



# DMC Fourth Quarter 2023 Earnings Presentation

February 22, 2024

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ARCADIA ARCHITECTURAL FRAMING SYSTEMS USED AT ACTION GAMING HEADQUARTERS; LAS VEGAS, NV

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## 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-Q for the third quarter ended September 30, 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, as well as positioning DMC to acquire the 40% minority interest in Arcadia, planned painting and anodizing capacity expansions at Arcadia to support future growth, and automation and operational excellence initiatives at DynaEnergetics. 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 cyclicity 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, 2022. 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

ARCADIA CUSTOM THERMAL STAINLESS-STEEL WINDOW AND DOOR SYSTEM



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## FOURTH QUARTER SUMMARY & SUBSEQUENT DEVELOPMENTS

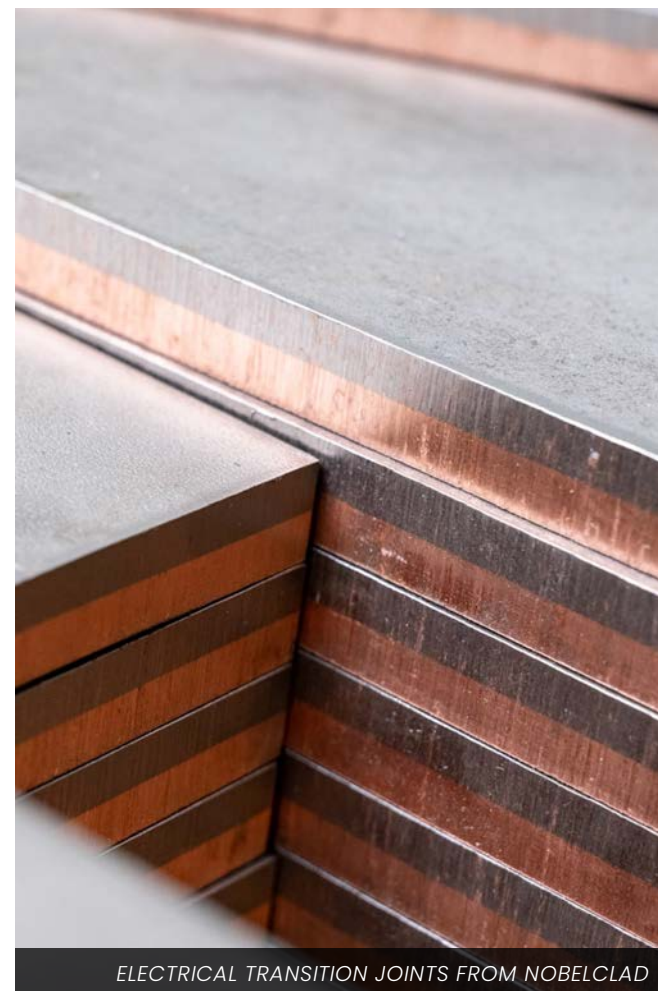
### Fourth Quarter

- Q4 sales of \$174 million reflect strong order shipments at NobelClad; healthy international demand at DynaEnergetics
- Adjusted EPS\* of \$0.26 grew 18% vs. Q4 2022
- Adjusted EBITDA, inclusive of Arcadia NCI\*, was \$23.3 million, up 4% vs. Q4 2022
- Adjusted EBITDA attributable to DMC\* was \$19.6 million, flat vs. Q4 2022
- Consolidated SG&A expense reduced to 15.6% of sales from 17.5% in Q4 2022
- Free Cash Flow\* was \$15.0 million
- Lower pricing led to a 9% sales decline at Arcadia vs. Q4 2022
- Dyna's International Business delivered record full-year sales
- NobelClad achieved new 10-year sales high; adjusted EBITDA margins were 24.7%

### Subsequent Developments

- Strategic Alternatives review process initiated for DynaEnergetics and NobelClad
- New \$300 million senior secured credit facility improves financial flexibility

