibit No.</u></b>	<b><u>Exhibit Title or Description</u></b>
<a href="#">99.1</a>	<a href="#">Ducommun Incorporated press release issued on October 28, 2020.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: October 28, 2020

DUCOMMUN INCORPORATED  
(Registrant)

By: /s/ Christopher D. Wampler

Christopher D. Wampler

Vice President, Interim Chief Financial Officer and Treasurer, and  
Controller and Chief Accounting Officer



## NEWS RELEASE

### Ducommun Incorporated Reports Results for the Third Quarter Ended September 26, 2020

*40% Growth in Military and Space Revenue and Strong Electronics Operating Income Buffer Impact from  
Commercial Aerospace Challenges*

SANTA ANA, CALIFORNIA (October 28, 2020) – Ducommun Incorporated (NYSE:DCO) (“Ducommun” or the “Company”) today reported results for its third quarter ended September 26, 2020.

#### Third Quarter 2020 Recap

- Revenue was \$150.4 million
- Net income of \$6.5 million, or \$0.54 per diluted share
- Adjusted net income of \$8.3 million, or \$0.69 per diluted share
- Gross margin increased 110 basis points year-over-year to 22.3%
- Adjusted EBITDA increased 130 basis points year-over-year to 14.4% of revenue

“Ducommun’s results due to our defense business and operational performance really shined in the third quarter despite significant headwind from the pandemic in commercial aerospace along with the continued grounding of the 737 MAX,” said Stephen G. Oswald, chairman, president and chief executive officer. “The defense business grew 40% year-over-year, reflecting a diverse array of demand for nearly all aspects of the Company’s product portfolio. Our military and space backlog\* remains at record levels as well, positioning the Company for continued strong performance in this part of our business now and in 2021.

“At the same time, our relentless focus on efficiency, asset utilization and cost reduction resulted in gross margins rising 110 basis points year-over-year to 22.3% along with adjusted operating margins of 8.2%, versus 8.1% in 2019. Our Electronic Systems segment posted particularly robust results, with revenue up 14% and adjusted operating income of 14.7%, a 400 basis points improvement. EPS was also \$0.69 per diluted share on an adjusted basis which was a \$0.21 per diluted share increase from Q2. I’m very pleased with this standout performance and want to extend a special thanks to our dedicated employees who are outperforming the current challenging conditions.

“While near term shipments within the commercial aerospace market will remain under pressure, our operations’ footprint and capacity are ready to support the eventual demand increases. We are also cautiously optimistic given the recent positive statements about the 737 MAX’s return to service. Overall, Ducommun is well positioned to weather the remaining headwinds and is prepared for strengthening economic fundamentals and a return to revenue growth for the Company in 2021.”

#### Third Quarter Results

Net revenue for the third quarter of 2020 was \$150.4 million compared to \$181.1 million for the third quarter of 2019. The year-over-year decrease of 17.0% was primarily due to the following:

- \$62.9 million lower revenue in the Company’s commercial aerospace end-use markets due to lower build rates on large aircraft platforms; partially offset by
- \$33.4 million higher revenue in the Company’s military and space end-use markets due to additional content and higher build rates on other military and space platforms, higher build rates on military fixed-wing aircraft platforms and various missile platforms.

Net income for the third quarter of 2020 was \$6.5 million, or \$0.54 per diluted share, compared to \$8.3 million, or \$0.70 per diluted share, for the third quarter of 2019. This reflects a \$4.9 million decrease in gross profit due to lower revenue and higher restructuring charges of \$1.1 million, partially offset by lower SG&A expenses of \$1.6 million.

Gross profit for the third quarter of 2020 was \$33.5 million, or 22.3% of revenue, compared to gross profit of \$38.3 million, or 21.2% of revenue, for the third quarter of 2019. The increase in gross profit margin as a percentage of net revenue year-over-year was due to favorable product mix, partially offset by unfavorable manufacturing volume.

