SECURITIES & EXCHANGE COMMISSION EDGAR FILING

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2014

OR

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934**

FOR THE TRANSITION PERIOD FROM TO .

Commission file number 001-14775

DYNAMIC MATERIALS CORPORATION

(Exact name of Registrant as Specified in its Charter)

Delaware	**84-0608431**
(State of Incorporation or Organization)	(I.R.S. Employer Identification No.)

5405 Spine Road, Boulder, Colorado 80301
(Address of principal executive offices, including zip code)

(303) 665-5700
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☑
Non-accelerated filer ☐ (Do not check if smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 under the Act). Yes ☐ No ☑

The number of shares of Common Stock outstanding was 13,944,094 as of April 29, 2014.

CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q contains “forward-looking statements” within the meaning of section 27A of the Securities Act of 1933 and section 21E of the Securities Exchange Act of 1934. In particular, we direct your attention to Part I, Item 1- Condensed Consolidated Financial Statements; Item 2 - Management’s Discussion and Analysis of Financial Condition and Results of Operations; Item 3 - Quantitative and Qualitative Disclosures About Market Risk; and Part II, Item 1A — Risk Factors. We intend the forward-looking statements throughout this quarterly report on Form 10-Q and the information incorporated by reference herein to be covered by the safe harbor provisions for forward-looking statements. Statements contained in this report which are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from projected results. All projections, guidance and other statements regarding our expected financial position and operating results, our business strategy, our financing plans and the outcome of any contingencies are forward-looking statements. These statements can sometimes be identified by our use of forward-looking words such as “may,” “believe,” “plan,” “anticipate,” “estimate,” “expect,” “intend,” and other phrases of similar meaning. The forward-looking information is based on information available as of the date of this quarterly report and on numerous assumptions and developments that are not within our control. Although we believe that our expectations as expressed in these forward-looking statements are reasonable, we cannot assure you that our expectations will turn out to be correct. Factors that could cause actual results to differ materially include, but are not limited to, the following: changes in global economic conditions; the ability to obtain new contracts at attractive prices; the size and timing of customer orders and shipment; our ability to realize sales from our backlog; fluctuations in customer demand; fluctuations in foreign currencies; competitive factors; the timely completion of contracts; the timing and size of expenditures; the timely receipt of government approvals and permits; the price and availability of metal and other raw material; the adequacy of local labor supplies at our facilities; current or future limits on manufacturing capacity at our various operations; our ability to successfully integrate acquired businesses; the availability and cost of funds; and general economic conditions, both domestic and foreign, impacting our business and the business of the end-market users we serve. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management’s analysis only as of the date hereof. We undertake no obligation to publicly release the results of any revision to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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Part I - FINANCIAL INFORMATION

ITEM 1. Condensed Consolidated Financial Statements

DYNAMIC MATERIALS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands, Except Share and Per Share Data)

	March 31, 2014 (unaudited)	December 31, 2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 9,130	$ 10,617
Accounts receivable, net of allowance for doubtful accounts of $459 and $419, respectively	36,804	38,715
Inventory, net	43,497	41,550
Prepaid expenses and other	6,145	4,375
Current deferred tax assets	2,658	3,507
Total current assets	98,234	98,764
PROPERTY, PLANT AND EQUIPMENT	109,500	107,802
Less - accumulated depreciation	(45,532)	(42,787)
Property, plant and equipment, net	63,968	65,015
GOODWILL, net	37,689	37,970
PURCHASED INTANGIBLE ASSETS, net	34,597	36,458
DEFERRED TAX ASSETS	669	505
OTHER ASSETS, net	1,718	1,900
TOTAL ASSETS	$ 236,875	$ 240,612

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

DYNAMIC MATERIALS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands, Except Share and Per Share Data)

	March 31, 2014 (unaudited)	December 31, 2013
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 13,558	$ 14,668
Accrued expenses	4,392	3,990
Dividend payable	557	550
Accrued income taxes	2,036	2,811
Accrued employee compensation and benefits	3,301	4,806
Customer advances	3,002	1,025
Current debt obligations	516	2,907
Current deferred tax liabilities	404	435
Total current liabilities	27,766	31,192
LINES OF CREDIT	26,900	26,400
DEFERRED TAX LIABILITIES	7,968	8,347
OTHER LONG-TERM LIABILITIES	1,937	1,881
Total liabilities	64,571	67,820
COMMITMENTS AND CONTINGENT LIABILITIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, $0.05 par value; 4,000,000 shares authorized; no issued and outstanding shares	—	—
Common stock, $0.05 par value; 25,000,000 shares authorized; 13,944,094 and 13,772,324 shares issued and outstanding, respectively	698	689
Additional paid-in capital	63,589	62,934
Retained earnings	114,480	113,399
Other cumulative comprehensive loss	(6,463)	(4,230)
Total stockholders' equity	172,304	172,792
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 236,875	$ 240,612

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

DYNAMIC MATERIALS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013
(Amounts in Thousands, Except Share and Per Share Data)
(unaudited)

	Three months ended March 31,	
	2014	2013
NET SALES	$ 48,039	$ 46,270
COST OF PRODUCTS SOLD	33,710	33,551
Gross profit	14,329	12,719
COSTS AND EXPENSES:		
General and administrative expenses	5,702	8,138
Selling and distribution expenses	4,248	4,051
Amortization of purchased intangible assets	1,616	1,585
Total costs and expenses	11,566	13,774
INCOME (LOSS) FROM OPERATIONS	2,763	(1,055)
OTHER INCOME (EXPENSE):		
Other income (expense), net	(435)	296
Interest expense	(109)	(172)
Interest income	5	3
INCOME (LOSS) BEFORE INCOME TAXES AND NON-CONTROLLING INTEREST	2,224	(928)
INCOME TAX PROVISION (BENEFIT)	586	(1,171)
NET INCOME	1,638	243
Less: Net income attributable to non-controlling interest	—	28
NET INCOME ATTRIBUTABLE TO DYNAMIC MATERIALS CORPORATION	$ 1,638	$ 215
INCOME PER SHARE:		
Basic	$ 0.12	$ 0.02
Diluted	$ 0.12	$ 0.02
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:		
Basic	13,644,239	13,509,792
Diluted	13,649,953	13,513,797
DIVIDENDS DECLARED PER COMMON SHARE	$ 0.04	$ 0.04

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

DYNAMIC MATERIALS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013
(Amounts in Thousands)
(unaudited)

	Three months ended March 31,	
	2014	2013
Net income including non-controlling interest	$ 1,638	$ 243
Change in cumulative foreign currency translation adjustment	(2,233)	(3,627)
Total comprehensive loss	(595)	(3,384)
Comprehensive income attributable to non-controlling interest	—	25
Comprehensive loss attributable to Dynamic Materials Corporation	$ (595)	$ (3,409)

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

DYNAMIC MATERIALS CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2014
(Amounts in Thousands)
(unaudited)

	Common Stock		Additional Paid-In	Retained	Other Cumulative Comprehensive	
	Shares	Amount	Capital	Earnings	Loss	Total
Balances, December 31, 2013	13,772,324	$ 689	$ 62,934	$ 113,399	$ (4,230)	$ 172,792
Net income	—	—	—	1,638	—	1,638
Change in cumulative foreign currency translation adjustment	—	—	—	—	(2,233)	(2,233)
Shares issued in connection with stock compensation plans	171,770	9	13	—	—	22
Tax impact of stock-based compensation	—	—	87	—	—	87
Stock-based compensation	—	—	555	—	—	555
Dividends declared	—	—	—	(557)	—	(557)
Balances, March 31, 2014	13,944,094	$ 698	$ 63,589	$ 114,480	$ (6,463)	$ 172,304

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

DYNAMIC MATERIALS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013
(Amounts in Thousands)
(unaudited)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,638	$ 243
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation (including capital lease amortization)	1,995	1,417
Amortization of purchased intangible assets	1,616	1,585
Amortization of deferred debt issuance costs	25	25
Stock-based compensation	555	1,422
Deferred income tax provision (benefit)	445	(19)
Gain on disposal of property, plant and equipment	—	21
Change in:		
Accounts receivable, net	1,669	3,553
Inventory, net	(2,545)	550
Prepaid expenses and other	(1,870)	(954)
Accounts payable	(1,032)	(603)
Customer advances	1,979	48
Accrued expenses and other liabilities	(1,377)	(998)
Net cash provided by operating activities	3,098	6,290
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(2,057)	(4,453)
Change in other non-current assets	32	45
Net cash used in investing activities	(2,025)	(4,408)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings (repayments) on bank lines of credit, net	(1,863)	(202)
Payment on loans with former owners of LRI	(15)	(16)
Payment on capital lease obligations	(15)	(13)
Payment of dividends	(550)	(540)
Net proceeds from issuance of common stock to employees and directors	22	—
Tax impact of stock-based compensation	87	(890)
Net cash used in financing activities	(2,334)	(1,661)
EFFECTS OF EXCHANGE RATES ON CASH	(226)	(247)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,487)	(26)
CASH AND CASH EQUIVALENTS, beginning of the period	10,617	8,200
CASH AND CASH EQUIVALENTS, end of the period	$ 9,130	$ 8,174

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

DYNAMIC MATERIALS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Thousands, Except Share and Per Share Data)
(unaudited)

1. BASIS OF PRESENTATION

The information included in the condensed consolidated financial statements is unaudited but includes all normal and recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the interim periods presented. These condensed consolidated financial statements should be read in conjunction with the financial statements that are included in our Annual Report filed on Form 10-K for the year ended December 31, 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The condensed consolidated financial statements include the accounts of Dynamic Materials Corporation ("DMC") and its controlled subsidiaries. Only subsidiaries in which controlling interests are maintained are consolidated. All significant intercompany accounts, profits, and transactions have been eliminated in consolidation.