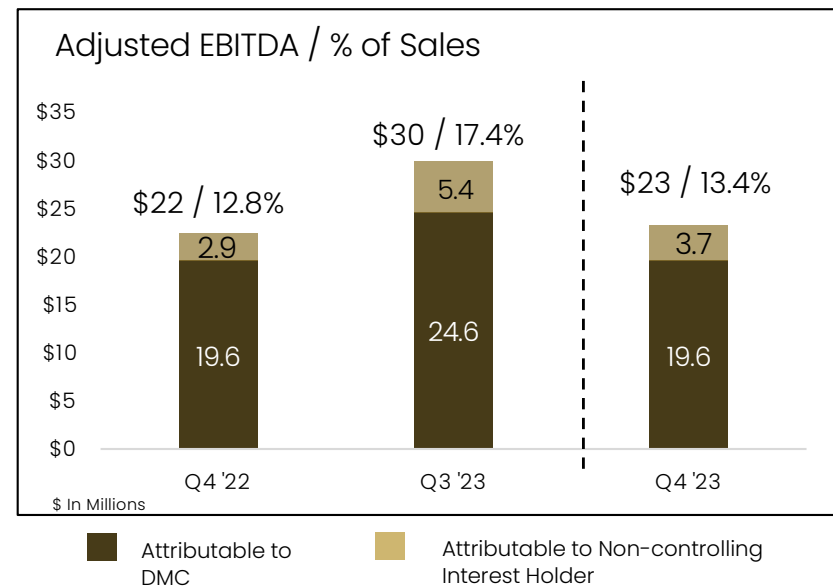
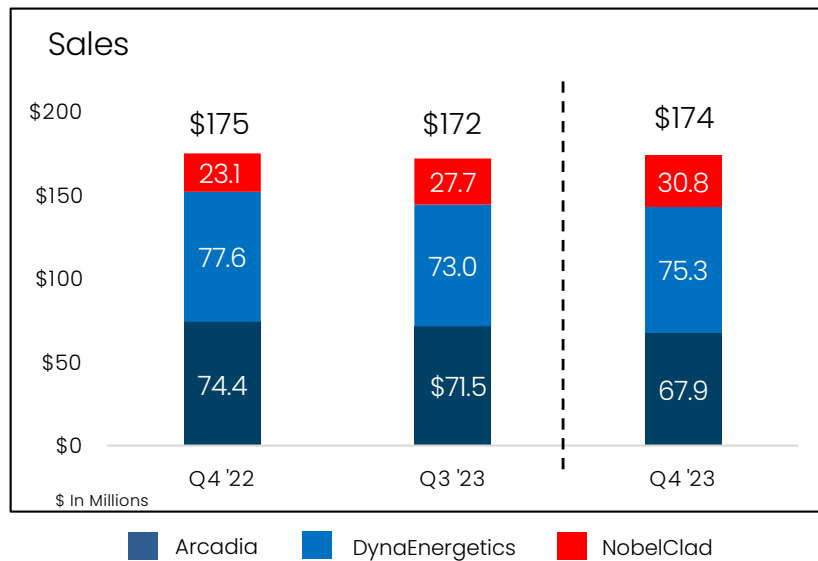
\* Non-GAAP measure. See explanation on page 2.



ELECTRICAL TRANSITION JOINTS FROM NOBELCLAD



## DMC Q4 2023 FINANCIAL HIGHLIGHTS

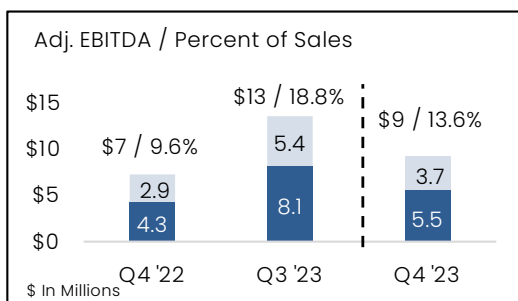
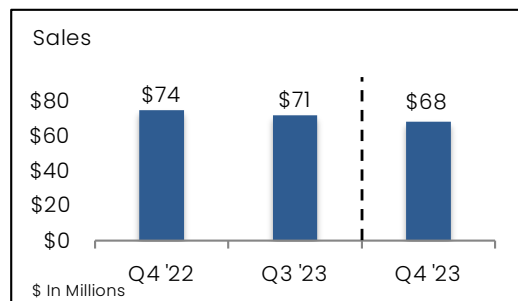


- Consolidated gross margin of 26.1%
- SG&A of \$27.2 million down 11% YOY

- Total adjusted EBITDA, inclusive of NCI, was up 4% YOY
- Consolidated adjusted EBITDA margin of 13.4%
- Adjusted EBITDA attributable to DMC steady YOY

