

Investor Presentation

June 2020

Disclaimer

Forward-Looking Statements

This presentation contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek,” “anticipate,” “plan,” “continue,” “estimate,” “expect,” “may,” “will,” “project,” “predict,” “potential,” “targeting,” “intend,” “could,” “might,” “should,” “believe” and similar expressions or their negative. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on management’s belief, based on currently available information, as to the outcome and timing of future events. These statements involve estimates, assumptions, known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those expressed in such forward-looking statements. Forward-looking statements should not be unduly relied upon.

Important factors that could cause actual results or events to differ materially from those expressed in forward-looking statements include, but are not limited to, those described in “Risk Factors” in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission on March 2, 2020, as such may be amended or supplemented in Part II, Item 1A of our subsequently filed Quarterly Reports on Form 10-Q (including our Quarterly Report filed with the Securities and Exchange Commission on May 6, 2020), and the following: the uncertain negative impacts the coronavirus (COVID-19) will have on our business, financial condition, cash flows and results of operations; failure to compete successfully in our markets; risks relating to developments in the industries in which our customers operate; our ability to maintain our manufacturing, engineering and technological expertise; the loss of any of our large customers or the loss of their respective market shares; risks related to scheduling production accurately and maximizing efficiency; our ability to realize net sales represented by our awarded business; our ability to successfully identify or integrate acquisitions; risks related to entering new markets; our ability to develop new and innovative processes and gain customer acceptance of such processes; our ability to recruit and retain our key executive officers, managers and trade-skilled personnel; risks related to our information technology systems and infrastructure; manufacturing risks, including delays and technical problems, issues with third-party suppliers, environmental risks and applicable statutory and regulatory requirements; political and economic developments, including foreign trade relations and associated tariffs; volatility in the prices or availability of raw materials critical to our business; results of legal disputes, including product liability, intellectual property infringement and other claims; risks associated with our capital-intensive industry; risks related to our treatment as an S Corporation prior to the consummation of our initial public offering of common stock; risks related to our employee stock ownership plan’s treatment as a tax-qualified retirement plan; and our ability to remediate the material weakness in internal control over financial reporting identified in preparing our financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2019, and to subsequently maintain effective internal control over financial reporting. We undertake no obligation to update or revise any forward-looking statements after the date on which any such statement is made, whether as a result of new information, future events or otherwise, except as required by federal securities laws.

Non-GAAP Financial Measures

Included in this presentation are certain non-GAAP financial measures designed to complement the financial information presented in accordance with generally accepted accounting principles in the United States of America because management believes such measures are useful to investors. Investors should not consider non-GAAP financial measures in isolation or as substitutes for financial information presented in compliance with GAAP. These non-GAAP financial measures are not based on any standardized methodologies prescribed by GAAP and are not necessarily comparable to similarly titled measures presented by other companies. Non-GAAP measures that may be contained in this presentation include EBITDA, EBITDA Margin, Adjusted EBITDA, Adjusted EBITDA Margin, free cash flow and free cash flow conversion. EBITDA represents net income before interest expense, provision (benefit) for income taxes, depreciation, and amortization. EBITDA Margin represents EBITDA as a percentage of net sales for each period. Adjusted EBITDA represents EBITDA before transaction fees incurred in connection with the acquisition of Defiance Metal Products Co. and our initial public offering, the loss on debt extinguishment relating to our December 2018 credit agreement, non-cash purchase accounting charges including costs recognized on the step-up of acquired inventory and contingent consideration fair value adjustments, and one-time increases in deferred compensation and long-term incentive plan expenses related to our initial public offering and, stock based compensation expense for 2020. Adjusted EBITDA Margin represents Adjusted EBITDA as a percentage of net sales for each period. Free cash flow is defined as Adjusted EBITDA minus capital expenditures minus/plus the change in net working capital. Free cash flow conversion is defined as free cash flow divided by Adjusted EBITDA.

These metrics are supplemental measures of our operating performance that are neither required by, nor presented in accordance with, GAAP. These measures should not be considered as an alternative to net income or any other performance measure derived in accordance with GAAP as an indicator of our operating performance. We present Adjusted EBITDA and Adjusted EBITDA Margin as management uses these measures as key performance indicators, and we believe they are measures frequently used by securities analysts, investors and other parties to evaluate companies in our industry. These measures have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of our results as reported under GAAP. Please refer to the appendix of this presentation for a reconciliation of these non-GAAP measures to the most directly comparable measure prepared in accordance with GAAP.