Income Taxes

The effective tax rate for each of the periods reported differs from the U.S. statutory rate due primarily to favorable foreign permanent differences, variation in contribution to consolidated pre-tax income from each jurisdiction for the respective periods and differences between the U.S. and foreign tax rates (which range from 20% to 35%) on earnings that have been permanently reinvested.

In January 2013, the United States Congress authorized, and the President signed into law, legislation which retroactively changed federal tax laws for 2012. Since this legislation was enacted in 2013, the financial statement benefit from these changes, totaling $914, was reflected in the provision for income taxes in the consolidated statement of operations during the three months ended March 31, 2013.

Earnings Per Share

Unvested awards of share-based payments with rights to receive dividends or dividend equivalents, such as our restricted stock awards ("RSAs"), are considered participating securities for purposes of calculating earnings per share ("EPS") and require the use of the two class method for calculating EPS. Under this method, a portion of net income is allocated to these participating securities and therefore is excluded from the calculation of EPS allocated to common stock, as shown in the table below.

Computation and reconciliation of earnings per common share are as follows:

	For the three months ended March 31, 2014			For the three months ended March 31, 2013		
	Income	Shares	EPS	Income	Shares	EPS
Basic earnings per share:						
Net income attributable to DMC	$ 1,638			$ 215		
Less income allocated to RSAs	(34)			(2)		
Net income allocated to common stock for EPS calculation	$ 1,604	13,644,239	$ 0.12	$ 213	13,509,792	$ 0.02
Adjust shares for dilutives:						
Stock-based compensation plans		5,714			4,005	
Diluted earnings per share:						
Net income attributable to DMC	$ 1,638			$ 215		
Less income allocated to RSAs	(34)			(2)		
Net income allocated to common stock for EPS calculation	$ 1,604	13,649,953	$ 0.12	$ 213	13,513,797	$ 0.02

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, trade accounts receivable and payable, accrued expenses, lines of credit and long-term debt approximate their fair value.

3. INVENTORIES

Inventories are stated at the lower-of-cost (first-in, first-out) or market value. Cost elements included in inventory are material, labor, subcontract costs, and manufacturing overhead. As necessary, we record provisions and maintain reserves for excess, slow moving and obsolete inventory. To determine reserve amounts, we regularly review inventory quantities on hand and values, and compare them to estimates of future product demand, market conditions, production requirements and technological developments.

Inventories consist of the following at March 31, 2014 and December 31, 2013 and include reserves of $1,786 and $1,729, respectively:

	March 31, 2014	December 31, 2013
Raw materials	$ 14,651	$ 13,122
Work-in-process	8,666	10,188
Finished goods	19,135	17,273
Supplies	1,045	967
	$ 43,497	$ 41,550

4. GOODWILL

The changes to the carrying amount of goodwill during the period are summarized below:

	NobelClad	Oilfield Products	Total
Goodwill balance at December 31, 2013	$ 22,238	$ 15,732	$ 37,970
Adjustment due to recognition of tax benefit of tax amortization of certain goodwill	(89)	(153)	(242)
Adjustment due to exchange rate differences	(22)	(17)	(39)
Goodwill balance at March 31, 2014	$ 22,127	$ 15,562	$ 37,689

5. PURCHASED INTANGIBLE ASSETS

The following table presents details of our purchased intangible assets, other than goodwill, as of March 31, 2014:

	Gross	Accumulated Amortization	Net
Core technology	$ 23,356	$ (7,438)	$ 15,918
Customer relationships	44,928	(26,965)	17,963
Trademarks / Trade names	2,507	(1,791)	716
Total intangible assets	$ 70,791	$ (36,194)	$ 34,597

The following table presents details of our purchased intangible assets, other than goodwill, as of December 31, 2013:

	Gross	Accumulated Amortization	Net
Core technology	$ 23,391	$ (7,155)	$ 16,236
Customer relationships	45,269	(25,813)	19,456
Trademarks / Trade names	2,510	(1,744)	766
Total intangible assets	$ 71,170	$ (34,712)	$ 36,458

The change in the gross value of our purchased intangible assets from December 31, 2013 to March 31, 2014 was due to foreign currency translation.

6. CUSTOMER ADVANCES

On occasion, we require customers to make advance payments prior to the shipment of goods in order to help finance our inventory investment on large orders or to keep customers' credit limits at acceptable levels. As of March 31, 2014 and December 31, 2013, customer advances totaled $3,002 and $1,025, respectively, and originated from several customers.

7. DEBT

Lines of credit consisted of the following at March 31, 2014 and December 31, 2013:

	March 31, 2014	December 31, 2013
Syndicated credit agreement:		
U.S. Dollar revolving loan	$ 26,900	$ 26,400
German Bank line of credit	482	2,856
	27,382	29,256
Less current portion	(482)	(2,856)
Long-term lines of credit	$ 26,900	$ 26,400

Long-term debt consisted of the following at March 31, 2014 and December 31, 2013:

	March 31, 2014	December 31, 2013
Loans with former owners of LRI	$ 34	$ 51
Less current maturities	(34)	(51)
Long-term debt	$ —	$ —

Loan Covenants and Restrictions

Our existing loan agreements include various covenants and restrictions, certain of which relate to the payment of dividends or other distributions to stockholders; redemption of capital stock; incurrence of additional indebtedness; mortgaging, pledging or disposition of major assets; and maintenance of specified financial ratios. As of March 31, 2014, we were in compliance with all financial covenants and other provisions of our debt agreements.

8. BUSINESS SEGMENTS

Our business is organized in the following two segments: NobelClad and Oilfield Products. The NobelClad segment uses explosives to perform metal cladding and shock synthesis of industrial diamonds. The most significant product of this group is clad metal which is used in the fabrication of pressure vessels, heat exchangers, and transition joints for various industries, including upstream oil and gas, oil refinery, petrochemicals, hydrometallurgy, aluminum production, shipbuilding, power generation, industrial refrigeration, and similar industries. The Oilfield Products segment manufactures, markets and sells oilfield perforating equipment and explosives, including detonating cords, detonators, bi-directional boosters and shaped charges, and seismic related explosives and accessories. Oilfield Products also utilizes a number of welding technologies to weld components for manufacturers of jet engine and ground-based turbines.

Prior to 2014, we were organized into three segments. At the beginning of 2014 management approved a change in operating structure whereby AMK Technical Services ("AMK") will operate within and be managed as part of the Oilfield Products business segment. Consequently, we combined AMK and DynaEnergetics into one reportable business segment, Oilfield Products. AMK represented 3% of segment assets, 4% of consolidated sales and 2% of segment operating income as of and for the year then ended December 31, 2013. All prior periods segment disclosures have been restated to conform to the 2014 presentation.

The accounting policies of all of the segments are the same as those described in the summary of significant accounting policies included herein and in our Annual Report on Form 10-K for the year ended December 31, 2013. Our reportable segments are separately managed strategic business units that offer different products and services. Each segment's products are marketed to different customer types and require different manufacturing processes and technologies.

Segment information is presented for the three months ended March 31, 2014 and 2013 as follows:

	For the three months ended March 31,	
	2014	2013
Net sales:		
NobelClad	$ 24,564	$ 26,180
Oilfield Products	23,475	20,090
Consolidated net sales	$ 48,039	$ 46,270

	For the three months ended March 31,	
	2014	2013
Income before income taxes:		
NobelClad	$ 1,377	$ 2,444
Oilfield Products	3,570	1,429
Segment operating income	4,947	3,873
Unallocated corporate expenses	(1,629)	(3,506)
Stock-based compensation	(555)	(1,422)
Other income (expense)	(435)	296
Interest expense	(109)	(172)
Interest income	5	3
Consolidated income (loss) before income taxes	$ 2,224	$ (928)

	For the three months ended March 31,	
	2014	2013
Depreciation and Amortization:		
NobelClad	$ 1,732	$ 1,456
Oilfield Products	1,879	1,546
Segment depreciation and amortization	$ 3,611	$ 3,002

During the three months ended March 31, 2014, no one customer accounted for more than 10% of total net sales. During the three months ended March 31, 2013, no one customer accounted for more than 10% of total net sales.

