



# MAYVILLE ENGINEERING COMPANY

Company Overview





# SAFE HARBOR STATEMENT



Safe Harbor Statement under the U.S. Private Securities Litigation Reform Act of 1995: This presentation contains statements that are forward-looking in nature which express the beliefs and expectations of management including statements regarding the Company's expected results of operations or liquidity; statements concerning projections, predictions, expectations, estimates or forecasts as to our business, financial and operational results and future economic performance; and statements of management's goals and objectives and other similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by terminology such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "we believe," "we intend," "may," "will," "should," "could," and similar expressions. Such statements are based on current plans, estimates and expectations and involve a number of known and unknown risks, uncertainties and other factors that could cause the Company's future results, performance or achievements to differ significantly from the results, performance or achievements expressed or implied by such forward-looking statements. These factors and additional information are discussed in the Company's filings with the Securities and Exchange Commission and statements in this presentation should be evaluated in light of these important factors. Although we believe that these statements are based upon reasonable assumptions, we cannot guarantee future results. Forward-looking statements speak only as of the date on which they are made, and the Company undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.





# ABOUT MEC

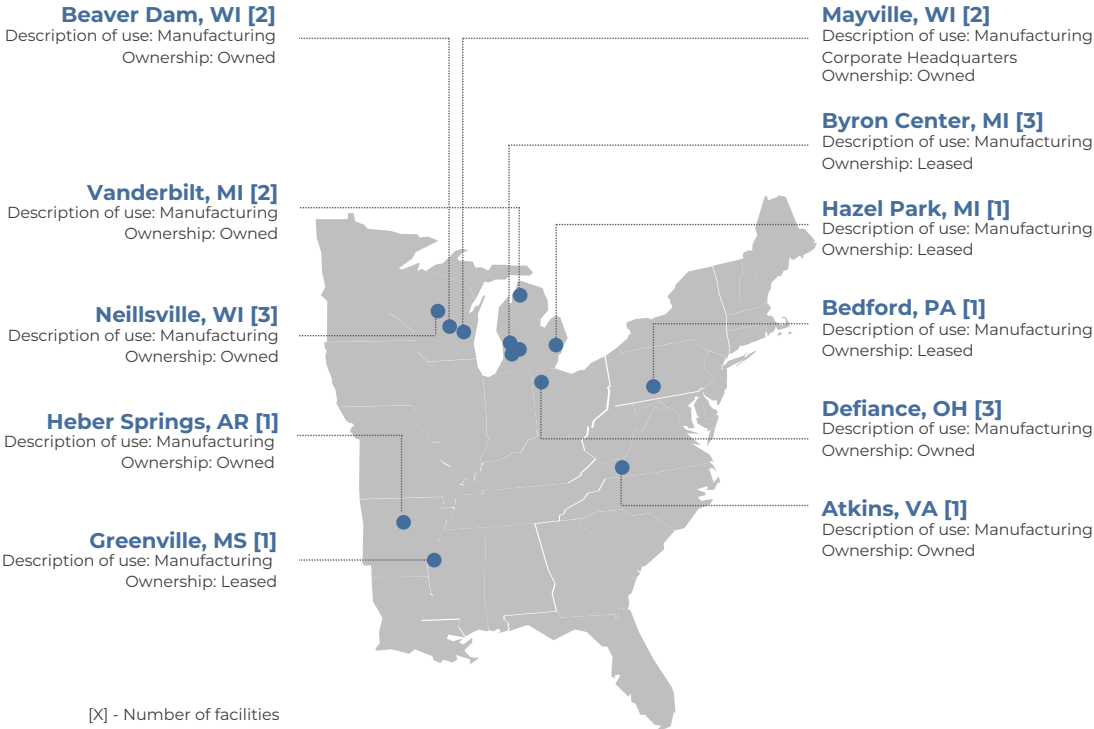
Vertically-integrated, value-added provider of design and fabrications solutions



## We are the largest vertically-integrated, value-added provider of custom prototyping, design and fabrications services in the United States