MEC Team



Robert D. Kamphuis
Chairman, President and Chief Executive Officer



Todd M. Butz
Chief Financial Officer



Ryan F. Raber
Executive Vice President – Strategy, Sales & Marketing

Strategic Priorities

"Don't just get by…..get better together"

Priorities

1. **Maintaining employee health and safety**
2. **Continued exceptional customer service and collaboration**
3. **Further market penetration**
   Both existing and new customers
   Leveraging onshoring trends
4. **Agile and adaptable business model focused on continuous improvement**

Operational Outcomes

Responsiveness to changing market conditions

More efficient structure to serve customers
Maintaining foundation for long-term growth

Greater emphasis on competitive differentiation

Market Leader with Differentiated Competitive Position

MEC is the Largest U.S. Metal Fabricator(1)

Able to provide the broadest range of production capabilities…

Prototype & Fabrication



Performance Structures



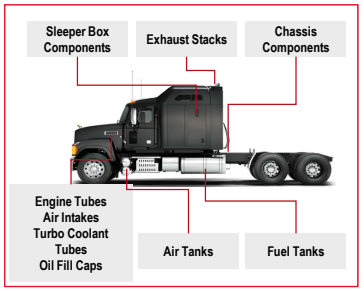
Tubes

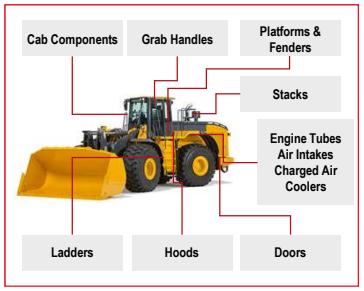


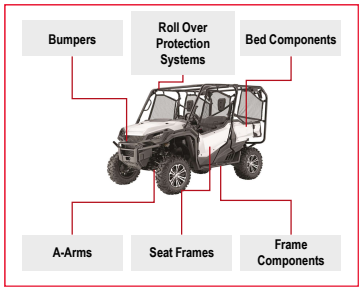
Tanks

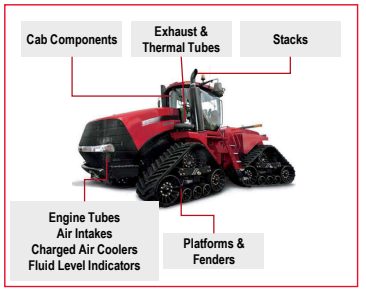


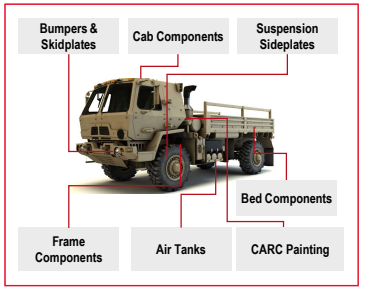
…serving a diverse range of end markets…











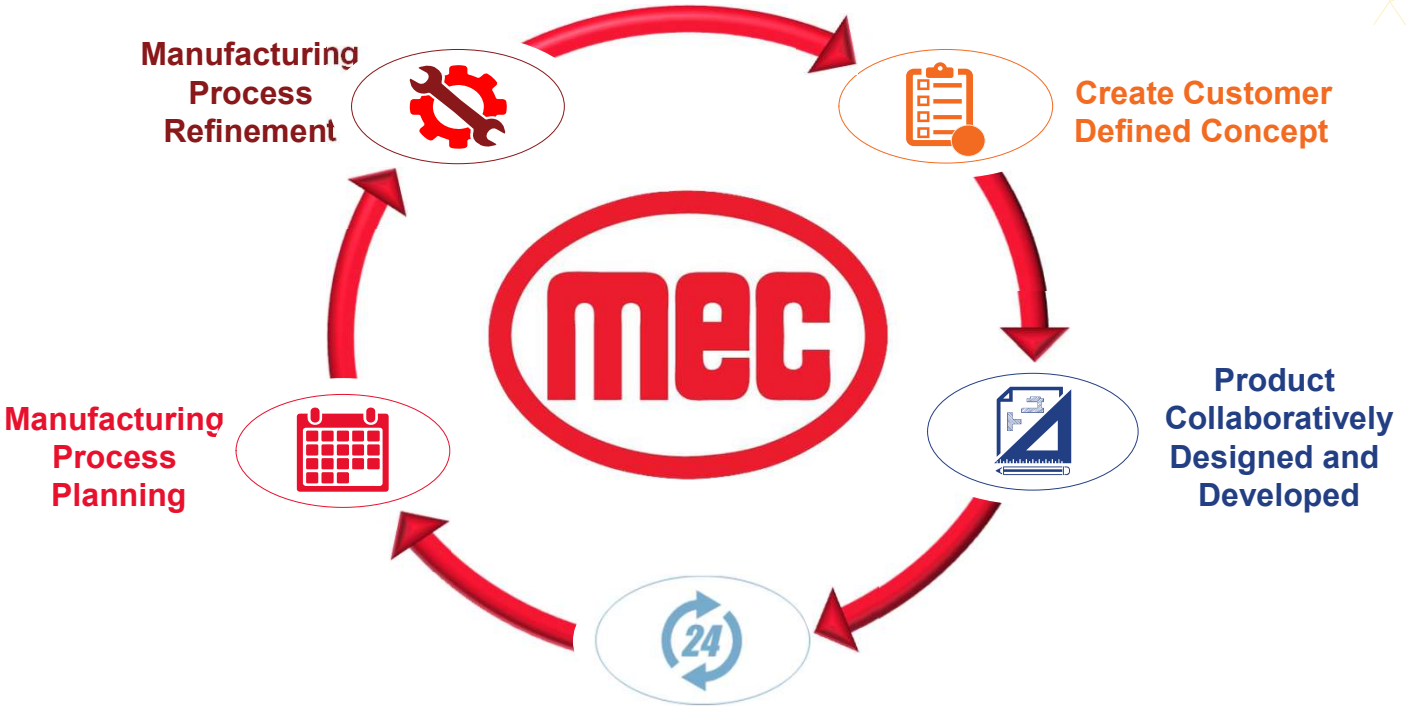
…resulting in deep and embedded relationships with customers