9. RETIREMENT EXPENSES

During the first quarter of 2013 and, as a result of board actions taken in January 2013, we recorded a one-time expense of $2,965 associated with management retirements, the majority of which relates to the March 1, 2013 retirement of Yvon Cariou, our former President and Chief Executive Officer. This expense includes $894 of stock-based compensation, with the remainder representing cash payments.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our historical consolidated financial statements and notes, as well as the selected historical consolidated financial data that are included in our Annual Report filed on Form 10-K for the year ended December 31, 2013.

Unless stated otherwise, all currency amounts in this discussion are presented in thousands (000's).

Executive Overview

Our business is organized into two segments: NobelClad and Oilfield Products. Prior to 2014, we were organized into three segments. At the beginning of 2014 management approved a change in operating structure whereby AMK Technical Services ("AMK") will operate within and be managed as part of the Oilfield Products business segment. Consequently, we combined AMK and DynaEnergetics into one reportable business segment, Oilfield Products. AMK represented 3% of segment assets, 4% of consolidated sales and 2% of segment operating income as of and for the year then ended December 31, 2013. All prior periods segment disclosures have been restated to conform to the 2014 presentation.

For the three months ended March 31, 2014, NobelClad accounted for 51% of our net sales and 28% of our income from operations before consideration of unallocated corporate expenses and stock-based compensation expense, which are not allocated to our business segments. Oilfield Products accounted for 49% and 72% of our first quarter 2014 sales and income from operations, respectively.

Our consolidated net sales for the three months ended March 31, 2014 increased by $1,769, or 3.8%, compared to the same period in 2013. Sales increased $3,385 (16.8%) in our Oilfield Products segment and decreased $1,616 (6.2%) in our NobelClad segment. Our consolidated income from operations increased to $2,763 for the first quarter of 2014 compared to an operating loss of $1,055 in the same period of 2013. The $3,818 improvement in consolidated income from operations was due to a $2,744 decrease in aggregate unallocated corporate expenses and stock-based compensation and a $2,141 increase in Oilfield Products operating income, partially offset by a $1,067 decline in NobelClad's operating income. The decrease in corporate expenses was driven by $2,965 of non-recurring expenses in the first quarter of 2013 associated with management retirements. Consolidated operating income for the three months ended March 31, 2014 and 2013 includes amortization expense of $1,616 and $1,585, respectively. Net income was $1,638 for the first quarter of 2014 compared to net income of$215 for the same period of 2013.

Based upon the March 31, 2014 NobelClad backlog, recent quoting activity for this segment and sales trends in our Oilfield Products segment, we expect our full year 2014 consolidated net sales will be flat to up 4% from the $209,573 reported in 2013.

Net sales

NobelClad's revenues are generated principally from sales of clad metal plates and sales of transition joints, which are made from clad plates, to customers that fabricate industrial equipment for various industries, including oil and gas, petrochemicals, alternative energy, hydrometallurgy, aluminum production, shipbuilding, power generation, industrial refrigeration, and similar industries. While a large portion of the demand for our clad metal products is driven by new plant construction and large plant expansion projects, maintenance and retrofit projects at existing chemical processing, petrochemical processing, oil refining, and aluminum smelting facilities also account for a significant portion of total demand. These industries tend to be cyclical in nature and timing of new order inflow remains difficult to predict; however, we believe that our NobelClad segment is well-positioned in the marketplace.

Oilfield Products' revenues are generated principally from the DynaEnergetics and AMK Technical Services' product lines. Dynaenergetics markets and sells shaped charges, detonators and detonating cord, and bidirectional boosters and perforating guns to customers who perform the perforation of oil and gas wells and from sales of seismic products to customers involved in oil and gas exploration activities. AMK Technical Services' revenues are generated from welding, heat treatment, and inspection services that are provided with respect to customer-supplied parts for customers primarily involved in the power generation industry and aircraft engine markets.

A significant portion of our revenue is derived from a relatively small number of customers; therefore, the failure to complete existing contracts on a timely basis, to receive payment for such services in a timely manner, or to enter into future contracts at projected volumes and profitability levels could adversely affect our ability to meet cash requirements exclusively through operating activities. We attempt to minimize the risk of losing customers or specific contracts by continually improving product quality, delivering product on time and competing aggressively on the basis of price.

Gross profit and cost of products sold

Cost of of products sold for NobelClad includes the cost of metals and alloys used to manufacture clad metal plates, the cost of explosives, employee compensation and benefits, freight, outside processing costs, depreciation of manufacturing facilities and equipment, manufacturing supplies and other manufacturing overhead expenses.

Cost of products sold for Oilfield Products includes the cost of metals, explosives and other raw materials used to manufacture shaped charges, detonating products and perforating guns, welding wire and gas supplies as well as employee compensation and benefits, depreciation of manufacturing facilities and equipment, manufacturing supplies and other manufacturing overhead expenses.

NobelClad Backlog

We use backlog as a primary means to measure the immediate outlook for our NobelClad business. We define “backlog” at any given point in time as all firm, unfulfilled purchase orders and commitments at that time. Generally speaking, we expect to fill most backlog orders within the following 12 months. From experience, most firm purchase orders and commitments are realized. Our NobelClad backlog decreased to $35,868 at March 31, 2014 from $36,930 at December 31, 2013.

Three Months Ended March 31, 2014 Compared to the Three Ended March 31, 2013

Net sales

	Three Months Ended March 31,			
	2014	2013	Change	Percentage Change
Net sales	$ 48,039	$ 46,270	$ 1,769	3.8%

Our consolidated net sales for the first quarter of 2014 increased3.8% to $48,039 from $46,270 for the first quarter of 2013. NobelClad sales decreased 6.2% to $24,564 (51% of total sales) for the three months ended March 31, 2014 from $26,180 (57% of total sales) for the same period of 2013. Since our NobelClad backlog of $36,930 as of December 31, 2013 was significantly lower than the December 31, 2012 backlog of $46,398, the $1,616 decrease in first quarter 2014 sales relates to timing differences with respect to when orders enter our backlog and the subsequent shipment of these orders.

Oilfield Products contributed $23,475 (49% of total sales) to first quarter 2014 sales , which represents an increase of 16.8% from sales of $20,090 (43% of total sales) in the first quarter of 2013 due to improved product/customer mix, which includes strong sales of DynaSelect, our fully integrated switch-detonator system introduced in the third quarter of 2013.

Gross profit

	Three Months Ended March 31,			
	2014	2013	Change	Percentage Change
Gross profit	$ 14,329	$ 12,719	$ 1,610	12.7%
Consolidated gross profit margin rate	29.8%	27.5%		

Our consolidated first quarter 2014 gross profit increased by12.7% to $14,329 from $12,719 for the three months ended March 31, 2013. Our first quarter 2014 consolidated gross profit margin rate increased to 29.8% from 27.5% in the first quarter of 2013.

NobelClad's gross profit margin decreased from 22.5% in the first quarter of 2013 to 19.2% in the first quarter of 2014. The decrease relates principally to lower sales volume and higher manufacturing overhead expenses compared to the same period in 2013. The increase in manufacturing overhead expenses primarily was attributable to lower fixed cost absorption from lower sales volume. As has been the case historically, we expect to see continued fluctuations in NobelClad's quarterly gross margin rates in the future that result from fluctuations in quarterly sales volume and product/customer mix.

Oilfield Products' gross profit margin increased to 41.1% in the first quarter of 2014 from 34.2% in the first quarter of 2013. The improved first quarter gross margin percentage relates principally to favorable product/customer mix from sales of our higher margin DynaSelect system.

Based upon the expected contribution to 2014 consolidated net sales by each of our two business segments, we expect our consolidated full year 2014 gross margin to be in a range of 29% to 31%.

General and administrative expenses

	Three Months Ended March 31,			
	2014	2013	Change	Percentage Change
General and administrative expenses	$ 5,702	$ 8,138	$ (2,436)	(29.9)%
Percentage of net sales	11.9%	17.6%		

General and administrative expenses decreased by $2,436, or 29.9%, to $5,702 for the three months ended March 31, 2014 from $8,138 for the same period of 2013. Excluding the $2,965 impact in the first quarter of 2013 from non-recurring expenses associated with management retirements, our general and administrative expenses increased $529 or 10.2%. The increase was driven by a $354 increase in professional services related to our marketing projects, recruiting expenses and legal fees and a $165 aggregate increase in salaries, benefits and payroll taxes. Excluding the impact of non-recurring executive management retirement expenses in 2013, general and administrative expenses, as a percentage of net sales, increased to 11.9% in the first quarter of 2014 from 11.2% in the first quarter of 2013.

Selling and distribution expenses

	Three Months Ended March 31,			
	2014	2013	Change	Percentage Change
Selling and distribution expenses	$ 4,248	$ 4,051	$ 197	4.9%
Percentage of net sales	8.8%	8.8%		

Our selling and distribution expenses increased by 4.9% to $4,248 in the first quarter of 2014 from $4,051 in the first quarter of 2013. The increase was primarily due to higher commission expense of $86 and a $67 aggregate increase in salaries, benefits and payroll taxes. As a percentage of net sales, selling and distribution expenses remained flat at 8.8% compared to the first quarter of 2013.

