3Q24 Results Presentation

November 6, 2024



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or otherwise.



3Q24 FINANCIAL PERFORMANCE

Execution of strategic priorities and cost rationalization will continue to support margins and free cash flow generation



The difficult customer demand environment troughed in 3Q24 and has stabilized as we enter the fourth quarter

- Despite the difficult customer demand environment, Adjusted EBITDA margins improved to 12.6% during Q3 due to recent cost actions, operational excellence initiatives and commercial wins
- Strategic MBX initiatives continue to support margin improvement and strong free cash flow generation

3Q24 Performance Highlights

- Net sales declined 14.4% y/y, due to customer channel inventory rationalization caused by soft end-market demand, partly offset by new project ramp-ups
- Adjusted EBITDA decreased 11.2% y/y to $17.1 million primarily due customer demand, offset by cost rationalization efforts and execution of MBX initiatives
- Adjusted EBITDA margins of 12.6%, an increase of 50 basis points y/y was driven by the decisive cost rationalization efforts and continued cost discipline
- Adjusted EPS of $0.21 was flat compared to 3Q23
- Generated Free Cash Flow of $15.1 million and repaid $11.0 million of debt during the quarter resulting in net leverage of 1.6x
- Settled lawsuit with former fitness customer; MEC to receive gross proceeds of $25.5 million in 4Q24

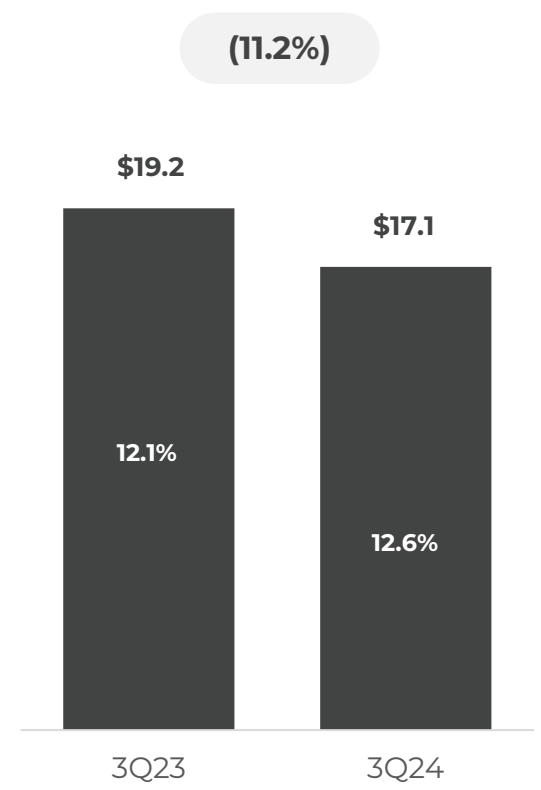
See the appendix for a reconciliation of Adjusted EBITDA and Free Cash Flow to their most directly comparable GAAP financial measure.

THIRD QUARTER FINANCIAL PERFORMANCE

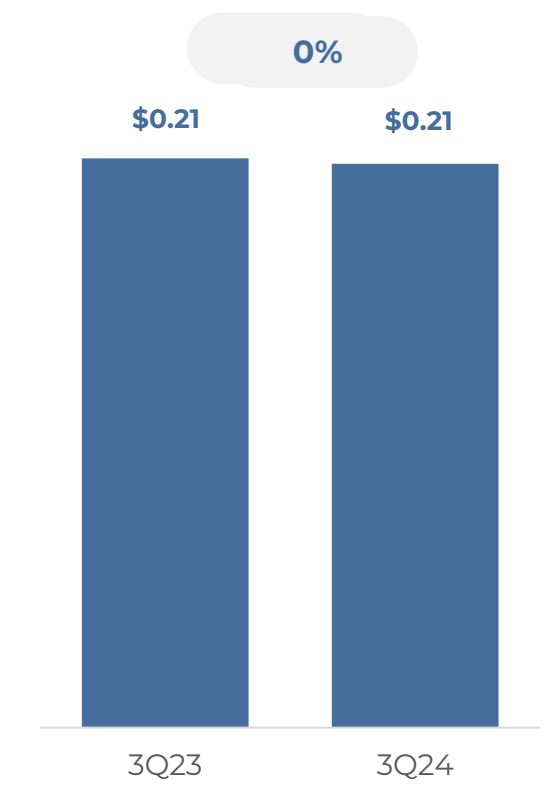
Net Sales
($MM)