JOHN DEERE · CAT · CNH INDUSTRIAL · DAIMLER · VOLVO · MERCURY · HONDA · OSHKOSH · JLG reachingout. · ISUZU · PACCAR

Source: Company information, The Fabricator Magazine.
(1) Based on 2019 revenue. Peer revenue per The Fabricator Magazine estimates.

Unique Full-Service Offering

Providing Value-Added Services for Customers Coupled with Continuous Improvement

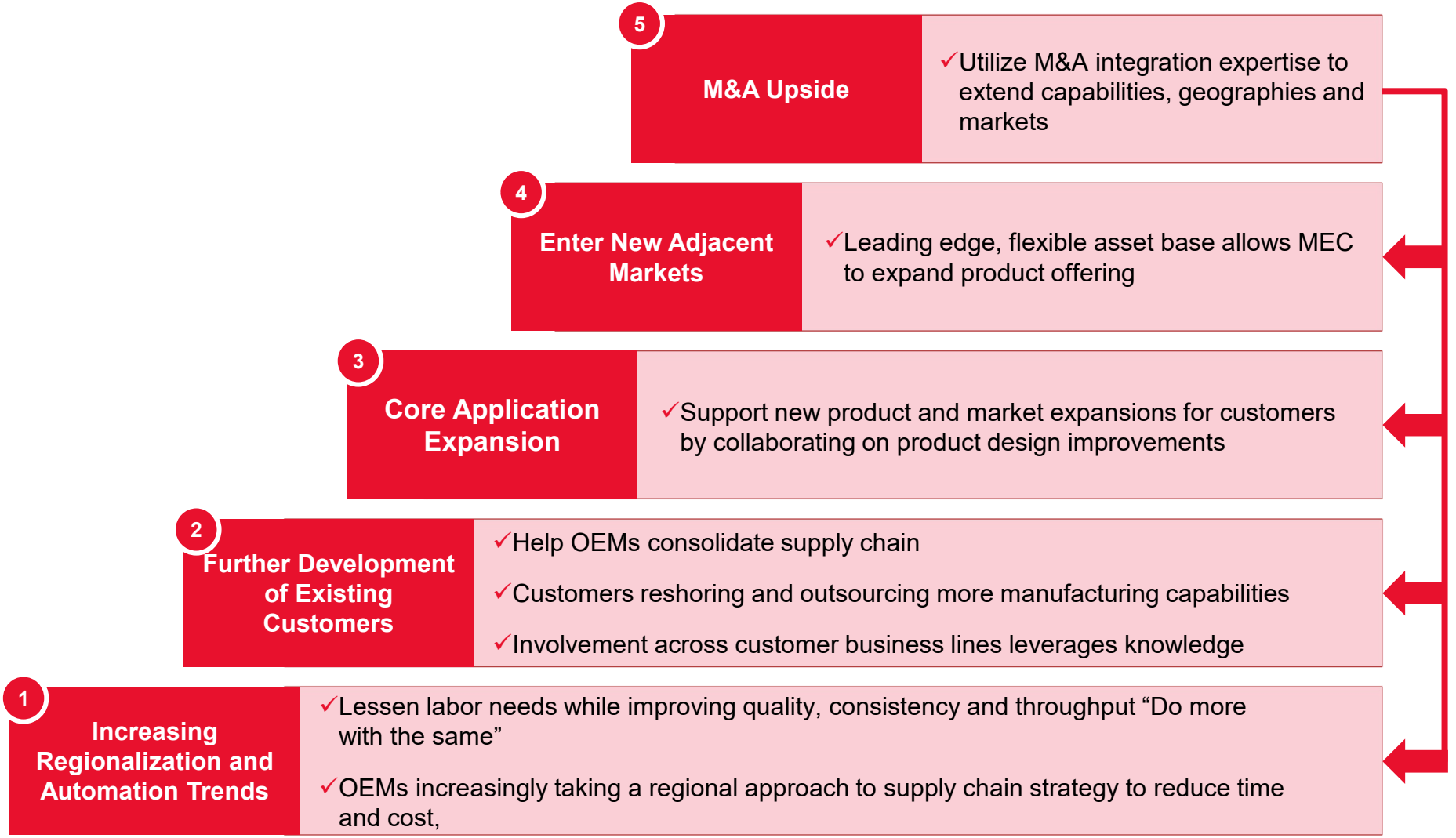


Large built-in opportunity to drive growth and increase capacity

Longevity of deep customer understanding = better able to grow business

Broad product offering creates a "one stop" shop = barriers to entry

Long-Term Growth Opportunities



COVID-19 Pandemic Update

- MEC maintains “Essential Service” designation
  - Viewed as key supplier by customers
  - All 20 facilities across the U.S. remain operational
- Prioritizing health and safety of employees
- Responding to change ‘normal course of business’
- Focused on factors within our control
- Social distancing is naturally accomplished through:
  - Separation by respective work cells
  - Increased use of technology and automation
- Current status:
  - **No reported COVID-19 cases to date**
  - **No supply chain disruptions**

(1) As of March 31, total debt netted against $13m of cash on hand.

Investment Highlights: Why MEC?

Ultimate ReSource for Complex Manufacturing Needs

