2Q23 Results Presentation

August 2, 2023



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2Q23 FINANCIAL PERFORMANCE

New project volumes and stable demand across key end-markets support organic sales growth



Continued to execute on strategic priorities of commercial excellence and expansion amid stable end-market demand growth

- Demand and market share growth, driven by MBX initiatives, generated continued revenue growth in key end-markets
- Excluding Hazel Park, delivered adjusted EBITDA margin of 12.0%, consistent with expectations

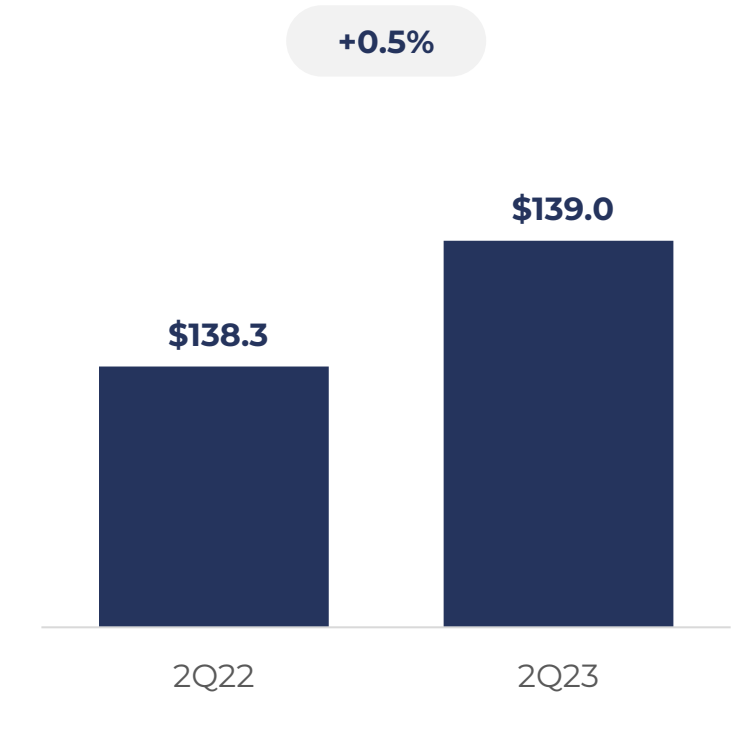
2Q23 Performance Highlights

- Net sales +0.5% y/y, supported by stable demand and new project volumes, partially offset by $8.3 million y/y headwind from material price pass- through (+6.5% y/y excluding material price pass through)
- Adjusted EBITDA declined 16% y/y to $15.3 million primarily due to the $1.4 million impact from cost under-absorption associated with the ramp-up of production at the Hazel Park, Michigan facility and $1.8 million higher health insurance claims
- Delivered Free Cash Conversion in excess of 75% during the quarter when excluding non-recurring deferred compensation payout
- MBX implementation on-track with particularly focus on executing commercial pricing initiatives during the quarter; on pace to meet expected MBX contributions in 2023
- Updating full-year 2023 financial guidance that accounts for stable demand in the second half of 2023, on-going customer supply chain challenges and the acquisition of MSA
- Anticipate significant free cash flow conversion during the second half of the year which will be utilized to repay debt from MSA transaction

