MEC Acquisition of Mid-States Aluminum

June 2023



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TRANSACTION OVERVIEW

Mid-States Aluminum ("MSA") accelerates MEC's strategic entry into light-weight materials fabrication



MSA is an immediately accretive, excluding transaction costs, complementary platform acquisition that brings significant aluminum fabrication capabilities to MEC

MSA positions MEC to capitalize on significant, growing customer demand of lightweight aluminum fabrications, including those utilized in next-generation energy transition applications

Transaction Terms

- Transaction expected to close during 3Q23, subject to customary closing conditions
- $96 million, all-cash purchase price, plus ordinary and customary adjustments
- Intend to fund acquisition through amendment increasing existing Credit Facility to $250 million

Financial Highlights

- MSA generated $16.0 million in Adj. EBITDA during 2022, on $86.0 million of Revenue
- MSA provides attractive cross-selling opportunities and margin accretion
- MEC anticipates pro-forma, TTM net leverage of 2.5x - 2.8x at closing

Timing & Transition

- MEC anticipates a seamless integration, with no anticipated disruptions to either MEC or MSA operations
- MEC plans to retain all 250 MSA employees and leadership team
- Full network and process integration to reach completion by the end of 2023

MSA brings capabilities expansion, end-market diversification and higher-margin sales mix to MEC

STRATEGIC RATIONALE

MSA accelerates execution of MEC's MBX Value Creation Initiative

MSA is a leading U.S. based lightweight materials fabricator with an established track record of commercial excellence

- MSA adds state-of-the-art aluminum extrusions fabrication capabilities that allow for expanded share-of-wallet at existing customers

MSA provides a complementary domestic manufacturing footprint and highly-skilled workforce focused on customer fabrications

- MSA's domestic operations position MEC to further capitalize on multi-year onshoring and energy transition trends
- MSA's Wisconsin-based manufacturing facilities are in close proximity to MEC's existing facilities and corporate headquarters

MSA expands MEC's service capabilities within growing adjacent end-markets

- MSA positions MEC to more fully capitalize on growing demand for light-weight materials within diverse, underserved sectors, including emerging technologies
- MSA positions MEC to become a vertically integrated operator of scale within the design, engineering and fabrications of light-weight materials

MSA allows MEC to capitalize on existing customer demand for light-weight materials fabrication

- MSA will allow MEC to capitalize on existing light-weight materials demand at Commercial Vehicle, Power Sports, Agriculture and Construction & Access customers
- MSA has minimal capabilities and customer overlap with MEC

MSA is a higher-margin specialty fabrications business with a track record of consistent profitability

- During the three-years ended 2022, MSA generated annual organic sales and Adjusted EBITDA growth of 37% and 72%, respectively
- During the three-years ended 2022, MSA generated an Adj. EBITDA margin 530bps higher than that of MEC during the same period

MSA is highly free cash generative, positioning MEC to reduce net leverage to 1.5x - 2.0x by year-end 2024

- Expect free-cash conversion of 75% effectively immediately, excluding transaction costs
- Expect to reduce pro-forma net leverage from 2.5x - 2.8x to 1.5x - 2.0x by year-end 2024

MEC is building scale within higher-moat, specialty fabrications markets that carry superior margin profiles, consistent with a long-term focus on profitable growth

MID-STATES ALUMINUM OVERVIEW

Industry leading aluminum extrusion manufacturer with value added capabilities such as design, assembly and packaging