- #1 largest fabricator in the U.S. with unmatched scale and footprint(1)
- Long standing relationships with blue-chip OEM's in a diverse range of end markets
- Broad range of end-to-end solutions and capabilities
- 'One-stop shop' for contract manufacturing needs

Differentiated Industrial Company

- Agile and adaptable business model drives stability through cycles
- Industry-leading automation, creates high barriers to entry
- Ability to pass through commodity exposure to customers
- Employee ownership, driving culture of pride and personal responsibility

Well Positioned for Long-Term, Profitable Growth

- Strong financial position and free cash flow generation with ample liquidity
- Technology and automation investments improve cost, quality and capacity
- Preferred consolidator in a highly fragmented industry
- Strong financial position provides flexibility to pursue strategic long-term growth opportunities

Source: Company filings, The Fabricator Magazine.
(1) Based on revenue. Peer revenue per The Fabricator Magazine estimates. Based on 2019 revenues.



Investor Presentation
Additional Information

June 2020

Financial Position, Liquidity, and Free Cash Flow

1. Strong Financial Position
2. Ample Liquidity
3. Free Cash Flow Stability

Net debt Leverage Ratio of 1.58x (1)

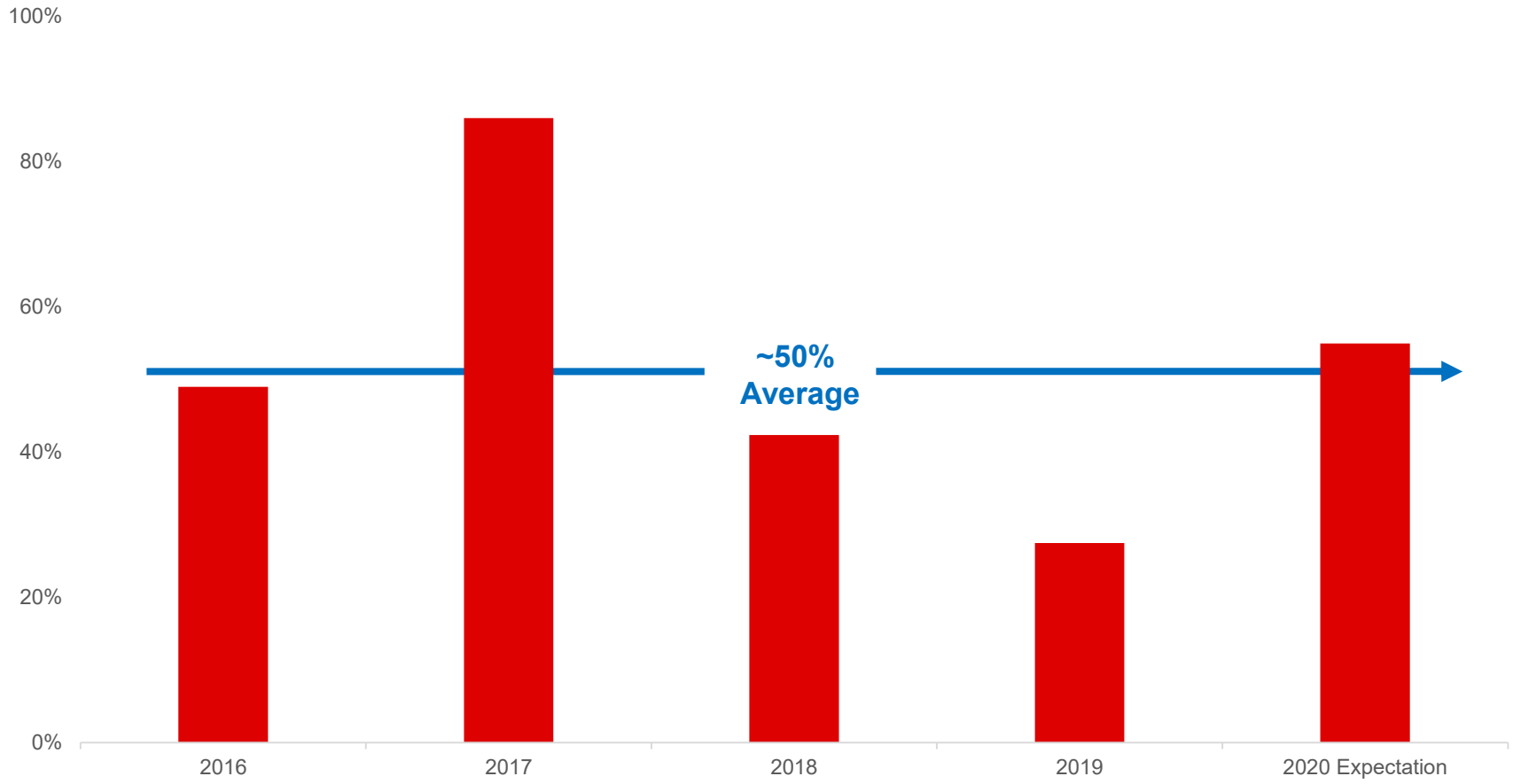
$300MM of borrowing capacity (2)