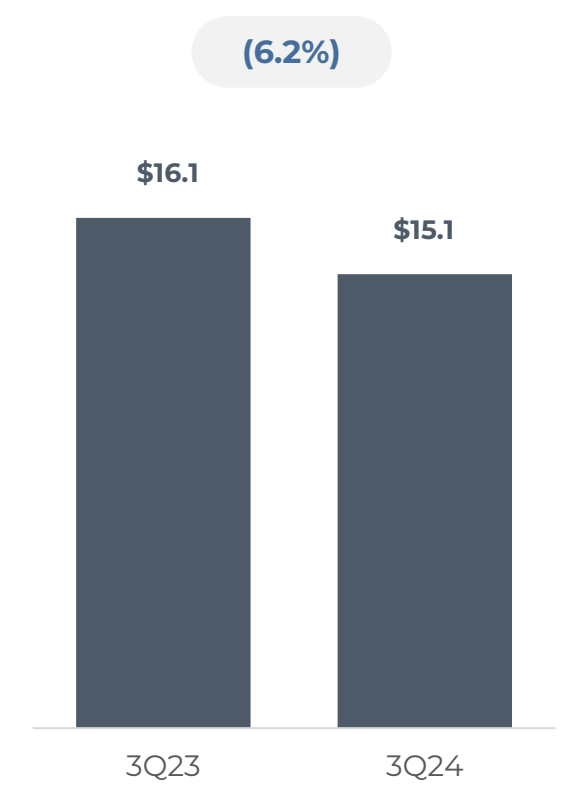
Adj. EBITDA & Margin
($MM & % of Net Sales)



Adjusted Diluted EPS
($/share)



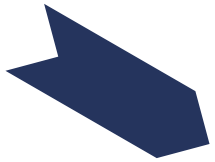
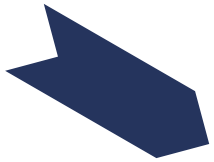
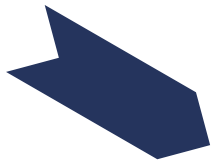
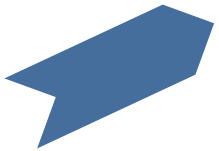
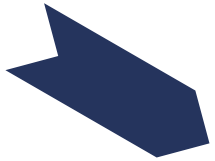
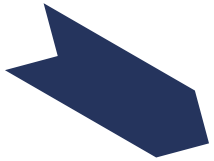
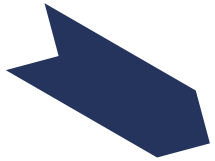
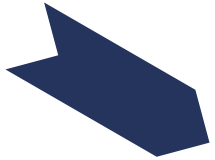
Free Cash Flow
($MM)



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

NEAR-TERM END-MARKET OUTLOOK

4Q24 and 1H25 expected to reflect a cyclical trough in customer demand as the interest rate environment normalizes

	Commercial Vehicle	Construction & Access	Powersports	Agriculture	Military	Other
MEC						
Macro						

Market Dynamics and Catalysts for Above-Market Growth

Commercial Vehicle

- Demand troughs in 4Q24, with modest improvement increasing each quarter through 2025
- Continued outperformance of end market as continue to ramp new program wins
- 2025 ACT projections reflect 10.6% y-o-y decline

Construction & Access

- Soft residential construction demand as interest rates remain elevated
- Modest improvement in public infrastructure as government related projects heightened by funding yet to be spent from the IIJA

Powersports

- Customer production cuts and inventory channel de-stocking amid softening consumer demand due to elevated interest rates
- Market recovery expected as interest rates decrease
- Recent Company market share gains offsetting demand softness

Agriculture

- Softening demand to overall ag industry with lower crop prices and customer channel de-stocking, offset by Company market share gains

Military

- Volume growth as new program launches in 1H25
- Solid backlog for U.S. government contracts and strong volumes based on new program introductions

Other

- New business development focused on energy transition and data center related technologies

3Q NET SALES & ADJUSTED EBITDA PERFORMANCE HIGHLIGHTS

Execution of its MBX initiative and cost rationalization drove improved operating leverage