About Mid-States Aluminum

HQ in **Fond du Lac, Wisconsin**

Family Owned and Founded in **1964**

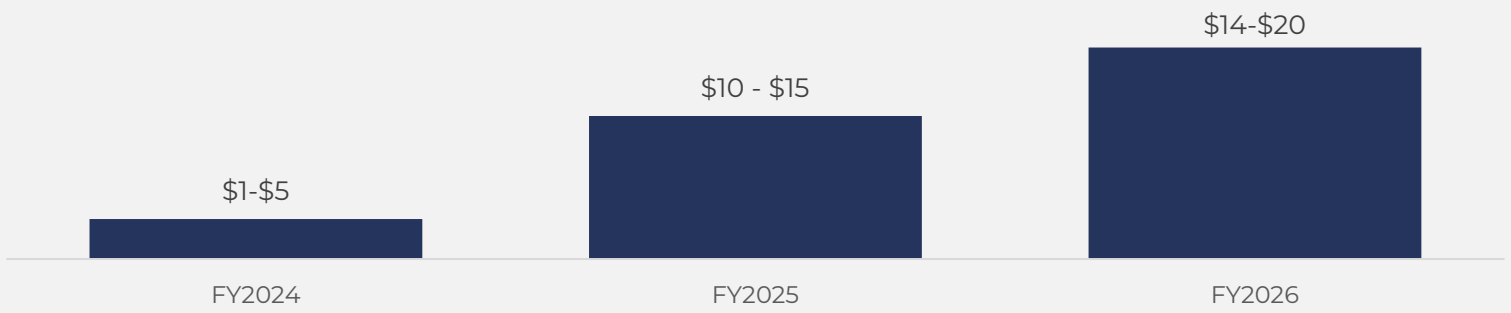
2 manufacturing facilities Both in Fond du Lac, WI

~325k sq ft Manufacturing Space

~250 Non-union Employees

MEC-MSA Projected Revenue and Cost Synergies

($ in millions)



MSA will bring Commercial and Operational Synergies to MEC

- **Key Value-Added Capabilities**. Similar to MEC, MSA offers differentiated and value-added services for its customers such as Design, Engineering, Extrusion, Fabrication, Finishing, Anodizing, Assembly and Packaging
- **Long Term Relationships with Large OEMs**. Similar to MEC, MSA is a key fabrication partner for many large OEMs, such as John Deere, Postle Aluminum, Bruno, Inalfa and Krueger International
- **Current Underutilized Capacity**. Despite recent volume growth, MSA is currently operating at 70% of full capacity, allowing for immediate uptake on potential cross-selling opportunities
- **Track record of operational excellence & Technology Investment** . Recent investment in new state-of-the-art aluminum press provided for end-market expansion, improved efficiencies and increased velocity

MSA's platform creates immediate opportunity to pursue cross-selling revenue synergies and cost synergy realization through MBX application

MSA PROVIDES END-MARKET DIVERSIFICATION

MSA provides diversification into building and construction, recreation, transportation and other end markets

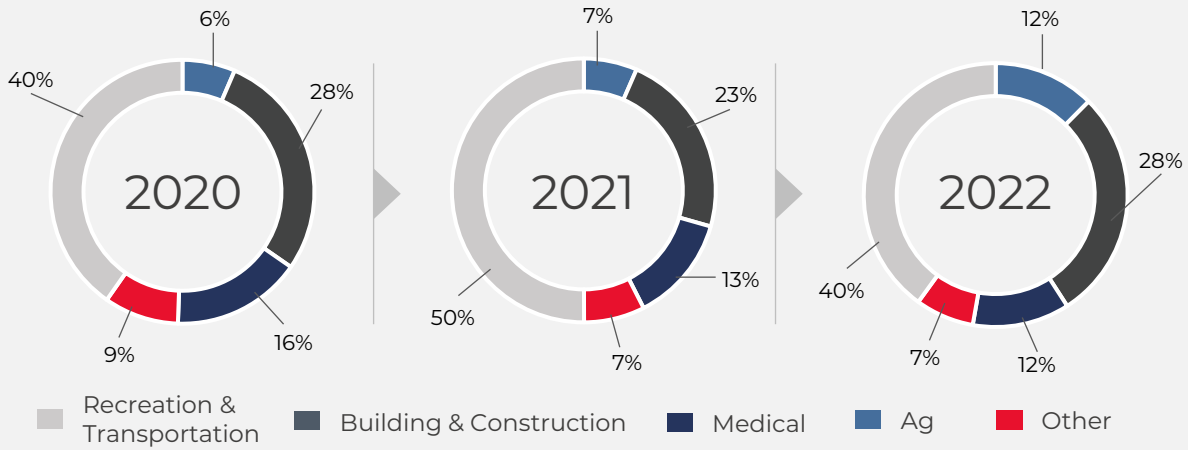
- MSA provides aluminum fabrication capabilities for over 30 different major OEMs
- Postle Aluminum is MSAs largest customer, representing average of 17% of revenues over the last 3 years
- Organic growth historically driven by recreational vehicle demand
- Margin expansion driven by operational efficiencies achieved through technology investment