Aligned markets & capacity helps stabilize performance

Well Equipped to Manage Uncertainties + **Better Positioned Than Competition** = **Advantage MEC**

(1) As of March 31, 2020. Total debt netted against $13m of cash on hand.
(2) ($200MM revolver + $100MM accordion) Assumes continued compliance with Amended & Restated Credit Agreement covenants.

Free Cash Flow Conversion (1)



- ✓ 2017 greater than average due to decline in working capital
- ✓ 2019 lower than average primarily due to timing of investments in technology and automation (two times annual average).

(1) Free cash flow conversion equals Adjusted EBITDA minus capital expenditures minus/plus change in working capital, divided by Adjusted EBITDA. .

2019 – Q1 2020 Net Sales and Adjusted EBITDA

Net Sales by Quarter ($MM)



Adjusted EBITDA(1) by Quarter ($MM)

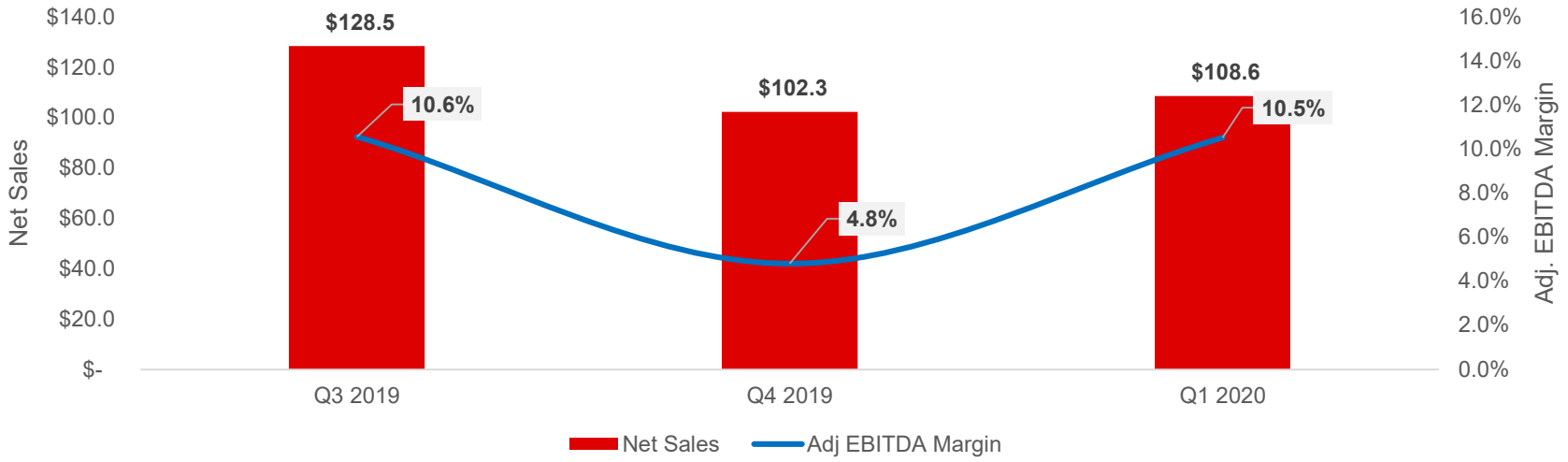


✓ Sequential declines in Q3 and Q4 2019 driven by market demand changes and destocking activities.