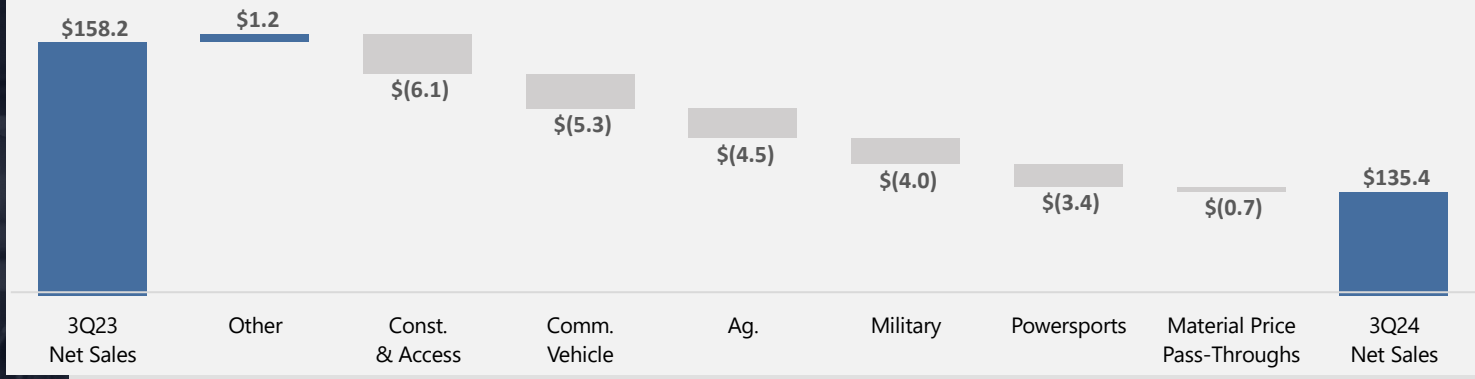
Customer demand troughed
Net sales decreased 14.4% y/y, driven by soft end market demand across our segments. Construction & Access, Powersports and Ag were also impacted by customer inventory rationalization. The sales decrease to the military end-market was driven by the roll-off of certain aftermarket programs at the end of 2023. Incremental project demands are driving momentum on the commercial front.

Strategic execution drives margin growth
Along with the continued execution of the MBX initiatives, cost rationalization supported the margin improvement this quarter. These improved labor efficiencies drove Adj. EBITDA margin up 60 bps q/q and 50 bps y/y. Long-term margin profile enhancements should be realized through strategic price improvements and overall cost discipline.

MBX Enables Decisive Footprint Rationalization
Operational excellence and strategic focus allowed for dynamic footprint rationalization in response to changes in customer orders. These actions resulted in approximately 30 basis points of operating margin preservation and include a 12% reduction in manufacturing labor and the closure of our facility in Wautoma, WI.

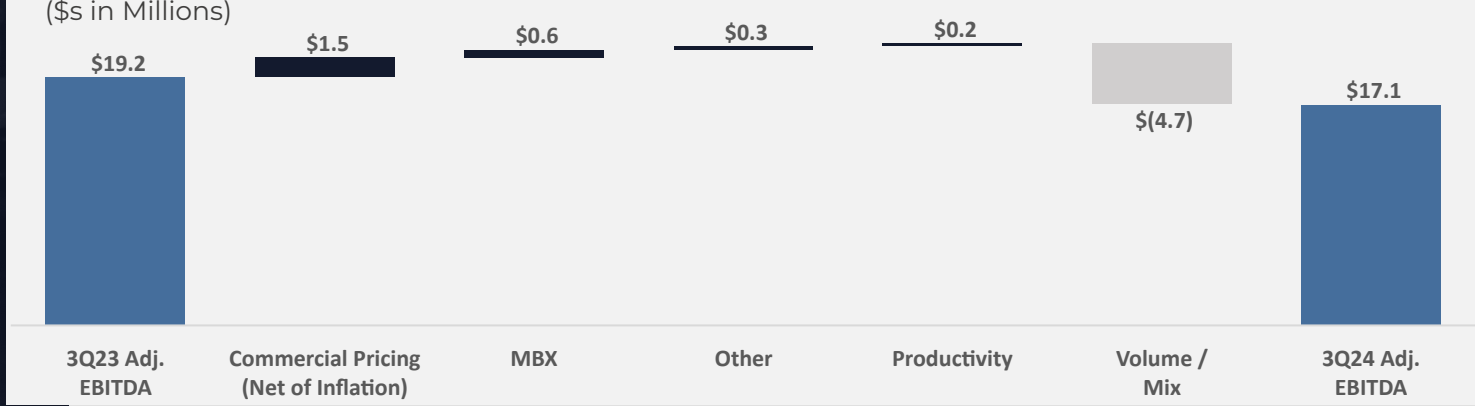
3Q Net Sales Reconciliation

($s in Millions)