## FOURTH QUARTER 2023 BUSINESS-LEVEL FINANCIAL PERFORMANCE

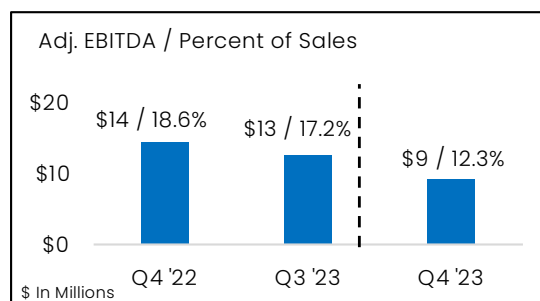
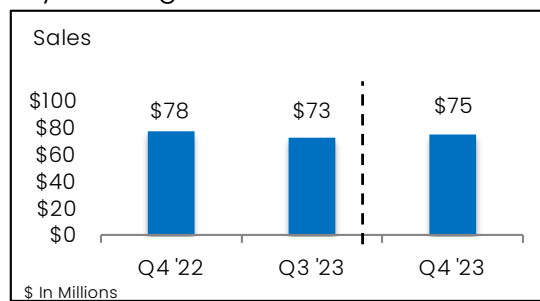
### Arcadia



- Sales decline principally reflects lower aluminum pricing
- EBITDA margin up 397 bps YOY as product pricing decline not as pronounced as drop in aluminum costs

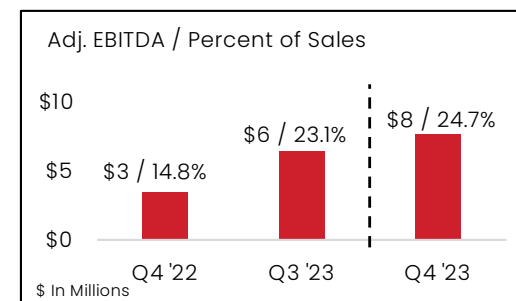
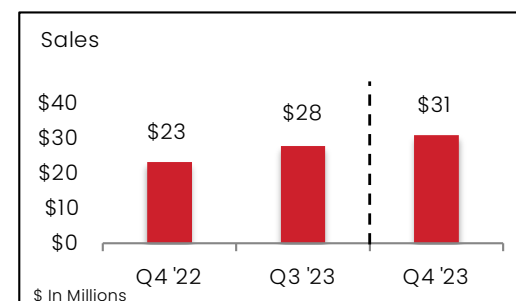
 Attributable to Non-controlling Interest Holder  
 Attributable to DMC

### DynaEnergetics



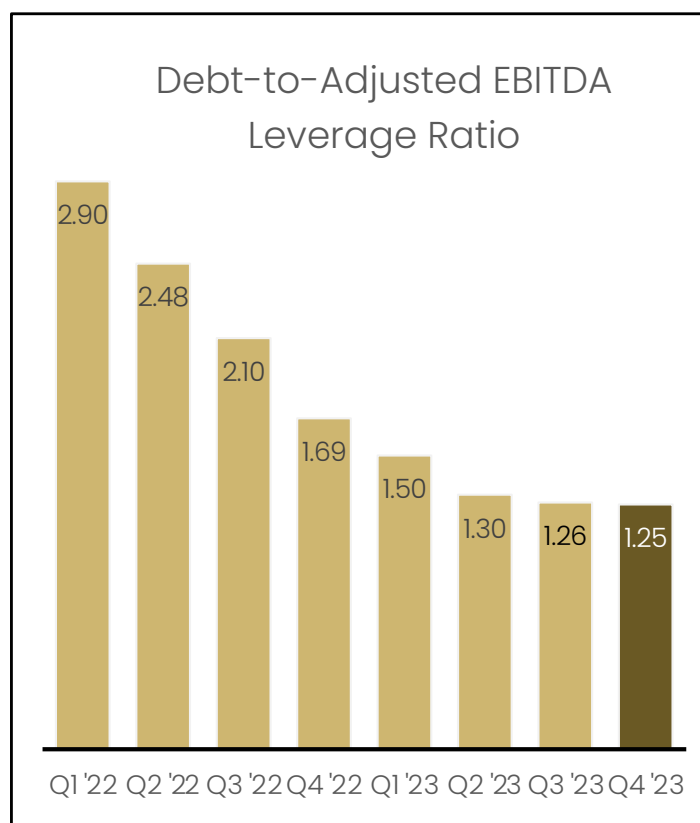
- Sales reflect strong customer demand despite lower North American well completions
- EBITDA margin reflects lower pricing due to industry consolidation

### NobelClad



- Fourth quarter sales were highest in a decade
- EBITDA margin improvement driven by favorable project mix and better fixed cost absorption on higher sales

## IMPROVING FINANCIAL STRENGTH



Note: Maximum covenant leverage ratio = 3.00 as of Q2'23 and thereafter

2023 Fourth Quarter Earnings Presentation

Liquidity Summary	December 31, 2023 <sup>(1)</sup>
Cash and Cash Equivalents and Marketable Securities	\$44
Unused Credit Capacity	\$50
Total	\$94
Total Outstanding Debt <sup>(2)</sup>	\$116
Net Debt	\$72
Net Debt Leverage Ratio	0.78x