Operating income for the third quarter of 2020 was \$10.3 million, or 6.8% of revenue, compared to \$14.6 million, or 8.1% of revenue, in the comparable period last year. The year-over-year decrease of \$4.3 million was due to lower revenue, partially offset by lower SG&A expenses. Adjusted operating income for the third quarter of 2020 was \$12.4 million, or 8.2% of revenue, compared to \$14.6 million, or 8.1% of revenue, in the comparable period last year.

Interest expense for the third quarter of 2020 was \$3.1 million compared to \$4.4 million in the comparable period of 2019. The year-over-year decrease was due to lower interest rates, partially offset by a higher outstanding balance on the Company's credit facilities driven by the acquisition of Nobles Worldwide, Inc. ("Nobles") in October 2019, and higher net draw downs on the Company's revolving credit facility, including \$50.0 million during the first quarter of 2020, which remained as cash on hand at the end of the third quarter of 2020.

Adjusted EBITDA for the third quarter of 2020 was \$21.6 million, or 14.4% of revenue, compared to \$23.6 million, or 13.1% of revenue, for the comparable period in 2019.

During the third quarter of 2020, the net cash provided by operations was \$4.9 million compared to \$12.0 million during the third quarter of 2019. The change year-over-year was due to higher contract assets and lower accounts payable, partially offset by higher contract liabilities and lower accounts receivable.

\* The Company defines backlog as potential revenue and is based on customer placed purchase orders and long-term agreements ("LTAs") with firm fixed price and expected delivery dates of 24 months or less. Backlog as of September 26, 2020 was \$796.0 million compared to \$910.2 million as of December 31, 2019. Under ASC 606, the Company defines remaining performance obligations as customer placed purchase orders with firm fixed price and firm delivery dates. The remaining performance obligations disclosed under ASC 606 as of September 26, 2020 were \$746.1 million compared to \$745.3 million as of December 31, 2019.

## **Business Segment Information**

### Electronic Systems

Electronic Systems segment net revenue for the quarter ended September 26, 2020 was \$103.5 million, compared to \$90.6 million for the third quarter of 2019. The year-over-year increase was primarily due to the following:

- \$23.1 million higher revenue within the Company's military and space end-use markets due to higher build rates on other military and space platforms and military fixed-wing aircraft platforms; partially offset by
- \$9.0 million lower revenue within the Company's commercial aerospace end-use markets due to lower build rates on other commercial aerospace platforms, large aircraft platforms, and commercial rotary-wing aircraft platforms.

Electronic Systems segment operating income for the quarter ended September 26, 2020 was \$14.9 million, or 14.4% of revenue, compared to \$9.7 million, or 10.7% of revenue, for the comparable quarter in 2019. The year-over-year increase of \$5.2 million was due to favorable volume and favorable mix.

### Structural Systems

Structural Systems segment net revenue for the quarter ended September 26, 2020 was \$46.9 million, compared to \$90.5 million for the third quarter of 2019. The year-over-year decrease was due to the following:

- \$53.9 million lower revenue within the Company's commercial aerospace end-use markets due to lower build rates on large aircraft platforms; partially offset by
- \$10.3 million higher revenue within the Company's military and space end-use markets due to higher build rates on military rotary-wing aircraft platforms, various missile platforms, and military fixed-wing aircraft platforms.

Structural Systems segment operating income for the quarter ended September 26, 2020 was \$1.8 million, or 3.8% of revenue, compared to \$12.9 million, or 14.2% of revenue, for the comparable quarter in 2019. The year-over-year decrease of \$11.1 million was due to unfavorable manufacturing volume.

Structural Systems segment adjusted operating income for the quarter ended September 26, 2020 was \$3.6 million, or 7.7% of revenue, compared to \$12.9 million, or 14.2% of revenue, for the comparable quarter in 2019.

#### Corporate General and Administrative (“CG&A”) Expenses

CG&A expenses for the third quarter of 2020 were \$6.4 million, or 4.2% of total Company revenue, compared to \$7.9 million, or 4.4% of total Company revenue, for the comparable quarter in the prior year. The decrease in CG&A expenses was due to lower professional services fees of \$1.1 million.