3Q Adjusted EBITDA Reconciliation

($s in Millions)



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

Consistent Debt Paydown

- Net leverage of 1.6x as of September 30, 2024
- Expect to be near or below the low-end of 1.5x – 2.0x range by year-end 2024 due to cash received from customer legal settlement

Return-of-capital program

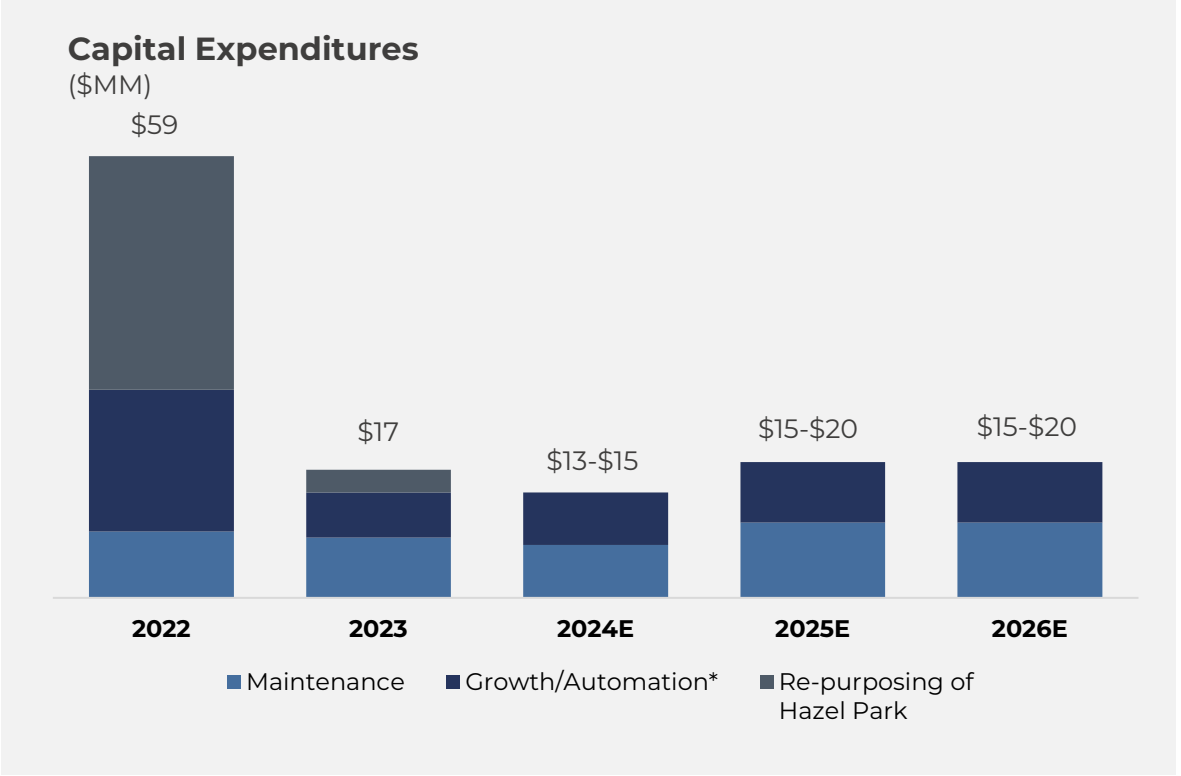
- Repurchased $1M of shares in 3Q24, with $23M remaining under current authorization
- Evaluating structured approach to repurchases going forward

Bolt-on acquisitions in complementary vertical markets

Targeting immediately accretive opportunities in complementary markets such as aluminum, other lightweight capabilities, and opportunistic additions to entrench our position in steel fabrication

Sustaining growth investments

Prioritizing $7M – $10M of investment in numerous high-return, capital-light growth/automation advancements with payback periods of less than 18 months



