



DMC Global's Second Quarter 2024 Earnings Presentation

August 1, 2024

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ARCADIA CUSTOM'S THERMAL STEEL WINDOWS FEATURED IN PARTNERS' GROUP U.S. HEADQUARTERS; BROOMFIELD, COLORADO

USE OF NON-GAAP FINANCIAL MEASURES & SAFE HARBOR LANGUAGE

***Use of Non-GAAP Financial Measures**

Adjusted net income (loss), adjusted EBITDA, adjusted EPS, net debt, and free-cash flow are non-GAAP financial measures used by management to measure operating performance. For reconciliations of the most directly comparable GAAP measures to non-GAAP measures, please see the tables at the back of this presentation. For a discussion of why we use non-GAAP financial measures, please see our Form 10-K for the year ended December 31, 2023.

Safe Harbor Language

Except for the historical information contained herein, this presentation contains 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 guidance on sales, adjusted EBITDA, depreciation and amortization expense, interest expense, tax rate, capital expenditures, our plans to advance our strategic alternatives process and create associated shareholder value, our plans to deploy Arcadia's full product and service offering across all of its service-center locations, the strengthening of Arcadia's organizational structure, the execution of automation and operational excellence initiatives at DynaEnergetics, and maintaining operational excellence at NobelClad. Such statements and information are based on numerous assumptions regarding present and future business strategies, the markets in which we operate, anticipated costs and the ability to achieve goals. Forward-looking information and statements are subject to known and unknown risks, uncertainties and other important factors that may cause actual results and performance to be materially different from those expressed or implied by such forward-looking information and statements, including but not limited to: our ability to realize sales from our backlog; our ability to obtain new contracts at attractive prices; the execution of purchase commitments by our customers, and our ability to successfully deliver on those purchase commitments; the size and timing of customer orders and shipments; changes to customer orders; product pricing and margins; fluctuations in customer demand; our ability to successfully navigate slowdowns in market activity or execute and capitalize upon growth opportunities; the success of DynaEnergetics' product and technology development initiatives; our ability to successfully protect our technology and intellectual property and the costs associated with these efforts; consolidation among DynaEnergetics' customers; fluctuations in foreign currencies; fluctuations in tariffs and quotas; the cost and availability of energy; the cyclical nature of our business; competitive factors; the timely completion of contracts; the timing and size of expenditures; the timing and price of metal and other raw material; the adequacy of local labor supplies at our facilities; our ability to attract and retain key personnel; current or future limits on manufacturing capacity at our various operations; government actions or other changes in laws and regulations; the availability and cost of funds; our ability to access our borrowing capacity under our credit facility; geopolitical and economic instability, including recessions, depressions, wars or other military actions; inflation; supply chain delays and disruptions; transportation disruptions; general economic conditions, both domestic and foreign, impacting our business and the business of our customers and the end-market users we serve; as well as the other risks detailed from time to time in our SEC reports, including the annual report on Form 10-K for the year ended December 31, 2023. We do not undertake any obligation to release public revisions to any forward-looking statement, including, without limitation, to reflect events or circumstances after the date of this presentation, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.





