



Q2 2025 Earnings Call

Stephen Oswald - Chairman, President and Chief Executive Officer

Suman Mookerji – Senior Vice President, Chief Financial Officer

Aug 7, 2025

Disclosures

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 "believe," "continue," "estimate," "expect," "may," "plan," "potential," "should," "result," "target" 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: our progress towards our expected top-line growth and margin expansion targets pursuant to our shareholder value creation strategy through 2027, the continued growth and recovery of the commercial aerospace industry generally, expectations relating to certain commercial single- and twin-aisle platform build rates through 2027, expected continued offloading by defense primes, expenses expected to be incurred through 2025 and the estimated annualized savings to be realized under the Company's restructuring plan, the Company's revenue outlook for 2025 and our expectations related to the impact of tariffs on our 2025 performance. Although we believe that the expectations reflected in the forward-looking statements are based on reasonable assumptions, these forward-looking statements are subject to numerous factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those projected. We cannot guarantee future results, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. All written and oral forward-looking statements made in connection with this presentation that are attributable to us or persons acting on our behalf are expressly qualified in their entirety by the risk factors and other cautionary statements contained in our filings with the SEC, including our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the Securities and Exchange Commission (SEC).

While it is impossible to identify all such factors, some factors that could cause actual results to differ materially from those estimated by us include, but are not limited to, the risk factors and other cautionary statements contained in our filings with the SEC, including our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the Securities and Exchange Commission (SEC) and the following: our ability to manage and otherwise comply with our covenants with respect to our outstanding indebtedness; legal and regulatory risks, including pending litigation matters generally and any losses arising from litigation relating to the Guaymas performance center fire that may become material, our ability to service our indebtedness; our acquisitions, business combinations, joint ventures, divestitures, or restructuring activities may entail certain operational and financial risks; our ability to generate sufficient amounts of cash to run our business; the cyclicity 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; we are subject to extensive regulation and audit by the Defense Contract Audit Agency; compliance with applicable regulatory requirements and changes in regulatory requirements, including regulatory requirements applicable to government contracts and sub-contracts; our ability to obtain necessary export approvals and licenses for proposed sales to foreign customers; our ability to attract and retain key personnel and avoid labor disruptions; 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 supplier of higher-level assemblies; our ability to adequately protect and enforce our intellectual property rights; our ability to manage the risks associated with international operations and sales; economic and geopolitical developments and conditions; pandemics, such as COVID-19, significantly impacting the global economy and specifically, the commercial aerospace end-use market; disasters, natural or otherwise, damaging or disrupting our operations; unfavorable developments in the global credit markets; our ability to operate within highly competitive markets; technology changes and evolving industry and regulatory standards; possible goodwill and other asset impairments; the potential for environmental liabilities and litigation matters being resolved adversely against us, which may affect our financial results; the risk of cyber security attacks or not being able to detect such attacks; litigation with respect to us; and other risks and uncertainties.

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, except as required by law.

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. We 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 we believe that these sources are reliable, we cannot guarantee the accuracy or completeness of this information, and we have not independently verified this information. While we believe 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 our future performance and the future performance of the industry in which we operate 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 our 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 of the Company.

Non-GAAP Financial Measures: This presentation includes certain non-GAAP financial measures, such as Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Earnings Per Share and backlog. For a reconciliation of such non-GAAP financial measures to the closest GAAP measure not already included in this presentation, see "Non-GAAP Financial Measures" in the Appendix of this presentation.

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

VISION 2027

Revenue

\$950 - \$1,000M

Adj. EBITDA Margin

18%

On-track to meet VISION 2027 targets

Q2 2025 Recap

Record quarterly revenue performance with 16% growth in Defense offsetting weaker Commercial Aerospace

Gross margins of 26.6%, up 60 bps y-o-y

Net Income increased 63% to \$12.6 million and from 3.9% to 6.2% of revenue y-o-y

Adjusted EBITDA at an all-time high of \$32.4 million or 16% of revenue, up 80 bps y-o-y