Targeted Growth/Automation Investment

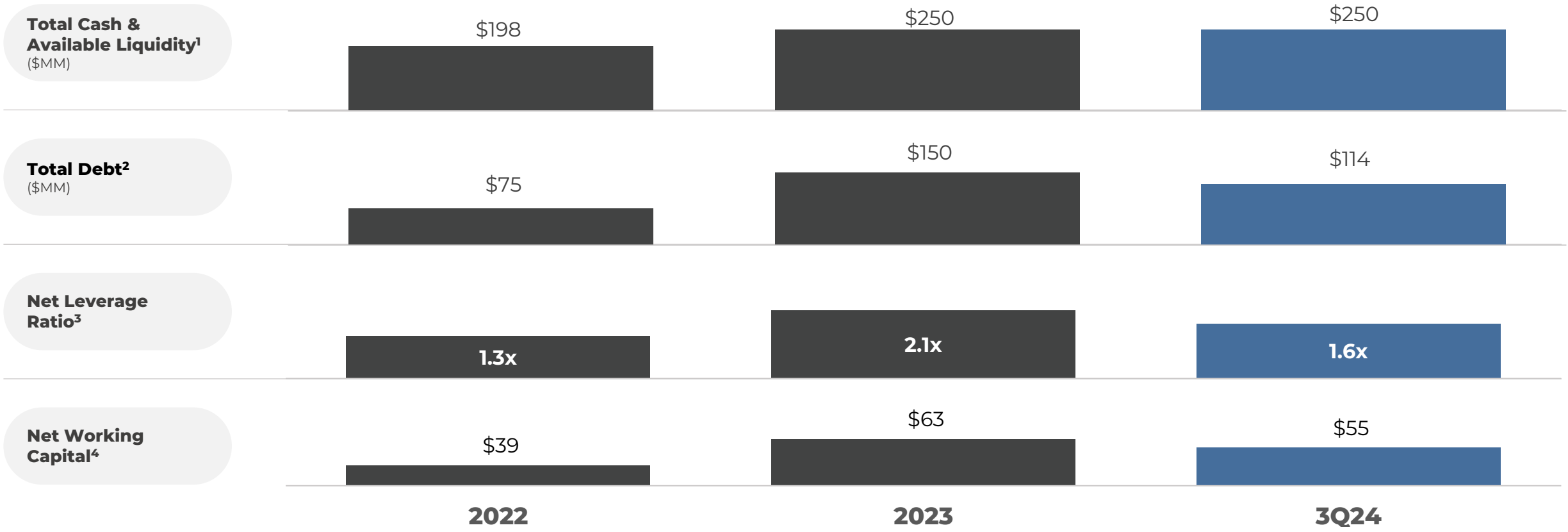
($MM)

FY22	FY23	FY24E
$19	$6	$7 - $8

* Includes Capital Expenditures associated with MSA

DISCIPLINED CAPITAL MANAGEMENT

Flexible balance sheet with ample liquidity to support long term 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, Fond du Lac term note and equipment financing agreements
3) Net Leverage Ratio equals 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 current assets minus current liabilities

2024 FINANCIAL GUIDANCE

As of November 5, 2024

Business Outlook

- End-market demand is expected to soften in the second half of the year in many key end-markets
- Continued discipline in executing organic commercial growth initiatives and project launches
- Continue to maintain balance sheet optionality to support growth
- Leveraging newly acquired aluminum extrusion capabilities to drive multi-year growth through revenue synergies
- Driving price discipline and operational enhancements to support continued margin improvement

Financial Assumptions

- Organic net sales growth of 1.5% to 2.5% due to new project launches, including the ramp-up of Hazel Park, offset by slowing macro-demand, customer de-stocking of channel inventory and project end-of-life
- MSA pro-rata contribution of $20 to $30 million in net sales and $4 to $6 million in Adj. EBITDA
- Capital expenditures of $13 to $15 million
- Strategic value-based pricing initiatives totaling $3 to $4 million, net of inflationary pressures in Adj. EBITDA
- MBX/labor productivity initiatives totaling $2 to $4 million in Adj. EBITDA

($MM)	2023A	2024E	YoY Change (%)
Revenue	$588.4	$580 – $590	(1%) – 0%
Adjusted EBITDA	$66.1	$63 – $66	(5%) – 0%
Free cash flow	$23.8	$45 – $55	89% – 131%