- ✓ We have 20 operational facilities supported by 2,300 employees, all of whom are based in the continental US.
- ✓ We provide one-stop, end-to-end solutions across the entire product lifecycle, positioning us as a leading tier-1 supplier of highly engineered components to global OEMs.
- ✓ We foster long-term relationships with our OEM customers; the average customer relationship within our Top-10 customers by revenue is more than 18 years.
- ✓ Lengthy track-record of consolidation through M&A has made us the largest U.S steel fabricator.
- ✓ We believe in disciplined stewardship of investor capital; we seek to achieve a return on assets of more than 15%, while maintaining net leverage at or below 2.5x.
- ✓ We believe that our employees are critical to our long-term success; through our employee stock ownership plan we ensure that all stakeholder interests are aligned.

## Founded in Mayville, WI in 1945



**+19%**  
2021-2022  
Revenue Growth

**+32%**  
2021-2022  
Adj. EBITDA Growth

**+110bps**  
2021-2022  
Adj. EBITDA margin growth

**\$0.91**  
2022  
Diluted EPS

**1.3x**  
12/31/22  
Net Leverage

# MANAGEMENT TEAM

Seasoned management team with deep industry experience



**Jag A. Reddy**  
President & CEO

- W.R Grace
- Pentair
- ITT/Xylem
- United Technologies
- Danaher Corporation
- Denso Corporation

**<1 yr**  
At MEC

**+25 yrs**  
Industry Experience

**Todd M. Butz**  
Chief Financial Officer

- Mercury Marine (a Brunswick Company)
- Schenck Business Solutions

**15 yrs**  
At MEC

**+25 yrs**  
Industry Experience

**Rand P. Stille**  
Chief Operating Officer

- Universal Logistics Holdings
- Shape Corp.
- Johnson Controls

**4 yrs**  
At MEC

**+25 yrs**  
Industry Experience

**Ryan F. Raber**  
EVP, Strategy, Sales & Marketing

- Morton Metalcraft Co.

**13 yrs**  
At MEC

**+15 yrs**  
Industry Experience

**Sean P. Leuba**  
SVP, Corporate Development & General Counsel

- Caterpillar Inc.
- Arnold & Porter

**<1 yr**  
At MEC

**+25 yrs**  
Industry Experience

**Rachele M. Lehr**  
Chief Human Resources Officer

- Briggs & Stratton
- Bar-S Foods (A Sigma Company)
- Pricewaterhouse Coopers, LLP