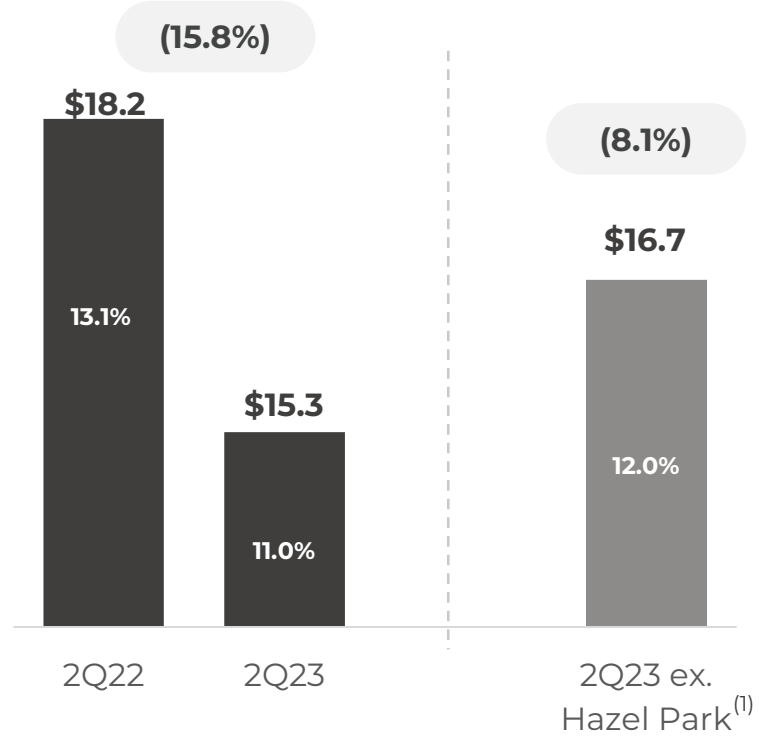
See the appendix for a reconciliation of Adjusted EBITDA to the most directly comparable GAAP financial measure.

SECOND QUARTER FINANCIAL PERFORMANCE

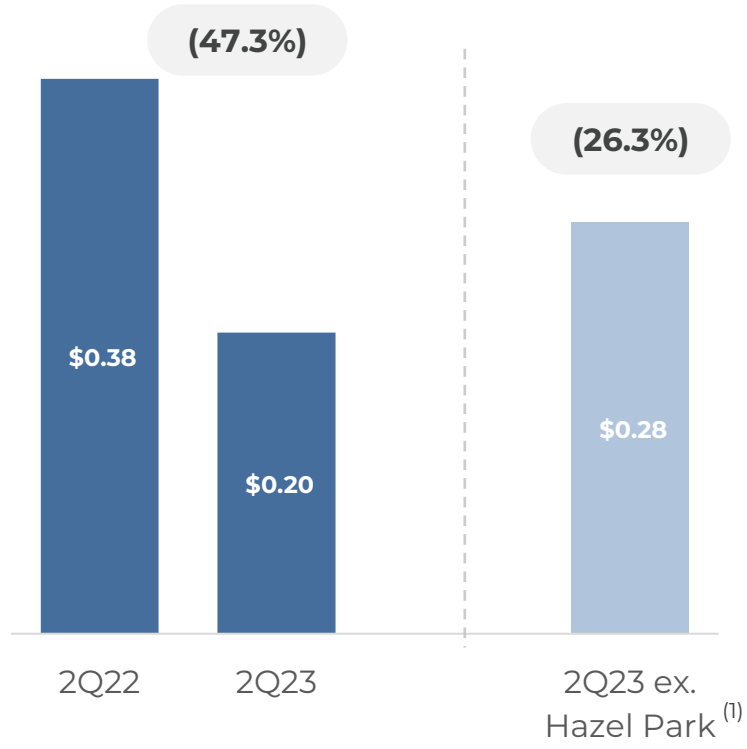
Net Sales
($MM)



Adj. EBITDA & Margin
($MM & % of Net Sales)



Adjusted Diluted EPS
($/share)

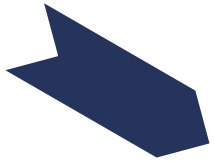
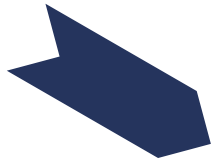
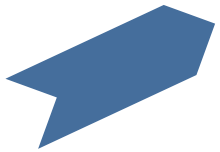
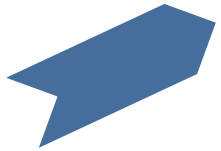
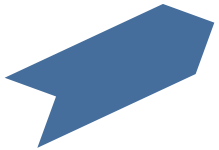
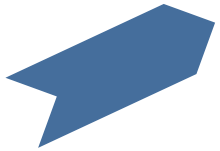


1) Excludes the non-recurring impact of under-absorbed fixed costs associated with the ramp-up of production at the Hazel Park, Michigan facility.

See the appendix for reconciliations of Adjusted EBITDA and Adjusted Diluted EPS to their most directly comparable GAAP financial measures.

