Creating Tomorrow's KAMAN Today

Q1 2020 Earnings Call Supplement

May 12, 2020

Forward Looking Statements

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FORWARD-LOOKING STATEMENTS

This presentation includes "forward looking statements" relating to the announced transactions and future operations of the Company, which can be identified by the use of words such as “will,” “expect,” “poise,” “believe,” “plans,” “strategy,” “prospects,” “estimate,” “project”, “seek,” “target,” “anticipate,” “intend,” “future,” “likely,” “may,” “should,” “would,” “could,” and other words of similar meaning in connection with a discussion of future operating or financial performance or events. Forward-looking statements also may be included in other publicly available documents issued by the Company and in oral statements made by our officers and representatives from time to time. These statements are based on assumptions currently believed to be valid but involve significant risks and uncertainties, many of which are beyond our control, which could cause our actual results to differ from those expressed in the forward looking statements. Such risks and uncertainties include, among others, the ability to implement the anticipated business plans following closing and achieve anticipated benefits and savings; and future and estimated revenues, earnings, cash flow, charges, cost savings and expenditures. Additional risks and uncertainties that could cause our actual results to differ from those expressed in the forward looking statements are identified in our reports filed with the SEC, including our Quarterly Reports on Form 10-Q, our Annual Reports on Form 10-K, and our Current Reports on Form 8-K. The forward looking statements included in this presentation are made only as of the date of this presentation, and the Company does not undertake any obligation to update the forward looking statements to reflect subsequent events or circumstances.

Non-GAAP Figures

Management believes that the Non-GAAP financial measures (i.e. financial measures that are not computed in accordance with Generally Accepted Accounting Principles) identified by an asterisk (*) used in this presentation or in other disclosures provide important perspectives into the Company's ongoing business performance. The Company does not intend for the information to be considered in isolation or as a substitute for the related GAAP measures. Other companies may define the measures differently. Reconciliations from GAAP measures to the Non-GAAP measures are presented herein.

Q1 2020 Overview

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Financial Performance
(from continuing operations)

- Net Sales up 24.6%; Organic sales up 10.5%
- Bal Seal sales of $23.4 million, in-line with expectations
- Adjusted EBITDA* of 12.6%, a 130 bps increase over prior year period
- Adjusted diluted earnings per share* more than doubled to $0.48
- Borrowed $200 million on revolver; Available cash on hand of $271 million

Key Messages

- Closed the acquisition of Bal Seal Engineering on January 3rd
- Expanded portfolio of high margin products led to strong results in the quarter
- High level of execution despite challenges faced as quarter progressed
- Implemented policies and procedures to protect employees and maintain operations
- Strong balance sheet and significant capacity on $800 million revolving credit facility

Diversified Portfolio

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Sales in quarter up 24.6% to $207.3 million; Organic Sales up 10.5% to $184.0 million

Actual Q1 2020 Sales By End Market

- 52% Defense
- 31% Commercial Aerospace
- 10% Medical
- 7% Industrial and Other

Commercial Aerospace Sales ~30% of Total [1]

OEM	80%
Aftermarket	20%

Boeing & Airbus (direct and indirect)	40%
All Other	60%

[1] % totals are an approximation based on the mid-point of our initial 2020 Sales Outlook for commercial aerospace airframe bearings, engine components, and aerostructures.

Looking Ahead

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Diverse Mix of Products and End Markets	Strong Balance Sheet and Ample Liquidity	Disciplined Operating Approach	Focus on Health and Safety
Expanded portfolio of high margin products with diverse end market exposure	Financial strength positions us to manage through the downturn and invest in R&D and growth initiatives	Greater impact to our commercial aerospace business; productivity and efficiency headwinds across organization	Policies and procedures to protect the health & safety of employees and maintain operations
▪ ~50% Defense ▪ ~30% Commercial Aerospace ▪ ~10% Medical ▪ ~10% Industrial and Other	▪ $271M of cash available on hand ▪ Significant capacity under our $800M credit facility ▪ No debt maturities until 2024	▪ Adjusting production needs to meet demand ▪ Reduced discretionary spending ▪ Salary reductions across our senior management ▪ Board reduced retainers 20% in Q2	▪ Appropriate PPE ▪ Temperature checks ▪ Shift flexibility ▪ Social distancing ▪ Segregated workspaces ▪ Remote work

Non-GAAP Reconciliations

Non-GAAP Reconciliation

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Organic Sales

Organic Sales is defined as "Net Sales" less sales derived from acquisitions completed during the preceding twelve months. We believe that this measure provides management and investors with a more complete understanding of underlying operating results and trends of established, ongoing operations by excluding the effect of acquisitions, which can obscure underlying trends. We also believe that presenting Organic Sales enables a more direct comparison to other businesses and companies in similar industries. Management recognizes that the term "Organic Sales" may be interpreted differently by other companies and under different circumstances. No other adjustments were made during the three-month fiscal periods ended April 3, 2020 and March 29, 2019, respectively. The following table illustrates the calculation of Organic Sales using the GAAP measure, "Net Sales".