Our consolidated selling and distribution expenses for the three months ended March 31, 2014 include $1,649 and $2,552, respectively, for our NobelClad and Oilfield Products business segments as compared to $1,604 and $2,410, respectively, for the first quarter of 2013. The higher level of selling and distribution expenses for our Oilfield Products segment relative to its contribution to our consolidated net sales reflects the need, particularly in North America, to maintain a number of strategically located distribution centers that are in close proximity to areas which contain a large concentration of oilfields and enjoy a high volume of related oil and gas drilling activities.

Amortization expense

	Three Months Ended March 31,			
	2014	2013	Change	Percentage Change
Amortization of purchased intangible assets	$ 1,616	$ 1,585	$ 31	2.0%
Percentage of net sales	3.4%	3.4%		

Amortization expense relates to intangible assets in connection with acquisitions in our Oilfield Products segment. The $31 increase in first quarter 2014 amortization expenses reflects the impact of foreign currency translation. Amortization expense for

the three months ended March 31, 2014 includes $1,275, $292, and $49 relating to values assigned to customer relationships, core technology, and trademarks/trade names, respectively. Amortization expense for the three months ended March 31, 2013 includes $1,255, $283 and $47 relating to values assigned to customer relationships, core technology, and trademarks/trade names, respectively.

Amortization expense (as measured in Euros) associated with the DYNAenergetics acquisition and the acquisition of the two Russian joint ventures is expected to approximate €3,333 and €225, respectively, in 2014. Our 2014 amortization expense associated with the Austin Explosives and TRX Industries acquisitions is expected to approximate $435 and $895, respectively, and our 2014 amortization expense (as measured in Canadian dollars) associated with the LRI acquisition is expected to approximate 80 CAD.

Operating income (loss)

	Three Months Ended March 31,			
	2014	2013	Change	Percentage Change
Operating income (loss)	$ 2,763	$ (1,055)	$ 3,818	(361.9)%

We reported operating income of $2,763 in the first quarter of 2014 compared to an operating loss of $1,055 in the first quarter of 2013. These operating income (loss) totals for the first quarters of 2014 and 2013 include $1,629 and $3,506, respectively, of unallocated corporate expenses and $555 and $1,422, respectively, of stock-based compensation expense. These expenses are not allocated to our business segments and thus are not included in the below 2014 and 2013 operating income totals for NobelClad and Oilfield Products.

The large increase in our consolidated operating income reflects an increase of $1,074 in the aggregate operating income reported by our two business segments and decreases in stock-based compensation expense and unallocated corporate expenses of $867 and $1,877, respectively. The aggregate net decrease of $2,744 in unallocated corporate expenses and stock-based compensation expense primarily relates to the $2,965 of non-recurring expenses in the first quarter 2013 associated with management retirements.

NobelClad's operating income was $1,377 in the first quarter of 2014 compared to $2,444 in the first quarter of 2013. This $1,067 or 43.7% decrease was attributable to the 6.2% decline in sales combined with higher manufacturing overhead expenses discussed above. Operating results of NobelClad for the three months ended March 31, 2014 and 2013 include $547 and $527, respectively, of amortization expense of purchased intangible assets.

Oilfield Products' operating income was $3,570 in the first quarter of 2014 compared to $1,429 in the first quarter of 2013. This 149.8% improvement in operating income was largely attributable to the improved gross margin percentage as discussed above. Oilfield Products' operating results for the three months ended March 31, 2014 and 2013 include $1,069 and $1,058, respectively, of amortization expense of purchased intangible assets.

Other income (expense), net

	Three Months Ended March 31,			
	2014	2013	Change	Percentage Change
Other income (expense), net	$ (435)	$ 296	$ (731)	(247.0)%

Net other expense was $435 in the first quarter of 2014 compared to net other income of $296 in the first quarter of 2013. Our first quarter 2014 net other expense of $435 included net realized and unrealized foreign exchange losses of $448. Our first quarter 2013 net other income of $296 included net realized and unrealized foreign exchange gains of $320.

Interest income (expense), net

	Three Months Ended March 31,			
	2014	2013	Change	Percentage Change
Interest income (expense), net	$ (104)	$ (169)	$ 65	(38.5)%

Net interest expense was $104 in the first quarter of 2014 compared to net interest expense of $169 in the first quarter of 2013. The decrease reflects lower average outstanding borrowings in the first quarter of 2014 as interest rates remained relatively stable.

Income tax provision (benefit)

	Three Months Ended March 31,			
	2014	2013	Change	Percentage Change
Income tax provision (benefit)	$ 586	$ (1,171)	$ 1,757	(150.0)%
Effective tax rate	26.3%	126.2%		

We recorded an income tax provision of $586 in the first quarter of 2014 compared to an income tax benefit of $1,171 in the first quarter of 2013. Our consolidated income tax provision (benefit) for the three months ended March 31, 2014 and 2013 included U.S. tax benefits of $728 and $1,996 in 2014 and 2013, respectively, with the remainder relating to net foreign tax provisions of $1,314 and $825 in 2014 and 2013, respectively, associated with our foreign operations and holding companies. The effective tax rate decreased to 26.3% for the first quarter of 2014 compared to 126.2% for the first quarter of 2013.

Our statutory income tax rates range from 20% to 35% for our various U.S. and foreign operating entities and holding companies. In January 2013, the United States Congress authorized, and the President signed into law, changes to the U. S. income tax laws which were retroactive to January 1, 2012. However, since these changes were enacted in 2013, the financial statement benefit of such legislation could not be reflected until the first quarter of 2013. The $914 tax benefit that we recognized in the first quarter of 2013 had a significant favorable impact on our first quarter effective tax rate. Excluding the effects of the $914 tax benefit we recorded in the first quarter, our first quarter 2013 effective tax rate would have been 29%. Year-to-year fluctuations in our consolidated effective tax rate also reflect the different tax rates in our U.S. and foreign tax jurisdictions and the variation in contribution to consolidated pre-tax income from each jurisdiction for the respective year.

We expect our blended effective tax rate for the full year 2014 to range from 29% to 30% based on projected pre-tax income.

Adjusted EBITDA

	Three Months Ended March 31,			
	2014	2013	Change	Percentage Change
Adjusted EBITDA	$ 6,929	$ 3,341	$ 3,588	107.4%

Adjusted EBITDA is a non-GAAP measure that we believe provides an important indicator of our ongoing operating performance. Our aggregate non-cash depreciation, amortization of purchased intangible assets and stock-based compensation expense for the three months ended March 31, 2014 and 2013 was $4,166 and $4,424, respectively. These aggregate non-cash charges represent a significant percentage of the consolidated operating income that we reported for these periods. We use non-GAAP EBITDA and Adjusted EBITDA in our operational and financial decision-making and believe that these non-GAAP measures facilitate a more meaningful and accurate comparison of the operating performance of our two business segments than do certain GAAP measures. Research analysts, investment bankers and lenders also use EBITDA and Adjusted EBITDA to assess operating performance. In addition, during 2014, our management incentive awards will be based, in part, upon the amount of EBITDA achieved during the year. A portion of the equity incentive awards granted in 2014 to our named executive officers will be earned based on the amount of Adjusted EBITDA achieved in 2014 and 2015. The following is a reconciliation of the most directly comparable GAAP measure to Adjusted EBIDTA.

	Three Months Ended March 31,	
	2014	2013
Net income attributable to DMC	$ 1,638	$ 215
Interest expense	109	172
Interest income	(5)	(3)
Provision for income taxes	586	(1,171)
Depreciation	1,995	1,417
Amortization of purchased intangible assets	1,616	1,585
EBITDA	5,939	2,215
Stock-based compensation	555	1,422
Other (income) expense, net	435	(296)
Adjusted EBITDA	$ 6,929	$ 3,341

Adjusted EBITDA increased by 107.4% to $6,929 in the first quarter of 2014 from $3,341 in the first quarter of 2013 primarily due to the $3,818 increase in first quarter 2014 operating income.

Liquidity and Capital Resources

We have historically financed our operations from a combination of internally generated cash flow, revolving credit borrowings, various long-term debt arrangements, and the issuance of common stock. We believe that cash flow from operations and funds available under our current credit facilities and any future replacement thereof will be sufficient to fund the working capital, debt service, and capital expenditure requirements of our current business operations for the foreseeable future. Nevertheless, our ability to generate sufficient cash flows from operations will depend upon our success in executing our strategies. If we are unable to (i) realize sales from our backlog; (ii) secure new customer orders; (iii) continue selling products at attractive margins; and (iv) continue to implement cost-effective internal processes, our ability to meet cash requirements through operating activities could be impacted. Furthermore, any restriction on the availability of borrowings under our credit facilities could negatively affect our ability to meet future cash requirements.

Debt facilities

On December 21, 2011, we entered into a five-year syndicated credit agreement, which provides revolving loan availability of $36,000, 16,000 Euros and 1,500 Canadian Dollars through a syndicate of four banks, and amends and restates in its entirety our prior syndicated credit agreement entered into on November 16, 2007.