END-MARKET OUTLOOK

2023 End Market Demand Remains Generally Stable Despite Recessionary Concerns

	Commercial Vehicle	Construction & Access	Powersports	Agriculture	Military	Other
% of Sales*	2023E 37%-40% 2022 39%	2023E 18%-20% 2022 21%	2023E 17%-20% 2022 16%	2023E 8%-10% 2022 11%	2023E 5%-7% 2022 5%	2023E 7%-9% 2022 8%
Market Outlook						
MEC 2H23 Revenue Outlook & Assumptions						
	Assumptions: • Strong 1H23 demand slowing in 2H23 as the industry navigates an emissions regulation change • Resilient macroeconomic conditions	**Assumptions:** • Soft residential new construction demand • Demand remains steady across non-residential, infrastructure and energy markets	**Assumptions:** • Retail demand softening after strong '22 as dealer restocking is normalized • Recent share gains outpacing softness occurring due to discretionary nature of consumer spending	**Assumptions:** • Elevated crop prices and inventory levels of new and used machinery remain low supporting demand • Softening demand in small ag and turf with modest growth in large ag.	**Assumptions:** • Solid backlog for U.S. government contracts • Strong volumes based on new program introductions, particularly aftermarket	**Assumptions:** • New business development focus in EV and Renewables • End of life production parts replaced with service part orders

* Note: End market sales percentages do not reflect the inclusion of revenues from MSA in 2H23.

NET SALES & ADJUSTED EBITDA PERFORMANCE HIGHLIGHTS

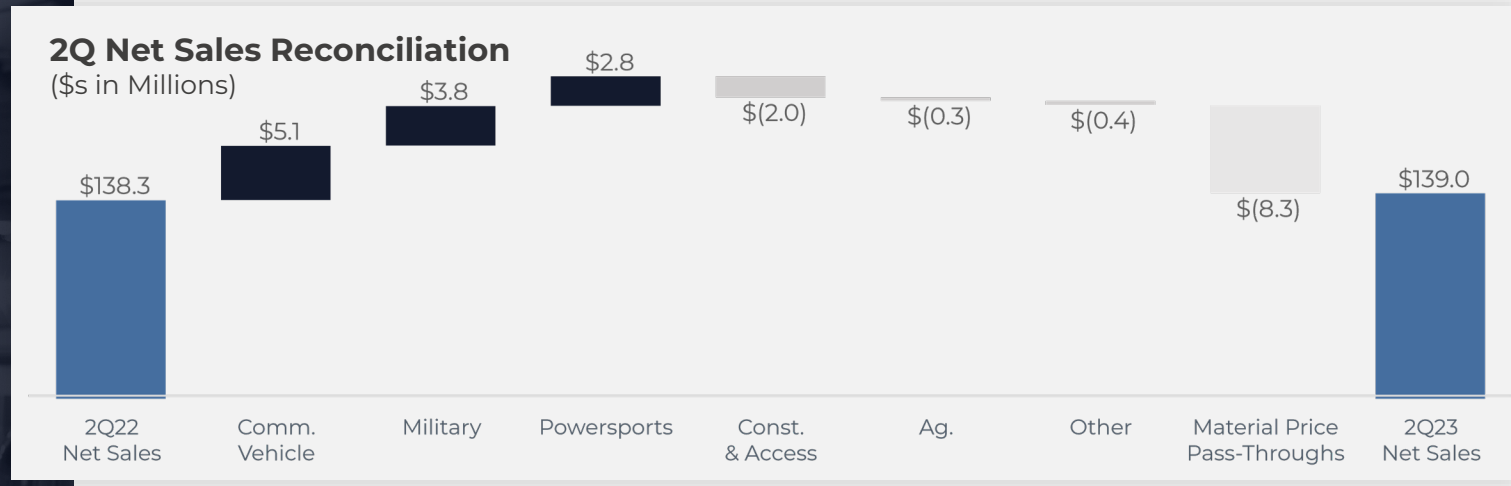
Stable demand and volume growth were offset by employee benefit costs and the impact of product launches

Strong Demand in Key End Markets
Commercial Vehicle, Powersports & Military net sales increased Y-o-Y by 1.7%, 7.2% and 66.2%, respectively. Growth was driven by strong end market demand and elevated build rates in CV and new program launches in Powersports and Military end-markets.