**<1 yr**  
At MEC

**+15 yrs**  
Industry Experience





# CUSTOMER-CENTRIC DEVELOPMENT MODEL

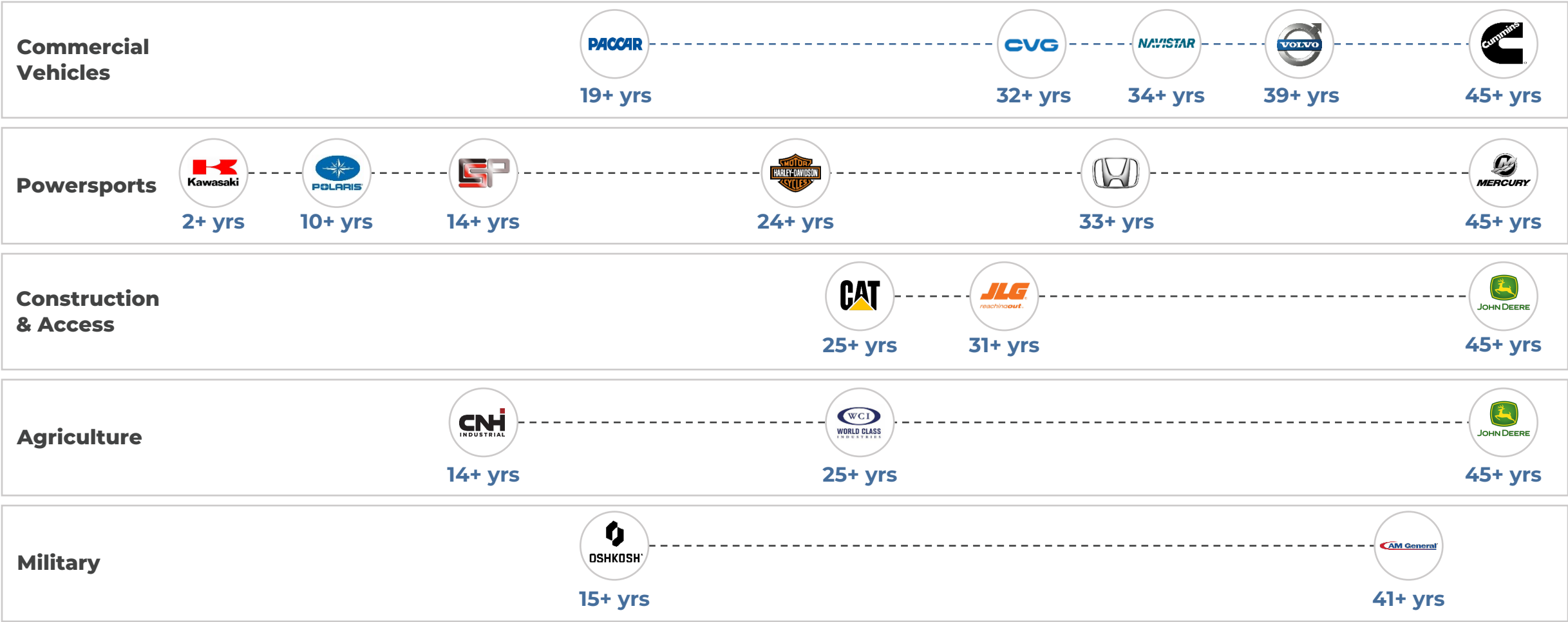
Customer collaboration ensures  
profitable product development

- 1 Identify customer-defined concept for production evaluation
- 2 Collaborate with customer to design and develop product
- 3 Prototyping, tooling and pre-production development
- 4 Manufacturing process planning
- 5 Manufacturing process refinement
- 6 Mass production
- 7 Delivery
- 8 After-market & end-of-life program management



# TIER-1 SUPPLIER TO GLOBAL OEMs

End-to-end solutions suite supports long-term, blue-chip relationships



MEC is an integral member of the supply chain for major OEMs



# OUR UNIQUE CUSTOMER VALUE PROPOSITION

MEC's value added service offerings has resulted in a long track record of strong customer acquisition and retention



## Why Customers Chose MEC

- ✓ We provide end-to-end prototyping, design and manufacturing expertise
- ✓ We offer complex assembly & high-volume production capabilities
- ✓ We have an experienced, highly skilled workforce focused on producing the highest quality components using complex processes at the lowest cost
- ✓ 100% of our operational footprint is based in the continental US, mitigating supply chain disruption risk
- ✓ We are an experienced project management partner, drawing on deep product and engineering knowledge

- ✓ We are an operator of scale – MEC is the largest fabricator in the US, meaning that we can address customer requirements
- ✓ We maintain operational alignment with our customers' strategy and production activities as they evolve, allowing us to remain agile in response to market fluctuations

- ✓ Our engineering expertise and technical know-how allows us to add value through every product redevelopment cycle (generally every three to five years for our customers)
- ✓ We are not limited to specific end-market applications – we adapt to the requirements of our customers

## Why Customers Stay With MEC



# OUR VALUE CREATION FRAMEWORK

Transforming business performance through MBX and investing in growth



**High Performance Culture**

- Deploy strategy inside the organization
- Daily lean management implementation
- Root-cause countermeasures
- Performance-based KPIs to drive accountability

**Operational Excellence**

- Lean value stream mapping
- Sales, inventory and operations planning (SIOP)
- Improve utilization of manufacturing base
- Programmatic reduction of non-essential costs
- Maintain committed safety culture

**Commercial Excellence**

- Implement strategic and value-based pricing
- Leverage standalone design, prototyping and after-market solutions