AGENDA

Opening Remarks and Operational Update

- Michael Kuta – President and CEO

Financial Results and Guidance

- Eric Walter – Chief Financial Officer

Questions and Answers

Concluding Remarks

THERMAL STAINLESS-STEEL WINDOWS FROM ARCADIA CUSTOM FEATURED IN ASPEN, COLORADO MOUNTAIN HOME

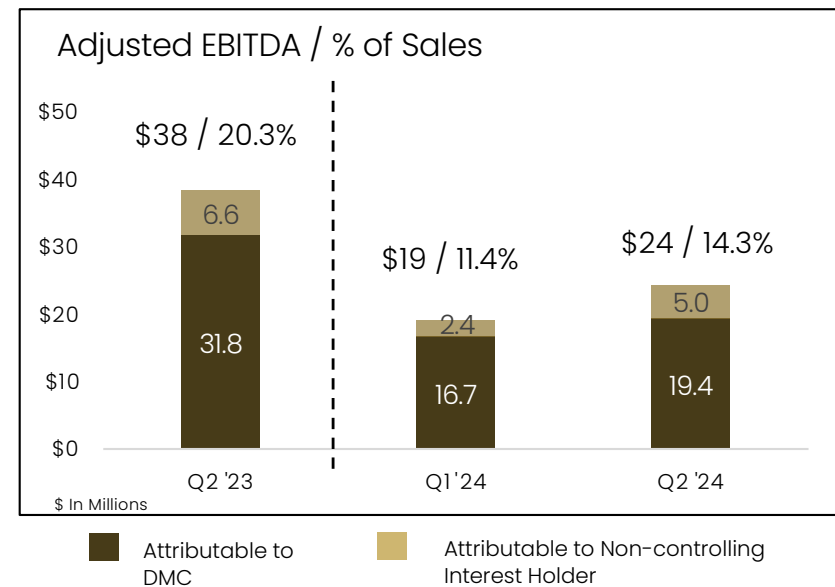
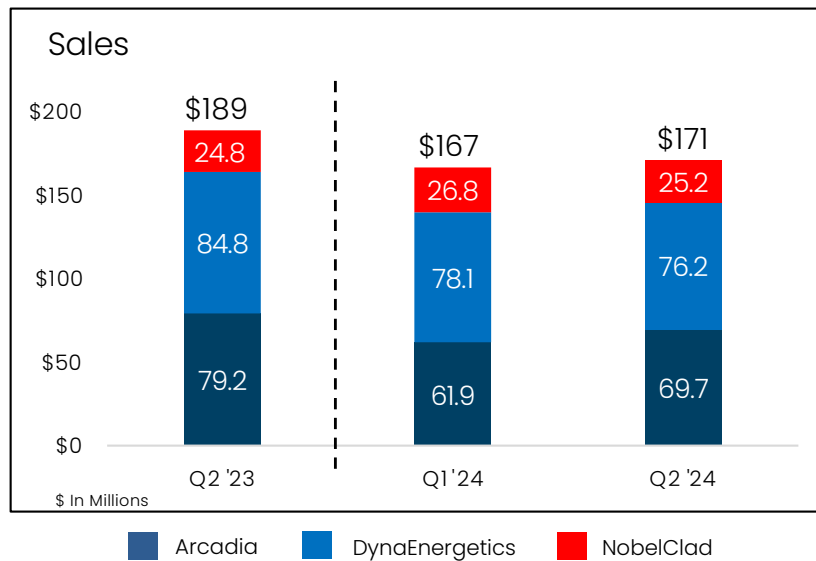
SECOND QUARTER SUMMARY

- Consolidated sales were \$171.2 million, up 3% sequentially and down 9% vs. Q2 '23
 - Sequential improvement driven by sales rebound at Arcadia
 - YoY decline reflects softer demand from construction and energy markets
 - 2023 Q2 was DMC's strongest-ever sales and adjusted EBITDA quarter
- Adjusted diluted EPS* of \$0.29 versus \$0.21 in Q1 2024 and \$0.72 in Q2 2023
- Adjusted EBITDA attributable to DMC* was \$19.4 million, up 16% sequentially and down 39% vs. Q2 2023
- Adjusted EBITDA, inclusive of Arcadia NCI*, was \$24.4 million, or 14.3% of sales
- Consolidated SG&A expense reduced to \$27.1 million, or 15.8% of sales
- Debt-to-adjusted EBITDA leverage ratio was 1.1 versus covenant threshold of 3.0

* Non-GAAP measure. See explanation on page 2.
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DMC Q2 2024 FINANCIAL HIGHLIGHTS