Transitory Margin Pressures
Adjusted EBITDA and Adjusted EBITDA margin were negatively impact by $1.4 million (100bps) in fixed cost-under absorption from the production ramp-up at Hazel Park facility and other product launch pressures.

SG&A Costs at New Normal
SG&A costs grew $1.0 million due to higher professional fees associated with acquisition related costs and achieving SOX 404(b) compliance for 2024. SG&A is targeted to be in the range of 4.5% to 5.5% of net sales going forward.

Raw Material Pass-Through:
Net sales growth reflects $8.3 million Y-o-Y decrease in material price pass-throughs.





1) 2Q23 Normalized Adjusted EBITDA Excludes the non-recurring impact of under-absorbed fixed costs associated with the ramp-up of production at the Hazel Park, Michigan facility.

See the appendix for a reconciliation of Adjusted EBITDA to the most directly comparable GAAP financial measure.

CAPITAL ALLOCATION PRIORITIES

Capital allocation priorities focused on maximizing cash flow and return on invested capital

Balanced approach to capital allocation

Bolt-on acquisitions in complementary vertical markets

Targeting immediately accretive opportunities in complementary markets such as aluminum, plastics, composites fabrications capabilities, and opportunistic additions to entrench our position in steel fabrication.

Sustaining growth investments

Intend to reduce CAPEX by more than 50% to $15-$20 million

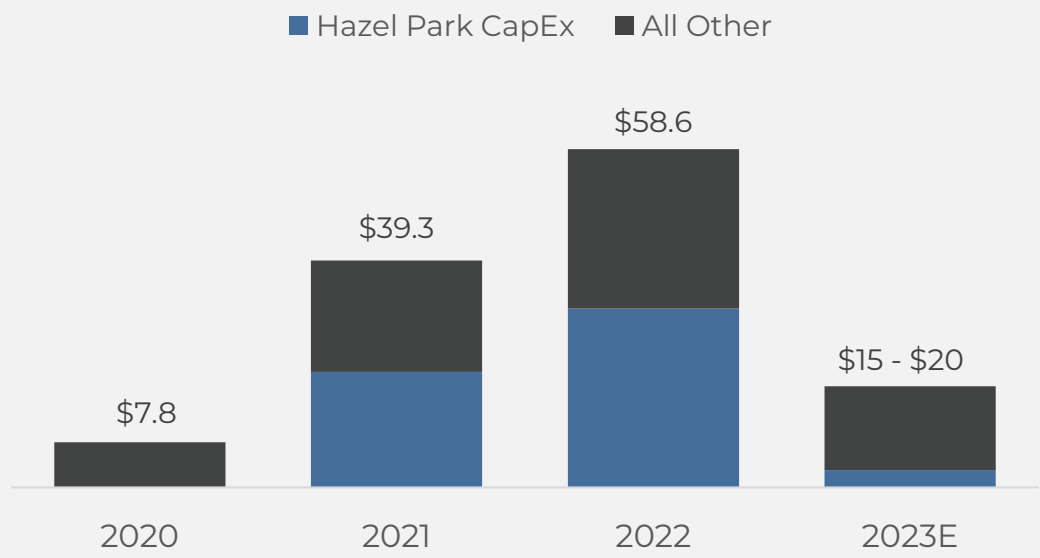
Return-of-capital program

- $17.6 million remains on current $25 million share repurchase authorization program
- Evaluating additional, potential opportunities to return capital to shareholders, consistent with our focus on total shareholder return

Reducing Debt Following MSA Acquisition

- Current leverage is 1.6x
- Pro-Forma post-acquisition leverage of 2.7x
- Targeting leverage of 1.5x – 2.0x over the next 18 months utilizing free cash generation

Capital Expenditures
($MM)