<sup>(1)</sup> Amounts in millions

<sup>(2)</sup> Net of deferred financing costs





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GUIDANCE FOR FIRST QUARTER 2024

Measure	Expected Range
DMC Consolidated Sales	\$168M - \$178M
Arcadia Sales	\$67M - \$71M
DynaEnergetics Sales	\$77M - \$81M
NobelClad Sales	\$24M - \$26M
Adjusted EBITDA attributable to DMC	\$15 - \$20M
Arcadia before NCI allocation	\$7M - \$10M
Arcadia after NCI allocation	\$4M - \$6M
DynaEnergetics	\$11M - \$13M
NobelClad	\$3M - \$4M
Corporate Unallocated	~ (\$3M)
<b>Full-Year 2024 Guidance on Select Items</b>	
Depreciation & Amortization	\$35M - \$36M
Interest Expense	\$8M - \$9M
Annualized effective tax rate	27% - 29%
Capital Expenditures	\$22M - \$26M





## KEY OBJECTIVES FOR BALANCE OF 2024

- Advance efforts to simplify DMC's portfolio
- Execute on Arcadia's growth initiatives, including:
  - Phase 2 of paint capacity expansion
  - Begin anodizing capacity expansion
- Position DMC to acquire 40% minority interest in Arcadia
- Execute on automation and operational excellence initiatives at DynaEnergetics
- Maintain operational excellence at NobelClad to effectively address strong order backlog and large project opportunities



PRESSURE VESSEL FABRICATED WITH DETACLAD™ PLATES FROM NOBELCLAD

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#### DMC INVESTMENT CONSIDERATIONS

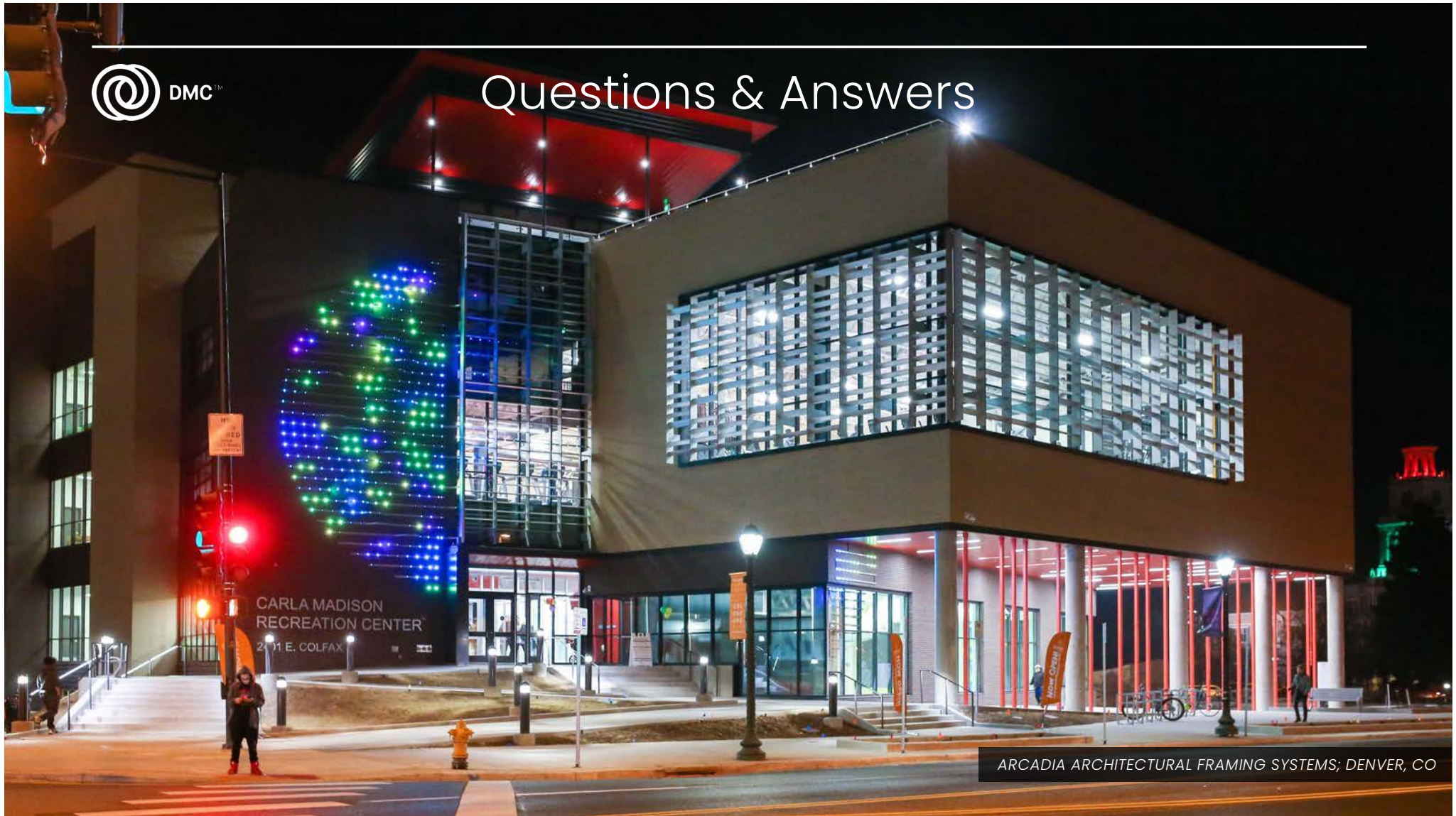
- Initiated path toward simplified portfolio
- Three valuable businesses with leadership positions in critical industries
- Compelling valuation vs. peers in building products and energy products industries
- Strong financial position
- Experienced, growth-focused leadership teams