(1) Non-GAAP Financial Measure as defined on slide 2

Demonstrated Ability to Adapt to Market Conditions

Improving Profitability by Leveraging…



Investments in Technology and Automation and...

Fiber Lasers



Robotic Brake Press

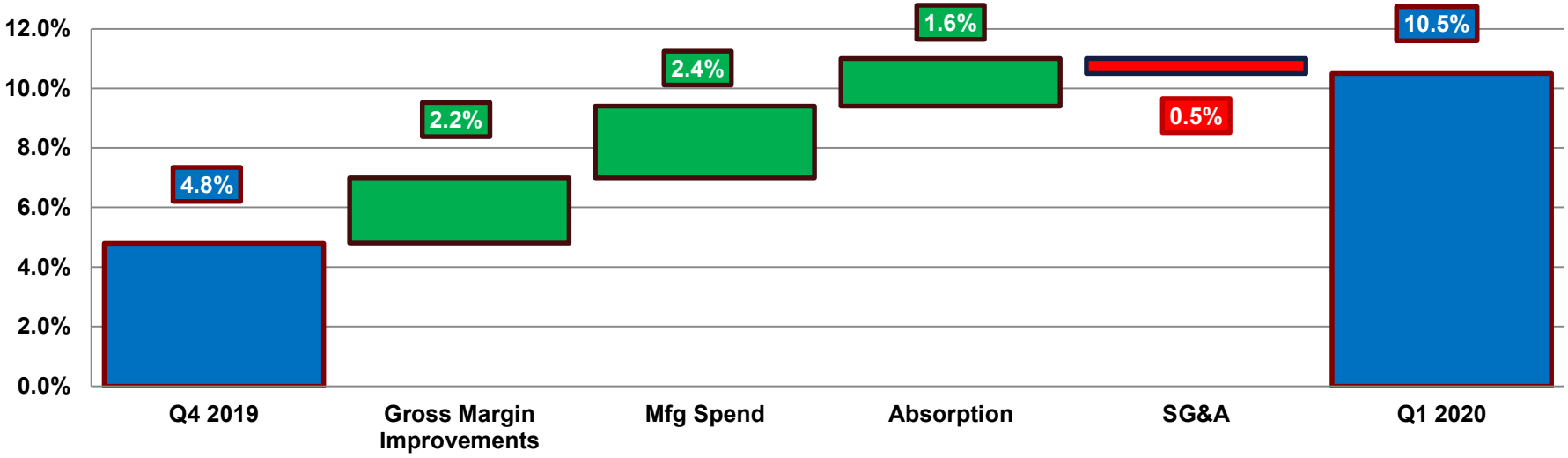


- ✓ **Increased Efficiency and Capacity:** Faster, reduced set-up time and employee involvement, leverage 6 sigma continuous improvement.
- ✓ **Financially Viable:** >25% IRR

Cost Reduction Initiatives

- ✓**Headcount Reductions**
- ✓**Facility Consolidation**
- ✓**Finalization of DMP Integration**

EBITDA Margin % Q4 2019 to Q1 2020 Bridge



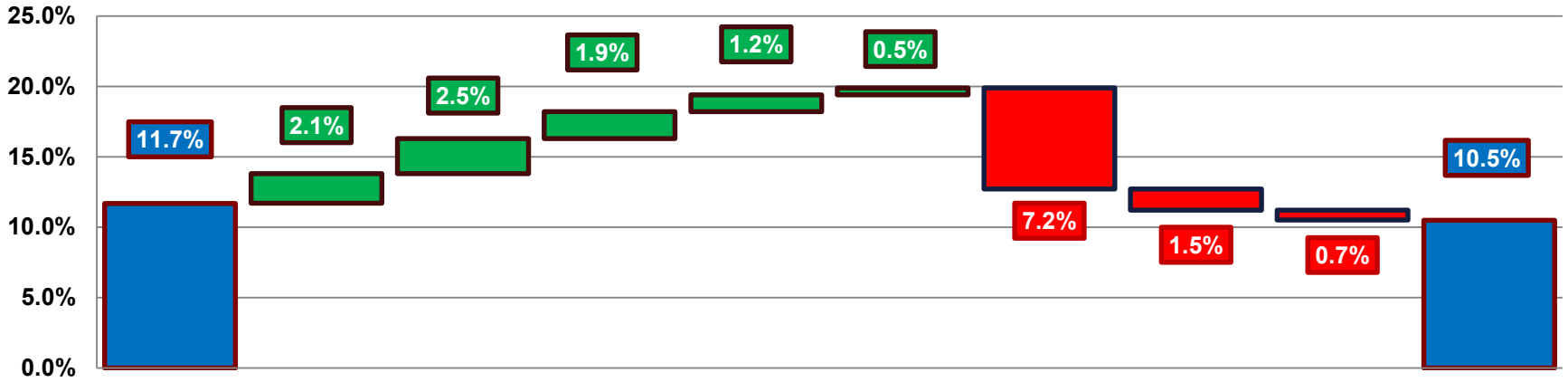
Installation of direct-to-metal paint line, better utilization of laser automation, full quarter of consolidation of VA facilities, integration of new robotic brake & machining center automation.