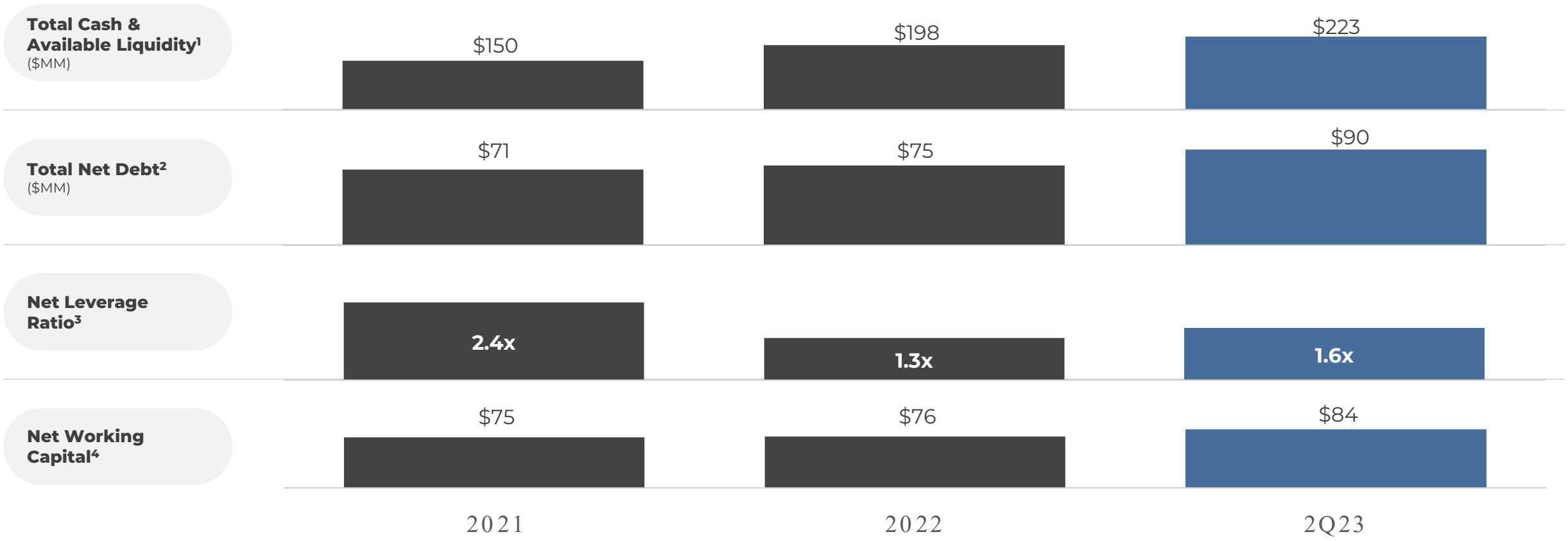
Hazel Park Capital Expenditures

($MM)

FY21	FY22	FY23E
$20	$31	$2-4

DISCIPLINED CAPITAL MANAGEMENT

Low net leverage, ample liquidity to support growth



1) Assumes continued compliance with covenants associated with the current Credit Agreement. This amount would be reduced by the Company's outstanding borrowings under the Credit Agreement and is exclusive of the $100M accordion feature.
2) Comprised of the Company's revolver, finance lease liabilities, and equipment financing agreements
3) Net Leverage Ratio equals Net Debt divided by Adjusted EBITDA. See the appendix for a reconciliation of Adjusted EBITDA to the most directly comparable GAAP financial measure.
4) The Company calculates Net Working Capital as accounts receivable plus inventory minus accounts payable

2023 FINANCIAL GUIDANCE

As of August 2, 2023

Business Outlook

- General stability in end-market demand, but considers the potential for demand softening as the year progresses
- Supply chain constraints and disruptions continue to impact some customers, yet anticipate ratable improvement in market conditions over the medium term
- Improve upon existing relationships while building new and adjacent growth opportunities
- Driving price discipline and operational enhancements to support improved margin realization
- Continue to maintain balance sheet optionality to support growth