As of March 31, 2014, U.S. dollar revolving loans of $26,900 were outstanding under our syndicated credit agreement and $34 was outstanding under loan agreements with the former owners of LRI. While we had approximately $36,240 of unutilized revolving credit loan capacity as of March 31, 2014 under our various credit facilities, future borrowings are subject to compliance with financial covenants that could significantly limit availability.

There are two significant financial covenants under our syndicated credit agreement, the leverage ratio and fixed charge coverage ratio requirements. The leverage ratio is defined in the credit agreement as Consolidated Funded Indebtedness at the balance sheet date as compared to Consolidated EBITDA, which is defined as earnings before provisions for income taxes, interest expense, depreciation and amortization, extraordinary, non-recurring charges and other non-cash charges, for the previous twelve months. For the three months ended March 31, 2014 and the year ended December 31, 2013, Consolidated EBITDA approximated the “Adjusted EBITDA” that we reported for the respective periods. As of March 31, 2014, the maximum leverage ratio permitted by our credit facility was 2.0 to 1.0. The actual leverage ratio as of March 31, 2014 was 0.91 to 1.0. The maximum leverage ratio permitted as of June 30, September 30 and December 31, 2014 is 2.0 to 1.0.

The fixed charge ratio, as defined in the credit agreement, means, for any period, the ratio of Consolidated EBITDA to Fixed Charges. Consolidated EBITDA is defined above and Fixed Charges equals the sum of cash interest expense, cash dividends, cash income taxes and an amount equal to 75% of depreciation expense. As of March 31, 2014, the minimum fixed charge ratio permitted by our credit facility was 2.0 to 1.0. The actual fixed charge ratio as of March 31, 2014 was 2.63 to 1.0. The minimum fixed charge coverage ratio permitted for the twelve month periods ending June 30, September 30 and December 31, 2014 is 2.0 to 1.0.

Debt and other contractual obligations and commitments

Our existing loan agreements include various covenants and restrictions, certain of which relate to the payment of dividends or other distributions to stockholders, redemption of capital stock, incurrence of additional indebtedness, mortgaging, pledging or disposition of major assets, and maintenance of specified financial ratios. As of March 31, 2014, we were in compliance with all financial covenants and other provisions of our debt agreements.

Our principal cash flows related to debt obligations and other contractual obligations and commitments have not materially changed since December 31, 2013.

Cash flows from operating activities

Net cash provided by operating activities was $3,098 for the three months ended March 31, 2014 compared with $6,290 for the same period in 2013. The year-over-year decline of $3,192 was driven by a $4,722 net increase in working capital, which more than offset higher net income of $1,395. We experienced negative net working capital changes of $3,176 in the first first quarter of 2014 compared to net positive changes in working capital of $1,596 in the same period of 2013. Negative changes in our 2014 working capital included an increase in inventories and prepaid expenses of $2,545 and $1,870, respectively, and a decrease of $1,032 and $1,377 in accounts payable and accrued expenses and other liabilities, respectively. These negative changes were partly offset by a $1,669 decrease in accounts receivable and a $1,979 increase in customer advances. All working capital changes relate to typical fluctuations in our business flow and the related timing of cash payments and receipts.

Net cash flows provided by operating activities decreased to $6,290 in the first quarter of 2013 from $6,733 in the first quarter 2012, reflecting a $2,148 decrease in net income that was partially offset by positive changes in net working capital of $864 and positive changes in non-cash adjustments aggregating $841. While we experienced net positive changes to working capital in first quarters of both 2013 and 2012, the net positive change in working capital increased to $1,596 in 2013 from $732 in 2013. Positive changes in our 2013 working capital included decreases in accounts receivable and inventories of $3,553 and $550, respectively, and an increase in customer advances of $48. These positive changes were partly offset by a decrease in accounts payable of $603, a decrease in accrued expenses and other liabilities of $998, and an increase in prepaid expenses and other of $954. All of foregoing changes in working capital relate to typical fluctuations in our business flow and the related timing of cash payments and receipts.

Cash flows from investing activities

Net cash flows used in investing activities for the three months ended March 31, 2014 totaled $2,025 and consisted almost entirely of capital expenditures.

Net cash flows used in investing activities for the three months ended March 31, 2013 totaled $4,408 and consisted almost entirely of capital expenditures. Our capital expenditures included $2,399 for our greenfield projects in Russia and North America.

Cash flows from financing activities

Net cash flows used in financing activities for the three months ended March 31, 2014 totaled $2,334, which included net repayments on bank lines of credit of $1,863 and payment of quarterly dividends of $550.

Net cash flows used in financing activities for the three months ended March 31, 2013 totaled $1,661, which included net repayments on bank lines of credit of $202 and payment of quarterly dividends of $540.

Payment of Dividends

On February 18, 2014, our board of directors declared a quarterly cash dividend of $.04 per share which was paid on April 15, 2014. The dividend totaled $557 and was payable to shareholders of record as of March 31, 2014. We also paid a quarterly cash dividend of $.04 per share in the first quarter of 2013.

We may continue to pay quarterly dividends in the future subject to capital availability and periodic determinations that cash dividends are in compliance with our debt covenants and are in the best interests of our stockholders, but we cannot assure you that such payments will continue. Future dividends may be affected by, among other items, our views on potential future capital requirements, future business prospects, debt covenant compliance, changes in federal income tax laws, or any other factors that

our board of directors deems relevant. Any decision to pay cash dividends is and will continue to be at the discretion of board of directors.

Critical Accounting Policies

Our critical accounting policies have not changed from those reported in our Annual Report filed on Form 10-K for the year ended December 31, 2013.

ITEM 3. Quantitative and Qualitative Disclosure about Market Risk

There have been no events that materially affect our quantitative and qualitative disclosure about market risk from that reported in our Annual Report on Form 10-K for the year ended December 31, 2013.

ITEM 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is accurately recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily applied its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of March 31, 2014, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level. There have been no changes in our internal controls during the quarter ended March 31, 2014 or in other factors that could materially affect our internal controls over financial reporting.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls or our internal controls will prevent all errors and all fraud. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. As a result of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. As a result of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the disclosure controls and procedures are met.

Part II - OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

There have been no significant changes in the risk factors identified as being attendant to our business in our Annual Report on Form 10-K for the year ended December 31, 2013.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6.

Exhibits

10.1 2012 Nonqualified Deferred Compensation Plan (Management Compensatory Plan).

31.1 Certification of the President and Chief Executive Officer pursuant to 17 CFR 240.13a-14(a) or 17 CFR 240.15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of the Senior Vice President and Chief Financial Officer pursuant to 17 CFR 240.13a-14(a) or 17 CFR 240.15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of the President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of the Senior Vice President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101 The following materials from the Quarterly Report on Form 10-Q of Dynamic Materials Corporation. for the quarter ended March 31, 2014, formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statement of Stockholders' Equity, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) the Notes to Condensed Consolidated Financial Statements, tagged as blocks of text.*

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* Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DYNAMIC MATERIALS CORPORATION
(Registrant)

Date: April 29, 2014

/s/ Michael Kuta

Michael Kuta, Chief Financial Officer (Duly Authorized Officer and Principal Financial and Accounting Officer)

Dynamic Materials Corporation
2012 Nonqualified Deferred Compensation Plan

1. Establishment of Plan. Dynamic Materials Corporation (the "Company") hereby adopts and establishes an unfunded deferred compensation plan for a select group of key management or highly compensated employees of the Company and its Affiliates which shall be known as the Dynamic Materials Corporation 2012 Nonqualified Deferred Compensation Plan (the "Plan").

2. Purpose of Plan. The purpose of the Plan is to provide a select group of management or highly compensated employees (within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA) of the Company who contribute significantly to the future business success of the Company with supplemental retirement income benefits through the deferral of Base Salary and Bonus.

3. Definitions.

"***Acceleration Events***" is defined in Section 11.1 hereof.

"***Account***" means a hypothetical bookkeeping account established in the name of each Participant and maintained by the Company to reflect the Participant's interests under the Plan.

"***Affiliate***" means any corporation, limited liability, partnership or other entity of which the Company has the right to cast a majority of the votes through ownership of voting interests or by contractual right.

"***Base Salary***" means the annual rate of base pay paid by the Company to or for the benefit of the Participant for services rendered.

"***Beneficiary***" means any person or entity, designated in accordance with Section 15.7, entitled to receive benefits which are payable upon or after a Participant's death pursuant to the terms of the Plan.

"***Board***" means the Board of Directors of the Company, as constituted from time to time.

"***Bonus Compensation***" means any cash compensation earned by a Participant for services rendered by a Participant under any bonus or cash incentive plan maintained by the Company.

*"**Change in Control**"* means the occurrence of any of the following:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 25% of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, including any acquisition which, by reducing the number of shares outstanding, is the sole cause for increasing the

percentage of shares beneficially owned by any such Person to more than the applicable percentage set forth above, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this definition.

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason within any period of 24 months to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board, shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.