Permanent reduction of ~520 employees Q1 '20 vs. Q4 '19 in addition to temporary layoffs the last two weeks of March due to COVID.

Better absorption due to increase Sales.

Increased SG&A caused by timing of professional fees.

EBITDA Margin % Q1 2019 to Q1 2020 Bridge



Gross margin improvements from automation investments (10k lasers, Machining automation, robotic brake, DTM paint line, Laser River System), and consolidation of Virginia facilities.

Total reduction of ~880 heads.

Lower spend due to decreased volumes.

Decreased to align with financial performance.

Vendor consolidation & pricing, insourcing DMP subcontract work to legacy MEC locations & other operational savings.

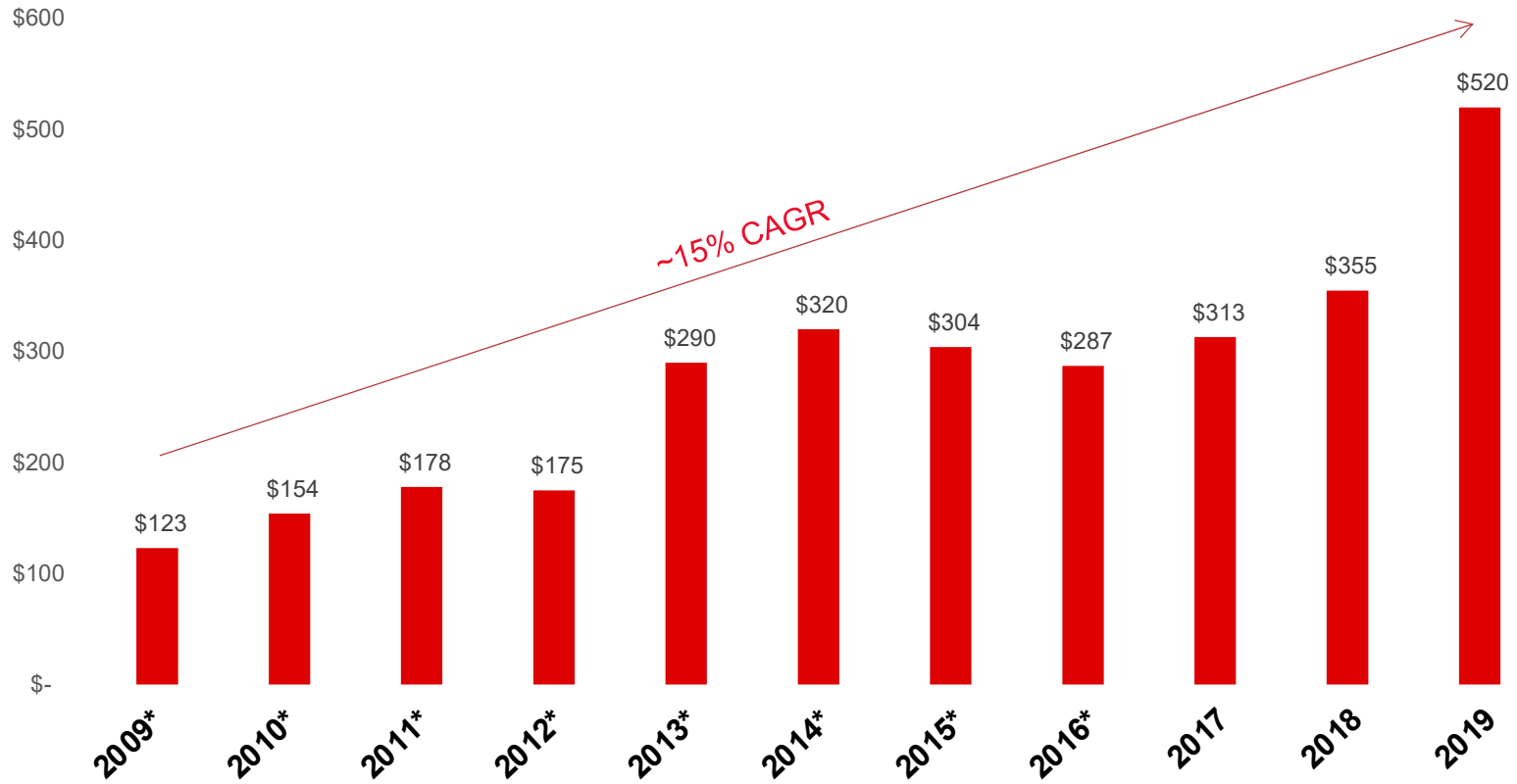
Decreased utilization due to lower volumes.