MSA 2022 Top-5 Customers

John Deere · Postle Aluminum · inalfa roof systems group · BRUNO · KI

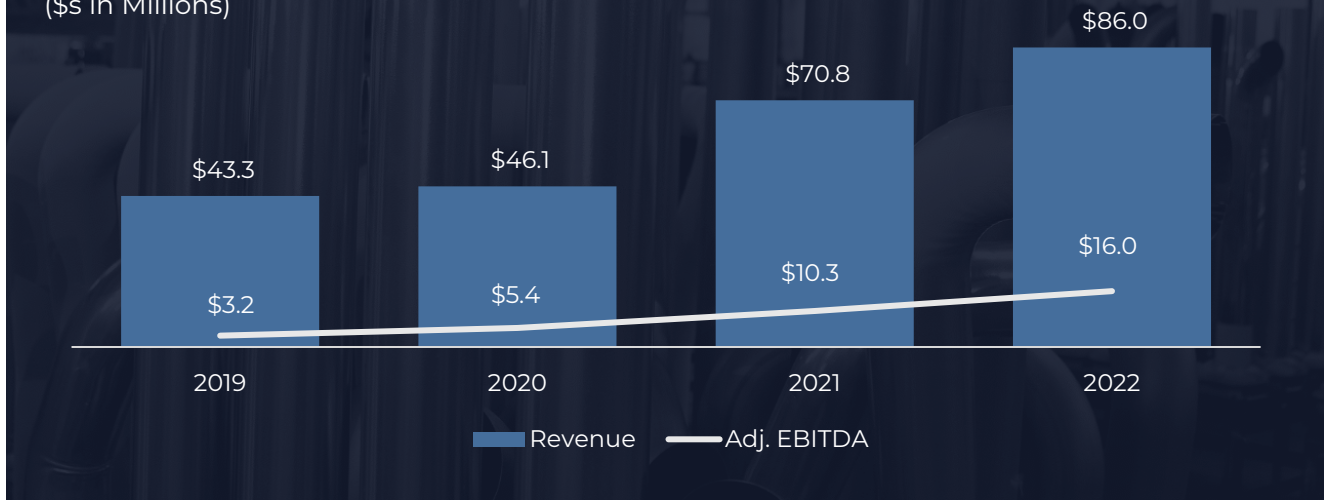
MSA Historical End-Market Mix

(% of Net Sales)



MSA Historical Revenue and Adj. EBITDA

($s in Millions)



MSA diversifies MEC's end-market exposure and provides for future diversification opportunities

MSA ACQUISITION PROVIDES COMPELLING GROWTH PLATFORM

MSA will result in end-market diversification, higher margins and provide entry into high-growth markets

Facilities	20	2	22
Employees	2,300	250	2,550
Annual Sales	~$540 million	~$86 million	~$626 million
Annual Adj. EBITDA	~$61 million	~$16 million	~$77 million

Note: Based on reported FY2022 sales and Adjusted EBITDA

Strong financial synergies to drive attractive financial performance

EXECUTION ON OUR STRATEGY FOR PROFITABLE GROWTH

MSA is expected to be immediately accretive, excluding transaction costs, to free cash flow, EPS and Adjusted EBITDA