(c) Consummation by the Company of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another corporation (a "Business Combination"), in each case, unless, following such Business Combination, (i) more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) is represented by Outstanding Company Common Stock and Outstanding Company Voting Securities, respectively, that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Outstanding Company Common Stock and Outstanding Company Voting Securities were converted pursuant to such Business Combination) and such ownership of common stock and voting power among the holders thereof is in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination.

(d) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

"***Claimant***" has the meaning set forth in Section 16.

"***Code***" means the U.S. Internal Revenue Code of 1986, as amended, or any successor statute, and the Treasury Regulations and other authoritative guidance issued thereunder.

"***Committee***" means the Compensation Committee of the Board.

"***Company***" means Dynamic Materials Corporation, a Delaware corporation, or any successor thereto.

"***Deferral Election***" means an election by an Eligible Employee to defer Base Salary and/or Bonus Compensation for a Play Year. Deferral Elections shall remain in effect for subsequent Plan Years unless a new Deferral Election is timely filed with the Committee.

"***Determination Date***" means the last Valuation Date of the month preceding the payment date.

"***Disabled or Disability***" means that a Participant is: (a) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; or (b) by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company; or (c) determined to be totally disabled by the Social Security Administration.

"***Distribution Date***" means a date specified by a Participant in his or her Election Notice for the payment of all or a portion of such Participant's Account.

"***Effective Date***" means January 1, 2013.

"***Election Notice***" means the notice or notices established from time to time by the Committee for making Deferral Elections under the Plan. The Election Notice includes the amount or percentage of Base Salary and/or Bonus Compensation to be deferred (subject to any minimum or maximum amounts established by the Committee); the Distribution Date(s); the form of payment (lump sum or installments); and the selected Investment Options. Each Election Notice shall become irrevocable as of the last day of the Election Period.

"***Election Period***" means the period established by the Committee with respect to each Plan Year during which Deferral Elections for such Plan Year must be made in accordance with the requirements of Section 409A of the Code, as follows:

(a) *General Rule*. Except as provided in (b) and (c) below, the Election Period shall end no later than the last day of the Plan Year immediately preceding the Plan Year to which the Deferral Election relates.

(b) *Performance-based Compensation*. If any Bonus Compensation constitutes "performance-based compensation" within the meaning of Treas. Reg. Section 1.409A-1(e), then the Election Period for such amounts shall end no later than six months before the end of the Plan Year during which the Bonus Compensation is earned (and in no event later than the date on which the amount of the Bonus Compensation becomes readily ascertainable).

(c) *Newly Eligible Employees*. The Election Period for newly Eligible Employees shall end no later than 30 days after the Employee first becomes eligible to participate in the Plan and shall apply only with respect to compensation earned after the date of the Deferral Election.

"***Elective Deferrals***" means Base Salary deferrals and Bonus Compensation deferrals.

"***Elective Deferral Account***" means a separate account maintained for each Participant to record the Elective Deferrals made to the Plan pursuant to Section 5 and all earnings and losses allocable thereto.

"***Eligible Employee***" means an Employee who is selected by the Committee to participate in the Plan. Participation in the Plan is limited to a select group of the Company's key management or highly compensated employees.

"***Employee***" means an employee of the Company or its Affiliates.

"***Entry Date***" means, with respect to an Eligible Employee, the first day of the pay period following the effective date of such Eligible Employee's participation in the Plan.

"***ERISA***" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"***FICA Amount***" has the meaning set forth in Section 11.1(c).

"***Investment Option***" means an investment fund, index or vehicle selected by the Committee and made available to Participants for the deemed investment of their Accounts.

"***Participant***" means an Eligible Employee who elects to participate in the Plan by filing an Election Notice in accordance with Section 5.1 and any former Eligible Employee who continues to be entitled to a benefit under the Plan.

"***Payment Event***" has the meaning set forth in Section 9.1.

"***Plan***" means this Dynamic Materials Corporation 2012 Nonqualified Deferred Compensation Plan, as amended from time to time.

"***Plan Year***" means the twelve consecutive month period which begins on January 1 and ends on the following December 31.

"***Re-deferral Election***" has the meaning set forth in Section 5.4.

"***Separation from Service***" has the meaning set forth in Section 409A(a)(2)(A)(i) of the Code and Treas. Reg. Section 1.409A-1(h) including the default presumptions thereunder.

"***Specified Employee***" has the meaning set forth in Section 409A(a)(2)(B)(i) of the Code and Treas. Reg. Section 1.409A-1(i).

"***Specified Employee Payment Date***" has the meaning set forth in Section 9.4.

"***State, Local and Foreign Tax Amount***" has the meaning set forth in Section 11.1(f).

"***Trust***" has the meaning set forth in Section 15.5.

"***Trust Agreement***" has the meaning set forth in Section 15.5.

"***Unforeseeable Emergency***" means a severe financial hardship of the Participant resulting from (a) an illness or accident of the Participant, the Participant's spouse, or the Participant's dependent; (b) a loss of the Participant's property due to casualty; or (c) such other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, all as determined in the sole discretion of the Committee.

"***Valuation Date***" means each business day of the Plan Year.

"***Year of Service***" means each 12 consecutive month period of a Participant's continuous employment with the Company or an Affiliate.

4. Eligibility; Participation.

4.1 Requirements for Participation. Before the beginning of each Plan Year, the Committee shall select those Employees who shall be Eligible Employees for such Plan Year. Any Eligible Employee may participate in the Plan commencing as of the Entry Date occurring on or after the date on which they become an Eligible Employee.

4.2 Election to Participate; Benefits of Participation. An Eligible Employee may become a Participant in the Plan by making a Deferral Election in accordance with Section 5.

4.3 Cessation of Participation. If a Participant ceases to be an Eligible Employee for a Plan Year, then the Participant's Deferral Elections shall no longer be effective. However, such Participant's Account shall continue to be credited with earnings and losses until the applicable Determination Date.

5. Election Procedures.

5.1 Deferral Election. An Eligible Employee may elect to defer Base Salary and/or Bonus Compensation by completing an Election Notice and filing it with the Committee during the Election Period. The Election Notice must specify:

(a) The amount or percentage of Base Salary and/or Bonus Compensation to be deferred (subject to minimum established in the Plan);

(b) The Distribution Date for the Participant's Account (subject to the provisions of the Plan);

(c) The form of payment for the Participant's Account (lump sum or annual installments); and

(d) The percentage or amount of the Participant's Account to be allocated to each Investment Option available under the Plan.

5.2 Base Salary Deferrals. A Participant may elect to defer receipt of no less than 10% and up to 100% of the Participant's Base Salary for any Plan Year by making a Deferral Election in accordance with this Section 5. Base Salary deferrals shall be credited to a Participant's Elective Deferral Account as of the date the Base Salary otherwise would have been paid.

5.3 Bonus Compensation Deferrals. A Participant may elect to defer receipt of no less than 10% and up to 100% of the Participant's Bonus Compensation for any Plan Year by making a Deferral Election in accordance with this Section 5. Bonus Deferrals shall be credited to the Participant's Elective Deferral Account as of the date the deferred Bonus Compensation otherwise would have been paid.

5.4 Re-deferrals and Changing the Form of Payment The Participant may make an election to re-defer all or a portion of the amounts in his or her Account until a later Distribution Date or to change the form of a payment (a "Re-deferral Election"); provided that, the following requirements are met:

(a) The re-deferral election is made at least 12 months before the original Distribution Date;

(b) The Distribution Date for the re-deferred amounts is at least five years later than the original Distribution Date; and

(c) The re-deferral election will not take effect for at least 12 months after the re-deferral election is made.

For purposes of this Section 5.4, all payments, including installment payments, shall be treated as separate payments under Section 409A of the Code.

6. No Company Contributions. The Company shall not be obligated to make any contributions on behalf of any Participant.

7. Accounts and Investment Options.

7.1 Establishment of Accounts. The Company shall establish and maintain an Account for each Participant. The Company may establish more than one Account on behalf of any Participant as deemed necessary by the Committee for administrative purposes.

7.2 Investment Options. The Committee shall select the Investment Options to be made available to Participants for the deemed investment of their Accounts under the Plan. The Committee may change, discontinue, or add to the Investment Options made available under the Plan at any time in its sole discretion. A Participant must select the Investment Options for his or her Account in the Participant's Election Notice and may make changes to his or her selections in accordance with procedures established by the Committee.

7.3 **Investment Earnings**. Each Account shall be adjusted for earnings or losses based on the performance of the Investment Options selected. Earnings and losses shall be computed on each Valuation Date. The amount paid to a Participant on the payment date shall be determined as of the applicable Determination Date.

7.4 **Nature of Accounts**. Accounts are not actually invested in the Investment Options available under the Plan and Participants do not have any real or beneficial ownership in any Investment Option. A Participant's Account is solely a device for the measurement and determination of the amounts to be paid to the Participant pursuant to the Plan and shall not constitute or be treated as a trust fund of any kind.

7.5 **Statements**. Each Participant shall be provided with statements setting out the amounts in his or her Account which shall be delivered at such intervals determined by the Committee.