**Disciplined Capital Deployment and Commercial Expansion**

- Expand share of wallet with existing customers
- Add fabrication capabilities for light weight aluminum, plastics and composites
- Diversify into higher-margin, emerging growth energy transition markets

**Human Resource Optimization**

- Retain and develop key talent through total rewards
- Supervisor coaching and development
- Succession Planning
- Develop a targeted recruiting program to build pipeline of skilled labor



# HAZEL PARK EXPANSION

263,000 square foot Hazel Park facility which came online in 2022

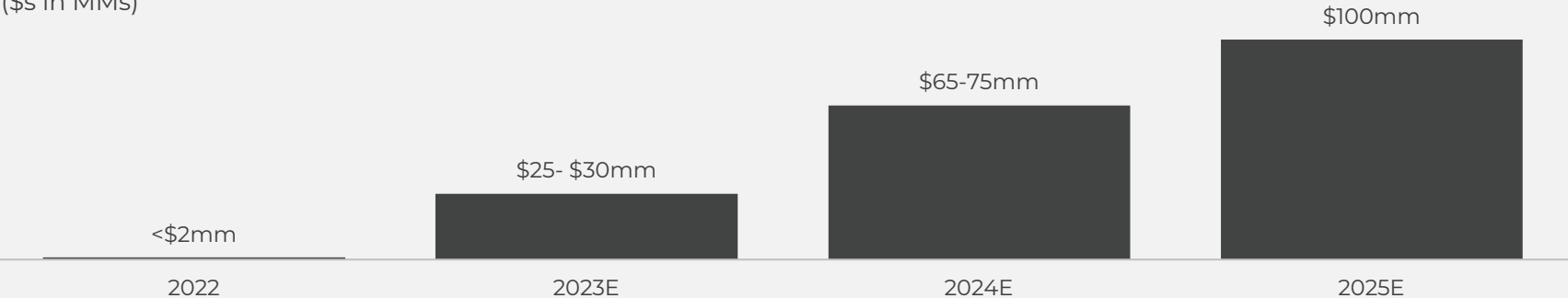


Invested over \$50 million in additional state-of-the-art production capacity in Hazel Park, Michigan

- Facility has access to highly-skilled local workforce.
- Fill capacity with 50% new customers and 50% with incremental demand from existing customers.
- Expect facility to exit 2024 with a \$100mm annual revenue run-rate.
- Facility will be ~70 – 100bp dilutive to margins due to under-absorbed costs in 2023. Cost drag will diminish in 1H24 as the facility achieves breakeven.



**Hazel Park Revenue Ramp**  
(\$s in MM)



Leveraging new capacity to execute commercial expansion and improve utilization

# TRACK-RECORD OF CYCLICAL DURABILITY

Diverse business mix and flexible business model limit MEC's cyclical volatility

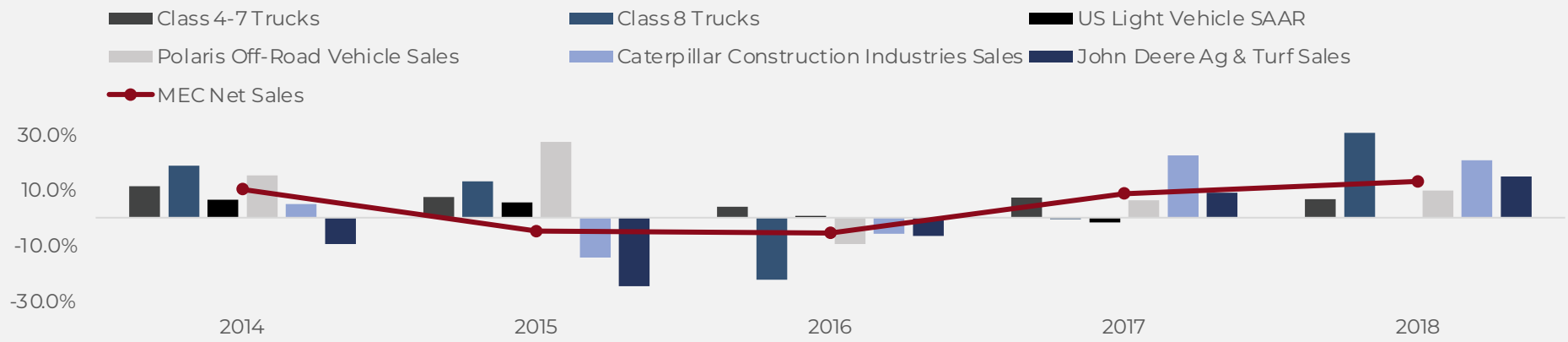


**Agility**  
Our technology enabled manufacturing processes give us ability to quickly pivot to meet changing customer needs