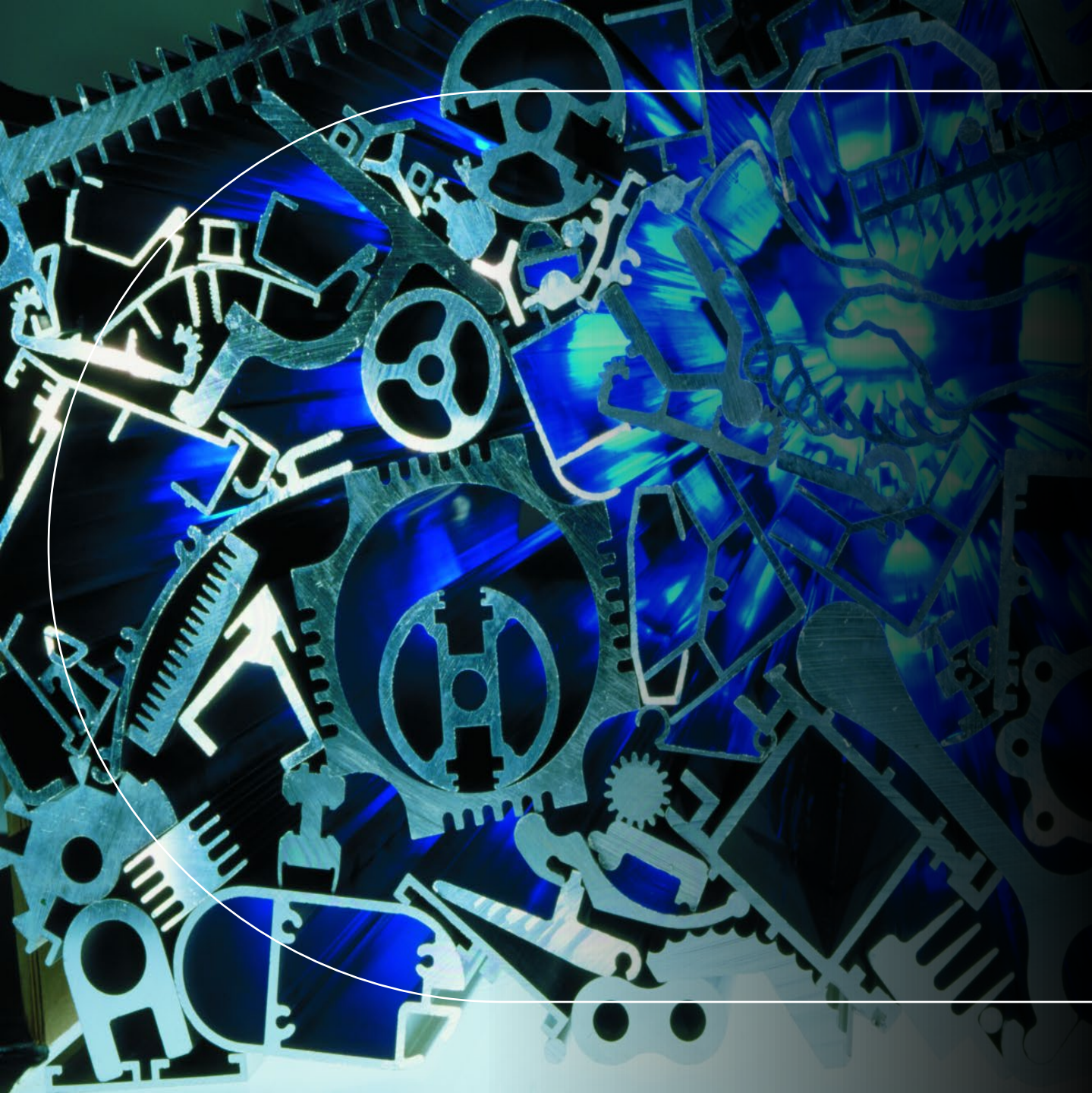
The acquisition of MSA positions MEC to accelerate execution on its multi-year strategic objectives, as outlined within our MEC Business Excellence ("MBX") Value Creation Framework, with a focus on commercial expansion, operational excellence and disciplined capital allocation.

1. **Drive Commercial Expansion.** Drive migration into new, higher-margin market applications that leverage our integrated suite of design, prototyping and aftermarket services, while continuing to expand our addressable content with new and existing customers.
2. **Sustainable Operational Excellence.** Drive increased standardization, lean manufacturing, and automation of various production processes to position us to reduce cost across the value chain.
3. **Disciplined Capital Deployment.** Seek to expand within high-growth, higher-margin adjacent markets, while continuing to build share-of-wallet with existing customers.

MBX

High Performance Culture	Operational Excellence	Commercial Expansion	Disciplined Capital Deployment	Human Resource Optimization
Deploy strategy inside the organization	Lean value stream mapping	Add fabrication capabilities for light-weight aluminum, plastics and composites	Pursue higher-margin, immediately accretive growth investments	Develop a targeted recruiting program to build pipeline of skilled labor
Daily lean management implementation	Sales, inventory and operations planning	Diversify into higher-margin emerging growth energy transition markets	Opportunistically pursue share repurchases under existing authorization	Retain and develop key talent through total rewards
Root cause countermeasures	Improve utilization	Expand share of wallet with existing customers	Allocate FCF toward debt reduction	Supervisor coaching & development
Performance based KPIs to drive accountability	Programmatic reduction of non-essential costs	Leverage standalone design, prototyping and after-market solutions	Maintain adequate liquidity to support growth	Succession planning
	Maintain committed safety culture	Implement strategic and value-based pricing		

Transaction aligns with key strategic priorities and meets MEC's targeted 15% IRR threshold



Q&A