Included Financial Assumptions

- Raw-material price pass-throughs reduce revenue by 4% – 5% Y/Y in 2023 due to stabilized market prices
- MSA acquisition contribution of $30 - $35 million in revenues and $4-$6 million in Adj. EBITDA in 2H23.
- Improved plant utilization to drive 100-200bps of Adj. EBITDA margin improvement in 2H23 vs. 1H23.
- Scrap income to decrease $1 – $3 million in 2023 as compared to 2022.
- Hazel Park to have a dilutive impact of $3 – $5 million, or 50 – 80 basis point EBITDA margin impact
- MBX initiatives contributing 40 – 70 basis points in 2023 to Adjusted EBITDA margin

($MM)	2022A	2023E	YoY Change (%)	2H23E		
				1H23A	Legacy MEC	MSA
Revenue	$539	$580 – $610	8% – 13%	$282	$268 - $293	$30 - $35
Adjusted EBITDA	$61	$66 – $71	9% – 17%	$29	$33 - $36	$4 - $6
Capital Expenditures	$59	$15 – $20	(66%) – (74%)	$6	$8 - $13	~$1

See the appendix for a reconciliation of Adjusted EBITDA to the most directly comparable GAAP financial measure.

INVESTMENT THESIS

Strategic evolution story supported by attractive re-shoring and outsourcing mega trends



Business Transformation to Drive Margin Expansion & Profitable Growth

Strategic Business Transformation

- Demand fundamentals remain strong across our end markets, supporting profitable growth
- MBX value creation framework – expected to drive approximately a 40 - 70 basis point improvement in Adjusted EBITDA margin in 2023
- Evaluating opportunistic, bolt-on acquisitions in complementary adjacent markets, in support of energy transition and renewables demand
- Net leverage below long-term target; strong liquidity profile and improved free cash flow will provide capacity for self-funded growth

Favorable Macro-Secular Trends

- Our robust domestic manufacturing footprint positions MEC to capitalize on multi-year reshoring and outsourcing trends by OEMs
- Our skilled workforce provides a one stop on-demand solution for OEMs
- Well positioned to capitalize on incremental energy transition and renewables fabrication solutions



APPENDIX

HISTORICAL MATERIAL PRICE PASS-THROUGH

(Y-o-Y Change in $MMs)	Material Price Pass-Throughs				
	1Q	2Q	3Q	4Q	Full Year
2021	$ —	$ 2.8	$ 5.6	$ 15.0	**$ 23.4**
2022	$ 14.6	$ 10.4	$ 2.5	$ 0.5	**$ 28.0**
2023	$ (9.9)	$ (8.3)			**$ (18.2)**

Non-GAAP Reconciliation of Adjusted EBITDA

	Q2	
($MM)	2023	2022
Net income and comprehensive income	$ 1.6	$ 5.9
Interest expense	2.0	0.8
Provision for income taxes	0.5	1.8
Depreciation and amortization	8.0	7.2
EBITDA	**$ 12.1**	**$ 15.7**
Loss on extinguishment of debt	0.2	—
MSA acquisition related costs	0.9	—
Stock-based compensation expense	1.4	1.5
Field replacement claim	0.5	—
Hazel Park transition and legal costs due to former fitness customer	0.3	1.9
Impairment of inventory and loss on contracts	—	(0.9)
Adjusted EBITDA	**$ 15.3**	**$ 18.2**
Net sales	$ 139.0	$ 138.3
EBITDA margin	8.7%	11.4%
Adjusted EBITDA margin	11.0%	13.1%

Non-GAAP Reconciliation of Adjusted Net Income & Diluted EPS

	Q2	
($MM, except share amounts and per share values)	**2023**	**2022**
Net income and comprehensive income	$ 1.6	$ 5.9
Loss on extinguishment of debt	0.2	—
MSA acquisition related costs	0.9	—
Stock-based compensation expense	1.4	1.5
Field replacement claim	0.5	—
Hazel Park transition and legal costs due to former fitness customer	0.3	1.9
Impairment of inventory and loss on contracts	—	(0.9)
Tax affect of above the adjustments	(0.8)	(0.6)
Adjusted net income and comprehensive income	**$ 4.1**	**$ 7.8**
Adjusted Diluted EPS	**$ 0.20**	**$ 0.38**
Weighted average diluted shares outstanding	**20,827,728**	**20,650,551**