# Questions & Answers



ARCADIA ARCHITECTURAL FRAMING SYSTEMS; DENVER, CO

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

(\$000's)	Q4 2023
Long-term debt	\$100,851
Current portion of long-term debt	15,000
Less: Cash and cash equivalents	(31,040)
Less: Marketable securities	(12,619)
Total net debt	\$72,192
Net cash provided by operating activities	\$23,179
Less: Acquisition of property, plant and equipment	(8,519)
Plus: Proceeds on sale of property, plant and equipment	344
Total free-cash flow	\$15,004



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RECONCILIATIONS OF NON-GAAP FINANCIAL MEASUREMENTS – CONSOLIDATED ADJUSTED EBITDA

(\$000's)	Q4 2023	Q3 2023	Q4 2022
Net income	3,569	11,525	3,441
Interest expense, net	2,311	2,392	2,129
Income tax provision	1,933	4,087	4,438
Depreciation	3,546	3,460	3,703
Amortization of purchased intangible assets	5,666	5,667	3,772
EBITDA	17,025	27,131	17,483
Stock-based compensation	1,557	1,832	3,167
Restructuring expenses, net and asset impairments	3,251	515	129
CEO transition expenses	–	805	–
Nonrecurring retirement expenses	–	–	1,100
Other (income) expense, net	1,445	(302)	559
Adjusted EBITDA	23,278	29,981	22,438
Less: Adjusted EBITDA attributable to redeemable noncontrolling interest	(3,689)	(5,374)	(2,857)
Adjusted EBITDA attributable to DMC Global Inc.	19,589	24,607	19,581





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RECONCILIATIONS OF NON-GAAP FINANCIAL MEASUREMENTS – ARCADIA ADJUSTED EBITDA

(\$000's)	Q4 2023	Q3 2023	Q4 2022
Operating income, as reported	2,218	6,476	441
Adjustments			
Depreciation	1,020	969	762
Amortization of purchased intangible assets	5,652	5,652	3,642
Stock-based compensation	332	337	1,198
Nonrecurring retirement expenses	–	–	1,100
Adjusted EBITDA	9,222	13,434	7,143
Less: Adjusted EBITDA attributable to redeemable noncontrolling interest	(3,689)	(5,374)	(2,857)
Adjusted EBITDA attributable to DMC Global Inc.	5,533	8,060	4,286



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RECONCILIATIONS OF NON-GAAP FINANCIAL MEASUREMENTS – DYNAENERGETICS ADJUSTED EBITDA

(\$000's)	Q4 2023	Q3 2023	Q4 2022
Operating income, as reported	4,581	10,871	12,470
Adjustments			
Depreciation	1,680	1,682	1,915
Amortization of purchased intangible assets	14	15	54
Restructuring expenses, net and asset impairments	3,011	-	-
Adjusted EBITDA	9,286	12,568	14,439



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RECONCILIATIONS OF NON-GAAP FINANCIAL MEASUREMENTS – NOBELCLAD ADJUSTED EBITDA

(\$000's)	Q4 2023	Q3 2023	Q4 2022
Operating income, as reported	6,867	5,232	2,299
Adjustments			
Depreciation	741	712	929
Amortization of purchased intangible assets	-	-	76
Restructuring expenses, net and asset impairments	-	440	129
Adjusted EBITDA	7,608	6,384	3,433