	For the Three Months Ended	
(in thousands)	**April 3, 2020**	**March 29, 2019**
Net Sales From Continuing Operations	$ 207,322	$ 166,434
Acquisition Sales	23,361	-
Organic Sales	$ 183,961	$ 166,434
$ Change	$ 17,527	
% Change	10.5%	

Non-GAAP Reconciliation

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Adjusted EBITDA from Continuing Operations

Adjusted EBITDA from continuing operations is defined as earnings from continuing operations before interest, taxes, other expense (income), net, depreciation and amortization and certain items that are not indicative of the operating performance of the Company's for the period presented. Adjusted EBITDA from continuing operations differs from earnings from continuing operations, as calculated in accordance with GAAP, in that it excludes interest expense, net, income tax expense, depreciation and amortization, other expense (income), net, non-service pension and post retirement benefit expense (income), and certain items that are not indicative of the operating performance of the Company for the period presented. We have made numerous investments in our business, such as acquisitions and capital expenditures, including facility improvements, new machinery and equipment, improvements to our information technology infrastructure and ERP systems, which we have adjusted for in Adjusted EBITDA from continuing operations. Adjusted EBITDA from continuing operations also does not give effect to cash used for debt service requirements and thus does not reflect funds available for distributions, reinvestments or other discretionary uses. Management believes Adjusted EBITDA from continuing operations provides an additional perspective on the operating results of the organization and its earnings capacity and helps improve the comparability of our results between periods because it provides a view of our operations that excludes items that management believes are not reflective of operating performance, such as items traditionally removed from net earnings in the calculation of EBITDA as well as Other expense (income), net and certain items that are not indicative of the operating performance of the Company for the period presented. Adjusted EBITDA from continuing operations is not presented as an alternative measure of operating performance, as determined in accordance with GAAP. No other adjustments were made during the three-month fiscal periods ended April 3, 2020 and March 29, 2019. The following table illustrates the calculation of Adjusted EBITDA from continuing operations using GAAP measures, “Earnings from Continuing Operations, net of tax”.

	For the Three Months Ended	
(in thousands)	**April 3, 2020**	**March 29, 2019**
Net Sales From Continuing Operations	$ 207,322	$ 166,434
(Loss) earnings from continuing operations, net of tax	$ (407)	$ 5,822
Interest Expense, net	3,247	5,301
Income Tax Expense	(443)	1,434
Non-service pension and Post-Retirement Expense	(4,063)	(99)
Other expense (income), net	218	(89)
Depreciation and Amortization	9,509	6,122
Other Adjustments		
Restructuring and severance costs	1,795	266
Cost associated with corporate development activities	1,787	-
Bal Seal acquisition costs	8,483	-
Expenses associated with Bal Seal purchase accounting	6,880	-
Transition service agreement cost, net of transition service agreement income	1,166	-
Reversal of prior year accruals in current period	(1,475)	-
Gain on sales of U.K Tooling business	(493)	-
Adjusted EBITDA from Continuing Operations	$ 26,204	$ 18,757
Adjusted EBITDA Margin	*12.6%*	*11.3%*

Non-GAAP Reconciliation

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Adjusted Earnings from Continuing Operations and Adjusted Diluted Earnings Per Share from Continuing Operations

Adjusted Earnings from Continuing Operations and Adjusted Diluted Earnings per Share from Continuing Operations are defined as GAAP "Earnings from Continuing Operations" and "Diluted earnings per share from continuing operations", less items that are not indicative of the operating performance of the business for the periods presented. These items are included in the reconciliation below. Management uses Adjusted Earnings from Continuing Operations and Adjusted Diluted Earnings per Share from Continuing Operations to evaluate performance period over period, to analyze the underlying trends in our business and to assess its performance relative to its competitors. We believe that this information is useful for investors and financial institutions seeking to analyze and compare companies on the basis of operating performance. The following table illustrates the calculation of Adjusted Earnings from Continuing Operations and Adjusted Diluted Earnings per Share from Continuing Operations using “Earnings from Continuing Operations” and “Diluted earnings per share from continuing operations” from the “Consolidated Statements of Operations” included in the Company's Form 10-Q filed with the Securities and Exchange Commission on May 11, 2020.

	For the three months ended April 3, 2020			
(in thousands, expect per share amounts)	**Adjustments to Net Earnings, Pre Tax**	**Tax Effect of Adjustments to Net Earnings**	**Adjustments to Net Earnings, Net of Tax**	**Calculation of Adjusted Diluted Earnings Per Share**
Net loss from continuing operations			$(407)	$(0.01)
Adjustments				
Restructuring and severance costs	$1,795	$434	$1,361	$0.05
Cost associated with corporate development activities	1,787	432	1,355	0.05
Bal Seal acquisition costs	8,483	2,050	6,433	0.23
Expenses associated with Bal Seal purchase accounting	6,880	1,662	5,218	0.18
Transition service agreement cost, net of transition service agreement income	1,166	282	884	0.03
Reversal of prior year accruals in current period	(1,475)	(357)	(1,118)	(0.04)
Gain on sales of U.K Tooling business	(493)	(119)	(374)	(0.01)
Adjusted earnings from continuing operations			$13,352	$0.48
Weighted Average Shares Outstanding – Diluted			27,891	