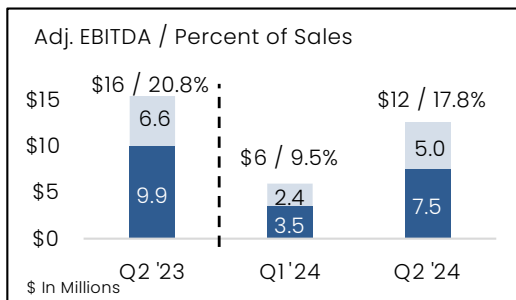
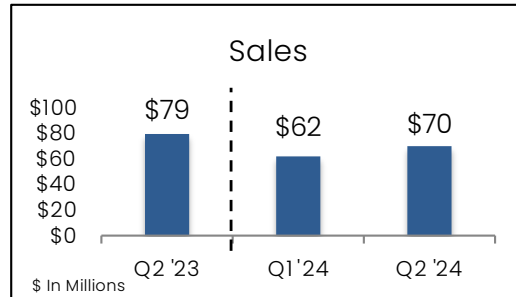


- Consolidated gross margin of 27.1% vs. 25.4% in Q1 2024 and 32.8% in Q2 2023
- SG&A of \$27.1 million down 4% sequentially and down 7% versus Q2 2023

- Sales and margin decline vs. Q2 2023 reflects a slowdown in Arcadia's and Dyna's end markets
- Sequential EBITDA margin improvement primarily reflects stronger operating efficiencies and streamlined cost structure at Arcadia

SECOND QUARTER 2024 BUSINESS-LEVEL FINANCIAL PERFORMANCE

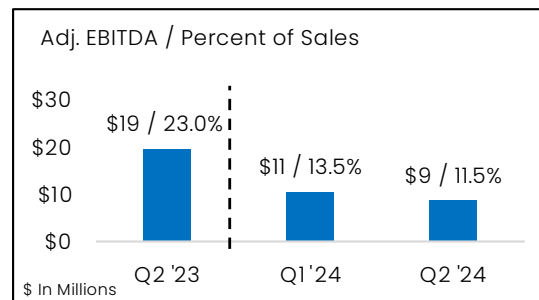
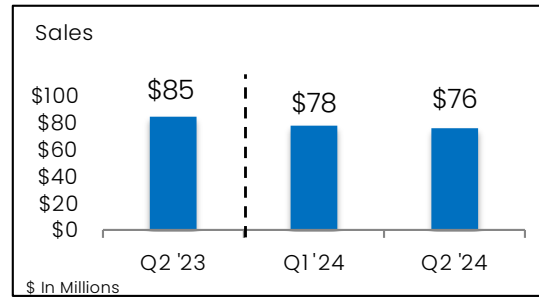
Arcadia



- Sequential adj. EBITDA margin expansion reflects improved operating efficiencies & streamlined cost structure
- YoY sales decline principally reflects weaker construction activity

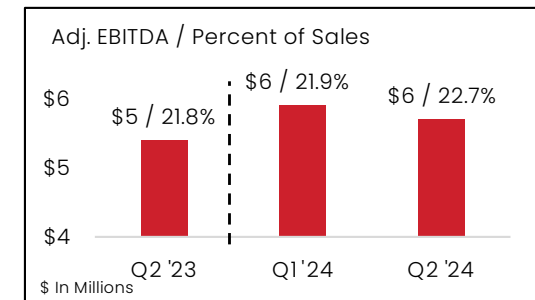
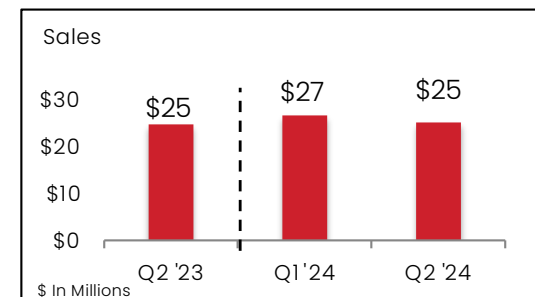
 Attributable to Non-controlling Interest Holder
 Attributable to DMC