Q2 2025

Revenue
\$202.3M
Up 3%
y-o-y

GAAP OI	Adjusted OI*
\$17.2M	\$20M
Up 23% y-o-y	Up 1% y-o-y

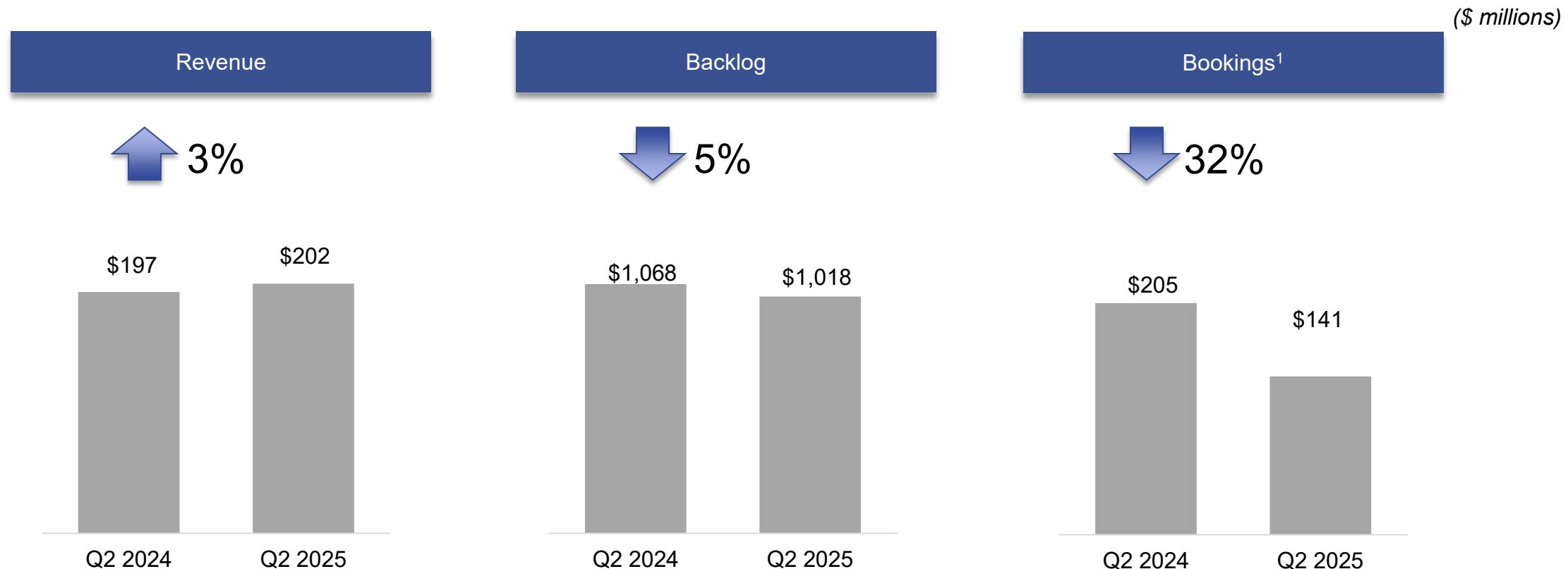
GAAP EPS	Adj EPS
\$0.82	\$0.88



Solid second quarter revenue and Operating Income growth

*See Appendix for additional information regarding this non-GAAP financial measure.

Positive revenue growth with resilient defense backlog



Backlog of \$1,018 million and book-to-bill ratio² of 0.7 for Q2 2025

Reiterating 2025 Full Year Revenue Outlook

2025 Revenue Growth

Mid-Single Digit

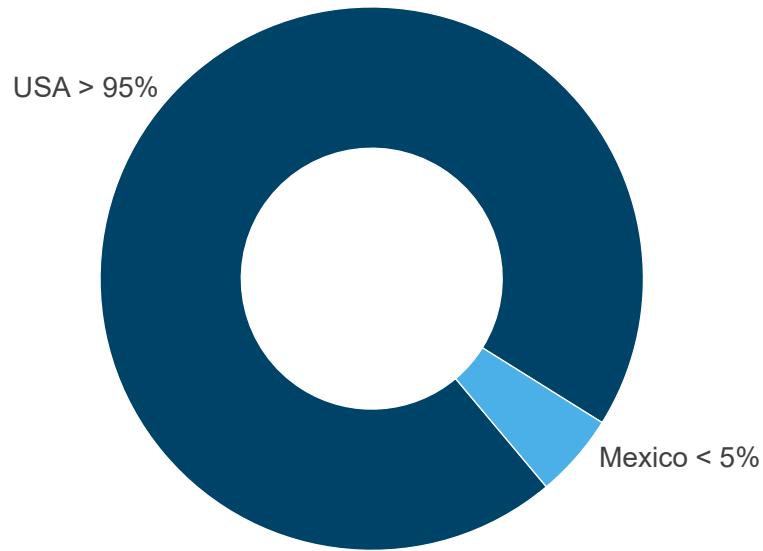
Defense growth continues to gather momentum with strength in missiles and radars