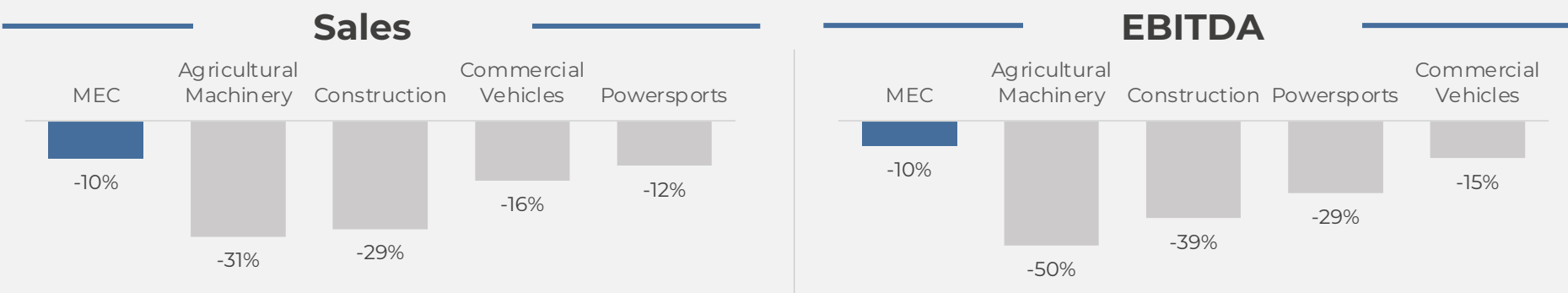
**Adaptability**  
State-of-the art technology allows MEC to leverage equipment across multiple customer projects and on-board new customers quickly as suppliers consolidate

**Alignment**  
MEC's value-add process closely aligns with customer supply chains, giving us visibility to pending shifts in customer demand

## Performance Through End Market Volatility (% Y-o-Y Change in Sales)



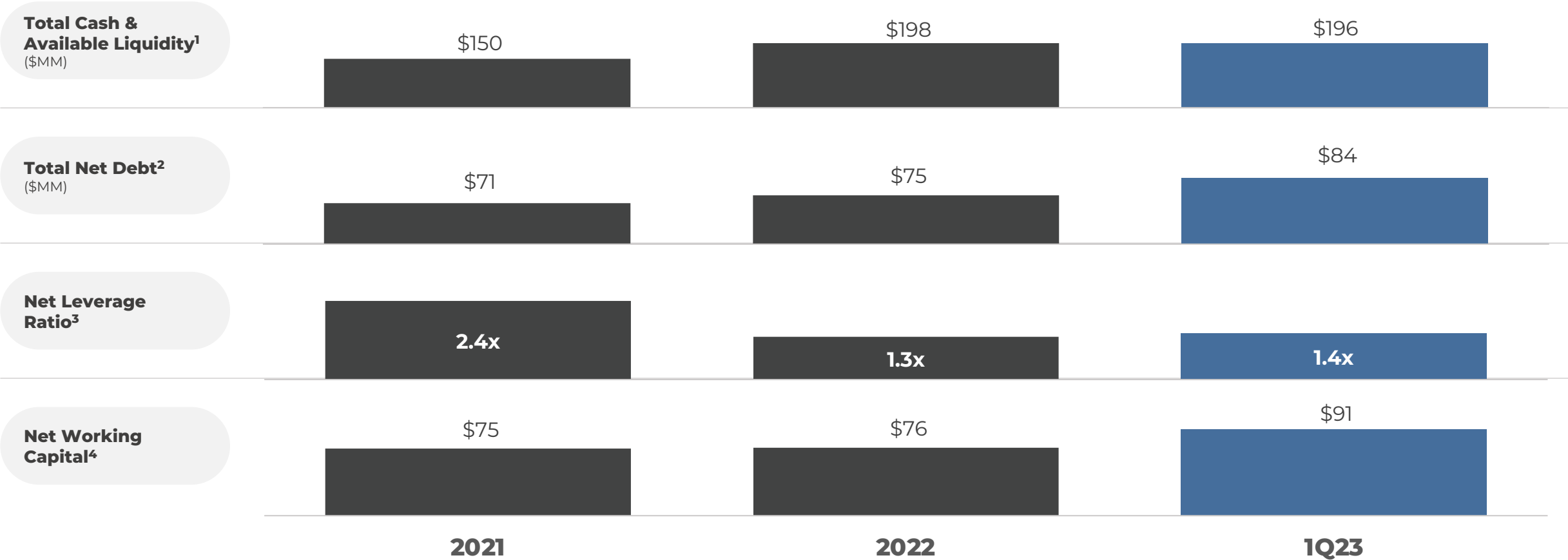
## Max Peak-to-Trough Decline Since 2013 (Maximum Annual Y-o-Y % Change)