#### **Conference Call**

A teleconference hosted by Stephen G. Oswald, the Company’s chairman, president, and chief executive officer, and Christopher D. Wampler, the Company’s vice president, interim chief financial officer and treasurer, and controller and chief accounting officer will be held today, October 28, 2020 at 2:00 p.m. PT (5:00 p.m. ET) to review these financial results. To participate in the teleconference, please call 844-239-5278 (international 574-990-1017) approximately 10 minutes prior to the conference time. The participant passcode is 5817565. Mr. Oswald and Mr. Wampler will be speaking on behalf of the Company and anticipate the call (including Q&A) to last approximately 45 minutes.

This call is being webcast and can be accessed directly at the Ducommun website at [Ducommun.com](http://Ducommun.com). Conference call replay will be available after that time at the same link or by dialing 855-859-2056, passcode 5817565.

#### **About Ducommun Incorporated**

Ducommun Incorporated delivers value-added innovative manufacturing solutions to customers in the aerospace, defense and industrial markets. Founded in 1849, the Company specializes in two core areas - Electronic Systems and Structural Systems - to produce complex products and components for commercial aircraft platforms, mission-critical military and space programs, and sophisticated industrial applications. For more information, visit [Ducommun.com](http://Ducommun.com).

#### **Forward Looking Statements**

*This press release and any attachments include “forward-looking statements,” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, in particular, earnings guidance and any statements about the Company’s plans, strategies and prospects. The Company generally uses the words “may,” “will,” “could,” “expect,” “anticipate,” “believe,” “estimate,” “plan,” “intend,” “continue” and similar expressions in this press release and any attachments to identify forward-looking statements. The Company bases these forward-looking statements on its current views with respect to future events and financial performance. Actual results could differ materially from those projected in the forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions, including, among other things: whether the anticipated pre-tax restructuring charges will be sufficient to address all anticipated restructuring costs, including related to employee separation, facilities consolidation, inventory write-down and other asset impairments; whether the expected cost savings from the restructuring will ultimately be obtained in the amount and during the period anticipated; whether the restructuring in the affected areas will be sufficient to build a more cost efficient, focused, higher margin enterprise with higher returns for the Company’s shareholders; the impact of the Company’s debt service obligations and restrictive debt covenants; the Company’s end-use markets are cyclical; the Company depends upon a selected base of industries and customers; a significant portion of the Company’s business depends upon U.S. Government defense spending; the Company is subject to extensive regulation and audit by the Defense Contract Audit Agency; contracts with some of the Company’s customers contain provisions which give the its customers a variety of rights that are unfavorable to the Company; further consolidation in the aerospace industry could adversely affect the Company’s business and financial results; the Company’s ability to successfully make acquisitions, including its ability to successfully integrate, operate or realize the projected benefits of such businesses; the Company relies on its suppliers to meet the quality and delivery expectations of its customers; the Company uses estimates when bidding on fixed-price contracts which estimates could change and result in adverse effects on its financial results; the impact of existing and future laws and regulations; the impact of existing and future accounting standards and tax rules and regulations; environmental liabilities could adversely affect the Company’s financial results; cyber security attacks, internal system or service failures may adversely impact the Company’s business and operations; the ultimate geographic spread, duration and severity of the coronavirus (COVID-19) outbreak, and the effectiveness of actions taken, or actions that may be taken, by governmental authorities to contain the outbreak or treat its impact, and other risks and uncertainties, including those detailed from time to time in the Company’s periodic reports filed with the Securities and Exchange Commission. You should not put undue reliance on any forward-looking statements. You should understand that many important factors, including those discussed herein, could cause the*

*Company's results to differ materially from those expressed or suggested in any forward-looking statement. Except as required by law, the Company does not undertake any obligation to update or revise these forward-looking statements to reflect new information or events or circumstances that occur after the date of this news release, October 28, 2020, or to reflect the occurrence of unanticipated events or otherwise. Readers are advised to review the Company's filings with the Securities and Exchange Commission (which are available from the SEC's EDGAR database at [www.sec.gov](http://www.sec.gov)).*

#### **Note Regarding Non-GAAP Financial Information**

This release contains non-GAAP financial measures, including Adjusted EBITDA (which excludes interest expense, income tax expense, depreciation, amortization, stock-based compensation expense, restructuring charges, and Guaymas fire related expenses).