8. **Vesting**. Participants shall be fully vested at all times in their Base Salary deferrals and Bonus Compensation deferrals and any earnings thereon.

9. **Payment of Participant Accounts**.

9.1 **In General**. Payment of a Participant's vested Account shall be made (or commence, in the case of installments) on the earliest to occur of the following events (each a "Payment Event"):

(a) The Distribution Date specified in the Participant's Deferral Election; provided that, the Participant must select from among the available Distribution Date(s) designated by the Committee and set forth in the Election Notice;

(b) The Participant's Separation from Service;

(c) The Participant's death;

(d) The Participant's Disability; and

(e) The occurrence of a Change in Control.

9.2 **Timing of Valuation**. The value of a Participant's Account on the payment date shall be determined as of the applicable Determination Date.

9.3 **Timing of Payments** . Except as otherwise provided in this Section 9, payments shall be made or commence within 90 days following a Payment Event.

9.4 **Timing of Payments to Specified Employees**. Notwithstanding anything in the Plan to the contrary, if a Participant is a Specified Employee as of the date of his or her Separation from Service, then no distribution of such Participant's Account shall be made upon the Participant's Separation from Service until the first payroll date of the seventh month following the Participant's Separation from Service (or, if earlier, upon the date of the Participant's death) (the "Specified Employee Payment Date"). Any payments to which a Specified Employee

otherwise would have been entitled under the Plan during the period between the Participant's Separation from Service and the Specified Employee Payment date shall be accumulated and paid in a lump sum payment on the Specified Employee Payment Date.

9.5 Form of Payment. Each Participant shall specify in his or her Election Notice the form of payment (lump sum or installments) for amounts in his or her Account that are covered by the election; provided that, if the Participant elects to have amounts paid in installments, the Participant must select from among the permissible installment schedules selected by the Committee and set forth in the Election Notice. In the absence of a valid election with respect to form of payment, amounts will be paid in a single lump sum.

9.6 Medium of Payment. Any payment from a Participant's Account shall be made in cash.

10. Payments Due to Unforeseeable Emergency.

10.1 Request for Payment. If a Participant suffers an Unforeseeable Emergency, he or she may submit a written request to the Committee for payment of his or her vested Account.

10.2 No Payment If Other Relief Available. The Committee will evaluate the Participant's request for payment due to an Unforeseeable Emergency taking into account the Participant's circumstances and the requirements of Section 409A of the Code. In no event will payments be made pursuant to this Section 10 to the extent that the Participant's hardship can be relieved: (a) through reimbursement or compensation by insurance or otherwise; or (b) by liquidation of the Participant's assets, to the extent that liquidation of the Participant's assets would not itself cause severe financial hardship.

10.3 Limitation on Payment Amount. The amount of any payment made on account of an Unforeseeable Emergency shall not exceed the amount reasonably necessary to satisfy the Participant's financial need, including amounts necessary to pay any Federal, state or local income taxes or penalties reasonably anticipated to result from the payment, as determined by the Committee.

10.4 Timing of Payment. Payments shall be made from a Participant's Account as soon as practicable and in any event within 30 days following the Committee's determination that an Unforeseeable Emergency has occurred and authorization of payment from the Participant's Account.

10.5 Cessation of Deferrals. If a Participant receives payment on account of an Unforeseeable Emergency, the Participant may make no more Elective Deferrals for the remainder of the Plan Year.

11. Acceleration Events.

11.1 Permissible Acceleration Events. Notwithstanding anything in the Plan to the contrary, the Committee, in its sole discretion, may accelerate payment of all or a portion of a Participant's Account upon the occurrence of any of the events ("Acceleration Events") set forth in this Section 11. The Committee's determination of whether payment may be accelerated in accordance with this Section 11 shall be made in accordance with Treas. Reg. Section 1.409A-3(j)(4).

(a) Domestic Relations Orders. The Committee may accelerate payment of a Participant's Account to the extent necessary to comply with a domestic relations order (as defined in Section 414(p)(1)(B) of the Code).

(b) Limited Cashouts. The Committee may accelerate payment of a Participant's Account to the extent that (i) the aggregate amount in the Participant's Account does not exceed the applicable dollar amount under Section 402(g)(1)(B) of the Code, (ii) the payment results in the termination of the Participant's entire interest in the Plan and any plans that are aggregated with the Plan pursuant to Treas. Reg. Section 1.409A-1(c)(2), and (iii) the Committee's decision to cash out the Participant's Account is evidenced in writing no later than the date of payment.

(c) Payment of Employment Taxes. The Committee may accelerate payment of all or a portion of a Participant's Account (i) to pay the Federal Insurance Contributions Act (FICA) tax imposed under Sections 3010, 3121(a) and 3121(v)(2) of the Code (the "FICA Amount"), or (ii) to pay the income tax at source on wages imposed under Section 3401 of the Code or the corresponding withholding provisions of applicable state, local or foreign tax laws as a result of the payment of the FICA Amount and the additional income tax at source on wages attributable to the pyramiding Section 3401 wages and taxes; provided, however, that the total payment under this Section 11.1(c) shall not exceed the FICA Amount and the income tax withholding related to the FICA Amount.

(d) Payment Upon Income Inclusion. The Committee may accelerate payment of all or a portion of a Participant's Account to the extent that the Plan fails to meet the requirements of Section 409A of the Code; provided that, the amount accelerated shall not exceed the amount required to be included in income as a result of the failure to comply with Section 409A of the Code.

(e) Termination of the Plan. The Committee may accelerate payment of all or a portion of a Participant's Account upon termination of the Plan in accordance with Treas. Reg. Section 1.409A-3(j)(4)(ix).

(f) Payment of State, Local or Foreign Taxes. The Committee may accelerate payment of all or a portion of a Participant's Account for:

(i) the payment of state, local or foreign tax obligations arising from participation in the Plan that relate to an amount deferred under the Plan before the amount is paid or made available to the Participant (the "State, Local and Foreign Tax Amount"); provided, however, the accelerated payment amount shall not exceed the taxes due as a result of participation in the Plan, and/or

(ii) the payment of income tax at source on wages imposed under Section 3401 of the Code as a result of such payment and the payment of the additional income tax at source on wages imposed under Section 3401 of the Code attributable to the additional Section 3401 wages and taxes; provided however, the accelerated payment amount shall not exceed the aggregate of the State, Local and Foreign Tax Amount and the income tax withholding related to such amount.

(g) Certain Offsets. The Committee may accelerate payment of all or a portion of the Participant's Account to satisfy a debt of the Participant to the Company or an Affiliate incurred in the ordinary course of the service relationship between the Company and the Participant; provided, however, the amount accelerated shall not

exceed $5,000 and the payment shall be made at the same time and in the same amount as the debt otherwise would have been due and collected from the Participant.

(h) **Bona Fide Disputes as to Right to Payment**. The Committee may accelerate payment of all or a portion of a Participant's Account where the payment is part of a settlement between the Company and the Participant of an arm's length, bona fide dispute as to the Participant's right to the deferred amount.

12. **Section 162(m) of the Code**. If the Committee reasonably anticipates that if a payment were made as scheduled under the Plan it would result in a loss of the Company's tax deduction due to the application of Section 162(m) of the Code, such payment can be delayed and paid (a) during the Participant's first taxable year in which the Committee reasonably anticipates that the Company's tax deduction will not be limited or eliminated by the application of Section 162(m) of the Code or (b) subject to Section 9.4, during the period beginning with the Participant's Separation from Service and ending on the later of the last day of the Company's taxable year in which the Participant separates from service or the 15th day of the third month following the Participant's Separation from Service. Notwithstanding the foregoing, no payment under the Plan may be deferred in accordance with this Section 12 unless all scheduled payments to the Participant that could be delayed in accordance with Treas. Reg. Section 1.409A-2(b)(7)(i) are also delayed.

13. **Plan Administration**.

13.1 **Administration By Committee**. The Plan shall be administered by the Committee which shall have the authority to:

(a) construe and interpret the Plan and apply its provisions;

(b) promulgate, amend and rescind rules and regulations relating to the administration of the Plan;

(c) authorize any person to execute, on behalf of the Company, any instrument required to carry out the purposes of the Plan;

(d) determine minimum or maximum amounts that Participants may elect to defer under the Plan;

(e) select the Investment Options that will be available for the deemed investment of Accounts under the Plan and establish procedures for permitting Participants to change their selected Investment Options;

(f) select, subject to the limitations set forth in the Plan, those Employees who shall be Eligible Employees;

(g) evaluate whether a Participant who has requested payment from his or her Account on account of an Unforeseeable Emergency has experienced an Unforeseeable Emergency and the amount of any payment necessary to satisfy the Participant's emergency need;

(h) calculate deemed investment earnings and losses;

(i) interpret, administer, reconcile any inconsistency in, correct any defect in and/or supply any omission in the Plan and any instrument, Election Notice or agreement relating to the Plan; and

(j) exercise discretion to make any and all other determinations which it determines to be necessary or advisable for the administration of the Plan.