# 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 is reduced by the Company's outstanding borrowings under the Credit Agreement as of March 31 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

4) The Company calculates Net Working Capital as accounts receivable plus inventory minus accounts payable

# CAPITAL ALLOCATION PRIORITIES

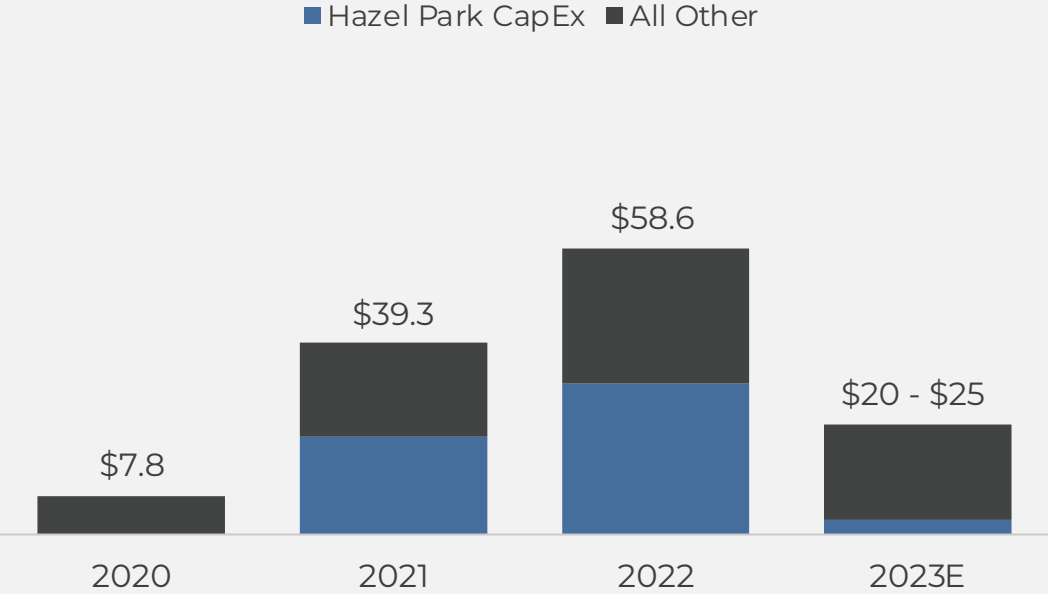
Capital allocation priorities focused on maximizing cash flow and return on invested capital



## 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 \$20-\$25 million
- > Return-of-capital program**
  - \$18.6 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
- > Maintain balance sheet optionality**
  - Current leverage is 1.4x
  - Intend to maintain net leverage at or below 2.5x

Capital Expenditures (\$MM)



## Hazel Park Capital Expenditures





# 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