The Company believes the presentation of these non-GAAP 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 Ducommun'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. We define backlog as potential revenue and is based on 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 our 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 our net revenues. Backlog in industrial markets tends to be of a shorter duration and is generally fulfilled within a three month period. As a result of these factors, trends in our overall level of backlog may not be indicative of trends in our future net revenues.

#### **CONTACTS:**

Christopher D. Wampler, Vice President, Interim Chief Financial Officer and Treasurer, and Controller and Chief Accounting Officer, 657.335.3665

Chris Witty, Investor Relations, 646.438.9385, [cwitty@darrowir.com](mailto:cwitty@darrowir.com)

[Financial Tables Follow]

DUCOMMUN INCORPORATED AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)  
(Dollars in thousands)

	September 26, 2020	December 31, 2019
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 74,555	\$ 39,584
Accounts receivable, net	62,805	67,133
Contract assets	140,717	106,670
Inventories	127,038	112,482
Production cost of contracts	7,552	9,402
Other current assets	12,438	5,497
Total Current Assets	425,105	340,768
Property and equipment, Net	107,003	115,216
Operating lease right-of-use assets	17,098	19,105
Goodwill	170,830	170,917
Intangibles, net	128,019	138,362
Deferred income taxes	58	55
Other assets	5,248	6,006
<b>Total Assets</b>	<b>\$ 853,361</b>	<b>\$ 790,429</b>
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities		
Accounts payable	\$ 65,692	\$ 82,597
Contract liabilities	26,833	14,517
Accrued and other liabilities	35,276	37,620
Operating lease liabilities	3,106	2,956
Current portion of long-term debt	7,000	7,000
Total Current Liabilities	137,907	144,690
Long-term debt, less current portion	340,324	300,887
Non-current operating lease liabilities	15,346	17,565
Deferred income taxes	18,405	16,766
Other long-term liabilities	21,944	17,721
Total Liabilities	533,926	497,629
Commitments and contingencies		
Shareholders' Equity		
Common stock	117	116
Additional paid-in capital	94,783	88,399
Retained earnings	232,074	212,553
Accumulated other comprehensive loss	(7,539)	(8,268)
Total Shareholders' Equity	319,435	292,800
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 853,361</b>	<b>\$ 790,429</b>



DUCOMMUN INCORPORATED AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(Unaudited)  
(Dollars in thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
Net Revenues	\$ 150,371	\$ 181,101	\$ 471,155	\$ 534,162
Cost of Sales	116,906	142,774	368,218	422,076
Gross Profit	33,465	38,327	102,937	112,086
Selling, General and Administrative Expenses	22,093	23,724	67,253	71,031
Restructuring Charges	1,107	—	1,768	—
Operating Income	10,265	14,603	33,916	41,055
Interest Expense	(3,101)	(4,363)	(11,068)	(13,140)
Other Income	99	—	99	—
Income Before Taxes	7,263	10,240	22,947	27,915
Income Tax Expense	762	1,937	3,426	4,325
Net Income	<u>\$ 6,501</u>	<u>\$ 8,303</u>	<u>\$ 19,521</u>	<u>\$ 23,590</u>
Earnings Per Share				
Basic earnings per share	\$ 0.56	\$ 0.72	\$ 1.67	\$ 2.05
Diluted earnings per share	\$ 0.54	\$ 0.70	\$ 1.64	\$ 2.00
Weighted-Average Number of Common Shares Outstanding				
Basic	11,703	11,551	11,660	11,501
Diluted	11,959	11,794	11,886	11,784
Gross Profit %	22.3 %	21.2 %	21.8 %	21.0 %
SG&A %	14.7 %	13.1 %	14.3 %	13.3 %
Operating Income %	6.8 %	8.1 %	7.2 %	7.7 %
Net Income %	4.3 %	4.6 %	4.1 %	4.4 %
Effective Tax Rate	10.5 %	18.9 %	14.9 %	15.5 %