DynaEnergetics



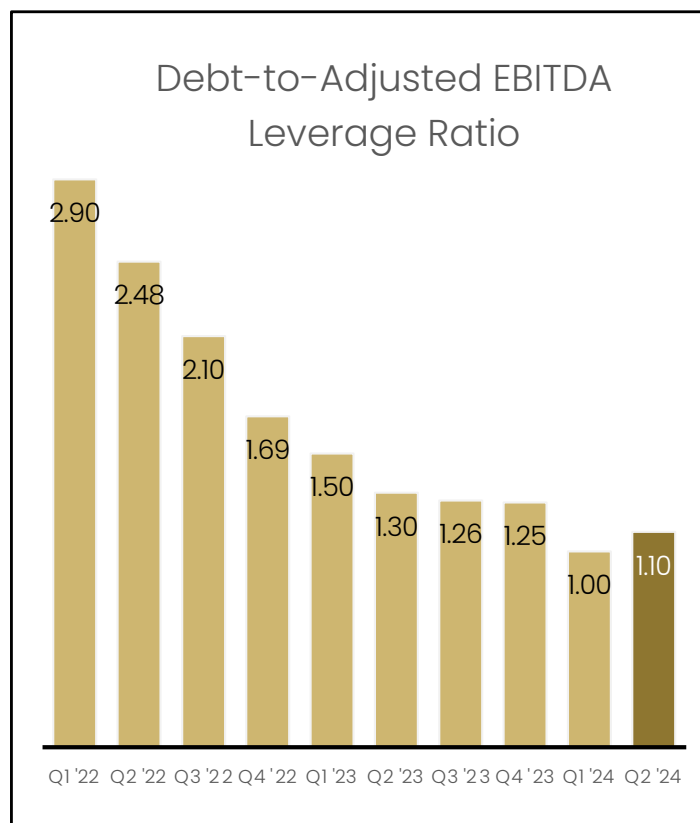
- Sales decline and adj. EBITDA margin contraction reflect slowdown in well completions and pricing pressure in primary North American market

NobelClad



- Adj. EBITDA margin expansion in YoY and sequential periods due to more favorable project mix

IMPROVING FINANCIAL STRENGTH



Note: Maximum covenant leverage ratio = 3.00

2024 Second Quarter Earnings Presentation

Liquidity Summary	June 30, 2024 ⁽¹⁾
Cash and Cash Equivalents	\$15
Unused Credit Capacity ⁽²⁾	\$213
Total	\$228
Total Outstanding Debt ⁽³⁾	\$84
Net Debt	\$70
Net Debt Leverage Ratio	0.92x

⁽¹⁾ Amounts in millions

⁽²⁾ Includes \$163 million of revolving loan availability and \$50 million of delayed draw term loan availability

⁽³⁾ Net of deferred financing costs



GUIDANCE FOR THIRD QUARTER 2024

Measure	Expected Range
DMC Consolidated Sales	\$158M – \$168M
Arcadia Sales	\$64M – \$68M
DynaEnergetics Sales	\$70M – \$74M
NobelClad Sales	\$24M – \$26M
Adjusted EBITDA attributable to DMC	\$15M – \$18M
Arcadia before NCI allocation	\$10M – \$12M
Arcadia after NCI allocation	\$6M – \$7M
DynaEnergetics	\$9M – \$10M
NobelClad	\$3M – \$4M
Corporate Unallocated	~ (\$3M)
Full-Year 2024 Guidance on Select Items	
Depreciation & Amortization	\$35M – \$36M
Interest Expense	\$8M – \$9M
Annualized effective tax rate	30% – 32%
Capital Expenditures	\$16M – \$20M