Investments in automation. Scrap decrease.

Increased cost due to being a public company.

Track Record of Long-Term Profitable Growth

Net Sales ($MM)

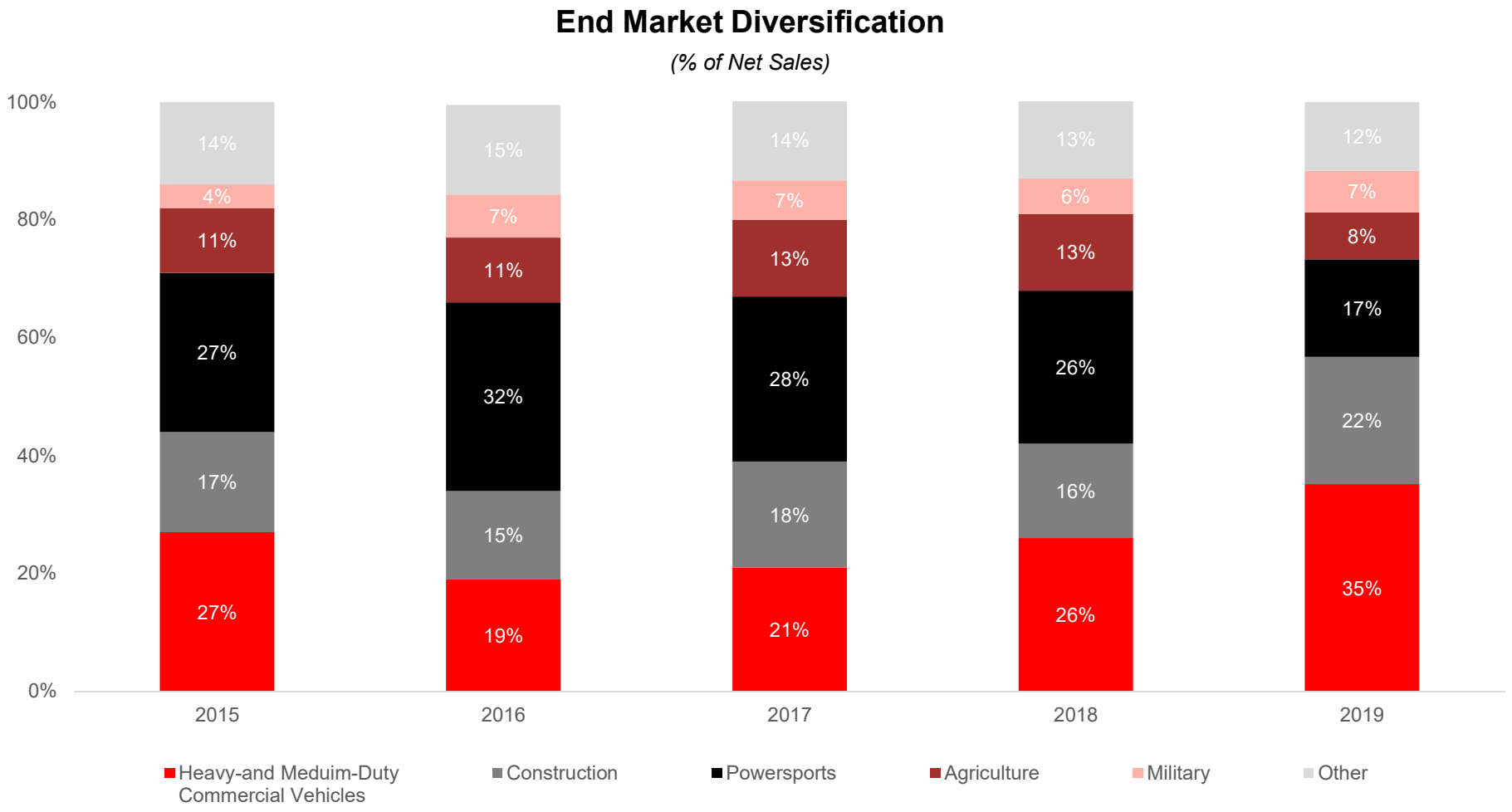


Adjusted EBITDA(1) margin range of ~9% to ~14% for the periods presented

Free Cash Flow(1) ~50% of Adjusted EBITDA(1) for the periods presented

* Our independent registered public accounting firm has not reviewed, audited or performed any procedures on these financial results and, as a result, expresses no opinion thereon.
(1) Non-GAAP Financial Measure as defined on slide 2.

Net Sales by End Markets



Diverse end markets foster ability to adapt to demand change and continued free cash flow generation



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