**DUCOMMUN INCORPORATED AND SUBSIDIARIES**  
**BUSINESS SEGMENT PERFORMANCE**  
(Unaudited)  
(Dollars in thousands)

	Three Months Ended					Nine Months Ended				
	% Change	September 26, 2020	September 28, 2019	% of Net Revenues 2020	% of Net Revenues 2019	% Change	September 26, 2020	September 28, 2019	% of Net Revenues 2020	% of Net Revenues 2019
<b>Net Revenues</b>										
Electronic Systems	14.2 %	\$ 103,470	\$ 90,588	68.8 %	50.0 %	11.2 %	\$ 293,540	\$ 264,045	62.3 %	49.4 %
Structural Systems	(48.2)%	46,901	90,513	31.2 %	50.0 %	(34.2)%	177,615	270,117	37.7 %	50.6 %
Total Net Revenues	(17.0)%	\$ 150,371	\$ 181,101	100.0 %	100.0 %	(11.8)%	\$ 471,155	\$ 534,162	100.0 %	100.0 %
<b>Segment Operating Income</b>										
Electronic Systems		\$ 14,867	\$ 9,657	14.4 %	10.7 %		\$ 40,427	\$ 28,750	13.8 %	10.9 %
Structural Systems		1,769	12,877	3.8 %	14.2 %		13,373	35,199	7.5 %	13.0 %
		16,636	22,534				53,800	63,949		
Corporate General and Administrative Expenses <sup>(1)</sup>		(6,371)	(7,931)	(4.2)%	(4.4)%		(19,884)	(22,894)	(4.2)%	(4.3)%
Total Operating Income		\$ 10,265	\$ 14,603	6.8 %	8.1 %		\$ 33,916	\$ 41,055	7.2 %	7.7 %
<b>Adjusted EBITDA</b>										
Electronic Systems										
Operating Income		\$ 14,867	\$ 9,657				\$ 40,427	\$ 28,750		
Depreciation and Amortization		3,492	3,569				10,591	10,602		
Restructuring Charges		304	—				332	—		
		18,663	13,226	18.0 %	14.6 %		51,350	39,352	17.5 %	14.9 %
Structural Systems										
Operating Income		1,769	12,877				13,373	35,199		
Depreciation and Amortization		3,528	3,350				10,956	9,750		
Restructuring Charges		803	—				1,436	—		
Guaymas fire related expenses		1,022	—				1,022	—		
		7,122	16,227	15.2 %	17.9 %		26,787	44,949	15.1 %	16.6 %
Corporate General and Administrative Expenses <sup>(1)</sup>										
Operating loss		(6,371)	(7,931)				(19,884)	(22,894)		
Other Income		99	—				99	—		
Depreciation and Amortization		58	73				194	399		
Stock-Based Compensation Expense		2,076	2,051				6,605	5,322		
		(4,138)	(5,807)				(12,986)	(17,173)		
Adjusted EBITDA		\$ 21,647	\$ 23,646	14.4 %	13.1 %		\$ 65,151	\$ 67,128	13.8 %	12.6 %
<b>Capital Expenditures</b>										
Electronic Systems		\$ 586	\$ 1,768				\$ 3,518	\$ 4,820		
Structural Systems		1,796	2,747				4,400	10,108		
Corporate Administration		—	—				—	—		
Total Capital Expenditures		\$ 2,382	\$ 4,515				\$ 7,918	\$ 14,928		

(1) Includes costs not allocated to either the Electronic Systems or Structural Systems operating segments.