13.2 **Non-Uniform Treatment**. The Committee's determinations under the Plan need not be uniform and any such determinations may be made selectively among Participants. Without limiting the generality of the foregoing, the Committee shall be entitled, among other things, to make non-uniform and selective determinations with regard to the terms or conditions of any Elective Deferral.

13.3 **Committee Decisions Final**. Subject to Section 16, all decisions made by the Committee pursuant to the provisions of the Plan shall be final and binding on the Company and the Participants, unless such decisions are determined by a court having jurisdiction to be arbitrary and capricious.

13.4 **Indemnification**. No member of the Committee or any designee shall be liable for any action, failure to act, determination or interpretation made in good faith with respect to the Plan except for any liability arising from his or her own willful malfeasance, gross negligence or reckless disregard of his or her duties.

14. **Amendment and Termination**.

The Board may, at any time, and in its discretion, alter, amend, modify, suspend or terminate the Plan or any portion thereof; provided, however, that no such amendment, modification, suspension or termination shall, without the consent of a Participant, adversely affect such Participant's rights with respect to amounts credited to or accrued in his or her Account and provided, further, that, no payment of benefits shall occur upon termination of the Plan unless the requirements of Section 409A of the Code have been met.

15. **Miscellaneous**.

15.1 **No Employment or Other Service Rights**. Nothing in the Plan or any instrument executed pursuant thereto shall confer upon any Participant any right to continue to serve the Company or an Affiliate or interfere in any way with the right of the Company or any Affiliate to terminate the Participant's employment or service at any time with or without notice and with or without cause.

15.2 **Tax Withholding**. The Company and its Affiliates shall have the right to deduct from any amounts otherwise payable under the Plan any federal, state, local, or other applicable taxes required to be withheld.

15.3 **Governing Law**. The Plan shall be administered, construed and governed in all respects under and by the laws of Delaware, without reference to the principles of conflicts of law (except and to the extent preempted by applicable Federal law).

15.4 **Section 409A of the Code**. The Company intends that the Plan comply with the requirements of Section 409A of the Code and shall be operated and interpreted consistent with that intent. Notwithstanding the

foregoing, the Company makes no representation that the Plan complies with Section 409A of the Code and shall have no liability to any Participant for any failure to comply with Section 409A of the Code.

This Plan shall constitute an “account balance plan” as defined in Treas. Reg. Section 31.3121(v)(2)-1(c)(1)(ii)(A). For purposes of Section 409A of the Code, all amounts deferred under this Plan shall be aggregated with amounts deferred under other account balance plans.

15.5 Trust. The Company will enter into an agreement (“Trust Agreement”) with a financial institution with whom the Company currently has a banking relationship and selected by Company management for purposes of this Plan pursuant to which such financial intuition will serve as the trustee under an irrevocable trust (“Trust”) to be used in connection with the Plan.

The Company intends to make contributions to the Trust which will be held by the Trust and invested and distributed in accordance with the terms of the Plan and the Trust Agreement.

The Trust is intended to be a rabbi trust and the assets of the Trust shall at all times be subject to the claims of the Company’s general creditors.

Notwithstanding the existence of the Trust, the Plan is intended to be “unfunded” for purposes of ERISA and shall not be construed as providing income to Participants prior to the date that amounts deferred under the Plan are paid.

15.6 No Warranties. Neither the Company nor the Committee warrants or represents that the value of any Participant’s Account will increase. Each Participant assumes the risk in connection with the deemed investment of his or her Account.

15.7 Beneficiary Designation. Each Participant under the Plan may from time to time name any beneficiary or beneficiaries to receive the Participant's interest in the Plan in the event of the Participant’s death. Each designation will revoke all prior designations by the same Participant, shall be in a form reasonably prescribed by the Committee and shall be effective only when filed by the Participant in writing with the Company during the Participant’s lifetime. If a Participant fails to designate a beneficiary, then the Participant’s designated beneficiary shall be deemed to be the Participant’s estate.

15.8 No Assignment. Neither a Participant nor any other person shall have any right to sell, assign, transfer, pledge, anticipate or otherwise encumber, transfer, hypothecate or convey any amounts payable hereunder prior to the date that such amounts are paid (except for the designation of beneficiaries pursuant to Section 15.7).

15.9 Expenses. The costs of administering the Plan shall be paid by the Company.

15.10 Severability. If any provision of the Plan is held to be invalid, illegal or unenforceable, whether in whole or in part, such provision shall be deemed modified to the extent of such invalidity, illegality or unenforceability and the remaining provisions shall not be affected.

15.11 **Headings and Subheadings**. Headings and subheadings in the Plan are for convenience only and are not to be considered in the construction of the provisions hereof.

16. Claims Procedures.

16.1 **Filing a Claim**. Any Participant or other person claiming an interest in the Plan (the "Claimant") may file a claim in writing with the Committee. The Committee shall review the claim itself or appoint an individual or entity to review the claim.

16.2 **Claim Decision**. The Claimant shall be notified within ninety (90) days after the claim is filed whether the claim is approved or denied, unless the Committee determines that special circumstances beyond the control of the Plan require an extension of time, in which case the Committee may have up to an additional ninety (90) days to process the claim. If the Committee determines that an extension of time for processing is required, the Committee shall furnish written or electronic notice of the extension to the Claimant before the end of the initial ninety (90) day period. Any notice of extension shall describe the special circumstances necessitating the additional time and the date by which the Committee expects to render its decision.

16.3 **Notice of Denial**. If the Committee denies the claim, it must provide to the Claimant, in writing or by electronic communication, a notice which includes:

(a) The specific reason(s) for the denial;

(b) Specific reference to the pertinent Plan provisions on which such denial is based;

(c) A description of any additional material or information necessary for the Claimant to perfect his or her claim and an explanation of why such material or information is necessary;

(d) A description of the Plan's appeal procedures and the time limits applicable to such procedures, including a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following a denial of the claim on appeal; and

(e) If an internal rule was relied on to make the decision, either a copy of the internal rule or a statement that this information is available at no charge upon request.

16.4 **Appeal Procedures**. A request for appeal of a denied claim must be made in writing to the Committee within sixty (60) days after receiving notice of denial. The decision on appeal will be made within sixty (60) days after the Committee's receipt of a request for appeal, unless special circumstances require an extension of time for processing, in which case a decision will be rendered not later than one hundred twenty (120) days after receipt of a request for appeal. A notice of such an extension must be provided to the Claimant within the initial sixty (60) day period and must explain the special circumstances and provide an expected date of decision. The reviewer shall afford the Claimant an opportunity to review and receive, without charge, all relevant documents, information and records and to submit issues and comments in writing to the Committee. The reviewer shall take

into account all comments, documents, records and other information submitted by the Claimant relating to the claim regardless of whether the information was submitted or considered in the initial benefit determination.

16.5 **Notice of Decision on Appeal**. If the Committee denies the appeal, it must provide to the Claimant, in writing or by electronic communication, a notice which includes:

(a) The specific reason(s) for the denial;

(b) Specific references to the pertinent Plan provisions on which such denial is based;

(c) A statement that the Claimant may receive on request all relevant records at no charge;

(d) A description of the Plan's voluntary procedures and deadlines, if any;

(e) A statement of the Claimant's right to sue under Section 502(a) of ERISA; and

(f) If an internal rule was relied on to make the decision, either a copy of the internal rule or a statement that this information is available at no charge upon request.

16.6 **Claims Procedures Mandatory**. The internal claims procedures set forth in thisSection 16 are mandatory. If a Claimant fails to follow these claims procedures, or to timely file a request for appeal in accordance with this Section 16, the denial of the Claim shall become final and binding on all persons for all purposes.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Dynamic Materials Corporation has adopted this Plan as of the Effective Date written above.

DYNAMIC MATERIALS CORPORATION

By: /s/ Yvon P. Cariou
Name: Yvon P. Cariou
Title: Chief Executive Officer

Exhibit 31.1

CERTIFICATIONS

I, Kevin T. Longe, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dynamic Materials Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 29, 2014

/s/ Kevin T. Longe

Kevin T. Longe
President and Chief Executive Officer
of Dynamic Materials Corporation

Exhibit 31.2

CERTIFICATIONS

I, Michael Kuta, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dynamic Materials Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 29, 2014

/s/ Michael Kuta

Michael Kuta

Chief Financial Officer of Dynamic Materials Corporation

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Dynamic Materials Corporation (the "Company") on Form 10-Q for the period ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin T. Longe, President and Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 29, 2014

/s/ Kevin T. Longe

Kevin T. Longe
President and Chief Executive Officer
of Dynamic Materials Corporation

A signed original of this written statement required by Section 906 has been provided to Dynamic Materials Corporation and will be retained by Dynamic Materials Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Dynamic Materials Corporation (the "Company") on Form 10-Q for the period ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Kuta, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 29, 2014

/s/ Michael Kuta

Michael Kuta
Chief Financial Officer of Dynamic Materials Corporation

A signed original of this written statement required by Section 906 has been provided to Dynamic Materials Corporation and will be retained by Dynamic Materials Corporation and furnished to the Securities and Exchange Commission or its staff upon request.