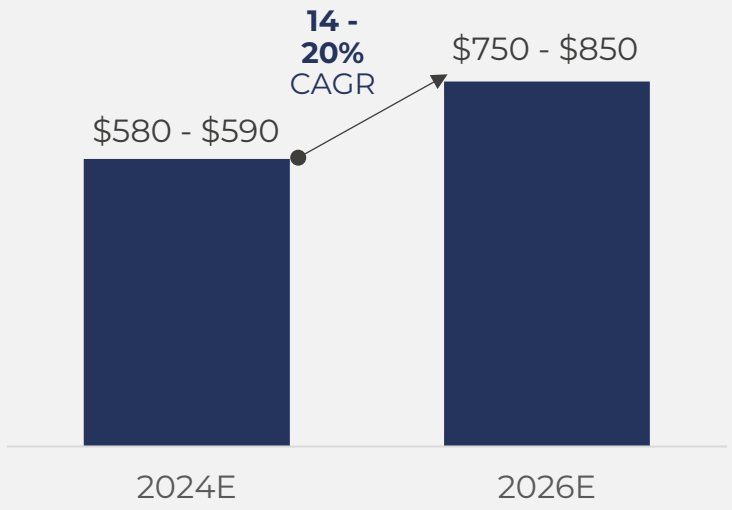
See the appendix for a reconciliation of Adjusted EBITDA and Free Cash Flow to the most directly comparable GAAP financial measure.

Value Creation Roadmap [1]

MBX Framework expected to drive substantial financial value and shareholder returns