KEY OBJECTIVES FOR BALANCE OF 2024

- Advance DMC's strategic-alternatives process to unlock shareholder value
- Execute on Arcadia's growth initiatives, including:
 - Strengthen organizational structure and improve finishing capabilities
 - Deployment of full product and service offering across all service-center locations
- Improve profitability at DynaEnergetics through cost reductions, automation and operational excellence initiatives
- Maintain operational excellence at NobelClad to effectively address strong order backlog and large project opportunities



CLAD METAL PLATES FROM NOBELCLAD USED IN FABRICATION OF FORMED HEADS FOR A DOWNSTREAM OIL & GAS PRODUCTION FACILITY

DMC INVESTMENT CONSIDERATIONS

- Executing strategy for unlocking shareholder value
- Three valuable businesses with leadership positions in critical industries
- Compelling valuation vs. peers in building products and energy products industries
- Strong financial position
- Experienced, execution-focused leadership teams



RECONCILIATIONS OF NON-GAAP FINANCIAL MEASUREMENTS – NET DEBT AND FREE-CASH FLOW

(\$000's)	Q2 2024
Long-term debt	\$81,612
Current portion of long-term debt	2,500
Less: Cash and cash equivalents	(14,567)
Total net debt	\$69,545
Net cash provided by operating activities	\$2,343
Less: Acquisition of property, plant and equipment	(2,547)
Plus: Proceeds on sale of property, plant and equipment	100
Total free-cash flow	\$(104)



RECONCILIATIONS OF NON-GAAP FINANCIAL MEASUREMENTS – CONSOLIDATED ADJUSTED EBITDA

(\$000's)	Q2 2024	Q1 2024	Q2 2023
Net income	6,293	2,319	17,526
Interest expense, net	2,316	2,317	2,432
Income tax provision	2,792	1,643	6,600
Depreciation	3,431	3,419	3,434
Amortization of purchased intangible assets	5,307	5,292	5,667
EBITDA	20,139	14,990	35,659
Stock-based compensation	1,676	1,477	1,699
Strategic review expenses	2,020	2,169	–
Restructuring expenses	279	–	–
CEO transition expenses	–	–	573
Other expense, net	284	409	439
Adjusted EBITDA	24,398	19,045	38,370
Less: Adjusted EBITDA attributable to redeemable noncontrolling interest	(4,978)	(2,362)	(6,594)
Adjusted EBITDA attributable to DMC Global Inc.	19,420	16,683	31,776



RECONCILIATIONS OF NON-GAAP FINANCIAL MEASUREMENTS – ARCADIA ADJUSTED EBITDA

(\$000's)	Q2 2024	Q1 2024	Q2 2023
Operating income (loss), as reported	5,719	(588)	9,580
Adjustments			
Depreciation	888	875	889
Amortization of purchased intangible assets	5,278	5,277	5,652
Stock-based compensation	281	342	323
Restructuring expenses	279	-	-
CEO transition expenses	-	-	42
Adjusted EBITDA	12,445	5,906	16,486
Less: Adjusted EBITDA attributable to redeemable noncontrolling interest	(4,978)	(2,362)	(6,594)
Adjusted EBITDA attributable to DMC Global Inc.	7,467	3,544	9,892



RECONCILIATIONS OF NON-GAAP FINANCIAL MEASUREMENTS – DYNAENERGETICS ADJUSTED EBITDA

(\$000's)	Q2 2024	Q1 2024	Q2 2023
Operating income, as reported	7,052	8,842	17,733
Adjustments			
Depreciation	1,671	1,682	1,713
Amortization of purchased intangible assets	29	15	15
Adjusted EBITDA	8,752	10,539	19,461



RECONCILIATIONS OF NON-GAAP FINANCIAL MEASUREMENTS – NOBELCLAD ADJUSTED EBITDA

(\$000's)	Q2 2024	Q1 2024	Q2 2023
Operating income, as reported	4,932	5,100	4,707
Adjustments			
Depreciation	790	780	700
Adjusted EBITDA	5,722	5,880	5,407