**DUCOMMUN INCORPORATED AND SUBSIDIARIES**  
**GAAP TO NON-GAAP OPERATING INCOME RECONCILIATION**  
(Unaudited)  
(Dollars in thousands)

	Three Months Ended				Nine Months Ended			
	September 26, 2020	September 28, 2019	of Net Revenues 2020	of Net Revenues 2019	September 26, 2020	September 28, 2019	of Net Revenues 2020	of Net Revenues 2019
<b>GAAP To Non-GAAP Operating Income</b>								
GAAP Operating income	\$ 10,265	\$ 14,603			\$ 33,916	\$ 41,055		
GAAP Operating income - Electronic Systems	\$ 14,867	\$ 9,657			\$ 40,427	\$ 28,750		
Adjustments:								
Restructuring charges	304	—			332	—		
Adjusted operating income - Electronic Systems	15,171	9,657	14.7 %	10.7 %	40,759	28,750	13.9 %	10.9 %
GAAP Operating income - Structural Systems	1,769	12,877			13,373	35,199		
Adjustments:								
Restructuring charges	803	—			1,436	—		
Guaymas fire related expenses	1,022	—			1,022	—		
Adjusted operating income - Structural Systems	3,594	12,877	7.7 %	14.2 %	15,831	35,199	8.9 %	13.0 %
GAAP Operating loss - Corporate	(6,371)	(7,931)			(19,884)	(22,894)		
Adjustment:								
Restructuring charges	—	—			—	—		
Adjusted operating loss - Corporate	(6,371)	(7,931)			(19,884)	(22,894)		
Total adjustments	2,129	—			2,790	—		
Adjusted operating income	\$ 12,394	\$ 14,603	8.2 %	8.1 %	\$ 36,706	\$ 41,055	7.8 %	7.7 %

DUCOMMUN INCORPORATED AND SUBSIDIARIES  
GAAP TO NON-GAAP EARNINGS AND EARNINGS PER SHARE RECONCILIATION  
(Unaudited)  
(Dollars in thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
<b>GAAP To Non-GAAP Earnings</b>				
GAAP Net income	\$ 6,501	\$ 8,303	\$ 19,521	\$ 23,590
Adjustments:				
Restructuring charges (1)	930	—	1,485	—
Guaymas fire related expenses (1)	858	—	858	—
Total adjustments	1,788	—	2,343	—
Adjusted net income	\$ 8,289	\$ 8,303	\$ 21,864	\$ 23,590

	Three Months Ended		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
<b>GAAP Earnings Per Share To Non-GAAP Earnings Per Share</b>				
GAAP Diluted earnings per share ("EPS")	\$ 0.54	\$ 0.70	\$ 1.64	\$ 2.00
Adjustments:				
Restructuring charges (1)	0.08	—	0.12	—
Guaymas fire related expenses (1)	0.07	—	0.07	—
Total adjustments	0.15	—	0.19	—
Adjusted diluted EPS	\$ 0.69	\$ 0.70	\$ 1.83	\$ 2.00
Shares used for adjusted diluted EPS	11,959	11,794	11,886	11,784

(1) Includes effective tax rate of 16.0% for 2020 adjustments.

DUCOMMUN INCORPORATED AND SUBSIDIARIES  
NON-GAAP BACKLOG\* BY REPORTING SEGMENT  
(Unaudited)  
(Dollars in thousands)

	(In thousands)	
	September 26, 2020	December 31, 2019
<b>Consolidated Ducommun</b>		
Military and space	\$ 505,690	\$ 451,293
Commercial aerospace	268,894	430,642
Industrial	21,411	28,286
Total	\$ 795,995	\$ 910,221
<b>Electronic Systems</b>		
Military and space	\$ 368,841	\$ 311,027
Commercial aerospace	62,212	75,719
Industrial	21,411	28,286
Total	\$ 452,464	\$ 415,032
<b>Structural Systems</b>		
Military and space	\$ 136,849	\$ 140,266
Commercial aerospace	206,682	354,923
Total	\$ 343,531	\$ 495,189

\* The Company defines backlog as potential revenue and is based on customer placed purchase orders and long-term agreements ("LTAs") with firm fixed price and expected delivery dates of 24 months or less. Backlog as of September 26, 2020 was \$796.0 million compared to \$910.2 million as of December 31, 2019. Under ASC 606, the Company defines remaining performance obligations as customer placed purchase orders with firm fixed price and firm delivery dates. The remaining performance obligations disclosed under ASC 606 were \$746.1 million.