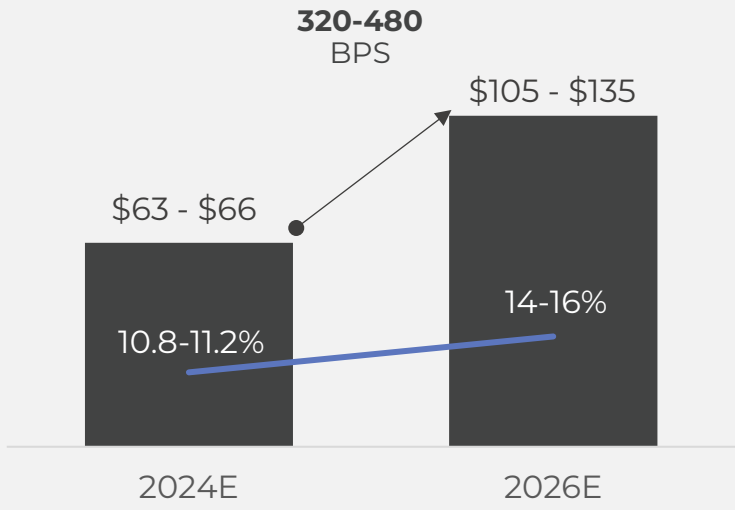
Sales Performance

$s in Millions



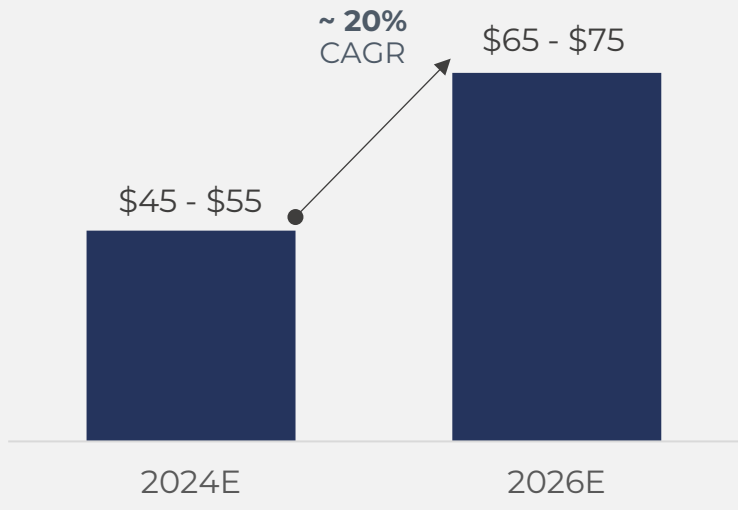
Adjusted EBITDA Performance

$s in Millions and as a % of Sales



Free Cash Flow Performance

$s in Millions



MBX value creation framework

Organic revenue acceleration

Adj. EBITDA margin expansion

Cash flow & capital deployment strategy

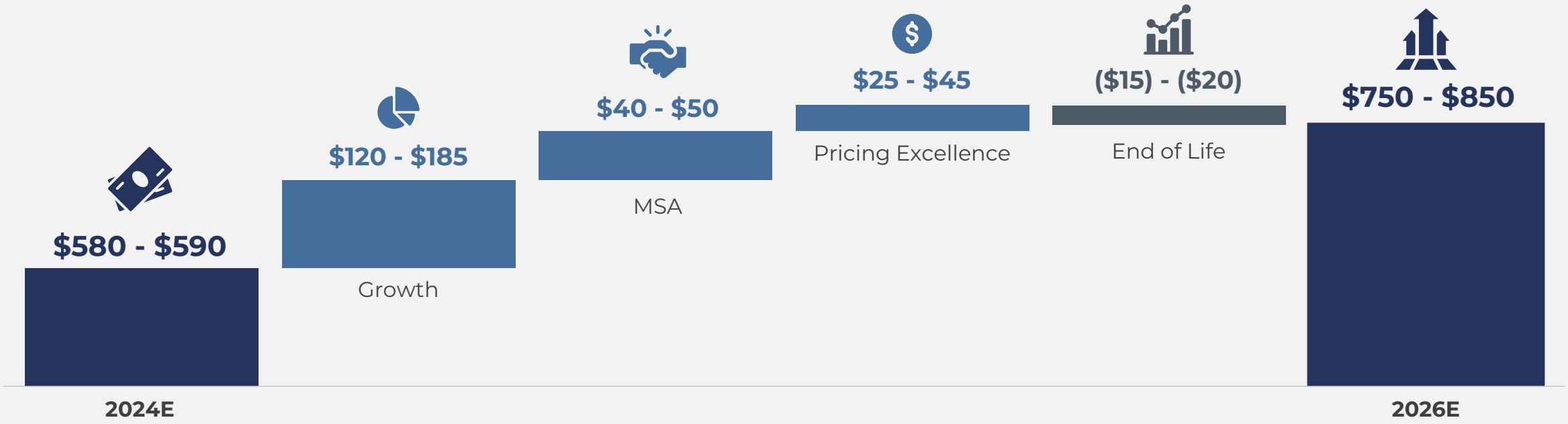
1. Inclusive of Mid-States Aluminum

Organic Growth Acceleration [1]

2-Year Organic Revenue CAGR of 14% - 20%, before incremental M&A

Two Year Sales Reconciliation [1]