Commercial aerospace destocking impact expected to persist

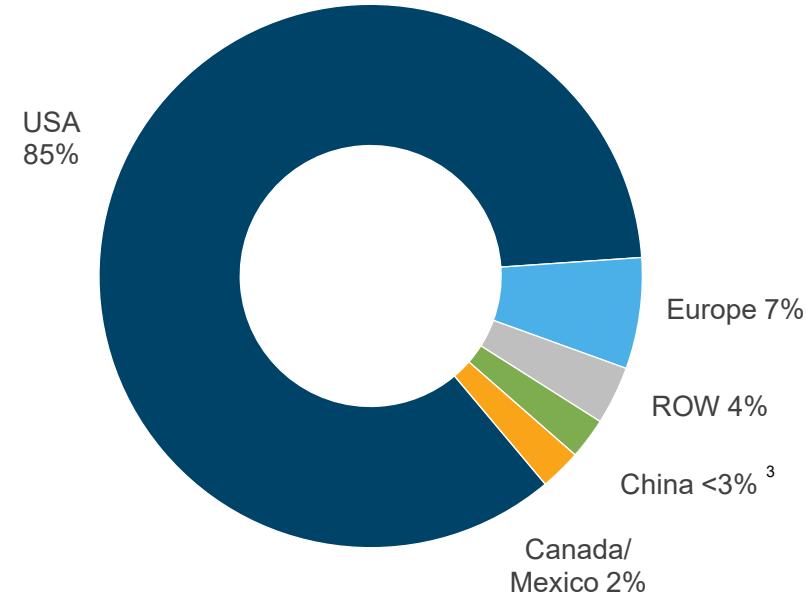
Growth expected to accelerate through to the end of the year with MSD growth in Q3 and LDD in Q4

Tariff Exposure

Manufacturing Footprint¹



Sales by Region²



Tariffs are not expected to have a significant impact on 2025 performance

1 Based on 2024 Revenue by manufacturing location

2 Based on 2024 Revenue by ship to country

3 Almost entirely to one customer and there has been no impact on sales to date

Structural Systems Segment Highlights

	<u>Reported</u>	<u>YOY Var</u>	<u>Adjusted*</u>	<u>YOY Var.*</u>
Revenue	\$92.0	-3.7%	\$92.0	-3.7%
Operating income	\$9.5	-9.7%	\$11.9	-19.2%
Operating income margin	10.4%	-70bps	13%	-250bps

(\$ millions)



737MAX



A220



787



A320 family

- Lower revenue due to commercial aerospace weakness mainly on Boeing platforms and on select commercial rotorcraft platforms partially offset by strength in defense applications
- Unfavorable product mix impacted margins
- Well positioned across major single aisle (737MAX, A220, A320) programs to execute planned rate increases

Strong position on marquee single and twin aisle platforms

Well positioned for Commercial Aerospace recovery

*See Appendix for additional information regarding these non-GAAP financial measures.

Electronic Systems Segment Highlights

	<u>Reported</u>	<u>YOY Var.</u>	<u>Adjusted*</u>	<u>YOY Var.*</u>
Revenue	\$110.2	+8.7%	\$110.2	+8.7%
Operating income	\$21.0	+24.9%	\$21.4	+24.8%
Operating income margin	19.0%	+250 bps	19.4%	+250bps

(\$ millions)



Defense Primes offloading creating key win opportunities across the Electronic Systems Segment

- Higher revenue driven by strong growth in missiles and radar systems, military fixed wing aircraft and on a classified program partially offset by weakness in commercial aerospace
- Favorable product mix and operating leverage increased margins

Offloading strategy and defense tailwinds driving revenue alongside record operating margins

*See Appendix for additional information regarding these non-GAAP financial measures.

Restructure Update

- During Q2 2025, Management continued to execute on the restructuring plan for Monrovia, CA and Berryville, AR
- All production activity at both Monrovia and Berryville has ceased
- Continued progress on certification activity with our customers at receiving plants
- Recorded \$0.6M of restructuring charges during Q2 2025; estimate an additional \$0.5 – 1.0M in mainly product requalification and facility consolidation costs in 2025
- Expected annualized run-rate savings of \$11M to \$13M
- Berryville facility sold in second quarter



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Appendix

Non-GAAP Financial Measures

Note Regarding Non-GAAP Financial Information: This presentation contains non-GAAP financial measures, including Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted Earnings Per Share 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.

We define backlog as potential revenue and is based on customer placed purchase orders and long-term agreements with firm fixed prices and expected delivery dates of 24 months of less. 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. As a result of these factors, trends in our overall level of backlog may not be indicative of trends in our 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.

Non-GAAP Reconciliation for Adjusted EBITDA

	Q2 2025	Q2 2024	Var. PY	(\$ millions)
Net Revenues	\$ 202.3	\$ 197.0	\$ 5.3	
Net Income	\$ 12.6	\$ 7.7	\$ 4.8	
Interest Expense	\$ 3.0	\$ 4.0	(\$1.0)	
Income Tax Expense	\$ 3.4	\$ 2.2	\$ 1.1	
Depreciation	\$ 4.0	\$ 4.0	(\$0.0)	
Amortization	\$ 4.3	\$ 4.2	\$ 0.1	
Stock-Based Compensation Expense	\$ 6.4	\$ 4.0	\$ 2.3	
Inventory Purchase Accounting Adjustments ¹	\$ 0.0	\$ 0.3	(\$0.3)	
Restructuring Charges	\$ 0.6	\$ 2.1	(\$1.5)	
Gain on Operating Assets	(\$1.7)	\$ 0.0	(\$1.7)	
Professional fees related to unsolicited non-binding acquisition offer	\$ 0.0	\$ 1.4	(\$1.4)	
Adjusted EBITDA	\$ 32.4	\$ 30.0	\$ 2.4	
Net Income as a % of Net Revenues	6.2%	3.9%	2.3%	
Adjusted EBITDA as a % of Net Revenues	16.0%	15.2%	0.8%	

¹ Included inventory purchase accounting adjustments of inventory that was stepped up in the purchase price allocation from the acquisition of BLR Aerospace in April 2023, part of our Structural Systems operating segment. This was fully amortized as of Q4 2024

*Amount may not total due to rounding.

Non-GAAP Reconciliation for Adjusted OI

(\$ millions)

	Ducommun		Structural		Electronic	
	Q2 2025	Q2 2024	Q2 2025	Q2 2024	Q2 2025	Q2 2024
Net Revenues	\$ 202.3	\$ 197.0	\$ 92.0	\$ 95.6	\$ 110.2	\$ 101.4
GAAP Operating Income	\$ 17.2	\$ 13.9	\$ 9.5	\$ 10.6	\$ 21.0	\$ 16.8
Inventory Purchase Accounting Adjustments ¹	-	\$ 0.3	-	\$ 0.3	-	-
Restructuring Charges	\$ 0.6	\$ 2.1	\$ 0.5	\$ 2.1	\$ 0.1	\$ 0.0
Amortization of Acquisition Related Assets ²	\$ 2.2	\$ 2.2	\$ 1.9	\$ 1.8	\$ 0.4	\$ 0.4
Professional fees related to unsolicited non-binding acquisition offer	-	\$ 1.4	-	-	-	-
Non-GAAP Adjusted Operating Income	\$ 20.0	\$ 19.9	\$ 11.9	\$ 14.7	\$ 21.4	\$ 17.2
% of Net Revenues	9.9%	10.1%	13.0%	15.4%	19.4%	16.9%

¹ Q2 2024 include inventory purchase accounting adjustments of inventory that was stepped up in the purchase price allocation from the acquisition of BLR Aerospace in Apr 2023, part of our Structural Systems operating segment.

² Q2 2025 and Q2 2024 include amortization of acquisition related assets from acquisitions of Lightning Diversion Systems, LLC, Certified Thermoplastics Co., LLC, Nobles Worldwide, MagSeal Corporation, and BLR Aerospace in Sep 2017, Apr 2018, Oct 2019, Dec 2021, and Apr 2023 respectively, and is part of our Electronic Systems, Structural Systems, Structural Systems Structural Systems, and Structural Systems operating segments, respectively.

*Amount may not total due to rounding.



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