$s in Millions



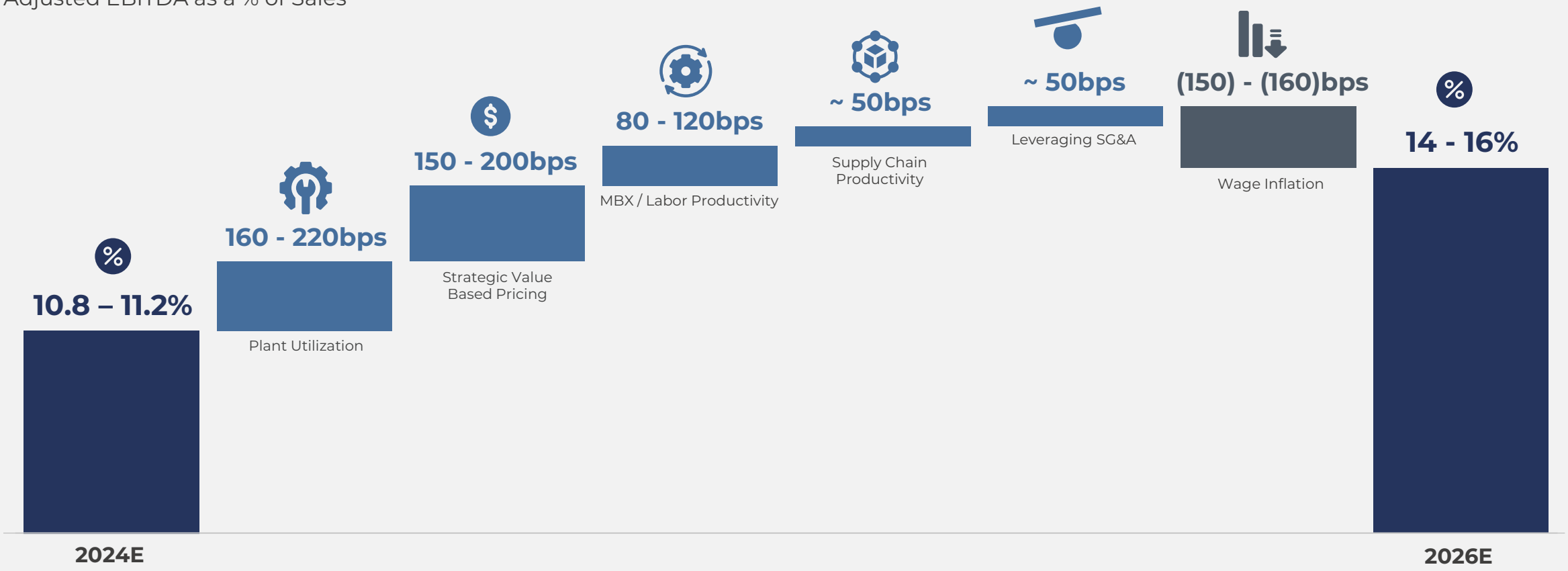
(1) Inclusive of Mid-States Aluminum

Accelerated Margin Expansion

Targeting 2-Year Adjusted EBITDA margin expansion of 300bps – 480bps

2-Year Adjusted EBITDA Margin Reconciliation

Adjusted EBITDA as a % of Sales



Note: Assumes stable material pricing (CRU of $700-$900/ton)

INVESTMENT THESIS

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



Strategic Business Transformation

- Strong demand fundamentals across our end markets, supporting profitable growth
- Value creation platform expected to drive Adjusted EBITDA margins to 14% - 16% and organic revenue growth of 8% - 12% per year over the next 3-years
- Evaluating opportunistic, bolt-on acquisitions in complementary adjacent markets, in support of energy transition demand
- Attractive free cash flow profile to support de-leveraging and 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
2022	$ 14.6	$ 10.4	$ 2.5	$ 0.5	**$ 28.0**
2023	$ (9.9)	$ (8.3)	$ (0.5)	$ (0.4)	**$ (19.1)**
2024	$ —	$ (1.1)	$ (0.7)		**$ (1.8)**

Non-GAAP Reconciliation of Adjusted EBITDA

	Q3	
($MM)	2024	2023
Net income and comprehensive income	$ 3.0	$ 1.4
Interest expense	2.7	3.9
Provision for income taxes	0.1	0.6
Depreciation and amortization	9.5	9.6
EBITDA	**$ 15.2**	**$ 15.5**
MSA acquisition related costs	—	0.5
Stock-based compensation expense	1.4	1.3
Legal costs due to former fitness customer	0.5	1.0
Costs recognized on step-up of MSA acquired inventory	—	0.9
Adjusted EBITDA	**$ 17.1**	**$ 19.2**
Net sales	$ 135.4	$ 158.2
EBITDA margin	11.2%	9.8%
Adjusted EBITDA margin	12.6%	12.1%

Note: Totals may not sum due to rounding.

Non-GAAP Reconciliation of Adjusted Net Income & Diluted EPS

($MM, except share amounts and per share values)	Q3 2024	Q3 2023
Net income and comprehensive income	$ 3.0	$ 1.4
MSA acquisition related costs	—	0.5
Stock-based compensation expense	1.4	1.3
Legal costs due to former fitness customer	0.5	1.0
Costs recognized on step-up of MSA acquired inventory	—	0.9
Tax affect of above the adjustments	(0.3)	(0.9)
Adjusted net income and comprehensive income	**$ 4.5**	**$ 4.2**
Adjusted Diluted EPS	**$ 0.21**	**$ 0.21**
Weighted average diluted shares outstanding	**21,123,494**	**20,622,864**

Non-GAAP Reconciliation of Free Cash Flow

($MM)	Q3 2024	Q3 2023
Net cash provided by operating activities	$ 17.9	$ 19.6
Purchase of property, plant and equipment	(2.9)	(3.5)
Free cash flow	**$ 15.1**	**$ 16.1**